



BUILDING A STRONG BRAND: HOW TRADEMARK PROTECTION INCREASES BUSINESS VALUE

INTRODUCTION

In today's competitive and brand-driven economy, the value of a business extends far beyond its physical assets. Increasingly, companies derive significant value from intangible assets such as intellectual property, reputation, and brand identity. Among these, trademarks play a critical role in shaping how consumers perceive and engage with a business.

A strong brand not only distinguishes a company from its competitors but also builds trust, loyalty, and long-term commercial value. To safeguard this brand identity, businesses rely on trademark protection, which provides legal recognition and exclusive rights over distinctive brand elements. In Nigeria, trademark protection is primarily governed by the Trademarks Act, which establishes the legal framework for registration, ownership, and enforcement.

THE CONCEPT AND FUNCTION OF TRADEMARKS

A trademark is a distinctive sign used to identify and distinguish the goods or services of one business from those of another. It may take various forms, including names, logos, words, letters, numerals, slogans, symbols, shapes, or a combination of these elements used in the course of trade.

Under Section 67 of the Trademarks Act, a trademark is broadly defined as a mark used or proposed to be used in relation to goods for the purpose of indicating a connection in the course of trade between the goods and the proprietor of the mark.

The primary function of a trademark is therefore to serve as a badge of origin, enabling consumers to identify the source of goods or services. Over time, trademarks become closely associated with a company's reputation, quality standards, and customer experience.

Where consumers consistently associate a mark with reliability or superior quality, the trademark evolves into a powerful commercial asset capable of influencing purchasing decisions and driving customer loyalty.

LEGAL FRAMEWORK FOR TRADEMARK PROTECTION IN NIGERIA

Trademark protection in Nigeria is administered by the Trademarks Registry under the Federal Ministry of Industry, Trade and Investment, pursuant to the Trademarks Act.

The Act sets out the rules governing registration and protection, including eligibility requirements, rights of proprietors, and remedies for infringement.

Recent regulatory developments have sought to modernize trademark practice in Nigeria, including the recognition of service marks in line with evolving commercial realities. These developments further underscore the importance of trademark protection as a strategic business tool.



REGISTRABLE TRADEMARKS

Sections 9 and 10 of the Trademarks Act require that a trademark must be distinctive or capable of distinguishing the goods of one trader from those of others to qualify for registration.

- Distinctiveness may arise from:
- Invented words or unique brand names
- Logos or graphic symbols
- Combinations of words and designs

- Marks that have acquired distinctiveness through use

Conversely, marks that are descriptive, deceptive, scandalous, or identical or confusingly similar to existing registered trademarks may be refused registration.

This requirement ensures that trademarks effectively perform their core function of distinguishing one trader's goods from another.

RIGHTS CONFERRED BY REGISTRATION

Registration of a trademark confers exclusive rights on the proprietor to use the mark in connection with the goods or services for which it is registered.

Sections 5 and 6 of the Trademarks Act provide that the registered proprietor has the exclusive right to use the trademark and may take legal action against unauthorized use.

- Accordingly, trademark registration grants the owner the right to:
- Exclusively use the mark in relation to registered goods or services
- Prevent third parties from using identical or confusingly similar marks
- Institute legal proceedings for trademark infringement
- License, assign, or commercially exploit the trademark



Once registered, a trademark becomes a legally protected intellectual property asset.

THE ROLE OF TRADEMARKS IN BRAND BUILDING

A brand represents the collective perception that consumers have about a business and its offerings. Trademarks form the legal and visual foundation of this identity.

Through consistent marketing, service delivery, and customer experience, businesses build goodwill associated with their trademarks. This goodwill reflects the reputation and trust that consumers attach to the brand.

Trademark protection ensures that this goodwill remains exclusive to the brand owner. Without such protection, competitors may imitate a brand's identity, potentially misleading consumers and eroding its reputation.

By preventing unauthorized use, trademark law enables businesses to maintain control over their brand image and market positioning.

HOW TRADEMARK PROTECTION ENHANCES BUSINESS VALUE

Trademark protection not only safeguards brand identity but also contributes directly to the commercial and financial value of a business.

1. Strengthening Market Recognition

A registered trademark provides a distinctive identity that enables customers to easily recognize a company's products or services. In competitive markets, strong brand recognition becomes a key differentiator.

Consumers often rely on familiar trademarks when making purchasing decisions, as they associate them with reliability and consistent quality.

2. Building Consumer Trust and Loyalty

Trust is central to any successful brand. When consumers repeatedly associate a trademark with positive experiences, loyalty naturally develops.

Trademark protection ensures that only the legitimate owner benefits from this trust, preventing competitors from exploiting the brand's reputation.

3. Creating Valuable Intellectual Property Assets

Trademarks are intangible assets that can significantly enhance a company's valuation. Intellectual property portfolios are often critical in mergers, acquisitions, and investment transactions.

In many industries, brand value constitutes a substantial portion of overall enterprise value.

4. Supporting Licensing, Franchising, and Expansion

Trademark rights enable businesses to generate additional revenue through licensing and franchising arrangements.

Franchise systems, in particular, rely heavily on trademark protection to maintain consistency and brand integrity across locations.

Additionally, Section 26 of the Trademarks Act permits the assignment of trademarks, further enhancing their value as transferable commercial assets.

5. Providing Legal Protection Against Infringement

Trademark registration provides a clear legal basis for enforcing rights against unauthorized use.

Where infringement occurs, remedies may include:

- Injunctions restraining further use
- Damages or an account of profits
- Seizure or destruction of infringing goods

These remedies protect both the trademark owner and consumers from deception and counterfeit products.

TRADEMARK PROTECTION IN A GLOBALIZED ECONOMY

As businesses expand beyond domestic markets, trademarks become essential tools for international brand protection.

Companies entering foreign markets often register their trademarks in multiple jurisdictions to prevent unauthorized use and ensure brand consistency.

For Nigerian businesses with global ambitions, early trademark registration is critical to avoiding disputes and facilitating seamless market entry.

STRATEGIC BRAND PROTECTION FOR BUSINESSES

To maximize the benefits of trademark protection, businesses should adopt a proactive and structured approach to intellectual property management.

Key measures include:

- Conducting clearance searches before adopting a brand
- Registering trademarks early
- Monitoring for infringement
- Maintaining consistent brand usage
- Renewing registrations as required

A strategic approach ensures that trademark assets remain both legally protected and commercially valuable.

CONCLUSION

In the modern business landscape, trademarks represent far more than simple brand identifiers, they are powerful commercial assets that drive recognition, reputation, and economic value. By securing exclusive rights to distinctive brand elements, trademark protection enables businesses to build trust with consumers, safeguard their goodwill, and enhance their competitive advantage. Under the legal framework provided by the Trademarks Act, businesses can register and enforce their trademark rights, ensuring that their brands remain protected from imitation and misuse.

Ultimately, companies that proactively invest in robust trademark protection are better positioned to build sustainable brands, expand into new markets, and unlock long-term enterprise value. While brands are shaped in the marketplace, they are secured through structured protection and disciplined management, and without that foundation, even the strongest brands remain vulnerable.

If you require support in protecting your brand and securing trademark registration, our team is well positioned to assist with the end-to-end process.

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