

ESTTA Tracking number: **ESTTA157499**

Filing date: **08/17/2007**

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD

Notice of Opposition

Notice is hereby given that the following party opposes registration of the indicated application.

Opposer Information

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|---------------------------------------|---|
| Name | Apple Inc. |
| Granted to Date of previous extension | 08/19/2007 |
| Address | 1 Infinite Loop Cupertino, CA 95014 UNITED STATES |

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| Correspondence information | Stephen J. Coates Kilpatrick Stockton LLP 31 West 52nd St. - 14th Floor New York, NY 10019 UNITED STATES jpetersen@kilpatrickstockton.com, scoates@kilpatrickstockton.com |
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Applicant Information

| | | | |
|------------------------|---|------------------------|------------|
| Application No | 78922138 | Publication date | 02/20/2007 |
| Opposition Filing Date | 08/17/2007 | Opposition Period Ends | 08/19/2007 |
| Applicant | Big Apple Ideas, LLC 340 Giralda Ave, #416E Coral Gables, FL 33134 UNITED STATES | | |

Goods/Services Affected by Opposition

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| Class 035. All goods and services in the class are opposed, namely: Business consultation services; Providing on-line directory information services also featuring hyperlinks to other web sites |
| Class 038. All goods and services in the class are opposed, namely: Providing on-line electronic bulletin boards for transmission of messages among computer users concerning ideas and suggestions of general interest |
| Class 042. All goods and services in the class are opposed, namely: Creating or maintaining web sites for others |

Grounds for Opposition

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|--------------------------------------|-----------------------------|
| Priority and likelihood of confusion | Trademark Act section 2(d) |
| Dilution | Trademark Act section 43(c) |

Marks Cited by Opposer as Basis for Opposition

| | | | |
|-----------------------|--|-----------------------|------------|
| U.S. Registration No. | 1078312 | Application Date | 03/25/1977 |
| Registration Date | 11/29/1977 | Foreign Priority Date | NONE |
| Word Mark | APPLE | | |
| Design Mark | | | |
| Description of Mark | NONE | | |
| Goods/Services | Class 009. First use: First Use: 1976/04/00 First Use In Commerce: 1976/04/00 COMPUTERS AND COMPUTER PROGRAMS RECORDED ON PAPER AND TAPE | | |

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|-----------------------|--|-----------------------|------------|
| U.S. Registration No. | 1114431 | Application Date | 03/20/1978 |
| Registration Date | 03/06/1979 | Foreign Priority Date | NONE |
| Word Mark | NONE | | |
| Design Mark | | | |
| Description of Mark | THE MARK CONSISTS OF A SILHOUETTE OF AN APPLE WITH A BITE REMOVED. | | |
| Goods/Services | Class 009. First use: First Use: 1977/01/00 First Use In Commerce: 1977/01/00 COMPUTERS AND COMPUTER PROGRAMS RECORDED ON PAPER AND TAPE | | |

| | | | |
|-----------------------|--|-----------------------|------------|
| U.S. Registration No. | 2079765 | Application Date | 04/07/1995 |
| Registration Date | 07/15/1997 | Foreign Priority Date | NONE |
| Word Mark | APPLE | | |
| Design Mark | | | |
| Description of Mark | NONE | | |
| Goods/Services | Class 038. First use: First Use: 1994/04/09 First Use In Commerce: 1994/04/09 communication filed by computer, namely, electronic transmission of data and documents via computer, delivery of messages by electronic transmission | | |

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|-----------------------|---|-----------------------|------------|
| U.S. Registration No. | 2870477 | Application Date | 08/22/2002 |
| Registration Date | 08/03/2004 | Foreign Priority Date | NONE |
| Word Mark | NONE | | |
| Design Mark | | | |
| Description of Mark | The mark consists of the design of an apple with a bite removed. | | |
| Goods/Services | Class 038. First use: First Use: 1994/04/09 First Use In Commerce: 1994/04/09 Telecommunication services, namely, electronic transmission of data and images via computer networks; electronic mail services; providing on-line electronic bulletin boards for transmission of messages among computer users in the fields of business, creative design, education, computers, information technology, word processing, database management, entertainment, electronic commerce and telecommunications; telecommunications consultation; delivery | | |

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| | of messages by electronic transmission; electronic transmission of data and information by computer, radio, mail, providing Internet access |
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|-----------------------|--|-----------------------|------------|
| U.S. Registration No. | 2753069 | Application Date | 07/23/2002 |
| Registration Date | 08/19/2003 | Foreign Priority Date | NONE |
| Word Mark | NONE | | |
| Design Mark | | | |
| Description of Mark | The mark consists of the design of an apple with a bite removed. | | |
| Goods/Services | Class 042. First use: First Use: 1980/09/00 First Use In Commerce: 1980/09/00 Application service provider (ASP), namely, hosting computer software applications of others; computer services, namely, displaying the web sites and images of others on a computer server; computer diagnostic services; installation of computer software; updating of computer software; maintenance of computer software; computer hardware development; integration of computer systems and networks; monitoring the computer systems of others for technical purposes and providing back-up computer programs and facilities; computer consultation, design, and testing services; consulting services in the field of design, selection, implementation and use of computer hardware and software systems for others; computer data recovery; computer programming for others; research and development of computer hardware and software; website design, creation and hosting services; computer services, namely, designing and implementing web sites for others; computer services, namely, providing search engines for obtaining data on a global computer network; providing use of on-line non-downloadable software for communications via local or global communications networks, including the Internet, intranets, and extranets; computer consultation, namely, analyzing data to detect, eradicate, and prevent the occurrence of computer viruses; computer consultation, namely, services relating to the protection of computer hardware, computer software, computer networks and computer systems against computer viruses, attacks, or failures; computer consultation, namely, services for optimizing the performance and functionality of computer software and communications networks; technical support services, namely, troubleshooting of computers, computer software, telecommunications, and the Internet systems; leasing of computers, computer peripherals and computer software; leasing computer facilities; providing information in a wide variety of fields over computer networks and global communication networks; computer services, namely, creating indexes of information, web sites and other information sources available on computer networks; providing information concerning a wide range of text, electronic documents, databases, graphics and audiovisual information | | |

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|-----------------------|---|-----------------------|------------|
| U.S. Registration No. | 2808567 | Application Date | 10/02/2002 |
| Registration Date | 01/27/2004 | Foreign Priority Date | NONE |
| Word Mark | APPLE | | |
| Design Mark | | | |
| Description of Mark | NONE | | |
| Goods/Services | Class 042. First use: First Use: 1980/09/00 First Use In Commerce: 1980/09/00 COMPUTER CONSULTATION, DESIGN, TESTING, RESEARCH AND ADVISORY SERVICES; RESEARCH AND DEVELOPMENT OF COMPUTER HARDWARE AND SOFTWARE; MAINTENANCE AND REPAIR OF | | |

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|--|---|
| | COMPUTER SOFTWARE APPLICATIONS; UPDATING OF COMPUTER SOFTWARE; COMPUTER PROGRAMMING SERVICES; PROVIDING INFORMATION CONCERNING COMPUTERS AND COMPUTER SOFTWARE OVER COMPUTER NETWORKS AND GLOBAL COMMUNICATION NETWORKS; COMPUTER SERVICES, NAMELY, HOSTING WEB SITES AND PROVIDING WEB SITE OPERATION AND MANAGEMENT SERVICES TO OTHERS; COMPUTER SERVICES, NAMELY, PROVIDING SEARCH ENGINES FOR OBTAINING DATA ON COMPUTER NETWORKS AND GLOBAL COMMUNICATION NETWORKS; LEASING OF COMPUTERS, COMPUTER PERIPHERALS AND COMPUTER SOFTWARE |
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|-----------------------|--|-----------------------|------------|
| U.S. Registration No. | 2926853 | Application Date | 08/16/2002 |
| Registration Date | 02/15/2005 | Foreign Priority Date | 02/26/2002 |
| Word Mark | NONE | | |
| Design Mark | | | |
| Description of Mark | The mark consists of the design of an apple with a bite removed. | | |
| Goods/Services | <p>Class 035. First use: First Use: 1983/00/00 First Use In Commerce: 1983/00/00 analysis and consultation in the field of business information management, namely, the selection, adoption and operation of computers and computer information management systems; providing information in the fields of business and commerce over computer networks and global communication networks; business services, namely, providing computer databases regarding the purchase and sale of a wide variety of products and services of others; business services, namely, dissemination of advertising for others via computer networks and global communication networks; retail store services featuring computers, computer software, computer peripherals and consumer electronics, and demonstration of products relating thereto; online retail store services provided via computer networks and global communication networks featuring computers, computer software, computer peripherals and consumer electronics, and demonstration of products relating thereto</p> <p>Class 039. First use: First Use: 1985/00/00 First Use In Commerce: 1985/00/00 computerized data storage services; data storage relating to business</p> | | |

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| Attachments | 73162799#TMSN.gif (1 page)(bytes) 78157042#TMSN.gif (1 page)(bytes) 78146716#TMSN.gif (1 page)(bytes) 78155188#TMSN.gif (1 page)(bytes) BIG APPLE IDEAS Opposition.pdf (35 pages)(3889421 bytes) |
|-------------|---|

| | |
|-----------|-------------------|
| Signature | /STEPHEN COATES/ |
| Name | Stephen J. Coates |
| Date | 08/17/2007 |

computer software programs, telecommunication services, education and training services, business consultation services and offers a broad array of related goods and services.

2. Since at least as early as 1977, Opposer has extensively promoted, marketed, advertised, distributed and sold goods and services in connection with a family of trademarks consisting, in whole or in part, of the word APPLE and a visual equivalent of the word, to wit a logo depicting a stylized apple, as shown below:



(the “Apple Logo”).

3. Opposer’s family of APPLE-based word marks and its Apple Logo (collectively, the “APPLE Marks”) has achieved an extraordinary level of fame and consumer recognition. As a result of Opposer’s extensive advertising, promotion and use of its APPLE Marks in connection with a variety of goods and services, including, *inter alia*, computers, computer software programs, telecommunication services, education and training services and business consultation services, Opposer’s APPLE Marks have acquired enormous goodwill, and have come to be immediately identified with Opposer as the source of goods and services.

4. The APPLE Marks are famous under the Lanham Act, specifically 15 U.S.C. § 1125 *et seq.*, and are among the most valuable trademarks in the world. The extraordinary level of fame and consumer recognition that the APPLE Marks currently

enjoy cannot be seriously disputed. As a result of Opposer's extensive advertising and use of the APPLE Marks, the APPLE Marks have acquired extensive goodwill and have come to be immediately identified with Opposer.

5. For many years, the APPLE brand has consistently been recognized as belonging in the top 50 brands worldwide. Attached as Exhibit 1 are copies of the rankings of the APPLE brand, in reverse chronological order from 2007 through 2001, as compiled by the leading brand assessment company, Interbrand Corporation. Interbrand has given the APPLE brand the following rankings and U.S. dollar values over the past six years:

- i. 2007: valuing the APPLE brand as the 33rd most valuable brand in the entire world, with an estimated brand worth of U.S. \$11.037 billion.
- ii. 2006: valuing the APPLE brand as the 39th most valuable brand in the entire world, with an estimated brand worth of U.S. \$9.130 billion.
- iii. 2005: valuing the APPLE brand as the 41st most valuable brand in the entire world, with an estimated brand worth of U.S. \$7.985 billion.
- iv. 2004: valuing the APPLE brand as the 43rd most valuable brand in the entire world, with an estimated brand worth of U.S. \$6.871 billion.
- v. 2003: valuing the APPLE brand as the 50th most valuable brand in the entire world, with an estimated brand worth of U.S. \$5.55 billion.
- vi. 2002: valuing the APPLE brand as the 50th most valuable brand in the entire world, with an estimated brand worth of U.S. \$5.32 billion.
- vii. 2001: valuing the APPLE brand as the 49th most valuable brand in the entire world, with an estimated brand worth of U.S. \$5.46 billion.

6. Since its inception, Opposer has been an innovator of new ideas and technology. While Opposer began as a computer and computer software company, it

has expanded its offerings to include a wide variety of new products including the iPod portable digital music players; iTunes Internet store for downloadable digital music, movies and entertainment and Apple TV device that enables digital media to play on a television set. Opposer's commitment to innovative new ideas was so central to Opposer's business concept that it adopted the "THINK DIFFERENT" ad slogan which depicted the slogan along with the Apple Logo and the faces of some of the 20th century's greatest innovators, including Albert Einstein, Bob Dylan, Martin Luther King, Jr., John Lennon, Thomas Edison, Muhammad Ali, Jim Henson, Frank Lloyd Wright and Pablo Picasso.

7. Opposer is the owner of numerous United States trademark registrations on the Principal Register for its APPLE Marks, including, among others, the following registrations:

| TRADEMARK | REG. NO. | FILING DATE/ REG. DATE | GOODS/SERVICES |
|---|-----------|--------------------------------------|--|
| APPLE | 1,078,312 | March 25, 1977 Nov. 29, 1977 | Class 9: Computers and computer programs recorded on paper and tape. |
|  | 1,114,431 | March 20, 1978 March 6, 1979 | Class 9: Computers and computer programs recorded on paper and tape. |
|  | 2,926,853 | August 16, 2002 February 15, 2005 | Class 35: Analysis and consultation in the field of business information management, namely, the selection, adoption and operation of computers and computer information management systems; providing information in the fields of business and commerce over computer networks and global communication networks; business services, namely, |

| TRADEMARK | REG. NO. | FILING DATE/ REG. DATE | GOODS/SERVICES |
|---|------------------|---|---|
| | | | <p>providing computer databases regarding the purchase and sale of a wide variety of products and services of others; business services, namely, dissemination of advertising for others via computer networks and global communication networks; retail store services featuring computers, computer software, computer peripherals and consumer electronics, and demonstration of products relating thereto; online retail store services provided via computer networks and global communication networks featuring computers, computer software, computer peripherals and consumer electronics, and demonstration of products relating thereto</p> <p>Class 39: Computerized data storage services; data storage relating to business</p> |
| <p>APPLE</p> | <p>2,079,765</p> | <p>April 7, 1995 July 15, 1997</p> | <p>Class 38: Communication filed by computer, namely, electronic transmission of data and documents via computer, delivery of messages by electronic transmission.</p> |
|  | <p>2,870,477</p> | <p>August 22, 2002 August 3, 2004</p> | <p>Class 38: Telecommunication services, namely, electronic transmission of data and images via computer networks; electronic mail services; providing on-line electronic bulletin boards for transmission of messages among computer users in the fields of business, creative design, education, computers, information technology, word processing, database management, entertainment, electronic commerce and telecommunications; telecommunications consultation; delivery of messages by electronic transmission; electronic transmission of data and information by computer, radio, mail, providing Internet access.</p> |

| TRADEMARK | REG. NO. | FILING DATE/ REG. DATE | GOODS/SERVICES |
|--|-----------|----------------------------------|---|
|  | 2,753,069 | July 23, 2002 August 19, 2003 | <p>Class 42: Application service provider (ASP), namely, hosting computer software applications of others; computer services, namely, displaying the web sites and images of others on a computer server; computer diagnostic services; installation of computer software; updating of computer software; maintenance of computer software; computer hardware development; integration of computer systems and networks; monitoring the computer systems of others for technical purposes and providing back-up computer programs and facilities; computer consultation, design, and testing services; consulting services in the field of design, selection, implementation and use of computer hardware and software systems for others; computer data recovery; computer programming for others; research and development of computer hardware and software; website design, creation and hosting services; computer services, namely, designing and implementing web sites for others; computer services, namely, providing search engines for obtaining data on a global computer network; providing use of on-line non-downloadable software for communications via local or global communications networks, including the Internet, intranets, and extranets; computer consultation, namely, analyzing data to detect, eradicate, and prevent the occurrence of computer viruses; computer consultation, namely, services relating to the protection of computer hardware, computer software, computer networks and computer systems against computer viruses, attacks, or failures; computer consultation, namely, services for optimizing the performance and functionality of computer software and communications networks; technical support services, namely, troubleshooting of computers, computer software,</p> |

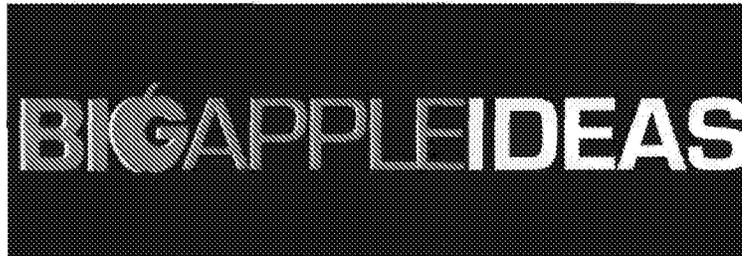
| TRADEMARK | REG. NO. | FILING DATE/ REG. DATE | GOODS/SERVICES |
|-----------|-----------|-------------------------------------|---|
| | | | telecommunications, and the Internet systems; leasing of computers, computer peripherals and computer software; leasing computer facilities; providing information in a wide variety of fields over computer networks and global communication networks; computer services, namely, creating indexes of information, web sites and other information sources available on computer networks; providing information concerning a wide range of text, electronic documents, databases, graphics and audiovisual information |
| APPLE | 2,808,567 | October 2, 2002 January 27, 2004 | Class 42: Computer consultation, design, testing, research and advisory services; research and development of computer hardware and software; maintenance and repair of computer software applications; updating of computer software; computer programming services; providing information concerning computers and computer software over computer networks and global communication networks; computer services, namely, hosting web sites and providing web site operation and management services to others, computer services, namely, providing search engines for obtaining data on computer networks and global communication networks; leasing of computers, computer peripherals and computer software |

Copies of the above-identified registrations are annexed as Exhibit 2.

8. The above-identified registrations are valid and in full force and effect. Indeed, affidavits have been filed and accepted pursuant to sections 8 and 15 of the Lanham Act for Registration Nos. 1,078,312, 1,114,431 and 2,079,765, rendering such registrations incontestable.

9. Notwithstanding Opposer's prior rights, on April 24, 2006, applicant Big Apple Ideas, LLC ("Applicant") filed, on an intent to use basis, Application Serial No.

78/922,138 for “[b]usiness consultation services; providing on-line directory information services also featuring hyperlinks to other web sites” in International Class 35, “[p]roviding on-line electronic bulletin boards for transmission of messages among computer users concerning ideas and suggestions of general interest” in International Class 38 and “[c]reating or maintaining web sites for others” in International Class 42 for the mark depicted below (“Applicant’s Mark”):



Upon information and belief, Opposer understands that Applicant made no use of its BIG APPLE IDEAS mark prior to the July 3, 2006 filing date of its application.

10. Opposer obtained extensions of time to oppose the instant application and is timely filing this Notice of Opposition within such extended period.

11. Applicant’s Mark prominently features the word APPLE and an apple shaped logo with a break which appears on the right-hand side of the apple. Similarly, Opposer’s APPLE Marks famously evoke an apple and Opposer’s Apple Logo consists of an apple shaped logo with a stylized leaf and a famous missing bite element which appears on the right side of the apple.

12. The services cited by Applicant under Applicant’s Mark, namely “business consultation services; providing on-line directory information services also featuring hyperlinks to other web sites; providing on-line electronic bulletin boards for

transmission of messages among computer users concerning ideas and suggestions of general interest; creating or maintaining web sites for others” are closely related with, and in some instances identical to, goods and services Opposer has long offered in connection with its APPLE Marks.

13. Accordingly, Applicant’s Mark so closely resembles Opposer’s APPLE Marks that Applicant’s use of Applicant’s Mark is likely to cause confusion, mistake or deception in the minds of consumers as to the origin or source of Applicant’s services in violation of Section 2(d) of the Lanham Act, 15 U.S.C. § 1052(d), with consequent injury to Opposer and the public.

14. There is no issue as to priority. Opposer began using its APPLE Marks in commerce since at least as early as 1977, well prior to the July 3, 2006 filing date of Applicant’s mark which was filed on an intent to use basis.

15. If Applicant is permitted to register Applicant’s Mark, as specified in the application herein opposed, consumer confusion resulting in damage and injury to Opposer would be caused and would result by reason of the similarity between Applicant’s Mark and Opposer’s APPLE Marks. Persons familiar with Opposer’s APPLE Marks would be likely to purchase Applicant’s services as and for services associated with Opposer. Furthermore, any defect, objection or fault found with Applicant’s services marketed under Applicant’s Mark would reflect upon and seriously injure the reputation which the Opposer has established for its goods and services.

16. Applicant’s Mark is likely to cause dilution of Opposer’s APPLE Marks, in violation of Section 43(c)(1) of the Lanham Act, 15 U.S.C. § 1125(c)(1), by

blurring the considerable source-identifying power of Opposer's APPLE Marks.

17. If Applicant is granted the registration herein opposed, it would thereby obtain a *prima facie* exclusive right to the use of Applicant's Mark. Such registration would be a source of damage and injury to Opposer.

WHEREFORE, Opposer requests that this opposition be sustained and that the registration of Application Serial No. 78/922,138 be denied.

The opposition fee in the amount of \$900.00 for an opposition in three classes is filed herewith. If for any reason this amount is insufficient, it is requested that Opposer's attorneys' Deposit Account No. 11-0860 be charged with any deficiency. This paper is filed electronically.

Dated: New York, New York
August 17, 2007

Respectfully submitted,

KILPATRICK STOCKTON LLP

By: 
Joseph Petersen

Stephen J. Coates
31 West 52nd Street, 14th Floor
New York, New York 10019
Telephone: (212) 775-8700
Facsimile: (212) 775-8800

Attorneys for Opposer Apple Inc.

CERTIFICATE OF TRANSMITTAL

I hereby certify that a true copy of the foregoing NOTICE OF OPPOSITION is being filed electronically with the TTAB via ESTTA on this day, August 17, 2007.



Stephen J. Coates

EXHIBIT 1

Int. Cl.: 9

Prior U.S. Cl.: 26

United States Patent Office

Reg. No. 1,078,312
Registered Nov. 29, 1977

TRADEMARK
Principal Register

APPLE

Apple Computer, Inc. (California corporation)
20863 Stevens Creek Blvd.
Cupertino, Calif. 95014

For: COMPUTERS AND COMPUTER PROGRAMS
RECORDED ON PAPER AND TAPE, in CLASS 9
(U.S. CL. 26).

First use during April 1976; in commerce during April
1976.

Ser. No. 120,444, filed Mar. 25, 1977.

G. T. GLYNN, Examiner

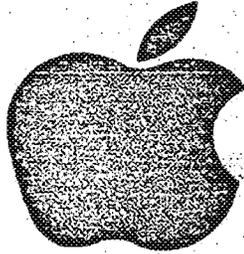
Int. Cl.: 9

Prior U.S. Cl.: 26, 38

United States Patent and Trademark Office

Reg. No. 1,114,431
Registered Mar. 6, 1979

TRADEMARK
Principal Register



Apple Computer, Inc. (California corporation)
10260 Bandy Drive
Cupertino, Calif. 95014

For: COMPUTERS AND COMPUTER PROGRAMS
RECORDED ON PAPER AND TAPE, in CLASS 9
(U.S. CLS. 26 and 38).

First use during January 1977; in commerce January
1977.

The mark consists of a silhouette of an apple with a
bite removed.

Owner of Reg. No. 1,078,312.

Ser. No. 162,799, filed Mar. 20, 1978.

J. TINGLEY, Examiner

Int. Cls.: 35 and 39

Prior U.S. Cls.: 100, 101, 102, and 105

United States Patent and Trademark Office

Reg. No. 2,926,853

Registered Feb. 15, 2005

SERVICE MARK
PRINCIPAL REGISTER



APPLE COMPUTER, INC. (CALIFORNIA CORPORATION)
1 INFINITE LOOP
CUPERTINO, CA 95014

FOR: ANALYSIS AND CONSULTATION IN THE FIELD OF BUSINESS INFORMATION MANAGEMENT, NAMELY, THE SELECTION, ADOPTION AND OPERATION OF COMPUTERS AND COMPUTER INFORMATION MANAGEMENT SYSTEMS; PROVIDING INFORMATION IN THE FIELDS OF BUSINESS AND COMMERCE OVER COMPUTER NETWORKS AND GLOBAL COMMUNICATION NETWORKS; BUSINESS SERVICES, NAMELY, PROVIDING COMPUTER DATABASES REGARDING THE PURCHASE AND SALE OF A WIDE VARIETY OF PRODUCTS AND SERVICES OF OTHERS; BUSINESS SERVICES, NAMELY, DISSEMINATION OF ADVERTISING FOR OTHERS VIA COMPUTER NETWORKS AND GLOBAL COMMUNICATION NETWORKS; RETAIL STORE SERVICES FEATURING COMPUTERS, COMPUTER SOFTWARE, COMPUTER PERIPHERALS AND CONSUMER ELECTRONICS, AND DEMONSTRATION OF PRODUCTS RELATING THERETO; ONLINE RETAIL STORE SERVICES PROVIDED VIA COMPUTER NETWORKS AND GLOBAL COMMUNICATION NETWORKS FEATURING COMPUTERS, COMPU-

TER SOFTWARE, COMPUTER PERIPHERALS AND CONSUMER ELECTRONICS, AND DEMONSTRATION OF PRODUCTS RELATING THERETO, IN CLASS 35 (U.S. CLS. 100, 101 AND 102).

FIRST USE 0-0-1983; IN COMMERCE 0-0-1983.

FOR: COMPUTERIZED DATA STORAGE SERVICES; DATA STORAGE RELATING TO BUSINESS, IN CLASS 39 (U.S. CLS. 100 AND 105).

FIRST USE 0-0-1985; IN COMMERCE 0-0-1985.

PRIORITY CLAIMED UNDER SEC. 44(D) ON ERPN CMNTY TM OFC APPLICATION NO. 2593671, FILED 2-26-2002, DATED 0-0-0000.

OWNER OF U.S. REG. NOS. 1,114,431, 1,401,154, AND OTHERS.

THE MARK CONSISTS OF THE DESIGN OF AN APPLE WITH A BITE REMOVED.

SN 78-155,188, FILED 8-16-2002.

NORA BUCHANAN WILL, EXAMINING ATTORNEY

Int. Cl.: 38

Prior U.S. Cls.: 100, 101, and 104

Reg. No. 2,079,765

United States Patent and Trademark Office

Registered July 15, 1997

**SERVICE MARK
PRINCIPAL REGISTER**

APPLE

APPLE COMPUTER, INC. (CALIFORNIA CORPORATION)
1 INFINITE LOOP
CUPERTINO, CA 95014

TRONIC TRANSMISSION, IN CLASS 38 (U.S. CLS. 100, 101 AND 104).

FIRST USE 4-9-1994; IN COMMERCE 4-9-1994.

OWNER OF U.S. REG. NOS. 1,200,280, 1,819,400, AND OTHERS.

FOR: COMMUNICATION FILED BY COMPUTER, NAMELY, ELECTRONIC TRANSMISSION OF DATA AND DOCUMENTS VIA COMPUTER, DELIVERY OF MESSAGES BY ELEC-

SN 74-660,120, FILED 4-7-1995.

WON TEAK OH, EXAMINING ATTORNEY

Int. Cl.: 38

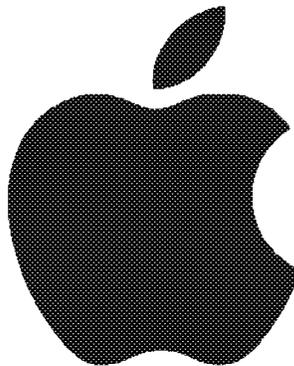
Prior U.S. Cls.: 100, 101, and 104

Reg. No. 2,870,477

United States Patent and Trademark Office

Registered Aug. 3, 2004

SERVICE MARK
PRINCIPAL REGISTER



APPLE COMPUTER, INC. (CALIFORNIA CORPORATION)
1 INFINITE LOOP
CUPERTINO, CA 95014

FOR: TELECOMMUNICATION SERVICES, NAMELY, ELECTRONIC TRANSMISSION OF DATA AND IMAGES VIA COMPUTER NETWORKS; ELECTRONIC MAIL SERVICES; PROVIDING ON-LINE ELECTRONIC BULLETIN BOARDS FOR TRANSMISSION OF MESSAGES AMONG COMPUTER USERS IN THE FIELDS OF BUSINESS, CREATIVE DESIGN, EDUCATION, COMPUTERS, INFORMATION TECHNOLOGY, WORD PROCESSING, DATABASE MANAGEMENT, ENTERTAINMENT, ELECTRONIC COMMERCE AND TELECOMMUNICATIONS; TELECOMMUNICATIONS CONSULTATION; DELIVERY OF MESSAGES

BY ELECTRONIC TRANSMISSION; ELECTRONIC TRANSMISSION OF DATA AND INFORMATION BY COMPUTER, RADIO, MAIL, PROVIDING INTERNET ACCESS, IN CLASS 38 (U.S. CLS. 100, 101 AND 104).

FIRST USE 4-9-1994; IN COMMERCE 4-9-1994.

OWNER OF U.S. REG. NOS. 113,028, 1,421,062, AND OTHERS.

THE MARK CONSISTS OF THE DESIGN OF AN APPLE WITH A BITE REMOVED.

SN 78-157,042, FILED 8-22-2002.

MICHELE SWAIN, EXAMINING ATTORNEY

Int. Cl.: 42

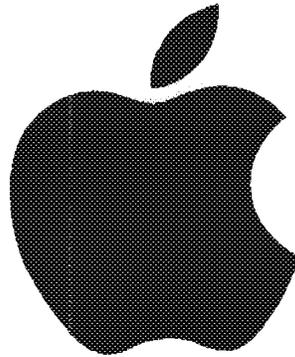
Prior U.S. Cls.: 100 and 101

United States Patent and Trademark Office

Reg. No. 2,753,069

Registered Aug. 19, 2003

SERVICE MARK
PRINCIPAL REGISTER



APPLE COMPUTER, INC. (CALIFORNIA CORPORATION)
1 INFINITE LOOP
CUPERTINO, CA 95014

FOR: APPLICATION SERVICE PROVIDER (ASP), NAMELY, HOSTING COMPUTER SOFTWARE APPLICATIONS OF OTHERS; COMPUTER SERVICES, NAMELY, DISPLAYING THE WEB SITES AND IMAGES OF OTHERS ON A COMPUTER SERVER; COMPUTER DIAGNOSTIC SERVICES; INSTALLATION OF COMPUTER SOFTWARE; UPDATING OF COMPUTER SOFTWARE; MAINTENANCE OF COMPUTER SOFTWARE; COMPUTER HARDWARE DEVELOPMENT; INTEGRATION OF COMPUTER SYSTEMS AND NETWORKS; MONITORING THE COMPUTER SYSTEMS OF OTHERS FOR TECHNICAL PURPOSES AND PROVIDING BACK-UP COMPUTER PROGRAMS AND FACILITIES; COMPUTER CONSULTATION, DESIGN, AND TESTING SERVICES; CONSULTING SERVICES IN THE FIELD OF DESIGN, SELECTION, IMPLEMENTATION AND USE OF COMPUTER HARDWARE AND SOFTWARE SYSTEMS FOR OTHERS; COMPUTER DATA RECOVERY; COMPUTER PROGRAMMING FOR OTHERS; RESEARCH AND DEVELOPMENT OF COMPUTER HARDWARE AND SOFTWARE; WEBSITE DESIGN, CREATION AND HOSTING SERVICES; COMPUTER SERVICES, NAMELY, DESIGNING AND IMPLEMENTING WEB SITES FOR OTHERS; COMPUTER SERVICES, NAMELY, PROVIDING SEARCH ENGINES FOR OBTAINING DATA ON A GLOBAL COMPUTER NETWORK; PROVIDING USE OF ON-LINE NON-DOWNLOADABLE SOFTWARE FOR COMMUNICATIONS VIA LOCAL OR

GLOBAL COMMUNICATIONS NETWORKS, INCLUDING THE INTERNET, INTRANETS, AND EXTRANETS; COMPUTER CONSULTATION, NAMELY, ANALYZING DATA TO DETECT, ERADICATE, AND PREVENT THE OCCURRENCE OF COMPUTER VIRUSES; COMPUTER CONSULTATION, NAMELY, SERVICES RELATING TO THE PROTECTION OF COMPUTER HARDWARE, COMPUTER SOFTWARE, COMPUTER NETWORKS AND COMPUTER SYSTEMS AGAINST COMPUTER VIRUSES, ATTACKS, OR FAILURES; COMPUTER CONSULTATION, NAMELY, SERVICES FOR OPTIMIZING THE PERFORMANCE AND FUNCTIONALITY OF COMPUTER SOFTWARE AND COMMUNICATIONS NETWORKS; TECHNICAL SUPPORT SERVICES, NAMELY, TROUBLESHOOTING OF COMPUTERS, COMPUTER SOFTWARE, TELECOMMUNICATIONS, AND THE INTERNET SYSTEMS; LEASING OF COMPUTERS, COMPUTER PERIPHERALS AND COMPUTER SOFTWARE; LEASING COMPUTER FACILITIES; PROVIDING INFORMATION IN A WIDE VARIETY OF FIELDS OVER COMPUTER NETWORKS AND GLOBAL COMMUNICATION NETWORKS; COMPUTER SERVICES, NAMELY, CREATING INDEXES OF INFORMATION, WEB SITES AND OTHER INFORMATION SOURCES AVAILABLE ON COMPUTER NETWORKS; PROVIDING INFORMATION CONCERNING A WIDE RANGE OF TEXT, ELECTRONIC DOCUMENTS, DATABASES, GRAPHICS AND AUDIOVISUAL INFORMATION, IN CLASS 42 (U.S. CLS. 100 AND 101).

FIRST USE 9-0-1980; IN COMMERCE 9-0-1980.

Int. Cl.: 42

Prior U.S. Cls.: 100 and 101

United States Patent and Trademark Office

Reg. No. 2,808,567

Registered Jan. 27, 2004

**SERVICE MARK
PRINCIPAL REGISTER**

APPLE

APPLE COMPUTER, INC. (CALIFORNIA CORPORATION)
1 INFINITE LOOP
CUPERTINO, CA 95014

FOR: COMPUTER CONSULTATION, DESIGN, TESTING, RESEARCH AND ADVISORY SERVICES; RESEARCH AND DEVELOPMENT OF COMPUTER HARDWARE AND SOFTWARE; MAINTENANCE AND REPAIR OF COMPUTER SOFTWARE APPLICATIONS; UPDATING OF COMPUTER SOFTWARE; COMPUTER PROGRAMMING SERVICES; PROVIDING INFORMATION CONCERNING COMPUTERS AND COMPUTER SOFTWARE OVER COMPUTER NETWORKS AND GLOBAL COMMUNICATION NETWORKS; COMPUTER SERVICES, NAMELY, HOSTING WEB SITES AND PROVIDING WEB SITE OPERATION AND MANAGEMENT SER-

VICES TO OTHERS; COMPUTER SERVICES, NAMELY, PROVIDING SEARCH ENGINES FOR OBTAINING DATA ON COMPUTER NETWORKS AND GLOBAL COMMUNICATION NETWORKS; LEASING OF COMPUTERS, COMPUTER PERIPHERALS AND COMPUTER SOFTWARE, IN CLASS 42 (U.S. CLS. 100 AND 101).

FIRST USE 9-0-1980; IN COMMERCE 9-0-1980.

OWNER OF U.S. REG. NOS. 1,078,312, 2,132,209 AND OTHERS.

SER. NO. 78-170,383, FILED 10-2-2002.

DOMINIC J. FERRAIUOLO, EXAMINING ATTORNEY

EXHIBIT 2



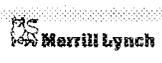
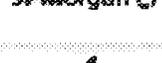
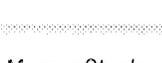
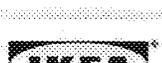
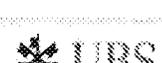
ALL BRANDS ARE NOT CREATED EQUAL

Best Global Brands 2007

Interbrand

BusinessWeek

2. Best Global Brands

| 2007 Rank | 2006 Rank | Brand |  | Country of origin | Sector | 2007 Brand Value (\$bn) | Change in brand value |
|-----------|-----------|----------------|---|-------------------|----------------------|-------------------------|-----------------------|
| 21 | 20 | Samsung |  | Republic of Korea | Consumer Electronics | 16,853 | 4% |
| 22 | 21 | Merrill Lynch |  | US | Financial Services | 14,343 | 10% |
| 23 | 28 | HSBC |  | UK | Financial Services | 13,563 | 17% |
| 24 | 23 | Nescafé |  | Switzerland | Beverages | 12,950 | 4% |
| 25 | 26 | Sony |  | Japan | Consumer Electronics | 12,907 | 10% |
| 26 | 22 | Pepsi |  | US | Beverages | 12,888 | 2% |
| 27 | 29 | Oracle |  | US | Computer Software | 12,448 | 9% |
| 28 | 32 | UPS |  | US | Transportation | 12,013 | 12% |
| 29 | 31 | Nike |  | US | Sporting Goods | 12,004 | 10% |
| 30 | 27 | Budweiser |  | US | Alcohol | 11,652 | 0% |
| 31 | 25 | Dell |  | US | Computer Hardware | 11,554 | -6% |
| 32 | 33 | JPMorgan |  | US | Financial Services | 11,433 | 12% |
| 33 | 39 | Apple |  | US | Computer Hardware | 11,037 | 21% |
| 34 | 34 | SAP |  | Germany | Computer Software | 10,850 | 8% |
| 35 | 37 | Goldman Sachs |  | US | Financial Services | 10,563 | 11% |
| 36 | 35 | Canon |  | Japan | Computer Hardware | 10,581 | 6% |
| 37 | 36 | Morgan Stanley |  | US | Financial Services | 10,340 | 6% |
| 38 | 41 | Ikea |  | Sweden | Home Furnishings | 10,087 | 15% |
| 39 | 42 | UBS |  | Switzerland | Financial Services | 9,838 | 13% |
| 40 | 40 | Kellogg's |  | US | Food | 9,341 | 6% |

Best Global Brands

How the BusinessWeek/Interbrand Top 100 companies are using their brands to fuel expansion

BY DAVID KILEY

NOT LONG AGO, MOTOROLA SAW ITSELF THE same way its customers did: as a tech-driven seller of products, not a brand. The success of the RAZR changed all that. By ringing the consumer's bell, the hot-selling mobile phone validated a new strategy, internally dubbed MOTOME. Suddenly Motorola was a company that had rediscovered its identity as a major consumer brand.

The key, says global marketing head George Neill, who came to the company last year from Apple, was to think of the brand as providing experiences to consumers, not just hardware. "We're focused on giving access to what people want—music, video, Internet—wherever customers roam." That translated into an 18% gain in the company's global brand value on this year's BusinessWeek/Interbrand Annual Ranking of the 100 Top Global Brands. The phonemaker, adds Interbrand Group CEO Jer Frampton, is "redefining the place people make for the Motorola brand in their lives."

This year's list is brimming with hot brands such as Motorola that are crafting new and surprising ways to branch into entirely new product arenas. Hyundai is launching a premium sedan. Google is wading into selling ad time on the radio. Others are revving up their brand's goodwill value to dodge problems, as McDonald's is doing with its health and fitness marketing to counter concerns about junk food.

Every company wants its brand to get bigger. The hard part is balancing what the brand is with a vision of what it would like to be. "As soon as you try to go someplace that doesn't fit or where you don't have credibility, it can detract from your organization and your brand," says Frampton. The sixth annual BusinessWeek/Interbrand rankings measure an elusive but crucial

quality. Companies that score high can count on plenty of customer loyalty as they push into risky expansions.

Don't Fear Public Flops

THE GOOGLE NAME is stronger than ever. In this year's ranking it gained 46% in brand value—the biggest year-over-year rise of any company ever on the list. Revenues climbed by 105% last year. With market share in Internet search still surging, it can afford to gamble with its universally recognizable brand.



That allows Google to launch a slew of new products with small investments, gain valuable user input at early stages of development, and in turn challenge market leaders such as Microsoft in mature businesses. "The way you find really successful innovation is to release five things and hope that one or two of them really take off," says product czar Marissa Mayer.

When your brand is a verb in the *Oxford English Dictionary*, you can weather the sting of a few product flops. In the process you can harness the power of early releases, when users offer tons of suggestions, and engineers can fold in upgrades and adapt on the fly. That's what the company did with Google Video, which was expanded to let people upload and showcase their own creations. Another example: When Google initially launched Gmail in 2004, it scared some would-be customers by scanning e-mails for keywords and serving up ads relevant to their content. Since then the company has invited Web critics and consumer advocates to weigh in during the test phases of other new offerings.

The Big WINNERS

Google posted the biggest single-year percentage gain of any company in the rankings' five-year history. Growth at eBay, the top dog of 2005, slowed from last year.

| BRAND | 2006 BRAND VALUE (BILLIONS) | 2005 BRAND VALUE (BILLIONS) | CHANGE IN BRAND VALUE |
|-----------|-----------------------------|-----------------------------|-----------------------|
| GOOGLE | 12.38 | 8.46 | 46% |
| STARBUCKS | 3.10 | 2.58 | 20 |
| EBAY | 6.76 | 5.70 | 18 |
| MOTOROLA | 4.57 | 3.88 | 18 |
| HYUNDAI | 4.08 | 3.48 | 17 |

The Big LOSERS

Practically every industry had a loser this year. Gap slipped 12 places in the rankings, and beleaguered Ford made its fifth appearance on this list, falling eight places.

| BRAND | 2006 BRAND VALUE (BILLIONS) | 2005 BRAND VALUE (BILLIONS) | CHANGE IN BRAND VALUE |
|-------|-----------------------------|-----------------------------|-----------------------|
| GAP | 6.42 | 8.19 | -22% |
| FORD | 11.06 | 13.16 | -16 |
| KODAK | 4.41 | 4.98 | -12 |
| HEINZ | 6.22 | 6.93 | -10 |
| INTEL | 32.32 | 35.59 | -9 |

Source: BusinessWeek/Interbrand Annual Ranking of the 100 Top Global Brands

CoverStory | Rankings

| RANK 2006 / 2005 | 2006 BRAND VALUE MILLIONS | 2005 BRAND VALUE MILLIONS | PERCENT CHANGE | COUNTRY OF OWNERSHIP | DESCRIPTION | |
|---------------------|------------------------------------|------------------------------------|-------------------|----------------------------|-------------|--|
| 16 15 | GILLETTE | 19,579 | 17,534 | 12% | U.S. | Gillette's new six-bladed Fusion razor met with ridicule when it was introduced. But with Fusion sales soaring, Gillette is striking. |
| 17 18 | LOUIS VUITTON | 17,606 | 16,077 | 10% | France | With a glitzy new flagship on the Champs Elysées, the world's richest luxury brand celebrates yet another year of robust growth. |
| 18 17 | CISCO | 17,532 | 16,592 | 6% | U.S. | Cisco's decision to lead with its Linksys brand for consumers hasn't made the company a household name yet, but it's helping. |
| 19 19 | HONDA | 17,049 | 15,788 | 8% | Japan | As gas prices rise, Honda's gas sippers are helping the Japanese carmaker grow into the Big Three's market share. |
| 20 20 | SAMSUNG | 16,169 | 14,956 | 8% | S. Korea | Samsung is rolling out hot LCD TVs and ever more powerful memory chips. But it is missing in action with low-end handsets, hurting market share. |
| 21 25 | MERRILL LYNCH | 13,001 | 12,018 | 8% | U.S. | Merrill Lynch has made a dramatic transformation from a sleepy, stable brokerage to a lean and mean investment bank. |
| 22 23 | PEPSI | 12,690 | 12,399 | 2% | U.S. | It lopped a growing obsession with obesity by shifting marketing dollars to Diet Pepsi. Another boost? Rival Coke's move to copy Pepsi Max with Coke Zero. |
| 23 24 | NESCAFE | 12,507 | 12,241 | 2% | Switzerland | Sales of instant coffee are piping hot in emerging markets, while flavored coffees and new products have boosted appeal in the U.S. and Europe. |
| 24 38 | GOOGLE | 12,376 | 8,461 | 46% | U.S. | Its recent inclusion as a verb in the Oxford English Dictionary confirms what competitors feared: Google means search in an army of Web users. |
| 25 21 | DELL | 12,256 | 13,231 | -7% | U.S. | The king of the inexpensive PC is trying to regain trust with a campaign to bolster customer service and technical support. |
| 26 28 | SONY | 11,695 | 10,754 | 9% | Japan | Sony CEO Howard Stringer has fixed the TV biz, but other electronics products are struggling. He's betting PlayStation 3 can help turn things around. |
| 27 26 | BUDWEISER | 11,662 | 11,878 | -2% | U.S. | A price war and changing tastes left the No. 1 beer maker with a nasty hangover. The drop in profits for 2005 was its first in a decade. |
| 28 29 | HSBC | 11,622 | 10,429 | 11% | Britain | With retail, private, and investment banking operations in 26 countries, the world's local bank is fast becoming a major force in financial services. |
| 29 27 | ORACLE | 11,459 | 10,887 | 5% | U.S. | Last year, Oracle bought another major software brand, Siebel Systems. This year it will have to sew it together and keep its customers happy. |
| 30 22 | FORD | 11,056 | 13,159 | -16% | U.S. | The iconic auto brand has declined in every measure. Weak marketing, bad press, shaky product portfolio, and a bottomed-out U.S. stock price hurt value. |
| 31 30 | NIKE | 10,897 | 10,114 | 8% | U.S. | Nike won in both the casual fashion and hard-core athletic markets with innovative new products, marketing, and partnerships. |
| 32 32 | UPS | 10,712 | 9,923 | 8% | U.S. | China-to-U.S. routes are paying off handsomely, while a big contract to consolidate shipments for Dell is providing a boost back at home. |
| 33 34 | JPMORGAN | 10,205 | 9,455 | 8% | U.S. | Unlike other big banks selling money management units, JPMorgan is building a brand in the business, as merger integration efforts continue. |
| 34 36 | SAP | 10,007 | 9,006 | 11% | Germany | New software aimed at smaller businesses helped SAP extend its customer base beyond blue chips. |
| 35 35 | CANON | 9,968 | 9,044 | 10% | Japan | Digital cameras and copiers helped Canon become one of Japan's most profitable companies. New boss Tsuneji Uchida brings technological know-how. |
| 36 33 | MORGAN STANLEY | 9,762 | 9,777 | 0% | U.S. | CEO John J. Mack is overhauling the firm, and its brand, to restore its former reputation as the top investment bank. |
| 37 37 | GOLDMAN SACHS | 9,640 | 8,495 | 13% | U.S. | Goldman's repeated blockbuster trading results have made it Wall Street's most profitable money machine. |
| 38 31 | PFIZER | 9,591 | 9,981 | -4% | U.S. | Sold its over-the-counter unit to focus on developing new prescription drugs—a smart move as powerhouse brands such as Lipitor face generic competition. |
| 39 41 | APPLE | 9,130 | 7,985 | 14% | U.S. | Apple continues to be the style master with its expanded family of iPods and Mac PCs. Its latest hit: the MacBook line of laptops. |
| 40 39 | KELLOGG'S | 8,776 | 8,306 | 6% | U.S. | The cereal maker is striking an effective balance between healthy products like Special K and sugary treats like Pop-Tarts to attract both moms and kids. |
| 41 42 | IKEA | 8,763 | 7,817 | 12% | Sweden | Its affordable Scandinavian designs have helped the Swedish retailer become a household name from San Diego to Shanghai. |
| 42 44 | UBS | 8,734 | 7,565 | 15% | Switzerland | Melding private banking and investment banking continues to pay off big time, especially in Europe and Asia. |
| 43 43 | NOVARTIS | 7,880 | 7,746 | 2% | Switzerland | The Swiss pharmaceutical giant is expanding across everything from prescription drugs to generic medicines, vaccines, and diagnostics. |
| 44 45 | SIEMENS | 7,828 | 7,507 | 4% | Germany | New CEO Klaus Kihlstedt has disposed of poor-performing telecom units, allowing Siemens to focus on businesses such as medical equipment. |

ANNUAL REPORT

GLOBAL BRANDS

BusinessWeek/Interbrand rank the companies that best built their images—and made them stick
BY ROBERT BERNER AND DAVID KILEY

ADVERTISERS WHO WANT TO REACH THE Bubltz family of Montgomery, Ohio, have to leap a lot of hurdles. Telemarketing? Forget it—the family of five has Caller ID. The Internet? No way—they long ago installed spam and pop-up ad blockers on their three home computers. Radio? Rudy Bubltz, 47, has non-commercial satellite radio in his car and in the home. Television? Not likely—the family records its favorite shows on TiVo and skips most ads. “The real beauty is that if we choose to shut advertising out, we can,” Rudy says. “We call the shots with advertisers today.”

The Bubltzes and other ad-zapping consumers like them pose an enormous challenge these days to marketers trying to build new brands and nurture old ones. To get a reading on which brands are succeeding—and which aren’t—take a look at the fifth annual *BusinessWeek/Interbrand* ranking of the 100 most valuable global brands. The names that gained the most in value focus ruthlessly on every detail of their brands, honing simple, cohesive identities that are consistent in every product, in every market around the world, and in every contact with consumers. (In the ranking, which is compiled in partnership with brand consultancy Interbrand Corp., a dollar value is calculated for each brand using publicly available

data, projected profits, and variables such as market leadership.)

The best brand builders are also intensely creative in getting their message out. Many of the biggest and most established brands, from Coke to Marlboro, achieved their global heft decades ago by helping to pioneer the 30-second TV commercial. But it’s a different world now. The monolithic TV networks have splintered into scores of cable channels, and mass-market publications have given way to special-interest magazines aimed at smaller groups. Given that fragmentation, it’s not surprising that there’s a new generation of brands, including

Amazon.com, eBay, and Starbucks, that have amassed huge global value with little traditional advertising. They’ve discovered new ways to captivate and intrigue consumers. Now the more mature brands are going to school on the achievements of the upstarts and adapting the new techniques for themselves.

So how do you build a brand in a world in which consumers are increasingly in control of the media? The brands that rose to the top of our ranking all had widely varied marketing arsenals and were able to unleash different campaigns for different consumers in varied media almost simultaneously. They wove messages over multiple media channels and blurred the lines between ads and entertain-

| THE BIG WINNERS | | | | |
|--|---------|-----------------------------|-----------------------------|----------------|
| High tech and finance got it right in this year's ranking. America's electronic flea market, eBay, has ended up on top, a few rings above Apple. Samsung repeats from last year, as does HSBC. Joining the megabank is financial powerhouse UBS. | | | | |
| RANK 2005 | BRAND | 2004 BRAND VALUE (BILLIONS) | 2005 BRAND VALUE (BILLIONS) | PERCENT CHANGE |
| 55 | EBAY | \$5.70 | \$4.70 | +21% |
| 29 | HSBC | 10.43 | 8.67 | +20 |
| 20 | SAMSUNG | 14.96 | 12.55 | +19 |
| 41 | APPLE | 7.99 | 6.87 | +16 |
| 44 | UBS | 7.57 | 6.53 | +16 |

Data: Interbrand Corp., JPMorgan Chase & Co., Citigroup, Morgan Stanley

| RANK 2005 / 2004 | 2008 BRAND VALUE \$BILLIONS | 2004 BRAND VALUE \$BILLIONS | PERCENT CHANGE | COUNTRY OF OWNERSHIP | DESCRIPTION | |
|---------------------|--------------------------------------|--------------------------------------|-------------------|----------------------------|-------------|---|
| 16 17 | BMW | 17,126 | 15,886 | 8% | Germany | BMW is in the fast-lane, proving that the right mix of engineering and marketing can propel an auto makers' performance even in tough markets. |
| 17 16 | CISCO | 16,592 | 15,948 | 4% | U.S. | Partnered with Microsoft to tackle internet security and limit damage from viruses. A new focus on small business is paying off. |
| 18 44 | LOUIS VUITTON | 16,077 | NA | NA | France | With Uma Thurman promoting its hot new Monogram Cerises collection, the world's richest luxury brand seems unstoppable. |
| 19 18 | HONDA | 15,788 | 14,874 | 6% | Japan | Consumers can't get enough of Honda. Now it plans to boost annual North American production to 1.4 million vehicles by 2007. |
| 20 21 | SAMSUNG | 14,956 | 12,553 | 19% | S. Korea | One big brand marketed everywhere, plus an explosion of popular cell phones, is boosting sales of all its gadgets. |
| 21 25 | DELL | 13,231 | 11,500 | 15% | U.S. | It has the biggest market share in personal computers and is now aggressively pushing printers, TVs, and laptops as PC demand slows. |
| 22 19 | FORD | 13,159 | 14,475 | -9% | U.S. | Mustang is red hot. But SUVs and pickups, which had been top money-makers, are cold, and competition hammers truck profit margins. |
| 23 22 | PEPSI | 12,399 | 12,066 | 3% | U.S. | Increasing emphasis on Diet Pepsi and Hispanic marketing, plus big event advertising on the Super Bowl and Oscars is boosting brand growth. |
| 24 23 | NESCAFE | 12,241 | 11,892 | 3% | Switzerland | Holding its own in the Starbucks era by offering ready-to-drink products such as Ice Java coffee coolers. |
| 25 26 | MERRILL LYNCH | 12,018 | 11,499 | 5% | U.S. | Its revamped retail brokerage business is increasingly being recognized as the best performer in the industry. |
| 26 24 | BUDWEISER | 11,878 | 11,846 | 0% | U.S. | The King of Beers sputtered a bit in 2004, owing to competition from domestic brewers and spirit makers. Bud is battling back with new products. |
| 27 28 | ORACLE | 10,887 | 10,936 | 0% | U.S. | Winning the battle for PeopleSoft, and two other acquisitions, was easy. Oracle now has to integrate all of those products and employees. |
| 28 20 | SONY | 10,754 | 12,759 | -16% | Japan | Top priority for Sir Howard Stringer, Sony's first ever gaijin CEO: getting the company's consumer electronics biz back on track. |
| 29 33 | HSBC | 10,429 | 8,671 | 20% | Britain | HSBC's three-year-old campaign, "The World's Local Bank," is paying dividends as it rebrands international acquisitions. |
| 30 31 | NIKE | 10,114 | 9,260 | 9% | U.S. | While rivals branch out into hip hop, Nike focuses on athletics. The swoosh overtook Adidas as the biggest supplier of soccer shoes in Europe. |
| 31 29 | PFIZER | 9,981 | 10,635 | -6% | U.S. | Patent expirations and a weak new-product pipeline hurt the No. 1 drugmaker's prospects. A cost-cutting push won't cure those ailments. |
| 32 | NEW UPS | 9,923 | New | New | U.S. | Buying regional shippers and rebranding them has enabled Brown to benefit from explosion in mail order and Net selling. |
| 33 27 | MORGAN STANLEY | 9,777 | 11,498 | -15% | U.S. | Very public management turmoil and the ouster of CEO Philip J. Purcell seriously damaged the firm's sterling reputation. |
| 34 30 | JPMORGAN | 9,496 | 9,782 | -3% | U.S. | JPMorgan Chase's venerable name has taken its lumps as the bank struggles to absorb its latest acquisition, Chicago's Bank One. |
| 35 35 | CANON | 9,044 | 8,055 | 12% | Japan | Color copiers and top-notch cameras make Canon one of Japan's most profitable companies. Tennis star Maria Sharapova adds star quality. |
| 36 34 | SAP | 9,006 | 8,323 | 8% | Germany | The software giant gained brand value thanks to innovation and smart marketing, but rival Oracle grabbed headlines with its PeopleSoft takeover. |
| 37 37 | GOLDMAN SACHS | 8,495 | 7,954 | 7% | U.S. | Prestige and stability count for a lot, especially when other firms have high-profile management traumas. |
| 38 | NEW GOOGLE | 8,461 | New | New | U.S. | Google spent \$5 million on marketing in 2004, a fraction of the totals spent by competitors. Yet more people than ever go to Google to search. |
| 39 36 | KELLOGG'S | 8,306 | 8,029 | 3% | U.S. | Cereal is up and acquired brands like Kestler and Morningstar Farms are up even more. International growth is strong. |
| 40 38 | GAP | 8,195 | 7,873 | 4% | U.S. | Sarah Jessica Parker couldn't fend off lackluster sales in 2004. Now the clothier is betting on remodeled stores to move more merchandise. |
| 41 43 | APPLE | 7,985 | 6,871 | 16% | U.S. | With iPod mania showing no signs of abating, Apple's brand is hotter than ever. That's giving a lift to Mac sales and sets the stage for new offerings. |
| 42 40 | IKEA | 7,817 | 7,182 | 9% | Sweden | The Swedish furniture giant continues to boost sales through smart design and aggressive geographic expansion. |
| 43 | NEW NOVARTIS | 7,746 | New | New | Switzerland | A heavy advertiser, it ran ads during the Super Bowl and is big in internet search advertising. |
| 44 45 | UBS | 7,565 | 6,526 | 16% | Switzerland | Its global brand strategy is winning new customers for private wealth management business. |

SPECIAL REPORT

CUILT BRANDS

The *BusinessWeek*/Interbrand annual ranking of the world's most valuable brands shows the power of passionate consumers

CASEY NEISTAT, 23, IS A SELF-PROFESSED APPLE JUNKIE. Along with his brother, Van, he is building his filmmaking career with the company's iMac computers and editing software. He usually leaves his Manhattan apartment with a sleek iPod plugged into his ear. So last year, when the Neistat brothers discovered the digital music player's batteries were irreplaceable and lasted just 18 months, they made a film called *iPod's Dirty Secret* and launched a protest Web site. Apple Computer Inc. addressed the problem. Now Neistat insists that the protest was an act of love: "We made that film because we believe in the brand so much."

Such loyalty flies in the face of conventional marketing wisdom. A customer spurned, the logic goes, is a customer lost. But these days the relationship between brands and their customers has become much more complex. For one thing, consumers simply know more than they used to. The Internet opens up a wealth of information, allowing for instant price and quality comparisons. But consumers demand more from the brands they love than simple reliability; passionate consumers want their brands to become a form of self-expression. Increasingly, consumers are customizing products and services to achieve that—whether it's tailoring colors on a pair of sneakers from Nike Inc. or adding items to their personal to-watch list on eBay. Instead of arms-length customers, they're beginning to act like and feel like owners or members of a community. They no longer passively consume. Through the Internet, they can talk back and talk to one another. They can ignite a groundswell of positive buzz or spawn a revolt. As Peter Weedfold, senior vice-president for strategic marketing and new media at Samsung Electronics North America, puts it: "Consumers are empowered in a way that's almost frightening."

The World's 10 Most Valuable Brands

A recession? Toyota looks into the top 10 while big-name consumer brands come under attack.

| RANK | BRAND | 2004 BRAND VALUE (BILLIONS) |
|------|------------|-----------------------------|
| 1 | COCA-COLA | \$67.39 |
| 2 | MICROSOFT | 61.37 |
| 3 | IBM | 53.79 |
| 4 | GE | 44.11 |
| 5 | INTEL | 33.50 |
| 6 | DISNEY | 27.11 |
| 7 | MCDONALD'S | 25.00 |
| 8 | NOKIA | 24.04 |
| 9 | TOYOTA | 22.67 |
| 10 | MARLBORO | 22.13 |

Data: Interbrand Corp., J.P. Morgan Chase & Co., Citigroup, Morgan Stanley

| RANK 2004 / 2003 | 2004 BRAND VALUE (\$BIL) | 2003 BRAND VALUE (\$BIL) | PERCENT CHANGE | COUNTRY OF ORIGIN | DESCRIPTION | |
|---------------------|-----------------------------------|-----------------------------------|-------------------|-------------------------|-------------|---|
| 16 17 | CISCO | 15,948 | 15,789 | 1% | U.S. | The networking behemoth used slick TV ads and key acquisitions like Linksys to extend its reach. |
| 17 19 | BMW | 15,886 | 15,106 | 5% | Germany | The Bavarian auto maker is powering higher sales with a raft of new models from the sleek 6 Series sports coupe to the X3 baby SUV. |
| 18 18 | HONDA | 14,874 | 15,625 | -5% | Japan | Overtaken by Nissan at home and falling further behind rival Toyota in the U.S. market. |
| 19 14 | FORD | 14,475 | 17,066 | -15% | U.S. | Ford is trying to make quality "Job One" again after an embarrassing run of glitches, but leery consumers haven't yet regained trust. |
| 20 20 | SONY | 12,759 | 13,153 | -3% | Japan | It was late to the LCD TV boom, and the PS2 video game console is slipping. Worse, rival Samsung is in Sony's face. |
| 21 25 | SAMSUNG | 12,553 | 10,846 | 16% | S. Korea | No longer known just for undercutting the prices of big Japanese brands, the Korean consumer-electronics dynamo is suddenly cool. |
| 22 23 | PEPSI | 12,066 | 11,777 | 2% | U.S. | Targeted marketing and ads abroad with stars like soccer icon David Beckham have enabled the No. 2 cola maker to steal some of Coke's fizz. |
| 23 21 | NESCAFE | 11,892 | 12,336 | -4% | Switzerland | It's still the world's favorite instant coffee but even products like ice Java struggle against hip upscale brands like Starbucks. |
| 24 22 | BUDWEISER | 11,846 | 11,894 | 0% | U.S. | The growing global low-carb trend has left Bud flat. Plus, it's under attack from bulked-up and feisty rival Miller. |
| 25 29 | DELL | 11,500 | 10,367 | 11% | U.S. | With its reputation for low prices and fast delivery, Dell continues to leave competitors in the dust. |
| 26 27 | MERRILL LYNCH | 11,499 | 10,521 | 9% | U.S. | A painful overhaul is behind it. Now the retail brokerage is back in hiring and expansion mode. |
| 27 26 | MORGAN STANLEY | 11,498 | 10,691 | 8% | U.S. | The investment bank's reputation is rising along with mergers and stock issuances, its specialty. |
| 28 24 | ORACLE | 10,935 | 11,263 | -3% | U.S. | The database-software business is up, but CEO Lawrence Ellison's fight to buy rival PeopleSoft makes Oracle look like a corporate raider. |
| 29 28 | PFIZER | 10,635 | 10,455 | 2% | U.S. | The pharma industry's powerhouse, with 11 products each expected to top \$1 billion in annual sales this year. |
| 30 31 | J.P. MORGAN | 9,782 | 9,120 | 7% | U.S. | The marquee investment bank had a solid year, and now can extend its reach with its \$58 billion acquisition of Bank One Corp. |
| 31 33 | NIKE | 9,260 | 8,167 | 13% | U.S. | With allegations of sweatshop operations behind it and a growing soccer line, Nike rules the athletic market. |
| 32 30 | MERCK | 8,811 | 9,407 | -6% | U.S. | The drugmaker has tried to bolster its lineup with more partnerships, but patent expirations and research flops still pinch. |
| 33 37 | HSBC | 8,671 | 7,565 | 15% | Britain | After snapping up Household International in 2003, the "world's local bank" is making inroads in the U.S. market. |
| 34 35 | SAP | 8,323 | 7,714 | 8% | Germany | Its establishment image and sharp marketing have helped SAP thrive in a volatile software market. |
| 35 39 | CANON | 8,055 | 7,192 | 12% | Japan | Hot digital cameras and printers boosted sales. Next up: an expanded line of sleek color copiers. |
| 36 38 | KELLOGG'S | 8,029 | 7,438 | 8% | U.S. | Jumping on the low-carb bandwagon has kept Kellogg's cereal business crackling. |
| 37 41 | GOLDMAN SACHS | 7,954 | 7,039 | 13% | U.S. | With record profits, it remains one of the most prestigious institutions on Wall Street. |
| 38 36 | GAP | 7,873 | 7,688 | 2% | U.S. | The retail chain has revived its brand with fresh fashions and celebrity endorsements. |
| 39 NEW | SIEMENS | 7,470 | New | New | Germany | The Munich conglomerate behind everything from phones to power plants is seeing a payoff from years of global image building. |
| 40 43 | IKEA | 7,182 | 6,918 | 4% | Sweden | The Swedish home furnishing chain is now pushing cheap chic furnishings as far as Russia and Asia. |
| 41 44 | HARLEY-DAVIDSON | 7,057 | 6,775 | 4% | U.S. | The motorcycle icon has lowered seat heights to woo women and trimmed prices, but production limits put a brake on growth. |
| 42 40 | HEINZ | 7,026 | 7,097 | -1% | U.S. | Despite wacky colors and cute ads, it's proving hard to boost value in foods like ketchup and beans. |
| 43 50 | APPLE | 6,871 | 5,554 | 24% | U.S. | The iPod digital music player gave one of tech's coolest brands the consumer electronics hit of the year. |
| 44 45 | LOUIS VUITTON | 6,602 | 6,708 | -2% | France | It has a hot Murakami line and Jennifer Lopez in its ads, but is Vuitton getting over-exposed? |

Special Report

THE 100 TOP BRANDS

Here's how we calculate the power in a name

To rank the world's 100 most valuable global brands, we set three hurdles that all contenders have to meet to merit consideration. First, they must have brand values greater than \$1 billion. They also have to be global in nature, meaning they must derive at least a third of their sales from outside their home countries and have significant distribution throughout the Americas, Europe, and Asia. Finally, they must have publicly available marketing and financial data. That excluded some big brands, such as Visa International, the BBC, and Mars.

How do you place a value on a brand? Some attempts rely on little more than opinion polls or ad spending. *BusinessWeek* selected Interbrand's method because it values brands the same way analysts value other assets: on the basis of how much they're likely to earn in the future. Those projected

profits are then discounted to a present value based on how risky the projected earnings are—that is, the likelihood that they will, in fact, materialize.

To start the process, Interbrand first figures out what the brand's overall sales are. (The brand may be almost the entire company, as in the case of McDonald's Corp. For others, such as Marlboro, it may be just a portion.) Next, with the help of analysts from J.P. Morgan Chase & Co., Citigroup, and Morgan Stanley, Interbrand projects net earnings for the brand. It then deducts a charge for the cost of owning the tangible assets, on the theory that whatever income is generated beyond that cost is due to intangible factors. This is the economic value added by things like patents, customer lists, and, of course, the brand.

The next step is to winnow the earnings generated by the brand from the

earnings generated by other intangibles. For example, are people buying Shell gasoline because of the brand name or because the gas station is conveniently located? Interbrand uses market research and interviews with industry executives to sift through those variables.

The final phase is to analyze the strength of the brand to figure out how risky those future brand earnings are. To calculate the brand's strength, Interbrand looks at seven factors, including the brand's market leadership, its stability, and its ability to cross geographic and cultural borders. The risk analysis produces a discount rate that is applied to the brand earnings to come up with a net present value. *BusinessWeek* and Interbrand believe this figure comes closest to representing the true economic value of that complex array of forces that make up a brand.

The Global Brand Scoreboard

| RANK | 2003 BRAND VALUE (\$BILIONS) | 2002 BRAND VALUE (\$BILIONS) | PERCENT CHANGE | COUNTRY OF OWNERSHIP | DESCRIPTION | |
|------|------------------------------|------------------------------|----------------|----------------------|-------------|--|
| 1 | COCA-COLA | 70.46 | 63.64 | +1% | U.S. | New variations such as Vanilla Coke and a lemon-flavored diet drink helped the soft-drink titan sustain its popularity. |
| 2 | MICROSOFT | 65.17 | 64.09 | +3 | U.S. | The software giant shifted its advertising to build the brand, not just sell products, at a time when most rivals were suffering. |
| 3 | IBM | 51.77 | 51.19 | +1 | U.S. | Big Blue gained recognition in free markets, partly thanks to an \$200 million marketing campaign pushing e-business on demand. |
| 4 | GE | 42.34 | 41.31 | +2 | U.S. | Getting double-digit growth is harder, but in tough times, the brand that Edison built had its own. |
| 5 | INTEL | 31.11 | 30.86 | +1 | U.S. | With Intel Inside and VIA FT on its side, the chipmaker's continued leaders notebook packages delivered a powerful punch. |
| 6 | NOKIA | 29.44 | 29.97 | -2 | Finland | Still the world's leading mobile-phone maker, Nokia faced stiff challenges from fast-rising Samsung and a growing crop of operator-branded phones. |
| 7 | DISNEY | 28.04 | 29.26 | -4 | U.S. | Not the Happiest Place on Earth as Disney brands were up for sale, ABC awarded prime time, and films were tapped in new ways. |
| 8 | MCDONALD'S | 24.70 | 26.36 | -6 | U.S. | Mixed-up crews and dirty restaurants hurt the brand. New business is focusing somewhat behind a renewed focus on service and speed. |
| 9 | MARLBORO | 22.18 | 24.15 | -8 | U.S. | Smoke creeps from smoking bans and lawsuits, the Marlboro Man was looking like a hapless. |
| 10 | MERCEDES | 21.37 | 21.01 | +2 | Germany | The luxury auto maker crafts the sumptuous sedan the rich and famous love to buy—and ordinary consumers dream of owning. |

The Global Brand Scoreboard

| RANK | 2002 BRAND VALUE \$BILIONS | 2003 BRAND VALUE \$BILIONS | PERCENT CHANGE | COUNTRY OF OWNERSHIP | DESCRIPTION | |
|------|----------------------------------|----------------------------------|-------------------|----------------------------|-------------|---|
| 40 | HEINZ | 7.10 | 7.35 | -3 | U.S. | The world's favorite ketchup now comes in upside-down bottles and colors like "stellar blue." But competition took a bite. |
| 41 | GOLDMAN SACHS | 7.04 | 7.19 | -2 | U.S. | Raising capital for Corporate America made it arguably the most prestigious investment bank. But a drought in mergers and equity issuances took a toll. |
| 42 | VOLKSWAGEN | 6.94 | 7.21 | -4 | Germany | The stalwart maker of quality mass-market cars suffered from high costs, an aging lineup, fierce French competition, and a slew of overlapping brands. |
| 43 | IKEA | 6.92 | 6.55 | +6 | Sweden | The chain made flat-packed furniture both affordable and fashionable, bringing its concept of democratic design to 31 countries. |
| 44 | HARLEY-DAVIDSON | 6.78 | 6.27 | +8 | U.S. | Aging customers still think Harley when they think motorcycle. They're also rich enough to afford such innovations as the sleek \$18,000 V-Rod. |
| 45 | LOUIS VUITTON | 6.71 | 7.05 | -5 | France | A downturn in tourism slowed this awesome profit machine fueled by monogrammed bags and accessories. |
| 46 | MTV | 6.28 | 6.08 | +3 | U.S. | Still a big favorite among teens, and not just in the U.S., MTV International was one of the fastest-growing businesses at parent Viacom Inc. |
| 47 | L'OREAL | 5.60 | 5.08 | +10 | France | Who's boycotting France? Not the millions of women who made L'Oréal the No. 1 cosmetics seller in the U.S. |
| 48 | XEROX | 5.58 | 5.31 | +5 | U.S. | With new financing and a range of hot color products, the troubled copier company's image was on the mend. |
| 49 | KFC | 5.58 | 5.35 | +4 | U.S. | The chicken chain gassed global business by promoting local fare—tempura crispy strips in Japan and potato-and-onion croquettes in Holland. |
| 50 | APPLE | 5.55 | 5.32 | +4 | U.S. | The iPod, iTunes, and iBooks lifted the personal ordering, while the innovative Music Store download service left rivals in the dust. |
| 51 | PIZZA HUT | 5.31 | 6.05 | -12 | U.S. | The dough wasn't rising. Asian restaurant sales were hurt by SARS, while at home the chain was slow to bring popular new products such as wings. |
| 52 | ACCENTURE | 5.30 | 5.18 | +2 | U.S. | Hit hard by the slump in telecom, the consulting icon took its own advice and nimbly built its outsourcing specialty. |
| 53 | GUCCI | 5.10 | 5.30 | -4 | Italy | Chief designer Tom Ford was still a hit on the catwalks of Paris and New York, but Gucci's profits were strangled by economic stagnation and SARS. |
| 54 | KLEENEX | 5.06 | 5.04 | 0 | U.S. | From aromatherapy tissues to 3-D holiday boxes, this leader still managed to pull out some fresh ideas. |
| 55 | WRIGLEY'S | 5.06 | 4.75 | +7 | U.S. | Hip ad campaigns to relaunch core brands Juicy Fruit and Doublemint and introduction of new sugar-free gum reinvigorated the chew-chew train. |
| 56 | COLGATE | 4.63 | 4.60 | +2 | U.S. | As it neared the end of its second century, the brand continued to win over more smiles. |
| 57 | AVON | 4.63 | 4.40 | +5 | U.S. | The Avon Ladies were on a tear, leveraging healthy R&D and marketing budgets through online sales and an expanding door-to-door network. |
| 58 | SUN MICROSYSTEMS | 4.47 | 4.77 | -6 | U.S. | A perception that this computer maker wasn't keeping up with technology trends made it appear as less than cutting edge. |
| 59 | PHILIPS | 4.46 | 4.56 | -2 | Netherlands | In Europe, its name equals home electronics, but Philips struggled with awareness in the U.S. and personally tough competition from Asia. |
| 60 | NESTLE | 4.46 | 4.43 | +1 | Switzerland | From chocolate to baby formula, the Swiss food giant keeps the world's pantry stocked. |
| 61 | CHANEL | 4.32 | 4.27 | +1 | France | A symbol of Parisian sophistication for men's generation, but Chanel had a harder time luring younger customers. |
| 62 | DANONE | 4.24 | 4.05 | +5 | France | The maker of Danon yogurt, already a powerhouse in Europe, was battling big on emerging markets. |
| 63 | KRAFT | 4.17 | 4.08 | +2 | U.S. | The master of fine alterations scored with new frozen-pizza flavors and other products but lost share in its cheese business to private labels. |
| 64 | AOL | 3.95 | 4.33 | -8 | U.S. | Once dubbed the "Franklin on training wheels," the king of the dial-up services missed losing subscribers as they graduated to broadband e-mail and more. |
| 65 | YAHOO! | 3.90 | 3.86 | +1 | U.S. | This internet icon peared again but will have to watch out for the Net's next killer brand: Google. |
| 66 | TIME | 3.75 | 3.68 | +3 | U.S. | After winning a National Magazine Award for coverage of September 11, the weekly limped up again with excellent war reporting and photography. |
| 67 | ADIDAS | 3.68 | 3.69 | 0 | Germany | The maker of athletic shoes and clothing suffered from a plunge in U.S. sales as youths balked at paying more than \$100 for a pair of sneakers. |
| 68 | ROLEX | 3.67 | 3.67 | 0 | Switzerland | Tough times failed to put a dent in the popularity of the signature Swiss watches. |
| 69 | BP | 3.58 | 3.39 | +6 | Britain | John Browne was once again front and center with his controversial "Beyond Petroleum" campaign. A medal in Russia also helped. |

THE 100 TOP BRANDS

What's in a name? Plenty, if you play your cards right

It was a tough year to build a brand—or defend one against the corrosive effects of a bear market, financial scandals, and shifting consumer priorities. For proof, look no further than the fact that roughly half of the 100 global brands that Interbrand Corp. and *BusinessWeek* ranked this year fell in value compared with a year ago. In this environment, just holding your own is an accomplishment.

To qualify for our ranking, brands had to have a value greater than \$1 billion. They were selected according to two criteria: They had to be global in nature, deriving 20% or more of sales from outside their home country. They also had to have publicly available marketing and financial data on which to base the valuation. That excluded some big brands, such as Visa International, the BBC, and Mars.

How do you place a value on a brand? Some attempts rely on little more than opinion polls or ad spending. *BusinessWeek* selected Interbrand's method because it values brands the same way analysts value other assets: on the basis of how much they're likely to earn in the future. Those projected profits are then discounted to a present value based on how risky the projected earnings are—that is, the likelihood that they will in fact materialize.

To start the process, Interbrand first figures out what

percentage of overall revenues are accounted for by the power of the brand. Next, with the help of analysts from J.P. Morgan Chase & Co., Interbrand projects net earnings for that segment of the business. Interbrand then deducts a charge for the cost of owning the tangible assets, on the theory that whatever income is generated beyond that cost is due to intangible factors. This is the economic value added by things like patents, customer lists, and, of course, the brand.

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Special Report

The Global Brand Scoreboard

| RANK | 2002 BRAND VALUE (\$BILLIONS) | 2001 BRAND VALUE (\$BILLIONS) | PERCENT CHANGE | COUNTRY OF OWNERSHIP | DESCRIPTION | |
|------|-------------------------------|-------------------------------|----------------|----------------------|-------------|--|
| 1 | COCA-COLA | 63.64 | 60.95 | +4% | U.S. | Still the best brand by far. Growth in the developing world offset losses from products like Diet Coke with Lament. |
| 2 | MICROSOFT | 64.09 | 65.07 | -2 | U.S. | Its name is still dragged through the courtroom, but the biggest challenge is stagnant PC purchases. |
| 3 | IBM | 51.19 | 52.75 | -3 | U.S. | Good thing Big Blue was rebuilt on services, which remains the most promising segment for tech spending. |
| 4 | GE | 41.31 | 42.40 | -3 | U.S. | The retirement of Jack Welch and angst over Corporate America took a toll on the GE name. |
| 5 | INTEL | 30.96 | 34.67 | -11 | U.S. | "Silicon Insider" put it on the map, but now the brand faces tough competition and sluggish PC sales. |
| 6 | NOKIA | 29.97 | 35.04 | -14 | Finland | Still the cell-phone brand of choice among consumers, but overall sales of mobile handsets are weak. |
| 7 | DISNEY | 25.26 | 32.59 | -10 | U.S. | Even maverick hit <i>Monsters, Inc.</i> couldn't compensate for a post-September 11 lull in theme parks. |
| 8 | MCDONALD'S | 26.38 | 25.29 | +4 | U.S. | Who remembers Mad Cow? Global expansion continues as negates the PR fiasco. |
| 9 | MARLBORO | 24.15 | 22.05 | +10 | U.S. | The iconic brand leans into advertising and merchandising that is now more cost-effective and diversified than ever. |

Data provided by Interbrand Corp., J.P. Morgan Chase & Co., and BusinessWeek

The Global Brand Scoreboard

| RANK | 2002 BRAND VALUE (\$BILLIONS) | 2001 BRAND VALUE (\$BILLIONS) | PERCENT CHANGE | COUNTRY OF OWNERSHIP | DESCRIPTION |
|------|-------------------------------|-------------------------------|----------------|----------------------|---|
| 40 | 7.19 | 7.01 | +3 | U.S. | Stabs at innovation, and a Disney alliance that put Buzz Lightyear on cereal boxes, renewed the brand's relevance. |
| 41 | 7.05 | 7.05 | 0 | France | Still a fashion must-have, particularly in Asia, but sales have been anemic because of post-September 11 travel decline. |
| 42 | 6.78 | 6.31 | +7 | Germany | SAP has delivered on theme: "The best-run-a-businesses run SAP." The software maker benefited from a flight to established suppliers. |
| 43 | 6.72 | 6.68 | +2 | Japan | A reasonable performance in a camera market that is exhibiting almost no growth. And it's gaining on Xerox in copiers. |
| 44 | 6.55 | 6.01 | +9 | Sweden | Resonant brand benefited from the weak economy, which made more customers willing to assemble their own tables. |
| 45 | 6.39 | 6.21 | +3 | U.S. | Innovations keep coming, like lemon-flavored Pepsi Twist. But biggest challenge is a consumer shift to bottled water and juices. |
| 46 | 6.27 | 5.53 | +13 | U.S. | Masterful job of selling Baby Boomers on a high-margin symbol of youthful rebellion. |
| 47 | 6.08 | 6.60 | -9 | U.S. | Phenomenal success of <i>The Osbournes</i> shows MTV still has its spark. Unfortunately, the ad market is dead. |
| 48 | 6.05 | 6.00 | +1 | U.S. | Tough market, but the chain upgraded its restaurants and added new products like P-Tone, Toasted Crust, and Quesad. |
| 49 | 5.35 | 5.26 | +2 | U.S. | Introduced Popcorn Chicken, new Chicken Twister sandwich, and restaurants co-branded with corporate sibling Pizza Hut. |
| 50 | 5.32 | 5.46 | -3 | U.S. | A well-received new iMac couldn't overcome weak sales to consumers and design professionals. |
| 51 | 5.31 | 6.02 | -12 | U.S. | Trying to shed its stodgy image, with digital and high-speed copiers. But a financial cloud lingers. |
| 52 | 5.30 | 5.37 | -1 | Italy | The ongoing allure of lead designer Tom Ford could offset a slow start to 2002. |
| 53 | 5.18 | N/A | N/A | U.S. | In light of former parent Arthur Andersen's fate, Accenture's branding initiative looks like sheer brilliance. |
| 54 | 5.08 | N/A | N/A | France | Has slowed down here. The brand now gets more than half its sales outside Europe, thanks to smart acquisitions. |
| 55 | 5.04 | 5.09 | -1 | U.S. | Kleenex held most of its value because of innovations like Kleenex Travelers, for car door pockets. |
| 56 | 4.78 | 5.15 | -7 | U.S. | Sun still leads in servers, but must deal with the implications of the once-fabled dot-com sector. |
| 57 | 4.75 | 4.53 | +5 | U.S. | Innovations kept the Wrigley's brand fresh. Can "functional" products like tooth-cleaning gum add further shine? |
| 58 | 4.61 | 5.24 | -12 | Batavia | Reuters lost considerable ground to Bloomberg as customers fled its old-fashioned image and poor service. |
| 59 | 4.60 | 4.57 | +1 | U.S. | A toothpaste-mouthwash-combo and other novelties helped offset slipping share in other product areas. |
| 60 | 4.56 | 4.90 | -7 | Netherlands | Power in Europe but weak in North America; this brand was dinged by tough consumer-electronics markets and lackluster U.S. marketing. |
| 61 | 4.43 | N/A | N/A | Switzerland | The king of chocolate, cookies, and baby food is eating up U.S. ice cream with Dreyer's. |
| 62 | 4.40 | 4.37 | +1 | U.S. | A makeover of its sales force and product lines boosted U.S. sales. But Avon has stumbled with its foray into retail sales. |
| 63 | 4.33 | 4.50 | -4 | U.S. | Few signs of promised synergies following merger with Time Warner, and AOL's subscriber growth has slowed. |
| 64 | 4.27 | 4.27 | 0 | France | The perfume and fashion icon held its own in a tough global economy. |
| 65 | 4.08 | 4.03 | +1 | U.S. | Still dominates lineup scratching from cheese to salad dressing, and isn't afraid to use its muscle to get the best store display. |
| 66 | 4.05 | N/A | N/A | France | No. 1 in yogurt outside the U.S. and No. 2 in water. Danone's well-positioned to benefit from health worries. |
| 67 | 3.86 | 4.38 | -12 | U.S. | Forget the ad slump. Yahoo needs to prove it is relevant to consumers as they become more experienced at browsing. |
| 68 | 3.63 | 3.66 | -1 | Germany | Benefited from World Cup fever, but still has little appeal among trend-setting black and Hispanic youth. |
| 69 | 3.69 | 3.70 | 0 | Switzerland | There's nothing like a classy watch in bed times. But improved sales must wait. |

Data: Interbrand Corp., 15 May at Chase & Co., BusinessWeek

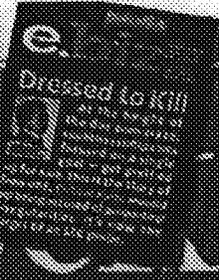
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AUGUST 6, 2001

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Can a new
leader save the
economy?

THE BEST GLOBAL BRANDS

Our first ranking
of the world's
most valuable
brands

PAGE 50



AOL Keyword: BW

THE 100 TOP BRANDS

Our first ranking of the world's most valuable brands

The table that follows ranks 100 global brands that have a value greater than \$1 billion. The brands were selected according to two criteria. They had to be global in nature, deriving 20% or more of sales from outside their home country. There also had to be publicly available marketing and financial data on which to base the valuation. That excluded some big

opinion polls or ad expenditures. *BusinessWeek* selected Interbrand's method because it values brands the same way analysts value other assets: on the basis of how much they're likely to earn going forward. Those future earnings are then discounted to a present value based on how risky the earnings are, that is, the likelihood that they will actually materialize.

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Special Report



brands, such as Visa, B&W, Mars, and UPS. The table of individual brands is followed by a table of leading brand portfolios, since some companies create significant brand value by managing a group of brands. Procter & Gamble, for example, owns Pampers, Crest, and Tide.

There are many ways to rank brands. Some rankings rely on little more than

The Global Brand Scoreboard

| RANK | 2001 BRAND VALUE (\$BILLIONS) | 2000 BRAND VALUE (\$BILLIONS) | PERCENT CHANGE | COUNTRY OF OWNERSHIP | DESCRIPTION |
|------|-------------------------------|-------------------------------|----------------|----------------------|--|
| 1 | 69.95 | 72.54 | -4 | U.S. | Coca is still No. 1, but can it hang on to the top spot? |
| 2 | 65.07 | 70.20 | -7 | U.S. | Microsoft is unleashing its biggest product wave ever, led by Windows XP. |
| 3 | 52.75 | 53.18 | -1 | U.S. | Despite the tech slump, Big Blue's beefy marketing budget is keeping the company fresh and viable. |
| 4 | 42.40 | 38.13 | 11 | U.S. | The Indian brand? Not even Jack Welch's announced exit could dent the value. |
| 5 | 35.04 | 34.53 | +9 | Finland | The company that gets people distracted wants to do the same by other mobile gadgets. |
| 6 | 34.57 | 39.05 | -11 | U.S. | "Smart Inside" gets lifted the computer to the top, but slumping PC sales and price wars make it a struggle to stay there. |
| 7 | 32.59 | 33.59 | -3 | U.S. | Despite new theme parks, Mickey struggles to run shows, markets, movies, and shows, and beat competition. |
| 8 | 30.09 | 36.37 | -17 | U.S. | The Firestone fiasco and other quality gaffes hit the No. 7 carmaker. |
| 9 | 28.25 | 27.36 | +9 | U.S. | Europe's most valuable brand? Did you say Big Mac? Jeopardy! has a shot, but didn't help either. |
| 10 | 22.83 | 25.55 | -11 | U.S. | AT&T has the most powerful brand in telecom, but it's being eroded. |

Data: Interbrand, Citigroup, *BusinessWeek*

| NAME | 2001 BRAND VALUE (\$BIL.) | 2000 BRAND VALUE (\$BIL.) | PERCENT CHANGE | COUNTRY OF OWNERSHIP | DESCRIPTION |
|----------------------|---------------------------------|---------------------------------|-------------------|----------------------------|--|
| 45 KERRI | 6.02 | 9.70 | -38 | U.S. | Competitive struggles, questionable accounting, management blunder. What didn't go wrong? |
| 46 IKEA | 6.01 | 6.03 | 0 | Sweden | Its growth is proving that cheap chic is an international movement. |
| 47 PIZZA HUT | 5.56 | NA | NA | U.S. | After scaring with Big New Yorker and Oldies Crust, Tricon will look to next fits to get same-store sales growing again. |
| 48 HARLEY-DAVIDSON | 5.53 | NA | NA | U.S. | The leader of the pack powers down the highway. Now it needs to get younger riders to climb aboard. |
| 49 APPLE | 5.46 | 6.69 | -17 | U.S. | Apple continues to churn out eye-opening products but struggled to find market beyond the core Macintosh. |
| 50 GUCCI | 5.36 | 5.15 | 4 | Italy | Classical clothes with just enough edge to keep fashionistas hooked. |
| 51 KFC | 5.26 | NA | NA | U.S. | King of fried chicken takes risky branding tack by leaning on wild wing sales (see list at some locations). |
| 52 REUTERS | 5.24 | 4.89 | 7 | Switzerland | On the eve of its 150th anniversary, the British news service has new leadership, partnerships, and a consumer push. |
| 53 SONY MICROSYSTEMS | 5.10 | NA | NA | U.S. | While the power market cooled during the dot bubble, being "the dot in dot com" isn't what it used to be. |
| 54 KLEENEX | 5.09 | 5.11 | -1 | U.S. | Facial tissue invents mucus beyond mere sniffles in menthol, three-ply, and other deluxe versions. |
| 55 PHILIPS | 4.90 | 5.43 | -11 | Netherlands | Global consumer brand in Europe, but lags in U.S., where it's often out-fitted with products in stomach medicine. |
| 56 COLGATE | 4.57 | 4.42 | 3 | U.S. | Total footprints helps this oral care brand extend market share. |
| 57 WHISKEY'S | 4.53 | 4.32 | 5 | U.S. | Who hasn't chugged through a pack? Now there's Friday's anti-diet gear and breath mints, too. |
| 58 AOL | 4.50 | 4.51 | -1 | U.S. | Makes money, and partners up with new AOL Time Warner sibling brands could spur real growth soon. |
| 59 YAHOO! | 4.38 | 6.30 | -31 | U.S. | With its marketing dollars getting bigger, this online giant's brand may have seen its best days. |
| 60 AVON | 4.37 | NA | NA | U.S. | The Avon Lady wants to sell more than just makeup, and not just door-to-door. |
| 61 CHANEL | 4.27 | 4.14 | 3 | France | The classic styles of founder Coco Chanel have been discreetly updated—her trademark pearls haven't. |
| 62 DURACELL | 4.14 | 5.89 | -30 | U.S. | It scored with its premium-priced Duracell Ultra, but got water shot in the market. |
| 63 BEEMO | 4.06 | NA | NA | U.S. | A branding effort—and headquarters shift—aims to create broader image for scrappier behemoth. |
| 64 TEXAS INSTRUMENTS | 4.04 | NA | NA | U.S. | Ti chips power 60% of the world's cell phones, but Intel wades into handset devices at the 11th hour. |
| 65 ARAF | 4.03 | NA | NA | U.S. | Managed to make even processed cheese stick convenient to eat. |
| 66 MOTOROLA | 3.76 | 4.45 | -15 | U.S. | Customize, pricey phones didn't click with consumers. Now it's playing catch-up. |
| 67 LEVI'S | 3.75 | NA | NA | U.S. | Once an icon of individuality and youthful rebellion, these jeans are now as tame as baby socks and sailing shoes. |
| 68 TIME | 3.72 | NA | NA | U.S. | Will new corporate parent AOL give the venerable weekly a boost? |
| 69 ROLEX | 3.70 | 3.66 | 4 | Switzerland | The watches are known for their precision under stress. No wonder so many executives wear them. |
| 70 ADIDAS | 3.65 | 3.79 | -4 | Germany | It still has some street appeal, but the spring and summer apparel collections were a bust in the U.S. |
| 71 HERTZ | 3.62 | 3.43 | 5 | U.S. | A strong travel market put Hertz in the red late last year, though traffic has slowed lately. |
| 72 PANASONIC | 3.49 | 3.73 | -7 | Japan | While Sony and Samsung go apace with electronics, Panasonic increasingly competes with low-priced Chinese models. |
| 73 TIFFANY | 3.48 | NA | NA | U.S. | The jeweler has such a powerful aura that even the trademark robin-egg-blue boxes are scarce goods. |
| 74 BP | 3.25 | 3.07 | 6 | Britain | CEO John Browne's flurry of acquisitions has made once-sluggish BP into a top oil brand. |
| 75 BACCARDI | 3.20 | 3.18 | 1 | Switzerland | Trademark bottle hasn't stopped this rum giant from selling more than 20 million cases a year. |
| 76 AMAZON.COM | 3.13 | 4.83 | -35 | U.S. | The biggest challenge: convincing book and CD customers it's also the place to buy gifts and cameras. |
| 77 SHELL | 2.84 | 2.73 | 2 | UK/Neth. | Makes gains in cleaning up an image tarnished by environmental problems and mediocre performance. |

Data: Interbrand, Chicago, September