

SMD - Position on Artificial Intelligence

AI supports. Expertise decides.

How SMD Group uses artificial intelligence in search and watching – selectively, under control, and with human experts as the final authority.

● AI-assisted

● Expert-led

● Quality-controlled

Our principles for the use of AI.

1 Word similarity: determined algorithmically, not generated by AI.

Searching for similar word marks is a core SMD service. In our searches, word-mark similarity is determined using the SMD similarity algorithm – refined over many years, fixed, traceable and reproducible.

2 Using AI deliberately – where it makes sense.

SMD uses AI purposefully and under control wherever it offers concrete value – for instance to improve data quality and in internal processes. In searching and watching, AI is used solely at the client's request. Assessment always stays with people.

3 Data protection in view.

Only the bare minimum leaves the house. Confidential trademark, owner and client-context data stay on SMD servers in Germany and are not used to train AI models.

4 People decide.

Assessment, control and responsibility stay with people. AI supports – it is not automatically a promise of quality.

AI can bring speed, structure, and new possibilities. Reliable results require reproducible methods, controlled data, and professional expertise.

What this paper is about.

Artificial intelligence can structure large volumes of data, prepare comparisons, complete classifications and make recurring tasks more efficient. It opens up new possibilities in searching, watching and data maintenance as well. At the same time, the requirements for quality, traceability, reproducibility, transparency and data protection are rising.

What matters is not whether AI is used – but **where, how and under whose control**.

Where does AI create real value – and how does the result stay reliable?

This position paper shows how SMD answers that question, and the principles by which we use AI in searching, watching and adjacent processes.

A look at the industry

What the legal market already uses AI for.

More than 90 % of lawyers already use at least one AI tool in their daily work.¹

The most common uses of generative AI in the legal field:²



¹ Wolters Kluwer, "Future Ready Lawyer Survey 2026" – 810 lawyers surveyed, including Germany. ² Thomson Reuters Institute, "2025 Generative AI in Professional Services Report" – international survey, n = 1,702; figures: legal field 2025, share of active GenAI users.

AI in measure: the chapters at a glance.

- 01 The Market Tension
- 02 The Core Service
- 03 In Practice
- 04 Quality Control
- 05 The Right Depth
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- 07 Our Stance

Viewpoint

„AI does not change what we stand for.“

We use AI where it makes our work measurably better – and nowhere else. What you receive from us as a client has to be traceable and meet our high quality standards: same request, same result, no experiments.

That is why we continue to determine word similarity algorithmically, and why our servers stay in Germany.

Jörg Utescher, CEO, SMD Group

01 The Market Tension

The market is divided.

In conversations with clients, we encounter two contrasting expectations: some explicitly want AI to be used, while others prefer to avoid AI tools. Both expectations are understandable – and SMD can accommodate both.

“Use AI.”

The expectation: faster processes, lower costs, and more efficient screenings.

“No AI tools, please.”

The concern: confidential data could reach external systems and escape control.

Key challenges in using AI

40 %

name compliance with **AI regulation** as one of their biggest challenges in using AI in the business.

47 %

name **explainability & transparency** as one of their biggest challenges.

Source: “Great Expectations” study by Gowling WLG / FT Longitude, 2026. Survey of 300 senior executives from companies with annual revenues of at least GBP 500 million, conducted from late January to mid-February 2026.

02 **The Core Service**

At SMD, word similarity is calculated by an algorithm. Not by generative AI.

Searching for similar word marks is a core SMD service. In our searches, word-mark similarity is determined using the SMD similarity algorithm – developed over decades and continuously refined.



Fixed criteria

Similarity is determined using fixed, traceable criteria – not by a generative model whose output can vary even when the input is identical.



Score, not AI

The degree of similarity between two terms is calculated algorithmically – not estimated by AI.



People review

For individually commissioned searches, qualified staff select the relevant hits and compile the report.

03 In Practice

Where SMD uses AI – and where it does not.

● No AI ● AI-assisted search & assessment ● AI improves data quality ● AI optimises processes

Core business - no generative AI

Word mark similarity

Reproducible algorithms

■ Proven method

Deliberately NO generative AI: established algorithms always return the same result for the same input and same data set.

✓ Controlled

AI can supply additional information that helps the client prioritise the hits – the search logic itself stays under human control and remains traceable.

Decision support

Faster classification

Comparison of goods & services via API

■ AI supports

Returns the proximity of the goods and services of two trademarks as a percentage, plus a brief reasoning of the analysis.

✓ People decide

The final assessment remains the professional responsibility of the client.

Development

Agentic Coding

■ AI supports

Supports implementing, reviewing, and evolving code – more speed and efficiency in the development process.

✓ People decide

Professional oversight, security review, and responsibility stay with experienced developers.

03

In Practice

Further areas of use – and their limits.

Image recognition

Logo AI Knockout Figurative mark screening

AI assists

Evaluates visual structures at speed – ideal for screenings and many countries.

Humans decide

For in-depth searches, conventional searching remains the quality component.

Opposition management

Conflict Potential Score AI model trained by lawyers, optional in TMZOOM

AI assists

Assesses every hit automatically – with a recommendation and structured reasoning.

Humans decide

The SMD client weighs up – the final assessment remains their professional responsibility.

Data quality

Vienna Classification AI improves the data basis

AI assists

A trained model adds missing Vienna classes – figurative marks become easier to find.

Humans decide

Curated data and expert review safeguard data quality.

Client service

Adjusting watch orders E.g. due to a new Nice edition

AI assists

Compares long lists and prepares possible adjustments in a structured way.

Humans decide

Whether and how coverage is adjusted is decided by the client – in consultation with SMD.

Internal & creative

Internal processes Reports, drafts, concepts

AI assists

Provides groundwork, structure or input – for reports, drafts or brainstorming.

Humans decide

Evaluation, selection, expert review and final wording are done by people.

04

Quality Control

Same input. Same result?

Run the same search several times. A generative AI tool may answer differently each time. SMD's algorithms are reproducible.

Generative AI tool

Not necessarily reproducible

The result can vary from run to run – individual hits may be weighted differently or not considered at all.

SMD algorithm

Reproducible

For the same input and the same data set, every run returns the same result.

Same input + same data set → same result.

A real-world case

In one specific test, an AI search tool assessed the same trademark differently across repeated runs. In one run, the mark was not taken into account at all and was therefore not available to the lawyer responsible for the matter. For decisions that need to be reliable, this demonstrates a real risk. **SMD therefore uses AI in a controlled way.**

05

The Right Depth

Greater scope requires more control.

The more that depends on a decision, the more depth, care and human control are required. SMD aligns its choice of method with purpose and risk.

Initial screening

Purpose · risk

Early name ideas · many variants · limited budget

Methods

A lean, AI-assisted approach may be enough here. Fast, affordable, an initial orientation.

Concrete review

Purpose · risk

Shortlist · a first reliable risk indication

Methods

AI structures hits, supports comparisons, and speeds up processes – but professional assessment comes into play.

Availability evaluation

Purpose · risk

Filing · market entry · product launch · conflict risk

Methods

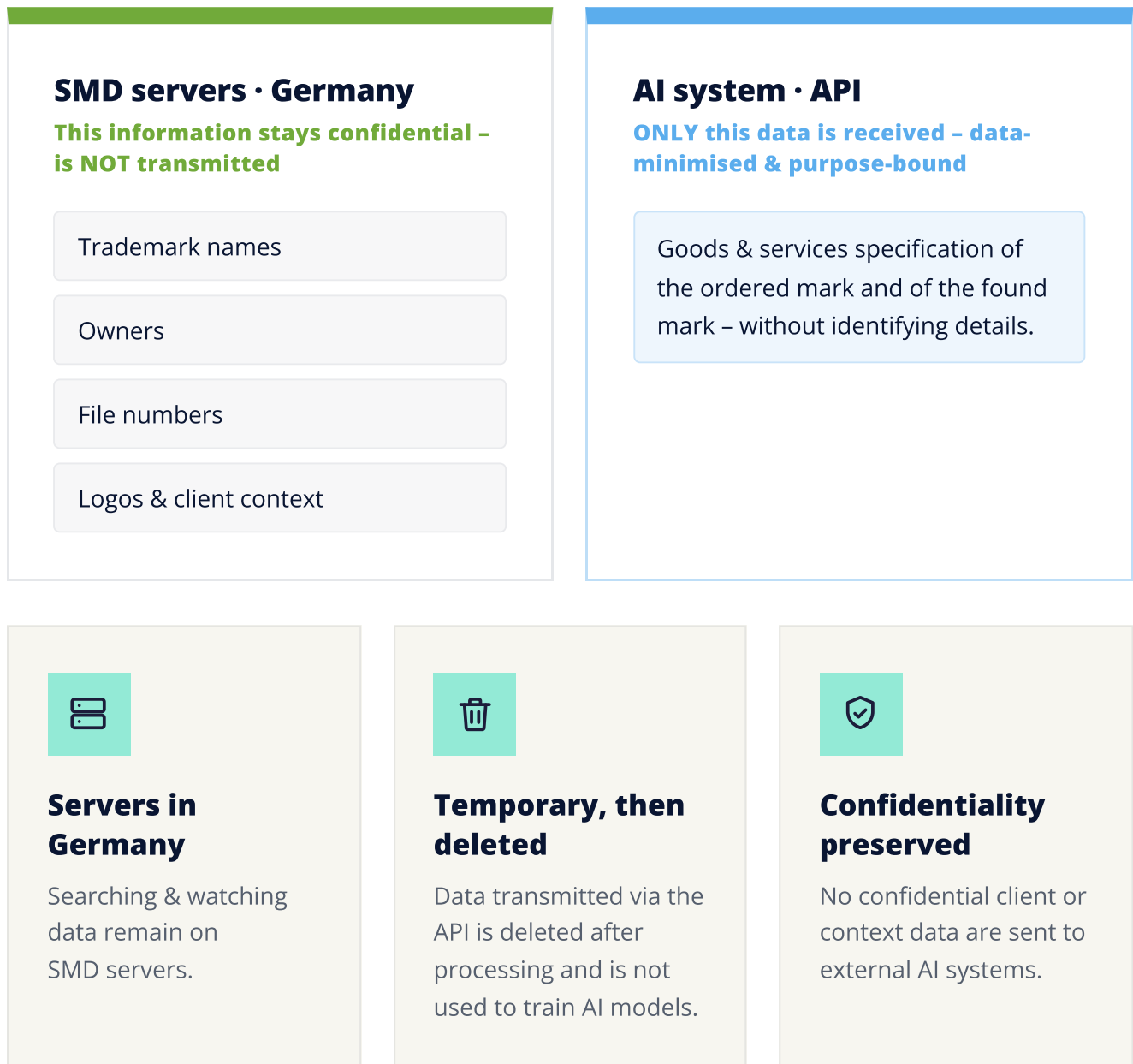
Now data coverage, search strategy, reproducibility, and quality assurance count – in-depth and expert-led.

06

Data Protection & Confidentiality

What the AI sees – and what it never will.

Example: goods & services comparison as a feature in TMZOOM. Only the bare minimum is sent to the AI. Confidential data stays on SMD servers in Germany.



07 **Our Stance**

Use AI purposefully. Keep data under control. Safeguard quality.

Use AI purposefully

AI is a tool. It supports
– it is not
automatically a
promise of quality.

Keep data under control

Only the data
required for the task –
no trademark names,
owners, or context.
Confidential data
stays on SMD servers
in Germany and is not
used to train AI
models.

Safeguard quality

Word similarity
searching rests on
proven, reproducible
methods.
Assessment, control,
and responsibility stay
with people.

Not humans or AI.
The right combination matters.

AI supports. Expertise decides.