

## Trademarks Online: The Good, the Bad and the Uncertain

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Brand owners, marketers and their trademark counsel need only dip their toes in the ocean of e-commerce to feel the swell of empowering opportunity, the undercurrent of increased risk, and the swirling winds of uncertainty in the online marketplace. As we kick off a new year, here is only a sampling of ways that the Internet continues to shape trademark law and produce the good, the bad and the uncertain for brand owners.

### The Good

- “Viral” marketing, i.e., promotions that take on a life of their own through frenzied social media sharing, may allow trademarks to acquire secondary meaning or even fame, practically overnight, at a fraction of the cost of traditional mass marketing campaigns. A beguiling television commercial featuring a new mark may instantly spawn a viral video and accompanying hashtag (also featuring the mark), resulting in millions of impressions and a boatload of consumer-recognition evidence. For example, the Dos Equis brand introduced “The Most Interesting Man in the World”<sup>1</sup> in television ads in 2006, and the hashtag #StayThirsty is still a mainstay on Twitter.<sup>2</sup>
- Surveys—as critical to trademark litigation success as they are expensive—are migrating online, significantly reducing the costs and protracted timeline of traditional telephone or mall-intercept surveys. And generally speaking, well-designed online surveys may enjoy the same evidentiary weight as offline surveys.<sup>3</sup>
- Brand owners enjoy a bounty of cost-effective tools for online brand protection and enforcement. For example, online mapping services such as Google Streetview could be used to confirm the address of a potential infringer’s office building or even examine the potential infringer’s outdoor signage. And “reverse image search engines” like TinEye<sup>4</sup> and IPReye<sup>5</sup> allow users to upload any image (e.g., a logo) into a search engine and perform a web search for similar images (e.g., potentially infringing logos) that might otherwise not be found by traditional text searching.
- Mobile apps allow brand owners to foster a direct connection with their customers, who literally carry the brand around with them in their pockets. Apps also create a “captive audience” effect, meaning that customers go directly to a brand’s webpage from the home screen of a mobile device by clicking on the app’s icon, rather than searching or browsing for the relevant page in a traditional Internet browser. This may prevent customers from being diverted by infringing marks, misleading advertising, harmful malware from imposters, competitors’ keyword-activated ads, or other distractions during searching, while also increasing consumer recognition of the trademark used as the icon to launch the app from the home screen. In-app advertising (e.g., mini banner ads appearing during use of a mobile app) is on the rise, but well-funded brand owners may choose to not include such advertising to keep their app clear of distractions.
- Unique website and mobile app designs should now count as valuable pieces of an IP portfolio and another way to differentiate a brand from the competition. Courts continue to recognize the validity of trade dress claims to protect distinctive, non-functional website designs, i.e., the look and feel of a website.<sup>6</sup> That protection should also logically extend to distinctive, non-functional mobile app designs.

## The Bad

- The other side of the “instant fame” coin may also rear its head: instant genericide. Just as brands may vault into fame through viral promotion, it is easy to imagine the crippling consequences of viral misuse of a brand as a generic term for a product category. In that extreme case, the brand owner may pay the price for its popularity, losing trademark significance for its brand.
- Twitter seemed to acknowledge this phenomenon in recent US Securities and Exchange Commission filings in connection with its initial public offering, warning investors that the “tweet” mark could become a generic term for “any short comment posted publicly on the Internet.”<sup>7</sup> Ironically, the stock market proved the strength of the “Twitter” and “tweet” marks when shares of Tweeter Home Entertainment Group (TWTRQ) skyrocketed 503 percent in one day on apparent confusion with the Twitter (TWTR) IPO, as reported by *USA Today*.<sup>8</sup>
- Thorny trademark enforcement decisions abound in the online marketplace. From employees’ unauthorized branded social media pages, to third-party social media “fan” pages, to unsatisfied-former-customers-turned-angry-bloggers’ disparaging posts, to competitors’ “sponsored” social media posts with borderline comparative use of a brand—what is a brand owner to do? More often than not, the answer is not as straightforward as simply taking whatever legal actions are supported by the prevailing law. Trademark attorneys are increasingly working with marketing teams and other business leaders, drawing on both legal and business strategy, to untangle these webs and create plans for dealing with different categories of unauthorized online trademark uses.
- Barriers to entry in online business continue to topple. New businesses need names. Enter “trademark cluttering.” According to WIPO, the demand for trademarks quadrupled from 1985 to 2011, resulting in “cluttering” at trademark offices around the world and making it more difficult and costly for firms to find new marks that are available for protection.<sup>9</sup> Naturally, trademark owners can expect an increasingly tougher time finding “clear” marks that haven’t already been claimed in some or all target jurisdictions, while fanciful marks and unique design elements command more value. The low barriers to entry and cluttering phenomenon also create tougher sledding for brand owners in trademark enforcement programs, which may start to feel increasingly like “whack-a-mole” without a thoughtful strategy.
- Copycats, infringers and counterfeiters thrive online—basking in anonymity or operating in far-flung locales beyond US courts’ traditional bounds of personal jurisdiction. Brand owners and their trademark enforcement budgets are under attack. Fortunately, brand owners enjoy an increasing array of tools to combat anonymous or hard-to-reach defendants, including Digital Millennium Copyright Act takedown requests (where copyright is also implicated), service providers’ custom takedown procedures (e.g., eBay’s VeRO program), Internet service provider (ISP) takedown requests, Uniform Domain-Name Dispute-Resolution Policy-style domain name reclamation proceedings and in rem civil actions. In addition, services like IPReye<sup>10</sup> allow brand owners to use “crowdsourcing” to fight online counterfeiters and infringers by rewarding consumers for reporting suspected online infringements. Meanwhile, governments also continue to combat online piracy, as illustrated by the recent “Cyber Monday” raid orchestrated by US Customs and 10 foreign law enforcement agencies, resulting in seizure of 700-plus domain names used to sell counterfeit merchandise.<sup>11</sup>

## The Uncertain

- What kinds of opportunities will “Big Data” mining and analytics present to brand owners? Today’s marketing and sales experts rely heavily on Big Data for nearly every aspect of brand creation and ad campaigns,<sup>12</sup> which inevitably affects trademark strategy. Meanwhile, for trademark lawyers, it is easy to imagine the mining of publicly

available<sup>13</sup> social media posts, blogs and other online sources for unsolicited references to a brand to create an online “super survey” for secondary meaning, fame, or actual confusion evidence. While it is not clear how receptive courts would be to that idea or whether the same hearsay flexibility enjoyed by traditional surveys would apply, at least one court has relied on an anonymous posting on Yelp.com as evidence of actual confusion.<sup>14</sup>

- Will 3-D printing eviscerate trade dress protection for product designs? Companies like Apple Inc. make significant investments in trade dress protection for distinctive and non-functional product designs (e.g., the design of the iPhone, which was asserted against Samsung Electronics Co. Ltd. in the recent “smart phone wars”). 3-D printing, or “additive manufacturing,” theoretically allows anyone to create unauthorized copies of protected product designs. And online marketplaces allow widespread distribution of 3-D printing models or blueprints. For now, consumer printing may be limited to simple household objects, but technology will march forward. (More advanced printers have successfully printed human tissue<sup>15</sup> and metal guns.<sup>16</sup>)
- Given the threat of potential abandonment of trade dress rights through failure to enforce those rights, and the extreme difficulty in stopping unauthorized 3-D printed product reproduction in consumers’ homes, it seems feasible that 3-D printing could gut trade dress protection for entire categories of easily reproduced items. And “post-sale confusion,” which may occur if a houseguest sees a poorly reproduced 3-D printed item and mistakenly attributes that lack of quality to the trade dress owner, rather than their host’s lack of skill with a 3-D printer, may carry less weight if consumers become accustomed to encountering 3-D printed items at home.<sup>17</sup> Brand owners may need to decide whether investment in trade dress protection for certain types of products is justified if enforcement will be impractical.
- How will brand owners adapt their Internet strategies to account for the continuing new generic top-level domain expansion? The recent application process for numerous new gTLDs, i.e., the letters to the right of the dot in Internet addresses such as “.com,” created a stir among brand owners. The launch of many new gTLDs is now a reality. The “sunrise” period for a number of new gTLDs opened recently<sup>18</sup> and Trademark Clearinghouse registration has been in full swing for months. Brand owners everywhere continue to wrestle with the implications of the new gTLD launch and endeavor to keep up with best practices, which will likely continue to evolve over the next several years as these new spaces go live. It’s too early to tell what effects the new gTLDs will ultimately have on brands, with predictions ranging from a fortuitous replacement for brand owners’ fragmented Internet presence (including social media accounts)<sup>19</sup> to a trademark enforcement nightmare. But one thing is clear: The Internet is expanding with or without the blessing of brand owners, so it behooves trademark counsel to stay on top of developments in this area and consider partnering with experienced Internet Corporation for Assigned Names and Numbers counsel.

This list is only a tasting menu of food for thought for today’s trademark counsel. These topics, of course, would have looked very different 10 years ago, and will surely look very different 10 years from now. All of those mandatory CLE credits may come in handy, after all!

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<sup>1</sup> US Trademark Reg. No. 3771331 for “beer.”

<sup>2</sup> See [http://en.wikipedia.org/wiki/The\\_Most\\_Interesting\\_Man\\_in\\_the\\_World](http://en.wikipedia.org/wiki/The_Most_Interesting_Man_in_the_World).

<sup>3</sup> See Hal Poret, *A Comparative Empirical Analysis of Online Versus Mail and Phone Methodologies for Trademark Surveys*, 100 TMR 756 (2010).

<sup>4</sup> TinEye offers a commercial version of its search service at <http://services.tineye.com/TinEyeAPI>.

<sup>5</sup> See <http://www.ipreya.com>.

<sup>6</sup> See, e.g., *Express Lien Inc. v. National Ass'n of Credit Management Inc.*, 2013 WL 4517944 (E.D. La. August 23, 2013).

<sup>7</sup> Twitter, Inc. SEC Form S-1, filed October 3, 2013, available at <http://www.sec.gov/Archives/edgar/data/1418091/000119312513390321/d564001ds1.htm>.

<sup>8</sup> See <http://www.usatoday.com/story/tech/2013/10/04/shares-of-tweeter-take-flight/2922561/>.

<sup>9</sup> WIPO, *World Intellectual Property Report 2013: Brands - Reputation and Image in the Global Marketplace*, available at [http://www.wipo.int/export/sites/www/freepublications/en/intproperty/944/wipo\\_pub\\_944\\_2013.pdf](http://www.wipo.int/export/sites/www/freepublications/en/intproperty/944/wipo_pub_944_2013.pdf).

<sup>10</sup> See <http://www.ipreya.com/index.php?module=inspectionprocess&action=start>.

<sup>11</sup> See <http://www.ice.gov/news/releases/1312/131202washingtondc.htm>.

<sup>12</sup> See Jonathan Gordon, Jesco Perry, and Dennis Spillecke, *Big Data, Analytics and the Future of Marketing and Sales*, *Forbes*, July 22, 2013, available online at <http://www.forbes.com/sites/mckinsey/2013/07/22/big-data-analytics-and-the-future-of-marketing-sales/>.

<sup>13</sup> Privacy concerns exist, of course, where social media posts are not posted for public consumption. See generally Justin P. Murphy & Adrian Fontecilla, *Social Media Evidence in Criminal Proceedings: An Uncertain Frontier*, *Bloomberg Law*, 2013, available at <http://about.bloomberglaw.com/practitioner-contributions/social-media-evidence-in-criminal-proceedings-an-uncertain-frontier-by-justin-p-murphy-and-adrian-fontecilla/>.

<sup>14</sup> *You Fit, Inc. v. Pleasanton Fitness, LLC*, 2013 WL 521784 (M.D.Fla. February 11, 2013); see also Karen Artz Ash & Bret J. Danow, “Anonymous Comments Allowed as Evidence of Confusion,” *Managing Intellectual Property*, March 25, 2013, available at <http://www.managingip.com/IssueArticle/3177329/Archive/Anonymous-comments-allowed-as-evidence-of-confusion.html>.

<sup>15</sup> See <http://www.livescience.com/40974-3d-printed-liver-slices-created.html>.

<sup>16</sup> See <http://www.cnn.com/2013/11/08/tech/innovation/3d-printed-metal-gun/>.

<sup>17</sup> See Deven R. Desai & Gerard N. Magliocca, *Patents, Meet Napier: 3D Printing and the Digitization of Things*, *Geo. L.J.* (forthcoming), draft available at <http://georgetownlawjournal.org/files/2013/10/Desai-and-Magliocca-3D-Printing-Draft.pdf>.

<sup>18</sup> New gTLD sunrise periods already launched in late 2013 include: .plumbing, .clothing, .singles, .guru, .ventures, .holdings, .bike, .graphics, .lighting, .camera, .estate, .gallery, .equipment, .photography, .menu, .today, .contractors, .technology, .construction, .kitchen, .land, .directory, .sexy, .tattoo, .diamonds, .voyage, .tips, and .enterprises. See <https://newgtlds.icann.org/en/program-status/sunrise-claims-periods>.

<sup>19</sup> See John van der Luit-Drummond, “gTLDs Set to Make Social Networks Redundant for Brands?”, *World Trademark Review*, Nov. 21, 2013, available at <http://www.worldtrademarkreview.com/daily/detail.aspx?g=c445d266-a300-4245-9658-eecd81ef0908>.