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Trademark Enforcement on the New Digital Frontier

The brand is a critical asset. It's your ambassador to the consumer. It gives you identity and gives your consumer the perception of quality control. As our industry surges to the forefront of the twenty first century, so do technology and competition. We share a presence on the internet with our competitors and consumers. In this climate, long-term strategic protection of the brand is the key to success.

Your brand is your trademark. The law has spoken. Or has it?

TRADEMARKS IN CYBERSPACE

The digital age has shaken things up for the brand owner, for better or worse. But the old set of rules has evolved to meet new problems brought on by the internet. While nothing can replace the counsel of a competent trademark lawyer, here are some emerging legal issues to consider in the alien landscape of cyberspace.

TRADEMARK BASICS

Trademark law is intuitive: Consumers need to correctly identify brands with the source. When consumers are confused by two similar marks, there is infringement afoot by the junior user. To allow fair competition, the law favors fanciful trademarks like SYNGENTA®, and considers descriptive marks like FARM SUPPLY and surnames to be weak without an acquired "secondary meaning." The weakest marks are generic -- unprotectable, because they describe a class of products (think back to generic supermarket "Beer"). This is true in agriculture of any plant varietal or species name (e.g., "Rebel" for a specific varietal of grass).

While the best branding can seem like wizardry, brand success results from nothing less than meticulous planning

and commitment to the brand. On the digital frontier, this can mean significant effort.

THE DUTY TO ENFORCE

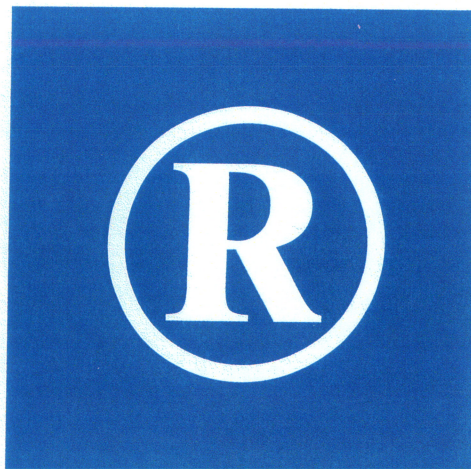
In trademark law, you have a legal duty to police your mark. Otherwise, you risk forfeiting your rights. Typically, once a confusingly similar mark is identified, you would file a trademark infringement lawsuit in federal district court after sending a demand letter to the other party, assuming you can't work it out. The internet somewhat complicates this approach.

The internet is chock full of consumers. After 20 years, it remains largely unregulated. While the internet can magnify your branding efforts, it is rife with bad actors out to sink your brand and promote their own. While you can take them to court for infringement, this is not always optimal. For one, it can be difficult to identify and locate the offenders, who tend to disappear and pop up elsewhere in response to enforcement efforts.

DOMAIN ENFORCEMENT

Unauthorized domain registration is common, given the number of users and potential domain names. You might go to purchase a new domain which contains your trademark, only to find it registered -- along with 10 variations and misspellings! This is the M.O. of the "cybersquatter," who usually has no legitimate interest in the domain. Cybersquatters and typosquatters are usually trying to divert web traffic to make a buck, whether in the form of "pay-per-click" banner advertising on a parked, non-hosted website -- or by flat-out holding you hostage for sale of the domain. While immensely frustrating and tough to monitor due to volume, there are a few ways to strike back.

You can acquire infringing domains without going to court, by going through an arbitration process known as



the Uniform Domain Name Dispute Resolution Policy ("UDRP"). To achieve transfer of the domain, you must prove:

- The domain is confusingly similar to (i.e., infringes) your trademark;
- The domain owner has no legitimate business interest in the domain; and
- It is being used in bad faith.

This is a quicker, cheaper way to duke it out over domains, as opposed to the unpredictable time and expense of an infringement suit. One downside is that there are no money damages available in the UDRP process, only a transfer of the domain.

But when there is more than a domain at stake, federal court probably makes the most sense, e.g., for false advertising or unfair competition involving a competitor, in addition to the domain issues. You can file for relief in court under the Anti-Cybersquatting Consumer Protection Act ("ACPA"). This creates liability for registration or use of a domain which is confusingly similar to your distinctive trademark, if there is a bad faith intent to profit from your goodwill under the brand. Under the ACPA, you can obtain transfer of the domain, plus actual or statutory damages between \$1,000 and \$100,000.

SOCIAL MEDIA

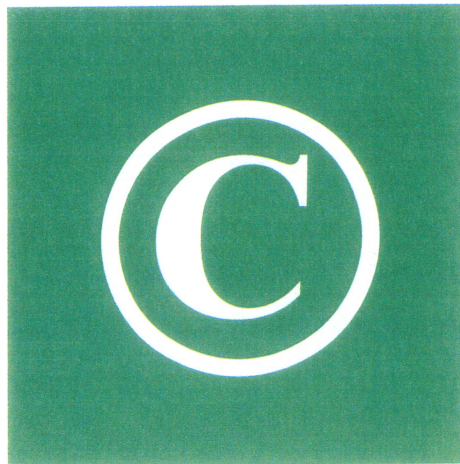
The law has spoken on "sub-level" domains but says nothing as yet on a newer online phenomenon affecting brand protection – social media. With over 800 million users worldwide, brand owners are finding some surprises on Facebook, blogs and similar social sites. It is not clear how the current domain enforcement procedures apply here.

The lack of a well-established legal framework for trademark enforcement in the social media space reinforces the need for a strategic game plan. While you might deal with a competitor using methods discussed above, the casual user or online "fan" sometimes warrants a different approach. You might use softer communication methods than a demand letter. You might go through formal complaint channels on Facebook and other sites, instead of the traditional legal avenues. Over-aggressive enforcement against "sympathetic" individuals can cause public backlash, alienating key demographics and damaging your goodwill.

OTHER ONLINE ENFORCEMENT ISSUES

This is the tip of the iceberg. There are additional issues, such as the widespread use of trademark search terms on Google's "AdWords," by competitors to drive your consumer search traffic over to their websites, as well as the competitive use of embedded "Meta-Tags" hidden in a web page as a technological bait n' switch.

There are also huge concerns over "grey market" goods which you originally intended for specific markets, but are being sold online to the general public, as well as problems with your dealers and suppliers selling "out the backdoor," often through popular internet



auction sites. Unauthorized sales can greatly strain supply chain relationships, undercut your legitimate sales, and create an impression of inferior quality, especially where liquidated products, rejects, or returns are being openly sold online without respect for the brand. Even without a web presence of your own, you should be monitoring your brand and the activities of your competitors online.

REGISTRATION AND MONITORING

Litigation against infringers is expensive, and rarely profitable. It's smarter to invest in protection up front, in a vigilant trademark registration and monitoring program. Much of the preceding discussion might be avoided from the outset if you simply register your brand as a federal trademark.

Trademark rights exist automatically as soon as you begin to consistently offer products or services for sale on a commercial scale. So why seek registration? Unregistered

"common law" trademark rights can be difficult and expensive to prove in court, and are strictly limited to the geographic area of use. One huge risk of relying solely on common law rights is the possibility that another (junior) user of your mark could obtain a federal registration, in effect permanently freezing the geographic scope of your rights. This can have a devastating effect on your ability to expand. Registration overcomes this and other challenges.

Registration gives the brand owner a virtual nationwide presence by virtue of interstate commercial sale or transportation. The internet fits beautifully into this framework, as your products are available virtually anywhere online. Thus, national and even global brand presence is at your fingertips.

However, registration can be expensive and tricky, as each mark typically presents a unique challenge, and not all marks qualify for registration. That being said, it can ultimately be cheaper to enforce a registered mark, because there is a presumption of validity for the registered mark and a deterrent effect on would-be infringers. The trademark registrant is free to use the "®" symbol to indicate registered status and put others on notice. The mark can be registered with U.S. Customs to seize infringing products from abroad. Finally, the recovery for infringement in court can be tripled on a showing that an infringer acted willfully, with notice of the registration. The rights conferred by federal registration are indispensable and cannot be overemphasized, especially in the new digital frontier.

CONCLUSION

The digital age brings a host of challenges for your brand. Register your trademarks early with the U.S. Trademark Office, and register any related web domains and variations. This includes usernames and handles on the appropriate social media and online auction sites. Take advantage of trademark watch services for new applications and domains being registered. Check the popular search engines, your competitors' websites, internet auction sites and social networking sites regularly for unauthorized use of your brand, and keep your intellectual property lawyer a click away. ☞

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