Protecting Brand Value and Identity in the E-Commerce Space

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Agenda

1. Trends in E-Commerce
   - AI
2. Recent E-Commerce Related Legal Issues
   - Keywords / MetaData & Online Marketplaces
   - Infringing and Counterfeit Goods Online
   - Domain Name Enforcement
   - Social Media, Online Copyright Infringement
3. Protection Strategies and Leveraging IP Registrations
4. Q&A
Trends in E-Commerce

- Services traditionally performed in-person are now moving online
  - Retail Stores
  - Personalized assistants / Chatbots
  - Replenishment services
- E-commerce retailers no longer just distributors and shippers
- More acquisitions of e-commerce based businesses and businesses with existing e-commerce platforms
- Use and growth of Artificial Intelligence (AI) in e-commerce applications
Trends in E-Commerce: Artificial Intelligence
Trends in E-Commerce: **Artificial Intelligence**

- Advanced machine learning software with extensive behavioral algorithms
Historic principals of trademark law may no longer apply or will have to be implemented differently.

The landscape of retail has changed over the past few decades:
- A Gartner study predicts that 85% of customer interactions will be managed by artificial intelligence by 2020.

Can AI be confused? Does AI have imperfect recollection? Does it take the place of the average consumer? When your Amazon Echo suggests and buys a product does it become a secondary infringer?
- Shopping then Shipping Model to Shipping then Shopping Model.
Legal Issues in E-Commerce
Keywords / MetaData

- Historically, issues centered around keywords for advertisements
  - Internet search engines generate income by selling advertising space on the search results page. These ads are triggered by the search term input by the computer user known as keywords.
  - Pop up advertising is an ad that “pop ups” on the screen when a computer user accesses a website.

- Initial Interest Confusion Claim
  - In contrast to the standard “likelihood of confusion” test, initial interest confusion is a judicially created doctrine that permits a finding of infringement when there is temporary confusion that is dispelled before the purchase is made.
  - In the internet context, it occurs when a defendant uses a plaintiff’s trademark in a manner intended to capture initial consumer attention, even though no confusion results.
Keywords / MetaData

- Almost all District Courts have found that no likelihood of confusion is caused by the purchase of keywords alone.
  - *Alzheimer's Disease and Related Disorders Association, Inc. v. Alzheimer's Foundation of America, Inc.* (S.D. N.Y. 2018) (“Virtually no court has held that, on its own, a defendant's purchase of a plaintiff's mark as a keyword term is sufficient for liability.”).
  - *General Steel Domestic Sales, LLC v. Chumley* (finding no likelihood of confusion by defendant’s use of competitor’s trademark in Google keywords usage).

- Mere diversion to a competitor does not constitute trademark infringement...
But, there may be a likelihood of confusion depending on the specific use or presentation of the trademark in the search return.

*Rosetta Stone Ltd. v. Google, Inc. (4th Cir. 2012)*

- Rosetta Stone sued Google for infringement for its sale of ROSETTA STONE and other marks as keywords to Rosetta Stone’s competitors
- The lower court found for Google, finding no violation of trademark law
- The Fourth Circuit reversed and remanded, holding that there were disputed issues of fact over Google’s intent to cause confusion, citing Rosetta Stone’s evidence of actual confusion
- Evidence showed consumers mistakenly purchased counterfeit goods from a sponsored link
- Likelihood of confusion high where trademarks were used in the title or body of ad appearing on the search results page
- The case settled before being heard again in district court
Keywords and Online Marketplaces

What happens when a customer searches for a non-affiliated brand on your marketplace website?

What if a consumer searches for your brand on Amazon, but you do not sell your goods through that platform?

- *Multi Time Mach., Inc. v. Amazon.com, Inc.* (9th Cir. 2015)
  - Plaintiff MTM brought suit alleging that Amazon’s response to a search for the MTM Special Ops watch on its website is trademark infringement in violation of the Lanham Act. MTM contended that Amazon’s search results page created a likelihood of confusion, even though there was no evidence of any actual confusion and even though the other brands were clearly identified by name.
  - MTM argued that the design of Amazon’s search results page created a likelihood of initial interest confusion.
  - 9th Circuit affirmed summary judgment in favor of Amazon.
    - “Because Amazon’s search results page clearly labels the name and manufacturer of each product offered for sale and even includes photographs of the items.”
    - “No reasonably prudent consumer accustomed to shopping online would likely be confused as to the source of the products.”
Keywords and Online Marketplaces

- **Comphy Co. v. Amazon.com, Inc. (W.D. Wash. 2019)**
  - Plaintiff sought to preliminary enjoin Amazon from using COMPHY. Company did not sell on site.
  - Court denied request, reasoning:
    - Not clear that the Plaintiff had a valid, protectable trademark in COMPHY alone
    - Limited scope of goods
    - Mark is descriptive in relation to goods

- **In the Matter of 1-800 Contacts**
  - Federal Trade Commission held that 1-800 Contacts unlawfully entered into multiple anti-competitive agreements with its competitors, and that such agreements constituted unfair methods of competition, in violation of Section 5 of the FTC Act.
  - Bidding agreements that eliminate competition in advertising auctions for online search engines, such as Google and Bing, can be actionable as unfair competition.
Keyword Takeaways

- In creating new brands, adopt and register distinctive marks.
- If you wish to purchase another party’s trademark for online advertising space, do not otherwise use the third-party’s mark.
- If you are an online marketplace and a user searches for a brand that you do not carry, clearly indicate that you do not sell the searched brand.
- Narrowly draft settlement agreements to avoid an unfair competition claim. If applicable, seek the entire cessation of the infringing trademark.
Infringing and Counterfeit Goods Online

- “If you want to be original, be ready to be copied.” — COCO CHANEL
- Organization for Economic Co-operation and Development
  - Based on 2016 customs seizure data, released this Spring, imported fake goods worldwide were valued at USD $509 billion, up from USD $461 billion in 2013 (2.5% of world trade).
- “The countries most affected by counterfeiting in 2016 were the United States, whose brands or patents were concerned by 24% of the fake products seized, followed by France at 17%, Italy (15%), Switzerland (11%) and Germany (9%). A growing number of businesses in Singapore, Hong Kong and emerging economies like Brazil and China are also becoming targets.”
In addition to standard cease and desist and enforcement actions, there are now additional options to help enforce your rights.

**eBay - Verified Rights Owner Program (VeRO)**

According to eBay:

- **Reportable listings include:**
  - Items that infringe on your intellectual property
  - Counterfeit or replica items
  - Unauthorized use of copyrighted content in a listing or product page

- **Ineligible reasons to report a listing:**
  - Wanting to control where a product is resold by trying to enforce contracts or distribution of goods to authorized sellers (selective distribution)
  - Not allowing the sale if items are below a controlled price point (minimum advertised pricing or MAP)
  - Any terms a brand puts into their contracts that controls the way items are resold (contractual issues)
  - Government-controlled items that are illegal to sell (regulatory compliance issues)

- Report the listing by submitting a Notice of Claimed Infringement (NOCI)
- Create a VeRO Participant Page to share information about your IP rights with the eBay community
Infringing and Counterfeit Goods Online

Amazon Brand Registry

- Allows IP owners to protect their registered trademarks on Amazon

- Requirements:
  - Have an active registered trademark for your brand that appears on your products or packaging
  - The ability to verify yourself as the rights owner or the authorized agent for the trademark
  - An Amazon account. You can use an existing Amazon account (credentials associated with Vendor or Seller Central) or create a new one for free

- Valuable policing benefits, including the ability to submit streamlined takedown requests with Amazon, and access to proprietary text and image searching
Domain Name Enforcement

- Use of trademark in domain name plus something more may cause infringement
  - Infringing use of mark on webpage itself
  - Misdirecting user to other ads or website for commercial purposes

- A potential cause of action may also exist for Cybersquatting
  - A “cybersquatter” is a person who knowingly obtains from a registrar a domain name consisting of the trademark or service mark of a company for the purpose of ransoming the right to use that domain name back to the legitimate owner for a price.
  - Enforcement against cybersquatters is through the Anti-Cybersquatting Consumer Protection Act (ACPA), Uniform Domain Name Dispute Resolution Policy (UDRP), and Uniform Registration System (URS).
Domain Name Enforcement

- The Anti-Cybersquatting Consumer Protection Act of 1999 (ACPA) - federal legislation enacted in 1999, creates civil liability for cybersquatting

- Plaintiff has to prove and plead the following elements:
  - Defendant has registered, trafficked in, or used a domain name
  - Domain name is identical or confusingly similar to plaintiff’s mark
  - Plaintiff’s mark was distinctive at the time of the defendant's registration of the domain name
  - Bad faith intent to profit from the plaintiff’s mark
Domain Name Enforcement

  - Filed AACP action concerning PRINCE.COM

- **Web-adviso v. Trump** (E.D. N.Y. 2013)
  - Plaintiff brought declaratory judgment action against Donald Trump claiming use of domain names such as “trumpbeijing,” and “trumpmumbai” did not infringe and was not cybersquatting
  - Plaintiff had never used TRUMP in his business, and was a “domainer”
  - Yung had also purchased the domain names “trumpmumbai” and “trumpindia” shortly after Trump announced real estate developments in India
  - The court found that Yung engaged in a bad faith attempt under ACPA to profit from the “TRUMP” mark
UDRP Proceedings

- In addition to litigation, parties can also use the Uniform Domain Name Dispute Resolution Policy (UDRP) to pursue cybersquatting or cyber-piracy claims.

- The UDRP is global arbitration of cybersquatting disputes under ICANN.

- The process is streamlined and straightforward, and typically takes about 60 to 70 days from start to finish.

- Registrant (or "respondent") is given 20 days to file an answer once valid complaint is submitted.
Reverse Domain Name Hijacking ("RDNH")

- According to the UDRP Rules:
  - "Reverse Domain Name Hijacking means using the [UDRP] in bad faith to attempt to deprive a registered domain-name holder of a domain name."
  - "If after considering the submissions the Panel finds that the complaint was brought in bad faith, for example in an attempt at Reverse Domain Name Hijacking or was brought primarily to harass the domain-name holder, the Panel shall declare in its decision that the complaint was brought in bad faith and constitutes an abuse of the administrative proceeding."

- *Thomas Wang v. Privacydotlink Customer* (WIPO Aug. 27, 2018)(finding that a complainant who initiates a UDRP proceeding in “bad” faith may be found to have committed RDNH, even if the complainant attempts to withdraw its complaint before a decision renders.").
URS Proceedings

- The Uniform Registration System (URS) is a relatively new system that complements the UDRP by offering a cheaper, faster path to relief for rights holders.

- Only applies to new gTLDs or ccTLDs that have adopted the URS, such as .buzz, .guru, .ventures, etc.

- After a party submits a URS Complaint, the Registry Operator must lock the domain names in dispute within 24 hours of notification by the URS Provider.

- URS criteria is similar to UDRP, but with a higher burden of proof. Unlike the UDRP, URS proceedings are not available to complainants who only have common law rights in their marks and/or have not begun using them.
Risks – Infringement: Social Media

- The concept of “brand identity” has grown with the rise of social media.

- In addition to serving as a platform to encourage consumer involvement, social media has also become an avenue through which brands face additional, potential liability.
Online Copyright Infringement

Goldman v. Breitbart News Network LLC et al.

Goldman v. Breitbart News Network LLC et al. (S.D.N.Y. 2018)

- Plaintiff took a photo of New England Patriots QB Tom Brady with Boston Celtics’ General Manager Danny Ainge and posted it on Snapchat

- Numerous outlets “embedded” tweets featuring the photo within articles on their websites following rumors that Brady would help recruit basketball forward Kevin Durant to the Celtics

- Plaintiff sued for copyright infringement; defendants moved for partial summary judgment
Online Copyright Infringement

**Goldman v. Breitbart News Network LLC et al.**

- Defendants argued that the “Server Test” articulated in the Ninth Circuit’s *Perfect 10, Inc. v. Amazon* decision shielded them from copyright liability because they did not host the photograph on their servers.

- S.D.N.Y. granted the plaintiff partial summary judgment, holding the Copyright Act provides “no basis for a rule that allows the physical location or possession of an image to determine who may or may not have ‘displayed’ a work...”

- Court held that the websites’ display of embedded tweets featuring plaintiff’s photograph violated plaintiff’s exclusive right of public display, despite fact that photograph was not hosted on websites’ servers, and rejected application of Ninth Circuit’s “Server Test”
Online Copyright Infringement

**Batra v. PopSugar, Inc.**

*Batra v. PopSugar, Inc. (N.D. Cal. Feb. 7, 2019)*

- Plaintiff alleged POPSUGAR copied thousands of influencers' Instagram images, removed the links in the original pages that allowed the influencers to monetize their following, and reposted the images on its own website.
- Plaintiff and POPSUGAR both provide an online platform for users to shop for fashion and accessories through other affiliated platforms.
- On behalf of “persons with large numbers of followers on social media” (also known as “influencers”), plaintiff filed suit against defendant Popsugar alleging Popsugar:
  1. Removed and/or altered her copyright management information (“CMI”) in violation of Section 1202(b) of the Digital Media Copyright Act;
  2. Infringed Plaintiff’s copyright in her photographs;
  3. Misappropriated Plaintiff’s likeness and infringed her right of publicity;
  4. Intentionally interfered with Plaintiff’s contractual relationship;
  5. Made a false or misleading representation in violation of the Lanham Act; and
  6. Violated the California Unfair Competition Law (“UCL”).

- In February 2019, court denied defendant’s Motion to Dismiss on all of the claims, concluding that the plaintiff had sufficiently alleged violations, including copyright infringement as based on the allegations, one can plausibly infer that PopSugar removed the CMI from plaintiff’s Instagram posts knowing that removing the CMI would help to conceal the alleged infringement of plaintiff’s images.
Online Copyright Infringement Registration Needed


- Copyright owners must wait until their applications are either registered or rejected by the US Copyright Office before filing suit for infringement claims.

- US Copyright Office currently averages taking about seven months to process and examine applications for copyright protection. In rare cases, this period has spanned up to 37 months.
Some Key Takeaways

- While the popularity of e-commerce has expanded, and there are more trade channels through which goods are sold, in reality, the fundamental legal issues are still the same.

- Due to the speed and volume incident to e-commerce, brand development, management, and protection has become more challenging.

- You may only commence a copyright infringement suit when the Copyright Office registers your copyright (not when the application, materials, and registration fee have been submitted to the Copyright Office). Therefore, register your copyrightable material.
IP Protection Strategies in an E-Commerce Driven World
Leveraging IP Protection Online: Trade Dress

Trade Dress

- TMEP 1202.02:

  - Trade dress originally included only the packaging or "dressing" of a product, but in recent years has been expanded to encompass the design of a product.

  - When an applicant applies to register a product design, product packaging, color, or other trade dress for goods or services, the examining attorney must separately consider two substantive issues: *(1) functionality; and (2) distinctiveness.*
Recently more companies have sought to protect their online interfaces (or the “look and feel” of their websites).

Copyright law provides immediate protection once the expression is fixed and in a tangible medium, but courts have said that “trade dress protection, which focuses on the likelihood of consumer confusion, is better suited to protect Web site user interfaces, than copyright law, which merely considers the similarities between two types of expression.” Conference Archives Inc. v. Sound Images Inc. (W.D.Pa. 2010).
Leveraging IP Protection Online: Trade Dress

- *Express Lien Inc. v. National Ass’n of Credit Management Inc.*, (E.D. La. 2013) (denying motion to dismiss a trade dress infringement claim based on a competitor’s alleged copying of a website’s look and feel)

- To state a valid cause of action for trade dress infringement, a plaintiff must allege that: (1) the trade dress is distinctive in that it identifies the source of the product, (2) there is a likelihood of confusion between the parties’ goods, and (3) the trade dress is not functional
Leveraging IP Protection Online: Configuration v. Packaging

- Product Configuration: shape or configuration of the product
  - Typically requires secondary meaning
  - Can never be inherently distinctive

- Product Packaging: overall combination and arrangement of design elements on the package for the goods
  - Can be registered if it is inherently distinctive, or if it has acquired secondary meaning (*See Wal-Mart Stores, Inc. v. Samara Brothers, Inc. (U.S. 2000)*)
Trade Dress
Aesthetic Nonfunctionality

Supreme Court has previously found that the functionality doctrine prevents a product’s feature from serving as a trademark where a competitor would be put at a significant disadvantage because the feature is essential to the use or purpose of the article, or affects its cost or quality.
Reasons to Consider Obtaining Trade Dress Registrations

- Increase company’s source identifiers in the marketplace
- Formally guard non-traditional marks that have acquired secondary meaning or are distinctive
- Increase brand awareness and reputation

PROTECT ALL ASSETS
Design Patents

- Provide legal protection to the ornamental design of a functional item
Design Patents

- When to file?
  - Upon developing a product featuring distinct ornamentation
  - Upon developing a product with a unique structure

- Why file?
  - Prevent other companies from copying the design, even if it has not yet been used
  - Increase market share
Design Patents


- Columbia Sportswear developed a technology called “Omni-Heat® Reflective”

- Obtained a design patent entitled “Heat Reflective Material,” covering a wavy line design (U.S. Design Patent D657,093)
Seirus Innovative Accessories, Inc., developed a line entitled “HeatWave,” which included heat reflective gloves and Columbia brought suit. Court granted Columbia summary judgment, finding the HeatWave products to infringe the ‘093 design.
Trademark Applications

Why / When / Where

- Why
  - Benefits of Registration
    - Right to use the registered trademark symbol: ®
    - Right to file a trademark infringement lawsuit in federal court and to obtain monetary remedies
    - Acts to bar the registration of confusingly similar marks
    - Can serve as the basis for an international trademark application
Trademark Applications

Why / When / Where

- When
  - ITU Application
    - Use has not yet commenced, but there is a good faith intention to do so in the near future
  - Use Based Application
    - Use is intended for more than two years
      - Seasonal vs. Housemarks
    - The mark is inherently distinctive
    - Secondary meaning likely to be found by the USPTO
Trademark Applications

Why / When / Where

- Where
  - Can goods be purchased in other countries?
  - Are there physical locations in those countries or goods sold there?
  - Are products manufactured in the country?
  - Is the country industrialized?
  - A location likely for others to infringe?
  - A location the company is considering expanding?
    - Implications and costs associated with filing and maintenance
Trademark Applications
Why / When / Where

- Where – Cont.
  - Would an international registration (“IR”) be more appropriate or a national/regional registration?
    - EUTMs will no longer cover the United Kingdom when Brexit takes effect
    - Ensure all EUTMs are up to date
    - Consider filing in the UK
    - Consider whether the mark is used only in the UK, or only the remaining part of the EU
      - If so, the mark could become vulnerable to a non-use challenge
Additional Rights Protection Strategies

In addition to (or in low risk countries, perhaps in lieu of) trademark registrations, consider:

- Domain name registrations
  - Do not create trademark rights
  - May discourage others from adopting a mark
  - On balance, very limited protection

- Copyright Registrations
  - In some countries copyright registrations are very powerful
  - Consider registering copyright in connection with packaging
    - Applications are not that expensive (e.g., U.S., $55)
What makes the most sense varies case by case.

- Trademark Registrations
- Trade Dress Registrations
- Design Patents
- Business Method Patents
- Copyright Registrations
- Domain Name Registration
Questions?

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