

Online Brand Protection and Anti-Counterfeiting Strategies in 2020

Intellectual Property Series Part Two

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Agenda

- Latest schemes used by bad actors
- Tools to fight back
- Monitoring and enforcing using those tools
- Handling repeat bad actors



Counterfeit War

Consumers spend over half a
trillion dollars annually on
counterfeit products over
70% of which are sold online

2018 numbers from the Organisation for Economic Cooperation and Development

The Counterfeit Problem

- Divert market share and revenue
 - Price control
- Low-quality
 - Consumer harm
 - Negative impact on brand reputation
- Difficult to stop with conventional approaches
 - Prevalence
 - Origin
 - Over 80% originate from China and Hong Kong

Latest Schemes

- E-Commerce platforms create a pipeline directly to consumers for bad actors to exploit
- Ever changing seller names and listings
- Spectrum of types of counterfeits
- Leveraging algorithms and protocols of platforms
- Platform shopping



Fight Back

Proactive Strategy

- Develop an IP strategy aligned with enforcement
 - Think like a counterfeiter
- Develop a marketing strategy aligned IP strategy and platform protocols and algorithms
- Develop a proactive monitoring and enforcement strategy

IP Strategy

- Don't seek a registration just to check off a box on your list
- Involve a specialist
- Develop IP strategy in alignment with marketing and sales strategy
- Different types of IP: trademark, copyright, patent
 - Variance in effectiveness for online enforcement

What is a trademark?

- A trademark comprises “anything” that identifies the source of goods or services from those of another when used in commerce
- Use based right
- Duration
 - Continues so long as the mark is not abandoned and does not become generic
 - Certain actions or inactions may impact rights

Trademark Strength Spectrum

- Fanciful
 - created for the sole purpose of functioning as a trademark and have no other meaning than acting as a mark
- Arbitrary
 - utilizes a device having a common meaning that has no relation to the goods or services being sold
- Suggestive
 - suggests a quality or characteristic of the goods and services
- Descriptive
 - describes the services or goods on which the mark is used
 - not protectable without secondary meaning
- Generic
 - generically identifies a product
 - not protectable

Trade Dress

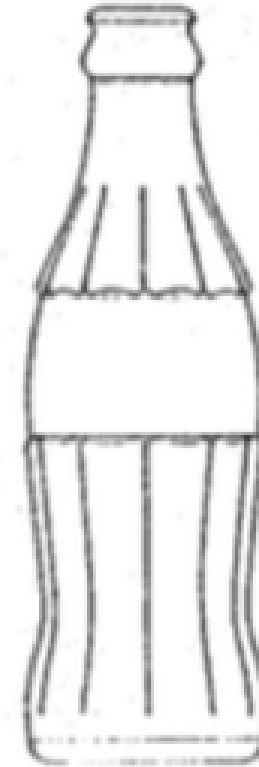
- Subset of trademark law
- Is directed to the appearance of a product design, packaging, other three-dimensional objects
- Encompasses shape and features
 - May cover shape, size, color, pattern, design, texture, or combination
- Must be non-functional and cannot be purely ornamental
- Variations in distinctiveness requirements



Trademark Registration Types

THE *Coca-Cola* COMPANY

THE COCA COLA COMPANY



Design mark, word mark, trade dress

Acquiring Trademark Rights

- Rights in a mark originate upon use in commerce
- Priority in time creates priority in rights (the date you start using the mark in commerce) – first in time generally wins
- Common law rights are limited to the geographic region in which the mark is used
- Use of TM

Loss of Rights

- Failing to use the trademark in commerce
- Failing to maintain adequate control over the quality of the goods or services
- Failing to police third-party uses within reason
- Improper licensing

Applying for a Registration

- Trademarks are jurisdictional
 - Apply internationally on a strategic basis
- US Federal Trademark Registration
 - Covers all 50 states
 - May be filed based on actual use or intent to use
- State Registrations
 - Only covers state filed in
 - Requires actual use

Benefits of Registration

- Constructive nationwide use
- Presumption of ownership and validity
- Confers incontestable status upon compliance with statutory formalities
- Use of ®
- Eliminates “good faith junior user” defense
- Right to recover profits, damages, treble damages and attorney fees in infringement actions
- Use in alternative enforcement

Common Pitfalls

- Clearance searches are beneficial prior to adoption
- Trademark registration disconnected from marketing and use
- Trademark registration disconnected from enforcement strategy
 - Type of trademark
 - Ecommerce platforms only recognize certain types
 - Register
 - Principal versus supplemental
 - Federal versus state
 - Jurisdiction
 - Rights still tied to jurisdiction with ecommerce platforms

Copyrights

- Covers original works of authorship fixed in any tangible medium of expression
- Does not cover ideas, procedure, names, titles, short phrases, slogans, familiar symbols, or letters
- Protection exists from the moment of creation
- No protection against independent development
- Duration
 - Life of the author plus 70 years
 - Shorter of 95 years from publication or 120 years from creation for works made for hire

Exclusive Rights of Copyrights

- Reproduce the work
- Adapt or make derivative works based on the original work
- Distribute copies of the work
- Perform the work publicly
- Display the work publicly

Common Pitfalls

- Overlooking copyright protection
- Not properly assigning ownership
- Not registering the work with the US Copyright Office

Patents

- A U.S. patent is a property right that allows the patent owner *to exclude others* from making, using, and selling an invention or importing an invention into the U.S. for a limited period of time
- A patent is *not a right to practice* the technology
- No common law rights
- Jurisdictional
- Application process can vary
- Patent types

What is a Design Patent?

- Design patents may be granted to anyone who invents a new, original, and ornamental design for an article of manufacture
- Covers the “look and feel” of a product
- Design cannot be dictated by function
- Term is 15 years from grant

What is a Utility Patent?

- Utility patents may be granted to anyone who invents or discovers any new and useful process, machine, article of manufacture, or composition of matter, or any new and useful improvement thereof
- Covers systems, methods, devices, compositions, etc.
- Two types: provisional and non-provisional
- Term is 20 years from earliest effective date

Common Pitfalls

- Timing is critical
 - Own activity can prevent ability to obtain patent rights
 - First-to-file generally wins
- Patent rights disconnected from enforcement strategy
 - Scope of patent
 - Type of patent
 - Ecommerce platforms only recognize certain types
 - Jurisdiction
 - Rights still tied to jurisdiction with ecommerce platforms

Enforcement Tools

- Platform programs
 - Amazon
 - Brand Registry
 - Transparency
 - eBay
 - Vero
- Customs registrations



First Line of Defense

Online Monitoring and Enforcement

- Take down requests and complaints submitted to ecommerce platforms
 - Generally requires registered IP
 - Utilize ecommerce platform programs and tools

Considerations and Challenges

- Pricing
- Lot code numbers
- Expiration Dates
- Packaging changes
- Indications of counterfeits

Consideration and Challenges

- Must determine infringement first
 - Term of IP
 - Test buys
 - Can bypass some test buy requirements
- Can quickly become overwhelming as counterfeiters adopt new strategies
 - Utilize software and automation tools

Automation Tools

- Process millions of listings, mentions, images, and other data across thousands of marketplaces and channels to identify counterfeit products and brand misuse
- Simplify submission of take down requests
 - Integration with platform APIs
- Target largest offenders
- Collection of forensic data for repeat bad actors



Bring in the Big Guns

Repeat Bad Actors

- Coordinated Enforcement Approach
 - Use of online enforcement as the first line of defense
 - Register IP with customs
 - Use forensic data for repeat bad actors to stop imports with seizures
 - Cease and desist letters
 - Use forensic data to send letters to source
 - Litigation
 - Service of process and default judgment for foreign parties

End-to-End Approach

- Think like a counterfeiter
- Obtain the appropriate IP with enforcement in mind
- Engage with consumers to help them differentiate
- Be proactive with online enforcement
 - Evaluate infringement to avoid problems
 - Use platform programs tools
 - Use automation
- Collect forensic evidence
- Be prepared to move seamlessly into other enforcement strategies as sequential steps or in parallel



Questions?
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