



210:Somebody's Using My Brand on the Web! Now What?

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Faculty Biographies

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Rita A. Rodin

Rita Rodin is a partner in the intellectual property and technology group in Skadden, Arps, Slate, Meagher & Flom LLP & Affiliates in New York City. She represents clients in a variety of areas, including outsourcing, information technology, internet and e-commerce, software applications and services, consulting, banking, and insurance. She has handled matters for companies ranging from start-ups to global institutions. Ms. Rodin's experience includes counseling clients on domestic and international outsourcing transactions, strategic alliances, joint ventures, technology transfers, distribution agreements, licensing arrangements, and marketing agreements. She also has extensive experience handling intellectual property and technology issues that arise in connection with mergers and acquisitions, initial public offerings, and project finance matters.

Ms. Rodin has worked extensively on matters relating to the Internet Corporation for Assigned Names and Numbers (ICANN) since its formation. These matters include representing clients as well as working on policy initiatives. On the policy side, Ms. Rodin assisted in the drafting of ICANN's Uniform Domain Name Dispute Resolution Policy (UDRP), which is used today by thousands of companies to challenge domain name registrations. She also served as a member of the ICANN committee that drafted documentation to implement the UDRP. Ms. Rodin was appointed by ICANN to chair an international task force that established the policy development process that is now used by ICANN to develop and implement future ICANN policies.

Ms. Rodin is a frequent lecturer and author on a variety of technology and e-commerce related topics, including outsourcing, email policies, internet security, trademark and domain name developments, and privacy-related issues.

Ms. Rodin received her BS, magna cum laude, from Boston College. She graduated from St. John's University School of Law.



Session 210

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What we will cover in this session:

- Types of brand abuse
- What should you do when you first learn/identify brand abuse
- Possible remedies for brand abuse

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Cybersquatting

The act of registering a popular internet address--usually a company name--with the intent of selling it to its rightful owner.

www.introducingmonday.co.uk - Price Waterhouse's Consulting Division



Potential Impact

- Embarrassment
- Pay high price to purchase/recover name
- Legal costs to purchase/recover
- Lost revenue from consumers that can't find you
- Trademark Dilution

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Typosquatting/Website Diversion

Purchasing a domain name that is a variation on a popular domain name with the expectation that the site will get traffic off of the original sight because of a user's misspelling of the name.

www.cheaptickets.com



Potential Impact

- Embarrassment
- Lost revenue due to diverted traffic
- Legal fees to recover name
- Use of name by unhappy consumer of disgruntled employee to "trash" company
- Trademark Dilution

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Cybersmearing

The act of anonymous communication of false information over the Internet, which causes economic damages.

Rampant Corporate Cybersmearing Proving Difficult To Control

Abstracted from: *Corporate Criticism On The Internet: The Fine Line Between Anonymous Speech And Cybersmear*
By: Scot Wilson *Pepperdine University School of Law*
Pepperdine Law Review - Vol. 29, No. 3, Pgs. 533-584

Overview: Notes the difficulties that corporations face in unmasking and suing anonymous cybersmearers. Identifies two privileges for defendants, and suggests alternatives to litigation.

Unmasking the cybersmearer. Corporate cybersmearing—posting untrue, damaging information about a company and its management on the Internet—has become widespread. Scot Wilson reports that anonymous cybersmearers can reach a huge audience and thereby devastate stock prices. Companies have responded with over 100 defamation suits. Since cybersmearers work anonymously, companies try to identify these electronic John Does by subpoenaing the records of Internet service providers, online bulletin boards, and financial chat rooms (which usually require participants to give their true names and e-mail addresses). Defense attorneys argue that a company cannot unmask a John Doe unless the revelation is essential to the case, the company can establish the other elements of a defamation action, and it has

Potential Impact

- Embarrassment
- Damage to Public Image of Company & Executives
- Legal Costs to fight
- Stock Price Decrease
- Trademark Dilution

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Framing

The common practice of displaying multiple web pages within a single Internet browser window. When a web page or site is framed within another web site, its URL or domain name is not displayed. Instead, the URL and web page border from the originally accessed site is maintained, while the content of the target site appears within this border. Further, users are not able to bookmark the target site, as the bookmark will save the URL of the framer.

Potential Impact

- Consumer Confusion
- Loss of revenue
- Potential for Bad Association
- Trademark Dilution

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Phishing

The act of sending an e-mail to a user falsely claiming to be an established legitimate enterprise in an attempt to scam the user into surrendering private information that will be used for identity theft. The e-mail directs the user to visit a website where they are asked to update personal information, such as passwords and credit card, social security, and bank account numbers, that the legitimate organization already has. The website, however, is bogus and set up only to steal the user's information.



Potential Impact

- Loss of Consumer Confidence
- Identity Theft of Customers
- Direct loss of revenue
- Legal Costs to fight
- Significant staff resources to respond to incident
- Trademark Dilution



Parody

A web image that "spoofs" a brand or company website in an attempt to be humorous or offer social commentary on the brand or company.



Potential Impact

- Embarrassment
- Gives an vehicle to start rumors about a company
- Legal fees to fight
- Potential damage to company reputation
- Trademark Dilution



Counterfeiting

The copying of a competitor's well-known products. Some counterfeit products are intended to look as much like the original as possible, including the brand name; others are close, but not exact, copies; still others are cheap and unconvincing imitations.

www.skinceuticals.de



Potential Impact

- Loss of revenue from consumers buying the counterfeit product
- Risk of warranty and lawsuit claims because consumers think they are using the legitimate product
- Health & Safety danger to public
- Potential damage to reputation
- Legal fees to fight
- Trademark Dilution

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Grey-Market Distribution

Unauthorized distribution of legitimate goods usually at below-market prices. Typically legitimate goods "rejected" by the brand holder. Sold to the consumer as "first quality".



Potential Impact

- Potential Damage to reputation of quality
- Lost profits because consumers buy substandard because they think they are getting "first run" at a good price
- Potential health & safety risk to consumers
- Trademark Dilution

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Bad Association

The unauthorized practice of linking to or displaying well-known logos/TMs/Brands on a website with the intent to trick the consumer into believing there is some affiliation with or endorsement by the well-known company of the typically substandard products/services or offensive content displayed on the infringing company's website.

Potential Impact

- Damage to Company reputation
- Legal fees to Fight
- Web traffic you necessary don't want to your site
- Potential Compliance problems
- Trademark Dilution

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Unauthorized Use/Purchase of the Ability to Use TMs in Metatags/Search Engine Keywords

The unauthorized practice of using or purchasing the ability to use trademarks in website metatags and/or search engine keywords to lure website traffic away from the trademark holder and to the unauthorized users website.



Meta Tag Search for: "statefarm"
 Total Hits: 2
 URL: <http://www.statefarminsurance.com>
 Meta Tag "Keywords": - www.statefarminsurance.com
 Meta Tag "Description": - www.statefarminsurance.com
[Close This Window](#)

Potential Impact

- Damage to Company reputation
- Legal fees to Fight
- Web traffic you necessary don't want to your site
- Potential Compliance problems
- Trademark Dilution

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Before Brand Abuse Strikes, do the following:

- Inventory & Audit Your Domains Names & TMs/Brands
- Prioritize Domain Names & TMs/Brands
- Create Response Plan
- Identify Resources to Execute Response Plan
- Communicate Plan to Organization

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Once Brand Abuse Strikes, do the following:

- Preserve/Gather Evidence & Facts
 - Technical task. Include meta information.
- Quantify the Harm or Potential Harm
 - A note about attorney-client privilege
- Use Response Plan to Determine Action/Remedy
- Execute Plan

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Once Brand Abuse Strikes, do the following:

- Response Plan/Escalation Process
 - Publicize and consistently use the Plan
 - Have a centralized organizer, such as E-Commerce or Marketing Division
 - Include appropriate Line of Business
 - All infringements are not equal

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Initial Steps for Determining Appropriate Remedy:

- Determine Type of Abuse
 - Legitimate business
 - Cybersquatter/Phisher
 - Free Speech Advocate

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Potential Remedies:

- Cease & Desist Letter
- File Administrative Proceeding
- File Lawsuit in Court (Civil/Criminal)
- Seek Injunctive Relief
- Site Takedown/Seizure of Goods/Arrests

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Site Takedown

- Take snapshot of website or email
- Contact ISP to shut down site or block mails from address
 - US takes 1-2 days
 - Int'l may take 1-2 weeks
- Subpoena to identify alleged infringer
 - Request clerk of any US District Court to issue a subpoena to ISP to identify alleged infringer

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Cease & Desists Letter

- Typically used for trademark infringement
- Letter from counsel demanding cease and desist from further infringing conduct
- Research before sending if legitimate business – no priority of use
- Follow-up is important – laches defense

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Sample Cease & Desist Letter

BY FEDERAL EXPRESS

[RECIPIENT]
[ADDRESS]
[CITY, STATE, ZIP]
Dear [EXECUTIVE/GENERAL COUNSEL]:

I am writing to you in your capacity as <TITLE> to request that <COMPANY> ("Company") promptly cease and desist from conduct which constitutes serious violations of the valuable rights of <TRADEMARK HOLDER> ("TM"). Specifically, I am writing to you to request that Company immediately (i) cease selling <PRODUCTS> which blatantly and inexcusably infringe upon the trademarks under which TM's <PRODUCTS> are sold, and (ii) agree in writing to refrain in the future from engaging in similar conduct.

As you are undoubtedly aware, since <DATE> TM has been <PROVIDE BACKGROUND FOR USE OF TRADEMARK>

TM recently learned that Company has, without TM's approval, used TM's trademarks on <PRODUCTS> and in advertising and promotional materials. Specifically, TM has learned that Company is using TM's <TRADEMARK> trademarks. As you are well aware, Company does not have permission from TM to use TM's trademarks.

Company's use of TM's <TRADEMARK> trademarks constitutes wrongful actionable conduct that irreparably harms TM, and entitles TM to seek relief under a variety of legal claims, including among others, trademark infringement under the Lanham Act, state statutes and common law.

As you may know, trademark infringement is proscribed by Sections 32 and 43(a) of the Lanham Trademark Act of 1946, a federal statute, as well as numerous state laws. [NOTE: Do not reference federal laws if the marks are not registered.] In the event Company is found in a lawsuit to have violated TM's rights, TM would be entitled to, in addition to other remedies, an injunction against Company's use of the challenged trademarks, as well as damages. Moreover, a finding of a willful violation of TM's rights could entitle TM to recover Company's profits and to recover TM's attorneys' fees.

Accordingly, TM hereby insists that Company, on or before <DATE>, (i) cease and desist from selling <PRODUCTS> which blatantly and inexcusably infringe upon the trademarks under which TM's <PRODUCTS> are sold, and (ii) agree in writing to refrain in the future from engaging in similar conduct.

In the event that Company does not comply, TM reserves all of its rights and remedies, including the right to take any and all necessary steps to protect and vindicate its valuable rights. Should you or your attorney wish to discuss this matter, please feel free to phone me at <TELEPHONE AND E-MAIL>.

Very truly yours,

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UDRP

- Developed by ICANN to resolve disputes between domain name holders and trademark owners - - cyber and typo squatters, but has expanded
- Adopted in October, 1999
- Over 9000 cases
 - 6200+ resulted in transfer of the domain name to the complainant
 - 1468 resolved in favor of the domain name holder
 - 47 resulted in cancellation of the domain name
 - Balance were not decided or are pending

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UDRP (continued)

- Applies to:
 - Original gTLDs (.com, .net, .org)
 - New TLDs (.info, .biz, .coop, .pro, .museum, .aero, .name)
 - Approximately 22 ccTLDs have chosen to adopt the policy

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Cybersquatting

- Bringing a UDRP Dispute
 - Bring complaint to one of ICANN approved providers (WIPO, NAF, CPR Institute for Dispute Resolution, Asian Domain Name Dispute Resolution Centre)
- Complainant must prove:
 - Domain name is identical or confusingly similar to trademark;
 - Domain name owner has no legitimate interest in domain name; **AND**
 - Domain name was registered and is being used in bad faith

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Cybersquatting (continued)

- Bad Faith
 - Register with the intent to sell it to trademark owner
 - Register domain name to prevent trademark owner from registering it (if registrant has a pattern of doing so)
 - Register domain name primarily to disrupt business of competitor
 - Register to confuse consumers and exploit trademark owner's goodwill in trademark

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Cybersquatting (continued)

- Legitimate Interest:
 - Respondent commonly known by domain name
 - Respondent has made prior use of the name in connection with good faith offering of goods and services
 - Respondent is making legitimate non-commercial or fair use of the domain name

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The Expanding Role of the UDRP

- Additional Examples of “Bad Faith”
 - Failure to use domain name at all
 - Advanced Comfort v. Grillo
 - Failure to conduct trademark search prior to registering domain name
 - Kate Spade LLC v. Darmstadter Designs
 - Lack of logical explanation for use of another’s trademark
 - American Red Cross v. Habersham

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Cybersquatting

● Anti-Cybersquatting Consumer Protection Act (15 U.S.C. 1125(d))

■ Liable if:

- Bad faith intent to profit from the mark (includes personal names); **OR**
- Registers, traffics in, or uses
 - Distinctive Marks - identical or confusingly similar
 - Famous Marks - identical or confusingly similar or dilutive
 - Statutory Marks – per se standard

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ACPA

● Bad Faith Factors (non-exhaustive)

- Trademark rights of domain owner
- Domain name owner is known by the domain name
- Prior bona fide use
- Bona fide non-commercial or fair use
- Intent to divert customers
- Attempt to sell or transfer the domain name
- Provision of false registration information
- Pattern of cybersquatting
- Whether mark is distinctive and/or famous

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ACPA vs. UDRP?

- Advantages over the UDRP
 - Monetary damages (including statutory damages of 1,000 USD to 100,000 USD per domain name)
 - Attorneys fees
 - Can proceed in rem against domain name if can't get personal jurisdiction over registrant
- Advantages of UDRP
 - Less expensive to prosecute
 - Faster resolution
 - Does not require U.S. trademark rights

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Litigation

- File civil lawsuit on various theories:
 - Trademark infringement or dilution
 - Unfair competition / false advertising
 - Copyright infringement
 - Defamation
- Seek criminal redress
- Factors in deciding whether to exercise options
 - Cost
 - Legal authority
 - Control
 - International nature

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Civil Litigation

- Federal laws – Lanham Act Sections 32 and 43
- State laws
- Variety of relief
 - TRO / seizure of goods / preliminary injunction
 - Permanent injunction
 - Monetary damages
 - Attorneys fees

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Criminal Prosecution

- Applicable Federal Criminal Laws
 - Identity theft (18 U.S.C. 1028(a)(7))
 - Wire fraud (18 U.S.C. 1343)
 - Credit card or “access device” fraud (18 U.S.C. 1029)
 - Bank fraud (18 U.S.C. 1344)
 - Computer fraud (18 U.S.C. 1030(a)(4))
 - Damage to computer systems and files (18 U.S.C. 1028 (a)(5))
- Proposed Legislation
 - Anti-Phishing Act of 2004 (S.2636)

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Criminal Prosecution (continued)

- **Federal Enforcement Agencies**
 - FBI
 - FTC
 - Internet Fraud Complaint Center (a partnership between FBI and National White Collar Crime Center)
 - Computer Crime and IP section of the DOJ's Criminal Division
 - Secret Service Field offices and Electronic Crimes Task Force
- **State law enforcement support is not as robust**