

Online Brand Enforcement 2017

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Walking the tightrope: harmonising
trademark enforcement and bullying

Remfry & Sagar
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Walking the tightrope: harmonising trademark enforcement and bullying

Authors

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Much as in the case of personal bullying, the stereotypical description of trademark bullying plays on the David and Goliath story, where a bigger entity exploits the hard-earned, carefully nurtured intellectual property of a smaller entity, which usually has few means to defend itself. Of course, this image may be attributed to the nature of the word ‘bullying’, given that the dictionary definition of a ‘bully’ is “one habitually cruel to others who are weaker”. However, under this narrative, several large yet well-intentioned corporations have suffered marketing nightmares.

An example of this scenario is the Monster case. Hansen Beverage Co issued a cease and desist notice to Rock Art Brewery, located in Vermont, United States, to stop using the mark VERMONSTER in relation to alcoholic beverages. According to Hansen, VERMONSTER was too close to its own MONSTER mark, used in relation to energy drinks. In retaliation, Rock Art went public and launched a widespread social media campaign, including posts on Facebook and Twitter, aimed at garnering public support and retweets for its hash tag #MonsterBoycott. Of course, the bully shaming translated into widespread publicity for Rock Art. This act of defiance led to a settlement, with Rock Art continuing to use the VERMONSTER mark.

In the aftermath, in April 2011 the US Department of Commerce – in consultation

with the IP enforcement coordinator and the US Patent and Trademark Office – presented a report to Congress entitled “Trademark Litigation Tactics and Federal Government Services to Protect Trademarks and Prevent Counterfeiting”. This examined the problem of “trademark owners using their trademark rights to harass and intimidate another business beyond what the law might be reasonably interpreted to allow”. This version of the concept of trademark bullying was a far cry from the usual story, putting the issue into perspective by excluding the size of the rival parties’ operations and finances, and factoring in what was permissible by law. Interestingly, the report observed that of the 79 comments received from stakeholders and small businesses, few explicitly addressed whether and to what extent trademark abuse was a significant problem. The report concluded that “it is unclear whether small businesses are disproportionately harmed by enforcement tactics that are based on an unreasonable interpretation of the scope of an owner’s rights”.

Meanwhile, in India, a recycling company stared down its own monsters. A March 29 2013 report in *The Hindu* divulged details of a trademark row between Gap Inc and Delhi-based Green the Gap. Gap, a US-based clothing and accessories company, took issue with the use of the GAP mark by Green, which used junk to create accessories and home decor. In its cease and desist notice

Gap called on Green to change its name and remove any reference to GAP from its website and labels within 14 days, failing which it could expect legal action. However, a month after the notice, Gap informed Green that it could keep the name for registration purposes, although, the word ‘Gap’ had to be removed from the labelling and the website. Green – which was set up by Swechha, a New Delhi environmental non-government organisation which puts profits towards citizenship programmes – was quick to call Gap a trademark bully. Reports on the outcome of the case remain ambiguous, with the latest being that the parties were at the negotiating table. Given the considerable reputation of the GAP trademark, the cease and desist notice issued to Green appears to have a *prima facie* basis, since the issue pertains to the use of an identical mark for identical or similar goods.

Dealing with trademark bullying

While it may be disputed that ‘trademark bullying’ is as widespread as it has been made out to be, it is clearly a tough battle for both parties involved. The victim – typically a small and often a new business – may hesitantly volunteer to fold on receiving a cease and desist notice, given its lack of resources compared to those of most bullies. The negative impact for the victim is the loss of substantial capital invested in popularising the business and its operations, and then further costs of rebranding. On the other hand, the bully faces its own difficulties. Aggressive enforcement comes with a hefty price tag in terms of the costs of monitoring services, which may cover the records of the registrars of trademarks, company names and domain names, as well as attorney charges for cease and desist notices, opposition and litigation actions.

Further, if a bully is defiant on social media, it may also face damage to its most important asset – its reputation. A widespread internet campaign tagging the rights holder can quickly spiral into a PR nightmare. Negative publicity has the propensity to tarnish a brand’s reputation and push consumers away.

So why do bullies bully at their own



While a business in its early stages might find it easier to gain sympathy by crying ‘bully’, the merits of a matter should be considered before stereotyping a certain action under a particular heading

expense? Their motivation may be found in trademark legislation across the world. Typically, rights holders constantly monitor third-party use of identical or deceptively similar trademarks in order to prevent their marks from falling prey to genericide. A mark which is rampantly misused by third parties without interference from the rights holder is often said to be ‘common to trade’, which means it may no longer be capable of receiving protection under the law on account of dilution. Thus, while a business in its early stages might find it easier to gain sympathy by crying ‘bully’, the merits of a matter should be considered before stereotyping a certain action under a particular heading. However, in the case studies cited above, the ‘bully’ tag may just be another cost of enforcement.

Dangers posed by the internet age

A major facet of the growing panic may be the advent of the internet age. Today, as the Internet pervades every aspect of our lives, the real world and the virtual world interact more than ever. While businesses and consumers use this to reach out to each other, the potential for abuse is limitless. Gaining impetus from the anonymity offered by the Internet, unscrupulous profiteers work among honest businesses to derive undue benefit from the misuse of known trademarks to attract unwary customers. Further, it is

common for large and small businesses to promote themselves on social media, which provides endless opportunities to inform and engage customers across multiple platforms. Social media allows brand owners and their customers to have a much more interactive experience, without much enquiry into the business's legitimacy.

With little way of verifying the source of goods online, profiteers cash in on the unlimited reach of the Internet to free ride on the goodwill and reputation of brands, often leaving rights holders with little time to react before the infringer vanishes behind a maze of

IP addresses and usernames. Needless to say, in these circumstances the risk of consumer confusion is significantly heightened, resulting in rights holders adopting an 'all guns blazing' approach to enforcement.

While it is true that a good offence can be the best defence, the offence must still be well thought out. A deciding factor in the adoption of a certain approach towards enforcement is the nature of misuse and operations of a rival entity. Where a rights holder is faced with a third party infringing its rights in the real world, a conventional approach is best. Given the limited action



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In scenarios where the brand owner comes across third-party use, it may be fruitful to engage with the infringer rather than to launch an attack, which could spiral into the infringer adopting a defensive stand

time available in cases of online use by third parties, a conventional approach (eg, sending cease and desist notices, initiating a suit or conducting search and seizure operations) should be carefully considered. However, standing silently by while trademarks rights are diluted is not a viable option for an entity seeking to safeguard its brand equity. Bearing in mind the accessibility offered by the Internet, immediate action must be taken to ensure that damaging content is removed from the Internet. Accordingly, rights holders must pursue alternative avenues to meet their enforcement goals effectively. Thus, where the rival entity largely depends on the Internet for its business, it may be more cost and time effective to address the problem where it exists – that is, online.

Tackling online infringement

Topping the list of online enforcement mechanisms are takedown notices, which are addressed to hosts displaying unlawful content. In this regard, in April 2011 the government notified the Information Technology (Intermediaries Guidelines) Rules, which prescribe guidelines for intermediaries. ‘Intermediaries’ are broadly defined to include internet service providers, web hosts, social networking sites and blogging platforms, which all play an important role in the dissemination of information. A party aggrieved by any unlawful online content can ask the intermediary to take it down. On receiving such a complaint, the intermediary is obliged to remove access to the content within one month. Further, almost all well-established intermediaries have their own

built-in takedown procedures. Often, a rights holder can fill out an online form to draw the intermediary’s attention to IP rights infringement.

Given that trademarks are protected carefully, as they represent the goodwill and reputation garnered by a business, the best option is for the rights holder to find a way to avoid the risk of a negative internet campaign. In an interesting case an Indian rights holder used social shaming as an enforcement tool. In March 2015 Oyo Rooms – an Indian hotel brand that owns, operates and aggregates standardised hotel rooms – used the brand name ‘Stayzilla’ as a Google AdWord. The text of the ad read “Save Money Book Oyo-Rs999 – Why to pay extra in Stayzilla”. As the use of the term ‘Stayzilla’ was part of a Google ad, a search for Stayzilla resulted in the ad being displayed on the search engine’s page. Stayzilla, a direct competitor of Oyo, acted swiftly to combat this clear case of trademark violation. It bombarded Oyo with a series of jokes on Twitter using the hashtag #OyoMama, starting with the message “We’re sending a bunch of #OyoMama jokes today until you stop infringing on our trademark!” Oyo responded by stating that “The issue has now been resolved. You may verify the same. Also, appreciate your help in sending more traffic to our website. :)”. And Stayzilla closed the matter with: “We’re really nice people, @oyorooms – we sent you free traffic ourselves, there was just never any need to steal it off us :)”

Full marks to Stayzilla – in one move, it not only informed the general public that it was vigilant and willing to enforce its brand, thereby creating a deterrent against future third-party

use, but also successfully achieved its goal.

Using social media to enforce trademark rights recognises that much of the rights holder’s commercial success depends on the goodwill and reputation that it has established with its existing and prospective consumer base. Therefore, such measures are effective in implementing the rights holder’s enforcement goals practically, but also in exposing a potential victim’s attempted transgressions against a rights holder at the first available instance.

However, success in this area will largely depend on the existing digital footprint. Further, for an impersonator, there is no bigger deterrent than the presence of the original in the same space. Accordingly, an effective way of limiting the impact of third-party use on social media is to counter it with presence. Rights holders must invest in establishing their presence on social networking sites by being active members. Launching advertising campaigns which both educate consumers about the product or business and engage and interact with the consumer base can be effective, especially when attempting to rally support against third parties. Further, businesses may offer a first release of all social media resources on their official social media pages, thereby ensuring that customers looking for information are no longer encouraged to visit unofficial sources. Regular updates can be an excellent draw for brand-loyal consumers.

Comment

It may be necessary to rethink how we react to third-party use of identical or similar marks. Businesses must make a conscious effort to adopt a tailor-made enforcement

approach for each case. A passive approach may not be suitable if a brand owner is aiming to prevent its mark from dilution; however, a line must be consciously drawn between action and aggression. The trick seems to lie in differentiating between honest businesses and rank infringers. In scenarios where the brand owner comes across third-party use, it may be fruitful to engage with the infringer rather than to launch an attack, which could spiral into the infringer adopting a defensive stand. It is worth investigating the scope and nature of the impugned use and then strategising accordingly. As a rule of thumb, brand owners may adopt a softer approach to a transgression against their IP rights where the offender lacks the intent to offend, but a tougher approach towards rank infringers. While it is not always possible to choose your opponent, you should endeavour to level the playing field. **WTR**



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