

Reproduced with permission from BNA's Patent, Trademark & Copyright Journal, 85 PTCJ 258, 12/14/2012. Copyright © 2012 by The Bureau of National Affairs, Inc. (800-372-1033) <http://www.bna.com>

TRADEMARKS

The author offers tips on trademark enforcement in the social media environment.

How to Enforce Your Trademark Without Being Labeled a 'Trademark Bully'

By JOHN E. PETITE

The Information Age has created new challenges for trademark enforcement. For decades, trademark owners protected their marks, which symbolize and foster a company's reputation and goodwill and thus constitute their most valuable asset, with a standard arsenal of aggressive cease-and-desist letters backed by threats of litigation. After all, the law says a trademark holder must vigilantly police and enforce its mark to preserve its value.

"Mom-and-pop" infringers were the least of the trademark owners' concern, as they often rolled over in the wake of a demand letter trumpeting substantial damages exposure. Now, however, accused infringers have added a new weapon to their arsenals that has radically changed the dynamics of that tried-and-true enforcement strategy.

John E. Petite is an officer in the Litigation Practice Group at Greensfelder, Hemker & Gale, St. Louis, where he represents clients in general commercial litigation, with an emphasis on intellectual property litigation (trademark, copyright, and trade secrets). He may be reached at (314) 516-2698, or jep@greensfelder.com. Ryan J. Yager, an associate at the firm, contributed to this article.

Under the old saw that the best defense is a good offense, accused "little guy" infringers often deploy social media tools as an inexpensive and effective weapon to publicly ridicule the trademark holder's enforcement action as heavy-handed, trampling on the American dream and their noble entrepreneurial spirit. Given the bad press these counter-offensives attract, trademark holders and their counsel should carefully consider how to police their marks to minimize the likelihood of being labeled a trademark bully.

Until recently, trademark enforcement rarely garnered public attention unless it represented a clash of the titans. Now, enforcement actions directed at individuals and small businesses are landing on the front pages, as those accused infringers increasingly utilize social networks and mainstream media coverage to cry foul.

Deep Pockets vs. Little Guy.

Their goal: generate national headlines or viral internet campaigns painting the trademark holder as a deep-pocketed bully using threats of litigation to extract unfair settlements from the "little guy." Such media attention has the potential to cause a devastating public relations fallout for the trademark owner's brand value and reputation, fallout that defeats the very purpose of trademark enforcement and may pressure trademark holders to back down from their claims.

For instance, the owner of the "Monster" energy drink trademark, Hansen Beverage Co., recently took action to stop a small Vermont brewery, Rock Art Brewery, from using the name "Vermonster" on one of its specialty beers. After receiving a cease-and-desist letter, Rock Art turned to social media to publicize what it perceived to be corporate bullying and rally support for a Monster boycott.

A Facebook group dedicated to the cause reached almost 10,000 members, Twitter supporters began a hashtag campaign using #boycottmonster and #monsterboycott, and Rock Art created a YouTube video explaining its plight. Rock Art's efforts received significant media attention, including coverage by MSNBC,

eventually prompting some small businesses to pull Monster energy drinks from their shelves.

Once the press decides to cover the enforcement action, it is difficult if not impossible to explain why it was necessary. Indeed, Hansen claimed in its cease-and-desist letter that use of Vermonster not only confused customers, but also diluted the famous Monstermark.

It is simply unreasonable, however, to expect the press to understand that dilution of a famous mark (i.e., marks so distinctive and widely recognizable that they rise to the level of household names) can occur even when there is no competition between the goods promoted under the marks and consumer confusion is unlikely. Even were the press to grasp that legal nicety, it will inevitably be lost on the public, which is unlikely to appreciate the nuances of trademark law, and to understand why enforcement may be necessary in a seeming David versus Goliath scenario.

Before Hansen could even argue the merits of its claims and defend its enforcement action, the negative publicity continued to harm the goodwill associated with the Monster mark, prompting Hansen to settle and allow Rock Art to continue using Vermonster as it had before. Consequently, Hansen's enforcement action for its Monster mark, designed to preserve goodwill, actually diminished it.

Dilemma Facing Trademark Holder.

Trademark holders are thus in a difficult position. Diligent enforcement is critical for holders of both non-famous marks and famous marks to retain their rights. Yet policing at the outer edges of trademark rights increases the risk that an accused infringer will embark on a campaign to shame the trademark holder. Ultimately, then, trademark holders must enforce their trademark rights in a way calculated to minimize the risk of negative publicity and avoid counterproductive enforcement actions.

That calculus must now start with a more exacting consideration of whether enforcement is even necessary at all. In the past, the owner always erred on the side of enforcement, as the risk of doing nothing invariably outweighed the potential perils of enforcement. Under the "new normal," however, holders of non-famous and famous marks alike must now avoid the "knee jerk" reaction in favor of a more discriminating approach.

Owners of non-famous marks must coldly analyze all factors considered in a classic infringement claim to test the strength of their position. Is the resemblance to your mark slight? Are the goods sold under the conflicting mark only remotely related to your core business? Is the market for the infringer's goods small? If you answer yes to these questions, think hard before proceeding, as you do so at your own peril. And although holders of famous marks must be more aggressive, and cannot ignore non-competitive uses, they must carefully weigh the possible risk of public backlash against the reward of enforcement.

A Measured Approach.

If you decide to press forward, you must next consider alternatives to the standard cease-and-desist letter. For instance, McDonald's Corp. created a public outcry when it sought to prevent a teenager from calling her charity event "McFest." Instead of the typical

cease-and-desist approach that inevitably generated a negative public reaction, a proactive effort to settle the matter immediately, perhaps with a token charitable contribution, could have suited McDonald's' interests, protected its trademark rights, and avoided the negative publicity altogether.

When cease-and-desist letters are unavoidable, trademark holders should consider their tone and content with a layperson's lens. Although the traditional strong language outlining the serious consequences of the infringer's actions is sometimes still appropriate, harsh language directed at a sympathetic small business infringer may backfire. An even-handed and courteous explanation of why you believe your trademark is being infringed can work just as well, if not better. Moreover, if the accused infringer turns to social media, the cease-and-desist language will likely be made public.

The U.S. Olympic Committee found this out when it sent an aggressive cease-and-desist letter to a social group for trademark infringement. Even though it successfully stopped the infringement, the USOC received a flood of angry emails and letters and was forced to publicly apologize—twice! Using a more conciliatory tone can thus pay huge dividends if the letter is featured in a social media campaign about, or conventional media coverage of, your enforcement efforts.

In fact, trademark holders should consider using the cease-and-desist letter to explain politely how infringement hurts the trademark holder and why they must take action. Jack Daniel Distillery did just that when it sent Patrick Wensink, author of *Broken Piano for President*, a cease-and-desist letter regarding the book's cover art that resembled the Jack Daniel's label. Jack Daniel explained: "If we allow uses like this one, we run the very real risk that our trademark will be weakened. As a fan of the brand, I'm sure that is not something you intended or would want to see happen."

Wensink agreed to change the cover art when the book was reprinted. Because an infringer may not initially comprehend how a non-confusing slogan could still negatively impact the trademark holder, a polite explanation may help the infringer—and the public—understand the ramifications and dissuade someone from maligning your company.

Finally, consider whether you can depart from the standard approach of demanding that the accused infringer immediately destroy all materials containing the infringing mark. This would impose a huge loss on small business owners and may encourage them to take their case straight to the court of public opinion where your demands will be perceived as unduly harsh. Instead, it may make more sense to offer the infringer at the outset a generous phaseout of the infringing mark in exchange for a promise to stop using the conflicting marks thereafter. Even a lengthy phaseout can still protect your trademark rights. Not only is this more likely to result in compliance, but it is also more likely to avoid being pinned with a scarlet letter in the public stocks.

The best approach for preserving and protecting trademark rights while avoiding negative publicity must be tailored to each specific situation. In today's unique climate, trademark holders must tread more carefully, ever mindful not to destroy the very thing that trademarks are meant to preserve: a company's reputation and goodwill.