

United States

When it comes to enforcing their rights in the United States, mark owners can choose between a vast array of tools, including arbitration, litigation and anti-counterfeiting actions

Trademarks, which represent the goodwill earned in a brand and the associated products or services, can be a repository of significant value and competitive advantage for a company, especially in an increasingly crowded marketplace. To allow infringement to proceed unchecked can cause immediate diminishment of a trademark's value as the mark loses its distinctiveness and reduces the likelihood of halting later infringements. US trademark owners can employ a diverse array of tools to protect and enforce their marks. This review provides a high-level overview of options and best practices for enforcing US trademark rights.

Initial monitoring and investigation

Owners of valuable US trademarks need to recognize that vigilant enforcement is an ongoing responsibility – failure to do so can lead to loss of trademark rights under US law. Watch services are available to monitor trademark and domain name registers, the Internet (including sites such as eBay) and the marketplace for potential infringements.

A problematic use can arise in several situations. The clearest cases are those in which a competitor is using the same mark on the same goods and services. Other less obvious examples include:

- use of a mark that is similar, but not identical, to the senior mark for the same or similar goods or services in the same or similar channels of trade;
- use of an identical or similar mark in connection with a different product or service, but where that product or service is related in some way or could be an area for natural expansion;
- use of an identical or similar mark in different channels of trade where the senior mark is famous, such that the junior use diminishes the distinctive value of the senior mark, even if there is no likelihood of confusion;

- carry-over use of a mark by former licensees or franchisees;
- comparative use of trademarks (eg, “compare to XYZ perfume”);
- counterfeit use (ie, attempting to pass off fake goods as originals);
- grey market use (ie, selling original goods outside the scope of a permissible use or licence); and
- reverse passing off, which includes stripping off the marks of a product and selling the latter in either an unbranded state or with a replacement mark.

As these examples suggest, there are myriad ways in which trademark infringement in the United States can occur.

Once a potential infringement has been identified, enforcement should always begin with thorough research and analysis. It is important to conduct research – with an investigator and trademark search company if necessary – to determine whether the suspected use predates the trademark owner's use. While perhaps obvious, it is a common trap for the unwary simply to send a cease and desist letter upon discovering a potential infringement, only to find out that the other party's use began before your use – thus, drawing a cease and desist letter in response and jeopardizing your rights. Thorough research will also include determining:

- the basis for your ownership of the mark and the strength of that mark (including whether other third-party uses have been permitted without action);
- the scope of the suspected infringement;
- the damage caused by the infringement;
- the need for urgent relief (if any);
- the channels of trade (advertising, marketing and distribution in particular) used to promote and sell the product;
- any history of communication between the companies as to the suspected infringement or previous uses;
- any relevant previous legal proceedings launched by or against your adversary; and
- the resources of your adversary (how vested is it in protecting its use?).

Cease and desist letters

With the investigation and research completed, enforcement in the United States typically begins with a cease and desist letter to your adversary. Except in extreme cases – typically involving counterfeiting – courts expect parties to attempt amicable resolution of their trademark grievances before turning to the court. It is useful to consider whether this letter should come from a business person as opposed to an in-house or outside counsel. Previous history with the adversary, the urgency of the matter and the tactical considerations of how aggressive the letter should be perceived can guide this determination. It is important to understand your objective in sending such a letter. A letter may be intended, for example:

- to set up inevitable litigation;
- to gather facts;
- to start a dialogue;
- to facilitate the phasing out of the challenged mark; or
- simply to put your adversary on notice and let it know that it is being monitored.

In drafting the letter, due regard should be given to avoid language that could trigger a declaratory judgment action in an undesirable forum.

Alternatives to litigation

If your adversary does not cease using the mark or take other requested action, you will need to consider enforcement. There are a number of vehicles you can use short of litigation in state or federal court, which often are quicker and less expensive.

If the infringing use is in the form of a domain name, one alternative is Uniform Domain Name Dispute Resolution Policy (UDRP) arbitration under the auspices of the Internet Corporation for Assigned Names and Numbers. However, avoidance of litigation in UDRP proceedings is not guaranteed in the United States. Under the Anti-cybersquatting Consumer Protection Act and the Lanham Act (the US trademark statute), a civil action challenging a domain name directly or a UDRP determination is available (15 USC § 1114(2)(D)(v)) (see for

example *Sallen v Corinthians Licenciamentos LTDA* (273 F3d 14 (1st Cir 2001)).

If your adversary has filed an application to obtain a federal registration of a mark, administrative opposition action before the US Patent and Trademark Office (USPTO) is often possible, with a cancellation action available for a registration. These proceedings allow some – limited – discovery and are typically quicker and more cost-effective than litigation in court. As a practical matter, winning an opposition before the USPTO may avoid litigation.

Moreover, as is true in other countries, mediation, arbitration and other forms of alternative dispute resolution are available under US law. Additionally, various online auction sites have policing programmes, such as eBay's Verified Rights Owner programme, where online IP law objections to auctions can be made.

Litigation

The Lanham Act is the primary method of enforcement for both registered and unregistered US trademarks, since the Lanham Act offers significant protection for unregistered trademarks and trade dress (*Two Pesos Inc v Taco Cabana Inc* (505 US 763, 767-768 (1992))). Remedies available under the act include:

- injunctive relief;
- defendant's profits or other damages;
- an order for destruction of the infringing goods; and
- in some circumstances, an award of attorneys' fees.

Actions under the Lanham Act – typically, in federal court – are expensive and time consuming, and strategies on venue, jurisdiction and other litigation-focused issues need to be carefully considered. If the challenged infringement is relatively recent and sufficient urgency can be established, mark owners should consider interlocutory injunctive relief in the form of a temporary restraining order and/or a preliminary injunction. These interim remedies are where most trademark cases are resolved. The parties often have a sense of how the court will rule after such proceedings, making continued litigation less desirable and useful.

Common law and state law trademark claims are not pre-empted by the Lanham Act and are often wisely brought in conjunction with Lanham Act claims. Though common law and state law claims will not necessarily provide for nationwide enforcement available under the Lanham Act, they can offer supplemental protection.



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Clark Lackert has written extensively on enforcement and anti-counterfeiting issues in journals such as the *Columbia Business Law Review* and *National Law Journal*. He has also lectured on these topics at law schools such as Yale and New York University, as well as at professional meetings. Mr Lackert is consistently ranked as one of the world's leading trademark lawyers.



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Anti-counterfeiting actions

Unlike Section 43(a) of the Lanham Act, counterfeiting provisions of the Lanham Act and the Stop Counterfeiting in Manufactured Goods Act (Counterfeiting Act) require that the mark at issue be registered and used in connection with the goods or services classified under the mark. However, the Counterfeiting Act makes counterfeiting a federal crime punishable by fine, imprisonment, forfeiture and restitution (15 USCA § 1127; 18 USC §§ 2320, 2323).

Under the Counterfeiting Act even a first-time individual offender intentionally engaged in trafficking or attempting to traffic goods and services known to be counterfeit is subject to a fine of up to \$2 million and imprisonment for up to 10 years. Recognizing that simple damages are unlikely to deter counterfeiters, the Lanham Act punishes those who intentionally sell or offer to sell goods or services that are known to be counterfeit with significant damages – treble profits or damages, plus reasonable attorneys' fees – payable to the mark owner. Individual states also have anti-counterfeiting statutes.

Customs and border protection

Perhaps the best defensive measure that a US trademark holder can take is to record all registered trademarks on the Principal Register with Customs and Border Protection (CBP). Recordation requires, among other statutorily enumerated factors, the filing of a written application and payment of a \$190 fee per mark, per class, for each recordation sought (19 CFR § 133.1 *et seq*).

Counterfeit goods in violation of a trademark recorded with CBP are subject to seizure, forfeiture and destruction. Goods merely infringing a trademark recorded with CBP are held for 30 days, during which time the importer may try to avoid seizure by establishing an infringement exception (19 CFR 133.22(c)). Conversely, trademarked goods that have not been recorded with CBP are not a priority and imports that are merely confusingly similar to goods with unrecorded trademarks are neither detained nor seized.

Conclusion

Against this backdrop, enforcement of US trademark law requires fact-specific understanding of the claims available and laws at issue. US trademark owners must understand the costs and benefits of these options before undertaking any particular course of enforcement. [WTR](#)