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TRADEMARK TALK

Bully for who?

Ronald Coleman, author of the popular trademark blog LIKELIHOOD OF CONFUSION®, considers trademark bullying

Is there anything worse than a “bully”?

Maybe not, but a close second may be the misuse of loaded terms – such as “bully,” “racist,” etc. – to avoid reasoned consideration of substantive issues. In fact, there really is a trademark bullying problem in US law and practice. But discussion will not be fruitful, and solutions will not be found, unless we define our terms. We need to separate bullying, a real issue for which there are solutions, from rational and fair enforcement of *bona fide* rights that can exist even where big firms employ “disproportionate force” to achieve their aims.

The bullying question comes up for intellectual property law practitioners in light of the recent request from the US Patent and Trademark Office (PTO) for comments from practicing trademark attorneys, owners, and others about their experiences with litigation tactics spurred by a legislative mandate that the Secretary of Commerce study, report and make recommendations to the Senate and House Judiciary Committees on:

- The extent to which small businesses may be harmed by litigation tactics by corporations attempting to enforce trademark rights beyond a reasonable interpretation of the scope of the rights granted to the trademark owner; and
- The best use of Federal Government services to protect trademarks and prevent counterfeiting.

The term “trademark bullying” was not coined by the PTO, but it was given official status when the PTO effectuated this legislative instruction and incorporated the term in both the text and title of a new web page on its site, found at http://www.uspto.gov/trademarks/bullies_survey.jsp.

Big versus small

No one should seriously question that “corporations” (a truly sloppy choice of

words hardly befitting Congress, considering that corporations can be tiny and massive businesses can take other forms) can and leverage their profound imbalances in financial and institutional resources to smother legitimate rights of smaller firms – competitors or otherwise – to use what are, in the abstract, legally permissible terms and images.

Recent examples of actions largely described as trademark bullying via litigation include:

US beer giant Anheuser-Busch’s actions against a small New England company for selling a brand of beer called “Vermonster” – purportedly as an infringement of the former’s MONSTER® brand energy drink;

Intel Corporation’s dragnet of litigation against any company incorporating the now widely used English word “intel” (short for “intelligence” or “intelligent”) in a domain name, regardless of competitive proximity to Intel’s computer chip products protected by the INTEL® mark; and

Pillsbury’s steamrolling of a local bakery going by the name “My Dough Girl” over a purported likelihood of confusion with Pillsbury DOUGH BOY®, the ticklish, pudgy marketing mascot of the provider of consumer “easy baking” cookie and biscuit preparations.

In each of these cases, a company with essentially limitless resources has asserted legally dubious trademark claims against firms with no hope, on their own, of fighting back on the merits. Are these really cases of trademark bullying?

Rooting for the underdog

We Americans like to say that we “always root for the underdog” – a demonstrably false assertion in the first place but particularly ironic considering how much of the world looks at America. In fact, in our more thoughtful moments, we will acknowledge, or even assert in our own defence, the axiom that “the underdog” is not always in the right. Though

there are philosophies and creeds that assert the contrary, most of us can acknowledge that being strong is not inherently a moral deficiency. Nor is being weak a dispensation for wrongdoing. This is true whether the “weak” side is personified by Saddam Hussein or, on a less dramatic level, a pesky domain-name squatter.

Thus a bully is not merely a strong party that asserts a claim against a weaker one. If it were so, almost every dispute would involve a so-called bully, rendering the term meaningless. Moreover, stakeholders in any endeavour with the most to protect as well as the most exposed flanks would be bullies *per se* (quite how Americans often do seem to be viewed in international affairs!).

Rather, however, a bully is defined as one who is “habitually cruel to others who are weaker”. The concept of a “trademark bully,” therefore, can only be meaningful if it implicates the use, in the context of a legal dispute, of superior resources in a way that is offensive to the rules and mores of the regime in which disputants operate. Legal systems in enlightened societies, after all, exist to provide for resolution of disputes. Parties with threatened interests must and will devote and employ a level of resources in protecting them that is commensurate with the investment such parties have in those assets. When describing such a calculus in terms of intellectual property assets, this refers of course to the concept – dubious or exalted, depending on your perspective – of “brand equity.”

Reasonable measures

First, some sympathy for the devil. Lawyers for big companies, whether in-house or outside, used to have it easy when tasked with “routine” trademark enforcement. They represented brands typically of universal renown protected by trademarks that are legally invulnerable. Few interlopers on their IP turf could seriously withstand their efforts.

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Thus their clients expected that whatever could not be achieved by transmission of a stern cease and desist demand on high-rag-content stationery would almost certainly come about after a recalcitrant defendant experienced the special pleasure of personal service of a summons and complaint bearing the name and address of the United States District Court.

The world has changed markedly from the one depicted in this picture, and it has done so in the space of less than 15 years. Today those "C&Ds" are typically delivered by email, in no small part because the physical location of the recipient is unknown or unknowable. But the effect of such a transmission – if its PDF attachment does not send it into the addressee's spam folder – is in many cases seriously reduced from the one described above. The eventual reader of this email may or may not read the language in which it has been written, or care to. He may or may not be amenable, either legally or practically, to legally cognisable service of process. His operations may, unlike the bricks-and-mortar-bound flea-market or car-boot vendor of the past, be completely immune from even the effects of a severe injunction issued on his default. And if this would-be defendant is annoyed and savvy enough, he may by way of reaction unleash on the client an internet-based pushback, entirely extra-judicial and perhaps even unlawful, that could far outstrip the magnitude and significance of the original infringement.

Thus for all our hand-wringing over asymmetry in legal disputes, we must keep in mind that in two out of the three examples of supposed trademark bullying set out above, even absent many of the more nefarious elements in the last paragraph (in which some defendants were all domestic, above-ground and legally compliant), the "bullies" were to some extent repulsed. Mega-brewer Anheuser-Busch, faced with the fury of an underdog-loving internet, backed off from its threats against Vermonster, described in an October 2009 article in *Atlantic Monthly* entitled, "In Beer Battle, Internet Beats Goliath." Similarly, while Intel Corporation continues its mop-up operations against pockets of resistance to its legally "no quarter" policy on domain names using the word "intel," it recently dropped one such case brought in California that received some internet attention when *pro bono* legal assistance brought the company to the

brink of an unfavourable published opinion that could scotch its entire enforcement campaign.

The real bullies

Yet there are real bullies, real abuses of the system, exactly as the economic theory of "rent seeking" predicts there would be. The problem is well understood by consideration of one of the best-known trademarks in the US, and one deserving of great protection: SUPER BOWL®, the name of the annual championship game in the National Football League (NFL). Like all IP owners holding premium "brand equity," the NFL has in place an "enforcement programme" designed not only to protect its legitimate rights, but to establish a buffer zone of illegitimate, intimidation-based quasi-rights that have a very real effect because it is never economically rational to test them in court. Such a buffer zone establishes a zone of litigation-based (not legal-based, litigation-based) early warning triggers around the real rights, such that any purported infringer of the trademark – even a party making a protected fair use of the SUPER BOWL® mark – would have to traverse the hopelessly expensive no-man's land of illegitimate litigation threats to establish his defense.

In the case of SUPER BOWL®, the seasonal aspect of the trademark use, along with the timing of the litigation and preliminary injunction processes in US courts, makes the NFL's enforcement programme a perfect storm for those who would dare make any reference in advertising or promotion to an event, party or product that happens to coincide with the Super Bowl broadcast. Automatically claiming that any such reference, notwithstanding the privilege of fair use, constitutes an infringement or dilution of the NFL mark – for it may, notwithstanding the factual unlikelihood of the claim, supposedly be mistaken for an "endorsement" or "sponsorship" of a local barbecue, bake sale or tavern happy-hour – the NFL brandishes cease-and-desist letters and the threat of crippling emergency injunctions against all comers. And in this particular case, any attempted fair use would only be worthwhile shortly before and not a second after the time of the Super Bowl itself. Thus the NFL can be sure that its legal efforts, threatened or real, will make any contemplated challenge legally and commercially moot. Moreover, under the American rule – notwithstanding a virtually moribund fee-shifting provision in the Lanham

Act awarding fees to successful defendants in "exceptional cases" – the NFL's "cost of doing business" invested in this campaign is safely budgeted.

In this example, the NFL is truly a trademark bully, and not because its opponents are "weak" – rather, because no company can justify defending the cost of defending a fair use of the SUPER BOWL® mark. From the NFL's perspective, the worst thing that could happen if someone were to test the league's resolve to litigate over SUPER BOWL® is that the NFL would lose the case on the merits. Such a result would occur months or years or more after the "big game" is over and the contemplated use irrelevant. And it would come at the sole expense of a challenger that could never financially justify the marketing "up side" of using the mark as offset against the massive legal fees and costs even of winning, much less the potentially ruinous costs of losing such a litigation.

Highlighted by the timing issue, the NFL's SUPER BOWL® campaign epitomises trademark bullying that is less visible in other contexts, but no less real. And the league's strategy, which is completely rational given the structure of the legal regime in which the NFL is operating, not only deprives the public of its statutory and constitutional right of fair use, it also has the even more insidious effect of actually causing an expansion of the original right itself. This process actually enhances the perceived "untouchability" of the real trademark, ie, its isolation in the market, thereby guaranteeing the future results of consumer surveys and other indices of goodwill (including, of course, the claim that mark holder "vigorously enforces" its rights) that could be used in a future trademark infringement or dilution claim.

Bloodless, passionless, indeed almost victimless, the NFL's corporate brand-protection programme is still bullying, and it works even against companies bigger and richer than the football league. It deprives the public of its right to act and do commerce in what may be a *bona fide* manner by making enforcement of that right defensively prohibitively expensive and senseless. This is the bullying that epitomises much of what is wrong with US trademark law today, and by just as coldly dissecting its elements – without reference to sympathetic "underdogs" and evil "corporations" – the US PTO could have much to report and recommend to Congress.