



CASE STUDY:

# MANAGING INFRINGEMENT: MAKING THE CASE FOR VIGILANCE

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According to figures published by the Trademark Trial and Appeal Board (TTAB), trademark opposition and cancellation filings rose 4.4% and 13.8%, respectively, in 2014. In addition, there were over 17,000 requests to extend the time to oppose. Clearly, brand owners are taking seriously the potential commercial threat posed by trademark infringement.

That threat has never been greater. The continued expansion of the Internet and the globalization of markets have dramatically multiplied the opportunities for individuals and commercial entities to infringe—knowingly or unknowingly—on existing brands. It's also multiplied the complexity of policing one's brands, according to James Weinberger, a New York, New York attorney specializing in trademark litigation and protection.

"The proliferation of potential problems is very challenging for a lot of clients," Weinberger says, noting that pursuing every single instance of potential infringement would be cost-prohibitive for most brand owners. The key, he says, is to distinguish the genuine threats to one's brand and to respond appropriately.

But what constitutes a potential threat to your brand? What strategies can you employ to safeguard your brand's integrity and equity? In this paper, we explore three real-world cases of infringement and how attorney Weinberger and his clients responded—successfully.

## PROGRESSIVE INFRINGEMENT: ATHLETA AND ATHLETICA

Just because a potentially infringing trademark isn't impacting your business today doesn't mean it won't tomorrow. Weinberger points to the case of Fross Zelnick's client Athleta, a women's yoga and exercise clothing brand and subsidiary of The Gap. Another company selling gym wear online had years before it registered the domain name "Athletica.net"—closely similar to Athleta. Over time, the appearance of the other company's website and its product mix starting becoming similar to those of Athleta.

Eventually, Athletica started moving up in the Google results for searches of Athleta, posing the threat that it could potentially take commercial traffic away. Weinberger says he engaged the competitor and tried to negotiate an agreement but was unsuccessful.

"Then our client started receiving calls to their customer service line from consumers complaining that they were trying to use coupons on their website and the codes weren't working," Weinberger recalls. "When they investigated, they discovered these were coupons for Athletica, not Athleta. The moment the competitor's coupon campaign reached broader public awareness, people immediately thought it was from Athleta."

Taking the case to court, Weinberger and Athleta faced a daunting challenge: Why was a 10-year-old domain name suddenly a problem? "We were able to successfully convince the judge that this was a progressive encroachment," he explains. "We argued that the demarcation point was when this became confusing for the public. That's when the clock should start ticking. The court agreed with us, ordering emergency relief. The case ultimately reached an amicable settlement."



### ABOUT THE EXPERT

#### JAMES D. WEINBERGER

is a litigation partner at Fross Zelnick Lehrman & Zissu, P.C. in New York, New York specializing in copyright, trademark and trade dress infringement. In addition to federal and state court litigation, his expertise includes copyright and trademark clearance, enforcement strategy, execution, and portfolio management, as well as negotiating and drafting trademark and copyright licenses, coexistence, and settlement agreements. Weinberger counsels clients across a broad range of industries and has represented well-known brands in a variety of infringement cases, including two of those featured in this paper.

<sup>1</sup> Hastings J., 2013 Trademark Opposition and Cancellation Statistics, Trademark Opposition Lawyer [http://www.trademarklitigationguide.com/2013-trademark-opposition-and-cancellation-statistics/]



### SUDDEN ENCROACHMENT: KRAFT FOODS AND CRACKER BARREL

Sometimes, a change in business strategy can suddenly present a threat. Another Fross Zelnick client, Kraft Foods, is well known for its Cracker Barrel brand of cheese. Another prominent brand, Cracker Barrel Restaurants, shared the same name but didn't pose a threat of infringement, as it was in a different business. Then the restaurant chain embarked on a strategy to market food products in stores under the Cracker Barrel brand. Kraft took the case to court, arguing encroachment.

"Once consumers are exposed to these products nationally, they would assume a relationship between the two Cracker Barrel products," Weinberger notes, adding that Kraft was successful in arguing that this was going to create a reputational problem. He says the growth in licensed, branded products only increases the risk of such an encroachment.

Weinberger says these successful cases involving progressive encroachment should be a comfort for brand owners faced with hundreds of potential infringements. "You don't have to knock them all out of the box in the first instance," he says. "It's not a good idea to sit and do nothing. But the courts recognize that you can't do everything all the time against everybody—and that something may be on one side of the line one day and on another side the next day."

### BRAND CONFUSION: FRANK SINATRA AND FRANKS ANATRA

Does it ever make sense to pursue a case that doesn't present an obvious commercial threat to your brand? Weinberger says yes, pointing to a case involving his client, Frank Sinatra Enterprises, which owns the licensing rights to the famous singer's name and likeness. It started when he received a watch notice for a trademark application for "Franks Anatra," a small, mobile hot dog catering company in Michigan.

"This was not a commercial problem for our client; it was a single location in a remote part of the country. Had he not filed an application, I'm not sure it ever would have come on to our radar screen," Weinberger recalls. "But it was too close for comfort. It was a case that we felt had to be dealt with."

Weinberger and the client filed an opposition with the Trademark Trial and Appeal Board (TTAB).

"There are many advantages to this approach as compared to litigation, including lower cost and lower burdens in terms of discovery," he notes, adding that the client prevailed.

"This decision has proven valuable to our client as a deterrent," he says. "When you're doing routine enforcement and you can show that you have a decision by the USPTO that says 'you can't do that,' it has a lot of impact. It sends a message that you're out there enforcing your brand, which helps protect against future problems."



## BEST PRACTICES TO CONSIDER

Weinberger emphasizes that there's no magic formula and approaches will vary depending on the brand, the industry and the specific circumstances. However, he points to a few strategies to keep in mind when assessing or responding to potential infringements:

**Choose your battles**—Addressing the challenge of infringement means striking a balance, Weinberger says. "There's a lot of material online that appears to be an infringement. But there aren't enough trademark lawyers or hours in the day to go after every one. And there's a lot of case law that essentially says you have no obligation to go after everybody." On the other hand, it's important to take reasonable measures to safeguard your brands. "If you don't mind the store with respect to policing your marks, it could really impact your ability to go after someone in the commercial context further down the road." Infringements with a clear commercial impact—affecting sales or involving counterfeit products—demand a rapid and strong response. But, as the Athleta story illustrates, situations can change, so being vigilant is important.

**Be consistent**—Weinberger says consistency matters in your approach to policing your mark. "If a serious commercial problem does come up, you don't want the other party to say 'Why did you ignore the other 20 infringers and I'm now suddenly the problem?'" That can be a very powerful defense in court," Weinberger says. "You should be able to say 'these are the types of things I police.' You should be making a record of potential infringements and asking yourself, if it was bigger would I be able to stop it? That's the kind of thing you have to be thinking about day-to-day or as you review watch notices."

**Use a watching service**—Given the complexity of today's global marketplace, monitoring potential infringements is extremely challenging. Weinberger says a professional trademark watching service can be a valuable tool. "Budget permitting, I would always advise using a watching service," he says. "Watching the trademark register lets you find out about things that are going to happen before they happen. We are able to see IPUs before they are filed and can catch potential problems early. If you're not watching, you miss the opportunity to deal with something before it becomes substantial, as opposed to after it launches."

Summing up, Weinberger says vigilance and knowledge are the keys to protecting trademarks (and brands) effectively and efficiently.

"Make sure you have your ear to the ground and listening for the right things," he counsels. "Many of our clients provide training for their internal marketing and design people about what is and is not protected by a trademark, copyright or patent. Educated clients are happiest with their legal services because they're only coming to us with the right kind of problems, which lead to good results."

## ABOUT THOMSON COMPUMARK

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