

# Defending Knock-Offs: Head-to-head With Brand Names in Trademark, Copyright, and Internet Marketing



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Name Brands are beset by knock-offs. Rolex®, Hermes®, David Yurman®, Cartier® and many other brand names are the subjects of imitation, internet commerce, street corner commerce, and knock-off chic. Given five- and ten-fold price differentials, this is hardly surprising. Equally understandably, the Name Brands are not amused. Fighting swarms of imitators is a war that can never be totally won, and bears the risk of battles lost.

While the Name Brand battleground is copyright and trademark, the Name Brands are advantaged by both money for litigation, and a common presumption that Name Brands are in the right. In asymmetric war, however, the superpower does not necessarily prevail.

## TRADEMARKS IN THE ETHER:

Internet commerce, a world of incredible breadth, is useless without search functions. Search terms, including trademarks, are required points of entry. Name Brands want advertisements and sites for their goods to appear prominently in search results when a trademark is searched. Sellers of knock-offs want the same. Of course, as the knock-offs are not the proprietors of the marks, knock-off usage runs to "Name Brand-inspired," "Name Brand-like" or "compare our prices to Name Brand."

In internet searching, the use of a trademark as a metatag<sup>1</sup> has generally been held to be an improper use. This, however, may be no more than an historic foot note since searching protocols no longer rely on metatags. Current search engines read pages for content and typography. Leading engines look for words and evaluate search terms by the number of occurrences, nearby terms, prominence of display, and more. The fact that a search term is a trademark does not alter this.

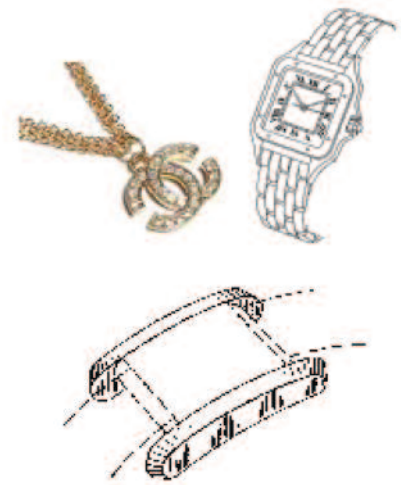
In practice, knock-off vendors must take pains to avoid consumer confusion. The test for infringement is "likelihood of confusion." And lack of confusion is a sound defense. Beyond clear use of the qualifying language, a specific disclaimer that THIS SITE DOES NOT SELL ACTUAL BRAND NAME ANYTHING is also advisable. It seems to work. Do imitation "Rolex®" sellers experience returns from customers *shocked, shocked*, to find that the \$50 watches were not genuine Rolex® watches?

Searching via trademark is an area where the boundaries of trademark protection have not been fully defined. To favorably skew search results, on-line retailers load their site with references to a particular brand name, placing it often enough and prominently enough to be listed earlier in any search result. An on-line vendor may

"purchase" a trademark from the search engine provider such as Google. A Google search will then key the vendor's site to appear when the trademark is searched. This is not improper – unless the use is a trademark *use*.

A recent New York federal court decision, held that the use of a trademark by an internet seller who had "purchased" the trademark as a search term was not an infringing "use." Merck & Co. v. MediPlan Health Consulting Inc. 431 F.Supp.2d 425, 80 USPQ2d 1540 (SDNY 2006). The federal court in Minnesota held otherwise. Edina Realty, Inc. v. TheMLSONline.com, 80 USPQ2d 1039 (D. Minn. 2006). While the law is unsettled, the wind is blowing for Google.

Some fortunate Name Brands have goods that are also registered trademarks or trade dress. Examples of this are the Chanel® "CC" logo and Cartier® watches styles.



For imitators, copying jewelry embodying these trademarks poses the problem of trademark infringement, and indeed, exposure to counterfeiting charges.

Of course, the validity or applicability of a trademark that comprises goods may be challenged. Philippe Charriol International, Ltd holds U.S. Reg. 1,584,554 for bracelets; chains, jewelry and chokers. The mark consists of a metallic nautical rope design as an integral feature of the goods.



When Charriol asserted this mark against Nieman Marcus and others selling bracelets of this design, it was soundly rebuffed. "That a 'metallic nautical rope

design as an integral feature of the goods' could be a trademark to identify the source of bracelets, earrings and the like staggers the imagination." Neiman Marcus Group Inc. v. Philippe Charriol International Ltd., 56 USPQ2d 1975, 1977 (SDNY 2000). Even more vulnerable is a claim to trade dress infringement of a line of Name Brand goods. See, Yurman Design v PAJ, Inc., 62 F3d 101 (2d Cir. 2001). While the Name Brand proprietors of these items are often in an enviable position, obtaining registered trademarks in product shapes is not a given. It requires the difficult showing of secondary meaning (*i.e.*, significant public recognition through long use and exposure in the marketplace).

### COPYRIGHTS ON GOODS:

Along with trademarks, copyright registration offers Name Brands protection — where obtainable. Unfortunately for Name Brands, branded goods tend to be utilitarian, *e.g.*, jewelry or fashion accessories (as opposed to art objects). Copyright registrations are difficult to obtain on utilitarian items. In addition, registrations, if obtained, are narrowly construed. While some jewelry merits copyright registration, most does not. Given a registration, the knock-off game plan is to offer non-identical versions designed as closely as is permissible, and to duplicate those with questionable copyrights.

In resolving a copyright infringement dispute, it is important to focus on the copyright deposit — the illustration sent in with the copyright application. Rather frequently the illustration, *as deposited*, will be inadequate for litigation. In some instances the deposit is a poor quality photocopy of a photograph. In other instances, the deposit will differ from the production item. The issues in dispute should be limited to exactly what is shown in the deposit.

To achieve copyright registration, Name Brand strategy includes applying to the Copyright Office with, perhaps, 20 or more items appearing in a single deposit. The Name Brand hope is to obtain a *collective* registration for the entire assemblage. With such a copyright, the Name Brand may threaten suit for infringement on one or two of the several pictured items. While the Name Brand copyright holder would have it that each pictured item is entitled to copyright, this may not be so.

Defeating a shaky copyright is problematic, but not impossible. Plan B is to find a professor of something to opine that the work does not rise to the minimum level of creativity to support a copyright. While a registered copyright has a presumption of validity, expert testimony showing that the disputed items were nearly identical to earlier items has been held to rebut the presumption. Walker & Zanger, Inc. v Paragon Industries, Inc., 2006 WL 3490975 (NDCa 2006)

Plan A is to have the knock-off manufacturer file for copyright registration on each knock-off piece in dispute — and, one hopes, have the application rejected by the Copyright Office. The idea is that if copyright registration is refused as to the accused item, such refusal is strong evidence that the copyright on the Name Brand item is not viable (or that the items are distinct).

Name Brands are not oblivious to the danger. With judicious posturing as to imminent copyright rejection, a knock-off vendor may obtain a quick and favorable settlement. After all, the upshot of a rejected copyright registration is — arguably — open season on the rejected item. Here, the Name Brand has far more to lose. With these givens, a Name Brand might not wish to roll the dice.



David Yurman



Great torc, Snettisham, U.K. 75 B.C.

In the above example, the piece on the right is an ancient bracelet. The designer piece on the left is an interpretation of the same elements. Copyright in this item will be vulnerable. Three Boys Music Corp. v Bolton, 212 F3d 477, 489 (9th Cir. 2000) (copyright requires more than “merely trivial” variation); *see also*, Yurman Design v PAJ, Inc., 62 F3d 101 (2d Cir. 2001) (copyright limited to the ways the designer recast and arranged constituent elements).

Of course, no matter how confident the Name Brand is of infringement, or the knock-off seller of non-infringement, putting trademarks and copyrights to the test is not for the uninitiated. The cost of litigation (or even an exchange of nastygrams between opposing counsel) escalates the cost of doing business for both parties. The preferred outcome is *détente*. This will be a resolution that permits business to proceed for *both* parties. Resolution will recognize that, while Name Brands do not have infinite latitude within which to negotiate, some range of knock-offs are permissible and unavoidable.

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### ENDNOTE

1. Metatags are words that provide information about a given webpage, most often to help search engines categorize them correctly, but are not visible to a user looking at the site.