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TRADEMARKS

The 2015 *Lenz* ruling required companies to consider fair use before submitting takedown notices for copyright infringement. Josh Partington from Harness Dickey argues that prudence requires trademark holders to do the same, even if the law doesn't, yet.

The Impact of *Lenz* and Fair Use on Online Trademark Enforcement



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The Ninth Circuit recently held in *Lenz v. Universal Music Corp.*¹ that the Digital Millennium Copyright Act (“DMCA”) requires copyright holders to evaluate fair use before sending a takedown notice. While there is no trademark equivalent to the DMCA, trademark owners still send many takedown notices to e-commerce platforms and social media sites. Each site

¹ *Lenz v. Universal Music Corp.*, 801 F.3d 1126 (9th Cir. 2015).

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has their own unique trademark policy, but they all have an interest in protecting their users from overreach by intellectual property rights holders. The push back from web companies, courts, and third party advocates signals that trademark owners should learn from *Lenz* and at least consider fair use.

Trademark registration is prima facie evidence of validity, ownership, and the exclusive right to use the mark in connection with the goods and services listed in the registration.² While these rights are significant, like most rights they have their limitations. One such limitation is the concept of fair use.

Fair use can be broadly thought of as a limitation on trademark rights in the name of protecting free speech rights. Courts have tried to balance trademark rights and claims of fair use in a number of different ways. The popular *Rogers* test looks at whether the use of a mark has any “artistic relevance” and if it does, does it “explicitly mislead as to the source or the content of the work.”³ Nominative fair use protects using a trademark to refer to the actual goods or services of the mark owner.⁴ More recently, parody has become a popular defense to infringement, with mixed results.⁵

As Professor McCarthy, possibly the preeminent trademark scholar, recognizes, these “balancing tests are not predictable in result.”⁶ Even when acting in good faith, both the trademark owner and the website

² 15 U.S.C. § 1057(b).

³ *Rogers v. Grimaldi*, 875 F.2d 994, 999 (2^d Cir. 1989).

⁴ See *New Kids on the Block v. News America Publishing, Inc.*, 971 F.2d 302, 306 (9th Cir. 1992).

⁵ *Louis Vuitton Malletier, SA v. My Other Bag, Inc.*, 14-cv-3419 (S.D.N.Y. 2016), declining to follow *Louis Vuitton Malletier, SA v. Hyundai Motor America*, 10-cv-1611 (S.D.N.Y. 2012).

⁶ 6-31 J. Thomas McCarthy, *McCarthy on Trademarks and Unfair Competition*, § 31:139, p. 31-139 (Thomson Reuters, Rel. 73, 3/2015).

receiving the takedown request must make a subjective determination on whether a given use is fair. And even assuming good faith, in-house attorneys at major brands and their outside counsel have a bias in favor of protecting marks, while a social media company might have a bias in favor of its users.

The Trademark Act shields fair uses such as comparative advertising, parody, and criticism from dilution claims,⁷ but it does not provide such fair use specifics in the likelihood of confusion arena. Web companies are left to balance the fear of liability with protecting their users and in doing so they have created varying trademark policies. These policies detail the mechanisms by which trademark owners can report trademark issues, but they also speak to how the websites handle situations where the mark owner's claim is in question.

Facebook: "If the content is removed based on United States trademark rights, [the user] will also be able to contact Facebook directly if they believe the content should not have been removed. Our team will review their submission, and if we determine that the content should not have been removed, we will restore it and notify you [the mark owner] that we have restored that content."⁸

Twitter: "Using another's trademark in a way that has nothing to do with the product or service for which the trademark was granted is not a violation of Twitter's trademark policy."⁹

Pinterest: "If you [the user] get a Trademark Complaint notification from us, you may contest it by emailing trademark@pinterest.com and letting us know why you think the complaint is invalid."¹⁰

Instagram: "If the content is removed based on United States trademark rights, you [the user] will also be able to contact Instagram directly if you believe the content should not have been removed. In that event, we'll include instructions for how to contact us in the warning message we send you. Our team will review your submission, and if we determine that your content should not have been removed, we will restore it and notify the reporting party that we have restored that content."¹¹

Of course the social media companies would prefer these disputes be handled between their users and the mark owner without their involvement, but at some point the social media company must take action to avoid being dragged into court itself.

The social media companies and the owners of major brands are the repeat players in this battle, but third parties have now entered the fray in the name of defending civil liberties on the Internet. While the web companies themselves are already incentivized to protect their users, there are also incentives to get along with major brand owners. After all, advertising is a ma-

ior revenue stream for web companies and major brand owners represent potential customers.

Third party advocates seek to protect Internet users from overreaching claims by IP rights holders without regard for the feelings of famous trademark owners. Beyond defending their client's interests, these advocates are interested in protecting freedom of expression on the web. At times, this may take on an anti-IP bent.

The Electronic Frontier Foundation, which according to its website is the "leading nonprofit organization defending civil liberties in the digital world,"¹² has provided legal assistance to recipients of cease-and-desist ("C&D") letters connected to online activity. In an article discussing what they saw as trademark bullying they articulated their position thusly, "[m]indless over-enforcement is unnecessary, burdensome, and feeds a censorship culture. It has to stop."¹³

The Lumen database, formerly known as Chilling Effects, collects and catalogues C&D letters and takedown notices sent to it by the recipients of such IP enforcement. A recent visit to the database showed 15,043 trademark related entries.¹⁴ The database can be searched for all of the letters and notices sent by a particular mark owner, providing a more in-depth portrayal of a company's IP enforcement than looking at a single letter or notice would.

In addition to these resources, more and more of those who feel unfairly targeted by IP rights holders are reaching out to the press. A BuzzFeed article, cited by Time magazine, described Taylor Swift's trademark enforcement actions against Etsy sellers and quoted angry fans extensively. One fan noted that, "[o]bviously an artist has a right to their art and people should respect that. But at the same time most people, like us, are trying to be respectful and contribute to the excitement that the artist brings into our lives. When that is taken away, it leaves us with a bitter taste in our mouths."¹⁵ The article noted that, "[s]tars issuing trademark takedowns is becoming quite a trend."¹⁶

After the performance of a backup dancer dressed as a shark became the latest trending topic on the Internet, Katy Perry's efforts to enforce trademark rights in a "left shark" mark also received significant media attention, even going so far as to report on the status of her trademark application. "A trademark examiner quashed attempts to register a design for the shark, which became an Internet sensation after the singer's

¹² Electronic Frontier Foundation, *About EFF*, <https://www.eff.org/about> (last visited Feb. 29, 2016).

¹³ Corynne McSherry, *Shedding a Little Sunlight On a Trademark Bully*, Electronic Frontier Foundation, Sept. 30, 2014, available at <https://www.eff.org/deeplinks/2014/09/shedding-little-sunlight-trademark-bully>.

¹⁴ Lumen database search, https://lumendatabase.org/notices/search?utf8=%E2%9C%93&topic_facet=Trademark&topics=&topics-require-all=true (last visited Feb. 29, 2016).

¹⁵ Patrick Smith, *Taylor Swift's Lawyers Threatened Etsy Sellers In Trademark Dispute*, BuzzFeed News, Feb. 6, 2015, available at http://www.buzzfeed.com/patricksmith/taylor-swifts-lawyers-have-threatened-etsy-sellers?bftw&utm_term=.doa18r6MX#.qaErpv1Rm; cited by Victor Luckerson, *Why Taylor Swift Is Going to War With Twee Retailer Etsy*, Time, Feb. 6, 2015, available at <http://time.com/3698790/why-taylor-swift-is-going-to-war-with-twee-retailer-etsy/>.

¹⁶ *Id.*

⁷ 15 U.S.C. § 1125(c)(3)(A).

⁸ Facebook, *Reporting Trademark Infringements*, <https://www.facebook.com/help/440684869305015> (last visited Feb. 29, 2016).

⁹ Twitter, *Trademark policy*, <https://support.twitter.com/articles/18367#> (last visited Feb. 29, 2016).

¹⁰ Pinterest, *Trademark*, <https://about.pinterest.com/en/trademark> (last visited Feb. 29, 2016).

¹¹ Instagram, *What happens if I receive a warning for violating someone else's trademark rights?*, <https://help.instagram.com/502205773161542?ref=related> (last visited Feb. 29, 2016).

Super Bowl performance in February.’¹⁷ The letters between Perry’s attorney and the attorney representing the recipient of those letters made their way around the Internet as well.¹⁸ Scenarios like these illustrate how a C&D letter or takedown notice can quickly go viral and be re-posted broadly across social media, as well as reach more traditional media websites.

One of the purposes of trademark enforcement is protecting a brand’s reputation with consumers, but if the enforcement action itself damages that public reputation then brand owners may need to rethink their strategy. Making a mountain out of a mole hill, or the “Streisand effect”¹⁹ as it is known on the Internet, is not good legal strategy, but failing to police your mark is no strategy at all. As even a fan hurt by the receipt of a takedown notice can recognize, mark owners have a right to protect their IP. While this notion is broadly accepted by society in general, specific instances of IP enforcement can still be seen as bullying and generate significant negative attention.

Another recent legal development has further raised the risk in making a potentially over-reaching trademark claim. The Supreme Court’s 2014 ruling in *Octane Fitness*²⁰ made it easier for the target of a patent lawsuit to get attorney’s fees where the plaintiff’s claim was sufficiently weak. That ruling in the patent sphere is

¹⁷ Jacob Pramuk, *Katy Perry ‘Left Shark’ design trademark rejected*, CNBC, April 23, 2015, available at <http://www.cnn.com/2015/04/23/katy-perry-left-shark-design-trademark-rejected.html>, citing Eriq Gardner, *Katy Perry’s ‘Left Shark’ Design Rejected By Trademark Examiner*, The Hollywood Reporter, April 21, 2015, available at <http://www.hollywoodreporter.com/thr-esq/katy-perrys-left-shark-design-790542>.

¹⁸ Mike Masnick, *Left Shark Bites Back: 3D Printer Sculptor Hires Lawyer To Respond To Katy Perry’s Bogus Takedown*, TechDirt, Feb. 9, 2015, available at <https://www.techdirt.com/articles/20150209/11373729960/left-shark-bites-back-3d-printer-sculptor-hires-lawyer-to-respond-to-katy-perrys-bogus-takedown.shtml>.

¹⁹ Wikipedia, *Streisand effect*, https://en.wikipedia.org/wiki/Streisand_effect (last visited Feb. 29, 2016).

²⁰ *Octane Fitness, LLC v. ICON Health & Fitness, Inc.*, 134 S. Ct. 1749 (2014).

now making its way to trademark claims. “[F]ederal courts are slowly but surely extending [the *Octane Fitness* ruling] to Lanham Act cases, making it much riskier to bring questionable trademark claims.”²¹

The requirement to consider fair use in the *Lenz* decision came from a specific provision in the DMCA that doesn’t have an obvious analogue in the Trademark Act.²² So what should trademark owners take from this decision and the other developments discussed above? The admonition to consider fair use makes sense in trademark matters as well. While it might not necessarily put you on par with the “nicest cease-and-desist order of all time,”²³ mentioning fair use in C&D letters and takedown notices when the situation warrants it could help address concerns about potential negative media attention, judicial scrutiny and those of web companies looking to protect their users.

This is not to say that all C&D letters and takedown notices should start discussing fair use. A clear cut infringement is still just that and a strongly worded letter is warranted. But for cases in the gray area, such discussion may persuade the reader that the mark owner has genuinely considered fair use and still reasonably believes that there is an infringement.

Trademark law does not require a consideration of fair use before sending a letter or notice. But by proactively looking at fair use, mark holders may better sway web companies to respond to takedown requests, decrease accusations of trademark bullying, and weaken any motion for attorney’s fees by the other side should the matter end up in court. Considering fair use can be a step towards the law’s reasonable person ideal, and in so doing, trademark holders can increase the effectiveness of their enforcement, while also decreasing risk.

²¹ Bill Donahue, *A Year Later, Octane Is Taking Hold In Trademark Law*, Law 360, April 9, 2015, available at <http://www.law360.com/articles/640921/a-year-later-octane-is-taking-hold-in-trademark-law>.

²² *Lenz* at 1132.

²³ Charlie Minato, *Jack Daniels Wrote What Has To Be The Nicest Cease-And-Desist Order Of All Time*, Business Insider, July 23, 2012, available at <http://www.businessinsider.com/jack-daniels-wrote-what-has-to-be-the-nicest-cease-and-desist-order-of-all-time-2012-7>.