
COVID-19: How It Is Impacting Trademarks and How Brand Owners Can Respond

Association of Corporate Counsel – National Capital Region
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What Does a Trademark Do?

- Identifies source or origin
- Shorthand for consumers
- Carries goodwill of brand, company



COVID-19 Impact: **Federal Courts**

Federal court closures and delays

Remote court proceedings and depositions

COVID-19 Impact: E.D. Va. General Orders

April 15, 2020: All civil and criminal in-person proceedings . . . through June 10, 2020, with the exception of critical or emergency proceedings, are POSTPONED . . .

May 26, 2020: . . . in-person proceedings . . . may resume on June 11, 2020 . . . includ[ing] civil and criminal bench trials . . . [W]ill continue to use video- and tele-conferencing to the greatest extent possible . . . [jury trials remained suspended; but criminal jury trials resumed in September 2020]

November 16, 2020: All criminal jury trials . . . are temporarily suspended, with criminal jury trials to resume on January 19, 2021.

Courts Less Receptive to Trademark Enforcement?

Art Ask Agency v. The Individuals, Corporations, Limited Liability Companies, Partnerships, and Unincorporated Associations Identified on Schedule A Hereto, Case No. 1:20-cv-01666 (N.D. Ill. _____, 2020)

- Art Ask Agency sought TRO against unidentified defendants selling counterfeit products.
- Court postponed TRO hearing for several weeks due to COVID-19 concerns.
- Art Ask Agency filed motion for reconsideration of Court's scheduling order -- irreparable injury.
- Court denied motion for reconsideration: "If there's ever a time when emergency motions should be limited to genuine emergencies, now's the time."

Courts Accepting of Quick Jury Deliberations?

ABKCO Music Inc. v. Sagan, No. 1:15-cv-04025 (S.D.N.Y. Nov. 13, 2020)

- Plaintiff music publishers obtained verdict of copyright infringement from district judge in case involving 200 musical works.
- Jury trial on willfulness/damages began March 2, 2020.
- March 12, 2020 - Juror concern about pace of trial in light of pandemic: “We have been coming here for two weeks, all of us in this room. We have been exposing ourselves. Whether we know it or not, it’s happening. And, quite frankly, this matter doesn’t seem all that important compared to lives at stake.”
- Jury verdict later that afternoon, after deliberating less than 1 hour: \$189,500 in statutory damages.
- Plaintiffs requested new trial on damages: “jury was unable to reasonably deliberate in light of the worsening COVID-19 pandemic.”
- Court found jury deliberations and verdict appropriate.

COVID-19 Impact on PTO

- **PTO closed to public but still operating:** PTO closed to public since March 16, 2020, but PTO operations have continued and trademark have not generally been extended.
- **CARES Act extensions for cause:** Under § 12004(a) of Coronavirus Aid, Relief, and Economic Security Act (CARES Act), Pub.L. 116-136 (Mar. 27, 2020), PTO extended certain trademark deadlines/payments that fell between March 27, 2020 and May 31, 2020 until June 1, 2020. To get extension, had to show that COVID-19 interfered with timely filing/payment.

- **Expedited examination for COVID-19 related trademark applications:** Applicants can petition for expedited examination of applications to register marks for qualifying COVID-19 medical-related goods and services (June 12, 2020 PTO Notice).
- **Trademark fee increases delayed:** The first increases in trademark fees since 2017 had been slated to go into effect in August 2020, but were delayed due to COVID-19, economic uncertainty, and stakeholder feedback. The trademark fee increases will now take effect in January 2021.

Applications To Register COVID and CORONAVIRUS Marks

Hundreds of applications for COVID and CORONAVIRUS related marks pending at PTO

COVID-19 VIRUS FREE GUARANTEED for clothing, knick knacks, souvenirs, and fancy goods (Ser. No. 90053657):



Applications To Register COVID and CORONAVIRUS Marks

COVIDFREE

COVID PRO QUO

CATS AGAINST COVID-19

COVID-19 SURVIVOR

CLASS OF COVID-19

FXCK CORONAVIRUS

I MISS SOCIAL DISTANCING

SOCIAL DISTANCING. THE
GAME.

Applications To Register COVID and CORONAVIRUS Marks

- “Gold rush” for COVID-related marks?
- Trademark trolls?
- Most applications will be rejected:
 - Lack of bona fide intent to use in commerce?
 - Merely descriptive?
 - Ornamental?
 - Failure to function?

Abandonment?

Trademark rights can be lost through abandonment

- Nonuse + intent not to resume use
 - Lanham Act, 15 U.S.C. § 1127
- 3 years' nonuse – presumption of abandonment

COVID-19 disruption to businesses and lines of goods and services

“[E]xcusable or justifiable non-continuous use, discontinued use, or temporary abandonment does not destroy *per se* a registrant’s right to use a mark or claim ownership of the mark.” *Brittingham v. Jenkins*, 914 F.2d 447 (4th Cir. 1990).

Illness, acts of God, and other events outside the owner’s control. *In re New England Mut. Life Ins. Co.*, 33 U.S.P.Q.2d 1532 (Com’r Pat. & Tm. 1991).

Temporary nonuse of trademark due to COVID-19 is likely excusable nonuse.

Trademark owner must explain how COVID-19 affected its business and trademark use (illness, government-mandated closure, etc.), and describe plans and timeline to resume use. McCarthy on Trademarks and Unfair Competition § 17:16.

Excusable nonuse may prevent abandonment, but may delay trademark's becoming "incontestable" Lanham Act, 15 U.S.C. § 1065.

Bankruptcies and Liquidations

Several retailers and other businesses filing for bankruptcy, liquidating.

- Brooks Brothers, Barneys New York, J. Crew, Neiman Marcus, Sur La Table, Pier 1, Aeropostale, Nine West

Trademarks may be more valuable than tangible assets (facilities, store fixtures, land, inventory)

Counterfeiting and Other Infringement

Exacerbated by COVID-19 Pandemic?

U.S. Customs

- Confiscated fake COVID-19 testing equipment from United Kingdom.

FDA

- More than 1100 “fraudulent and unproven medical products related to Covid-19”
- 120 warning letters to sellers, 230 reports to online marketplaces, 270+ complaints to domain registrars

Combating Counterfeiting and Infringement

- Register trademarks – PTO, foreign registries
- Recordation with U.S. Customs and Border Protection
 - Seizure of infringing goods
- Brand registry accounts
 - Amazon, eBay, Alibaba
- Watching services
 - Trademark registries, domain names, online
- Enforcement through infringement litigation

American Red Cross Response

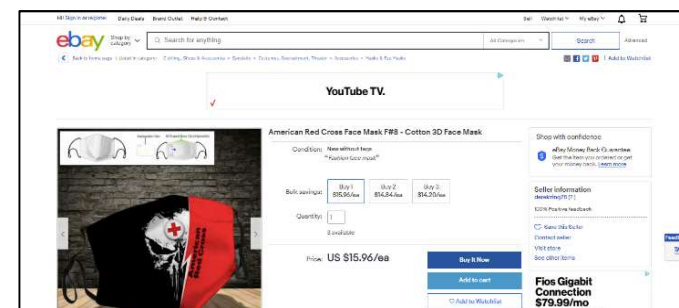
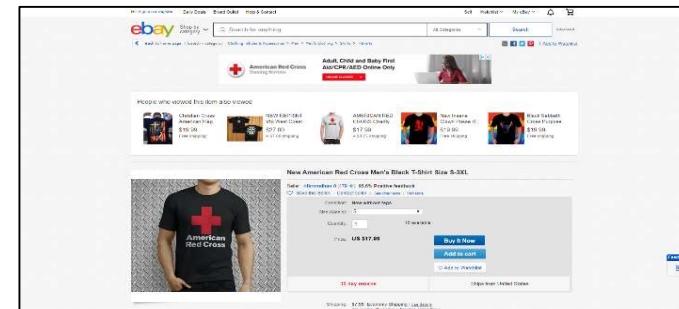
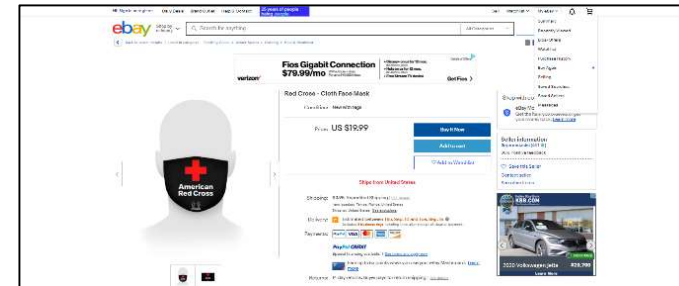
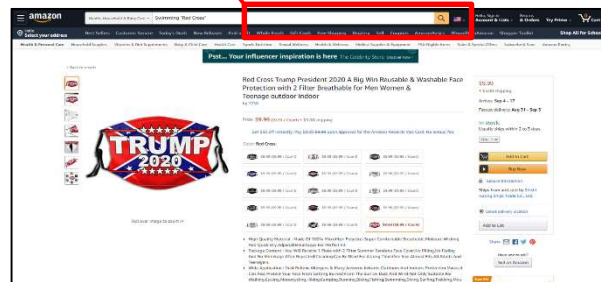
- Counterfeit products
- Domain name registrations
- Fraudulent fundraising and phishing scams
- Social media platforms
- Trademark registrations misusing the Red Cross emblem and other confusing logos adopted by not-for-profit organizations/campaigns

Red Cross Response: Counterfeit Products

From July 2019 to August 2020, 806 items were taken down

- 668 items taken down through our new Volunteer IP Investigator Program & Reporting App

Red Cross Trump President 2020 A Big Win Reusable & Washable Face Protection with 2 Filter Breathable for Men Women & Teenage outdoor Indoor



Red Cross Response: Volunteer IP Investigator Program & Reporting App

OGC's brand protection team collaborated with the International Humanitarian Law (IHL) department to create a new brand enforcement program utilizing a dedicated team of IHL volunteers to help identify and tackle misuse of the Red Cross name and emblem in Amazon and eBay marketplace platforms.

Designed around takedown processes required by each of those platforms.

Designed to meet legal obligations of reporting trademark infringement.

26 participating volunteers trained as investigators with 6 additionally trained as leads.

Roles for investigators and leads

- Investigators search Amazon and eBay marketplace platforms doing the intake of counterfeit products
- Leads prepare submission of infringement complaints to Amazon and eBay with OGC review and approval.

The top screenshot displays the main dashboard of the 'Emblem Misuse Investigations' Power App. It features a purple header bar with the title 'Power Apps | Emblem Misuse Investigations' and a green 'LP' status indicator. The main content area is titled 'American Red Cross Misuse Reporting' and contains five blue buttons: 'Investigators', 'Team Leads', 'OGC', 'Monitor Takedown Submissions', and 'Reports'.

The bottom screenshot shows the 'Investigator Input Form' within the same app. It includes several input fields and instructions: 'Investigator's Name' (with a sub-note 'First name and last initial'), 'Select Team' (a dropdown menu), 'ASIN/ISBN-10 or eBay Item Number' (with a sub-note 'Must be unique number. If the number has already been entered it will not save. Click cancel and enter a new item'), 'Item Type (Optional for investigators to complete)' (a dropdown menu), 'URL' (with a sub-note 'Click Link icon and enter website URL'), and 'Attach screenshot of webpage' (with a sub-note 'There is nothing attached. Attach file' and a note 'Photo files only (.jpg or .png)').

Red Cross Response: Domain Names

From March 2020 to August 2020, domain enforcement notices sent against 217 newly registered domains with compliance in 75 instances to date

Representative examples:

- americanredcross.co
- americanredcrossassociation.com
- americanredcrossassociation.org
- americanredcrossblood.com
- americanredcrosslearningcenter.com
- buckeyeredcross.org
- coronavirus-redcross.org
- covid-19redcross.org
- newjerseyredcross.com
- ourredcross.org
- rainier-redcross.org
- recdcross.org
- recrossblood.com
- redcossblood.com
- redcrissblood.org

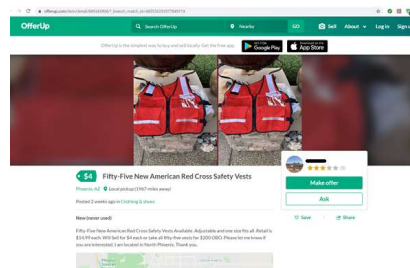
Representative examples:

- redcroossblood.org
- redcrosablood.org
- redcrossalcoast.org
- redcrossbloo.org
- redcrossblooddonation.org
- redcrosscampaign.org
- redcrosscny.org
- red-crosscourier.com
- redcross-diplomaticdelivery.org
- redcrossservice.com
- redcrossexpresscourier.xyz
- redcrossexpresslogistics.com
- redcrossfirstaidkits.com
- redcrossgiveblood.com
- redcrosslearingcenter.org
- redcrosslearninf.com
- redcrosslearnngcenter.org
- redcrosslood.org
- redcrossmask.com

Red Cross Response: Social Media Platforms

Takedown of 55 disaster volunteer vests made for sale on Nextdoor and OfferUp platforms

Removal of counterfeit advertisements on Facebook and false or outdated American Red Cross affiliations in Facebook user profiles

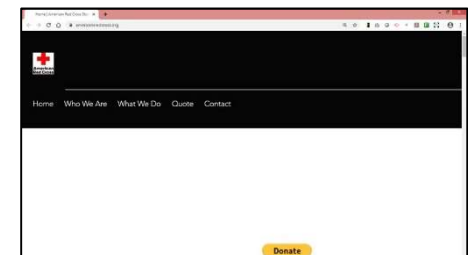
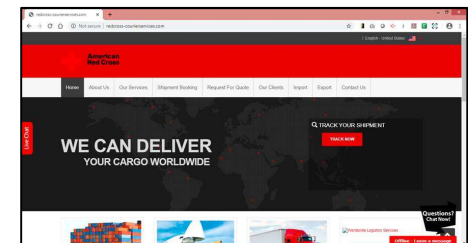
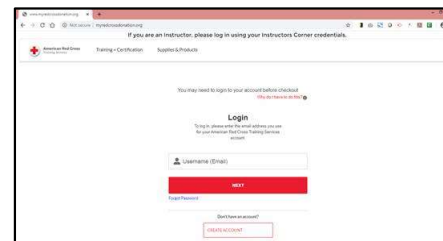


Red Cross Response: Fraudulent Fundraising and Phishing Scams

From July 2019 to August 2020, rapid takedown of 11 domains actively engaging in fraud.

Representative examples:

- T-shirt sale campaign by Noah Clothing LLC/Dover Street Market International
- americansredcross.org
- myredcrossdonation.org
- redcrossdonations.com
- redcross-courierservices.com



Red Cross Response: Trademarks Misusing Red Cross Emblem and Other Confusing Logos

HUNTON
ANDREWS KURTH

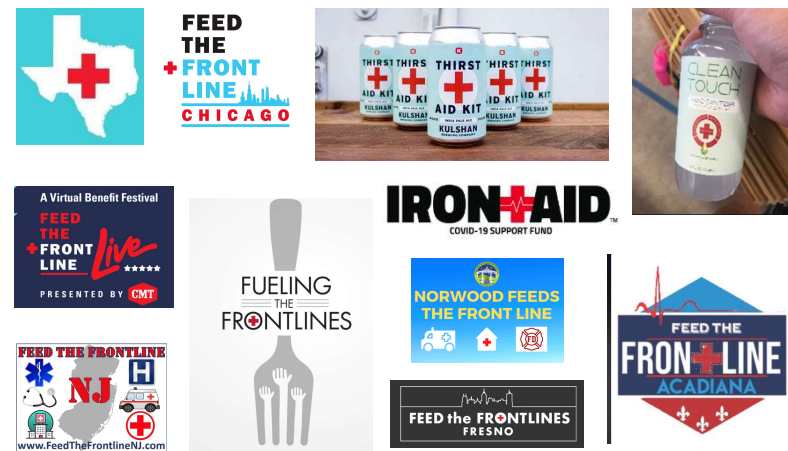
From July 2019 to August 2020, initiated cease and desist objections in 85 third-party trademark applications to the U.S. Patent and Trademark Office

- 23 cease and desist objections initiated since March 2020



From July 2019 to August 2020, initiated cease and desist objections where confusing logos utilizing the Red Cross emblem were adopted by 55 organizations

- 13 cease and desist objections initiated since March 2020



3M's Enforcement Through Trademark Infringement Litigation: N95 Respirator

Understanding the Difference		
	 Surgical Mask	 N95 Respirator
Testing and Approval	Cleared by the U.S. Food and Drug Administration (FDA)	Evaluated, tested, and approved by NIOSH as per the requirements in 42 CFR Part 84
Intended Use and Purpose	Fluid resistant and provides the wearer protection against large droplets, splashes, or sprays of bodily or other hazardous fluids. Protects the patient from the wearer's respiratory emissions.	Reduces wearer's exposure to particles including small particle aerosols and large droplets (only non-oil aerosols).
Face Seal Fit	Loose-fitting	Tight-fitting
Fit Testing Requirement	No	Yes
User Seal Check Requirement	No	Yes. Required each time the respirator is donned (put on)
Filtration	Does NOT provide the wearer with a reliable level of protection from inhaling smaller airborne particles and is not considered respiratory protection	Filters out at least 95% of airborne particles including large and small particles
Leakage	Leakage occurs around the edge of the mask when user inhales	When properly fitted and donned, minimal leakage occurs around edges of the respirator when user inhales
Use Limitations	Disposable. Discard after each patient encounter.	Ideally should be discarded after each patient encounter and after aerosol-generating procedures. It should also be discarded when it becomes damaged or deformed; no longer forms an effective seal to the face; becomes wet or visibly dirty; breathing becomes difficult; or if it becomes contaminated with blood, respiratory or nasal secretions, or other bodily fluids from patients.



Centers for Disease Control and Prevention
National Institute for Occupational Safety and Health

N95

Non-oily particles 95%

3M's N95 Respirators

“the gold standard”



COVID-19 Spikes N95 Demand

Federal, state, local, and foreign governments

April 2, 2020 Presidential Memorandum: The Secretary [of Homeland Security], through the Administrator of the Federal Emergency Management Agency . . . shall use any and all authority available under the [Defense Production] Act [of 1950] to acquire, from any appropriate subsidiary or affiliate of **3M Company**, the number of N-95 respirators that the Administrator determines to be appropriate.

3M Criticized for Its Response

President Trump: “We hit 3M hard today after seeing what they were doing with their Masks.”

Jared Moskowitz (Fla. Director of Emergency Mgmt): “Hi [@3M](#). I’m your new Troll. . . . Please send us N95 masks directly to our hospitals, first responders and the state. How many brokers and distributors do we have to negotiate with only to find empty warehouses?”

Mark Cuban: “3M lists all its distributors online, the ones buying and selling these things, and these distributors are making as much money as they possibly can. . . . It's wrong, it's criminal.”

- Narrower trademark infringement:
 - consumer confusion related to third parties' marketing of 3M N95 respirators
 - government entities
- Broader harm to reputation/goodwill:
 - 3M not making sufficient N95 respirators available in U.S.
 - 3M “profiting” from pandemic

3M's Response: Non-litigation

- Cooperating with federal and state governments to combat price gouging, counterfeiting, and fraud.
- Posting list prices for common 3M N95 respirators sold in U.S.
- Offering tips to avoid fraudulent offers and counterfeit products.
- Providing fraud hotline numbers.

- 18 lawsuits
- 8 temporary restraining orders
- 5 preliminary injunctions
- 30+ law firms in 3M's Preferred Counsel Network

3M Litigation: Claims for Relief

1. Federal trademark infringement (Lanham Act § 32(1))
 2. Federal unfair competition (Lanham Act § 43(a))
 3. Federal trademark dilution (Lanham Act § 43(c))
 4. Federal false advertising (Lanham Act § 43(a)(1)(B))
 5. State deceptive acts and practices (N.Y. Gen. Bus. Law § 349)
 6. State false advertising (N.Y. Gen. Bus. Law § 350)
 7. State trademark dilution (N.Y. Gen. Bus. Law § 360-l)
 8. Common law trademark infringement (N.Y. common law)
 9. Common law unfair competition (N.Y. common law)
- 3M Co. v. Performance Supply, LLC*, Case 1:20-cv-02949-LAP, Compl. ¶ 41 (S.D.N.Y. Apr. 10, 2020).

“Defendant’s rampant use the 3M Marks throughout the Formal Quote, combined with the presence of [3M’s] 3M Marks and 3M Slogan in Technical Specification Sheets, caused New York City officials to mistakenly believe that Defendant was an authorized distributor of [3M’s] products and/or otherwise had an association or affiliation with [3M] and its products.” *3M v. Performance Supply*, Compl. ¶ 41.

3M Litigation: Novel Trademark Theory

“The mere association of 3M’s valuable brand with such shameless price-gouging harms the brand.” *3M v. Performance Supply*, Compl. ¶ 41.

No specific allegations that the respirators Defendant was selling were not genuine 3M respirators.

3M asserting that Defendant infringing 3M marks by charging exorbitant prices for 3M respirators.

Tension with First Sale (Exhaustion) Doctrine

“[A] markholder may no longer control branded goods after releasing them into the stream of commerce. After the first sale, the [mark]holder’s control is deemed exhausted. Down-the-line retailers are free to display and advertise the branded goods. Secondhand dealers may advertise the branded merchandise for resale in competition with the sales of the markholder (so long as they do not misrepresent themselves as authorized agents.” *Osawa & Co. v. B&H Photo*, 589 F. Supp. 1163, 1173-74 (S.D.N.Y. 1984).

Exception for “Non-genuine” Products

- Repackaging products (without adequate disclosure of repackaging)
- Material differences in products: physical changes, absence of warranty, removal of product codes
- Products diverted in manner that thwarts trademark owner's quality control
- Products extensively altered (refurbished)
- Reseller falsely states/suggests that it is an authorized dealer

3M's Price-Gouging Theory of Trademark Infringement Succeeds in S.D.N.Y.

- S.D.N.Y. granted 3M's PI motion.
- Found irreparable "damage to 3M's brand and reputation if it is associated with the crime of price-gouging at the expense of healthcare workers and other first responders in the midst of the COVID-19 crisis." *3M v. Performance Supply*, Concl. of Law ¶ 7 (May 4, 2020).
- Preliminary enjoined Defendant from using 3M's marks in connection with "any goods or services, including [3M's] 3M-brand N95 respirators." *Id.*, PI Order ¶ 1.a (May 4, 2020).

3M's Price-Gouging Trademark Claims Face Substantive Defense in M.D. Fla.

3M Co. v. Geftico, LLC, Case No. 6:20-cv-00648-CEM-GJK
(M.D. Fla. Apr. 14, 2020)

- 3M asserted trademark infringement claims against Geftico for attempting to sell 3M N95 respirators to CDC at elevated prices.
- 3M obtained TRO and moved for PI.

Geftico's Defense to 3M's Price-Gouging Trademark Claims

- Before PI hearing, Geftico filed motion to dismiss and opposition to 3M's motion for PI.
- First sale defenses:
 - “no allegations . . . that the 3M-branded marks for sale by Geftico's vendors have been altered in any way causing a material difference”
 - Lanham Act does not “provide[] a plaintiff with a civil claim for price gouging”
3M v. Geftico, Defendant's Mot. to Dismiss Plaintiff's Compl. and Supporting Mem. of Law ¶¶ 21-22 (May 8, 2020)
- Case settled before PI hearing

Differing Facts and Litigation Strategies

Performance Supply:

- Offering 3M N95 respirators at 500-600% above 3M list prices
- NYC Procurement Office thought Defendant was 3M-authorized
- Defendant never appeared in case
- Defendant's principal criminally charged with price gouging

Geftico:

- Defendant appeared through counsel and asserted substantive defenses
- Defendant asserted that it acted only as sales agent and did not itself set any exorbitant prices for 3M N95 masks

Takeaways: Trademark Issues

- Price-gouging as a form of trademark infringement?
- Could harm the trademark (brand)
- Tension with first use/exhaustion defenses
- Importance of good/bad facts

Takeaways: Trademark Enforcement/PR

- 3M pushed back on demands that it limit distribution of N95 respirators to U.S. (retaliation)
- 3M using litigation to protect its trademark and, leveraging enforcement to enhance its “brand” (goodwill).
- Enforcement **efforts** may be as important as **results**.
- “any damages, costs, or fees recovered by [3M] will be donated to **charitable COVID-19 relief efforts**” *3M v. Performance Supply*, Compl. ¶ 10 (Apr. 10, 2020)

Takeaways: Trademark Enforcement/PR



Fighting Respirator Fraud Globally. Every day.

At 3M, we are committed to helping combat fraud, price gouging, and counterfeiting of 3M products in connection with COVID-19.

3M Fraud Hotlines

3M has dedicated teams to investigate fraud globally



Global Reports to Date:
6,300+

Legal Actions

We are taking legal action to help protect customers.

All damages recovered by 3M will be donated to COVID-19-related non-profits.

18 lawsuits filed to date



30+ law firms in 3M's Preferred Counsel Network that have offered to help bring cases forward

8 temporary restraining orders granted

5 preliminary injunctions granted



6 cases with damages recovered

11 settlements reached where defendant immediately and permanently ceased misconduct

We have also terminated multiple authorized distributors for acting unethically or otherwise violating 3M policy.

Trademark Takedowns

12,000+

false or deceptive social media posts removed



9,000+

fraudulent e-commerce offerings removed

200+

deceptive internet addresses removed

Expanded Partnerships

We are strengthening public and private partnerships to identify and fight fraudulent offers, price gouging, and counterfeit products.

Law Enforcement

U.S. Department of Justice and Federal Agencies
U.S. State Attorneys General
International Law Enforcement Authorities

E-commerce and Technology Companies

