



Protecting Your Brand: Advertising Challenges, Trademark Strategies for E-Commerce, and Cyber Blind Spots

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Competitive Advertising Challenges

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Advertising Law Basic Principles

- Advertising must be truthful and not misleading.
- Companies are responsible for all claims – express and implied – that reasonable consumers take from an ad.
- Claims must be substantiated before they are made.

Where Do The Rules Come From?

- Section 5 of the FTC Act
 - Deceptive Practices
 - Representation or omission
 - Likely to mislead consumers acting reasonably under the circumstances
 - Material
 - Unfair Practices
- FTC Rules and Guidance. For example:
 - Dot Com Disclosure Guides
 - Green Guides
 - Made in USA Guides
 - Endorsement and Testimonial Guides
 - Negative Option Rule
- State UDAP statutes, modeled after Section 5
- AG enforcement
- Private rights of action
- Multistate attorney general enforcement
- NAAG
- NAD, NARB Precedent

Identifying Claims Requiring Substantiation

- Express Claims
 - Literal statements in the advertising
- Implied Claims
 - Net impression
 - May be conveyed through words or graphics
- Puffery (No substantiation needed)

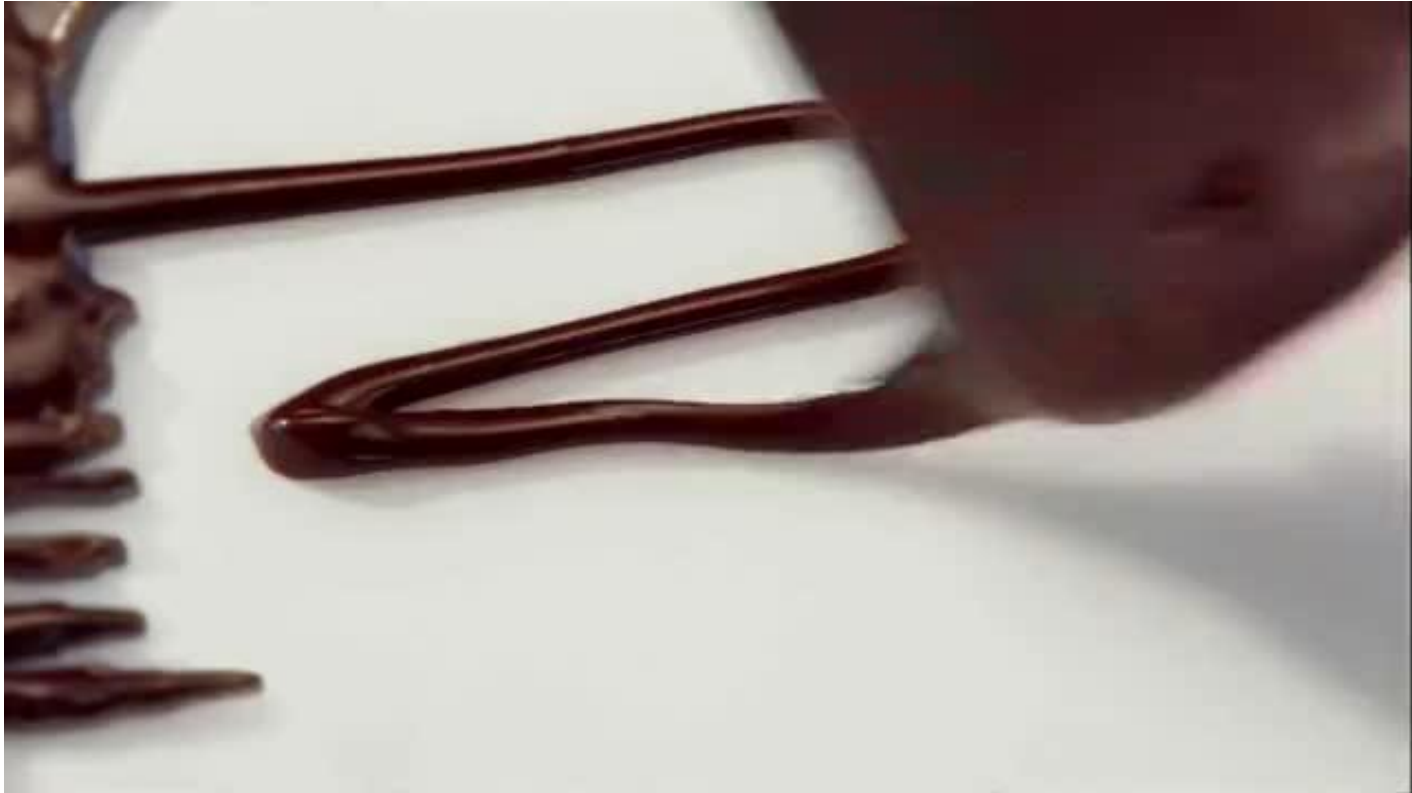
Express Claims: Examples



AT&T is the fastest network for iPhones.

Based on analysis by Ookla® of Speedtest Intelligence® data for Q3 2019 Apple Manufactured phones average download speeds. Ookla trademarks used under license and reprinted with permission.

Implied Claims



Classic Examples of Puffery



Material Information Must Be Disclosed

- Information likely to influence the purchase decision:
 - Total costs to receive/use the product/service
 - Required contracts
 - Offer expiration dates
 - Eligibility/qualifications
 - Restrictions/limits on use/availability
- Disclosures must be clear and conspicuous
- But, the disclosures cannot contradict the claim

The National Advertising Division (NAD)

Standard Track

- Timeline of 4-6 months.
- Open to all national advertising claims in any media.
- Challenger outlines false and misleading claims in Challenge Letter.
 - Advertiser has 15 business days after receiving Challenge from NAD to send First Response.
 - Challenger's Reply due 10 business days later.
 - Advertiser's Second Response due 10 business days later.
- Parties can request separate meetings with NAD.
- NAD can request further comments or data from either side.
- Under the rules, NAD has 20 business days to formulate written decision.

NAD Challenge Procedure

Fast-Track SWIFT

- Single issue cases limited to three types of claims:
 - Prominence or sufficiency of disclosures in influencer marketing, native advertising, and incentivized reviews.
 - Misleading pricing and sales claims.
 - Misleading express claims that don't require review of complex evidence or substantiation.
- Decisions within 20 business days and only one substantive submission per party.

NAD Challenge Procedure

Complex Track

- Time to decision is determined by the parties.
- For claims requiring complex substantiation.
- Advertiser may request transfer to complex track within 5 days of receiving standard challenge.
- Challenger outlines false and misleading claims in Challenge Letter.
 - Challenge Letter, Advertiser's First Response, Challenger's Reply, and Advertiser's Final Response limited to 30 pages (standard track is 20 pages).
- Includes scheduling conference and case meetings held ex parte with each party after the Advertiser's First Response. Also sometimes case meeting before final submission.
- NAD has 30 business days to formulate written decision.

Burdens of Proof

- Advertiser must have a reasonable basis for all express and implied claims.
 - NAD can “step into the consumer’s shoes” and determine implied claims on its own.
- Once the advertiser establishes a reasonable basis, the challenger must show:
 - It has better evidence OR
 - The advertiser’s substantiation is fatally flawed.

Enforcement Authority

- If NAD finds claims to be unsubstantiated, recommends that the advertiser modify or discontinue claims.
- No:
 - Damages
 - Injunction
 - Enforcement authority
- Compliance Process

NAD Partnership with Facebook

- Announced December 2020.
- Allows NAD to share case outcomes addressing Facebook directly with Facebook, allowing Facebook's enforcement teams to take action against ads that violate its truth-in-advertising rules.
- Advances the effectiveness of the self-regulatory process.

Appeals

- Advertiser can appeal by right.
- Challenger can seek permission to appeal.
 - But, if the Advertiser appeals, the Challenger has the right to cross-appeal issues not appealed by the Advertiser.
- NARB Panel

Lanham Act: Not Just Trademarks

“Any person who, on or in connection with any goods or services, or any container for goods, uses in commerce any word, term, name, symbol, or device, or any combination thereof, or any false designation of origin, false or misleading description of fact, or false or misleading representation of fact, which . . . (B) in commercial advertising or promotion, misrepresents the nature, characteristics, qualities, or geographic origin of his or her or another person’s goods, services, or commercial activities shall be liable in a civil action by any person who believes that he or she is likely to be damaged by such act.”

41 U.S.C. § 1125(a)(1)

Lanham Act Section 43(a)

Elements:

- False or misleading statement of fact
- Used in a commercial advertisement
- Deceives in a material way
- In Interstate Commerce
- Caused or Likely to Cause Competitive or Commercial Injury to Plaintiff

Lanham Act v. NAD

- Lanham Act
 - Plaintiff has burden of proof
 - Public proceeding
 - Confidential, proprietary information shared between the parties.
 - Discovery
 - Possible counterclaims
 - Implied claims require survey
 - Legally binding results
 - Must move quickly or no irreparable harm
 - Expensive
- NAD
 - Advertiser must have reasonable basis
 - Advertiser can submit confidential/proprietary information to NAD without disclosing to challenger
 - No discovery
 - No counterclaims
 - No survey required
 - Recommendations not legally binding
 - Relatively quick to decision
 - Significantly less expensive than litigation

False or Misleading Statement of Fact

- Literally False
- Literally False by Necessary Implication
- Literally True, but Likely to Mislead
 - Requires proof of deception.
 - Survey: Generally must show 15-20% consumer confusion.
 - TRO, PI extremely unlikely

Standing

- No consumer standing under the Lanham Act.
- Need not be a direct competitor.
- *Post-Lexmark* (134 S.Ct. 1377) Standing Text:
 - Must allege an injury to a commercial interest in reputation or sales.
 - Plaintiff must show injuries proximately caused by violations of the statute.

Injury

- Plaintiff must show that it is likely to be injured by the false advertising.
- Likelihood of injury will not be presumed.
- Types of injury:
 - Declining sales
 - Diverted customers
 - Loss of good will

Remedies: Injunctive Relief

- Lanham Act cases are generally resolved with a Preliminary Injunction.
 - Plaintiffs generally move for a TRO, then PI.
 - For TRO/PI, must show:
 - Likelihood of success on the merits
 - Irreparable harm – must act quickly, monetary injury is not irreparable harm.
 - Balance of harms in favor of injunction
 - Injunction in the public interest.
 - Not likely to be granted for implied claims.

Proof of Irreparable Harm

- As of Dec. 27, 2020, the statement of congressional authorization for a rebuttable presumption of irreparable harm was added to § 1116(a).
 - “A Plaintiff seeking any such injunction shall be entitled to a rebuttable presumption of irreparable harm upon a finding of a violation identified in this subsection”
 - In *Suzie’s Brewery Company v. Anheuser-Busch Companies, LLC*, the court found the Plaintiff was entitled to the benefit of a rebuttable presumption provided in § 1116(a). 2021 WL 472915 (D. Or. Feb. 9, 2021).

Remedies: Monetary Injury

- Lanham Act cases rarely proceed to final trial.
- Plaintiff's can recover damages as to lost profits, defendants' profits attributable to the false advertising, and corrective advertising expenses.
- Complicated: Difficult to measure, requires expert testimony.

Other Options

- Cease and Desist Letter
 - Can make it more difficult to show irreparable harm.
- Complaints to FTC/State Attorneys General
 - No control over investigation, whether investigation happens
 - Issue may not be within enforcement priorities



Trademark Strategies for E-Commerce

Emily T. Kappers, Counsel

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Protecting Your Brand in the Digital Age

- The Internet is vast. Company resources are not.
 - Rise of e-commerce and social media also led to the rise of infringement opportunities.
- The good news?
 - Most digital platforms provide mechanisms to enforce your rights.
- Position yourself to take full advantage.
 - Federal trademark registrations are key for online enforcement.

A Change in the Equation

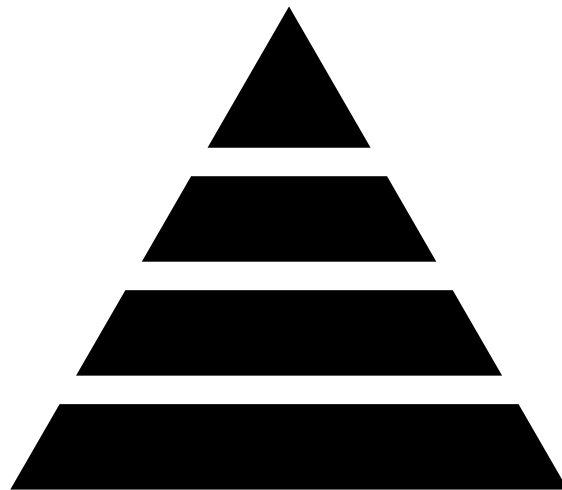
An increasing need for federal trademark registration.

- Then v. Now
 - The difference 15 years makes.
- A federal trademark registration has become critical.
 - Lack of registration has the potential to:
 - Create problems.
 - Cause expense.
 - Limit authentic selling abilities on ecommerce sites.
- Revisiting registration for longstanding, but unregistered, marks.

Plan to Protect

Creating and using an enforcement plan.

- Identifying most important marks.
- Develop a monitoring program.
 - Inhouse v. outside vendors.
 - Once a week.
 - Make a record.
- Delineating levels of infringement.
 - All infringements are not created equal.
 - Use of a mark to sell unauthorized products.
 - Use of a mark in a parked domain name.
- Walk away from whack-a-mole.



Social Media and Your Marks

Instagram, Facebook, and Twitter – Oh My.

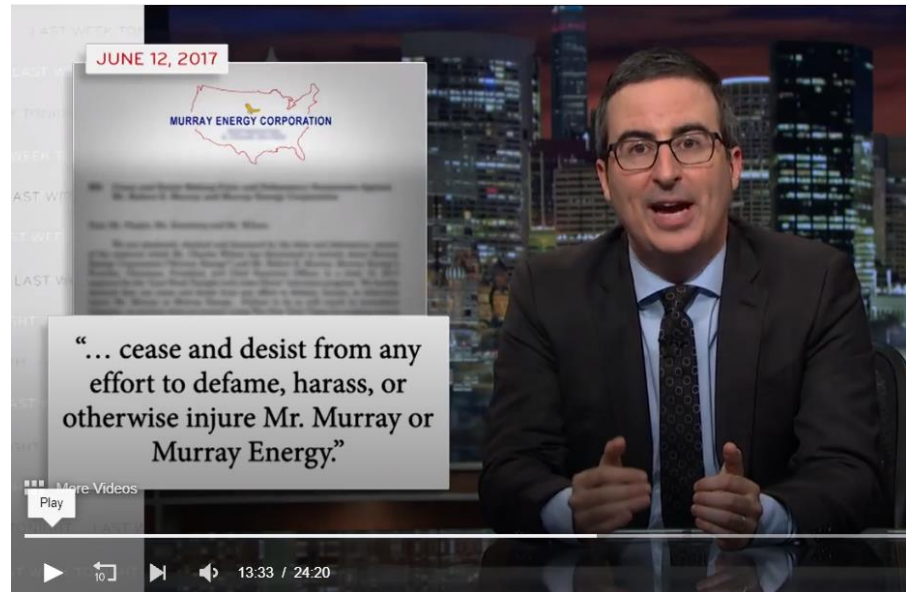
- Social media provides a far reaching platform for infringers.
- Platforms like Instagram, Facebook, and Twitter offer brand owners mechanisms to request removal of infringing content.
 - Usually found in the platform’s “Help Center.”
 - Usually require proof of federal trademark registration.
- Always make a record!

Webpages and Online Marketplaces

- Online Marketplace Protections for Brand Owners
 - Amazon Brand Registry
 - eBay Verified Rights Owner Programs (VeRO)
- Uniform Domain Name Dispute Resolution Policy
 - Created to deal with cybersquatters.
 - Domain name is identical or confusingly similar to a complainant's trademarks;
 - Domain name owner does not have any rights or legitimate interests in the domain name; and
 - Domain name was registered and is being used in bad faith.

What More Can I Do?

- Cease and Desist Letters
 - Consider your audience.
 - Have a back-up plan.
- Civil Action
 - Always a viable option.
 - Always expensive.



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Cybersecurity Blind Spots And How to Mind Them

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The Domain Name System (DNS)



Composition II
Piet Mondrian, 1930

A Dangerous Rift of Responsibility

Modification	Domain	IP Address	Country	AS	Organization
Homoglyph	trunp.com	184.168.221.39	United States	42.145	United States NS:megan.ns.cl
Homoglyph	truinp.com	216.239.32.21	United States	7.23	228/United States NS:NS1.DOMAIN
Hyphenation	t-rump.com	50.63.202.44	United States	7.23	228/United States NS:NS1.DOMAIN
Hyphenation	tru-mp.com	184.168.221.36	United States	7.23	221.21/United States NS:ns57.doma
Insertion	truhmp.com	184.168.221.61	United States	7.23	222.233/Japan NS:ns.asj-hosting.ne
Insertion	truimp.com	209.15.13.134	United States	7.23	221.96/United States NS:ns01.cashp
Insertion	triump.com	72.52.4.119	United States	7.23	221.96/United States NS:ns01.cashp
Insertion	ttrump.com	50.63.202.51	United States	7.23	221.96/United States NS:ns01.cashp
Insertion	treump.com	104.27.132.46	United States	7.23	221.96/United States NS:ns01.cashp
Insertion	trunmp.com	89.31.143.20	Germany	160.140	Germany NS:pns.dtag.de MX:s
Insertion	tryump.com	184.168.221.5	United States	38.32	Canada NS:ns1qsy.name.com
Insertion	tdrump.com	192.155.81.104	United States	201.153	United States NS:ns1.unireg
Omission	rump.com	184.168.221.104	United States	7.155	Netherlands NS:ns1.etrack.nl
Omission	trmp.com	88.208.252.9	United States	7.155	Netherlands NS:ns1.etrack.nl
Omission	trum.com	206.188.192.54	United States	7.221	8/United States NS:ns75.domain
Omission	tump.com	216.239.32.21	United States	7.221	8/United States NS:ns75.domain
Omission	trup.com	67.225.218.50	United States	122.77	United States NS:ns1.dynadot
Repetition	trrump.com	50.63.202.25	United States	147.224	United States NS:ns1.voodoo
Repetition	truump.com	50.63.202.37	United States	7.221	47/United States NS:ns39.doma
Repetition	truump.com	184.168.221.25	United States	7.221	47/United States NS:ns39.doma
Replacement	grump.com	NS:ns1.verizon.net	MX: 221.56	United Kingdom NS:ns.123-reg	
Replacement	6rump.com	184.168.221.34	United States	7.10	121/Canada NS:ns1.mailbank.com MX
Replacement	truml.com	176.31.161.82	France	40.82	United Kingdom NS:ns.hosteuro
Replacement	trum0.com	64.99.80.121	Canada	40.82	United Kingdom NS:ns.hosteuro
Replacement	tr8mp.com	69.172.201.153	United States	7.88	23/United States NS:ns1.smtmdns
Replacement	trumo.com	85.17.25.214	Netherlands	7.221	96/United States NS:ns01.cashp
Replacement	zrump.com	97.74.42.79	United States	7.221	96/United States NS:ns01.cashp
Replacement	yrump.com	184.168.131.241	United States	7.30	20/Switzerland MX:mxs1.domainrec
Replacement	trymp.com	208.91.196.102	Virgin Islands	7.186	220/Netherlands 2a03:b0c0:0:101
Replacement	trujp.com	50.63.202.24	United States	7.201	153/United States NS:ns1.unireg
Replacement	tfump.com	NS:ns-cloud-cl.google	7.201	153/United States NS:ns1.unireg	
Replacement	rrump.com	184.168.221.32	United States	7.119	242/United States NS:dns1.regi
Replacement	trjmp.com	69.172.201.153	United States	7.201	153/United States NS:ns1.unireg
Replacement	tdump.com	217.160.122.224	Germany	7.201	153/United States NS:ns1.unireg
Replacement	frump.com	63.247.142.242	United States	7.221	104/United States NS:ns1.after
Replacement	ttump.com	184.168.221.34	United States	7.63	163/United States NS:ns1.yourhos
Replacement	trupp.com	184.168.221.29	United States	7.63	163/United States NS:ns1.yourhos
Replacement	trump.com	69.172.201.153	United States	7.63	163/United States NS:ns1.yourhos

The Danger Below the Surface

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[!] ---- TARGET: cnvip.ru ---- [!]
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[-] www.celine.cnvip.ru  
[-] www.fashion.cnvip.ru  
[-] www.hermes.cnvip.ru  
[-] www.michaelkors.cnvip.ru  
[-] www.montblanc.cnvip.ru  
[-] www.polo.cnvip.ru  
[-] mail.celine.cnvip.ru  
[-] mail.fashion.cnvip.ru  
[-] mail.hermes.cnvip.ru  
[-] mail.michaelkors.cnvip.ru  
[-] mail.montblanc.cnvip.ru  
[-] mail.polo.cnvip.ru  
[-] michaelkors.cnvip.ru  
[-] montblanc.cnvip.ru  
[-] polo.cnvip.ru
```

survey.org

v-survey.org

3

survey.org

.org

rvey.org

→ June 2018

An Active Threat

The image is a composite graphic. On the left, a browser window displays the TSA website. The URL bar shows 'tsa.dhs.gov'. The page header includes the TSA logo and the text 'Transportation Security Administration'. Below the header, there is a navigation menu with 'Document', 'Support', and 'News'. The main content area is titled 'Employee Satisfaction Survey' and features a 'tsa.gov Employee Authentication' overlay. This overlay contains two input fields: 'User ID' and 'Password', both with icons of a person and a lock respectively. Below the fields is an orange 'SUBMIT' button. At the bottom of the overlay, it says 'Submit With Your User ID and Password.' To the right of the browser window, there is a map of the United States. The map is overlaid with various black icons representing different types of threats or attacks, such as bombs, missiles, and buildings. Several of these icons are circled in red, and some are marked with a red plus sign, indicating active threats.

Transportation Security Administration

Document -> Important Files -> Survey Information

Employee Satisfaction Survey

tsa.gov Employee Authentication

User ID

Password

SUBMIT

Submit With Your User ID and Password.

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Removing the DNS Blind Spot

Converging IP and Cybersecurity

- DNS intel identifies active threats
 - Impending cyber attacks
 - Counterfeiting activities
 - Brand dilution / misinformation
- Use IP enforcement mechanisms to enhance cybersecurity posture
- Collaboration between Legal and Security on DNS issues is the only way to remove this blind spot



Graffiti Removal
Banksy, 2008

Questions?



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