

COMMENTS

BAITING THE HOOK: THE FAILURE OF THE PTO TRADEMARK LITIGATION TACTICS REPORT TO DISSUADE EITHER TRADEMARK BULLYING OR TRADEMARK BAITING

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TABLE OF CONTENTS

Introduction.....	910
I. The Current State of Trademark Enforcement.....	914
A. Pre-Litigation Policing Options.....	915
B. Litigation Policing Options.....	917
C. Shortcomings of Current Policing Options.....	918
II. The PTO's Response to Overzealous Trademark Enforcement....	920
A. Trademark Litigation Tactics Report.....	920
B. Remaining Vulnerabilities in the Trademark Bullying Prevention System.....	923
C. Recommended Solutions to the Trademark Bullying Problem.....	925

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III. The Unaddressed Issue of Trademark Baiting	927
A. Definition of Trademark Baiting	928
B. Current Preventative Measures and Remedies Regarding Baiting.....	930
C. Ineffectiveness of Current Measures.....	931
D. The Potential for the PTO Bullying Recommendations to Exacerbate the Prevalence of Trademark Baiting.....	933
E. Recommendations to Eliminate Trademark Baiting	933
Conclusion	935

INTRODUCTION

Trademark law, like much of the common law of property, affords mark owners the ability to exclude any and all others from using their established marks in commerce.¹ This right is not absolute, however. To maintain the protections afforded their trademarks, owners must take reasonable measures to prevent other firms from adopting identical or confusingly similar marks.² This duty to police one's mark has always been inherent in the Lanham Act,³ but as trademarks have become increasingly valuable and important to the growth of the owners' businesses, this duty has provided firms with an opportunity to exploit their rights for financial benefit.

While active and diligent policing has not only been accepted, but encouraged, by courts,⁴ the importance of trademarks, along with the dire ramifications of losing exclusive use of those marks, has led some firms to overzealously police their marks.⁵ Reasoning that this overly thorough

1. See *The Trade-Mark Cases*, 100 U.S. 82, 92 (1879) (affirming that trademark ownership conveys a property right on the owner and that this proposition is "so well understood as to require neither the citation of authorities nor an elaborate argument").

2. See *Wallpaper Mfrs., Ltd. v. Crown Wallcovering Corp.*, 680 F.2d 755, 766 (C.C.P.A. 1982) (agreeing that while firms must assure the distinctiveness of their marks by engaging in active policing, "an owner is not required to act immediately against every possibly infringing use to avoid a holding of abandonment").

3. Cf. 15 U.S.C. § 1115(b)(2) (2006) (listing owner abandonment of the mark as a valid defense to a claim of infringement); *id.* § 1127 (explaining that a mark is "abandoned" when "any course of conduct of the owner, including acts of omission . . . causes the mark to . . . lose its significance as a mark").

4. See *Wallpaper Mfrs., Ltd.*, 680 F.2d at 766 ("Without question, distinctiveness can be lost by failing to take action against infringers.").

5. See, e.g., Gene DellaSala, *Monster Cable Shifts Back Into Lawsuit Gear Against Monster Transmission*, AUDIOHOLICS (July 24, 2009), <http://www.audioholics.com/news/industry-news/monster-cable> (highlighting Monster Cable's reputation for filing infringement suits against numerous companies using the word "Monster" in either the name of their company or their products); see also Ranking of the Biggest Bullies of 2011, TRADEMARKIA,

policing is essentially an overstepping of the bounds set by the Lanham Act,⁶ firms accused of infringement have begun claiming that they are actually being bullied—forced by larger, more powerful firms into relinquishing control of a non-infringing mark.⁷ This issue is compounded by the inability of many firms to engage in litigation to protect their right to the mark due to the financial and temporal costs of doing so.⁸

This apparent uneven playing field has led numerous small business owners, practitioners, and academics to call for legislative and regulatory measures to aid bullied businesses in defense of their legitimate, unique marks.⁹ Advocates have also promoted the use of non-traditional, non-judicial measures of resistance to provide a means of protection for small business owners unable to afford an adequate legal defense. One such technique—shaming—recommends that firms turn to the court of public opinion rather than a court of law or equity in order to defend their right to continued use of their marks.¹⁰ By calling the public's attention to their situation using traditional and social media, firms that feel they are being bullied can make their case without incurring the expenses of litigating the issue in court.¹¹

<http://www.trademarkia.com/opposition/opposition-brand.aspx> (last visited Nov. 30, 2012) (indicating that, based on the number of registration oppositions filed, Kellogg, The Lance Armstrong Foundation, and Apple were the three largest trademark bullies in 2011).

6. See Kenneth L. Port, *Trademark Extortion: The End of Trademark Law*, 65 WASH. & LEE L. REV. 585, 587–89 (2008) (arguing that while policing competing uses of protected marks is necessary, some firms today “are using this course of conduct to expand their trademark rights, not just to object to truly objectionable uses”).

7. See Leah Chan Grinvald, *Shaming Trademark Bullies*, 2011 WIS. L. REV. 625, 641–42 (“Trademark owners are incentivized by the developments in trademark law to obtain expanded trademark rights and to keep these rights through aggressive policing. However, some trademark owners cross the line from aggressive, but reasonable, trademark enforcement to abusive trademark enforcement.”).

8. See *id.* at 654–57 (outlining the reasons many small companies are unable to engage in infringement litigation).

9. See, e.g., Cynthia Bunting, *Is Your Small Business Being “Trademark Bullied”?*, BUS. NEWS DAILY (Mar. 31, 2011, 8:59 AM), <http://www.businessnewsdaily.com/813-trademark-enforcement-bullying.html> (providing the opinion of patent attorney Raj Abhyanker that the PTO should do more to mitigate the threat posed by trademark bullies); see also Lara Pearson, *IP Heavyweights Weigh in on Brand Bullying*, BRANDGEEK (Feb. 15, 2011), <http://brandgeek.net/2011/02/15/ip-heavyweights-weigh-in-on-brand-bullying/> (expressing disagreement with the opinions of two organizations of intellectual property attorneys that believe the current legislative and regulatory framework of trademark law provides sufficient protections against bullying).

10. See generally Grinvald, *supra* note 7, at 688 (promoting the use of shaming to defend against trademark bullying rather than engaging in litigation that could cripple or bankrupt many businesses).

11. See *id.* at 677–79 (asserting that shaming “provides an effective alternative to

However, while measures aimed to help small businesses protect themselves against potential trademark bullies can be beneficial in many cases,¹² the increased availability and acceptance of these measures may actually serve to encourage small firms to purposely adopt trademarks similar to those of large companies.¹³ Calling these powerful firms to task in the court of public opinion often increases these small firms' publicity and exposure, and in turn increases their revenues, even when the larger firm has a legitimate infringement or dilution claim.¹⁴ As such, ambitious startups are presented with an opportunity to bait large, established firms into sending cease-and-desist letters and threatening litigation, which the startup can then exploit by claiming it is being bullied.¹⁵ Once this publicity is garnered, the small firm can quietly enter into a settlement with the competitor and relinquish control of its infringing mark. By then, however, the damage is done. The small firm has gained the exposure it sought, and the reputation of its blameless accuser has likely been damaged as well.

In response to constituents' complaints of falling victim to trademark bullying, Congress introduced, and President Obama signed into law, the Trademark Technical and Conforming Amendment Act of 2010.¹⁶ Section 4 of this Act required the Department of Commerce (DOC), in conjunction with the Intellectual Property Enforcement Coordinator, to conduct a study on the prevalence of the use of "abusive trademark enforcement tactics"¹⁷ against small businesses in the United States.¹⁸ The

litigation for small businesses and individuals to defend themselves . . . [and] has the potential to solicit potential providers of low-cost legal assistance").

12. See, e.g., Jess Bidgood, *Chicken Chain Says Stop, But T-Shirt Maker Balks*, N.Y. TIMES, Dec. 5, 2011, at A12 (discussing a Vermont T-shirt artist's struggle against claims of infringement by Chick-fil-A); Mike Masnick, *Monster Cable Caves Again, with Oddly Worded Apology*, TECHDIRT (Jan. 7, 2009, 6:33 AM), <http://www.techdirt.com/articles/20090106/1546523298.shtml> (highlighting Monster Mini Golf's success in convincing Monster Cable to drop the infringement suit it filed).

13. See, e.g., Steve Baird, *Putting the Shoe on the Other Tootsie*, DUETS BLOG (Nov. 21, 2011), <http://www.duetsblog.com/2011/11/articles/dilution/putting-the-shoe-on-the-other-tootsie/> (applauding Tootsie Roll Industries' decision to file an infringement and dilution suit against the makers of Footzyrolls foldable shoes).

14. See *id.* (reasoning that the media attention focused on the issue has made the practice of baiting more practical, despite the fact that competent trademark attorneys normally caution against it).

15. See, e.g., *id.*

16. Trademark Technical and Conforming Amendment Act of 2010, Pub. L. No. 111-146, 124 Stat. 66-70 (2010).

17. DEP'T OF COMMERCE, REPORT TO CONGRESS, TRADEMARK LITIGATION TACTICS & FEDERAL GOVERNMENT SERVICES TO PROTECT TRADEMARKS & PREVENT COUNTERFEITING 1 (Apr. 2011) [hereinafter TACTICS REPORT].

DOC was further instructed to report back to Congress within one year with the results of that study and with any recommendations for remedies it thought necessary to rectify the problem.¹⁹ Neither the Act nor the resulting report addresses the issue of trademark baiting.

The DOC delegated responsibility for this report to its agency, the United States Patent and Trademark Office (PTO).²⁰ The PTO, after months of reaching out to small business owners and inviting comments from business owners, practitioners, and other interested parties, submitted its report to Congress in April 2011.²¹ In the report, the PTO summarized the various responses it received and the remedies the commenting parties proposed.²² Ultimately, however, the report concluded that trademark bullying was not a serious enough problem to warrant increased regulation or oversight.²³

The PTO nevertheless recommended three measures it believed would both prevent bullying and better prepare small business owners to respond to a bully should they encounter one. First, the PTO sought to better protect small business owners by recommending increased efforts to entice private sector attorneys to offer free or low-cost legal assistance to business owners facing potential infringement claims.²⁴ Second, the PTO recommended improved resources to encourage small business owners to become better acquainted with trademark rights and enforcement options.²⁵ Finally, the PTO sought to prevent larger firms from engaging in overly aggressive trademark protection by recommending that these firms' attorneys participate in continuing legal education (CLE) programs geared toward increasing their understanding of the requirements for maintaining established trademark rights and of proper policing and protection techniques.²⁶

These proposals, however, do not appear to provide much comfort to those firms faced with trademark bullies. Due to the expense of prolonged litigation, and because there now seems to be less hope of a viable legislative or regulatory fix on the horizon, it seems possible that the use of

18. Trademark Technical and Conforming Amendment Act of 2010 § 4.

19. *Id.*

20. See TACTICS REPORT, *supra* note 17, at 1.

21. *Id.*

22. *Id.* at 18–22.

23. *Id.* at 1 (“Ultimately . . . such tactics may best be addressed by the existing safeguards in the litigation system in the U.S. and by private sector outreach, support, and education relating to these issues.”).

24. *Id.*

25. *Id.*

26. *Id.* at 1–2.

non-judicial measures such as shaming could be poised to spread. Furthermore, as noted above, neither Congress nor the PTO seems to have even mentioned the issue of trademark baiting.

To that end, this Comment will argue that the recommendations set forth in the PTO's 2011 Trademark Litigation Tactics Report not only fail to adequately remedy the problem of trademark bullying, but, just as significantly, they do nothing to prevent trademark baiting by small firms against more powerful competitors and may even serve to intensify this issue. Part I outlines the options currently available to firms seeking to prevent trademark infringement and highlighting the loopholes, including both bullying and baiting, that these options leave open. Part II will address the PTO's 2011 Report on Trademark Litigation Tactics and its effect on bullying, highlight the problems that remain, and propose solutions for these lingering issues. Part III will more thoroughly discuss the issue of trademark baiting, the safeguards that are currently in place to prevent such baiting by smaller firms, the ineffectiveness and insufficiency of these current measures to discourage baiting, the potential baiting-related dangers created by the PTO's proposed anti-bullying measures, and proposals for remedies that the PTO can work to establish to stem the tide of trademark baiting.

I. THE CURRENT STATE OF TRADEMARK ENFORCEMENT

With hundreds of thousands of trademarks being registered with the PTO every year,²⁷ and countless more gaining common law protection through use in commerce,²⁸ it is virtually unavoidable that cases of mark infringement and dilution will arise. Because owners have a duty to police others' use of these protected marks,²⁹ when these cases do arise, owners must stop the infringing or dilutive use in order to avoid losing their exclusive right in the mark.³⁰ This Part will begin by outlining the options

27. U.S. PATENT & TRADEMARK OFFICE, 2010 PERFORMANCE AND ACCOUNTABILITY REPORT 142 (2010) (demonstrating that, including both new registrations and renewals of existing registrations, the Patent and Trademark Office (PTO) has approved more than 100,000 registrations each year since 1997).

28. *See Hanover Star Milling Co. v. Metcalf*, 240 U.S. 403, 416 (1916) (affirming that common law trademark protection “extends to every market where the trader’s goods have become known and identified by his use of the mark” (quoting *Hanover Star Milling Co. v. Allen & Wheeler Co.*, 208 F. 513, 519 (7th Cir. 1913))).

29. *See Wallpaper Mfrs., Ltd. v. Crown Wallcovering Corp.*, 680 F.2d 755, 766 (C.C.P.A. 1982) (asserting that failure to police infringing uses of a firm’s mark can cause it to lose its distinctiveness and status as a clear source identifier).

30. *But see id.* (cautioning that while a mark owner does have a duty to protect against others’ use of the protected mark, “an owner is not required to act immediately against every possibly infringing use to avoid a holding of abandonment”).

available to mark owners to assist them in this policing process and will then describe these options' shortcomings, as applied today.

A. Pre-Litigation Policing Options

Often the first step that firms take in policing marks they believe are being infringed or diluted is to send the offending firm a cease-and-desist letter. These letters, which can take a number of forms,³¹ alert the accused infringer to its improper use of the protected mark and demand one or more measures the mark owner believes are necessary to end the infringement and remedy the damage caused by the improper use of the mark.³² The mark owner then generally allows the firm a period in which to comply with its demands and threatens litigation should the firm refuse or fail to do so.³³

Due to a number of factors, these letters are often all that is necessary to end and remedy the infringing or dilutive use of the protected mark. First, many parties—especially small business owners—are unaware that they are infringing another's mark.³⁴ In many of these cases, once a mistake is

31. While there is no standard form to which these letters must adhere, many law firms and organizations have offered examples and templates that drafters can follow. *See, e.g.*, LAW OFFICE OF BAMBI FAIVRE WALTERS, PC, *Example Trademark Cease & Desist Letter*, <http://www.patent-trademark-law.com/trademarks/trademark-infringement-dilution/trademark-cease-desist-letter/> (last visited Nov. 30, 2012) (depicting a cease-and-desist letter sent from Tiffany & Co. to Digg, Inc.); Charles Runyan, *Sample Cease & Desist Letter to Send to a Domain Name Owner Whose Domain Name Is Infringing on a Trademark*, KEYTLAW, <http://keytlaw.com/urls/c&d.htm> (last visited Nov. 30, 2012) (providing a sample cease-and-desist letter for domain name infringement).

32. *See, e.g.*, Grinvald, *supra* note 7, at 628–29 (highlighting that firms may also demand compensation for attorney's fees in the text of cease-and-desist letters); Letter from Fox Rothschild, LLP on behalf of Spin Media, LLC, to Twitter user @spin (May 20, 2011), *available at* <http://www.chillingeffects.org/trademark/notice.cgi?NoticeID=85729> (demanding cessation of the use of the Twitter handle @spin within eleven days of the drafting of the letter and threatening “to take whatever additional steps are necessary to protect [Spin Magazine’s] trademark and URL rights” if the recipient should fail to comply).

33. As with the form of the letter, there is no standard amount of time that firms need offer the accused infringer to comply with the terms of the letter. *Compare* Letter from Fox Rothschild, *supra* note 32 (affording @spin eleven days to comply), *and* Letter from Shiseido Corp. to unnamed recipient (Aug. 3, 2010), *available at* <http://www.chillingeffects.org/trademark/notice.cgi?NoticeID=154920> (requiring confirmation of compliance within nine days of the drafting of the letter), *with* Letter from P. Christopher Music to unnamed recipient (Dec. 21, 2011), *available at* <http://www.chillingeffects.org/trademark/notice.cgi?NoticeID=195088> (permitting twenty-six days for the website owner to remove all references to the infringing trademark).

34. Most small business owners have little, if any legal training. In fact, the majority of self-employed individuals have undertaken no graduate education and only a small percentage have received a professional degree. *See* Chad Moutray, *Baccalaureate Education*

brought to an infringer's attention, the party is willing to relinquish the mark without contest.³⁵ Alternatively, firms may feel that they have no choice but to comply with the letter's demands, whether or not they are actually willing to admit that they are improperly using the mark.³⁶ As will be discussed in more detail below, business owners lacking formal legal training may be unable to discern legitimate claims from baseless threats and may be unaware of possible protections and options available to them should they refuse to concede.³⁷

In cases where the infringing firm is unwilling to fully comply with the demands of the cease-and-desist letter but is nonetheless open to resolving the issue without litigation, firms may work to enter into a settlement agreement with the aggrieved firm.³⁸ While these agreements do often require legal assistance, the cost is generally far less than litigation and they resolve the matter much more quickly.³⁹ Further, settlement agreements generally provide the added benefit of being confidential.⁴⁰ This confidentiality can save the infringing firm the embarrassment of a prolonged lawsuit and allows it to control the public relations and marketing ramifications of switching to a new mark.⁴¹

and the Employment Decision: Self-Employment and the Class of 1993 1, 30 (Office of Advocacy, U.S. Small Bus. Admin., Working Paper No. 333), available at <http://archive.sba.gov/advo/research/rs333tot.pdf> (indicating that 63.3% of self-employed respondents had no graduate enrollment while only 8.3% had received a professional degree and only 1.3% had received a doctoral degree).

35. Cf. Grinvald, *supra* note 7, at 654 (positing that if a company with unlimited monetary resources were faced with an infringement suit, it would likely accept litigation rather than simply comply with the accuser's demands, but that in reality most businesses—especially small businesses—are unable to risk the consequences of this tactic).

36. See *id.* at 628–29 (explaining that the recipients of these letters are often intimidated since the letters are generally sent from the accuser's attorney and often contain “legalese,” numerous case citations purporting to back the claim, and demands ranging from immediate compliance to destruction of infringing property to payment of attorney's fees).

37. See *infra* Part II.A.

38. See Scott A. Moss, *Illuminating Secrecy: A New Economic Analysis of Confidential Settlements*, 105 MICH. L. REV. 867, 874–75 (2007) (outlining the economic theory behind why many cases settle before reaching litigation).

39. See *id.* (explaining that the threat of additional costs a party would incur from litigation is often sufficient motivation to settle a claim before it reaches that point).

40. See *Kokkonen v. Guardian Life Ins. Co. of Am.*, 511 U.S. 375, 381 (1994) (affirming that Federal Rule of Civil Procedure 41 “does not . . . empower a . . . court to attach conditions to the parties' stipulation of dismissal”). This includes the parties' agreement as to whether the terms of the settlement will be disclosed. *Id.*

41. See Moss, *supra* note 38, at 870 (highlighting the arguments against the continued use of confidential settlements stemming from cases “beginning with allegations of grievous social harm but ending with the legal equivalent of ‘never mind,’” including that they permit the parties to avoid public dissemination of their wrongdoing).

B. Litigation Policing Options

There remain times, however, when firms are unable to resolve their differences through anything short of litigation. In cases where firms have registered, or are attempting to register, their marks, parties that believe that the mark in question infringes on their established marks can bring a claim to the PTO's Trademark Trial and Appeal Board (TTAB).⁴² These proceedings lack some of the formality of civil litigation⁴³ and often provide a less expensive resolution.⁴⁴ The TTAB, however, holds only the power to control the status of a mark on the registry.⁴⁵ It is not able to rule on whether the challenged mark's owner may be subject to civil or criminal liability.⁴⁶

Because of the limitations on the scope of the TTAB's jurisdiction and power, and because so many trademarks are never registered with the PTO, civil litigation is also available as a means of achieving legal and equitable relief against an infringer.⁴⁷ Courts finding infringement or dilution liability have the ability to impose a number of remedies, depending on the nature and severity of the violation.⁴⁸

There are a number of reasons, however, why civil litigation is unattractive to both parties in the trademark context. Most prominently, civil litigation—from the filing of a complaint to disposition—is often a lengthy process.⁴⁹ This is especially true in trademark cases, due to the fact-

42. See U.S. PATENT & TRADEMARK OFFICE, TRADEMARK TRIAL & APPEAL BOARD MANUAL OF PROCEDURE § 102.02 (2011) [hereinafter TBMP] (outlining the four types of inter partes proceedings over which the Trademark Trial and Appeal Board (TTAB) has jurisdiction).

43. See *id.* § 102.03 (describing the various stages of Board proceedings and highlighting the differences, including the lack of in-person testimony, between TTAB proceedings and those taking place in federal district courts).

44. See, e.g., *Frito-Lay N. Am. Inc. v. Princeton Vanguard LLC*, 100 U.S.P.Q.2d (BNA) 1904, 1907 (T.T.A.B. 2011) (limiting the use of electronic discovery in the majority of TTAB cases due to its cost generally outweighing its benefits in cases with such limited scope as those most often before the TTAB).

45. TBMP, *supra* note 42, § 102.01 (“The Board is empowered to determine only the right to register. The Board is not authorized to determine the right to use, nor may it decide broader questions of infringement or unfair competition.” (footnote omitted)).

46. *Id.*

47. Lanham Act, 15 U.S.C. § 1121(a) (2006).

48. *Id.* § 1114.

49. See ADMIN. OFFICE OF THE U.S. COURTS, JUDICIAL BUSINESS OF THE UNITED STATES COURTS, 2010 ANNUAL REPORT OF THE DIRECTOR, 175–77 (2010) [hereinafter JUDICIAL BUSINESS REPORT], available at <http://www.uscourts.gov/uscourts/Statistics/JudicialBusiness/2010/JudicialBusinesspdfversion.pdf> (depicting the median length of a civil case in federal district court that proceeds through trial as being 22.9 months). This figure does not take into account the length of time to file and argue subsequent appeals.

specific nature of infringement and dilution claims.⁵⁰ This length of time can be damaging to firms not only in terms of the cost of legal fees and expenses⁵¹ but also in terms of the uncertainty surrounding their use of the marks in question. Due to the substantial investment that can go into creating and establishing a mark,⁵² firms want to be sure they will be permitted to continue using it before allocating any further funding toward creating and building consumer recognition and power of the mark.⁵³

Due to these factors, although the number of infringement and dilution suits brought in the United States on an annual basis continues to rise,⁵⁴ the number of these cases that proceed to trial and actually reach disposition during or after that trial remains extremely small.⁵⁵

C. Shortcomings of Current Policing Options

While the range of options available for firms seeking to police third parties' use of established marks is sufficient to resolve most disputes, these alternatives, coupled with the requirements imposed by the Lanham Act,⁵⁶ do have a number of shortcomings that result in problems for both the owners of protected marks and the owners of identical or similar marks. Despite Congress's realization of this fact and its attempt to investigate

50. See, e.g., *Polaroid Corp. v. Polarad Elecs. Corp.*, 287 F. Supp. 2d 492, 495 (2d Cir. 1961) (listing eight factors the Second Circuit will consider in deciding whether a competing firm's use of a protected mark constitutes infringement). Each circuit court of appeals has its own similarly lengthy list of factors it uses to analyze infringement claims. See JANE C. GINSBURG, JESSICA LITMAN & MARY L. KEVLIN, *TRADEMARK AND UNFAIR COMPETITION LAW* 334 (4th ed. 2007).

51. See Grinvald, *supra* note 7, at 647 (quoting a small business owner on the extreme cost of defending an infringement suit, and the damage it could do to his brand and the success of his business).

52. See, e.g., Martin Zwilling, *10 Rules for Picking a Company Name*, CNN MONEY (Dec. 15, 2011, 9:28 AM), <http://finance.fortune.cnn.com/2011/12/15/10-rules-for-picking-a-company-name/> (mentioning two firms that charge \$1 million to work with new business owners to develop an ideal brand name).

53. See Parija Kavilanz, *Trademark Wars Heat Up. Be Ready.*, CNN MONEY (Dec. 1, 2011, 11:50 AM), <http://money.cnn.com/2011/12/01/smallbusiness/trademark/index.htm> (mentioning the importance of choosing a unique brand and policing and protecting the mark once established).

54. See Port, *supra* note 6, at 618 (depicting that the number of initial claims of infringement have risen from just 129 in 1947 to 3,636 in 2006).

55. See *id.* at 619 (showing that the percentage of trademark cases that proceed to trial fell from a high of 24% in 1947 to a low of 1.3% in 2006); see also JUDICIAL BUSINESS REPORT, *supra* note 49, at 170 (indicating that only 1.5% of trademark cases terminated between September 30, 2009, and September 30, 2010, proceeded to trial).

56. 15 U.S.C. §§ 1051–1127 (2006).

effective remedies,⁵⁷ the PTO's failure to recognize the prevalence of these shortcomings has effectively allowed them to persist.

Engaging in litigation, entering into settlement negotiations, drafting and following up on cease-and-desist letters, registering a mark, and even periodically searching for infringing marks can be expensive endeavors.⁵⁸ The assistance of counsel is recommended for most of these activities, further increasing the cost to the policing firm.⁵⁹ Because of this, many firms, especially those without a large amount of expendable capital, may be unable to sufficiently police their marks. This constraint could lead to a risk of the firm losing its exclusive rights to the mark.⁶⁰

Conversely, the requirement that firms police their marks also leads some successful firms to over-enforce their trademark rights.⁶¹ While many infringement and dilution claims have at least a degree of merit—especially given the subjective nature of these claims and the threats posed by failing to adequately curb improper uses of identical or similar marks—this duty to police can also lead firms to make accusations of infringement in cases where reasonable parties analyzing the case would find no valid claim.⁶²

Over-enforcement can lead to a number of issues that threaten the legitimacy of trademark law in the United States.⁶³ This Comment, however, focuses on only two of these issues—trademark bullying and trademark baiting—and the PTO's response, or lack thereof, to them.

57. See 156 CONG. REC. 349 (2010) (statement of Sen. Patrick Leahy) (asserting the necessity of a study to determine ways through which “the current system can better protect small businesses from abuses of the trademark system by larger corporations”).

58. See Kavilanz, *supra* note 53 (advocating that companies pay for trademark searches, hire a lawyer, register a mark with the PTO, and actively police others' use of the mark, but recognizing that these actions come at an expense, especially to small business owners).

59. See TBMP, *supra* note 42, § 114.01 (“[I]t is strongly recommended that an attorney familiar with trademark law represent a party.”); see also Letter from J. David Sams, Chief Admin. Trademark J., TTAB, to Leo Stoller (July 14, 2006), available at <http://www.oblon.com/sites/default/files/news/320.pdf> (requiring that Mr. Stoller be represented by counsel in future TTAB proceedings because it had already been strongly recommended in the TBMP, and Mr. Stoller had abused his privilege of self-representation).

60. See *Wallpaper Mfrs., Ltd. v. Crown Wallcovering Corp.*, 680 F.2d 755, 766 (C.C.P.A. 1982) (confirming that a trademark's distinctiveness and significance as a mark can be lost if its owner fails to adequately police).

61. See Port, *supra* note 6, at 589 (arguing that many trademark owners are using the duty to police to attempt to effectively expand their rights as mark owners and prevent entry into the market by potential competitors).

62. See *id.* (positing that infringement cases “are almost never prosecuted to a conclusion on their merits. In fact, if prosecuted to a trial on their merits, the trademark holder/plaintiff would likely lose because they are not very meritorious claims”).

63. See generally Port, *supra* note 6 (opining that the over-policing of trademarks is leading to an unsustainable expansion of trademark rights under the Lanham Act).

II. THE PTO'S RESPONSE TO OVERZEALOUS TRADEMARK ENFORCEMENT

Recognizing that fair and effective trademark enforcement is beneficial to both businesses and consumers,⁶⁴ the 111th Congress passed the Trademark Technical and Conforming Amendment Act of 2010.⁶⁵ Focused on the growing problem of over-enforcement of trademark rights, Congress sought information from the DOC on its recommendations to curb overzealous infringement policing while simultaneously “ensuring that legitimate trademark infringement actions are handled efficiently and expeditiously by the courts.”⁶⁶ The DOC was given one year to report its findings to Congress.⁶⁷

A. *Trademark Litigation Tactics Report*

In conducting its research, the PTO, which had been tasked with compiling this report by the DOC, recognized that much of the data it sought was unavailable in a readily accessible format.⁶⁸ As such, the scope of its research instead centered on the receipt of comments from practitioners, academics, business owners, and other interested parties.⁶⁹ These individuals and groups were encouraged to respond with both their thoughts and experiences on the subject and their recommendations for solutions to prevent the issue going forward.⁷⁰ The PTO, with the assistance of the U.S. Commercial Service, also held a roundtable on trademark litigation tactics shortly before the Tactics Report was released to gather further feedback.⁷¹

In addition to the comments received from participants at the

64. See 156 CONG. REC. 349 (2010) (statement of Sen. Patrick Leahy) (“Trademark protection is critical both for businesses that have invested in creating a reliable product, and for consumers who trust a ‘brand name’ product to be safe and of high quality.”).

65. Pub. L. No. 111-146, 124 Stat. 66, 66–70 (2010).

66. 156 CONG. REC. 349 (2010) (statement of Sen. Patrick Leahy).

67. Pub. L. No. 111-146, 124 Stat. 66, 69–70.

68. See TACTICS REPORT, *supra* note 17, at 15 (recognizing that only 1.5% of trademark cases reach trial and that, for the cases that are resolved before that point, little information is ever made public).

69. See *id.* at 15–17 (outlining the PTO’s outreach efforts and listing twelve specific questions it asked commenters to address); see also *Request for Comments: Trademark Litigation Tactics*, U.S. PATENT & TRADEMARK OFFICE (last modified Feb. 7, 2011, 2:41 PM) http://www.uspto.gov/trademarks/notices/litigation_tactics.jsp (announcing the request for comments publicly on the PTO website and listing the twelve question prompts).

70. See TACTICS REPORT, *supra* note 17, at 16–17.

71. See *id.* at 16 (mentioning that a second roundtable, to be held in conjunction with the U.S. Small Business Administration’s Office of Advocacy, was scheduled but later cancelled “due to a lack of participant interest”).

roundtable, the PTO received comments from seventy-nine interested parties.⁷² These remarks ranged from those believing that some firms exploited trademark rights and that reforms were necessary⁷³ to those arguing that what had been perceived as bullying was actually just firms rightfully exercising their duty to police their marks.⁷⁴

Given the wide array of responses, and the sparsity of concrete data to support them, the PTO ultimately concluded that the feedback “may be better viewed as anecdotal.”⁷⁵ Thus, it reasoned, bullying must not be a serious enough problem to warrant increased regulation.⁷⁶ What the PTO attempted to gain from these comments, it seems, was not only these

72. *See id.* at 18 (providing that thirty-three of the responses were from small business owners, thirteen from attorneys, four from professors, two from attorneys on behalf of small business owners, four from intellectual property organizations, and twenty-three from other interested parties).

73. *See, e.g.*, Erik M. Pelton, *Comments on “Small Business Study” by the U.S. Patent and Trademark Office*, IPELTON BLOG (Jan. 10, 2011), <http://www.erikpelton.com/2011/01/10/bullies-comments/> (focusing specifically on problems in the TTAB system that work to the disadvantage of small business owners and proposing solutions to level the playing field).

74. *See, e.g.*, Letter from Douglas K. Norman, President, Intellectual Prop. Owners Ass’n, to Hon. David Kappos, Under Sec’y of Commerce for Intellectual Prop. & Dir. of the USPTO (Jan. 7, 2011), *available at* <http://www.ipo.org/AM/Template.cfm?Section=Home&TEMPLATE=/CM/ContentDisplay.cfm&CONTENTID=28192> (insisting that most infringement cases are just businesses validly seeking to protect their marks and thus bullying is not prevalent enough to necessitate PTO regulation); Letter from Alan C. Drewsen, Exec. Dir., Int’l Trademark Ass’n, to Hon. David Kappos, Under Sec’y of Commerce for Intellectual Prop. & Dir. of the USPTO (Jan. 4, 2011), *available at* <http://www.inta.org/Advocacy/Documents/January42011TMLitigationTactics.pdf> (urging that trademark owners must be able to zealously police their marks and that bullying is not currently a significant problem, but warning that new regulations could cause new problems if they restrict owners’ ability to police their marks); *see also* Letter from Marylee Jenkins, Chair, Am. Bar Ass’n Section of Intellectual Prop. Law (ABA–IPL), to Hon. David Kappos, Under Sec’y of Commerce for Intellectual Prop. & Dir. of the USPTO (Feb. 4, 2011), *available at* http://meetings.abanet.org/webupload/commupload/PT020100/otherlinks_files/Ltr-Survey_Resp-TM-Bullying.pdf (positing that because companies of all sizes can face opponents attempting to exceed their rights as a mark owner and because bullying occurs in numerous areas of civil litigation, handling of the issue of trademark bullying should be left to the judiciary to decide on a case-by-case basis); *cf.* Letter from Q. Todd Dickinson, Exec. Dir., Am. Intellectual Prop. L. Ass’n, to Hon. David J. Kappos, Under Sec’y of Commerce for Intellectual Prop. & Dir. of the USPTO (Jan. 7, 2011), *available at* <http://www.aipla.org/advocacy/executive/2011/Documents/AIPLA%20Comments%20to%20UPSTO%20on%20TrademarkLitigationTactics-01.7.11.pdf> (reasoning that the primary basis of trademark law is consumer protection and that regulations aimed at preventing bullying may actually lead to an increase in consumer confusion).

75. TACTICS REPORT, *supra* note 17, at 18.

76. *See id.* (citing a lack of evidence indicating “whether and to what extent [bullying] is a significant problem”).

parties' personal experiences, but also their actual evidence that bullying is, in fact, a widespread problem.⁷⁷ What this failed to recognize, however, is that commenters likely faced the same—if not greater—obstacles in gathering data as the PTO experienced when it attempted to do so.⁷⁸

Despite the PTO's contention that bullying was not a significant issue, it nonetheless offered three recommendations that it believed would be sufficient to quell any further bullying complaints.⁷⁹ To prevent firms from enforcing their trademark rights to a greater degree than that afforded them under the Lanham Act, the PTO recommended offering continuing legal education programs for trademark attorneys to better inform them how to properly police their clients' marks.⁸⁰ The PTO further recommended similar education initiatives geared toward small business owners and individuals to better inform them of the requirements of trademark use, how they should go about responding to cease-and-desist letters and litigation threats, and resources available to assist them.⁸¹

Finally, the PTO acknowledged that most current safeguards against bullying take effect only at the litigation stage⁸² and that the inability to afford an attorney is often cited as a reason for not proceeding to litigation to defend use of a mark.⁸³ In light of this, the PTO recommended reaching out to private sector trademark attorneys to encourage them to take on representation of more small businesses and individuals on a pro bono basis.⁸⁴ Since an accused's willingness to engage in litigation is often enough for trademark bullies to withdraw their complaints,⁸⁵ the PTO's thought was that providing bullied firms with free or low-cost attorneys would make fighting infringement claims a more realistic option.⁸⁶

77. *See id.*

78. The PTO, in its report to Congress, acknowledged the lack of available information relating to the vast majority of trademark cases. *See id.* at 15. If the federal government—with a year to gather data—was unable to track down concrete statistics, it does not seem unreasonable that private parties would have had the same or greater difficulty in doing so.

79. *See id.* at 26 (affirming its belief that current safeguards should be sufficient to prevent trademark bullying but nonetheless advocating increased education initiatives and outreach efforts to private sector attorneys).

80. *See id.* at 27–28 (conceding that some trademark attorneys may mistakenly believe that proper policing requires preventing and ending all potential infringement against the mark).

81. *Id.* at 28.

82. *Id.* at 26.

83. *Id.*

84. *Id.* at 26–27.

85. *See id.* (reasoning that often the only reason small businesses refrain from fighting clearly frivolous claims is their inability to afford competent representation and their inability to understand and argue the relevant points of trademark law themselves).

86. *Id.* at 27.

B. Remaining Vulnerabilities in the Trademark Bullying Prevention System

When Congress first called for this study on the prevalence of bullying in the trademark arena, some commentators had high expectations for the report that would result and its potential to effect substantive change.⁸⁷ Upon review of that report, however, while the PTO's willingness to establish increased safeguards to help ensure fair enforcement of Lanham Act rights is admirable, questions ultimately remain about the effectiveness and practicality of the Office's recommendations. Primarily, there is no evidence that the PTO's proposed outreach efforts will increase the number of trademark attorneys willing to take on a significant volume of pro bono cases.⁸⁸ Because without these attorneys willing to assist small business owners the sanctions and penalties imposed against bullies during litigation remain out of reach in most cases,⁸⁹ they can no longer be viewed as viable remedies.

Further, even if the PTO is successful in convincing attorneys to take on these cases, clients may still find themselves unable to fully defend themselves against larger firms' claims. The average attorney who engages in pro bono work takes on only about forty hours of such work per year.⁹⁰ Given the prolonged and fact-specific nature of most infringement cases, while these attorneys might be able to provide their clients with valuable advice on how to address the claims, they likely will not be willing or able to see their client through lengthy litigation. These attorneys may be able to more adequately respond to cease-and-desist letters, but they may encourage settlement rather than fully engaging the bully in court.⁹¹

The educational measures proposed by the PTO introduce their own

87. See, e.g., Sara Marie Andrzejewski, Note, "Leave Little Guys Alone!": Protecting Small Businesses from Overly Litigious Corporations and Trademark Infringement Suits, 19 J. INTEL. PROP. L. 117, 141 (2011) (expressing optimism that the report, "while a seemingly small step, may put into motion meaningful reform" to alleviate the issue of trademark bullying).

88. See ABA STANDING COMM. ON PRO BONO AND PUB. SERV., SUPPORTING JUSTICE II: A REPORT ON THE PRO BONO WORK OF AMERICA'S LAWYERS 8, 10, 12-13 (2009) [hereinafter PRO BONO REPORT] (reporting that while 73% of attorneys engaged in some degree of pro bono work during the prior year, most believe that provision of these services should be limited to non-profit organizations and individuals, and attorneys are able to take on only a limited amount of such work).

89. See JUDICIAL BUSINESS REPORT, *supra* note 49, at 168-71 (indicating that only 1.5% of trademark cases proceed to trial).

90. See PRO BONO REPORT, *supra* note 88, at 12-13 (placing the average amount of pro bono work undertaken at forty-one hours annually).

91. See, e.g., Pelton, *supra* note 73 (indicating that even paid attorneys recognize it is often more responsible for businesses to settle infringement cases because the prolonged nature of TTAB proceedings and litigation require higher expenditures of money than many firms are able to absorb).

issues as well. While better informing small business owners of their trademark rights is undoubtedly a beneficial initiative, if those owners are faced with the threat of unaffordable litigation upon receipt of a cease-and-desist letter,⁹² this education is of little assistance. Efforts focused on providing trademark attorneys with more CLE opportunities may be equally ineffective. Evidence does not appear to indicate that these attorneys are acting in bad faith or failing to properly defend their clients' marks.⁹³ Instead, it simply appears that, because of the value of trademarks in today's economy,⁹⁴ they are erring on the side of caution when presented with a potentially competing use of their clients' mark.⁹⁵

Finally, the current lack of accessible judicial remedies has led some commentators to recommend non-judicial responses to trademark bullying.⁹⁶ One of these ideas gaining increased use is the "shaming" of perceived bullies.⁹⁷ In this scenario, rather than defend against an infringement claim in court, a business or individual calls the public's attention to the mark owner's accusations using social media, traditional media, or some combination of the two.⁹⁸ While this tactic has the benefit of being much less expensive than litigation,⁹⁹ and has proven effective,¹⁰⁰ as will be discussed more below,¹⁰¹ use of this technique should only be

92. *Id.*

93. *See, e.g.*, Letter from Marylee Jenkins, *supra* note 74 (providing results of an ABA–IPL study indicating that, in general, even firms that are accused of being bullies are acting only on a good faith belief that they are simply policing their marks).

94. *See, e.g.*, Suhejla Hoti, Michael McAleer & Daniel Slotje, *Intellectual Property Litigation Activity in the USA*, 20 J. ECON. SURV. 715, 715 (2006) (placing the value of the Coca-Cola brand at \$72.5 billion and the value of the Microsoft brand at \$70.5 billion).

95. *See* Letter from Alan C. Drewsen, *supra* note 74, at 2 (“[I]f a trademark owner fails to challenge use of a confusingly similar mark or a diluting mark, then it not only allows an encroachment on its trademark rights in that instance, but also opens the door for future third parties to do the same.”).

96. *See, e.g.*, Grinvald, *supra* note 7, at 663–64 (endorsing the technique of “shaming trademark bullies”); Ronald Coleman, *Bully for Who?*, INTELL. PROP. MAG., Jan. 2011, at 10–11 (acknowledging the ability of small firms to retaliate in “extra-judicial and perhaps even unlawful” ways that could damage the large corporation without the expense of litigation).

97. *See generally* Grinvald, *supra* note 7.

98. *See id.* at 665–67 (outlining the process of shaming and the requirements for success).

99. *See id.* at 678 (reasoning that most shaming in today's society would take place through the Internet and social media, which provide inexpensive means of getting a message to the public).

100. *See id.* at 627 (providing the example of Rock Art Brewery, which was accused of infringement by Hansen Beverage Company and succeeded in negotiating an amicable settlement after an extensive shaming campaign).

101. *See infra* Part III.A.

embraced with reservation, as overly aggressive shaming can unfairly limit the legitimate rights of many mark owners.

C. Recommended Solutions to the Trademark Bullying Problem

While the recommendations set forth in the PTO's Tactics Report alone may be insufficient to fully eradicate the prevalence of trademark bullying, they may provide a suitable solution if supplemented by other prophylactic measures.¹⁰² First, the PTO should work with lawmakers and practitioners to standardize the elements of cease-and-desist letters. Recipients of these letters frequently complain of the aggressive tone, prevalence of legalese, and litany of case citations used by many drafters.¹⁰³ When coupled with the short timeframes often afforded for compliance¹⁰⁴ and the recipients' lack of access to an attorney,¹⁰⁵ these letters frequently force recipients to acquiesce to even frivolous demands.¹⁰⁶ In light of this, the PTO should advocate for certain standards for these letters to level the playing field between the sides.¹⁰⁷ These standards should require firms to allow the recipients sufficient time to consult an attorney and discuss the best way to

102. Due to the limited jurisdiction and lack of rulemaking power afforded the PTO, the Office will likely need the assistance of Congress, the Judiciary, other influential parties, or any combination of the three to enact most of these measures. See 35 U.S.C. § 2(b)(2) (2006) (limiting the scope of the PTO's rulemaking power). Congress has already expressed its willingness to hear the PTO's thoughts on bullying, see 156 CONG. REC. 349 (2010) (statement of Sen. Patrick Leahy), so it seems feasible that it would remain open to the Office's recommendations regarding this and other related issues.

103. See Grinvald, *supra* note 7, at 648–49 (highlighting the aspects of many cease-and-desist letters that make them intimidating to recipients, especially when recipients are not familiar with trademark law).

104. See *id.* at 649 (arguing that the short timeframe for compliance extended by many firms provides insufficient time for the recipient to consult with an attorney before deciding how to proceed); see also sources cited *supra* note 33 (providing examples of letters offering as little as nine days to comply with a letter's demands).

105. See Grinvald, *supra* note 7, at 655–56 (explaining that most small business owners do not know or have access to a trademark attorney and that, even if they do, they likely will not be able to afford the attorney's services).

106. See William E. Ridgway, *Revitalizing the Doctrine of Trademark Misuse*, 21 BERKELEY TECH. L.J. 1547, 1569 (2006) (arguing that in the current trademark law landscape “trademark holders have every incentive to abuse this lawful tool [of sending cease-and-desist letters]: they can send cease-and-desist letters to anyone . . . and exaggerate or even lie about their rights or the potential repercussions”).

107. The PTO has already recognized that cease-and-desist letters typically contain some or all of a standard set of elements. See TACTICS REPORT, *supra* note 17, at 10. It seems a logical next step to adopt these best practices as requirements. See *id.* at 27 (indicating that intellectual property bar associations may even already have best practices established). Doing so would have the additional advantage of making education of small business owners simpler.

proceed.¹⁰⁸ The PTO should further endorse a standard form for these letters¹⁰⁹ and work to ensure that recipients are able to share and potentially publicize these letters.¹¹⁰ With free services available to assist unrepresented business owners with infringement claims,¹¹¹ if recipients of cease-and-desist letters are educated about their ability to publicize the letters they receive, accusers may think twice before sending letters based on questionable claims, and recipients may be able to gather advice from knowledgeable parties without incurring legal fees.¹¹² Once established, the PTO can include information on these new protections in their proposed education initiatives geared toward small businesses.

The PTO should further recommend both the development of current defenses to infringement and dilution claims and the establishment of new defenses to such claims.¹¹³ First, established defenses, such as fair use and First Amendment protection, should receive greater recognition¹¹⁴ and should be addressed by the courts before they delve into a full

108. This may be especially necessary if, as the PTO recommends, these parties are working with attorneys on a pro bono basis, since the attorney may not be able to address the concern as quickly.

109. See TACTICS REPORT, *supra* note 17, at 27 (considering the possibility of establishing best practices but not yet taking the idea as far as deciding on a standard form or template).

110. See Grinvald, *supra* note 7, at 681–82 (mentioning that some firms include warnings in cease-and-desist letters that the letters are protected by copyright, and therefore publicizing or sharing them with anyone else would constitute infringement); see, e.g., Letter from Donald E. Morris to Justin E. Leonard (Sept. 21, 2007), available at <http://www.citizen.org/documents/directbuycd.pdf>. Courts have held that cease-and-desist letters—at least when already registered with the Copyright Office—are subject to copyright protection. See, e.g., *In re Subpoena Issued Pursuant to the Digital Millennium Copyright Act To: 43SB.com, LLC*, 86 U.S.P.Q.2d (BNA) 1505, 1508 (D. Idaho 2007). However, whether publication of such letters by recipients may nonetheless be protected by a fair use defense remains unclear. Efforts to clarify this aspect of the law, including input from the PTO and the United States Copyright Office, would obviously be beneficial to recipients of such letters.

111. See, e.g., CHILLING EFFECTS CLEARINGHOUSE, <http://www.chillingeffects.org> (last visited Nov. 30, 2012) (providing educational resources to firms that conduct business online relating to their First Amendment and intellectual property rights).

112. See *id.* (encouraging recipients to submit cease-and-desist letters for posting to the site’s database and permitting practitioners and other aggrieved parties to post comments offering details of similar experiences and advice they would propose as a result).

113. As the PTO’s Trademark Trial and Appeal Board’s jurisdiction is limited to deciding the registrability of marks, see TBMP, *supra* note 42, § 102.01, the applicability of these proposals would be limited to court proceedings.

114. See Michael Grynberg, *Things Are Worse Than We Think: Trademark Defenses in a “Formalist” Age*, 24 BERKELEY TECH. L.J. 897, 914–15 (2009) (arguing that while current trademark standards of liability are “malleable[.] . . . traditional trademark defenses are comparatively rigid”).

likelihood-of-confusion analysis.¹¹⁵ If courts could quickly dispose of cases brought against firms using others' marks in legitimate, protected manners, the incentive for mark owners to bring such suits would be greatly diminished. Beyond that, the PTO should also investigate endorsing the revival of the oft-forgotten defense of trademark misuse. Misuse defenses are already employed in other intellectual property contexts.¹¹⁶ The defense, which "originated in patent law[] as an analogue to the common-law doctrine of unclean hands,"¹¹⁷ has also gained acceptance in copyright law.¹¹⁸ In that context, it is generally employed in cases where a plaintiff asserts a claim of infringement "in a manner violative of the public policy embodied in the grant of a copyright."¹¹⁹

Similarly, a misuse defense in the trademark context could be introduced in cases where the defendant believes the plaintiff's claims are frivolous or abusive and could be another deterrent of over-aggressive policing behavior.¹²⁰ Given these remedies, coupled with existing safeguards and the recommendations set forth in the Tactics Report, the PTO should be able to fully remedy the problem of trademark bullying without forcing accused infringers to resort to self-help and non-judicial measures.

III. THE UNADDRESSED ISSUE OF TRADEMARK BAITING

Looking beyond the issue of trademark bullying, today's economy and the current landscape of trademark law have also permitted, and perhaps

115. See Grinvald, *supra* note 7, at 660 (criticizing the inefficiencies in current infringement defenses that prevent them from serving as the "screening mechanism[s]" they were designed to be (internal quotation marks omitted)).

116. See *id.* at 661–62 (describing the judicially recognized defense of misuse in the context of a copyright infringement claim); see also Ridgway, *supra* note 106, at 1550–53 (explaining that while the popularity of the misuse defense has waned in the patent context, it remains widely used in copyright law).

117. Thomas F. Cotter, *Fair Use and Copyright Overenforcement*, 93 IOWA L. REV. 1271, 1301 (2008).

118. *Id.* at 1302 n.86 (highlighting the recent acceptance of the copyright misuse defense by Judge Richard Posner, a long-time critic of the idea).

119. *Lasercomb Am., Inc. v. Reynolds*, 911 F.2d 970, 978 (4th Cir. 1990).

120. See Grinvald, *supra* note 7, at 661 ("Without robust defenses, small-business owners and individuals are easy prey for trademark bullies seeking to increase the strength and exclusivity of their trademarks."); Ridgway, *supra* note 106, at 1571 (critiquing the opinion in *Northwestern Corp. v. Gabriel Mfg. Co.*, 48 U.S.P.Q.2d 1902, 1908–09 (N.D. Ill. 1998) that, while trademark misuse "may apply in situations in which the trademark owner 'somehow [does] violence to the public policy which establishes [the] trademark right' . . . this only occurs when trademark holders misrepresent their product" (alteration in original) (quoting *Niv. Corp.*, 48 U.S.P.Q.2d at 1908–09)). Ridgway argues that, "as a matter of logic, it is hard to see why misuse should stop at misrepresentation when other behaviors probably contravene trademark public policy as well." Ridgway, *supra* note 106, at 1571.

encouraged, another type of trademark rights abuse—trademark baiting. In a time when budget-trimming is in vogue and firms must closely monitor all expenditures,¹²¹ fledgling businesses can save some of the marketing costs associated with building brand recognition by adopting names, logos, and slogans similar to those of well-known, established brands.¹²² While this practice would normally be discouraged by anyone versed in the norms of trademark enforcement,¹²³ the increased public exposure to, and disgust toward, the issue of trademark bullying¹²⁴ has presented small businesses with the opportunity to accelerate the growth of their companies without concerning themselves with the infringement or dilution suit they will likely face as a result.

A. Definition of Trademark Baiting

Whereas trademark bullying occurs when established trademark-rights holders attempt to unfairly expand those rights through overly aggressive policing,¹²⁵ trademark baiting occurs when relatively unknown firms attempt to gain recognition and exposure by adopting, and subsequently exploiting, marks similar to those of larger, renowned companies.¹²⁶ The threat of this tactic has always been present in trademark law to some degree.¹²⁷ However, due to business owners' increased use of

121. See, e.g., Lauren Tara LaCapra, *Morgan Stanley Beats Expectations with Cost Cuts*, REUTERS (Jan. 19, 2012, 5:06 PM), <http://www.reuters.com/article/2012/01/19/us-morganstanley-idUSTRE80I0W920120119> (highlighting Morgan Stanley's budget-trimming measures but recognizing that the firm would like to cut some costs back even further).

122. See, e.g., Emily Maltby, *Name Choices Spark Lawsuits*, WALL ST. J., June 24, 2010, at B13 (telling the story of Jimmy Winkelmann, creator of The South Butt clothing line, which was accused of infringement by the North Face).

123. See, e.g., Baird, *supra* note 13 (stressing that business owners' counsel would generally discourage adopting a mark close to an already established, protected mark by asking them to "put the shoe on the other foot" and consider how they would feel if their mark were stolen (internal quotation marks omitted)).

124. See, e.g., 156 CONG. REC. 349 (2010) (statement of Sen. Patrick Leahy) (decrying corporations "abusing the substantial rights Congress has granted them in their intellectual property to the detriment of small businesses").

125. See Grinvald, *supra* note 7, at 665–69 (explaining the concept of shaming in general and reasoning why it can be successful in the trademark context).

126. For the purposes of this Comment, "trademark baiters" include only those firms that act in bad faith in adopting another's established, protected mark. While those firms too naïve to realize what they are doing should not necessarily be exonerated, it can be assumed that they would be more likely to relinquish the mark without contest once the mistake is brought to their attention.

127. See Baird, *supra* note 13 (admitting that some business owners have always *considered* adopting infringing marks because of the potential perks of doing so).

nontraditional tactics to gain an edge over their competitors, and the changing landscape of trademark law, the ability of firms to achieve success in employing this tactic has reached an unprecedented level.¹²⁸

In difficult economic times, small companies are more willing and more likely to look to new and creative means of improving exposure to, the reputation of, and demand for their products or services. At a time when more small businesses are closing their doors,¹²⁹ this resourcefulness may mean the difference between success and failure. In place of expensive traditional marketing channels, for instance, companies have instead begun relying more heavily on social and viral media to increase recognition of their brands and products.¹³⁰ This practice gives firms their desired exposure without incurring the significant cost of traditional advertising.¹³¹

The difficulties presented by today's economy have also increased the public's distrust of large corporations.¹³² At a time when many Americans are struggling to make ends meet,¹³³ the news is riddled with stories of corporations experiencing record profits.¹³⁴ As such, the public is quick to

128. *Id.*

129. *See* Dun & Bradstreet, *THE STATE OF SMALL BUSINESS POST GREAT RECESSION: AN ANALYSIS OF SMALL BUSINESS BETWEEN 2007 AND 2011* (May 2011), http://www.dnbgov.com/pdf/DNB_SMB_Report_May2011.pdf (indicating that between 2007 and 2011 the rate of small businesses that failed in the United States increased by 40%).

130. *See* Michael A. Stelzner, *2011 Social Media Marketing Industry Report*, SOC. MEDIA EXAMINER, Apr. 2011, at 11 (reporting that 93% of interviewees acknowledged using social media to market their businesses), available at <http://www.socialmediaexaminer.com/SocialMediaMarketingReport2011.pdf>.

131. *See id.* at 16, 19 (highlighting that 88% of respondents indicated that social media marketing generated exposure for their businesses and that "a significant percentage of participants strongly agreed that overall marketing costs dropped when social media marketing was implemented").

132. *See, e.g., Poll: Occupiers Fare Better Than Wall St.*, CBSNEWS (Nov. 7, 2011, 9:46 AM), http://www.cbsnews.com/8301-201_162-57319592/poll-occupiers-fare-better-than-wall-st/ (reporting on the results of a national poll that indicated that, while support for Occupy Wall Street protesters was declining, it still remained higher than the 16% of those surveyed that held a favorable opinion of large corporations).

133. *See, e.g., Many Above Poverty Line Struggle to Make Ends Meet*, REUTERS (Nov. 22, 2011, 2:21 PM), <http://www.reuters.com/article/2011/11/22/us-poverty-struggle-idUSTRE7AL25S20111122> ("Nearly half of all Americans lack economic security, meaning they live above the federal poverty threshold but still do not have enough money to cover housing, food, healthcare and other basic expenses, according to a survey of government and industry data.").

134. *See, e.g.,* Maureen Farrell, *Bank of America Shares Spike on Earnings*, CNN MONEY (Jan. 19, 2012, 1:11 PM), http://money.cnn.com/2012/01/19/markets/bofa_earnings/index.htm?hpt=hp_t3 (crediting the "gradually improving economy" for Bank of America exceeding investors' earnings expectations (internal quotation marks omitted)).

jump to the aid of a small business when it perceives that the firm faces a threat from a Goliath corporation.¹³⁵

Coupled with these realities, changes in trademark law have simultaneously made trademark baiting a more attractive option for ambitious businesses. First, trademarks have become more valuable to companies than ever before.¹³⁶ Further, for famous marks, recent alleviations of the standard required to find trademark dilution have made it more enticing for mark owners to prevent even non-competing uses of identical or similar marks.¹³⁷ As such, to protect the value of these assets, mark owners are focused on policing and ensuring the exclusive use of their marks more than ever before.¹³⁸

While this increase in policing may lead firms accused of infringement to claim that they are being bullied, it also heightens the likelihood of firms purposely adopting infringing or dilutive marks in order to bait the owner of the protected mark. Finally, with the inability of many small firms to gain access to competent legal assistance,¹³⁹ as discussed above, the use of shaming has become an increasingly popular remedy for small firms looking to maintain their marks in the face of an infringement claim by a larger firm.¹⁴⁰ All of these factors combined make the thought of baiting a large, powerful, well-known corporation into threatening trademark litigation an attractive proposition for firms looking to gain a new level of public exposure.

B. *Current Preventative Measures and Remedies Regarding Baiting*

To complicate matters further, there are currently very few safeguards in place to prevent this baiting behavior. The most obvious deterrent would

135. See Grinvald, *supra* note 7, at 676 (“[E]ntrepreneurship, as opposed to ‘corporate America,’ may be viewed as the morally correct approach to business, since the entrepreneur is in many cases simply seeking to make a self-sustaining wage for herself and her family.”). Grinvald further argues that in disputes between small businesses and large corporations, small businesses are often given the benefit of the doubt because “small businesses are generally assumed to be honest and morally righteous” and are often known on a more personal level within the community to which they cater. *Id.* at 675.

136. See Port, *supra* note 6, at 586 (mentioning the multi-billion dollar value of the Coca-Cola and Microsoft brand names).

137. See generally Sandra L. Rierson, *The Myth and Reality of Dilution*, 11 DUKE L. & TECH. REV. 212 (2012) (differentiating the original intent of the trademark dilution cause of action from the reality of how it is utilized today).

138. See Port, *supra* note 6, at 589 (describing firms’ over-policing of protected marks).

139. See Ridgway, *supra* note 106, at 1548 (indicating that cease-and-desist letters “tend to compel compliance from non-infringing [firms] because ready access to a lawyer is a barrier the internet has failed to eliminate”).

140. See generally Grinvald, *supra* note 7.

be the threat of litigation that companies would face for engaging in such behavior and the unsustainable expenses that would likely accompany fighting those charges.¹⁴¹ Further, upon losing the case in court or entering into a settlement agreement, the company would need to develop a plan to maintain its clientele and reputation while likely starting over with a new name, logo, and insignia and carrying with it the stigma of being labeled an infringer. This too would come with sizeable expenses.¹⁴²

While the threat of these complications and expenses should generally be sufficient to prevent baiting from being a serious consideration, the Lanham Act has an additional safeguard in place to further prevent both frivolous infringement claims and frivolous defenses of clear infractions. Section 35(a) of the Act permits a court to award attorney's fees to the prevailing party in "exceptional cases."¹⁴³ While the definition of what constitutes an exceptional case is a topic of debate,¹⁴⁴ the sheer amount of fees accrued in a typical trademark case¹⁴⁵ should be a sufficient deterrent for companies even considering instigating such litigation.¹⁴⁶

C. Ineffectiveness of Current Measures

Despite the severe ramifications of the existing safeguards, they are ultimately insufficient to fully prevent baiting behavior in today's market. The main reason for this is that most of these remedies are available only when cases proceed to and through litigation. As discussed above, few trademark cases drag out this far.¹⁴⁷ Rather than be faced with the

141. See Hoti et al., *supra* note 94, at 715 (computing the cost of the average trademark litigation case at \$600,000).

142. See Saleh Abdulaziz Alshebil, *Consumer Perceptions of Rebranding: The Case of Logo Changes 2* (Aug. 2007) (unpublished Ph.D. dissertation, University of Texas at Arlington), available at <http://dspace.uta.edu/bitstream/handle/10106/572/umi-uta-1769.pdf> (discussing the various costs that a company must absorb when rebranding itself and providing the example of Esso, which spent more than \$200 million when it changed its name to Exxon); see also *id.* at 35–37 (depicting the high degree of skepticism consumers often exhibit when faced with a company that has changed its branding).

143. 15 U.S.C. § 1117(a) (2006).

144. See generally Richard J. Leighton, *Awarding Attorneys' Fees in "Exceptional" Lanham Act Cases: A "Jumble" of "Murky" Law*, 102 TRADEMARK REP. 849 (2012) (highlighting the lack of legislative history surrounding the enactment of § 35(a) and the resulting incongruity of case law on the subject); Christopher P. Bussert, *Interpreting the "Exceptional Cases" Provision of Section 1117(a) of the Lanham Act: When an Award of Attorney's Fees Is Appropriate*, 92 TRADEMARK REP. 1118 (2002) (discussing the various interpretations of the "exceptional cases" standard).

145. See *supra* note 51 and accompanying text.

146. The TTAB also has the ability to impose sanctions on attorneys it believes are abusing its process. See 37 C.F.R. § 11.20 (2011).

147. See *supra* note 55 and accompanying text.

imposition of attorney's fees, for example, a firm can simply concede before trial and enter into a settlement agreement with its opponent.¹⁴⁸ Because they are only imposed at or after trial, and because firms are aware of this before deciding on a course of action, many of these remedies do not pose significant risks to those firms considering engaging in baiting behavior.

Along the same lines, the availability of pre-litigation settlements may make the idea of baiting even more enticing. Most settlement agreements in the trademark context are kept confidential.¹⁴⁹ This means that a baiter can adopt the infringing mark, gain the consumer exposure that comes with it, potentially attempt to shame the accusing firm (gaining even further exposure), and then, rather than face the consequences of infringing, simply settle with its accuser.¹⁵⁰ In this scenario, the baiting firm is not only never held fully accountable for its actions, but, due to the confidentiality of the agreement, is free to spin the switch to a new mark in whichever way is most beneficial to it.

Finally, because of the immediate, largely irreversible nature of shaming via social media, baiters can quickly¹⁵¹ and severely damage the reputation of the baited firm before that firm even has an opportunity to defend itself. A simple post on Facebook, Twitter, YouTube, or even the company's own website can spread virally in a matter of minutes.¹⁵² The viral effect of this technique can be further bolstered by the public's general trust in the morality of small companies and its skepticism toward the actions of large corporations.¹⁵³

148. See Grinvald, *supra* note 7, at 646–48 (depicting how easily small business owners can be coerced into settling due to the economic threat of prolonging the dispute).

149. See *supra* note 40 and accompanying text.

150. See Christopher R. Drahozal & Laura J. Hines, *Secret Settlement Restrictions and Unintended Consequences*, 54 U. KAN. L. REV. 1457, 1458–59 (2006) (positing that in many cases “[t]he defendant has an incentive to settle secretly because it does not want information about the dispute to be publicized”).

151. A recent study indicated that more than half of all American adults who use the Internet use Facebook every month. See *Facebook Reaches Majority of U.S. Web Users*, EMARKETER (Feb. 24, 2011), available at [http://www.emarketer.com/\(S\(rt15q0euzflupcbj2u1lkpnp\)\)/Article.aspx?R=1008247](http://www.emarketer.com/(S(rt15q0euzflupcbj2u1lkpnp))/Article.aspx?R=1008247) (mentioning that 16.4 million American adults used Twitter on a monthly basis in 2010, as well). Usage of both social media sites was expected to expand in the proceeding years. *Id.*

152. See, e.g., Adam Nason, *Timeline: Rock Art vs. Monster Energy*, BEERPULSE (Oct. 15, 2009, 3:17 PM), <http://beerpulse.com/2009/10/timeline-rock-art-vs-monster-energy/> (describing the efforts of Rock Art Brewery to fend off a bullying attack from the makers of Monster energy drinks, including the success of a YouTube video posted by Rock Art's owner to state his case).

153. See *supra* notes 132, 135, and accompanying text.

D. The Potential for the PTO Bullying Recommendations to Exacerbate the Prevalence of Trademark Baiting

As mentioned above, the PTO, in researching the issue of trademark bullying, did not address trademark baiting or even request comments on the subject. However, the additional safeguards proposed by the PTO to curb trademark bullying not only do little to deter firms from baiting, but they also may unintentionally make the activity even more attractive. If the PTO, as it proposed, is able to recruit more attorneys to take on infringement cases on a pro bono basis, for example,¹⁵⁴ firms may feel better protected against the threat of expensive litigation. If the firm knows it has free or low-cost legal assistance waiting in the wings should it find itself faced with an infringement or dilution suit, it may find the idea of baiting more alluring than if it would have to foot the bill for such litigation on its own.

The increased efforts to inform small business owners about the trademark process and the rights of mark owners¹⁵⁵ could similarly spur more firms to develop the idea of engaging in trademark baiting. “Creative” small business owners may begin to more frequently view this as an easily employable tactic to build their businesses once they are educated in the trademark process in general and specifically in the prevalence and acceptance of shaming trademark bullies.¹⁵⁶

E. Recommendations to Eliminate Trademark Baiting

While the current safeguards against unfair trademark tactics and the recommendations proposed by the PTO to curb trademark bullying are insufficient to fully deter firms from engaging in trademark baiting, the PTO can take additional steps that should be sufficient to make baiting an unattractive enough option so as to prevent firms from seriously considering it. These recommendations should provide victims of baiting with the security of knowing that they can maintain the reputation and goodwill of their marks without being faced with undue financial burdens or unwarranted public relations nightmares.¹⁵⁷

154. See TACTICS REPORT, *supra* note 17, at 26–27.

155. See *id.* at 28.

156. *Contra* Grinvald, *supra* note 7, at 680–81, 687–88 (acknowledging the possibility that some firms could engage in “overzealous . . . shaming efforts” but dismissing the significance of the issue, arguing that judicial reprimands for such behavior, coupled with self-regulation by firms, should be sufficient to prevent firms from engaging in these tactics).

157. See *Brand Rehab: How Companies Can Restore a Tarnished Image*, KNOWLEDGE@WHARTON (Sept. 21, 2005) <http://knowledge.wharton.upenn.edu/article.cfm?articleid=1279> (outlining the difficulties companies face in restoring their

First, the PTO could encourage the courts to expand the scope of preliminary injunctions issued against the infringing firm, not only preventing that firm from continuing its use of the mark in question but also preventing it from engaging in any conduct that would threaten the reputation of the infringed firm or the value of its brand or trademarks. The application for these injunctions could be filed contemporaneously with sending a cease-and-desist letter to the infringer and could ensure that the infringement will be addressed before the infringing firm can engage in a shaming campaign. While the legal backing that an injunction would provide the corporation may enhance its ability to prevail in infringement disputes, the high burden required to permit the issuance of such an injunction¹⁵⁸ would prevent corporations from using this safeguard recklessly as a means of even more effective trademark bullying.

Second, the PTO could recommend legislation that would allow for the award of damages resulting from shaming conduct's detrimental effect on the infringed firm's brand and reputation. Like damages for a defamation claim,¹⁵⁹ this remedy could be employed to repair the loss of goodwill and brand value caused by an infringing firm's conduct. This remedy would be most useful if it could be employed even in cases where the dispute never reaches the trial stage. While the availability of confidential settlements generally lessens the ramifications of infringing conduct and shaming, the potential for an award of damages should force firms to seriously reconsider engaging in such conduct.

Finally, the PTO could recommend that courts mandate a public apology or admission of baiting from firms found to have engaged in such conduct.¹⁶⁰ This approach has been proposed and employed as an equitable remedy in other areas of the law.¹⁶¹ In the context of a

reputations after a scandal or other event that diminishes the public's opinion of the firm).

158. See *Winter v. Natural Res. Def. Council, Inc.*, 555 U.S. 7, 20 (2008) ("A plaintiff seeking a preliminary injunction must establish that he is likely to succeed on the merits, that he is likely to suffer irreparable harm in the absence of preliminary relief, that the balance of equities tips in his favor, and that an injunction is in the public interest.").

159. See *Gertz v. Robert Welch, Inc.*, 418 U.S. 323, 349–50 (1974) (outlining the requirement of actual injury for an award of compensatory damages and limiting the award of punitive damages in defamation cases).

160. For TTAB proceedings, this could potentially be considered a "[c]ondition[] imposed with discipline" under 37 C.F.R. § 11.20(b) (2012). Something more would be necessary for it to apply in court. Another alternative would be to refuse to allow the settlement to be kept confidential. See Drahozal & Hines, *supra* note 150, at 1458 (explaining that some courts already refuse to keep settlements under seal and that some states refuse to allow confidential settlements, concluding that such secret agreements are "against public policy and unenforceable").

161. See, e.g., Kit Chellel, *Apple Must Publish Notice Samsung Didn't Copy iPad in U.K.*,

defamation suit, for example, the award of damages may be limited to only the amount of actual injury incurred by the defamed party in cases where the liable party issues a timely retraction and apology.¹⁶² While this falls short of a court-imposed mandate, by removing the possibility of punitive and other damages, the courts incentivize defaming parties to issue a retraction in a way that few would be able to resist.

In the trademark-baiting context, since the main benefit of engaging in such behavior is the inexpensive brand exposure, forcing a baiter to issue a public admission of guilt and an apology when it has acted in bad faith would likely undo any advantage the firm gained at the infringed firm's expense. Because this remedy may result in insurmountable, irreversible damage to the firm's brand, it should only be employed in extreme cases of clear and egregious malfeasance. However, even if rarely imposed, the presence of this remedy as a looming threat alone should make the idea of engaging in trademark baiting a sufficiently unattractive option so as to prevent firms from even considering it.

CONCLUSION

The current landscape of trademark law is open to numerous types of abusive behavior. While large firms seeking to eliminate or prevent the entry of competition may engage in overly aggressive policing of their established, valuable, and potentially famous trademarks, small, fledgling firms may specifically target those same marks and use them to gain a level of instant consumer exposure that no new, unique mark would permit. The advocacy of simple, inexpensive, and effective self-help remedies, such as shaming, by leaders in the trademark field, as well as the burdensome costs of litigation, makes the terrain even more volatile. While ambitious small businesses should never be bullied into relinquishing legitimate trademarks, neither should they have the option of building their businesses at the expense of an established firm.

BLOOMBERG (July 19, 2012, 5:29 AM), <http://www.bloomberg.com/news/2012-07-18/apple-must-publish-notice-samsung-didn-t-copy-ipad-judge-says.html> (reporting on a British court ruling in a patent dispute in which the court required Apple to post a disclaimer on its U.K. website and in local newspapers affirming that Samsung did not infringe on Apple's design patents for its iPad tablet computer). *See generally* Brent T. White, *Say You're Sorry: Court-Ordered Apologies as a Civil Rights Remedy*, 91 CORNELL L. REV. 1261 (2006) (describing the power of apology as an equitable remedy in civil suits and specifically advocating for the use of such court-imposed apologies by government actors found liable for civil rights violations).

162. *See* John C. Martin, Comment, *The Role of Retraction in Defamation Suits*, 1993 U. CHI. LEGAL F. 293, 296–97 (reciting the history of common law and statutory limits on damages in defamation suits where the liable party has issued a timely retraction).

To date, the PTO seems unwilling to burden itself with remedying, or even seriously addressing, these issues. The insufficient recommendations set forth by the Office in its Trademark Litigation Tactics Report seem to evince this attitude. Despite the lack of consistent response it received to its recent study, however, the PTO should continue analyzing the issues of trademark bullying and baiting and develop proposals for real solutions and safeguards to help protect the rights trademark owners are afforded. Compared to other areas of intellectual property, trademark law often goes unnoticed. The PTO should seize the opportunity Congress's attention to this issue has presented and use it to take decisive action to alleviate the threat of abusive trademark litigation tactics by companies both large and small.