When Bad Things Happen to Good Brands

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Product Disparagement

- Also called product defamation, trade libel or slander of goods, product disparagement is any statement about a company or a product that is false and likely to affect its profits. Product disparagement includes negative statements about a product or service, false comparisons of competing consumer products or services and statements harming the reputation of a company.
Product Disparagement

• Types of online product disparagement and trademark infringement include:
• Outright false claims about a product by a competitor or other party
• Using anonymous comments or pseudonyms to make false claims about a competitor in online product or service reviews
• Setting up false rating and review Web sites to disparage a competitor
• Using a competitor’s logo or trademark in a negative context
• Using a logo, name or other symbol similar to those of competitors
Product Disparagement

- Types of online product disparagement and trademark infringement include:
  - Buying keyword advertising and using HTML meta tags using competitors’ trademarks
  - Posting a Web page, comment or other publication associating a competitor’s product with negative ideas or images
  - Tampering with competitors’ online listings, Web site or other advertising
Lanham Act Trademark Infringement

- In order to be liable for trademark infringement under Section 1125 of the Lanham Act, a person must (1) use in commerce (2) any word, false designation of origin, false or misleading description, or representation of fact, which (3) is likely to cause confusion or misrepresents the characteristics of his or another person’s goods or services.
False & Misleading Advertising

- Four prong test for stating a cause of action according to S.D.N.Y.: (a) that defendant made false or misleading factual representations about the nature, characteristics or qualities of plaintiff’s services”; (b) “in commerce; (c) “in the context of commercial advertising or commercial promotion;
False & Misleading Advertising

• (d) “that defendants’ actions made plaintiffs believe that they were likely to be damaged by such false or misleading factual misrepresentations.”
Dilution

- Federal and state dilution statutes protect the distinctive quality of marks and names notwithstanding the absence of classical likelihood of confusion as to source or of competition between the parties.
- Distinctive marks may be protected against use of a similar mark on unrelated products.
Dilution

• The term ‘dilution’ means lessening the capacity of a famous mark to identify and distinguish goods and services, regardless of the presence or absence of:
  • a. competition between the owner of the famous mark and other parties, or
  • b. likelihood of confusion, mistake or deception.
Dilution

• **“Blurring”**: typically “the whittling away of an established trademark’s selling power through its unauthorized use by others upon dissimilar products.”

• **“Tarnishment”**: when the plaintiff’s trademark is linked to products of shoddy quality, or is portrayed in an unwholesome or unsavory context likely to evoke unflattering thoughts about the owner’s product.
Dilution

- Federal Dilution Act exempts fair use in comparative advertising, noncommercial use, and all forms of news reporting and news commentary.
Misrepresentation

- 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--

- (A) is likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, connection, or association of such person with another person, or as to the origin, sponsorship, or approval of his or her goods, services, or commercial activities by another person, or
Misrepresentation

• (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 or is likely to be damaged by such act.

• Likelihood of damage okay; actual damage not required.
Misrepresentation

• In order to constitute “advertising or promotion” under Section 43(a)(1)(B), the allegedly false representations must be disseminated sufficiently to the relevant purchasing public, which will vary from industry to industry & from case to case.
First Amendment

- The First Amendment protects noncommercial uses of trademarks when trademark uses are for purposes of editorial or artistic expression
- *Lucas Film Ltd. v. High Frontier*