

# Geographic Scope of Online Trademarks

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ATTORNEYS



# What This Presentation Is About

- **Topic:** How to defend trademarks used primarily online.
- **Things we won't discuss:**
  - Sufficiency of a device to be a mark
  - Likelihood of confusion
  - Cybersquatting



# The Basic Rule for Unregistered Marks

The first to use a mark in a given geographic area is the “senior user” with priority over junior users only in that geographic area.



# Enjoining Use as an Unregistered Owner

An unregistered mark owner can enjoin use of a confusingly similar mark by proving that the owner:

1. Was the **senior user** of the mark; and
2. Has attained sufficient **market penetration** in the geographic area.



# Becoming the Senior User

To be senior, the claimant must:

1. Use the mark **first**; and
2. **Actually use** the mark; and
3. Use the mark **continuously**.



# Actual Use

The claimant must use the in a “sufficiently public way” for the public to identify a single source as the mark adopter.

- Actual marketing of the website or other content; or
- Evidence of user traction.

# Example of Actual Use

*Hanginout, Inc. v. Google, Inc.* (S.D. Cal. 2014)



Hanginout was the senior user because:

- ✓ 200 customers used its platform
- ✓ Two promotional YouTube videos
- ✓ Facebook, LinkedIn, and Twitter profiles
- ✓ Blog Endorsements
- ✓ Public figure endorsements

Google Hangouts

These were sufficient even though:

- Social media activity received almost zero “likes”
- Very few video views

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# The Internet Is Not a Market

- The internet is probably not a geographic territory.
- Instead, it is simply another marketing channel.
- However, the idea has not been conclusively rejected in the 9<sup>th</sup> Circuit.



# Test for Market Penetration

The courts look at the totality of the circumstances, weighing the following factors:

1. Volume of **sales** with regard to the products/services;
2. Sales **trends**, both positive and negative;
3. **Market share**; and
4. Extent of **advertising** for the product/service.



# Market Penetration – Sales Volume and Trends

- Courts evaluate sales in the real-world geographic area.
- The larger the area, the more sales volume needed.
  - *Ex.: Less than \$1,000 per year of pet products in an entire state is too low*
- The sales need to be distributed around the putative area
  - *Ex.: Concentrated sales in individual zip codes does not create penetration for an entire state*
- Flat and low or declining sales volumes undercut a penetration claim



# Market Penetration – Market Share

Courts evaluate the number of actual customers vs. potential customers in the area.

Claimants frequently fall flat in this area because:

1. They don't know the size of their potential market; or
2. They overlook this element in litigation.



# Market Penetration – Advertising (1)

There are numerous ways to measure advertising:

- Advertising and promotion efforts
  - Money spent
  - Impressions
- Efforts to promote the website
  - *Ex.: Print ads or bumper stickers to promote a website*



# Market Penetration – Advertising (2)

User engagement is an area for creative argumentation

- Click-Through rate on ads
- Bounce rate
- Unique vs. returning users
- Session length and page views
- Traffic sources

# Market Penetration – Advertising (3)

<b>All Users: Sessions</b> <b>386</b> Previous: 255 <b>51.37%</b>	<b>All Users: % New Sessions</b> <b>70.73%</b> Previous: 68.24% <b>3.65%</b>	<b>All Users: New Users</b> <b>273</b> Previous: 174 <b>56.90%</b>	<b>All Users: Page Views</b> <b>1,105</b> Previous: 685 <b>61.31%</b>
<b>All Users: Bounce Rate</b> <b>34.97%</b> Previous: 36.86% <b>-5.12%</b>	<b>All Users: Pages / Session</b> <b>2.86</b> Previous: 2.69 <b>6.57%</b>	<b>All Users: Avg. Session Duration</b> <b>3:07</b> Previous: 2:19 <b>34.41%</b>	

*Example of a website traffic analytic report*

# Market Penetration – Advertising (4)

## Top Traffic

Channels	Sessions	New Users	Bounce Rate	Pages / Session	Avg. Session Duration	% New Sessions
Organic Search	41.96% 203 vs 143 ▲	55.68% 137 vs 88 ▲	-19.49% 23.65% vs 29.37% ▼	13.11% 3.37 vs 2.98 ▲	89.43% 3:42 vs 1:57 ▲	9.67% 67.49% vs 61.54% ▲
Direct	74.42% 150 vs 86 ▲	72.06% 117 vs 68 ▲	-5.33% 47.33% vs 50.00% ▼	4.17% 2.45 vs 2.35 ▲	5.55% 2:52 vs 2:43 ▲	-1.35% 78.00% vs 79.07% ▼
Referral	66.67% 25 vs 15 ▲	55.56% 14 vs 9 ▲	56.00% 52.00% vs 33.33% ▲	-41.50% 1.56 vs 2.67 ▼	-85.97% 0:39 vs 4:41 ▼	-6.67% 56.00% vs 60.00% ▼
Social	-50.00% 5 vs 10 ▼	-50.00% 4 vs 8 ▼	100.00% 60.00% vs 30.00% ▲	12.50% 1.80 vs 1.60 ▲	-14.05% 0:41 vs 0:47 ▼	0.00% 80.00% vs 80.00%
(Other)	200.00% 3 vs 1 ▲	0.00% 1 vs 1	-100.00% 0.00% vs 100.00% ▼	100.00% 2.00 vs 1.00 ▲	∞ 0:30 vs 0:00	-66.67% 33.33% vs 100.00% ▼

*Example of a website referral source report*





# Market Penetration – Advertising (5)

User engagement is only helpful if you can prove the users are in your geographic area.

# Market Penetration – Advertising (6)

City	Sessions	New Users	Bounce Rate	Pages / Session	Avg. Session Duration
Boise	43.75% 69 vs 48 ▲	35.71% 38 vs 28 ▲	-17.39% 27.54% vs 33.33% ▼	48.64% 3.62 vs 2.44 ▲	-6.38% 3:07 vs 3:20 ▼
(not set)	33.33% 56 vs 42 ▲	65.00% 33 vs 20 ▲	-31.25% 19.64% vs 28.57% ▼	22.45% 2.86 vs 2.33 ▲	141.08% 6:57 vs 2:53 ▲
Kingston	∞ 17 vs 0	∞ 17 vs 0	∞ 100.00% vs 0.00%	∞ 1.00 vs 0.00	0.00% 0:00 vs 0:00
Salt Lake City	160.00% 13 vs 5 ▲	300.00% 8 vs 2 ▲	-42.31% 23.08% vs 40.00% ▼	80.47% 4.69 vs 2.60 ▲	13.98% 5:18 vs 4:39 ▲
San Jose	∞ 12 vs 0	∞ 10 vs 0	∞ 58.33% vs 0.00%	∞ 1.42 vs 0.00	∞ 0:40 vs 0:00
Seattle	200.00% 12 vs 4 ▲	100.00% 8 vs 4 ▲	0.00% 25.00% vs 25.00%	33.33% 2.67 vs 2.00 ▲	45.83% 0:40 vs 0:28 ▲
Apia	0.00% 8 vs 8	200.00% 6 vs 2 ▲	150.00% 62.50% vs 25.00% ▲	-6.25% 1.88 vs 2.00 ▼	-51.06% 2:12 vs 4:30 ▼
London	300.00% 8 vs 2 ▲	200.00% 3 vs 1 ▲	∞ 12.50% vs 0.00%	10.00% 2.75 vs 2.50 ▲	53.91% 2:17 vs 1:29 ▲
Clifton	-36.36% 7 vs 11 ▼	-36.36% 7 vs 11 ▼	0.00% 100.00% vs 100.00%	0.00% 1.00 vs 1.00	0.00% 0:00 vs 0:00
Honolulu	250.00% 7 vs 2 ▲	500.00% 6 vs 1 ▲	∞ 28.57% vs 0.00%	-63.91% 3.43 vs 9.50 ▼	43.10% 1:25 vs 0:59 ▲

Example of website visitor location report



# Tea Rose Affirmative Defense

A junior user can still defend against an unregistered mark owner's infringement claim by proving:

1. Use of the mark in an area **remote** from the senior user;  
and
2. The use of the mark was **without knowledge** of the senior user's prior use.



# The Basic Rule for Registered Marks

The first to register a mark has priority as of the application date everywhere except where a senior user has been using the mark.

A senior registered mark owner can shut down confusingly similar junior uses merely by showing:

1. Expansion into a geographic area; or
2. Likelihood of expansion into the geographic area.



# Registered Marks - Innocent Use Defense

A junior user can still resist a registered mark owner's infringement claim by proving:

1. Adoption of the mark **without knowledge** of the registrant's prior use;
2. Adoption of the mark **before the senior user applied** for registration; and
3. **Continuous use** since adoption.



# Advising E-Commerce Clients

**Pro tip:** Encourage your e-commerce clients to seek registration often and early.

**Pro tip:** Get on the supplemental register if the USPTO refuses an application for the principal registry.

# Supplemental Registration

**United States of America**  
United States Patent and Trademark Office

GET IN OR YOUR MONEY BACK

**Reg. No. 5,403,672** BeMo Academic Consulting Inc. (CANADA CORPORATION)  
4711 Yonge Street 10th Floor  
Toronto, CANADA M2N6K8


**Registered Feb. 13, 2018**

**Int. Cl.: 41** CLASS 41: Professional coaching services in the field of occupational and educational advancement development

**Service Mark** FIRST USE 9-3-2014; IN COMMERCE 9-3-2014

**Supplemental Register** THE MARK CONSISTS OF STANDARD CHARACTERS WITHOUT CLAIM TO ANY PARTICULAR FONT STYLE, SIZE OR COLOR

SER. NO. 87-456,469, FILED P.R. 05-19-2017; AM. S.R. 11-03-2017



*Andrei Iancu*  
Director of the United States  
Patent and Trademark Office

**United States of America**  
United States Patent and Trademark Office

Halftime is Game Time

**Reg. No. 5,401,121** Alvin Davis (UNITED STATES INDIVIDUAL)  
315 Unionville Indian Trail Rd W Ste F  
Indian Trail, NORTH CAROLINA 28079


**Registered Feb. 13, 2018**

**Int. Cl.: 41** CLASS 41: Entertainment services in the nature of live visual and audio performances by marching bands and/or drumlines; Entertainment, namely, live performances by a musical band

**Service Mark** FIRST USE 6-9-2017; IN COMMERCE 6-9-2017

**Principal Register** THE MARK CONSISTS OF STANDARD CHARACTERS WITHOUT CLAIM TO ANY PARTICULAR FONT STYLE, SIZE OR COLOR

SER. NO. 87-538,377, FILED 07-21-2017



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# Thank you!

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