

TRADEMARK *Mag*

COMBATTING
COUNTERFEITERS WITH
CHRISTIAN LOUBOUTIN

*Luxury shoe brand partners with
tech giant Meta in new suit*

BIPARTISAN SENATORS
SUPPORT SAFER ONLINE
SHOPPING

*Democrat Coons and Republican
Tillis reintroduce e-commerce bill*

Embrace Blockchain as EU Mandates DPPs

The digital product passport initiative aims to promote transparency and trust in secondary markets.

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EDITOR'S NOTE



Dear Readers,

Welcome to the first edition of TRADEMARK Mag, your go-to source for the latest developments, insights, and tips in the dynamic world of intellectual property (IP) law. As we delve into the intricate realm of trademarks, we aim to keep you well-informed and equipped with the knowledge needed to navigate the ever-evolving legal landscape.

In this issue, our dedicated team of experts has curated a collection of articles, case studies, and interviews that shed light on the most pressing issues facing the intellectual property community. From landmark trademark cases to emerging trends in IP strategy, we strive to deliver content that not only informs but also inspires thoughtful discourse amongst our readers.

Our team at ESCA understands the importance of staying abreast of the legal intricacies surrounding trademarks, and we are committed to providing you with relevant, timely, and insightful content. Whether you are a seasoned legal professional or a newcomer to the world of IP law, we believe you will find valuable perspectives and practical tips within these pages.

As always, we encourage you to engage with us, share your thoughts, and contribute to the ongoing conversation. TRADEMARK Mag is a platform for the exchange of ideas, and your feedback is instrumental in shaping the future content of our publication.

Thank you for your continued support, and we hope you enjoy this first edition of ESCA's TRADEMARK Mag.

Francesca Witzburg

*Founder & Managing Partner
ESCA Legal*

TRADEMARK NEWS



Developments for NFT & Web3 Marks

Yuga Labs, creator of the Bored Ape Yacht Club NFTs, was handed a big win in its trademark infringement suit against Ryder Ripps and Jeremy Cahen. Yuga Labs, Inc. v. Ripps, et al., CV 22-4355-JFW(JEMx) (C.D. Cal. 2023). The Central District of California found Ripps and Cahen liable for infringement and cybersquatting, awarding Yuga \$1.575 million in damages. It ordered Ripps and Cahen to transfer the associated smart contract and all related online assets to Yuga, including domain names and social media handles.

This case can provide a framework for other brands engaging in NFT creation or web3 experiences. Like the Southern District of New York's decision in *Hermès v. Rothschild*, the Central District of California found that NFTs are eligible for trademark protection, holding that virtual goods are nonetheless goods for purposes of the Lanham Act, despite being intangible. However, in contrast to the Southern District of New York, the court in Yuga Labs found that the defendants' infringing NFTs are not works of artistic expression under the First Amendment. Attorneys in the NFT and web3 spaces should keep an eye on this developing body of caselaw in order to effectively protect their brands in all markets, both physical and virtual.



Burberry Abandons BRBY Application

Burberry and Mattel have resolved their disagreement over Burberry's application to register the trademark BRBY for use on apparel and leather goods. Burberry successfully registered the BRBY mark in the UK and the EU in 2022, but Mattel opposed its efforts to register the mark in the US back in June, based on likelihood of consumer confusion with the BARBIE trademark. The likelihood of confusion is heightened given the Barbie brand's affinity for collaborations with luxury brands like Balmain. However, Mattel dropped its opposition because Burberry has moved to abandon the trademark application, indicating that the brands reached a settlement.

Mattel is clearly pursuing an aggressive trademark protection strategy, especially in the wake of this past summer's "Barbie" craze. This could provide a framework for other brands that wish to boost their brand awareness and expand into other markets.

TRADEMARK NEWS



Companies Collaborate to Combat Counterfeiters

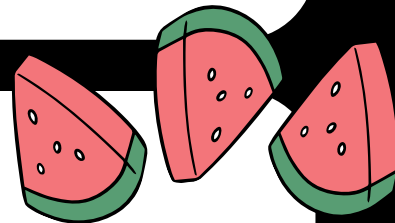
Meta Platforms has partnered with Christian Louboutin to sue a counterfeit seller of shoes, handbags, and accessories on Facebook and Instagram. *Meta Platforms, Inc., et al. v. Cesar Octavio Guerrero Alejo*, 3:23-cv-05923 (N.D. Cal.). Meta and Louboutin claim that the counterfeiting activity has been ongoing since 2020 and is in violation of the social media platforms' Terms and Policies. The plaintiffs allege counts of trademark infringement and counterfeiting, false designation of origin, trademark dilution, and unfair competition.

This lawsuit is just the latest attempt by brands to combat the growing problem of counterfeits in e-commerce. For example, Amazon and Salvatore Ferragamo recently won a permanent injunction and \$130,000 in statutory damages against a seller of counterfeit Ferragamo goods on the e-commerce site. *Amazon.com and Salvatore Ferragamo v. Jun, et al.* (Case No. 2:21-cv-00171, W.D. Wash. 2023). This is consistent with Amazon's expanding efforts to curb counterfeit sales on its platform, including through its Brand Registry Program, IP Accelerator, and other joint lawsuits with companies like Cartier and Yeti. These measures are increasingly important, as Amazon seeks to sell more legitimate luxury goods on its Luxury Stores page.



Recent years have seen online shopping become more popular, with platforms like TikTok and Instagram incorporating "shop" features directly into the applications. Social media has also fueled a so-called "dupe" culture that promotes the sales of counterfeit goods. Cross-platform and cross-industry collaboration, as seen in these lawsuits, will be vital in tackling this problem.

No Trademark for Watermelon Candy



The Third Circuit recently held that candy maker PIM Brands cannot trademark the shape and color of its watermelon gummy candy. *PIM Brands Inc. v. Haribo of America Inc.* (Case No. 22-2821, 3d Cir. 2023). It determined that the wedge shape, combined with the red, green, and white color scheme, was functional as it signaled to the consumer the watermelon flavor of the candy. This holding reinforces the low bar for functionality in trademark law: if a feature serves any purpose other than identifying the brand, it is not protectable as a trademark.

SENATORS REINTRODUCE SHOP SAFE ACT

By Cassidy Moon (Legal Intern)

Senators Coons (D-Del) and Tillis (R-N.C.) recently reintroduced the Stopping Harmful Offers on Platforms by Screening Against Fakes in E-Commerce (SHOP SAFE) Act, which aims to combat the surge in harmful counterfeit products available online.

If passed, the Act will establish trademark infringement liability for e-commerce platforms used by third parties to sell counterfeit goods that pose consumer health or safety risks. However, it provides a safe harbor from liability for platforms that comply with certain seller vetting requirements set forth by the Act prior to the sale of the counterfeit. The Act is endorsed by numerous trade organizations, including the American Apparel & Footwear Association, the Toy Association, the Alliance for Automotive Innovation, and the National Association of Manufacturers.

In his written testimony to the U.S. Senate Subcommittee on Intellectual Property, Red Points Senior Vice President of Brand Relationships and Strategic Partnerships, David Shapiro, noted that the company saw a 100% increase in detected counterfeit instances from 2021 to 2022. Furthermore, an estimated 25% of U.S. consumers have unknowingly purchased a counterfeit good online. This underscores the importance of legislation like the SHOP SAFE Act, which could benefit brands, e-commerce platforms, and consumers alike.

According to Shapiro, the participation of e-commerce platforms is integral in combatting counterfeit goods. He emphasized the power of collaboration “as a force multiplier in this ongoing battle,” noting that “[s]haring insights and best practices enhances our collective ability to stay ahead of evolving threats.”

Shapiro also believes that technology, like that provided by Red Points, is “not merely an option but a necessity” to stay ahead of counterfeiters. These tools provide sellers and e-commerce platforms with advanced detection capabilities, real-time monitoring, data analytics, and continuous innovation in the realm of brand protection.

EU INTRODUCING DIGITAL PRODUCT PASSPORT

By *Stefanie Allman* (Legal Intern)

In the coming years, products sold in the European Union will be accompanied by a digital product passport, or DPP, that aims to promote transparency, regulatory compliance, and a circular economy.

A DPP is a digital tool that can store product information like its origin, composition, environmental impact, and safety verifications. It provides consumers with greater visibility into the physical product's lifecycle and can serve as a certificate of authenticity or ownership, thereby increasing trust in secondary markets. Sellers may use DPPs to engage with purchasers, provide exclusive offers, and promote add-on services, like access to digital worlds. They can also be used by regulators to ensure that businesses are making accurate claims and complying with industry standards.

The DPP is just one sustainability initiative announced by the European Commission in 2022 as part of the larger European Green Deal. The EU plans to phase in implementation of the DPP requirement starting in 2026 with the apparel, battery, and consumer electronics industries.

In developing the DPP initiative, the EU considered three main means of storing and accessing data: through a centralized database, on a permissioned blockchain, or tokenized—in an NFT imprinted on a public blockchain. The tokenized DPP was ultimately identified as the best option, as it accomplishes the goals of providing product information and customer relationship management tools, while also allowing brands to bridge the gap between physical and digital worlds.

The DPP could have global impacts, but it is expected to have the most significant effect on high value, long-lasting products, such as those sold in the luxury and fashion industries. The efficacy of this new tool is currently being tested by early adopters like Mugler, Dior, Prada, and Loro Piana. The use of similar technology has already been quite valuable to companies like Chanel, which began embedding microchips into their coveted bags in 2021 to combat counterfeiting.

While the EU is still years away from mandating DPPs, brands and retailers should familiarize themselves with the technology now and start planning for implementation. They should stay up to date on new regulations and build relationships with market peers to ensure they receive all required information. Finally, businesses must develop a clear consumer message regarding the purpose, use, and benefits of DPPs.

What is tokenization?

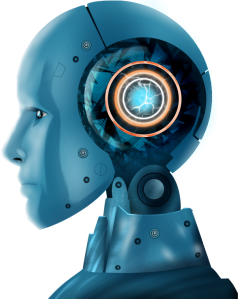
Tokenization is the process of creating a digital representation of an asset that is usable on a blockchain. Physical assets like art, financial assets like bonds, and intangible assets like intellectual property or voting rights can all be tokenized. This allows typically indivisible assets to be divided amongst multiple owners. It also speeds up transactions and reduces transaction costs by eliminating market intermediaries. Blockchain-based assets are particularly helpful in international transactions and allow users 24/7 access to exchanges.

Tokenization of real-world assets provides more transparency and security to users by allowing them to guarantee the asset's authenticity and trace its transaction history. Finance and cryptocurrency experts expect tokens to become more mainstream in the coming years, and some institutions, like Citi, have already begun implementing digital asset programs.



TIPS & TRICKS

FOR LEGAL PRACTITIONERS



Maximize Efficiencies Using AI

Though many attorneys are wary of artificial intelligence, the opportunities presented by these technologies are too extensive to overlook. AI tools can streamline your workflow, automate tasks, and allow you to focus more time on substantive legal work. Here are some tips for safely and effectively using AI in the workplace:

- Talk to your team and your clients about how AI can improve your legal practice. Explain the steps that you take to maintain security and confidentiality.
- Use AI to enhance, not replace, your legal practice. For example, ask ChatGPT to summarize the goods and services offered on your client's website, but don't ask ChatGPT to write a trademark goods and services description for you.
- Don't blindly trust new information provided by AI. These tools are not always accurate legal researchers, so always verify your citations and sources.
- Efficiently review large amounts of information using AI. Categorize documents, summarize case law, or analyze data to predict outcomes using these tools.
- Know the rules in your workplace. Many companies and courts outline permissible uses of AI, and some require disclosures when AI is used.
- Always assess AI responses for biases and discriminatory outcomes. These tools often inadvertently reflect the prejudices of their human creators and trainers.

Record Your Rights with CBP

In developing an effective anti-counterfeiting strategy, brands should remember that comprehensive enforcement of their intellectual property rights must include US Customs and Border Protection. Through the CBP IP recordation program, trademark and copyright owners provide agents with vital information and training to aid in identifying and detaining suspected counterfeits at all 328 ports of entry. When potential counterfeits are identified, CBP will detain the shipment and contact the rightsholder to authenticate the products. CBP has the power to seize and destroy any goods deemed infringing or counterfeit.



Trademark and copyright owners should integrate the CBP recordation program into their typical IP practice. Recordations and renewals should be docketed along with registrations to ensure comprehensive protection of rights.



TIPS & TRICKS

FOR IN-HOUSE ATTORNEYS

Protect Against Trademark Sharks in China



Because of its “first to file” trademark system, the China National Intellectual Property Administration (CNIPA) has struggled to combat bad faith filings, wherein trademark squatters register marks to reserve rights without any actual intent to use the mark. The CNIPA is considering several amendments to the Trademark Law, including imposing an intention to use requirement, cancelling registered marks that are not in use, and prohibiting duplicate applications. While these changes may make filing more difficult, they are vital to protect against trademark squatters and bad faith filers.

As the CNIPA continues to explore potential solutions to these issues, here are a few tips to maximize your success filing your trademark in China:

- File as early as possible to mitigate the risks of trademark squatters beating you to your mark.
- Be prepared for a high refusal rate. New applications face a high risk of refusal based on similarity to registered marks.
- Choose a fanciful or arbitrary mark. Suggestive marks face a high risk of rejection, and nondistinctiveness is absolute grounds for refusal.
- Preserve all evidence of use of the mark in China. This may become important if you need to establish the reputation and influence of the mark against others.



Changes to NY Work Made for Hire

The New York Labor Law’s new Section 203-f significantly restricts employers’ ability to require their employees to assign inventions, and other intellectual property, over to the company. The law maintains employers’ rights with respect to inventions that relate to the company’s business at the time of conception and inventions that result from the employee’s work for the company. However, it prohibits employers from mandating the assignment of inventions made on the employee’s own time, without the use of company equipment, supplies, facilities, or trade secret information. Therefore, employers should review all employee agreements and remove or amend any intellectual property assignment provisions that do not comply with the new law.



TIPS & TRICKS

FOR ENTREPRENEURS & EXECUTIVES



Be A Business-Savvy Influencer



As companies increasingly rely on social media influencers for marketing opportunities, these digital creators have begun acting more and more like actual businesses. For example, more influencers than ever have filed to trademark their names, usernames, and logos, and some have even formed legal entities to hold their intellectual property. While these steps are imperative to protect your brand as a creator, here are a few more considerations to maximize your IP rights and minimize your risk:

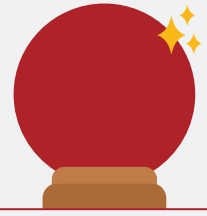
- Copyright law immediately protects your original content. Registering your creations with the Copyright Office will help you enforce your rights against those who use your work without authorization.
- You do not necessarily have the right to use content featuring you that is created by someone else. Seek authorization or assignment of rights from photographers before posting their pictures of you.
- Similarly, seek authorization before posting content featuring copyrighted music, images, and videos or trademarked logos, slogans, and goods.
- Always disclose when your content is sponsored by a third-party. Review the FTC's Disclosures 101 for Social Media Influencers for specific requirements.

Keep an Eye on TikTok Shop

While TikTok has long fostered a so-called “dupe” (or, more accurately, counterfeit) culture, the launch of TikTok Shop has amplified counterfeiters’ reach. This new e-commerce feature allows users to purchase goods immediately, without conducting ordinary product research or Internet due diligence, leaving shoppers more susceptible to purchasing counterfeits. Brands should integrate TikTok Shop and other social media e-commerce platforms into their anti-counterfeiting strategy. They should also teach their followers how to differentiate their authentic products from counterfeits and explain why counterfeits are harmful to consumers. Whether or not companies decide to sell their products on TikTok Shop, they must be sure to monitor the platform for “dupes” and enforce their rights against counterfeiter sellers.



Predictions



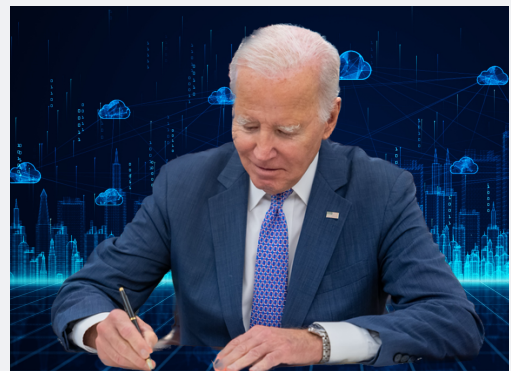
The USPTO versus the First Amendment

In *Vidal v. Elster*, applicant Elster asks the Supreme Court to invalidate a provision of the Lanham Act which prohibits the registration of trademarks that identify a particular living individual without their consent. Elster argues that his “Trump too small” t-shirts are a form of political expression that is protected by the First Amendment.

The Court has invalidated two parallel provisions of the Act in the last decade, allowing the registration of disparaging, immoral, and scandalous marks. See *Matal v. Tam* (2017), *Iancu v. Brunetti* (2019). However, none of the justices seem inclined to invalidate a third provision. While Justices Gorsuch and Kavanaugh noted the historical tradition of content-based restrictions in trademark law, Justices Sotomayor and Jackson emphasized the limited impact this statute has on Elster’s First Amendment rights; even if he cannot register the mark with the USPTO, he can still use it in commerce and get common law rights.

More AI Guidance to Come?

President Biden recently signed an Executive Order on the Safe, Secure, and Trustworthy Development and Use of Artificial Intelligence (October 30, 2023). The EO orders the US Copyright Office and the Patent and Trademark Office to issue recommendations to the President for more potential EOs and investigate other issues at the intersection of AI and intellectual property. It also tasks the Secretary of Homeland Security with developing programs to mitigate the risks of AI-related IP thefts.



The EO came just days before the US, along with 27 other countries, signed the Bletchley Declaration, pledging to cooperate in developing AI safety mechanisms. While these measures are important steps in the right direction, the US has already fallen behind its global competitors in this realm. The European Union first discussed regulating AI in 2021, while China has already begun regulating certain facets of AI, including algorithmic recommendations and deepfake technology. Even within the US, California has already introduced two bills aimed at regulating AI in employment.

These recent actions indicate the Biden Administration’s commitment to US leadership in this space. Companies creating, providing, and using AI technology should expect more rules and regulations in the coming months and years.

YOUNG & ASPIRING LAWYERS



Stefanie Allman

Cardozo Law, Class of 2025

Stefanie is from Brooklyn, NY and received her undergraduate degree from Cornell University. This semester, Stef has enjoyed learning how to conduct trademark searches and use AI tools. She loves spotting clients and their products in the real world—it makes her work come alive! She appreciates all of the mentorship and feedback she has received from the ESCA team and now feels more empowered than ever to speak up and ask questions. Next semester, Stef will be interning at Steve Madden. She advises fellow law students to be open to new experiences! There are so many different practice areas to explore, and you never know when something new will spark your interest.

Cassidy Moon

Cardozo Law, Class of 2024

Cassidy is from Middleton, MA and received her undergraduate degree from Tulane University. This semester, Cassidy employed her research skills and creativity in preparing the first issue of TRADEMARK Mag. She is looking forward to learning more about trademark prosecution and welcoming new legal interns to the firm next semester as she steps into her new role as ESCA's law clerk. Cassidy's advice for law students is to remember that your classmates are part of your professional network too! Anyone could become your co-worker, client, or adversary in the future, so start building positive relationships with your peers now.





CLIENT SPOTLIGHT

LifeVac

celebrated over
1,600 lives saved

Victoria Browne

named on the Forbes
30 Under 30 list

Matt Tolmach

executive produced new
film, Dark Harvest

Doodles

collaborated with
CAMP and Crocs

Marquee Brands

partnered with Apparel Group to bring
five brands to India and the Middle East

CLIENT WINS

Successful UDRP case to transfer the LIFEVAC.COM domain name.

Successful opposition in Turkey from registering the LIFEVAC mark, and the Turkish trademark office recognized the client's rights based on its well-known nature.

LIFEVAC and Amazon joined forces in a new lawsuit to take legal action against counterfeiters and infringers of the medical device.

Successful UDRP case to transfer a domain name to MATT TOLMACH and shut down a scam to defraud filmmakers.

ESCA UPDATES

Upcoming Events

NFT.NYC

April 3-5, 2024

Francesca is speaking on the Brand Strategy panel!

INTA Annual Meeting

May 18-22, 2024

Meet our lawyers in Atlanta!

ESCApades

April 5, 2024 at

@Ease 1345, Midtown NYC

Save the date for ESCA's inaugural event that will bring together the world's leading industry experts and attorneys to discuss the most cutting-edge and relevant legal topics in fashion, entertainment, cannabis, and consumer products.

More information to come soon.

Job Postings

Associate - IP & Litigation

Gibney Anthony & Flaherty LLP (NY)

Anti-counterfeiting, trademark and copyright infringement. Minimum 2 years experience

Trademark Associate

Kilpatrick Townsend & Stockton LLP

Clearance and prosecution. San Francisco, New York City, and Washington, DC offices preferred. Minimum 4 years experience.

IP Litigation Associate

Ballard Spahr LLP (NY)

Background in software or electrical engineering preferred. Minimum 4 years experience.

Trademark Paralegal

The Estée Lauder Companies (NY)

Minimum 5 years experience.

Paralegal, Intellectual Property

Major League Baseball (NY)

Trademark. In office.

2024 Summer Legal Intern

Lincoln Center for the Performing Arts (NY)

1L applicants preferred. Paid.

2024 Summer Internship

Major League Baseball (NY)

Rising 2L or 3L. Paid.

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