

To Catch a Fake



About Jay Landrum

Jay Landrum is a member of Silicon Valley Law Group's Corporate & Securities and Intellectual Property Groups. As former General Counsel for a NYSE company and as a former CEO of a health products company, he has extensive experience representing companies in all stages of operation, including organizational matters, licensing, strategic relationship agreements, fund-raising, and merger transactions.

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When counterfeit goods are selling on eBay, who's responsible for the damages caused by these fake products infringing on legitimate trademarks?

The answer is -- it depends.

The U.S. District Court in Manhattan recently stated that it was Tiffany's burden to alert eBay about infringing goods, in essence limiting eBay's role to removing the fake goods after notice. In doing so, the Court placed the primary burden of protecting the trademarks upon the trademark owner (in this case, Tiffany), not eBay.

Compare this to recent decisions in Europe, which have held that websites carry significant responsibility. For example, a French court recently held that eBay owed LVMH Moët Hennessy Louis Vuitton SA over \$60 million in damages based on eBay's failure to monitor its site for infringing properties.

While the ultimate answer may be unclear, one thing is very clear - trademark owners can't count on the burden of enforcement shifting to websites such as eBay.

Your trademark portfolio needs a strategy. The strategy begins with registration of valued trademarks in the proper classes of goods -- but it must also include actively policing websites and enforcing the trademark rights you have been

granted.

Trademark holders without a strategy will often realize the consequences too late -- their inability to enforce the trademark or collect damages for infringement. At that point, the cost of developing a trademark portfolio strategy would have clearly been a worthwhile investment.

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