Steps to Protect Your Brand From Trademark Hijacking During a Time of Crisis

Even during a time of crisis such as the COVID-19 pandemic, criminals and other unsavory individuals continue to prey on the vulnerable and look to use technology and fraudulent schemes to generate profit. Adding to already known nefarious actions, such as domain name cybersquatting and ransomware attacks, now trademarks are under increasing attack. We have become aware that scammers are exploiting vulnerabilities in the U.S. trademark registration system and the brand protection policies of online marketplaces such as Amazon as a means to lock out legitimate trademark owners from selling products under their own brands on these third-party platforms. The damage can be substantial for a business that depends on Amazon and other online marketplaces for the bulk of its sales.
Here is how the scam works: A legitimate brand owner establishes a store on Amazon or other third-party online marketplace. The brand owner may or may not obtain a U.S. trademark registration for one or more classes of the goods offered under the brand. If a U.S. trademark registration is obtained, the brand owner may unwittingly believe its brand is secure. The brand owner may even register its brand through mechanisms available on the third-party marketplace, such as the Amazon Brand Registry. All is good in the eyes of the brand owner. The brand owner then becomes a top seller, with thousands of reviews, which is the sign of a successful store and brand — and also an attractive target for brand thieves. The scammers will establish an off-shore company (in St. Kitts and Nevis for example) and will retain a U.S. law firm to assist with filing one or more trademark applications for the same brand in one or more classes of goods for which the legitimate brand owner has not obtained a U.S. trademark registration but is selling goods online. The scammers will submit a fraudulent application and fraudulent specimens. The law firm may or may not know about the fraud; if it knows of the fraud, then it becomes subject to disciplinary action or worse. If the thieves obtain a registration, they will then present their registration to the owner of the third-party marketplace platform. For example, the thieves will provide their registration to Amazon and ask Amazon to stop the legitimate brand owner from using its brand on Amazon for the covered goods. Amazon, in turn, will notify the legitimate brand owner. At this point, the legitimate brand owner has the option to either retain a lawyer and commence legal action or open communication with the thieves or their counsel. Undoubtedly, the thieves will either offer to sell their registration to the legitimate brand owner or make some other demand. They will attempt to monetize their fraudulent activity.

This is the classic “an ounce of prevention is worth a pound of cure” situation. Trademark owners need to be more diligent than ever in an increasingly electronic world of commerce as more sales move from brick-and-mortar to online. The scam described above, if successful, is analogous to a lock being placed on a brick-and-mortar store, with the thieves holding the key for ransom. A U.S. trademark registration and other intellectual property rights are highly valuable; they should be sought, obtained and maintained with care, and enforced when infringed upon by others.

Beware of this scam if you are a seller on Amazon or other third-party marketplace. Take steps promptly to protect what might be your most valuable assets, your brands. Those steps include:
• Conduct a search of the U.S. Patent and Trademark Office trademarks database to detect any fraudulent filings for your brand.

• Obtain U.S. trademark registrations covering all classes of goods or services sold under your brand.

• Regularly investigate the use of your brand by conducting trademark and other online searches.

• Take steps to enforce your brand against infringers or others that may cause harm to the brand.

• Register your trademarks with Amazon Brand Registry (which requires a federal registration) and with other e-commerce platforms on which your brand is being sold.

• Confer with trademark counsel to assist in the formulation of an effective IP strategy for your brand.