



BURNHAM | BROWN

# Trademark & Copyright Update

## Contact Information:



### Brian R. Thompson

(510) 835-6810

bthompson@burnhambrown.com

Brian R. Thompson is an associate at Burnham Brown in Oakland, CA. In addition to his primary practice in products liability and appellate litigation, Brian maintains a practice and interest in trademark law.

[View Full Biography](#)

### Burnham Brown

1901 Harrison Street  
14th Floor  
Oakland, CA 94612  
(510) 444-6800  
[www.burnhambrown.com](http://www.burnhambrown.com)



By: Brian R. Thompson

December 2013

## Specialized Caught Between a Curb and an Open Car Door with Roubaix Trademark

Bike manufacturer Specialized Bicycle Components, Inc. faced a global social media backlash when it threatened a small Canadian bike shop with a lawsuit over its use of the name "Roubaix." All across the internet, support for the Canadian bike shop owner was so overwhelming, and condemnation of Specialized so swift, that Specialized has reversed direction faster than a switchback, and has announced it will not pursue litigation in the matter.

Dan Richter, an Afghanistan War veteran, opened Café Roubaix Bicycle Studio in Cochrane, Alberta in 2012. His shop also produces a carbon wheelset featuring the name Café Roubaix.

Roubaix is most widely known in cycling as the town in France that is the destination of the annual Paris-to-Roubaix road race. The Roubaix name was first trademarked in 1992 by Fuji bicycles. Fuji has used the Roubaix mark worldwide since 1987. An American company called Advanced Sports International bought the Fuji and Roubaix trademarks in 1998. ASI owns the Roubaix trademark in the United States and has licensed the mark to Morgan Hill, California-based Specialized for use in Canada since 2007. The mark applies to "bicycles, bicycle frames, and bicycle components, namely bicycle handlebars, bicycle front fork, and bicycle tires." Although wheels or bicycle shops are not specifically enumerated, Specialized apparently took the position that such related products were within the scope of its mark's protection.

According to Richter, Specialized sent him a cease and desist letter demanding that he change the name of his shop and that he stop selling wheelsets and other components under the name. Report of the dispute first appeared in the Calgary Herald and immediately attracted attention on social media. Across sites like Twitter and Facebook there was widespread support for Richter as well as widespread condemnation of Specialized.

Larry Koury, the managing director of Specialized Canada Inc., reportedly told the Calgary Herald that the company was simply defending its trademark. He insisted, "We are required to defend or lose our trademark registration," and that "A simple trademark search would have prevented this."

# Burnham Brown Update

Koury is certainly correct regarding the latter statement. And Specialized's trademark appears valid, as nothing prohibits a company from trademarking names of cities, even ones well-known in the cycling world. Indeed, Specialized is not the only one to do so. Bike maker Trek holds trademarks on names such as Alpe d'Huez and Dolomiti (cycling destinations in France and Italy), and Maillot Jaune (the Tour d'France's "yellow jersey" designation).

Finally, Specialized has a strong claim over the mark as both a licensee of its legal registrant, ASI and its first-to-use ahead of Café Roubaix. In 2011, the Supreme Court of Canada in *Masterpiece Inc. v. Alavida Lifestyles Inc.* confirmed that Canada is a first-to-use jurisdiction which recognizes the priority of trade-marks on the basis of first use in Canada and not registration.

But while holders of commercial trademarks are required to police infringement on their marks or potentially lose the right to use them exclusively, in the United States, the U.S. Patent and Trademark Office also frowns upon what it calls "trademark bullying." In 2011, the USPTO reported to the Joint Judiciary Committee of Congress that "trademark bullying" is "The extent to which small businesses may be harmed by litigation tactics, the purpose of which is to enforce trademark rights beyond a reasonable interpretation of the scope of the rights granted to the trademark owner." In its report, the USPTO stated that many trademark owners "mistakenly believe that to preserve the strength of their mark they must object to every third-party use of the same or similar mark, no matter whether such uses may be fair uses or otherwise non-infringing. They may lose sight of the fact that the effectiveness of enforcement is not measured by how frequently they enforce, but rather by the effect that taking or failing to take action has in the marketplace. The real question is public perception of plaintiff's mark, not a battle count of how often it has sued others." (The report can be found here: [http://www.uspto.gov/ip/TMLitigationReport\\_final\\_2011April27.pdf](http://www.uspto.gov/ip/TMLitigationReport_final_2011April27.pdf))

Large companies like Specialized have abundant resources to pursue trademark lawsuits, which usually turn out to be financial wars of attrition between the litigants. However, there is another cost waylaying aggressive trademark enforcement (as Specialized has learned): a backlash of public opinion. While the law may be rightly indifferent to the plight of an underdog, the internet is not. Odds in a David-versus-Goliath scenario can quickly shift when hundreds of thousands of allies rush to David's aid via social media. Essentially, Specialized hurt its brand by trying to defend its brand.

So what is the solution for companies that feel compelled by the law to police their marks but don't want to suffer a public relations fallout? Some alternatives can actually be beneficial for both parties. The simplest might be for Goliath to license the use of the mark to David for a very nominal fee. If Goliath believes the potential for brand confusion is high – that is, a consumer is likely to be confused regarding the source of the product being sold under the mark – then the parties may agree that David can keep the name but alter its branding on the products it sells.

As it turns out, Pat Cunnane, CEO of ASI, recently issued a statement saying that Specialized did not have authority as part of its license agreement with ASI to take legal action to prevent Richter from using the Roubaix name. Cunnane even went a step further, saying "While ASI does have the authority to object to Mr. Richter's use of the name and while we at ASI understand the importance of protecting our bicycle model names, we believe that Mr. Richter did not intend for consumers to confuse his brick-and-mortar establishment or his wheel line with our Roubaix road bike. And we believe consumers are capable of distinguishing his bike shop and wheel line from our established bikes." Accordingly, ASI is reportedly resolving this dispute with Café Roubaix by pursuing the alternative remedies suggested above.

As for Specialized, it is doing damage control. The company's founder, Mike Sinyard, visited Café Roubaix and apologized to its owner, Mr. Richter. He cited an aggressive outside legal team as one of the forces that drove the company's actions.

The lesson is that companies must and ought to protect their trademarks, but they should also remember that there is no court of appeal higher than that of public opinion. Accordingly, when it comes to pursuing legal action against perceived trademark infringers, there is an additional metric that companies must measure their claim against beyond just its legal merits. That metric is the sentiment of public opinion as it can now be so quickly and potently proliferated through social media.

**\*\*This article will be published in Law360 – January 2014**



BURNHAM | BROWN