

Shutts Victory for Setai Hotel Changes Rules for Marketing Condo/Hotel Rentals

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Shutts & Bowen gained a victory for the 5 star Setai Hotel in Miami Beach. The trademark infringement case, *Setai Hotel Acquisition LLC v. Miami Beach Luxury Rental Inc.*, which settled on Aug. 27, is expected to be a game-changer for brokers who are marketing and renting private condominium units in properties where branded hotels also operate.

"We believe the results of this litigation will have important implications not just for the Setai Hotel but for all condo-hotels that allow private rentals. It places significant restrictions on the ability of brokers and condo owners to use the hotel's mark and intellectual property in marketing private units for rent that are not participating in the hotel's rental program," said Daniel Barsky, Partner and member of Shutts' Intellectual Property Practice Group.

The settlement requires the brokers to be very clear in their listings and indicate that they have no affiliation with the luxury brand hotel and to list only the amenities, furnishings, and services to which renters have access. Prominent disclaimers must also be added to alert consumers that will not receive the Hotel's award-winning rooms and services.

"Brokers are warned: Hands off the name, logos, images, and other intellectual property," said Barsky.

In this case, the brokers included statements on their website and on popular homesharing websites, implying that they were selling Setai Hotel rooms at a deeply discount rate, when in fact they were renting private residences at the Setai that did not necessarily meet the quality and standards of the luxury hotel. The brokers also purchased Google Ad Words using the "Setai" name and used internet optimization to divert traffic to their websites.

"We filed the lawsuit after the hotel received several complaints from guests who booked units through a broker or on Airbnb and then realized they were not getting the same amenities and accommodations that hotel guests received" said Daniel F. Benavides a Partner and hospitality attorney, who has represented the Setai for many years.

The brokers claimed that their actions did not constitute trademark infringement or confuse customers, and even if it did, their use of the "Setai" mark constituted "fair use" because the building is called the "Setai."

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This spring, the Court disagreed with the brokers and stated in an order that, "The Defendants' internet materials describe certain hotel services and amenities that the Setai Hotel actually provides, and the Defendants offer room rental—and thus access to those services—at a reduced rate. The Defendants have manipulated search engines to send internet traffic to the Defendants' website instead of to The Setai Hotel's website. What is more, the Defendants then provide links to The Setai Hotel's actual website, creating an impression that the services are connected. This described use of the Setai Mark goes beyond fair use."

Last week, on August 25, 2017, the Court issued an order confirming that at least three of the seven "likelihood of confusion" factors to prove trademark infringement weighed strongly in favor of the Setai owner. At that point the parties settled.

"This was a great team effort on behalf of Daniel Barsky, Daniel Benavides and Intellectual Property Practice Group Associate Amanda N. Mindlin," said *Eric Christu*, Partner and Chair of the Intellectual Property Practice Group. "At the end of the day, our goal is to solve problems for our clients. In this case, we've also done a service to consumers. Brokers are now on notice about the proper way to market their units without infringing on intellectual property."

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