

## How A Slip of the Pen Can Bring Down the Strongest Trademark: An Analysis of Fraud on the U.S. Trademark Office

By: W. Andrew McNeil

The United States Patent and Trademark Office ("USPTO") is now taking a hard-line approach to misstatement or incorrect information submitted to obtain or renew a trademark registration. This article covers how the USPTO interprets "fraud" and how a trademark owner can avoid losing a trademark registration because of intentional or inadvertent "fraud."

Imagine that you are the CEO of Acme, Inc., one of the world's premier manufacturers of athletic apparel, shoes and equipment. Your marquee mark is the stylized Acme "A," registered in the USPTO for goods in various classes (the "Mark"). The Mark adorns not only athletic equipment, but also consumer products, and appears in worldwide advertising. At the urging of your outside counsel, you quickly skim and electronically "sign" the affidavit associated with your application to renew your existing registration of the Mark. This process takes only a couple of minutes and involves nothing more than checking a couple of boxes and typing in your name. You submit the electronic documents, confident that the trademark registration for the Mark is safe and in force for another ten years. However, within a couple of weeks, your primary competitor institutes a proceeding before the Trademark Trial and Appeal Board ("TTAB") to cancel your registration based on the fact that, contrary to your affidavit, the Mark is no longer used on lunchboxes. At the conclusion of the cancellation proceeding, the TTAB finds you have committed fraud and cancels your registration for the Mark because it is no longer used on lunchboxes. Numb from losing the registration for your marquee trademark and scrambling to recover, you wonder what could have gone wrong.



A trademark registration may be cancelled "at any time" if "its registration was obtained fraudulently." See 15 U.S.C. § 1064. Although this cancellation provision has been codified for over fifty years, lately the TTAB has been enforcing it with increasing regularity and severity. More specifically, the USPTO is concerned with the "fraud" in trademark registrations that exceed actual use of a mark. Under U.S. trademark law, rights derive only from using a trademark with particular goods or services, and the law limits registration of the mark to the actual uses made. Starting with its 2003 decision in *Medinol Ltd. v. Neuro Vasx, Inc.*, 67 U.S.P.Q.2d 1205 (TTAB 2003), the USPTO now treats any error in claims of trademark usage – whether made intentionally or not – as "fraud." In *Medinol* the TTAB cancelled the registration for NEUROVASX because the mark was no longer used in connection with stents as indicated by documents submitted to the USPTO. Since *Medinol* the TTAB is finding, with greater frequency, that the consequences of fraud may include the denial of a trademark application or cancellation of a trademark registration in its entirety.

Prior to 2003, overstating the scope of goods or services covered by a trademark application or registration rarely led to a cancellation proceeding before the TTAB based on fraud. Such a misstatement was usually remedied by a trademark owner claiming that the false statements were not made "knowingly." Generally, cases prior to *Medinol* held that fraud implied some intentional deceitful practice, and that this "intent" had to be willful. Under the old, relaxed interpretation of "fraud," honest misunderstandings, inadvertence and negligence usually did not amount to fraud. Thus, it was in the trademark owner's best interests to claim the broadest scope of applicable goods and/or services imaginable when applying for a trademark registration. This old practice also conformed with trademark practice in much of the rest of the world, in which companies are expected and encouraged to be "over-inclusive" in describing their goods and services.



Now, the TTAB consistently finds fraud if an applicant or registrant makes any claim about its use of a mark that it "knew or should have known was false." An owner's specific or actual intent is now immaterial to the question of fraud. See *Herbaceuticals, Inc. v. Xel Herbaceuticals*, 2008 TTAB LEXIS 14 (TTAB 2008) (declarant is obligated to inquire into usage of mark on particular goods); *J.E.M. Int'l v. Happy Rompers Creations Corp.*, 74 USPQ2d 1526 (TTAB 2005) (not published) (trademark owner should always know whether or not it has used mark with each good or service it claims); *Hurley Int'l LLC v. Volta*, 82 U.S.P.Q.2d 1339 (TTAB 2007) (although fraud was found, court found that misstatement in application as to goods/services on which mark has been used does not constitute fraud where applicant amends application prior to publication for opposition) (emphasis added).

In addition, an “intent to use” trademark application is at risk for cancellation if the applicant does not have a bona fide intent to use the mark with all the claimed goods and services. See *Intel Corp. v. Emery*, Opposition No. 91123312 (TTAB 2007) (not published) (cancelling trademark application where applicant had no bona fide intent to use mark, where applicant had no documentation of its plans to use mark and had submitted unreasonably broad listing of goods and services.)

In sum, a trademark applicant or registrant should carefully review any submission to the USPTO, especially the recitation(s) of goods and/or services in connection with a particular trademark. Remember, “all” goods and services literally means all. To prevent Acme, Inc.’s fate from affecting your own trademark applications or registrations, keep the following points in mind:

- For new trademark applications in the US:
  - o Apply for only those goods/services that have been used, or you intend to use, in connection with the proposed mark.
  - o Consider seeking separate registrations for different classes of goods and services. This will minimize the effect from an error that leads to the invalidation of an entire registration.
  - o Carefully review the recitation of goods and services prior to the publication of the mark for opposition, as any misstatements can be amended prior to this time.
- For existing trademark applications:
  - o Verify that a mark continues to be used with all goods and services when filing all documents to maintain a mark’s registration.
  - o If an error has been detected after the publication of the mark for publication, the only option is to re-file the trademark application to remove the fraud vulnerability. The down-side to re-filing, however, is a loss of the nationwide priority date.
- Generally:
  - o Read all forms requiring your signature. Given the USPTO’s electronic filing system (TEAS), filing the necessary documentation for your trademark application/registration is very convenient. However, the TEAS system often has check boxes, radio buttons and other indicators requiring selection/completion. Before you electronically sign a TEAS document, ensure that all information is correct. If not, let your attorney know!



If you have any questions about “fraud” in the USPTO or about best practices for monitoring trademark usage, please contact the following attorneys: John Harris at [jharris@mmmlaw.com](mailto:jharris@mmmlaw.com), Jack Todd at [jtodd@mmmlaw.com](mailto:jtodd@mmmlaw.com) or Andy McNeil at [amcneil@mmmlaw.com](mailto:amcneil@mmmlaw.com).