

## FRAUD ON THE USPTO Recent Cases from the Trademark Trial and Appeal Board

William S. Boshnick, Esq.  
Greenblum & Bernstein, PLC

## Use-Based Applications

- In order to obtain trademark registration, a U.S. owner must verify under oath that its mark is in use on all of the goods and services in the application for which registration is sought. 15 U.S.C. § 1051(a).

## Intent-to-Use Applications

- Intent-to-Use Applications must include verification that:
  - The person making the verification believes that he or she, or the juristic person on whose behalf he or she makes the verification, is entitled to use the mark in commerce;
  - The Applicant has a *bona fide* intention to use the mark in commerce;
  - That, to the best of the verifier's knowledge and belief, the facts recited in the application are accurate; and
  - To the best of the verifier's knowledge and belief, no other person has the right to use such mark in commerce either in the identical form thereof or in such near resemblance thereto as to be likely, when used on or in connection with the goods of such other person, to cause confusion, or to cause mistake, or to deceive. 15 U.S.C. § 1051(b).

## Foreign Registration and Madrid Protocol Applications

- When applying for U.S. registration based on a corresponding foreign registration or under the Madrid Protocol, a non-U.S. applicant will not be required to prove use prior to registration of the listed goods in the U.S.
- However, the applicant will be required to verify that it has a *bona fide* intent to use the mark on all of the goods listed in the application. 15 U.S.C. § 1126 (e).

## Foreign Registration and Madrid Protocol Applications, continued

- Section 8 of Trademark Act requires that every owner of a U.S. trademark registration file a Declaration of Use between the fifth and sixth year after registration. 15 U.S.C. § 1058 and 15 U.S.C. § 1141.
- When filing Declaration of Use, the owner must delete all goods or services that the mark is not being used with in the U.S.
- Failure to delete goods or services not in use renders the registration vulnerable to cancellation for fraud.

## Fraud on the USPTO

- Types of Fraud
  - Failure to disclose generic or descriptive nature of the trademark.
  - Misstatement regarding use or date of first use.
  - Failure to disclose use of identical or confusingly similar marks by others.
  - Defects of ownership or use of trademark.
  - False testimony and documents.

## Consequences of Fraud on the USPTO

- The application or registration may be rendered void in its entirety.
- Applicant may lose its constructive use date (filing date).
- Fraud may create significant problems for non-U.S. applicants filing under the Madrid Protocol or based on corresponding non-U.S. registration.

## USPTO's Stance on FRAUD

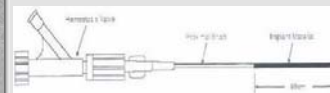
- Traditionally, fraud on the USPTO in the trademark context required proof of a knowingly false statement which was made with an intent to deceive the USPTO.
- Statements of honest, but innocently made inaccurate statements of fact did not constitute fraud. Hence, statements could be false without being fraudulent.

## USPTO Cracks Down on Fraud



## *Medinol Ltd. v. Neuro Vasx, Inc., 67 USPQ2d 1205 (TTAB 2003)*

- Neuro Vasx registered the NEUROVASX trademark for use with stents and catheters.
- Neuro Vasx filed a Statement of Use claiming use for all goods in the application (i.e., stents and catheters).
- Medinol filed a petition to cancel the NEUROVASX registration on the ground that the mark was not in use with stents.



## *Medinol Ltd. v. Neuro Vasx, Inc., continued*

- Neuro Vasx claimed that it overlooked "stents" when reviewing and executing the Statement of Use, that this was unintentional, and petitioned to partially cancel the NEUROVASX registration as to "stents".
- TTAB denied Neuro Vasx's petition for partial cancellation and granted Medinol's petition to cancel the entire registration holding that proof of deceptive intent is not required. Rather, the appropriate inquiry is the objective manifestations of the intent.

## Consequences of *Medinol*

- Established a "strict liability" approach to false statements of use made by applicants and registrants.
- Rendered ineffective excuses such as lack of legal advice, language difficulties, and inadvertent mistake.
- Increased likelihood of entire application or registration being cancelled for false statements.

## Fraud in the Wake of *Medinol*

### Expanding the Reach of Fraud

## *Hachette Filipacchi v. Elle Belle*, 85 USPQ2d 1090 (TTAB 2007)

- Hachette filed a petition to cancel the ELLE BELLE trademark registration for use with various clothing items claiming fraud, dilution, and likelihood of confusion with Hachette's BELLE marks.



## *Hachette Filipacchi v. Elle Belle*, continued

- Elle Belle attempted to amend the identification of goods with the Post-Registration Division to limit the goods to those actually in use.
- President of Elle Belle claimed that he did not understand the language contained in the application declaration as English was not his first language and that his attorney did not personally review the application with him.
- The ELLE BELLE registration was cancelled on summary judgment for fraud after Elle Belle admitted that no use in the U.S. had been made for a significant number of clothing items listed in its use-based application at the time of filing.

## *Hachette Filipacchi v. Elle Belle*, continued

- TTAB held that false statements regarding use were not excused by the fact that respondent's first language was not English, that respondent was not aware of requirements for U.S. use-based applications, or because respondent's attorney did not personally review the application with him.
- Registrant's attempt to amend the registration after the initiation of the cancellation proceeding was given no effect. Board stated that fraud committed on the USPTO could not be cured.
- Board emphasized that it was not considering whether an amendment to a registration filed prior to commencement of the cancellation proceeding would cure fraud.

## *Herbaceuticals Inc. v. Xel* *Herbaceuticals, Inc.*, 86 USPQ2d 1572 (TTAB 2008)

- Petitioner Herbaceuticals sought to cancel six registrations owned by respondent Xel for likelihood of confusion and fraud alleging that each mark had not been used on all goods and/or services listed in the six Statements of Use.
- TTAB found that Xel "knew or should have known" that the subject marks were not in use on all of the goods.



## *Herbaceuticals Inc. v. Xel Herbaceuticals, Inc.*, continued

- Xel argued that even if fraud was found that the proper remedy should be partial cancellation as to only those goods not in use.
- TTAB further found that outside counsel that signed the Statements of Use on behalf of Xel had a duty to inquire as to actual use of the relevant goods by the applicant. The Board found any such efforts made by counsel to be "grossly insufficient".

*Herbaceuticals Inc. v. Xel Herbaceuticals, Inc., continued*

- TTAB granted summary judgment and cancelled four of the six registrations finding fraud and held that partial cancellation would merely place the trademark owner in the same position it would have been in if it had filed accurate Statements of Use. The remaining two registrations had material issues of fact that were to be resolved at trial.
- Lesson learned – if fraud can be shown in the procurement of a registration, the entire resulting registration may be voided.

*University Games Corp. v. 20Q.net Inc., 87 USPQ2d 1465 (TTAB 2008) - Curing Fraud*

- 20Q.net applied to register the mark 20Q for software, entertainment services and handheld electronic games. University Games filed an opposition to registration of the 20Q mark based on prior use of its TWENTY QUESTIONS trademark for use with similar goods.
- During prosecution of University's TWENTY QUESTIONS application, the Examining Attorney raised objections to the identification of goods. In response, University restricted the goods to board games only.



*University Games Corp. v. 20Q.net Inc., continued*

- After discovery, 20Q asserted that as University never used its TWENTY QUESTIONS mark on other goods listed in the registration, that University committed fraud on the USPTO
- 20Q sought summary judgment on its counterclaim that University Games committed fraud on the USPTO and that fraud cannot be cured by amendment.

*University Games Corp. v. 20Q.net Inc., continued*

- TTAB held that "the fact that [University Games] amended its identification of goods during ex parte prosecution constitutes a rebuttable presumption that opposer lacked the willful intent to deceive the office."
- This decision seems to indicate that the timing of a false statement, *i.e.*, before publication, may prevent a finding of fraud.

*University Games seems to indicate a degree of leniency by the TTAB*

BUT WAIT!!



*Grand Canyon West Ranch, LLC v. Hualapai Tribe, 88 USPQ2d 1501 (2008)*

- Grand Canyon West Ranch opposed the application of the Hualapai Tribe to register the GRAND CANYON WEST trademark for use with "airport services; air transportation services; arranging for recreational travel tours and providing related transportation of passengers by air, boat, raft, bus, and motorized on-road and off-road vehicles."



### *Grand Canyon West Ranch, LLC v. Hualapai Tribe, continued*

- Grand Canyon claimed that Hualapai falsely stated that it had used the GRAND CANYON WEST mark in connection with services that neither it nor its licensee had provided and that the GRAND CANYON WEST mark is merely descriptive of the relevant services.
- TTAB found fraud despite the fact that Hualapai amended its application to delete “unused” services before Opposer Grand Canyon made its fraud claim AND despite the fact that the “unused” services had been added to the application in response to the Examining Attorney’s proposed recitation.

### *Grand Canyon West Ranch, LLC v. Hualapai Tribe, continued*

- TTAB pointed out that the Applicant did not seek to amend its application until after it was opposed. Note, however, that the Applicant sought to amend its application before claim of nonuse or fraud was alleged. Original basis for opposition was descriptiveness.
- Hualapai argued that its attorney inadvertently agreed to the Examiner Attorney’s suggested language, which resulted in the language in dispute.
- TTAB cited University Games in its decision to support its finding that fraud is not cured by an amendment filed after an application has been challenged and suggested that an amendment made before the application was challenged would have cured the fraud.

## What to Know

- The Trademark Trial and Appeal Board has adopted a “strict liability” approach regarding false statements made regarding use of marks with little room for innocence or error.

## Guarding Against Fraud

- Apply for only those goods and services the owner is using or is certain to use in the U.S.
- File separate applications for separate classes so if registration is cancelled due to fraud, remaining classes live on in other applications.
- Verify use. Collect and maintain evidence for material facts to assist in meeting the high standard of verification. Outside counsel are not immune from this standard and must make sufficient efforts to verify use.

## Guarding Against Fraud

- Have the person with the most knowledge regarding use execute verification statements. Ensure that the party executing the verification statement understands the correct standards of use and the repercussions of not making a proper inquiry regarding use.
- Consult with U.S. counsel prior to filing U.S. application based on Madrid Protocol or corresponding foreign registration.
- Ignorance is not an excuse – failure to understand the law and miscommunication with one’s counsel will not overcome a finding of fraud.
- File new applications for existing vulnerable registrations.

## Questions ???



GREENBLUM AND BERNSTEIN, P.L.C.  
PATENT, COPYRIGHT, AND TRADEMARK CAUSES

**Thank You!**



**William Boshnick**  
**Greenblum & Bernstein, P.L.C.**

1950 Roland Clarke Pl  
Reston, VA 20191 USA  
(703) 716-1191  
wboshnick@gbpatent.com