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## **Trademark Fraud on the USPTO**

Meeting the Challenges of Pleading and Proving Fraud After Bose

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WEDNESDAY, NOVEMBER 10, 2010

1pm Eastern | 12pm Central | 11am Mountain | 10am Pacific

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Today's faculty features:

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# What Hath *Bose* Wrought?

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# Common Law Fraud

- A false representation of
- a material fact,
- knowingly made,
- with intent to deceive, which was
- relied upon by the injured party
- to his/her/its detriment.

## *Medinol v. Neuro Vasx (cont.)*

"A trademark applicant commits fraud in procuring a registration when it makes material representations of fact in its declaration which it **knows or should know** to be false or misleading. *Torres v. Cantine Torresella S.r.l.*, 808 F.2d 46, 1 USPQ2d 1483, 1484-85 (Fed. Cir. 1986)."

*In re Bose Corporation,*  
91 USPQ2d 1938 (Fed. Cir. 2009)

In renewing its registration for WAVE, Bose stated that the mark was still in use for tape recorders, when it had stopped making them but continued to repair them.



## *In re Bose Corporation*

The CAFC ruled that in *Medinol*, the Board, "[b]y equating 'should have known' with a subjective intent," had "erroneously lowered the fraud standard to a simple negligence standard."



## *In re Bose Corporation*

"[W]e hold that a trademark is obtained fraudulently under the Lanham Act only if the applicant or registrant **knowingly makes a false, material representation with the intent to deceive** the PTO."

## *In re Bose Corporation*

Before Bose's General Counsel, Mr. Sullivan, submitted his declaration in 2001, neither the PTO nor any court had interpreted "use in commerce" to exclude the repairing and shipping of repaired goods.

## *In re Bose Corporation*

Sullivan's statement was legally false.

But Sullivan explained that, in his belief, Bose's repairing of the damaged, previously-sold WAVE audio tape recorders and players and returning the repaired goods to the customers met the "use in commerce" requirement for the renewal of the trademark.

## *In re Bose Corporation*

"Sullivan testified under oath that he believed the statement was true at the time he signed the renewal application. Unless the challenger can point to evidence to support an inference of deceptive intent, it has failed to satisfy the clear and convincing evidence standard required to establish a fraud claim."

## *In re Bose Corporation*

"There is no fraud if a false misrepresentation is occasioned by an honest misunderstanding or inadvertence without a willful intent to deceive."

"The principle that the standard for finding intent to deceive is stricter than the standard for negligence or gross negligence, even though announced in patent inequitable conduct cases, applies with equal force to trademark fraud cases."

## *In re Bose Corporation*

The CAFC found "no substantial evidence that Bose intended to deceive the PTO in the renewal process," and it therefore reversed.

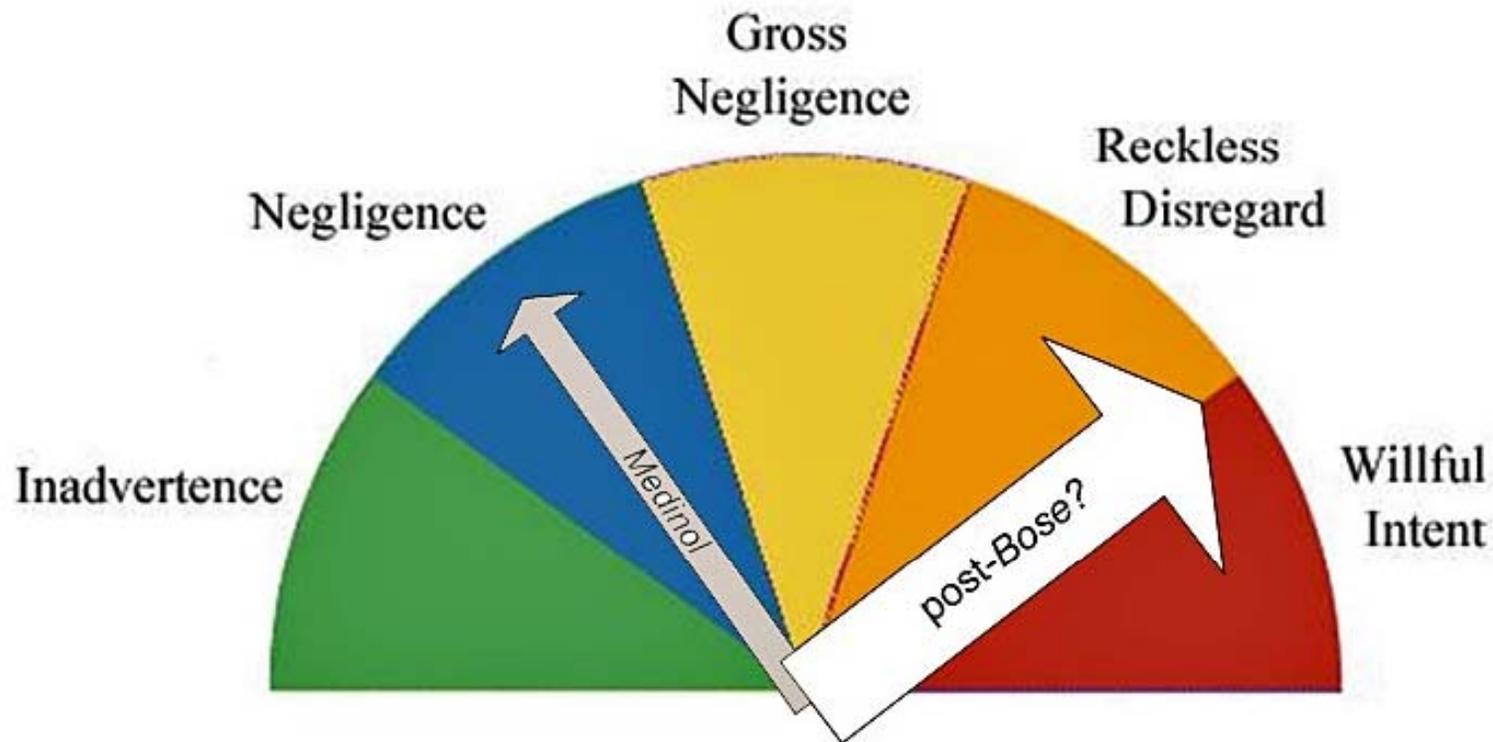
## *In re Bose Corporation*

"Subjective intent to deceive, however difficult it may be to prove, is an indispensable element in the analysis. Of course, 'because direct evidence of deceptive intent is rarely available, such intent can be inferred from indirect and circumstantial evidence. But such evidence must still be clear and convincing, and inferences drawn from lesser evidence cannot satisfy the deceptive intent requirement.'" *Star Scientific, Inc. v. R.J. Reynolds Tobacco Co.*, 537 F.3d 1357, 1366 (Fed. Cir. 2008). [a patent case].

## *In re Bose Corporation*

Because Sullivan's conduct was not reckless, CAFC did not reach the question of whether "reckless disregard for the truth" satisfies the "willful intent to deceive" element of fraud.

# FRAUD-O-METER™



# The Board's Response to *Bose*



*Enbridge, Inc. v. Excelerate Energy Limited Partnership,*  
92 USPQ2d 1537 (TTAB 2009)

Excelerate admitted non-use of its mark for one of the services listed in its use-based application.

Excelerate characterized its misstatement as "an inadvertent, honest mistake," and maintained that its subsequent amendment of its recitation of services [after the opposition was filed] "corrected its error in good faith."



## *Enbridge, Inc. v. Excelebrate Energy*

"The standard for finding intent to deceive is stricter than the standard for negligence or gross negligence, and evidence of deceptive intent must be clear and convincing." (citing *Bose*)

"Unless a party alleging fraud can point to clear and convincing evidence that supports drawing an inference of deceptive intent, it will not be entitled to judgment on a fraud claim."

## *Enbridge, Inc. v. Excelerate Energy*

The Board denied Enbridge's fraud-based summary judgment motion, ruling that "[a]t a minimum, whether applicant knowingly made this representation of use with the intent to deceive the USPTO remains a genuine issue of fact to be determined at trial."

*Asian and Western v. Lynne Selkow*,  
92 USPQ2d 1478 (TTAB 2009) [precedential].

Petitioner's fraud allegations were based on information and belief and failed to meet the particularity requirement of FRCP 9(b): "they are unsupported by any statement of facts providing the information upon which petitioner relies or the belief upon which the allegation is founded (i.e., known information giving rise to petitioner's stated belief, or a statement regarding evidence that is likely to be discovered that would support a claim of fraud)."



# *DaimlerChrysler Corp. v. American Motors Corp.*, 94 USPQ2d 1086 (TTAB 2010)

TTAB okayed a pleaded fraud claim [but denied summary judgment motion because intent still a factual issue].



## *DaimlerChrysler v. American Motors*

DC "sufficiently pleaded a fraud claim, including that respondent had the requisite intent to deceive the USPTO in the procurement of its registration."

DC stated specifically the factual misrepresentations [including dates of the misrepresentations] and alleged that they were false and material and were relied upon by the PTO.

## *DaimlerChrysler v. American Motors*

"Further, we find the assertions in para. No. 30, combining the references 'material misrepresentations' 'knowingly made' and 'to procure' a registration, to constitute an allegation of respondent's intent. That is, where a pleading asserts that a known misrepresentation, on a material matter, is made to procure a registration, the element of intent, indispensable to a fraud claim, has been sufficiently pled."

## *DaimlerChrysler v. American Motors*

DC offered no direct evidence regarding AMC's intent to deceive the PTO, nor "any indirect or circumstantial evidence which would lead us to the inevitable conclusion (which on summary judgment means the absence of any genuine issue of material fact) that respondent had the intent to deceive the office, or at least had a reckless disregard for the truth." (emphasis supplied).

But see Footnote 5: Whether reckless disregard is enough is still an open question.

*Ayush Herbs, Inc. v. Hindustan Lever Ltd. Co.,  
Opp. 91172885 (Nov. 19, 2009) [not precedential].*

Applicant's proposed counterclaim was insufficient because it did not set forth facts supporting its allegation that opposer has never used its AYUSH HERBS mark for candy. The allegation was made only "on information and belief" with "no particular basis in facts known to applicant or which it is likely to find support following investigation or discovery."



## *Ayush Herbs, Inc. v. Hindustan Lever Ltd. Co.*

It is also insufficient because it uses the "should have known" language, clearly decried in *Bose*; and because there is no allegation that opposer's statements were made with intent to deceive the USPTO.

*Gallo Winery v. Quala S.A.*, Opposition No. 91186763 (November 7, 2009) [not precedential].

The logo for Frutiño is written in a stylized, bubbly font. The letters are filled with a gradient of yellow, orange, and red, and are outlined in a thick blue border. A small green leaf is positioned above the letter 'i'.

Gallo did not set forth "with sufficient particularity the underlying facts upon which opposer relies or provides the basis for its belief that the allegation of fraud is well-founded. In addition, the proposed fraud claim does not include an allegation of intent to deceive, *i.e.*, that applicant *knowingly* made inaccurate or misleading statements."

## *Meckatzer Löwenbräu Benedikt Weiß KG v. White Gold, LLC, 95 USPQ2d 1185 (TTAB 2010)*

Petitioner's fraud claim alleged that, according to its investigation, Respondent, at the time of filing its Statements of Use, was using its marks only on vodka and not on all the goods listed in the Statement. Furthermore, Löwenbräu alleged that Respondent (but not than any particular individual) had the requisite intent to deceive the USPTO. The Board found those allegations to be sufficiently specific and particular to satisfy FRCP 9(b), and it denied Respondent's motion to dismiss.



## *Meckatzer Löwenbräu v. White Gold, LLC*

“Respondent knowingly made false, material misrepresentations of fact in procuring the Registrations with the intent to defraud the U.S.P.T.O.” *Id.* ¶ 8. These allegations are sufficiently specific and particular under Fed. R. Civ. P. 9(b).

## *Meckatzer Löwenbräu v. White Gold, LLC*

The Board observed that "*In re Bose* did not change the consequences of fraud, when it is proved. A finding of fraud with respect to a particular class of goods or services renders any resulting registration void as to that class."

*M.C.I. Foods, Inc. v. Brady Bunte*, Cancellation Nos. 92045959 and -6056 (Sept.13, 2010) [precedential].

Although MCI knowingly included in its application goods for which its mark **CABO PRIMO & Design** had never been used, it did so after obtaining advice of counsel, and therefore the Board refused to find the requisite deceptive intent.



## *M.C.I. Foods, Inc. v. Brady Bunte*

While MCI sought to obtain a registration covering as broad a description of goods as possible despite the fact that it was not using the mark on all the goods listed in the description of goods, there is no evidence or testimony indicating that MCI was advised that it could not or should not apply for Mexican food products not identified by its CABO PRIMO and design mark.

## *M.C.I. Foods, Inc. v. Brady Bunte*

"it was incumbent upon Bunte to establish such a factual basis [for an inference of intent to deceive] by, for example, eliciting further testimony as to the actual advice MCI received when it 'discussed with counsel' the list of goods it intended to include in the application and whether or to what extent MCI relied on such advice."

## *M.C.I. Foods, Inc. v. Brady Bunte*

"our finding here does not mean that mere assertion that one acted on 'advice of counsel' will make out a good defense to a charge of fraud. Rather, our finding should be taken as an indication that the charging party must be able to show at trial that the defense is inapplicable or inappropriate under the particular circumstances of the case at hand."

## *North Atlantic Operating Co. v. DRL Enterprises, Inc.*, Opp. No. 91158276 (Sept. 21, 2010)

In an interlocutory decision, the Board okayed a pleading of "fraud on the public" based on misuse of the statutory registration symbol.

Opposer pleaded that Applicant "knowingly and willfully used the ® symbol ... in an attempt to deceive or mislead consumers or others in the trade into believing that the mark was registered.

The Board found this to be a sufficient pleading of intent.

# So Where are We?



# What is the Fraud Standard?

*Bose* tells us that negligence, and even gross negligence, is not enough to establish fraud. There must be an intent to deceive.

Is reckless disregard for the truth a sufficient basis for a finding of fraud? [*Standard Knitting v. Toyota* (TTAB 2006): “Opposer is charged with knowing what it is signing and by failing to make any appropriate inquiry, Mr. Yarnell signed the statement of use with a ‘reckless disregard for the truth.’”]

What’s the difference between gross negligence and reckless disregard for the truth?

# What is the Fraud Standard?

- “The civil law generally calls a person reckless who acts ... in the face of an unjustifiably high risk of harm that is either known or so obvious that it should be known.” *In re Seagate Tech., LLC*, 497 F.3d 1360, 1371 (Fed. Cir. 2007) (en banc) (quoting *Farmer v. Brennan*, 511 U.S. 825, 836-837 (1994) (citing Prosser and Keeton § 34, pp. 213-14; Restatement (Second) of Torts § 500 (1965))
- *U.S. v. Puente*, 982 F.2d 156, 159 (5th Cir. 1993) – criminal case
  - defendant failed to read HUD form, which contained averment that he had not been convicted of a felony
  - “Reckless indifference has been held sufficient to satisfy §1001’s scienter requirement so that a defendant who deliberately avoids learning the truth cannot circumvent criminal sanctions. . . . Likewise, a defendant who deliberately avoids reading the form he is signing cannot avoid criminal sanctions for any false statements contained therein. Any other holding would write §1001 completely out of existence.”

# How Plead Fraud?

Allegations based on “information and belief” will not satisfy the particularity requirement of Rule 9(b) FRCP.

Pleader must recite specific facts regarding actions that comprised the fraud (see *DaimlerChrysler* and *Meckatzer*), but need not name particular individuals (*Meckatzer*).

Must allege deceptive intent, but may be conclusory. (*E.g.*, *Meckatzer*).

# How Prove Fraud?

Now how does one prove fraud? [Assume you will not get an admission of willful intent to deceive.] What circumstances will suffice?

Apparently, a challenger must prove that it was not an honest mistake (as in *Bose*) and wasn't "inadvertent."

After *MCI v. Bunte*, the advice of counsel defense will be common. How often will it be worth the time and expense to depose the Applicant's attorney?

# Is Fraud a Dead Duck?

Will anything less than "smoking gun" evidence suffice for a summary judgment motion?

For the foreign trademark owner, is fraud a dead duck? With the limitations on discovery vis-à-vis foreign entities, it will be virtually impossible to prove actual intent to deceive.



**THE END**



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# Trademark Fraud and the TTAB: Applying the *Bose* Standard

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## Trademark Fraud Overview

- Every single paper filed with the Trademark Office carries the risk of a fraud challenge, throughout the entire lifecycle of a trademark application and any resulting registration.
- Over the past 7 years, trademark fraud has been one of the hottest, most rapidly developing and widely discussed legal issues facing virtually all trademark owners and their counsel.
- During this period, the TTAB granted fraud-based oppositions and cancellations at a record pace, on what has been described as a “strict liability” standard, often on summary judgment, some times even *sua sponte*.
- Then, last August, the CAFC decided *In re Bose*.

## Trademark Fraud: *Pre-Medinol*

- “Rarely proven,” but “often pled.”
- A “disfavored” claim/defense.
- Must be “proven to the hilt.”
- “Clear and convincing” evidence required.
- Any and all doubts resolved in favor of the accused.
- Leaving nothing to “speculation, conjecture or surmise.”
- Focus on subjective intent to deceive PTO.
- Inadvertence, honest mistakes and misunderstandings, negligent omissions, excused.

## Trademark Fraud: During the *Medinol* Era (2003-2009)

- Examine the “Objective Manifestations” of Intent.
- Knew or “Should Have Known” Standard of Fraud.
- Summary Judgment, even *Sua Sponte*.
- “Stents and Catheters,” not a lengthy, highly technical, or otherwise confusing ID of goods.
- Solemnity of Oath stressed.
- Two-year delay in correcting alleged oversight confirms “reckless disregard” for the truth.
- Language barriers, unfamiliarity with U.S. trademark law, etc., won’t avoid fraud findings.

## Understanding *Bose*

- The *Bose* decision expressly rejected the “should have known” fraud standard followed by the TTAB in *Medinol* and its progeny (mere negligence not enough).
- Under *Bose*, trademark fraud only occurs when an applicant or registrant *knowingly* makes a *false, material* representation of fact in connection with a trademark application or registration, with an actual *intent to deceive* or otherwise mislead the PTO.
- *Subjective intent to deceive*, however difficult it may be to prove, is an *indispensable element* in the fraud analysis.

## Understanding *Bose* Continued...

- Simple negligence and even gross negligence are not enough to meet the higher standard, and honest misunderstandings, inadvertence, or mere negligent omissions will be valid excuses.
- The CAFC declined to rule on whether a “reckless disregard” for the truth meets the test.
- Nevertheless, it is clear that fraud must be “proven to the hilt” with “clear and convincing” evidence, leaving no room for “speculation, inference or surmise,” and resolving any doubt against the charging party.

## What Fraud Isn't Under *Bose*

- Honest Mistake or Misunderstanding
- Inadvertence
- Negligence
- Gross Negligence
- Unclear Whether “Reckless Disregard” Will Suffice  
(This is the standard advocated by PTO in *Bose*)

## Honest Mistakes and Misunderstandings

- Mistake: “An error, misconception, or misunderstanding; an erroneous belief.”
- Misunderstanding: “A flawed interpretation of meaning or significance.”

*Black’s Law Dictionary at 1092-1093 (B.A. Garner ed. 9<sup>th</sup> ed. 2009)*

- *Factual Mistakes; Over-inclusive Goods Cases. etc.*
- *Legal Misunderstandings; Use in Commerce, Interstate Commerce, Substantially Exclusive Use, etc.*

## Mere Inadvertence

- The act or effect of inattention.
- “An accidental oversight; a result of carelessness.”

*Black's Law Dictionary at 827 (B.A. Garner ed. 9<sup>th</sup> ed. 2009)*

*Over-Inclusive Goods Cases*

*Registration Symbol Misuse Cases*

*Incorrect First Use Date Cases (Not Material Anyway)*

- “The failure to exercise the standard of care that a reasonably prudent person would have exercised in a similar situation.”
- “Culpable Carelessness”

*Black’s Law Dictionary at 1133 (B.A. Garner ed. 9<sup>th</sup> ed. 2009)*

- *Bose* equates *Medinol’s* “should have known” standard with a simple negligence standard.

## Gross Negligence

- “A lack of slight diligence or care.”
- “A conscious, voluntary act or omission in reckless disregard of a legal duty and of the consequences to another party...”

*Black’s Law Dictionary at 1334 (B.A. Garner ed. 9<sup>th</sup> ed. 2009).*

- “[M]ost courts consider that ‘gross negligence’ falls short of reckless disregard of the consequences, and differs from ordinary negligence only in degree, and not in kind.”

*Prosser and Keeton on the Law of Torts §34, at 211-12 (W. Page Keeton ed., 5<sup>th</sup> ed. 1984).* 55

## Reckless Disregard For the Truth

- “Conscious indifference to the consequences. . . .”
- “The intentional commission of a harmful act or failure to do a required act when the actor knows or has reason to know of facts that would lead a reasonable person to realize that the actor’s conduct both creates an unreasonable risk of harm...and involves a high degree of probability that substantial harm will result.”
- Also “the standard of proving the defendant’s actual malice toward the plaintiff in a libel action.”

*Black’s Law Dictionary at 540 (B.A. Garner ed., 9<sup>th</sup> ed., 2009)*

- A Standard of “Sufficient Culpability” to Infer a Specific Intent to Deceive. (No Inferences?)
- CAFC: “Reckless Disregard” for the Truth is Not Occasioned By a General Counsel Signing Declaration Premised on an Unreasonable Interpretation of Law, At Least, So Long as No Cases Existed At Time, Specifically Rejecting Interpretation.
- What if such a case did exist, but GC unaware of case?
- What if actual knowledge of case, but GC relied on contrary opinion from outside trademark counsel?
- TTAB: Two-year delay in correcting alleged oversight confirms “reckless disregard” for the truth.

## Life After *Bose* Continued

- Pleading Fraud with Particularity
- Viability of Summary Judgment
- Standard of Sufficient Culpability
- Applying the Standard
- Kind/Quality of Evidence to Prove Requisite Intent
- Remedies & Consequences
- Viability of *Medinol* Progeny
- CAFC Reliance on Patent Inequitable Conduct
- Best Practices Going Forward

## Remarks of Chief Administrative Judge of TTAB Gerard Rogers

- Some “Buyer’s Remorse” With *Medinol*
- Months Following *Bose* at TTAB
- Struck By Sheer Number of Fraud Cases
- “Most Cases” Have Fraud Claim
- Smoking Gun, Direct Evidence: Rare
- Much Less Likely to Grant S.J. Motions
- S.J.: “No Other Reasonable Conclusion”
- Being Reversed Still Advances Law

## District Court Treatment of Trademark Fraud in Post-Bose Era

- *Donovan v. Bishop*, 2010 WL 4062370 (D. Ind. October 14, 2010) (granting defendant s.j. in “put up or shut up moment”).
- *Edge Games, Inc. v. Electronic Arts, Inc.*, Civ. No. c10-02614 WHA (N.D. Cal. October 1, 2010).
- *Alliance Bank v. New Century Bank*, Civ. No. 10-2249 (E.D. Pa. July 27, 2010) (preliminary injunction granted).
- *Assurant, Inc. v. Medassurant, Inc.*, 2010 WL 3489129 (W.D.N.C. July 26, 2010) (motion to dismiss denied).
- *Modern Fence Technologies, Inc. v. Qualipac Home Improvement Corp.*, Civ. No. 08-C-543 (E.D. Wis. June 22, 2010) (denying s.j. to defendant on issue of intent).
- *Fair Issac Corp. v. Experian Information Solutions, LLC*, Civ. Action No. 06-4112 ADM/JSM (D. Minn. May 10, 2010).

## District Court Treatment of Trademark Fraud in Post-Bose Era Continued...

- Salu, Inc. The Original Skin Store, Civ. No. S-08-1035 (E.D. Cal. April 12, 2010) (s.j. denied with respect to claim of “substantially exclusive” use).
- *Kerzner International Limited v. Monarch Casino & Resort, Inc.* 2009 WL 5066908 (D. Nev. December 14, 2009) (use in commerce representation “not entirely implausible or frivolous”).
- *WMH Tool Group, Inc. v. Woodstock Int’l Inc.*, Civ. No. 07-cv-3885 (N.D. Ill. December 9, 2009) (s.j. denied, meaning of “chop saw” unclear, issue of credibility for trial).

Thank you!



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# Trademark Fraud on the USPTO

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Prior to November 16, 1989 (the effective date of The Trademark Law Revision Act, Public Law 100-667, enacted November 16, 1988), the definition of the term “use in commerce” specified in Section 45 of the Lanham Act read, in pertinent part, as follows:

Use in commerce. For the purposes of this Act a mark shall be deemed to be used in commerce (a) on goods when it is placed in any manner on the goods or their containers or the displays associated therewith or on the tags or labels affixed thereto and the goods are sold or transported in commerce. . . . In re Ancha Electronics Inc., 1 USPQ2D 1318 (TTAB 1986).

## Token Use

Under this standard, a single (i.e., “token”) sale or shipment of a product under a mark was sufficient to lay a foundation for registration provided that this initial transaction was bona fide in nature, and was followed by activities indicating a continuing effort to place the product on the market on a commercial scale within a reasonable time.

## Token Use

While token use was sufficient to register or renew a registration, it was not enough to enforce trademark rights against a 3<sup>rd</sup> party in an infringement case.

Procter & Gamble Co. v. Johnson & Johnson, Inc., 485 F.Supp. 1185 (S.D.N.Y. 1979), aff'd without opinion 636 F.2d 1203 (2d Cir. 1980) (shipment of 50 cases a year are nominal and do not represent placement on the market in a meaningful way or a bona fide attempt to establish a trade or commercial use)

## Token Use

Block Drug Co., Inc., v. Morton-Norwich Products, Inc., 202 USPQ 157, 159 (TTAB 1979). Token use is sufficient to file and secure a registration, more use is required to sustain a mark against a charge of nonuse; once-a-month trademark maintenance shipments were held not a bona fide commercial use); Clairol, Inc. v. Holland Hall Products, Inc., 165 USPQ 214 (TTAB 1970) (token monthly shipments).

## Pre TLRA of 1988

Ralston Purina Company v. On-Cor Frozen Foods, Inc., 223 USPQ 979 (Fed. Cir. 1984).

“The basis for the board's conclusion that Ralston's application was *void ab initio* is the board's misapprehension of the law, viz. that bona fide initial use requires that the goods so used be identical to the goods the mark is intended ultimately to identify. “

In other words, think token use.

## Legal Standard On Use PRE TLRA

There was no requirement of bona fide or commercial use to register or maintain a trademark, so the case law on “fraud” regarding use in all areas **should be** greatly different pre-1989 than *POST*-TLRA. That is, since “token use” was legal, it was almost impossible to commit fraud alleging “use” of a mark if you shipped a similar product across state lines with a label on it.

Volkswagenwerk Aktiengesellschaft v. Advance  
Welding and Mfg. Corp., 193 USPQ 673 (TTAB 1976)

However evidence of fraud may tilt the scales –

But, there is nothing in the deposition of respondent's president to suggest that his execution of the declaration in question was occasioned by a misunderstanding, inadvertence, a negligent omission, etc....A cursory reading of the declaration by respondent's president would have alerted him to question the statements therein -- a precaution that he obviously did not follow. The only conclusion that one can draw from the record herein is that there were obvious overtones of fraud in the execution of the declaration in support of the Sections 8 and 15 affidavits, and that this is sufficient, per se, to invalidate the registration in question.

Torres v. Cantine Torresella S.r.l., 808 F.2d 46  
(Fed. Cir. 1986).

There is a duty to refrain from knowingly making false, material statements. It certainly applies to post registration filings as well.

Remember, this is still the Pre-TLRA standard, so it was difficult to commit fraud since token use was ok. Here the registrant crossed the line both as to goods in use and the actual mark being used.

Crocker National Bank v. Canadian Imperial Bank of Commerce, 223 U.S.P.Q. 909 (TTAB 1984)

“a foreign national qualified under §44(b) is entitled to an alternative basis for registration of a trademark registered in its country of origin without regard to whether such mark is in use prior to the application’s filing date.”

Accord, In re Compagnie Generale Mar., 993 F.2d 841, 843 n.3 (Fed. Cir. 1993).

# TLRA

- Was meant to outlaw “token use”
- Was meant to permit intent to use applications
- But to obtain registration there must be both bona fide intent to sell and commercial use on **all** of the goods set out in the application
- And to maintain and renew registrations there must also be bona fide and commercial use of the mark on **all** of the goods and services

# 15 U.S.C. § 1127

- The term “**use in commerce**” means the bona fide use of a mark in the ordinary course of trade, and not made merely to reserve a right in a mark. For purposes of this chapter, a mark shall be deemed to be in use in commerce—
  - (1) on goods when—
    - (A) it is placed in any manner on the goods or their containers or the displays associated therewith or on the tags or labels affixed thereto, or if the nature of the goods makes such placement impracticable, then on documents associated with the goods or their sale, and
    - (B) the goods are sold or transported in commerce

# Fraud in the Trademark Office

Bart Schwartz Int'l Textiles Ltd. v. Federal Trade Comm'n, 129 USPQ 258 (CCPA 1961).

Fraud in procurement, maintenance or litigation involving a trademark registration:

Lanham Act imposes duty to not to make knowingly inaccurate

or knowingly misleading statements in verified declaration forming part of application.

Bart Schwartz Int'l Textiles Ltd. v. Federal Trade  
Comm'n, 129 USPQ 258 (CCPA 1961).

The evidence, both direct and circumstantial, establishes to our satisfaction that Schwartz on May 18, 1955, at the time he verified the application for registration of 'FIOCCO' as appellant's trademark knew that others had the right to use this word in "commerce" for textile fabrics. His statement in the declaration is a misrepresentation of fact as distinguished from the mere expression of an opinion

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

“Use” means use on **all the goods** you claim

Mark - NEUROVASX for “medical devices,  
namely, neurological stents and catheters”

Fraud claim - at the time of filing Statement of  
Use, Registrant was not using, and had never  
used, the mark NEUROVASX for “stents”

# Medinol

“Medinol Standard” -- “the appropriate inquiry is not into the registrant's subjective intent, but rather into the objective manifestations of that intent.”

Intent may be inferred from the circumstances and statements made.

Proof of specific intent to commit fraud not required.

There is a duty to read the Statement of Use and investigate prior to signing sworn declaration.

In re Bose Corp., 476 F.3d 1331  
(CAFC 2009)

Fraud only if clear and convincing proof applicant/ registrant KNOWINGLY makes a false, material representation with intent to deceive the PTO.

Simply filing false sworn statements in PTO is not fraud.

## Void ab initio?

- While the Board was reversed for finding that a lawyer who knowingly signed a false declaration committed fraud, the TTAB has been reluctant to find another way to penalize applicants or registrants for filing false sworn statements.
- Was a finding of lack of bona fide intent the the way to do it? No, says the Board in Playboy Enterprises Intl., Inc. v. Diane Dickson (TTAB 2010).