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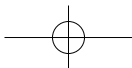


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How to avoid fraud on the Trademark Office

The Trademark Trial and Appeal Board used to be reluctant to find fraud on the basis of over-claiming. But, says **Jody H Drake** of **Sughrue Mion PLLC**, recently it has taken a more stringent view of parties that over-claim the use of their marks

There was a time when the Trademark Trial and Appeal Board was reluctant to reach a conclusion that a fraud had been perpetrated on the Trademark Office merely because a party over-claimed the goods on which the mark was actually used in its application to register. The Board was less reluctant to find fraud when a registrant failed to limit goods on which there had been no use when filing the affidavit under Sections 8 and/or 15 after five years or upon renewing a mark after (then) 20 years of use because the registrant should by then know what exactly his brand was used on. But the Board was unwilling to accept that trade mark practitioners or their clients would intentionally make false statements of use in an application. Thus, if there was a representation by an applicant that it had inadvertently over-claimed the number of goods on which there had been actual use the Board, except upon rare occasion, accepted the excuse. Indeed, the Board seemingly took offence that a party in an *inter partes* matter would even think to charge the opposing party with fraud on the Trademark Office (see box 1).

In the last couple of years the Board has taken a more stringent view of the applicant and registrant that over-claims the use of its mark. The Board now recognizes that but for such false statements the registration would not issue for those goods for which there was no use and, as important, has concluded that there must be total candour with the Trademark Office. The Board has now declared: "The appropriate inquiry is therefore not into the registrant's subjective intent, but rather into the objective manifestation of that intent." The test now is not whether the applicant or registrant had an intent to defraud but whether the applicant or registrant "knew" or "should have known" the statements were not true (see box 2). The Board now holds that the requirement of candour presents a higher duty for truthfulness than the courts have found in the usual fraud case and looks to the

result of the failure of candor. So we see that the requirement on the applicant or registrant has not changed: there has always been a duty of candour. What has changed is the Board's unwillingness to accept the inadvertence excuse. This does not seem unreasonable, particularly when the over-claiming of protection is so obvious that it is clear that the applicant or registrant has not made a good faith effort to meet the duty required of it.

In the past, perhaps as a result of fraud claims being regularly denied, some practitioners became less attentive to the question of actual use on the goods or services claimed by their clients. As long as there was use on one of the goods, or for one service in the application or registration, application declarations, Section 8 and 15 declarations and renewal declarations were signed and filed averring use on all of the goods or services listed in the application or registration. This lax practice has created a Register that is probably full of quite possibly invalid registrations.

While there may be nothing that can be done to cure the fraudulently obtained registrations there are some steps that practitioners can take to be sure that their client does not find that its new registrations are found to be fraudulent and ordered to be cancelled. Here are a few practice tips for the practitioner, which, in light of the Board's present view of over-claimed coverage, the prudent trade mark lawyer might incorporate into his or her practice.

Explain the results of a false declaration to your client

Speak to your client and explain the results of a false declaration before you ask for a signature on the declaration

It is not easy to question your client. It is more difficult to do so if you have requested and received a signed declaration from the client averring to the use of the mark on all of the goods. Once the declaration is signed it is

UNITED STATES

Precedents where the Board seemingly took offence that a party in an *inter partes* matter would think to charge the opposing party with fraud on the Trademark Office:

Bart Schwartz Int'l Textiles, Ltd v FTC, 129 USPQ 258 (CCPA, 1961)

Smith International, Inc v Olin Corporation, 209 USPQ 1033, 1043 (TTAB 1981)

Miguel Torres v Cantine Torresella Srl, 1 USPQ2d 1483 (Fed Cir 1986)

commenced *as of the filing date* of the application for all goods and services identified. If, after the discussion suggested above, you determine that the applicant does not have such use, recommend the filing of an intent-to-use application.

The job is not over then; the issue has only been stayed for a while. The discussion

more difficult for the signatory to say he did not really check for use.

The best approach is to speak with the client and explain that a declaration must be filed (when you are filing the application, when you are filing the declaration of use between the fifth and sixth year of registration and when you are filing a renewal application) in which the client must swear that the mark is in use on all of the goods or services listed in the application for registration and that if it is not, the registration that issues or that is maintained is forever subject to cancellation because the Trademark Office considers such a false statement to be fraud. The remedy for the fraud is the cancellation of the mark or if it is opposed a basis for denying registration of the mark.

Although applications require the applicant to make a variety of statements, only one, the allegation of use on the goods/services for which protection of the mark is claimed, is a basis for denying registration. No use, no registration. The verified statement must aver: "The mark is in use in commerce" (15 USC §1051(a)(3)).

Put it in writing

After you have explained in detail why the client needs to be sure that the mark is in use on all of the goods or services the declaration says it is used on, repeat the details that the mark must be in use on all goods or services claimed in the cover letter to the client enclosing the declaration for signing.

There are two obvious reasons for the letter. First, of course, is to be sure the client is properly informed. Second, if the mark is held to fraudulent and the client loses an important trade mark, he or its officer will not remember that you had that heart-to-heart conversation about why it is mandatory that the mark actually be in use on everything claimed. You will want that letter in your file.

If after all of this, you are still uncomfortable that use has occurred, ask to see the evidence that use has occurred as alleged. Opposing counsel will be sure to ask later if the mark is ever asserted in litigation.

What is use?

An applicant basing its application on use in commerce must understand that actual use in commerce must have

needs to be had and a similar letter needs to be sent again when the ITU application becomes due for a statement of use, when all of the extensions have been used. If the client advises that use has occurred, you need to have the conversation and send the letter again to make sure that it is understood that actual use must have commenced for *all* of the goods and *all* of the services identified in the application or in the Notice of Allowance.

Use on some, but not all, of the goods or services in the application

The United States Trademark Office provides some procedural flexibility when actual use in commerce commences on some goods or services in an intent-to-use application, but not others. When this occurs you can advise the client that it may submit a request to divide its application into parent and child applications (TMEP §1110, 37 CFR §2.87). If it divides the application it maintains those goods for which use has not yet occurred in the first application (the parent), and files the Statement of Use for those goods or services for which use has occurred (creating a child application) and has them issue to registration. When use occurs on the remaining goods or services in the application a Statement of Use for those goods or services can be filed and a second registration will issue. This can be done any number of times for as long as the application can be maintained in good faith and before expiration of the last permitted extension request while the various products get to market. There are fees involved, but it provides an option for the client who has a need for certain goods or services already in use to move ahead to an issued registration.

Use on some, but not all, of the goods or services in a registration

When it comes time to file a declaration of use between the fifth and sixth year from the date of issuance of a registration under Sections 8 and/or 15 of the Trademark Act and the mark is no longer in use on certain goods or services, make the explanations as advised for applications and have the client delete those goods or services for which the mark is no longer used. The Post Registration

Branch of the Trademark Office will delete the partial identification language and the registration will be properly maintained for the balance of goods and services involved.

You may advise the client that it can file an intent to use application for those deleted goods and/or services if there is a *bona fide* intent to use the mark on the deleted items in the future. This advice preserves the registration for the client and gives it the opportunity to capture the deleted goods or services in a new registration.

Foreign applicants and registrants

The foreign registrant basing its US registration on an issued foreign registration is exempted from the use requirements for the issuance of the registration but must be keenly aware that during the maintenance of the US registration between the fifth and sixth year from the date the US registration issued and at the time of renewal, declarations/affidavits of use will apply to each of the goods or services identified in the registration notwithstanding the status of the foreign registration on which the US registration was originally based.

If the foreign client has not made actual use in commerce on all of the goods or services in the registration, those particular goods or services for which there is no use must be deleted from the US registration. As with the US client the foreign client has the option to either file an intent to use application in the US or file a subsequent new application based on a new foreign application or registration.

Conclusion

Trade mark counsel must press applicants and registrants to focus on actual use issues in advance of filing applications or maintenance documents in order to avoid an *inter partes* decision of the Board finding the client had

Cases where the applicant or registrant “knew” or “should have known” the statements were not true:

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

Nougat London Ltd v Carole Garber, Cancellation No 92040460 (TTAB 2003)

Hawaiian Moon, Inc v Rodney Doo, Cancellation No 92042101 (TTAB 2004)

Orion Electric Co, Ltd v Orion Electric Co, Ltd, Opposition No 91121807 (TTAB 2004)

Jimlar Corp v Montrexpport SPA, Cancellation No 92032471 (TTAB 2004)

JEM International, Inc v Happy Rompers Creations Corp, Cancellation No 92043073 (TTAB 2005)

Physician’s Formula Cosmetics, Inc v Cosmed, Inc, Cancellation No 92040782 (TTAB 2005)

“a reckless disregard of the truth”. You should never assume that actual use has been established for all goods or services. The individual executing the declaration must understand the facts attested to. A void application, or cancelled registration, is a high price to pay for a “misunderstanding” of the use requirements. Moreover trade mark lawyers who do not properly counsel clients on the use requirements may be creating a liability situation for themselves some time in the future if the client’s mark is refused registration or its existing registration is ordered to be cancelled because the declarations of use are held to be fraudulent.

Jody H Drake



Jody Haller Drake joined Sughrue, Mion PLLC in 2000 and focuses her work not only on US, but also international, trade mark law including: trade mark prosecution, counseling, opinions, licensing, litigation support and internet-related rights. Before becoming part of Sughrue, Drake gained nearly 20 years of experience in the IP field, including almost 10 years with the US Patent and Trademark Office.

Drake has received a number of accolades from the IP community as one of the industry leaders. These include being named among the top 15 IP attorneys in Washington by *LegalTimes*, 2003 and being included in *Madison’s Who’s Who of Executives and Professionals*, 2005, as well as receiving the Bronze Medal for Superior Federal Service from the US Department of Commerce. She lectures frequently on the subject of trade mark law and teaches Trademark Law at Georgetown University.

Having received a Bachelor of Arts degree in Art History from Franklin and Marshall College, Drake went on to earn her JD at Western New England College School of Law. She is a member of the District of Columbia and Massachusetts Bars as well as the US Court of Appeals – Federal Court. She belongs to the International Trademark Association and the American Intellectual Property Law Association.