



The Hynak Report

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Hynak & Associates, PC
812 South Courthouse Rd.
Arlington, VA 22204 USA

USPTO's Changing Standard of Fraud Rocky Shores Ahead for Trademark Filers in the US

By Michael J. Hynak and Barbara A. Hynak

As many of you may be aware, a troubling trend is developing in US Patent and Trademark Office (USPTO) related to the issue of fraud in Trademark cases.

We have prepared this article so that you may be aware of the potentially dangerous waters that may be ahead if you are not using your mark on all the goods/services specified in your US Trademark Application. This article is not meant to be an exhaustive review of the subject matter. However, we want you to be aware of this new trend in the US, which may affect your registration.

The USPTO's Trademark Trial and Appeal Board (TTAB) has recently issued several decisions creating what amounts to a strict liability standard for a faulty identification of goods or recitations of services statement.

In the case of *Medinol Ltd. v. Neuro Vass Inc.*, U.S.P.Q.2nd 1205 (T.T.A.B. 2003), the court changed the definition of fraud. Previously, the major element of fraud was the intent to deceive (scienter).

In *Medinol* the registration was granted for "medical devices, namely, neurological stents and catheters." The mark had only been used on catheters and not on stents. The registrant stated that the inclusion of stents "...was apparently overlooked" when the Statement of Use was filed.

The TTAB in *Medinol* said the Applicant's "... knowledge that its mark was not in use on stents-or its reckless disregard for the truth-is all that is required to establish intent to commit fraud in the procurement of a registration."



**USPTO New Approach To
Fraud and how it will
affect you.**

Fraud at the USPTO

Under the new definition of fraud, a mistake may constitute fraud. This mistake may be “apparently overlooked” as in *Medinol*, or inadvertent, negligent, or even by the applicant’s attorney, and it will be considered fraudulent.

The remedy is tough. The registration is cancelled in its entirety. The court refused to cancel just a portion of the registration that related to the goods not in use.

What does this mean for you and your clients? It will all depend on your filing basis.

APPLICATIONS BASED ON MADRID REGISTRATIONS

When filing under Section 44 (home country application or registration) or Section 66 (Madrid) of the Trademark Act, normally the USPTO will not require the applicant to prove use. However, the applicant is still required to state that they have a bona fide intent to use the mark in commerce with the US.

The Trademark Manual of Examining Procedure (TMEP) Section 1904.01(c) states:

Section 66(a) of the Trademark Act requires that a request for extension of protection to the United States include a declaration that the applicant has a bona fide intention to use the mark in commerce that can be controlled by the United States Congress. The declaration must include a statement that the person making the declaration believes the applicant to be entitled to use the mark in commerce; and that to the best of his/her knowledge and belief no other person, firm, corporation, or association has the right to use the 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/services of such other person, to cause confusion, or to cause mistake, or to deceive. 15 U.S.C. §1141(5).

APPLICATIONS BASED ON HOME COUNTRY REGISTRATIONS

For applications based on a home country registration, a similar requirement of a bona fide intent to use is required. TMEP Section 806.01(d) (2) states:

The application must include the applicant’s verified statement that it has a bona fide intention to use the mark in commerce on or in connection with the identified goods or services. 15 U.S.C. §1126(e). This allegation is required even if use in commerce is asserted in the application. TMEP §806.02(3). If the verified statement is not filed with the initial application, the verified statement must also state that the applicant had a bona fide intention to use the mark in commerce *as of the application filing date*. 37 C.F.R. §2.34(a)(3)(i).

For applications based on either Madrid or Home Country Registrations, this means that there must be a bona fide intent to use the mark in the US on each of the goods and/or services listed in the application. To determine if there is a bona fide intent to use the mark the TTAB will look to documentation and business plans.

As a result of these rulings, it is now more important than ever that a thorough review of every identification goods or recitation of services statement be conducted. We understand that this may place an additional burden on for-

Fraud at the USPTO

oreign filers but the alternative could be total cancellation of your registration.

RENEWALS AND AFFIDAVITS OF USE

The issue of fraud is also applicable for the required filing of the Affidavit of Use between the fifth and sixth year of registration. The registrant will be required to state that the mark is in use in commerce with the US for each and every goods or services listed in the registration. Those goods or services that are not in use will need to be deleted from the registration.

USE AND INTENT TO USE APPLICATIONS

A foreign applicant may also file a US application based on use in commerce with the US or intent to use in commerce with the US. For an application based on use, the mark must be in use for each of the goods or services listed in the application. For an application based on intent to use, there must be an intent to use the mark for each of the goods. Prior to filing the Statement of Use there must be use of the mark on each of the goods or services for which the application was filed. If not, the appropriate goods or services must

not be included in the Statement of Use.

In view of the ramifications listed above, you might wish to consider a thorough review of your clients' US Trademark portfolio to identify any potentially exposed marks.

Our firm can assist you in developing and implementing strategies to identify potential problems while suggesting and implementing procedures to deal with the issue of fraud in the US.

Hynak & Associates, PC
812 South Courthouse Rd.
Arlington, VA 22204 USA
Tel: +1 703-892-4989
Fax: +1 703-553-7793
www.hynak.com
Info@hynak.com
