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USPTO's Failure To Address The Specter Of Fraud

Law360, New York (August 5, 2011) -- On July 12, 2011, the United States Patent and Trademark Office circulated for commentary proposed rules to the Trademark Rules of Practice entitled "Changes in Requirements for Specimens and For Affidavits or Declarations of Continued Use or Excusable Nonuse in Trademark Cases." [1]

If enacted, the proposed rules would allow USPTO examining attorneys to require an applicant to produce additional information, exhibits, affidavits, declarations and specimens they deem necessary to ensure that the filing is true and accurate. [2] While the proposed rules are a small step toward reducing the ability of an applicant to register an overly broad (and possibly fraudulent) application, it does not go far enough.

Currently, the USPTO routinely approves use-based applications and declarations of continued use predicated on the provision of a single specimen of use per class, regardless of the length and breadth of the class identifications.

For example, an apparel manufacturer may submit a use-based application listing apparel, namely men's, women's and children's T-shirts, shirts, blouses, sweaters, sweatshirts, underwear, pants, shorts, dresses, skirts, footwear, sandals, coats, jackets, raincoats, overcoats, belts, hats, etc., and could receive USPTO approval after submitting only a single specimen showing a T-shirt featuring the mark.

The proposed rules would allow examining attorneys to require additional specimens to "verify the accuracy and nature of the use when the identification includes a large number of, or significant disparity in, good/services." [3]

While the legislative explanation of the proposed rules claims changes are meant to "asses and improve the accuracy and integrity of the [trademark] register" [4] and "do not focus on fraud issues," [5] it is far more likely that the proposed rules are being considered as a direct response to the landmark decision of the Court of Appeals for the Federal Circuit in *In re Bose Corp.*, 580 F.3d 1240 (Fed. Cir. 2009), which established a new, and significantly high, standard for proving an applicant fraudulently procured a trademark. [6]

In *Bose*, it was alleged that the Bose Corporation had committed fraud upon the USPTO when it claimed continued use of the mark WAVE on all of the goods identified in its registration, including audio tape recorders and players, when Bose had in fact ceased all manufacture and sale of such devices.

However, the Federal Circuit held that Bose's mistake did not constitute fraud, because it was occasioned by an honest misunderstanding. The Federal Circuit held that fraud must be proven "to the hilt" with clear and convincing evidence that the applicant "knowingly made a false and material representation with the intent of deceiving the PTO." [7]

As a result of the difficult and factually dependent standards set by Bose, many trademark practitioners feared that the decision in *Bose* sounded the death knell for fraud claims and served to encourage the filing of inaccurate and misleading use-based applications or declarations of continued use without serious consequence.

Although the proposed rules are meant to “codify existing [USPTO] practice, where such additional specimens occasionally are requested,” examining attorneys always had such power in connection with use-based applications and the proposed rules would really only serve to expand such power to declarations of continued use filed post-registration.

In fact, the summary to the proposed rules states that “no change in practice would result from the proposed Rules.” Regardless of the proposed rules’ purported purposes, the reality is that examining attorneys rarely request additional specimens or documentation to ensure use of the mark on all goods and services listed; as a result, class identifications continue to grow larger and larger.

This is compounded by the holding in *Bose* which has all but closed the door on resolving any inaccuracies through fraud-based opposition and cancellation proceedings. Consequently, a more definitive and far-reaching solution is required.

A potential solution to this issue is one that has been discussed since the unveiling of the Trademark Electronic Application System (“TEAS”) and has routinely been rejected by trademark purists. Instead of allowing examining attorneys to request additional specimens at their discretion, the proposed rules fail to provide the criteria that would prompt such a request. The USPTO should require trademark applicants to submit a specimen of use for each individual good or service, per class, identified in the application.

Such a requirement would serve the dual purpose of both drastically improving the accuracy and integrity of the trademark register, while simultaneously preventing an applicant from alleging use of a mark in connection with a laundry list of related goods or services and preventing the fair use of the mark by another third party.

Indeed, if the goal of the proposed rules is to improve the accuracy of the trademark register, requiring a specimen for each good or service listed would undoubtedly create the most accurate and exhaustive register possible. Although pre-TEAS the USPTO received trademark applications and specimens in hard-copy form, and thus physical storage and capacity were an issue, today almost all of these documents are submitted electronically.

Today, even a pro se applicant would have little to no difficulty in taking digital pictures of the goods featuring their mark and submit them to the examining attorney for review. The potential burden caused by such a solution would be greatly outweighed by the ease at which an examining attorney could review the specimens and ensure the veracity of an application while also creating a more complete register, both of which would significantly reduce the time, cost and effort required to achieve registration.

In essence, by requiring a specimen for each and every product or service, the examining attorney can prevent any issues of fraud or mistake before the application is ever published for opposition while at the same time creating a record of evidence should any claim arise in the future.

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[1] Changes in Requirements for Specimens and For Affidavits or Declarations of Continued Use or Excusable Nonuse in Trademark Cases, 76 Fed. Reg. 133 (proposed July 12, 2011) (to be codified at 37 C.F.R. pt. 2, 7).

[2] *Id.* at 40839.

[3] Id. at 40840.

[4] Id.

[5] Id.

[6] *In re Bose Corp.*, 580 F.3d 1240 (Fed. Cir. 2009)

[7] Id. at 5.

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