Column
By **Susan M Natland**

Trademark management

The whole truth and nothing but the truth

The consequences of an applicant or registrant making a material misrepresentation of fact before the US Patent and Trademark Office that it knew or should have known was false or misleading can be severe. If proven, the application or registration will be deemed void in its entirety. Thus, a clear understanding of both how to avoid a claim of fraud and how to deal with potentially problematic applications or registrations is imperative for any trademark professional

The US Patent and Trademark Office (USPTO) is continuing to come down hard on applicants or registrants who make material misrepresentations of fact that they knew or should have known were false. First, a 'material misrepresentation' means any statement that affects the scope of rights of a trademark application or registration, or any statement that the USPTO relies on in determining the right to register a mark or the right to maintain a registration. A majority of the fraud cases have centred around false statements as to the use of a mark on the goods/services covered under a trademark application or trademark registration at various stages, including at the time of filing an application based on use in commerce, at the time of filing a statement of use and at the time of filing a declaration of current use under Section 8 of the US Trademark Act to maintain a registration.

However, fraud has also been found in cases where the applicant did not disclose information that affected the ability to register its mark (eg, the fraudulent failure to disclose the geographical significance of a mark), and in cases where the specimen submitted to support an application or registration was either not in current use or not used in US commerce.

Fraud has also been alleged on the grounds that, contrary to the verified statement, an applicant did not have, at the time of filing the application, a *bona fide* intent to use its mark in US commerce on all of the goods/services covered under a trademark application. Contrary to common supposition and of particular interest to foreign applicants, even in cases where a US application is based solely on a foreign application or registration (including a request to extend protection through the Madrid Protocol), under US trademark law, the applicant must also have a *bona fide* intent to use its mark in US commerce on *all* of the goods/services covered under the application.

Further, lack of specific intent to defraud the USPTO is no defence. It is not the applicant's or registrant's subjective intent that matters; rather, the standard is whether the applicant or registrant *knew or should have known* that a statement was false. Miscommunication with attorneys, lack of familiarity with the English language, misunderstanding of US trademark law, failure adequately to investigate the truth of a statement, failure to read the document being signed, honest mistake and the fact that applicant or registrant is not represented by counsel are no excuse.

Further, the USPTO has made it clear that once a mark has been published for opposition, a fraud cannot be cured by merely amending the application /registration (eg, to delete unused goods). At that point, the *entire* application or registration will be deemed void. In addition, unlike some other grounds for cancellation, there is no statute of limitations to file a petition to cancel (or a counterclaim to cancel) a registration on the grounds of fraud. Such a claim can be made *at any time* during the existence of the registration.

A successful fraud claim or counterclaim can be particularly harsh if valuable trademark rights are lost when trying to enforce your client's or your company's trademark registration against another. Losing a trademark registration, especially when trying to enforce it against another, is certainly an unsavoury situation for any trademark professional. This is especially true if the situation could have been avoided.

To avoid getting caught in the web of a fraud claim, the advice is simple. When your client or your company makes a verified or sworn statement regarding a material fact, it is imperative that your client or your company thoroughly investigate the statement, have support for the statement and have a reasonable basis that the statement is true. Thus, for example, when filing applications based on use in commerce, when filing statements of use and when filing Section 8 declarations, a thorough investigation should be made into the specific goods/services with which the mark is used in US commerce. Non-used goods should be deleted from the application/registration or divided out (as appropriate). Further, when filing applications either based on a *bona fide* intent to use a mark in US commerce or even when based solely on foreign rights (as there is an intent to use component), a diligent effort should be made to ensure that the applicant has a *bona fide* intent to use its mark in US commerce in connection with *every single* good/service listed. If not, your client or your company could find itself defending a claim of fraud which could jeopardize the entire application or registration.

In addition, all documents received from the USPTO, such as notices of allowance, certificates of registration, and notices of acceptance of Section 8 declarations, should be carefully reviewed to ensure accuracy. For example, steps should be taken to ensure that the USPTO did not erroneously include goods/services that have been deleted from the application/registration. Failure to identify and immediately correct such errors could amount to fraud.

Finally, a mini trademark audit should be conducted by trademark managers. Companies should thoroughly review their existing trademark filings in the United States. File histories should be analyzed to determine if arguably material misrepresentations of fact were made at any point before the USPTO. If an arguable misrepresentation is discovered and an application has not yet been published for opposition, it is likely that any possible misstatement can be cured by amending the application as appropriate. If an arguable misrepresentation is discovered in a post-publication application or in a registration, if the mark is still important to the company, a fresh trademark application should be filed. WTR

Susan M Natland is a partner in Knobbe Martens Olsen & Bear LLP's Orange County office
snatland@kmob.com