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CHAPTER ELEVEN:

**Top 10 Ways to Preserve Your Trademark**

**Rex A. Donnelly, Esquire**

RatnerPrestia PC

Wilmington, Delaware

**Christina D. Frangiosa, Esquire**

Panitch Schwarze Belisario & Nadel LLP

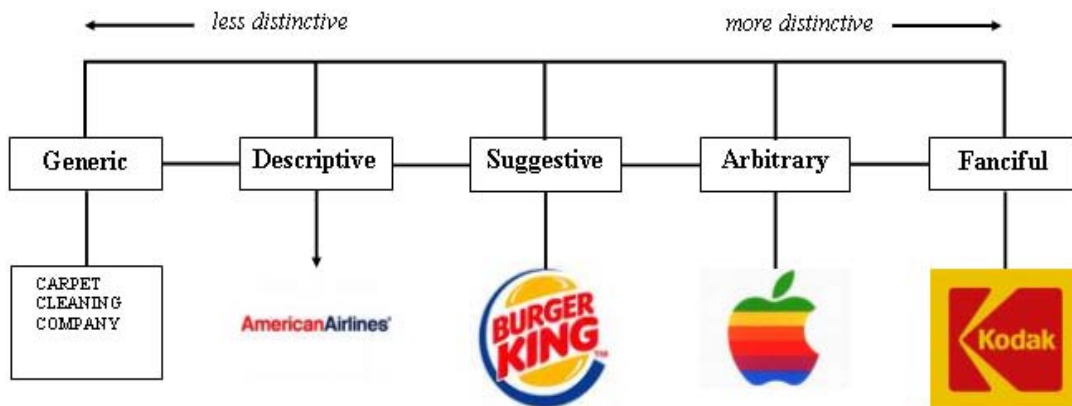
Philadelphia



## 1) CHOOSE A MARK YOU CAN PROTECT

### The Strength Continuum

Choosing a strong mark may be the most important step in being able to ultimately effectively protect your mark. For example, consider the following continuum of trademark strength:



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The more distinctive the mark, the greater its inherent level of legal protectability. Only marks that are to the right of "Suggestive" marks in the above continuum are considered "inherently distinctive" and are immediately given a high degree of protection without a need to show "acquired distinctiveness" or "secondary meaning."

A "fanciful" or "coined" mark has no meaning whatsoever outside of its use as a trademark.

An "arbitrary" mark has some other known definition, but not one related to the goods or services in connection with which it is used as a mark.

A suggestive mark requires some thought, imagination or perception to associate the mark with the goods or services, but has some relationship to the goods or services or some characteristic of them. Well-known examples in addition to BURGER KING for restaurant services, include COPPERTONE for

suntan lotion, DIEHARD for car batteries, or MICROSOFT for software for microcomputers.

A “merely descriptive” mark directly describes a characteristic or quality of the underlying goods or services (without any thought, imagination or perception required) and can only be protected upon a showing of “secondary meaning” or “acquired distinctiveness.” Acquired distinctiveness refers to the fact that over time consumers may come to identify the mark as an indicator of the source of the goods or services, giving the mark a “secondary meaning” as an identifier of the source of a product, not an identifier of the product generally. This trademark significance must be the primary significance of the term in the minds of consumers. While descriptive marks can ultimately become very powerful, protecting them at the outset may require some consumer education and vigilance. Even the most vigilant protection, however, cannot enjoin fair use. For example, although the descriptive marks AMERICAN AIRLINES for airline services originating from the United States and WINDOWS for software featuring windows are now very strong marks, the doctrine of fair use is likely to permit any other U.S. airline to refer to itself as an “American airline” or any other software provider to refer to the “windows” that may be a part of its user-interface, so long as such uses are not made in a way likely to confuse consumers.

Generic marks, because they are essentially synonymous with a common name for the goods or services, cannot be protected at all under trademark law.

### **Principal v. Supplemental Register**

Inherently distinctive marks can be registered on the Principal Register of the United States Patent and Trademark Office (USPTO) without a showing of acquired distinctiveness or secondary meaning, and can mature to publication and allowance based only upon an intent to use the mark. Without a showing of acquired distinctiveness, merely descriptive marks can only be registered on the Supplemental Register, and can only mature to publication upon actual use.

A descriptive mark can be granted registration on the Principal Register if (a) one or more prior registrations of the same mark for the same or related goods and services is already registered on the Principal register, (b) the applicant provides a verified statement that the mark has become distinctive because of substantially exclusive and continuous use in commerce by the owner of the mark for 5 years before the date when the claim of distinctiveness is made, or (c) the applicant provides actual evidence of acquired distinctiveness. Such evidence may include, for example, long use of the mark,

substantial advertising expenditures in promotion of the mark, affidavits or declarations asserting recognition of the mark as a source indicator, or survey evidence, market research and consumer reaction studies. Marks that are primarily merely a surname or that are laudatory (i.e. BEST; SUPER; etc.) are treated in a similar manner as descriptive marks.

Outside the U.S., practices vary from country to country as to whether marks that are not inherently distinctive can be registered at all. Many, however, have at least a provision for proving acquired distinctiveness in order to secure registration.

The Principal Register confers certain statutory benefits over the Supplemental register, which are summarized in the table below:

<b>STATUTORY BENEFIT</b>	<b>PRINCIPAL REGISTER</b>	<b>SUPPLEMENTAL REGISTER</b>
Prima facie evidence of the validity of the registration, the registrant's ownership of the mark, and the exclusive right to use the mark in commerce (15 U.S.C. §1057 (b))	✓	<b>NO</b>
Prima facie evidence of continued use since the application filing date	✓	<b>NO</b>
"Incontestability" after five years of continuous use, which precludes an attack against the registration on the basis of prior use or descriptiveness (15 U.S.C. §1065)	✓	<b>NO</b>
Constructive notice of the registrant's claim of ownership of the mark (15 U.S.C. §1072)	✓	<b>NO</b>
Nationwide rights (with certain qualifications) (15 U.S.C. §1072)	✓	<b>NO</b>
Statutory remedies such as mandatory treble damages and criminal penalties in counterfeit cases (15 U.S.C. §1117; 18 U.S.C. § 2320)	✓	<b>NO</b>
The ability to bar importation of goods bearing infringing trademarks by depositing the registration with customs (15 U.S.C.	✓	<b>NO</b>

§ 1124)		
The right to bring suit in federal court regardless of diversity (15 U.S.C. §1121)	✓	✓
Rights under the Paris Convention, including Convention Priority Rights on foreign filings and the right to registration abroad based upon registration in the U.S.	✓	✓
Deterrent against use or registration by others (can use ®)	✓	✓

### Unregisterable Marks

The importance of registration is discussed later in these written materials. While the inability to register a mark does not necessarily prevent its use, it may greatly limit the ability to enforce any rights obtained in a mark. This begs the question as to why one would choose a mark for which securing a registration is difficult or impossible and enforcement may be equally challenging.

#### Deceptive marks [15 U.S.C. § 1052 (e)(1) and (3)]

While descriptive marks are legally protectable and registerable upon a showing of acquired distinctiveness, deceptive marks are not registerable at all. A misdescriptive mark is considered "deceptively misdescriptive" if it immediately conveys an idea that is false, and that falsehood is likely to be believed by consumers. Deceptively misdescriptive marks can still be registered on the Supplemental Register or on the Principal register with a showing of acquired distinctiveness, but not if the false idea conveyed by the mark is considered material to the purchasing decision. For example, the mark SOFTHIDE was found deceptively misdescriptive for imitation leather materials (*Tanners' Council of America, Inc. v. Samsonite Corp.*, 204 USPQ 150 (TTAB 1979)), whereas COPY CALF for imitation leather goods was found not deceptive because of the obvious play on the expression "copy cat" which suggested that the goods were imitations or "copies" of calf skin (*A. F. Gallun & Sons Corp. v. Aristocrat Leather Products, Inc.*, 135 USPQ 459 (TTAB 1962)). See also TMEP 1203.02(b) and cases cited therein.

A geographically misdescriptive mark is one that identifies a real and significant geographic location, where the primary meaning of the mark is its

geographic meaning, and where consumers recognize an association between the goods/services and the geographic locale. If that association is material to the purchasing decision, the mark is considered deceptively geographically misdescriptive, and is unregistrable. For example, COLORADO STEAKHOUSE, for a chain of steakhouses where neither the restaurant chain nor the steaks served therein had any relationship to Colorado, was found deceptively geographically misdescriptive because evidence showed that Colorado was one of the top 11 cattle states in the United States and "Colorado steaks" were a featured food item in restaurants serving steak from Colorado-raised cattle. *In re Consolidated Specialty Restaurants, Inc.*, 71 USPQ2d 1921 (TTAB 2004).

### **Immoral or scandalous marks [15 U.S.C. § 1052 (a)]**

Marks that are considered vulgar or offensive to the general public cannot be registered. This can be a gray area. For example, BIG PECKER for t-shirts was allowed to be registered because the specimens filed with the applications depicted chickens and roosters, providing a plausible double entendre. *In re Hershey*, 6 USPQ2d 1470 (TTAB 1988). By contrast, the symbol of a defecating dog for shirts was found too vulgar in any context. *Greyhound Corp. v. Both Worlds Inc.*, 6 USPQ2d 1635, 1639 (TTAB 1988). See also TMEP 1203.01 and cases cited.

### **Marks which disparage, falsely suggest a connection, or bring into contempt or disrepute [15 U.S.C. § 1052 (a)]**

A two-part test is used to determine disparaging matter or matter that brings into contempt or disrepute: (a) what is the likely meaning of the mark in question, and (b) if the meaning refers to identifiable persons, institutions, beliefs, or national symbols, whether that meaning may be disparaging to a substantial composite of the referenced group. For example, a mark comprising an "X" superimposed over the hammer and sickle national symbol of Russia was found to be disparaging. *In re Anti-Communist World Freedom Congress, Inc.*, 161 USPO 304 (TTAB 1969). The WASHINGTON REDSKINS football team has been the subject of a well-publicized controversy involving alleged disparagement. While there is no question that the REDSKINS mark has developed a strong trademark significance, query whether the owners of a new expansion team would even consider a similarly controversial name. See also TMEP 1203.03(d) and cases cited.

A false suggestion of connection is found when (a) the mark is the same as the name or identify previously used by another person or institution, (b) if the mark points uniquely and unmistakably to that person or institution, (c) the person or institution is not connected to the goods or services in connection with the mark, and (d) the fame or reputation of the person or institution is such that

a connection with the person or institution would be presumed. For example, WESTPOINT for guns was held to falsely suggest a connection with the U. S. Military Academy of the same name. *In re Cotter & Co.*, 228 USPO 202 (TTAB 1985).

**Marks based on a flag, coat of arms, or other insignia of the United States, any state or municipality, or foreign nation [15 U.S.C. § 1052 (b)]**

This provision is typically very narrowly construed. For example, a mark comprising an eagle and shield may be registerable, so long as it does not too closely resemble the Great Seal of the United States.

**Marks based on a name, portrait, or signature of a particular living individual or deceased US President without consent [15 U.S.C. § 1052 (c)]**

For a deceased president, consent is only required during the lifetime of his widow / her widower. For living individuals, it is understood that multiple individuals may share the same name. If a person is generally known, or well known in the field relating to the relevant goods or services, the mark is likely to be considered the identification of that particular person, and that person may have grounds to oppose registration and/or enjoin use. The fact that the name may be the actual name of the applicant may not matter. For example, while there may be numerous individuals in the world named Ronald McDonald, none would be able to use their name as a mark in connection with a restaurant serving hamburgers, because of the likelihood of confusion. In fact, because of potential dilution, they might not be able to use that name in connection with any goods or services.

**Marks that create a likelihood of confusion with another mark or dilute a famous mark [15 U.S.C. § 1052 (d)]**

Of course, a mark that is otherwise registerable, but that is too similar to another mark used for the same or similar goods will not only be unregistrable, but it may result in the owner of the prior mark seeking to enjoin use of the later mark. Similarly, choosing a mark that is the same as a famous mark owned by another, even for use in connection with completely unrelated goods and services (i.e. NIKE for parcel delivery services), can be challenged by the owner of a prior mark who can show that (a) the prior mark is famous, and (b) use of the later mark may tarnish the famous mark by harming its reputation or blur the distinctiveness of the famous mark. Accordingly, obtaining a comprehensive search and seeking the advice of counsel prior to adopting a new mark is money well spent.

## Strength In Light Of Other Marks

Consideration of other marks is also another type of “strength” to consider when choosing a new mark. If a mark is commonly used by multiple parties for a wide variety of goods and services (i.e. there are 140 U.S. registrations for the mark ACME owned by a multitude of unrelated entities), newcomers using the same or similar mark will enjoy only a very limited scope of protection. Although a crowded field may be an advantage when seeking registration (i.e. no third party may have a scope of protection sufficient to successfully stop a new use or registration for different goods and services), later enforcement against others may be difficult. A mark owner will be unlikely to successfully enforce rights against a third party who is no closer in commercial impression or goods/services than others whose coexistence is tolerated. Accordingly, a mark that is the same or similar as marks used by numerous others in connection with a wide variety of goods/services may be subject to a constantly diminishing scope of protection without vigilant, expensive, and possibly unsuccessful policing.

### **2) REGISTER YOUR MARK**

While the use of a mark confers common law rights in the United States and other countries that recognize such rights, those common law rights typically only extend within the geographic region (and logical extensions thereof) in which the mark is actually used. Such common law rights are not enforceable outside of that geographic region against a third party user of the same or similar mark, even in connection with the same or similar goods and services, if that third party adopted his mark in good faith without actual notice of the senior user’s mark. The advantages of registration in the United States, in general, are discussed in the PRINCIPAL v. SUPPLEMENTAL REGISTER section above. In particular, however, registration on the Principal Register provides constructive notice of the owner’s rights in the mark. Accordingly, a junior user who adopts the same or similar mark for the same or similar goods and services will not be able to rely upon an absence of actual knowledge as a defense, if the senior user has a registration for that mark.

Although the US and other common law jurisdictions offer some consolation to the unregistered user, in many countries, the first to register a mark owns the rights in the mark. This may have repercussions under multiple scenarios. In a first scenario, successful use of a mark in one country may prompt someone in another country to register the identical mark for the identical goods for use in his country. If this happens before the originator of the mark does business in the subject country, the registrant may be able to block the originator’s use of his own mark in that country. While many countries have laws that provide remedies for the originator of a mark when a third party adopts a mark in bad faith, not all do. Hijacking of the identical mark can also

sometimes occur in the context of distributor relationships where the local distributor for the originator registers the mark in his country and uses that registration as leverage to prevent the originator from changing distributors.

In a second scenario, the first registrant of a mark in good faith may enjoy a scope of protection for its registration that is broad enough to preclude later registration in that country by the owner of a same or similar mark for goods and services that would not be considered likely to create confusion under US law. In such circumstances, the inability to secure a registration in the subject country may leave a mark owner with no rights to assert against infringers in that country, and at risk to have his own use enjoined by the first registrant. This scenario may occur even where the first registrant commenced actual use after the other mark owner, particularly in countries that do not recognize common law rights. Keep in mind that while US practice requires a very narrow specification of goods and services and actual use to secure a trademark registration, actual use is not required in many foreign jurisdictions for several years after registration. Accordingly, registrants may list very broad categories of goods and services that may be liberally construed to prevent registration in a situation where the likelihood of confusion arising from actual use would be slim. Accordingly, a mark owner anticipating foreign expansion should consider reserving rights in critical countries as early and as broadly as practical. Mark owners with sufficient funding may also adopt defensive registrations in certain countries, even if actual use in that country by the mark owner is not expected anytime soon.

Registration is generally required in the following countries to obtain rights; that is, first actual use is not sufficient to establish trademark rights, except as noted:

ARGENTINA	In exceptional cases, unregistered marks may be protected by the courts on the basis of civil provisions and/or general principles of law that punish acts committed in bad faith.
BENELUX	Owners of internationally well-known marks may obtain cancellation of prejudicial registrations, but cannot obtain other compensation without registration.
BRITISH VIRGIN ISLANDS	
BULGARIA	
CHILE	
CUBA	
ECUADOR	Prior use is not sufficient to establish rights to a trademark, except where prior use has made a trademark well-known. A mark well-known through other means (advertising) may be protected even though it has not been used
ESTONIA	Prior use is not sufficient to establish rights to a trademark, except where prior use has made a trademark well-known.

FRANCE	
GEORGIA	
INDONESIA	Prior use is not sufficient to establish rights to a trademark, except where prior use has made a trademark well-known.
PERU	
PHILIPPINES	Prior to January 1, 1998, trademark law conferred rights in a trademark on anyone who was first to use the trademark in commerce. Trademark rights acquired by prior use under the old law continue to be expressly preserved.
SLOVAKIA	
TAIWAN	Owners of unregistered well-known marks can resort to stringent processes available under the Fair Trade Law for protection.
UKRAINE	

In addition to requiring registration of marks to enjoy rights in them, registration is mandatory for the following types of products in the following countries:

SYRIA	Pharmaceutical or veterinary products, chemicals used in medicine and pharmacy, dietetic products, inks, soaps, detergents, shampoos, perfumes, mineral oils and grease, gaseous waters, biscuits, or certain goods falling under international classes 3, 5, 9, 10, 11, 12, 14, 17, 18, 24, 29, 30 and 31.
BOLIVIA	Pharmaceutical products.
NICARAGUA	foods containing medicinal supplements; pharmaceutical and medicinal products for human or veterinary use; toiletries, whether or not containing medicinal products; and industrial chemical products.
PARAGUAY	foods, drugs, pharmaceuticals, veterinary products, agrochemicals and others.

Although registration is generally not required (although advisable to enjoy maximum rights) in the following countries, registration is mandatory for the following listed products:

CHINA	tobacco products.
COSTA RICA	pharmaceuticals.

Country-specific Information Source: INTA Country Guides, [www.inta.org](http://www.inta.org), 2010. The above information is general in nature and not intended to constitute legal advice. Trademark owners should consult competent counsel in any country of interest prior to deciding a trademark protection strategy in that country.

### 3) **BE TRUTHFUL WITH THE USPTO**

Each application for registration of a trademark or service mark filed with the USPTO pursuant to 15 U.S.C. § 1051 requires an applicant to sign an affidavit or declaration verifying: 1) the truth of the facts relied upon in the application; 2) either a bona fide intent to use the mark in commerce, or a date of first use in commerce on all of the goods or services identified in the application; and 3) ownership of the mark and verification that upon information and belief (unless filed under concurrent use provisions), no one else is entitled to use the mark in commerce. See 15 U.S.C. § 1051(a)(3); 37 C.F.R. § 2.20. This declaration cannot be made in reliance on someone else's knowledge of the facts, but instead must be based upon the signer's personal knowledge. Trademark Manual of Examining Procedure ("TMEP") § 804.02.

If an applicant files the application electronically through the USPTO's Trademark Electronic Application Services ("TEAS"), the following declaration will automatically appear for adoption by the applicant before the application is accepted by the USPTO:

#### **Declaration**

The undersigned, being hereby warned that willful false statements and the like so made are punishable by fine or imprisonment, or both, under 18 U.S.C. Section 1001, and that such willful false statements, and the like, may jeopardize the validity of the application or any resulting registration, declares that he/she is properly authorized to execute this application on behalf of the applicant; he/she believes the applicant to be the owner of the trademark/service mark sought to be registered, or, if the application is being filed under 15 U.S.C. Section 1051(b), he/she believes applicant to be entitled to use such mark in commerce; 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; and that all statements made of his/her own knowledge are true; and that all statements made on information and belief are believed to be true.

One of the risks to having the declaration appear automatically (instead of requiring applicants to provide their own with all of the terms required by 37 C.F.R. § 2.20) is that applicants may accept its terms without careful review or appropriate due diligence to ensure that the underlying facts are, indeed, true. In several instances, failure to ensure that all of the facts contained in the application are true has resulted in the entire application being rejected, or if this failure is not uncovered until months or years after the registration issued, the registration being cancelled in its entirety.

## The *Medinol* Line of Cases – Proving “Fraud on the PTO”

Notably, in 2003, the Trademark Trial & Appeal Board (“TTAB”) issued its precedential opinion in the *Medinol* case, holding that a registration could be cancelled based on fraud where the registrant did not use the mark in connection with each of the goods identified in the registration. *Medinol Ltd. v. Neuro Vasx, Inc.*, Cancellation No. 92040535, 67 USPO2d 1205 (TTAB May 13, 2003), overruled by *In re Bose Corp.*, 580 F.3d 1240 (Fed. Cir. 2009).

Ruling on *Medinol*’s summary judgment motion, the TTAB concluded that the Registrant (*Neuro Vasx, Inc.*) committed fraud when it alleged actual use as to “medical devices, namely, neurological stents and catheters” in its Statement of Use, when it ***knew or should have known***<sup>1</sup> that it was not using its trademark in connection with stents. *Medinol*, 67 USPO2d at 1209-10. *Neuro Vasx* conceded that it did not use the mark in connection with stents, and requested partial cancellation of its registration by deleting the term “stents” from the description of goods. It explained that it “apparently overlooked” the fact that it had included “stents” in its Statement of Use and denied *Medinol*’s allegation that including “stents” in the description was the result of any fraudulent intent.

The TTAB was unpersuaded. Although the TTAB acknowledged that *Neuro Vasx* denied any fraudulent intent, the TTAB observed that, “[t]he appropriate inquiry is . . . not into the registrant’s subjective intent, but rather into the objective manifestations of that intent.” *Id.* The TTAB found it significant that *Neuro Vasx* signed its Statement of Use under penalty of perjury, including “fine or imprisonment, or both, . . . and [knowing] that such willful false statements may jeopardize the validity of the application or any resulting registration.” *Id.*

On this basis, the TTAB admonished that “[s]tatements made with such degree of solemnity clearly are – or should be – investigated thoroughly prior to signature and submission to the USPTO.” *Id.* Accordingly, “[*Neuro Vasx*’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.” *Id.* at 1210. Finally, the TTAB explained that no disputed issues of fact had been raised, and granted summary judgment in favor of *Medinol* on the issue of fraud.<sup>2</sup>

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<sup>1</sup> This “knew or should have known” standard is what has been overruled by the *Bose* case. The current standard for finding fraud on the USPTO requires proof by clear and convincing evidence that the registrant had an affirmative “intent to defraud” the USPTO when it submitted its filing. *In re Bose Corp.*, 580 F.3d 1240 (Fed. Cir. 2009).

<sup>2</sup> In a subsequent decision, the TTAB granted *Medinol*’s motion for summary judgment on standing grounds, noting that *Neuro Vasx* had not filed any response and thus deemed the motion to be conceded. *Medinol Ltd. v. Neuro Vasx, Inc.*, Cancellation No. 92040535, slip op. (TTAB Aug. 9, 2003). The TTAB ordered that the registration of the mark NEUROVASX be cancelled in due course. *Id.*

Since that landmark decision, numerous cases before the TTAB have been decided in which applicants and registrants fell prey to incomplete due diligence, misunderstandings, and even carelessness with respect to filings containing false statements – resulting in the refusal of their applications or the cancellation of their existing registrations. Through this line of cases, the following “reasons” for alleging incomplete or erroneous facts have been rejected:

**Failing to Account for ALL of the Goods/Services in the Registration**

- Failing to understand the USPTO’s requirement that the registrant must demonstrate actual use of the mark on all of the identified goods (*Sierra Sunrise Vineyards v. Montelvini S.p.A*, Cancellation No. 92048154 (TTAB Sept. 10, 2008) [not precedential])
- Asserting that the meaning of the phrase “all goods and/or services” in the body of the Statement of Use means something different from the phrase “the goods/services” in the supporting declaration (*Herbaceuticals, Inc. v. Xel Herbaceuticals, Inc.*, Cancellation No. 92045172, 86 USPQ2d 1572 (TTAB Mar. 7, 2008) [precedential])<sup>3</sup>
- Arguing that the registrant was using its mark in connection with “goods” identified in the Statement of Use as opposed to “the goods” identified in the Statement of Use (*Nougat London Ltd. v. Garber*, Cancellation No. 92040460 (TTAB May 14, 2003) [not precedential])

**Misunderstanding U.S. Language, Culture or Trademark Law**

- Relying on suspected “cultural differences” regarding the relationship of wine to other alcoholic beverages (*Sierra Sunrise Vineyards*)
- Maintaining that particular goods or services were added only by Examiner’s Amendment and based on a misunderstanding of USPTO procedures (*Grand Canyon West Ranch, LLC v. Hualapai Tribe*, Opposition No. 91162008, 78 USPQ2d 1696 (TTAB Mar. 17, 2006) [precedential])
- Having an insufficient understanding of the English language and misunderstanding the requirements of the Trademark Act (*Hachette Filipacchi Presse v. Elle Belle, LLC*, Cancellation No. 92042991, 85 USPQ2d 1090 (TTAB Apr. 9, 2007) [precedential])
- Misunderstanding the requirements under the Trademark Act, though acting in good faith, and suffering poor health (collectively) (*Hurley Int’l*)

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<sup>3</sup> In response to a motion by Respondent Xel Pharmaceuticals, and in light of Petitioner’s failure to respond, the TTAB vacated its grant of partial summary judgment on the issue of fraud in the *Herbaceuticals, Inc. v. Xel Herbaceuticals, Inc.*, case, finding that the claim had been dependent upon the now-overruled *Medinol* standard and upon Petitioner’s allegations based solely “upon information and belief.” Order, Feb. 25, 2010.

*LLC v. Volta*, Opposition No. 91158304, 82 USPQ2d 1339 (TTAB Jan. 23, 2007) [precedential])

#### **Failure to Conduct Independent Inquiry**

- Relying on the advice of counsel – both counsel and applicant have duties to inquire about the scope of use of the mark (*Herbaceuticals, Inc. v. Xel Herbaceuticals, Inc.*, Cancellation No. 92045172, 86 USPQ2d 1572 (TTAB Mar. 7, 2008) [precedential])
- Lacking counsel (*Tequila Cazadores, S.A. De C.V. v. Tequila Centinela S.A. De C.V.*, Opposition No. 91125436 (TTAB Feb. 24, 2004) [not precedential]); *Esprit IP Limited v. Mellbeck Ltd*, Opposition No. 91189412 (TTAB June 25, 2009) [not precedential] (holding that “[t]he fact that applicant is a foreign entity that is representing itself without previous experience in United States trademark procedure cannot avoid a finding of fraud”).

#### **Misunderstanding the Definition of “Use in Commerce”**

- Lacking a proper understanding of the phrase “use in commerce” (*Standard Knitting, Ltd. v. Toyota Jidosha Kabushiki Kaisha*, Opposition No. 91116242, 77 USPQ2d 1917 (TTAB Jan. 10, 2006) [precedential])
- Relying on one-time giveaway of 25 product samples five years prior to filing the application as sufficient to demonstrate “use” in commerce (*Sinclair Oil Corp. v. Kendrick*, Opposition No. 91152940, 85 USPQ2d 1032 (TTAB June 6, 2007) [precedential])
- Mistakenly believing that the shipping of products for repair purposes constitutes “use in commerce” (*Bose Corp. v. Hexawave, Inc.*, Opposition No. 91157315, 88 USPQ2d 1332 (TTAB Nov. 6, 2007) [not precedential], *overruled by In re Bose Corp.*, 580 F.3d 1240 (Fed. Cir. 2009))

#### **Misunderstanding the Significance of the Declaration**

- Failing to understand the legal significance of statements in a Section 8 Declaration (*Jimlar Corp. v. Montrexpert S.P.A.*, Cancellation No. 92032471 (TTAB June 4, 2004) [not precedential])
- Contending that Statements of Use are divisible into sworn and unsworn portions (*Herbaceuticals*)

### Some Mistakes Can be Remedied

The *Medinol* standard has been distinguished and limited over the past few years – even before the *Bose* case was decided. Specifically, in certain cases, the TTAB has been persuaded that some mistakes can be remedied, if the applicant/registrant takes appropriate corrective action in advance of any dispute emerging. For instance, the following corrections have been accepted:

- Amending the description of goods/services to remove items based on non-use, if submitted prior to registration and in the absence of any allegation of fraud, could moot a claim of fraud on the PTO (*Grand Canyon West Ranch, LLC v. Hualapai Tribe*, Opposition No. 91162008, 78 USPO2d 1696 (TTAB Mar. 17, 2006) [precedential])
- Correcting a false statement during *ex parte* prosecution creates a rebuttable presumption that the Applicant did not have the requisite willful intent to deceive the PTO (*University Games Corp. v. 20Q.net Inc.*, Opposition Nos. 91168142 and 91170668, 87 USPO2d 1465 (TTAB May 2, 2008) [precedential])
- Seeking to amend (before any opposition or other validity claim was made) a registration to delete goods on which the mark was not being used (*Zanella Ltd. v. Nordstrom, Inc.*, Opposition No. 91177858 at 6-10 (TTAB May 13, 2009, previously issued on Oct. 23, 2008) [recharacterized as precedential]). While the TTAB cancelled one of the subject registrations citing the *Medinol* “knew or should have known”<sup>4</sup> standard because not all of the goods in the registration continued to be used in commerce, the TTAB also concluded that “opposer’s [Zanella’s] timely proactive corrective action with respect to these [remaining four] registrations raises a genuine issue of material fact regarding whether opposer had the intent to commit fraud.” *Id.* at 9. The TTAB concluded that this proactivity created a “rebuttable presumption that opposer did not intend to deceive the Office.” *Id.* at 10.

### Proving “Fraud on the PTO” Now Requires Proof of “Intent to Deceive”

At the same time as the *Medinol* line of cases was being litigated, the TTAB issued a non-precedential opinion canceling Bose Corporation’s registration in its mark WAVE in connection with “radios, clock radios, audio tape

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<sup>4</sup> In light of the Federal Circuit’s holding in the *Bose* case that an affirmative “intent to deceive” must be shown by clear and convincing evidence to support a fraud allegation, the *Zanella* court’s reliance on the overruled *Medinol* “knew or should have known” standard with respect to the first cancelled registration could be called into question. See *In re Bose Corp.*, 580 F.3d 1240 (Fed. Cir. 2009).

recorders and players, portable radio and cassette recorder combinations, compact stereo systems and portable compact disc players." See *Bose Corp. v. Hexawave, Inc.*, Opposition No. 91157315, 88 U.S.P.Q.2d 1332 (TTAB Nov. 6, 2007). The TTAB found that Bose had submitted a false sworn affidavit of continued use in support of the renewal of its Registration, and thus concluded that cancellation of this registration was appropriate because Bose "should have known" that the affidavit was inaccurate with respect to "audio tape recorders and players," (on which Bose had not used the mark in connection with new products in many years) and by submitting it thereby attempted to defraud the Trademark Office. The Board recognized that the mark continued to be used in connection with the remaining goods covered by the Registration and only focused on the affidavit with respect to these few goods.

Bose appealed, and ultimately succeeded in overturning the *Medinol* "knew or should have known" standard. *In re Bose Corp.*, 580 F.3d 1240 (Fed. Cir. 2009). In its decision, the Court returned to the requirement of proof of knowledge and intent to deceive when pleading (and proving) fraud allegations, instead of the previous "knowing or should have known" standard.

In reversing the Board's decision, the Court held that the Board erred when it relied on a lesser standard to prove fraud in obtaining or maintaining a trademark registration as set forth in the Board's 2003 decision in the *Medinol* case, remanding the case for further proceedings to narrow Bose's registration to "reflect commercial reality," and remove the goods on which the mark is no longer used in interstate commerce (specifically "audio tape recorders and players"). *Id.* at 1247.

### **Bose's Articulation of the Current Fraud Standard**

In order to support the cancellation of a registration based on the claim that the "registration was obtained [or maintained] fraudulently" (15 U.S.C. § 1064(3)), at present a court must find that the applicant "knowingly [made] false, material misrepresentations of fact in connection with his application." *Bose*, 580 F.3d at 1243 (quoting *Torres v. Cantine Torresella, S.r.l.*, 808 F.2d 46, 48 (Fed. Cir. 1986)). The Court confirmed that a "heavy burden of proof" is required and that the party seeking cancellation has to prove the allegation of fraud "to the hilt" through clear and convincing evidence. *Id.* ("There is no room for speculation, inference or surmise and, obviously, any doubt must be resolved against the charging party.").

The Court focused on the Board's conclusion that Bose "should have known" that its renewal affidavit was false and held that the Board's prior opinion in the *Medinol* case changing the standard from "knew" to "should have known" improperly reduced the standard to one of ordinary negligence. *Id.* at 1244. In addition, finding that an applicant's conduct constituted "mere

negligence" or even "gross negligence" would be insufficient to meet the proof requirement for fraud. Instead, a subjective "intent to deceive" is an indispensable element of the claim. *Id.*

In sum, "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." *Id.* at 1245 (emphasis added). Fraud does not exist when false statements are "occasioned by an honest misunderstanding or inadvertence without a willful intent to deceive." *Id.* at 1246 (citations omitted).

Applying the correct standard for finding fraud, the Court determined that Bose lacked the "intent to deceive" and credited the testimony of Bose's general counsel that he believed that repairing previously-sold tape players and shipping them back to consumers constituted "use in commerce" sufficient to support the renewal when he signed the affidavit in 2001. *Id.* at 1246. While the Court declined to address the issue of whether this belief was "reasonable," the Court noted that no prior decision had been issued finding repair/return activity to be insufficient to prove use of the mark in commerce. *Id.* at 1246 n.2. As a result, in submitting the affidavit, Bose's general counsel had not ignored prior legal precedent.

### **Certain Defenses May Have been Resurrected Post-Bose**

Following the *Bose* decision, several courts, including the TTAB, have applied the new "intent to deceive" standard for proving fraud in connection with obtaining or maintaining trademark registrations, and have declined to find the requisite intent if the party alleging fraud fails to provide adequate evidence to support its claim:

- *Enbridge, Inc. v. Excelerate Energy Limited Partnership*, Opposition No. 91170364 (TTAB Oct 6, 2009) ("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.").
- *Asian & Western Classics B.V. v. Selkow*, Cancellation No. 92048821 (TTAB Oct. 22, 2009) (holding that intent is a mandatory element of the claim of fraud and finding insufficient those "[p]leadings of fraud which rest solely on allegations that the trademark applicant or registrant made material representations of fact in connection with its application or registration which it 'knew or should have known' to be false or misleading . . . because it implies mere negligence and negligence is not sufficient to infer fraud or dishonesty").

- *Kerzner Int'l Ltd v. Monarch Casino & Resort, Inc.*, No. 3:06-CV-232, 2009 U.S. Dist. LEXIS 116624 (D. Nev. Dec. 14, 2009) ("At most, the evidence in the record requires the conclusion that Kerzner's representations to the USPTO may have been based on mistaken understandings of trademark law -- in other words, the statements may have been false, and perhaps Kerzner even should have known they were false. But there is no clear and convincing evidence that Kerzner knew that the statements were false. Under the high standard articulated in *In re Bose*, that is not enough.").

As a result of the court's insistence that "intent to defraud" must be alleged with particularity (and proven by clear and convincing evidence), some of the justifications rejected by the TTAB in the post-*Medinol* line of cases may be valid under the post-*Bose* standard, such as:

- Honest misunderstanding of the requirements of trademark law, particularly where the applicant is unrepresented by counsel (compare with *Sierra Sunrise Vineyards*, *Hachette Filipacchi Presse*, and *Hurley Int'l LLC*); and
- Relying on mistaken interpretations of the "use in commerce" requirement where there is no precedent on point to give guidance to the applicant (compare with *Bose*).

Despite the changes introduced by *Bose*, the court would be unlikely to ignore efforts by an applicant to "game the system," as applicants in *Herbaceuticals* and *Nougat* attempted to do, by arguing that their declarations as to the use of their marks on "the goods/services" and "goods" did not mean "all" goods and services covered by the application. This conduct would remain inappropriate under the *Bose* standard, and could be used to support an inference of an intent to deceive the USPTO based on circumstantial evidence. See *Bose*, 580 F.3d at 1245 ("When drawing an inference of intent, 'the involved conduct, viewed in light of all the evidence . . . must indicate sufficient culpability to require a finding of intent to deceive.'").

### **How To Correct Errors in an Application or Registration**

Even under the post-*Medinol* standard, the TTAB acknowledged that there were certain instances where errors in an application or registration could be corrected without jeopardizing an entire registration, provided that the amendments were made before a dispute was pending, or before the validity of the mark was called into question. See, e.g., *Zanella*, Opposition No. 91177858 (TTAB May 13, 2009); *University Games*, 87 USPQ2d at 1468. An applicant may amend its application by deleting goods and services, deleting

a filing basis (*e.g.*, “use” versus “intent to use”) or change an attorney or correspondence address. 37 C.F.R. §2.77(a). Certain other amendments may be permitted after a mark was published for opposition, and may result in a requirement of re-publication. See TMEP § 1505.02.

In addition, 15 U.S.C. § 1057(g) provides the framework for correcting other mistakes in subsisting registrations, where caused by the USPTO. See *also* 37 C.F.R. § 2.174; TMEP § 1609.10(a). Specifically, this provision allows the USPTO to re-issue a registration certificate to correct formal errors, but requires that more substantive errors be corrected by cancelling the erroneous registration and republishing the mark for opposition with the correct information. TMEP § 1609.10(a).

If the errors were caused by the applicant and arose in good faith, the USPTO may correct the error upon written request and the payment of a fee (37 C.F.R. § 2.6) as long as the error is not material such as would require re-publication for opposition. 15 U.S.C. § 1057(h); TMEP § 1609.10(b). Both requests for correction would be directed to the Post Registration Section of the USPTO. TMEP § 1609.10. Certain errors cannot be corrected, particularly if they “would materially alter the mark or broaden the identification of goods/services.” TMEP § 1609.10(b). Inadvertent errors in the owner’s name could be corrected, but substituting one entity for another cannot. *Id.*; see *also* TMEP § 1201.02(c) for more information about correctible and non-correctible errors in a registration.

#### 4) **KEEP USING YOUR MARK**

Trademark rights in the United States are based on use in commerce. Indeed, common law rights in a particular mark arise as soon as use in commerce in connection with specific goods and/or services begins, and can expand over time provided that the use is consistent and continuous. See, *e.g.*, *Emergency One, Inc. v. Am. Fire Eagle Engine Co.*, 332 F.3d 264, 267 (4th Cir. 2004). One way to understand this concept is to consider the average U.S. consumer’s exposure to marketing – the more consistently a brand name is used in connection with particular goods or services, the more likely the consumer is to recognize the goods/services and associate those goods/services with their source. This recognition provides a basis for consumer goodwill and continued demand for the goods/services of the proprietor.

Even where a mark is descriptive in nature (see Section 1 of this article for a discussion of the continuum of mark strength), provided it is not the common descriptive name for a category of goods or services, it can acquire secondary meaning in the market through consistent and continuous use, such that the

consuming public can associate the mark with the goods/services offered by a particular source, which is presumed after use for at least five years.

Once marks are no longer used in commerce in connection with specific goods and/or services, they need not be protected against use by others and should be removed from USPTO Register when appropriate, so that Register will continue to provide an accurate reflection of the registered marks that remain in use in the U.S. market. *See, e.g., Jimlar Corp. v. Montrexpert S.P.A.*, Cancellation No. 92032471 (TTAB June 4, 2004) [not precedential]) ("it is important to note that the Trademark Office relies on the thoroughness, accuracy and honesty of each registrant. Allowing registrants to be careless in their statements of continued use would result in registrations improperly accorded legal presumptions in connection with goods on which the mark is not used.").

Marks can be abandoned in several ways, ranging from an affirmative request to remove a mark from the USPTO's Principal Register by the registrant or a third party, or failing to act within the appropriate statutory deadlines such that the USPTO deems the mark to be abandoned and removes it from the Register.

First, applicants can file letters of express abandonment, in which can take effect immediately upon receipt by the USPTO, depending upon what method of filing was used: electronic filings take effect immediately, while paper filings require review by an Examining Attorney before they go into effect. TMEP § 718.01.

Second, pursuant to 15 U.S.C. § 1127, a mark shall be "deemed abandoned if either of the following occurs:"

(1) When its use has been discontinued with intent not to resume such use. Intent not to use may be inferred from circumstances. Non-use for 3 consecutive years shall be prima facie evidence of abandonment. "Use" of a mark means the bona fide use of such mark made in the ordinary course of trade, not made merely to reserve a right in a mark.

(2) When any course of conduct of the owner, including acts of omission as well as commission, causes the mark to become the generic name for the goods or services on or in connection with which it is used or otherwise to lose its significance as a mark. Purchaser motivation shall not be a test for determining abandonment under this paragraph.

15 U.S.C. § 1127. This requirement that the owner lack the intent to resume use of the mark in question acknowledges that trademark laws were not intended

to allow registrants to merely reserve a mark, but instead requires that these marks be used in commerce in connection with commercial activities. *Ritz Hotel, Ltd. v. Shen Mfg. Co.*, Civil Action No. 05-4730, 2009 U.S. Dist. LEXIS 47403, at \*12-\*13 (E.D. Pa. Mar. 17, 2009); *see also* 15 U.S.C.A. § 1127 (defining “use in commerce”).

To overcome a determination of *prima facie* abandonment, the trademark owner “must come forth with evidence that it did not ‘discontinue’ use of the mark, or if such use had been discontinued, the nonuse of the mark was without ‘an intent not to resume’ use.” *200 Kelsey Assoc. LLC v. Delan Enter. Inc.*, Cancellation No. 92044571 (TTAB June 11, 2008) [non precedential] (quoting *Imperial Tobacco Ltd. v. Philip Morris Inc.*, 899 F.2d 1575 (Fed. Cir. 1990)); *see also Vais Arms, Inc. v. Vais*, 383 F.3d 287 (5th Cir. 2004) (concluding that abandonment can be found where the owner has discontinued use of the mark, and where the owner has no intent to resume use.) Moreover, a trademark owner cannot overcome a claim of abandonment “by simply asserting a vague, subjective intent to resume use of a mark at some unspecified future date.” *Id.* at 294. Examples of justifiable non-use which would not result in a finding of abandonment would be bankruptcy of the registrant, or a labor or parts shortage which prevents manufacture of the goods bearing the mark.

Similarly, an application can be deemed abandoned if the applicant fails to respond to a communication from the USPTO by the relevant deadline. *See* TMEP § 718.02. For instance, an application will be refused if the applicant fails to file its complete response within the prescribed six-month deadline to an “Office Action” issued by the USPTO. 15 U.S.C. § 1062(b); 37 C.F.R. § 2.65.

Abandonment will also be found where the applicant does not file a Statement of Use (or request an extension to do so) within six months of the issuance of the Notice of Allowance or subsequent approved extensions. 15 U.S.C. § 1051(b)(4). If the failure to file was unintentional, the applicant may be permitted to file a petition to revive the application. 15 U.S.C. § 1051(d)(4); 37 C.F.R. § 2.66.

## 5) **MAINTAIN YOUR REGISTRATION**

Most major industrial countries require renewal of registrations every 10 years. Notable exceptions are Canada (15 years), the Bahamas (14 years), and Cyprus (7 years). Most countries also provide for renewal within a grace period (typically 6 months, although a longer period is provided in some countries) accompanied by payment of late fees. The renewal date is calculated from the registration date in the U.S., but in most countries is calculated from the application date.

In the United States, the registrant must also file an Affidavit of Continued Use (a six month grace period is also available) between the fifth and sixth anniversary of the registration date. This Affidavit must confirm use in connection with all of the goods/services listed in the application (or delete goods/services from the registration on which there is no actual use). A similar Affidavit is required in conjunction with each renewal. The Philippines also requires submission of an affidavit of use between the fifth and sixth years after registration (but not thereafter).

Although actual use of a registered mark is typically required for enforcement of rights or to avoid vulnerability to cancellation in most countries after 3 to 5 years, registrations may be renewed in most countries without any proof of actual use in connection with the listed goods and services. Accordingly, registrations can be maintained defensively in such countries to deter third parties from filing applications for the same or similar marks for the same or similar goods.

## **6. UPDATE YOUR PROTECTION**

In order to maintain a previously-issued registration, certain maintenance filings are required. First, a declaration of continued use under Section 8 (*i.e.*, 15 U.S.C. § 1058) is due to be filed between the fifth and sixth years after the registration has issued. This filing simply states that the mark continues to be used in commerce in connection with all of the goods and/or services covered by the registration and is accompanied by a specimen showing the manner in which the mark is used. An affiliate's, related company's or licensee's use in a manner that benefits the applicant can qualify as "use in commerce" for purposes of this declaration. TMEP § 901.05. If the owner is not using the mark in connection with any of the itemized goods or services covered by the registration, these goods or services should be deleted from the registration. (See section above relating to allegations of fraud on the USPTO due to non-use of the mark in connection with a certain subset of goods or services at the time that the maintenance filing was submitted.)

Should a registrant miss the six-year deadline, there is a six-month grace period during which the registrant may still file the Section 8 declaration, provided that an additional fee is included with the submission.

Similarly, the registrant can file a declaration of incontestability under Section 15 (*i.e.*, 15 U.S.C. § 1065), in which the registrant states under oath that the mark has been in continuous use for five consecutive years and is still in use at the time of filing. Once a mark is found to be "incontestable" it cannot be challenged on the basis of prior use or descriptiveness. The Section 15

declaration may be filed at any time after registration provided it is preceded by five years' continuous use.

In both cases, the submissions must be completely accurate with regard to verifications of continued use, specimens of use, goods and services on which the mark continues to be used. Failure to inquire about the state of the registration and the use of the mark in commerce can result in cancellation of a registration, even if the registration had been issued many years before. See *generally, In re Bose*, 580 F.3d 1240 (Fed. Cir. 2009).

In addition, between the ninth and tenth year after registration issued, and every ten years thereafter, a registrant may file a combined Section 8 & 9 declaration, confirming that the mark continues to be used in commerce, or that special circumstances exist to justify non-use, and requesting renewal. 15 U.S.C. §§ 1058(a), 1059(a); TMEP § 1606.02.

Failure to file an accurate declaration in support of any of these submissions could expose the Registration to potential cancellation under the "Fraud on the PTO" theory.

Finally, in addition to filing maintenance documents after a registration issues, trademark owners should also periodically evaluate their trademark portfolios to determine whether they are maximizing their trademark protection. For instance, they should review their registrations carefully to determine whether the lists of goods and services in each registration still reflect the manner in which they use their marks in commerce. They should also determine whether their registrations effectively cover that which they believe to be covered, whether directly or under a reasonable "natural zone of expansion" theory. If not, trademark owners may wish to consider filing additional application(s) to cover the new goods or services.

## **7. USE YOUR MARK CORRECTLY**

As set forth more completely above, trademark rights are established based on the use of a mark in commerce, regardless of whether a trademark owner files for federal registration of the mark with the USPTO. Properly using a trademark requires that trademark owners make continuous efforts to use their marks as brand names, not generic or descriptive terms, adjectives, verbs or surnames or in other inappropriate ways.

Below is a non-exhaustive list of inappropriate ways to use a mark that will damage, perhaps permanently, the value of a particular mark:

- Allowing the mark to be used as a verb or generic noun instead of as a brand name associated with a particular product or service. For instance: "I'm going to Xerox this document" or "make a Xerox of this document,"

(both of which demonstrate non-trademark use) instead of “I’m going to make a photocopy (or copy) on a Xerox copier” (which highlights the source of a particular brand of copiers and shows proper trademark use).

- Using the mark as “mere ornamentation” – such as a graphic or slogan on a t-shirt that conveys a particular idea, but does not connect the mark with a particular good or service. In this case, the mark does not function as a trademark. See TMEP § 1202.03.
- Using the mark only as a business or personal name, but not as a brand name associated with a particular set of goods or services. For instance, “Office Depot’s office products” as opposed to “OFFICE DEPOT office products.”
- Using the mark only as a domain name. Indeed, if the domain name is the only place a mark appears, it functions only as a street address or a phone number would – and not as a brand name associated with particular goods. See *generally* TMEP § 1215.
- Failing to separate the mark from other words in a particular location. Specifically, marks should be set apart, either by the use of all capital letters, italics, or some other way of distinguishing a mark from other parts of the sentence.

Moreover, while using a <sup>SM</sup> or <sup>TM</sup> symbol next to marks is not required as a matter of law in order to create or maintain trademark rights, this practice provides another method of communicating to the market that a trademark owner considers a particular term or phrase to be used as a trademark or service mark in connection with particular goods and services. *But see* TMEP § 1202 (citing *In re Remington Products Inc.*, 3 USPQ2d 1714 (TTAB 1987) (“The presence of the letters ‘SM’ or ‘TM’ cannot transform an otherwise unregistrable designation into a mark”)).

If a mark is registered, it should be used in precisely the same manner as covered in the registration certificate. Specifically, if the mark is a design mark, it should be used in the same typeface, size, color, design, capitalization and layout as depicted on the registration certificate. See TMEP § 1604.13. In addition, trademark owners may use the ® Registration symbol each time the mark is used as a trademark.

If a mark is not registered with the USPTO, the trademark owner may not use the ® Registration symbol in connection with the mark. 15 U.S.C. § 1111. Improper use of the registration symbol can be considered fraud if it is intended to “deceive or mislead the public.” TMEP § 906.02; *Copelands’ Enter. Inc. v. CNV Inc.*, 945 F.2d 1563 (Fed. Cir. 1991).

Finally, whether or not a mark is registered with the USPTO, it should be used consistently to facilitate the identification of the mark as a “source indicator” to consumers in connection with the appropriate goods and services and develop strong goodwill as an effective brand.

## 8) **MAKE SURE OTHERS USE YOUR MARK CORRECTLY**

Proper use of marks is discussed above. It is not only essential that the mark owner use its mark correctly, but also that it police misuse by third parties. Examining some generic words today that were once trademarks yields some lessons in this regard:

### **ASPIRIN (Generic in the US only)**

The scientific name for aspirin is “acetyl salicylic acid.”

In ruling that the word “aspirin” had become generic in the United States to consumers, the judge commented that average consumers weren’t likely to learn or use “acetyl salicylic acid” as a generic term for the product, although chemists, druggists, and physicians had been trained to use the scientific term. In essence, the court found that competitors did not have a choice but to use the term “aspirin” to describe the product for consumers and therefore permitted use of the term Aspirin generically in packages of 50 tablets or less, but required use the term “acetyl salicylic acid” without reference to Aspirin for packaging of 50 tablets or more. The court reasoned that a quantity of 50 tablets was approximately the line below which packages were intended for consumers and above which packages were intended for physicians and druggists.

*Bayer Co. v. United Drug Co.*, 272 F. 505 (D.N.Y. 1921)

LESSON: If the primary generic term for your product is unwieldy, create and use another generic term to make it easier for consumers to refer to your product. For example, the owners of the ASPIRIN trademark could have used “pain reliever” or “fever reducer” or both. Note that TYLENOL packages include both of these generic terms along with “acetaminophen,” the scientific generic term for its product. ADVIL and MOTRIN packages similarly use these terms in addition to the scientific term “ibuprofen.” Having a term that others can use will help encourage others to use generic terms rather than trademarks to describe the goods/services.

## TRAMPOLINE

The court found that the term 'trampoline' had been generically used by authors and editors "throughout the years" and pointed to use of the term trampoline as the name of a gymnastic event of the National Collegiate Athletic Association (NCAA) and Amateur Athletic Union (AAU) from about 1947 until early 1960, when the name of the event was changed to "Rebound Tumbling."

Furthermore, the court noted that the mark owner had "actively promoted" the generic use of the word "trampoline" back when he had a virtual monopoly in the commercial manufacture of the product, and only when his monopoly was threatened did he actively promote use of the word "Rebound tumbling" instead of "trampoline," including urging the NCAA and AAU to change the name of their gymnastic event from "trampoline" to "rebound tumbling."

*Nissen Trampoline Co. v. American Trampoline Co.*, 193 F. Supp. 745, 749 (S.D. Iowa 1961)

LESSON: Permitting even non-competitors to use the mark descriptively with impunity may be fatal. Descriptive use by the mark owner and permissive use by third parties while bearing a monopoly on a product may put a mark into the public domain such that it cannot be undone once the monopoly fades.

## PILATES

The court looked at several types of evidence in determining that the mark was generic, including: (1) dictionary definitions; (2) generic use of the term by competitors and other persons in the trade; (3) plaintiff's own generic use; (4) generic use in the media; and (5) consumer surveys.

With respect to dictionary definitions, the court cited the *Random House Webster's College Dictionary* definition of "Pilates." Despite a notation in the text of the definition that Pilates was a trademark, the court relied upon a caveat from the dictionary's editors that the definition of a word was not intended to express judgment on the validity or legal status of the word or term as a trademark. The court found the dictionary supported a finding that the term was generic because it identified Pilates as a method of exercise.

With respect to generic use by competitors and other persons in the trade, the court indicated that unchallenged generic use by competitors strongly supports a finding that a term is generic. Defendants produced

numerous individuals and businesses who had collectively taught hundreds of individuals in the Pilates method, trained Pilates instructors, and sold Pilates equipment, all of whom testified that they had no way to describe what they taught other than to use the word "Pilates." While plaintiff pointed out that some of the witnesses had either been sued or sent cease and desist letters, the court noted that several others had not been challenged despite prominent use of Pilates over many years and that the witnesses identified many others offering Pilates services and equipment for which plaintiff could provide no evidence of having objected.

*Pilates, Inc. v. Current Concepts*, 120 F. Supp. 2d 286, 297 (S.D.N.Y. 2000)

LESSON: Policing efforts and misuse letters should be sent to dictionary publishers, competitors and others in the trade, as well as to media outlets misusing the mark. Particularly when some misuse has been identified, especially by competitors, policing efforts need to be extensive and unsparing.

### **MONTESSORI**

Upon a finding that the term MONTESSORI had become generic with respect to a certain type of education and the philosophy and methods associated therewith, it necessarily followed that the term was also generic with respect to the educational toys, games, teaching aids, etc. which were ruled to be an indispensable part of an educational or teaching process and for which the relationship of those items to the teaching methods and philosophy was indisputable."

*The American Montessori Society, Inc. v. Association Montessori Internationale*, 1967 TTAB LEXIS 2 (Trademark Trial & App. Bd. Sept. 20, 1967).

LESSON: Permitting a mark to become generic (or adopting a generic mark) in connection with any portion of the goods / services offered by the mark owner may be fatal to the ability of the term to function as a mark for any goods/services, even those for which the mark is not descriptive or generic.

### **THERMOS**

After the trademark owner had been intentionally misusing the mark THERMOS in advertising as a generic term in an effort to popularize the product, belated use of the mark with the generic term "vacuum

insulated bottles and policing efforts to police were considered insufficient. The court found that while the owner did police the trade and notify users of THERMOS in a descriptive sense that it was a trademark, it failed to seek out generic uses by non-trade publications and protested only those which happened to come to its attention.”

*King-Seely Thermos Co. v. Aladdin Indus., Inc.*, 321 F.2d 577 (2d Cir. 1963).

LESSON: Seeking out misuse through watch services and extensive policing efforts may be necessary to prevent a mark from becoming generic.

### **Actions To Prevent Marks From Becoming Generic**

- Send sternly worded letters to competitors upon any observed use of your marks generically.
- Use a watch service or clipping service to monitor common law and online use of your mark and send misuse letters to any third parties who use the mark improperly, informing them that the mark is a trademark and providing examples of how to use the mark properly.
- Develop and share a corporate style guide for use by customers, advertisers, and employees / contractors responsible for preparing content for packaging, press releases, manuals, promotional materials, and the like. For examples, see the online compendium of corporate style guides from companies such as Chrysler, Hormel, NCAA, Home Depot and others that is posted online exclusively for INTA members at: [http://www.inta.org/apps/corp\\_style\\_guide](http://www.inta.org/apps/corp_style_guide). Other examples can be found online through simple searching with a search engine.
- Require proper use of marks by licensees, distributors, customers, vendors and others with whom you have a contractual relationship, monitor such use, and notify these entities of any observed misuse with a request to make corrections.
- Require third party sites who incorporate your mark in a domain name to turn over the domain name to you. While UDRP provisions often permit third party resellers to make “fair use” of a mark in a domain name, creative amicable resolutions may be possible. For example, a mark owner susceptible to third party use of its mark in domain names may have success sending an amicably-worded letter educating the registrant and offering free product in exchange for a transfer of the domain name

registration. One of the author's clients is so successful using this approach in-house that it rarely needs to resort to using outside counsel.

## **9. POLICE FOR INFRINGEMENT AND DILUTION**

Once a trademark owner has identified a trademark or service mark that it connects to particular goods and/or services offered in the marketplace, he or she must be vigilant to ensure that no one else uses the same mark for similar goods or services, thus resulting in a likelihood of confusion or diluting the owner's mark. Failing to properly police potential competing uses of a similar mark could result not only in a deemed abandonment of the mark or a diminished scope of protection, but also could result in a loss of consumer confidence in the goods that the owner sells in connection with the goods, or indeed, causing the mark to become the generic name for a particular category of goods or services. (See above for a more complete discussion of misuse of a trademark or service mark that causes it to become generic.)

There are many ways to police the market for potentially competing uses of a mark or even dilution of the value of the mark to the owner. Among them are:

- Employing commercial watch services that consistently search the trademark applications in the USPTO or foreign trademark offices for potentially competing applications;
- Conducting routine trademark searches using commercial tools to canvas recent filings in applicable trademark offices;
- Conducting one's own trademark searches using Internet search engines or industry-specific tools; and
- Reviewing various publications (either electronically or in hard-copy) relevant to the particular industry to see whether, and in what manner, potentially competing marks are being used.

In order to obtain the best results, it may be prudent to combine certain of these options so that various sources of data are covered simultaneously. Regardless of the choice of search tool, it must be employed on a regular basis to avoid overlooking potentially conflicting marks that could undermine the trademark owner's rights in its mark(s).

## 10) LICENSE YOUR MARK WISELY

Uncontrolled or “naked” licensing -- licensing of the mark without the exercise of supervision by the licensor -- can result in abandonment of rights in a mark. This is because the function of a mark as a source identifier is compromised if the goods can emanate from other sources without oversight by the mark owner. Accordingly, licensors have a duty to control the quality of the goods and services associated with the licensed mark. A stringent burden of proof is placed on a challenger to prove that a lack of quality control has resulted in a loss of trademark significance, meaning that even a minimal amount of quality control may prevent a holding of abandonment.

The majority rule is that actual quality control is required (not just a contractual obligation to control quality). Nonetheless, the starting point for every license agreement should at least be a provision that the licensor has the power to inspect the quality of the goods/services on a periodic basis and to set quality parameters that must be followed. The absence of such provisions or at least a provision that the licensee has the power to control quality, may be fatal. *See e.g. First Interstate Bancorp v. Stenquist*, 16 USPQ2d 1704 (N.D. Cal. 1990) (real estate brokerage service mark license agreement making licensee “solely responsible for adequate supervision of agents and all other rules and regulations set forth by the state” found to be “an explicit disclaimer of [licensor’s] responsibility to control activities which are directly related to the quality of the services provided by a real estate brokerage”). Reliance on the licensee’s own efforts may be acceptable in certain circumstances, however, such as where there is a special relationship between the parties that justifies such reliance (i.e. family relationship, related companies, longstanding business relationship between licensee and licensor, etc.). *See McCarthy on Trademarks*, Fourth Edition, 2009 § 18.57.

### Examples of acceptable quality control:

- A contractual requirement for licensee to submit products for prior licensor approval, stating that approval will not be unreasonably withheld and will be assumed if no objection is made within a defined period. *Ray v. Lafferty*, 990 F.2d 1379 (1<sup>st</sup> Cir. 1993), cert. denied, 510 U.S. 828, 126 L. Ed. 2d 61, 114 S. Ct. 94 (1993).
- Where an assignor of a mark receives a license back from the assignee, a promise by the assignor/licensee to continue to maintain the same quality as previously provided. *Linville v. Rivard*, 41 USPQ2d 1741 (TTAB 1997), aff’d on other grounds, 133 F.3d 1446 (Fed. Cir. 1998) (license also had an inspection provision, and facts showed that licensor had actually

inspected and approved of the quality of the licensee's hair cutting salon services).

- Evidence of regular inspections, even without any written standards. *Penta Hotels, Ltd. v. Penta Tours*, 9 USPQ2d 1081, 1108 (D. Conn 1988).
- Provision of training programs, seminars, training manuals, recipe books, inspections, and a large percentage of raw materials used by licensees. *Nestle Co. v. Nash-Finch Co.*, 4 USPQ2d 1085 (TTAB 1987).

**Examples of unacceptable quality control:**

- No express contractual right to inspect and supervise licensee, coupled with only "chance, cursory examinations of licensees' operations by technically untrained salesmen." *Dawn Donut Co. v Hart's Food Stores, Inc.*, 267 F.2d 358, 368 (2d Cir. 1959).
- A requirement that the licensee maintain pre-existing quality standards without any attempt by licensor to define those standards or monitoring to make sure they were met. *First Nat'l Bank v. Autoteller Systems Service Corp.*, 9 USPQd 1740, 1743 (TTAB 1988) (License agreement drafted pursuant to settlement of litigation characterized by the court as purchase of "the right to be left alone, without having to deal with [licensor] further").

**Licensing In Foreign Countries**

Certain countries require licenses of registered marks to be recorded against the registration in order to preserve the validity of the registration. Countries in which recordation may be required include: Algeria, Argentina, Barbados, Brazil (only if royalties or for licensee to litigate), Bulgaria, Costa Rica (for enforcement), Cyprus (for royalties), Czech Republic, Egypt, European Union (for royalties), Greece, Indonesia, Israel, Japan, Lithuania, Mexico, Monaco, Nicaragua, Pakistan, Philippines (for enforcement), Romania, Russian Federation, Slovakia, South Africa, Thailand, Trinidad & Tobago, Venezuela. Source: INTA Country Guides, [www.inta.org](http://www.inta.org), 2010. Trademark owners should consult competent counsel in these (and any) country where a license is in effect, to ensure compliance with the local laws. US trademark counsel should affirmatively raise this issue with foreign counsel, who often may not volunteer the need to record licenses unless asked.

NOTE: License drafters should also recognize the risk that an improperly drafted trademark license may risk the licensor-licensee relationship being considered a

franchisor-franchisee relationship (which are strictly governed under certain state laws). The best way to avoid a trademark license being considered as creating a franchise relationship is to make sure the agreement does not require the licensor to pay any type of fees other than royalties.

