

Failure to Provide an Accurate List of Goods/Services in a Trademark Application May Result in Cancellation of the Registration

By Stephen Quigley

A pair of recent decisions from the Trademark Trial and Appeal Board of the Patent and Trademark Office may well have sent shudders through the trademark community. With its ruling last November in *Turbo Sportswear Inc. v. Marmot Mountain Ltd.*, 77 USPQ2d 1152 (TTAB 2005), and its ruling this year in *Standard Knitting Ltd. v. Toyota Jidosha Kabushiki Kaisha*, 77 USPQ2d 1917 (TTAB 2006), the Board has left no doubt that a trademark registration is vulnerable to cancellation if there was a fraudulent statement concerning the goods or services in the application, the Section 8 declaration, or the renewal application.

Fraud in obtaining or maintaining a trademark registration occurs when the owner knowingly makes a false, material representation of fact. *Standard Knitting*, 77 USPQ2d at 1926. The key element is “knowingly” – fraud will not be found if the applicant’s statement, even though false, was made with a reasonable and honest belief that it was true. *Id.* The “reasonable” threshold, however, is high. Merely claiming an honest mistake that the applicant had a reasonable belief that the mark was in use will not escape a finding of fraud. As stated by the Board in *Standard Knitting*:

Mr. Groumoutis’s asserted mistake, assuming it truly was a mistake, was not a reasonable one. The language in the application that the mark “is now in use in commerce” is clear, and its meaning is unambiguous. It was not reasonable for Mr. Groumoutis to believe that if the items of clothing were ever made or sold, even if the last sale took place 20 years ago, it would support a claim that the mark “is” in use on the goods.

Id. at 1927.

In the Board’s view, “[s]tatements made with such degree of solemnity clearly are – or should be – investigated thoroughly prior to signature and sub-

mission to the USPTO.” *Medinol Ltd. v. Neuro Vasx Inc.*, 67 USPQ2d 1205, 1209 (TTAB 2003). Thus, pleading that the failure to weed out the unused goods was inadvertent or a matter of an innocent oversight will not avoid a cancellation. “Fraud cannot be cured merely by deleting from the registration those goods on which the mark was not used at the time of the signing of a use-based application or a Section 8 affidavit.” *Turbo*, 77 USPQ2d at 1155.

Intent to use applications are particularly vulnerable to a fraud claim. Often, the application includes a long and varied list of goods/services. Months, and possibly years later, the Notice of Allowance issues with the same extensive list of goods/services. If, at the time the Statement of Use is executed, the owner has not made the effort to review the list and remove those goods/services for which the mark is not in use, the registration will be vulnerable to cancellation. In the *Medinol* case, the Board granted summary judgment canceling Neuro Vasx’s entire registration because the Statement of Use included both neurological stents and catheters when, in fact, the mark was in use only on catheters.

The party contesting the registration need only prove that the owner of the mark knew or should have known that its statement regarding the goods/services was false. “[T]he appropriate inquiry . . . is not into the registrant’s subjective intent, but rather into the objective manifestations of that intent.” *Medinol Ltd.*, 67 USPQ2d at 1209. In other words, at the time of signing, the owner has an obligation to know about, and remove, those goods/services that are not in commerce under the mark.

The *Turbo* ruling also put potential opposers and cancellation petitioners on notice that before they leap into an *inter partes* proceeding, they had better

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be sure that the registrations they intend to rely on can withstand a fraud counterclaim. In *Turbo*, Marmot Mountain, the applicant, counterclaimed to cancel five of Turbo's pleaded registrations on the ground that the marks were either not in use on all the goods at the time the applications or the Section 8 declarations were filed. The Board granted Marmot Mountain's motion to add the counterclaims stating that "if applicant is able to establish the elements of fraud even as to one of the goods listed in opposer's single-class registration, the entire registration is subject to cancellation." *Turbo*, 77 USPQ2d at 1155.

Conclusion

The lesson in *Turbo* and *Standard Knitting* is don't presume anything when preparing applications, Section 8 declarations and renewals. Clients should be made aware that there are potentially fatal consequences if an accurate

list of their goods/services is not provided to the Trademark Office. A passage along the lines of the following to the trademark owner should serve as a sufficient warning:

The [*application, statement of use, declaration of continuing use, renewal application*] must include only those goods/services for which you are actually using the mark. Thus, if you are not using the mark on any of the goods/services listed in the [*application, notice of allowance, registration*] they should be deleted. The failure to do so could result in the cancellation of the entire registration.



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