

## TTAB Disregards Subjective Intent Element

By Jennifer Lee Taylor and Lindsay Traylor Braunig

Continuing a recent trend of toughening its position on fraud, the Trademark Trial and Appeal Board (“TTAB”) has cancelled yet another registration because the registrant had failed to use the mark on every good for which it was registered. *Hachette Filipacchi Presse v. Elle Belle, LLC*, Cancellation No. 92042991 (T.T.A.B. April 9, 2007). This case is the second precedential decision this year in which the TTAB has cancelled a registration as fraudulently obtained because of overly broad claims regarding use of the mark. See also *Hurley Int’l LLC v. Volta*, 82 U.S.P.Q.2d 1339 (T.T.A.B. 2007).

These cases join an already substantial body of TTAB case law that takes a hard line with respect to use allegations in applications, statements of use, and post-registration filings. See, e.g., *Standard Knitting Ltd. v. Toyota Jidosha K.K.*, 77 U.S.P.Q.2d 1917 (T.T.A.B. 2006); *J.E.M. Int’l, Inc. v. Happy Rompers Creations Corp.*, 74 U.S.P.Q.2d 1526 (T.T.A.B. 2005) (not citable as precedent); *Tequila Cazadores, S.A. de C.V. v. Tequila Centinela S.A. de C.V.*, 2004 T.T.A.B. LEXIS 109 (Feb. 24, 2004) (not citable as

precedent); *Jimlar Corp. v. Montrexpport S.P.A.*, 2004 T.T.A.B. LEXIS 333 (June 4, 2004) (not citable as precedent); *Hawaiian Moon, Inc. v. Rodney Doo*, 2004 T.T.A.B. LEXIS 274 (Apr. 29, 2004) (not citable as precedent); and *Medinol Ltd. v. Neuro Vasx, Inc.*, 67 U.S.P.Q.2d 1205 (T.T.A.B. 2003). Attempts to cure the problem and avoid cancellation by amending the registration to narrow the list of goods or services included in the registration have been rejected as ineffectual in undoing the fraud that was perpetrated in the first instance. Thus far, such amendments have always been attempted after the commencement of cancellation proceedings. However, in *Elle Belle*, the TTAB left open the possibility that it might accept an amendment correcting the goods if the amendment was made prior to the commencement of cancellation proceedings: “We note that respondent’s amendment was filed after the commencement of this cancellation proceeding. Whether an amendment to correct the description of goods that is submitted before a cancellation proceeding is filed would cure or remove fraud as an issue, is not currently before us.” *Elle Belle*, Cancellation No. 92042991 (T.T.A.B. April 9, 2007).

### BASIC STANDARD

The basic standard applied by the TTAB to determine whether a registration was fraudulently obtained, and thus should be cancelled, is whether a material misrepresentation was knowingly made in obtaining or maintaining the registration. See *Standard Knitting*, 77 U.S.P.Q.2d at 1926. The TTAB views any misstatement as to the scope of use (for example, whether the mark is used on hats and T-shirts, or just hats) to be a material misrepresentation. Per

the TTAB’s reasoning, the fact that a registration might have issued even if the correct information on use of the mark had been provided, the precise registration (listing, in the previous example, both hats and T-shirts) would not have issued, so the misrepresentation is “material.” See *Elle Belle*, Cancellation No. 92042991 (dismissing argument that the overly broad statement of use was not a material misrepresentation because the mark was in use on some of the goods listed and thus a registration would have issued in any case).

Further, notwithstanding the TTAB’s own requirement that fraud be proven by clear and convincing evidence, *Standard Knitting*, 77 U.S.P.Q.2d at 1926, the TTAB nearly always infers that a misrepresentation is made knowingly by using a “knew or should have known” standard that almost approximates strict liability. Thus far, the TTAB has not hesitated to cancel registrations at the summary judgment phase, even in the face of conflicting evidence regarding facts such as intent. Using the “knew or should have known” standard, the TTAB has cancelled registrations whenever it finds that a registered mark has not been used in connection with all of the goods or services listed in the registration, a seemingly straightforward factual issue.

### NO TOLERANCE

The sympathetic facts of *Elle Belle* presented an opportunity for the TTAB to reign in its strict fraud jurisprudence in cases of overly broad allegations of use. The TTAB, however, declined to do so, making clear that it will show no tolerance for overly broad allegations of use. The registration at issue was for a laundry list of clothing for men, women, and children, although the mark had only been used on

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women's clothing. *Elle Belle*, Cancellation No. 92042991. Respondent-registrant's owner, Singh, was an immigrant with limited English ability who represented that during the application process he had told his lawyer that he was using the mark on some women's clothing and intended to expand use of the mark to men's and children's clothing, as well as to other categories of women's clothing. Apparently misunderstanding his client, the lawyer prepared a use-based application listing men's, women's, and children's clothing. He did not indicate that any of the goods were included on an "intent to use" basis. *Id.*

Singh did not review the application with his attorney before signing it and claimed not to have understood that a trademark application must distinguish between those goods on which the mark is actually used, and those goods on which the applicant intends to use the mark in the future. *Id.* Ruling on a summary judgment motion, the TTAB made no findings on these issues, concluding that such details were irrelevant. For the TTAB, the only relevant facts were that: 1) the mark had never been used on some of the goods listed on the application and resulting registration; 2) Respondent-registrant's owner was in a position to know that; and 3) the application to register a trademark is simple

In this case, the Respondent-registrant's owner did not argue that he had actually believed that the mark was in use on all of the goods, but rather that he misunderstood the application requirements and/or the statements in the application. Notwithstanding the ostensible requirement of "knowledge" or "intent" for a false statement to constitute fraud, the TTAB rejected the Respondent-registrant's owner's explanations as irrelevant:

That Mr. Singh may have been unaware that the statement in the application alleged use as to all the listed goods, rather than use as to some and intent to use as to others, does not change our finding of fraud herein. Nor does the fact that English is not Mr. Singh's native language and he apparently has continuing difficulty with the language ... Nor does the misunderstanding on the part of respondent's attorney preclude our finding of fraud. *Id.*

The TTAB did not find that Singh's explanations were false — indeed, it would have been difficult to make such a finding on summary judgment — but that Singh's explanations did not have a place in their decision making process. Instead, consistent

with the prior case law, the TTAB expressed its firm conviction that it is the "objective manifestation of intent" that matters, not subjective intent. *Id.* Because Singh "knew or should have known" that the allegation of use was false, and because "[n]either the identification of goods nor the statement of use itself was lengthy, highly technical, or otherwise confusing," the Respondent-registrant had demonstrated the requisite objective manifestation of intent. *Id.* (quoting *Medinol*, 67 U.S.P.Q.2d at 1209-10). In sum, "Mr. Singh was obligated to confirm the meaning and accuracy of the statements contained in the application before signing the declaration and prior to submission to the USPTO." *Id.* The *Elle Belle* panel did not emphasize the "solemnity" of the declaration accompanying the statement of use, a hallmark point for past TTAB decisions considering overly broad allegations of use. *See, e.g., Medinol*, 67 U.S.P.Q.2d at 1209.

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When the facts are simple and the expectation of accuracy reasonable, as is typically the case in an inquiry into whether the mark is being used on all of the goods listed in a document, the TTAB takes the approach that a registrant can and should present accurate information to the USPTO, and that no excuse for having failed to do so will pass muster. As such, while the TTAB recites language of knowledge and intent, the standard it applies for canceling a registration based on an overly broad allegation of use leans toward strict liability.

Notwithstanding this generally hard-line stance on fraud, however, the TTAB has been more lenient with respect to allegations of fraud on more nuanced matters, such as whether the use constitutes use in interstate commerce. *See Maids to Order of Ohio Inc. v. Maid-to-Order Inc.*, 78 U.S.P.Q.2d 1899

(2006); *but see Hurley Int'l LLC v. Volta*, 82 U.S.P.Q.2d 1339, 1345 (T.T.A.B. 2007) (rejecting argument that registrants did not understand the meaning of "use in commerce" where the mark was not in use at all in the United States).

#### **PERILS AND OPPORTUNITIES**

The potential for cancellation based on overly broad allegations of use presents perils and opportunities for all. For registrants, if a U.S. registration is cancelled, any Madrid Protocol registrations based upon that registration will also be cancelled if they were filed less than five years prior to the institution of the cancellation action. While those Madrid Protocol registrations can be converted to national filings with the same priority dates, the conversion process is expensive, the marks will need to be republished, thereby offering an opportunity for oppositions/cancellations, and many trademark owners will likely decide to abandon the mark rather than pursue this path.

The potential opponents to U.S. registrations on which Madrid Protocol registrations are based will see this as an opportunity. If they are successful in opposing or canceling an application or registration based upon the strict fraud standard in the United States, that single opposition or cancellation action will have broader repercussions if Madrid Protocol filings were done, potentially resolving issues in numerous countries through a single U.S. proceeding. On the other hand, fraud is a double-edged sword. Those considering instituting oppositions or cancellations need to be more careful than ever to make sure that their own house is in order or they may find the tables turned and end up defending cancellations based upon fraud, rather than pursuing their own oppositions or cancellations.

