

Fraud on the Trademark and Copyright Office

TIPLA

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Fraud on the Trademark Office

Fraud on the Trademark Office has been described as follows:

“[W]hen an applicant knowingly makes false, material representations of fact in connection with his application.” *Torres v. Cantine Torresella S.r.L.*, 808 F.2d 46, 1 USPQ2d 1483 (Fed. Cir. 1986).

Remedies upon finding of fraud on the Trademark Office include:

- (1) cancellation of registration;
- (2) creates possible priority problems;
- (3) effects whole registration; and
- (4) possible civil liability for false or fraudulent registration (15 U.S.C. § 1120).

Materiality - Affirmative Statements

Pilates, Inc. v. Current Concepts, Inc. 120 F. Supp. 2d 286 (S.D.N.Y. 2000)
(False declaration of continuous use is material);

Lewis v. Microsoft Corp. 410 F. Supp. 2d 432 (E.D.N.C. 2006) (False date
of first use is not material as long as before filing date);

Stoller v. Sutech U.S.A., Inc., 2006 WL 2853059 (Fed. Cir. Oct. 5, 2006)
(Failure to disclose prior use when filing ITU application is not material);

Materiality - Affirmative Statements

Medinol Ltd. v. Neuro Vasx, Inc., 67 USPQ2d 1205 (TTAB 2003)
(improper disclosure of use on both stents and catheters is material);

Standard Knitting, Ltd. v. Toyota Jidosha Kabushiki Kaisha, 77 USPQ2d 1917 (TTAB 2005) (false disclosure of use for children's clothing material).

Materiality – Omissions

Rosso & Mastracco, Inc. v. Giant Food, Inc., 720 F.2d 1263 (Fed. Cir. 1983) (Failure to disclose use by others material when other user's rights are "clearly established" by a court decree, a settlement agreement, or by a registration);

United Phosphorus Ltd. v. Midland Fumigant, Inc., 205 F.3d 1219 (10th Cir. 2000) (Supplier's use of mark known);

Materiality – Omissions

Cash Technologies, Inc. v. Guagliardo, 127 F. Supp. 1069 (C.D. Cal. 2000) (use of domain name nonmaterial);

Whirlpool Properties, Inc. v. LG Electronics U.S.A., Inc., 2005 WL 3088339 (W.D. Mich. Nov. 17, 2005) (descriptive use nonmaterial);

General Healthcare Ltd. v. Qashat, 364 F.3d 332 (1st Cir. 2004) (prior use that appears abandoned is immaterial);

Daesang Corp. v. Rhee Bros. Inc., 77 USPQ2d 1753 (D. Md. 2005) (SOON CHANG) (Failure to disclose geographic goods-place association).

Intent

“Fraud arises only when the party making the false statement of fact knows that the fact is false” (McCarthy)

Standard Expanded to “Gross Negligence” “Reckless disregard for truth”= intent (*Medinol*)

Unreasonable mistakes = intent (*Standard Knitting*) “[t]he specific or actual intent of [the oath signor] is not material to the question of fraud”

How High is the Fraud Standard?

Scope of Materiality Small

But Standard for Intent Low

Fraud on the Copyright Office

Fraud on the Copyright Office has been described as follows:

“[T]he claimant willfully misstates or fails to state a fact that, if known, might have caused the Copyright Office to reject the application” (Nimmer)

Remedies upon finding of fraud on the Copyright Office include:

- (1) cancellation of registration although copyright still exists;
- (2) divests district court of jurisdiction; and
- (3) removes rebuttable presumption of validity

Materiality– Authorship/Ownership

Authorship Errors Are Not Material

Shady Records, Inc. v. Source Enterprises, Inc., 2005 WL 14920 (S.D.N.Y. 2005) (omission of co-author not material);

Tuff-N-Rumble Management, Inc. v. Sugarhill Music Publishing, 99 F. Supp. 2d 450 (S.D.N.Y. 2000) (inclusion of non-author not material)

But Ownership Errors are Material (Sometimes)

Morgan, Inc. v. White Rock Distilleries, Inc., 230 F. Supp. 2d 104 (D. Me. 2002) (Failure to identify as work for hire material).

Materiality – Derivative Works

Failure to disclose works upon which the registration is based is material

Prior direct mail advertisements -- *R. Ready Products, Inc. v. Cantrel*, 85 F. Supp. 2d 672 (S.D. Tex. 2000)

Preexisting lamp elements -- *Lamps Plus, Inc. v. Seattle Lighting Fixture Co.*, 345 F.3d 1140 (9th Cir. 2003)

Materiality– Derivative Works

Some Exceptions as to whether material

Depends on whether registered work contains original material *Twentieth Century Fox Film Corp. v. Marvel Enterprises, Inc.*, 220 F. Supp. 2d 289 (S.D.N.Y. 2002)

Depends on authority to use preexisting works *Express, LLC v. Fetish Group, Inc.*, 424 F. Supp. 2d 121 (C.D. Cal. 2006)

Materiality– Deposits

Failure to deposit a “bona fide copy” material

Depositing reverse engineered copy of code may be material *Syntek Semiconductor Co. v. Microchip Technology Incorp.*, 285 F.3d 857 (9th Cir. 2002)

Intent

Need Specific Intent, negligence not enough *Morelli*, 186 F. Supp. 2d at 565-66

No intent if “personally unaware” *Lamps Plus*, 345 F.3d at 1145

How High is the Fraud Standard?

Scope of Materiality Small

But Standard for Intent High

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