

# Fighting Bad Faith Trademark Filings in the United States



The Honorable Karen S. Kuhlke  
Administrative Trademark Judge  
Trademark Trial and Appeal Board  
United States Patent and Trademark Office



# Overview

- Types of Bad Faith Filings
- Tools to Combat Bad Faith in the U.S.
- Recent Case Examples



# Examples of Bad Faith Filings

- Register with no intention of using the mark only “selling” the mark;
- Register with intention of token use of the mark on same or related goods to sustain registration; or
- Register with intention of using the mark on same, related or unrelated goods to trade off of goodwill of another party



# United States Practice

- **Tool #1: Statutory Duty of Good Faith**
  - **Good faith (“Bona Fide”) Use or Intent to Use Required**
  - **Good faith application requirement with penalties on applicant and representative for bad faith**
- **Tool #2: Bad Faith Factor in Likelihood of Confusion Analysis**



# Tool #1: Statutory Duty of Good Faith in the United States

**Require intent to use the mark and have that be a grounds for challenge.**



## **Requirement of intention to use the mark**

- Evidenced by business plans, preparations to use.
- Application can be challenged on absence of lack of intent to use.

**Good faith application requirement with penalties on applicant and representative for bad faith.**



## **Penalties for fraudulent statements in application**

- criminal prosecution for perjury
- Deleting affected goods from the registration and/or cancelling registration.
- Sanctioning attorney/agent representative.



# Create Duty of Good Faith: Require Verification of the Application

***Truth of Facts Recited:*** “to the best of the verifier’s knowledge and belief, the facts recited in the application are accurate.”

***Use in Commerce:*** verified statement that the mark is in use in commerce (or that the applicant has a bona fide intention to use) on or in connection with the goods or services listed in the application as of the filing date.

***Ownership or Entitlement to Use:*** the verifier believes the applicant to be the owner of the mark and that no one else, to the best of his or her knowledge and belief, has the right to use the mark in commerce, either in the identical form or in such near resemblance as to be likely, when applied to the goods or services of the other person, to cause confusion or mistake, or to deceive.

***Averments Based on Personal Knowledge:*** person signing the declaration must have first hand knowledge of the facts in the application.

***“I declare under penalty of perjury under the laws of the United States of America that all the foregoing statements are true and correct to the best of my knowledge and belief. I understand that willful false statements and the like may jeopardize the validity of the application or document or any registration resulting therefrom, and are punishable by fine or imprisonment, or both.”***



# Example of a Declaration: Application for LOREAL PARIS

## **BASIS FOR FILING AND GOODS/SERVICES INFORMATION**

### **Intent to Use: Section 1(b)**

The Applicant has a bona fide intention to use the mark in commerce on or in connection with the below-identified goods and/or services (15 U.S.C. Subsection 1051(b)).

- {1) International class 005.**
- {2) Listing of Goods and/or Services:**
  - {a) Perfumes and fragrances;**
  - {b) Vitamin, mineral, and herbal supplements, and combinations thereof;**
  - {c) Aloe vera drinks;**
  - {d) Shaving balms, lotions, creams, and soaps;**
  - {e) Topical skin balms, namely; sunscreens, tanning balms, lotions, creams, and combinations thereof;**
  - {f) Candles, both plain and scented; and**
  - {g) Shaving implements.**

### **Foreign Priority: Section 44(d)**

The Applicant has a bona fide intention to use the mark in commerce on or in connection with the below-identified goods and/or services, and asserts a claim of priority based upon a foreign application in accordance with 15 U.S.C. Section 1126(d).



## **SIGNATURE INFORMATION**

The Applicant request registration of the above-identified mark in the United States Patent and Trademark Office on the Principal Register established by Act of July 5, 1946 (15 U.S.C. Section 1051 et seq.) for the above-identified goods and/or services.

The undersigned, being hereby warned that wilful 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 wilful false statements may jeopardize the validity of the application or any resulting registrations, 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 identical form thereof or in such new 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 knowledge are true; and that all statements made on information and belief are believed to be true.

Signature: Robert Victor Marcon

Print Name: Robert Victor Marcon

Date Signed: 8 June 2004

Title: Individual



# Tool #2: Bad Faith Factor in Likelihood of Confusion

Judicial mechanisms for allowing bad faith evidence to be considered.



Likelihood of Confusion & Dilution

•Bad faith is a factor in the analysis. No defined list of conditions to determine bad faith. Bad faith may be inferred from circumstantial evidence.

Courts consider bad faith as a factor in a likelihood of confusion analysis. The defendant's **intent to cause confusion** with plaintiff's mark suggests that defendant's actions were highly likely to have had that effect.

A list of factors considered in a likelihood of confusion analysis allow courts to balance factors and **apply a sliding scale**: for example, the more evidence of bad faith, the less evidence is needed to establish similarities in the marks or the goods or services.



# Additional Tools

- **Requiring more information/specimens during examination**
- **Refusals or Challenges Based on False Suggestion of a Connection 2(a)**
- **Refusals Based on the Name of a Living Individual 2(c)**
- **Transparency During Examination and Beyond**
- **Misrepresentation of Source 14(3)**



# Requirement for Additional Information and/or Specimens

Examiner can investigate by requesting additional information from the applicant and/or asking for more specimens of use if the applicant is alleging use for a wide variety of goods or services (if use-based)

Applicant filed for the mark ADNOC for petroleum based products

Examining Attorney asks: Are you the Abu Dhabi National Oil Company?



# Refusal or Challenge on Grounds of False Suggestion of a Connection

Can refuse or challenge under Section 2(a) of the Trademark Act on the basis that the mark falsely suggests a connection with a person, living or dead, or institutions, even if the cited mark is not registered.

- ADNOC registration refused because falsely suggests connection with Abu Dhabi National Oil Company (Examining Attorney notes intent to adopt name of institution probative that public will make false connection and points to applicant's other applications for well-known entities)



## Refusal on the Grounds that Mark Comprises a Name of a Particular Living Individual

Can issue a refusal under Section 2(c) of the Trademark Act if the mark comprises a name, portrait or signature identifying a particular living individual, and a written consent is not provided.

- Blue Ivy Carter born January 7, 2012, applications are filed January 11, 2012 and January 20, 2012, not by mom and dad, Office Actions January 25, 2012 and February 2, 2012, written consent not of record for the “famous infant”



# Transparency

- Information filed by an applicant is public and available on the USPTO website
- All papers filed with the Board must be served on the other party
- Board files are public and available on the USPTO website



# Recent Case Example: L'Oreal S.A. v. Marcon

## L'Oreal S.A. v. Marcon

- Robert Victor Marcon (Applicant) filed for the mark **L'OREAL PARIS** for aloe vera drinks
- L'Oreal S.A. (Opposer) challenged the application on the basis of likelihood of confusion with and dilution of its registered **L'OREAL** and **L'OREAL PARIS** marks for cosmetics, and a lack of intent to use in commerce.
  - Bad faith evidence considered in likelihood of confusion analysis
    - Applicant has a pattern of filing intent-to-use applications to register various well-known marks – highly unlikely that adoption of marks was an unintended coincidence
    - Disingenuous statements/arguments made by Applicant in its briefs
  - **“Such bad faith is strong evidence that confusion is likely, as such an inference is drawn from the imitator’s expectation of confusion.” Likelihood of confusion is found.**

*L'Oreal S.A. v. Marcon*, 102 USPQ2d 1434 (TTAB 2012).





## L'Oreal S.A. v. Marcon

- Lack of Intent to Use - evidence considered:
  - Applicant's lack of documentary evidence or any other objective evidence that he can/will use the mark
  - Applicant's lack of capacity or experience needed to manufacture or otherwise offer the identified goods
  - Vague allusions to use through licensing or outsourcing
  - Failure to take any concrete actions or to develop any concrete plans for use
  - Applicant's pattern of filing intent to use applications for disparate goods under the well known marks of others
- **Cumulative effect of the record demonstrates that applicant lacks the requisite bona fide intent to use his mark in commerce for aloe vera drinks**
- Dilution: Court did not find it necessary to consider dilution



# Recent Case Example: Carr v. Garnes

## Carr v. Garnes

•Edward M. Garnes, Jr. (Applicant) filed for the mark **FROM AFROS TO SHELLTOES ART, ACTION, AND CONVERSATION** for:

- *educational services, namely, conducting workshops and seminars in arts and entertainment, hip-hop, cross generational relationships, community building, and art as a political force to lessen misunderstandings between civil rights and hip hop generations*

•Reginald Carr (Opposer) challenged the application on the basis of likelihood of confusion with its common law mark **AFROS-N-SHELLTOES ENTERTAINMENT** for:

- *disc jockey services and artist management and promotion services, including the representation of rappers, singers and poets, as well as the representation of managers who want to promote their acts and groups.*
- Opposer also claimed a false suggestion of a connection with the opposer's identity under Section 2(a) of the Trademark Act, and no bona fide use of the mark in commerce prior to the filing of the application under 1(a) of the Trademark Act.

*Carr. v. Garnes*, Opposition No. 91171220, 2010 WL 4780321 (TTAB Nov. 8, 2010) [not precedential].



## Carr v. Garnes

- Bad faith evidence considered in likelihood of confusion analysis
  - Carr had spoken with attorney Marvin Arrington in 2004 regarding his business; seven months later the attorney formed a corporation with Applicant Garnes (Babuke Brothers, LLC) and shortly thereafter registered the domain name afroshelltoes.com, filed for a Georgia trademark registration, and filed for federal registration
  - Parties are both located in Georgia, USA
  - Both parties advertise in the same newspaper
  - Both parties used the unusual term “shelltoes”
  - Applicant did not give an explanation as to how he came to adopt his mark under these circumstances.



## Carr v. Garnes

- The Trademark Trial and Appeal Board concluded that: **Applicant filed his application for services related to those of opposer with the full knowledge of opposer's prior mark with the intention to trade off of opposer's goodwill in his mark, and find that applicant acted in bad faith in adopting his mark and prosecuting his application.**
- Opposition was sustained on ground of likelihood of confusion. Opposer did not to demonstrate a false suggestion of a connection or a lack of bona fide use in commerce



# Recent Case Example: Petroleos Mexicanos (PEMEX) v. Intermix SA

## Petroleos Mexicanos (PEMEX) v. Intermix SA

- Intermix S.A. (respondent) owns a registration for the mark **PEMEX** for crude oil and refined petroleum products, advertising, management of business affairs relating to oil industry services, and oil refining.
- PEMEX (petitioner) filed a petition to cancel the registration on the grounds of **false suggestion of a connection** under Section 2(a); **likelihood of confusion** under Section 2(d); and **fraud**, alleging priority based on common law use of the mark **PEMEX** in the U.S.
  - Respondent filed a **motion to dismiss** for failure to state a claim upon which relief can be granted, arguing no standing because hasn't pleaded use or registration in the U.S.

*Petroleos Mexicanos v. Intermix SA*, 97 USPQ2d 1403 (TTAB 2010).



## Petroleos Mexicanos (PEMEX) v. Intermix SA

- With respect to claim of **falsely suggesting a connection** under 2(a): **No need to allege propriety rights** in U.S., only to prove that:
  - (1) the mark sought is the same as or a close approximation of the name or identity previously used by another person or institution;
  - (2) the mark would be recognized as such, in that it points uniquely and unmistakably to that person or institution;
  - (3) the person or institution identified in the mark is not connected with the goods sold or services performed by applicant under the mark; and
  - (4) The fame or reputation of the named person or institution is of such a nature that a connection with such person or institution would be presumed when applicant's mark is used on its good and/or services.



## Petroleos Mexicanos (PEMEX) v. Intermix SA

- With respect to claim of **likelihood of confusion**, Petroleos Mexicanos claimed that it had **extensive business activities** in the U.S. but no actual sales.
- Intermix argued that Petitioner does not have use in commerce and cannot assert priority based on “business activities”.

**Board:** While a use-based application must make bona fide use of the trademark in commerce in the United States prior to registration, **NO such requirement** applies to a plaintiff bringing a likelihood of confusion claim in an opposition or cancellation proceeding.

Likelihood of confusion merely requires a prior mark to have been “used in the United States by another,” and “a foreign opposer can present its opposition on the merits by showing only use of its mark in the United States,” quoting *First Niagara Ins. Brokers Inc. v First Niagara Fin. Group Inc.*, 476 F.3d 867, 81 USPQ2d 1375, 1378 (Fed. Cir. 2007) (court found that a Canadian insurance company, operating out of Canada and having no physical presence in the United States, had connections to the United States by way of, inter alia, selling policies issued by United States-based underwriters, and selling policies to United States citizens having Canadian property, and that such connections were sufficient to establish priority.)



## Petroleos Mexicanos (PEMEX) v. Intermix SA

- With respect to **fraud** claim, PEMEX alleged Intermix had **knowingly, with the intent to deceive** the USPTO, **made a material misrepresentation** that it was using its mark in commerce in the United States on the identified goods and services at the time it filed its Statement of Use – when not such use was made.

Board: PEMEX sufficiently set forth a claim of fraud.

Motion to Dismiss denied on all grounds and schedule for trial reset. PEMEX served discovery requests and Intermix failed to respond. Board granted judgment as a sanction.





# Recent Case Example: Di Thiene S.P.A. v. Panagiotis

## Di Thiene S.P.A. v. Panagiotis

- Lazaridis E. Panagiotis applied for mark AERONAUTICA MILITARE for clothing
- Opposer Cristiano Di Thiene S.p.A. alleged:
  - likelihood of confusion
  - no bona fide intent to use

*Di Thiene S.P.A. v. Panagiotis*, Opp. No. 91197328 (July 8, 2013).



- Record established that applicant knew opposer used the mark in Europe
- Board notes that “[a]lthough information concerning a party’s foreign use of its involved marks is usually irrelevant to the issues in a Board proceeding, exceptions may arise where, for example, there is an issue as to whether a party’s adoption and use of the mark in the United States was made in bad faith for the purpose of forestalling a foreign user’s expansion into the United States, or where the foreign mark is famous, albeit not used in the United States.”
- But opposer did not prove prior use the United States likelihood of confusion claim fails



- Opposer demonstrated that applicant has no objective evidence to show his intent to use
- Applicant did not rebut with clear testimony or evidence to establish firm intent to use
- Board finds applicant “does not have the requisite bona fide intent to use the mark in commerce sufficient to support an application.”



# Recent Case Example: Bayer v. Belmora

## Bayer Consumer Care AG v. Belmora LLC

- Belmora registered FLANAX for analgesic tablets
- Bayer sought cancellation
  - Likelihood of Confusion 2(d) (dismissed)
  - Misrepresentation of Source 14(3)
    - “[W]here it is deliberately misrepresented by or with the consent of the respondent that goods and/or services originate from a manufacturer or other entity when in fact those goods and/or services originate from another party.”

*Bayer Consumer Care AG v. Belmora LLC*, 110 USPQ2d 1623 (TTAB 2014), appeal filed, Canc. No. 92047741 (Fed. Cir. June 3, 2014).



- “Misrepresentation is alleged by petitioner to be occurring in the United States. The Lanham Act provides for the protection of consumers as well as the property rights of mark owners.”
- “[P]etitioner must establish ‘blatant misuse of the mark by respondent in a manner calculated to trade on the goodwill and reputation of petitioner.’”



- Evidence
  - Publications and packaging showing FLANAX mark in Mexico
  - Printouts from websites accessible in U.S. showing plaintiff's FLANAX mark
  - Data on number of Mexican immigrants in U.S.
  - Examples of defendant referencing plaintiff's mark when marketing the product "We're the direct producers of FLANAX in the US. FLANAX is a very well known medical product in the Latino American market, for FLANAX is sold successfully in Mexico, Centre [sic] and South America."
  - Email showing defendant fabricating evidence re genesis of the mark



- Findings
  - Plaintiff does not use the mark in the U.S.
  - FLANAX is top selling pain reliever in Mexico
  - Plaintiff's mark is known among U.S. retailers and U.S. Hispanic consumers
  - Defendant knowingly selected the identical mark FLANAX, used by plaintiff's Mexican licensee on the same types of goods
  - Defendant copied plaintiff's FLANAX logo as used in Mexico and other elements of the Mexican packaging (color and design)
  - Defendant invoked plaintiff's reputation in selling its goods



Board held that defendant “is using the mark FLANAX so as to misrepresent the source of the goods on which the mark is used.”



# Thank You

