

**UNITED STATES  
PATENT AND TRADEMARK OFFICE**



# Case Examples of Bad Faith Filings in the United States

The Honorable David Heasley  
Administrative Trademark Judge  
Trademark Trial and Appeal Board  
United States Patent and Trademark Office  
March 1, 2016

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# Tools to Fight Bad Faith in the U.S.

- **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
  - Applicant must be the owner of the mark
- **Bad Faith Factor in Likelihood of Confusion Analysis**

# Statutory Duty of Good Faith in the United States

Require use or 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.”

## *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.

*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.

## *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.”*

# 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

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

# Tool: Bad Faith Factor in Likelihood of Confusion

Case example: **CHIRO-KLENZ** *Trademark Trial and Appeal Board 2012*

Opposer Edom  
Laboratories

**CHIRO-KLENZ**

Goods: herbal teas for medicinal purposes, etc.

Applicant Glenn  
Lichter, President  
of Special Tea Plus

**SUPER CHIRO  
TEA**

Goods: herbal teas for medicinal purposes

- CHIRO-KLENZ first used by opposer in 1992
- Special Tea owned a registration CHIRO-KLENZ for tea, issued in 1993, but assigned its rights to opposer in exchange for a license as opposer's exclusive supplier
- Special Tea's registration cancelled for failure to file maintenance documents
- Opposer obtained a registration for CHIRO-KLENZ
- When license terminated in 2004, Special Tea petitioned to cancel opposer's mark – won based on default judgment
- Special Tea obtained a registration for CHIRO-KLENZ – opposer cancelled on ground that Special Tea was not the owner.
- Application for SUPER CHIRO TEA filed.



- **Evidence of bad faith intent**

- Packaging of applicant's tea includes tag line: "**FROM THE ORIGINAL MAKERS OF CHIRO-KLENZ**"
- Applicant owns domain name [www.chirolenzforless.com](http://www.chirolenzforless.com), and re-directs visitors to his [www.superchirotea.com](http://www.superchirotea.com) website
- Applicant uses testimonials from CHIRO-KLENZ on his website to promote SUPER CHIRO TEA
- Substituted delivery of SUPER CHIRO TEA for an order of CHIRO-KLENZ
- SUPER CHIRO TEA product comparison page has in small print: "**Not affiliated with Edom Laboratories, Inc., the owner of the TM CHIRO-KLENZ**", but also says "**from the Original Formulators of CHIRO-KLENZ Tea.**"
- Pattern of bad faith actions: Petition to cancel Opposer's CHIRO-KLENZ registration; Applicant uses similar trade dress

- **Holding: Opposition Sustained under Likelihood of Confusion**
  - SUPER CHIRO TEA is similar in sight, sound, meaning and commercial impression to opposer's mark CHIRO-KLENZ
  - Goods are legally identical and available to the same classes of consumers through similar trade channels
  - Applicant has been trading off the goodwill in opposer's mark to opposer's detriment
    - "Bad faith is strong evidence that confusion is likely, as such an inference is drawn from the imitator's expectation of confusion."*
  - SUPER CHIRO TEA is likely to cause confusion with opposer's mark CHIRO-KLENZ.

*Edom Laboratories, Inc. v. Glenn Lichter*, 102 USPQ2d 1546 (TTAB 2012)



# Tool: Requirement that the True Owner be the Applicant

Case example: **UVF861** *Trademark Trial and Appeal Board 2015*

Petitioner  
Uveritech

**UVF861**

Goods: replacement bulb part for ultraviolet counterfeit currency detection equipment

Respondent  
Amax Lighting

**UVF861**

Goods: lighting fixtures, light bulbs, etc.

- Petitioner Uveritech filed a petition to cancel based on a likelihood of confusion with its prior used mark
- Petitioner began its business in 2001 with a UVF461 bulb (4-watt bulb)
- Petitioner hired respondent to manufacture bulb and in 2003, asked respondent to manufacture an 8-watt bulb, UVF861
- Relationship ended due to manufacturing quality concerns, and Respondent filed and obtained a registration in 2012
- Petitioner argued that Respondent manufactured goods to Petitioner's order, and Respondent argued that Petitioner is merely the U.S. distributor

- **The TTAB findings: Sustained based on likelihood of confusion 2(d)**
  - There is a presumption that the manufacturer is the owner of a disputed mark but this may be rebutted. *See, e.g., Sengoku Works Ltd. v. RMC Int'l, Ltd.*, 96 F.3d 1217, USPO2d 1149 (9th Cir. 1996), *modified on other grounds*, 97 F.3d 1460 (9<sup>th</sup> Cir. 1996).
  - To resolve the ownership issue, where there are no formalities defining the business relationship, courts will look at the following relevant factors:
    - (1) which party created and first affixed the mark to the product;
    - (2) which party's name appeared with the trademark on packaging and promotional materials;
    - (3) which party maintained the quality and uniformity of the product, including technical changes;
    - (4) which party does the consuming public believe stands behind the product, *e.g.*, to whom customers direct complaints and turn to for correction of defective products;
    - (5) which party paid for advertising; and
    - (6) what a party represents to others about the source or origin of the product.

- **The TTAB Findings:**

- Testimony and evidence establish that Petitioner designed the bulbs and conceived the mark UVF861
- Petitioner contracted, although not in a written document, with Respondent to manufacture the bulbs under the mark according to Petitioner's specification to be compatible with Petitioner's equipment
- Petitioner's decision to market bulbs under UVF861; Petitioner controlled technical changes to bulbs
- At one point, due to quality concerns, Petitioner transferred production to another manufacturer, yet Respondent never alleged infringement
- When quality problems arose, customers approached Petitioner not Respondent

Held: Petitioner's claim of ownership is amply supported by the record.

*Uveritech, Inc. v. Amax Lighting, Inc.*, 115 USPQ2d 1242 (TTAB 2015)



# Tool: Requirement of Bona Fide Intention to Use

Case example: **iWatch** *U.S. Court of Appeals for the Federal Circuit 2015*

Opposer Swatch AG

**SWATCH**

Goods: watches

Applicant M.Z.  
Berger

**IWATCH**

Goods: watches, clocks, jewelry, etc.

- Applicant is in the business that manufactures, imports and sells watches, clocks and personal care products
- Swatch opposed iWatch on grounds of likelihood of confusion 2(d) and a lack of bona fide intent to use
- TTAB found no likelihood of confusion, but held that applicant lacked a bona fide intent to use
- Applicant appealed to the Federal Circuit



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- **The TTAB findings: No likelihood of confusion, but affirmed lack of bona fide Intent**
  - Testimony of record shows that Applicant never intended for the mark to be used on any goods other than watches
  - With respect to watches, applicant lacked a genuine plan to commercialize the iWatch on watches because documents related solely to prosecution of the application
    - Only documents were (1) a trademark search (a couple of days prior to filing), (ii) internal email concerning the application, and (iii) internal emails forwarding images of watches and a clock bearing the iwatch mark (in response to PTO request for additional information)
  - Employees told inconsistent stories about the company's intent
  - Board considered company's long history in the watch business, but found that Berger's inaction with potential iWatch product diminished value of such evidence
    - Testimony from Berger that intent was to reserve: "if we decided to do a – either a technology watch or information watch or something that would have that type of characteristics that would be a good mark for it."

- **The Federal Circuit: Upheld TTAB Decision**
  - “bona fide” should be read as a **fair, objective determination of intent**
  - Intent must be consistent with definition of “use in commerce”: bona fide use of a mark in the ordinary course of trade, and not merely to reserve a right
  - **Requires objective intent: although the bar is not high, circumstances must indicate that the intent was firm**
  - Agreed with TTAB that even though the mark was intended to be used with a “smart” watch, Applicant Berger had never made such a watch, took no steps following the application to develop such a watch; and there was no nexus between Berger’s general capacity to produce watches and the capacity required to produce a “smart” watch

*M.Z. Berger & Co. v. Swatch AG*, 114 USPQ2d 1892 (Fed. Cir. 2015).



# Tool: Fraud – Applicant’s Statement that the Mark was in Use Made with Intent to Deceive the USPTO

Case example: **NATIONSTAR** *Trademark Trial and Appeal Board 2014*

Opposer Nationstar  
Mortgage

**NATIONSTAR**  
**MORTGAGE**

Services: Mortgage lending services

Applicant  
Mujahid Ahmad

**NATIONSTAR**

Services: Real estates brokerage, insurance  
brokerage and mortgage brokerage, etc.

- Opposer filed based on fraud, alleging that applicant did not use the mark for any of the identified services prior to filing the application, submitted a fabricated specimen, and knowingly made false statements as to use of mark with intent to deceive the USPTO
- Opposer also filed on basis of likelihood of confusion under 2(d) and a lack of bona fide intent to use the mark in commerce
- Application contained a statement that “The applicant, or the applicant’s related company or licensee, is using the mark in commerce...” and was signed by the applicant as Owner
- Applicant provided specimens with a signed declaration under 37. C.F.R. Section 2.20 in response to an Office action
- Applicant amended application during opposition proceeding to an intent to use application



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- Evidence

- Testimony of Applicant:
- Applicant testified he is owner, president and sole person who runs NationStar Mortgage, Inc., yet did not know if the company had earned any income or had any revenue.
- Applicant admitted that Nationstar Mortgage Inc. did not have a bank account and had never rendered any payments
- Applicant tried to dodge answering simple questions as to whether company had not done any business and had filed any tax returns – no business or tax returns were filed
- Applicant did not answer the straightforward question whether he knew of or had placed a telephone directly listing under the name NATIONSTAR
- Applicant unable or unwilling to identify who created business cards, postcards and flyers

- **The TTAB: Opposition Sustained based on fraud, no need to address likelihood of confusion or lack of bona fide intent to use**
  - Oral testimony “should not be characterized by contradictions, inconsistencies and indefinitely but should carry with it conviction of its accuracy and applicability.” *B.R. Baker Co. v. Lebow Bros.*, 150 F.2d 580, 583, 66 USPQ 232, 236 (CCPA 1945).
  - Record establishes that applicant could not lawfully hold himself out as a mortgage broker, insurance broker or real estate broker because he was not properly licensed at the time he filed the application.
  - Found that applicant was not using the mark NATIONSTAR in commerce in connection with any of the services identified - the record at best establishes that applicant may have rendered real estate agency services under the mark NATIONSTAR prior to the filing date; however, real estate agency services were not listed on the application.
  - **The law does not require “smoking gun” evidence of deceptive intent but instead has long recognized that direct evidence of deceptive intent is rarely available and deceptive intent may be inferred from the surrounding facts and circumstances.**

Held: The surrounding facts and circumstances provide clear and convincing evidence that applicant did not have a good faith reasonable basis for believing that he was using the NATIONSTAR mark in commerce for all the services identified in the application.

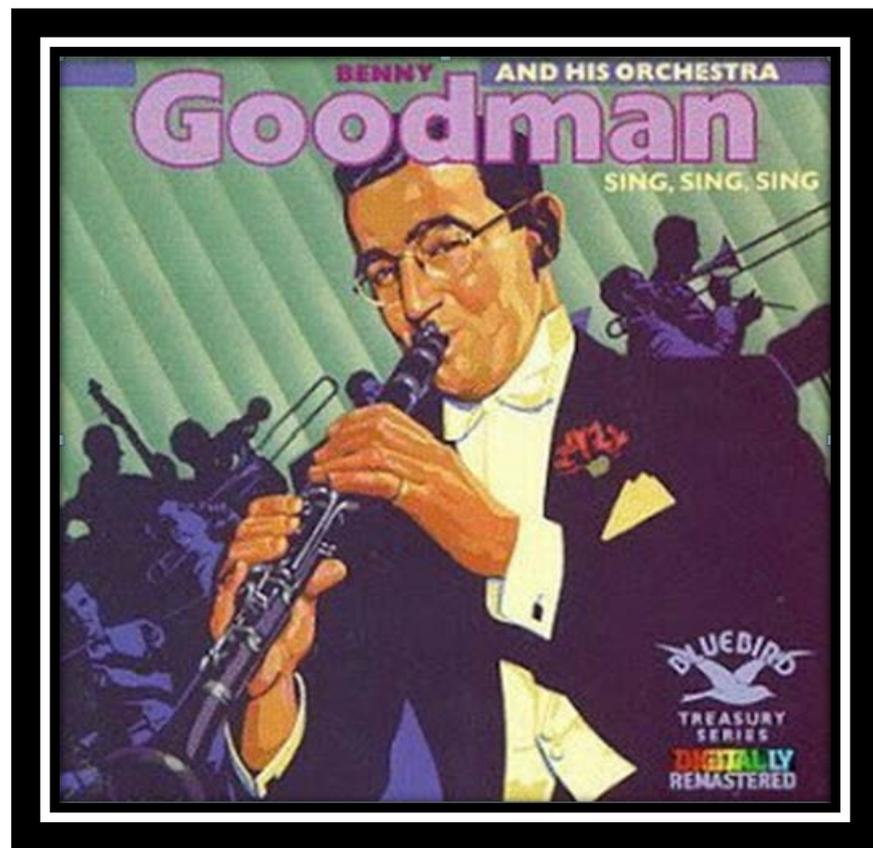
*Nationstar Mortgage LLC v. Mujahid Ahmad*, 112 USPQ2d 1361 (TTAB 2014)



## **Tool: False Association with a Person or Institution**

Case Example: **BENNY GOODMAN** *Trademark Trial and Appeal Board 2012*

- Jackson International Trading Co. Kurt D. Bruhl GmbH & Co. KG (Applicant) filed for the mark **BENNY GOODMAN COLLECTION THE FINEST QUALITY** (stylized) for fragrances, cosmetics, leather, and clothing.
- Examining attorney refused under Section 2(a): falsely suggests a connection with the musician Benny Goodman who “had a very long and successful career as a musician and bandleader, with a reputation that continues to this day.”
- Under 2(a) Examiner needed to prove:
  - (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.



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- **The Examining Attorney entered the following evidence:**
  - The Estate of Benny Goodman continues to protect its IP rights. The bennygoodman.com website provides that “CGM Worldwide is the exclusive representative for the Estate of Benny Goodman...The words and the signature “Benny Goodman” are trademarks owned and protected by the Estate of Benny Goodman...Any use of the above, without the express written consent of the Estate, is strictly prohibited.”
  - A search for “Benny Goodman” produced excerpts from the sources such as the Britannica Concise Encyclopedia, Music Encyclopedia, U.S. History Companion, Columbia Encyclopedia, The Fine Arts Dictionary, and Filmography. Benny Goodman was a famous jazz clarinetist, composer and bandleader. He is known as “The King of Swing,” “The Professor,” “Patriarch of the Clarinet,” and “Swing’s Senior Statesman.”
  - Excerpts from the last.fm, Amazon.com, and Borders.com websites advertising the sales of Benny Goodman recordings

- **Holding: Refusal to Register Affirmed**

- Evidence shows that Benny Goodman has fame or renown today such that the use of that name as a trademark by an unauthorized user will falsely suggest a connection with Benny Goodman
- In the context of applicant’s fragrances, cosmetics, leather goods and clothing, consumers would view the mark as pointing only to Benny Goodman, the bandleader, composer and clarinetist
  - It is commonplace for performers and owners of well-known marks to expand their product lines to incorporate a diverse set of goods. Licensing of commercial trademarks for use on collateral products such as clothing, linens, etc. which are unrelated to those goods on which the marks are normally used, has become common practice

In *In re Jackson International Trading Co. Kurt D. Bruhl GmbH & Co. KG*, 103 USPQ2d 1417 (TTAB 2012).

## Tool: Misrepresentation of Source

Case Example: Bayer v. Belmora **FLANAX** *On Appeal to the U.S. Court of Appeals for the Fourth Circuit*

- 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.”
    - “[P]etitioner must establish ‘blatant misuse of the mark by respondent in a manner calculated to trade on the goodwill and reputation of petitioner.’”

*Bayer Consumer Care AG v. Belmora LLC*, 110 USPQ2d 1623 (TTAB 2014).

- **Evidence Filed in TTAB Case**

- 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

Petitioner's packaging on the left and respondent's on the right:



- **TTAB 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

**Defendant "is using the mark FLANAX so as to misrepresent the source of the goods on which the mark is used."**

- **UPDATE:** *Reversed by the U.S. District Court for the Eastern District of Virginia:*
  - Reversed the TTAB decision: The district court held that because Bayer had never used the mark FLANAX in the United States and owned no U.S. registration, it lacked standing to bring the Section 14(3) claim.

*Belmora LLC. v. Bayer Consumer Care AG*, 115 USPQ2d 1032 (E.D. Va. 2015).

- *Now on appeal to the Fourth Circuit U.S. Court of Appeals. Intervenor's brief filed by Michelle Lee, Director of the USPTO, arguing:*
  - The Lanham Act does provide a remedy, both in section 43(a)(1) and 14(3), to the owner of a foreign mark (here, Bayer's Mexican FLANAX mark for pain relievers) against the deliberate misappropriation (by Belmora, who used and registered FLANAX for the same goods in the U.S.) of the goodwill ("passing off") associated with Bayer's mark among the American consuming public even though Bayer does not itself use the mark in the U.S.



# THANK YOU

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