

News from our Trademark, Copyright & Advertising Group

## A Return From the Brink—Federal Circuit Reverses Bose and Reaffirms the Applicable Standard in Trademark Fraud Claims

The U.S. Court of Appeals for the Federal Circuit issued a decision on August 31, 2009 that may allow in-house lawyers and others who sign trademark use affidavits to breathe a little easier, by making it substantially more difficult to prove that a trademark registration was procured based on fraud [[www.ca9c.uscourts.gov/opinions/08-1448.pdf](http://www.ca9c.uscourts.gov/opinions/08-1448.pdf)].

Under the Lanham Act, a trademark registration may be invalidated for fraud where it was obtained or renewed based on knowing, material, false statements made to the U.S. Patent & Trademark Office (“PTO”). Fraud claims typically pertain to affidavits of use (sworn statements that the registered mark is being used with the identified goods or services).

Recent years have seen the PTO’s Trademark Trial & Appeal Board (which decides disputes over trademark registrations) broadening the fraud standard to encompass not only intentionally deceptive statements, but also statements that the registrant “should have known” were false.

As a result, many trademark registrations have been challenged on fraud grounds. In one of the better known of those cases, *Bose v. Hexawave*, the Board cancelled Bose’s registration for the WAVE trademark on the ground that counsel’s erroneous belief that a mark was still being used on certain goods was not reasonable. According to the Board, counsel should have known that his statement was false, and that was sufficient to sustain the fraud

claim [[tabvue.uspto.gov/tabvue/tabvue-91157315-OPP-41.pdf](http://tabvue.uspto.gov/tabvue/tabvue-91157315-OPP-41.pdf)].

In its August 31 ruling, the Federal Circuit reversed that decision and reaffirmed the applicable standard in fraud cases, holding that there is no fraud on the PTO if a false statement is the result of “an honest misunderstanding or inadvertence without a willful intent to deceive.” Proof of a “subjective intent to deceive” is an “indispensable element” of a fraud claim, and cannot be satisfied merely by establishing that a registrant “should have known” its statement was false.

Addressing the claims at hand, the circuit court noted the testimony of Bose’s counsel that he believed his statements to the PTO were true at the time they were made. Absent evidence to support an inference of deceptive intent, the court held that the “clear and convincing evidence standard” for a fraud claim could not be met, and reversed the underlying decision of the trademark board.

In light of this new decision, only statements that were made with the intent of deceiving the PTO will give rise to a cancellation based on fraud, making it less likely that a misstatement about the products or services on which a mark is being used will invalidate a registration. Of course, trademark owners should still work closely with their counsel to ensure that submissions to the PTO are as accurate as possible. ■

*Cooley attorneys have successfully prosecuted and defended numerous fraud claims before the Trademark Trial & Appeal Board.*

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