

# 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



# Types of Bad Faith Filings

## Trademark "Prospecting"

"Land rush" behavior, i.e., attempting to register another's mark for the same goods before the true owner has entered the market. No intention to use, just to extort money from owner.

Owner has no use nor registration, no consumer recognition, and therefore, owner cannot prove confusion.

Need another tool here:  
sounds like cybersquatting?

## Trademark Misappropriation

Registering another's mark for same or similar goods and making token use of the mark.

Owner has no use nor registration, but does have consumer recognition. Confusion can work if courts recognize priority rights established through reputation.

Need to expand factors considered in likelihood of confusion test.

## Trademark Infringement

Registering and using another's mark for related or unrelated goods.

Owner has use but not registration. Confusion test can work if owner can establish priority – even as to unrelated goods - without registration.



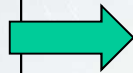
# United States Practice

- **Tool #1: Statutory Duty of Good Faith**
  - **Good faith (“Bona Fide”) 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.”

***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.”***





# 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.



# Recent Case Examples of Bad Faith Filings

## 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).



# Recent Case Examples of Bad Faith Filings

## 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 Examples of Bad Faith Filings

### 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].



# Recent Case Examples of Bad Faith Filings

## 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.



# Recent Case Examples of Bad Faith Filings

## 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.**
- Opposer did not to demonstrate a false suggestion of a connection or a lack of bona fide use in commerce



# Recent Case Examples of Bad Faith Filings

## 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).



# Recent Case Examples of Bad Faith Filings

## 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.





## Recent Case Examples of Bad Faith Filings

### 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.) **Analogous use OK.**



# Recent Case Examples of Bad Faith Filings

## 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 no 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.



## How is Bad Faith Handled During Examination?

*Examiners have some tools available to fight bad faith applications:*

- *Can investigate by requesting additional information from the applicant;*
- *Can ask for more specimens of use if the applicant is alleging use for a wide variety of goods or services;*
- *Can issue a refusal 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.*
- *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.*

# Thank You

