

Indigenous Rights

Protecting trademark rights of native cultures in
New Zealand and Australia

■ India

Impact of the Wyeth ruling

■ Online Advertising

Keywords and brands



The benefits of local expertise

IN SUMMARY

- Use your usual American trademark counsel to maintain registration in the US rather than a corporate renewal service.
- In filing a Declaration of Use, pay close attention to the identification of goods and services.
- When maintaining registration, consider whether the use is actually current.
- Submit acceptable specimens of use to avoid receiving unnecessary Office Actions.

AUTHOR

Peter S. Sloane is a Partner at Ostrolenk, Faber, Gerb & Soffen, LLP, an intellectual property boutique law firm in New York City. Mr. Sloane counsels clients and prosecutes domestic and international trademark applications and coordinates international trademark litigation. He also handles ex parte and inter partes proceedings before the Trademark Trial and Appeal Board of the US Patent and Trademark Office, litigates trademark and copyright cases in federal court, and litigates Internet domain name disputes. Mr. Sloane also advises domestic clients on protection against imported grey market goods and records trademark registrations with US Customs and Border Protection.



🌐 *Maintaining US trademark registrations: beware the corporate renewal services approach*

By **Peter S. Sloane** of Ostrolenk, Faber, Gerb & Soffen, LLP

The global trademark industry continues to grow at a significant rate. Despite a stagnant economic environment in the US, 2007 set a new record for annual trademark filings here. Last year, over 300,000 trademark applications were filed with the US Patent and Trademark Office – the highest number ever. More trademark filings mean more trademark registrations to maintain down the road.

Some foreign companies consider using a corporate renewal service to maintain their US trademark registrations. These renewal services, which often have a patent-centric history and focus, promote their services as enabling businesses to manage their ever-increasing trademark portfolios with efficiency to ensure that maintenance deadlines are met in a timely manner. However, they often accomplish such savings by farming out the work to their network of foreign agents, which often means the lowest cost provider.

Whilst it may make sense to employ such renewal services in patent cases, where the payment of annuities is straightforward, and in trademark cases in jurisdictions where payment of official fees is all that is necessary to maintain registration, it is far preferable for foreign companies to

continue to use their usual American counsel to maintain their US trademark registrations. Because the USPTO has strict examination procedures, a corporate renewal service may overlook the many pitfalls in US trademark practice.

Declaration of use

American trademark lawyers often think that our system is straightforward and transparent. However, many of our laws and regulations use arcane terminology and rules that confound foreign practitioners. Sensitivity to the differences between US and foreign trademark practice is important in counselling non-US clients.

For example, our strict practice regarding acceptable identification of goods and services in pending trademark applications is quite well known abroad. Unlike many other countries that permit registration for entire classes of goods or international class headings, the US requires the identification of very specific goods and services in filing applications. However, our rigorous requirements for maintaining trademark registrations are not quite as well publicised.

Following registration in the US, the first point of misapprehension occurs between the fifth and sixth anniversary, when there is a



maintenance deadline. During that one-year period, plus a six-month grace period, it is necessary to file a Section 8 Declaration of Use. "Section 8" refers to that numbered section of the US Trademark Act. The USPTO does not refer to the Declaration as a renewal, but that is essentially what it is. Without timely filing the Section 8 Declaration, the registration automatically lapses for non-use.

Filing the Section 8 Declaration of Use requires much more, though, than just paying the official fee. The Declaration includes a verification that the registered mark is, in fact, in current use for all the specific goods and services identified in the registration. Falsity in filing the Declaration may make the entire registration vulnerable to attack by others in a cancellation action based upon fraud before the USPTO.

In *Medinol Ltd. v. Neuro Vaxx, Inc.*, 67 U.S.P.Q.2d 1205 (T.T.A.B. 2003), the USPTO cancelled a registration where the registrant claimed use of the mark on the two goods named in the registration when, in fact, the mark was only used for one of the goods.

Medinol did not change US trademark law and practice. Similar cases had previously reached the same result. However, it had been some time before the USPTO published such a decision. For this generation of American trademark lawyers, the concisely worded decision, with its harsh result, served as a wake up call about the need to pay close attention to the trademark maintenance process.

Importantly, some seemingly rational excuses for making mistakes in the Declaration of Use are not acceptable as defences to fraud in the US. In *Hurley International LLC v. Paul and Joanne Volta*, 82 U.S.P.Q.2d 1339 (T.T.A.B. 2007), fraud was found despite the contention that the registrant was not represented by counsel and failed to understand the legal

requirements for asserting use. In *Hachette Filpacci Presse v. Ella Belle, LLC*, 85 U.S.P.Q.2d 1090 (T.T.A.B. 2007), the claim that the registrant's principal, who signed the Declaration, did not understand English did not

obviate a fraud finding.

The risk of committing fraud is exacerbated when a registration covers a lengthy list of goods or multiple classes. Simply instructing a renewal service to file the Section 8 Declaration of Use, without taking the time to carefully review the identification of goods with the client to confirm that the mark is currently used in the US for each item, may result in an overbroad and false declaration.

For example, if a registration covers both eyeglass frames and cases for eyeglasses, but the eyeglass cases are not currently sold in the US, they should not be included in the Section 8 Declaration of Use when filed. Those goods will eventually be dropped from the registration when the Declaration is accepted. However, the benefit in insulating the registration from third party attack based on fraud outweighs any loss in rights.

Indeed, the registrant should not fret about any loss of rights by dropping goods from the registration. Trademarks are not patents. The rights are not strictly limited by the claims. Under the "related goods" doctrine in US trademark law, the registration should protect the mark for goods that are closely related to those still covered by the registration.

Interestingly, the USPTO will not question whether the mark is in fact currently used in the US for all the goods or services identified in the registration. This may lead to a false sense of security. It is only when the registrant relies upon the registration in challenging third party trademarks that the latent defect may become evident. At that point, the third party may counter claim to petition to cancel the registration on the ground of fraud committed earlier during the maintenance process.

One must also pay attention to more than just the specified goods and services when filing the Declaration of Use. The Declaration affirms that the mark is in "current" use in commerce with the US. If a product is sold in the US within the past six months, it seems reasonable to claim current use. However, if the product at issue is a large industrial machine that costs hundreds of thousands of dollars, and is sold only once every so often, the meaning of "current" use should be construed more liberally. This is the kind of detailed analysis that a knowledgeable trademark attorney, who knows the ins and outs of the client's business, can provide.

Just as with the identification of goods and services, the Examiner in the USPTO will not inquire into whether the use is actually current. As a result, if the use is not current, it may result in a latent defect in the registration that may only come to light in a dispute with a third party.

In filing the Section 8 Declaration of Use, it is also necessary to submit a specimen of use for any one of the goods or services in each separate class in the registration. Obtaining acceptable specimens of use often requires time and diligence beyond that offered by corporate renewal services.

For example, in a quirk of US trademark practice, the US Trademark Office will accept advertising as a specimen of use for services, but not goods. Acceptable types of specimens to prove use of a trademark for goods include limited things such as hang tags, labels or packaging for the goods.

Filing a faulty specimen of use should prompt an Office Action refusing to accept the specimen. Any savings incurred in using a renewal service to file the Section 8 Declaration of Use will be wiped out by the time and expense later required to respond to the Office Action and submit a substitute specimen.

Filing the Section 8 Declaration of Use is at times more than just about maintaining the registration. It also offers the opportunity to amend the mark if warranted. Under US trademark law, the specimen of use must show the mark in substantially the same form as registered. If the mark shown in the specimen differs slightly from the mark pictured in the registration, but the difference does not rise to the level of an impermissible material alternation of the mark, to avoid an unnecessary objection from the Examiner, it is sometimes advisable to request amendment of the mark when filing

the Declaration of Use. Such proactive issue spotting usually lies outside the expertise of the corporate renewal service.

Declaration of incontestability

Another potential quagmire for the unsuspecting foreign registrant concerns Section 15 of the US Trademark Act. Section 15 provides that the right of the registrant to use its mark shall become incontestable, provided that such use has been continuous for five consecutive years, there has been no final decision adverse to registrant's claim of ownership, and there is no proceeding involving said rights pending in the USPTO or in a court.

There are certain benefits in claiming incontestability. Among other things, an incontestable registration is "conclusive evidence" of (1) the validity of the registered mark, (2) the registrant's ownership of the mark, and (3) the registrant's exclusive right to use the mark in commerce.

The first opportunity to claim incontestability under Section 15 happens to coincide with the time to file the Section 8 Declaration of Use. In order to claim incontestability, the registrant must file an affidavit within one year after the expiration of any five-year period of continuous and consecutive use. As a result, registrants often combine the claim for incontestability under Section 15 with the Section 8 Declaration of Use filed between the fifth and sixth anniversary after registration.

Claiming incontestability is not risk free. Falsity in claiming incontestability is ground for cancellation based upon fraud. In *Mister Leonard, Inc. v. Jacques Leonard Couture, Inc.*, 23 U.S.P.Q.2d 1064 (T.T.A.B. 1992), the statement in the Section 15 Declaration of Incontestability that the mark at issue had been used continuously in interstate commerce for five consecutive years, in connection with bathing costumes for men, was found false and the entire registration was cancelled.

Be wary of renewal services that offer to combine Section 15 incontestability claims with Section 8 Declarations of Use without taking the time and effort to verify the claims. The small added benefit is not worth the great risk.

Renewal applications

The US wastes no time in putting additional burdens on trademark registrants and in seeking official filing fees. Only four years after the Section 8

deadline, the US imposes a renewal deadline under Section 9 of the US Trademark Act.

Renewal only requires payment of a fee. The catch is that there is also a contemporaneous requirement to prove use under Section 8 of the US Trademark Act. Consequently, the renewal application in the US actually consists of a combined Declaration under Sections 8 and 9 of the US Trademark Act.

All the same requirements imposed upon a registrant in filing the Section 8 Declaration of Use, due between the fifth and sixth year after registration, apply equally to the Section 8 Declaration of Use due by the tenth anniversary after registration. That is, the Declaration entails verifying current use of the mark in the US for all the specific goods and services identified in the registration. It is also necessary to submit a specimen of use for each separate class in the registration.

Consequently, the same reasons that militate in favour of using ones' normal US counsel to file the Section 8 Declaration of Use due between the fifth and sixth year after registration apply equally to the renewal process. Presumably, regular US counsel is familiar with the mark and the business of the registrant such that they will ask the pertinent questions necessary to ensure that the Declaration is accurate and that the specimen of use is acceptable.

Customs recordation

The US Customs and Border Protection Service allows recordation of US trademark registrations by domestics and foreigners alike. The term of recordation is co-extensive with the renewal period in the USPTO. As a result, it is not necessary to renew recordation when filing the Section 8 Declaration of Use, which is due between the fifth and sixth year after trademark registration. Only every tenth year after registration, when the renewal under Section 9 of the US Trademark Act is filed.

Furthermore, unlike US trademark registration, the grace period to renew recordation with Customs is only three months. By contrast, the grace period to renew a trademark registration in the US is six months. It is important to note the different grace period deadlines when docketing due dates.

Renewal of Customs recordation, though contemporaneous with the initial deadline to renew US trademark registration, is a

separate endeavour. Trademark renewal services do not normally handle Customs matters. Even more reason to rely upon US trademark counsel to take care of both matters at the same time. This will ensure that maintenance of the Customs recordation, all too easy to overlook, is not forgotten.

Domestic representative

Another advantage to using preferred US trademark counsel to maintain US trademark registrations is that they will remain the domestic representative for the client in connection with the registrations. As a result, third parties may notify them, rather than whomever the renewal service randomly uses, in connection with any challenge to the mark. This should result in valuable time savings in getting up to speed and coordinating a defence after a third party raises an objection.

One should also not overlook the subtle psychological benefit in having the same person and firm appear as the attorney of record for the client in all its US registrations. If a third party knows that the client is represented by known and capable US trademark counsel, it may be more reluctant to adopt the same or similar mark or to initiate a conflict.

Indeed, a concern with using a corporate renewal service to maintain US trademark registrations is that they may divide a portfolio among many domestic attorneys. Thus, there is no one attorney in the US with a strong interest in looking out for the trademarks of a client. Having one attorney in the US responsible for maintaining registrations, and with a stake in the portfolio, can provide the client with eyes and ears on the ground to look out for its interests.

Summary

In conclusion, the cost savings that one may expect to achieve by using a corporate renewal service to maintain US trademark registrations may not be worth the risk in subjecting the registrations to attack by third parties in cancellation actions based on fraud upon the USPTO. Furthermore, any upfront cost savings may be offset by additional costs incurred down the road in responding to Office Actions from the USPTO. The more prudent approach is to continue to rely upon usual US trademark counsel to guide the registrant through the hazards of our trademark practice and to look out for the health of the overall portfolio. 