



Trademark Trial and Appeal Board Provides Post-Bose Guidance for Pleading Fraud on the Patent and Trademark Office

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by [Andrew Downer](#), [Trademark Attorney](#)

Recently, the Trademark Trial and Appeal Board ("TTAB") issued a decision providing guidance on the proper way to plead a fraud claim under the new *Bose* standard. The case – *DaimlerChrysler Corp. and Chrysler, LLC v. American Motors Corp.*, Canc. No. 92045099 (Jan. 14, 2010) – is the TTAB's first post-*Bose* decision to find a fraud claim to have been sufficiently pled. The *DaimlerChrysler* case also offers some interesting insights into the ability for fraud plaintiff's to obtain summary disposition of their claims.

On August 31, 2009, the Federal Circuit overturned a line of TTAB decisions that had held that an applicant/registrant committed fraud in the procurement of a trademark registration when it "knew or should have known" that a material statement made to the PTO was false. *In re Bose Corp.*, 91 U.S.P.Q.2d 1938 (Fed. Cir. 2009). The Federal Circuit found that the TTAB's decisions lowered the standard for finding fraud to simple negligence, and instead held that an applicant's/registrant's subjective intent to deceive the PTO must be proven through clear and convincing evidence. *Id.* at 1940-41.

The *Bose* decision made fraud claims both more difficult to prove and more difficult to plead, as the person asserting the fraud claim now must plead and prove the applicant's/registrant's intent to deceive. Since the *Bose* decision, the TTAB has struck down several attempts to assert fraud claims on the ground that they were not pled with sufficient particularity (as required by FRCP 9(b)). These cases generally involved pleadings that were based on "information and belief" without containing sufficient facts upon which the belief was founded, and that failed to contain allegations that the applicant's/registrant's statements were made with an intent to deceive. See *Societe Cooperative Vigneronne des Grandes Caves Richon-Le-Zion and Zicron-Jacob Ltd. v. Albrecht-*



PATTISHALL
McAULIFFE
NEWBURY
HILLIARD &

GERALDSON LLP • 311 South Wacker Drive, Suite 5000 • Chicago IL 60606 • T (312) 554-8000 • F (312) 554-8015 • www.pattishall.com

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Piazza, LLC, Opposition No. 91190040 (TTAB Sept. 20, 2009) (denying motion to amend notice of opposition to assert insufficiently-pled fraud claim); *Ayush Herbs, Inc. v. Hindustan Lever Ltd. Co.*, Opposition No. 91172885 (TTAB Nov. 19, 2009) (same); *E & J Gallo Winery v. Quala S.A.*, Opposition No. 91186763 (TTAB Dec. 7, 2009) (same). See also *Asian and Western Classics B.V. v. Selkow*, 92 U.S.P.Q.2d 1478 (TTAB 2009) (fraud claims not sufficiently pled).

In *DaimlerChrysler*, however, the TTAB found that DaimlerChrysler laid out its fraud claims in sufficient detail to satisfy the requirements of FRCP 9(b). DaimlerChrysler's allegations included a recitation of the statements made by the registrant to the PTO that DaimlerChrysler contended were false, and the date those statements were made. DaimlerChrysler also included allegations to show the statements were false, which were supported by statements the registrant made in its discovery responses. With respect to intent, DaimlerChrysler's petition stated that these representations were made "to induce the PTO to issue a registration." Further the petition alleged that the registrant "knew that the representations were false," that the misrepresentations were "material", and that they were "knowingly made" in order to procure a registration.

The TTAB found that the combination of these statements was sufficient to plead a cause of action for fraud. Specifically, the Board held that the assertions "combining the references 'material misrepresentations' 'knowingly made' and 'to procure' a registration, [] constitute an allegation of respondent's intent." Although the Board found this method of pleading intent to be acceptable, it stated that the "preferred practice ... is to specifically allege the adverse party's intent to deceive the USPTO, so that there is no question that this indispensable element has been pled."

The Board's decision was not all good news for DaimlerChrysler. While the Board found that the fraud claim was sufficiently pled, it went on to deny DaimlerChrysler's motion for summary judgment on that claim. This decision was predictable in light of the TTAB's other post-*Bose* decisions regarding summary judgment on fraud claims. Those cases signaled that it would be quite difficult to show intent to deceive at the summary judgment stage. See *Enbridge, Inc. v. Excelerate Energy Limited Partnership*, 92 U.S.P.Q.2d 1537 (TTAB 2009); *Asian and Western Classics*, 92 U.S.P.Q.2d at 1480 ("The factual question of intent is particularly unsuited to disposition on summary judgment").

With its motion, DaimlerChrysler submitted registrant's discovery responses which indicated that registrant had never used the registered mark on the specified goods. The Board held that this evidence was insufficient to carry DaimlerChrysler's burden on a motion for summary judgment. The Board noted that the evidence submitted did not contain "any direct evidence of respondent's intent to deceive the office." In this regard, DaimlerChrysler's admission requests did "not seek any admissions regarding the interaction between respondent and the USPTO but, instead, speak only to respondent's own activities regarding use of the involved mark." Moreover, the Board noted that DaimlerChrysler did not provide any "circumstantial evidence which would lead us to the inevitable conclusion ... that respondent had the intent to deceive the Office, or at least had a reckless disregard for the truth." Because DaimlerChrysler did not submit any direct or circumstantial evidence of the registrant's intent to deceive the PTO, the Board denied the motion for summary judgment.

The Board's decision provides a roadmap for proper pleading of a fraud claim, and guidance on the type of evidence that the Board will consider sufficient to prove a registrant's "intent to deceive".

With respect to pleading, it is important to provide specific information about the representations made to the Board and allegations supporting the falsity of the applicant's/registrant's statements. Under the case law noted above, pleading such matters on "information and belief" is likely to be insufficient. Thus, it will often be best to assert fraud claims only after some discovery has been taken to provide factual support for the claims. Such discovery should include requests directed at the interaction between the applicant/registrant and the PTO in an effort to uncover evidence from which an intent to deceive can be inferred.

Of particular significance is the Board's suggestion that reckless disregard for the truth of a statement to the PTO may be sufficient to show an intent to deceive. The Federal Circuit in the *Bose* decision had left open the question of whether a "reckless disregard for the truth" would satisfy the intent to deceive requirement. The Board appears to be saying that reckless disregard is a sufficient level of intent.

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Andrew Downer is an attorney with [Pattishall, McAuliffe, Newbury, Hilliard & Geraldson LLP](#), a [leading intellectual property law firm](#) based in Chicago, Illinois. Pattishall, McAuliffe represents both plaintiffs and defendants in [trademark](#), [copyright](#) and [unfair competition trials and appeals](#), and advises its clients on a broad range of domestic and international intellectual property matters, including [brand protection](#), [Internet](#) and [eCommerce](#) issues. Mr. Downer's practice focuses on litigation and counseling on domestic and international [trademark](#), [trade dress](#), [Internet](#) and [copyright law](#).