

# Recent Developments— Ethics in Trademark Practice

*Presented to the New York Intellectual Property Law Association-NYIPLA*

Tamar Niv Bessinger & Emily Weiss  
Fross Zelnick Lehrman & Zissu, P.C.

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# Roadmap

- Source of Rules
- Digitally Altered Specimens
- Intent To Use
- USPTO Post-Registration Audit
- Signature Requirements
- Waiver of Privilege



# U.S. Rules of Ethics

- USPTO Rules of Professional Conduct, 37 C.F.R. Part 11
  - Govern practitioners before the USPTO
  - Office of Enrollment and Discipline (“OED”)
- State Law
  - Trademark attorneys also are bound by their state ethical rules



# Fraudulent Applications-Digitally Altered Specimens

- Major upsurge since 2016 in use-based applications with digitally altered specimens
- Vast majority originating in China
- Why and why now?
  - Follow the \$\$\$



# How To Spot The Fakes

<u>Mark</u>	<u>Serial No.</u>	<u>Correspondent</u>	<u>Owner</u>
CARRYOWN	87404181	Zhang Yi No. 3019 Central Road, Nanshan District Floor 15, Rainbow Building Shenzhen China	Wuhan Carryon International Trade Co., Ltd.  Room13 1st Flr., Dongfangshijia Build. Houhu Str., Jiangan Dist. Wuhan China

**Specimen**



**True Product**



<u>Mark</u>	<u>Serial No.</u>	<u>Correspondent</u>	<u>Owner</u>
GPENG	87404183	Zhang Yi No. 3019 Central Ro; Floor 15, Rainbow B Shenzhen China	<b>Shenzhen Fushidasi Information Technology Co., Ltd.</b>  Rm.208 42nd Build., Fengherili Garden Renmin Rd., Minzhi Str., Longhua Newdist. Shenzhen China
<b>Specimen</b>		<b>True Product</b>	
			

<u>Mark</u>	<u>Serial No.</u>	<u>Correspondent</u>	<u>Owner</u>
PDGD	87314017	Wei Tao Yu No.3019 Zhongxin Rd. Nanshan Dist. Room 1617,Rainbow Building Shenzhen China	Shenzhen Pengde Photoelectricity Co.,Ltd.  4f, Build. E,Zhixuanhan Industrial Park Shiyan Str.,Baoan District Shenzhen China

**Specimen**



**True Product**



<u>Mark</u>	<u>Serial No.</u>	<u>Correspondent</u>	<u>Owner</u>
NICOTD	87218616	Zhang Yi No.3019 Zhongxin Road,Nanshan Dist. Room 1636,Floor 16, Rainbow Building Shenzhen China 518000	Shenzhen Nico Tech Development Co., Limited  Rm.413?Blck.C, Taizhixin Internet Innovation Park,Minfu West Rd. Minzhi Shenzhen China

**Specimen**

**True Product**

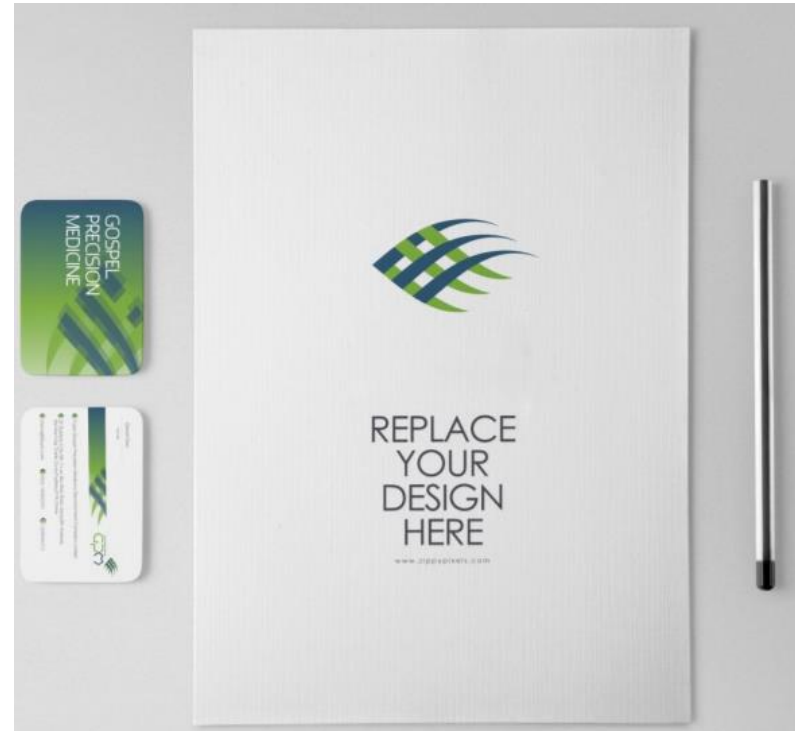




# US RN 5656410 for



Registered in 2019 by Fujian Gospel Precision Medicine Company Limited, with an address in Fujian, China, for medical apparatus and related goods and services, initially refused based on numerous digitally altered specimens, including those shown below (but applicant amended to ITU and later obtained a registration based on other specimens that may be suspect as well):



# GOGYMI, SN 88-243495 by a Shenzhen applicant

- Original specimen filed with application on December 18, 2018 in Class 18 for clothing for animals; Clothing for pets; Collars for animals; Handbags; Harness fittings; Leather binders for travel purposes; Leather leads; Leather straps; Parasols; School bags; Slings for carrying infants; Travelling bags; Travelling cases of leather; Walking sticks; Wallets; All-purpose leather straps; Cases of imitation leather; Leather shoulder belts; Pouch baby carriers

## SPECIMEN REQUIREMENT – DIGITALLY ALTERED/MOCK-UP

Registration is refused because the specimen in International Class 018 appears to consist of a **digitally altered image** or mock-up of the mark on the goods and does not show the applied-for mark in actual use in commerce. Trademark Act Sections 1 and 45, 15 U.S.C. §§1051, 1127; 37 C.F.R. §§2.34(a)(1)(iv), 2.56(a); TMEP §§904, 904.07(a).

An image of a product that has been digitally created or otherwise altered to include the mark does not show actual use of the mark in commerce. *See* 15 U.S.C. §1127; TMEP §§904.04(a), 904.07(a); *cf. In re Chica, Inc.*, 84 USPQ2d 1845, 1848 (TTAB 2007) (holding that “a mere drawing of the goods with an illustration of how the mark may be displayed” was not an acceptable specimen because it did not show actual use in commerce); *In re The Signal Cos.*, 228 USPQ 956, 957-58 n.4 (TTAB 1986) (noting that a printer’s proof of an advertisement would not be an acceptable specimen because it does not show actual use in commerce). In addition, a photo of the mark on a label, tag, or piece of paper that appears on applicant’s or a third party’s goods or packaging is generally not acceptable to show applicant’s use of the applied-for mark in commerce. *See* 15 U.S.C. §1127; TMEP §§904.03(a), 904.07(a). Applicant must show the mark on applicant’s own goods or packaging as it is seen by the purchasing public, with goods that have actually been sold or transported in commerce. *See* TMEP §904.07(a).

In the present case, the mark on the specimen appears to be floating in front of the goods in a way that appears as though the mark was digitally added on top of the goods. Additionally, despite the fact that the wallet is curved/bent slightly the mark appears perfectly flat and does not contour with the shape of the underlying goods. As such, it does not appear as though the specimen shows the mark as it is actually used in commerce, but instead appears to show a digitally altered image of the mark on the goods.

An application based on Trademark Act Section 1(a) must include a specimen showing the applied-for mark in use in commerce for each international class of goods identified in the application. 15 U.S.C. §1051(a)(1); 37 C.F.R. §§2.34(a)(1)(iv), 2.56(a); TMEP §§904, 904.07(a). “Use in commerce” means (1) a bona fide use of the applied-for mark in the ordinary course of trade (and not merely to reserve a right in the mark), (2) the mark is placed in any manner on the goods, packaging, tags or labels, or displays of the goods, and (3) the goods are actually sold or transported in commerce. *See* 15 U.S.C. §1127.

In addition to the examples of specimens in (2) in the above paragraph, examples of specimens for goods also include instruction manuals, containers, and webpages that include a picture or textual description of the goods associated with the mark and the means to order the goods. *See* TMEP §§904.03 *et seq.*





# Substitute specimens filed:



# Response to Office referenced Amazon Listings:

prime now Save up to 30% on Apple products FREE 2-hour delivery Shop now

Professional Folding Walking Canes Lightweight Adjustable Canes and Walking Sticks for Men and Women  
by GOGYMI  
Be the first to review this item




same photo as specimen

Price: **\$60.99** & **FREE Shipping**  
**Note:** Not eligible for Amazon Prime.  
**Only 1 left in stock - order soon.** Ships from and sold by Hopemate.

Arrives: **Aug 6 - 27**  
Fastest delivery: **Fri, Jul 19**

Deliver to Tamar - New York 10028

Qty: 1  Turn on 1-click ordering

 Celebrate Prime Day with 25¢ Cheetos  
Start your FREE trial today Shop Fresh

**About the product**

- Easy and smooth folding the walking canes into convenient parts/snap out automatically
- Anodized aluminium body provides maximum safety to handle up to 250 lbs
- handle has an ergonomic design to fit the shape of the palm and relieve pressure from the wrist
- rubber tip at the bottom with some traction so that the cane does not slip in if you are on wet
- This walking sticks is convenient storage and usage with carrying bag, ideal gift for the elderly and strengthens the structure.



Roll over image to zoom in

## Travel Sun&Rain Windproof Umbrella - Lightweight Compact Portable Parasol Outdoor Umbrellas for Men Women Kids

by GOGYMI

Be the first to review this item

Price: **\$35.99 & FREE Shipping**

Thank you for being a Prime member. Get \$80 off instantly: Pay \$0.00 upon approval for the Amazon Prime Rewards Visa Card.

**Note:** Not eligible for Amazon Prime.

- Made of the canopy cloth with a layer of UV and water blocking coating
- silky-smooth, non-sticky quality high-class handle for a comfortable grip with a unique designed protective sleeve
- It won't easily flip out inside, providing much more durable, windproof in the heavy rain
- Stabilizing vented sun reflecting double-canopy parasol sunshade designed for walking on the beach or enjoying the outdoor sport in the summer.
- letting you dodge downpours or just stay out of the sunlight

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# Final Office Action issued on May 20, 2019

## SPECIMEN REQUIREMENT – DIGITALLY ALTERED/MOCK-UP

Applicant was previously refused registration in International Class 018 because the specimen was digitally altered or otherwise a mock-up. Response options for overcoming that refusal, if any, were set forth in the prior Office action. Applicant, however, responded to such refusal by submitting additional digitally altered and/or mock-up specimens. Thus, the refusal to register the applied-for mark in International Class 021 is now made **FINAL** because applicant failed to provide a specimen establishing use of the mark in commerce. Trademark Act Sections 1 and 45, 15 U.S.C. §§1051, 1127; 37 C.F.R. §§2.34(a)(1)(iv), 2.56(a), 2.63(b); TMEP §§904, 904.07, 1301.04(g)(i).

Registration is refused because the specimens in International Class 021 appear to consist of digitally altered images or mock-ups of the mark on the goods and do not show the applied-for mark in actual use in commerce. Trademark Act Sections 1 and 45, 15 U.S.C. §§1051, 1127; 37 C.F.R. §§2.34(a)(1)(iv), 2.56(a); TMEP §§904, 904.07(a).

An image of a product that has been digitally created or otherwise altered to include the mark does not show actual use of the mark in commerce. *See* 15 U.S.C. §1127; TMEP §§904.04(a), 904.07(a); *cf. In re Chica, Inc.*, 84 USPQ2d 1845, 1848 (TTAB 2007) (holding that “a mere drawing of the goods with an illustration of how the mark may be displayed” was not an acceptable specimen because it did not show actual use in commerce); *In re The Signal Cos.*, 228 USPQ 956, 957-58 n.4 (TTAB 1986) (noting that a printer’s proof of an advertisement would not be an acceptable specimen because it does not show actual use in commerce). In addition, a photo of the mark on a label, tag, or piece of paper that appears on applicant’s or a third party’s goods or packaging is generally not acceptable to show applicant’s use of the applied-for mark in commerce. *See* 15 U.S.C. §1127; TMEP §§904.03(a), 904.07(a). Applicant must show the mark on applicant’s own goods or packaging as it is seen by the purchasing public, with goods that have actually been sold or transported in commerce. *See* TMEP §904.07(a).

In the present case, the provided specimens show the mark floating above the goods in a way that gives the impression that the mark has been digitally added to the specimens. Additionally, the goods themselves contain natural wear and tear, and additional scuff marks, however, the mark itself appears in pristine condition which further gives the impression that the mark has been digitally added to the goods. Finally, the images submitted contain glares from light at the location of the marks, which is a common way to hide additional indications that the mark has been digitally altered. All of this, in addition to the originally digitally altered specimen, lends strong support to the likelihood that these specimens are digitally altered or mock-ups.

An application based on Trademark Act Section 1(a) must include a specimen showing the applied-for mark in use in commerce for each international class of goods identified in the application. 15 U.S.C. §1051(a)(1); 37 C.F.R. §§2.34(a)(1)(iv), 2.56(a); TMEP §§904, 904.07(a). “Use in commerce” means (1) a bona fide use of the applied-for mark in the ordinary course of trade (and not merely to reserve a right in the mark), (2) the mark is placed in any manner on the goods, packaging, tags or labels, or displays of the goods, and (3) the goods are actually sold or transported in commerce. *See* 15 U.S.C. §1127.

# Consequences for Brand Owners

- Block legitimate brand owners' applications
- Amazon Registry Hijack
- Stolen identities



# USPTO Response

(1) Dedicated email address to report altered specimens:  
[TMSpecimenProtest@uspto.gov](mailto:TMSpecimenProtest@uspto.gov)

(2) Change of address notifications:

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**From:** [teas@uspto.gov](mailto:teas@uspto.gov)  
**Sent:** Sunday, June 30, 2019 1:03:46 PM (UTC-05:00) Eastern Time (US & Canada)  
**To:** Bessinger-docket  
**Subject:** Alert USPTO Change of Email Address

We received a request to change the correspondence email address to  on 06/30/2019 for the serial or registration number/s listed below.

View the submission in [Trademark Status and Document Retrieval \(TSDR\)](#). Enter the serial number in the box and click the blue 'Documents' button. Check for a document with the same date as this email.

If this change was not authorized, follow the [instructions for reporting unauthorized changes](#) to your application or registration.

Serial/registration numbers:

The TEAS Support Team



# USPTO Response

(3) New rule announced on July 2 and effective as of August 3, 2019: foreign applicants and registrants must have a U.S.-licensed attorney

<https://tinyurl.com/y6arabqv>



(4) Rigorous examination

- New examination guide 3-19, “Examination of Specimens for Use in Commerce: Digitally Created or Altered and Mockup Specimens,”

<https://www.uspto.gov/sites/default/files/documents/Exam%20Guide%2003-19.pdf>

# Brand Owner Strategies and Remedies

- Catch them early-watch services
- Notify the PTO of altered specimens or unauthorized correspondence
- Challenge them in the TTAB: Oppositions and cancellations



# Intent-To-Use Applications



- *Void ab initio*
- Applies to multiple bases
- Entire application voided?
  - *The Wet Seal, Inc. v. FD Management, Inc.*, 82 U.S.P.Q. 2d 1629 (T.T.A.B. 2007)
  - *Spirits International, B.V. v. S.S. Taris Zeytin Ve Zeytinyagi Tarim Satis Kooperatifleri Birligi*, 99 U.S.P.Q. 2d 1545 (T.T.A.B. 2011)

# Objective Standard

- Objective evidence of intent
- Testimony from applicant not sufficient
  - *M.Z. Berger & Co. v. Swatch AG*, 114 U.S.P.Q. 2d 1892 (Fed. Cir. 2015)
  - *Kelly Services, Inc. v. Creative Harbor, LLC*, 121 U.S.P.Q. 2d 1357 (6th Cir. 2017)
  - *A&H Sportswear Co., Inc. v. Yedor*, 2019 WL 1453071 (T.T.A.B. 2019) (precedential)
- Bottom line?





## Fraud Claim Based On Lack of ITU?

- Fraud allows entire class to be voided
- But most fraud claims based on lack of ITU have been unsuccessful
  - *SmithKline Beecham Corp. v. Omnisource DDS, LLC*, 97 U.S.P.Q. 2d 1300 (T.T.A.B. 2010)
  - *Spin Master Ltd. v. Zobmondo Entertainment, LLC*, 100 U.S.P.Q. 2d 1513 (C.D. Cal. 2011)

# USPTO Post-Registration Audit Program

- Implemented in 2017 to verify the accuracy in Declarations of Use

Basis for registration	2012-2015 pilot program 500 registrations	November 2017 – June 28, 2019: permanent program 4,661 registrations*
	% unable to verify previously-averred use	2,708 responses received 50.1 % respondents deleted at least some items  % unable to verify previously averred use, by original filing basis
<b>USE</b> Section 1(a)	<b>45%</b>	<b>45%</b>
<b>PARIS CONVENTION</b> Section 44(e)	<b>65%</b>	<b>68%</b>
<b>MADRID</b> Section 66(a)	<b>71%</b>	<b>64%</b>
Combined <b>USE &amp; PARIS</b> Sections 1(a) and 44(e)	<b>69%</b>	<b>65%</b>

\*79% represented by counsel

# STRICT SIGNATURE REQUIREMENTS



- Recent disciplinary decision:  
Proceeding No. D-2019 31, In Re Heather Sapp
- Practitioners are lobbying for updated rules to allow electronic signatures like DocuSign and others

# Waiver of Attorney-Client Privilege

- Rebut bad faith element of trademark infringement
- Legal advice becomes factual issue and opposing counsel entitled to discovery





# Circumstances When Waiver Is Useful

- Defense in litigation aligns with advice of counsel
- Defendant adopted mark based on nuanced advice
  - Third-party use
  - Specific circumstances confusion is unlikely
- Compelling to have a lawyer on the stand



# Extent of Waiver



- Can extend beyond original advice
- Intersection with work product doctrine
- Defendant cannot disclose only favorable advice
  - *Minnesota Specialty Crops, Inc. v. Minnesota Wild Hockey Club, L.P.*, 210 F.R.D. 673 (D. Minn. 2002)
  - *SpiralEdge, Inc. v. Sea World Entertainment, Inc.*, 2014 WL 12059028 (S.D. Cal. June 18, 2014)

# If Privilege Is *Not* Waived



- Cannot rely on advice of counsel defense
  - *Trouble v. West Seal, Inc.*, 69 U.S.P.Q. 2d 1603 (S.D.N.Y. 2001)
- But failure to waive does not allow for a negative inference
  - *Nabisco, Inc. v. PF Brands, Inc.*, 51 U.S.P.Q. 2d 1882 (2d Cir. 1999)

# Thank you

**Tamar Niv Bessinger**

Partner

[tbessinger@fzlj.com](mailto:tbessinger@fzlj.com)

212-813-5962

**Emily Weiss**

Associate

[eweiss@fzlj.com](mailto:eweiss@fzlj.com)

212-813-8188