

UNITED STATES: *Bose Leads TTAB To Vacate Prior Finding of Fraud on USPTO*

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The Trademark Trial and Appeal Board (TTAB) has vacated its 2008 ruling that Xel Herbaceuticals, Inc. (“Xel”) committed fraud on the United States Patent and Trademark Office (“USPTO”). *Herbaceuticals, Inc. v. Xel Herbaceuticals, Inc.*, Cancellation No. 92045172 (T.T.A.B. Feb. 25, 2010)(not precedential).

In March 2008 the TTAB held that Xel, the respondent in the cancellation proceeding, had committed fraud by filing Statements of Use for its XEL HERBACEUTICALS mark that it “knew or should have known” were false. Accordingly, the TTAB granted partial summary judgment to petitioner Herbaceuticals, Inc. (“Herbaceuticals”) on its fraud claims.

Subsequently, relying on the holding *In Re Bose Corp.*, 580 F.3d 1240 (Fed. Cir. 2009), that “a trademark is obtained fraudulently under the Lanham Act only if the applicant or registrant knowingly makes a false, material representation with the intent to deceive the PTO,” Xel filed a motion to vacate the TTAB’s 2008 order. Herbaceuticals did not file a brief in response, so the TTAB granted the uncontested motion, vacating the entry of partial summary judgment on the fraud claims.

In addition, the TTAB reviewed, sua sponte, Herbaceuticals’ pleading of its fraud claims, finding them insufficient. The Board held that because Herbaceuticals’ fraud claims were based on allegations that Xel, when it filed its Statements of Use, “knew or should have known that it was not using” the marks on all the goods identified in each application, the claims were “based ‘upon information and belief’ without a specification of facts upon which such belief could reasonably be based.”

Accordingly, the TTAB found that Herbaceuticals had failed to allege Xel filed the Statements of Use with the “requisite intent to deceive the USPTO. Intent to deceive the [USPTO] to obtain . . . a registration is a required element to be pleaded in a fraud claim.” Allegations that a party made material misrepresentations of fact that it “knew or should have known” were false or misleading are insufficient, as are claims based on “information and belief” where there is no allegation of “specific facts upon which the belief is reasonably based.” Thus, the TTAB ruled the fraud claims were legally insufficient.

The TTAB gave Herbaceuticals 30 days to file an amended petition to cancel and to replead its fraud claims in accordance with Bose. Herbaceuticals did not file an amended petition, and the TTAB dismissed Herbaceuticals’ fraud claims with prejudice.

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