



AIPLA Statement on Fraudulent and Misleading Trademark Solicitations

Public Roundtable on Fraudulent and Misleading Solicitations, July 26, 2017 U.S. Patent and Trademark Office, Alexandria, Virginia

American Intellectual Property Law Association (AIPLA)ⁱ appreciates the opportunity to comment on behalf of its members regarding the increasingly frequent occurrence of fraudulent and misleading solicitations to trademark owners. AIPLA members see this issue as a serious concern to trademark owners, which causes confusion as to the source of the solicitations and their legitimacy. We applaud the USPTO's willingness to consider this topic, and to generate a dialogue with the aim of investigating this solicitous correspondence in its various forms and to try to reduce if not altogether eliminate it.

Often solicitations are sent to trademark owners within days of a new filing in the USPTO, offering assistance to the trademark owner with prosecution issues that may arise as the application undergoes examination. Other solicitations are sent to trademark owners gauging the trademark owner's interest in filings outside the U.S. corresponding to a new U.S. filing. Still other solicitations offer "publication" of the trademark owner's application/registration/renewal in a digest or catalog of quasi-official sounding directories for an exorbitant sum, when, in reality, such "publication" confers no real benefit on the trademark owner. Some are styled to look like an invoice for registration renewal.

This barrage of fraudulent and misleading correspondence is a concern to AIPLA members and trademark owners because of the deceptive appearance of the solicitation letters, and because of its increasing regularity. The solicitations look official -- sometimes bearing a stamp or seal -- and can appear to be sent from official-sounding sources or government-like entities. Numerous solicitations have taken the form of an invoice and request that the trademark owner pay fees for what could be understood to be a trademark maintenance fee. The fine print usually contains details that can easily be overlooked by the trademark owner, and often are.

Several AIPLA members have confirmed that their clients have been harmed by these notices, including, among other things, suffering unnecessary lost time and expense. Because the solicitations often appear to be "invoices," they may be directly routed to trademark owners' accounting departments and do not get legal review first, resulting in inadvertent payment. Trademark counsel often do not learn that clients have paid these invoices until it is too late to recover the fees paid. Fees for individual invoices are usually over \$1,000 and sometimes are several thousand dollars. Even if inadvertent payment can be stopped, it is not without substantial effort and coordination with banks and attorneys, as well as additional bank charges to stop payment. If payment can be avoided, trademark owners and counsel still suffer lost time and expense associated with the trademark owner scanning and sending the fake invoice to their counsel to get confirmation that the invoice is not official. Although AIPLA members were hesitant to disclose specific victims by name, members shared their experiences and confirmed the pervasiveness of the harm and burden to the trademark community. The

fraudulent invoices appear to come both from within the United States as well as from across Europe and other countries.

An additional concern is that if trademark owners pay these invoices, there is a grave risk that they will be misled into believing they had completed the requirements for filing renewals or maintenance filings with the USPTO and fail to complete those necessary filings. Such a failure results in total loss of registration rights. One member shared that a restaurant client had received and paid multiple of these fraudulent invoices, believing that it was renewing its trademark registrations. Because the client did not file the renewal documents required by the USPTO and paid these invoices instead, the registration was cancelled. The client wanted to enforce their trademark rights and sought assistance of counsel, at which time counsel learned that the registration, which should have been incontestable, was cancelled. The client was forced to refile new trademark applications and suffered an inability to assert what could have been an incontestable trademark registration.

Members also advised that they had learned clients had paid these official-looking invoices, often times because the invoice was routed to accounting or office managers who did not know to get the invoices reviewed. The payments were not recovered in those instances, resulting in the loss of several thousand dollars in each instance.

A member who is in-house counsel in a corporation shared that he has received dozens of these fraudulent and misleading solicitations asking for publication or TM registration. Although the company was aware of the issue, it still experienced lost time and expense wasted by confusion within various departments that are receiving or processing these kinds of “invoices”, and in some cases, it still sent copies of the “invoices” to outside counsel to confirm that the solicitation could be ignored and was not official.

Other members confirmed that their clients are spending time sending these fraudulent invoices to outside counsel either believing they should be paid or otherwise asking for confirmation that they should not be paid and that the trademark owners are spending time on internal education to try to make sure that their accounting departments do not pay these upon receipt.

AIPLA appreciates the USPTO’s increased efforts to educate trademark owners about these fraudulent and misleading solicitations. AIPLA supports the USPTO’s ongoing efforts to elevate the seriousness of this issue to stiffen enforcement against the purveyors of these crimes to remedy the harm on the trademark community. AIPLA members thank the USPTO for their time and attention to this important issue.

ⁱ AIPLA is a national bar association of approximately 13,500 members who are primarily lawyers engaged in private or corporate practice, in government service, and in the academic community. AIPLA members represent a wide and diverse spectrum of individuals, companies, and institutions involved directly or indirectly in the practice of patent, trademark, copyright, trade secret, and unfair competition law, as well as other fields of law affecting intellectual property. Our members represent both owners and users of intellectual property. Our mission includes helping to establish and maintain fair and effective laws and policies that stimulate and reward invention while balancing the public's interest in healthy competition, reasonable costs, and basic fairness.