

The Ongoing Battle Against Trademark Scammers

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December 19, 2014

It's the holiday season. Perhaps you're working on your New Year's resolutions and thinking about ways you can help make the world a little better. If you or your company have experience with IP litigation, I have a suggestion for you.

As you know, trademarks, patents and copyrights are essential to U.S. businesses, large and small. Intellectual property-intensive industries support at least 40 million jobs and contribute more than \$5 trillion dollars to the U.S. gross domestic product. Unfortunately, unscrupulous businesses prey on our eagerness to protect these vital economic assets. Until the federal government gets serious about cracking down on trademark scammers, in-house lawyers and IP law firms can and must take the lead in righting this wrong. Trademarks are all about trust. Consumers look to trademarks to find quality and distinguish between products in the marketplace. If consumers cannot trust the trademark registration system, trademark owners and those who practice trademark law lose. To obtain trademarks, businesses file with the U.S. Patent and Trademark Office (PTO) to obtain a Certification of Registration (proof that the business earned nationwide trademark rights and the ability to use the trademark registration symbol). The application and registration information is entered into a database, which is publicly available.

Trademark scammers (local and international) mine PTO data and send unsolicited notices to trademark owners. The scammers use formidable-sounding names and issue official-looking invoices. These fraudulent companies promise to conduct trademark searches, watch for confusingly similar marks, handle renewal applications and help with other activities. Their costs are often exorbitant and the service substandard compared to that of licensed trademark attorneys. To its credit, the PTO is educating the public and trademark owners about these scams. Trademark owners receiving unsolicited notices are encouraged to contact the PTO, which identifies many of the scammers on its website. They can also notify the Federal Trademark Commission via its online "Complaint Assistant," alert the Postal Inspection Service that fraudulent solicitations have been received by mail and inform the Better Business Bureau through its "Scam Stopper" service.

Will this whistleblowing stop scammers? Unfortunately, not always. In 2013, the Vermont Attorney General's Office reached a settlement with Patent & Trademark Agency LLC (PTA) for mailing misleading solicitations to Vermont businesses. In the end, PTA refunded scammed businesses and paid \$10,000 to the State of Vermont in civil penalties and costs.

But, the settlement did not go far enough, and PTA, whose very name implies an official "agency" capacity, continued its deceptive ways. When some of our own clients became confused, they didn't turn to a governmental entity for help. They turned to us. Our IP law firm, Leason Ellis, sued PTA in federal court and obtained a judgment that permanently stops the company and its principal from providing trademark registration or renewal services again. This was the second victory in our own campaign against trademark scammers. In 2012, we went after USA Trademark Enterprises Inc. and its principals, which had charged consumers for a false listing in a so-called catalog of trademark registrations. The judgment we obtained permanently bars them from providing IP services in the U.S.

We call on the PTO to keep bolstering its efforts to prevent scammers from abusing the trademark registry and engaging in the unauthorized practice of law, and we strongly encourage other law firms to join us in this effort. Some have, like trademark attorney Erik Pelton. He has created his own [online petition that prods the PTO](#) to renew and strengthen efforts to combat trademark scams. We support the petition and urge others—lawyers, business owners and concerned citizens—to sign it.

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