

KENYON & KENYON LLP



In Re Bose Corporation: Willful Intent to Deceive Required for a Finding of Fraud in Trademark Prosecution and Renewal Practice

By Michelle Mancino Marsh and Michelle C. Morris

Michelle Mancino Marsh, a partner in the firm's New York office, practices in the areas of trademark and copyright law, unfair competition, trade secrets, internet law, business method and design patents. She can be reached at 212-908-6180 or mmarsh@kenyon.com.

Summary of Case and Holding

On August 31, 2009, in a much anticipated decision, the Court of Appeals for the Federal Circuit (CAFC) in *In Re. Bose Corporation*, held 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.” The Court, thus, reversed the Trademark Trial and Appeal Board’s (TTAB) finding of fraud against trademark owner Bose Corporation.

The TTAB found that Bose committed fraud in its Section 8 renewal of the mark “WAVE” for a variety of goods, including, “audio tape recorders and players.” At the time the renewal was signed, Bose continued to repair (and ship back) the previously sold audio tape recorders/players to its customers, and believed this qualified as use. However, the Board held that it did not qualify as use in connection with said goods, and the misstatement in the renewal was not reasonable. The Board therefore ordered cancellation of the WAVE registration.

The *Medinol* Standard Rejected

- Prior to this decision, the case of *Medinol v. Neuro Vasx, Inc.*, 67 USPQ2d 1205 (TTAB 2003) set the standard in the TTAB for fraud analysis, applying what the CAFC deemed was a simple negligence standard for fraud.
- Under *Medinol*, any material misstatements made to the PTO during the trademark prosecution or renewal process, regardless of intent, constituted fraud and rendered the registration subject to cancellation, because the party “should have known” such statements to be false or misleading.”

The *Bose* Fraud Standard Presents a Higher Burden of Proof

- The CAFC clarified that the standard for fraud requires a “willful intent to deceive” on the part of the applicant or registrant.
- Proof of subjective intent to deceive is an indispensable element in the analysis and must be established by clear and convincing evidence.

Impact of Ruling

This ruling will have a significant impact on the future of fraud claims in the TTAB. Since the Board’s decision in *Medinol* and the application of the “*should have known*” standard, there was a proliferation of fraud claims for cancellations of registrations based on a party’s misstatements regarding the use of its mark in commerce. These fraud claims were often used as a tool in trademark disputes to gain leverage over an adverse party. The CAFC’s establishment of the more stringent “*willful intent*” standard will likely impact the success of fraud claims and perhaps the frequency of their use in TTAB proceedings. Nevertheless, great care should still be taken in asserting use of a mark in commerce in prosecution and maintenance practice.