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Motion for summary judgment denied on issue of fraud intent

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In *Daimler Chrysler Corp. v. Am. Motors Corp.* (Cancellation No. 92045099 (January 14 2009)), the United States Patent and Trademark Office's Trademark Trial and Appeal Board ("TTAB") followed the Federal Circuit's recent decision *In re Bose Corp.* (580 F.3d 1240 (Fed. Cir. 2009)), denying Daimler Chrysler's motion for summary judgment on the question of whether American Motors Corporation attained registration of its trademarks by way of fraud on the PTO.

In 1987 Daimler Chrysler ("DC") purchased the struggling American Motors Corporation, rebranding the company as the Jeep-Eagle division of DC. In 1999, a new company was formed under the American Motors Corporation name ("AMC"), claiming no relation to any previous embodiment. In 2005, this company was granted a trademark registration for the letters "AMC" combined with a design element, the latter being identical to the design element used by the company purchased by DC. The registration claims use on "automobiles and structural parts thereof." In fact, AMC admits that it has never sold an automobile or structural part thereof, but rather claims it believed, and continues to believe, that its use of the AMC mark on promotional materials and on its website constitutes use in commerce.

DC filed the present action claiming common law rights in the "American Motors Corporation" name as well as the AMC marks, and that AMC's registration has been cited against DC's pending application for the AMC mark and design on "toy vehicle replicas."

DC alleges, *inter alia*, that AMC committed fraud by knowingly misrepresenting to the PTO that it had used the AMC mark and design in commerce, on automobiles and structural parts thereof, in order to procure registration.

When DC filed its motion for summary judgment on the issue of fraud, the TTAB was operating in accordance with its own holding in *Medinol Ltd. v. Neuro Vasx, Inc.* (67 U.S.P.Q.2d 1205 (2003)). That case stood for the proposition that

a trademark applicant commits fraud in procuring a registration when it makes material representations of fact in its declaration which it knows or should know to be false or misleading. The inclusion of the term "*should know*" had the effect of making gross negligence or perhaps even mere negligence equivalent to fraudulent conduct before the PTO.

Before DC's motion for summary judgment was decided however, the Federal Circuit overruled the *Medinol* holding with *In re Bose Corp.* (580 F.3d 1240 (Fed. Cir. 2009)). That case found that the TTAB erred in finding fraud when a registrant merely should have known that it was making material misrepresentations to the PTO. Instead, the party alleging fraud must prove a willful intent to deceive the PTO through its material misrepresentations. A person's honest belief that their misrepresentation was true, no matter how unreasonable, is not fraudulent.

The Bose decision posed two problems for DC. First, Federal Rule of Civil Procedure 9(b) requires that the circumstances alleging fraud must be stated with particularity, but DC, in accordance with the *Medinol* holding, did not specifically allege a willful intent to deceive. Regardless, the TTAB found that intent may be averred generally, and DC's pleading was sufficient because it stated numerous specific representations of fact that DC claims AMC knew to be false, material, and were relied on by the PTO.

DC's second problem was that it had not presented any direct evidence, or sufficient indirect evidence, to inevitably prove AMC's intent to deceive the PTO. While the TTAB acknowledged that AMC may not be using its mark sufficiently to maintain a registration, AMC's claim that it honestly believed and continues to believe that a website and promotional material constitute use in commerce, along with the fact that AMC is not represented by counsel, and the proposition that questions of intent are generally unsuited for summary judgment, are sufficient to render the

question of fraud a genuine disputed factual issue. Consequently, the Board denied DC's motion for summary judgment.