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Trademark owners: Beware of registration scams by fake agency

The word for it is insidious. It might not exactly be illegal, but it's definitely insidious. I'm referring to a recent wave of trademark scams, designed to extract unnecessary payments from unwitting owners of federal trademark registrations. Trademark scams are not new, but like the flu there is a particularly virulent strain going around now. So trademark owners beware: Don't write any checks concerning your federal trademark registration until you talk with your lawyer or read the fine print with extreme care.

The current ruse is masterful, in an evil genius way. Before I describe it, it is important to explain some details about the federal trademark registration process. An application for federal trademark registration is filed with the U.S. Patent and Trademark Office (USPTO). The fee for filing an application ranges from \$275 to \$325 for registering a mark in a single class of goods. During the sixth year after registration, the owner must submit a statement that the trademark is still in use (this is to weed out the deadwood from the trademark registry). For this, another filing fee of \$300 for a class is due. During the ninth year after registration, another filing is required in order to renew the registration. The fee for a renewal is \$500 for a class. These renewal filings must be made every 10 years thereafter for as long as the mark is still being used.

You get the drift — a lot of filings are required to keep a trademark registration alive and to achieve “incontestable” status (this provides the mark with defenses to certain challenges). Each filing involves a fee paid to the USPTO. All the information in a trademark registration is a matter of public record, so a scammer can collect names, addresses, marks, serial numbers and other information from the USPTO online registry.

Now the insidious part. Trademark lawyers around the country

have been receiving calls from puzzled clients saying they received a notice from the trademark office seeking payment of \$375. Upon close inspection of the document, however, it becomes clear that this bureaucratic communication is not from the USPTO, but from its evil twin, the U.S. Trademark Registration Office. It's not coming from Alexandria, Va., where the USPTO resides, but from a nondescript office in Los Angeles. Don't be fooled by the names — United States Trademark Registration Office (USTRO) has no connection whatsoever with the USPTO.

The document is very official looking. It identifies the trademark, serial number, filing date and other information pertaining to the trademark owner's registration. The document has lots of bar codes, arrows, reference numbers and official-sounding statements in capital letters, such as: IMPORTANT NOTIFICATION REGARDING YOUR FEDERAL TRADEMARK. It looks like an invoice and includes in large bold type the words “PROCESSING FEE \$375.” It admonishes the recipient that the fee is “NOW DUE.” There is a payment stub to mail in with the \$375 payment.

Tucked in amid all the bold print statements is a fine print area that contains several statutory citations and references to various government agencies. It is filled with legalese. The normal human reaction is to quickly avert one's eyes from it.

One can only wonder how many small, busy trademark owners have inadvertently paid this official looking “processing fee,” vaguely remembering that their attorney told them years ago that certain fees would have to be paid in future years to keep the registration in full force and effect. Needless to say, the processing fee in this document has nothing to do with the sixth-year fees, the ninth-year fees or the document submissions necessary to keep a federal registration alive.

INSIDE IP LAW



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The rub, of course, is in the fine print. It never says payment of the processing fee will effectuate a filing of the necessary maintenance documents with the real USPTO. There is much gibberish, but if you carefully parse it, you will find that upon receipt of your payment, the evil twin will provide certain services — just not the ones the trademark owner expected. USTRO promises to send reminder notices of when the USPTO filings are due. It will record

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the trademark registration with U.S. Customs, something that is of little or no use for most trademark owners. Finally, it will “monitor your mark using USTRO's proprietary search engine” and notify the owner of possible infringing uses. Google's “proprietary search engine” can do the same and, the last time I checked, it was free.

If the trademark owner perseveres and continues reading the fine print, the owner will find that “This is not a bill. It is a solicitation.” Then, with the kind of candor one often finds in a tangle of fine print, it informs anyone who has taken the time to read to the end that this offer is not being made by an agency of the government.

Good for those who think there is something strange going on and check with their trademark lawyer before sending in the money. Pity the less diligent. As any trademark attorney knows, the USPTO does not send notices to trademark owners to remind them when filings are due. Most trademark attorneys have docketing systems and will notify their clients when filing dates are approaching.

The USPTO has now posted some alerts on its website warning consumers about “solicitations that may resemble USPTO communications.” Since the USPTO is not an enforcement agency, it is not really in a position to take any direct action against trademark scammers, but it informs consumers that they may file a complaint with the Federal Trade Commission. Maybe if the FTC receives enough complaints, it will take action against such companies for deceptive trade practices. The irony is that it seems like the USPTO's own name is being infringed, with the same type of harm to consumers that results when a private company's mark is infringed. But until the FTC or a state attorney general takes action, USTRO'S notices will continue to befuddle and exploit trademark owners.