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COST CONSCIOUS PROCEDURES FOR CHALLENGING A COMPETITOR'S TRADEMARK REGISTRATION OR PATENT

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The Patent and Trademark Office provides administrative procedures for contesting the validity of a competitor's trademark registration or patent. These procedures are known as a "Petition to Cancel" a trademark registration and a "Request for Reexamination" of a patent. They are a less expensive alternative to litigation; however, they do not provide as complete relief.

A Petition to Cancel is useful to eliminate an interfering trademark registration. For example, a chain of hair salons wants to use the service mark "Ultracuts." A Canadian corporation already holds a U.S. registration for this term, but, has stopped operating hair salons in the United States. The registration can be canceled based upon abandonment, and allowing the salon to obtain its registration.

A Petition to Cancel is also useful to weaken or defuse an opponent threatening litigation. For example, a large chemical company sends a private labeler a cease and desist letter demanding that it stop using its registered trademark "Super Soup." The private labeler successfully petitions to cancel the registration on the grounds that the term is descriptive.

A Petition to Cancel is a micro lawsuit within the Patent and Trademark Office. It is begun by filing a petition which is usually a one-page form along with a \$200.00 filing fee. The registrant then has 40 days to respond to the Petition. Thereafter, there is a 90-day period for the parties to conduct discovery; i.e., exchange evidence. This is followed by a trial period in which each party is granted 30 days to take testimonial depositions followed by 15 days to take rebuttal depositions. Finally, the parties submit written briefs on the facts and law, and the Trademark Office then issues its ruling.

The grounds upon which cancellation can be obtained depend upon the age of the registration. For registrations less than five years old, cancellation can be had on any ground which renders the term unsuitable to be a trademark. These grounds include, inter alia, merely descriptive, generic, confusingly similar to another mark, comprises an insignia of government, scandalous, lack of ownership, abandonment and fraud. For registrations more than five years old, the grounds upon which cancellation may be had are essentially limited to genericness, abandonment, and fraud.

There are two disadvantages to Petitions to Cancel. First, if the Petition is based upon confusing similarity to a mark owned by Petitioner, the Registrant will file a counterclaim to cancel Petitioner's registration. Thus, Petitioner will put in jeopardy its own registration. The second disadvantage is that cancellation does not affect rights the Registrant may have under state trademark law. Even if a registration is invalid under federal law, there may be valid state trademark rights.

As with trademarks, the Patent and Trademark Office has an administrative procedure for invalidating or limiting a patent. This procedure is known as a "Request for Reexamination." A Request for Reexamination is useful when a business wants to manufacture or sell a product that is ostensibly covered by an invalid patent claim. By seeking reexamination, the business can clarify its rights.

The grounds for reexamination are limited to contesting the patent claim on the basis that it is not new and unobvious as required by statute. In litigation, there are other grounds for invalidating a patent claim which include, inter alia, vague and indefinite claims, claims broader than the specification, lack of utility, a failure to cite best mode, and fraud on the Patent Office. If these are the grounds for invalidity, the business may wish to consider a declaratory relief action in court to invalidate the patent.

A request for reexamination is commenced by filing a reexamination request along with a modest filing fee. In the request, the requestor cites the patents and other printed publications which purport to establish that the patented invention is not new or unobvious as of the date of its invention. The Patent Office will then decide if the requestor has made out a prima facie case of invalidity. If so, the patent will be subjected to reexamination. Reexamination is between the patentee and the Patent Office. The requestor has no involvement after filing the request for reexamination.

In conclusion, the Patent and Trademark Office does its best to reject applications for invalid trademarks and patents. The Office has limited resources to investigate, and must rely upon what applicants disclose. This leaves the "wolf in charge of the chicken house," and in many instances, invalid trademark registrations and patents are issued. Also, events subsequent to the issuance of a trademark registration can invalidate the registration.

Before a business decides to take actions which may potentially infringe an invalid trademark registration or patent, that business should consider an economical Petition to Cancel or a Request for Reexamination. If justified, the business should consider a declaratory relief action in court.

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