

FRAUDULENT SOLICITATIONS TO TRADEMARK OWNERS

Summary of Fraudulent Solicitations Roundtable

On July 26, 2017, OPIA and Trademark Operations co-hosted a roundtable on the issue of fraudulent solicitations. The objective of the program was to further public awareness of the problem, to provide U.S. Government officials with more information about its scope, and to facilitate discussion about how to address the problem. Joe Matal, who is performing the duties of the Under Secretary of Commerce for Intellectual Property and Director of the USPTO, spoke at the roundtable, as did other speakers from the USPTO, U.S. Department of Justice (DOJ), U.S. Postal Inspection Service (USPIS), Federal Trade Commission (FTC), Small Business Administration (SBA) and U.S. Customs and Border Protection (CBP). Eleven members of the public within the IP community spoke as well. The speakers addressed the current challenges in addressing fraudulent or misleading solicitations and began a dialogue about next steps.

Impact and Challenges Identified

Trademark scams range from 1) those who take consumers' money and do nothing, to 2) those who file on behalf of applicants for inflated fees. Solicitations include offers to file renewal and maintenance documents, offers to record trademark registrations with U.S. Customs and Border Protection, trademark monitoring services, and recordation in useless databases. Public speakers at the roundtable described the impact of fraudulent solicitations on themselves, their clients, their business and law practices. Complaints included interference with their client relationships, wasted time responding to panicked or angry clients, loss of sales, and the diminished perception of trademark value. Speakers also noted the administrative burden of pursuing bad actors in repeatedly advising them to stop contacting their clients or, in the case of one law firm, pursuing civil suits. Public speakers also noted that solicitations offering to renew registrations did not inquire whether the mark was still in use in commerce on all of the goods and services, whether there was excusable non-use, or mention the need for a specimen of use – calling into question the validity of renewals. They noted that some of the scam notices are so “official-looking” that even law firms, who are more knowledgeable about scams than the average filer, were not always quick to spot solicitations as fraudulent. Sometimes fraudulent invoices are routed to accounting departments and paid without further inquiry.

U.S. Government (USG) agencies provided information about the complexities surrounding the pursuit and prosecution of scammers. They noted that many scammers are sophisticated: their operations are not limited to the U.S., they can move quickly and are adept at erasing their tracks, making them extremely difficult to track. Investigation of scams requires a significant amount of resources for agencies already stretched tackling problems like violent crime, drugs, and gangs. Evidence-gathering is usually international in scope and involves cooperation with numerous international governments and enforcement agencies. Scammers use “burner” cell phones which they constantly change, shifting “virtual office space” addresses for checks sent by victims, and bank accounts opened with fraudulent names. A significant problem noted by USG officials is the reluctance of victims to come forward, making it

difficult to pursue offenders. All parties agreed that scams featuring fraudulent solicitations were a pervasive, intractable issue.

Suggested Solutions

A representative from a law firm described civil suits undertaken by the firm versus several bad actors, urging other firms to take private action. (However, USPIA agents cautioned against this, warning that it may alert scammers that they are being targeted and may spur them to take further and more sophisticated steps to evade enforcement efforts). In connection with this effort, the law firm representative asked that the USPTO database be searchable by email and IP address, which would make it easier for private practitioners trying to find scammers. USPIA seconded this point, noting that being able to search IP addresses of all transmissions put into system at USPTO would be extremely helpful and would speed up the process of finding bad actors, since business names change all the time but IP addresses may not.

A private business owner urged government regulation of companies that send solicitations for trademark services. This could be accomplished through 1) a mandatory business registration process and 2) additional government oversight, particularly targeting companies with misleading or confusing solicitations. He suggested a prominent warning on solicitations that they are not affiliated with a government entity, and confirming correspondence from entities to clients as to how a matter is being handled. For those organizations who actually do file documents on behalf of applicants, he suggested requiring their contact information, schedule for filing, anticipated date of submittal, and a process to request payment back if the schedule is not adhered to. He proposed that the government should also receive notice as to the entity handling the matter.

The Department of Justice and the Federal Trade Commission stressed the importance of quick reporting of scams to the FTC. Scammers frequently change mail drop addresses and other traceable information, and delay can hinder or preclude criminal investigations. They too counseled against reaching out to scammers directly, but encouraged filing a detailed complaint at [FTC.gov](https://www.ftc.gov). This information is shared with law enforcement, and the greater the number of complaints against a single actor, the greater the possibility that they can be prosecuted. The best cases for successful prosecution are ones where money has been paid and no service has been rendered. The investigators stated that the actual envelope from the solicitation with original stamp is a helpful piece of evidence, along with a copy of the solicitation, and any loss amount. A check can also be used to track the money to the perpetrator.

Representatives from DOJ and USPIA spoke about the recent criminal convictions in California of five individuals, including employees of a bank who ran a lucrative trademark scam and knowingly laundered the proceeds. These convictions hinged on the number of complaints filed with the FTC for this particular entity and involved actual monetary loss.

The representative from US Customs and Border Patrol noted an ongoing attempt to track scammers in their customs recordation database through [Pay.gov](https://www.pay.gov), the credit card used in the online system. They are also responding to suspicious filings – for example, they mentioned requests to record registrations for services, which can't be shipped or trucked into the country – by asking the recording entity for more information and including a requirement of a sworn declaration for customs recordation filings.

Several other proposals were raised, including putting pressure on countries hosting fraudsters, employing tax audits, and the filing of private class action lawsuits. The Small Business Administration proposed training pro bono attorneys to raise awareness on fraudulent solicitations among small businesses and entrepreneurs. Other suggestions included coordination of US efforts with the anti-fraud taskforce at MARQUES and with the anti-fraud network of EUIPO. Also suggested was the filing of litigation in federal court or domain name complaints under the Uniform Domain-Name Dispute-Resolution Policy (UDRP) by the USPTO against those who use confusingly similar names as part of domain names in perpetrating trademark scams. Again, however, USPTO representatives noted that this may well be counterproductive to criminal investigations because it would alert scammers that their activity is being scrutinized. To aid with limited resources of the DOJ in tackling offenders, USPTO suggested tasking employees from the USPTO to serve as detailees with DOJ to focus and collaborate on prosecutions.

Current Practices and Next Steps

The USPTO currently offers warnings in trademark application filing receipts, in emails transmitting office actions, and with registration certificates. On these measures, USPTO plans to evaluate the language on each of these warnings in order to streamline and improve it, and to add the same information on pages about maintaining a registration and in renewal reminders. While the USPTO lacks the power to file lawsuits against the scammers, we have in the past issued cease and desist letters to some of them, but without the ability to sue them, this has not been particularly effective. Our Office of Enrollment and Discipline (OED) has also pursued some scammers for unauthorized practice of law where they have unlawfully submitted filings on behalf of victims of their scams.

As a result of the roundtable discussion, the USPTO is considering measures to increase reporting of complaints to the FTC, including adding the FTC link to USPTO webpages, training examiners to relay the information when they receive complaints from applicants, and asking the call center to encourage reporting. We will also encourage agencies that specialize in business services, such as the SBA, to link to our existing page on fraudulent solicitations. We aim to determine whether the USPTO can institute domain name complaints under UDRP against those who use confusingly similar names to the USPTO in perpetrating trademark scams. Further, detail positions have been announced to send two examiners to DOJ to work with them on combatting fraudulent solicitations. The USPTO will continue working with the anti-fraud network at EUIPO and begin collaboration with the anti-fraud task force at MARQUES. Also to be explored is the option of forcing prominent labeling on solicitations that the sender is not affiliated with a government agency. This non-exhaustive list is the beginning of a critical dialogue in finding ways to protect trademark filers from scams.

How You Can Help

The USPTO looks forward to an ongoing conversation on how to address this important issue and welcomes your continued input. We encourage our users to file complaints and continue to provide feedback on their experiences with fraudulent solicitations.

Anyone who receives a fraudulent trademark solicitation should immediately do the following:

- **File a complaint online (link is external)** with the Federal Trade Commission or call 1-877-FTC-HELP. Note that lawyers can also report solicitations for their clients. The on-line link is: <https://www.ftc.gov/news-events/media-resources/identity-theft-and-data-security/filing-complaint>.
- In addition to filing the complaint, please retain the solicitation and the envelope with the postmark, as well as any cancelled check paid to a scammer.
- Refer to the FTC website for additional information on **scammers (link is external)** and **government imposters (link is external)**.

For more information on fraudulent solicitations:

- Watch a brief **video** on how to identify misleading notices
- See the **informational page of the USPTO website on trademark solicitations** for a list of fraudulent entities we've already identified
- Consult our **Basic Facts Booklet** on protecting trademarks
- Contact us directly at **TMFeedback@uspto.gov (link sends e-mail)**