

insight

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IN THIS ISSUE

RATNERPRESTIA NAMES JONATHAN SPADT AS CEO AND PRESIDENT; PAUL PRESTIA TAKES ROLE OF SENIOR COUNSELOR AND STRATEGIC ADVISOR 1-4

RATNERPRESTIA HOSTS INTELLECTUAL PROPERTY IN CHINA CONFERENCE 1-2

NEW DRUGS AND PATENT TERM EXTENSIONS FOR REGULATORY DELAYS 3

SPEAKERS FORUM 4-5

RP NEW ADDITIONS AND ANNOUNCING 5

PROTECTING TRADE SECRETS IN AN ERA OF HIGH EMPLOYEE MOBILITY 6-7

RATNERPRESTIA'S TRADEMARK CORNER 8-9

RATNERPRESTIA NAMES JONATHAN SPADT AS CEO AND PRESIDENT; PAUL PRESTIA TAKES ROLE OF SENIOR COUNSELOR AND STRATEGIC ADVISOR

Visionary leader, Paul F. Prestia, has spent the last thirty years developing a thriving law firm based on a culture of excellence. And now, with all of the building blocks of success in place, Paul will turn his attention to new challenges as he assumes the role of Senior Counselor and Strategic Advisor. Effective February 1, 2011 Jonathan H. Spadt, who has been with the firm since 1997, becomes the firm's new CEO and President.



CONTINUED ON PAGE 4

RATNERPRESTIA HOSTS INTELLECTUAL PROPERTY IN CHINA CONFERENCE

As part of RatnerPrestia's growing China IP Law initiative, the firm organized and hosted an international conference on Intellectual Property Law in China on October 20, 2010 at its Berwyn offices. The conference developed from Paul F. Prestia's recent visit to Asia during which Mr. Prestia and Dr. Matthew Ma, the firm's China Business Representative, met with a number of representatives from companies, research institutions and law firms that expressed interest in the intersection of US and China intellectual property law.



CONTINUED ON PAGE 2

RATNERPRESTIA HOSTS INTELLECTUAL PROPERTY IN CHINA CONFERENCE

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The conference included presentations by a number of Chinese and European attorneys and RatnerPrestia attorney Jonathan Spadt. The presentations addressed topics including IP enforcement and U.S. litigation discovery in China, trade secret law, employment agreements and other technology-based contracts, and patent and trademark prosecution and enforcement in China, as well as the Cross Strait agreement and the Taiwanese influence on Chinese IP development. Mr. Spadt and Matthias Stölmár of Stölmár Scheele & Partner, Munich, Germany, provided U.S. and European perspectives on IP in China. Mr. Spadt also spoke on avoiding U.S. patent infringement liability when imported products from China are in a company's supply chain. Question and answer sessions and panel discussions on these and other topics followed the formal presentations.

Five different Chinese law and IP firms participated in the conference. Their participation included presentations by James Zhu and Zoe Wang of Jun He Law Offices in Shanghai, Qinghong XU of Lung Tin International Intellectual Property Agent Ltd., Beijing, Daisy Wang of Lee and Li, Taipei, Taiwan, Christopher Shaowei of NTD Patent and Trademark Agency Limited, Beijing, and Crystal Gao of China Patent Agent Ltd., Hong Kong.

In addition to the presenters, the program was attended by IP professionals from U.S. and international corporations, including SAP Software, Siemens, STMicroelectronics, Renesas Electronics

Corporation, The Dow Chemical Company, Johnson & Johnson, Air Products and Chemicals, W.L. Gore, Crayola, FMC, Shire Pharmaceuticals, Johnson Matthey, Cray Valley, Süd Chemie, LyondellBasell, and others.

With attorneys fluent in Chinese and German, and with regular visits to Europe, China, Japan and Korea annually, RatnerPrestia has teams in place to handle all aspects of any IP problem in any part of the world. With Mr. Prestia's guidance, RatnerPrestia's China IP Law initiative will continue to identify and form strategic alliances with quality law firms in China and neighboring countries to provide RatnerPrestia's clients with superior counseling and service for their Asian business needs.

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NEW DRUGS AND PATENT TERM EXTENSIONS FOR REGULATORY DELAYS

BY CHRISTINE BRADLEY

When developing and patenting a new drug product containing a new active ingredient subject to regulatory review and approval, the patent term may be extendable to account for the period of regulatory delay. The extension compensates for the patent term that may be effectively lost since the new product cannot be sold or used until approved by the regulatory agency after an often lengthy regulatory review process for the new drug product. In these situations, the Patent Term Extension Statute, 35 U.S.C. § 156, may entitle the patentee to extend the patent term from the original expiration date of the patent.

In accordance with 35 U.S.C. § 156(a)(4) and (5), the term of a patent shall be extended “if the product has been subject to a regulatory review period before its commercial marketing or use;” and “the permission for the commercial marketing or use of the product after such regulatory review period is the first permitted commercial marketing or use of the product under the provision of law under which such regulatory review period occurred.”

In short, a patent covering a drug product that is the same as one previously approved by the Food and Drug Administration (FDA) is not entitled to a patent term extension. On the other hand, the statutory requirements for patent term extension are satisfied when the drug is a new product that contains a new active ingredient and therefore can not be commercialized until after regulatory review and approval. Two Federal Circuit cases have addressed the issue of whether, subsequent to FDA approval, the permission for sale and use granted was indeed the first permitted commercial marketing or use of the “new drug product” at issue.

In *Photocure v. Kappos*,¹ a new chemical compound, MAL hydrochloride, was patented based on its improved therapeutic properties over a known compound, aminolevulinic acid hydrochloride (ALA hydrochloride). Although ALA hydrochloride had previously received FDA approval for the same therapeutic use, the product containing MAL hydrochloride, the methyl ester of ALA, was a “new drug” in terms of the Federal Food, Drug, and Cosmetic Act, 21 U.S.C. § 321(p) and required full FDA approval. Accordingly, Photocure applied to the Director of the U.S. Patent and Trademark Office (PTO) for an extension of term.

The Director denied the patent term extension based on the PTO’s interpretation of the statute that “active ingredient” means the “active moiety” of that product. Based on this interpretation, the PTO held that MAL hydrochloride is the same product as ALA hydrochloride and therefore the MAL hydrochloride product was not the first commercial marketing or use of that product given that the drug containing ALA hydrochloride had previously been approved. On appeal, the district court reversed the PTO ruling and found that the patent was subject to the patent term extension. The case was appealed to the Court of Appeals for the Federal Circuit.

The Federal Circuit considered the arguments presented by the PTO, but agreed with the district court and found that the MAL hydrochloride product was a new drug product subject to extension of its patent term. The Federal Circuit specifically rejected the PTO’s

statutory interpretation and repeated its holding in *Glaxo Operations UK Ltd. v. Quigg*, 894 F.2d 392 (Fed.Cir.1990) that “‘product’ in § 156(a) means the product that is present in the drug for which federal approval was obtained.” The Federal Circuit found that MAL hydrochloride is a different chemical compound than ALA hydrochloride and each required separate patenting and separate regulatory approval. Thus, the patent was entitled to a patent term extension under 35 U.S.C. § 156.

In *Ortho-McNeil Pharmaceutical, Inc. v. Lupin Pharma, Inc.*,² a patent was obtained on an antimicrobial compound, levofloxacin, which is an enantiomer of a racemic compound, ofloxacin. In particular, levofloxacin was found to have significantly superior properties, such as antimicrobial activity and lower toxicity, as compared to ofloxacin. Although racemate ofloxacin was previously approved by the FDA, the drug product containing levofloxacin required regulatory review and approval. After meeting the regulatory requirements, the FDA approved levofloxacin for commercial marketing and use. The PTO granted a patent term extension in accordance with 35 U.S.C. § 156.

In a subsequent litigation, Lupin contested whether the patent was entitled to the term extension. Lupin argued that an enantiomer is half of its racemate, and therefore the enantiomer levofloxacin was an “active ingredient” or component of the previously marketed racemate ofloxacin. Under Lupin’s argument, permission to market and use levofloxacin was not “the first permitted commercial marketing or use of the product” as required by § 156(a)(5)(A).

The district court disagreed with Lupin and confirmed that the statutory requirements for patent term extension were met. The Federal Circuit affirmed the District Court decision, noting that the FDA requires full regulatory review of an enantiomer even if the racemate has received approval and also that the PTO has recognized separate patentability of the enantiomer. The Court again relied on the definition of “product” set forth in *Glaxo* and indicated that the FDA and PTO practices were consistent therewith.

In summary, a methyl ester of a known compound or an enantiomer of a known racemate may be entitled to patent term extension under 35 U.S.C. § 156 so long as the new compound is separately patentable and is an active ingredient of a drug that may not be commercially marketed or used until regulatory approval is obtained.

For additional information, please contact Christine Bradley, at CEBradley@RatnerPrestia.com or (610) 993-4254.

¹ *Photocure ASA v. Kappos*, 603 F.3d 1372 (Fed. Cir. 2010).

² *Ortho-McNeil Pharmaceutical, Inc. v. Lupin Pharma, Inc.*, 603 F.3d 1377 (Fed Cir. 2010).



RATNERPRESTIA NAMES JONATHAN SPADT AS CEO AND PRESIDENT; PAUL PRESTIA TAKES ROLE OF SENIOR COUNSELOR AND STRATEGIC ADVISOR

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Recognizing the many issues that arise in law firms when transitioning to new leadership, Paul initiated a transition plan that has evolved over a number of years, under his leadership, with a strong Management Committee. Jonathan has served on that Committee and chaired the firm's IP Strategy and Risk Management Group since 2006. "The firm is fortunate and I am personally gratified to know that Jon, with his vision and his management skills, will now lead the firm as it continues to grow and prosper. This is a time of great opportunity for us and the prospect that we are entering a significant growth phase in the next few years makes this transition even more exciting," Paul said.

Paul will continue as a Director of RatnerPrestia and as a member of the Management Committee. In addition to continuing to represent and counsel clients in complex IP matters, he will also maintain responsibility for Ethics and Professionalism within the firm. Paul also plans to expand his business development activities, with a particular focus on developing relationships with Chinese companies, research organizations and law firms through the firm's China IP Law initiative. On a recent two-week visit to China, Paul co-presented a program on innovation and intellectual property management at the Beijing Semiconductor Research Park. Paul is already planning his next trip to Asia and will once again play a pioneering role for RatnerPrestia as its clients enter expanding markets in the global economy.

Jonathan thanked his fellow Shareholders for the honor and the challenge of succeeding such a highly regarded colleague with a tribute to Paul: "With Paul at the helm, RatnerPrestia has become one of the preeminent intellectual property law firms in the country and I am tremendously excited to meet the challenge of continuing the firm's growth and development. Paul's sophisticated leadership will continue to provide guidance to firm management on issues relevant to our emerging global position. We are fortunate that he will continue to do something he has always excelled at - looking ahead."

With Jonathan's leadership and Paul's continued guidance, RatnerPrestia will continue to provide intelligent, practical, cost-effective counseling to clients who need legal advice in the context of business decisions. This philosophy will allow RatnerPrestia to successfully partner with its clients and further their business interests today and for years to come.



Stephen Weed



Joshua Cohen



Rex Donnelly



Christopher Rothe



George Pazuniak



Glenn Murphy



Jonathan Spadt



Glenn Massina



Christopher Dervishian



Benjamin Leace



Gerard O'Rourke



Christopher Lewis

Rex Donnelly presented an overview of Intellectual Property law for entrepreneurs to students of Delaware State University's (DSU) College of Business (COB) New Venture Finance & Investment class, using RatnerPrestia's recently published "Intellectual Property Survival Guide", on November 18, 2010.

RatnerPrestia sponsored the Association of Corporate Counsel Delaware Valley (DELVACCA Chapter) IP CLE Institute on November 16, 2010 at the Union League in Philadelphia. Shareholders **Christopher Lewis, Glenn Massina, Christopher Dervishian, Rex Donnelly** and Saint Gobain Corporation's IP Counsel Alex Plache, were panelists at the program.

Christopher Rothe was invited to participate as a panelist at the Medical Device Materials Voice-of-Market™ (VOM) Forum on November 18, 2010 in Minneapolis, MN. The VOM Forum, hosted by Paragon Development, featured a panel discussion of current trends in the medical device industry, recent advancements made in medical device design and business opportunities.

Glenn Murphy co-presented, "Practice After KSR: A Brief Report on U.S. Obviousness Patent Practice After the 2007 Supreme Court Decision" on Wednesday, November 17, 2010. The presentation covered the 2007 Supreme Court decision and the 2007 and 2010 PTO Guidelines on Obviousness after KSR. Mr. Murphy, who is fluent in German, made his presentation to German speaking participants around the world. These are the first foreign-language CLE events sponsored by the AIPLA through its International Educational Committee.

RatnerPrestia attorneys **George Pazuniak, Jonathan Spadt, Stephen Weed, Ling Zhong, Ph.D.,** and **Kevin Buckley** attended Ben Franklin Venture Idol 2010 in Bethlehem, PA on November 16, 2010. RatnerPrestia sponsored the event, which attracts more than 250 entrepreneurs, investors, and other business and technology leaders from throughout the Mid-Atlantic region.

Joshua Cohen chaired a full-day program at the 2010 Global Conference on Product Innovation Management on October 18, 2010. The program, titled "Intellectual Property 2010: Above and Beyond Your Legal Team," focused on IP strategies and management practices that foster commercially successful product innovation.

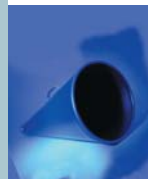
Shareholders **Benjamin Leace** and **Gerard O'Rourke** and John C. Gregory, Jr. of Streamlight Inc. presented "Managing Expectations Between Inside and Outside Counsel in IP Litigation" as part of the Legal Intelligencer's In-House Counsel CLE Seminar on September 14, 2010. The program took place at Le Meridien in Philadelphia, PA and attracted over 80 in house counsel members who received 4 CLE credits for their attendance.



Kevin W. Buckley has joined the firm in its BioChemPharma Group as Counsel. He is based in the firm's Valley Forge, Pennsylvania office. Mr. Buckley has 10 years of legal experience in the IP field, in addition to biochem research experience. His practice is focused on the counseling, licensing, due diligence and prosecution in the fields of biopharmaceutical, small molecule pharmaceutical and in vitro diagnostics.



Christopher H. Blaszkowski has joined the firm in its Patent and Litigation Groups as an Associate. He is based in the firm's Valley Forge, Pennsylvania office. Mr. Blaszkowski joins RatnerPrestia after serving as a judicial clerk for the Honorable Sue L. Robinson in the United States District Court for the District of Delaware. Prior to his clerkship, he was a summer associate at RatnerPrestia.



ANNOUNCING



Ling Zhong, Ph.D. has become Counsel. Dr. Zhong has practiced all aspects of intellectual property law since 2000, with particular expertise in patent procurement, portfolio development, opinions on patentability, patent validity, patent infringement, and freedom-to-operate, IP licensing agreements, and patent litigation in life sciences. She is a member of RatnerPrestia's Biotechnology and Pharmaceutical Chemistry Groups.

Traditionally, protecting a company's trade secrets against misappropriation was generally considered to be primarily a matter of limiting access to confidential information, controlling the distribution of documents containing such information, monitoring the external dissemination of information regarding the company and its technology, and blocking access by outsiders to the company's facilities. Although employees were often required to enter into employment contracts in which they agreed to keep the employer's trade secrets confidential, employees would frequently remain at a single company for many years, if not their entire career,

“Pennsylvania law empowers a court to enjoin the threatened disclosure without requiring a plaintiff to show that disclosure is inevitable.”

and their loyalty to that company was high. In recent years, however, employee mobility has greatly increased. An individual's value to a new employer is often considered to be due to not just the individual's general business or technical knowledge and skills, but also to the specific experiences and insights gained while working in a similar position at a competitor. This, of course, raises the possibility that the employee, intentionally or not, may unlawfully use or disclose confidential information of the former employer in the course of carrying out responsibilities in the new position.

In such an environment, it has become even more critical for an employer to ensure that its agreements with employees maximize the ability of the employer to safeguard its trade secrets should an employee later leave the company and to be prepared to quickly respond when an employee's departure for a position at a competitor appears imminent. Trade secret law and employment law are determined by state law and thus the measures that an employer can effectively implement vary somewhat from state to state. However, two recent decisions by the Court of Appeals for the Third Circuit, which interpreted and applied Pennsylvania law in connection with preliminary injunctions against departing employees, provide interesting insight into the circumstances under which such injunctions may be obtained by the former employer.

In the first case, *Pharmethod v. Caserta* (decided June 2, 2010), the defendant (Caserta) had signed a non-compete agreement with “Dyventive,” a fictitiously named entity owned by Rentacom. Caserta later became employed by the plaintiff (Pharmethod), an entity unrelated to Rentacom but having similar ownership. Caserta was subsequently involuntarily discharged by PharMethod without notice. The non-compete agreement was assignable (although it was never actually assigned to PharMethod), required the employer to give Caserta two weeks notice of termination, and provided that a breach of the agreement by Caserta would cause irreparable harm to the employer.

When PharMethod brought an action to enforce the non-compete agreement, the federal district court held that Caserta had violated the restrictive covenant and had conceded that irreparable harm would be suffered by his former employer by such violation. Caserta was enjoined from calling on PharMethod customers, disclosing PharMethod confidential information, and disparaging PharMethod, and had to provide an accounting to PharMethod.

On appeal, the Third Circuit held that the district court failed to make the findings of fact required by the Federal Rules of Civil Procedure. As a result, there was no basis on which the appellate court could review the district court's ultimate legal conclusions on the plaintiff's probability of success, irreparable harm to the plaintiff, the balance of hardships and the effect of an injunction on the public interest. The Third Circuit therefore remanded the case for further findings and provided guidance to the district court regarding certain aspects of Pennsylvania law.

In particular, the Third Circuit noted that the question of whether PharMethod had standing to bring the action against Caserta should be explored, given that non-compete agreements are considered to be “personal” and that the assignability and consent to assignment of such agreements are not to be presumed under Pennsylvania law. The court also commented on Pennsylvania law regarding post-employment restrictive covenants, which historically are not favored but which can be found enforceable where they are deemed to be reasonably necessary to protect the employer and reasonably limited in duration and geographic scope. The potential of such covenants to restrain trade and cause hardship to an employee by interfering with his or her right to earn a living must be balanced against the former employer's legitimate business interests (which include the protection of the employer's trade secrets, but not elimination of competition or gaining an economic advantage).

Furthermore, according to the Third Circuit, although a court may reform a non-compete agreement and find a restrictive covenant enforceable even if the original provisions of the agreement are not entirely in conformance with Pennsylvania law, overreaching by the employer can render the non-compete unenforceable. The Third Circuit decision criticized the district court's deference to the contractual language of Caserta's employment agreement and questioned whether enforcement of just the non-disclosure provisions of that agreement might not have been sufficient to protect PharMethod's legitimate interests. Consideration should therefore be given to whether the injunction should be more narrowly tailored. Furthermore, the district court should review whether Caserta's involuntary termination without notice might render the post-employment restrictive covenant unenforceable.

In the second case, *Botticella v. Bimbo Bakeries* (decided July 27, 2010), the defendant (Botticella) had been a senior executive at Bimbo Bakeries since 2001. As a regional vice president of operations, he was directly responsible for five of Bimbo's production facilities and had access to a broad range of both business and technical confidential information. For example,

he was one of a handful of employees at Bimbo Bakeries who had complete knowledge of the process and recipe for making Thomas'® English Muffins. Botticella had entered into a contract with Bimbo Bakeries in which he agreed not to compete with Bimbo Bakeries during the term of his employment and agreed to keep confidential Bimbo Bakeries' proprietary information both during and after his term of employment. However, the agreement did not contain any non-compete restrictions which would apply once he left Bimbo Bakeries.

Botticella later accepted an employment offer from a Bimbo Bakeries competitor (Hostess), wherein he would become Hostess' vice president of bakery operations. He did not inform Bimbo Bakeries of his new position for several months, during which time he remained employed by Bimbo Bakeries and continued to have full access to Bimbo Bakeries' confidential information and planning meetings. Shortly after he did disclose his acceptance of Hostess' job offer, his employment with Bimbo Bakeries was terminated. Following his departure, computer forensics indicated that he had accessed many confidential documents after he had accepted the job offer, including immediately after he disclosed his intent to work for a competitor.

Bimbo Bakeries brought an action in federal district court against Botticella and moved for preliminary injunctive relief to enjoin him from working for Hostess. The district court granted the motion, finding that the plaintiff would likely prevail on its trade secret misappropriation claim and suffer irreparable harm in the absence of an injunction. The court recognized that Pennsylvania's inevitable disclosure doctrine should apply, but stated that the proper standard is "whether the evidence shows at least a substantial threat of disclosure of trade secrets." Interestingly, Hostess was not named as a co-defendant, probably because Hostess had required Botticella to execute an agreement confirming that Hostess was not interested in obtaining any Bimbo Bakeries confidential information and requiring Botticella to avoid disclosing such information to Hostess.

On appeal, the Third Circuit affirmed the district court decision. Botticella had contended that the district court's conclusion that Bimbo Bakeries had demonstrated a likelihood of succeeding on the merits of its claim was wrong as a matter of law for four reasons.

Firstly, Botticella had argued that a defendant can only be enjoined from starting a new job to protect a former employer's technical trade secrets. The Third Circuit concluded that trade secrets need not be technical in nature to be protected fully under Pennsylvania law.

Secondly, Botticella contended that under Pennsylvania's inevitable disclosure doctrine, an injunction could only properly be issued where it would be "virtually impossible" for the defendant to perform his or her new job without disclosing the former employer's trade secrets. According to the Third Circuit, however, the proper inquiry is whether there is a sufficient likelihood or substantial threat that the defendant would reveal such trade secrets to the new employer. Pennsylvania law empowers a court to enjoin

the threatened disclosure without requiring a plaintiff to show that disclosure is inevitable.

Thirdly, in response to Botticella's argument that Bimbo Bakeries had not presented any evidence from which the court could conclude that his responsibilities in the new job at Hostess would lead him to disclose Bimbo Bakeries' trade secrets, the Third Circuit held that the district court had not abused its discretion in deciding that Botticella's former and new positions were sufficiently similar.

Finally, Botticella argued that the district court had drawn impermissible adverse inferences against him in a way that effectively shifted the burden of proof from Bimbo Bakeries to Botticella. However, according to the Third Circuit, even if the court had erred by drawing such an adverse inference, the conclusion that he intended to use Bimbo Bakeries' trade secrets rested on a solid evidentiary basis. In particular, Botticella's failure to disclose his acceptance of a job offer from a competitor while remaining in a position to receive Bimbo Bakeries' trade secret information and his copying of such information onto external storage devices was found to provide evidence of this intent to misappropriate.

For additional information about RatnerPrestia's Trade Secret Practice Area, please contact its Chair, Stephen D. Harper, Ph.D., at SDHarper@RatnerPrestia.com or (610) 993-4228.



Proving fraud becomes increasingly difficult

USPTO refuses to find fraud where trademark applicant relied on advice of counsel.

BY: JOHN W. MCGLYNN

On September 13, 2010, the U.S. Patent and Trademark Office Trademark Trial and Appeal Board issued a decision further illustrating how difficult it will be to prove fraud on the USPTO subsequent to the Court of Appeals for the Federal Circuit decision in *In re Bose* which ended the negligence standard for fraud on the PTO and held “a trademark is obtained fraudulently under the Lanham Act only if the applicant or registrant knowingly made a false, material representation with the intent to deceive the PTO.” *In re Bose Corporation*, No. 2008-1448 (Fed. Cir. Aug. 31, 2009). *In M.C.I. Foods, Inc. v. Brady Bunte*, Cancellation No. 92046056 (TTAB Sept. 13, 2010), the Board found that conferring with counsel before including knowingly false information in its application avoided the requisite deceptive intent for fraud.

M.C.I. Foods, Inc. filed a Petition to Cancel Brady Bunte’s U.S. Registration No. 3,086,128 for the mark CABO CHIPS for “processed snack foods formed from corn, namely, chips.” M.C.I. alleged priority of use and likelihood of confusion and asserted its own U.S. Registration Nos. 2,674,112; 2,988,402 and 3,088,995 for CABO PRIMO & Design, LOS CABOS & Design and CABO CLASSICS, all covering food items such as “burritos, enchiladas, tacos” and other Mexican style food products.

Bunte answered by denying M.C.I.’s allegations and also filed a separate Petition to Cancel M.C.I.’s registration for CABO PRIMO & Design on the ground of fraud. Specifically, Bunte asserted that M.C.I. committed fraud on the USPTO because M.C.I. falsely claimed use of the CABO PRIMO & Design mark in connection with goods with which the mark had never been used. M.C.I. answered by denying Bunte’s allegations and the proceedings were consolidated.

Noting the standard established by *Bose*, the Board explained that there is a difference between false and fraudulent representations. A false representation can result from an innocent misunderstanding or mistake, whereas a fraudulent representation entails a willful intent to deceive. An applicant must make a false, material representation with the intent to deceive in order to fraudulently obtain a trademark registration. The Board then considered the evidence of record, which included testimony from M.C.I.’s president that the CABO PRIMO & Design mark had only been

used on burritos, but that M.C.I. directed the use of the broad identification of goods because it wanted to protect the mark for all Mexican food products. Taking note that the list of goods was “discussed with counsel” and there was no evidence of record that M.C.I. had been advised that it should not include goods in the application with which the CABO PRIMO & Design mark was not being used, the Board found that M.C.I.’s representation was false, not fraudulent, and, accordingly, did not have the requisite willful intent to deceive:

Because MCI filed its application to register the CABO PRIMO and design mark with the advice of counsel, the overly expansive description of goods, while a false statement, falls short of constituting a fraudulent statement which carries with it an actual implied intent to deceive the USPTO.

The Board went on to clarify that it would not infer M.C.I. intended to deceive the USPTO without some factual basis for the inference. The burden was on Bunte to establish a factual basis for inferring intent to deceive, possibly, for example, by eliciting testimony regarding the specific advice provided by counsel regarding the broad list of goods. Fraud must be proven “to the hilt” and the absence of even indirect evidence of M.C.I.’s intent to deceive prevented the Board from finding the requisite intent for fraud.

This decision underscores the now high burden of proving a fraudulent, as opposed to false, representation upon the USPTO and also highlights another benefit afforded by consulting with counsel when applying for and registering a trademark. The Board pointed out, however, that the mere assertion of acting in reliance on advice of counsel is not a complete defense to a charge of fraud. The finding in the subject case simply illustrates the burden on the charging party to show that relying on the advice of counsel under the particular circumstances was inappropriate and did not obviate intent to deceive.

For additional information about RatnerPrestia’s Trademark Practice Area, please contact its Co-Chair, John W. McGlynn, at JMcGlynn@RatnerPrestia.com or (302) 778-3467.

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Readers seeking assistance on a legal matter should always consult

with an attorney. Comments on insight® and suggestions for future articles may be submitted to the editor, Glenn M. Massina, Esquire, at our Valley Forge Office.

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