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## Beware The Many Faces Of A Trademark Scam

Law360, New York (May 12, 2008, 12:00 AM ET) -- There is a lot of confusion, deception and outright fraud in the trademark world. "Companies" from all over the world send out mass communications to trademark owners and their counsel, often producing official-looking documents disguised as invoices or urgent communications.

Public trademark data is mined for all the relevant information, readily available to anyone with a connection to the Internet. For in-house counsel and especially their accounts payable departments, it's easy to be taken in by deceptive practices, and the frequency and alleged time urgency of these scams create a constant battle to weed out the fact from the fiction.

These scams or unfortunate business practices can be extremely sophisticated, often looking less like junk mail and more like something that deserves serious consideration.

To avoid falling into these scammers' traps, recipients need to know the difference between the scams and the real thing, and have appropriate policies and controls in place – ahead of time.

Most trademark scammers operate in four distinct categories (or a combination thereof): masqueraders, misrepresenters, overchargers and poachers.

### *Masqueraders*

These scammers make their money by impersonating others. Correspondence received from these groups is made to look like official documents from the United States Patent and Trademark Office, the Office for Harmonization in the Internal Market (OHIM) in Europe, or other official trademark organizations. Logos, typefaces and letter templates are similar and/or are copied directly from the real ones.

The groups use names such as the Register of Protected Trademarks, the International Trade Press and the United States Trademark Center, or other official sounding names.

The real Patent and Trademark Office in the United States publishes the Official Gazette every week, which lists trademark applications including the mark, the applicant's name, and the goods and services for which the mark is about to be registered. Scammers sometimes photocopy the book, cut each trademark out and paste it into their letter template and send it to the applicant. Scanning or downloading the information is another common practice.

The letter may urge the mark's owner to register in their official-sounding book or "register" the mark, often at a hefty fee of as much as \$2,000. Purchasing a space in such publications is not a registration at all and conveys no substantive legal rights to the victim. In fact, it might as well be considered an ad placement fee rather than a trademark registration.

Unfortunately, such "ads" usually do not show or list the goods of the applicant and will most likely not generate meaningful trademark rights. It is even possible that appearing in such a published list of trademarks will cause others to send even more official looking solicitations to the owner because they have identified themselves as a firm with lax accounting controls or internal verification of authorized expenses.

Some masqueraders will use public records to target those who will soon be incurring an actual expense to complete a registration through the European Community Trademarks Office (OHIM), and the scammers time the delivery of their fraudulent letter so it appears to be the legitimate invoice. The scammers use a solicitation disguised as an invoice with a logo almost identical to that of the European Union, complete with a circle of stars.

The amount of the solicitation matches the actual final registration fee from the OHIM authorities, and the organization will have an official sounding name. There may be some fine print stating that "this is not an invoice," but the purpose of the letter is to mislead in the hopes that the fee will be paid. Unfortunately for those who pay, they will soon be receiving the real invoice in the mail by the OHIM.

The tip off that it is a scam is that the money is to be sent to a Swiss Bank. Switzerland is not a member of the European Community and OHIM is located in Alicante, Spain, not in Switzerland. The author expects that after the funds are deposited in the Swiss bank, the victim will have difficulty receiving a refund once they discover they have been duped when the real registration fee is paid.

### *Misrepresenters*

These scams present flat out false information and are increasingly common via e-mail, often in the form of urgent domain name registration "notices."

The scammer will send a message saying that they are with an "official" domain registrar (usually overseas), and will report in an urgent tone that your trademark is being registered as part of a domain name in someone else's domain name application – [www.yourtrademark.com](http://www.yourtrademark.com), for example. Typically they will offer to sell you a list of domains including your trademark, as a method of protection, or will offer to "protest" the other party's alleged application for a fee.

The author has seen scores of these e-mails addressed to his clients where the message is identical, and only the trademark of the client has been changed to match the mark of the client. Otherwise, the identical pitch is used. Most offer to sell eight or even a dozen variations of domains names each including your trademark embedded in the name. They always start off by stating that someone else has already applied to register these similar names, so you must act immediately.

The truth is, no legitimate domain registrar is going to contact companies with similar-sounding trademark registrations in order to help them protect their IP after a legitimate domain name registration has been submitted to them. This is the false statement in the pitch. They are simply selling domain names by suggesting that your IP may be in danger if you don't fight back against these "competitors."

It is highly unlikely that anyone is already really trying to purchase these domains. The pitch is a set up, like a con man trying to convince you he is really looking out for your interests. Besides, purchasing these domains is in effect like bailing the ocean – they will never run out of alternative similar domains to sell you. New country codes and sub-domains continue to pop up.

Of course, companies should make sure to register the domains they intend to use. Beyond that, if there is use on the Internet by an infringer of a domain name that violates a company's rights, there are procedures to dispute the use of that name, allowing IP owners to protect from infringement.

Another type of official-looking correspondence comes from law firms abroad, looking to stir up a fight.

The letter arrives cloaked with the appearance that the authors represent you when they do not. These firms compare the trademarks pending in their country with marks already registered in the U.S. and then write to the U.S. owner, or their counsel, hoping to drum up business for themselves in their home country.

These firms send urgent letters regarding a trademark application somewhere (usually South America, from this author's experience), stating that a company is seeking to register in their country a mark similar to a trademark registered in the United States. The letter urges an immediate opposition proceeding or other formal protest be lodged, and the letter writer is fortunately expert in such matters.

The trademarks or the applicable goods and services are often so dissimilar that the potential opposition in that country would be a sure loser, or the U.S. mark owner has no rights in that country and has no trademark registration there – again meaning that the chances of success are slim.

Because the cost of an opposition proceeding can often run into thousands of dollars, recommending an urgent opposition in a foreign land when there may be little or no chance of success is an inappropriate business practice trademark owners should be wary of, especially if the firm sending the letter does not have a prior relationship with the brand owner or their counsel.

### *Overchargers*

This group is the least malignant of the trademark scams, because the service offered is lawful and legitimate. There is no false statement of appearance of being from an official agency involved. The only problem is that the fees charged are often three or four times the going rate charged by the most well-known providers of competing services. Many of these offers are for trademark watching or "monitoring."

The well-known trademark watching services usually charge between \$120-\$150 per mark per year. Overchargers for such monitoring offer a similar service but will charge two or three times that much.

Because issues identified through a watching service almost always involve some analysis of the legal issues raised, using a watch service because of an unsolicited letter received in the mail may not provide a trademark owner the advice they need to decide what to do. Paying too much for the service only makes matters worse. Using reputable and established watching firms is a better and lower cost alternative.

### *Poachers*

Poachers are essentially the trademark world's equivalent to ambulance-chasing personal injury lawyers. These folks are attorneys or paralegal service providers who monitor the public trademark office records and offer to provide services to applicants who just happen to have received an office action or rejection from the Trademark Office, usually a week or two before the solicitation letter arrives.

Again, there is nothing illegal about this practice, but it is something companies should be aware of. Do you want to hire a lawyer who found you in a database, or would you prefer someone you select – based on their reputation in your community, or their experience?

Poachers can arrive at the time your trademark certificate needs renewal as well. Oftentimes the solicitation employs a nickel-and-dime approach – bidding low for the renewal service, but failing to disclose the required government fees.

Furthermore, these individuals offer to provide very specific registration or renewal services but these fees will not cover any ongoing legal services, representation or advice. Such advice is critical because renewing a registration for more goods or services than are actually being used by the Registrant at the time of renewal can invalidate the registration.

### *Conclusion*

When it comes to trademark law services, it is in a company's best interest to carefully review every correspondence that is received. Many of these scams work because accounts payable

departments do not know to look for these scams. Warn them. Not every official-looking document is what it appears, and not everything that looks like an invoice addressed to your company should be automatically paid. It has become fairly difficult to tell between the scams and the authentic communications, especially to the untrained eye.

Generally if a company has retained outside trademark counsel, that counsel makes the necessary payments without the client ever seeing invoices from third party providers, or at least the invoices are sent to you by the known counsel. Something that seeks to short-circuit a company's relationship with retained counsel is often a scam. If outside counsel is not handling trademark payments, it's prudent to have written policies in place that specify when and how payments can be made.

Trademark owners should know that official-looking documents sometimes arrive simply because their name is in a database. It is a very good thing to register trademarks and protect brands, but it's also prudent to communicate to staff that the mail and e-mail world is full of those who will take advantage of unsuspecting trademark owners and many of the scammers are very good at it.

– By Jack Clifford, Merchant & Gould PC

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