In re Bose: Federal Circuit Raises the Bar for Fraud in Trademark Cases

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On August 31, the Federal Circuit brought the standards for fraud in the Trademark Office in line with those for patent cases with its decision in *In re Bose*. Bose Corporation had challenged the HEXAWAVE trademark registration of communications technology company Hexawave Inc. based on Bose's prior registration for WAVE. Hexawave counterclaimed that Bose committed fraud because an affidavit stated it was still manufacturing and selling all of the products listed on the WAVE registration, though that was not the case. Fraud was found and Bose's WAVE registration was cancelled.

On appeal, the Federal Circuit found that Bose did not commit fraud and vacated the order cancelling its registration. The court dictated that in order to succeed on a fraud claim, a litigant must show that the filed affidavit contained false statements of material fact that were submitted not merely out of negligence, but with the intent to deceive.

Six years ago, in *Medinol v. Neuro Vasx, Inc.*, the Trademark Trial and Appeal Board held that a trademark applicant commits fraud when it "makes material representations of fact ... which it knows or *should know* to be false or misleading." Now, with *Bose*, the Federal Circuit has ruled that *Medinol* "erroneously lowered the fraud standard to a simple negligence standard," and "there is no fraud if a false misrepresentation is occasioned by an honest misunderstanding or inadvertence without a willful intent to deceive."

"The *Bose* decision answers the question of the applicable legal theory, but leaves open the practical issue of how to prove willful intent," says WilmerHale Litigation Counsel Dyan Finguerra-DuCharme. "The prior 'should have known' standard under *Medinol* was much easier to establish than demonstrating a willful 'intent to deceive the Patent and Trademark Office,' and *Bose* offers little practical guidance on how to do so. While *Medinol* led to the use of a 'fraud on the PTO claim' as leverage in trademark disputes, we will likely see a decrease in these claims in the wake of *Bose*."

To read the full text of a recent WilmerHale Email Alert on this subject, click here.

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