Keywords: **trademarks; reckless disregard; intent to deceive; fraud**

General: **The Trademark Trial and Appeal Board (TTAB) held that "reckless disregard" for the truth or falsity of Declaration(s) submitted during the course of trademark application process is sufficient for a finding of fraud on the USPTO.**

Chutter, Inc.v. Great Management Group, LLC
Opposition No. 91223018
Chutter, Inc. v. Great Concepts, LLC
Cancellation No. 92061951

Trademark Trail and Appeal Board
Mailed: September 30, 2021

I. Background & Facts

Great Management Group, LLC ("Great Management"), a restaurant management group, sought registration of the mark DANTANNA'S for "spices and spice rubs" as well as DANTANNA'S TAVERN for "restaurant and bar services." In each application, Great Management claimed ownership of the trademark DANTANNA'S for "a steak and seafood restaurant," which was originally registered in 2005 by Great Concepts, LLC ("Great Concepts"). Great Management and Great Concepts were both owned and controlled by David Clapp.

In 2010, Great Concepts had filed a Combined Declaration of Use and Incontestability ("Declaration") under Sections 8 and 15 of the Trademark Act for DANTANNA'S. The Declaration included a sworn statement signed by Great Management's counsel that there were no pending civil actions or USPTO proceedings related to the mark, despite there being both a cancellation proceeding and a civil action in Federal District Court pending.

Chutter Inc., ("Chutter), opposed both new applications for DANTANNA'S and DANTANNA'S TAVERN on two grounds: 1) that mark DANTANNA'S so resemble Chutter's previously used mark DAN TANA'S for marinara sauce and restaurant services as to likely cause confusion, and 2) the applied-for marks falsely suggest an affiliation with Chutter's predecessor-in-interest, Dan Tana.

Additionally, Chutter filed a petition to cancel Great Management's original registration for their 2005 mark on the grounds of fraud. In the fraud claim, Chutter alleged that the Declaration filed by the Great Management in 2010 was knowingly false, since at the time of filing the Declaration, Great Management's counsel knew that both a proceeding and civil action were pending against Great Management. Chutter further alleged that after it brought the incorrect filing to Great Management's attention; neither Great Management nor its counsel took any

remedial steps. Great Management's counsel admitted that at the time of filing of the Declaration, there were proceedings pending against Great Management in connection with the mark DANTANNA'S. However, the counsel testified that he did not intend to submit false information, since he did not read the Declaration closely enough to see that it contained a false statement. Great Management's counsel argued that his actions were not fraudulent since he did not have a willful intent to deceive the USPTO.

II. Issues

1) Whether acting in reckless disregard as to the truth or falsity of the statements in the Declaration constitutes willful intent to deceive?

III. Discussion

The relevant precedent relied upon was *In re Bose* (In re Bose, 580 F.3d 1240, 1245 (Fed. Cir. 2009.)), in which the Federal Circuit held that fraud in procuring or maintaining a trademark registration occurs when an applicant for registration, or a registrant in a post registration setting, knowingly makes a false, material representation of fact in connection with an application to register, or a post registration document, with the intent of obtaining or maintaining a registration to which it is otherwise not entitled. *In re Bose* specifically held that intent to deceive is an indispensable element of the analysis in a fraud case. However, *In re Bose* left open the question of whether reckless disregard of the truth or falsity of a material statement in a filing with the USPTO satisfies the intent to deceive requirement. The TTAB held as a matter of law that reckless disregard satisfies the requisite intent for fraud on the USPTO in trademark matters and found that Great Management's counsel demonstrated reckless disregard of the truth by failing to ascertain and understand the importance of the document he was signing.

To establish that Great Management's counsel acted with reckless disregard, the TTAB first considered the legal definition of reckless disregard as "conscious indifference to the consequences of an act." The TTAB found that there was clear and convincing evidence of Great Management's counsel acted with "reckless disregard" for the truth because: 1) "a declarant is charged with knowing what in the declaration is being signed" and 2) the counsel "failed to make appropriate inquiry into the accuracy of his statements to the USPTO." Moreover, Great Management's counsel failed to notify the USPTO of the error in the declaration even after he was notified of the mistake by Chutter's counsel and had reviewed Chutter's fraud allegations in its Petition for Cancellation. The TTAB also considered decisions from the various US Courts of Appeals that held that willfulness includes reckless disregard as well as a Supreme Court decision held that the "standard civil usage" of "willful" includes reckless behavior.

The TTAB held that, as a matter of law, "reckless disregard" satisfies the requisite intent for fraud on the USPTO in trademark matters. Accordingly, the TTAB granted Chutter's petition to cancel Great Managements' registration. The TTAB also refused registration for the two new marks, finding likilhood of confusion with the mark DAN TANA'S.

IV. Conclusion and Takeaways

1). It is important to read and understanding declarations and other documents before signing and filing.

2) TTAB does cancel trademark registrations based on evidence of fraud.