

UNITED STATES PATENT AND TRADEMARK OFFICE

ROUNDTABLE ON FRAUDULENT SOLICITATIONS
TO TRADEMARK OWNERS

Alexandria, Virginia
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4 Commissioner for Trademarks
5 United States Patent and Trademark Office

6 Opening Remarks:

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P R O C E E D I N G S

(2:02 p.m.)

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3 COMMISSIONER DENISON: On behalf of the
4 USPTO and the Trademark Public Advisory Committee
5 I want to welcome everyone here today. We're
6 delighted that you're here in our office in
7 Alexandria as well as in the regional offices
8 around the country to discuss this very important
9 topic of fraudulent solicitations.

10 Fraudulent solicitations may come in
11 several different forms. They might come in a
12 renewal scam format, they might come in a useless
13 database scam, they might be a monitoring scam, or
14 they might be something related to customs and
15 border protection recordation. So, there are a
16 lot of variations on this, but the one thing that
17 we do know is that they keep coming.

18 So, we're delighted that Joe Matal is
19 here with us today. He is performing the
20 functions and duties of the Undersecretary of
21 Commerce for Intellectual Property and Director of
22 the United States Patent and Trademark Office --

1 long title -- and we're delighted he's about to
2 join us today. He will speak first and then next
3 we will have quite a few public speakers here and
4 some in our regional offices who will make
5 statements as well. We also have some people who
6 have submitted written statements which Jody Drake
7 will read on their behalf.

8 And finally, we'll here from
9 representatives of other U.S. government agencies.
10 Clearly, the topic of fraudulent solicitations,
11 both domestically and internationally, is ripe for
12 discussion, and we're delighted that we have a
13 representative of JPO with us today, so thank you
14 so much for coming.

15 So, let's get started. Joe, thank you
16 for joining us today. The floor is yours.

17 MR. MATAL: Thank you, Mary, and thank
18 you all for coming here to participate in this
19 important event. Unfortunately, increasingly
20 businesses large and small are solicited by
21 private companies offering to provide various
22 trademark services and that's a good thing if

1 they're providing the services. But this business
2 model has increasingly grown up of people who
3 promise to register you and don't actually
4 register you, people who promise to monitor goods
5 for you to make sure no one is infringing and who
6 don't actually do it, or my favorite is the ones
7 who offer to put you in a private registry that's
8 completely worthless. But people are taken in by
9 these scams and unfortunately one of the problems
10 we see is these people use names that are designed
11 to make them think that they're part of a
12 government agency. Some of the names we've come
13 across are Patent & Trademark Agency -- sounds
14 kind of official, right? I had to double check
15 that that's not actually part of our own
16 operations. (Laughter) The U.S. and Trademark
17 Compliance Office, the Patent & Trademark Office
18 -- you've heard of them -- and the Patent &
19 Trademark Resource Center. And a lot of folks
20 running a small business who aren't all that
21 familiar with our Agency are taken in by this and
22 think that this is from some official government

1 source and they pay good money for this stuff, and
2 it really just damages the credibility of the
3 whole system; it takes advantage of these people.

4 PTO has tried to do its part to stop
5 this. We have a page on our website that lists
6 organizations that have been doing this, names
7 that you should know to avoid. We have a video to
8 education the public about this. On our office
9 actions we notify people about these scams. But
10 we can't do it alone here. PTO doesn't have the
11 ability to prosecute these cases and to deal with
12 these individuals appropriately. We need the
13 cooperation of the other parts of the government.

14 And they've been providing that
15 cooperation. The Department of Justice over the
16 last two years, working with the Postal Inspection
17 Service, has brought some important prosecutions.
18 They recently shut down the Trademark Compliance
19 Center -- again, not one of our components. One
20 of these fraudulent scammers on the outside was
21 operating out of Los Angeles and, again, getting
22 people to pay for services that they don't need or

1 that they weren't actually provided.

2 We've invited and have participation at
3 this event from the Justice Department, the Postal
4 Inspection Service, Customs and Border Protection,
5 FTC, and SBA. We all need to work together to
6 corral and fix this problem. I'm also glad to
7 have the participation of our regional offices via
8 webex. Those offices are a great resource and are
9 great for events like this so people from all
10 around the country can participate. And then as
11 Mary mentioned we have a representative of the
12 Japan Patent Office here, and we've already
13 started efforts to cooperate with other members of
14 the TM5 to address what unfortunately is a growing
15 phenomenon.

16 So, again, thank you all for coming here
17 and let's hope we can make some progress on this
18 important issue.

19 COMMISSIONER DENISON: Thank you very
20 much, Joe. We know your time is precious so thank
21 you for being here with us today.

22 I'm going to turn it over to Dee Ann

1 Weldon-Wilson, who is the Chair of the Trademark
2 Public Advisory Committee. Thank you, Dee Ann.

3 MS. WELDON-WILSON: Thank you, Mary, and
4 thank you, Joe, for your comments. We appreciate
5 you being here today.

6 We have a number of people from the
7 public who are very interested in the topic and
8 would like to speak on this, so we have asked the
9 speakers to limit their remarks to five minutes.
10 We appreciate all of you being able to do so.

11 Our first speaker today is Peter Sloane
12 of Leason Ellis here in Alexandria.

13 MR. SLOANE: Thank you for providing me
14 with this opportunity to talk about my experience
15 in dealing with fraudulent solicitations on
16 trademark owners. I'm a partner at Leason Ellis,
17 a patent and trademark copyright firm in White
18 Plains, New York, and I'm the Chair of its
19 trademark practice. My clients and the clients of
20 my firm include companies and organizations of all
21 sizes as well as individuals.

22 For many years now we've been receiving

1 inquiries from clients who are confused about
2 these official-looking notices they're receiving
3 from companies with official- sounding names. The
4 notices often look like invoices and they all seek
5 payment for something of dubious value. The
6 damage caused is varied. It includes interfering
7 with our client relationships, wasting time in
8 responding to inquiries, actual and potential loss
9 sales, and importantly for this group a diminished
10 perception of the value of trademarks, something
11 that as IP attorneys we know is intangible and
12 often difficult to quantify.

13 Several years ago we decided to do
14 something about it. In 2012 we filed a civil
15 action in federal court against a company named
16 USA Trademark Enterprises. This company charged
17 consumers almost \$1,000.00 to have their trademark
18 registrations appear in a yearly catalog of
19 trademarks, as was mentioned before. I wish I had
20 brought the book with me, I'm sorry I left it at
21 the office. It is actually a physical catalog.
22 Who knows who they sent it to, probably no one.

1 But the physical example would have been nice to
2 bring, so I apologize for that.

3 Our clients received solicitations and
4 we did as well because we registered our firm logo
5 with the U.S. Patent & Trademark Office. So once
6 we filed suit the defendants appeared and they
7 agreed to take a consent judgment which prohibited
8 them from conducting business in the field of
9 trademarks ever again. They also agreed to a
10 \$10,000.00 monetary payment which we attempted to
11 provide to the PTO but for various reasons it was
12 decided not to go forward with that. Believe me,
13 the money we spent on prosecuting the case was far
14 more than \$10,000.00.

15 The following year we encountered a
16 different kind of scam and filed suit against a
17 company named Patent & Trademark Agency, LLC, one
18 of many similarly named companies. PTO is
19 offering to file a Section 8 Declaration of Use on
20 behalf of trademark registrations for the low, low
21 price of \$985.00, which presumably includes the
22 \$100.00 official fee. It incorrectly referring to

1 these Section 8s as renewals. And importantly, it
2 would file them without any change to the
3 identification of goods, even if it's subject to
4 the registration to attack based on fraud for
5 non-use. One of our clients -- actually, it's a
6 film production company, and behind that company
7 was a celebrity actor -- they even instructed the
8 filing of a Section 8 Declaration through Patent &
9 Trademark Agency after receiving its unsolicited
10 notices.

11 So, included in our complaint that we
12 filed against them was a claim that they were
13 engaged in the unauthorized practice of law before
14 the USPTO. The lawsuit resulted in the defendants
15 agreeing to take a consent judgment like the other
16 company which effectively shut down its trademark
17 business.

18 We were hoping that these kinds of
19 actions would convince others in the trademark
20 community, especially in private practice, to take
21 action against trademark scammers as we have done.
22 I've written articles in publications including

1 Westlaw and Corporate Counsel to help publicize
2 the ability of a law firm like ours to take
3 private action but I'm not aware of any other law
4 firms filing any civil actions.

5 Meanwhile, the list of scammers
6 continues to grow. If you were to look at the
7 exhibits from our 2012 complaint against USA
8 Trademark Enterprises there were a handful of
9 companies listed on the PTO website at that time,
10 and that list has grown exponentially. We just
11 filed another lawsuit, the first in several years,
12 against a company named Patent & Trademark
13 Association, Inc, which is essentially an online
14 version of the catalog published by USA Trademark
15 Enterprises. That suit is currently pending
16 before the U.S. District Court for the Southern
17 District of New York. We're hoping that once
18 again this action of ours shines a light on what
19 is really a scourge on our field.

20 Now, I'm genuinely excited to be here
21 today and see this gathering of people to talk
22 about an issue which we all deal with on an

1 individual basis in our office. I think it's
2 amazing that we're able to come together as a
3 group to discuss it.

4 MS. WELDON-WILSON: We appreciate your
5 comments, Mr. Sloane. Could you wrap them up in
6 another 15, 20 seconds?

7 MR. SLOANE: Needless to say, there are
8 many things that can be done by the USPTO and by
9 some of the government agencies who are here
10 today. I'm hoping that we have the opportunity to
11 talk about those issues in a dynamic collective
12 setting toward the end of the program. Thank you.
13 (Applause)

14 MS. WELDON-WILSON: Thank you very much.
15 Our next speaker is Darlene Klinksieck from Smith,
16 Gambrell & Russell.

17 MS. KLINKSIECK: Hi there, everyone. My
18 name is Darlene Klinksieck. I am the trademark
19 portfolio manager with the D.C. office of Smith,
20 Gambrell & Russell. I have 35 years of trademark
21 experience. I've been doing this since there was
22 no such thing as an electronic filing. We sent

1 five copies of each specimen in and it took
2 forever to get things like that done. But in any
3 event, as the trademark portfolio manager, I
4 probably spend more time dealing with clients than
5 some of the attorneys and so when something goes
6 wrong I'm the first one they contact. What is
7 this? You told us it was going to be X amount of
8 dollars, et cetera, et cetera.

9 I think one of the most egregious
10 invoices I received -- and I sent Mary Denison an
11 email that afternoon and said this is ridiculous,
12 this is absurd. We represent a little real estate
13 broker in Long Island, New York and she was
14 scrapping together her money to go ahead and file
15 the application, there were some issues regarding
16 the mark and the specimens and whatever. We were
17 so pleased when it went through without any formal
18 objections. About a month later she, almost in
19 tears, called me up and said, oh, my gosh, we
20 can't -- you said it was -- oh, geez. And I said
21 what are you talking about, Phyllis? Send it to
22 me. There was an invoice with her little

1 trademark on it from IP Direct for \$2,356.00. Now
2 these folks are out of the Czech Republic but they
3 were telling her that what she needed to do is be
4 on the international register and that she needed
5 to pay the amount within 14 days. She was given
6 the option of wire or check. And that just really
7 irked me to think that here's this little person
8 there who was saving up her hard-earned money to
9 register her trademark and she was hit with
10 something like this.

11 Not too long after that -- we have an
12 office in Atlanta, and one of the partners in the
13 Atlanta office who is not trademark savvy is a
14 member of a fraternal organization, and they have
15 a couple of trademarks that were not really
16 maintained over the years and so they decided they
17 really wanted to shape up their portfolio. So,
18 they came to us in the D.C. office and said we'd
19 really like to get some protection in the UK. So
20 we said, okay, well, that's great, let's go ahead
21 and file these applications in the UK for you,
22 it's going to be X amount of dollars in the

1 foreign associate fees, and it's going to be X
2 amount of dollars for us to go back and forth and
3 perform the work, et cetera, et cetera.

4 Well, a month or two went by and then we
5 started hearing some grumblings from the Atlanta
6 office. Then we started getting some emails
7 saying, oh, the powers that be at the fraternal
8 organization are very upset, it was misrepresented
9 to them what these amounts were going to be. So
10 it was going from the applicant to the partner in
11 the Atlanta office to the partner in the D.C.
12 office who was coming to me. And sure enough, two
13 of the four applications that had been filed in
14 the UK -- and we were using a great firm in the UK
15 -- they got notices from the World Organization of
16 Trademarks, acronym WOTRA, for \$946.00 each. And
17 this was for -- I'm not even sure what it was for,
18 but again they were given bank transfer and check
19 options, please pay within 14 days. Now, this
20 company is out of Budapest. I think I forgot to
21 mention that this one is out of the Czech
22 Republic.

1 So, we had to explain to Atlanta so
2 Atlanta could explain to the client that they
3 could just ignore these things and when they see
4 things that look formal they get a little bit
5 nervous about ignoring them. So we were able to
6 assuage that.

7 And then I guess most recently -- and I
8 don't know if anybody else experienced this --
9 back in April or so we started getting emails from
10 an organization Account Services at
11 Trademarksoncall.com. They were notifying us of
12 cancelled registrations. Now, these were all
13 intentional cancellations, Section 8s. But I got
14 something that came through -- and I said to
15 docketing, wait a minute, I don't remember seeing
16 this come through. What is this?

17 So I went onto PTO's website and sure
18 enough it hadn't even been cancelled officially by
19 the PTO, yet we were getting these notices. Now,
20 they didn't ask for anything but it was kind of
21 puzzling. Then all of a sudden they stopped, so
22 I'm not sure what really happened there.

1 And I read everywhere, hear people
2 talking about how you should notify the clients
3 and we try to do that, notify them that we're the
4 only ones you should be receiving anything from.
5 If you get anything that you don't understand,
6 before you do anything about it just send it to
7 us. If you get something demanding money just
8 ignore it, send it to us.

9 But I heard a horror story once from
10 someone who said that didn't always work because
11 he had some sort of paragraph he put in his
12 letters to his clients, here is your new
13 registration, blah, blah, blah, ignore anything
14 that you get from anybody else and send it to me.
15 Well, apparently they forgot the second part of
16 that and they ignore a cease and desist letter for
17 three months and it was from a principal to a
18 principal, so it was the actual organization that
19 was receiving a cease and desist letter from the
20 other organization, there wasn't really outside
21 counsel involved.

22 MS. WELDON-WILSON: Can you wrap it up

1 in the next 15, 20 seconds?

2 MS. KLINKSIECK: I'm done. That was
3 literally it.

4 MS. WELDON-WILSON: We appreciate the
5 comment.

6 MS. KLINKSIECK: Thank you so much.

7 MS. WELDON-WILSON: Well, we appreciate
8 the comment.

9 (Applause) Our next speaker is
10 Eric Perrott with the Gerben Law
11 Firm. He's also here in our
12 Alexandria office.

13 MR. PERROTT: I also appreciate everyone
14 giving me the chance to talk about these trademark
15 solicitations. My name is Eric Perrot. I'm a
16 trademark attorney with Gerben Law Firm. We are a
17 small firm based out of D.C. but we file 700
18 applications each year. A majority of these are
19 flat-free prosecution services, so searches and
20 risk assessment, the actual registrations
21 themselves. As a result, many of our clients are
22 new and small businesses whose owners are juggling

1 the day-to-day responsibilities of running a
2 business in addition to trying to protect their
3 trademarks.

4 They typically don't have the benefit of
5 in-house counsel. And even when they do and we
6 are working with a business attorney, it's not
7 always obvious that these are fraudulent
8 solicitations. So we get a lot of questions. I'd
9 say we probably get one every other week.
10 Typically, it is just to confirm that it is a scam
11 because we do warn each of our clients to expect
12 these kinds of solicitations, but we still get
13 emails.

14 And I kind of provided some examples
15 that will probably sound very familiar to the
16 practitioners in the room. This one says, "I
17 received the attached in the mail and just wanted
18 to see if everything was okay and if anything was
19 required at this stage." "I received mail that
20 looked legitimate but upon further research it
21 appears to be a company from the Czech Republic.
22 Just wanted to confirm that this was a scam." And

1 the final one, "Attached is a renewal form I
2 received. Is this for real or is this a scam?"
3 And they each provide a copy of the letter they
4 received.

5 Sometimes we get clients who are upset
6 or stressed out because they think they missed a
7 deadline or that they owed additional fees beyond
8 the flat fee that they had already provided. In
9 one example a client wrote to us with the subject
10 line, "I thought this trademark was filed," in all
11 CAPS. There is nothing in the body but it was an
12 attachment to one of these fraudulent
13 solicitations.

14 Another client wrote that, "I received
15 several official letters with my personal
16 information and trademark information with warning
17 saying pay this amount by X date. All of them
18 want \$2,500.00 each. Do these look official?
19 What is this? Do I pay these invoices? Is my
20 trademark in danger? What is going on?" A third
21 client actually asked if we had sold his
22 information to a foreign company.

1 Our practice is built on the idea that
2 you can pay a flat fee and have an experienced
3 trademark attorney give you trademark advice and
4 prosecute your trademark application. And when
5 they receive a message like this it really
6 undercuts our relationship with the client, and
7 like what was mentioned earlier, the integrity of
8 the trademark registration process itself. In
9 addition to that, it's an administrative burden,
10 especially for a small firm because we can't tell
11 them that they can just ignore anything that they
12 receive because it could be a legitimate
13 solicitation or cease and desist letter, something
14 that needs to be addressed.

15 So, we have to look at each one of
16 these. We have to evaluate them and we have to
17 respond to the client. Anyone who works on a flat
18 fee knows that any of these kind of communications
19 do directly cut into the flat fee that we charge
20 and makes it harder to provide affordable services
21 in the future when you have to account for
22 responding to emails about fraudulent

1 solicitations.

2 So, on behalf of myself, Josh Gerben,
3 and the Gerben Law Firm, I really do commend that
4 the aggressive enforcement recently that's been
5 occurring by the USPTO and the other
6 organizations. We appreciate the time to talk
7 about these issues before everyone who is also
8 experiencing similar difficulties. Thank you.

9 (Applause)

10 MS. WELDON-WILSON: Thank you for your
11 comments. We appreciate them. Our next speaker
12 is Carol McCallister from Champion Business
13 Services. I believe she was not able to make it,
14 and so we are going to ask Jody Drake of Shugrue
15 Mayan who is also a current member of TPAC to
16 please provide us with some summaries of written
17 statements of Patricia Cotton, Michael Hall, and
18 George Bowman.

19 MS. DRAKE: Thank you, Dee Ann. The
20 first statement I'm going to read is from Patricia
21 Cotton from the Pillsbury Winthrop Shaw Pittman
22 Firm in their Palo Alto, California office.

1 "The issue I would like to raise for
2 this roundtable concerns a trademark service
3 provider in California," -- and she references
4 Provider from here on -- "that continues to send
5 misleading solicitations to its former client even
6 after the client has moved his application to my
7 firm and a Substitution of Attorney has been files
8 with the USPTO. The emails are misleading because
9 they falsely suggest the provider is still
10 attorney of record and is receiving USPTO
11 correspondence in the applications. Moreover, the
12 emails are direct solicitation for further
13 business from the applicant even though Provider
14 plainly knows that he is represented by new
15 counsel.

16 "My client hired Provider in April 2016
17 to file two trademark applications. In October 6,
18 2016, he transferred both matters to Pillsbury. I
19 promptly filed a Substitution of Attorney with the
20 USPTO and notified Provider of the transfer of
21 responsibility. In January 2017, Provider emailed
22 my client regarding one of the matters. I

1 contacted Provider to remind them that their power
2 of attorney had been revoked and I asked Provider
3 not to contact my client further regarding the
4 applications.

5 "In April 2017, an office action issued
6 in one of my client's applications. Several days
7 later my client received an email directly from
8 Provider. The email contained the following text:
9 'I am contacting you because we have received an
10 office action from the Trademark Office. Our team
11 has analyzed this office action and determined
12 that the primary concerns of the examiner center
13 around disclaimers, goods, and services. Based on
14 the difficulty level, we've determined that the
15 cost to prepare the response is \$389.00.'

16 "I contacted Provider immediately to
17 remind them that their power of attorney had been
18 revoked and that I now represented the client, the
19 applicant. I also expressed concern that
20 Provider's email implied that they had received
21 the USPTO correspondence when this clearly was not
22 the case. Provider responded to me by email,

1 apologized for the contact with my client, and
2 said they would remove my client from their
3 internal mailing list.

4 "On July 4, 2017, a Notice of Allowance
5 issued in my client's other application. Several
6 days later my client received another email from
7 Provider. The email contained the following text:
8 'We have received a Notice of Allowance from the
9 U.S. Patent & Trademark Office, congratulations.
10 This means your mark is almost registered. What
11 we need now is an example of how you actually use
12 your trademark in interstate commerce. Responding
13 to a Notice of Allowance does entail additional
14 legal fees, \$379.00, and government fee, \$100.00
15 per class. You will not have a registered
16 trademark until you submit proof of your use of
17 the mark. Click here if you are ready to submit a
18 proof of use and pay for this final step.'

19 "Yet again, I contacted Provider to ask
20 that the firm stop contacting my client about his
21 applications. I noted the Provider's power of
22 attorney had been terminated for nearly a year and

1 that Provider had been notified multiple times
2 that the applicant was represented by new counsel.
3 I also noted the Provider's most recent emails
4 were false and misleading since it stated
5 incorrectly that the Notice of Allowance was sent
6 to Provider and implied that Provider was still
7 representing Applicant.

8 "Finally, I recalled to Provider my
9 similar complaint in April 2017, and Provider
10 promised to remove my client from its database.
11 Once again, Provider sent me an email apologizing
12 for the oversight and advising that the paralegal
13 responsible for removing my client from Provider's
14 database in April had not followed instructions
15 and was no longer with the firm. The email
16 assured me that Provider had now made the
17 necessary change in the system.

18 "Ongoing concerns. While I appreciate
19 the Provider has apologized several times for
20 these emails I am somewhat skeptical that this
21 regret is sincere. Despite repeated reminders,
22 Provider's misleading email solicitations seem to

1 continue and they do not appear to be wholly
2 automated. At best, the emails suggest that
3 Provider's internal oversight mechanisms are
4 insufficient. At worst, they suggest that part of
5 Provider's business model is to purposely mislead
6 former clients into thinking they are current
7 clients."

8 Was that five minutes? (Laughter) Four
9 minutes and seconds.

10 The next statement is from Michael Hall,
11 a trademark attorney with Kacvinsky Daisak Bluni.

12 "I would estimate clients have forwarded
13 me at least a dozen solicitations in the last
14 three years from various entities attempting to
15 secure the client's permission to file a
16 maintenance document with the USPTO on the
17 client's behalf. The attached example, which a
18 client emailed me, is a good example of the
19 misleading nature of the solicitations." And
20 there's an example of one of these letters. In
21 this case it's from Patent & Trademark Bureau
22 located in Philadelphia, Pennsylvania.

1 "Second, the letter invites the
2 registrant to sign the document and return it if
3 you would like to renew your trademark. If the
4 signed document is returned then the letter
5 states, 'Your trademark will be renewed for a
6 period of another 10 years. You will receive an
7 invoice from us after we have received the signed
8 document from you. By signing this document you
9 automatically empower Patent & Trademark Bureau to
10 renew the trademark stated above on your behalf.'

11 "These statements are misleading in that
12 they suggest the only action that must be taken to
13 renew the registration is to sign the document and
14 pay a fee. The letter does not inquire whether
15 the mark is still in use in commerce, on all of
16 the goods and services, or whether there may be
17 excusable non-use, or mention the need for a
18 specimen of use. Perhaps those issues would have
19 been raised later in the process after the
20 registrant had signed and paid the invoice, but
21 this letter suggests it's simply a matter of
22 paying a fee."

1 The next statement is from George
2 Bowman. He's a principal Midwest EMI Associates,
3 which I believe is a company located in Illinois.

4 "Thank you for the opportunity to
5 address your group pertaining to the
6 misrepresentation associated with the Patent &
7 Trademark Office to confuse and redirect small
8 companies on matters relating to their patents and
9 trademarks.

10 "Almost all of the companies use a
11 similar name association to the U.S. Patent &
12 Trademark Office and infer that they are acting as
13 an agent of the government. These companies are
14 in fact not a regulated group. These groups are
15 already known to the government who have published
16 a facsimile of the application forms. It is
17 difficult for small business owners to detect the
18 differences until after they have applied
19 "applied" for the trademark or patent and unless
20 the form is carefully tracked and the companies
21 involved threatened they may not act on the
22 approval.

1 I am providing some email correspondence
2 with one of the companies involved who I
3 threatened after waiting to see action on an
4 approval. I believe these companies are linked in
5 some manner and have offices in New York,
6 Philadelphia, and Washington, D.C. to appear as
7 legitimate. They are also scamming organizations
8 in Europe for the European equivalent grants.
9 They sent out correspondence well in advance of
10 the true required date for submission of renewals
11 and indicate that if their service is not used the
12 trademark may be "lost." The USPTO is advised
13 that variations of the applications may exist that
14 omit critical disclosures.

15 "My specific involvement was on a symbol
16 renewal for my company symbol, Midwest EMI. I
17 received a renewal form early in March 2016, which
18 I surmised was from the U.S. Patent & Trademark
19 Office. The form looked legitimate even when read
20 in detail. On April 10, 2016, I sent in a renewal
21 and payment form to an entity known as Patent &
22 Trademark Office, New York, with a check for

1 \$1,690.00 to complete the extension. I then
2 waited over 90 days for some activity on the
3 submission with nothing happening.

4 "I became suspicious after receiving a
5 letter from my local attorney, Joe Schmidt, of
6 Taft, Stettinius and Hollister who I had lost
7 track of due to a move he made between law firms.
8 He invited me to contact him for the renewal. I
9 discussed the matter with him via email and it
10 immediately became clear I was dealing with an
11 unknown entity not affiliated with the government.
12 I then went on your website and found that the
13 form I signed was the same as one your website
14 indicated was a possible fraud site. It was of
15 concern at that time that the filing would be made
16 on time if at all.

17 Mr. Schmidt performed a search and
18 indicated no filing had been made. Since no
19 correspondence had been received from the entity
20 contracted it was necessary to trace back using
21 only information on the check at the urging of Mr.
22 Schmidt. My search revealed a number of companies

1 with the same or similar names existing in
2 Philadelphia, New York, and Washington. I first
3 contacted the company Patent & Trademark Bureau in
4 Philadelphia who indicated they were not the
5 entity who had received the funds.

6 After locating the facsimile of the form
7 at your USPTO website I then contacted the second
8 entity of the similar name in New York, Patent &
9 Trademark Office, which turned out to be correct.
10 I specifically asked them for a timeline for
11 completion which they indicated would take another
12 90 days. The trademark was started the day after
13 and issued after waiting the additional time but
14 only started after I had complained strongly.

15 "In hindsight, it would be useful if the
16 government required a registration process for
17 lawyers soliciting for the service and some
18 oversight on them. It would also be useful to
19 require any entity representing itself as an
20 "agent" be required to prominently display a
21 warning message "not a U.S. government entity" on
22 their forms, similar to the health warnings on

1 cigarettes and in advertising. Third, it would be
2 useful to require all such companies to issue
3 confirming correspondence back to the sponsor
4 company providing a person's name and phone number
5 handling the case, detailed information, and
6 schedule on the status of their submittal,
7 including a receipt and anticipated date of
8 submittal with a process to request payment back
9 if the schedule is not adhered to. The government
10 should receive notice that the file is being
11 worked on by the entity contracted."

12 MS. WELDON-WILSON: Thank you, Jody, for
13 providing those summaries of the comments by Ms.
14 Cotton, Mr. Hall, and Mr. Bowman.

15 I believe our next speaker is Carrie
16 Devorah, from the Center for Copyright Integrity.
17 Thank you so much.

18 MS. DEVORAH: Thank you to everybody.
19 Bit of a preparation: I'm not a lawyer. My sons
20 are lawyers. But I come from the arts world. I
21 was one of the earliest members of the licensing
22 industry, merchandise association. I actively

1 built the first crime lab on a college campus on
2 the continent, and I tend to go after documents.
3 While everybody else is swatting at the hornets, I
4 just go in and pull down the nest.

5 My prepared remarks. The definition of
6 fraud: a false representation as a matter of fact
7 by words, conduct, by false and misleading
8 allegations, by concealment of what should have
9 been disclosed, but is intended to deceive another
10 so that the individual will act upon it to his or
11 her legal injury. Fraud, five elements: false
12 statement of material fact, knowledge the
13 statement is untrue, intent to deceive the alleged
14 victim, reliance by the victim on the statement,
15 an injury to the alleged victim as a result.

16 The USPTO functions include reviewing
17 trademark applications to confirm elements needed
18 to federally register an applied mark which are to
19 distinguish our goods and services from another's.
20 Words, names, symbols, sounds, colors. We don't
21 have to register our trademark here in the U.S.
22 but you tell us that we have benefits when we pay

1 your agency for federal trademark registration.
2 You spend our tax dollars selling us on a dream
3 registering our trademark gives us advantages,
4 civil remedies, the ability to file a civil action
5 in court. A crime that is big or profile enough
6 is referred to the U.S. attorney's office, the
7 DOJ, or maybe the FBI, U.S. Customs and
8 Immigration Enforcement. Investigative agencies
9 may get involved, but for us little guys it's a
10 pipe dream even to find a lawyer willing to take
11 on our cases.

12 Your Agency is perpetuating a fraud on
13 the very people you federal employees take an oath
14 to protect, making false statements of the
15 material fact. There is no enforcing intellectual
16 property laws domestically or internationally.
17 You know that yet you take our money.

18 The U.S. (inaudible) add a domain-naming
19 function to the control of I CAN, a private
20 charity in 1998 was our game changer. Frauds you
21 failed to prevent started with online
22 cybersquatting of our trademarks, followed with

1 rolling out of thousands of detailed Ts. What
2 began as dot.com, dot.gov, dot.edu, dot.mil,
3 dot.org exploded into infinite possibilities,
4 trademarks strong and unending sentences like
5 taylor.swift.does.not.have.enough.money.in.the.wor
6 ld.to.protec t.her.trademark.

7 There is no stopping infringements with
8 evolving technologies. Darknet, Tor, virtual
9 borders. The treaties you point to, meaningless.
10 The FBI, Interpol, World Customs Organizations,
11 International Chamber of Commerce estimating 512
12 billion in global sales lost to fraud is
13 delusional. You're blowing smoke up my skirt.
14 It's the internet, no one knows. Your disclaimer
15 that USPTO attorneys can provide helpful
16 information and tips but cannot provide legal
17 advice? Let's be honest. Lawyers I know who are
18 honest are telling their clients trademarking is
19 no longer worth the time and the money. Your
20 Agency's mission is to develop, strengthen, and
21 protect domestic and international intellectual
22 property policy. It's game over.

1 Fraud is the crime of using dishonest
2 methods to take something valuable from another
3 person. Stop defrauding creators. Stop taking
4 our money under the pretense of protection you
5 cannot provide. Start admitting you were asleep
6 at the wheel as the American IP ownership
7 protection was being lost. Thank you. (Applause)

8 MS. WELDON-WILSON: Thank you for coming
9 today and providing your comments.

10 Our next speaker is John Heinbockel of
11 Erik M. Pelton & Associates.

12 MR. HEINBOCKEL: Thank you for the
13 introduction. Thank you for having us here today.
14 I'm here on behalf of Erik M. Pelton & Associates.
15 We are also a small trademark law firm that
16 represents primarily small businesses. Since 1999
17 we've registered more than 2,500 trademark
18 registrations. We're also the owner of numerous
19 trademark registrations ourselves.

20 As the owner of registrations we
21 frequently receive mailed solicitations from
22 entities calling themselves Patent & Trademark

1 Agency or something similar promoting registry or
2 directory services or offering to handle trademark
3 names documents. On a weekly basis the firm
4 fields calls or emails from clients or from people
5 who have read our blog questioning documents or
6 invoices they've received from these entities.
7 Others call and email asking about the status of
8 their trademark registrations and maintenance
9 documents prompted by similar mailings. Many of
10 our clients are confused because they were under
11 the impression that they had already paid the
12 government fees to register their mark for
13 maintaining their registration, or because they
14 believe that their lawyer was on top of the matter
15 and would notify them if any issues arose.

16 As a firm, our awareness of these
17 solicitations is kind of a drop in the ocean.
18 While we warn clients of these solicitations in
19 our application and registration updates, it's
20 impossible to know how many of these trademark
21 owners take these warnings to heart or even read
22 them. More troubling, it's impossible to know how

1 many victims respond to these solicitations
2 either. While we occasionally hear from upset
3 trademark owners, we believe that the majority
4 either don't realize they've been duped or are too
5 embarrassed to admit that they've been defrauded.

6 The various services offered in these
7 directory solicitations are problematic in many
8 ways, perhaps most obviously in that they offer no
9 value to trademark owners in exchange for large
10 amounts of money. In years of discussing the
11 solicited directory or services with hundreds of
12 trademark attorneys and thousands of trademark
13 owners we have not once heard anyone suggest that
14 the directory services offered in these
15 solicitations have any significance, purpose, or
16 value.

17 Solicitations concerning trademark
18 registration obfuscate the actual nature of the
19 services offered. It's never clear whether these
20 solicitations are offering actual legal services
21 or providing actual legal advice, and if they are
22 they rarely conform to the rules of professional

1 conduct concerning attorney advertising and
2 solicitation. If they're not, they're prices are
3 truly extreme.

4 But the problems caused by these
5 entities go beyond the obvious. Taken as a whole
6 these solicitations impose great costs on the
7 trademark registration system. The majority of
8 trademark owners are small businesses for whom the
9 cost of trademark registration and maintenance are
10 significant. The expenses imposed by these
11 solicitation schemes interfere with the
12 decision-making process of small businesses
13 regarding the management of their trademark
14 portfolios.

15 The misinformation and deliberate
16 confusion caused by these solicitations negatively
17 affects the ability of trademark owners to make
18 informed choices about managements of their
19 trademark rights. Every dollar spent in response
20 to these solicitations is a dollar not spent on
21 effectively managing one's trademark portfolio or
22 growing his or her business.

1 Furthermore, these schemes dilute the
2 messaging from the PTO and the value of legitimate
3 trademark services. A decision not to renew a
4 registration or file a new application based on
5 the cost, whether real or perceived of a
6 solicitation, undermines the accuracy of the
7 register. The same goes for these misfiled
8 maintenance documents.

9 At this moment perhaps (inaudible) and
10 public trust of government institutions and
11 leaders, the integrity of trademark register is
12 more important than ever. Limiting public access
13 to trademark data is not a viable option to
14 solving this issue and warnings have proven
15 ineffective. Instead we implore the agencies here
16 today to work together to stop these scams by
17 stepping up enforcement efforts and prevent these
18 solicitation schemes from preying on unsuspecting
19 trademark owners. Thank you. (Applause)

20 MS. WELDON-WILSON: Mr. Heinbockel, we
21 thank you for your comments and for coming to be
22 with us today.

1 I'm going to turn the microphone over to
2 Jody Drake again who is going to provide a summary
3 of the statement of Charlotte Beaumatin, who is
4 the French attaché of the Embassy of France for
5 the National Industrial Property Institute.

6 MS. DRAKE: Thank you, Dee Ann. This is
7 Ms. Beaumatin's statement.

8 "The French Office is also the victim,
9 along with the trademark owners, of the fraudulent
10 activities of certain companies. Indeed for
11 several years already trademark owners receive
12 letters asking them to pay royalties using names,
13 phrases, and websites that suggest that it is the
14 French Office (INPI). Each year the INPI receives
15 between 50 and 100 mails of trademark owners who
16 complain of having been abused.

17 "That's why INPI filed a complaint
18 against X in 2016, in France, against companies
19 that seem to be the most dangerous. These
20 companies are located in Eastern Europe

21 (Austria, Poland, Czech Republic).

22 The complaint alleges misleading or

1 misleading advertising,
2 constituting an unfair commercial
3 practice as misleading,
4 unauthorized copying, and fraud and
5 attempted fraud. This penal action
6 has the virtue of imposing
7 penalties on natural persons with
8 the recurrence of very heavy risks.

9 "But this answer is not enough. The
10 main offices also need to mobilize diplomatic
11 channels in order to put pressure on the countries
12 hosting fraudsters. To fight against this type of
13 profile I think that systematically initiating tax
14 audits and all other types of controls (social
15 law, labor law, compliance with standards for head
16 office buildings, et cetera) will be more
17 effective than actions in the respective
18 territories of the offices on which our fraudsters
19 will not move and for which the implementation of
20 the sanction will be complicated.

21 "We could also organize a mobilization
22 of all the victim offices to the Austrian, Polish,

1 and other offices so that they could act on their
2 territory in consultation with the national
3 repressive forces. Finally, a tool could be
4 useful and effective. It is well known in the
5 United States. I am talking about collective
6 actions. Offices could organize wherever possible
7 a "class action" to increase penalties and risks.

8 "The only way to be effective and strong
9 enough to face and solve this problem is to
10 combine our strengths and our efforts.

11 Cooperation is essential in order to deal with
12 this scourge and to find all the means that can
13 undermine the guilty societies."

14 MS. WELDON-WILSON: Thank you for
15 summarizing those comments, Jody.

16 Our next speaker is Stephanie Bald, who
17 is here on behalf of the American Intellectual
18 Property Law Association.

19 MS. BALD: Good afternoon. My name is
20 Stephanie Bald, I'm a partner at Kelly IP, LLC
21 here in D.C. I'm also the chair of the Trademark
22 Law Committee of the American Intellectual

1 Property Law Association, or AIPLA. Today I'm
2 here speaking on behalf of AIPLA.

3 AIPLA is a national bar association of
4 approximately 13,500 members who are primarily
5 lawyers engaged in private or corporate practice
6 in government service and in the academic
7 community. AIPLA members represent a wide and
8 diverse spectrum of individuals, companies, and
9 institutions involved directly or indirectly in
10 the practice of patent, trademark, copyright,
11 trade secret, and unfair competition law, as well
12 as other fields of law affecting IP.

13 AIPLA appreciates the opportunity to
14 comment on behalf of its members regarding the
15 increasingly frequent occurrence of fraudulent and
16 misleading solicitations to trademark owners.
17 AIPLA members see this issue as a serious concern
18 to trademark owners which causes confusion as to
19 the source of the solicitations and their
20 legitimacy. We applaud the USPTO's willingness to
21 consider this topic and to generate a dialogue
22 with the aim of investigating this solicitous

1 correspondence in the various forms and to try to
2 reduce it if not all together eliminate it.

3 Often solicitations are sent to
4 trademark owners within days of a new filing at
5 the USPTO offering assistance to a trademark owner
6 with prosecution issues that may arise as the
7 application undergoes the examination. Other
8 solicitations are sent to trademark owners gauging
9 the trademark owner's interest in filings outside
10 the U.S. corresponding to new U.S. filings.

11 Still other solicitations offer publication of the
12 trademark owner's application or registration
13 renewal in a digest or catalog of quasi-official
14 sounding directories for an exorbitant sum, when
15 in reality such publication confers no real
16 benefit to the trademark owner. Some are styled
17 to look like an invoice for registration renewal.

18 This barrage of fraudulent and
19 misleading correspondence is a concern to AIPLA
20 members and trademark owners because of the
21 deceptive appearance of the solicitation letters
22 and because of its increasing regularity. The

1 solicitation looks official, sometimes bearing a
2 stamp or seal, and can appear to be sent from
3 official-sounding source on government-like
4 entities. Numerous solicitations have taken the
5 form of an invoice with a request for the
6 trademark owner to pay fees on what could be
7 understood as a trademark maintenance fee. The
8 fine print usually contains details that are
9 easily overlooked by the trademark owner.

10 Several AIPLA members have confirmed
11 that their clients have been harmed by these
12 notices including, among other things, suffering
13 unnecessary lost time and expense. Because the
14 solicitations often appear to be invoices they may
15 be directly routed to the trademark owner's
16 accounting departments and do not get legal review
17 first resulting in inadvertent payment. Trademark
18 counsel often do not learn that clients have paid
19 these invoices until too late to recover the fees
20 paid.

21 Fees for individual invoices are usually
22 over \$1,000.00 and sometimes are several thousand

1 dollars. Even if inadvertent payments can be
2 stopped it is not without substantial effort and
3 coordination with banks and attorneys, as well as
4 additional bank charges to stop payment. If
5 payment can be avoided trademark owners and
6 counsel still suffer lost talent, time, and
7 expense associated with the trademark owner
8 scanning and sending the fake invoice to the
9 counsel to get confirmation that the invoice is
10 not official.

11 Although AIPLA members were hesitant to
12 disclose specific victims by name, members shared
13 their experiences and confirmed the pervasiveness
14 of harm and burden on the trademark community.
15 The fraudulent invoices appear to come from both
16 within the United States as well as from across
17 Europe and other countries. An additional concern
18 is that the trademark owners pay these invoices,
19 and if they pay them there is a grave risk that
20 they will be misled into believing they have
21 completed the requirements for filing renewals or
22 maintenance for filings for the USPTO and failed

1 to complete these necessary filings. Such a
2 failure results in total loss of registration
3 rights.

4 One member shared that a restaurant
5 client had received and paid multiple of these
6 fraudulent invoices believing that it was renewing
7 its trademark registrations. Because the client
8 did not file the renewal documents required by the
9 USPTO and paid the invoices instead the
10 registration was cancelled. The client wanted to
11 enforce their trademark rights and sought
12 assistance of counsel, at which time counsel
13 learned that the registration which should have
14 been incontestable was cancelled. The client was
15 forced to refile new trademark applications and
16 suffered an inability to assert what could have
17 been an incontestable trademark registration.

18 Members also advised that they had
19 learned clients had paid these official-looking
20 invoices oftentimes because the invoice was routed
21 to accounting or office managers who did not know
22 to get the invoices reviewed. The payments were

1 not recovered in these instances, resulting in the
2 loss of several thousands of dollars in each
3 instance.

4 A member who is an in-house counsel at a
5 corporation shared that he had received dozens of
6 these fraudulent, misleading solicitations asking
7 for publication or trademark registration.
8 Although the company was aware of the issue it
9 still experienced lost time and expense wasted by
10 confusion within various departments that are
11 receiving and processing these kinds of invoices,
12 and in some cases it still sent copies of the
13 invoices to outside counsel to confirm that the
14 solicitation could be ignored and was not
15 official.

16 Other members confirmed that the clients
17 are spending time sending these fraudulent
18 invoices to outside counsel either believing they
19 should be paid or otherwise asking for
20 confirmation that they should not be paid, and
21 that the trademark owners are spending time on
22 internal education to try to make sure their

1 accounting departments do not pay these upon
2 receipt.

3 AIPLA appreciates the USPTO's increased
4 efforts to educate trademark owners about these
5 fraudulent and misleading solicitations. AIPLA
6 supports the USPTO's ongoing efforts to elevate
7 the seriousness of these issues, to stiffen
8 enforcement against the purveyors of these crimes,
9 and to remedy the harm in the trademark community.
10 AIPLA members thank the USPTO for their time and
11 attention to this important issue. (Applause)

12 MS. WELDON-WILSON: Ms. Bald, we
13 appreciate you sharing your comments with us
14 today. Our next and final speaker of the day is
15 Patrick Flaherty, who is speaking on behalf of the
16 International Trademark Association.

17 MR. FLAHERTY: Good afternoon. My name
18 is Patrick Flaherty and I am in-house counsel for
19 Verizon for intellectual property. I'm here today
20 on behalf of the International Trademark
21 Association, or INTA, in a volunteer capacity.

22 INTA is a global association of

1 trademark owners from businesses of all sizes. We
2 are dedicated to supporting trademarks and related
3 intellectual property in order to protect
4 consumers and to promote fair and effective
5 commerce. INTA (inaudible) advocacy work
6 throughout the world to advance trademarks and
7 offers educational programs and informational
8 resources.

9 INTA members include more than 7,000
10 organizations from 190 different countries and
11 more than 30,000 individual members worldwide.
12 Our headquarters are in New York and we have
13 offices in Brussels, Santiago, Shanghai,
14 Singapore, and Washington, D.C., in addition to
15 representatives in Geneva and New Delhi. While
16 INTA is global, the largest segment of this
17 membership is from the U.S. with more than 14,000
18 individual members and more than 3,000
19 organizations.

20 Trademark owners and their
21 representatives from around the world have been
22 receiving an increasing number of fraudulent

1 notices claiming to be from or sent on behalf of
2 government trademark offices. These seemingly
3 realistic letters demand unnecessary payment for
4 services or to maintain trademark registrations.
5 The services they offer often are unnecessary or
6 duplicate the services provided by the government
7 Trademark Office. In other instances the mailings
8 may offer what might seem to be a legitimate
9 service, such as a trademark watch service, but
10 under false pretenses. For example, the usage
11 names such as the United States Trademark Office
12 which sounds like an official government agency.

13 The mailings are often directed to
14 business or accounting offices rather than to
15 legal departments. Staff that receive them
16 believe that this is a bill that has to be paid in
17 order to keep the application in progress or to
18 maintain the registration. It is often when they
19 consult with our legal counsel that they
20 understand that the bills are not legitimate. It
21 would not be surprising, therefore, to know that
22 small businesses without in-house trademark

1 counsel may be paying these fraudulent types of
2 notices.

3 Government trademark offices are now
4 working to inform users of this trend and to help
5 them avoid falling for such scams. INTA applauds
6 the USPTO's efforts to post clear warnings and
7 include the names of those known perpetrating
8 entities and examples of the fraudulent type
9 letters. However, this is not an exhaustive list
10 as these entities change their names from time to
11 time and new entities emerge to engage in this
12 type of practice. It is clear that additional
13 action needs to be taken in order to combat these
14 deceptive and illegal practices.

15 We hope that the United States
16 government agencies will work together within
17 their mandates and with their stakeholders to
18 actively combat this problem. INTA would be
19 interested in participating in any way to assist
20 with these efforts.

21 INTA appreciates the opportunity to
22 speak this afternoon about this very important

1 issue that's affecting businesses and the
2 customers they serve. We thank you for organizing
3 this timely roundtable discussion. (Applause)

4 MS. WELDON-WILSON: Mr. Flaherty, we
5 thank you for your comments on behalf of INTA
6 today.

7 I believe that is all of the public
8 speakers that we had scheduled, so although we are
9 ahead of time may I turn the program back over to
10 Mary Denison.

11 COMMISSIONER DENISON: Thank you, Dee
12 Ann. We're very grateful to all the public
13 speakers for taking time out of your very busy
14 schedules to be with us today. Similarly, we very
15 much appreciate the participation of the other
16 government agencies today.

17 I wanted to take a moment to tell you a
18 couple things. One is that we have applied for
19 CLE, for anyone that is interested in Virginia.
20 It hasn't been granted yet but stay tuned if you
21 are interested in CLE for this. Second is we will
22 be having a reception afterwards and so if you can

1 stick around for a few minutes, hopefully some of
2 the government people can stick around as well,
3 and you can have an opportunity to have some
4 conversation with the government staff here.

5 Also, I understand that since Peter
6 didn't get through his whole thing, he had some
7 questions, and I have answers to some of the
8 questions that he would have asked had he had
9 time. So, I thought I might just use this
10 opportunity to address some of the issues that he
11 had raised.

12 One of the questions was whether
13 anything could be done to restrict the
14 dissemination of bulk data or mining of data on
15 the USPTO website. There are many people who have
16 legitimate reasons to use our data. We have
17 always wanted to have the trademark data be public
18 data to encourage transparency, open government,
19 that whole concept. So, while we have had
20 conversations about restrictions we have not
21 really ever pursued it because we have felt that
22 the open data access for legitimate companies,

1 such as trademark search companies, probably
2 outweighed the problems caused by this. However,
3 if major bar groups which are represented here
4 today -- I see three -- if you are interested in
5 having a further conversation with us about
6 restriction of the data we would be happy to
7 discuss that with you.

8 Another question that I believe Peter
9 Sloane was interested in asking was whether the
10 USPTO is actively coordinating with industry
11 groups such as the Anti-Fraud Taskforce of MARQUES
12 which is an association of European trademark
13 owners. Until you brought this to our attention
14 we were not aware that there was one, but we are
15 happy to be in touch with them.

16 Third question you had was the
17 anti-fraud network of the European Union
18 Intellectual Property Office. My understanding is
19 that we were inadvertently not invited to the last
20 meeting so we did not attend because we didn't
21 know about it. But we are happy to engage with
22 them. They have not been terribly active in the

1 last few years, but we have discussed this with
2 them when we were in Spain in May at the INTA
3 meeting and at the TM5 meeting. So, we are
4 definitely now plugged into that group in a way we
5 were not before.

6 We have also proposed to the TM5, which
7 is the five largest offices in the world, China,
8 Korea, Japan, Europe, and us, that we have a
9 project for the TM5 on this fraudulent
10 solicitation. So, it has not been accepted by the
11 TM5 but it is under consideration and will likely
12 be discussed at our next meeting which is November
13 30th and December 1st in Spain.

14 You had another question about whether
15 the USPTO is able and willing to file litigation
16 in federal court or even domain name complaints
17 under the Uniform Domain Name Dispute Resolution
18 Policy, known as the UDRP, against those who use
19 confusingly similar names as part of domain names
20 in perpetrating their trademark scams. I'm going
21 to ask Tom Casagrande from our Solicitor's Office
22 to address that.

1 MR. CASAGRANDE: The answer is yes. One
2 of the things that we deal with here at the PTO is
3 that Congress has not given us independent
4 litigation authority, so to the extent we want to
5 pursue something, a civil action in federal court,
6 whether it's for trademark infringement or fraud,
7 we have to get the okay and be represented by DOJ
8 in that. This is in the civil part of DOJ. We
9 have communicated with them about doing this but
10 they have limited resources and it really takes
11 some sort of outrageous conduct, and also someone
12 that they can go after and get meaningful relief
13 from, in order to get them to commit to doing
14 that.

15 So, what we have done is try to do what
16 we can do on our own, which has taken a couple of
17 forms. Number one, when we can identify someone
18 who is doing this in a way that's harming our
19 stakeholders and is actually present in the United
20 States personally, as you've heard from some of
21 the public speakers a lot of these people are in
22 foreign countries in Eastern Europe and elsewhere,

1 but when there is someone in the United States we
2 will send them a traditional cease and desist
3 letter and explain to them that we think that they
4 are misrepresenting their services and duping our
5 stakeholders into providing services that either
6 aren't provided at all or are provided poorly.
7 And we've had some limited success with that.

8 A couple of years ago there were a
9 couple of entities owned by a couple of people in
10 Los Angeles that we actually sent them a letter,
11 they got a lawyer and responded to us, and we
12 negotiated essentially that they stop doing this
13 and they dissolve the two entities that they were
14 operating out of. The names of those were The
15 U.S. Trademark Registration Office and the U.S.
16 Trademark Enforcement Office. That's really the
17 only one that we've had success with on a cease
18 and desist level because, of course, if they push
19 back we can't go to court until DOJ says we can go
20 to court with them representing us.

21 There was another instance where I think
22 one of the people that you were pursuing we were

1 pursuing at the same time, a number of entities
2 owned by Mr. Oganistans who is from one of the
3 Baltic states. We went back and forth with a
4 lawyer that he had retained in Houston, and
5 eventually you got a consent judgment and we, at
6 that point, stopped our efforts to go after him in
7 a parallel fashion. I believe also that the
8 Department of the Attorney General of Vermont was
9 going after him at the same time and may have --
10 correct me if I'm wrong --

11 MR. SLOANE: Actually we went after them
12 after the state AG of Vermont I think had ended
13 (off mic). Thank you. I'm aware of the Vermont
14 Attorney General going after PTA, and my
15 understanding is that the AG in Vermont had
16 reached some kind of a consent judgment with them
17 prior to our taking action. Our issue there was I
18 think the action by the Virginia (sic) AG stopped
19 short of full relief and PTA continued their
20 deceptive practices.

21 MR. CASAGRANDE: And that raises another
22 issue about these folks. A lot of them are

1 essentially so lawless that they won't even stop
2 doing what they're doing once they have a judgment
3 against them. It's like a game of whack-a-mole
4 and they will just pop up using aliases and things
5 of that nature.

6 For example, this Mr. Oganistans had a
7 particular -- I won't call it a business model, if
8 you want to call it that -- where he would
9 essentially act as a lawyer for the people who
10 signed up for his service, but because he wasn't a
11 lawyer he would have to say that he was part of
12 the company. So, he represented himself as a
13 manager of the company which was false, he was
14 not. So, because that really constitutes the
15 unauthorized practice of law our Office of
16 Enrollment and Discipline started a very
17 comprehensive investigation into precisely how he
18 does what he does and how far his tentacles have
19 reached. And it turns out that he actually was
20 associated with several different entities that
21 were similarly named, and once there was a
22 show-cause order issued by our OED office he

1 started using aliases after failing to respond to
2 the show-cause order, basically an order that he
3 not practice before the Agency. But he flouted
4 that an essentially he started operating under a
5 number of aliases, Adam Cain, David Nickles, Nick
6 Coleman, just making up American-sounding names.
7 So, we got a lot of information from that
8 particular investigation, but unfortunately were
9 not able to stop him because he doesn't want to
10 comply with lawful orders.

11 MR. SLOANE: Can I ask a question about
12 that? I'll go back to my seat in a second.

13 MR. CASAGRANDE: Absolutely.

14 MR. SLOANE: As long as I'm up here.
15 I'm aware of him using aliases, but is there a
16 technical way for the PTO to do some kind of
17 reverse searching on the email addresses that he
18 was using?

19 MR. CASAGRANDE: I've just got a summary
20 of what went on. I think there was information
21 such as what IP addresses were being used, what
22 email addresses were being used, what credit card

1 numbers were being used, but I don't know that
2 there is yet a software way that we have in place
3 to go back and actually reverse search all of
4 that. But that is something that's under
5 discussion.

6 MR. SLOANE: Right. Because I think the
7 bulk data includes a tremendous amount of
8 information, but that may be one of the only
9 fields that's missing.

10 MR. CASAGRANDE: Yes. That's a good
11 idea.

12 MR. SLOANE: Which would help private
13 practitioners like me if we're in the same
14 situation to try to learn more about these
15 trademark scammers.

16 MR. CASAGRANDE: That's a very good
17 point. Another kind of interesting wrinkle that
18 our Office

19 of Enrollment and Discipline found out
20 was this isn't really limited to lawless scammers
21 who aren't lawyers. There was one practitioner in
22 the United States who was approached by a software

1 company that had mined all of our trademark
2 registration data, lawfully as it turns out, and
3 then pitched to him that he could then use that
4 data to send out these notices and maybe get a lot
5 of money from people.

6 So, it turns out that these forms --
7 because this was a real U.S. attorney -- the forms
8 that he was sending out did not comply with the
9 ethical rules that guide attorneys' practice here
10 in the U.S. For example, they didn't say attorney
11 advertising or anything like that. So, our OED
12 office was able to get a consent judgment against
13 that person and he disbanded that entire aspect of
14 his practice.

15 But those are sort of victories that are
16 few and far between. Some of them are really just
17 pyrrhic victories. So, what we have been doing is
18 working with federal law enforcement, and a number
19 of these representatives are here and we're happy
20 to have them here. They've had some success on
21 the criminal front against some of the more
22 notorious scammers that have preyed on our

1 stakeholders as well. I'll leave it to them to
2 talk about that.

3 The last thing we do is educational. We
4 have a very comprehensive web warning which has
5 the names of all of the scammers that people have
6 reported to us as having duped clients or people
7 who have been duped themselves. And we have
8 examples of all of their forms that we've been
9 provided so that hopefully as the word gets out
10 people will know to check there and see if one of
11 the letters they've gotten is one of the people
12 we've reported as being potential fraudulent
13 solicitations.

14 MR. SLOANE: Can you just address the
15 UDRP issue?

16 MR. CASAGRANDE: Yes, that's a very good
17 point. I'm going to discuss that. What Peter had
18 asked in one of his questions is whether we can
19 pursue UDRP complaints, kind of a non-court or
20 non-judicial way to resolve disputes with people
21 who are using domain names that are similar to the
22 USPTO.gov domain name or one of our other

1 trademarks to solicit for these non-existent or
2 poor services.

3 I haven't looked into that and that's a
4 really good suggestion. I'm going to be
5 discussing whether or not that is something we
6 need to have DOJ civil work with us on under those
7 statutes that gives them the authority to do that,
8 or whether because it's non-judicial we might be
9 able to do that ourselves. So, I'll be looking
10 into that, and thank you for that.

11 MR. SLOANE: The postal service has
12 filed quite a few of them.

13 MR. CASAGRANDE: Okay. I don't know if
14 the postal service -- yeah. That's a very good
15 idea. Thank you.

16 Yes?

17 MS. DEVORAH: We can talk about this. I
18 write about this extensively. I've taken to being
19 very creative with people who have linked into me,
20 enforcement, military, others. There is a
21 solution, that people don't go back historically
22 and read documents. The internet is at the bottom

1 of this. In 1998 the domain naming system was
2 given to a private charity which means, as I
3 explained to people, when Charleston Registry
4 which is Google pays \$27 million to ICAN to be a
5 registry for anybody who wants to sign up at a
6 domain and allegedly comply with rules, that's a
7 donation. It's a wash- through because it comes
8 out the other end as an accepted donation.

9 The internet was set loose here in
10 Virginia. You have VERISIGN who was part of the
11 groups at the beginning who were getting involved
12 in this whole process. This is quite extensive to
13 talk about, but you have ICAN which was
14 homesteaded in Los Angeles down on water street
15 until September 2016, then papers were done and
16 the control went over to Switzerland. People say
17 we can't pursue it now because it is a
18 judgment-free country. Of course you can because
19 internet is accessible with portals.

20 Again, it's a longer conversation. I
21 just recommend linked into me. It's creative
22 outside the box. I'm a prime alumnus, but I put

1 people in jail with some of the things that I've
2 done, or I help enforcement agencies understand
3 stuff that's too complex. There are not enough
4 assets. I just make your work a little bit easier
5 and colorful.

6 MS. WELDON-WILSON: Thank you very much.
7 We're going to move on. First of all, I want to
8 thank Mr. Frederick, Mr. Gerber, and Ms.
9 Anderson for all your incredible work you did on
10 the criminal prosecution in California, we call it
11 the Darbinyan investigation and prosecution. We
12 were thrilled to hear of the five convictions and
13 I understand two have been sentenced. So, I'd
14 like to start first with Mr. Frederick and Mr.
15 Gerber and then followed by Ms. Anderson, your
16 comments about the case, could you tell us a
17 little bit more for those that aren't familiar
18 with it? How did you learn about him, and how did
19 you come to pursue this, and what can we learn
20 from that?

21 MR. FREDERICK: My name is Dave
22 Frederick and I'm a U.S. postal inspector. For

1 you guys that don't know, we're a federal agency
2 that handle crime that's committed through the
3 mail, so mail fraud, a bunch of other different
4 things.

5 How we got started on this case was
6 Inspector Gerber had a meeting here at the Patent
7 & Trademark Office about these scams. He asked me
8 to start looking into it. One thing that I use is
9 the Federal Trade Commission's complaint portal
10 that they have. Is it called Consumer Sentinel?

11 MS. DAFFAN: Consumer Sentinel.

12 MR. FREDERICK: Consumer Sentinel. And
13 I was able to use their database. We also have
14 one at the Postal Service that you can submit
15 complaints to. I was able to see all the
16 complaints in there, how many of these companies
17 had X number of complaints. I was also able to
18 get who actually paid money and find the victims.

19 What I noticed in this case was the
20 Trademark Compliance Office and Trademark
21 Compliance Center, they had the most complaints in
22 there, and they also had the most current

1 complaints. A lot of them were a couple years
2 old. I followed up on some of them. They had
3 moved on to different names or different companies
4 or different entities. So, that's how I started
5 with Trademark Compliance Center and Trademark
6 Compliance Office, was basically by looking at
7 these complaint databases and finding the most
8 current complaints.

9 What was going on with these guys was
10 they were able to get trademark applicant
11 information, and they were targeting trademark
12 applicants. They would hire a printer, like a
13 mass printer and a mass mailer to mail out all
14 these solicitations. Those solicitations, once
15 the victims got it they would submit their payment
16 to these scammers to an address on the
17 solicitation. Those addresses more or likely are
18 a mail-receiving agency, so a virtual office
19 center. If you guys don't know what a virtual
20 office center is, it's a place where if you have a
21 company and you only need temporary office space
22 you can rent a room, or you can just get mail

1 forwarding services. You don't even need to rent
2 office space. You can just say, hey, I'm going to
3 have some mail come in here, can you forward it to
4 me.

5 So, that's what most of those addresses
6 are going to be. It's not where the suspects are.
7 They could be in another country, in another
8 state. In this situation they were actually in
9 California, even though they were having the
10 victims send their payments here to this area. I
11 think they did that because the Patent & Trademark
12 Office is in Alexandria. So, they used like a
13 Regus virtual office center here in Alexandria,
14 right across the street, and then they also used
15 some in D.C. But once those guys got the checks
16 in the mail they were then told to forward it to
17 another virtual office center out to where the
18 suspects lived in California, and then that's
19 where the suspects actually went and picked up the
20 checks and then deposited them into their bank
21 account that they had set up under fraudulent
22 names.

1 So, it was a lot of work to figure out
2 who these people were because everything was
3 fraud. The phone numbers they were using were
4 real but they were in fraudulent names, the bank
5 accounts were set up in fraudulent names,
6 everything was fraud. What they did was they took
7 the victim's money in this case and they bought
8 gold with it. They didn't provide any service.
9 They also got cash withdrawals.

10 It's a pretty straight-forward fraud
11 scheme. It just took a lot of work to figure out
12 who they were because of all the false names.
13 They were actually using real identities of young
14 kids that were here on J1 visas, like the foreign
15 students that come over to study and work.
16 Somehow they were able to obtain the information
17 on these people and use their identities. So,
18 they had real Social Security numbers, they had
19 real names, they just didn't belong to them.

20 How did we end up finding Darbinyan? We
21 ended up just finding him, luckily, through his
22 phone. Just like any other fraudsters or gang

1 members, when they start using these phones they
2 dump them really fast so you have to really be on
3 it. If you wait any amount of time to start
4 acting on information that you get, by the time
5 you get around to doing it the information is old,
6 it's not going to be any good because they moved
7 on with something else.

8 In this case they started off with the
9 Trademark Compliance Office and they actually
10 stopped that completely. The checks that were
11 going out there for the Trademark Compliance
12 Office, to where they were ending up at that
13 virtual office, they just didn't go back there.
14 Even though checks were still going there from
15 victims, they just moved on. They even left the
16 money behind. They just change it up.

17 When you're doing these civil things to
18 try to stop them, what they're going to do is
19 they're just going to move on. So, one of the
20 things that we couldn't do in this case was just
21 get them to stop because then we'd have to start
22 all over again, if that makes sense. They're just

1 going to start up under another name, another
2 virtual office. So, we pressed on to try to get
3 to a conviction.

4 COMMISSIONER DENISON: We're thrilled to
5 hear about that conviction.

6 SPEAKER: (question asked
7 off-microphone)

8 MR. FREDERICK: The conviction of that
9 individual person, I'll let Alison talk about
10 that. But I can tell you that the person who was
11 behind sending out the fraudulent solicitations,
12 he was charged and he pled guilty. The
13 investigation showed that he had a partner that
14 was actually going to the virtual office center to
15 pick up the checks and also he was on bank
16 surveillance video doing transactions, so he was
17 also convicted. We found that the people at the
18 bank were assisting them to lauder this money, so
19 three people at the bank were also convicted. So,
20 that's where we got the five convictions. You
21 have the two fraudsters and the three bankers.

22 MS. DEVORAH: Would the Regus Suites

1 sites not be in any way an accessory to these
2 crimes? The more you pinch the tails of people
3 involved, the more people are going to want to vet
4 out who comes onto their site and who they're
5 providing a service for.

6 MR. FREDERICK: I'll let the attorneys
7 answer that question. But I can tell you that
8 they were very helpful.

9 (Laughter) No, seriously, without
10 their help I wouldn't have been
11 able to get Darbinyan, or the
12 suspect, because they were actually
13 making phone calls for me
14 undercover. I mean, they were a
15 big help for me. But their
16 liability? I don't know.

17 COMMISSIONER DENISON: Don't offer legal
18 opinions if you're not a lawyer, please.

19 (Laughter)

20 MR. FREDERICK: I don't.

21 COMMISSIONER DENISON: But thank you so
22 much for all you've done. Now I'd like to ask Mr.

1 Gerber if you have any further comments on this.

2 MR. GERBER: Sure. My name is Clayton
3 Gerber and I'm a supervisor of a team of postal
4 inspectors that sit at the Department of Justice
5 investigating white collar cases. I want to
6 address a little bit about the start of the
7 Darbinyan case and then a couple of the comments
8 that have come through.

9 The Patent & Trademark Office has been
10 jumping up and down and screaming to law
11 enforcement to please investigate these for a long
12 time, for years. I met with them years ago and
13 they were saying please investigate these cases.
14 They're not alone. In Europe OHIM, and EUIPO is
15 the same thing, I've met with anti-fraud reps from
16 OHIM three times in Europe in the past
17 year-and-a-half. They are doing the same thing
18 and they are seeing the same problems with all of
19 their mark holders. They're screaming up and down
20 to law enforcement in every single country asking
21 law enforcement to try do something.

22 The Postal Inspection Service has an

1 administrative authority and we file
2 administrative actions. We file more than
3 half-a-dozen administrative actions against
4 companies that have confusing and
5 indistinguishable names from the Patent &
6 Trademark Office. We've been doing this for
7 years. Again, it's like whack-a-mole. What we're
8 doing -- and as much as I want to be happy with
9 the civil cases that Leason Ellis has filed, you
10 are doing a spectacular job at educating these
11 guys on how to evade any sort of enforcement
12 action. These civil and scattershot enforcement
13 efforts do nothing but educate these guys on how
14 to bury themselves to become very difficult or
15 impossible to find later.

16 The case where this guy is in the Czech
17 Republic or this guy is in Austria, they're not in
18 any of those locations. Those are just mail drops
19 where mail gets poured into somewhere else, they
20 use burner phones or throwaway cellphones. They
21 could be sitting in the Office here today hearing
22 what we're talking about, or they could be next

1 door to you. Admittedly, I'm a criminal law
2 enforcement officer and I'm going to call a pot
3 black. These are criminals, and this is going to
4 require a criminal enforcement effort.

5 Now, law enforcement agencies around the
6 country and around the world need prosecutors who
7 can work these. The problem is the prosecutorial
8 offices have all of their priorities. The U.S.
9 Department of Justice has everything from national
10 security all the way down to white powders, to
11 violent crime, to drugs, to gangs, you name it.
12 If we have situations where the mark holders don't
13 want to provide their name and don't want to come
14 forward and don't want to complain, you just heard
15 Inspector Frederick, he identified this case
16 because there were enough complaints, or there
17 were the most number of complaints.

18 And they don't complain because they're
19 ashamed. I've got taken. It's the same thing
20 with a business email compromise or a CEO fraud
21 scheme where a company gets take by 50,000 or
22 100,000 -- they don't want to come forward, they

1 don't want to cooperate with law enforcement.
2 That money is gone in a day-and-a-half, they need
3 to come forward and cooperate with law enforcement
4 immediately.

5 So, they sit there silently and suffer
6 through this and they call your law firms after
7 they're a victim. Why don't they call your law
8 firms before they're a victim? Because I was a
9 small business owner before I became a law
10 enforcement officer and I had a trademark, and I
11 had a lawyer. Every time I called him it was
12 \$1,000.00. So they don't call you. Who gets the
13 call? The flat-fee guy. (Laughter) Because it
14 doesn't cost anything to call this guy, right?

15 So, everybody is contributing to this
16 situation that is at issue here, and everyone has
17 a role to play in this. I think that we need the
18 victims to come forward and make complaints. We
19 need this to be known. This is a priority for the
20 Patent & Trademark Office, they've been screaming
21 up and down, but we've already been in
22 conversation about maybe the Patent & Trademark

1 Office can donate personnel to the Department of
2 Justice to help prosecute these, get dedicated
3 resources that will help prosecute these.

4 But I can tell you from the Postal
5 Inspection Service doing these mass-mailed
6 solicitation cases -- and we're not unfamiliar,
7 we've known about these for years. We have the
8 same thing in the fraudulent lottery context, in
9 sweepstakes, and gift schemes and things like
10 that. It requires a sustained, coordinated
11 enforcement initiative that is multinational --
12 and getting records from foreign countries takes
13 months and years -- and it's going to require
14 sustained effort.

15 Darbinyan was having his mail shipped
16 here to the D.C. area, it was getting forwarded to
17 LA and it was a few guys in LA. Are they the only
18 guys associated? Absolutely not. These folks
19 don't wake up one morning and say, hey, there's a
20 trademark office and they've got this database and
21 I could just create a fraudulent solicitation and
22 then I could print it and I could get a whole

1 bunch of -- no. They learn from each other. They
2 work for each other, they learn how to do this
3 scheme, and then they branch out and go off on
4 their own, and then there are variations of this
5 scheme. This is an industry, and the only way you
6 tackle this is a coordinated initiative where you
7 circle a rope around this initiative and you put
8 people in jail. That's a bit of a decurrent.

9 Civil actions, block their domain name;
10 they'll get a new domain name. How many domain
11 names do we have? We have an alpha-numeric and it
12 can be how many dot.coms or dot.whatever you want
13 to be. I mean, we're spinning our wheels doing
14 those sorts of things. You're just emboldening
15 these folks and making them smarter and harder to
16 find the next time.

17 So, I think we need the victims to come
18 forward, we need them to make their complaints, we
19 need to not be ashamed and not be afraid, we need
20 education but we need enforcement. We need all
21 those resources at the table. But to say that no
22 one is doing something or to blame any one single

1 person is a disservice because that's not the
2 case. Everybody here is trying to do something.

3 COMMISSIONER DENISON: Thank you so
4 much. Alison?

5 MS. ANDERSON: Thank you.

6 MS. DEVORAH: Can I just make a quick
7 comment?

8 COMMISSIONER DENISON: Short. Very
9 short.

10 MS. DEVORAH: Hi. I built the crime lab
11 at UCLA PD. There is something you need before
12 you get a coordinated effort. You need a uniform
13 language. When I worked covering news in England
14 I learned from Alan Hiscox, who had to bring
15 officers down to London and every area had their
16 own command for a screw or a punch lock or this or
17 that or the other. You need to start with a
18 uniform language and then you can bring in the
19 enforcement.

20 Every department I deal with -- and I
21 quarterback enforcement in some of the stuff I've
22 worked on -- everyone has their own authority.

1 You need to define the authority and define what I
2 call a plumb line, a single thread that they can
3 all work together on.

4 COMMISSIONER DENISON: Thank you. Now
5 we're going to move on to the Department of
6 Justice.

7 MR. GERBER: Appreciate that
8 tremendously. You have two law enforcement
9 agencies up here. We'll chat and come up with
10 some language. You're talking about trying to --
11 nobody cares about this. This is not a priority
12 for anybody but your mark holders who are getting
13 defrauded. You are asking for something way
14 bigger than you need to. You're trying to move
15 the Titanic here and you are asking for a
16 speedboat.

17 MS. DEVORAH: I sort of disagree. It's
18 one wheel and many models thereof. Whatever model
19 you develop will be appreciated by other
20 departments. It's what I did with my PD when I
21 quarterbacked it. I brought all the different
22 departments on board, finding the language they

1 needed, and got them to work together. It may be
2 trademarks here, it will be copyrights there, it
3 will be patents there, it will be shoe designs in
4 New York, crime is crime. It's the same thing.
5 And criminals' heads tend to think the same way.
6 We need to build the model and then filter that
7 out to others.

8 COMMISSIONER DENISON: Thank you. Mr.
9 Frederick?

10 MR. FREDERICK: Just one more thing on
11 the reporting for the attorneys and your clients.
12 What's helpful to me as an investigator, if you
13 talk to your clients who have been a victim of
14 this, is when they report to the Federal Trade
15 Commission or to the Postal Service the actual
16 envelope that they receive with the solicitation
17 is important. They need to keep that because I
18 want the stamp, the original stamp, that was sent.
19 Of course, the copy of the solicitation. And when
20 they file their complaint make sure that they put
21 a loss amount in there because that way I know
22 that they paid and I know that I can use their

1 check to follow the money. So, I'll also need a
2 copy of their check eventually. But in the report
3 it's helpful to know who actually lost money and
4 who is just complaining, if that makes sense.

5 COMMISSIONER DENISON: Thank you. We're
6 going to try one more time. The Department of
7 Justice, thank you.

8 MS. ANDERSON: It's unusual that I'm not
9 able to insert myself, so I'm proud of myself
10 today. (Laughter)

11 I had a chance to jump on the Darbinyan
12 team about two months before trial and that was
13 about two years after the investigation had begun.
14 Just to give some people some perspective, as soon
15 as I started looking at what had been done, it's a
16 truly tremendous amount of work that Postal
17 Inspector Frederick as well as other agents and my
18 colleague Will Johnston had been doing for two
19 years.

20 What was incredibly clear from looking
21 through this material was that there were multiple
22 points along the way where they could have just

1 lost the entire thing; phone is burned, a computer
2 is switched, wireless card is changed. So, their
3 tenacity was truly amazing. It was a great
4 opportunity for me to be a part of that team.

5 What I wanted to talk a little bit about
6 today that I thought might be helpful -- maybe it
7 won't -- but I think might be helpful is when do
8 you know you're coming across what might be a good
9 criminal case? I know a lot of you are doing
10 different things, there are different ways of
11 attacking the problem, but when do you come across
12 something that that might be a good opportunity to
13 reach out to law enforcement, have people file
14 complaints, come forward, that sort of thing?

15 I think what's really important to know
16 is we've heard about a bunch of different,
17 possibly misleading solicitations, people sending
18 things that look sort of like the government, sort
19 of aren't, but really when it comes down to
20 criminal cases the best criminal cases are when
21 they are lying for money. Sometimes they're not
22 even asking for money so you need the case in

1 which they're asking for money, and you need the
2 case in which they're either demanding or
3 requesting money but you also need the lie.

4 So, really the best criminal cases that
5 are out there are when you see them promising to
6 do something that they just don't do. When
7 they're saying they're representing the government
8 and they absolutely aren't. But when you really
9 have that clear lie. I think some of the examples
10 we've heard today are people just not doing a good
11 job once their hired, that sort of thing. But
12 what we're talking about is the scammers, the
13 people who are just lying. They're just saying
14 that they're going to do something and they don't
15 do it. So, when you come across that, that's the
16 time that you can think that that might be a good
17 criminal case.

18 Also, Postal Inspector Frederick touched
19 on this, but when it's recent. The more recent it
20 is the more ability that law enforcement will have
21 to find these folks, to catch these folks, to do
22 something about it. Also, if you come across a

1 situation where someone has become a victim and
2 they have paid that amount of money, I think
3 that's a good time to look at that. If their
4 checks are clearing somewhere in the United
5 States, if you can see what's happening with the
6 money, where they're mailing the money, that sort
7 of thing.

8 These are the types of things that if
9 you come across them could make for a good
10 criminal case and might be a good time to think
11 about reaching out to law enforcement.

12 Another thing I wanted to touch on is
13 your first instinct -- as my mother called me when
14 she got the IRS scam - - may be to say, "I'm going
15 to call the Justice Department and rat you out,"
16 this and that, or, "I'm a lawyer and we're going
17 to sue you." That might be your first instinct to
18 do something like that, but if you come across
19 what would make for a good criminal case and you
20 want to reach out to law enforcement, just reach
21 out to law enforcement. We have a lot more tools
22 when they don't know that we're looking at them

1 than when they do know. So, that's something I
2 would encourage, if you think you've come across
3 that case reach out and reach out quickly as we've
4 heard because that's really when we can do our
5 jobs the best. As your making those sorts of
6 determinations those are the things to look at.

7 COMMISSIONER DENISON: Thank you so much
8 for those helpful hints. I'd now like to see if
9 the FTC, the SBA, Customs and Border Protection
10 would like to have any comments about fraudulent
11 solicitations. Shall we start with the FTC?

12 MS. DAFFAN: Sure, I'd be happy to. I
13 just want to thank everyone for being here, and
14 thank you for organizing the event and inviting us
15 to be here as the Federal Trade Commission. We're
16 a rather small agency compared with some of the
17 folks I'm up here with, so I'll tell you a little
18 about us just in case some folks in the audience
19 aren't completely familiar.

20 We are a civil law enforcement agency so
21 we don't have criminal authority but we do have
22 the independent litigation authority that Thomas

1 was referring to. We have a small staff and a big
2 mission. We have about 1,300 people in the entire
3 Agency, and that's to cover consumer protection
4 but also competition. We also have a Bureau of
5 Economics and many other offices. All of those
6 offices together, there are only 1,300 people in
7 the Agency, so by D.C. standards that's clearly
8 small.

9 Our mission is to protect consumers and
10 competition in the economy. Basically, our
11 jurisdiction covers most of the U.S. economy, so
12 there's a lot to do. Just to give you an example,
13 I work in the Bureau of Consumer Protection in the
14 Division of Marketing Practices, which is pretty
15 much our fraud shop. Our goal is to handle the
16 worst cases of telemarketing fraud, robocalls, we
17 enforce the CAN-SPAM Act about email spam, we go
18 after business opportunity schemes and all other
19 kinds of hardcore fraud, high-tech fraud.

20 But I will say that in particular
21 government imposter scams are a huge area of
22 concern for us and for the FTC as a whole. Just

1 recently we've got cases where scammers were
2 impersonating the Department of Transportation,
3 were impersonating OSHA, were impersonating the
4 FTC. And we see tons of these cases. You know,
5 the IRS scam has obviously been huge in the last
6 few years, and we have people impersonating courts
7 and law enforcement agencies. It's something we
8 bring a lot of cases about. In particular we have
9 had an ongoing conversation with PTO about the
10 issue that we're here to discuss today. It's
11 particularly important to us because we look very
12 hard not only at scams that affect individual
13 consumers but also scams that affect small
14 businesses in the country and entrepreneurs. This
15 is obviously a huge example.

16 But there are others. I'll just mention
17 briefly that one of my teams has also worked
18 closely with PTO because there was a scam that
19 was a little bit different but that was affecting
20 kind of a similar population. This was an
21 invention promotion scam. A company called World
22 Patent Marketing that was charging individual

1 consumers or small businesses many thousands of
2 dollars, saying that it would both obtain a patent
3 for them and then help them promote and then even
4 manufacture their invention. They used bogus
5 success stories and testimonials and did not
6 deliver on any of those promises, and in fact did
7 a lot of work to even suppress consumer complaints
8 so that folks who were trying to do their due
9 diligence before hiring the firm wouldn't have any
10 idea what their practices were. So, my team sued
11 that company in March and were able to obtain a
12 temporary restraining order, freezing their assets
13 and appointing a receiver over the business.

14 But that's just an example of the kind
15 of civil law enforcement that we do. Often we
16 work with criminal authorities and we have a
17 Criminal Liaison Unit where we are sharing
18 information with criminal authorities because a
19 lot of our cases do eventually result in criminal
20 convictions further down the road.

21 Finally, I'll just mention that another
22 large aspect of our work is consumer education

1 because of course we want to try to prevent people
2 from becoming victims in the first place rather
3 than just trying to get their money back when the
4 scammers are really good at spending it before we
5 get to their door. We have also worked with PTO
6 recently on some consumer ed about this particular
7 issue, and in case you want to share it with some
8 of your clients we have a blog post for consumers
9 called Scammers Can Be Inventive, and one for
10 businesses called Is the USPTO Really Contacting
11 Your Company, Maybe Not, that describes this issue
12 and links to the PTO's information.

13 We have a whole division of consumer and
14 business education that really focuses on the best
15 way to communicate with consumers and these blog
16 posts go out to many thousands of people. So, I
17 would encourage you all to sign up if you're
18 interested and to also share those things with
19 your clients. We are happy to continue working
20 with you and with PTO to make sure that the
21 educational messages that are going out to help
22 prevent these scams are as powerful and effective

1 as possible.

2 Finally, I'll just piggyback on the
3 pitch to have your consumers file detailed
4 complaints if you can with FTC at ftc.gov. We ask
5 for a ton of information and we share that
6 information with thousands of law enforcement
7 agencies, federal, state, local within the U.S.
8 and then also international law enforcement
9 agencies who can search that information and reach
10 out to victims to bring cases. I would love to
11 see more and more complaints about this important
12 issue in our database as well.

13 COMMISSIONER DENISON: Thank you. We're
14 very pleased to see that you've put these postings
15 up on your website, so thank you so much for doing
16 that. That's great.

17 Yes, do you have a question, Patrick?
18 We need a microphone.

19 MR. FLAHERTY: Just a quick question.
20 So, when you talk about filing complaints is it at
21 all helpful for me to file a complaint? Because I
22 could send you these every month but I'm not a

1 victim because I know to tell the business that
2 it's just a scam.

3 MS. DAFFAN: Yes, it is helpful for you
4 to file a complaint. We have a lot of service
5 providers who file complaints with us. Sometimes
6 there are even issues, let's say, a legal services
7 provider for an individual who is not comfortable
8 sharing their personal information with the
9 government, but that organization will file a
10 complaint with us and describe the situation, give
11 as much detail as possible. Then if a law
12 enforcement official is interested in that
13 complaint they know to reach out to you or to the
14 organization in question. You can see if your
15 client would be willing at that point to be in
16 touch with the law enforcement agencies. So that
17 is definitely helpful.

18 Just one note about the Consumer
19 Sentinel complaints. The clients should not
20 expect to receive a call from the FTC about each
21 complaint that's filed with us. We get millions
22 and millions of complaints and are not able to do

1 that kind of follow up. We are trying to do the
2 best we can and to improve even further the
3 provision of helpful educational materials to
4 folks who are filing complaints with us, but it's
5 not like you're going to be able to file a
6 complaint and then get your problems solved. So,
7 I just want to get that message out there for
8 people so they won't be disappointed. Hopefully
9 you will receive a call from Inspector Frederick
10 at some point if you file a complaint with us, but
11 we obviously can't promise that.

12 COMMISSIONER DENISON: Thank you.

13 That's very helpful to know.

14 MR. GERBER: I'll just add one thing to
15 reiterate what Inspector Frederick said, the
16 targets that he focused on in his investigation,
17 the most number of complaints, the most recent
18 complaints. If we don't get complaints we're not
19 going to be able to focus our efforts. Everyone
20 here talked about resources, so you need to
21 report. FTC is the easiest and most centralized
22 way to do it because every law enforcement agency

1 in the country practically has access to their
2 database of complaints, and we can run queries and
3 mine it and things like that.

4 So, encourage your mark holders to do it
5 if they get these, if they have lost money even if
6 they haven't lost money. A number of complaints
7 is a number of complaints, but complaints with a
8 loss, if they actually did pay money, that's much
9 more impactful in terms of selling a case for
10 prosecution.

11 COMMISSIONER DENISON: Thank you. Ms.
12 Gharib, would you like to say anything?

13 MS. GHARIB: Sure, thank you. Goli
14 Gharib from U.S. Customs and Border Protection.
15 I'm happy to be here. Thank you for the
16 invitation to represent CBP.

17 Just to give you a little bit of
18 background on how we're involved with trademarks
19 is that CBP maintains a recordation system whereby
20 registered trademarks and copyrights owners come
21 to us and record their IPR with us for border
22 protection purposes. So, our mission is to stop

1 the importation of IP violative goods.

2 Quite honestly, my involvement here
3 started with Inspector Frederick as well, all
4 roads seem to lead back to you. (Laughter) In
5 the Darbinyan case where Dave called up - -
6 actually it was an HSI agent, Homeland Security
7 Investigations. AN agent called up and said,
8 "Hey, we've worked together before, you take care
9 of the recordation system for CBP, right?" And I
10 said yes, and she said, "You know, I've got a
11 postal inspector that really needs some evidence."
12 So anyway, next thing you know I'm talking to
13 David and he's telling me all about the Darbinyan
14 case and so forth, and we're happy to help as we
15 can.

16 Apparently in that case one of the
17 issues was that they took money from the victims
18 and said we're going to provide X, Y, and Z
19 service, one of them being border enforcement of
20 their trademarks. So, just rudimentarily I looked
21 in our database and I said, you know, we don't
22 have -- we just picked out a few of the

1 trademarks. I said, Dave, I don't think we have
2 any of these after just an initial look. But
3 we're going to have to refer this to our IT folks
4 to dig deeper and see what we can find. So
5 anyway, that's how we got connected with DOJ, Will
6 Johnston, who was prosecuting the case and so
7 forth.

8 So, in a nutshell what we did, CBP's
9 part in that case was to provide the evidence --
10 and I think it was by way of sworn statements --
11 to establish that Darbinyan, et al, did not
12 fulfill -- and so they lied about what services
13 they were going to provide. Not a single
14 trademark was recorded with CBP with the money
15 that they took from the victims. We were able to
16 cull our data and be able to give the DOJ the
17 evidence that they needed for that little piece of
18 what Darbinyan did, or that case was about, that
19 they didn't record any trademarks with our shop,
20 with CBP.

21 So, while that was going on I was also
22 looking at some of our data, because we do have a

1 robust recordation system based on the USPTO's
2 data, and I actually started late- night going
3 through our data and I said, U.S. Trademark
4 Compliance Office? Gee, I think that's the one
5 that Dave was talking about. So alarms go off and
6 I start calling here and there. Will Johnston
7 actually said this is maybe an off-shoot but it
8 doesn't have anything to do with our case.

9 So, here we are some months, maybe a
10 year later, and we're looking again at our data
11 and come to find out U.S. Trademark Compliance
12 Office, being on the USPTO's fraudulent solicitors
13 list, had gotten through our system with over 350
14 or so recordation. Now, that sounds small but
15 it's kind of substantial to us. I mean, we have
16 in our system about roughly give-or-take 40,000
17 recordations that include trademarks and
18 copyrights. But still, to me, when we're talking
19 about integrity and so forth 350 -- even one is
20 too many to have slipped through.

21 So, essentially this started when we
22 launched our online system. Now, not saying that

1 the U.S. Trademark Compliance Office started this,
2 they started actually I want to say back in 2014
3 timeframe to get all of those recordations. What
4 they've been doing is sending out these letters
5 that we've been talking about. We have one
6 actually that I forwarded to the USPTO. CBP would
7 never have had occasion to see any of these
8 letters or solicitations, but as it so happened
9 recently an application, a right-holder, a
10 trademark owner, contacted our office and said,
11 "Hey, I got this letter but I've been doing
12 research and your website says that it's \$190.00
13 per international class of goods to record with
14 you. And I got this letter that says I need to
15 pay \$495.00. What's the deal here?" And, of
16 course, then we said ignore the letter, you can do
17 your own online application. And within days her
18 application for recordation was approved.

19 So, that was one that we headed off, but
20 we do have a problem with this U.S. Trademark
21 Compliance Office, and as other panelists have
22 mentioned, whack-a-mole, and they come up with

1 different names. For us, they haven't changed
2 their name, they have changed their email address.

3 So, anyway, back to the 300-some odd
4 recordations. What we've done -- again, we don't
5 know that a crime has been committed. What have
6 they promised for this \$495.00? \$190.00 of it we
7 know they're paying to record with us. What
8 they're doing with the rest we don't know. So,
9 what do we do?

10 We have been calling the trademark
11 owners. And with limited resources that all
12 government agencies are faced with it's kind of a
13 daunting task to ask one of my colleagues who is
14 an attorney in the office, hey, could you please
15 call up these right-holders and see if they've
16 ever heard of U.S. Compliance Office and what did
17 they expect, and do they even know. We're not
18 through the list yet, but what we've found is that
19 the majority of them are unaware. So, they were
20 targeted probably -- my guess is that early on in
21 the registration process at the USPTO they were
22 sent these letters because that's what a few of

1 them has said. Oh, yeah, I remember seeing
2 something but I don't know what, and I really
3 don't even know much about UCBP, and I'm really
4 busy, so thanks but there's no issue.

5 So, it's a balance. Do we want to be
6 alarmists and say you've been scammed when we
7 don't know much? We're trying actually now to go
8 after them through PayGOV which is the credit card
9 that they use in our online system, so that's
10 still pending. A couple of the right-holders have
11 said that yes, we actually did pay for this.
12 That's okay. In our book they're not really doing
13 anything wrong because as far as CBP is concerned
14 they're paying and they're using our application
15 system to record.

16 But what's onerous to me is that I feel
17 that they're not providing the service that CBP
18 would eventually provide for them. For one thing,
19 they're recording service marks. Service marks
20 don't really lend themselves to enforcement at the
21 border. (Laughter) What do we look at? We look
22 at goods, we open containers, hello. But we will

1 record service marks. Somebody who has a long
2 list of ICs, and a couple of them happen to be
3 service marks include in that mark, sure we'll
4 record it. That's good, it's being thorough, I
5 guess. Cover all your bases. But a single class
6 in 41 of web services, or online shopping or
7 whatever, just doesn't really pass muster in my
8 opinion.

9 So, that's one thing. The other thing
10 that we've done to sort of combat passively, if
11 you will, is that we're trying to make changes in
12 our application processing system to -- am I going
13 over time? No, okay. Sorry. Thank you. We're
14 trying to get at them by the technical route,
15 which is make them provide us additional
16 information. If you're familiar with government
17 and how we work, things aren't always quick, it's
18 a process. So, we've put in some mechanisms in
19 place to try and highlight and elicit answers from
20 this U.S. Compliance Office outfit so that we can
21 try and maybe get at them somehow.

22 But they're not dumb. They're getting

1 around our questions. Their email address bounces
2 back when we email them and ask them for
3 additional information. So, they're pretty
4 sophisticated and they're doing something to block
5 us from blocking them, so to speak.

6 The next step for us is including a
7 sworn declaration which we've never done before.
8 Anyone can record their trademark with us; we
9 don't want to stop people from recording with us.
10 There is no requirement to be an attorney to
11 record with us. So, it's kind of a tough spot to
12 be in. We're just now getting our bearings on
13 what's going on. Really no harm has been done to
14 CBP and no fraud on CBP other than data integrity.
15 So, that's where we're at with it.

16 COMMISSIONER DENISON: Thanks so much.
17 That's very helpful.

18 Mr. Rao?

19 MR. RAO: Thank you all for having me
20 here today. I'm an ex-patent examiner from many
21 moons ago, so it's kind of nice to be back where I
22 started many years ago in my career. A big

1 thanks, actually, to Susan Anthony as well for
2 having me come here today.

3 I think from a Small Business
4 Administration perspective there are a couple
5 things that we have in play. Clayton, I really
6 loved the fact of when you said as a small
7 business owner I called the attorney and it cost
8 me \$1,000.00. I understand that pain. I'm not a
9 fan of that. So, I think one of the biggest
10 things I took charge of when I arrived to SBA a
11 few years ago, when I left the private sector to
12 come back to government service, was I pushed on
13 this demystification process. I said, look, if
14 we're going to be the government and we're going
15 to help the public understand the services,
16 resources, and everything that is there in the
17 landscape for a small business, we need to undergo
18 this demystification process. We have to make it
19 clear and easy for people to comprehend.

20 So, I worked with Susan and a few folks
21 to create what's ongoing today, a webinar series.
22 So, the SBA and the PTO through our SBIR Program

1 -- which I work on besides our Growth Acceleratory
2 Program -- basically on a quarterly basis we will
3 train small businesses just on the basic avenues
4 of intellectual property, from patents to
5 trademarks, from trade secrets to copyrights. We
6 just want them to get a little bit of a general
7 basic understanding. Am I asking them to be an
8 expert? No. But am I asking them to be a little
9 more cognizant and mindful with what's going on?
10 Yeah. And I think that's half the battle.

11 Half the battle as a small business
12 owner because you're getting hit with 20 different
13 things at once. As an ex-entrepreneur in Silicon
14 Valley and doing the start-up stuff I can tell
15 you, yeah, we're inundated all the time. But if
16 you're going to be a savvy small business owner or
17 entrepreneur you have to be a bit cognizant. You
18 have to have what I call -- and I'm sorry for
19 saying this for the record -- but you have to have
20 a good bullshit detector on. That's just a common
21 thread that you should have.

22 So, that's what I implore for a lot of

1 small business owners and entrepreneurs is have
2 your gut reaction going, have a good BS detector,
3 and have good counsel around you. I think it's
4 important to have good counsel and make good uses
5 over the resources. So, that was one of the
6 things I did when coming back was to work with
7 USPTO to highlight those resources effectively,
8 not only on SBA.gov but primarily on our SBIR.gov
9 which is our high-tech aspect because that covers
10 11 different participating agencies that
11 participate in our SBIR program. Companies that
12 get funded from Department of Defense down to EPA,
13 they all benefit from this training. So, that's
14 one of the big things I've been pushing a lot on
15 lately.

16 As to fraudulent solicitations and
17 whatnot, I'm actually going to go to Susan now
18 because it's given me some ideas of maybe
19 incorporating more of that. Demystification is
20 part of the webinar training. I think it would be
21 imperative to tell people, hey, when you get hit
22 with this think about this. These are the things

1 you should think about. I really think if we can
2 do a better job as the government in helping
3 demystify and collaborate as we've been doing -- I
4 actually want to bug you at the FTC now because I
5 love that list and have that stuff. I will gladly
6 amplify and gladly tell those stories.

7 I think that's part of the thing, that
8 folks don't know because, in all honesty, as
9 government, we haven't done a great job in the
10 past with the narrative, with explaining the story
11 and explaining the rules of the road. Having this
12 example with the Darbinyan case is important
13 because if we can explain that narrative better it
14 encourages other people to go, hey, I don't have
15 to be a sucker. We can do this and we can do a
16 better job of helping fight this fraudulent
17 activity.

18 So, that's in synopsis what I would say
19 right off the bat. I think what's kind of ironic
20 is earlier this week I watched The Founder. I
21 don't know if anyone has ever seen the movie The
22 Founder, but if you haven't go see it. That is a

1 fantastic film about the subtle undertones in
2 intellectual property theft. I mean, we think of
3 McDonalds and Ray Kroch, and if you watch The
4 Founder -- what was funny is I dug into the story
5 like, wait, really? Did this happen? And I dug
6 into all that stuff and the true origins of
7 McDonalds and what happened at the end of the day.
8 I was like, oh, my God. If those two guys, the
9 original McDonalds, had some better counsel on IP
10 they would not have lost their trademark to Ray
11 Kroch and lost McDonalds. That's a different
12 story altogether.

13 My point once again is demystification
14 and just being mindful. Being mindful is the most
15 important thing. If you're not being mindful
16 you're going to get taken as a sucker.

17 COMMISSIONER DENISON: Thank you so
18 much. We had a couple other questions and then
19 I'll throw it out to anybody up here on the panel.
20 One of our statements today proposed international
21 coordination in finding a solution. Would anyone
22 care to address the best way to go about the

1 international coordination?

2 MR. GERBER: Well, I can speak to that.
3 I've been travelling over to Europol extensively
4 over the past two years and dealing with formally
5 OHIM, now EUIPO. Their mark-holders in Europe are
6 getting hit with exactly the same solicitations.
7 It's a little bit different because in the
8 European sense they're not as used to paying their
9 bills with a check. In the U.S. we get an invoice
10 then we write a check. In Europe they don't do
11 that, they send wire advices. So, the
12 solicitations they get actually have a bank
13 account, wire your money to this bank account
14 here.

15 Sometimes there is an idea or some sort
16 of concept to send some sort of a bank draft.
17 They're actually more often than not seeing PO
18 boxes and mailbox addresses here in the U.S. So,
19 they're looking at us, can you shut these guys
20 down, they're in your backyard. They're not in my
21 backyard, the mail lands here and then it gets
22 turned around and shipped back over to somewhere

1 else.

2 So, international cooperation on the law
3 enforcement front is not very difficult through
4 Europol. Now Europol has become extremely robust,
5 so through the European Union and the non-EU
6 members of Europol, which the U.S. is one. We
7 have about 45 U.S. law enforcement officers sit at
8 Europol. So, through that entire community and
9 the international patent and trademark offices in
10 each country, they all want to help. What becomes
11 very slow, cumbersome, and difficult is when you
12 get into an enforcement effort and you need to get
13 admissible records from a foreign country, and you
14 need to find out can you certify who is getting
15 mail at this address or where it's being forwarded
16 to. Depending on the country, that can take - -
17 they may say no based on their privacy laws, they
18 can't release that information. It may be
19 something I can call up a law enforcement officer
20 in Italy and he says, sure, this person is getting
21 the mail and it gets forwarded to this location.
22 And then I'm done with Italy and I've moved on to

1 France because it's getting forwarded to France.

2 So, it's very country by
3 country-specific, but it's not insurmountable.
4 But it's certainly not something your state police
5 are going to do. It's not something that your
6 county police are going to do. It's almost
7 impossible in the civil context. The FTC has an
8 Office of International Affairs, which is I think
9 Betsy Broder all by herself. So, there are
10 different sort of friendly agreements that they
11 have. But in the criminal context we can
12 generally get things moving. It can be very, very
13 slow but we can generally get things moving.

14 Switzerland. Someone mentioned
15 Switzerland in their public comments. Switzerland
16 can be difficult but I've gotten tons and tons of
17 records out of Switzerland, it just depends. You
18 have to be very persistent.

19 MS. ANDERSON: The only thing I would
20 just add to that is when you look at the Darbinyan
21 scheme, half of those individuals were involved in
22 moving the money and that's how they got caught up

1 in their criminal charges. We often see in other
2 scam cases that while there may be a lot of people
3 overseas making the phone calls or sending certain
4 things, they'll still often have people in the
5 United States that are helping them move the
6 money, helping them do something.

7 So, just because people are overseas --
8 and I think the IRS case was a good example of
9 that -- doesn't mean it can't be a good criminal
10 case here, doesn't mean it can't be something that
11 we can work on, and that's just sort of a side
12 piece also piggybacking off of what has already
13 been said about our cooperation efforts. There
14 often are still people here even if the focus is
15 elsewhere.

16 MR. GERBER: For your mark-holders
17 they're generally U.S. companies. Keep in mind,
18 U.S. bank draft of checks and things like that is
19 generally going to have to pass through a U.S.
20 bank at some point. So while the check is, oh,
21 send it to some drop box in Alexandria and then it
22 goes to the Czech Republic, that gets bundled up

1 and it's going to get sent back and pass through a
2 U.S. bank somewhere.

3 So, as Inspector Frederick said, their
4 cancelled check where that was passed, that's all
5 critical information because there's going to be
6 certain pinch-points in this whole industry and
7 this whole process that we can target and that we
8 can look at and that we can go after.

9 MS. DAFFAN: The only other thing I
10 would add is that in addition to our Office of
11 International Affairs we have folks within our law
12 enforcement divisions that participate in all
13 kinds of law enforcement groups with international
14 law enforcers. One of them is the International
15 Mass Marketing Fraud Working Group that we're on
16 with DOJ and many other agencies. So, we can make
17 sure that this is brought to the attention of that
18 group and to see if anything can be done within
19 that group as well.

20 MR. GERBER: As a member I can tell you
21 they know. OHIM has spoken to the group in the
22 past three years. They've been jumping up an

1 down. USPTO came and spoke to the Mass Marketing
2 Fraud Working Group two years ago, which is
3 actually two-and-a-half years ago which is
4 actually what brought around Darbinyan, was that
5 presentation.

6 MS. DAFFAN: Great.

7 COMMISSIONER DENISON: Another question.
8 What kind of additional information, if any, would
9 be helpful to your Agency in comparing these scams
10 that the USPTO or the public could provide you?
11 You've listed that you want the envelopes, you
12 want the checks, that kind of thing, but is there
13 anything else the USPTO could be doing to help
14 you? I got the message on manpower and I'm going
15 to be pursuing that. But anything else anyone can
16 think of?

17 MR. RAO: It came to my mind that USPTO
18 has access to the pro bono attorney program.
19 Maybe those are folks to utilize as well, have the
20 pro bono attorneys from the USPTO program to be
21 trained and make sure to help advise on these
22 issues too, especially for entrepreneurs and small

1 businesses.

2 MS. GHARIB: I was only going to add
3 that for us, we basically are checking against the
4 information that's in TSDR, so we're trying to get
5 with these bogus applications -- I call them bogus
6 -- to try to check against TSDR. So, we're
7 digging in.

8 What can you provide? I mean, I've
9 always felt that while I have always bugged Amy
10 Cotton over here about, hey, Amy, can't we get
11 more information? It would make CBP's like so
12 much easier if we could just come through your
13 firewall and grab the information. Come on.
14 We're trustworthy.

15 (Laughter) But with the same token,
16 I feel like the PTO
17 provides so much information that's out
18 there for these guys to grab, just as we do. We
19 mine your information, they are too. So, I don't
20 know. But anyway, thank you.

21 COMMISSIONER DENISON: Yes? You have to
22 get a microphone if you want to ask a question.

1 MS. ANDERSON: While you're moving the
2 microphone I would just say we absolutely
3 appreciated all of your incredible response in
4 this in trying to prosecute the Darbinyan case.
5 As you know, you have a trial, there's always
6 random things that come up, and we absolutely
7 appreciated the assistance from your staff and
8 yourself.

9 COMMISSIONER DENISON: Thank you. Yes,
10 there were a lot of people here who were helping
11 the DOJ in the background and they did a great
12 job. So, thank you.

13 MS. RICKETTS: My question, number one,
14 is did the successful prosecution actually seem to
15 reduce the incident of these scams, like did it
16 actually go to a kingpin and really stop it or was
17 that just one branch of a big operation that is
18 ongoing? And number two, do you have a pending
19 investigation where if we got something from those
20 people we could tell you about it that would be
21 helpful, or is that secret?

22 MR. FREDERICK: So, it appeared to me

1 the initial response that we were looking for was
2 exactly that, like is it individual people or is
3 it a big ring of people? But like Clayton said
4 earlier, they probably know each other, a lot of
5 them, because if you look at these solicitations
6 you'll see the same language in a lot of them.
7 You can tell that they're kind of bouncing ideas.
8 But it appears that they are individuals. There's
9 not one person overseeing all of it, as far as I
10 can tell. It's a known scam and everybody is
11 trying to get a part of it.

12 As far as a pending investigation --

13 MR. GERBER: We're not going to disclose
14 the targets of a pending investigation insofar as
15 we would contact the complaining victim and seek
16 information. That's about the closest we would
17 reveal that we're investigating X person or Y
18 person. It's really more just a one-way street to
19 get the information, unfortunately. These are
20 pernicious and insidious and there's no shortage.

21 When I asked Inspector Frederick, I said
22 look at these PTO solicitations, we've been

1 playing whack-a-mole and doing admin actions for
2 years, let's pick the most egregious or who is
3 current, let's look through our complaints, look
4 through our past admin actions, things like that.
5 Again, you have to dig five or six layers to find
6 out who is actually organizing them. So, we have
7 five or six or seven past admin actions, we would
8 have to dig. The person who signed the cease and
9 desist for that admin action is just a nominee.
10 He's a throwaway person on a J1 visa. They're not
11 the ones running the scheme but they're going to
12 be the ones who sign off on it at that level.

13 So, trying to peel back and figuring out
14 who your recidivist players are is very, very
15 difficult. That's why these low-level civil
16 enforcement actions just serve to educate someone
17 on how to bury themselves lower. I mean,
18 Darbinyan and his four co-conspirators are going
19 to be spending some quality time in public
20 housing, and it's going to be a little bit harder
21 for them to engage in this scheme for the next few
22 years.

1 MS. RICKETTS: If I send them a check
2 for a dollar and then they cashed it, is that
3 helpful? You're not going to like send them
4 checks so you can track that? (Laughter)

5 MR. GERBER: So, I'm not handing out
6 junior G-man badges. (Laughter) If you send them
7 a check for a dollar they will gladly cash that.
8 My folks do exactly that functionally. We
9 actually pay the \$3.95 or the \$16.50 or whatever
10 it is to see how the payment is processed. What I
11 need is I need to focus my efforts. I need
12 complaints, I need to find out who is the most
13 pernicious. I have limited resources too,
14 although I'd be happy to work all of these if I
15 had prosecutors who wanted to prosecute all of
16 them. Some of them would get wrapped up in six
17 months, some of them would take six years.

18 MR. FREDERICK: Just so you know, the
19 amount of resources to find Darbinyan, to find one
20 person, we're talking hundreds of subpoenas and
21 over a dozen search warrants and with all of those
22 subpoenas there comes responses. So it's just a

1 lot of work, a lot of data, just to find one guy.
2 So, these cases, when they're hiding behind fake
3 IDs and stuff it's very difficult to do these
4 cases. It takes a while. So, just so you guys
5 know, it's intensive.

6 MS. ANDERSON: And just to piggyback off
7 of Postal Inspector Gerber, the faster you can get
8 us the complaints too. I mean, I know that it
9 doesn't seem like a week or two weeks is really a
10 lot of time but it really is. I mean, when they
11 were tracking this guy down it would be
12 unbelievable how quickly things moved and shifted.
13 So, just the faster you can get those in too I
14 think the more helpful that would be.

15 MR. GERBER: To give you a sense on
16 these fraudulent solicitation cases, it's a
17 numbers game. They'll mail 10,000 solicitations
18 and they're hoping to get about 150 responses.
19 And they'll do that to one PO box and then they'll
20 move on to another PO box. And Darbinyan, who
21 changes his phone number every 30 days. So,
22 they'll rent a PO box, mail out 10,000

1 solicitations, get 150 responses, put the money in
2 their pocket, and they've moved on. Now they're
3 at a new PO box mailing out 10,000 solicitations,
4 aggregating the money to a different location. I
5 mean, it moves that quickly.

6 MR. CAMPBELL: Hi, my name is Ray
7 Campbell and I'm actually also a postal inspector
8 but I'm not up there on the panel today. You
9 asked a question and I just wanted to jump in
10 because it wasn't mentioned about what the USPTO
11 could do to assist us in our criminal
12 investigations. I am also an investigator who has
13 investigated these patent and trademark scams.

14 During our investigations we're always
15 trying to connect the dots. As you know, we have
16 individuals that use fake names, they use all
17 sorts of false identities. We've run across where
18 I've been able to obtain IP addresses or an IP
19 address specifically for a fraudster or scammer,
20 and I know that at least in some of these cases
21 those IP addresses are used maybe to log into your
22 systems or to input information. At some point I

1 requested through USPTO and the IT and it went
2 kind of back and forth about whether or not I
3 could run a general query for an IP address across
4 all of the transmissions that have been put into
5 your system. Ultimately, I don't know if I ever
6 actually got a response to that. It sounded like
7 something that you guys were in the process of
8 doing.

9 But obviously the use of IP addresses
10 and other ways that we can track down individuals
11 using some of the weaknesses, like computer
12 network addresses and whatnot, will be extremely
13 helpful and would help speed up the process
14 potentially of us having to send a million
15 subpoenas out if we can use some ways that maybe
16 these scammers are unaware that we can track them
17 in that way.

18 Like I said, we're always looking to
19 determine and link certain business names. We all
20 know that they have more than one business name.
21 They've got dozens of business names and it may be
22 controlled by the same organization. So, as

1 opposed to us just looking and focusing all our
2 effort maybe we could figure out all 15 different
3 business names they're using through the use of
4 the IP address and through other transmissions
5 that might be on your website. So, just in the
6 future if those capabilities come forward I know
7 it will be very helpful to law enforcement. Thank
8 you.

9 COMMISSIONER DENISON: Thank you very
10 much. We're going to need to wrap up now. I want
11 to thank everybody for participating today. I
12 hope that everyone will be able to join us for our
13 little reception. We know how busy everyone up
14 here is and we are really grateful to you for
15 paying attention to this problem which is so
16 important to our users.

17 I was delighted that Joe Matal, our
18 interim director, was able to come. I think the
19 fact that he came shows that he recognizes the
20 significance of this to the Agency.

21 It's been wonderful working with the
22 Trademark Public Advisory Committee. We were

1 really delighted to do this program with you, so
2 thank you Dee Ann and the whole Committee. We're
3 very pleased with that.

4 I also need to have a shout-out to the
5 Office of Policy and International Affairs,
6 particularly Leigh Lowry for all of her help
7 helping us to get people to talk today and to talk
8 to the government agencies and to put the whole
9 package together. So, thank you very much.
10 There's a lot that happens behind the scenes to
11 make something like this happen.

12 When we first started talking about this
13 event, I sort of envisioned this event as having a
14 few purposes. One was to raise public awareness
15 of the problem. The more users and attorneys that
16 know about this the better. Second, I wanted us
17 to hear from other parts of the government and for
18 the other parts of the government to hear from our
19 users so that we could determine a good path
20 forward. Then, of course, the most challenging
21 part is helping us figure out how to combat this
22 in the future.

1 The USPTO is doing as much as it feels
2 like ti can right now. When you get a filing
3 receipt for a trademark application you now get a
4 notice. When you get an office action from us in
5 the cover email there is a notice. When you get a
6 registration you get an orange sheet of paper with
7 a warning on it. We have put it in our basic
8 facts booklet. We have more than one webpage on
9 it; I think we're trying to consolidate. We have
10 a video on it.

11 So, there are a lot of different things
12 that we're doing to try to reach out to the
13 public, and of course, there's a lot more that we
14 obviously can be doing that were interesting ideas
15 today from class actions, finding the help
16 warning, making a statutory change, I guess, to
17 require some sort of warning be put on these
18 things and then you get them for some sort of
19 statutory violation, similar to a tobacco warning.

20 We'll absolutely reach out to MARQUES,
21 as it was suggested, the European group. Of
22 course, we're already talking to EUIPO. We're

1 going to do what we can to bring more publicity to
2 this. We're going to be asking our call center to
3 encourage reporting. I think they had 600 calls
4 last year about this, so we can encourage them
5 when they get this type of call to report it to
6 the FTC. We will clearly be exploring the
7 opportunity for details to the Department of
8 Justice with some of our lawyers.

9 So, these were all sorts of good ideas
10 today, and we are really, really grateful. For
11 those members of the public I hope that no one
12 else falls victim to this, but I fear that more
13 people will. So, thank you. We're here to try to
14 help you, and I really do appreciate everything
15 that everybody in this room is doing to help us
16 with this big problem. So, thank you and please
17 join us for the reception.

18 (Whereupon, at 4:21 p.m., the
19 PROCEEDINGS were adjourned.)

20 * * * * *

1 CERTIFICATE OF NOTARY PUBLIC

2 COMMONWEALTH OF VIRGINIA

3 I, Mark Mahoney, notary public in and for
4 the Commonwealth of Virginia, do hereby certify
5 that the forgoing PROCEEDING was duly recorded and
6 thereafter reduced to print under my direction;
7 that the witnesses were sworn to tell the truth
8 under penalty of perjury; that said transcript is a
9 true record of the testimony given by witnesses;
10 that I am neither counsel for, related to, nor
11 employed by any of the parties to the action in
12 which this proceeding was called; and, furthermore,
13 that I am not a relative or employee of any
14 attorney or counsel employed by the parties hereto,
15 nor financially or otherwise interested in the
16 outcome of this action.

17
18 (Signature and Seal on File)

19 Notary Public, in and for the Commonwealth of
20 Virginia

21 My Commission Expires: August 31, 2021

22 Notary Public Number 122985