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Survival of the fittest: Enforcement for the 2020 COVID-19 trademarks

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THE USPTO COVID-19 PRIORITIZATION PROGRAM

On June 16, 2020, the U.S. Patent and Trademark Office (USPTO) began accepting petitions for prioritization of examination for qualifying applications under its COVID-19 Prioritized Examination Program.[1]

While the USPTO does not typically initially examine new trademark applications until approximately three to four months following the application date, the prioritization program expedites examination of qualifying applications by approximately two months.[2]

The purpose behind the program, similar to its patent counterpart,[3] is to streamline bringing COVID-19 medical products and services to market.

> Enforcement actions involving coronavirus trademarks can take many forms.

In order to qualify for the prioritization program, the applicant must use or intend to use the trademark or service mark with any of the following categories, and may include additional goods or services:

- Pharmaceutical products or medical devices such as diagnostic tests, ventilators and personal protective equipment, including surgical masks, face shields, gowns and gloves, that prevent, diagnose, treat or cure COVID-19 and are subject to approval by the United States Food and Drug Administration (FDA); and
- Medical services or medical research services for the prevention, diagnosis, treatment of or cure for COVID-19.

The USPTO provides examples of products subject to FDA approval such as those that are subject to an Investigational New Drug (IND) application, New Drug Application (NDA), Investigational Device Exemption (IDE), Biologics License Application (BLA), Premarket Approval (PMA) or an Emergency Use Authorization (EUA).

Logistically, applicants must file a regular trademark application and subsequently petition to the director of the USPTO for the prioritized examination, accompanied by a statement of facts and sworn declaration explaining how the goods or services are those that qualify for prioritized examination.

For example, Merck Sharp & Dohme Corp. filed its application, Serial No. 90174700, for TURNVYX on Sept. 11, 2020, followed by a petition for prioritization (on the basis the mark will be used for its IND that inhibits the replication of multiple RNA viruses including SARS-CoV-2, the causative agent of COVID-19).

The USPTO granted Merck's petition for prioritization less than a month after its filing and as of Oct. 17, 2020, approved it for publication. As of Sept. 30, 2020, 170 applicants have requested prioritized trademark examination.[4]

LIKELIHOOD OF CONFUSION AND DESCRIPTIVENESS HURDLES

While the program provides a justifiable shortcut to examination for many marks obviously worthy of prioritization, as with many culturally based trademark crazes, not all COVID-19 related applications will be so worthy as to reach registration, never mind on a prioritized basis.

Applicants seeking to capitalize on the current global pandemic are particularly at risk to fall victim to potential hurdles during both the examination process and as affirmative grounds for cancellation by third parties seeking to enforce their brands arguing likelihood of confusion and descriptiveness issues.

Unsurprisingly, there is a particularly large pool of pending applications growing every day for COVID-19 related marks, increasing the risk of refusal based on a likelihood of confusion with either a registered mark or risk of suspension for prior filed applications that could eventually bar registration.

According to one website, as of Oct. 26, 2020, the USPTO has received 1,430 Coronavirus-related trademark applications.[5] A simple search of the USPTO records for marks using the term "COVID" as of Oct. 26, 2020, reveals over 350 records and 44 using the term "CORONAVIRUS."

Limiting these results to the marks covering only Class 25 (for various items of clothing), the search still reveals 121 records including the term "COVID" and 32 records including the term "CORONAVIRUS."

The USPTO has ultimately received a massive influx of COVID-19 related trademark applications competing against one another, now, to reap the branding benefits of obtaining registration, and, perhaps later, to maintain registration despite likelihood of confusion.

Similarly, applicants may be susceptible to refusal or future cancellation proceedings on the basis their COVID-19 related mark is merely descriptive or deceptively mis-descriptive of the applicant's goods or services.

Under both circumstances, applicants suffer the common pitfall of attempting to associate their mark too overtly and expressly with the goods and services offered. In other words, the mark either merely describes the goods as offered (i.e. "COVID-19 RAPID TEST" for COVID-19 rapid test kits (Serial No. 88871767)) or conveys that certain description, but is false to the point the consumer is likely to believe the misrepresentation.

> Policing one's own COVID-19 brands, trademarks and domain names and investigating misuse is necessary to prevent fraudulent activity.

For example, if an applicant were to seek registration for "THE COVID-19 CURE" in connection with medicinal herbs or supplements which is not truly a cure for the current coronavirus, the mark should be refused registration or subject to cancellation particularly given the heightened concern for the health and safety of consumers involved. More on how other federal agencies are handling these issues below.

While pharmaceutical drugs and vaccines subject to the prioritization program are arguably less likely to face these types of ex parte refusals at the USPTO level,[6] a proverbial gray area exists as to how far the boundaries of the prioritization program should reach.

Although the program provides examples of what types of medical products qualify, being those that "prevent, diagnose, treat or cure COVID-19" and are subject to FDA approval, it is unclear how this rule applies for certainly some of the highest sold products over the last eight months, such as hand sanitizer.

According to the FDA's website, the FDA regulates hand sanitizer as an over-the-counter drug without a prescription[7] and while the regulation may not be the same as it is for the more obvious goods the USPTO is intending to help swiftly bring to market (i.e., vaccines), hand sanitizer is clearly used to prevent the spread of COVID-19.

The gray area loopholes resulting from potential divergence in or vague consumer understanding of a federal (and even state) guidelines can leave tripwires not only for applicants seeking registration from the USPTO, but also those attempting to enforce their COVID-19 related marks against others.

ENFORCEMENT ACTIONS BEFORE THE USPTO AND FEDERAL AGENCIES

Enforcement actions involving coronavirus trademarks can take many forms. For example, USPTO Trademark Trial and Appeal Board (TTAB) cancellations, oppositions and ex parte appeals, Federal Trade Commission (FTC) warning letters, Homeland Security anti-counterfeiting investigations, district attorney generals' and state attorney generals' investigations, and online platform quasi-judicial actions all impact coronavirus trademark rights.

The USPTO's TTAB cancellations, oppositions and ex parte appeals are each coronavirus trademark enforcement vehicles. Ex parte action at the point of examination is one enforcement hurdle. Post-examination, third parties have the right to oppose applications before the TTAB. Even up to five years post registration, third parties may seek to cancel a trademark registration before the TTAB.

In each of these types of actions, the grounds for contesting the mark are numerous, but as mentioned above, two more common grounds include likelihood of confusion and descriptiveness issues.

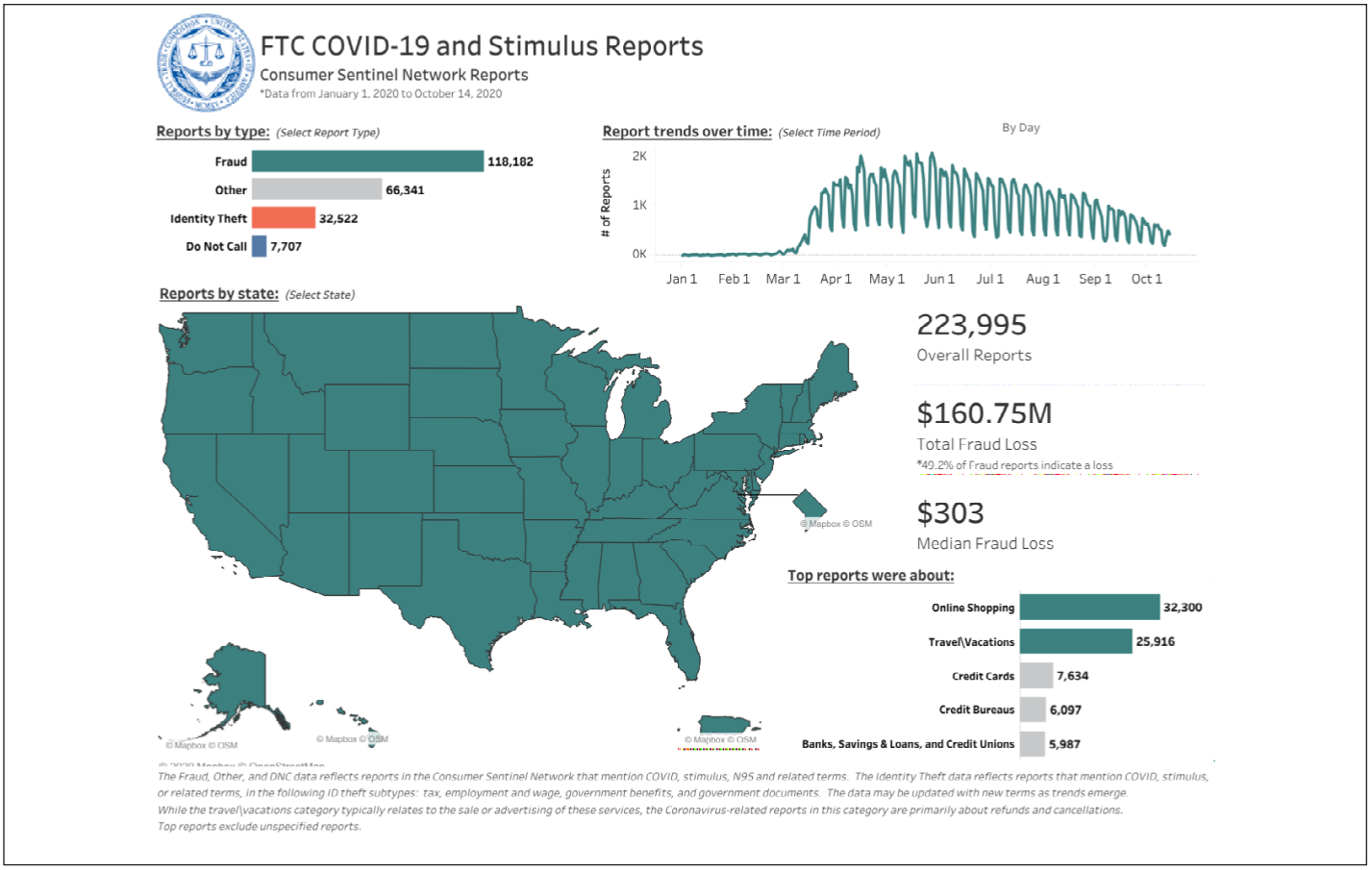
Unlawful use is one of the more concerning and indeed interesting grounds for coronavirus trademark registration enforcement action. The above-mentioned Prioritization Program makes clear that FDA-approved goods will receive priority.

Therefore, we can expect that if a trademark promotes a product that does not have the claimed coronavirus benefits under FDA or other federal laws or guidelines, we can expect the USPTO to refuse registration based upon unlawful use, as well as other statutory bases for refusal like deceptively mis-descriptive or merely descriptive as mentioned above.

The FTC warning letters are another hurdle to coronavirus intellectual property rights. As of Oct. 19, 2020, the FTC has documented 223,995 fraud reports involving coronavirus.

It will and has already begun issuing warning letters regarding selling "unapproved" products that violate federal law by making deceptive or scientifically unsupported claims about their ability to treat or cure the coronavirus (COVID-19).[8]

In one such example, in a warning letter issued Sept. 29, 2020,[9] the FDA observed that the website https://www.tonicherbshop.com on Sept. 17, 2020, and Sept. 28, 2020, respectively, offered various herbal products for sale in the United States intended to mitigate, prevent, treat, diagnose or cure COVID-19 in people.



The FTC warned the herbal online retailer to remove misleading claims within 48 hours and required the company to report the specific steps it had taken to correct the violations. If the firm failed to correct the violations, the FTC stated it could take legal action including seizure and injunction.

According to the FTC, it works in conjunction with the FDA, whose website maintains a published list of firms and websites that have received warning letters from the FDA concerning the sale or distribution of COVID-19 related products in violation of the federal Food, Drug and Cosmetic Act.[10]

The warning letters state, "it is unlawful under the FTC Act, [15 U.S.C.A. §§ 41-58], to advertise that a product can prevent, treat, or cure human disease *unless you possess competent and reliable scientific evidence, including, when appropriate, well-controlled human clinical studies, substantiating that the claims are true at the time they are made.*"

For COVID-19, no such study exists for the products identified above. "Thus, any coronavirus-related prevention or treatment claims regarding such products are not supported by competent and reliable scientific evidence. You must immediately cease making all such claims."[11] As of Oct. 19, 2020, the FTC estimates over $160.75M in losses based on COVID-19 fraud claims.

Clearly, companies that advertise false COVID-19 cures face FTC action. However, all trademark owners must remember that they are required to substantiate independently any COVID-19 claims its brand explicitly or implicitly makes.

According to the Department of Homeland Security, "[o]n April 15th, ICE Homeland Security Investigations (HSI) unit launched Operation Stolen Promise, an initiative that targets COVID-19 related fraud and criminal activity by combining HSI's expertise in global trade investigations, financial fraud and cyber investigations with private-public partnerships.

The operation leverages resources from across the U.S. government, including CBP, FDA, the U.S. Postal Inspection Service, the U.S. Secret Service, the Internal Revenue Service and the Federal Bureau of Investigation, and from international partners around the world."[12]

Further, "Since launching the operation, HSI efforts have led to the initiation of more than 200 investigations, the seizure of over three million dollars in illicit proceeds and the execution of eleven search warrants and nine arrests related to COVID-19 fraud."

For example, "Between March 1st and April 22nd, there have been 185 prohibited medical supply seizures resulting in an estimated 177,338 confiscated units, each presenting a danger to the public. CBP also made a seizure of fraudulent N95 masks, containing an estimated 1,000 units, and 53 prohibited EPA Virus Shut Down Lanyard seizures, containing an estimated 2,719 units."

Phishing, the fraudulent practice of sending emails purporting to be from reputable companies in order to induce individuals to reveal personal information, such as passwords and credit card numbers, preys on consumers using trusted brands, trademarks and domain names.

As of April 17, 2020, the Cybersecurity & Infrastructure Security Agency, abbreviated CISA, which is the United States' "risk advisor, working with partners to defend against today's threats and collaborating to build more secure and resilient infrastructure for the future,"[13] reported that it has identified and blocked over 3,500 coronavirus-related malicious domains and email addresses since the start of the pandemic.

Policing one's own COVID-19 brands, trademarks and domain names and investigating misuse is necessary to prevent fraudulent activity such as phishing that preys on the brands' consumers. In fact, HSI "encourages the public to report suspected illicit criminal activity or fraudulent schemes related to the COVID-19 pandemic to covid19fraud@dhs.gov. It further encourages a public / private alliance to prevent consumers from coronavirus fraud."[14]

States too are working to prevent COVID-19 trademark, branding and advertising-related fraud and misuse. The California attorney general, for example, issued an alert reminding:

> All Californians to be mindful of any products or services that falsely claim to treat, diagnose, prevent or cure COVID-19. According to the Centers for Disease Control and Prevention and the World Health Organization, there is no vaccine to prevent COVID-19, nor is there a medicine that treats or cures coronavirus.[15]

The Attorney General and local district attorneys can enforce against false claims of this type which fall under the Unfair Competition Law, False Advertising Law and Consumers Legal Remedies Act. Violators can be subject to a one-year imprisonment sentence, fines up to $10,000, civil penalties up to $2,500 per violation, injunctive relief and mandatory restitution.

Ultimately it is important for parties to keep in mind not only the more common pitfalls experienced in trademark prosecution, but also the particular nuanced issues that arise during enforcement and third-party policing of COVID-19 marks.

As the number of applications, registrations and affiliated regulations for goods and services used for these purposes grow, applicants and their attorneys should stay vigilant for future developments.

Notes

1 https://bit.ly/3jK444k, last accessed Oct. 26, 2020.

2 *Id*.

3 https://bit.ly/2HW9OuI, last accessed Oct. 26, 2020.

4 https://bit.ly/2GqKr3O, last accessed Oct. 26, 2020.

5 https://bit.ly/2HPTbBg, last accessed Oct. 26, 2020.

6 Pharmaceutical marks are usually coined terms and typically undergo a rigorous Phonetic and Orthographic Computer Analysis (POCA) during a clearance search by the prosecuting attorney and during the FDA approval process. *See, e.g.*, https://bit.ly/2GocD7m, last accessed Oct. 27, 2020; "How do Drugs get Named?" AMA J Ethics 2019, https://bit.ly/3jPpu06, last accessed Oct. 27, 2020.

7 https://bit.ly/34PuyNJ, last accessed Oct. 26, 2020.

8 https://bit.ly/34Mx0ED.

9 https://bit.ly/2GocMYs, last accessed Oct. 20, 2020.

10 21 U.S.C.A. §§ 331, 352 and 355.

11 https://bit.ly/2GocMYs, last accessed Oct. 20, 2020.

12 https://bit.ly/321Ofjh, last accessed Oct. 20, 2020.

13 https://bit.ly/34PK3Fb, last accessed Oct. 27, 2020.

14 https://bit.ly/2I0hBb3, last accessed Oct. 27, 2020.

15 https://bit.ly/323qiIu, last accessed Oct. 20, 2020.

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