YOU GOTTA PAY THE TROLL TOLL: THE IMPACT OF "TROLLS" ON THE TRADEMARK INDUSTRY

Harrison Stern

I. INTRODUCTION

There will always be those who attempt to take advantage of another's hard work. Whether it is the member of a group who does not contribute to a class assignment and receives an A, or an employee who takes credit for a co-worker's proposal, some will find a way to achieve tremendous results by doing the least amount of work possible. In the realm of intellectual property law, the Lanham Act protects the hard work of innovators by allowing them to register their trademarks with the U.S. government to cement their places in their respective industries.[1] However, the protections provided pursuant to the Lanham Act are currently being undermined by "trademark trolls." The modus operandi of "trolls" is to acquire trademarks in order to charge fees to those who are responsible for growing and developing the mark.[2] For example, if someone trademarks the word "red," subsequent companies and other junior users including Red Robin, Red Vines, and Red Bull, may have to pay a fee for a license to continue to use their trademarks, or else they would need to spend time and resources to create adequate substitutions.[3] However, the junior users could receive the license, but they would need to pay the "troll."[4] This impedes innovators by unscrupulously forcing them to pay the "troll" for using the mark, or stopping them from using the mark, which costs time and

---

[1] 15 U.S.C. § 1051.

[2] Michael S. Mireles, *Trademark Trolls: A Problem in the United States*, 18:3 CHAP. L. REV. 815, 819 (2015).

[3] *Protect Yourself From Trademark and Copyright Trolls*, INTELL. PROP. INS. SERVS. CORP. (Nov. 26, 2024), https://ipisc.com/protect-yourself-from-trademark-trolls-and-copyright-trolls/ (on file with the Touro Law Review).

[4] *Id.*

resources.[5] If the United States Patent and Trademark Office (USPTO) is truly serious about combating the rise of "trolls" in the trademark industry, it must make significant changes to how trademark protection is granted.

The USPTO needs a more in-depth approach to review trademark applicants to ensure that the registered trademark is actually being used in trade and commerce, instead of simply registering one word, by establishing strict guidelines for satisfying the "use in commerce requirement" and revising the "intent to use" method of trademark registration. Part II of this paper will examine the U.S. trademark registration process and the current legal precedent for cases regarding trademark infringement by trademark owners who are not presently utilizing their trademarks for commercial use. Part III will explain how "trolls" are able to circumvent the USPTO's "first-to-use" trademark requirements in the digital age. Part IV will then analyze how "trolls" outside of the United States are able to register trademarks in "first-to-file" jurisdictions. Part V will discuss the impact that "trolls" have on productivity in multiple industries. Part VI will explain how a registration system based on an ITU and bona fide use in commerce allows trolls to disrupt the trademark industry. Finally, Part VII will offer methods to combat "trolls" and protect the developers of new trademarks. Overall, this paper will argue that the trademark authorities of each nation must establish stringent requirements for applicants to prove actual use of their desired marks for goods and services in commerce to prevent "trolls" from taking advantage of aspiring innovators.

II. Legal Precedent Regarding Trademark Infringement by Trademark Owners Who Are Not Utilizing Their Trademarks for Commercial Use

A. Trademark Registration Process and Trademark Categories

A trademark does not show a connection between the specific good or service, but instead, shows a connection to the source of a good or service.[6] To register a trademark with the USPTO the applicant must first identify what format the mark is in, which would be either in text,

---

[5] *Id.* at 820.
[6] 15 U.S.C § 1127(2).

in picture, or in sound.[7] Then, the applicant must clearly identify which precise goods and/or services the mark will apply to so it could be placed in the correct trademark class.[8] Also, the USPTO does recommend that the applicant search for similar trademarks in the USPTO, state, and trade databases, but it does not warn the applicant of the consequences of trademark infringement.[9] Next, it asks the applicant to submit the "basis" for the filing which may include a use in commerce basis, an intent-to-use basis, a foreign registration basis or a foreign application basis.[10] Once the trademark application is submitted along with the applicable fee, an application serial number is assigned and sent to an examining attorney.[11] After several months, the attorney reviews the application to determine whether it complies with all applicable rules and statutes and an acceptance or denial is sent to the applicant.[12]

There are four categories of trademarks with varying strengths of protection. In order from least protectable to most protectable, they are: generic, descriptive, suggestive, and arbitrary or fanciful.[13] A generic trademark is an illustration that is closely associated with the product and could be classified in the same category. [14] A generic trademark is not available for trademark protection because it is unable to differentiate brands.[15] A descriptive trademark directly conveys information about "some function, quality, characteristic, or use of the product or service," and is only protectable when the mark acquires a

---

[7] *Trademark Process: An Overview of a Trademark Application and Maintenance Process*, U.S. PAT. & TRADEMARK OFF. [hereinafter *Trademark Process*], https://www.uspto.gov/trademarks/basics/trademark-process#step1 (on file with the Touro Law Review) (last visited Dec. 3, 2024).

[8] *Id.*

[9] *Id.*

[10] , *Basis: How to Satisfy the Requirements for Clarifying, Substituting, or Adding a Filing Basis, or Applying for More than one Filing Basis*, U.S. PAT. & TRADEMARK OFF., https://www.uspto.gov/trademarks/apply/basis (on file with the Touro Law Review) (last visited Dec. 3, 2024). While a foreign registration basis allows a foreign trademark to be registered in the United States, a foreign application basis allows a foreign trademark to be secured in the United States at a priority filing date. *Id.*

[11] *Trademark Process*, *supra* note 5.

[12] *Id.*

[13] Abercrombie & Fitch Co. v. Hunting World, Inc., 537 F.2d 4, 9 (2d Cir. 1976).

[14] J. THOMAS MCCARTHY, 1 MCCARTHY ON TRADEMARKS & UNFAIR COMPETITION § 7:37 (5th ed. 2024).

[15] *Id.* at § 7:37 n.4.

secondary meaning.[16] A suggestive mark indicates some aspect of the goods or services that the mark represents and is protected without requiring a secondary meaning.[17] Finally, an arbitrary or fanciful trademark is always eligible for registration because it does not describe or suggest anything about the goods or services that the brand produces, but the mark is so ingrained in the consumer's mind that they immediately know what goods or services are associated with the mark.[18]

B. Good Faith Requirement

The Lanham Trademark Act was passed by the U.S. Congress in 1946, with the purpose of providing a federal system of trademark law to facilitate the use of trademarks in commerce.[19] Under the Lanham Trademark Act, the U.S. became a "first-to-use" jurisdiction which requires a trademark applicant to show that the desired trademark has "bona fide" use in commerce and ownership is determined by the trademark's earliest and continuous use.[20] In addition, a trademark applicant may register a trademark without demonstrating the trademark's immediate use in commerce if the registrant has a "good faith intention" to use the trademark in commerce.[21] However, the Lanham Act does not define what a "good faith intention" means when a trademark applicant claims that the registered trademark will have "bona fide" use. Therefore, common law has shaped the ideal for what behavior constitutes "good faith intention" and what behavior constitutes "trolling."

In *Aktieselskabet AF 21 November 2001 v. Fame Jeans Inc.*, the D.C. Circuit Court recognized that "good faith" is a subjective state of mind, so courts are required to use circumstantial evidence in order to find an objective standard.[22] Here, Aktieselskabet (Bestseller) alleged that Fame Jeans engaged in "trolling" when it registered the former's "Jack & Jones" trademark under an "intent-to-use" (ITU) application in order to halt Bestseller's expansion into the United States

---

[16] *Id.*
[17] *Id.* at § 11.62.
[18] *Id.* at § 11:11; *Abercrombie & Fitch Co.*, 537 F.2d at 11 n.12.
[19] 15 U.S.C.S. § 1127 (2024).
[20] 15 U.S.C. § 1051 (a)(3)(C) (2024).
[21] 15 U.S.C. § 1051(b)(1).
[22] Aktieselskabet AF 21 November 2001 v. Fame Jeans Inc., 525 F.3d 8, 21 (D.C. Cir. 2018).

market without Fame Jeans having a foreign registration of its own.[23] While Fame Jeans was a real clothing company, Bestseller had been using the "Jack & Jones" trademark around the world for a long period of time so much so that the mark became famous, and Bestseller argued that Fame Jeans engaged in bad faith since it was attempting to halt Bestseller's North American expansion.[24] The court explained that the defendant's lack of a bona fide intent to immediately use the trademark in commerce does not necessarily show a lack of "good faith."[25] However, the fact that Fame Jeans did not intend to use the trademark in the U.S. and that it filed its application for the trademark in the United States while Bestseller was preparing to sell its products to Canada as a first step towards expansion into the U.S. allowed the court to assume that Fame Jeans did not register the trademark in "good faith."[26] Although this case presents clear and visible indicators regarding what conduct violates the "good faith" requirement, not all "trolls" present such obvious signs to a court that their true intention to register a trademark is to extort trademark applicants.

In *Muirfield Vill. Golf Club v TCGC Props., LLC*, the "troll" (TCGC) argued to the Ohio Southern District Court that Muirfield should stop using the term "Memorial Tournament" in connection to golf tournaments.[27] Muirfield operated an annual Professional Golf Association tournament called "The Memorial Tournament" since 1976.[28] Although Muirfield registered two trademarks concerning the "Memorial Tournament" and its association with golf related entertainment and goods in 1976, it let both trademarks lapse in 2003.[29] Later in 2017, TCGC registered for the "Memorial Tournament" mark the day after its own incorporation.[30] TCCG argued that the registered golf-related trademark was already connected to multiple golf tournaments and TCGC acknowledged that although it also desired to use the mark for golf tournaments, there would be no likelihood of confusion.[31] This is because Muirfield's golf tournaments were considered

---

[23] *Id.* at 18, 22.
[24] *Id.* at 22.
[25] *Id.*
[26] *Id.*
[27] *See generally* 2017 U.S. Dist. LEXIS 216951 (S.D. Ohio 2017).
[28] *Id.* at *2.
[29] *Id.*
[30] *Id.* at *4.
[31] *Id.*

to be enjoyed by the general public since it is broadcasted on national television, while TCGC's tournaments are to be enjoyed by a small number of people in private golf clubs and municipal golf courses.[32] TCGC argued that since there would be no professional athletes, and no sponsorships from a golf-related organization, there would be no harm in granting trademark protection.[33] However, the court determined that TCGC was in fact a "troll" because its filing of the trademark application was shortly after Muirfield failed to renew the trademark and it appeared TCGC wanted a nuisance or license fee before the Muirfield's "Memorial Tournament" began according to the language in the cease and desist letters.[34] In addition, although TCGC fought for the trademark's legitimacy by sending cease and desist letters to Muirfield and its tournament sponsors, the court labeled TCGC as a "nuisance" for generating numerous potential losses by causing Muirfield to potentially lose sponsors, revenue, goodwill, and its positive reputation by interfering with the operation of the tournament.[35] Both of these cases show that "good faith" should require a clear long-term plan that shows that an applicant wants to start building "good faith" in its own brand rather than taking advantage of the "good faith" of another brand.

C. Registration Procedure of Trademarks on an Intent-to-Use Basis

Although the U.S. is a "first-to-use" jurisdiction, the USPTO presents an opportunity for trademark applicants to gain approval for a proposed trademark if the applicant submits an ITU form.[36] If the USPTO determines that the applicant submits an ITU in good faith, and if the applicant plans to use the desired trademark in commerce, then the Director of the USPTO may prescribe trademark protection.[37] In the ITU form, the applicant must include its domicile, citizenship, goods in connection to the desired use of the trademark, and a drawing

---

32 *Id.* at *5.
33 *Id.*
34 *Id.*
35 *Id.* at *7-*8 ("At best, TCGC is a nuisance to Muirfield. At worst, TCGC threatens Muirfield's goodwill and reputation because its letters attempt to derail the relationships with sponsors and affiliates that Muirfield has built over the last forty years.").
36 *Intent to Use (ITU) Forms*, USPTO (Feb. 17, 2025), https://www.uspto.gov/trademarks/apply/intent-use-itu-forms (on file with the Touro Law Review).
37 15 U.S.C. § 1051(b)(1).

of the trademark.[38] The applicant must also write a statement that asserts its entitlement to use the mark in commerce, its bona fide intention to use the mark in commerce, and that the facts in the application are accurate.[39] The applicant must also swear that to the best of the applicant's knowledge, no other applicant has the right to use an identical or similar trademark because if there are similar marks that relate to the same category of products, possible consumers may face a "likelihood of confusion."[40]

Once an ITU application has been approved, the applicant has six months (and a possible extension of up to 36 months) after the date that the notice of allowance is received to file a verified statement that the trademark is being used in commerce.[41] This statement should include the date of the first time that the trademark has been used in commerce and the types of goods or services that are associated with the trademark.[42] The applicant could support the statement by submitting examples of the trademark's use in commerce, or samples of goods that feature the trademark.[43] Although most of the content that an ITU form requires may be basic information, which any "troll" can take advantage of, the "bona fide use" requirement is intended to be the principal defender against abuse of the trademark industry.

D. Bona Fide Use Requirement for an ITU Registration in the United States

In order to receive the acceptance of an ITU application, the applicant must state that it is entitled to use the mark in commerce, it has a "bona fide" intention to use the mark in commerce, a statement that the facts in the application are accurate, and that to the best of its knowledge, no other person has the right to use the mark.[44] However, the Lanham Act does not define "bona fide use" which gives courts the duty of differentiating potential use in commerce and manipulation of the trademark system.[45]

---

[38] 15 U.S.C. § 1051(b)(2).
[39] 15 U.S.C. § 1051(b)(3)(A-C).
[40] 15 U.S.C. § 1051(b)(3)(D).
[41] 15 U.S.C. § 1051(d)(1).
[42] *Id.*
[43] *Id.*
[44] 15 U.S.C. § 1051(b)(3).
[45] Soc. Techs. LLC v. Apple Inc, 4 F.4th 811, 817 n.8 (9th Cir. 2021).

In *Soc. Techs. LLC v. Apple Inc*., the Ninth Circuit Court reversed the Northern District Court of California's summary judgment decision against an alleged trademark infringer because the owner did not satisfy the "bona fide use" requirement.[46] Here, Social Tech engaged in "trolling" when it attempted to trademark "MEMOJI" to benefit from the reputation and goodwill of Apple Inc.[47] The factors that the court identified when considering if the "bona fide use" requirement is satisfied include: genuineness and commercial character of the activity, the determination of whether the mark was sufficiently public to identify or distinguish the marked service in an appropriate segment of the public mind, the scope of the non-sales activity relative to what is a commercially reasonable attempt, and the degree of ongoing activity of the holder to conduct the business using the mark.[48] The court reasoned that since the defendant developed no maintenance procedures relating to the mark and failed in securing external investors to fund the venture, the "bona fide use" requirement was not satisfied since there was no consumer association between the defendant and the trademark.[49]

Also, as part of *M.Z. Berger & Co. v. Swatch AG*, the Court of Appeals for the Federal Circuit provided additional guidance for what should be considered when evaluating the "bona fide" use requirement when it denied a trademark application for a watch manufacturer.[50] In an attempt to prove "bona fide use," employees of the watch manufacturer, including the CEO, provided multiple testimonies of the company's intent to use the mark in commerce.[51] However, the court noted that the employee testimonies were inconsistent as to the plans for using the trademark.[52] The court reasoned that the only evidence provided by the defendant was a trademark search, discussion of the trademark application, and potential trademark designs.[53] Also, the court identified that the steps taken by the watch manufacturer appeared to not only fail in satisfying the "bona fide use" requirement, but were engineered to combat any trademark infringement claims that they

---

[46] *Id.*
[47] *Id.* at 816.
[48] *Id.* at 818.
[49] *Id.* at 819.
[50] M.Z. Berger & Co. v. Swatch AG, 787 F.3d 1368 (Fed. Cir. 2015).
[51] *Id.* at 1371.
[52] *Id.* at 1378.
[53] *Id.*

were likely to face, which would make M.Z. Berger a "troll."[54] It is beneficial to the health of the trademark industry that courts are able to identify red flags that indicate that "trolls" are attempting to manufacture evidence in order to prove "bona fide use." However, in the digital age, "trolls" possess new and state-of-the-art tools that make the "bona fide use" requirement, as well as the "good faith" requirement, more difficult for courts to evaluate.[55]

III. HOW "TROLLS" ARE ABLE TO CIRCUMVENT THE "FIRST TO USE" REQUIREMENT IN THE DIGITAL AGE

A. The Rise of Deepfake Technology

As technology such as artificial intelligence and cryptocurrency create emerging markets for commerce, new technologies create new opportunities for "trolls" to take advantage of the trademark industry. One of the most convenient tools for "trolling" in the digital age is the deepfake. A deepfake is classified as a "video, photo, or audio recording that seems real but has been manipulated with AI."[56] A "troll" can use a deepfake to submit "dummy" products or digitally altered photos of goods supposedly bearing the registered trademark in order to prove "bona fide use."[57] In addition, a "troll" can use a deepfake to engage in "phishing" that could cause insurmountable losses and consumer confusion by damaging the functionality of another brand's product or even show a celebrity criticizing a brand.[58]

B. The Development of Fake Commercial Websites

Another way that "trolls" can mislead courts into granting "bona fide use" is through the creation and short-term maintenance of

---

[54] *Id.* at 1372.
[55] *See infra* p. 17.
[56] GOV'T ACCOUNTABILITY OFF., SCI. & TECH SPOTLIGHT: DEEPFAKES (2020), https://www.gao.gov/assets/gao-20-379sp.pdf (on file with the Touro Law Review).
[57] Dana Reiss, *Small Business vs. IP Trolls*, STRATEGIC FIN. (Dec. 1, 2023), https://www.sfmagazine.com/articles/2023/december/small-business-vsa-ip-trolls (on file with the Touro Law Review).
[58] Michelle Gorton, Simone Villaca & Maggie Yang, *Deep Fakes vs. the Truth: Putting Brands at Risk*, INT'L TRADEMARK ASS'N (June 2, 2021), https://www.inta.org/perspectives/features/deep-fakes-vs-the-truth-putting-brands-at-risk/ (on file with the Touro Law Review); *see infra* pp. 11-13.

E-commerce websites that "include" the desired trademark. In some cases, one person can own hundreds of fake E-commerce domain names.[59] With these domains, the "trolls" can equip a secure payment method and use the desired trademark to market the "goods."[60] In addition, "trolls" can create fake consumers by using "bots" to strengthen the claim they do have a market presence and the use of the mark is potentially source identifying.[61] At least 11.3% of all internet traffic is generated by fake users according to the digital security company CHEQ, so the rise of "trolls" can increase data costs while impeding trademark registration and protection endeavors.[62]

C. The Impact of Phishing Scams on the Trademark Industry as a Whole

A "phishing" scam involves attackers send scam messages that contain links to malicious websites, which can sabotage systems or trick users into revealing sensitive information.[63] This could massively impact trademark registration in two ways. First, if a "troll" utilizes a trademark without permission it could injure the reputation of organizations and/or other trademark owners, and it could possibly extort them to cease their damaging operations. "Phishing" operations usually impersonate larger brands like Apple or Amazon.[64] However, if a "phishing" operation chooses to impersonate a new name there could

---

[59] Phil Muncaster, *E-Commerce Fraud Campaign Uses 600+ Fake Sites*, INFOSECURITY (Aug. 1, 2024), https://www.infosecurity-magazine.com/news/ecommerce-fraud-campaign-600-fake/ (on file with the Touro Law Review).

[60] Reiss, *supra* note 57.

[61] *Id.*

[62] Gary Drenik, *The Fake Web: How Marketing Organizations Can Defend Themselves From Bots, Fake Users and Fraud*, FORBES (Apr. 7, 2023, at 10:00 ET), https://www.forbes.com/sites/garydrenik/2023/04/07/the-fake-web-how-marketing-organizations-can-defend-themselves-from-bots-fake-users-and-fraud/ (on file with the Touro Law Review).

[63] *Phishing Attacks: Defending Your Organisation: How to Defend Your Organisation from Email Phishing Attacks*, NAT'L CYBER SEC. CTR., https://www.ncsc.gov.uk/guidance/phishing#section_2 (on file with the Touro Law Review) (last visited Feb. 13, 2024).

[64] Alvaro Puig, *Fake Calls From Apple and Amazon Support: What You Need to Know*, FED. TRADE COMM'N (Dec. 3, 2020), https://consumer.ftc.gov/consumer-alerts/2020/12/fake-calls-apple-and-amazon-support-what-you-need-know (on file with the Touro Law Review).

be irreparable damage to the organization's legitimacy.[65] A phishing attack would make a consumer 42% less likely to engage in business with that organization according to consumer surveys taken after the compromise of Facebook user data in 2018.[66] This may be because consumers blame the actual brand for not making efforts to protect "phishing" victims even if the organization is not aware of the scams.

The second way that "phishing" could compromise the trademark registration prospects of small businesses is by impeding the actual registration process. Recently, "trolls" have sent scam messages representing themselves as agents of the PTO.[67] In these messages, the "troll" claims that there is a separate registration process for trademark applications, which includes false information including incorrect fee information.[68] Even if the businesses are represented by counsel, "trolls" know that legitimate notices would be sent around the earliest date that action could be taken which would confuse and frighten the registrant.[69] This message or call may sound legitimate because the "trolls" are able to research the registrant's serial number and stress the urgency of the matter.[70] The recent rise and sophistication of "phishing" scams present another impediment for trademark registration that must be rectified by federal intervention to raise awareness of "phishing" scams and penalize "trolls" involved in "phishing" scams.

---

[65] Greg Belding, *Phishing: Reputational Damages*, INFOSEC (Dec. 18, 2020), https://www.infosecinstitute.com/resources/phishing/reputational-damages (on file with the Touro Law Review).

[66] *Id.*

[67] *Beware of Email Scams*, USPTO (Sep. 10, 2020, at 10:03 ET), https://www.uspto.gov/subscription-center/2020/beware-email-scams (on file with the Touro Law Review).

[68] *Id.*

[69] Holiday W. Banta, *U.S. Patent and Trademark Office Scams Are on the Rise and Are More Sophisticated Than Ever*, ICEMILLER (Apr. 5, 2024), https://www.icemiller.com/thought-leadership/u-s-patent-and-trademark-office-scams-are-on-the-rise-and-are-more-sophisticated-than-ever (on file with the Touro Law Review).

[70] *Id.*

IV. How Trademark "Trolls" Claim Trademark Infringement in a "First to File" Jurisdiction

A. Emerging National Businesses

While countries like the U.S. leave room for "trolls" to impede trademark registration under a "first to use" scheme, "trolls" in other parts of the world are given even more opportunities to abuse trademark legislation in "first to file" jurisdictions. A country with a "first to file requirement" conveys an exclusive right in a trademark to the first party that files a trademark registration, and they are not required to prove use of their mark.[71] Since the applicant does not have to show current "bona fide use," "trolls" have a much easier time to swiftly register a trademark before the actual owner is even aware. Countries that have adopted the "first to file" system include: China, Japan, Canada, and every country in the European Union (EU).[72]

In the EU, the registered mark must be put to use within five years after the mark is registered.[73] In addition, if the "troll" wants to oppose unlawful use of the trademark, the European Union Intellectual Property Office (EUIPO) allows for a second chance to oppose the registration of a trademark.[74] Also, the EU has a "cooling off period" where after a formal opposition is permissible, a two-month period commences before the adversarial phase, to encourage both sides to come to an agreement without going to trial.[75] Eventually, all of these actions will bring tremendous financial strain on a trademark registrant, because they are incentivized by the EUIPO to settle with the "troll."

---

71 Keelin Hargadon, *3 Strategies Used by Chinese Trademark Squatters*, LAW360 (Feb. 27, 2017), https://www.law360.com/articles/884910/3-strategies-used-by-chinese-trademark-squatters (on file with the Touro Law Review).

72 *First to File vs First to Use*, BAXTER IP, https://www.baxterip.com.au/first-to-file-vs-first-to-use (on file with the Touro Law Review) (last visited June 29, 2025).

73 Commission Regulation 2017/1001 § 3, art. 18(1).

74 *Id.* at ch. 13, art. 210(4).

75 European Union (EU) EU210 Decision No. EX-14-4 of 4 December 2014 of the President of the Office for Harmonization in the Internal Market (Trade Marks and Designs) (OHIM) adopting the Guidelines for Examination in the Office on Community Trade Marks and on Registered Community Designs § 6.3.4.2.

In Canada, the government upended fifty years of being a "first to use" jurisdiction to become a "first to file" jurisdiction.[76] The Trademark Act of 1985 was enacted with the purpose of adhering to international agreements regarding the protection of intellectual property including the Paris Convention for the Protection of Intellectual Property.[77] The amendment to Canadian trademark law specifically states that when registering a trademark in Canada for a good or service "'no date of first use will be required.'"[78] Just like China, the "first to file" requirement allows "trolls" to mount offensive campaigns against trademark registrants by making the proceedings to oppose registration more burdensome on the side of the rightful registrant.[79] Recently, Canada has received a failing grade from the U.S. Chamber of Commerce Global Innovation Policy Center regarding its protection and enforcement efforts against online trademark infringement, which suggests further protections must be implemented in country's in a "first to file" jurisdiction.[80]

B. Expanding Multinational Businesses

The benefits that trolls receive from "first to file" jurisdictions not only hurt the residents of that country, but also the owners of existing trademarks in foreign jurisdictions. This practice, referred to as "trademark squatting," is the act of registering others' marks to gain benefits from the original marks since they are not registered in that country.[81]

In Japan, the most infamous trademark troll is named Ikuhiro Ueda.[82] As a result of Japan's "first to file" trademark legislation, Ueda

---

[76] Josh Gerben, Esq., *4 Reasons to File a Trademark in Canada*, GERBEN IP (Apr. 25, 2019); *see* Trademarks Act (RSC, 1985, c. T-21).

[77] Gordon J. Zimmerman & Colleen Spring Zimmerman, *Canada*, WORLD TRADEMARK REV. (May 7, 2008), https://www.worldtrademarkreview.com/global-guide/the-wtr-yearbook/2008/article/canada (on file with the Touro Law Review).

[78] *Id.* at 241.

[79] *Id.*

[80] *IP Monitor: Missing the Mark – Online Trademark and Copyright Enforcement in Canada*, NORTON ROSE FULBRIGHT (Mar. 2018), https://www.nortonrosefulbright.com/en/knowledge/publications/145f6601/ip-monitor-missing-the-mark---online-trademark-and-copyright-enforcement-in-canada (on file with the Touro Law Review).

[81] Kitsuron Sangsuavn, *Trademark Squatting*, 31 WIS. INT'L L.J. 252 (2013).

[82] *Ikuhiro Ueda: The First Individual in History to Have Filed Over 100,000 Trademark Applications*, WORLD TRADEMARK REV. (Apr. 8, 2021),

has been able to file over 100,000 illegitimate trademark applications.[83] Although only two of his trademarks have progressed through the registration process, companies as well as the Japan Patent Office wasted considerable amounts of time and resources dealing with his frivolous applications.[84] Since Ueda has tried to register trademarks of well-known brands including Instagram, Tesla, and Pokémon, it is likely that under a "first to use" system of trademark registration Ueda would have violated the "good faith" requirement of registration.[85] Furthermore, the PTO would have immediately discarded his applications because those marks would already be registered, and those applications would likely be labeled as "arbitrary" or "fanciful" since they undoubtedly have secondary meaning within the minds of the general public.[86]

One of the most notable examples of trademark squatting involves China and National Basketball Association legend Michael Jordan. In 2013, the Qiaodan Sports company secured almost 80 registrations in English which alluded to Michael Jordan's name and to his life and career including his jersey number, his logo, and the names of his children.[87] Although the Chinese eventually invalidated the trademarks, it took Jordan 78 appeals and lawsuits to resolve the issue before he could secure trademark rights in China.[88] For those brands within a first to file jurisdiction inside that country or on the other side of the world, if they do not possess the same resources that allow them to engage in litigation for a substantial period of time, their best option may be to negotiate with the "trolls" in order to minimize their losses.

Another major example of trademark squatting in a "first-to-file" jurisdiction occurred in India which concerned the multinational brand, "Yahoo." In 1999, Indian businessman Akasha Arora successfully trademarked, in English, the domain name "Yahoo India" with the purpose of forming a company that provided internet services, and

---

https://www.worldtrademarkreview.com/report/special-reports/q1-2021/article/ikuhiro-ueda-the-first-individual-in-history-have-filed-over-100000-trademark-applications (on file with the Touro Law Review).

[83] *Id.*

[84] *Id.*

[85] *Id.*

[86] *Id.*

[87] Joel A. Cohen, *Parallel Play: The Simultaneous Professional Responsibility Campaigns Against Unethical IP Practitioners by the United States and China*, 56 AKRON L. REV. 325, 373 (2022).

[88] *Id.*

Yahoo sued Arora for trademark infringement.[89] The Delhi High Court reasoned that Arora committed trademark infringement under the "passing-off principle" as provided in the Trade and Merchandise Marks Act.[90] Under this statute, if a defendant conducted its business under a name similar to a "famous" and "distinct" trademark owned by the plaintiff, and if both parties are in the same industry, then the high possibility of the general public being misled means that the defendant is not entitled to trademark protection.[91] Shortly after this case was been decided, the Indian government updated its trademark law by enacting the Trade Marks Act in 1999, which created new law enforcement agencies for trademark infringement including the Intellectual Property Division, and allowed officers to arrest and investigate "trolls" without a warrant.[92]

C. Extraterritoriality Principle

Although foreign courts in "first-to-file jurisdictions" have proven that they can protect the trademark rights of U.S. citizens and corporations, there is still a concern of which country has jurisdiction over a "troll" that has a foreign interest. According to the "extraterritoriality principle," the United States is only able to apply the provisions of the Lanham Act to a foreign interest if certain standards are met.[93] In *Abitron Austria v. GmbH v. Hetronic Int'l*, the U.S. Supreme Court reasoned that the provisions of the Lanham Act are only applicable if the "ingraining use" of the disputed mark affects U.S. commerce.[94] In addition, in *Hetronic Int' v. Hetronic Germany GmbHl*, the Tenth Circuit Court of Appeals stated that none of the alleged "troll's" foreign sales to foreign consumers fall under the jurisdiction of the Lanham Act.[95] Even the downstream sales of foreign products that eventually

---

[89] Yahoo!, Inc v. Akash Arora 1999 SCC OnLine Del 133 (High Court of Delhi).
[90] *Id.*
[91] The Trade and Merchandise Marks Act, NO. 43 of 1958, INDIA CODE (1958).
[92] Manisha Singh & Akanksha Kar, *India: Practical Application of Legislation to Enhance Dispute Resolution Efficiency*, WORLD TRADEMARK REV. (Sep. 6, 2024), https://www.worldtrademarkreview.com/review/the-trademark-prosecution-review/2025/article/india-practical-application-of-legislation-enhance-dispute-resolution-efficiency (on file with the Touro Law Review).
[93] Abitron Austria GmbH v. Hetronic Int'l, Inc., 600 U.S. 412, 417 (2023).
[94] *Id.* at 419.
[95] Hetronic Int'l Inc. v. Hetronic Germany GmbH, 99 F.4th 1150, 1167 (10th Cir. 2024).

reach the United States do not create enough of an impact on U.S. commerce to trigger the protections of the Lanham Act.[96] This means that multinational organizations must devise defenses that are in accordance with each country's trademark laws where they do business, and where they are likely to expand their business. Although large corporations are likely to extend resources to increase their legal force in foreign countries, for smaller and developing organizations, the activities of "trolls" may be too much to bear.

V. EFFECT OF TROLLS ON THE PRODUCTIVITY OF SMALL BUSINESSES

A. Costs of Litigation

The presence of "trolls" in the trademark industry has been proven to interfere with the development of multiple industries that are related to intellectual property rights by forcing them to defend themselves against frivolous litigation as well as diluting the goodwill of the contested trademark. This is because "trademark trolls" can prevent businesses from innovating as well as drive up the costs and services of forming alternative solutions.[97] Although these consequences may not matter much for large conglomerates, the small businesses that are integral to the American economy are prime targets for the trademark "trolls." The American Intellectual Property Law Association has reported the average trademark infringement litigation costs based on the potential damages that were caused by the "troll."[98] In cases where $1 million is at issue the cost is $375,000; when $1-10 million is at issue the cost is $794,000; when $10-25 million is at issue the cost is $1.4 million; and when the matter exceeds $25 million the cost is $2 million.[99]

---

[96] *Id.* at 1169.

[97] Michael S. Mireles, *Trademark Trolls: A Problem in the United States*, 18 CHAP. L. REV. 815, 824 (2015).

[98] Roxana Sullivan & Luke Curran, *Trademark Bullying: Defending Your Brand or Vexatious Business Tactics?*, IPWATCHDOG (July 16, 2015, 10:30 AM), https://ipwatchdog.com/2015/07/16/trademark-bullying-defending-your-brand-or-vexatious-business-tactics/id=59155/.

[99] Gabriella Falcone, *Trademark Trolls: A Warning to the Entrepreneur*, BOSTON COLL. L. LAB (Mar. 2018), https://bclawlab.org/eicblog/2018/3/19/trademark-trolls-a-warning-to-the-entrepreneur (on file with the Touro Law Review).

In addition, in the case where the actual creator of the trademark registers before the "troll," the "troll" could file a takedown notice, in accordance with the Digital Millennium Copyright Act, to halt that business's use of the mark until the dispute is resolved, which would, of course, be very costly in an effort to show that the "troll" does not have a legitimate claim to the trademark.[100] The cost of filing a petition to cancel a trademark through the Trademark Trial and Appeal Board (TTAB) has risen from $400 per class to $600 per class.[101] Also, the cost for an oral hearing with the TTAB is $500 per proceeding.[102] For many entrepreneurs, start-ups are the opportunity to bring new goods or services to the world, while "trolls" see start-ups as a new source of revenue for themselves.

B. Business-Related Expenses

Since "trademark trolls" engage in a newer form of "trolling" compared to other areas of intellectual property law, it may be helpful to examine the impact of "trolls" in those areas including patent law, to see how much trademark "trolls" can damage small businesses as well as the entire U.S. economy. Overall, in today's dollars patent "trolls" cost $78 billion in lost wealth.[103] In addition, the more research and development a company expands into developing patents (or trademarks) the more likely they are to be targeted by trolls, which would disincentivize pursuing new developments.[104] A study by Santa Clara Law School reported that consequences of being forced into litigation by trolls include: delayed hiring or achievement of a milestone,

---

[100] Digital Millennium Copyright Act of 1998, 17 U.S.C. § 512(c)(3) (This section of the Digital Millennium Copyright Act states the elements required for submitting a takedown notice to an alleged infringer); Steve Brachmann, *Tracking on Trademark Trolls and Frivolous Marks, Trademark Watch Dawgs Wades Into Divisive Waters*, IPWATCHDOG (Apr. 11, 2019, at 8:15 ET), https://ipwatchdog.com/2019/04/11/trademark-watch-dawgs-wades-into-divisive-waters-trademark-trolls/id=108151/ (on file with the Touro Law Review).

[101] *Summary of FY 2021 Final Trademark Fee Rule*, USPTO, https://www.uspto.gov/trademarks/laws/updated-trademark-ttab-fees-processes (on file with the Touro Law Review) (last visited Nov. 10, 2024).

[102] *Id.*

[103] Danielle Zanzalari, *How Patent Trolls Hurt the American Economy*, HILL (Aug. 28, 2024, at 12:00 ET), https://thehill.com/opinion/technology/4850144-how-patent-trolls-hurt-the-american-economy/ (on file with the Touro Law Review).

[104] Reiss, *supra* note 57.

change in the product, pivot in business strategy, shutting down a business line or the entire business, and/or loss in total valuation.[105]

VI. POTENTIAL SOLUTIONS TO REDUCE THE IMPACT OF TROLLS ON THE U.S. TRADEMARK INDUSTRY

A. Congressional Delegation of Administrative Powers to the United States Patent and Trademark Office

Article I of the U.S. Constitution provides that Congress can delegate federal powers to administrative agencies.[106] The trademark industry as a whole would be well-served if Congress delegates its rulemaking authority to the USPTO. Currently, the USPTO does not have the power to make guidelines and practices for evaluating the admissibility of trademarks. If the USPTO does have this authority it can accommodate its practice to prevent a backlog of trademark applicants, as well as efficiently disposing of any fraudulent trademark requests from trolls.

For example, the USPTO could use administrative power to adjust the meaning of "bona fide use" for each trademark class. There are currently 45 different classes which include both goods and services.[107] However, each class has the same examination process, which sees the examiner comparing the trademark in question to other trademarks to see if there is an obvious conflict by looking for concise terms that the general public could understand.[108] This may be helpful to prevent a troll from infringing on an existing trademark, but it could still be harmful for small businesses that have not filed a trademark application. The USPTO could establish an individual "bona fide" use requirement for each trademark class which would establish a strict set of guidelines that examiners must look for when considering trademark applicants. These guidelines may include current sales, amount produced, and the materials used for the product (which would be kept secret from the public). For trademark applicants that would file a trademark on an intent-to-use basis, the requirements could be a legitimate business plan and an explanation of the steps taken so far to

---

[105] *Id.*
[106] U.S. CONST. art. I, § 4, cl. 1.
[107] *Goods and Services*, USPTO, https://www.uspto.gov/trademarks/basics/goods-and-services (on file with the Touro Law Review) (last visited June 29, 2025).
[108] *Id.*

reserve the desired trademark for future use. These new standards could help the USPTO stop trolls before they can cut off legitimate trademark owners from applying for the desired trademark. The USPTO can further ensure that the "bona fide use" requirement is adhered to through quality assurance investigators.

B. Congress Can Delegate More Funds to the United States Patent and Trademark Office to Hire Quality Assurance Investigators

If Congress refuses to delegate rulemaking authority to the USPTO, then another consideration it can make is to provide additional funding to the USPTO to employ additional quality insurance investigators. In the intellectual property industry, a quality assurance investigator reviews an application to ensure it meets the statutory requirements for protection.[109] Quality assurance investigators that are involved with the Office of Patent Quality Assurance (OPQA) are organized by technical disciplines and have a background with the type of patent they have authority over.[110] Also, the quality assurance investigators are assisted by a technical support staff and administrative and program support staff which can increase the amount of applications that are processed and help identify which types of patents require an in-depth review.[111] The nonpartisan think tank, the Sunwater Institute, has concluded that in 2024, only 7% of illegitimate U.S. patent claims are granted erroneously, which would include applications from "trolls," and that the USPTO has the second-lowest rate of erroneously granted claims behind China.[112]

While the USPTO does currently have an OPQA, it does not have an Office of Trademark Quality Assurance. The U.S. trademark industry would have much more support if Congress would invest in an Office of Trademark Quality Assurance. A specialist for each

---

[109] *Office of Patent Quality Assurance*, USPTO, https://www.uspto.gov/patents/office-patent-quality-assurance-0#step1 (on file with the Touro Law Review) (last visited June 29, 2025).

[110] *Id.*

[111] *Id.*

[112] Steve Bachmann, *Patent Quality Report Finds Improper Patent Abandonment is Greater Issue Than Improper Grants*, IPWATCHDOG (Oct. 2, 2024, at 7:15 ET), https://ipwatchdog.com/2024/10/02/patent-quality-report-finds-improper-patent-abandonment-greater-issue-improper-grants/id=181705/ (on file with the Touro Law Review).

trademark class could be appointed to ensure that the proposals for each trademark are legitimate and are attainable according to all existing data. Unless there is confusion on what class a trademark is a member of, each class would remain separate and would be under the authority of its designated specialist. Also, with the addition of support staff, examiners may be able to increase the rate at which they grant and/or deny trademark applications. Investment in trademark protection must rise to the level of investment in patent protection because like patents, trademarks allow creators to not just profit from their work but continue to innovate without the fear of their identity being stolen.

C. State Legislatures Could Amend Statutes to Incorporate "Trolling" as a Cause of Action for Legal Malpractice

State legislatures may serve as a crucial force in preventing "trolling in" trademark, along with the American Bar Association, by making "trolling" a specific cause of action for legal malpractice. According to the American Bar Association's Rules of Professional Conduct, malpractice can include "…conduct involving dishonesty, fraud, deceit or misrepresentation."[113] However, state malpractice actions mostly focus on harm that the lawyer has inflicted on the client.[114] To rectify the damage that "trolls" could do to the trademark system, state legislatures should allow victims of "trolls" to sue for damages in accordance with the Rules of Professional Conduct.

The conduct of a trademark "troll" is likely to fall under the ABA's definition of misconduct. A person who claims that something belongs to themselves that clearly does not would likely be considered as both "fraud" and "dishonest conduct." Under the ABA, the victim of a lawyer's misconduct may receive restitution from the lawyer.[115] However, the ABA does not recommend a specific range of damages for any particular offense. This would make the state legislatures

---

[113] MODEL CODE OF PRO. CONDUCT r. 8.4(c) (A.B.A. 2016).

[114] *Legal Malpractice*, LEGAL INFO. INST., https://www.law.cornell.edu/wex/legal_malpractice#:~:text=Legal%20malpractice%20means%20that%20the,was%20harmed%20as%20a%20result (last visited Aug. 2, 2025).

[115] MODEL RULES FOR LAWYER DISCIPLINARY ENFORCEMENT r. 10(A)(6) (last updated July 2020).

responsible for recommending damages that the ABA could follow to assign a specific value to any lawyers found liable for advising clients on how to "troll" not just the trademark industry, but for all intellectual property actions.

The remainder of this paper will focus on possible damages that state legislatures could prescribe for lawyers who are held liable for contributing to the "trolling" of the U.S. trademark industry. In New York, remedies for trademark infringement includes injunctive relief and the destruction of infringing products.[116] Furthermore, if the court finds that the infringement was committed in bad faith, then the court may award up to three times the damages and profits and reasonable attorney's fees.[117] Also, it may be beneficial for state legislatures to consider the provisions in the Lanham Act when considering their own monetary remedies. According to the Lanham Act, when considering the damages for the violation of a trademark, the court would consider the defendant's profits, any damages sustained by the plaintiff, and the cost of the action.[118] First, the court's assessment of the defendant's profits require the plaintiff to prove the defendant's sales.[119] Next, to determine the plaintiff's damages, the court may enter judgment for any amount above the actual damages (in accordance with the circumstances) as long as the total does not exceed three times the amount of actual damages.[120] Finally, in "exceptional cases," the court may award reasonable attorney's fees to the prevailing party.[121]

A court could also consider awarding "treble damages" for the use of a counterfeit or unlicensed use of a trademark.[122] The plaintiff can establish "treble damages" if they can show that the defendant intentionally used the trademark while knowing the trademark is counterfeit, or if the defendant was distributing goods or services necessary to the commission of using the mark with the intent that the recipient would put the goods or services to use.[123] The prescribed "treble damages" are a prejudgment interest beginning on the date of service of the

---

[116] N.Y. GEN. BUS. LAW § 360-m(1) (McKinney 2015).
[117] *Id.*
[118] 15 U.S.C. § 1117(a).
[119] *Id.*
[120] *Id.*
[121] *Id.*
[122] 15 U.S.C. § 1117(b).
[123] 15 U.S.C. § 1117(b)(1)-(b)(2).

claimant's pleadings.[124] Finally, a court may award a one-time statutory damage fee that the plaintiff can elect to take before the final judgment.[125] The fee would be in connection with the number of goods or services sold, offered for sale, or distributed which would total between $1,000 to $2,000,000 per trademark use if it was unwilful, and not more than $2,000,000 per trademark use if the use was willful.[126]

The primary three element test of the trademark analysis may need to be adjusted to combat the "trolls'" influence on the trademark industry. For the defendant's profits element, the "troll" could have not used the trademark in commerce beforehand because the goal of registering the market was to prevent another from entering commerce to extort them for a license. This same reasoning also applies to "treble damages," since if there is no production of counterfeit goods, then the victims cannot recover from the "troll." Also, if the court applies this test, there is no guarantee that the injured party would be able to recover legal costs, which may dissuade smaller businesses from engaging in extended litigation against "trolls." I would recommend that a prejudgment interest that is used for "treble damages" should be made to the party challenging the "troll" if they can establish good cause. This could be proven by a subjective test where the court may consider the moving party's financial circumstances, the dates of each trademark application filing, and each parties' history in trademark infringement actions. This proposal would not only allow organizations to pursue litigation against "trolls," but it could also discourage "trolls" from filing fraudulent trademarks since they would immediately face consequences for their misuse of the trademark system. Also, this would place the burden on repetitive "trolls" while giving them a fair chance to defend their trademark application.

Another possible solution is to assign an individual fee modeled after the Chinese social credit system. The Social Credit System (SCS) is a government initiative to establish a unified system to improve the nation's social order and public trust.[127] The feature of the SCS that is the focus for this issue is the subject of "civic virtue." The concept of civic virtue used in the SCS promotes personal and public

---

[124] 15 U.S.C. § 1117(b).
[125] 15 U.S.C. § 1117(c).
[126] 15 U.S.C. § 1117(c)(1)-(c)(2).
[127] Liav Orgad & Wessel Reijers, *How to Make the Perfect Citizen? Lessons from China's Social Credit System*, 54 VAND. J. TRANSNAT'L L. 1087, 1088 (2021).

morality, which is a "cornerstone of the institution of citizenship."[128] In China, "trolls" who commit trademark infringement also engage in "unfair competition or abuse of right" so the courts can bring actions against the "trolls" for bringing the actions in bad faith.[129] In fact, the commission of trademark infringement is so serious in China, that the 2018 E-Commerce Law allows for double damages for those who have suffered from bad faith complaints by online "trolls," which shows a strong intent to fight the growing presence of trademark counterfeiting in China.[130] However, instead of instituting serious monetary damages, a more moderate solution may be to acknowledge that a finding of trademark infringement had disturbed the "civic virtue" and the infringer would be labeled as a "troll," which could lead to consequences such as having to pay a higher ICR (Invalidity Challenge Reimbursement Program) fee for trademark infringement.[131] This would be another solution that equally dissuades "trolls" from engaging in unethical behavior since they would be at high risk of invalidation for future trademark filings which may prevent one person from filing hundreds or thousands of trademark infringement lawsuits.[132]

VII. CONCLUSION

Our nation must commit to establishing meaningful regulations and enforcement that impact the power that "trolls" hold over both large and famous brands and small and developing businesses. To take the power away from "trolls," regulations must require "trolls" bear the cost of their actions. Although the U.S. government is limited in assisting U.S. brands that are unjustly used by foreign trademark "trolls," there is much that can be done by delegating authority to governing bodies to enforce the provisions of the Lanham Act so that "trolls" face more of the consequences for commencing litigation, rather than the rightful trademark owners.

Congress can delegate power to the USPTO to develop mandatory regulations that could expedite trademark infringement claims to

---

[128] *Id.* at 1107-08.
[129] Feng Shujie, *Trademark Trolls in China: Reasons and Solutions of the Serious Market Disturbing Problem*, 11 TSINGHUA CHINA L. REV. 257, 281-82 (2019).
[130] Shangbiao Fa [Trademark Law] art. 59 para. 3.
[131] Jeremy W. Bock, *Expanding the Patent Office's Regulatory Footprint: A Proposal for Reimbursing Invalidity Challenges*, 96 DENV. L. REV. 441, 443 (2019).
[132] *Id.* at 488.

reduce the burden of litigation costs that the rightful trademark owners could be using to help their own developments. The USPTO could then use this authority to focus on disciplinary measures such as suspensions of domestic applicants, as well as overseas applicants. Also, perhaps the American Bar Association should develop rules similar to China's "social credit system" so "trolls" would be less inclined to pursue litigation due to the threat of more serious legal malpractice claims. Finally, the hiring of quality assurance investigators will also help reduce litigation costs because the USPTO would ensure that each applicant is meeting the "bona fide use" requirement when filing an ITU application.

Intellectual property rights may have never been more endangered than right now with the growing use of AI and calls for the deregulation of government agencies. Trademarks are especially vulnerable because a trademark represents everything that consumers love about a given brand. Consumers have that love because people spend an incalculable amount of time and resources to make those trademarks mean something. To protect that meaning, trademark owners deserve the highest amount of protection possible.