

Advertising Law Alert – Fake ® Alert: Don't Risk False Advertising Charges

06.12.2024 By [Kyle-Beth Hilfer](#) and [William M. Borchard](#)



Most brand owners are eager to use the registration symbol ® in connection with their trademarks as soon as possible. However, using that symbol beyond the lifespan of a registration, may open the brand to allegations of false advertising.

The National Advertising Division (NAD), an independent advertising industry self-regulation program of the Better Business Bureau, issued an unusual decision regarding a trademark registration symbol in April 2024. The NAD regarded the registration symbol as an advertising claim in need of substantiation. It recommended discontinuance of the registration symbol ® in conjunction with a trademark that had been the subject of a trademark registration which the U.S. Patent and Trademark Office (USPTO) had cancelled.

Background

NAD Decisions. Since 1971, the NAD has reviewed the truth and accuracy of national advertising. It accepts challenges from businesses, trade associations, or consumers. It also may bring a challenge to national advertising on its own. After a hearing, the NAD may recommend that a brand discontinue a national advertising claim if it finds the claim to be false or misleading to consumers. The advertiser may choose to comply with the NAD's decision, or

it may appeal for review by the National Advertising Review Board (NARB). If the advertiser refuses to comply with a recommendation, the NAD or NARB may refer the case for action by the Federal Trade Commission (FTC) or other appropriate entities.

In evaluating trademarks as advertising, the NAD rarely asks a company to stop using a brand name because of lack of substantiation or because it was expressly false on its face. When a trademark is challenged as false advertising, the NAD looks for consumer perception surveys to show evidence of consumer confusion. Nonetheless, in rare instances, NAD has found trademarks expressly false and recommended their discontinuance when they contain product performance claims. For example, the NAD took issue with a product called SPOTLESS BLEMISHES & OILY SKIN SOOTHING CBD SHEET MASK. When the advertiser refused to comply with NAD's recommendation that the name be discontinued, the NAD referred the matter to the FTC.

The ® Symbol. The NAD has not concerned itself with trademark symbols until recently. On April 2, 2024, the NAD recommended discontinuance of ® in conjunction with a trademark for which the registration had been cancelled, condemning the use as false advertising. This NAD national advertising decision may be unprecedented.

In a previous blog, we have written about [“When the symbols ® and ™ should and should not be used”](#) in connection with trademarks both domestically and internationally. We listed some repercussions from the improper use of ®, including improper use being considered fraudulent by the USPTO. Improper symbols may also affect damages or injunctive relief in trademark infringement claims. Now, there is reason for concern that improper use of the registration symbol may leave the brand open for an attack as false advertising.

This Case

A predecessor of Planting Hope Brands, LLC (Planting Hope) adopted the trademark RIGHTRICE for a low-carb, high protein rice substitute. The predecessor filed an application to register that trademark in the USPTO for “vegetable and fruit-based foods” and for “grain-based foods.” The mark matured to registration in 2018, after use of the mark commenced. Planting Hope subsequently acquired this registration by assignment.

In October 2023, a trade association named USA Rice Federation (USA Rice) challenged the RIGHTRICE registration before the Trademark Trial and Appeal Board (TTAB). USA Rice claimed that the trademark was deceptive and deceptively misdescriptive in that the product consisted of lentil flour, chickpea flour, pea fiber, rice flour, sunflower oil, and sea salt – not “rice” as consumers understand in the traditional sense of that word.

After Planting Hope defaulted in the TTAB case, the TTAB issued a judgment against the registrant, resulting in the USPTO's cancellation of the trademark registration, effective January 16, 2024. Planting Hope claimed it never received notice of the cancellation proceeding, and it moved to set aside the default judgment and to have its registration reinstated. As of the date of this blog post, Planting Hope's motion has yet to be decided by the TTAB.

Meanwhile, Riviana Foods, Inc., a USA Rice member that claims to be the world's largest marketer of wild rice, filed a challenge with the NAD claiming that Planting Hope's use of the ® in conjunction with the mark RIGHTRICE was misleading national advertising because the mark's registration had been cancelled and was therefore unregistered.

Planting Rice could not prove that its trademark registration would be reinstated. The NAD recommended that the advertiser discontinue use of the registration symbol ® unless and until reinstatement of the trademark registration by a tribunal with appropriate jurisdiction.

Although Planting Hope stated that it disagreed with the [NAD decision](#) "given the rather unique facts involved in this case," it said it would comply with the NAD's recommendation.

Authors' Note:

The NAD's self-declared jurisdiction allows it to review "national advertising" defined as including:

[A]ny paid commercial message, in any medium (including labeling), if it has the purpose of inducing a sale or other commercial transaction or persuading the audience of the value or usefulness of a company, product or service; if it is disseminated nationally or to a substantial portion of the United States, or is test market advertising prepared for national campaigns; and if the content is controlled by the advertiser. (Emphasis added).

This case was only about the misleading use of the registration symbol ®, **not** about whether the trademark itself was false or misleading. It is interesting to question whether a trademark symbol induces a sale of goods or persuades consumers as to the value of the product.

It remains to be seen whether the NAD will remain interested in how advertisers use the ® registration symbol. In the meantime, other advertisers may use this case to pursue false advertising claims against competitors who misuse trademark symbols in national advertising. Certainly, this NAD decision gives brands one more reason to pay attention to trademark maintenance and to use trademark symbols properly.

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