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## CALIFORNIA MEN PLEAD GUILTY TO \$1.66 MILLION TRADEMARK SCAM

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As often as we warn our clients about unscrupulous companies that prey on trademark owners using notices and invoices that appear to come from government agencies, these worldwide scams continue to reap large quantities of fraudulent proceeds. The U.S. Patent and Trademark Office (“USPTO”) works in a variety of ways to alert the public to these non-official solicitations. Every Office Action from a trademark examiner contains a warning and a link to the [“Non-USPTO Solicitations” page](#), and every issued trademark registration certificate arrives with a similar warning on bright orange paper.

The Non-USPTO Solicitations page contains the names of companies of which the USPTO is aware that make their solicitations mimic the look of official government documents rather than the look of a typical commercial or legal solicitation. They emphasize official government data like the USPTO application serial number, the registration number, the International Class(es), filing dates, and other information that is publicly available from USPTO records. Many refer to other government agencies and sections of

the U.S. Code. Most require “fees” to be paid. Clicking on the company name provides an image of that entity’s solicitation. Applicants and registrants have paid these private companies, believing that they were paying required fees to the USPTO.

The USPTO also cooperates with the U.S. Department of Justice, the Federal Trade Commission, and the U.S. Postal Inspection Service to fight the problem. As reported on December 21, 2016, in the “[Director’s Forum: A Blog from USPTO’s Leadership](#),” the Justice Department recently obtained guilty pleas from two California men involved in a mass-mailing scam targeting trademark applicants. Artashes Darbinyan and Orbel Hakobyan admitted stealing about \$1.66 million from 4,446 trademark registrants and applicants using companies called Trademark Compliance Center (“TCC”) and Trademark Compliance Office (“TCO”). [As reported by the Justice Department on December 12, 2016](#), Darbinyan pleaded guilty to one count of mail fraud and one count of conspiracy to launder money and Hakobyan pleaded guilty to one count of conspiracy to launder money.

Darbinyan admitted that he used TCC and TCO to run a mass-mailing scam in which he fraudulently offered to monitor an applicant’s trademark for infringing marks and to register the trademark with U.S. Customs and Border Protection (which legitimately screens imports for infringing trademark uses). He charged \$385 but never registered any of the trademarks for customers who paid the fee. He also concealed his control over the scam companies by illegally using the identities of third parties to open account at virtual office centers in the Washington, D.C. area. Those centers forwarded the victims’ payments to other virtual office centers in the Los Angeles area. Darbinyan then used the same false identities to open bank accounts at Wells Fargo through which the proceeds of the scam were laundered. He also worked to avoid detection by paying the virtual office fees with money orders, and used bogus e-mail accounts, prepaid wireless modems, and frequently mobile phone numbers.

Hakobyan admitted that he helped launder about \$1.29 million of the scam proceeds by depositing the victims’ checks into the bank accounts opened under false names, misrepresenting his identity to withdraw the funds, and using the money to purchase gold. A third man, [alleged to be a former manager of the Wells Fargo branch](#) used by Darbinyan and Hakobyan, has been indicted for conspiracy to commit money laundering, concealing money laundering, making false bank entries, and witness tampering.

We know that the USPTO will not send invoices to applicants and registrants, but our clients do not know this. It is therefore a good practice to warn our clients at regular intervals about these types of solicitations, so that they do not simply pass them along to their accounting departments for payment. The documents can look quite official and contain the terms “United States,” “Trademark,” “Patent,” “Registration,” “Office,” or “Agency.”

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Headed by Eddie Powell of Fladgate LLP, London, and Norman Zivin of Cooper & Dunham LLP, New York, New York, the ILN's Intellectual Property Group provides the platform for enhanced communication, enabling all of its members to easily service the needs of their clients requiring advice on cross-border transactions. Members of the group meet regularly at ILN conferences and industry events, and have collaborated on discussions and publications of mutual interest.

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