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IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD

Proceeding	91176065
Party	Plaintiff Lenovo (Singapore) Pte. Ltd
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IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD

In the matter of trademark application Serial No. 78/636,480
For the mark THINKCP
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Lenovo (Singapore) PTE Ltd. Opposer, vs. H. Co. Computer Products Applicant.	)	Opposition No. 91176065
H. Co. Computer Products Counterclaimant, vs. Lenovo (Singapore) PTE Ltd. Respondent.	)	

RESPONDENT'S REPLY IN SUPPORT OF RESPONDENT'S MOTION TO DISMISS PETITIONER'S COUNTERCLAIM (FRAUD ON THE USPTO) IN PETITIONER'S SECOND AMENDED ANSWER PURSUANT TO FED. R. CIV. P. 12(b)(6) AND 9(b)

Introduction

The Respondent, Lenovo (Singapore) PTE Ltd. ("Lenovo"), by and through its undersigned counsel, hereby submits this reply in support of its Motion to Dismiss the fraud counterclaim by Petitioner, H. Co. Computer Products ("H. Co.") because H. Co.'s

allegation clearly falls short of the heightened pleading standard of Fed. R. Civ. P. § 9(b) required when alleging fraud. *See In re Bose*, 580 F.3d 1240, 1246, 91 USPQ2d 1938 (Fed. Cir. 2009) and *Asian and Western Classics B.V. v. Lynne Selkow*, __ USPQ2d __ (TTAB October 22, 2009). Furthermore, Lenovo additionally requests the Board deny H. Co. leave to amend its pleading for the third time. An amendment would be unfairly prejudicial, futile, and inconsistent with Fed. R. Civ. P. 11.

H. Co.'s "Picket Fence" Arguments are Without Merit

H. Co. advances a number of arguments trying to establish a "picket fence" around the main issue -- whether or not its has sufficiently plead fraud. Just as H. Co. has not sufficiently plead fraud, its "picket fence" arguments must also fail.

H. Co. mischaracterizes the record in these proceedings in its opposition to the motion to dismiss. *See H. Co. Computer Product's Opposition to Lenovo (Singapore) PTE Ltd.'s Motion to Dismiss Counterclaim* ("H. Co.'s Opposition"), pp. 1-2. Specifically, H. Co. suprisingly asserts that Lenovo's Motion to Dismiss is just another installment in its scheme to delay these proceedings through a "piecemeal attack" on H. Co's pleadings. *H. Co.'s Opposition*, p. 1. To the contrary, before filing the instant motion, Lenovo filed a September 5, 2007 Motion for a More Definite Statement and a November 6, 2008 Motion to Dismiss Amended Counterclaim because H. Co.'s pleadings were unclear to Lenovo. The Board granted both of these motions, requiring H. Co. to amend its pleadings. *See* Board's orders dated August 21, 2008 and June 30, 2009; *Motion to Dismiss*, pp. 11-12. Thus, Lenovo filed these motions in response to H. Co.'s inadequate pleadings and not as an effort to cause delay. In addition, while

asserting that Lenovo's motions were mere delay tactics, H. Co. is completely silent about its own motion to dismiss that was filed on April 13, 2007.

H. Co. asserts that Lenovo is estopped from seeking to dismiss H. Co.'s fraud counterclaim because Lenovo did not challenge H. Co.'s motion to amend. *See H. Co.'s Opposition*, p. 3. Essentially, H. Co. theorizes that because the sufficiency of a claim is a requirement for a party being granted leave to amend and because Lenovo did not challenge H. Co.'s motion to amend, Lenovo therefore conceded that H. Co.'s fraud claim is sufficient. *H. Co.'s Opposition*, pp. 3-4. This is clearly not the law and H. Co. does not provide anything that even remotely supports this proposition. A challenge to a motion to amend is not compulsory. According to H. Co.'s theory, if a non-moving party does not challenge a motion to amend such that the amended pleading becomes the operative pleading, the non-moving party loses all rights to file a motion to dismiss against any of the claims contained therein. H. Co.'s theory is not the law and Lenovo is not estopped from filing a motion to dismiss H. Co.'s fraud claim.

H. Co. claims in its opposition to Lenovo's Motion to Dismiss that the Board cannot consider any matters outside of the pleadings. This argument by H. Co. misconstrues the import of these matters. The matters brought to the Board's attention are related to what relief the Board should grant should the Board grant the motion and dismiss H. Co.'s counterclaim, not to whether counterclaim itself should be dismissed. Thus, these matters may be properly considered by the Board in deciding to deny H. Co. leave to amend its pleading, and in particular, whether H. Co.'s delay in asserting its fraud claim caused Lenovo severe prejudice in that evidence is now unavailable which may have been accessible had H. Co. timely asserted its claim.

Contrary to H. Co.'s position, the Board -- if it should so desire -- may also consider these matters in deciding whether or not to dismiss H. Co.'s counterclaim. As the Board is no doubt aware, the Federal Rules of Evidence are the rules of evidence for Board proceedings. TBMP § 704.12. Federal Rule of Evidence § 201 allows for the judicial notice of adjudicative facts at the Board's discretion and facts not subject to reasonable dispute which are capable of accurate and ready determination through accurate sources that cannot reasonably be questioned. Fed. R. Ev. § 201(b), (c). In the Motion to Dismiss, Lenovo essentially requested that the Board take judicial notice of the death of the individual who signed all of the statements of use at issue and Lenovo's purchase of IBM's personal computer division. *Motion to Dismiss*, p. 10. Lenovo would like to point out that these facts were supported by a sworn declaration and are capable of being readily determined through accurate sources, such as government records. As such, Lenovo respectfully requests that the Board take judicial notice of these facts.

H. Co.'s Counterclaim Alleging Fraud Should be Dismissed Because it is not Plead with the Particularity Required by Fed. R. Civ. P. § 9(b)

H. Co. asserts that it has sufficiently pled a counterclaim for fraud in its second amended answer. Specifically, H. Co. contends that it has sufficiently pled that Lenovo made false, material misrepresentations of fact concerning the registrations named in H. Co.'s fraud counterclaim with the requisite intent. *H. Co.'s Opposition*, pp. 6-11.

In the Motion to Dismiss, Lenovo stated that H. Co. did not detail its fraud allegations against the subject marks "beyond a generalized, blanket statement that Lenovo did not use the marks for any goods described in the recitation of goods and

services." *Motion to Dismiss*, p. 8. H. Co. contends that this statement is "***patently false***." *H. Co.'s Opposition*, p. 8 (emphasis in original). However, H. Co.'s fraud counterclaim against Lenovo's United States Trademark Registration No. 2,995,709 for THINKCENTRE (the '709 mark) merely consists of a word-for-word copy of the entire description of the goods and services from both of the '709 mark's registered classes together with an assertion that Lenovo was not using the subject mark in conjunction with "these goods" at the time the subject statement of use was filed. *Amended Answer to Amended Notice of Opposition; Second Amended Counterclaim* ("Amended Answer"), ¶ 25, p. 11. Thus, Lenovo's assertion is not patently false in that H. Co.'s fraud counterclaim contains blanket, generalized statements that Lenovo did not use the mark in connection with any of the goods described in the recitation of services for the '709 mark.

In addition, H. Co. bases its fraud allegations on information and belief: "[H. Co.] alleges on information and belief that Lenovo or its agent made material false representations of fact during the prosecution of its application." *Amended Answer,* ¶ 26, p. 11. However, pleading under Fed. R. Civ. P. § 9(b) requires that "any allegations based on 'information and belief' must be accompanied by a statement of facts upon which the belief is founded." *Asian and Western Classics B.V. v. Lynne Selkow*, __ USPQ2d __ (TTAB October 22, 2009) (relying on *Exergen Corp. v. Wal-Mart Stores Inc.*, 575 F.3d 1312, 91 USPQ2d 1656, 1670 (Fed. Cir. 2009) and *Kowal v. MCI Communications Corp.*, 16 F.3d 1271, 1279 n.3 (D.C. Cir. 1994)). On the contrary, H. Co. merely produces vague references to "[r]esearch conducted on behalf of [H. Co.]." *Amended Answer,* ¶¶ 26-28, pp. 11-12. As such, H. Co.'s counterclaim is insufficient

because it is not accompanied by a statement of facts upon which the belief is founded, such as "known information giving rise to [H. Co.'s] stated belief, or a statement regarding evidence that is likely to be discovered that would support a claim of fraud." *Id.*

Furthermore, H. Co. contends that it has pleaded the intent element of fraud sufficiently because "[i]ntent need not be pleaded with specificity, and instead, it may be pleaded generally." *H. Co.'s Opposition*, p. 10. However, although Rule 9(b) allows intent to be pleaded generally, "the pleadings must allege sufficient underlying facts from which a court may reasonably infer that a party acted with the requisite state of mind." *Asian and Western Classics B.V.*, __ USPQ2d at __ (relying on *Exergen Corp. v. Wal-Mart Stores Inc.*, 575 F.3d 1312, 91 USPQ2d 1656, 1670 (Fed. Cir. 2009). In addition, fraud does not exist where the supposed "false misrepresentation is occasioned by an honest misunderstanding or inadvertence without a willful intent to deceive." *In re Bose*, 580 F.3d 1240, 1246, 91 USPQ2d 1938 (Fed. Cir. 2009).

H. Co. has not pled the required 'intent to deceive.' On the contrary, H. Co. has pled that Lenovo or its agent made false material representations of fact to the United States Patent and Trademark Office that Lenovo "knew or should have known" were false. *Amended Answer,* ¶ 25. A pleading of fraud based on an allegation that a party "knew or should have known" that material statements were false is an "insufficient pleading of fraud because it implies mere negligence and negligence is not sufficient to infer fraud or dishonesty." *Asian and Western Classics B.V.*, __ USPQ2d at __ (relying on *In re Bose*, 91 USPQ2d at 1940, quoting *Symbol Techs., Inc. v. Opticon, Inc.*, 935 F.2d 1569,1582 (Fed. Cir. 1991).

The Standard for Fraud of *In re Bose* Mandates Dismissal of H. Co.'s Counterclaim Even Though the Counterclaim was Filed Before the Federal Circuit's Decision

H. Co. asserts that it is reasonable for the Board to conclude that H. Co. has pleaded the requisite level of intent, especially "given that [H. CO.'s] counterclaim was filed before the *Bose* decision issued, so [H. Co.] did not have the Federal Circuit's guidance on this issue." Recent Board decisions are clear that the Board applies *In re Bose* to fraud claims filed before that Federal Circuit decision was issued.

In *Asian and Western Classics B.V.*, the Board found that a pleading accepted by the Board December 22, 2008 was insufficiently pleaded based on the *In re Bose* decision. __ USPQ2d __ (TTAB October 22, 2009). Specifically, the Board in that case based its findings on *In re Bose* that a fraud claim based on "information and belief" without an accompanying statement of facts is insufficient, and a fraud pleading asserting that a party "knew or should have known" material representations were false or misleading is insufficient. *Id.* In addition to relying on *In re Bose*, the court also made these determinations by relying on the *Exergen Corp.* patent inequitable conduct case. *Id.*

In *Societe Cooperative Vigneronne des Grandes Caves Richon-Le-Zion and Zicron-Jacob Ltd. v. Albrecht-Piazza, LLC*, the Board relied on *In re Bose* to find a fraud claim filed July 31, 2009 to be insufficient. Opposition No. 91190040, Docket No. 13 (TTAB September 20, 2009) (Non-precedential). In particular, the Board in that case relied on *In re Bose* to also find that fraud allegations made on "information and belief" without a separate indication of actual knowledge of the facts is insufficient, and fraud

claims based on a party making false material representations of fact the party "knew or should have known" were false is insufficient. *Id.*

In *Enbridge, Inc. v. Excelerate Energy Limited Partnership*, the Board relied on *In re Bose* to deny a summary judgment motion involving a fraud claim filed December 24, 2008. __ USPQ2d __ (TTAB October 6, 2009); *See* Opposition No. 91170364, Docket No. 39 for filing of Amended Notice of Opposition containing fraud claim. In *Enbridge,* both parties sought leave to supplement their briefings concerning the motion in light of the *In re Bose* decision, which was handed down between the filing of their initial briefings on the motion and the Board's order. __ USPQ2d __ (TTAB October 6, 2009). The Board found that supplemental briefing was unnecessary while relying on *In re Bose* to deny the motion for summary judgment. Specifically, the Board relied on *In re Bose* to support, *inter alia*, that intent to deceive requires a stricter standard than that for negligence and that a false misrepresentation of material fact based on misunderstanding or inadvertence and without willful intent is not fraud. *Id.* It is plain from Federal Circuit and Board decisions that H. Co.'s fraud counterclaim is insufficient.

H. Co. Should not be Granted Leave to Amend its Pleading

H. Co. should not be granted leave to amend its pleading for the third time to cure yet another defective pleading. Lenovo has detailed for the Board that H. Co. should not be granted leave to amend because this would be futile, severely and unfairly prejudicial to Lenovo, and may implicate Fed. R. Civ. P. § 11. *See Motion to Dismiss*, pp. 9 – 14. In addition, recent Board decisions, such as *Asian and Western Classics B.V.*, *Societe Cooperative*, and *Enbridge* demonstrate that the Board will use the fraud standards set

forth in *In re Bose* on pleadings submitted before that Federal Circuit decision was issued.

Already in this proceeding, over a year and a half has been spent resolving H. Co.'s insufficient pleadings. *Motion to Dismiss*, p. 12. On June 30, 2009, the Board ordered H. Co. to amend its pleadings to more properly and clearly assert its likelihood of confusion counterclaim. *See* Board's order dated June 30, 2009. H. Co. responded by inserting new defects into its pleadings through its insufficient fraud claim. H. Co. should not now be allowed to rely on *In re Bose* to seek yet another opportunity to amend its pleading for the third time due to defects completely within H. Co.'s control.

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Conclusion

H. Co.'s fraud counterclaim is insufficient under the heightened pleading standards of Rule 9(b). In addition, granting H. Co. leave to amend its counterclaim would be futile, severely prejudicial to Lenovo, and may implicate Rule 11. Wherefore, Lenovo respectfully requests that the Board dismiss H. Co.'s insufficient fraud counterclaim in view of Rule 12(b)(6) and 9(b) and deny H. Co. leave to amend.

Respectfully submitted,

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Dated: November 16, 2009

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this 16th day of November, 2009

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