

UNITED STATES PATENT AND TRADEMARK OFFICE
Trademark Trial and Appeal Board
P.O. Box 1451
Alexandria, VA 22313-1451

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Mailed: March 31, 2010

Opposition No. 91176065

Lenovo (Singapore) Pte. Ltd

v.

H. Co. Computer Products

**Before Quinn, Zervas, and Walsh,
Administrative Trademark Judges.**

By the Board:

This case now comes before the Board for consideration of opposer's motion (filed October 5, 2009) to dismiss applicant's fraud claim asserted in applicant's second amended answer and counterclaim (filed July 20, 2009) on the ground the fraud claim is deficiently pleaded. The motion is fully briefed.

Initially, the Board notes that applicant's second amended answer and counterclaim was filed and served prior to our reviewing court's decision in *In re Bose Corp.*, 580 F.3d 1240, 91 USPQ2d 1938 (Fed. Cir. 2009). Accordingly, the parties are advised that any determination of the merits of a

fraud claim will now be made in accordance with the holding in *In re Bose Corp.*

A party must allege the elements of fraud with particularity in accordance with Fed. R. Civ. P. 9(b), made applicable to Board proceedings by Trademark Rule 2.116(a). Under Rule 9(b), together with Fed. R. Civ. P. 11 and USPTO Rule 11.18, "the pleadings [must] contain explicit rather than implied expression of the circumstances constituting fraud." *King Automotive, Inc. v. Speedy Muffler King., Inc.*, 667 F.2d 1008, 212 USPQ 801, 803 (CCPA 1981). See also Wright & Miller, Federal Practice and Procedure: 5A § 1296 n. 11 (2004) (citing cases that discuss purposes of the Rule 9(b) heightened pleading standard to include providing notice, weeding out baseless claims, preventing fishing expeditions and fraud actions in which all facts are learned after discovery, and serving the goals of Rule 11).

Pleadings of fraud made "on information and belief," when there is no allegation of "specific facts upon which the belief is reasonably based" are insufficient. *In re Bose Corp.*, 91 USPQ2d at 1938. Additionally, under USPTO Rule 11.18, the factual basis for a pleading requires either that the pleader know of facts that support the pleading or that evidence showing the factual basis is "likely" to be obtained after a reasonable opportunity for discovery or investigation. Allegations based solely on information and belief raise only

the mere possibility that such evidence may be uncovered and do not constitute pleading of fraud with particularity. Thus, to satisfy Rule 9(b), any allegations based on "information and belief" must be accompanied by a statement of facts upon which the belief is founded. See *Exergen Corp. v. Wal-Mart Stores, Inc.*, 575 F.3d 1312, 91 USPQ2d 1656, 1670 n. 7 (Fed. Cir. 2009), citing *Kowal v. MCI Commc'n Corp.*, 16 F.3d 1271, 1279 n. 3 (D.C. Cir. 1994) ("[P]leadings on information and belief [under Rule 9(b)] require an allegation that the necessary information lies within the defendant's control, and ... such allegations must also be accompanied by a statement of the facts upon which the allegations are based')."

A pleading of fraud on the USPTO must also include an allegation of intent. *In re Bose*, 91 USPQ2d at 1939-40. Moreover, although Rule 9(b) allows that intent may be alleged 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. *Exergen Corp.*, 91 USPQ2d at 1667, n. 4. Pleadings of fraud which rest solely on allegations that the trademark applicant or registrant made material representations of fact in connection with its application or registration which it "knew or should have known" to be false or misleading are an insufficient pleading of fraud because it implies mere negligence and negligence is not sufficient to infer fraud or dishonesty. *In re Bose*, 91

USPQ2d at 1940, quoting *Symbol Techs., Inc. v. Opticon, Inc.*, 935 F.2d 1569, 1582 (Fed. Cir. 1991). Thus under *Bose*, intent is a specific element of a fraud claim and an allegation that a declarant "should have known" a material statement was false does not make out a proper pleading. See also *Media Online Inc. v. El Casificado, Inc.*, 88 USPQ2d 1285, 1287 (TTAB 2008) (finding proposed amended pleading insufficient in part because the pleading lacked allegations of scienter); *Crown Wallcovery Corp. v. The Wall Paper Mfrs. Ltd.*, 188 USPQ 141, 144 (TTAB 1975) and cases cited therein ("in order to state a claim upon which relief can be granted on the ground of fraud, it must be asserted that the false statements complained of were made willfully in bad faith with the intent to obtain that to which the party making the statements would not otherwise have been entitled").

In this case, applicant alleges the following in regard to its counterclaim of fraud:

Paragraph 25

HCCP alleges on information and belief that Leveno or its agent made material false representations of fact during the prosecution of its applications that Leveno knew or should have known were false and that, justifiably relying on the purported truth of these misrepresentations, the USPTO issued each of the following registrations.

Paragraph 26

In the statement of use filed in connection with the '462 Registration, Leveno or its agent stated that the subject

mark of the '462 Registration was being used on or in connection with modular connectors, base units and prototyping cards, temperature probes, light probes, photo event probes, distance probes, and lasers for measuring purposes. Research conducted on behalf of HCCP shows that Lenovo was not using the subject mark of the '462 Registration on or in connection with these goods as indicated in its statement of use as of the date the statement of use was filed.

Paragraph 27

In the statement of use filed in connection with the '692 Registration, Lenovo or its agent stated that the subject mark of the '692 Registration was being used on or in connection with video projectors, data projectors, data/video projectors, handheld data/video projectors, and instruction manuals sold as a unit therewith. Research conducted on behalf of HCCP shows that Lenovo was not using the subject mark of the '692 Registration on or in connection with these goods as indicated in its statement of use as of the date the statement of use was filed.

Paragraph 28

In the statement of use filed in connection with the '709 Registration, Lenovo or its agent state that the subject mark of the '709 Registration was being used on or in connection with computer software, namely, operating system software and application system software for use in controlling the operation and execution of programs and network functions on a computer workstation and instructional manuals sold therewith; printed materials, namely, magazines, newspapers, books, brochures, instructional, educational and teaching material directed to users of computer hardware and software for computer workstations. Research conducted on behalf of HCCP shows that Lenovo was not using the subject mark of the '709 Registration on or in connection with these goods as indicated in its statement of use as of the date the statement of use was filed.

Paragraph 29

The '462 Registration, the '692 registration, and the '709 Registration should therefore be cancelled because

Lenovo committed fraud on the USPTO in the procurement of those registrations.

Applicant's allegations in Paragraphs 25-29 regarding opposer's alleged false statements to the Office are based "on information and belief" which is accompanied by an allegation that the belief is predicated on "research conducted" by applicant which demonstrates that opposer was not using its mark on specified goods at the time opposer filed its statement of use. In their totality, these allegations fail to meet the Fed. R. Civ. P. 9(b) requirements as they are unsupported by any statement of facts providing the information upon which applicant relies or the belief upon which the allegation is founded (i.e., known information giving rise to applicant's stated belief, or a statement regarding evidence that is likely to be discovered that would support a claim of fraud). *Media Online*, 88 USPQ2d at 1287 (finding the proposed amended pleading insufficient in part under Fed. R. Civ. P. 9(b) because the false statements that purportedly induced the Office to allow registration were not set forth with particularity). See also Wright & Miller, *supra*, § 1298 (discussing particularity requirement of Fed. R. Civ. P. 9(b)). By merely stating that its allegation of "on information and belief" is based solely on "research conducted," without specifying what factual information the research specifically uncovered, applicant has failed to set

forth particular facts to reasonably support applicant's allegation of "on information and belief" that opposer made false material misrepresentations of fact during the prosecution of opposer's marks that opposer knew or should have known to be false.

Further, applicant's allegation in Paragraph 25 of the second amended answer and counterclaim which states that opposer "knew or should have known" is insufficient to infer opposer's intent to commit fraud on the USPTO.

In view of the foregoing, the Board finds that applicant's fraud claim is not properly pleaded and is insufficient to state a claim. At a minimum, applicant has failed to allege (1) opposer's intent to deceive or scienter with any particularity, (2) whether such intent to deceive was made knowingly for purposes of deceiving the USPTO, and (3) specific facts upon which applicant's allegation of "on information and belief" is reasonably based.

Accordingly, opposer's motion to dismiss is granted to the extent that applicant is allowed until **TWENTY DAYS** from the mailing date of this order to file and serve an amended pleading properly alleging fraud, if applicant has a sound basis for doing so, failing which the existing allegations

regarding fraud in the counterclaim will be dismissed with prejudice.¹

In turn, opposer is allowed TWENTY DAYS from the date indicated on the certificate of service of applicant's amended pleading to file and serve its answer or otherwise respond to applicant's amended counterclaim.

Proceedings herein are resumed. Trial dates are reset as follows:

THE PERIOD FOR DISCOVERY TO CLOSE:	7/1/2010
Testimony period for plaintiff in the opposition to close: (opening thirty days prior thereto)	9/29/2010
Testimony period for defendant in the opposition and as plaintiff in the counterclaim to close: (opening thirty days prior thereto)	11/28/2010
Testimony period for defendant in the counterclaim and its rebuttal testimony as plaintiff in the opposition to close: (opening thirty days prior thereto)	1/27/2011
Rebuttal testimony period for plaintiff in the counterclaim to close: (opening fifteen days prior thereto)	3/13/2011

¹The Board notes that, in its previous order dated June 30, 2009, the Board advised applicant that it would not be inclined to permit applicant to amend its counterclaim once again. However, inasmuch as applicant's second amended answer and counterclaim was filed prior to the issuance of our reviewing court's decision in *In Re Bose Corp.*, and since any determination of the merits of a fraud claim will now be made in accordance with the holding in *In re Bose*, the Board will permit applicant this one last opportunity to perfect its counterclaim based on fraud.

Briefs shall be due as follows:
[See Trademark rule 2.128(a)(2)].

Brief for plaintiff in the opposition shall be due: **5/12/2011**

Brief for defendant in the opposition and as
plaintiff in the counterclaim shall be due: **6/11/2011**

Brief for defendant in the counterclaim and its reply
brief (if any) as plaintiff in the opposition
shall be due: **7/11/2011**

Reply brief (if any) for plaintiff in the
counterclaim shall be due: **7/26/2011**

In each instance, a copy of the transcript of testimony together with copies of documentary exhibits, must be served on the adverse party within thirty days after completion of the taking of testimony. Trademark Rule 2.125.

Briefs shall be filed in accordance with Trademark Rules 2.128(a) and (b). An oral hearing will be set only upon request filed as provided by Trademark Rule 2.129.