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

Proceeding	91177036
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Opposer, through undersigned counsel, respectfully submits the following trial brief in opposition to application Serial No. 7886376, filed on April 20, 2006. The opposed application, filed by a resident of Arlington, Virginia, named Mujahid Ahmad, seeks registration of NATIONSTAR for "real estate brokerage; rental of real estate; real estate management services, namely, management of commercial and residential properties; real estate investment; residential and commercial property and insurance brokerage; mortgage brokerage; and business finance procurement services." The original application claimed a first-use date of April 4, 2005, pursuant to Section 1(a) of the Lanham Act,<sup>1</sup> but was amended to assert an intent to use pursuant to Section 1(b).

#### **I. Statement of the Case**

Opposer, a Delaware limited liability company, is a retail non-prime mortgage originator headquartered in Lewisville, Texas, with a servicing portfolio of more than \$10 billion during the relevant period. The opposition, filed on May 1, 2007, alleges Applicant's nonuse of his mark and fraud in the application. The fraud claim rests on clear and convincing evidence that Applicant knowingly rendered a false misrepresentation in his original application by alleging actual use of the opposed mark going back to April 2005; fabricated documents for use as specimens in support of the opposed application; failed to withdraw or repudiate this false evidence at any time during the proceeding despite his subsequent engagement of counsel and amendment to the filing basis of the application, instead perpetuating such fraud by means of renewed assertions of actual use throughout his testimony deposition; introduced additional falsified documents at his testimony deposition; and testified falsely at that deposition that these documents were created and used by Applicant in 2005.

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<sup>1</sup> Federal Trademark Act of 1946, as amended (the "Lanham Act"), 15 U.S.C. § 1051(a).

The opposition also alleges priority on the grounds that Opposer engaged in extensive public pre-sales activity beginning on March 31, 2006, well before the filing date of the opposed application on April 20, 2006, and that Applicant's NATIONSTAR mark is likely to be confused with Opposer's marks, NATIONSTAR MORTGAGE and NATIONSTAR MORTGAGE and Design. Those marks, including the design illustrated below, are the subjects of application Serial Nos. 78871883 and 78872148, both filed April 28, 2006, under Trademark Act Section 1(b), and both currently suspended pending the disposition of the opposed application, which was cited as a potential bar to registration under Trademark Act Section 2(d).<sup>2</sup>



On January 31, 2008, Applicant filed a motion for summary judgment on Opposer's fraud claim, followed on February 20, 2008, by a motion to amend the basis of his application from Section 1(a) to Section 1(b). Opposer cross-moved for summary judgment and responded to Applicant's motion to amend, arguing that the latter was an effort to purge the fraud in the original application. The Board denied both parties' motions for summary judgment but granted Applicant's motion to amend with the proviso that "amending the filing basis of the opposed application to Section does not protect the application from the fraud claim."<sup>3</sup> Because the opposed application was converted to an intent to use basis under Section 1(b), the Board dismissed Opposer's nonuse claim as moot.

In his testimony period, Applicant renewed his assertions of actual use since April 2005 and before. It is Opposer's position that Applicant thereby consented to a trial on that issue

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<sup>2</sup> Opposer's application Serial Nos. 78871883 and 78872148 both identify the services as "mortgage lending services." Opposer has disclaimed the exclusive right to use the word "mortgage" in both applications.

<sup>3</sup> Order dated June 17, 2008, at 5.

pursuant to Fed. R. Civ. P. 15(b).<sup>4</sup> In either case, Opposer's fraud claim is still at issue,<sup>5</sup> and the notice of opposition should be deemed amended to allege the absence of a bona fide intent to use the opposed mark at the time the application was filed.<sup>6</sup>

The record includes the original application; the subsequent amendment; and the parties' testimony depositions and exhibits thereto, of which the transcripts in their entireties and principal exhibits thereto are appended to this brief as numbered exhibits 1 - 50.

## II. Statement of the Facts

Applicant, a Pakistani national and naturalized U.S. citizen living in the United States since 1991, is a licensed real estate agent currently employed as a taxi driver.<sup>7</sup> Applicant concedes that his only income from real estate activity has been as a salesperson for a company in Falls Church, Virginia, named First American Real Estate Inc.,<sup>8</sup> and all of the evidence introduced by Applicant corroborates this fact.<sup>9</sup> Applicant further concedes that he is "not a real

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<sup>4</sup> Implied consent to the trial of an unpleaded issue occurs where the nonoffering party (1) raised no objection to the introduction of the evidence on the issue, and (2) was fairly apprised that the evidence was being offered in support of the issue. *Morgan Creek Productions Inc. v. Foria International Inc.*, 91 USPQ2d 1134, 1138 (TTAB 2009); *H.D. Lee Co. v. Maidenform Inc.*, 87 USPQ2d 1715, 1720-1721 (TTAB 2008). The question of whether an issue was tried by consent is one of fairness. The non-moving party must be aware that the issue is being tried, and, therefore, there should be no doubt on this matter. *Morgan Creek Productions Inc. v. Foria International Inc.*, 91 USPQ2d at 1139. In this case, applicant elected to try the issue of first use. *A fortiori*, applicant consented to the trial of that issue.

<sup>5</sup> See n. 3, *supra*.

<sup>6</sup> *Commodore Electronics Ltd v. CBM Kasbushiki Kaisha*, 26 USPQ2d 1503, 1504 (TTAB 1993)("amendments to pleadings should be allowed with great liberality at any stage of the proceeding to bring about a furtherance of justice unless it is shown that entry of the amendment would violate settled law or be prejudicial to the rights of any opposing parties"); *Wet Seal, Inc. v. FD Management, Inc.*, 82 USPQ2d 1629 (TTAB 2007)(granting motion to amend pursuant to Fed.R.Civ.P. 15(b)(2), raised by opposer at final hearing, where issue of bona fide intention to use was tried by the parties "with the applicant's implied consent," deeming pleadings amended to conform to the evidence).

<sup>7</sup> Testimony Deposition of Mujahid Ahmad, appended hereto as Exhibit 13, Tr. at 6, 154.

<sup>8</sup> *Id.* at 82, 143, 168-69, 171, 177.

<sup>9</sup> See, e.g., Certificate of Sales Performance in 2005, issued by the Northern Virginia Association of Realtors to applicant as salesperson for "First American Real Estate Inc.," Exhibit 1 to Deposition of Mujahid Ahmad at pp. APP00013, appended hereto as Exhibit 15 (no reference to "Nationstar"); Applicant's IRS Form 1099

estate broker,"<sup>10</sup> even though the first words in the opposed application are "real estate brokerage."

Opposer, formerly known as Centex Home Equity, LLC, is a consumer mortgage lender licensed in 48 states with over 175 retail and broker referral offices across the country.<sup>11</sup>

Opposer, at the time the opposed application was filed, ranked among the nation's largest retail non-prime mortgage originators and maintained a servicing portfolio of more than \$10 billion.<sup>12</sup>

#### **A. Opposer's Evidence**

On March 31, 2006, following a comprehensive clearance investigation, Opposer proceeded to change its name from "Centex Home Equity LLC" to "Nationstar Mortgage LLC" in connection with a corporate acquisition.<sup>13</sup> Upon final approval of the name change on March 31, 2006, Opposer commenced to engage in extensive pre-sales activity under the new name.<sup>14</sup>

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for 2005, documenting total annual payment of \$72,433.37 to applicant by "First American Real Estate Inc.," *id.* at p. APP00014, appended hereto as Exhibit 16 (no reference to "Nationstar"); Applicant's IRS Form 1099 for 2006, documenting total annual payment of \$22,928.00 to applicant by "First American Real Estate Inc.," *id.* at p. APP00015, appended hereto as Exhibit 17 (no reference to "Nationstar"); Metropolitan Regional Information System (MRIS) Print-out, listing real estate transactions in which Mujahid Ahmad participated, totaling 14 transactions between January 1, 2004 and December 31, 2010, *id.* at p. APP00044, appended hereto as Exhibit 23 (no reference to "Nationstar"); and HUD-1 Statement, March 24, 2005, documenting applicant's participation in purchase of property belonging to Abid Hussain, 7724 Camp Alger Avenue, Falls Church, VA 22042, *id.* at p. APP00062 - APP00063, appended hereto as Exhibit 24 (no reference to "Nationstar").

<sup>10</sup> *Id.* at 67.

<sup>11</sup> *See* Exhibit 1 to Testimony Deposition of Steven L. Hess, at p. NSM00116, appended hereto as Exhibit 9.

<sup>12</sup> *Id.*

<sup>13</sup> Testimony Deposition of Steven L. Hess, appended hereto as Exhibit 1, Tr. at 5-6.

<sup>14</sup> *Id.* at 5. This activity was conducted in collaboration with three separate advertising agencies as collaborated by (1) an estimate dated March 31, 2006, from Neimann Design, for "[c]oncept and design of corporate logo with the new name 'Nationstar,'" introduced as Exhibit 1 to Testimony Deposition of Steven L. Hess, at pp. NSM 000114, appended hereto as Exhibit 8; (2) a proposal dated March 31, 2006, entitled "Centex Home Equity Brand Identity Strategy Document," *id.* at pp. NSM00115 - NSM00122, appended hereto as Exhibit 9; (3) final recommendations of NameStormers, entitled "Nationstar Mortgage," *id.* at pp. NSM00123 - NSM00128, appended hereto as Exhibit 10 (applicant's witness testified that this document was completed on April 21, 2006, but that NameStormers had been "engaged earlier," *see* Testimony Deposition of Steven L. Hess, appended hereto as Exhibit 1, Tr. at 11; and (4) samples of marketing communications and sales collateral featuring the Nationstar name

The volume and scope of publicly visible pre-sales operations by Opposer under the Nationstar name undertaken prior to the filing date of the opposed application are illustrated in an internal document used by Opposer to track such activities.<sup>15</sup> This document lists 466 separate operations, beginning in February 2006, many undertaken prior to the filing date of the opposed application and directed to Opposer's customers. The document describes each task and identifies the individual in Opposer's organization responsible for that task as well as the department within which the task was conducted.<sup>16</sup> They included the conduct of customer surveys; revisions to Opposer's website; changes in Yellow Pages and other advertising; notification to vendors; communications with insurance companies; modifications to internal voice recognition (IVR) phone routing and caller ID systems; correspondence to credit bureaus; changes to employee recruitment procedures; notifications from the wholesale lending department to over 5,000 active brokers from whom Opposer was purchasing loans; and announcement of the name change to banks and other lenders with whom Opposer has referral relationships.<sup>17</sup>

Opposer's executive vice president of marketing testified that following approval of the Nationstar name on March 31, 2006, each of the 466 tasks listed in Exhibit 11 hereto was directed exclusively to the new name.<sup>18</sup> These pre-sales activities occupied the time and

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developed and implemented between March 31, 2006, and April 20, 2006, prior to the filing date of the opposed application, *id.* at NSM00013 - NSM00031, appended hereto as Exhibit 3.

<sup>15</sup> See Exhibit 1 to Testimony Deposition of Steven L. Hess at pp. NSM00129 - NSM000138, appended hereto as Exhibit 11.

<sup>16</sup> *Id.* See also Testimony Deposition of Steven L. Hess, Tr. at 11.

<sup>17</sup> *Id.*, Tr. at 12 - 17.

<sup>18</sup> *Id.* at 11, 12, 23, 24.

attention of approximately 25 employees within Opposer's organization for a period of approximately three weeks prior to April 20, 2006, the filing date of the opposed application.<sup>19</sup>

As part of the trademark clearance investigation conducted by Opposer prior to changing its name, Opposer learned that the Internet domain names NATIONSTARMORTGAGE.COM and NATIONSTARMORTGAGE.NET among others were registered to Applicant.<sup>20</sup> However, there was no content at the websites corresponding to these domain names, and Opposer obtained confirmation from the Virginia Department of Professional and Occupational Regulation (DPOR) and other sources that Applicant had made no commercial use of the Nationstar name.<sup>21</sup>

Opposer also investigated the website at [www.nationstarmortgage.com](http://www.nationstarmortgage.com) to rule out the possibility that it might be associated with any commercial activity.<sup>22</sup> The results of this investigation, reconstructed on March 18, 2010,<sup>23</sup> reveal that there was no content at [www.nationstarmortgage.com](http://www.nationstarmortgage.com) prior to the appearance of pay-per-click advertising beginning in February 2007,<sup>24</sup> followed by the first appearance of Applicant's website in August 2007.<sup>25</sup>

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<sup>19</sup> *Id.* at 23.

<sup>20</sup> *Id.* at 6-7.

<sup>21</sup> *Id.* at 7.

<sup>22</sup> *Id.* at 21.

<sup>23</sup> See Exhibit 2 to Testimony Deposition of Steven L. Hess at pp. NSM00070 - NSM000100, appended hereto as Exhibit 5. The results of this investigation are consistent with Mr. Hess' recollection of the facts revealed at the time the investigation was conducted. See Testimony Deposition of Steven L. Hess, appended hereto as Exhibit 1, Tr. at 20.

<sup>24</sup> See print-out from Way Back Machine, Exhibit 2 to Testimony Deposition of Steven L. Hess at p. NSM00070. This print-out is relevant and admissible to show that the illustrated content appeared at [www.nationstarmortgatge.com](http://www.nationstarmortgatge.com) on the indicated date. Cf. *Audi AG v. Shokan Coachworks, Inc.*, 592 F. Supp. 2d 246, 279 (N.D.N.Y. 2008)(holding "Way Back Machine" results inadmissible to show *absence* of content absent authentication). While the *absence* of a cached website in the "Way Back Machine" does not mean that no such website appeared, the *presence* of a cached website is highly probative that the cached contents actually appeared on the Internet on the stated date. In this case, the cached websites indicate that pay-per-click advertising appeared at [www.nationstarmortgage.com](http://www.nationstarmortgage.com) as of February 12, 2007 (*id.* at pp. NSM00071 - 00072); February 19, 2007 (*id.* at pp.

It is undisputed that Applicant made no commercial use of the websites at [www.nationstarmortgage.com](http://www.nationstarmortgage.com) or [www.nationstarmortgage.net](http://www.nationstarmortgage.net) prior to filing the opposed application.<sup>26</sup> Applicant concedes that he never used these websites, or any other domain name or website, for the bona fide offer or sale of any goods or services at any time prior to the date of the opposed application.<sup>27</sup> Applicant also concedes that he owns, or has owned, multiple Internet domain names, including but not necessarily limited to the following additional 42 names, none of which has ever been used for the offer or sale of any good or service.<sup>28</sup>

autosnatch.com	greenstartaxi.com	megastartv.net
autosnatcher.org	greenstartaxicab.com	mujhi.com
barzilla.net	kabobcafe.com	mujhi.net
cavacoffee.com	makclassicmovies.com	nationstar.net
cawacoffee.com	makcm.com	nationstar.org
dryfruitsonweb.com	makentertainment.net	nationstarrealestate.com
envirocab.net	makmovie.com	nationstarrealestate.net
envirocab.org	makmovies.com	nationstarrealty.com
gogreencab.net	makonee.com	nationstarrealty.net
gogreenlimo.net	makoneentertainment.com	parinda.net
gogreentaxi.org	makrealestate.net	parwaaz.com
gogreentaxicab.com	makrealestate.org	parwaaz.net
gogreentaxicab.net	makstars.com	
greenstarcab.com	maktv.net	
greenstarlimo.com	makys.org	

On April 11 and 18, 2006, Opposer's counsel sent letters to Applicant by overnight mail and email, offering to purchase the NATIONSTARMORTGAGE.COM and

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NSM00073 - NSM00074); February 27, 2007 (*id.* at pp. NSM00075 - NSM00076); March 9, 2007 (*id.* at pp. NSM00077 - NSM00078); March 3, 2007 (*id.* at p. NSM00079); May 2, 2007 (*id.* at pp. NSM00080 - NSM00081); June 1, 2007 (*id.* at pp. NSM00082 - NSM00083); and July 2, 2007 (*id.* at pp. NSM00084 - NSM00085). Moreover, this the evidence is corroborated by applicant's admission that he posted no content at [www.nationstarmortgage.com](http://www.nationstarmortgage.com) prior to filing the opposed application. *See* Stipulation Regarding Domain Names, appended hereto as Exhibit 12.

<sup>25</sup> *Id.*, at pp. NSM00086 - NSM000100.

<sup>26</sup> *See* Stipulation Regarding Domain Names, appended hereto as Exhibit 12.

<sup>27</sup> *Id.*

<sup>28</sup> *Id.*

NATIONSTARMORTGAGE.NET domain names.<sup>29</sup> Only days later, on April 20, 2006, Applicant filed the opposed application.

## B. Applicant's Evidence

The opposed application claims actual use of the Nationstar name since April 4, 2005. In support of the application Applicant submitted two specimens, first what he described as an "advertising flier" appearing as follows:

**Your Partner For  
Success**

One Stop for all your Real Estate Needs.  
Buying Selling Refinancing

**Residential - Commercial - Land**

**ADDRESSING THE NEEDS OF INDIVIDUAL  
INVESTORS AND PLANTING THE SEEDS  
FOR A SECURE FUTURE.**

Interest-Only Loan Programs.  
PayOption ARMs.  
100% financing - No down payment with our 80/20 program  
Home Equity Lines of Credit  
Fast & Easy and other low documentation requirements for  
qualified borrowers with excellent credit.

- Experience
- Commitment
- Enthusiasm
- Hard Work
- Integrity
- Service
- Trust
- Results

*"Buying a home just got alot more affordable."*

Various documentation Options:

- Full documentation
- Limited documentation
- No documentation
- Stated Income

**NationStar**  
Mortgage, Inc.

Mujahid Ahmad  
Mortgage Broker

Cell: 703-732-9899  
Off: 703-525-8770  
MakRealtor@yahoo.com

Please call for a free financial consultation >>>

2001 North Daniel Street, Suite 102, Arlington, VA 22201

Created for Fall 2005

<sup>29</sup> The April 11 letter stated, "We are writing to you on behalf of a client interested in acquiring the domain name[s] 'nationstarmortgage.com' and 'nationstarmortgage.net' for which you are listed as administrative contact in the WHOIS records. Please let us know if you are willing to sell these domain names, and if so, an amount for which you would be willing to transfer all rights in the domain names to our client." See Exhibit 2 to Testimony Deposition of Steven L. Hess, at pp. NSM00101 - NSM00103 (including proof of service), appended hereto as Exhibit 6. On April 18, 2006, Opposer's counsel sent a second letter to applicant, also by overnight mail and email, stating, "We refer to our letter of April 12, 2006 [sic] regarding the "nationstarmortgage.com" and "nationstarmortgage.net" domain names. Our client has authorized us to offer you \$1,000 for each of these domain names." *Id.* at pp. NSM00104 - NSM00106 (including proof of service), appended hereto as Exhibit 7.

As a second specimen, Applicant submitted a business card appearing as follows:



### 1. Applicant's Testimony

While Applicant testified that he has a bachelor's degree in civil engineering, a master's degree in computer information systems and technology, and worked with Lockheed Martin in the past, he submitted no evidence to substantiate that claim and conceded that his primary source of income is from driving a taxi.<sup>30</sup>

It is undisputed that Applicant is a licensed real estate agent. However, Applicant concedes that the only income that he has ever earned in connection with real estate was in his capacity as a licensed agent for a Virginia company named First American Real Estate.<sup>31</sup> Applicant introduced three consecutively issued real estate agency licenses issued by the Virginia Department of Occupational and Professional Regulation (DPOR), each extending for two year terms, expiring September 30, 2006, 2008 and 2010, respectively, all issued to Applicant in his capacity as a salesman for First American Real Estate Inc., with no reference to the name "Nationstar."<sup>32</sup> These documents illustrate that Applicant twice extended his

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<sup>30</sup> Testimony Deposition of Mujahid Ahmad, appended hereto as Exhibit 13, Tr. at 154.

<sup>31</sup> *Id.* at 82, 143, 168-69, 171, 177.

<sup>32</sup> See Exhibit 7 to Deposition of John D. Socknat, also introduced as Exhibit 1 to Testimony Deposition of Muhahid Ahmad at pp. APP0004 (license issued September 30, 2004, expiring September 30, 2006), APP0005 (issued September 30, 2006, expiring September 30, 2008), and APP0006 (issued September 30, 2008, expiring September 30, 2010), appended hereto collectively as Exhibit 42.

occupational real estate license in Virginia as a representative of "First American Real Estate" during the period of time in which he claims to have been using, or alternatively, to have had a bona fide intent to use, the name "Nationstar." He similarly registered himself as a licensed agent of "First American Real Estate Inc." three times in Maryland<sup>33</sup> and the District of Columbia<sup>34</sup> during the relevant period.

As to the basis of the opposed application, Applicant during this testimony deposition reverted to his claim of priority based on first use, stating, "I was using my trademark at the time I was filing my application."<sup>35</sup> Applicant was unable to offer a reason for his subsequent amendment of the filing basis to allege intent to use, stating, "I'm not an attorney."<sup>36</sup> He denied that the reason for the amendment was to purge the application of his fraudulent representation regarding actual use of "Nationstar" as a service mark; instead he asserted repeatedly that he had been using the mark in commerce since the beginning of 2005.<sup>37</sup> "I was always using the mark," he stated, "and I'm still using it."<sup>38</sup>

Although Applicant's real estate agency licenses are all issued to him as a salesperson of "First American Real Estate Inc." and contain no reference to the name "Nationstar," Applicant

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<sup>33</sup> See Exhibit 11 to Deposition of John D. Socknat, also introduced as Exhibit 1 to Testimony Deposition of Mujahid Ahmad at pp. APP0006 (license issued July 13, 2005, expiring July 13, 2007); APP0007 (issued July 13, 2007, expiring July 13, 2009); and APP0008 (issued July 13, 2009, expiring July 13, 2011), appended hereto collectively as Exhibit 47.

<sup>34</sup> See Exhibit 12 to Deposition of John D. Socknat, also introduced as Exhibit 1 to Testimony Deposition of Mujahid Ahmad at pp. APP0009 (license expiring August 31, 2007), APP00010 (expiring August 31, 2009), and APP 00011 (expiring August 31, 2011), appended hereto collectively as Exhibit 48.

<sup>35</sup> Testimony Deposition of Mujahid Ahmad, appended hereto as Exhibit 13, Tr. at 65.

<sup>36</sup> *Id.*

<sup>37</sup> *Id.* at 28, 29, 31, 32, 33, 34, 35, 37, 38, 39, 66, 85, 87, 89, 102, 104, 105, 106, 110, 119, 121, 126, 139, 145, 156, 161, 162, 166, 184, 199-200.

<sup>38</sup> *Id.*

nonetheless contends that these licenses grant him the authority to use "Nationstar" as a trade name for real estate agency and brokerage services.<sup>39</sup> He testified that it was legally permissible for him to use any name he wanted to in the real estate business regardless of whether it was licensed by any regulatory authority.<sup>40</sup> "I can use whatever name I want to use to promote my own business," he stated.<sup>41</sup> He conceded, however, that that he never filed a fictitious trade name registration,<sup>42</sup> and that none of his real estate agency licenses show his use of the name "Nationstar."<sup>43</sup> Moreover, he was unable to state whether any regulatory authority was required for use of the name "Nationstar" for real estate agency services.<sup>44</sup>

Opposer's counsel presented Applicant with copies of his 2005 and 2006 miscellaneous income statements from the Internal Revenue Service documenting payments to Applicant in his individual capacity by First American Real Estate.<sup>45</sup> *Applicant conceded that there is no reference to the name "Nationstar" on either of these IRS statements.*<sup>46</sup> Paradoxically, however, he claims that the 2005 statement, which reflects the purchase of a residential property for one of Applicant's witnesses named Abid Hussain on March 24, 2005, constitutes evidence that he made a commercial use of the "Nationstar" name.<sup>47</sup> Applicant went as far as to claim that *all* of

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<sup>39</sup> *Id.* at 67.

<sup>40</sup> *Id.* at 67-68.

<sup>41</sup> *Id.* at 68.

<sup>42</sup> *Id.* at 83.

<sup>43</sup> *Id.* at 71-72.

<sup>44</sup> *Id.* at 73.

<sup>45</sup> *See* Exhibit 1 to Testimony Deposition of Mujahid Ahmad at pp. APP00014 - APP00015, appended hereto as Exhibits 16 and 17.

<sup>46</sup> *Id.* at 77.

<sup>47</sup> *Id.* at 77-78.

the sales documented in the 2005 and 2006 IRS statements reflect his use of the "Nationstar" name.<sup>48</sup>

Applicant then testified about his incorporation of his Virginia corporation, Nationstar Mortgage, Inc. on May 19, 2006, one month after filing the opposed application.<sup>49</sup> This corporation has never been authorized to engage in real estate agency in the Commonwealth of Virginia or any other jurisdiction, and was first licensed to engage in mortgage brokerage more than six months after the filing of the opposed application in Virginia (October 24, 2006),<sup>50</sup> Maryland (February 28, 2007),<sup>51</sup> and the District of Columbia (March 16, 2007).<sup>52</sup> Applicant contradicted himself repeatedly as to whether the corporation is presently in business, contending that he did not know whether the corporation had ever earned any income even though he is the president and sole representative of the company.<sup>53</sup> He conceded that the corporation has never filed a federal or state tax return,<sup>54</sup> and finally admitted that the company has never done any business.<sup>55</sup> This fact is confirmed by a report dated May 12, 2010, from the Business Tax Division of the Commissioner of Revenue for Arlington, County, Virginia, attesting that

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<sup>48</sup> *Id.* at 78, 82.

<sup>49</sup> *See* Exhibit 5 to Testimony Deposition of John D. Socknat, also introduced by applicant as Exhibit 1 to his Testimony Deposition at p. APP00045, appended hereto as Exhibit 31.

<sup>50</sup> *See* Exhibit 9 to Testimony Deposition of John D. Socknat, also introduced by applicant as Exhibit 1 to his Testimony Deposition at p. APP00046, appended hereto as Exhibit 45.

<sup>51</sup> *See* Exhibit 13 to Testimony Deposition of John D. Socknat, also introduced by applicant as Exhibit 1 to his Testimony Deposition at p. APP00048, appended hereto as Exhibit 49.

<sup>52</sup> *See* Exhibit 14 to Testimony Deposition of John D. Socknat, also introduced by applicant as Exhibit 1 at p. APP00051, appended hereto as Exhibit 50.

<sup>53</sup> *Id.* at 79-80.

<sup>54</sup> *Id.* at 81.

<sup>55</sup> *Id.* at 82.

Applicant has "not registered the trade name NationStar or Nation Star. . . [and that] there is no business tax registration for this individual."<sup>56</sup>

Applicant also admitted that all of the income he claims to have earned using the Nationstar name is reflected in the 2005 and 2006 IRS statements, even though those statements document payments to him in his individual capacity by First American Real Estate.<sup>57</sup>

When asked on cross examination whether he had ever rendered an invoice for any services using the name "Nationstar," Applicant replied, "Not that I know of."<sup>58</sup> He contradicted himself on that point repeatedly, refusing to admit that that the company was not engaged in any business but finally conceding that it has never earned any income.<sup>59</sup> When asked whether his company had ever filed an annual report with the Virginia Corporation Commission, he repeated, "There is no business."<sup>60</sup>

Opposer's counsel questioned Applicant about documents that he submitted as exhibits to his testimony deposition illustrating third-party use of the name "Alexander & Associates," "The Greg Northrop Team," and "MelindaEstridge.Com."<sup>61</sup> Applicant contends that he has used the name "Nationstar" the same way these names are used. However, he did not know whether such names are registered as fictitious trade names, whether they are referenced in any licenses from relevant regulatory authorities, or whether they need to be.<sup>62</sup>

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<sup>56</sup> See Exhibit 6 to Testimony Deposition of John D. Socknat, appended hereto as Exhibit 36.

<sup>57</sup> See Testimony Deposition of Mujahid Ahmad, appended hereto as Exhibit 13, Tr. at 77, 82, 168.

<sup>58</sup> *Id.* at 95.

<sup>59</sup> *Id.* at 95-96.

<sup>60</sup> *Id.* at 96.

<sup>61</sup> See Exhibit 1 to applicant's Testimony Deposition at pp. APP 00016 - APP 00023, appended hereto collectively as Exhibit 18.

<sup>62</sup> See Testimony Deposition of Mujahid Ahmad, Tr. at 84-85.

As noted above, the parties are in disagreement in regard to the provenance of specimens submitted by Applicant in support of the opposed application. One of these specimens is a business card. Applicant testified that he created his business cards in 2005.<sup>63</sup> He stated that "[s]ome of them were created by me" and "some of them were created by the place where they're printed from."<sup>64</sup> In other words, he was unable to state who created the evidence that he submitted. Why he was able to create some but not all of his own business cards was not explained.

Applicant was further unable to recall the name or location of the "printing place" where his business cards were created, but stated that it was "in Alexandria and Arlington."<sup>65</sup> In other words, he was unable to state where the evidence that he submitted was created. His evasive testimony on this critical issue warrants careful examination.<sup>66</sup>

Applicant conceded that the cell phone number on his business card is his personal cell phone, and that the monthly telephone bill on that account makes no reference to the name "Nationstar."<sup>67</sup> He admitted further that the office number on the business card is an old home telephone number no longer in service.<sup>68</sup> He then contradicted himself again, stating in the present tense, "It's a home-based business. So that's my number. And that's what I use for my business."<sup>69</sup> However, he did not know whether the number was listed in the telephone directory

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<sup>63</sup> *Id.* at 85; *see* illustration above at p. 2; *see also* Exhibit 1 to applicant's Testimony Deposition at pp. APP00024 - APP 00026, appended hereto as Exhibit 19.

<sup>64</sup> *Id.* at 85-86.

<sup>65</sup> *Id.* at 86.

<sup>66</sup> *Id.* at 86-90.

<sup>67</sup> *Id.* at 90-91.

<sup>68</sup> "It's been a long time since I have this number," he stated. *Id.* at 91.

<sup>69</sup> *Id.* at 92.

under the name "Nationstar," or whether he had ever asked the telephone company to list a number for "Nationstar," although he insisted, contrary to the evidence, that "Nationstar has a listed telephone."<sup>70</sup> Finally he admitted that he had never asked the telephone company to list any number under the name "Nationstar,"<sup>71</sup> Applicant's statements about his company's telephone number were emblematic of the impossible contradictions in his testimony. For example, he denied the importance of having a listing in the telephone book under the name "Nationstar" on the grounds that his class of purchaser would rely on his website for such information.<sup>72</sup> However, it is undisputed that there was no content at his websites, [www.nationstarmortgage.com](http://www.nationstarmortgage.com) or [www.nationstarmortgage.net](http://www.nationstarmortgage.net), at the time the opposed application was filed.<sup>73</sup> The evidence confirms that there was no content at either of these sites until February 2007, when pay-per-click advertising appeared, followed by the first appearance of a telephone number no earlier than August 2007.<sup>74</sup>

Opposer's counsel asked Applicant whether his Virginia corporation has any ordinary business records, for example, annual reports.<sup>75</sup> "I'm sure we have an annual report," Applicant speculated.<sup>76</sup> When asked whether he thought that Opposer's document requests calling for the production of any documents showing use of the name Nationstar required the production of

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<sup>70</sup> *Id.* at 93.

<sup>71</sup> *Id.* at 152.

<sup>72</sup> *Id.* at 94.

<sup>73</sup> *See* Stipulation Regarding Domain Names, appended hereto as Exhibit 12.

<sup>74</sup> *See* Exhibit 2 to Testimony Deposition of Steven L. Hess, at pp. NSM0070-00100, appended hereto as Exhibit 5.

<sup>75</sup> *Id.* at 98.

<sup>76</sup> *Id.* at 98.

such annual reports, he responded facetiously, "I don't think so."<sup>77</sup> He conceded, however, that the company has never had a bank account or rendered a payment of any kind.<sup>78</sup> Under cross examination he contended that he did not know whether the company had ever had any revenue<sup>79</sup> but finally conceded that it had not.<sup>80</sup>

Opposer's cross examination of Applicant turned to the veracity of two post cards depicting the name "Nationstar" allegedly distributed by Applicant in 2005.<sup>81</sup> Applicant testified that he sent such postcards to his current and prospective clients.<sup>82</sup> However, he was unable to estimate how many of them he might have sent, stating he could not remember this because they were all sent in 2005.<sup>83</sup> He then contradicted himself by stating that he had sent post cards such as this one *since* 2005.<sup>84</sup> In other words, Applicant was unable to *when* the evidence that he submitted was created.

Applicant claimed that he had created some of his "Nationstar" post cards on his own computer, while others were printed by outside vendors,<sup>85</sup> again failing to establish *where* and by

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<sup>77</sup> *Id.* Applicant was mistaken. Annual reports and other records of applicant's Virginia corporation would have been responsive to multiple requests in Opposer's First Set of Document Requests, for example, Request No. 7, which asked for "all documents concerning Applicant's adoption, selection and/or development of Applicant's NATIONSTAR mark," to which applicant responded in relevant part, "there were never and are no documents concerning Applicant's adoption, selection and/or development of Applicant's NATIONSTAR Mark."

<sup>78</sup> *Id.* at 100.

<sup>79</sup> *id.* at 100-101,

<sup>80</sup> *Id.* at 82.

<sup>81</sup> *See* Exhibit 1 to applicant's Testimony Deposition at p. APP00027 - APP00028, appended hereto as Exhibit 20.

<sup>82</sup> *Id.* at 101.

<sup>83</sup> *Id.* at 101.

<sup>84</sup> *Id.* at 102.

<sup>85</sup> *Id.* at 103.

whom the evidence was created. He did not explain why he was required to engage outside vendors if he had the capability to create and print them at home. He was further unable to name any such vendor, stating that the vendor would have been "the same printer that helped me to print my business cards."<sup>86</sup> He did not remember the last time he paid for any of these postcards,<sup>87</sup> failing again to establish when they were created. He testified, however, that his entire expenditure on advertising and promotion for the last seven years has been approximately \$300.<sup>88</sup>

Applicant was particularly evasive in response to questioning about a handful of advertising fliers that he allegedly distributed in 2005.<sup>89</sup> He testified that he created these fliers in 2004 and 2005,<sup>90</sup> but did not remember whether he had distributed any such fliers since 2005 or early 2006.<sup>91</sup>

Opposer's counsel then questioned Applicant about a collection of eight letters on the stationery of "NationStar Mortgage, Inc." addressed to individuals in Northern Virginia and Maryland and bearing the salutation "Dear Sir/Madam."<sup>92</sup> His inability to offer any details about these letters was telling. He first stated that they were only examples of others like them, but did

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<sup>86</sup> *Id.*

<sup>87</sup> *Id.* at 104.

<sup>88</sup> *Id.* at 55.

<sup>89</sup> See Exhibit 1 to applicant's Testimony Deposition at pp. APP 00029 - APP 00035, appended hereto collectively as Exhibit 21.

<sup>90</sup> *Id.* at 104.

<sup>91</sup> *Id.* at 107.

<sup>92</sup> See Exhibit 1 to applicant's Testimony Deposition at pp. APP00036 - APP00043, appended hereto as Exhibit 22.

not know whether he has *copies* of any such additional letters.<sup>93</sup> He then said he did not know if there *were* any such additional letters.<sup>94</sup> Regarding the recipients, he stated that he knew them personally, although he addressed the letters to "Sir/Madam."<sup>95</sup>

One of the eight letters that Applicant allegedly sent on "Nationstar" letterhead was addressed to an individual named Abid Hussain, dated October 14, 2005.<sup>96</sup> The salutation on this letter, "Dear Sir/Madam," is peculiar because Applicant and Hussain are close friends.<sup>97</sup> Hussain is one of two witnesses called by Applicant to corroborate his testimony that he used the Nationstar name for real estate services as early as 2005.<sup>98</sup> Messrs. Ahmad and Hussain arrived at the latter's deposition in the same vehicle.<sup>99</sup>

It is undisputed that Applicant acted as a real estate agent for the purchase of Hussain's residence on March 24, 2005, although Applicant concedes that he served in this role as a licensed agent for First American Real Estate. Hussain testified further that he had been in regular contact with Applicant for the entire period between October 2004 and August 2005,<sup>100</sup> and yet Applicant found it appropriate to address a letter to him in October 2005 with the salutation "Dear Sir/Madam."

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<sup>93</sup> *Id.* at 108.

<sup>94</sup> *Id.*

<sup>95</sup> *Id.* at 109-110.

<sup>96</sup> *See* Exhibit 1 to applicant's Testimony Deposition at p. APP00041, appended hereto as Exhibit 22.

<sup>97</sup> *See* Testimony Deposition of Mujahid Ahmad, appended hereto as Exhibit 13, Tr. at 55, 161-162; Testimony Deposition of Abid Hussain, appended hereto as Exhibit 25, Tr. at 27.

<sup>98</sup> *See* Testimony Deposition of Abid Hussain, June 8, 2010, appended hereto as Exhibit 25.

<sup>99</sup> *Id.*, Tr. at 31, 34.

<sup>100</sup> *Id.* at 7.

Although the eight letters appearing in the record on Applicant's "Nationstar" stationery are form letters, he stated that he did not send them in bulk, but rather one at a time, "from time to time," and that they are the only letters on "Nationstar" letterhead that he could locate.<sup>101</sup>

Referring to the particular date on one of the letters, Opposer's counsel asked, "Did you send other letters on this date?" Applicant responded, "I'm sure I did, but I don't have them

anymore."<sup>102</sup> The ensuing colloquy must be quoted in full to appreciate Applicant's mendacity:

Q. Wouldn't they all be located in the same place?

A. Why would they be located in the same place, sir?

Q. How do you explain the fact that you were able to find these particular letters and only these letters?

A. Because, as you know, people change their computer. They don't stay with the same computers. From time to time, hard drive crashes, things happen.

Q. You have changed your computer since then; is that right?

A. I don't have any knowledge to that, sir.

Q. You don't know when you last bought a computer?

A. No, sir, I don't know.

Q. No idea at all. Do you know whether you bought a new computer since 2005?

A. I'm not sure, sir.

Q. You're not sure. What kind of a computer do you have?

A. Just a regular computer.

Q. What's the brand name of it?

A. It could be HP, it could be Dell.

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<sup>101</sup> Testimony Deposition of Mujahid Ahmad, appended hereto as Exhibit 13, Tr. at 110 - 111.

<sup>102</sup> *Id.*

- Q. It could be, but what is it?
- A. Well, I own more than one computer.
- Q. Do you. Well, what computer were these letters [written on]?
- A. I'm not sure, sir, what computer.
- Q. You don't know what computer they're on?
- A. That's right.
- Q. How many computers do you have?
- A. I have two computers.
- Q. A laptop and a desk top?
- A. A laptop and a desk top; that's right.
- Q. Did you search both of those computers for records you're producing?
- A. That's right, I work on both of them.
- Q. When did you buy your laptop?
- A. I don't know.
- Q. Was it within the last five years?
- A. I don't know.
- Q. Was it within the last ten years?
- A. Could be.
- Q. How about the desk top, you have no idea how old that is?
- A. No, sir, I don't know.
- Q. Wouldn't it have to be at least five years to have these documents on them?
- A. I don't know, sir.<sup>103</sup>

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<sup>103</sup> Testimony Deposition of Mujahid Ahmad, appended hereto as Exhibit 13, Tr. at 111-113.

Opposer's counsel then questioned Applicant about a list of real estate transactions involving total revenues of \$6,262,900, which Applicant submitted as documentation of sales under the name "Nationstar."<sup>104</sup> Applicant testified that he used the Nationstar name for each of these transactions,<sup>105</sup> although there is no evidence in the record that the name "Nationstar" appeared anywhere in connection with any of these transactions, and it is undisputed that Applicant participated in them as a licensed real estate agent for First American Real Estate Inc. Moreover, Opposer's rebuttal witness, John D. Socknat, testified that in the absence of a real estate agency license from the Virginia Department of Professional and Occupational Regulation (DPOR) specifically referencing the name "Nationstar," which Applicant indisputably did not have (and still does not have), Applicant's use of the name "Nationstar" to participate in such transactions would have violated Virginia Code § 54.1-2106.1, punishable by a fine of up to \$1,000 per occurrence, pursuant to Va. Code § 54.1-2105.2.

Applicant's responses became increasingly disjointed as his testimony deposition progressed. In successive statements he testified variously that he did, and did not, create all of documents depicting the Nationstar name on his own computer, again failing to establish by *whom* the evidence was created:

Q. All the flyers came from your computer then?

A. I'm not sure, sir.

Q. But you said you created them all yourself?

A. They come from a different computer. Maybe I created hem, but it could have come from [a] different computer.

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<sup>104</sup> See Exhibit 1 to applicant's Testimony Deposition at p. APP 00044, appended hereto as Exhibit 23.

<sup>105</sup> *Id.* at 116.

Q. Did anybody ever create any of these for you?

A. No, sir.

Q. So you created all of them?

A. Not all of them, I said some of them.<sup>106</sup>

In a similar vein, Applicant reiterated that he did not know whether his company had any business records:

Q. [W]e already know that the Virginia Corporation, Nationstar Mortgage, Inc., has never earned any income. And it has never rendered any payments, doesn't have any employees. And the sole -- it doesn't have any business records, right? Any business records?

A. I don't have any knowledge, sir.<sup>107</sup>

When questioned about the value of his alleged mark, Applicant was unable to estimate what the Nationstar name was worth to him:

Q. How valuable do you think the business is?

A. I don't know, sir.

\* \* \*

Q. How valuable is the name?

A. I don't know sir.<sup>108</sup>

While he was unable to assign a value to his alleged mark and denied that he had demanded a \$500,000 payment from Opposer as remuneration for his assignment of any claim,<sup>109</sup> Applicant acknowledged his receipt of an offer for \$30,000 from Opposer's counsel.<sup>110</sup>

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<sup>106</sup> *Id.* at 121.

<sup>107</sup> *Id.* at 126.

<sup>108</sup> *Id.* at 127.

<sup>109</sup> *Id.*

He also contradicted himself in successive statements regarding his ownership of domain names, but acknowledged that his motivation for the ownership of such domain names was speculative in nature:

Q. [H]ave you owned any domain names in the past other than the ones that you own now?

A. No, sir.

Q. So all of the domain names that you have ever registered you continue to own?

A. Most of them.

Q. All right. So even though you chose to use Nationstar as the name of your business in December 2004, you continued to own the other domain names?

A. Some of them, yes; some of them, no.

Q. Why did you continue to own those domain names?

A. Because they could be used for future businesses just like any other business.<sup>111</sup>

Toward the end of his testimony deposition, Applicant stated as follows in regard to the absence of evidence that he or his company were ever paid for services rendered under the "Nationstar" name:

Q. Do you use the name, Nationstar, for mortgage financing services?

A. Yes, sir, anything . . . [A]nyone comes to us and asks for any services, we provide those services.

Q. And you charge them for that, right?

A. Well, it is not a necessity.

Tr. at 157.

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<sup>110</sup> *Id.* at 204.

<sup>111</sup> *Id.* at 138.

Turning back to the filing basis for the opposed application, Applicant testified in conclusion as follows:

Q. [Y]ou do believe that you have the right to register th[e] mark?

A. Yes, sir.

Q. And the basis for that belief is that you used the mark first; is that correct?

A. I was using it, yes, sir.

Tr. at 159.

Q. So you[r] testimony is that you have been using the name, Nationstar, continuously since 2005, is that correct?

A. That's right, sir.

Tr. at 162.

## **2. Applicant's Witnesses**

### **a. Abid Hussain**

Applicant called two friends from the local Pakistani community, each of whom had utilized the services of Applicant as a licensed salesperson of First American Real Estate, to testify on his behalf. First was the aforementioned Abid Hussain, who recounted the purchase of his residence on March 24, 2005.<sup>112</sup> The sale is documented in a HUD-1 statement.<sup>113</sup> The HUD-1 statement contains no reference to the name "Nationstar." Applicant's counsel, however, handed a business card to Hussain bearing Applicant's alleged "Nationstar" mark, and Hussain testified that he remembered receiving it.<sup>114</sup> He said he knew of Applicant's "Nationstar"

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<sup>112</sup> Testimony Deposition of Abid Hussain, appended hereto as Exhibit 25, Tr. at 7-8.

<sup>113</sup> See Exhibit 1 to Testimony Deposition of Mujahid Ahmad at pp. APP00062 - APP00063, also introduced as Exhibit 1 to Testimony Deposition of Abid Hussain at p. APP 0001, appended hereto as Exhibit 24.

<sup>114</sup> *Id.* at 9.

company as early as January 2005,<sup>115</sup> even though that company was not created until May 19, 2006. He also testified that he had seen Applicant's advertising fliers bearing the "Nationstar" name.<sup>116</sup>

On cross examination, Hussain conceded that he had never paid any money to Applicant for any service but insisted that he always thought that he was dealing with a company named "Nationstar."<sup>117</sup> When Opposer's counsel asked him whether he would be surprised to learn that the income earned by Applicant in connection with the purchase of Hussain's residence in March 2005 was actually to Applicant paid by First American Real Estate, Hussain responded, "Yeah."<sup>118</sup>

Hussain denied having any discussions with Applicant about the testimony he was giving.<sup>119</sup> He stated, however, that he had copies of Applicant's Nationstar business card and advertising flyer at his home.<sup>120</sup> He testified that he just happened to have Applicant's Nationstar business card on him recently when Applicant's counsel arrived at the gas station where Hussain is employed to question him about this case.<sup>121</sup> This is the same business card allegedly created by Applicant in 2005 bearing an old non-working home telephone number of Applicant.

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<sup>115</sup> *Id.* at 10.

<sup>116</sup> *Id.* at 10, 16.

<sup>117</sup> *Id.* at 26-27.

<sup>118</sup> *Id.* at 29.

<sup>119</sup> *Id.* at 32.

<sup>120</sup> *Id.* at 44-45.

<sup>121</sup> *Id.* at 45-46.

Hussain nonetheless testified that he has been carrying this business card in his wallet since 2005.<sup>122</sup>

Q. And you have been carrying this in your wallet for five years?

A. Right.

Q. And the telephone number here 732-9899 [*i.e.*, Applicant's cell phone], you know that telephone number by heart?

A. Yes.

Q. You were able to give it to me?

A. Yes.

Q. Because you are good friends with Mr. Ahmad?

A. Right.

Q. So you carry this card just in case you need his telephone number or what?

A. He just gave it to me so if some of my friend[s] need it, so I know his phone number.

Q. Do you know his other telephone number, 525-8770?

A. I don't remember like that.

Q. Have you ever called him at a telephone other than his cell phone?

A. Yeah, I remember I called hi[s] home phone number also. But it's not in my mind.

Q. And this telephone number here at the bottom, the one that says office, (703) 525-8770, do you know where that telephone number goes to?

A. No.

Q. You don't know who answers that telephone?

A. No.

Q. Never called it?

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<sup>122</sup> Id. at 46-48.

A. No.

Q. Never once?

A. No.<sup>123</sup>

Hussain then stated that he has been carrying *two* (2) business cards of Applicant bearing the Nationstar name in his wallet since 2005, one identifying Applicant as a real estate agent and the other as a mortgage broker.<sup>124</sup> He then contradicted himself by stating that he keeps the cards at home, finally stating that he carries them in his wallet on some days and leaves them at home on others.<sup>125</sup>

Hussain also testified that he keeps a copy of Applicant's 2005 advertising flier at his home, as well as the October 2005 letter that he received from Applicant on "Nationstar" letterhead addressed to "Dear Sir/Madam."<sup>126</sup> He specifically remembers receiving the letter in 2005.<sup>127</sup> In fact, he remembers exactly where he was when he received it, in his residence at 7724 Camp Alger Avenue, Falls Church, VA 22042.<sup>128</sup> The letter, however, was addressed to Hussain at his previous address, 6143 Leesburg Pike, # 308, Falls Church, VA 22041.<sup>129</sup> That would have been a peculiar mistake for Applicant to make, had Applicant truly addressed such a letter to Hussain on that date, since Applicant served as the real estate agent for Hussain in the purchase of the Hussain's residence at 7224 Camp Alger Avenue. And yet Hussain testified:

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<sup>123</sup> *Id.* at 49-51.

<sup>124</sup> *Id.* at 52.

<sup>125</sup> *Id.*

<sup>126</sup> *Id.* at 53-54.

<sup>127</sup> *Id.* at 56.

<sup>128</sup> *Id.*

<sup>129</sup> See Exhibit 1 to Testimony Deposition of Mujahid Ahmad at p. APP00041, also introduced as Exhibit 1 to Testimony Deposition of Abid Hussain at p. APP0004, appended hereto as Exhibit 22 at p. APP00041.

- Q. And do you remember where you were when you received it?
- A. Where he were [sic]?
- Q. Where were you when you received the letter?
- A. I was in the same house.
- Q. Which house?
- A. 7724 Camp Alger Avenue.
- Q. So that's where you received the letter?
- A. Yeah.
- Q. Would it surprise you if I told you the letter was not addressed to that residence?
- A. I got it in the mail.
- Q. You got it in [the] mail. You got it in the mail at your home?
- A. Yes.
- Q. Do you know why the letter was addressed to the Leesburg Pike address?
- A. It wasn't Leesburg Pike.
- Q. Was it not?
- A. Let me look back at it. *I don't remember this letter.*<sup>130</sup>

Testifying further in regard to the alleged October 2005 letter, Hussain contradicted himself again, stating:

- Q. I'm talking about the October 2005 letter. When did you first see that?
- A. I don't know, but that was back in 2005, okay.
- Q. If you don't remember, how do you know it was in 2005?
- A. I remember that he send me a letter like that, and that's what I remember. You told me the address is wrong. And I don't know, maybe they forward the mail. . .
- Q. You remember receiving that document in 2005; is that your testimony?

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<sup>130</sup> *Id.* at 56 (emphasis added).

A. Yeah, yeah, that's what I remember he sent me a letter.

Q. And you did not see that document again until Mr. Rea showed it to you the day at the gas station, right?

A. Yes.

Q. Is that correct?

A. Yes.

Q. That is correct. And yet you know that you have a copy of that document at home, is that true?

A. Yeah. but I don't know if I still have that. I remember that letter, but I don't know about the copy. Maybe I have it.

Q. Maybe you have it at home, and maybe you don't?

A. Yeah.<sup>131</sup>

Hussain testified similarly in regard to Applicant's 2005 business flier:

Q. Now, is it your testimony that you have seen this document before?

A. Yes.

Q. And is it your testimony that you saw this document in 2005?

A. Yes.

Q. You remember it was 2005 when you saw this document; is that what you're saying?

A. Yes.

For a good friend of Applicant, Hussain was oddly misinformed about the fact that Applicant's Virginia corporation, Nationstar Mortgage, Inc., has never earned any income or rendered a single payment:

Q. But you have known him for six years?

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<sup>131</sup> *Id.* at 63-64.

A. Yes.

Q. Good friend of yours?

A. Right.

Q. Has he ever just spoken to you about his company, Nationstar?

A. Yeah.

Q. And tell me what you know about Nationstar, if anything.

A. The only thing I know is that it's a real estate company, mortgage company, whatever.

Q. And your testimony is that this is how Mr. Ahmad makes his living doing business as Nationstar?

A. Right.

\* \* \*

Q. Has Mr. Ahmad represented to you that Nationstar is his only business?

A. That's what I know.

Q. I see. So you don't know if he has a relationship with any other company?

A. No.<sup>132</sup>

**b. Zulfikhar Sharieff**

Applicant called a second witness, an individual named Zulfikhar Sharieff.<sup>133</sup> Sharieff's testimony mirrored that of Hussain but concluded with a disavowal of any relevant knowledge about Applicant's past or present use of the Nationstar name:

Q. Is it your understanding that Mr. Ahmad is - has a business named Nationstar?

A. That's right.

Q. That right now, as we sit here and speak, that he actually has a business?

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<sup>132</sup> *Id.* at 65-68.

<sup>133</sup> See Testimony Deposition of Zulfikhar Sharieff, August 4, 2010, and Cross-Examination of Zulfikhar Sharieff, September 22, 2010, appended hereto as Exhibits 26 and 27.

- A. Yes.
- Q. Have you - do you know where that business is located?
- A. No, I don't.
- Q. You don't? And is that how he makes a living as far as you know?
- A. Yes.
- Q. Does he have any other source of income besides Nationstar?
- A. I have no idea.
- Q. You don't know?
- A. No.
- Q. But you do think he makes a living with his business at Nationstar?
- A. Definitely.
- Q. So who do you think pays him? How do you think he makes money?
- A. Like I said, I have no idea.
- Q. Do you know whether he has ever earned any money using the name Nationstar?
- A. No, I don't.
- Q. You don't know?
- A. No.
- Q. So you don't know whether he's ever actually conducted any commercial activity using the name Nationstar?
- A. I don't know.
- Q. Do you know whether he has any employees?
- A. I don't.
- Q. Is there anything else that you know about his Nationstar business that you haven't explained yet?
- A. Like what?
- Q. Like whether it's ever done any business?

- A. That's his personal, I have no idea.
- Q. You don't know whether they've ever done any business?
- A. Yes, I don't know.<sup>134</sup>

**C. Opposer's Rebuttal Witness**

After going through its testimony period with the understanding that the filing basis of the opposed application had been amended to Section 1(b), Opposer was surprised by the renewed assertions in Applicant's testimony depositions that Applicant had in fact been using the Nationstar name since 2005. In rebuttal to those assertions, Opposer presented the expert opinion of John Socknat, a partner in the Washington, D.C. office of the law firm Patton Boggs LLP, who specializes in legal and regulatory issues associated with mortgage banking, financial services and products, and banking and financial institutions.<sup>135</sup> Based on his review of the testimony and exhibits, Mr. Socknat offered his opinion that:

(1) In the absence of a fictitious name registration, any use of "Nationstar" by Applicant as all or part of a trade name for any commercial services offered and rendered at any time prior to the Certificate of Incorporation of Nationstar Mortgage Inc. dated May 19, 2006, would have been a violation of Va. Code, § 59.1-69, punishable by a fine of up to \$2,500 and confinement in jail for up to one year pursuant to Va. Code §59.1-75.

(2) In the absence of a real estate license referencing the name "Nationstar," any use of that name by Applicant in Virginia as all or part of a trade name for real estate agency services, at any time up until and including the present, would have been, and would now be, a

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<sup>134</sup> Testimony Deposition of Zulfikhar Sharieff (Cross Examination, September 22, 2010), appended hereto as Exhibit 27, Tr. at 68-69.

<sup>135</sup> See Exhibit 9a to Testimony Deposition of John D. Socknat, appended hereto as Exhibit 30.

violation of Virginia Code § 54.1-2106.1, punishable by a fine of up to \$1,000 per occurrence, pursuant to Va. Code § 54.1-2105.2.

(3) Prior to his receipt of a mortgage brokerage license referencing the name "Nationstar" on October 26, 2006, any use of that name by application in Virginia as all or part of a trade name for mortgage brokerage services would have been a class 6 felony, punishable by a fine of up to \$2,500 and confinement in jail for up to 12 months pursuant to Va. Code § 6.1-429, as well as subjecting Mr. Ahmad to civil money penalties of up to \$2,500 per occurrence pursuant to Va. Code § 6.1-428.

(4) Any use of "Nationstar" by Mr. Ahmad in Maryland or the District of Columbia as all or part of a trade name prior to the filing date of the opposed application would have been a violation of analogous statutes in those jurisdictions.

### **III. Argument**

The evidence is clear and convincing that Applicant is committing a fraud on the PTO; that he never used the opposed mark in commerce or had any bona fide intent to do so; that he fabricated a business card and advertising flier in support of a knowingly false declaration submitted in support of the opposed application; that he fabricated additional documents purporting to show actual use of the opposed mark and introduced them as exhibits to his testimony deposition; that he testified falsely at his testimony deposition that he had used the opposed mark in commerce; and that he importuned two witnesses to support that story. The timing of events, in particular the filing of the opposed application several days after receiving an offer to purchase two unused domain names incorporating the disputed mark, at a time when Opposer's use of its new name had already become public and could be confirmed by a simple Internet search, under all the circumstances, leaves no doubt that Applicant filed the opposed

application for the exclusive purpose of capturing a windfall profit at Opposer's expense by reserving a mark in which he had no legitimate interest.

The Board, however, need not reach a finding of fraud in order to sustain this opposition, because there is no competent evidence that Applicant ever used the mark or had any intention to do so at any relevant time. As to the documentary evidence, Applicant was unable to testify where, when, and by whom such documents were created. In the absence of authentication, those documents are inadmissible on the issue of actual use and, as relates to the bona fide nature of Applicant's intent to use the opposed mark, they are the equivalent of no evidence whatsoever. Assuming that Applicant did not revive the Section 1(a) filing basis of his claim by testifying to prior commercial use in his testimony deposition, and that the issue before the Board is whether Applicant had a bona fide intent to use the disputed mark at the time he filed the opposed application, the Board should therefore sustain the opposition on the grounds that there is no evidence of any such intent.

Ultimately, even assuming that Applicant had a bona fide intent to use the Nationstar name as of April 20, 2006, the date when the opposed application was filed, Opposer is entitled to an earlier priority date on the basis of substantial public pre-sales activity beginning on March 31, 2006, which involved widespread exposure of the Nationstar name to Opposer's customers. Therefore, even if Applicant's evidence is credited in its entirety, Opposer is nevertheless entitled to judgment on the grounds of priority and likelihood of confusion.

#### **A. Fraud**

Fraud in procuring a trademark registration occurs when an Applicant knowingly makes false, material representations of fact in connection with his application.<sup>136</sup> Statements regarding

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<sup>136</sup> *In re Bose Corp.*, 580 F.3d 1240, 1243, 91 USPQ2d 1938, 1939 (Fed. Cir. 2009); *Torres v. Cantine Torresella S.r.l.*, 808 F.2d 46, 48, 1 USPQ2d 1483, 1484 (Fed.Cir.1986).

the use of the mark on goods and services are material to issuance of a registration covering such goods and services.<sup>137</sup> A party making a fraud claim is under a heavy burden because fraud must be proved to the hilt with clear and convincing evidence, leaving nothing to speculation, conjecture, or surmise. Any doubt must be resolved against the party making the claim.<sup>138</sup>

Even allowing for the rigorous standard of proof, the evidence is clear and convincing that Applicant knowingly:

- rendered a false misrepresentation in his original application by alleging first use of the opposed mark in April 2005;
- perpetuated that false statement by fabricating documents for use as specimens in support of the opposed application;
- failed to withdraw or repudiate this false evidence at any time during the proceeding despite his subsequent engagement of counsel and amendment to the filing basis of the application, instead perpetuating such fraud by means of renewed assertions throughout his testimony deposition;<sup>139</sup>
- introduced additional falsified documents as evidence in his testimony deposition on June 9, 2010, namely, business cards, postcards, advertising fliers, and direct mail solicitations; and
- testified falsely at his testimony deposition that these documents were in existence and used by Applicant in 2005.

The record leaves no doubt that Applicant fabricated and post-dated his evidence of prior use on his home computer to support a false claim that he had used "Nationstar" as a trade name

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<sup>137</sup> *Hachette Filipacchi Presse v. Elle Belle, LLC*, 85 USPQ2d 1090, 1093 (TTAB 2007); *Hurley International LLC v. Volta*, 82 USPQ2d 1339, 1344, 1346 (TTAB 2007); *Standard Knitting, Ltd. v. Toyota Jidosha Kabushiki Kaisha*, 77 USPQ2d 1917, 1919, 1926-28 (TTAB 2006); *First International Services Corp. v. Chuckles Inc.*, 5 USPQ2d 1628, 1634-35 (TTAB 1988).

<sup>138</sup> *Sinclair Oil Corp. v. Sumatra Kendrick*, 85 USPQ2d 1032, 1035 (TTAB 2007).

<sup>139</sup> “A person can commit fraud upon the [USPTO] by willfully failing to correct his or her own misrepresentation, even if originally innocent, as long as that person subsequently learns of the misrepresentation, and knows that the Office has relied upon that misrepresentation in conferring a substantive benefit upon that person to which the person knows it is not entitled.” *Space Base Inc. v. Stadis Corp.*, 17 USPQ2d 1216, 1219 (TTAB 1990).

and service mark, and/or intended to do so prior to his receipt of letters from Opposer's counsel dated April 11 and 18, 2006. No other conclusion is possible in light of multiple critical defects in his testimony and evidence including but not limited to the following:

(1) He was unable to say who created the documents that he submitted to show use of the opposed. mark. His testimony that he created some of the documents and that others were created by a print shop is fundamentally lacking in credibility. If he had the capability to produce some of them at home, then there is a compelling inference that he would have created all of them at home.

(2) He was unable to say where the documents were created. The printing shop where some of the materials were allegedly produced was either in Alexandria or Arlington; he could not remember. Considering the pivotal character of this evidence in the context of Opposer's fraud allegations, Applicant's inability to answer this question is striking. Most telling of all was his failure to identify the computer on which he created some or all of these materials. Common sense mandates a finding that Applicant knows exactly where, when and how these documents were created.

(3) He was unable to substantiate his testimony about when the documents were created. Although he maintains that he created them in 2005, he was blithely ignorant about whether he had purchased a new computer within the last five or even ten years, and whether such purchase would have affected his ability to access documents allegedly created in 2005. Applicant's inability to establish who created these documents, where they were created, and when they were created represents a total failure of authentication in respect to the central evidence in this case. *See Doctor Vinyl & Associates v. Repair-It Industries, Inc.*, 220 USPQ 639 (TTAB 1983).

In *Doctor Vinyl*, the Board was confronted with similar facts. The applicant's evidence of prior use consisted of similarly "dummied up" advertising fliers fabricated by the applicant and introduced during the applicant's testimony deposition. Each of the documents in question was a "plain eight and one-half by eleven sheet containing advertising copy concerning one or more DOCTOR VINYL products, a picture of the package(s) for the advertised product(s), and a copyright notice in the bottom right hand corner[.]" 220 USPQ at 642. After examining the applicant's testimony in detail, the Board concluded:

The falsity of the four documents is established by the fact that, whereas presented and identified by Speer as having been produced and dated in the years 1971, . . . 1973 and 1973, respectively, the documents could not have been fabricated until a much later date[.]

220 USPQ at 644. The Board stated, "In view of our conclusion regarding the falsity of the testimony and documents offered by Speer as discussed above, we treat the balance of Speer's testimony purporting to show use prior to 1977 as having no credibility whatsoever." *Id.* at 645.

There is no dispute about whether Applicant falsely claimed actual use in the application that he filed on April 20, 2006. The application sets forth a laundry list of services, none of which Applicant was even providing, much less under the name "Nationstar":

- real estate brokerage;<sup>140</sup>
- rental of real estate;
- real estate management services, namely, management of commercial and residential properties;
- real estate investment; residential and commercial property and insurance brokerage; mortgage brokerage; and
- business finance procurement services.

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<sup>140</sup> Applicant concedes that he is "not a real estate broker." *See* Testimony Deposition of Mujahid Ahmad, Exhibit 13 hereto, Tr. at 67.

Applicant's fraud as to any of the services listed above compels a finding that the entire application is void.<sup>141</sup>

As there is no testimony or evidence that Applicant has used the opposed mark for any of the services listed in the original application, either at the time of the first-use date alleged in the application or any other time, there is no question that the claim of first use in the application was false.

Moreover, a finding to the contrary is precluded on grounds of public policy because, as attested by John D. Socknat, Opposer's expert, such use would have been unlawful in the absence of regulatory authority which Applicant never sought until after the filing date of the opposed registration. Section 45 of the Federal Trademark Act of 1946, as amended (the "Lanham Act"), defines "use in commerce" as a bona fide use of a mark in the ordinary course of trade." 15 U.S.C. § 1127. It has been the consistent position of the Board and the PTO that a *bona fide* use of a mark in commerce means a "lawful use in commerce."<sup>142</sup> Use in commerce that is unlawful - or, as in this case, use which would have been unlawful had it occurred - cannot give rise to trademark priority.<sup>143</sup>

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<sup>141</sup> See *Herbaceuticals Inc. v. Xel Herbaceuticals*, 86 USPQ2d 1572, 1577 (TTAB 2008); *Hachette Filipacchi Presse v. Elle Belle LLC*, 85 USPQ2d 1090, 1095 (TTAB 2007); *Sinclair Oil Corp. v. Kendrick*, 85 USPQ2d 1032, 1037 (TTAB 2007); *Hurley Int'l LLC v. Volta*, 82 USPQ2d 1339, 1344 (TTAB 2007); *Standard Knitting Ltd. v. Toyota Jidosha Kabushiki Kaisha*, 77 USPQ2d 1917, 1928 (TTAB 2006).

<sup>142</sup> See *In re Midwest Tennis & Track Co.*, 29 USPQ2d 1386, 1386 n. 2 (TTAB 1993); *The Clorox Company v. Armour-Dial, Inc.*, 214 USPQ 850, 851 (TTAB 1982); *The John W. Carson Foundation v. Toilets.com, Inc.*, 94 USPQ2d 1942, 2010 WL 1233881, \*9 (TTAB 2010).

<sup>143</sup> The rationale for this rule is twofold. First, as a logical matter, to hold otherwise would be to put the government in the "anomalous position" of extending the benefits of trademark protection to a seller based upon actions the seller took in violation of that government's own laws. See *In re Stellar*, 159 USPQ at 51. It is doubtful that the trademark statute - passed pursuant to Congress's power under the Commerce Clause - "was ... intended to recognize ... shipments in commerce in contravention of other regulatory acts promulgated [by Congress] under [that same constitutional provision]." *Id.* Second, as a policy matter, "to give trademark priority to a seller who rushes to market without taking care to carefully comply with the relevant regulations would be to reward the hasty at the expense of the diligent." *Creagri, id.* If, therefore, as Opposer contends, applicant effectively converted the basis of the opposed application to Section 1(a) by adhering to his testimony of first use, then the opposition should be sustained on the ground that such use, had it actually occurred, would have been

In the absence of any dispute about the *falsity* of the original application, the only issue in the present case is whether Applicant's false declaration - and the false statements that followed it - were *knowingly* false. This question goes to Applicant's state of mind, which is peculiarly and exclusively accessible to the Applicant. However, fraud is rarely proven directly, and may therefore be inferred through circumstantial evidence.<sup>144</sup> "Since direct evidence of intent is almost never available, circumstantial evidence is usually the evidentiary basis for proving fraudulent intent of the defendant."<sup>145</sup> "That is, the actions of defendant speak louder than his words denying any intent to deceive people."<sup>146</sup> This is not unusual, "for even in criminal law, intent is rarely susceptible of direct proof and usually must be inferred from circumstantial evidence of defendant's conduct."<sup>147</sup>

If all the Board had to go on, in determining whether to find fraud in this case, were the contradictory and preposterous statements by Applicant and his witnesses, or their inability to

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unlawful. *Creagri, Inc. v. Usana Health Sciences, Inc.*, 474 F.3d 626, 630, 81 USPQ2d 1592, 1595 (9th Cir. 2007) (citing *In re Midwest Tennis & Track Co.*, 29 USPQ2d 1386, 1386 n. 2 (1993); *Clorox Co. v. Armour-Dial, Inc.*, *supra*; *In re Pepcom Indus., Inc.*, 192 USPQ 400, 401 (1976); *In re Stellar Int'l, Inc.*, 159 USPQ 48, 51 (1968); *United Phosphorus, Ltd. v. Midland Fumigant, Inc.*, 205 F.3d 1219, 1225 (10th Cir. 2000)).

<sup>144</sup> *Dallas Cowboys Football Club, Ltd. v. America's Team Properties, Inc.*, 616 F. Supp. 2d 622, 625, 92 USPQ2d 1325, 1339 (N.D.Tex. 2009).

<sup>145</sup> 4 McCarthy on Trademarks and Unfair Competition § 23:113 (4th ed. 2009); *Jellibeans, Inc. v. Skating Clubs of Georgia, Inc.*, 212 USPQ 170, 176 (N.D. Ga. 1981) *aff'd*, 716 F.2d 833, 222 USPQ 10 (11th Cir. 1983) ("Since improper motive is rarely, if ever, admitted ... the court can only infer bad intent from the facts and circumstances in evidence.")

<sup>146</sup> McCarthy, *id.*

<sup>147</sup> *Id.* Intent to deceive is a state of mind where a party makes a misrepresentation with knowledge of its falsity. *Clontech Laboratories, Inc. v. Invitrogen Corp.*, 406 F.3d 1347, 1352, 74 USPQ2d 1598, 1602

(Fed Cir. 2005). It arises when "a party acts with sufficient knowledge that what it is saying is not so and consequently that the recipient of its saying will be misled into thinking that the statement is true." *Id.* (quoting *Seven Cases of Eckman's Alternative v. United States*, 239 U.S. 510, 517-18, 36 S.Ct. 190, 60 L.Ed. 411 (1916)). "Intent to deceive ... is established in law by objective criteria." *Id.* Thus, " 'the fact of misrepresentation coupled with proof that the party making it had knowledge of its falsity is enough to warrant drawing the inference that there was a fraudulent intent.' " *Id.* (quoting *Norton v. Curtiss*, 57 CCPA 1384, 433 F.2d 779, 795-96 (CCPA 1970)).

authenticate Applicant's documents and otherwise substantiate Applicant's testimony, it would be one thing. However, there is also compelling evidence of Applicant's motive to commit fraud, namely, the letters that he received from Opposer's counsel dated April 11 and 18, 2006, in the context of the highly public pre-sales activity in which Opposer was engaged at that exact time. Upon receipt of these letters, Applicant perceived an opportunity to capture a windfall profit at Opposer's expense.

By the time he received these letters, Opposer had modified its website, and the change of its name from Centex Home Equity to Nationstar Mortgage was entirely public and accessible to Applicant. Applicant obviously rushed to the PTO to file a service mark application for the exclusive purpose of reserving rights in a mark he had never used and never intended to use.

The testimony depositions of Applicant and his witnesses, in the context of Applicant's motive to commit fraud, make it clear that Applicant fabricated and post-dated his evidence of prior use on his home computer and importuned his colleagues Messrs. Hussain and Sharieff to testify that they remembered him doing business as "Nationstar" in 2005. The evidence is clear and convincing that the opposed application, submitted on April 20, 2006, was filed for the exclusive purpose of obtaining a windfall profit at Opposer's expense based on Applicant's prior ownership of two domain names - NATIONSTARMORTGAGE.COM and NATIONSTARMORTGAGE.NET - among multiple others that Applicant had never used for the offer or sale of any good or service. Applicant had every motive to do this in view of the public pre-sales activity in which Opposer was engaged, which was fully available to Applicant, especially upon his receipt of an offer from Opposer's counsel to purchase those domain names. The contradictory and unbelievable statements by Applicant and his witnesses leave no room for a benign interpretation regarding the provenance of Applicant's evidence, even for a fact finder

that was not present to observe the contumacious demeanor of these individuals. Mindful of the interlocutory attorney's concern about the gravity of Opposer's allegations, Opposer has called the facts as they are and urges the Board to do the same.

## **B. Bona Fide Intent**

The Trademark Law Revision Act of 1988<sup>148</sup> amended the Lanham Act to permit the filing of a trademark application based on an intent to use the mark in commerce.<sup>149</sup> The 1988 Act also eliminated that "token use" artifice that U.S. case law had developed in order to lessen the burden of commencing use of a mark in commerce prior to securing a right to its registration."<sup>150</sup> Section 1(b) accordingly provides in relevant part:

(b) Application for bona fide intention to use trademark

(1) A person who has a bona fide intention, *under circumstances showing the good faith of such person*, to use a trademark in commerce may request registration of its trademark.

15 U.S.C. § 1051(b)(1)(emphasis added).

The term "bona fide" in Section 1(b) is meant to eliminate the ability to rely on "token use" as a means of securing trademark rights, "and to require, based on an objective view of the circumstances, a good faith intention to eventually use the mark in a real and legitimate commercial sense."<sup>151</sup> The applicant's bona fide intent is to be measured by "objective," rather

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<sup>148</sup> Pub. L. No. 100-667, 102 Stat. 3935 (Nov. 16, 1988).

<sup>149</sup> Lanham Act, Section 1(b), 15 U.S.C. § 1051(b).

<sup>150</sup> H.R. Rep. No. 100-1028, at 8-9 (1988); Edelman, *Proving your Bona Fides - Establishing Bona Fide Intent to Use under the U.S. Trademark (Lanham) Act*, 99 TMR 763, 764 n. 9 (2009).

<sup>151</sup> *Id.* (emphasis added).

than subjective factors.<sup>152</sup> Objective factors include "real life facts measured by the actions of the applicant, not by the applicant's later arguments about [its] subjective state of mind."<sup>153</sup>

In the present case, objective factors evincing a bona fide intent to use the opposed mark might have included an application to register "Nationstar" as a fictitious trade name, or applications to relevant regulatory agencies for a license to engage in real estate agency services or mortgage brokerage services under the name "Nationstar." None of these actions or any others were undertaken by Applicant during the relevant period. There is no documentary evidence whatsoever, and no testimony about any actions taken by Applicant whatsoever - except for the registration of domain names incorporating "Nationstar," to support Applicant's claim of good faith intent to use the opposed mark

The "mere statement of subjective intention, without more, [is] insufficient to establish Applicant's bona fide intention to use the mark in commerce."<sup>154</sup> This is particular true in the present case, where the evidence shows that the Applicant, while he may have been a licensed real estate salesperson, never had the capability to engage in mortgage lending and was "trafficking in trademarks, *i.e.*, reserving what he perceived to be desirable names with the intent to sell or license them to others."<sup>155</sup> Evidence bearing on intent

is "objective" in the sense that it is evidence in the form of real life facts and by the actions of the applicant, not by the applicant's testimony as to its subjective state of mind. That is, Congress did not intend the issue to be resolved simply by an officer of applicant

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<sup>152</sup> H.R. Rep. No. 100-1028, at 23.

<sup>153</sup> Edelman, *supra*, 99 TMR at 766 (citing *Intel Corp. v. Emeny*, No. 91123312, 2007 WL 1520948, at n. 7 (TTAB May 15, 2007)).

<sup>154</sup> *Lane Ltd. v. Jackson Int'l Trading Co.*, 33 USPQ2d 1351, 1355 (TTAB 1994).

<sup>155</sup> *Caesars World, Inc. v. Milanian*, 247 F. Supp. 2d 1171, 1192 (D. Nev. 2003). *Accord, L.C. Licensing Inc. v. Berman*, 86 USPQ2d 1883, 1890-91 (TTAB 2008); *Saul Zaentz Company v. Bumb*, 95 USPQ2d 1723, 1726, 1728-30 (TTAB 2010). "[A]pplicant's mere statement that it intends to use the mark, and its denial that it lacked a bona fide intent, do not establish, in fact, that it had a bona fide intent to use the mark in commerce when it filed the involved application." *Research in Motion Ltd. v. NBOR Corp.*, 92 USPQ 1926, 1931 (TTAB 2008).

later testifying, "Yes, indeed, at the time we filed that application, I did truly intend to use the mark at some time in the future."<sup>156</sup>

Even under the most benign interpretation of Applicant's conduct, the evidence compels a finding that Applicant never intended to use the opposed mark in commerce until he received letters from opposing counsel offering to purchase his two unused domain names - NATIONSTARMORTGAGE.COM and NATIONSTARMORTGAGE.NET. To allow an application in the face of such evidence would violate the Trademark Law Revision Act of 1988, which prohibits the issuance of a trademark registration based on an application filed for no purpose other than to reserve rights in a mark.<sup>157</sup>

In summary, even assuming that Applicant's evidence was not "dummied up" for use in this proceeding, such self-serving and unverifiable evidence of "token use" cannot support a claim of bona fide intent where, as here, it is contradicted by compelling evidence consisting of (1) Applicant's registration of multiple domain names including but not limited to NATIONSTARMORTGAGE.COM and NATIONSTARMORTGAGE.NET; (2) Applicant's failure to apply for any license, obtain a fictitious trade name registration, set up a website, list the name of his alleged company in the telephone directory, or undertaken any other preparatory activity prior to the date of the opposed application; (3) Applicant's refusal of at least \$30,000 in remuneration for the assignment of his claim despite the absence of any commercial value to his alleged mark; and (4) the juxtaposition in time between the letters to Applicant from Opposer's counsel and the filing date of the opposed application, all compounded by (5) an obvious lack of credibility in the testimony of Applicant and his witnesses.

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<sup>156</sup> McCarthy, *McCarthy on Trademarks and Unfair Competition*, § 19:14 (4th ed. 2009).

<sup>157</sup> *The Saul Zaentz Company v. Bumb*, 95 USPQ2d 1723, 1726 (TTAB 2010), *Commodore Electronics Ltd. v. CBM Kabushiki Kaisha*, 26 USPQ2d 1503, 1507 (TTAB 1993)).

## 1. Applicant's Registration of Multiple Unused Domain Names

As noted above, Applicant owns, or has owned, multiple domain names which he has never used for the offer or sale of any good or service.<sup>158</sup> Among these domain names are NATIONSTARMORTGAGE.COM and NATIONSTARMORTGAGE.NET. Applicant's failure to use these domain names for the offer or sale of any good or service not only rebuts a finding of "good faith" in respect to his ownership of those names, but is evidence of "bad faith" under the Anticybersquatting Consumer Protection Act ("ACPA"), Pub. L. No. 106-113, 113 Stat. 1501 (1999), codified at Section 43(d) of the Lanham Act, 15 U.S.C. § 1125(d), which provides in relevant part:

In determining whether a person has a bad faith intent described under subparagraph (A), a court may consider factors such as, but not limited to--

- (III) the person's prior use, if any, of the domain name in connection with the bona fide offering of any goods or services;<sup>159</sup>

Lanham Act, Section 43(d)(1)(B)(i)(III), 15 U.S.C. § 1125(d)(1)(B)(i)(III).

## 2. Absence of Objective Evidence

The Board has held that "the absence of any documents evidencing the Applicant's claimed intention to use its mark maybe sufficient to constitute objective proof of a lack of a bona fide intention to use." *Commodore Electronics Ltd. v. CBM Kabushiki Kaisha*, 26 USPQ2d 1503, 1506 (TTAB 1993).

[A]bsent other facts which adequately explain or outweigh the failure of an applicant to have any documents supportive of or bearing upon its claimed intent to use its mark in commerce, the absence of any documentary evidence on the part of the applicant

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<sup>158</sup> See Stipulation Regarding Domain Names, appended hereto as Exhibit 12.

<sup>159</sup> The parties have stipulated that Applicant had never used NATIONSTARMORTGAGE.COM or NATIONSTARMORTGAGE.NET, at the time of the opposed application, *see* Exhibit 12 hereto, and the evidence is clear and convincing that those domain names have not been so used to date.

regarding such intent is sufficient to prove that the applicant lacks a bona fide intention to use its mark in commerce as required by Section 1(b).

*Id.* at 1507.<sup>160</sup>

In the present case, there is no evidence that Applicant, at any time prior to the opposed application, applied for any license necessary for him to use the Nationstar name in connection with real estate and mortgage brokerage, obtained a fictitious trade name registration, incorporated any legal entity, set up any website, listed the name of his alleged company in the telephone directory, or undertake any other preparatory action.

With the exception of the spurious advertising and business cards presented by Applicant, there is no documentary evidence in the record to support Applicant's allegation of good faith intent to use the Nationstar mark at the time he filed the opposed application. Even assuming that these items were not "dummied up" by Applicant and post-dated for use in this proceeding, they are exactly the kind of "token use" that is insufficient to secure trademark rights. They are in stark contradiction to "an objective view of the circumstances," which excludes a finding that Applicant had "a good faith intention to eventually use the mark *in a real and legitimate commercial sense*."<sup>161</sup>

### **3. Refusal to Settle in Good Faith**

The unreasonable position of a party in settlement communications may be construed by the finder of fact as evidence of bad faith. *Bright Beginnings, Inc. v. Care Comm, Inc.*, 78 F.3d 592, (9th Cir. 1996). It is undisputed that Applicant rejected an offer of \$30,000 to settle this opposition and relinquish any claim to the disputed mark, despite the lack of objective evidence

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<sup>160</sup> *Accord*, Edelman, *supra*, 99 TMR at 779 (citing *Discovery Communications, Inc. v. Cooper*, No. 109154, 2000 TTAB LEXIS 185 (TTAB Mar. 29, 2000); *Pfizer v. Hamerslag*, No. 118181, 2001 WL 1182865 (TTAB Sept. 27, 2001); and *Imedical Corp. v. Medical Health Plans*, No. 92043288, 2007 WL 1697344 (TTAB June 7, 2007)).

<sup>161</sup> *Id.* (emphasis added).

that the mark has or ever had any value to him other than as a coercive means to extract a windfall profit at Opposer's expense.

#### **4. Timing of Events**

Obviously it is not a coincidence that Applicant filed the opposed application nine days after receiving the first offer from Opposer's counsel to purchase his domain names and two days after receiving the second offer. As a matter of evidence, it is difficult if not impossible to see the timing of these actions as merely coincidental. If the evidence to the contrary were not otherwise compelling, the Board could find that Applicant had some justification for rushing to the trademark office to plant his flag and prevent Opposer from establishing priority in the Nationstar mark. However, there is no evidence of any such justification in this case.

#### **5. Credibility**

The testimony and exhibits introduced by Applicant in this case are fundamentally lacking in credibility. The extent of prevarication, contradictions and preposterous assertions rendered by Applicant and his two friends is plainly apparent from a perusal of the transcripts and reflected in the excerpts presented above.

#### **C. Priority**

While the preparatory use of a name in steps preliminary to establishing a business does not establish a priority date,<sup>162</sup> Opposer was already in business before the priority date of the opposed application making an aggressive and highly public use of the Nationstar name in pre-sales activities directed at Opposer's class of customers. Such activities included customer surveys, revisions to Opposer's website, and changes in Opposer's Yellow Pages and other advertising. *See* Testimony Deposition of Steven L. Hess, Tr. at 12 - 17. In addition, the banks

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<sup>162</sup> 2 McCarthy on Trademarks and Unfair Competition § 16:12 (4th ed. 2009).

and other lenders with whom Opposer had referral relationships, *i.e.*, Opposer's customers, all received announcements of Opposer's name change prior to the filing date of the opposed application, as did the thousands of active brokers from whom Opposer was purchasing loans.

For purposes of priority, pre-sales publicity such as the activities of Opposer in this case between March 31, and April 20, 2006 are sufficient to prove priority over a rival user.<sup>163</sup> As the Second Circuit observed, “the concept of priority in the law of trademarks is applied not in its calendar sense but on the basis of the equities involved.”<sup>164</sup> Courts have thus awarded priority to a party who was first to make a public sales solicitation or advertisement under the mark as against another who was first to make actual sales.

For example, in *Washington Mint, Inc. v. Washington Mint, Inc.*, 349 F. Supp. 255, 176 USPQ 251 (S.D.N.Y. 1972), the parties made a coincidental, almost simultaneous start of almost identical marks on almost identical goods. While the defendant made the first shipment of goods to a customer twenty-eight days before the plaintiff did, the plaintiff was first to advertise and solicit orders. In addition, the plaintiff obtained binding orders two months before the defendant's first actual shipment. The court held that the plaintiff's priority was proven by its being first to solicit and accept orders, even though it did not fill them until after defendant's first sale. That is exactly what Opposer was doing when it changed its Yellow Pages and other advertising, modified its website, and announced its name change to banks with which it had a referral relationship in addition to more than 5,000 brokers from which it was engaged in the purchase of loans. *Accord, Sunbeam Corp. v. Merit Enterprises, Inc.*, 451 F. Supp. 571, 574-75,

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<sup>163</sup> 2 McCarthy on Trademarks and Unfair Competition § 16:13 (4th ed. 2009).

<sup>164</sup> *Chandon Champagne Corp. v. San Marino Wine Corp.*, 335 F.2d 531, 534, 142 USPQ 239, 242 (2d Cir. 1964).

203 USPQ 494, 496 (S.D.N.Y. 1978) (first use established by transportation of product for sales presentation resulting in an order).

Relying on *Washington Mint*, the Ninth Circuit has held that pre-sales publicity and solicitation of orders can result in a “totality” of acts which “create an association of the goods or services and the mark with the user thereof.”<sup>165</sup> In the *NEW WEST* case, the parties, apparently in ignorance of each other, both chose *NEW WEST* as the mark for a new magazine. The defendant was first to achieve public recognition of the mark by mailing a dummy issue to advertising agencies to solicit advertising, by announcing its intentions in a press release, and by a 430,000 piece mail solicitation of subscribers. The plaintiff, upon learning of this, then rushed to the newsstands 500 copies of its “preview edition,” originally intended to be shown only to potential advertisers, but accelerated to be the first on the newsstands as a *NEW WEST* magazine. By that date, the defendant had received orders for almost 14,000 subscriptions. Four days after sales of the plaintiff’s “preview edition,” the defendant published and sold 10,000 copies of its “inaugural edition” and continued publication to the date of trial, achieving 150,000 subscribers. The plaintiff only published its “preview edition” and one regular edition and then ceased publication. Based on the totality of facts, the Ninth Circuit held that the defendant had

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<sup>165</sup> *New West Corp. v. NYM Co. of California, Inc.*, 595 F.2d 1194, 1200, 202 USPQ 643, 648 (9th Cir. 1979). See also *Chance v. Pac-Tel Teletrac Inc.*, 242 F.3d 1151, 1158, 58 USPQ2d 1222, 1228 (9th Cir. 2001) (In *New West*, “we determined that, although mere advertising by itself may not establish priority of use, advertising combined with other non-sales activity is sufficient to establish use in commerce.”). *Accord, Unisplay S.A. v. American Elec. Sign Co.*, 28 USPQ.2d 1721, 1729 (E.D. Wash. 1993), *aff’d*, 69 F.3d 512, 36 USPQ.2d 1540 (Fed. Cir. 1995) (“The court concludes *New West* stands for the proposition that sales are not required for use sufficient to create rights in a trademark.” While plaintiff obtained priority by shipping a prototype to the U.S. for demonstration at a trade show, plaintiff’s case fails for failure to prove secondary meaning in the descriptive term *SOLAR GLO* for signs illuminated by sunlight.); *Marvel Comics v. Defiant*, 837 F. Supp. 546, 548-49, 28 USPQ2d 1794, 1796 (S.D.N.Y. 1993) (pre-sales announcement of new comic book series was held sufficient to withstand motion to dismiss); *Cascades of Levitt Homes Inc. v. Cascades of Sabatello Development Corp.*, 43 USPQ2d 1920, 1925 (S.D. Fla. 1997) (Real estate developer established priority of use by using the mark *CASCADES* on two on-site billboards reading “The Cascades—Coming Soon.” “By the time the development opened in October, 1996, [the senior user’s] advertising and reputation in the community had created a pent up demand among home purchasers to buy a home at [the senior user’s] ‘The Cascades.’ ”).

priority because of its promotion and sales solicitation prior to the plaintiff's "preview edition," which the court inferred was not a "real" magazine, but only a demonstrator which was rushed to market to try to preempt the defendant.

Holding that it is not necessary to make a sale to establish priority, the Sixth Circuit has similarly held that first use of a mark by an employment agency in soliciting potential employers was sufficient to establish a priority date even though no employee was placed and no revenue was generated.<sup>166</sup>

In 2001, the Ninth Circuit held that its NEW WEST approach to determining priority would be known as "the totality of the circumstances" rule and was to be applied to both trademarks and service marks.<sup>167</sup> The factors to be surveyed in making a "totality of the circumstances" analysis include:

- the genuineness and commercial character of the pre-sales activity;
- whether the pre-sales activity used the designation in a sufficiently public manner to identify and distinguish the goods or services to the appropriate segment of the public;
- the scope of the pre-sale activity as compared to a commercially reasonable attempt to market the goods or services
- the degree of continued use of the designation as a mark in actual sales flowing from the pre-sales activity; and
- the amount of business transacted following the pre-sales activity.

Some courts have attempted to resolve close cases by emphasizing the inequity of the senior user who rushes to market with a less-than-bona-fide first sale in an attempt to preempt a

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<sup>166</sup> *Brookfield Communications, Inc. v. West Coast Entertainment Corp.*, 174 F.3d 1036, 1053, 50 USPQ2d 1545, 1556 (9th Cir. 1999)(while pre-sales preparatory use in reserving a domain name and in e-mail correspondence with lawyers and potential customers was not sufficient public to establish priority, the first use date was found to be the date when the party made a "widespread and public announcement about the imminent launch of its web site").

<sup>167</sup> *Chance v. Pac-Tel Teletrac Inc.*, 242 F.3d 1151, 1159, 58 USPQ2d 1222, 1228 (9th Cir. 2001).

competitor who is about to make first sales.<sup>168</sup> In such cases, the courts are willing to find that a party who has made public announcements of an impending launch of a new product or service with a new name had established common law rights superior to the free rider who rushes in to make a preemptive sale.<sup>169</sup>

The present case is much stronger in favor of Opposer, because Applicant in the present case did not rush to market with a first sale. Applicant has never, to date, rendered a sale of any product or service under the Nationstar name. Applicant instead rushed to the PTO to file a trademark application based on a fraudulent claim of first use, which he subsequently amended to allege a bona fide intent to use. "[C]ourts . . . treat the free rider who rushes in to make a preemptive ITU filing in much the same way as the free rider who rushes in with preemptive sales."<sup>170</sup>

For example, for many years the CAESARS PALACE hotel and casino in Las Vegas had used Roman-related (and unregistered) names to indicate various venues within the casino complex, such as the CIRCUS MAXIMUS showroom and the COLOSSEUM convention center. Caesars Palace announced in 2001 that it would build a 4000 seat theater connected to the hotel-casino, to be called THE COLOSSEUM AT CAESARS PALACE. Two weeks after the announcement, defendant filed an ITU application to register THE COLLOSSEUM for business management of resort hotels and casinos. The court struck down the ITU filing as made in bad

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<sup>168</sup> See, e.g., *Stern Electronics, Inc. v. Kaufman*, 669 F.2d 852, 857, 213 USPQ 443, 446-47 (2d Cir. 1982); *O'Connor & Gordon, Inc. v. Handicraft Publications, Inc.*, 206 Misc. 1087, 1089-90, 136 N.Y.S.2d 558, 560-61, 103 USPQ 251, 252 (1954), *aff'd*, 286 A.D. 809, 143 N.Y.S.2d 620 (1955).

<sup>169</sup> See, e.g., *Maryland Stadium Authority v. Becker*, 806 F. Supp. 1236, 1241, 25 USPQ2d 1469, 1471-72 (D. Md. 1992), *aff'd*, 36 F.3d 1093 (4th Cir. 1994) (Builder and operator of CAMDEN YARDS, a new baseball stadium in Baltimore, announced the project and its possible name in 1988 and the stadium opened in 1992, although the name did not become official until October, 1991. Defendant in July, 1991, began selling T-shirts with the stadium name on them. The court enjoined defendant, finding that by July, 1991, the builder's pre-opening promotion and media coverage "had conferred a secondary meaning upon the name Camden Yards.").

<sup>170</sup> McCarthy, *supra*, § 16:13.

faith, finding that defendant had a "pattern of registering marks for which he has no legitimate use but for the sole purpose of interfering with the rights of others."<sup>171</sup>

In summary, regardless of whether Applicant had a bona fide intent to use the Nationstar name at the time he filed the opposed application on April 20, 2006, Opposer is entitled to an earlier priority date, as early as March 31, 2006, and by all means prior to April 20, 2006, based on the extensive and highly public pre-sales activities undertaken by Opposer and directed to Opposer's class of customers.

#### **D. Likelihood of Confusion**

Inasmuch as Opposer is entitled to a priority date that precedes the filing date of the opposed application, the only remaining question is whether Applicant's mark is likely to be confused with Opposer's marks. In determining whether confusion is likely, the following evidence, when of record, must be considered:

- (1) The similarity or dissimilarity of the marks in their entireties as to appearance, sound, connotation and commercial impression.
- (2) The similarity or dissimilarity and nature of the goods or services as described in an application or registration or in connection with which a prior mark is in use.
- (3) The similarity or dissimilarity of established, likely-to-continue trade channels.
- (4) The conditions under which and buyers to whom sales are made, i.e. "impulse" vs. careful, sophisticated purchasing.
- (5) The fame of the prior mark (sales, advertising, length of use).
- (6) The number and nature of similar marks in use on similar goods.
- (7) The nature and extent of any actual confusion.
- (8) The length of time during and conditions under which there has been concurrent use without evidence of actual confusion.

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<sup>171</sup> *Caesars World, Inc. v. Milanian*, 247 F. Supp. 2d 1171, 1185 (D. Nev. 2003).

- (9) The variety of goods on which a mark is or is not used (house mark, “family” mark, product mark).
- (10) The market interface between applicant and the owner of a prior mark:
  - (a) a mere “consent” to register or use.
  - (b) agreement provisions designed to preclude confusion, i. e. limitations on continued use of the marks by each party.
  - (c) assignment of mark, application, registration and good will of the related business.
  - (d) laches and estoppel attributable to owner of prior mark and indicative of lack of confusion.
- (11) The extent to which applicant has a right to exclude others from use of its mark on its goods.<sup>172</sup>

The opposed mark, NATIONSTAR, is fundamentally identical to Opposer's mark, NATIONSTAR MORTGAGE, in the context of the real estate and mortgage services at issue in the present case. The opposed application seeks registration in connection with real estate brokerage; rental of real estate; real estate management services, namely, management of commercial and residential properties; real estate investment; residential and commercial property and insurance brokerage; *mortgage brokerage*; and business finance procurement services." (Emphasis added.) Opposer, in turn, is a retail non-prime mortgage originator.

Indeed there is no legitimate issue about the likelihood of confusion in the present case. As the marks are fundamentally identical, it goes without saying that they are confusingly similar under the circumstances of this case. Therefore, even if the Board is unconvinced that Applicant's false statements were knowing and willful, and unconvinced about the bona fides of Applicant's intent at the time he filed the opposed application, Opposer is entitled to judgment on the issues of priority and likely confusion.

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<sup>172</sup> *In re E. I. du Pont de Nemours and Co.*, 476 F.2d 1357, 1361, 177 USPQ 563, 567 (CCPA 1973).

The real issue is whether the Board will recognize the fraud perpetrated by Applicant and sustain the opposition on that ground, or hold, alternatively, that Applicant lacked a bona fide intent to use the opposed mark at the time he filed the opposed application and sustain the opposition on that ground. In either event Opposer is entitled to a finding of priority on the basis of substantial public pre-sales activity.

#### **IV. Conclusion**

The evidence is clear and convincing that application has committed fraud on the PTO. The Board, in the interest of rendering justice to Opposer and preserving the integrity of the administrative process, should find accordingly. *See Doctor Vinyl*, 220 USPQ at 647 (emphasizing the "great importance of the integrity of the conduct of trademark conflict proceedings in this Office"). In addition, the evidence is more than sufficient to support a finding that Applicant lacked a bona fide intent to use the "Nationstar" name at the time he filed the opposed application. At a minimum, Opposer is entitled to judgment on the issue of priority and likelihood of confusion.

Respectfully submitted,

**NATIONSTAR MORTGAGE, LLC**



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**CERTIFICATE OF SERVICE**

The undersigned hereby certifies that on August 19, 2011, a copy of the foregoing OPPOSER'S TRIAL BRIEF was sent by e-mail, and by U.S. mail, first class postage prepaid, to the following counsel of record for Applicant:

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