

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

Mailed: November 5, 2009

Opposition No. **91185325**

La Senza Corporation

v.

Olympic Mountain and Marine
Products, Inc.

Linda Skoro, Interlocutory Attorney

It has come to the Board's attention that incorporated in applicant's October 2, 2009 motion for summary judgment is a motion for leave to amend its answer to add a counterclaim sounding in fraud. One of applicant's grounds for its motion for summary judgment is its asserted counterclaim based on fraud. In that a proposed amended answer and counterclaim has not been filed, nor a decision made allowing the counterclaim, the motion for summary judgment is based on an unpleaded issue. Therefore, a proposed amended pleading must be filed first, and the motion to amend must be decided prior to any consideration of the motion for summary judgment.

Further, applicant is advised that any allegation of fraud as a ground for cancelling opposer's claimed registration needs to be presented by filing a proposed amended answer and

counterclaim and the fee therefor. Further, both parties are notified of recent case law establishing new law to be considered by the Board in its consideration of claims of fraud. On August 31, 2009 the Federal Circuit issued the decision of *In re Bose Corp.*, 580 F.3d 1240, 91 USPQ2d 1938 (Fed. Cir. 2009). Accordingly, any determination of the merits of its alleged ground of fraud (whether upon motion for summary judgment or at final decision) will be in accordance with *In re Bose Corp.*, which clarified the standard for proving fraud in cases before the United States Patent and Trademark Office.¹

In the wake of the *Bose* decision, allegations that a trademark applicant "knew or should have known" that it made material representations which were false or misleading do not constitute a proper pleading of the scienter element of fraud, because the "should have known" alternative is no longer tenable.

Fraud in procuring or maintaining a trademark registration occurs when an applicant for registration or a registrant in a declaration of use or a renewal application knowingly makes false, material representations of fact in connection with an application to register or in a post-registration filing. See *Torres v. Cantine Torresella S.r.l.*, 808 F.2d 46, 1 USPQ2d 1483 (Fed. Cir. 1986). There

¹ This discussion of fraud is merely advisory. The Board makes no determination herein as to the merits of applicant's assertion

is no fraud if a false misrepresentation is occasioned by an honest misunderstanding or inadvertence without a willful intent to deceive. *Smith Int'l, Inc. v. Olin Corp.*, 209 USPQ 1033, 1044 (TTAB 1981).

Further, intent is a required element to be pleaded for a claim of fraud. See *In re Bose Corp.*, *supra*. Pursuant to Trademark Rule 2.116(a), the sufficiency of applicant's proposed pleading of its fraud claim in this case is governed by Fed. R. Civ. P. 9(b), which provides as follows:

(b) **Fraud, Mistake, Condition of the Mind.** In all averments of fraud or mistake, the circumstances constituting fraud or mistake shall be stated with particularity. Malice, intent, knowledge, and other condition of mind of a person may be averred generally.

Although the element of scienter may be pleaded "generally," Fed. R. Civ. P. 9(b), together with Fed. R. Civ. P. 11 and Trademark Rule 11.18, require that the pleadings contain explicit rather than implied expression of the circumstances constituting fraud. *King Auto., Inc. v. Speedy Muffler King, Inc.*, 667 F.2d 1008, 212 USPQ 801, 803 (CCPA 1981). The standard for finding intent to deceive requires more than proof that the trademark applicant or registrant merely should have known of the falsity of its material representations of fact. See *In re Bose Corp.*, *supra*.

of fraud by opposer, or the merits of any other ground for the prospective counterclaim.

Consequently, the Board will no longer approve pleadings of fraud which rest solely on allegations that the trademark applicant made material representations of fact in its declaration which it "knew or should have known" to be false or misleading. *In re Bose Corp., supra.* In addition, pleadings of fraud made "on information and belief" where there is no separate indication that the pleader has actual knowledge of the facts supporting a claim of fraud also are insufficient. *Id.*

In view thereof, applicant should consider the above advisory information if and when it decides to submit a proposed counterclaim on the ground of fraud, and should insure that any counterclaim alleging fraud is pleaded consistent with the guidelines set forth above.

Accordingly, because the Board wishes to consider the motion to amend its answer to add a counterclaim and the motion for summary judgment separately, applicant is allowed TWENTY days from the mailing date of this order within which to file the appropriate filing fee and a copy of the proposed amended answer and counterclaim, failing which the motion for leave to amend shall stand denied. If applicant files the requisite pleading and fee, then opposer is allowed TWENTY days from the date on the certificate of service of the proposed amended pleading to file its

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response to the motion to amend, with applicant having the standard FIFTEEN days to file a reply if it wishes.

Once the briefing on the motion to amend the answer is complete, the Board will issue a decision on that motion in due course. Part of that decision will include a resetting of all dates, allowing for an answer to any counterclaim permitted by the Board, as well as a new schedule for briefing of the motion for summary judgment in light of the decision on the leave to amend, and all appropriate responses.

Otherwise, proceedings remain suspended.