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

Proceeding	91191016
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**IN THE UNITED STATES PATENT & TRADEMARK OFFICE
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD**

<p>INTELLECTUAL RESERVE, INC.</p> <p style="text-align:center"><i>Opposer/Registrant,</i></p> <p>v.</p> <p>KENDAL M. SHEETS</p> <p style="text-align:center"><i>Applicant/Petitioner.</i></p>	<p>Opposition No. 91191016</p>
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**MEMORANDUM IN SUPPORT OF OPPOSER'S 12(B)(6) MOTION
TO DISMISS APPLICANT'S AMENDED COUNTERCLAIMS**

In this opposition proceeding, Applicant/Petitioner Kendal Sheets has filed a series of counterclaims against Opposer/Registrant Intellectual Reserve, Inc. ("IRI") seeking cancellation of six registrations for marks that incorporate the word "MORMON" (collectively, the "MORMON Marks").¹ The Board has already once dismissed all but one of Sheets's counterclaims for failure to state a claim. Sheets has now amended and re-filed the counterclaims. For the reasons set forth below, the Board

¹ The MORMON Marks include the following: (1) Registration No. 1524555, **MORMON HANDICRAFT**, issued February 14, 1989, for goods identified in class 24; (2) Registration No. 1527447, **MORMON HANDICRAFT**, issued February 28, 1989, for retail catalog mail order and telephone order services for craft items and related goods and services identified in Class 42; (3) Registration No. 2766231, **MORMON TABERNACLE CHOIR**, issued September 23, 2003, for recordings, live entertainment services, and related goods and services identified in Classes 9 and 41; (4) Registration No. 2883572, **BOOK OF MORMON**, issued September 14, 2004, for recordings, printed matter, and related goods identified in Classes 9 and 16; (5) Registration No. 2913694, **MORMON TABERNACLE CHOIR and Design**, issued December 21, 2004, for recordings, publications, live performances, and related goods and services identified in Classes, 9, 16, and 41; and (6) Registration No. 3239919, **MORMON**, issued May 8, 2007, for educational and genealogical services identified in Class 41 and 42.

should again dismiss Applicant's counterclaims for failure to state a claim, pursuant to Rule 12 (b)(6) of the Federal Rules of Civil Procedure.

PROCEDURAL HISTORY

On November 27, 2007, Sheets filed an application to register SECRET MORMON for use in connection with CD-ROMs, DVDs, books, and related media. In July 2009, IRI filed a notice of opposition based on six registrations it holds for the MORMON Marks. Sheets counterclaimed, seeking to cancel each of the registrations for the MORMON Marks on the grounds that they are functional, merely descriptive, and generic. IRI moved to dismiss for failure to state a claim, and on June 29, 2010, the Board granted the motion in part, dismissing all of Sheets's claims except his claim that the mark shown in Registration No. 3239919 is merely descriptive.

The Board's order allowed twenty days for Sheets to amend, but only with respect to genericness (for all six MORMON Marks) and mere-descriptiveness (for those registrations that were less than five-years old on the date IRI filed its opposition). The Board dismissed with prejudice all of Applicant's counterclaims alleging that the MORMON Marks are functional, along with the mere descriptiveness claims as to all of the registration for the MORMON Marks that were more than five years old on the date of opposition.

Sheets has now attempted to amend his counterclaims so as to comply with the Board's rulings on the issues of genericness and mere descriptiveness. He has also added claims for fraud. However, the amended counterclaims still fail to state a claim upon which relief may be granted. Accordingly, under Rule 12(b)(6), the Board should dismiss all counterclaims.

ARGUMENT

Each of Sheets's Amended Counterclaims fails to state a claim upon which relief may be granted.

A. **Sheets Has Failed To State a Claim for Cancellation Based on Genericness**

Sheets alleges that the registrations for the MORMON Marks should be cancelled for being generic under two separate theories. First, in Paragraphs 1-3 of his Amended Counterclaim, Sheets reiterates the arguments made in his initial Counterclaim that the term "Mormon" is a generic name for followers of Joseph Smith. However, Sheets again fails to state a claim, because the Board has already held, "a plaintiff must affirmatively allege that the registered term is generic as applied to the specific goods and services for which it is registered." Order 9, June 29, 2010 (citing *In re Dial-A-Mattress Operating Corp.*, 240 F.3d 1341 (Fed. Cir. 2001)). None of the MORMON Marks are registered as membership marks for followers of Joseph Smith. Thus, Sheets's allegations that the term Mormon denotes "followers" fails to state a claim for genericness upon which relief may be granted.

Second, in Paragraphs 9-14, Sheets states that each of the MORMON Marks "is generic as applied to the goods and services description," followed by a detailed list of the specific goods and services for which each mark is registered. However, vague statements such as these that merely express a legal conclusion are insufficient to state a claim upon which relief may be granted.

In *Bell Atlantic Corp. v. Twombly*, the United States Supreme Court emphasized that although a claim "does not need *detailed* factual allegations" a plaintiff must provide "more than labels and conclusions." 550 U.S. 544, 555 (2007) (emphasis added). "[A]

formulaic recitation of the elements of a cause of action will not do” *Id.* Rather, a complaint must include “enough ***factual matter*** (taken as true)” to suggest “plausible grounds” on which “discovery will reveal evidence” to support the matter asserted. *Id.* at 556 (emphasis added). The Court observed that “[w]ithout some factual allegation in the complaint, it is hard to see how a claimant could satisfy the requirement of providing not only ‘fair notice’ of the nature of the claim, but also ‘grounds’ on which the claim rests.” *Id.* at 555 n.3. Indeed, where a plaintiff’s claims comprise “no more than conclusions,” they are “not entitled to the assumption of truth.” *Ashcroft v. Iqbal*, 129 S. Ct. 1937, 1950 (2009). They can “provide the framework of a complaint,” but must “be supported by factual allegations” to sufficiently state a claim. *Id.* These standards apply to “all civil actions,” *id.* (citing *Twombly*, 550 U.S. at 555-56 & n.14), including those pending before this Board, *see In re Chippendales USA, Inc.*, 90 U.S.P.Q.2d 1535, 1539 (TTAB 2009).

Sheets’s amended counterclaims for cancellation on grounds of genericness fail to meet these standards in every respect. The counterclaims do nothing more than simply state a ***conclusion*** that each of the MORMON Marks is generic as applied to the goods and services for which it is registered. *See Applicant’s Am. Ans. & Countercl.* at 7-8, ¶¶ 9-14. They do not even list the ***elements*** of a claim for genericness, let alone the ***factual allegations*** required by *Twombly*.

Sheets’s failure to allege facts is not a mere technicality that can be lightly dismissed. For example, Sheets essentially has alleged that the phrase “Mormon Tabernacle Choir” is primarily understood by the general public to mean prerecorded audio and video tapes. Sheets should not be allowed to proceed with such a groundless

claim without alleging some support that may be subjected to Rule 11 scrutiny. The same is true for each of the challenged registrations. If the MORMON Marks have supposedly entered the common lexicon as generic names for the cited goods and services, there must be some facts that could be *alleged* in the counterclaim as “plausible grounds” of what — if anything — Sheets *in good faith* believes might be revealed in discovery. *See Twombly*, 550 U.S. at 555.

Sheets’s counterclaims comprise only bare legal conclusions. There are no factual allegations that make his assertions “plausible” as required by *Twombly*. *Id.* at 570 (stating that where claimants have “not nudged their claims across the line from conceivable to plausible, their complaint must be dismissed”). *Twombly*’s “plausibility” standard “simply calls for enough fact[s] to raise a reasonable expectation that discovery will reveal evidence” to support the claims asserted. *Id.* at 556. Since Sheets’s counterclaims for genericness fail to meet this standard, they must be dismissed.

B. Sheets Has Failed To State a Claim for Cancellation Based on Mere Descriptiveness

Sheets’s cancellation claims based on mere descriptiveness must also be dismissed for failure to state a claim. The Amended Counterclaim asserts that three of the MORMON Marks are “merely descriptive of the services or goods being offered under Opposer’s registrations.” Am. Ans. & Countercl. at 9-10, ¶¶ 15-17. The first registration alleged is No. 2766231 for “MORMON TABERNACLE CHOIR.” *Id.* ¶ 15. This registration issued on September 23, 2003, more than five years before the notice of opposition was filed. The Board already has held that “applicant is precluded” from alleging descriptiveness as a ground for seeking to cancel “the registrations that were more than five years old at the time the notice of opposition was filed.” Order 12, June

29, 2010. This is law of the case. Accordingly, the counterclaim in Paragraph 15 for cancellation of Registration No. 2766231 must be dismissed.

The other two registrations cited in the amended counterclaim — No. 2883572 for BOOK OF MORMON and No. 3239919 for MORMON — were both registered under Section 2(f) of the Lanham Act. Thus, even if these registered marks were merely descriptive, as Sheets alleges, the registrations were issued after the Patent and Trademark Office accepted IRI's evidence that the marks have acquired distinctiveness or secondary meaning. Because the counterclaims fail to allege that the marks lack acquired distinctiveness, the counterclaims fail to state a claim.

All three of the counterclaims alleging mere descriptiveness also suffer from the same deficiency marring the counterclaims for genericness. Sheets has pleaded nothing more than “formulaic recitations of the elements of a cause of action.” There are no factual allegations regarding actual use that would suggest any plausible basis for his assertions that the marks are merely descriptive. Thus, for all the same reasons set forth in the preceding section, the counterclaims for mere descriptiveness also must be dismissed.

C. Sheets Has Failed To State a Claim for Cancellation Based on Fraud

In Paragraphs 18 through 47 of the Amended Counterclaim, Sheets alleges that IRI obtained each of the six registrations for the MORMON Marks through fraud. There are at least four elements that must be established to prove fraud. First, “[i]t must be shown that the applicant made . . . a false statement.” *DaimlerChrysler Corp. v. Am. Motors Corp.*, 94 U.S.P.Q.2d 1086, 1089-90 (TTAB 2010)(Seeherman, Admin. Trademark J. Concurring in part and Dissenting in Part); *see also, United German-*

American Societies v. German Am. Comm., 2002 WL 1396885, at *13 (TTAB 2002). Second, the statement must have been “material to the Examining Attorney’s decision to allow the application.” *Id.* Third it must be shown that the Patent and Trademark Office relied on the false statement. See *DaimlerChrysler* at 94 U.S.P.Q.2d at 1089. Finally, it must be shown “that the applicant knew that the statement was false,” *i.e.*, that the deception was willful or that the Applicant intended to deceive. *United German-American Societies*, 2002 WL 1396885, at *13; *see also, In re Bose Corp.*, 580 F.3d 1240, 1245 (Fed. Cir. 2009) (“[W]e hold that a trademark is obtained fraudulently under the Lanham Act only if the applicant or registrant knowingly makes a false, material representation with the intent to deceive the PTO.”). Moreover, “[i]n petitioning to cancel on the ground of fraud, a petitioner must allege the elements of fraud with particularity.” *E. & J. Gallo Winery v. Scott*, Cancellation No. 92044282, 2010 WL 2783899, at *3 (TTAB June 30, 2010) (citing *Asian & W. Classics B.V. v. Selkow*, 92 U.S.P.Q. 2d 1478, 1478 (TTAB 2009)). Under this heightened pleading standard, the “averments of fraud must include an explicit expression of the *factual circumstances* alleged to constitute fraud.” *Ohio State Univ. v. Ohio Univ.*, 51 U.S.P.Q.2d 1289, 1293 (TTAB 1999) (citations omitted; emphasis added). None of Sheets’s allegations satisfy these requirements.

Registration No. 1527447—MORMON HANDICRAFT

With respect to Registration No. 1527447, Sheets first alleges fraud on the grounds that IRI (or its predecessors) failed to tell the Examiner that its affiliated organization — The Church of Jesus Christ of Latter-day Saints — “is only one of a number of ‘Mormon’ religious sects or splinter groups” and that it “has no rights to the

exclusive use of the term ‘Mormon’” Am. Countercl. ¶ 18. These allegations are insufficient for several reasons.

First, the alleged omissions are immaterial, as it is irrelevant whether there are other “‘Mormon’ religious sects or splinter groups” and whether they also have rights to use the term “Mormon” in general. The only relevant issue is whether IRI has the exclusive right to use “Mormon” as part of the registered mark in connection with the specific goods or services. Sheets has failed to allege with any specificity that IRI’s statements that it does are false.

When a party claims that the declaration in another’s application for registration was executed fraudulently in that there was another use of the same or confusingly similar mark at the time the declaration was signed, the party must allege particular facts which, if proven, would establish that: (1) there was in fact ***another use*** of the same or a confusingly similar mark at the time the oath was signed; (2) the other user ***had legal rights superior*** to applicant’s rights; (3) [the] ***applicant knew*** that the other user had rights in the mark superior to applicant’s, and either believed that a likelihood of confusion would result from applicant’s use of its mark or had no reasonable basis for believing otherwise; and (4) applicant, in failing to disclose these facts to the Patent and Trademark Office, ***intended*** to procure a registration to which applicant was not entitled.

Ohio State University, 51 U.S.P.Q.2d at 1293 (citing *Intellimedia Sports Inc. v. Intellimedia Corp.*, 43 U.S.P.Q.2d 1203, 1206 (TTAB 1997)). Here, there are no allegations of any legally superior use of MORMON HANDICRAFT in connection with “retail catalog mail order and telephone order services” by any other group or person. For these reasons, the allegations of fraud are insufficient as a matter of law and must be dismissed.

Moreover, even if IRI’s statements of exclusive use in connection with the relevant services were false, Sheets has failed to allege with particularity that the statement was made with fraudulent intent or that the PTO relied on any alleged false

statement or omission in granting the registrations. Am. Countercl. ¶ 19. “[A]lthough Rule 9(b) allows that intent may be alleged generally, the pleadings must allege *sufficient underlying facts* from which a court may reasonably infer that a party acted with the requisite state of mind.” *Asian & W. Classics B.V.*, 92 U.S.P.Q. 2d at 1479 (emphasis added; citation omitted). Here, again, Sheets has failed to allege facts sufficient even to *suggest* that IRI’s claim to exclusive use of MORMON HANDICRAFT in connection with mail- and phone-order services was made with knowledge that the statement was false. Am. Countercl. ¶ 19. Accordingly, the claim must be dismissed.

Sheets also claims that the registration for MORMON HANDICRAFT was fraudulently maintained because of the specimens submitted in connection with Section-8 and Section-15 Declarations of Use & Incontestability. Am. Countercl. ¶ 20.

Specifically, Sheets claims that in January 1995, a declaration was supported by an “undated catalogue showing various handicraft items” and that in February 2009 another declaration was supported by “a single specimen showing the words of the mark on a sign reading ‘Valentines Sweetheart Fabric Sale.’” *Id.* Sheets fails, however, to state whether and how these specimens (or related statements in the Declarations) are false or whether and how they are material. He further fails to allege any facts to support the insinuation that the specimens were somehow submitted with fraudulent intent. For all these reasons, the allegations fail to state a claim upon which relief may be granted.

Registration No. 1524555 for MORMON HANDICRAFT

The allegations of fraud made with respect to this mark run parallel to those alleged with respect to Registration No. 1527447, *see* Am. Countercl. ¶¶ 24-29, and

suffer from the exact same defects. Accordingly, these allegations must be dismissed for the same reasons set forth in the preceding section.

Registration No. 2913694 for MORMON TABERNACLE CHOIR & Design

Many of the allegations set forth with respect to this Registration parallel the allegations already discussed with regard to the preceding Registrations, and the grounds for dismissal remain the same. In short, the Counterclaim fails to allege any facts to support its conclusions that the asserted statements were false or made with intent to deceive or that the statements were material to the decision to grant a registration.

However, Sheets further alleges that this Registration was fraudulently procured because IRI “alleged use for services from 1893 and use for goods from 1973,” and also alleged that the mark “has acquired distinctiveness under Section 2(f).” Am. Countercl. ¶ 30. Again, this falls far short of the “particularity” required under Rule 9. There is not even a conclusory allegation that these statements are false, let alone the “explicit expression of the factual circumstances” that would be necessary to support such a conclusion. *See Ohio State Univ.*, 51 U.S.P.Q.2d at 1293.

Moreover, even if Sheets had properly alleged these dates to be false and provided supporting averments of fact, an erroneous statement regarding date of first use “cannot be said to constitute fraud . . . as long as there was technical trademark use prior to the filing of the application.” *Georgia-Southern Oil, Inc. v. Richardson*, 16 U.S.P.Q.2d 1723, 1726-27 (TTAB 1990)(citing *Colt Indus. Operating Corp. v. Olivetti Controllo Numerico S.p.A.*, 221 U.S.P.Q. 73, 76 (TTAB 1983)). There is no allegation that the MORMON TABERNACLE CHOIR & Design mark was not being used when the application was filed. Accordingly, the claim must be dismissed as a matter of law.

Registration No. 2766231 for MORMON TABERNACLE CHOIR

The allegations made with respect to this Registration parallel those made with respect to the registration discussed immediately above. The same analysis supporting dismissal also applies.

Registration No. 2883572 for BOOK OF MORMON

This Registration was obtained for use in connection with prerecorded audio and video tapes and various forms of other publications. The only unique statement alleged to be false with respect to this Registration is the statement that IRI (or its predecessors-in-interest) “have used the mark ‘Book of Mormon’ since 1830 in class 16 and 1977 in class 09.” Am. Countercl. ¶ 38. Even assuming, *arguendo*, that these statements are false, Sheets concedes that the “[s]pecimens for evidence of use date to the year 2000,” *id.*, which is two years before the application to register was filed. Hence, even if there were any falsity with respect to the date of first use alleged, it would be immaterial and insufficient to state a claim of fraud. *Georgia-Southern Oil, Inc.* 16 U.S.P.Q.2d at 1726-27.

The other allegations with respect to this Registration must be dismissed for the same reasons already addressed with respect to the other Registrations.

Registration No. 3239919 for MORMON

Finally, with regard to Registration No. 3239919, Sheets makes various allegations similar to those asserted with respect to the other registrations—*i.e.*, allegations regarding the date of first use, the specimens submitted, and the exclusivity of use. As with all of the other allegations of fraud, however, there are no factual allegations to support a conclusion that any of these statements are false, or that they

were made with the intent to deceive. Thus, for all the same reasons discussed in the preceding sections, these allegations must also be dismissed.

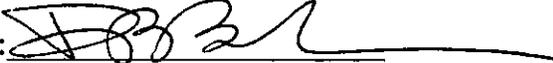
CONCLUSION

Sheets's amended counterclaim is materially and fatally deficient. His allegations regarding genericness fail to satisfy the basic pleading standards of *Twombly*. His allegations regarding mere descriptiveness are either precluded by the law of the case, having already been expressly prohibited by the Board, or they fail to allege lack of acquired distinctiveness; they also fail to comply with the standards of *Twombly*. And his claims for fraud lack any of the specificity and materiality necessary to support such claims. For all these reasons, IRI respectfully requests the Board to grant its motion to dismiss in its entirety.

Dated: August 6, 2010

Respectfully Submitted,

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CERTIFICATE OF SERVICE

I hereby certify that on this 6th day of August, 2010, a true and correct copy of the foregoing MEMORANDUM IN SUPPORT OF OPPOSER'S 12(B)(6) MOTION TO DISMISS APPLICANT'S AMENDED COUNTERCLAIMS was served on Applicant by first class United States mail, postage prepaid, in an envelope addressed as follows:

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