

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

WINTER

Mailed: February 10, 2011

Opposition No. 91195327 (parent)
Opposition No. 91195328

Hard Candy Cases, LLC

v.

Hard Candy, LLC

Before Cataldo, Bergsman, and Wolfson,
Administrative Trademark Judges.

By the Board:

These consolidated cases now come up for consideration of applicant's fully-briefed motion (filed July 26, 2010) to partially dismiss Opposition No. 91195327, which was filed simultaneously with applicant's answers in these proceedings.

For purposes of this order, the Board presumes the parties' familiarity with the pleadings and the arguments submitted with respect to the subject motion. An exhaustive review of the record will not be provided.

Hard Candy Cases, LLC (hereafter "opposer") opposes registration of applicant's mark HARD CANDY set forth in two intent-to-use applications for various electronic goods and leather goods. Hard Candy, LLC (hereafter "applicant")

Opposition Nos. 91195327 and 91195328

moves to dismiss opposer's fraud claim set forth in Opposition No. 91195327,¹ which essentially asserts that applicant committed fraud in executing the declaration in support of the opposed application because it "knew of and/or should have known" of the existence of the singer Madonna's song recording entitled "HARD CANDY" on compact disc. Specifically, applicant argues that opposer has not set forth a claim for which relief can be granted because opposer cannot "establish" that "the other user, Madonna, had superior legal rights to applicant" because the title to a single creative work (*i.e.*, Madonna's recording) is not entitled to trademark protection (motion at 3). Applicant also argues that the fraud claim is insufficient because it comprises an implicit expression, rather than an explicit statement of the circumstances constituting fraud (motion at 7). In particular, applicant contends that opposer has not alleged that applicant knew that Madonna had a right in the mark superior to applicant's and that applicant intended to procure a registration to which it was not entitled (motion at 6).

To survive a motion to dismiss, "a complaint must contain sufficient factual matter, accepted as true, to state a claim to relief that is plausible on its face."

¹ The notice of opposition in 91195328 does not include a claim of fraud.

Opposition Nos. 91195327 and 91195328

Ashcroft v. Iqbal, ___ U.S. ___, 129 S.Ct. 1937, 1949-1950 (2009), quoting *Bell Atlantic Corp. v. Twombly*, 550 U.S. 544, 570 (2007). A claim has facial plausibility when the plaintiff pleads factual content that allows the court to draw a reasonable inference that the defendant is liable for the misconduct alleged. *Twombly*, 550 U.S. at 556, 127 S.Ct. at 1955. However, the plausibility standard does not require that a plaintiff set forth detailed factual allegations. *Id.* Rather, a plaintiff need only allege sufficient factual matter as would, if proved, establish that (1) the plaintiff has standing to maintain the proceeding, and (2) a valid ground exists for opposing or cancelling the mark. *Lipton Industries, Inc. v. Ralston Purina Co.*, 670 F.2d 1024, 213 USPQ 185, 187 (CCPA 1982).

To assert a viable claim of fraud, "a plaintiff claiming that the declaration or oath in defendant's application for registration was executed fraudulently, in that there was another use of the same or a confusingly similar mark at the time the oath was signed, must allege 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; (3) applicant knew that the other user had rights in the mark superior to applicant's, and either believed that a likelihood of

Opposition Nos. 91195327 and 91195328

confusion would result from applicant's use of its mark or had no reasonable basis for believing otherwise; and that (4) applicant, in failing to disclose these facts to the Patent and Trademark Office, intended to procure a registration to which it was not entitled." *Intellimedia Sports Inc. v. Intellimedia Corp.*, 43 USPQ2d 1203, 1205 (TTAB 1997). See also *In re Bose Corp.*, 580 F.3d 1240, 91 USPQ2d 1938 (Fed. Cir. 2009); and *Qualcomm Inc. v. FLO Corp.*, 93 USPQ2d 1768, 1770 (TTAB 2010).

- *Standing*

As a preliminary matter, applicant does not challenge opposer's standing to maintain the opposition. However, in reviewing the pleadings in both oppositions, we note that opposer has alleged that it has a pending trademark application for a mark that is identical to the opposed mark (¶2) and that it is "actively engaged in the business of manufacturing, distributing and selling" various cases, coverings and shells under the marks HARD CANDY and HARD CANDY CASES (¶1). In view thereof, we find that opposer has alleged facts, which if later are proven, would establish that opposer has a real interest in the proceeding. See *Cunningham v. Laser Golf Corp.*, 222 F.3d 943, 55 USPQ2d 1842 (Fed. Cir. 2000) (production and sale of merchandise bearing the opposed mark sufficient to establish direct commercial interest and standing), cited in *Duramax Marine, LLC v. R.W.*

Opposition Nos. 91195327 and 91195328

Fernstrum & Co., 80 USPQ2d 1780 (TTAB 2006) (in an opposition, "a belief in likely damage can be shown by establishing a direct commercial interest").

- *Sufficiency of Fraud Claim*

Opposer's fraud claim is comprised of the following allegations:

11. On April 25, 2008, the pop artist Madonna released her 11th album on Compact Disk (CD) entitled 'Hard Candy.'

12. The album 'Hard Candy' instantly gained national and international popularity and fame.

13. Upon information and belief, Opposer asserts that applicant knew of and/or should have known of the existence of Madonna's 'Hard Candy' CD.

14. The appropriate international class for CDs is 009.

15. On March 27, 2009, Applicant filed the above-identified application seeking registration in international class 009.

16. At the time of filing, Applicant, through its chief executive officer, Jerome Falic, electronically executed a declaration stating in relevant part that 'no other person, firm, corporation, or association, to the best of his knowledge and belief, has the right to use such mark in commerce . . .when applied to the goods of such other person, to cause confusion, or to cause mistake, or to deceive.'

17. Upon information and belief, Opposer reasonably believes that at the time of filing its application in international class 009, [applicant] was aware of the existence of the identical mark in the identical international class of goods in use on Madonna's 'Hard Candy' CD."

These allegations are insufficient to state a claim for which relief can be granted for the following reasons.

First, opposer's allegation in paragraph no. 17, *i.e.*, that applicant "was aware of the existence of the identical mark

Opposition Nos. 91195327 and 91195328

in the identical international class of goods in use on Madonna's 'Hard Candy' CD," does not satisfy the requirement that opposer assert that "[applicant] knew that Madonna had superior rights in the HARD CANDY mark as to applicant," and either believed that a likelihood of confusion would result from its use of its mark or had no reasonable basis for believing otherwise. See *Qualcomm Inc.*, 93 USPQ2d at 1770. Under Fed. R. Civ. P. 9(b), a sufficient pleading of the third element of a fraud claim must include particular facts which, if proven, would establish that, as of the application filing date, the defendant believed that the third party had superior or clearly established rights, e.g., by court decree, trademark registration, or prior agreement of the parties, and that a likelihood of confusion would result from applicant's use of its mark. *Intellimedia*, 43 USPQ2d at 1207. In particular, opposer did not specifically allege that Madonna was using HARD CANDY as a trademark (i.e., in paragraph no. 11, opposer alleged that Madonna entitled her album "Hard Candy," not that Madonna was using the mark HARD CANDY). Accordingly, opposer's allegation is insufficient because it does not set forth any particular facts which, if proven, would establish that applicant believed, or had no reasonable basis not to believe, that Madonna had a superior or clearly established right to use the same or a substantially identical mark on

Opposition Nos. 91195327 and 91195328

or in connection with the same or substantially identical goods as those set forth in the application for registration. *Id.* (emphasis original). *A fortiori*, opposer also has failed to sufficiently plead the fourth element of the fraud claim, *i.e.*, that applicant willfully deceived the PTO by failing to disclose opposer's² rights in the mark in an effort to obtain a registration to which it knew it was not entitled. *Intellimedia*, 43 USPQ2d at 1208.

Opposer also alleges that "Applicant knew or should have known of the existence of Madonna's 'HARD CANDY' CD." This allegation is ambiguous with respect to the requirement to allege defendant's intent to deceive. Specifically, the wording "should have known" signifies simple or gross negligence, rather than a willful intent to deceive, a requirement made clear by the Court in *Bose*. See *In re Bose Corp.*, 91 USPQ2d at 1940. See also *Qualcomm Inc.*, 93 USPQ2d at 1770 ("Because intent is a required element to be pleaded for a claim of fraud, allegations that a party made material representations of fact that it "knew or should have known" were false or misleading are insufficient"); and *Asian Western Classics B.V. v. Selkow*, 92 USPQ2d 1478, 1479 (TTAB 2009). In this regard, we again note that opposer did not

² We address *infra* whether a fraud claim is sufficient when it is based on the alleged failure of applicant to disclose the asserted superior proprietary interest of a third-party in the applied-for mark, but the third-party is not the plaintiff in the proceeding.

Opposition Nos. 91195327 and 91195328

allege that Madonna was using the mark HARD CANDY; therefore, there is no basis for applicant to have known about Madonna's use of that "mark." In view thereof, opposer's claim of fraud is insufficient.

We also find that opposer's fraud claim is insufficient because opposer has not alleged that it is in privity with Madonna or that it has any other relationship with the singer such that opposer could assert a fraud claim on her behalf based on her implied superior rights in the subject mark for the musical recording entitled, "HARD CANDY". Our decision in *Kelly Services Inc. v. Greene's Temporaries Inc.*, 25 USPQ2d 1460 (TTAB 1992) is instructive in this regard:

In order to prevail on a fraud claim, in an opposition or cancellation, a plaintiff must plead, and ultimately prove, not only its standing, but also a ground for opposition or cancellation. If one of the necessary elements of the plaintiff's pleaded ground for opposition or cancellation is plaintiff's ownership of a proprietary right in a mark which is the same as, or similar to, the defendant's mark, then the plaintiff must plead, and ultimately prove, **its** proprietary right, in order to establish its *ground* for opposition or cancellation. ... [Here,] **petitioner cannot successfully prove that respondent's application for the registration of that mark was fraudulent unless petitioner pleads and proves (1) that the [mark] it [i.e., petitioner] uses [is] confusingly similar to respondent's mark, (2) that it [i.e., petitioner] has a superior proprietary interest in [the mark] used in conjunction with the rendering of the parties' services, and (3) that respondent was aware of this superior interest [i.e., petitioner's interest] when respondent filed its application.**

Id. at 1464 (bold and underlined emphasis added).

Opposition Nos. 91195327 and 91195328

Thus, to plead a sufficient claim of fraud, the plaintiff must allege that the *plaintiff*, not an unrelated third-party, has a superior proprietary interest in the involved mark and that the defending party was aware of plaintiff's superior interest when the application was filed. *Cf. Jewelers Vigilance Committee Inc. v. Ullenberg Corp.*, 7 USPQ2d 1628, 1631 (Fed. Cir. 1988) ("Ordinarily, a person should not be heard on a third party's rights, that is, allowed to sue to vindicate the rights of another"); and *Holmes Products Corp. v. Duracraft Corporation*, 30 USPQ2d 1549, 1552 (TTAB 1994) (opposer held not to have a legally sufficient ground that applicant's mark was likely to cause confusion with registered marks where opposer neither owned the registrations nor was in position of privity with the owners).

In the instant case, opposer has only pleaded that applicant "knew of and/or should have known of the existence of *Madonna's 'HARD CANDY' CD.*" Further, opposer has not alleged that it has any other relationship with the singer such that opposer could assert a fraud claim on her behalf. Thus, the notice of opposition does not include allegations that opposer itself has a superior proprietary interest in the involved mark and that applicant was aware of opposer's superior interest when the application was filed. *See also Bayer Consumer Care AG v. Belmora LLC*, 90 USPQ2d 1587, 1593

Opposition Nos. 91195327 and 91195328

(TTAB 2009) ("... because petitioner has not alleged prior use of its mark ..., petitioner has also not sufficiently alleged that it has 'legal rights superior to' respondent's and its fraud claim is therefore untenable"), citing *Intellimedia Sports Inc. v. Intellimedia Corp., supra.*

In view of the foregoing, we find that opposer's notice of opposition in Opposition No. 91195327 fails to set forth a fraud claim for which relief can be granted. See Fed. R. Civ. P. 12(b)(6).

- *Sufficiency of Claims of Lack of Bona Fide Intent*

For judicial efficiency, we also consider opposer's claims set forth in both pleadings under Section 1(b) of the Trademark Act, 15 U.S.C. § 1051(b), in which opposer asserts, *inter alia*, that since 1996, applicant has engaged in a pattern of filing many multiple-class trademark applications under Section 1(b) for a wide variety of goods, such as MP3 players, cheese flavored snacks, and beauty beverages; that the applications have been subsequently abandoned; and that, on information and belief, applicant did not have a bona fide intent to use the subject mark in connection with at least some of the goods in the opposed applications.

The Board finds that the allegations set forth in paragraph nos. 6-9 in each notice of opposition constitute adequate notice pleading of a claim that applicant has no

Opposition Nos. 91195327 and 91195328

bona fide intent to use the mark in commerce under Trademark Act Section 1(b). See *Fair Indigo LLC v. Style Conscience*, 85 USPQ2d 1536 (TTAB 2007). See also 3 J. Thomas McCarthy, McCarthy on Trademarks and Unfair Competition, § 19:14 (4th ed. 1996, 2010 update), *citing in regard to* The Trademark Law Revision Act of 1988, Senate Judiciary Committee Report on S. 1883, S. Rep. No. 100-515, pp. 23-24 (Sept. 15, 1988) (list of circumstances that “may cast doubt on the bona fide nature of the intent or even disprove it entirely,” including “the filing of numerous ITU applications for the same mark for many more new products than are seriously intended”).

Summary; Consolidated Proceeding Suspended

The notice of opposition in Opposition No. 91195327 fails to state a claim for which relief may be granted. Nonetheless, it is the policy of the Board to allow parties to amend insufficient pleadings. See *Intellimedia*, 43 USPQ2d at 1208.

Accordingly, opposer is allowed until **THIRTY DAYS** from the mailing date of this order to submit an amended notice of opposition in Opposition No. 91195327 that properly pleads a sufficient claim of fraud, failing which applicant’s motion to partially dismiss Opposition No. 91195327 will be granted, and the consolidated oppositions will proceed forward solely on opposer’s respective claims

Opposition Nos. 91195327 and 91195328

under Section 1(b) of the Trademark Act. Should opposer file an amended pleading, applicant is allowed until **THIRTY DAYS** from the date of service of the amended pleading to serve and submit to the Board an amended answer in Opposition No. 91195327.

This consolidated proceeding remains otherwise **SUSPENDED**. Upon resumption of this proceeding, trial dates will be reset.

