

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

Mailed: December 3, 2010

Opposition No. 91196650

Kilim Mobilya Kanepe Sanayi
Ve Ticaret A.S.

v.

Kilim Furniture International
LLC

George C. Pologeorgis, Interlocutory Attorney:

Pursuant to Fed. R. Civ. P. 26(f) and Trademark Rules 2.120(g)(1) and (2), the parties to this proceeding conducted a discovery conference with Board participation.¹

The parties agreed to hold the telephonic discovery conference with Board participation at 11:30 a.m. Eastern time on Friday, December 3, 2010. The conference was held as scheduled among Barbaros Karaahmet and Robert S. Broder, as counsel for opposer, Mark J. Ingber, as counsel for applicant, and George C. Pologeorgis, as a Board attorney

¹A request for Board participation in the discovery conference was received via telephone from opposer on November 23, 2010.

responsible for resolving interlocutory disputes in this case.

This order memorializes what transpired during the conference.

During the discovery conference, the parties advised the Board that there was minimal discussion regarding settlement prior to the conference and settlement has not been reached. The parties further advised that there are no related Board proceedings, federal district court actions, or third-party litigation concerning the subject application and/or the marks at issue.

The Board reviewed the pleadings herein and indicated that opposer has alleged a claim of priority and likelihood of confusion, as well as an apparent fraud claim. With regard to the priority and likelihood of confusion claim, the parties have stipulated that opposer's pleaded marks and applicant's subject mark are deemed similar for likelihood of confusion purposes. Similarly, the parties have stipulated that the alleged goods used in association with opposer's pleaded marks are related to the goods identified in applicant's subject application for purposes of a likelihood of confusion analysis. In light of the parties' stipulation, the Board suggested that the parties not pursue discovery regarding the similarities between the parties'

respective marks or the relatedness of the goods used in association with each of the parties' respective marks.

With regard to opposer's apparent fraud claim, the Board noted that such claim was deficiently pleaded.

Fraud in procuring or maintaining a trademark registration occurs when an application for registration or a registrant in a declaration of use or a renewal application knowingly makes specific false, material representations of fact in connection with an application to register or in a post-registration filing with the intent of obtaining or maintaining a registration to which it otherwise is not entitled. See *In re Bose Corp.*, 580 F.3d 1240, 91 USPQ2d 1938 (Fed. Cir. 2009).

A plaintiff claiming that the declaration or oath in a defendant's application for registration was executed fraudulently, in that there was another use of the same or confusingly similar mark at the time the oath was signed, 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 mark;
- (3) 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 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 USPQ 1203, 1206 (TTAB 1997). Indeed, the mere knowledge of the existence of [another's] mark does not constitute fraud. See *Quicksilver, Inc. v. Kymsta Corp.*, 466 F.2d 749, 755 (9th Cir. 2006).

Further, pleadings of fraud made "on information and belief," when there is no allegation of "specific facts upon which the belief is reasonably based" are insufficient. *In re Bose Corp.*, 91 USPQ2d at 1938. Additionally, under USPTO Rule 11.18, the factual basis for a pleading requires either that the pleader know of facts that support the pleading or that evidence showing the factual basis is "likely" to be obtained after a reasonable opportunity for discovery or investigation. Allegations based solely on information and belief raise only the mere possibility that such evidence may be uncovered and do not constitute pleading of fraud with particularity. Thus, to satisfy Rule 9(b), any allegations based on "information and belief" must be accompanied by a statement of facts upon which the belief is founded. See *Exergen Corp. v. Wal-Mart Stores, Inc.*, 575 F.3d 1312, 91 USPQ2d 1656, 1670 n. 7 (Fed. Cir. 2009), citing *Kowal v. MCI*

Commc'n Corp., 16 F.3d 1271, 1279 n. 3 (D.C. Cir. 1994)

"(' [P]leadings on information and belief [under Rule 9(b)] require an allegation that the necessary information lies within the defendant's control, and ... such allegations must also be accompanied by a statement of the facts upon which the allegations are based')."

A pleading of fraud on the USPTO must also include an allegation of intent. *In re Bose*, 91 USPQ2d at 1939-40. Moreover, although Rule 9(b) allows that intent may be alleged generally, the pleadings must allege sufficient underlying facts from which a court may reasonably infer that a party acted with the requisite state of mind. *Exergen Corp.*, 91 USPQ2d at 1667, n. 4. Pleadings of fraud which rest solely on allegations that the trademark applicant or registrant made material representations of fact in connection with its application or registration which it "knew or should have known" to be false or misleading are an insufficient pleading of fraud because it implies mere negligence and negligence is not sufficient to infer fraud or dishonesty. *In re Bose*, 91 USPQ2d at 1940, quoting *Symbol Techs., Inc. v. Opticon, Inc.*, 935 F.2d 1569, 1582 (Fed. Cir. 1991). Thus under *Bose*, intent is a specific element of a fraud claim and an allegation that a declarant "should have known" a material statement was false does not make out a proper pleading. *See also Media Online Inc. v. El Casificado, Inc.*, 88 USPQ2d 1285, 1287 (TTAB 2008)

(finding proposed amended pleading insufficient in part because the pleading lacked allegations of scienter); *Crown Wallcoverly Corp. v. The Wall Paper Mfrs. Ltd.*, 188 USPQ 141, 144 (TTAB 1975) and cases cited therein ("in order to state a claim upon which relief can be granted on the ground of fraud, it must be asserted that the false statements complained of were made willfully in bad faith with the intent to obtain that to which the party making the statements would not otherwise have been entitled").

In view of the foregoing and in light the deficiencies in opposer's pleading regarding fraud, opposer is allowed up to, and including, January 3, 2011 in which to file and serve an amended pleading which properly pleads a claim of fraud, failing which this case will proceed solely on opposer's asserted claim of priority and likelihood of confusion. In the event opposer does file an amended notice of opposition, applicant is allowed thirty days from the date on the certificate of service of opposer's amended pleading in which to file and serve an answer to the amended notice of opposition.

The Board also advised the parties of the Board's accelerated case resolution ("ACR") process. While the parties declined to stipulate to pursue ACR at this time,

the parties have the right to pursue ACR at a future date, if appropriate.²

The Board then advised the parties of the automatic imposition of the Board's standard protective order in this case and further indicated that the parties would control which tier of confidentiality applies. Additionally, the Board stated that if the parties wished to modify the Board's standard protective order, they could do so by filing a motion for Board approval.

Furthermore, the Board noted that the exchange of discovery requests could not occur until the parties made their initial disclosures as required by Fed. R. Civ. P. 26(f). Additionally, the Board advised the parties that if either party plans to file a motion to compel discovery, the moving party must first contact the Board by telephone so that the Board can ascertain whether the moving party has demonstrated a good faith effort in resolving the discovery dispute before filing its motion. The Board also noted that a motion for summary judgment may not be filed until initial disclosures were made by the parties.

²For more information regarding the Board's ACR process, the parties are directed to the following website:
<http://www.uspto.gov/web/offices/com/sol/notices/acrognoticerule.pdf>

Information concerning concurrent use registrations may be generally found in Section 1100 of the TBMP (2d. rev. 2004). See <http://www.uspto.gov/web/offices/dcom/ttab/tbmp/>

The Board also provided the parties instruction as to what the required initial disclosures entail under Fed. R. Civ. P. 26(a).

Moreover, the parties agreed to accept service of papers by e-mail, and that opposer may be served at the following email addresses: bkara@karalaw.com and rsbroder@optonline.net; and that applicant may be served at the following email address: ingber.law@verizon.net. The Board noted that since the parties have agreed to service by email, the parties may no longer avail themselves of the additional 5 days for service provided under Trademark Rule 2.119(c) that is afforded to parties when service is made by first-class of express mail.

Additionally, the Board recommended that the parties file papers via the Board's electronic filing system, ESTTA, and that they should review the ESTTA filing guidelines found on the Board's website.

Trial dates are reset as follows:

Initial Disclosures Due	3/5/2011
Expert Disclosures Due	7/3/2011
Discovery Closes	8/2/2011
Plaintiff's Pretrial Disclosures	9/16/2011
Plaintiff's 30-day Trial Period Ends	10/31/2011
Defendant's Pretrial Disclosures	11/15/2011
Defendant's 30-day Trial Period Ends	12/30/2011
Plaintiff's Rebuttal Disclosures	1/14/2012
Plaintiff's 15-day Rebuttal	2/13/2012

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Period Ends

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

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