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

Proceeding	91199922
Party	Plaintiff Christopher A McGrath
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Submission	Motion to Amend Pleading/Amended Pleading
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Signature	/C.A.McGRATH/
Date	07/18/2012
Attachments	REPLY BY OPPOSER TO SECOND MOTION BY DEFENDANT TO CLARIFY 19.7.2012.pdf ( 23 pages )(229509 bytes )

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

In the matter of trademark application Serial No. 85053714 and  
opposition Serial No. [91199922](#)

For the mark: 20XI

Published in the Official Gazette on 3 May 2011

BETWEEN

MR. CHRISTOPHER McGRATH

Opposer

- and -

NIKE, INC.

Defendant

**OPPOSER'S REPLY TO DEFENDANT'S MOTION FOR A MORE DEFINITE  
STATEMENT PURSUANT TO RULE 12(E) FED.R.CIV.P. AND BRIEF IN  
SUPPORT OF MOTION**

Opposer is obliged to the Trademark Trial and Appeal Board for establishing that the Defendant's motion to dismiss is denied with regard to Opposer's standing and asserted claim of priority and likelihood of confusion. Opposer is now asked to redraft the opposition for the sake of clarity and is pleased to be able to do so, notwithstanding the Trial and Appeal Board's own ability to see the case on its merits sufficient to agree that the Opposer has a prima facie case for standing, asserted claim of priority and likelihood of confusion. There is therefore inherent clarity in the pleadings to date to establish this position, and we respectfully disagree with the Defendant that this redrafting is necessary; but Opposer welcomes the opportunity to make it clear beyond question that the Defendant, Nike, Inc.'s application for the mark, 20XI, should be dismissed and asks that the Board do so in a summary judgement. Mindful of the Board's direction regarding a speedy resolution, Opposer would welcome the Board's Accelerated Case Resolution ("ACR") procedure to get an expedited disposition of the case. We trust the Defendant will be likewise amendable to this suggestion and would ask that this be considered going forward.

1.As to standing based on commercial interest:

- a) Opposer, Mr Christopher Anthony McGrath, personally owns the trademark "20XII The Honor of Sport™" which is leased to McG Productions Ltd for commercial exploitation.
- b) 20XI is confusingly similar to 20XI; and therefore
- c) the resulting confusion will impact upon the economic interests of the Opposer; and so
- d) Opposer alleges a direct, personal and real interest in the outcome of Defendant's application and therefore alleges standing.
- e) See *Kellogg Co. v. General Mills Inc.*, 82 USPQ2d 1766, 1767 (TTAB 2007):standing based on commercial interest in the mark; while also acknowledging *Young v. AGB Corp.*, 152 F.3d 1377, 47 USPQ2d 1752, 1755 (Fed. Cir. 1998) "economic damage" is not a ground for opposition although it is relevant to issue of opposer's standing. In addition, See *Ritchie v. Simpson*, 170 F.3d 1092; 50 USPQ2d 1023, 1027 (Fed. Cir. 1999) ("The crux of the matter is not how many others share one's belief that one will be damaged by the registration, but whether that belief is reasonable and reflects a real interest in the issue"). See also *Lipton Industries, Inc. v. Ralston Purina Co.*, 670 F.2d 1024, 213 USPQ 185, 189 (CCPA 1982).
- f) Opposer also notes at this stage that following *Enbridge, Inc. v. Excelerate Energy Limited Partnership*, 92 USPQ2d 1537, n.10 (TTAB 2009) plaintiff does not have to prove claims or actual damage to establish standing.

1.1 Prior use in the United States of the mark 20XII was being established by the Opposer in the furtherance of building the sports brand as far back as 2007. It started with the 5-year purchase of 20XII.COM, a domain name, on 30 October 2007.

1.1(a) Opposer registered "20XII The Honor of Sport" as a trademark in the United Kingdom, trademark number 2477961, with a first filing date of 24 January 2008.

1.1(b) On February 5<sup>th</sup>, 2008, Opposer registered GoldenKeyQuest.com, an online sports game in the form of a treasure hunt. This registration came long after 20XII.com but swiftly on the heels of the UK trademark; with the online sports game seen as a unique way to introduce the sports brand 20XII into the market.

1.1(c) 20XII formed part of one of the game's clues: 20 is a score, X marks the spot, I is the 9th letter and so on; with

the intention that the word "goal" ("20 is a score") would form the answer to the first part of the clue and lead contestants from website to website (other clues were to follow to assist in this). The commercial intention was to encourage players, in a sporting endeavour, eventually to use one particular search engine and for the Opposer then to charge that search engine to help build recognition. The search return strings from specific word combinations would be unique to one search engine alone, making Google, for instance, no use in the unravelling of clues embedded in the return strings; they would have to use another search engine to gather the clues. In addition, while contestants played for free, websites were to be invited to hold clues and be charged a fee for driving traffic to their site. The Opposer's separate trading name, 20XII The Honor Of Sport, an emerging sports brand - was at the heart of this sporting quest and, in this way, the Opposer began to build brand recognition for 20XII in the world of sports, with a view to building an international sports brand.

1.1(d) 20XII, the sports brand, launched in a more direct, commercial capacity in the United States on 25 November 2008 as a Youtube channel, "<http://www.youtube.com/20xii>".

1.2 Throughout 2008, then, the brand 20XII was working commercially in the United States in tandem with an online treasure quest, called Golden Key Quest, as a novel way to introduce the sports brand to the market.

1.3 20XII, the brand, has been referenced in online exchanges by players in the online quest across America since 2008, which can be seen in particular at unfiction.com and tweleve.org where players openly discuss the trademark registration in progress in 2008 and make an association between 20XII and the London Olympic Games of 2012.

1.3(a) This latter association on paragraph 1.3 above was not intended by the Opposer, but it is clear that the sporting credentials of 20XII were emerging as far back as 2008 in the United States and elsewhere; for instance, as above, on 25 November 2008 Opposer added 20XII to Youtube.com, at the following webs address: [www.youtube.com/user/20xii](http://www.youtube.com/user/20xii). Indeed, the International Olympic Committee (IOC) challenged the U.K registration of 20XII by the Opposer (through The London Organising Committee of the Olympic Games and Paralympic Games Limited) because they saw an instant association with their London 2012 Olympic Games.

1.4 Since 2008, Opposer has been conducting due diligence on suitable apparel and sports goods manufacturers to fully

establish the brand globally. It is currently used to sell sportswear via 20XII.com.

1.4(1) This point, 1.4 above, is not made to establish constructive use priority but is made to highlight where the brand has been directed commercially since 2008, since first use in the United States is inextricably tied to an existing trademark, establishing economic intent, with an email itself being sent to the Defendant one week prior to their initial application date for the trademark 20XI, thus establishing also Opposer's commercial purpose for 20XII in the same sports market as Nike, Inc. 20xii.com currently reflects the most recent culmination of many months' work.

1.4(2) Opposer readily acknowledges that it looked to Nike, Inc. for the lead on building a global sports brand, and in assessing the value of 20XII as a brand, but did not introduce Nike, Inc. to 20XII in order for them to undermine its commercial prospects by seeking their near-identical trademark, 20XI, the following week.

1.5 Notwithstanding the fact that Opposer's current online apparel company at 20xii.com was launched *after* Nike began its registration of the mark, the fact that Opposer can show prior use in the United States and can show standing and commercial interest using 20XII in this sports field with an email to the Defendant *prior* to their own application, Opposer avers that, when taken together, these facts demonstrate clear commercial intent in an identical commercial field and a real economic interest in the outcome of the Defendant's application.

1.6 Again, In *Young v. AGB Corp.*, 152 F3d 1377, 47 USPQ2d 1752 (Fed. Cir. 1998) economic damage is relevant to the issue of standing. See also *Ritchie v. Simpson*, *supra*. And one clear established fact probative of the effect of use of 20XI to the detriment of 20XII, further establishing standing, is the gigantic marketing budget available to the Defendant, with endorsements already in play by golfer, Tiger Woods. As a result, any future attempt at gaining endorsements for 20XII from similar names would have the taint of 20XI, which, when attempting to build a unique brand identity, has a necessarily deleterious effect on 20XII, since the cross-over association is being established even as Opposer contests the application.

1.6(1) It is the uniqueness of 20XII that Opposer is attempting to preserve. The Board is asked to consider the like situation were Nike starting out in business and a large sports company decided to register "Nikee" as a trademark, and this is without the word Nike having any obvious sports association when it was first used by Nike, Inc.; whereas "20XII" and "sport" are intertwined in the trademark itself. The economic

damage being done here is incalculable, further solidifying Opposer's standing.

2. Citing *Enbridge, Inc. v. Excelerate Energy LP*, 92 USPQ2d 1537, 1543 n.10 (TTAB 2009), if the plaintiff can show standing on one ground, the plaintiff has a right to assert any other grounds, Opposer states as follows:

3. Opposer claims priority use in the United States through use of 20XII there since 2008, in light of points 1.1, 1.2 and 1.3 above. And, further: *Kohler Co. v. Baldwin Hardware Corp.*, 82 USPQ2d 1100, 1113 (TTAB 2007): any doubt resolved on this or any other question is resolved in favor of the prior user. Further, 1864 (TTAB 2006), "[p]riority of trademark rights in the United States depends solely upon prior use in the United States". In order to properly state a claim of likelihood of confusion, opposer must plead that (1) the opposer's mark, as applied to its goods or services, so resembles the applicant's mark or trade name as to be likely to cause confusion, mistake, or deception; and (2) priority of use. See Fed. R. Civ. P. 8; and *King Candy Co., Inc. v. Eunice King's Kitchen, Inc.*, 496 F.2d 1400, 182 USPQ 108 (CCPA 1974). Opposer has claimed standing and priority of use and now turns to likelihood of confusion, further assisted by the following:

3.1 *First Niagara Ins. Brokers Inc. v. First Niagara Financial Group, Inc.*, (77 USPQ2d 1334 (TTAB 2005), rev'd, 476 F.3d 867 (Fed. Cir. 2007)), states that foreign and domestic trademark owners can oppose United States trademark applications on the basis of likelihood of confusion, even if they do not own a trademark registration in the United States. A trademark owner need only show prior use of its trademark in the United States. It is not necessary that the trademark owner use its trademark in a type of commerce lawfully regulated by United States Congress, such as interstate commerce. Mere use in the United States is sufficient. Opposer cites this case not as a standalone reason to oppose, but to underpin having established in the above paragraphs prior use and will therefore establish the attendant likelihood of confusion grounds in the following paragraphs, pursuant to Section 2(d) of the Lanham Act.

4. While damage itself is not considered a basis on which to oppose, Opposer references 2035 (TTAB 1989): "it is not the adequacy of the specimens, but the underlying question of service mark usage which would constitute a proper ground for opposition". And Opposer notes that an allegation of priority without direct or hypothetical pleading of likelihood of confusion is insufficient pleading of Trademark Act § 2(d), 15 U.S.C. § 1052(d)). Cf. Fed. R. Civ. P. 8(a), so Opposer

links paragraph 3 above to the likelihood of confusion paragraphs that follow. And further, given *Jansen Enterprises Inc. v. Rind*, 85 USPQ2d 1104, 1107 (TTAB 2007), in which determination of likelihood of confusion is based on an analysis of all facts in evidence, and given *Miss Universe L.P., v. Community Marketing, Inc.*, 82 USPQ2d 1562 (TTAB 2007), which states "Our likelihood of confusion determination under Section 2(d) is based on an analysis of all of the facts in evidence that are relevant to the factors bearing on the likelihood of confusion issue (the *du Pont* factors)", the Opposer avers as follows:

4.1 With the Applicant's mark being a "2" followed by a "0" followed by an "X" followed by an "I", with only an additional "I" following in the Opposer's mark (coming before the additional value of 'honour' and the target market of 'sport'), their near-identical appearance and target sports market is likely to result in confusion, as follows: Opposer's mark: 20XII The Honor of Sport; Applicant's mark: 20XI (a mark with the backing of sports giant, Nike, Inc.):

20XII & 20XI

4.2 20XII The Honor of Sport™ is a registered trademark, a de facto mark for commercial trade whose area of economic interest is firmly and clearly rooted in the commercial field of sports, hence the word 'sport' in the mark. The unique Roman numeral and Arabic numeral mix in relation to the field of sports and games was not in existence prior to Opposer's registration and use of it in 2008. Not even the Olympic Committee registered that mix in their registration of "2012" and "Twenty Twelve" and it was they who challenged the Opposer as to their perceived similarity; but it was that unique mix of Arabic and Roman numerals that was not in evidence anywhere in sports prior to Opposer's registration, and certainly not with the instant association of 20XII with sports, with the word 'sport' appearing in the trademark itself, on which unique basis Opposer secured the trademark. 20XII has a clearly defined target market of sports.

4.3 Having registered the mark 20XII The Honor of Sport as a trademark for commercial use, the Defendant's desired mark, 20XI, is so similar as to cause confusion and will impact upon the existing mark, contrary to Trademark Act § 2(d), 15 U.S.C. § 1052(d), as follows:

4.4 The similarity of the marks in their entireties as to appearance and commercial impression: 20XI looks all but identical to 20XII. Placed on two separate golf balls, for instance (and 20XI is currently being used most notably in Nike's golfing goods), one would not necessarily know the

difference, or could be assured of the difference either in qualify or provenance. Opposer contends that the difference between the sound of saying "20 x i i" or "20 12" as the Opposer's mark might reasonably be construed (and was construed by The Olympic Committee) when set against the Defendant's "20 x i" or "20 11" as might be construed, is conflated by the distinctive mix of Roman and Arabic numerals in the sports goods field, such that no matter which way it is spoken, 20XII or 20XII, the visual similarity of the mix of those numerals takes precedence over the slightly separate sound between 2011 and 2012. In other words, the visual mix is so similar and so unique as to override the sound difference, which itself is so similar as to cause sufficient confusion when those marks compete in identical sports goods fields.

4.5 The similarity and nature of the goods and marketing as described in the Defendant's application, in connection with which the prior mark 20XII is in use, are as follows:

### Opposer:

#### **Existing Mark:**

**20XII**

**The Honor of Sport:**

#### **List of goods or services**

##### **Class 25:**

Clothing, footwear, headgear.

##### **Class 35:**

Advertising; dissemination of advertising matter via all media, in particular in the form of thematic messages centred on human values; publicity through sponsoring; business management; business administration; office functions; the organisation, operation and supervision of loyalty and incentive schemes; advertising services provided via the Internet; production of television and radio advertisements; promoting the goods and services of others by means of contractual agreements, in particular of sponsoring and licensing, enabling partners to gain additional notoriety and/or image and/or liking derived from those of cultural and sporting events, in particular international; promoting the goods and services of others by means of image transfer; rental of advertising space of all kinds and on all carriers, digital or not; administration of the participation of national teams to an international athletic competition, and promoting the support to said teams with the public and the concerned circles; accountancy; auctioneering; trade fairs; opinion polling; data processing; provision of business information.

### Defendant:

**Proposed Mark:**

**20XI**

**International Class: 025**

**Class Status: Active**

Footwear; apparel, namely, pants, shorts, shirts, t-shirts, pullovers, sweat shirts, sweat pants, underwear, sports bras, dresses, skirts, sweaters, jackets, socks, sweatbands, gloves, belts, hosiery, armbands, coats, vests, headwear, namely, hats, caps; cleats for playing football, baseball, softball, golf, cricket

**International Class: 035**

**Class Status: Active**

Retail store services in the field of apparel, headwear, footwear, bags of all kinds, accessories made of leather and imitation leather, umbrellas, sports equipment, golf equipment, and accessories for all the aforesaid goods; advertising and marketing

4.6 In regard to the similarity of trade channels that arise out of sports good and marketing channels: given the above goods and areas of economic interest overlap, as shown in paragraph 4.5 above, the trade channels will necessarily overlap and reasonably cause confusion.

4.7 In regard to the conditions under which and buyers to whom sales are made, i.e. "impulse" vs. careful, sophisticated purchasing, there is an identical arena in sports apparel sales between Defendant and Opposer, as one would expect with a trademark with the word "sport" in it, further compounding likelihood of confusion for the consumer.

4.8 20XII is unique in sports apparel and sports marketing. There are no similar marks in use on similar goods.

4.9 As to the extent of potential confusion, i.e., whether de minimis or substantial, it is, Opposer would argue, self-evident that 20XII and 20XI are all but identical, and, since operating in identical markets, substantial confusion is an inevitable result, thereby prohibiting Opposer from establishing the unique trade in sports goods warranted by such a unique trademark.

4.10 We respectfully submit that the pleading of likelihood of confusion serves both as a pleading of Opposer's standing and as part of the pleading of a ground under Trademark Act § 2(d), 15 U.S.C. § 1052(d)).

5. We respectfully remind the board that to survive a motion to dismiss, Opposer need only allege sufficient factual matter as would, if proved, establish that (1) Opposer 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). Specifically, "a complaint must contain sufficient factual matter, accepted as true, to state a claim to relief that is plausible on its face." *Ashcroft v. Iqbal*, 556 U.S. 662, 129 S.Ct. 1937, 1949-50 (2009), quoting *Bell Atlantic Corp. v. Twombly*, 550 U.S. 544, 570 (2007). In the context of *inter partes* proceedings before the Board, a claim has facial plausibility when the opposer pleads factual content that allows the Board to draw a reasonable inference that the plaintiff has standing and that a valid ground for the opposition exists. *Cf. Twombly*, 550 U.S. at 556, 127 S.Ct. at 1955. In particular, a plaintiff need only allege "enough factual matter ... to suggest that [a claim is plausible]" and "raise a right to relief above the speculative level." *Totes-Isotoner Corp. v. U.S.*, 594 F.3d 1346 (Fed. Cir. 2010).

5.1. See also TBMP: A real interest in the proceeding and a reasonable belief of damage may be found, for example, where plaintiff pleads (and later proves): A claim of likelihood of confusion that is not wholly without merit [Note 7], including claims based upon current ownership of a valid and subsisting registration [Note 8] or prior use of a confusingly similar mark [Note 9]. Opposer believes the aforementioned points satisfy these requirements and would ask the Board to dismiss the Defendant's application in summary judgement.

5.2. The Board has already agreed that, ostensibly, the Opposer has standing, priority use in the United States and a case for likelihood of confusion and Opposer therefore trusts that this reiteration of the facts suffices to proceed to trial immediately or, if the fraud aspect permits, to dismiss the Defendant's application in a summary judgement

6. Finally, as permitted by Trademark Act § 14(3), 15 U.S.C. § 1064(3), a petition to cancel may be filed at any time on grounds that, for example, the registration was obtained by fraud. In particular, *Cf. Liberty Trouser Co. v. Liberty & Co.*, 222 USPQ 357, 358 (TTAB 1983) cites that a claim of likelihood of confusion is accepted as a proper allegation of Opposer's standing with respect to pleaded grounds of fraud.

6.1 35 U.S.C. § 25. Declaration in lieu of oath. U.S.C. § 1001 provides: "Whoever in any matter within the jurisdiction of any department or agency of the United States knowingly and wilfully falsifies, conceals or covers up by any trick, scheme, or device a material fact, or makes any false, fictitious or fraudulent statements or representations, or makes or uses any false writing or document knowing the same to contain any false, fictitious or fraudulent statements or entry, shall be fined not more than \$10,000 or imprisoned not more than five years, or both."

6.2 And further: 37 C.F.R. PART 2-RULES OF PRACTICE IN TRADEMARK CASES § 2.20 Declarations in lieu of oaths. *...willful false statements and the like are punishable by fine or imprisonment, or both, under 18 U.S.C. 1001, and that such willful false statements and the like may jeopardize the validity of the application or document or any registration resulting therefrom..*

6.3 And further: § 1 (15 U.S.C. § 1051). *Application for registration; verification: (3) The statement shall be verified by the applicant and specify that— (B) to the best of the verifier's knowledge and belief, the facts recited in the application are accurate; and (D) to the best of the verifier's knowledge and belief, no other person has the right to use such mark in commerce either in the identical form thereof or in such near resemblance thereto as to be likely, when used on or in connection with the goods of such other person, to cause confusion, or to cause mistake, or to deceive*

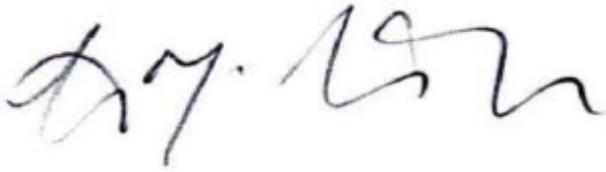
6.4. In view of the documented emails previously cited between the Opposer and Defendant, and alluded to above, in which the Defendant was introduced to 20XII one week prior to starting its application for the mark 20XI, at the point the Defendant began the trademark process in June 2010, the Defendant cannot rightly be said to have satisfied paragraph D or the declaration in lieu of oaths. Opposer therefore calls upon the Board to deny Nike, Inc. their registration.

7. We respectfully draw attention to *Target Brands Inc. v. Hughes*, 85 USPQ2d 1676, 1680 (TTAB 2007), in which the ultimate burden of persuasion under Trademark Act § 2(f) rests with applicant.

8. In respect of the test for fraud, following *in re Bose* and the decision in the United States Court of Appeals for the Federal Circuit, 2009 (Exhibit A, below), the standard for fraud was raised to providing material facts that demonstrated knowing conduct, not merely negligent conduct, and Opposer has alleged material facts to support a wilful attempt to defraud the Trademark Office. Opposer respectfully submits that this remains an equally important plank of the Opposer's application to dismiss the application by Nike, Inc. In essence, to receive an email introducing Nike, Inc. to 20XII and for them one week later to begin their 20XI application., demonstrates clear knowledge of a trademark in existence so similar as to be all but identical, with prior use in America clearly established on the internet.

Respectfully submitted,

Mr. Christopher Anthony McGrath.



19 July 2012

CERTIFICATE OF SERVICE

I hereby certify that on this 19th day of July, 2012, a true and complete copy of the foregoing OPPOSER'S REPLY TO APPLICANT'S **DEFENDANT'S MOTION FOR A MORE DEFINITE STATEMENT PURSUANT TO RULE 12 (E) FED.R.CIV.P. AND BRIEF IN SUPPORT OF MOTION** has been served by email on the Defendant at: hminsker@bannerwitcoff.com, bwlitdocket@bannerwitcoff.com to be followed by first class registered prepaid post to:

**Correspondence:**        HELEN HILL MINSKER  
                                  BANNER & WITCOFF LTD  
                                  TEN SOUTH WACKER DRIVE, SUITE 3000  
                                  CHICAGO, IL 60606  
                                  UNITED STATES

And that similar service of P'S MOTION **FOR A MORE DEFINITE STATEMENT** was effected by email on 19 July 2012 with follow-up first class, registered prepaid post sent to both the above correspondence address for the Defendant and also to the United States Patent and Trademark Commissioner for Trademarks Office PO BOX 1451, Alexandria, VA 22313-1451.

By: /Christopher A McGrath/

**EXHIBIT A**

**United States Court of Appeals for the Federal Circuit**

2008-1448

(Opposition No. 91/157,315)

IN RE BOSE CORPORATION,

Appellant.

Charles Hieken, Fish & Richardson P.C., of Boston, Massachusetts, argued for appellant. With him on the brief was Amy L. Brosius.

Raymond T. Chen, Solicitor, Office of the Solicitor, United States Patent and Trademark Office, of Arlington, Virginia, argued for the Director of the United States Patent and Trademark Office. With him on the brief were Thomas V. Shaw and Christina J. Hieber, Associate Solicitors.

Susan J. Hightower, Pirkey Barber LLP, of Austin, Texas, argued for amicus curiae, American Intellectual Property Law Association. With her on the brief was William G. Barber. Of counsel on the brief was James H. Pooley, American Intellectual Property Law Association, of Arlington, Virginia.  
Appealed from: United States Patent and Trademark Office  
Trademark Trial and Appeal Board

**United States Court of Appeals for the Federal Circuit**

2008-1448

(Opposition No. 91/157,315)

IN RE BOSE CORPORATION,

Appellant.

Appeal from the United States Patent and Trademark Office,  
Trademark Trial and Appeal Board.

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DECIDED: August 31, 2009

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Before MICHEL, Chief Judge, DYK, and MOORE, Circuit Judges.  
MICHEL, Chief Judge.

The Trademark Trial and Appeal Board ("Board") found that Bose Corporation ("Bose") committed fraud on the United States Patent and Trademark Office ("PTO") in renewing Registration No. 1,633,789 for the trademark WAVE. *Bose Corp. v. Hexawave, Inc.*, 88 USPQ2d 1332, 1338 (T.T.A.B. 2007). Bose appeals the Board's order cancelling the registration in its entirety. Because there is no substantial evidence that Bose intended to deceive the PTO in the renewal process, we reverse and remand.

I. BACKGROUND

Bose initiated an opposition against the HEXAWAVE trademark application by Hexawave, Inc. ("Hexawave"), alleging, *inter alia*, likelihood of confusion with Bose's prior registered trademarks, including WAVE. Bose, 88 USPQ2d at 1333. Hexawave

counterclaimed for cancellation of Bose's WAVE mark, asserting that Bose committed fraud in its registration renewal application when it claimed use on all goods in the registration while knowing that it had stopped manufacturing and selling certain goods. Id.

The fraud alleged by Hexawave involves Bose's combined Section 8 affidavit of continued use and Section 9 renewal application ("Section 8/9 renewal"),<sup>1</sup> signed by Bose's general counsel, Mark E. Sullivan, and filed on January 8, 2001. Bose, 88 USPQ2d at 1335. In the renewal, Bose stated that the WAVE mark was still in use in commerce on various goods, including audio tape recorders and players. Id. at 1333. The Board found that (1) Bose stopped manufacturing and selling audio tape recorders and players sometime between 1996 and 1997; and (2) Mr. Sullivan knew that Bose discontinued those products when he signed the Section 8/9 renewal. Id. at 1334-35.

At the time Mr. Sullivan signed the Section 8/9 renewal, Bose continued to repair previously sold audio tape recorders and players, some of which were still under warranty. Bose, 88 USPQ2d at 1335. Mr. Sullivan testified that in his belief, the WAVE mark was used in commerce because "in the process of repairs, the product was being transported back to customers." Id. The Board concluded that the repairing and shipping back did not constitute sufficient use to maintain a trademark registration for goods. Id. at 1337. It further found Mr. Sullivan's belief that transporting repaired goods

1 Federal trademark registrations issued on or after November 16, 1989, remain in force for ten years, and may be renewed for ten-year periods. To renew a registration, the owner must file an Application for Renewal under Section 9. In addition, at the end of the sixth year after the date of registration and at the end of each successive ten-year period after the date of registration, the owner must file a Section 8 Declaration of Continued Use, "an affidavit setting forth those goods or services recited in the registration on or in connection with which the mark is in use in commerce. . . ." 15 U.S.C. § 1058(b)(1); see also, id. §§ 1058, 1059.

constituted use was not reasonable. Id. at 1338. Finally, the Board found that the use statement in the Section 8/9 renewal was material. Id. As a result, the Board ruled that Bose committed fraud on the PTO in maintaining the WAVE mark registration and ordered the cancellation of Bose's WAVE mark registration in its entirety. Id. Later, the same panel denied Bose's Request for Reconsideration. Bose Corp. v. Hexawave, Inc., Opposition No. 91157315, 2008 WL 1741913 (T.T.A.B. Apr. 9, 2008).

Bose appealed. Because the original appellee Hexawave did not appear, the PTO moved, and the court granted leave to the Director, to participate as the appellee. We have jurisdiction pursuant to 15 U.S.C. § 1071(a) and 28 U.S.C § 1295(a) (4) (B).

## II. DISCUSSION

This court reviews the Board's legal conclusions de novo. In re Int'l Flavors & Fragrances Inc., 183 F.3d 1361, 1365 (Fed. Cir. 1999). We review the Board's factual findings for substantial evidence. Recot, Inc. v. Becton, 214 F.3d 1322, 1327 (Fed. Cir. 2000).

A third party may petition to cancel a registered trademark on the ground that the "registration was obtained fraudulently." 15 U.S.C. § 1064(3). "Fraud in procuring a trademark registration or renewal occurs when an applicant knowingly makes false, material representations of fact in connection with his application." Torres v. Cantine Torresella S.r.l., 808 F.2d 46, 48 (Fed. Cir. 1986). A party seeking cancellation of a trademark registration for fraudulent procurement bears a heavy burden of proof. W.D. Byron & Sons, Inc. v. Stein Bros. Mfg. Co., 377 F.2d 1001, 1004 (CCPA 1967). Indeed, "the very nature of the charge of fraud requires that it be proven 'to the hilt' with clear and convincing evidence. There is no room for speculation, inference or surmise and,

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obviously, any doubt must be resolved against the charging party." *Smith Int'l, Inc. v. Olin Corp.*, 209 USPQ 1033, 1044 (T.T.A.B. 1981).

The Court of Customs and Patent Appeals ("CCPA"), our predecessor whose decisions are binding on this court, explained that, before the PTO, "[a]ny 'duty' owed by an applicant for trademark registration must arise out of the statutory requirements of the Lanham Act," which prohibit an applicant from making "knowingly inaccurate or knowingly misleading statements." *Bart Schwartz Int'l Textiles, Ltd. v. Fed. Trade Comm'n*, 289 F.2d 665, 669 (CCPA 1961). Therefore, the court stated that, absent the requisite intent to mislead the PTO, even a material misrepresentation would not qualify as fraud under the Lanham Act warranting cancellation. *King Auto., Inc. v. Speedy Muffler King, Inc.*, 667 F.2d 1008, 1011 n.4 (CCPA 1981).

Mandated by the statute and caselaw, the Board had consistently and correctly acknowledged that there is "a material legal distinction between a 'false' representation and a 'fraudulent' one, the latter involving an intent to deceive, whereas the former may be occasioned by a misunderstanding, an inadvertence, a mere negligent omission, or the like." *Kemin Indus., Inc. v. Watkins Prods., Inc.*, 192 USPQ 327, 329 (T.T.A.B. 1976). In other words, deception must be willful to constitute fraud. *Smith Int'l*, 209 USPQ at 1043; see also *Woodstock's Enters. Inc. (Cal.) v. Woodstock's Enters. Inc. (Or.)*, 43 USPQ2d 1440, 1443 (T.T.A.B. 1997); *First Int'l Servs. Corp. v. Chuckles, Inc.*, 5 USPQ2d 1628, 1634 (T.T.A.B. 1988); *Giant Food, Inc. v. Standard Terry Mills, Inc.*, 229 USPQ 955, 962 (T.T.A.B. 1986).

Several of our sister circuits have also required proof of intent to deceive before cancelling a trademark registration. See, e.g., *Far Out Prods., Inc. v. Oskar*, 247 F.3d

986, 996 (9th Cir. 2001) (stating that an affidavit was fraudulent only if the affiant acted with scienter); *Aromatique, Inc. v. Gold Seal, Inc.*, 28 F.3d 863, 877-78 (8th Cir. 1994) (per curiam) ("In order to show that an applicant defrauded the PTO the party seeking to invalidate a mark must show that the applicant intended to mislead the PTO."); *Meineke Discount Muffler v. Jaynes*, 999 F.2d 120, 126 (5th Cir. 1993) ("To succeed on a claim of fraudulent registration, the challenging party must prove by clear and convincing evidence that the applicant made false statements with the intent to deceive [the PTO]."); *San Juan Prods., Inc. v. San Juan Pools of Kan., Inc.*, 849 F.2d 468, 472 (10th Cir. 1988) (stating that in determining whether a statement is fraudulent, courts must focus on the "declarant's subjective, honestly held, good faith belief" (internal quotation marks and emphasis omitted)); *Money Store v. Harriscorp Fin., Inc.*, 689 F.2d 666, 670 (7th Cir. 1982) ("Fraud will be deemed to exist only when there is a deliberate attempt to mislead the Patent Office into registering the mark.").

The Board stated in *Medinol v. Neuro Vasx, Inc.* that to determine whether a trademark registration was obtained fraudulently, "[t]he appropriate inquiry is . . . not into the registrant's subjective intent, but rather into the objective manifestations of that intent." 67 USPQ2d 1205, 1209 (T.T.A.B. 2003). We understand the Board's emphasis on the "objective manifestations" to mean that "intent must often be inferred from the circumstances and related statement made." *Id.* (internal quotation marks omitted) (quoting *First Int'l Serv.*, 5 USPQ2d at 1636). We agree. However, despite the long line of precedents from the Board itself, from this court, and from other circuit courts, the Board went on to hold that "[a] trademark applicant commits fraud in procuring a registration when it makes material representations of fact in its declaration which it

knows or should know to be false or misleading." *Id.* (emphasis added). The Board has since followed this standard in several cancellation proceedings on the basis of fraud, including the one presently on appeal. See *Bose*, 88 USPQ2d at 1334.

By equating "should have known" of the falsity with a subjective intent, the Board erroneously lowered the fraud standard to a simple negligence standard. See *Ileto v. Glock, Inc.*, 565 F.3d 1126, 1155 (9th Cir. 2009) ("Knowing conduct thus stands in contrast to negligent conduct, which typically requires only that the defendant knew or should have known each of the facts that made his act or omission unlawful. . . ."); see also *Davis v. Monroe County Bd. of Educ.*, 526 U.S. 629, 642 (1999) (explaining that in *Gebser v. Lago Vista Independent School District*, 524 U.S. 274 (1998), the Court "declined the invitation to impose liability under what amounted to a negligence standard—holding the district liable for its failure to react to teacher-student harassment of which it knew or should have known. Rather, [the Court] concluded that the district could be liable for damages only where the district itself intentionally acted in clear violation of Title IX by remaining deliberately indifferent to acts of teacher-student harassment of which it had actual knowledge.").

We have previously stated that "[m]ere negligence is not sufficient to infer fraud or dishonesty." *Symbol Techs., Inc. v. Opticon, Inc.*, 935 F.2d 1569, 1582 (Fed. Cir. 1991). We even held that "a finding that particular conduct amounts to 'gross negligence' does not of itself justify an inference of intent to deceive." *Kingsdown Med. Consultants, Ltd. v. Hollister Inc.*, 863 F.2d 867, 876 (Fed. Cir. 1988) (en banc). The principle that the standard for finding intent to deceive is stricter than the standard for negligence or gross negligence, even though announced in patent inequitable conduct

cases, applies with equal force to trademark fraud cases. After all, an allegation of fraud in a trademark case, as in any other case, should not be taken lightly. *San Juan Prods.*, 849 F.2d at 474 (quoting *Anheuser-Busch, Inc. v. Bavarian Brewing Co.*, 264 F.2d 88, 92 (6th Cir. 1959)). Thus, we 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.

Subjective intent to deceive, however difficult it may be to prove, is an indispensable element in the analysis. Of course, "because direct evidence of deceptive intent is rarely available, such intent can be inferred from indirect and circumstantial evidence. But such evidence must still be clear and convincing, and inferences drawn from lesser evidence cannot satisfy the deceptive intent requirement." *Star Scientific, Inc. v. R.J. Reynolds Tobacco Co.*, 537 F.3d 1357, 1366 (Fed. Cir. 2008). When drawing an inference of intent, "the involved conduct, viewed in light of all the evidence . . . must indicate sufficient culpability to require a finding of intent to deceive." *Kingsdown*, 863 F.2d at 876.

The Board in *Medinol* purportedly relied on this court's holding in *Torres* to justify a "should have known" standard. The Board read *Torres* too broadly. In that case, *Torres* obtained the trademark registration for "Las Torres" below a tower design. *Torres*, 808 F.2d at 47. The trademark was registered for use on wine, vermouth, and champagne. *Id.* In the renewal application, *Torres* submitted an affidavit stating that the mark as registered was still in use in commerce for each of the goods specified in the registration. *Id.* He even attached a specimen label with the registered mark displayed. *Id.* In fact, *Torres* was not using the mark as registered. *Id.* Instead, five  
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years prior to the renewal application, Torres had admittedly altered the mark to "Torres" in conjunction with a different tower design. *Id.* In addition, Torres knew that even the altered mark was in use only on wine. *Id.* In other words, the registrant knowingly made false statements about the trademark and its usage when he filed his renewal application. *Id.*

True, the court concluded that

If a registrant files a verified renewal application stating that his registered mark is currently in use in interstate commerce and that the label attached to the application shows the mark as currently used when, in fact, he knows or should know that he is not using the mark as registered and that the label attached to the registration is not currently in use, he has knowingly attempted to mislead the PTO.

*Id.* at 49. However, one should not unduly focus on the phrase "should know" and ignore the facts of the case, i.e., the registrant "knows." Doing so would undermine the legal framework the court set out in *Torres*. Indeed, in *Torres*, the court cited various precedents—some persuasive, others binding on the court—and reemphasized several times that (1) fraud in trademark cases "occurs when an applicant knowingly makes false, material representations," (2) the Lanham Act imposes on an applicant the obligation not to "make knowingly inaccurate or knowingly misleading statements," and (3) a registrant must also "refrain from knowingly making false, material statements." *Id.* at 48. The "should know" language, if it signifies a simple negligence or a gross negligence standard, is not only inconsistent with the framework set out elsewhere in *Torres*, but would also have no precedential force as it would have conflicted with the precedents from CCPA. See *Newell Cos. v. Kenney Mfg. Co.*, 864 F.2d 757, 765 (Fed. Cir. 1988). Certainly, the prior CCPA decisions cited in the *Torres* opinion were precedents binding on the *Torres* court. See *S. Corp. v. United States*, 690 F.2d 1368, 2008-1448 8

2 The PTO argues that under *Torres*, making a submission to the PTO with reckless disregard of its truth or falsity satisfies the intent to deceive requirement. We need not resolve this issue here. Before Sullivan submitted his declaration in 2001, neither the PTO nor any court had interpreted "use in commerce" to exclude the repairing and shipping repaired goods. Thus, even if we were to assume that reckless disregard qualifies, there is no basis for finding Sullivan's conduct reckless.

1369 (Fed. Cir. 1982). In fact, they still bind us because they have never been overturned en banc.<sup>2</sup>

*Metro Traffic Control, Inc. v. Shadow Network Inc.*, 104 F.3d 336 (Fed. Cir. 1997) further supports our reading that the *Torres* holding does not deviate from the established rule

that intent to deceive is required to find fraud. In *Metro Traffic Control*, the court cited *Torres* and reaffirmed that fraud can only be found if there is "a willful intent to deceive." 104 F.3d at 340. As a result, the court agreed with the Board that the applicant's statements, "though false, were not uttered with the intent to mislead the PTO." *Id.* at 340-41. Because the applicant's "misstatements did not represent a 'conscious effort to obtain for his business a registration to which he knew it was not entitled,'" the court affirmed the Board's ruling of no fraud. *Id.* at 341; see also *L.D. Kichler Co. v. Davoil, Inc.*, 192 F.3d 1349, 1352 (Fed. Cir. 1999) (remanding the case so the district court may determine whether the trademark applicant "knowingly submitted a false declaration with an intent to deceive").

Applying the law to the present case, Mr. Sullivan, who signed the application, knew that Bose had stopped manufacturing and selling audio tape recorders and players at the time the Section 8/9 renewal was filed. Therefore, the statement in the renewal application that the WAVE mark was in use in commerce on all the goods, including audio tape recorders and players, was false. Because Bose does not

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challenge the Board's conclusion that such a statement was material, we conclude that Bose made a material misrepresentation to the PTO.

However, Mr. Sullivan explained that in his belief, Bose's repairing of the damaged, previously-sold WAVE audio tape recorders and players and returning the repaired goods to the customers met the "use in commerce" requirement for the renewal of the trademark. The Board decided that Bose's activities did not constitute sufficient use to maintain a trademark registration. See *Bose*, 88 USPQ2d at 1335-37. It also found Sullivan's belief not reasonable. *Id.* at 1338. We do not need to resolve the issue of the reasonableness as it is not part of the analysis. There is no fraud if a false misrepresentation is occasioned by an honest misunderstanding or inadvertence without a willful intent to deceive. *Smith Int'l*, 209 USPQ at 1043. Sullivan testified under oath that he believed the statement was true at the time he signed the renewal application. Unless the challenger can point to evidence to support an inference of deceptive intent, it has failed to satisfy the clear and convincing evidence standard required to establish a fraud claim.

We hold that Bose did not commit fraud in renewing its WAVE mark and the Board erred in canceling the mark in its entirety. Indeed, the purpose of the Section 8/9 renewal is "to remove from the register automatically marks which are no longer in use." *Torres*, 808 F.2d at 48 (quoting *Morehouse Mfg. Corp. v. J. Strickland & Co.*, 407 F.2d 881, 887 (CCPA 1969)). When a trademark registrant fulfills the obligation to refrain from knowingly making material misrepresentations, "[i]t is in the public interest to maintain registrations of technically good trademarks on the register so long as they are still in use." *Morehouse*, 407 F.2d at 888. Because "practically all of the user's

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3 Indeed, even though the Board cancelled the registration of the WAVE trademark, it continued to analyze Bose's common law right in the mark. Eventually, the Board found likelihood of confusion and rejected Hexawave's application to register trademark HEXAWAVE. *Bose*, 88 USPQ2d at 1342-43.

substantive trademark rights derive" from continuing use, when a trademark is still in use, "nothing is to be gained from and no public purpose is served by cancelling the registration of" the trademark.<sup>3</sup> *Id.*

We agree with the Board, however, that because the WAVE mark is no longer in use on audio tape recorders and players, the registration needs to be restricted to reflect commercial reality. See *Bose*, 88 USPQ2d at 1338. We thus remand the case to the Board for appropriate proceedings.

III. CONCLUSION

For these reasons, the Board's decision is reversed and remanded.

IV. COSTS

Each party shall bear its own costs.

REVERSED and REMANDED