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

Proceeding	91201703
Party	Defendant Istituto Italiano Sicurezza dei Giocattoli S.r.l.
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Submission	Motion to Dismiss - Rule 12(b)
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**IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD**

MICHAEL BRANDT FAMILY TRUST
d/b/a ECO-SAFE OF DALLAS,

Opposer,

v.

ISTITUTO ITALIANO SICUREZZA
DEI GIOCATTOLE S.R.L.

Opposition No. 91201703

**APPLICANT’S MOTION TO DISMISS FOR FAILURE TO STATE A FRAUD CLAIM
AND A CLAIM ASSERTING THAT APPLICANT’S APPLICATION IS VOID *AB
INITIO*, AND ALTERNATIVE MOTION FOR MORE DEFINITE STATEMENT
REGARDING THE VOID *AB INITIO* CLAIM**

Applicant Istituto Italiano Sicurezza Dei Giocattoli S.R.L. (“Sicurezza”) moves the Board pursuant to Fed. R. Civ. P. 12(b)(6) to dismiss the fraud claim and the claim that Applicant’s application is void *ab initio* asserted by Opposer Michael Brandt Family Trust (“MBFT”) in its First Amended Notice of Opposition (“FAN”). If the void *ab initio* claim is not dismissed, Applicant moves in the alternative under Fed. R. Civ. P. 12(e) for a more definite statement of this claim.

I. MBFT fails to state a claim for fraud

MBFT fails to allege with particularity any factual allegations that could even hypothetically or speculatively support its knowledge and intent allegations, which are the hallmark of fraud and which are alleged by Opposer in a cursory manner that include nothing more than the recitation of the words “knowledge” and “intent.”

The elements of fraud require not only a false statement, but also the declarant's knowledge of the falsity and an affirmative intent to deceive the Patent and Trademark Office. "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, 1 USPQ2d 1483 (Fed. Cir. 1986). As the Court stated in *In re Bose Corp.*, 580 F.3d 1240, 91 USPQ2d 1938 (Fed. Cir. 2009), quoting *Kemin Indus., Inc. v. Watkins Prods., Inc.*, 192 USPQ 327, 329 (TTAB 1976), "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."

Unlike in its original Notice of Opposition, MBFT's First Amended Notice of Opposition now at least includes *something* relating the crucial knowledge and intent elements of fraud. However, the fraud pleading is still facially deficient under the rule that fraud must be claimed with particularity and under relatively recent Supreme Court and Federal Circuit law.

Paragraph 12 of the FAN alleges that Applicant made a false statement to the Patent and Trademark Office in connection with its application. Paragraph 15 of the FAN is nothing more than a repeat of the false-statement allegation of paragraph 12. Like paragraph 12, paragraph 15 does not relate to any of the other elements of fraud (knowledge of falsity, intent to deceive, reliance, damages). Both paragraphs, and all the other paragraphs relating to the fraud claim, are made upon "information and belief" as opposed to personal knowledge.

Paragraph 13 of the FAN makes the conclusory allegation that allegedly false statement alleged in paragraphs 12 and 15 was made with "knowledge" of its falsity and with the "intent to deceive" the Patent and Trademark Office. Paragraph 16 of the FAN restates the naked knowledge

and intent allegations already made in paragraph 13, and also includes no factual support just as in paragraph 13.

The “knowledge” and “intent” allegations in paragraph 13 and 16 are nothing more than the barest recitation of the elements of a claim for fraud. The paragraphs use the keywords “knowledge” and “intent,” but provide nothing more other than these words - no alleged facts or circumstances by which a finder of fact could affirm the two state-of-mind allegations. These are not magic words. Their mere inclusion in an allegation does not state a claim with particularity as required by Federal Rules as construed by the Supreme Court and the Federal Circuit.

The standards for drafting and challenging initial pleadings have changed a great deal in light of the recent Supreme Court decisions *Bell Atlantic Corp. v. Twombly*, 550 U.S. 544 (2007) and *Ashcroft v. Iqbal*, 129 S.Ct. 1937 (2009). In *Twombly*, the Supreme Court expressly “retired” the standard announced in *Conley v. Gibson*, 355 U.S. 41 (1957), which stated that “the accepted rule that a complaint should not be dismissed for failure to state a claim unless it appears beyond doubt that the plaintiff can prove no set of facts in support of his claim which would entitle him to relief.” *Conley* at 45-46. In rejecting that language, the Court in *Twombly* noted that courts had read the rule so narrowly and literally that “a wholly conclusory statement of claim would survive a motion to dismiss whenever the pleadings left open the possibility that a plaintiff might later establish some set of undisclosed facts to support recovery.” *Twombly*, 550 U.S. at 561 (internal quotation marks and alterations omitted).

Twombly first notes: “While a complaint attacked by a Rule 12(b)(6) motion to dismiss does not need detailed factual allegations, a plaintiff’s obligation to provide the grounds of his entitlement to relief requires more than labels and conclusions, and a formulaic recitation of the elements of a cause of action will not do.” *Twombly*, 550 U.S. at 555. Nor does a complaint

suffice if it tenders "naked assertion[s]" devoid of "further factual enhancement." *Twombly*, 550 U.S. at 557.

The *Twombly* Court further explained that "[f]actual allegations must be enough to raise a right to relief above the speculative level . . . on the assumption that all the allegations in the complaint are true (even if doubtful in fact)." *Id.* The *Twombly* Court ultimately held that to survive a motion to dismiss, a complaint must now contain sufficient factual matter, accepted as true, to "state a claim to relief that is plausible on its face." *Twombly* at 570 (when plaintiffs "have not nudged their claims across the line from conceivable to plausible, their complaint must be dismissed.")

In *Ashcroft v. Iqbal*, 556 U.S. 662 (U.S. 2009) the Supreme Court emphasized that *Twombly* applies to all types of civil actions, not just the antitrust action involved in *Twombly*. "Though *Twombly* determined the sufficiency of a complaint sounding in antitrust, the decision was based on our interpretation and application of Rule 8. . . . Our decision in *Twombly* expounded the pleading standard for all civil actions." *Id.* (citations and quotation marks removed). *Iqbal* reiterated the *Twombly* plausibility standard and the rule that conclusory recitations of the element of a claim do not suffice:

Two working principles underlie *Twombly*. First, the tenet that a court must accept a complaint's allegations as true is **inapplicable to threadbare recitals of a cause of action's elements, supported by mere conclusory statements**. Second, determining whether a complaint states a plausible claim is context-specific, requiring the reviewing court to draw on its experience and common sense. A court considering a motion to dismiss may begin by identifying allegations that, because they are mere conclusions, are not entitled to the assumption of truth.

Iqbal, 556 U.S. at ____ (citations removed) (emphasis added).

No published or unpublished TTAB opinion has addressed the *Twombly*/*Iqbal* standard in the context of the adequacy of pleading the elements of fraud relating to the accused's

knowledge of the falsity of a statement or the accused's intent to deceive the PTO in making the allegedly false statement. However, in *In re BP Lubricants USA Inc.*, 637 F.3d 1307 (Fed. Cir. 2011), the Federal Circuit considered the adequacy of pleading a false patent marking claim, which sounds in fraud and requires that a patentee have actual knowledge that its patent has expired and an affirmative intent to deceive the public via continuing to mark its products with the patent number notwithstanding knowledge of the patent's expiration. The Federal Circuit, citing *Iqbal* and its own precedent, dismissed the fraud claim due to the plaintiff's bare, conclusory allegations regarding knowledge of expiration and regarding intent. The Federal Circuit emphasized the Plaintiff's failure to provide any facts underlying the knowledge and intent-to-deceive allegations. *Id.* at 1311. The Federal Circuit also criticized the district court for ignoring the fact that the knowledge allegation was not supported by any alleged facts.

The situations the Supreme Court considered in *Twombly* and *Iqbal* are analogous because these too related to state-of-mind elements in civil claims. In *Twombly*, the Supreme Court considered assertions of parallel conduct and conspiracy in the context of an antitrust claim. Parallel conduct and conspiracy were alleged in a conclusory manner (just like knowledge and intent in this case) and the Court concluded that "without some further factual enhancement it stops short of the line between possibility and plausibility of entitlement to relief. *Twombly*, 550 U.S. at 557.

In *Iqbal*, the Supreme Court, applied the two-part analysis recommend therein, first identify all conclusory allegations and then do not give these a presumption of truth:

We begin our analysis by identifying the allegations in the complaint that are not entitled to the assumption of truth. Respondent pleads that petitioners "knew of, condoned, and willfully and maliciously agreed to subject [him]" to harsh conditions of confinement "as a matter of policy, solely on account of [his] religion, race, and/or national origin and for no legitimate penological interest." The complaint alleges that Ashcroft was the "principal architect" of this invidious policy and that

Mueller was "instrumental" in adopting and executing it. These bare assertions, much like the pleading of conspiracy in *Twombly*, amount to nothing more than a "formulaic recitation of the elements" of a constitutional discrimination claim, namely, that petitioners adopted a policy 'because of,' not merely 'in spite of,' its adverse effects upon an identifiable group. As such, the allegations are conclusory and not entitled to be assumed true.

Iqbal, 556 U.S. at ___ (citations removed).

According to the above, MBFT fails state a claim for fraud because it alleges knowledge intent and in a cursory manner, parroting only the "knowledge" and "intent to deceive" phraseology of the elements of fraud, and failing to allege any facts upon which the state-of-mind allegations could plausibly be inferred.

II. Opposer fails to state a claim that Applicant's application is void *ab initio*

Paragraph 14 of the FAN purports to state *another* claim separate and distinct from, and in the alternative to, the fraud claim: a claim that Applicant's application is void *ab initio*. Although Opposer alleges its fraud claim and its void *ab initio* claim together under the same heading and, in part, using the same paragraphs in its FAN, these are two entirely separate claims in their proof and in their consequences.

The basis of the void claim is not entirely clear due to the fact that this claim is not set out in paragraphs separate from the fraud claim and the fact that Opposer seems to alternatively rely on (1) an alleged conflict with 15 U.S.C. § 1127, which prohibits the use of a certification mark as a regular mark and (2) an alleged lack of bona fide intent to use the mark with all the goods and services listed in the application.

To the extent Opposer asserts a conflict with 15 U.S.C. § 1127, the void claim fails as a matter of law because Opposer does not allege an inherent conflict with 15 U.S.C. § 1127.

Applicant's application is and has always been a regular application, not an application for a

certification mark. There are no conflicting oaths in the application and Opposer does not allege otherwise and does not allege that the application conflicts with another application or registration of Applicant. The application and the associated oath are for use in connection with various goods and for use in connection with certification services in class 42. As a matter of law, use of a mark in connection with certification services is not use of a certification mark. The allegations in paragraph 10 of the FAN confirm Applicant's intent to use the mark for certification services, not as a certification mark to be applied to third party products. Nowhere in this paragraph or anywhere else in the FAC does Opposer allege that Applicant would apply its mark to third party products. Because there is no conflict in an application seeking to register a mark in class 42 for certification services and at the same time for various goods in various goods classes, Opposer fails to state a claim under this rationale.

To the extent Opposer seeks to void the application with the rationale that Applicant has an insufficient bona fide intent to use, the claim fails as a matter of law because Opposer does not allege that Applicant lacked a bona fide intent to use the mark on *all* the goods and *all* the services listed in the application.

[C]ontrary to opposer's contention, an application will not be deemed void for lack of a bona fide intention to use absent proof of fraud, n4 or proof of a lack of bona fide intention to use the mark on **all** of the goods identified in the application, **not just some of them**. n5 See, with regard to use-based applications, *Grand Canyon West Ranch LLC v. Hualapai Tribe*, 78 USPQ2d 1696 (TTAB 2006). Thus, we will decide this issue in terms of whether the items, if any, for which opposer has shown applicant's lack of bona fide intention to use the mark should be deleted from the application.

Wet Seal Inc. v. FD Management Inc., 82 USPQ2d 1629, 16 (TTAB 2007) (emphasis added).

Opposer alleges only that Applicant must have lacked a bona fide intent to use with *either* the goods *or* the services listed in the application, but not both. As such, Opposer does not allege facts by which the entire application can be declared void.

If the Motion to Dismiss the void claim is denied, Applicant moves the Board to require a more definite statement regarding the nature and specific alleged underlying facts that give rise to the void *ab initio* claim. Applicant requests that this claim be set out in paragraphs separate from the fraud claim and that Opposer makes clear which alleged facts apply to this claim, on which of the two theories/set-of-facts noted above it is relying, and whether it is relying on any other theory or set of facts to support the voidance of the entire application.

February 24, 2012

Respectfully submitted,

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Certificate of Service

I hereby certify that the within MOTION TO DISMISS was served on this 24th day of February 2012 via U.S. mail, postage prepaid, to the below listed counsel of record for Applicant:

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