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

Proceeding	91201703
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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,	)	
	)	Opposition No. 91201703
Opposer,	)	
	)	Application Ser. No. 77/960,950
v.	)	
	)	
ISTITUTO ITALIANO SICUREZZA	)	
DEI GIOCATTOLI S.R.L.,	)	
	)	
Applicant.	)	
_____	)	

**MEMORANDUM IN OPPOSITION TO APPLICANT’S MOTION TO DISMISS  
OPPOSER’S FRAUD CLAIM FOR FAILURE TO STATE A CLAIM**

**Introduction**

Opposer, Michael Brandt Family Trust, hereby submits this Memorandum in Opposition to Applicant’s Motion To Dismiss Opposer’s Fraud Claim For Failure To State A Claim, as served on November 28, 2012 (the “Motion”). The fraud claim at issue is stated in Opposer’s Second Amended Notice of Opposition (the “SAN”), which, in turn, was filed in accordance with the Order, dated September 24, 2012 (“Order”), where the Board granted Opposer leave to re-plead the fraud claim. In the addition to the fraud claim, as re-plead, Opposer’s SAN also asserts grounds for opposition under Section 2(d) of the Lanham Act, as amended, for a violation of the anti-use by owner rule for certification marks and for lack of bona fide intent to use the mark on the stated goods and services. Applicant’s motion seeks dismissal, pursuant to Fed. R.

Civ. P. 12(b)(6) (“Rule 12(b)(6)”), of *only the fraud claim*, as stated in the SAN. Accordingly, the sole issue raised by the Motion is whether the SAN sufficiently pleads a claim of fraud.

Applicant argues that Opposer’s fraud claim must fail because the allegations regarding Applicant’s knowledge and intent are asserted upon “upon information and belief”, are alleged in a bald, conclusory manner, and are not accompanied by factual allegations from which one may infer – as “the single most reasonable inference” – that Applicant had the requisite knowledge and intent to deceive the U.S. Patent and Trademark Office (“PTO”).

Applicant is mistaken. Not only does the latest Board Order in this proceeding expressly recognize that a claim sounding in fraud may be alleged upon “information and belief,” the SAN contains factual allegations from which one may infer that Applicant, knowingly and falsely, represented to the PTO that Applicant had a bona fide intent to use its “ECO SAFE (and leaf design)” mark as a trademark for products in Classes 22, 23, 24, 25 and 27 and as a service mark for services in Class 42, when Applicant knew that its “ECO SAFE (and leaf design)” mark was intended to be used and is in fact being used as a certification mark. The SAN also contains factual allegations from which one may infer that Applicant, in applying for registration of its mark under Section 44(d) of the Trademark Act, knowingly and falsely represented to the PTO the true nature of its mark and its true bona fide intent with regard to use of its mark, all with the intent to deceive the PTO and to obtain a trademark registration to which Applicant otherwise would not be entitled. Applicant’s arguments, which not only ignore the Board’s Order, but also ignore the facts alleged in the SAN, are without merit.

Additionally, Applicant’s contention that the inference of knowledge and intent must be the “single most reasonable inference” to be drawn from the facts alleged is incorrect. Under *Exergen Corp. v. Wal-Mart Stores, Inc.*, 575 F.3d 1312 (Fed. Cir. 2009), at the pleading stage of

a claim sounding in fraud, one need only to be able to *reasonably infer* from the facts alleged that the defendant had the necessary knowledge and intent.

Accordingly, when the factual allegations of the SAN are properly viewed as a whole and under the proper standards to be applied in the context of a Rule 12(b)(6) motion to dismiss, it is clear that the SAN pleads sufficient facts from which one may reasonably infer that Applicant had the requisite knowledge and intent to deceive the PTO. Applicant's motion to dismiss Opposer's fraud claim should be denied.

### **Relevant Procedural Background**

Applicant's Motion is directed to the SAN, which was filed pursuant to the Board's September 24<sup>th</sup> Order that expressly granted Opposer leave to replead the fraud claim. In that Order, the Board did not take issue with the elements of "knowledge" or "intent" as alleged by Applicant. Rather, the Board found that Applicant's then-existing pleading, the First Amended Notice of Opposition, had not alleged a factual basis of Opposer's allegation that Applicant's mark is, in reality, a certification mark. *See* Order at 5-6. The Board also found that Opposer had not alleged the factual foundation for its allegations on "information and belief." *See* Order at 7. On October 29, 2012, Opposer filed the SAN, which specifically addressed the pleading issues raised by the Board's September 24<sup>th</sup> Order. Because the Board's Order did not raise any issue regarding the "knowledge" and "intent" elements required for fraud, Opposer, in turn, did not specifically address those elements when Opposer amended its First Amended Notice of Opposition. Despite that, as set forth below, Opposer submits that the SAN does contain a sufficient factual foundation for the requisite knowledge and intent elements. Thus, it should be found that the SAN contains a legally sufficient claim of fraud.

## ARGUMENT

### **I. Standard for Testing the Legal Sufficiency of a Complaint on a Motion to Dismiss Under Rule 12(b)(6)**

A motion to dismiss for failure to state a claim upon which relief can be granted is a test solely of the legal sufficiency of a complaint. *See, e.g., Advanced Cardiovascular Systems Inc. v. SciMed Life Systems Inc.*, 988 F.2d 1157, 26 USPQ2d 1038, 1041 (Fed. Cir. 1993). As noted by Applicant, the Supreme Court in *Bell Atlantic Corp. v. Twombly*, 550 U.S. 544 (2007) and *Ashcroft v. Iqbal*, 556 U.S. 662, 129 S. Ct. 1937 (2009), set forth the test to be used to determine the sufficiency of a complaint in the context of a Rule 12(b)(6) motion to dismiss. “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.’” *Iqbal*, 556 U.S. 662, 129 S. Ct. at 1949 (citing *Twombly*, 550 U.S. at 570)). A claim to relief is “plausible on its face”, if it contains enough facts to raise a reasonable inference that the defendant is liable for the misconduct alleged. *See id.*; *see also Twombly*, 550 U.S. at 556 (stating that a facially plausible complaint “simply calls for enough fact to raise a reasonable expectation that discovery will reveal evidence of [the unlawful conduct alleged].”). Under this “plausibility standard”, the court is not required to find that the misconduct alleged will be established with probability; rather, the court need only find that the pleaded facts show “more than a sheer possibility that a defendant has acted unlawfully.” *Iqbal*, 556 U.S. 662, 120 S. Ct. at 1949. In identifying facts that are suggestive enough to render a claim “plausible” and not merely “possible”, a court may look to prior rulings finding the misconduct at issue sufficiently alleged. *See Twombly*, 550 U.S. at 556. This is “a context-specific task that requires the reviewing court to draw on its judicial experience and common sense.” *Iqbal*, 556 U.S. 662, 129 S.Ct. at 1950. “Where a complaint pleads facts that are ‘merely consistent with’ a defendant’s liability, it ‘stops short of the line between possibility and

plausibility of ‘entitlement to relief.’” *Iqbal*, 556 U.S. 662, 129 S. Ct. at 1949; *see Twombly*, 550 U.S. at 556 (finding facts alleged insufficient to state a claim because, while the facts alleged were consistent with unlawful conduct, they were also consistent with, and more likely explained by, lawful behavior).

The “plausibility standard” announced by the Supreme Court in *Twombly* and *Iqbal* has been adopted by the Board. As stated in Trademark Trial and Appeal Board Manual of Procedure (“TBMP”) § 503.02, “[i]n order to withstand...a motion [to dismiss for failure to state a claim], a complaint need only allege such facts that would, if proved, establish that the plaintiff is entitled to the relief sought....To survive a motion to dismiss, a complaint must ‘state a claim to relief that is plausible on its face.’” *Id.* (citing *Twombly*, 550 U.S. at 570).

With respect to the procedure by which the Board is to test the legal sufficiency of a pleading, the Supreme Court has provided the following guidance:

a court considering a motion to dismiss can choose to begin by identifying pleadings that, because they are no more than conclusions, are not entitled to the assumption of truth. ***[However,] [w]hen there are well-pleaded factual allegations, a court should assume their veracity and then determine whether they plausibly give rise to an entitlement to relief.***

*Iqbal*, 556 U.S. 662, 129 S. Ct. at 1950 (emphasis added). Moreover, under TBMP § 503.02, “[w]hensoever the sufficiency of any complaint has been challenged by a motion to dismiss, it is the duty of the Board to examine the complaint in its entirety, construing the allegations therein so as to do justice, as required Fed. R. Civ. P. 8(e), to determine whether it contains any allegations which, if proved, would entitle the plaintiff to the relief sought.” *See id.* (citing *IdeasOne Inc. v. Nationwide Better Health*, 89 U.S.P.Q.2d 1952, 1953 (T.T.A.B. 2009)).

## **II. Opposer's Claim of Fraud is Sufficiently Plead in the SAN**

Applicant alleges that Opposer has failed to sufficiently plead a claim of fraud on the PTO because the SAN “alleges [the] knowledge and deceptive intent [elements required for a claim of fraud] in a bald, conclusory manner[.]” *See* Motion at 5. In so arguing, Applicant urges the Board to focus its attention solely on Paragraphs 25 and 28 of the SAN, rather than having the Board look at all of the factual allegations of the pleading as a whole, assume those allegations to be true, and determine whether they do or do not give rise to a plausible claim for relief, in accordance with the applicable Supreme Court and Board standards set forth above. *See* Motion at 2. When the SAN is viewed properly in accordance with the foregoing legal authority, it is plain that Opposer has asserted sufficient factual allegations to support the knowledge and intent elements required for a claim of fraud.

### **A. Standard for Pleading the Knowledge and Intent Elements of a Claim of Fraud Under *In re Bose* and Fed. R. Civ. P. 9(b)**

Under *In re Bose Corp.*, 580 F.3d 1240, 1245, 91 U.S.P.Q.2d 1938 (Fed. Cir. 2009), fraud in procuring a trademark registration or renewal occurs when an applicant [1] knowingly makes [2] a false, [3] material representation in connection with its application, [4] with the intent to deceive the Patent and Trademark Office. *See In re Bose*, 580 F.3d at 1245. Fed. R. Civ. P. 9(b) (“Rule 9(b)”) requires that the circumstances constituting the alleged fraud to be stated with particularity, but expressly permits conditions of a person’s state of mind, such as “knowledge” and “intent”, to be alleged generally. *See* Fed. R. Civ. P. 9(b). Federal Circuit precedent recognizes that, under Rule 9(b), the “knowledge” and “intent” elements of a claim sounding in fraud may be alleged generally; however, Federal Circuit precedent requires that “a pleading must [still] allege sufficient underlying facts from which a court may reasonably infer

that a party acted with the requisite state of mind.” *Exergen Corp. v. Wal-Mart Stores, Inc.*, 575 F.3d 1312, 1327, n. 4, 91 U.S.P.Q.2d (BNA) 1656 (Fed. Cir. 2009).

Applicant, relying on the Federal Circuit’s decision in *Therasense, Inc. v. Becton, Dickinson & Co.*, 649 F.3d 1276, 99 U.S.P.Q.2d (BNA) 1065 (Fed. Cir. 2011), asserts that in order for the SAN to survive Applicant’s motion to dismiss, the factual allegations in the SAN “must give rise to an inference of knowledge and deceptive intent as the single most reasonable inference.” Motion at 5. This is incorrect. Unlike here, *Therasense* involved a case on appeal, and the issue presented was whether the district court had found an intent to deceive by *clear and convincing evidence* when the district court considered *the merits* of an inequitable conduct claim. *See* 649 F.3d at 1290-91, 1296. Thus, Applicant’s attempt to require Opposer, ***at the pleading stage***, to satisfy the clear and convincing standard, which applies to a determination on the merits, is improper.

In *Exergen, supra*, the Federal Circuit clearly explained the difference in the inference to be drawn from the facts alleged at the pleading stage versus from the facts to be proved on a determination of the merits of a claim sounding in fraud. As stated:

In contrast to the pleading stage, to prevail on the merits, the accused infringer must prove both materiality and intent by clear and convincing evidence....Whereas an inference of deceptive intent must be reasonable and drawn from a pleading’s allegations of underlying fact to satisfy Rule 9(b), this inference must be “the *single most reasonable* inference able to be drawn from the evidence to meet the clear and convincing standard.”

*Exergen*, 575 F.3d at 1329 n.5 (emphasis in original and citations omitted).

*Exergen* makes clear that, at the pleading stage, the requirements of Rule 9(b) govern, and not the “clear and convincing” standard which must be met to prevail on the merits. To satisfy Rule 9(b), a complaint need only include sufficient allegations of underlying facts from which a court may *reasonably infer* the requisite knowledge and intent elements of a claim of

fraud. *See Exergen*, 575 F.3d at 1328-29. “A reasonable inference is one that is plausible and that flows logically from the facts alleged, including any objective indications of candor and good faith.” *Id.* at 1329 n. 5. Thus, here, the SAN will survive Applicant’s motion to dismiss if it may be plausibly and reasonably inferred from the facts alleged that Applicant had the requisite knowledge and intent to deceive the PTO.

In addition, Applicant -- mistakenly -- seems to question that the “state-of-mind allegations [in the SAN] are made upon ‘information and belief’”. *See* Motion at 2. However, as the Board’s Order recognized, it is plainly permissible to plead fraud “on information and belief”. *See* Order at 4. “[A]llegations based on ‘information and belief’ [are permissible provided that they are] accompanied by a statement of facts upon which the belief is founded.” *Id.* (citing *Asian and Western Classics v. Selkow*, 92 U.S.P.Q.2d (BNA) 1478, 1478-79 (T.T.A.B. 2009) (“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.”)) and *Exergen Corp.*, 91 U.S.P.Q.2d at 1670 n.7 (discussing when pleading on information and belief under Fed. R. Civ. P. 9(b) is permitted)).

**B. The SAN Pleads the Knowledge and Intent Elements Under *In re Bose* with Sufficient Particularity Based on Specific Factual Allegations**

Applying the foregoing principles to the fraud claim at bar, it is plain from a review of all of the factual allegations contained in the SAN, that Opposer has: (1) asserted factual allegations to support the knowledge and intent elements required for a claim of fraud; and (2) assuming the facts alleged in the SAN to be true, as the Board is required to do on a motion to dismiss, that one may reasonably infer that Applicant had the requisite knowledge and intent to deceive the PTO. Specifically, the SAN alleges, based upon information obtained from Applicant’s own websites (*see* Ex. A to the SAN):

- That Applicant, “founded thirty years ago” “is today one of the most respected quality and safety certification bodies worldwide.” *See* SAN at ¶ 10.
- That Applicant has held itself out to be a “leading company in the field of toys safety *and certification* for childhood products.” *See* SAN at ¶ 11.
- That Applicant’s own website shows that “Applicant does not, and never has, manufactured or otherwise produced the various products listed in Classes 22, 23, 24, 25 and 27 of its Application.” *See* SAN at ¶ 12.
- That according to Applicant’s own website, Applicant grants *others* the right to use Applicant’s marks, such as the “ECO-SAFE and leaf design” mark, upon proper certification and compliance with Applicant’s requirements regarding “chemical safety” and “physical-mechanical safety”. *See* SAN at ¶¶ 13-14 and
- That when consumers see and recognize Applicant’s mark, consumers will understand the presence of the mark to mean that the products to which the mark is affixed are, in fact, compliant with Applicant’s requirements regarding “chemical safety” and “physical-mechanical safety”. *See* SAN at ¶ 15.

In contrast to Applicant’s unequivocal explanation of its mark -- that when applied to others’ products, the mark certifies and connotes that such products meet Applicant’s certification standards -- nowhere on Applicant’s websites does Applicant attempt to use its mark in connection with sales of the products specifically identified in Classes 22, 23, 24, 25 and 27, as described in Applicant’s application for registration. *See* Ex. A to SAN. Nor does Applicant attempt to use its mark in connection with promoting, offering or selling a certification service in Class 42, as described in the application for registration. *See id.* At all times on Applicant’s websites, the “ECO SAFE (and leaf design)” mark is used in association with promoting the fact that a product to which the mark is affixed has met the certification standards affirmatively set by Applicant. *See* Ex. A to SAN.

Based on the foregoing allegations and Applicant’s own descriptions of its mark as promoted on Applicant’s own websites (*see* Ex. A to the SAN), one may reasonably infer that Applicant has always had knowledge and continues to have knowledge that Applicant intends to

use and is in fact using the “ECO SAFE (and leaf design)” mark as a certification mark. Additionally, one may reasonably infer that Applicant has always had knowledge and continues to have knowledge that it has never intended to use and is not in fact using the “ECO SAFE (and leaf design)” mark as a trademark for products in Classes 22, 23, 24, 25 and 27 or a service mark for services in Class 42.

Applicant’s apparent argument that one cannot infer from Applicant’s own description of its mark on its websites that Applicant knew that its “ECO SAFE (and leaf design)” mark is intended to be used and is in fact being used as a certification mark, rather than as a trademark or a service mark, is unreasonable and lacks merit. The argument elevates Applicant’s actions from reality to a fiction. In analogous cases alleging inequitable conduct, based upon the withholding of a reference in connection with the prosecution of a patent application, which similarly sound in fraud, courts have inferred knowledge of the withheld reference based on an inventor’s mere listing as a participant at a meeting where the withheld reference was discussed. *See HTC Corp. v. IPCom GmbH & Co., KG*, 671 F. Supp. 2d 146, 151-52 (D.D.C. 2009) (finding that such allegations were sufficient to allege knowledge under Rule 9(b), and rejecting argument that pleader had go so far as to demonstrate at the pleading stage that the named inventors read the specific, relevant pages of the documents purportedly withheld), *rev’d, in part, on other grounds*, 667 F.3d 1270 (Fed. Cir. 2012); *see also Aerocine AB v. Apieron Inc.*, No. 08-787-LPS, 2010 U.S. Dist. LEXIS 31176, \*33 (D. Del. Mar. 30, 2010) (finding that knowledge of the reference could be inferred by facts that inventors were present at a conference where information material to their patent application was presented, and facts that a publication referred to both an article by the inventors and the very same material information presented at the conference). Thus, there is no question that one may reasonably infer from Applicant’s own description of the use of

its applied-for mark as stated on Applicant's own websites that Applicant knew that its mark was intended to be used and is in fact being used as a certification mark, rather than as a trademark or service mark.

With respect to the element of intent to deceive, Applicant contends that "MBFT offers no plausible scenario as to how or why IISG would knowingly, intentionally, and deceptively seek a registration for a regular trademark when it knew its mark was considered a certification mark under U.S. practice." Motion at 5. This is incorrect. Keeping in mind that the European Community does not provide for the registration of certification marks, "experience and common sense" suggests that Applicant, in its U.S. application for the "ECO SAFE (and leaf design)" mark, was attempting to do "indirectly" what it could not do "directly" to obtain a registration of the subject mark in the U.S. See Case R 675/2010-2, *In re Demeter Association, Inc.*, Decision, p. 10 (Feb. 15, 2011), available at [http://oami.europa.eu/LegalDocs/BoA/2010/en/R0675\\_2010-2.pdf](http://oami.europa.eu/LegalDocs/BoA/2010/en/R0675_2010-2.pdf) ("the CTMR does not recognise guarantee or certification marks.").<sup>1</sup> That is, as alleged in the SAN, Applicant's application to register the "ECO SAFE (and leaf design)" mark currently claims 44(e) of the Trademark Act as a filing basis, and when originally filed, claimed a priority filing date under 44(d) of the Act, based upon Applicant's application for a European Community Trademark, No. 8937261, which was, in turn, filed on March 9, 2010. Accordingly, "experience and common sense" counsels that, Applicant, by filing in the U.S. under Section 44 of the Act, sought to take advantage of the benefits provided by that Section of the Act, which

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<sup>1</sup> See also OHIM *Manual of Trade Mark Practice, Examination of Formalities*, Part B.2, p. 15 (last updated January 2012), available at [http://oami.europa.eu/ows/rw/resource/documents/CTM/legalReferences/partb-2examination\\_of\\_formalities.pdf](http://oami.europa.eu/ows/rw/resource/documents/CTM/legalReferences/partb-2examination_of_formalities.pdf) ("The Community trade mark regulation distinguishes between two kinds of marks, individual and collective."); *Guidelines Concerning Proceedings Before the Office for Harmonization in the Internal Market (Trade Marks and Designs)*, Part B, Examination, p. 58 (April 2008), available at [http://oami.europa.eu/ows/rw/resource/documents/CTM/guidelines/examination\\_en.pdf](http://oami.europa.eu/ows/rw/resource/documents/CTM/guidelines/examination_en.pdf) ("Certification marks in the sense that one individual entity unilaterally sets standards with which the goods shall comply if they may carry the mark cannot be Community collective marks but must be filed as Community individual marks.")

includes the opportunity to claim the filing date of Applicant's European Community Trademark application as the effective filing date of Applicant's U.S. application. *See* 15 U.S.C. § 1126(d).

However, as a condition to being able to claim the benefits of Section 44 of the Act, Applicant was limited to an identification of goods and services in its U.S. application that was *no greater in scope* than the scope of the goods and services identified in Applicant's European Community Trademark application. Under Trademark Manual of Examining Procedure ("TMEP") § 1402.01(b), "in an application based on § 44 of the Trademark Act, the identification of goods and services covered by the § 44 basis in the United States application may not exceed the scope of the goods and services identified in the foreign registration." *See id.* (citing *Marmark Ltd. v. Nutrexp, S.A.*, 12 USPQ2d 1843 (TTAB 1989) and *In re Löwenbräu München*, 175 USPQ 178 (TTAB 1972)).

Thus, when viewed within the "experience and common sense" lens of *Twombly* and *Iqbal*, it is clear that Applicant, on the one hand, in order to take advantage of the benefits of filing under Section 44 of the Act, knowingly and falsely represented to the PTO that it has a bona fide intent to use the "ECO SAFE (and leaf design)" mark as a trademark for goods in Classes 22, 23, 24, 25 and 27 and as a service mark for services in Class 42 in the U.S., when Applicant, on the other hand, has known all along that Applicant's "ECO SAFE (and leaf design)" mark is intended to be used and is in fact being used as a certification mark by others, and not as a trademark or as a service mark by Applicant. Thus, one may reasonably infer from Applicant's knowing, false representation that Applicant intended to deceive the PTO to obtain a trademark registration under Section 44 of the Act – a registration to which Applicant otherwise would not be entitled had Applicant divulged its true bona fide intent concerning actual use of the mark.

In *Daimlerchrysler Corp. v. American Motors Corp.*, 94 U.S.P.Q.2d (BNA) 1086 (T.T.A.B. 2010), the Board held that “where a pleading asserts that a known misrepresentation, on a material matter, is made to procure a registration, the element of intent, indispensable to a fraud claim, has been sufficiently pled.” In that case, the petitioner pled that the respondent had submitted a Statement of Use and specimens to the PTO in which the respondent represented that it was using its mark in commerce with automobiles and structural parts for automobiles, when, in fact, respondent never offered, advertised or sold automobiles or such structural parts under its mark. *Id.* The Board concluded that such allegations, when combined with references to “material misrepresentations” “knowingly made” and “to procure” a registration, constituted sufficient allegations of respondent’s intent to deceive the PTO, and satisfied not only the particularity requirements of Rule 9(b), but also the general pleading requirements for fraud under *In re Bose, supra. Id.*

*Daimlerchrysler* is instructive here. As in that case, the SAN contains allegations that state with particularity the specific material representations of fact that Opposer alleges are false, were known to be false to Applicant, and were relied upon by the PTO. Further, the SAN asserts that Applicant made a known, material misrepresentation, which was made to procure a registration to which Applicant is not entitled. Accordingly, under *Daimlerchrysler*, the SAN sufficiently alleges the element of intent, with particularity and in accordance with *In re Bose*.

**C. The Cases Cited By Applicant Are Distinguishable From the Case at Hand**

The case law cited by Applicant is factually inapposite and does not support a dismissal of Opposer’s fraud claim. In *In re BP Lubricants USA Inc.*, 637 F.3d 1307, 97 U.S.P.Q.2d (BNA) 2025 (Fed. Cir. 2011), the false marking claim at issue was dismissed because the pleading at issue failed to contain any facts whatsoever from which the requisite knowledge

element could be reasonably inferred. *See* 637 F.3d at 1311 (noting that district court incorrectly relied on “relator’s general allegation that BP knew or should have known that the patent expired.”). In contrast, here, the SAN, at the very least, provides some objective indication from specific underlying facts to reasonably infer that Applicant knew that its “ECO SAFE (and leaf design)” mark was a certification mark. *See* SAN at ¶¶ 10-16, 20-21. Moreover, in *BP Lubricants*, the Court recognized that a claim of false marking is in and of itself distinguishable. The Court noted that whereas, in some circumstances, a defendant’s state of mind may be shown directly by the making of a false statement, that correlation between a defendant’s state of mind and the making of a false statement does not apply to a false marking claim where “the relationship between factual falsity and state of mind is not nearly as apparent[.]” *See* 637 F.3d at 1312 (rejecting argument that false marking inherently shows scienter).

*Matthews Int’l Corp v. Biosafe Eng’g, LLC*, 695 F.3d 1322, 104 U.S.P.Q.2d (BNA) 1393 (Fed. Cir. 2012) is equally unavailing. In *Matthews*, the plaintiff attempted to assert state-law claims against the defendant Biosafe for trade libel, defamation and tortious interference, based upon Biosafe’s alleged bad faith action in asserting a patent infringement claim against the plaintiff. *See id.* at 1332. However, the court found that the plaintiff had failed to sufficiently allege that Biosafe had engaged in such wrongful conduct because, unlike in the case *sub judice*, the plaintiff’s pleading was devoid of any facts to support the “bad faith” element of the plaintiff’s state law claims. *See id.* at 1332, 1333 n.5. Applicant’s attempt to liken Opposer’s pleading to the pleading in *Matthews*, which contained no facts from which the requisite state of mind could be inferred, is erroneous.

Lastly, Applicant cites *1<sup>st</sup> Media, LLC v. Electronic Arts, Inc.*, 694 F.3d 1367, 104 U.S.P.Q.2d (BNA) 1315 (Fed. Cir. 2012) for the proposition that, “post-Therasense, [a] court can

no longer infer intent to deceive from nondisclosure of a reference solely because that reference was known and material.” See Motion at 5, n.1. In *1<sup>st</sup> Media*, the Federal Circuit explained that, with regard to an affirmative defense of inequitable conduct, based on a patentee’s alleged non-disclosure of a reference in connection with the prosecution of a patent, *Therasense* requires that “a defendant must prove ‘that the applicant knew of the reference, knew that it was material, and made a deliberate decision to withhold it.’” 694 F.3d at 1372 (citing *Therasense*, 694 F.3d at 1290) (emphasis in original). Assuming for argument’s sake that the foregoing standard for proving an intent to deceive for an affirmative defense based on the failure to disclose a material reference applies to the fraud claim at bar, the application of that standard would not require dismissal of Opposer’s fraud claim. Based on the facts alleged in the SAN, as noted above, one may reasonably infer that Applicant made a deliberate decision not only to affirmatively misrepresent its bona fide intent to use the applied-for mark, but also to withhold the true nature of its actual intent to use the applied-for mark as a certification mark.

Accordingly, Applicant has failed to demonstrate that Opposer’s fraud claim is legally insufficient.

**III. Alternatively, Should the Board Find That Any Portion Of Opposer’s Fraud Claim Is Legally Insufficient, Then Opposer Respectfully Requests Leave to Replead Or An Order Certifying the Issue for Immediate Appeal**

A complaint or notice of opposition may be amended within 21 days after service of a motion to dismiss or with the written consent of the adverse party or by leave of the Board, which is freely given when justice so requires. See TBMP § 503.03 (citing *Fed. R. Civ. P.* 15(a)(1)(B)). Accordingly, Opposer respectfully requests that, should the Board find any portion of Opposer’s fraud claim legally deficient, that the Board, in the interest of justice, permit Opposer leave to replead.

Alternatively, in the event that the Board is inclined to issue an Order dismissing the fraud claim, then Opposer respectfully requests that the Board certify such Order for immediate appeal to the Federal Circuit. Opposer's fraud claim raises an issue that is sufficiently distinct from the remaining issues alleged in the SAN, and a certification of the issue for immediate appeal has the potential to avoid the time and expense of unnecessary proceedings before the PTO. *See Toro Co. v. Hardigg Indus., Inc.*, 549 F.2d 785, 788 (C.C.P.A. 1977) (entertaining jurisdiction over appeal from interlocutory ruling on distinct issue and where appeal would advance interests of judicial economy). Accordingly, in the event that Opposer's fraud claim is dismissed, then Opposer respectfully requests, in light of the unique and distinct issue raised by the fraud claim and in order to advance the goal of judicial economy, that any Order of dismissal be certified for immediate appeal.

Respectfully submitted,

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

Dated: December 18, 2012

/Barth X. deRosa/  
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DC 229-182 217265v2

## **CERTIFICATE OF SERVICE**

The undersigned hereby certifies that a true and correct copy of the Memorandum in Opposition to Applicant's Motion To Dismiss Opposer's Fraud Claim For Failure To State A Claim was served on counsel of record for Applicant this 18th day of December 2012, via First Class Mail, postage prepaid, as identified below:

Jeffrey M. Goehring  
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/Barth X. deRosa/

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