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

Proceeding	91204667
Party	Plaintiff Caymus Vineyards
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**IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD**

CAYMUS VINEYARDS)	
)	Opp. No. 91204667
Opposer)	
)	
v.)	(Serial No. 85/279,926)
)	(Serial No. 85/281,308)
CAYMUS MEDICAL, INC.)	
)	
Applicant)	
_____)	

OPPOSER'S MOTION TO DISMISS COUNTERCLAIMS

Opposer Caymus Vineyards ("Opposer") respectfully moves the Board to dismiss all counterclaims of Applicant Caymus Medical, Inc. ("Applicant") as set forth in Applicant's Answer filed on July 18, 2012 (the "Answer") for failure to state a claim upon which relief can be granted, under Fed. R. Civ. P. 12(b)(6).

Applicant has set forth three grounds for cancellation of Opposer's Registration No. 1833996 (the "Registration"). They are (1) that the Registration was obtained fraudulently; (2) that the Registration "is not due incontestable status"; and (3) that Opposer's registered mark is "primarily geographically descriptive."

Applicant's Ground 1 fails to plead sufficient facts to make out a claim of fraud. It also fails to meet the plausibility requirement of Fed. R. Civ. P. 8(a)(2) and the heightened pleading requirements applicable to claims of fraud under Fed. R. Civ. P. 9(b). Applicant's Ground 2 does not set forth any cognizable ground for cancellation, because whether a registration deserves incontestable status is not a ground upon which registration of a mark may be refused. Applicant's Ground 3 is time-barred and no relief can be granted on such a claim at this time.

1. Applicant's Ground 1 fails on its face to allege the elements of fraud.

The Federal Circuit reasserted the proper standard of fraud in a trademark registration case in In re Bose Corp., 91 USPQ2d 1938 (Fed. Cir. 2009). "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." Bose at 1491. An allegation of fraud is a disfavored defense and should not be taken lightly. Aveda Corp. v. Evita Marketing, Inc., 12 USPQ2d 1091, 1096 (D. Minn. 1989). In pleading fraud in the procurement of a trademark registration, "a party must state with particularity the circumstances constituting fraud...." Fed. R. Civ. P. 9(b). "Rule 9(b) requires that the pleadings contain explicit rather than implied expression of the circumstances constituting fraud." King Automotive, Inc. v. Speedy Muffler King, Inc., 212 USPQ 801 (C.C.P.A. 1981). If a pleading "raise[s] only the mere possibility that such evidence [of fraud] may be uncovered," it "do[es] not constitute pleading fraud with particularity." Asian and Western Classics B.V. v. Selkow, 92 USPQ2d 1428 (TTAB 2009).

The alleged fraudulent act described in Applicant's Ground 1 is a 1993 telephone conference (the "Conference") between Opposer's counsel and the examining attorney (the "Examiner") assigned to Opposer's application Serial No. 74/386,086 (the "1993 Application"), which resulted in an examiner's amendment written by the Examiner and dated December 12, 1993 (the "Examiner's Amendment"), which contained the phrase, "The wording 'CAYMUS' has no meaning other than trademark significance." See Answer, ¶ 44 and Exhibit B thereto. The purpose of the Conference was to address the Examiner's requirement, set forth in her earlier-issued office action, that "The applicant must indicate whether CAYMUS has any

significance in the relevant trade, any geographical significance or any meaning in a foreign language." Answer, ¶ 44 and Exhibit A thereto.

By scouring the internet, Applicant has found several pieces of historical information which, in Applicant's view, purportedly render the statement in the Examiner's Amendment not strictly true. Applicant insinuates (without clearly saying it) that Opposer knew this information and concealed it from the Examiner during the Conference.

The historical information uncovered by Applicant refers to extinct applications of the designation CAYMUS. Accordingly, Applicant must always express its allegations in the past tense. The historical facts alleged are:

"Originally the word 'Caymus' **was** the name of a Native American tribe...."

Answer, ¶ 45 (emphasis supplied).

"The 'Yount grant' **was** an 11,887-acre Mexican land grant given **in 1836** by the acting governor of California Nicolas Guterrez, to George C. Yount as 'Rancho Caymus.'" Id. (emphasis supplied).

"A large stone marker in the small town of Yountville... indicates the site of the original Caymus (Kaymus) village." Id.

In short, Applicant implies that Opposer acted fraudulently because (Applicant assumes) Opposer did not disclose that Caymus was the name of an Indian tribe that no longer exists; or that "Rancho Caymus" was the name of a gift of land made by the government of Mexico to an individual well over 150 years in the past; and that there once was an Indian settlement called Caymus or Kaymus, of which nothing remains except a stone marker.

The counterclaim also refers cryptically to a "populated place" described in the U.S. Geological Survey Geographical Names Information System (Answer, ¶ 46); however, the actual

reference shown in Exhibit F to the Answer states that "Caymus" is a "historical" term that refers to the "Yukian Wappo settlement" that "Was located at Yountville." Answer at Exhibit F. (Emphasis supplied.)

Finally, the counterclaim alleges that "Rancho Caymus Inn" is a trademark used by an inn; and that a chapter of the Daughters of the American Revolution calls itself the "Caymus Chapter." Answer, ¶ 47. These uses are, in essence, trademark usages. The Rancho Caymus Inn uses its mark under a license from Opposer. And there is nothing in the Applicant's pleading to suggest that the DAR chapter is named after a geographical location rather than an historical designation.

Applicant's allegation fails to adequately state a claim for fraud. Applicant's counterclaim does not even plausibly allege the bare elements of fraud, as set forth in Bose.

A. No false statement is alleged.

In the office action that led to the Conference, the Examiner inquired, in the present tense, "whether CAYMUS has any significance in the relevant trade, any geographical significance or any meaning in a foreign language." The purportedly false statement in the Examiner's Amendment ("The wording 'CAYMUS' has no meaning other than trademark significance") is also expressed in the present tense and is not false, even assuming that all of Applicant's allegations are true.

Applicant has adduced only obsolete, historic meanings of the designation CAYMUS that have been superseded or have gone out of existence. The Caymus or Kaymus tribe no longer exists. The Yukian Wappo settlement no longer exists. The Mexican government that created "the Yount grant" no longer controls California, and the Rancho Caymus land grant established by the Mexican governor no longer defines any political subdivision of California. Even

according to Applicant's pleading, the geographic areas that the counterclaim refers to are now known by the names Napa County, Rutherford, Oakville, and Yountville (Answer, Exhibit D) and the correspondence between the historic Rancho Caymus and those political subdivisions is uncertain. The meanings suggested by Applicant are all obsolete, and the pleading appropriately describes them in the past tense. There is nothing untrue about the statement in the examiner's amendment, which is expressed in the present tense and contains no representations about defunct, historic meanings of the designation Caymus.

B. The alleged falsehood is not material.

The falsehood alleged by Applicant would not support a claim of fraud unless it was material to granting of a U.S. registration to Opposer's mark. The issues that were relevant to the examining attorney were expressed in her office action, which inquired as to "any significance in the relevant trade, any geographical significance or any meaning in a foreign language." (Emphasis supplied.) The issues were relevant because they could have affected the registrability of the mark under Section 2(e) of the Trademark Act (15 U.S.C. Section 1052(e)). However, the significances raised by Applicant are not relevant to the registrability of the Opposer's mark. Historic and obsolete meanings of a term do not create a ground for refusing registration of a mark under the Trademark Act. Consequently, even if a misrepresentation were made about whether a stone marker stands on the site of a vanished Indian settlement, or whether the towns of Rutherford and Oakville overlap with a piece of real estate once known as Rancho Caymus, it would be immaterial to the decision of the examiner to allow registration of the mark. Even a knowing misrepresentation does not support a claim of fraud unless the registration would not or should not have issued but for the misrepresentation. McCarthy on Trademarks and Unfair Competition (4th Ed.), § 31:67; Morehouse Manufacturing

Corporation v. J. Strickland and Company, 160 USPQ 715, 719 (CCPA 1969); Hecon Corporation v. Magnetic Video Corporation, 199 USPQ 502, 504 (TTAB 1978).

Applicant insinuates that the historic meanings described in the counterclaim must have been the topic of the Conference, and that Opposer's counsel must have spoken falsely with respect to them. However, there is no reason to believe that any such issues were discussed (or that Opposer's counsel would have prepared to discuss obsolete historical meanings) because they were not raised by the Examiner in her office action. Moreover, they would not have been a relevant topic for discussion, as obsolete historical meanings have no relevance to the registrability of the mark. In re Spirits International N.V., 86 USPQ2d 1078, 1082 (TTAB 2008) ("courts need not concern themselves with words from obsolete, dead or obscure languages"), quoting Enrique Bernat F.S.A. v. Guadalajara Inc., 54 USPQ2d 1497,1499 (5th Cir. 2000). While Enrique Bernat concerned the doctrine of foreign equivalents, the Board in In re Spirits noted "the doctrine also applies to issues concerning geographic marks." Id. Even if the obsolete historic information suggested by Applicant had been discussed at the Conference, it would have been immaterial to the registrability of Opposer's mark.

C. The counterclaim fails to plausibly allege that a false statement was made knowingly and with intention to deceive.

The Supreme Court has held that "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.'" Ashcroft v. Iqbal, 556 U.S. 662, 678 (2009), quoting Bell Atlantic Corporation v. Twombly, 550 U.S. 544, 570 (2007). The Twombly and Iqbal cases, interpreting Fed. R. Civ. P. 8(a)(2), added a requirement of "plausibility" to Rule 8(a)(2), which requires "a short and plain statement of the claim showing that the pleader is entitled to relief." (Emphasis supplied.)

The Court explained its new standard:

A claim has facial plausibility when the plaintiff pleads factual content that allows the court to draw the reasonable inference that the defendant is liable for the misconduct alleged. The plausibility standard... asks for more than a sheer possibility that a defendant has acted unlawfully. 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.'

...
Threadbare recitals of the elements of a cause of action, supported by mere conclusory statements, do not suffice. ... But where the well-pleaded facts do not permit the court to infer more than the mere possibility of misconduct, the complaint has alleged -- but it has not 'show[n]' -- 'that the pleader is entitled to relief.' Fed. Rule Civ. Proc. 8(a)(2).

Iqbal at 678-679 (internal citations to Twombly omitted).

Applicant's allegations of a false statement made "knowingly" and "with intention to deceive" are couched in the language of mere speculation. Applicant bases its allegations not on any statement by Opposer, but upon a statement of the Examiner set forth in the Examiner's Amendment. Answer, ¶¶ 44, 48. Applicant then speculates baldly about the Conference that resulted in the Examiner's Amendment: "Thus, a clear intent to deceive rather than mere negligence or misstatement, is demonstrated from Examining Attorney Blohm's statement that the Examiner's Amendment... was made 'in accordance with the telephone conversation of November 1, 1993' with Opposer's representative." Answer, ¶ 48. Applicant offers no logical connection between the fact that there was a telephone conversation and the alleged "clear intent to deceive."

Even more absurd is Applicant's bizarre suggestion that an answer filed in 2011 by a defendant in another opposition proceeding brought by Opposer "must be taken as tangible evidence of Opposer's knowledge of the falsity of the representation" made in the examiner's amendment of 1993. Answer, ¶ 49. How information imparted in 2011 could possibly evidence a state of knowledge in 1993 remains unexplained.

It bears noting that the historic information adduced by Applicant was collected on the internet. Internet searching was unknown to most people outside the computer industry in 1993. (Google, Inc. was incorporated in 1998.) Access to U.S. Geological Survey information in 1993 would have required research in a specialized library. There is nothing in Applicant's pleading to suggest how or why Opposer should have known the history of the vanished Yukian Wappo Indians or the history of a gift of real estate by the Mexican government in 1836. There is nothing in the pleading to suggest that the "stone marker" that Applicant found so informative even existed in 1993, or what the records of the U.S. Geological Survey may have said in 1993.

The Supreme Court has held that "Factual allegations must be enough to raise a right to relief above the speculative level." Twombly, at 555. Applicant's allegation is built entirely upon speculation. The most that can be said for Applicant's allegation of fraud is that it is not utterly impossible that something improper could have occurred during the Conference. However, the Supreme Court established the plausibility requirement because, in its view, the old rule for failing to state a claim could be read to mean "that any statement revealing the theory of the claim will suffice unless its factual impossibility may be shown from the face of the pleadings." Twombly, at 561. This standard was squarely discarded by the Court. Applicant's allegations rely upon the "sheer possibility" of misconduct, which the Supreme Court warned against. Iqbal at 678.

If it is not utterly impossible that an act of fraud occurred during the Conference, it is equally plausible that no such fraud occurred. As was shown in Part 1(A) above, the facts alleged by Applicant are consistent with the present-tense statement in the Examiner's Amendment. The expression Caymus no longer has the meanings promoted by Applicant; the

things to which it may have referred in the past no longer exist. Opposer could justifiably believe that "Caymus" no longer "has" those meanings.

In addition, there is no reason to believe that during the Conference the participants ever addressed the historical and obsolete meanings of "Caymus," so in all likelihood there was no opportunity to make any representations about them. The Conference was called in order to address the Examiner's questions as to "whether CAYMUS has any significance in the relevant trade, any geographical significance or any meaning in a foreign language." See the Office Action, attached as Exhibit A to the Answer. These issues were the Examiner's only concern, and the designation CAYMUS does not, in fact, have any such meaning. If the Examiner's questions on these points were satisfied, there is no reason why the Conference would have turned to other topics (especially topics irrelevant to the Application, such as obsolete historic meanings of the word).

Finally, it must be acknowledged that the Examiner's Amendment was written by the Examiner and not by Applicant, and it is expressed in the standard wording that is recommended by the Trademark Office. (The Trademark Office has promoted the use of standard wording for many of the statements that are part of an application, such as disclaimers, declarations, claims of acquired distinctiveness, and others.) The Examiner's choice of standard wording in this case is entirely consistent with her apparent satisfaction that her questions had been answered, even if irrelevant issues had not been addressed during the Conference. As in Twombly and Iqbal, the Examiner's Amendment that resulted from the Conference "was not only compatible with, but indeed was more likely explained by, lawful [conduct]." Iqbal, at 680.

D. The Counterclaim fails to meet the heightened pleading requirements of Rule 9(b).

The basic requirement for adequate pleading is set forth in Fed. R. Civ. P. 8(a)(2), as interpreted by Twombly and Iqbal. However, a heightened pleading requirement applies to allegations of fraud. Fed. R. Civ. P. 9(b) requires that "In alleging fraud or mistake, a party must state with particularity the circumstances constituting fraud or mistake." "Rule 9(b) requires that the pleadings contain explicit rather than implied expression of the circumstances constituting fraud." King Automotive, Inc. v. Speedy Muffler King, Inc., 212 USPQ 801, 803 (CCPA 1981). Applicant's allegations fail to meet this standard.

Applicant has alleged that CAYMUS once had certain obsolete meanings, but alleges no basis for believing that Opposer knew such meanings in 1993. The obsolete meanings would have been irrelevant to the prosecution of Opposer's application, and Applicant alleges no reason why the Examiner would have considered them material. Applicant has alleged that an office action requested information relating to other types of meanings of CAYMUS, and that a Conference ensued, as to which Applicant alleges no facts. There then resulted an Examiner's Amendment which makes no mention of the obsolete meanings of CAYMUS. From these alleged facts, Applicant asks the Board to speculate that deceptive statements were knowingly made by Opposer's representative during the Conference with respect to material issues with the intention of deceiving the examining attorney. However, such speculation requires a leap of faith because there was no reason for the participants to discuss matters that were not raised in the office action (such as historical meanings of CAYMUS as applied to people and places long gone). Applicant's allegations are based only on its bare hope that some impropriety might surface if Opposer and the Examiner were subjected to discovery. Allegations that "raise only the mere possibility that such evidence may be uncovered...do not constitute pleading fraud with

particularity." Asian and Western Classics B.V. v. Selkow, 92 USPQ2d 1478, 1479 (TTAB 2009). The Supreme Court made it clear that the mere "possibility that a plaintiff might later establish some 'set of [undisclosed] facts' to support recovery" should not suffice to withstand a motion to dismiss, even under the lower standard of Rule 8(a)(2). Twombly at 561 (brackets in original). As the Board has noted, the heightened pleading standard of Rule 9(b) serves the purpose of "weeding out baseless claims, preventing fishing expeditions and fraud actions in which all facts are learned after discovery." Id.

As discussed above in Parts 1(A), (B) and (C), Applicant has failed even to allege facts that, if proved, would make out a claim of fraud. The information that was allegedly hidden from the examining attorney was not relevant to the registrability of Opposer's mark, and would not, accordingly, have met the materiality standard. Moreover, nothing alleged by Applicant even explains why the obsolete meanings of CAYMUS should have been known by Opposer in 1993, why they should have been raised during the Conference, or why the Examiner would have been interested in discussing them. The Examiner's Amendment is consistent with the likelihood that the Examiner was satisfied that her relevant concerns had been addressed. Applicant merely hopes that there is something inappropriate lying behind it. Such a hope does not meet the plausibility standard of Rule 8(a)(2), and it does not meet the heightened pleading standards of Rule 9(b). Accordingly, Applicant's first Ground for cancellation should be dismissed for failure to state a claim.

2. Applicant's Ground 2 sets forth no cognizable ground for cancellation.

Applicant's second ground for cancellation appears to be that "Opposer's Registration (Registration No. 1,833,996) is not due incontestable status" despite Opposer's having filed the necessary affidavits under Sections 8 and 15 of the Trademark Act. Answer, ¶51. The reason

for the alleged failure of incontestability is that "the mark was obtained fraudulently, as pleaded previously." *Id.* This pleading does not state any cognizable ground for cancellation.

As grounds for cancellation, a petitioner must allege grounds that negate the registrant's entitlement to the registration. "The 'valid ground' that must be alleged and ultimately proved by a cancellation petitioner must show 'a *statutory* ground which negates the applicant's right to the subject registration.'" *Young v. AGB Corp.*, 47 USPQ2d 1752, 1754 (emphasis in original). The fact that a registration may not be entitled to incontestable status says nothing about the registrant's right to maintain the registration. To the extent that this "ground" for cancellation makes allegations of fraud in the procurement of Opposer's registration, it is merely duplicative of the allegations set forth as Applicant's "Ground 1." This allegation fails to state a claim upon which relief can be granted for the same reasons set forth above in Part 1. Accordingly, Applicant's second ground for cancellation should be dismissed for failure to state a claim.

3. Applicant's Ground 3 is time-barred.

Applicant's third ground for cancellation, set forth at ¶¶ 52 through 58 of the Answer, is untimely and should be dismissed. Applicant's third ground states, in essence, that "The term 'CAYMUS' is primarily geographically descriptive" (Answer at ¶ 54), that Opposer's wines originate in a place called "Caymus" (*Id.*), that "Alternatively and/or additionally, the term 'CAYMUS' has not acquired secondary meaning" (Answer at ¶ 55), and that "Opposer's alleged CAYMUS trademark is therefore not distinctive and has no secondary meaning." (Answer at ¶ 57). Under Section 14 of the Trademark Act, the filing of such a claim for cancellation is not permissible more than five years after the issuance of Opposer's Registration. (Opposer's Registration issued on May 3, 1994.) Such a claim is not a claim upon which relief can be granted and, accordingly, it should be dismissed.

The Trademark Act states, "A petition to cancel a registration of a mark, stating the grounds relied upon, may, upon payment of the prescribed fee, be filed as follows...: (1) Within five years from the date of the registration of the mark under this Act..." Trademark Act Section 14, 15 U.S.C. Section 1064. Subsections (3), (4) and (5) of Section 14 cover types of claims that may be made at any time, but these do not include a claim of geographic descriptiveness or of lack of secondary meaning.

The federal regulations clarify the impermissibility of the Applicants' claim: "The petition for cancellation may be filed at any time... on any ground specified in section 14(3) or (5) of the Act. In all other cases, the petition for cancellation and the required fee must be filed within five years from the date of registration...." 37 C.F.R. Section 2.111(b). This provision of the federal regulations is applicable to counterclaims in an opposition proceeding. "The provisions of §§ 2.111 through 2.115, inclusive, shall be applicable to counterclaims." 37 C.F.R. Section 2.106(b)(2)(iii). The Board has applied this limitation to a petition to cancel on grounds that a mark is primarily geographically descriptive. Western Worldwide Enterprises Group Inc. v. Qingdao Brewery, 17 USPQ2d 1137 (TTAB 1990).

As Applicant's claim set forth in Ground 3 is clearly time-barred by the statute, relief is not available on such a claim and it should be dismissed for failure to state a claim.

4. Conclusion.

At the time of Opposer's Application and the Conference of 1993, Opposer's mark CAYMUS had already been in use for twenty years and was growing in fame. The most prominent contemporary meaning of CAYMUS at the time was its trademark significance as a symbol of Opposer's reputation. That continues to be its most prominent significance, and it is now a famous mark, supported by over 40 years of goodwill. Opposer's Registration is the only

registration on the Trademark Office Register that includes the designation CAYMUS, and in this way the Register reflects the reality of Opposer's strong common law rights in the mark.

The standard for cancelling a registration on grounds of fraud has been set very high because, as the Bose court noted, "it is in the public interest to maintain registrations of technically good trademarks on the register so long as they are still in use." [Citation omitted.] Because 'practically all of the user's 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.'" Bose at 1492, citing Morehouse Mfg. Corp. v. J. Strickland & Co., 160 USPQ 715 (CCPA 1969).

Applicant has pleaded its claim of fraud, with no substantial factual basis, for the purpose of interposing difficulty, complexity, and expense into this proceeding. The Board should not entertain such a flimsy claim. Applicant has not properly pleaded its claims, and even if Applicant's allegations were proven, they would not make out a valid claim of fraud on the Patent and Trademark Office. For the reasons set forth above, Opposer respectfully requests that the Board **DISMISS** all of the Applicant's counterclaims for failure to state a claim upon which relief can be granted.

Respectfully Submitted,

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CERTIFICATE OF FILING AND SERVICE

I hereby certify that on August 23, 2012, a copy of the above Opposer's Motion to Dismiss Counterclaims was served by first class mail, postage prepaid, on counsel for Applicant at the following address:

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A handwritten signature in black ink, appearing to read 'Anthony R. Masiello', is written over a horizontal line.

Anthony R. Masiello

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