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

Proceeding	91205542
Party	Defendant Baker Hughes Incorporated
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Halliburton Energy Services, Inc.	§	
	§	Opposition No. 91205542
Opposer/Respondent,	§	
	§	Application Serial No. 85/402,715
v.	§	
	§	Mark: VACS
Baker Hughes Incorporated,	§	
	§	
Applicant/Petitioner.	§	

RESPONSE TO OPPOSER/RESPONDENT’S RENEWED MOTION TO DISMISS

Applicant/Petitioner Baker Hughes Incorporated (“Baker Hughes”) files this its Response to Opposer/Respondent’s Renewed Motion to Dismiss, and respectfully shows:

I. Brief Procedural Background

In response to the notice of opposition filed by Opposer/Respondent Halliburton Energy Services, Inc. (“HES”) in Baker Hughes’s application seeking registration of its mark VACS, Baker Hughes filed counterclaims against the HES’s U.S. Trademark Registration No. 3,738,313 (“the ‘313 Registration”). HES responded to Baker Hughes’ petition to cancel by seeking dismissal of Baker Hughes’ grounds for cancellation based on the fraudulent registration of VAC TECH. In the interest of clarifying its positions, conserving the Board’s resources, and moving this proceeding forward, Baker Hughes then filed a detailed First Amended Petition for Cancellation pursuant to TBMP § 503.03 (“Amended Petition”) in which Baker Hughes alleged in more specificity its allegations of fraud engaged in by HES. Baker Hughes also set out in greater detail its allegations that support cancellation of the ‘313 Registration based on HES’s abandonment of HES’s VAC TECH mark for the goods listed in the ‘313 Registration and on the ground that HES’s mark is likely to cause confusion in view of Baker Hughes’ senior mark

VACS. HES then urged for dismissal of Baker Hughes' counterclaims based on fraud and abandonment, but did not seek dismissal of Baker Hughes' claim based on likelihood of confusion. For the reasons set out below, Baker Hughes respectfully submits that HES's Renewed Motion to Dismiss should be denied in its entirety.

II. Authorities and Arguments

A. Baker Hughes' Amended Petition Meets the Heightened-Pleading Standard for Fraud Because Such Petition Does Not Need to Prove Fraud on its Face

HES's Renewed Motion to Dismiss attempts to muddle the waters on procedural grounds in a not-so-veiled attempt to require Baker Hughes to establish its case of fraud at the outset, without the benefit of any discovery. However, a petition for cancellation alleging fraud does not need to prove fraud on its face. Instead, a petition that contains explicit expressions of the circumstances constituting fraud, which may be inferred from "indirect and circumstantial evidence," is sufficient because "direct evidence [of fraud] is rarely available." *In re Bose Corp.*, 91 USPQ2d 1939, 1941 (Fed. Cir. 2009); *DaimlerChrysler Corp. v. American Motors Corp.*, 94 USPQ2d 1086, 1089 (TTAB 2010) (explaining that "intent, as a condition of mind of a person, may be averred generally," and finding that petitioner had sufficient pled a fraud claim). Baker Hughes' Amended Petition to cancel easily satisfies this standard.

A properly pled claim of fraud before the USPTO must aver: (1) a false representation made to the USPTO; (2) the false representation was material to the registrability of a mark; (3) knowledge of the falsity of the representation; and (4) an intention to deceive the USPTO. *In re Bose Corp.*, 580 F.3d at 1941 (Fed. Cir. 2009). With respect to the first and second elements of fraud, Baker Hughes' Amended Petition explicitly alleges with particularity that HES's predecessor-in-interest made materially false representations to the USPTO. In particular, Baker Hughes identifies at least two materially false statements made by HES's predecessor in interest:

“Respondent’s first fraudulent statement was that it was “... entitled to use such mark in commerce; to the best of his/her knowledge and belief no other person, firm, corporation, or association has the right to use the 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/services of such other person, to cause confusion, or to cause mistake, or to deceive” (the “First Fraudulent Statement”). The First Fraudulent Statement was made in the ‘596 Application filed on December 21, 2006, and in the April 23, 2008 Response to Office Action. See Exhibits A and G.”

...

The First Fraudulent Statement was material to the registerability of the mark because the USPTO would have refused registration of VAC TECH had it known the truth about Baker Hughes’ senior, continuous, and exclusive use of its mark VACS on goods that are identical to Respondent’s goods and its predecessor-in-interest’s goods on which it uses its VAC TECH mark, i.e., mechanical downhole equipment for use in oil, gas and water wells, namely, downhole tool for removing debris from, and otherwise cleaning, wellbores and downhole casing and tubing.

...

The second fraudulent statement was the statement that Respondent’s predecessor-in-interest was “using the mark in commerce on or in connection with all the goods ... identified” in the existing registration, namely, ‘drilling machines; drilling machines and parts therefor’ “as evidenced by the attached specimen(s) showing the mark as used in commerce” (“Second Fraudulent Statement”). The Second Fraudulent Statement was made in the Amendment to Allege Use filed on November 17, 2008 and the second Amendment to Allege Use filed on April 1, 2009. See Exhibits I and K.

...

Respondent’s predecessor-in-interest knew that the Second Fraudulent Statement was false when it submitted to the USPTO a specimen on April 1, 2009 evidencing use of its mark on or in connection with mechanical downhole equipment for use in oil, gas and water wells, namely, downhole tool for removing debris from, and otherwise cleaning, wellbores and downhole casing and tubing. In so doing, Respondent’s predecessor-in-interest knowingly and intentionally mislead the USPTO to understand that the specimen submitted on April 1, 2009 evidenced use of Respondent’s predecessor-in-interest’s mark on or in connection with “drilling machines; drilling machines and parts therefor” when, in fact,

Respondent had never, and has never, used the mark VAC TECH on any drilling machines, or parts therefor.”

See paragraphs 21, 25, 26 and 28 of the Amended Petition. The First and Second Fraudulent Statements were made within declarations that are prerequisites under the Lanham Act for registration a mark.¹ Statements made within declarations that are required for registration are certainly material to issuance of a registration. *Herbaceuticals, Inc. v. Xel Herbaceuticals*, 86 USPQ2d 1572, (TTAB 2008); *Hachette Phillipacchi Presse v. Elle Belle, LLC*, 85 USPQ2d 1090 (TTAB 2007) (finding fraud based on applicant’s allegation of use of its mark for a wide variety of clothing when the mark was not used for any identified items for men or children and only for a limited number of items for women); *Sinclair Oil Corp. v. Kendrick*, 85 USPQ2d 1032 (TTAB 2007) (finding fraud based on applicants’ allegation of use of mark for various services when mark had not been used for some services).

With respect to the third and fourth elements of fraud, Baker Hughes’ Amended Petition explicitly alleges with particularity that HES’s predecessor-in-interest knew that the First and Second Fraudulent Statements were false and intended the statements to deceive the USPTO in order to accept the required declarations. In particular, Baker Hughes alleged:

“Respondent’s predecessor-in-interest knew the First Fraudulent Statement was false because Baker Hughes had been openly and widely using its mark VACS on the products listed in U.S. Trademark Application Serial No. 85/402,715 since at least as early as July 14, 1999. The goods listed in Baker Hughes’ U.S. Trademark Application Serial No. 85/402,715 are identical to goods sold and offered for sale by Respondent and its predecessor-in-interest in connection with its mark VAC TECH. This is because Respondent and its predecessor-in-interest never used the mark in commerce on or in connection with “drilling machines; drilling machines and parts therefor.” In particular, Respondent and its predecessor-in-interest never sold or transported, and never intended to sell or transport, in commerce “drilling machines; drilling machines and parts therefor,” bearing the mark VAC TECH. Further, Respondent and its predecessor-in-

¹ The terms “First False Statement” and “Second False Statement” are used herein as defined in Baker Hughes’ Amended Petition.

interest never placed the mark VAC TECH on such goods or their containers or the displays associated therewith or on the tags or labels affixed thereto, or on documents associated with the goods or their sale. Instead, Respondent (and its predecessor-in-interest) used the mark VAC TECH on or in connection with mechanical downhole equipment for use in oil, gas and water wells, namely, downhole tool for removing debris from, and otherwise cleaning, wellbores and downhole casing and tubing. Further, the parties' respective customers and potential customers are virtually identical, and the advertising media for the parties' respective goods and the channels of distribution for the parties' respective goods are virtually identical. Thus, at the time Respondent filed the '596 Application, Respondent was well-aware of Baker Hughes' mark VACS and such knowledge is imputed to Respondent's attorney of record.

Respondent's predecessor-in-interest made the First Fraudulent Statement with the intent to deceive the USPTO during the application process in order to distract the USPTO from the fact that another party was using a confusingly similar mark on goods that were identical to Respondent's goods and its predecessor-in-interest's goods well before Respondent and its predecessor-in-interest adopted and began using its mark VAC TECH.

...

Respondent's predecessor-in-interest knew that the Second Fraudulent Statement was false when it submitted to the USPTO a specimen on April 1, 2009 evidencing use of its mark on or in connection with mechanical downhole equipment for use in oil, gas and water wells, namely, downhole tool for removing debris from, and otherwise cleaning, wellbores and downhole casing and tubing. In so doing, Respondent's predecessor-in-interest knowingly and intentionally misled the USPTO to understand that the specimen submitted on April 1, 2009 evidenced use of Respondent's predecessor-in-interest's mark on or in connection with "drilling machines; drilling machines and parts therefor" when, in fact, Respondent had never, and has never, used the mark VAC TECH on any drilling machines, or parts therefor.

Respondent's predecessor-in-interest made the Second Fraudulent Statement in order to distract the USPTO from the fact that Baker Hughes was using a mark, VACS, on goods that were identical to Respondent's actual goods well before Respondent adopted and began using its confusingly similar mark VAC TECH."

See paragraphs 23, 24, 28 and 29 of the Amended Petition. Thus, Baker Hughes avers that HES's predecessor-in-interest and its counsel knew of Baker Hughes' senior mark VACS and knew HES's predecessor-in-interest never placed the mark VAC TECH on "drilling machines or

drilling machines and parts thereof.” *DaimlerChrysler Corp. v. American Motors Corp.*, 94 USPQ2d 1086, 1089 (TTAB 2010) (explaining that intent, as a condition of mind of a person, may be averred generally). Baker Hughes further avers that the circumstantial evidence shows that HES’s predecessor-in-interest and its counsel knowingly made the First and Second False Statements to deceive the USPTO into accepting the required declarations and furthering its application toward registration. *In re Bose Corp.*, 91 USPQ2d 1939, 1941 (Fed. Cir. 2009) (explaining that fraud may be inferred from “indirect and circumstantial evidence” because “direct evidence [of fraud] is rarely available”).

Thus, contrary to the conclusory arguments made by HES in its motion, Baker Hughes’ claim for cancellation of the ‘313 Registration based on HES’s fraud is fully and properly pled and should not be dismissed.

B. Baker Hughes’ Counterclaim for Abandonment is Properly Pled

HES argues that Baker Hughes’ counterclaim for cancellation of the ‘313 Registration on the basis of abandonment fails because:

“[f]or abandonment to occur, use must have been ‘discontinued’; under Petitioner’s interpretation, there was no use to begin with and therefor no use to be ‘discontinued.’”

Opposer/Respondent’s Renewed Motion to Dismiss, at page 13. HES’s argument is not only contrary to the law; it misconstrues the actual allegations contained in Baker Hughes’ petition.

A mark may be cancelled for abandonment due to nonuse because the registrant never used the mark in connection with the goods or services described in the registration. *Lens.com, Inc. v. 1-800 Contacts, Inc.*, 686 F.3d 1376 (Fed. Cir. 2012) (affirming the TTAB’s cancellation of mark for abandonment because Lens.com did not use the mark in commerce in connection with software). In *Lens.com*, 1-800 Contacts argued that Lens.com abandoned the trademark LENS due to nonuse because it did not offer the registered goods, software, to consumers as a

good in trade. *Id.* According to 1-800 Contacts, the fact that Lens.com owned a website through which retail sale services were provided did not mean that it offered software as a good to the public. *Id.* The Federal Circuit agreed with 1-800 Contacts finding that Lens.com's software was merely the conduit through which it rendered its online retail services, and the record did not indicate that consumers had any reason to be aware of any connection with the LENS mark and Lens.com's software. *Id.* On that basis, the Federal Circuit affirmed the Board's finding that Lens.com abandoned its mark. *Id.*

Just as in *Lens.com*, HES's predecessor-in-interest filed and obtained a registration for goods on which HES never used the term VAC TECH. Thus, as the registrant in *Lens.com*, HES has abandoned its mark for those goods and the registration should be cancelled. Accordingly, Baker Hughes' claim for cancellation of the '313 Registration for abandonment is properly pled and should not be dismissed.

C. Baker Hughes' Counterclaim for Likelihood of Confusion is Properly Pled

As noted above, HES did not challenge on likelihood of confusion. Therefore, Baker Hughes respectfully submits that it is not required to identify in this response all of the factual allegations of likelihood of confusion that are set out in the Amended Petition.

D. Alternative Request for Leave to File a Second Amended Counterclaim Petition for Counterclaim

Although Baker Hughes submits that no further allegations are required to be set forth in its petition to cancel the '313 Registration, should the Board determine otherwise, Baker Hughes respectfully requests permission to amend its petition to cancel to address any deficiencies identified by the Board. *Wills v. Can't Stop Productions, Inc.*, Cancellation Proceeding No. 92051212 (TTAB September 22, 2011).

III. Conclusion

For the forgoing reasons, Applicant/Petitioner Baker Hughes Incorporated respectfully requests that HES's Renewed Motion to Dismiss be denied in its entirety.

Respectfully submitted,

DATED: October 12, 2012

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CERTIFICATE OF SERVICE

I hereby certify that on October 12, 2012, a true and correct copy of the foregoing document was served by first class mail, postage prepaid, on the following:

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