**UNITED STATES PATENT AND TRADEMARK OFFICE**
**Trademark Trial and Appeal Board**
**P.O. Box 1451**
**Alexandria, VA 22313-1451**

KIM

Mailed: May 13, 2013

Opposition No. **91205542**

Halliburton Energy Services, Inc.

v.

Baker Hughes Incorporated

**By the Board:**

This matter comes up on opposer/counterclaim respondent's (hereinafter "opposer") motion (filed September 27, 2012) to dismiss applicant/counterclaim petitioner's (hereinafter "applicant") amended counterclaims for fraud and abandonment under Fed. R. Civ. P. 12(b)(6). The motion is contested.

By way of background, the notice of opposition was filed on June 11, 2012. On July 23, 2012, applicant filed its answer and counterclaimed to cancel opposer's Registration No. 3738313 for the mark VAC TECH in standard characters on the Supplemental Register.[1] Opposer filed an answer to the counterclaim on August 20, 2012, along with a motion to dismiss the counterclaim. In response, on

[1] Registered January 12, 2010, based on an application filed December 21, 2006, for "drilling machines; drilling machines and parts therefor." TECH is disclaimed.

September 7, 2012, applicant filed an amended counterclaim alleging fraud, abandonment, priority and likelihood of confusion.[2]

On September 27, 2012, opposer filed an answer to the amended counterclaim as well as a new motion to dismiss the fraud and abandonment claims of the amended counterclaim.

For purposes of this order, the Board presumes the parties' familiarity with the pleadings and with the arguments submitted with respect to opposer's motion.

The Board has set forth the applicable standard of a motion to dismiss under Fed. R. Civ. P. 12(b)(6) as follows:

> In order to withstand a motion to dismiss for failure to state a claim, a plaintiff need only allege such facts as would, if proved, establish that (1) the plaintiff has standing to maintain the proceedings, and (2) a valid ground exists for opposing the mark. The pleading must be examined in its entirety, construing the allegations therein liberally, as required by Fed. R. Civ. P. 8(f), to determine whether it contains any allegations which, if proved, would entitle plaintiff to the relief, [sic] sought. *See Lipton Industries, Inc. v. Ralston Purina Co.*, 670 F.2d 1024, 213 USPQ 185 (CCPA 1982); *Kelly Services Inc. v. Greene's Temporaries Inc.*, 25 USPQ2d 1460 (TTAB 1992); and TBMP § 503.02 (2d. ed. rev. 2004). For purposes of determining a motion to dismiss for failure to state a claim upon which relief can be granted, all of plaintiff's well-pleaded

[2] Where a pleading is one to which a responsive pleading is required, the pleading party may amend its pleading once as a matter of course within 21 days after service of a motion under Fed. R. Civ. P. 12(b). Fed. R. Civ. P. 15(a)(1)(B).

> allegations must be accepted as true, and the complaint must be construed in the light most favorable to plaintiff. *See Advanced Cardiovascular Systems Inc. v. SciMed Life Systems Inc.*, 988 F.2d 1157, 26 USPQ2d 1038 (Fed. Cir. 1993); *see also* 5A Wright & Miller, *Federal Practice And Procedure: Civil 2d* §1357 (1990).

*Fair Indigo LLC v. Style Conscience*, 85 USPQ2d 1536, 1538 (TTAB 2007). Therefore, a complaint must allege "enough facts to state a claim to relief that is plausible on its face." *Bell Atlantic Corp. v. Twombly*, 550 U.S. 554, 570, 127 S.Ct. 1955, 1974 (2007); *see also Ashcroft v. Iqbal*, 556 U.S. 662, 129 S.Ct. 1937 (2009) (plausibility standard applies to all federal civil claims).

As the defendant in this opposition, there is no question concerning applicant's standing to raise a counterclaim against opposer. *See Aries Systems Corp. v. World Book Inc.*, 26 USPQ2d 1926, 1930 n.12 (TTAB 1993)(counterclaimant's standing is inherent in its position as defendant).

Turning then to the merits of the motion to dismiss, the Board first considers applicant's counterclaim for fraud. Section 14(3) of the Lanham Act explicitly provides that fraud may be asserted as a ground for cancellation "[a]t any time." Thus, the only question that remains in deciding opposer's motion on the question of fraud is

whether applicant's amended counterclaim of fraud is legally sufficient.

Fraud in procuring or maintaining a trademark registration occurs when an applicant or registrant knowingly makes false, material representations of fact with the intent to deceive the USPTO. *See In re Bose Corp.*, 580 F.3d 1240, 1245, 91 USPQ2d 1938, 1941 (Fed. Cir. 2009). Subjective intent to deceive "is an indispensable element in the analysis." *Id.* And while such intent may be averred generally under Fed. R. Civ. P. 9(b), the pleadings must contain "explicit rather than implied expression of the circumstances constituting fraud." *King Automotive, Inc. v. Speedy Muffler King, Inc.*, 667 F.2d 1008, 1010 (CCPA 1981).

Applicant's counterclaim for fraud is based on two allegedly fraudulent statements made by opposer during prosecution of opposer's application for registration. The first relates to opposer's alleged knowledge of applicant's mark and applicant's superior rights thereto. To sufficiently plead this type of fraud claim, applicant, as the plaintiff in the counterclaim, "must allege particular facts which, if proven, would establish that: (1) there was in fact another use of the same or a confusingly similar mark at the time the oath was signed; (2) the other user had legal rights superior to [counterclaim defendant's]; (3) [counterclaim defendant] knew that the other user had rights

in the mark superior to [counterclaim defendant's], and either believed that a likelihood of confusion would result from [counterclaim defendant's] use of its mark or had no reasonable basis for believing otherwise; and that (4) [counterclaim defendant], in failing to disclose these facts to the U.S. Patent and Trademark Office, intended to procure a registration to which it was not entitled." *Qualcomm Inc. v. FLO Corp.*, 93 USPQ2d 1768, 1770 (TTAB 2010).

Here, applicant has failed to plead particular facts which, if proven, would establish the third element of the fraud claim. Specifically, an allegation that opposer "was well-aware" of applicant's mark cannot be supported by mere assertions that applicant "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," and that the parties' goods, customers and advertising are "virtually identical." *Amended Counterclaim*, ¶ 23. Such allegations smack of a "should have known" standard that was expressly rejected by the Federal Circuit in *In re Bose*. Furthermore, while such facts may pertain to *applicant's* own belief in its superior rights, they are insufficient to establish, if proven, *opposer's* own belief that applicant had superior rights.

As to the counterclaim for fraud based on opposer's representations of use in connection with the goods

identified in opposer's registration at the time of application, applicant has again failed to sufficiently plead its claim of fraud. The counterclaim fails to allege those particular facts which would establish, if proven, that opposer knowingly made a false and material representation with the intent to deceive the USPTO. It is not enough for applicant to recite that opposer "knew" the statement in question was false or that respondent "knowingly and intentionally mislead [sic] the USPTO" based simply on an allegation that the mark was not used in connection with the goods identified in the registration or a bald assertion that the false statement was made "in order to distract the USPTO from the fact that [applicant] was using a mark, VACS, on goods that were identical to [opposer's] actual goods well before [opposer] adopted and began using its confusingly similar mark VAC TECH." *Amended Counterclaim*, ¶¶ 27-29. Such broad statements do not comport with the heightened pleading requirements for fraud under Fed. R. Civ. P. 9(b). The parties are reminded that "an allegation of fraud in a trademark case … should not be taken lightly." *In re Bose*, 580 F.3d at 1245. In view thereof, opposer's motion to dismiss applicant's amended counterclaim for fraud is hereby **GRANTED**.

Turning to applicant's counterclaim for abandonment, a legally sufficient claim of abandonment must allege facts

that "set forth a *prima facie* case of abandonment by a pleading of at least three consecutive years of non-use or must set forth facts that show a period of non-use less than three years coupled with an intent not to resume use." *Otto Intl, Inc. v. Otto Kern GmbH*, 83 USPQ2d 1861, 1863 (TTAB 2007). No such allegations are apparent in connection with applicant's pleading of abandonment. As such, the claim is legally insufficient and opposer's motion to dismiss the abandonment claim is hereby **GRANTED**.

To the extent that applicant believes that it can state a claim for fraud and/or abandonment upon which relief may be granted, it is allowed until **THIRTY DAYS** from the mailing date of this order to file an amended counterclaim, failing which applicant's counterclaims of fraud and abandonment will be dismissed with prejudice. Opposer is allowed **THIRTY DAYS** from service of any amended counterclaim to answer or otherwise move with respect thereto.

Proceedings herein **REMAIN SUSPENDED**.

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