

ESTTA Tracking number: **ESTTA489935**

Filing date: **08/20/2012**

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

Proceeding	91205542
Party	Plaintiff Halliburton Energy Services, Inc.
Correspondence Address	JOEL D LEVITON FISH & RICHARDSON PC 60 SOUTH SIXTH STREET, SUITE 3200 MINNEAPOLIS, MN 55402 UNITED STATES tmdoctc@fr.com, leviton@fr.com, lls@fr.com, rnr@fr.com
Submission	Motion to Dismiss - Rule 12(b)
Filer's Name	Elizabeth E. Brenckman
Filer's e-mail	brenckman@fr.com, leviton@fr.com, rnr@fr.com, lls@fr.com, tmdoctc@fr.com
Signature	/Elizabeth E. Brenckman/
Date	08/20/2012
Attachments	August 20 MTD.pdf (16 pages)(137884 bytes)

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

HALLIBURTON ENERGY SERVICES, INC.,

Opposer,

v.

BAKER HUGHES INCORPORATED,

Applicant.

Opposition No.: 91205542

Application Ser. No. 85/402,715

Mark: VACS

**OPPOSER’S MOTION TO DISMISS
APPLICANT’S COUNTERCLAIM FOR FRAUD AND
MEMORANDUM IN SUPPORT THEREOF**

Opposer Halliburton Energy Services, Inc. (“Halliburton”) respectfully moves the Board to dismiss Applicant’s counterclaim for fraud for failure to state a claim upon which relief can be granted pursuant to 37 C.F.R. §§ 2.116(a) and 2.127 and Fed. R. Civ. P. 12(b)(6).

Applicant’s counterclaim seeking cancellation of Halliburton’s supplemental registration for the mark VAC TECH based on fraud is deficient in a number of significant respects and should be dismissed. First, Applicant failed to allege two of the four elements required to assert a viable claim for fraud—namely, that the purported misrepresentations made by Halliburton were material and made with an intent to deceive the USPTO. Second, Applicant failed to allege specific underlying facts sufficient to support any of the elements of a claim for fraud. Third, allowing Applicant to amend its pleading would be futile, as Applicant will never be able to allege any set of facts that satisfies the elements of a claim for fraud. As such, Halliburton respectfully requests that the Board dismiss Applicant’s counterclaim for cancellation based on fraud without leave to amend.

FACTUAL BACKGROUND

Halliburton provides products and services to the oil and gas drilling and production industry. Halliburton owns U.S. Registration No. 3,738,313 on the Supplemental Register for “drilling machines; drilling machines and parts therefor,” with a first use date of May 31, 2008, which was originally obtained by its predecessor in interest, Wellbore Energy Solutions, LLC. Halliburton’s predecessor initially sought to register VAC TECH on the Principal Register, but was advised by the Examining Attorney that VAC TECH was merely descriptive and thus not registrable on the Principal Register. (Office Action, Mar. 14, 2007). Therefore, Halliburton’s predecessor amended its application to seek registration of VAC TECH on the Supplemental Register, thereby conceding that VAC TECH is merely descriptive. (Examiner’s Amendment, Oct. 2, 2007). *In re Armor Inox SA*, 2006 WL 2558000 (T.T.A.B. Aug. 10, 2006) (“Registering a mark on the Supplemental Register is an admission that the mark is merely descriptive.”); *see also Quaker State Oil Refining Corp. v. Quaker Oil Corp.*, 453 F.2d 1296 (C.C.P.A. 1972) (“We also agree with the observation of the board that, when appellant sought registration of SUPERBLEND on the Supplemental Register, it admitted that the term was merely descriptive of its goods.”).

Applicant, like Halliburton, also provides products and services to the oil and gas drilling and production industry. On August 19, 2011, Applicant filed an application to register the term “VACS” in connection with equipment to clean and remove debris from wellbores and downhole casing and tubing in oil, gas, and water wells (Application Ser. No. 85/402,715). In its application, Applicant claims to have first use the purported mark “VACS” in connection with the goods identified in the application in 1998. The application was published for opposition on February 14, 2012.

Halliburton filed a Notice of Opposition against the application on June 11, 2012, and asserted that the term “VACS” as used in connection with the goods identified in the application is merely descriptive. On July 23, 2012, Applicant answered Halliburton’s Notice of Opposition and concurrently filed a counterclaim seeking to cancel Halliburton’s VAC TECH supplemental registration, alleging that Halliburton misled the USPTO in obtaining the registration, by: (1) declaring that the mark was in use with all of the goods set forth in its registration, when, at the time of issuance, the mark was not in use with such goods; and (2) declaring that it was not aware of any third party marks that conflicted with its mark, when Halliburton was aware of Applicant’s use of the term “VACS.” Although not set out as separate claim, Applicant also asserted priority and a likelihood of confusion as grounds for cancellation of Halliburton’s supplemental registration for VAC TECH.

ARGUMENT

Applicant’s counterclaim for fraud should be dismissed because it fails to sufficiently allege the elements of fraud. Applicant fails to allege that the purported misrepresentations made by Halliburton were material or were made with an intent to deceive the USPTO. Applicant also fails to allege specific underlying facts supporting its allegations. Moreover, because Applicant will never be able to allege any set of facts that satisfies the elements of a claim for fraud, allowing Applicant to amend its pleading would be futile.

I. MOTION TO DISMISS STANDARD IN A FRAUD CASE

Under Fed. R. Civ. P. 12(b)(6), dismissal is required when a complaint fails to state a viable claim. *See Ashcroft v. Iqbal*, 129 S. Ct. 1937, 1949 (2009). 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.’” *Id.* The Supreme Court has emphasized that “a pleading that offers ‘labels and conclusions’ or ‘a formulaic recitation of the elements of a cause of action will

not do.” *Id.* Therefore, threadbare recitals of the elements of a cause of action supported by mere conclusory statements do not suffice. *Id.* Likewise, “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.’” *Id.* at 1950. In short, the pleading must allege *facts*, and the allegations “must be enough to raise a right to relief above the speculative level.” *Bell Atl. Corp. v. Twombly*, 550 U.S. 544, 545 (2007).

Additionally, allegations of fraud in filing a trademark application are governed by the heightened pleading standard of Fed. R. Civ. P. 9(b), which requires that the circumstances constituting fraud shall be stated with particularity. *See, e.g., Intellimedia Sports Inc. v. Intellimedia Corp.*, 43 U.S.P.Q.2d 1203, 1206 (T.T.A.B. 1997). “In petitioning to cancel on the ground of fraud, a petitioner must allege the elements of fraud with particularity,” and “the pleadings [must] contain explicit rather than implied expression of the circumstances constituting fraud.” *Asian and Western Classics B.V. v. Lynne Selkow*, 92 U.S.P.Q.2d 1478 (T.T.A.B. 2009).

II. APPLICANT FAILED TO SATISFY THE STRINGENT PLEADING STANDARD FOR FRAUD

Fraud in procuring a trademark registration occurs when an applicant knowingly makes a false material representation of fact in connection with its application, with the intent to deceive the USPTO. *In re Bose Corp.*, 580 F.3d 1240, 1243 (Fed. Cir. 2009). A party seeking cancellation of a trademark registration for fraudulent procurement bears a heavy burden of proof. *Swiss Watch Int’l, Inc. v. Fed’n of the Swiss Watch Indus.*, 101 U.S.P.Q.2d 1731 (T.T.A.B. 2012). Indeed, “The very nature of the charge of fraud requires that it be proven ‘to the hilt’ with clear and convincing evidence. There is no room for speculation, inference or surmise and, obviously, any doubt must be resolved against the charging party.” *Bose*, 580 F.3d at 1243 (citing *Smith Int’l, Inc. v. Olin Corp.*, 209 U.S.P.Q. 1033, 1044 (T.T.A.B. 1981)).

The relevant standard for proving fraud set forth in *Bose* requires a showing of the following four elements: (1) applicant/registrant made a false representation to the USPTO; (2) the false representation is material to the registrability of a mark; (3) applicant/registrant had knowledge of the falsity of the representation; and (4) applicant/registrant made the representation with the intent to deceive the USPTO. *ShutEmDown Sports, Inc. v. Carl Dean Lacy*, 102 U.S.P.Q.2d 1036, 1046 (T.T.A.B. 2012); *see also Crown Wallcovering Corp. v. The Wall Paper Mfrs. Ltd.*, 188 U.S.P.Q. 141, 144 (T.T.A.B. 1975) (“In order to state a claim upon which relief can be granted on the ground of fraud, it must be asserted that the false statements complained of were made willfully in bad faith with the intent to obtain that to which the party making the statements would not otherwise have been entitled.”). Failure to plead any essential element justifies dismissal of the claim. *See, e.g., Koehler v. Bank of Bermuda (New York) Ltd.*, 1998 WL 557595, at *9 (S.D.N.Y. 1998), *aff’d*. 209 F.3d 130 (2d Cir. 2000), *amended* 229 F.3d 424 (2d Cir. 2000) (“The complaint must contain allegations concerning each of the material elements necessary to sustain recovery under a viable legal theory.”).

Absent the requisite intent to mislead the USPTO, even a material misrepresentation does not qualify as fraud under the Lanham Act. *King Auto., Inc. v. Speedy Muffler King, Inc.*, 667 F.2d 1008, 1011 n.4 (C.C.P.A. 1981). In *Bose*, the Court of Appeals for the Federal Circuit noted that 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.” 580 F.3d at 1243. (quoting *Kemin Indus., Inc. v. Watkins Prods., Inc.*, 192 U.S.P.Q. 327, 329 (T.T.A.B. 1976)). In other words, deception must be willful to constitute fraud. *Bose*, 580 F.3d at 1243. “Subjective intent to deceive, however difficult it may be to prove, is an indispensable element in the

analysis.” *Id.* at 1245. A predicate to finding intent to deceive is that the allegedly false statement was made with knowledge of its falsehood. *Exergen Corp. v. Wal-Mart Stores Inc.*, 575 F.3d 1312, 1331 (Fed. Cir. 2009) (“[A] deliberate decision to withhold a known material reference or to make a knowingly false misrepresentation [is] a necessary predicate for inferring deceptive intent.”) (internal quotation omitted); *see also Bose*, 580 F.3d at 1245-46 (holding that for fraud to exist, the false statement must be *knowingly* made, and refusing to infer deceptive intent where there was no evidence of a knowing falsehood).

Additionally, *Bose* confirms that when examining whether a false statement was knowingly made with the intent to deceive, the focus is on the individual who made the alleged false statement. In *Bose*, the allegedly false statement was made by Bose’s general counsel, Mr. Sullivan. Thus, the Federal Circuit properly focused on Mr. Sullivan’s belief: “Mr. Sullivan explained that in his belief, Bose[]...met the ‘use in commerce’ requirement for renewal of the trademark. ...Sullivan testified under oath that he believed the statement was true at the time he signed the renewal application.” *Bose*, 580 F.3d at 1246; *see also Far Out Prods., Inc. v. Oskar*, 247 F.3d 986 (9th Cir. 2001) (“The appellants did not present any evidence, either on appeal or, apparently, in the district court, that Goldstein [the individual that signed the declaration to maintain a trademark registration] acted in bad faith....”).

Further, a pleading must allege sufficient underlying facts supporting an allegation that an applicant made a knowingly false material representation with the intent to deceive the USPTO. *Exergen*, 575 F.3d at 1327 (“Our precedent . . . requires that the pleadings allege sufficient underlying facts from which a court may reasonably infer that a party acted with the requisite state of mind.”); *see also King Auto.*, 667 F.2d at 1011 (“Appellant’s conclusory statement that [appellee] knew its declaration to be untrue is not supported by a pleading of any

facts which reflect [appellee's] belief that the respective uses of MUFFLER KING and SPEEDY MUFFLER KING would be likely to confuse.”). Allegations based solely on information and belief raise only the mere possibility that evidence may be uncovered and do not constitute the pleading of fraud with particularity. *See Exergen*, 575 F.3d at 1330-31. To satisfy Rule 9(b), any allegations made upon “information and belief” must be accompanied by a statement of facts upon which the belief is founded. *Id.*

Applicant's allegations fail to meet the above standards with respect to both purported misrepresentations it has alleged. Applicant's counterclaim should be dismissed for failure to properly recite the elements of a claim for fraud and failure to supply any facts to support its conclusory statements.

A. APPLICANT FAILED TO ALLEGE MATERIALITY, INTENT, AND SPECIFIC FACTS SUPPORTING ITS ALLEGATION THAT HALLIBURTON MADE FALSE STATEMENTS REGARDING THE GOODS LISTED IN ITS REGISTRATION

Applicant's first allegation is that Halliburton made false statements in declarations filed to obtain its registration, by declaring that its mark was in use with all of the goods set forth in the registration, when at the time of issuance of the registration, the mark was not in use with such goods. Applicant's counterclaim states:

5a.¹ Upon filing the application that issued as the '313 Registration, and during examination of the application that issued as the '313 Registration, Respondent, after being “warned that false statements and the like are punishable by fine or imprisonment, or both, under 18 U.S.C. Section 1001, and that such willful false statements and the like may jeopardize the validity of this document[,]” declared in the application itself and in at least two Amendments to Allege Use, that “all statements made of his/her own knowledge are true[.]” Respondent's declarations, however, were not true. Specifically, Respondent declared that it “is using ... the mark in commerce on or in connection with all the goods ... listed in the existing registration,” namely, “drilling machines; drilling machines and parts therefor.” Respondent's goods, however, are not “drilling machines; drilling machines

¹ Applicant misnumbered its counterclaim and Paragraph 5 appears twice. Halliburton has therefore designated the two paragraphs “5a” and “5b.”

and parts therefor,” but instead are mechanical downhole equipment for use in oil, gas and water wells, namely, downhole tool[s] for removing debris from, and otherwise cleaning, wellbores and downhole casing and tubing. Respondent misled the U.S. Patent and Trademark Office during the application process to distract the U.S. Patent and Trademark Office from the fact that another party was using a confusingly similar mark on goods that were identical to Respondent’s goods well before Respondent adopted and began using its mark VAC TECH.

Applicant’s pleading fails to properly allege that Halliburton knowingly made material false representations with the intent to deceive the USPTO. First, Applicant fails to allege that the purported misstatements were material. Applicant does not even mention materiality. Second, Applicant fails to allege that Halliburton’s predecessor acted with intent to deceive the USPTO. Applicant does not even mention the words “willful,” “bad faith,” or “intent to deceive.” Third, Applicant fails to allege with particularity any underlying facts from which the Board could reasonably infer that Halliburton’s predecessor knowingly made false material representations with the intent to deceive the USPTO. Applicant has not alleged a single fact regarding the intent of the individuals who signed the declarations on behalf of Halliburton’s predecessor. Nor has Applicant identified any known information giving rise to its stated beliefs, asserted any specific admissions by Halliburton, or even made any statements regarding evidence that is likely to be discovered that would support a claim of fraud. Indeed Applicant has failed to allege *any* underlying facts whatsoever to support its conclusions.

Therefore, Applicant’s first allegation of fraud fails to properly state a claim for fraud as a matter of law. Because Applicant not only failed to assert allegations concerning each element necessary to sustain recovery under a viable legal theory, but also failed to allege any facts to support its conclusions, it has failed to plead fraud with particularity and its claim should be dismissed.

B. APPLICANT FAILED TO ALLEGE MATERIALITY, INTENT, AND SPECIFIC FACTS SUPPORTING ITS ALLEGATION THAT HALLIBURTON MADE FALSE STATEMENTS REGARDING ITS EXCLUSIVE RIGHT TO USE THE MARK “VAC TECH”

Applicant’s second allegation is that Halliburton stated in its application to register VAC TECH that no other party has the right to use the mark in commerce, even though Halliburton knew about Applicant’s use of the mark VACS when it filed its application. Applicant’s counterclaim states:

5b. In addition, Respondent misled and committed fraud on the U.S. Patent and Trademark Office by declaring, at least three times, after being “warned that willful false statements and the like so made are punishable by fine or imprisonment, or both, under 18 U.S.C. Section 1001, and that such willful false statements, and the like, may jeopardize the validity of the application or any resulting registration,” that “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.” On information and belief, at the time that Respondent made these declarations, Respondent was well aware of Petitioner’s long, continuous, and exclusive use of its mark VACS on goods that are identical to Respondent’s goods on which it uses its VAC TECH mark.

6. As discussed above, Petitioner has been 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 Petitioner’s U.S. Trademark *See* Application Serial No. 85/402,715 are identical to goods sold and offered for sale by Respondent in connection with its mark VAC TECH. 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. In addition, upon information and belief, Respondent had knowledge of Petitioner’s use of its mark VACS on goods that are identical to Respondent’s goods well before Respondent began using its mark on goods identical to Petitioner’s goods. Thus, Respondent’s later adoption, use, and registration of its mark VAC TECH was intended to cause confusion among customer[s] and potential customers.

Once again, Applicant failed to properly allege that Halliburton knowingly made material false representations with the intent to deceive the USPTO. Applicant failed to allege that Halliburton’s purported misstatements were material; it did not even mention materiality. It also

failed to allege that Halliburton's predecessor acted with intent to deceive the USPTO; it did not even mention the words "willful," "bad faith," or "intent to deceive." And yet again, Applicant failed to allege any underlying facts whatsoever to support its conclusions.

To withstand a motion to dismiss, a plaintiff claiming that the oath in a defendant's application for registration was executed fraudulently, in that there was another use of the same or a confusingly similar mark at the time the oath was signed, *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 applicant's; (3) applicant knew that the other user had rights in the mark superior to applicant's, and either believed that a likelihood of confusion would result from applicant's use of its mark or had no reasonable basis for believing otherwise; and (4) applicant, in failing to disclose these facts to the USPTO, intended to procure a registration to which it was not entitled. *Intellimedia Sports*, 43 U.S.P.Q.2d at 1206.

Applicant's allegations of fraud do not contain any underlying facts regarding Halliburton's knowledge and intent, and are based only on information and belief:

5b. . . . On information and belief, at the time that Respondent made these declarations, Respondent was well aware of Petitioner's long, continuous, and exclusive use of its mark VACS on goods that are identical to Respondent's goods on which it uses its VAC TECH mark.

6. . . . In addition, upon information and belief, Respondent had knowledge of Petitioner's use of its mark VACS on goods that are identical to Respondent's goods well before Respondent began using its mark on goods identical to Petitioner's goods. . . .

Allegations based solely on information and belief raise only the mere possibility that such evidence may be uncovered and do not constitute the pleading of fraud with particularity. *See Exergen*, 575 F.3d at 1330-31. To satisfy Rule 9(b), any allegations made upon "information and belief" must be accompanied by a statement of facts upon which the belief is founded. *Id.*

Applicant's statements are based solely on information and belief; Applicant fails to allege with particularity *any* underlying facts from which the Board may reasonably infer that Halliburton knowingly made false material representations with the intent to deceive the USPTO.

Applicant's deficient allegations are analogous to the allegation analyzed in *Cavern City Tours Ltd. v. Hard Rock Café Int'l, Inc.*, 2011 WL 5014033 (T.T.A.B. Sept. 29, 2011). In *Cavern City Tours*, the Board found that the following allegation fell far short of the pleading requirements necessary to seek a cancellation based on fraud:

Registrant was *well aware* of the existence and fame of The Cavern Club in Liverpool and the worldwide fame of THE CAVERN CLUB owned by Petitioner when it filed its application and when it submitted its Statement of Use.

Id. (emphasis added); *see also King Auto.*, 667 F.2d at 1008 (motion to dismiss fraudulent misrepresentation claim granted because “[petitioner’s] conclusory statement that [respondent] *knew* its declaration to be untrue is not supported by a pleading of any facts which reflect [respondent’s] belief of third-party’s right to use the mark in commerce”) (citations omitted) (emphasis added).

Similarly, in this case, Applicant's pleading merely relies on a conclusory statement made on information and belief that Halliburton was “well aware” of Applicant's mark. Applicant failed to assert any underlying facts showing that Halliburton's predecessor intended to procure a registration to which it was not entitled, or that Halliburton's predecessor believed that Applicant had superior rights, and either believed that a likelihood of confusion would result from Halliburton's use of the VAC TECH mark or had no reasonable basis for believing otherwise. Applicant also failed to allege any facts regarding the intent of the individuals who signed the declarations on behalf of Halliburton's predecessor. Further, Applicant failed to identify any known information giving rise to its stated beliefs, assert any specific admissions by

Halliburton, or even make any statements regarding evidence that is likely to be discovered that would support a claim of fraud.

Applicant merely recited a portion of the fraud standard based on information and belief, and did not allege any specific facts that support its conclusion that Halliburton made false statements about its exclusive use. Accordingly, Applicant has failed to plead fraud with particularity, and its claim should be dismissed.

III. ALLOWING APPLICANT TO AMEND ITS FRAUD CLAIM WOULD BE FUTILE

Applicant's claim for fraud should be dismissed without leave to amend because Applicant will never be able to allege, let alone prove, any set of facts to support a claim of fraud. *Foman v. Davis*, 371 U.S. 178, 182 (1962); *see also Leatherwood Scopes Int'l Inc. v. Leatherwood*, 63 U.S.P.Q.2d 1699, 1702-03 (T.T.A.B. 2002). It is now well-settled that fraud must be proven "to the hilt" with clear and convincing evidence. *Bose*, 508 F.3d at 1243. For a fraud claim to be successful, a plaintiff must prove by clear and convincing evidence that a defendant knowingly made a false statement with the intent to deceive the USPTO. *Id.* There is no room for speculation, inference, or surmise, and any doubt must be resolved against the charging party. *Bose*, 508 F.3d at 1243 (citing *Smith Int'l*, 209 U.S.P.Q. at 1044). Even if the Board were to consider Applicant's counterclaim on its merits, Applicant would never be able to allege any set of facts that satisfies the elements of a claim for fraud.

Halliburton's predecessor did not make a material false representation when it declared that the VAC TECH mark was in use with the drilling equipment identified in its application. The equipment used in connection with the VAC TECH mark *is* used for drilling operations. In fact, during prosecution of the VAC TECH application, the Examining Attorney stated:

Applicant's goods are drilling machines and parts for drilling machines.
As discussed in the first two Office actions (which are incorporated by

reference inclusive of the evidence), vacuum excavation comprises a good portion of drilling, and of horizontal excavation especially. Internet evidence attached to the first Office action, and incorporated herein by reference, shows that vacuums are commonly sold with and as a part of drilling equipment, that vacuum excavation is a separate service regularly performed and advertised by drilling and industrial vacuum companies, and that vacuuming is done as a part of the drilling process. . . . Internet evidence in this Office action and the first two Office actions shows that “VAC” as a shortened form of “vacuum” is in common usage among the users of drills and drilling equipment. Consumers would be quite familiar with “VAC” as used in conjunction with drills to mean suction either to mount the drill in place, to remove debris associated with the drilling process, or to suction the goods that the drilling process has unearthed.

(Office Action, May 15, 2008). Therefore, even the USPTO agrees that Halliburton’s chosen identification of goods is appropriate and encompasses the equipment Halliburton uses in connection with its VAC TECH mark.

Moreover, Halliburton’s predecessor never intended to deceive the USPTO. As shown in the file history for the application that resulted in Registration No. 3,738,313, Halliburton’s predecessor thoughtfully examined the goods used in connection with the VAC TECH mark and selected the most appropriate identification of goods from the preapproved identifications contained in the manual of acceptable identifications, which must be used when filing an application through the TEAS-plus system.

Applicant will never be able to point to evidence to support its allegation that Halliburton’s predecessor knowingly made false material representations with respect to use of the VAC TECH mark in connection with the goods listed in the application with a willful intent to deceive the USPTO. Therefore, Applicant will fail to satisfy the clear and convincing evidence standard required to establish a fraud claim.

Turning to the alleged false statement about the exclusive right to use the VAC TECH mark, Halliburton’s predecessor did not knowingly make material false representations with the intent to deceive the USPTO when it declared that it was not aware of any third party marks that

conflicted with the VAC TECH mark. Even if Halliburton's predecessor was aware of Applicant's VACS mark, such knowledge is insufficient, as a matter of law, to establish fraud. If purported rights to use the mark by other parties "are not known by applicant to be superior or clearly established, e.g., by court decree or prior agreement of the parties, then the applicant has a reasonable basis for believing that no one else has the right to use the mark in commerce, and the applicant's averment of that reasonable belief in its application declaration or oath is not fraudulent." *Intellimedia Sports*, 43 U.S.P.Q.2d at 1206; see *Western Worldwide Enter. Group Inc. v. Qinqdao Brewery*, 17 U.S.P.Q.2d 1137, 1141 (T.T.A.B. 1990) ("The fact that there may have been others who have used the involved mark, but whose use was not sufficient to negate the applicant's assertion of substantially exclusive use in commerce, does not make the claim of distinctiveness fraudulent.").

Here, even if Halliburton's predecessor was aware of Applicant's use of the term "VACS" before it filed the application to register VAC TECH, it did not commit fraud when it declared that it was not aware of any conflicting third party marks. As an initial matter, Applicant's alleged "VACS" mark is not confusingly similar to Halliburton's VAC TECH mark. The marks are descriptive and the "VAC" portion of the mark is highly diluted, so the marks are only entitled to a narrow scope of protection; even slight differences in appearance are sufficient to distinguish the marks. Further, the USPTO does not consider the marks confusingly similar, as it approved Applicant's alleged "VACS" mark for registration despite the existence of Halliburton's VAC TECH mark on the federal register. Moreover, there has not been prior litigation between the parties nor any prior decision by a court establishing that Applicant has prior rights in its mark vis-à-vis Halliburton. Additionally, there is no prior agreement between the parties which would establish that Applicant has superior rights in the mark. There are no

other facts which would show that Halliburton's predecessor believed that Applicant had superior rights in the mark, and which would preclude Halliburton from having a reasonable basis for its claim of ownership of the VAC TECH mark.

Therefore, Applicant's use of the term "VACS" was not sufficient to negate Halliburton's assertion of substantially exclusive use of the VAC TECH mark in commerce. Halliburton's declarations were not fraudulent, and Applicant will fail to satisfy the clear and convincing standard required to establish a fraud claim.

CONCLUSION

For the foregoing reasons, Halliburton respectfully requests that Applicant's counterclaim for fraud be dismissed without leave to amend.

Respectfully submitted,

Date: August 20, 2012

/s/ Joel D. Leviton

Joel D. Leviton (Leviton@fr.com)
Russell N. Rippamonti (Rippamonti@fr.com)
Elizabeth E. Brenckman (Brenckman@fr.com)
FISH & RICHARDSON P.C.
P.O Box 1022
Minneapolis, MN 55440-1022
Telephone: (612) 335-5070
Facsimile: (612) 288-9696

ATTORNEYS FOR HALLIBURTON
ENERGY SERVICES, INC.

