

ESTTA Tracking number: **ESTTA540930**

Filing date: **05/31/2013**

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

Proceeding	91210390
Party	Defendant Heapsylon LLC
Correspondence Address	HEAPSYLON LLC PO BOX 3324 REDMOND, WA 98073-3324 info@heapsylon.com
Submission	Other Motions/Papers
Filer's Name	Anthony M. Verna III
Filer's e-mail	averna@kravitzverna.com
Signature	/s Anthony M. Verna III s/
Date	05/31/2013
Attachments	motion to dismiss - SENSORIA.pdf(379283 bytes)

issued an office action based upon the priority of the Applicant's mark, Opposer decided to file this proceeding.

II. The Standard of a Motion to Dismiss

A motion to dismiss under Rule 12(b)(6) is a test of the sufficiency of a complaint. See TBMP Section 503.01 (3d ed. 2011). To survive such a motion, a plaintiff need only allege sufficient factual matter as would, if proved, establish that (1) the plaintiff has standing to maintain the proceeding, and (2) a valid ground exists for opposing or cancelling the mark. *Lipton Industries, Inc. v. Ralston Purina Co.*, 670 F.2d 1024, 213 USPQ 185, 187 (CCPA 1982). Also see *Young v. AGB Corp.*, 152 F.3d 1377, 47 USPQ2d 1752, 1754 (Fed. Cir. 1998); TBMP § 503.02 (3d ed. rev. 2012).

Specifically, “a complaint must contain sufficient factual matter, accepted as true, to state a claim to relief that is plausible on its face.” 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, 129 S.Ct. 1937, 1949-50 (2009), quoting *Bell Atlantic Corp. v. Twombly*, 550 U.S. 544, 570 (2007).

Any defendant to a complaint, counterclaim, or crossclaim may move to dismiss under Rule 12(b)(6) for failure to state a claim upon which relief can be granted. The party moving for dismissal has the burden of showing that no claim has been stated.

During this threshold review, [t]he issue is not whether a plaintiff will ultimately prevail but whether the claimant is entitled to offer evidence to support the claims.

In the context of *inter partes* proceedings before the Board, a claim has facial plausibility when the opposer or petitioner pleads factual content that allows the Board to draw a reasonable

inference that the opposer or petitioner has standing and that a valid ground for the opposition or cancellation exists. Cf. *Twombly*, 550 U.S. at 556, 127 S.Ct. at 1955.

In particular, a plaintiff need only allege "enough factual matter ... to suggest that [a claim is plausible]" and "raise a right to relief above the speculative level." *Totes/Isotoner Corp. v. U.S.*, 594 F.3d 1346, 1354 (Fed. Cir. 2010).

Moreover, if the opposer has provided notice pleading of a claim under Trademark Act Section 2(d), 15 U.S.C. Section 1052(d), by alleging (1) priority, based on its ownership of pleaded registrations and pending applications filed prior to the filing date of the defendant's involved application; and (2) likelihood of confusion between the marks at issue, then the opposer has done enough. See Trademark Act Section 7(c), 15 U.S.C. Section 1057(c); *King Candy Co. v. Eunice King's Kitchen, Inc.*, 496 F.2d 1400, 182 USPQ 108 (CCPA 1974); *Zirco Corp. v. American Telephone and Telegraph Co.*, 21 USPQ2d 1542 (TTAB 1991).

III. Plaintiff/Opposer pleads that it does not have priority and, therefore, does not have standing.

Priority is the first step to showing that a plaintiff has standing in order to file a trademark opposition proceeding. In this case, the Opposer has plead that it does not have priority since both parties filed 1(b), intent-to-use applications. See paragraphs 1 and 2 of the Notice of Opposition where Opposer states that Applicant filed on November 13, 2012 and Opposer filed on November 14, 2012.

In order to survive a motion to dismiss, the factual allegations of a complaint "must be enough to raise a right to relief above the speculative level" and the complaining party must offer

“more than labels and conclusions” or “a formulaic recitation of the elements of a cause of action.” *Bell Atl. Corp.* at 555.

An applicant is entitled to rely for priority on the filing date of its intent-to-use application. Trademark Act § 7, 15 U.S.C. § 1057 ("Contingent on the registration of a mark on the principal register . . . , the filing of the application to register such mark shall constitute constructive use of the mark, conferring a right of priority, . . . on or in connection with the goods or services specified in the registration. . . .").

Without priority – and Opposer has admitted it does not have priority – Opposer does not have standing to file this proceeding.

IV. Fraud must be plead with specificity under Rule 9(b).

Where allegations of fraud are the claimed ground for cancelling a registration, Rule 9(b) sets forth a heightened pleading standard: “In all averments of fraud or mistake, the circumstances constituting fraud or mistake shall be stated with particularity.” *Exergen Corp. v. Wal-Mart Stores, Inc.*, 575 F.3d 1312, 1326 (Fed. Cir. 2009) (considering the requirement of pleading fraud with particularity in claims of inequitable conduct in patent cases). In *Exergen*, the Federal Circuit explained that “[t]his means the who, what, when, where, and how’ of the alleged fraud.” *Id.*, at 1327 (quoting *DiLeo v. Ernst & Young*, 901 F.2d 624, 627 (7th Cir. 1990)).

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, 212 USPQ 801, 803 (CCPA 1981). See also Wright & Miller, Federal Practice and Procedure: 5A § 1296 n. 11 (2004) (citing cases that discuss purposes of the Rule 9(b) heightened pleading

standard to include providing notice, weeding out baseless claims, preventing fishing expeditions and fraud actions in which all facts are learned after discovery, and serving the goals of Rule 11).

1. “On information and belief” is improper

Pleadings of fraud made “on information and belief,” (see the duplicate-numbered paragraph 3 in the Notice of Opposition) when there is no allegation of “specific facts upon which the belief is reasonably based” are insufficient. *Exergen Corp. v. Wal-Mart Stores Inc.*, 91 USPQ2d 1656, 1670 (Fed. Cir. 2009) and cases cited therein (discussing when pleading on information and belief under Fed.R.Civ.P. 9(b) is permitted); see also *In Re Bose Corp.*, 91 USPQ2d at 1938. Additionally, under USPTO Rule 11.18, the factual basis for a pleading requires either that the pleader know of facts that support the pleading or that evidence showing the factual basis is “likely” to be obtained after a reasonable opportunity for discovery or investigation. Allegations based solely on information and belief raise only the mere possibility that such evidence may be uncovered and do not constitute pleading of fraud with particularity. Thus, 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. See *Exergen Corp.*, 91 USPQ2d at 1670 n. 7, citing *Kowal v. MCI Commc'n Corp.*, 16 F.3d 1271, 1279 n. 3 (D.C. Cir. 1994) (“([P]leadings on information and belief [under Rule 9(b)] require an allegation that the necessary information lies within the defendant's control, and . . . such allegations must also be accompanied by a statement of the facts upon which the allegations are based’).”

In this case, the Opposer wrote in its second paragraph numbered 3 in its Notice of Opposition that, upon information and belief, that Applicant’s use of the ® symbol is

“deliberate” and that the Applicant “intends to deceive” the public by use of the ® symbol. But Opposer does not specify what information it has. There is no specificity.

In this case, Opposer’s allegations in Paragraphs 3 of the Notice of Opposition regarding the use of the ® symbol are based solely upon information and belief. These allegations fail to meet the Fed.R.Civ.P. 9(b) requirements as they are unsupported by any statement of facts providing the information upon which Opposer relies or the belief upon which the allegation is founded (i.e., known information giving rise to petitioner's stated belief, or a statement regarding evidence that is likely to be discovered that would support a claim of fraud). *Media Online Inc. v. El Clasificado Inc.*, 88 USPQ2d 1285, 1287 (TTAB 2008) (finding the proposed amended pleading insufficient in part under Fed.R.Civ.P. 9(b) because the false statements that purportedly induced the Office to allow registration were not set forth with particularity). See also Wright & Miller, *supra*, § 1298 (discussing particularity requirement of Fed.R.Civ.P. 9(b)).

In this case, the Opposer must know that the Applicant knows that its behavior is deceitful. Opposer has not plead that – probably because it is unable to plead that.

2. Opposer fails to explain “how” any statement is false.

The Opposer does not state what false statements are made or how those statements are made or to whom. The Applicant did not make any false statements to the USPTO – and that is never even alleged. The Opposer did not plead that the Applicant sold the products in Applicant’s application with the mark. The Board gives a wide interpretation as to what is a mistake and as to what is fraud, and the Opposer’s pleading allows the reader to interpret. The Opposer must make that statement.

3. The Opposer does not claim when the alleged fraud occurred or who committed the fraud

There is no timeframe mentioned in Opposer's Notice of Opposition. Did the Applicant allegedly commit the fraud before filing the application? After filing the application? During the application? Did the Applicant change its mind? And does the fraud happen when the product is for sale? Before the product is for sale? After the product is for sale? The opposer has plead nothing as to the time in which the alleged fraud actually happened. (And since the Applicant's application was filed under Section 1(b), one can argue that no fraud ever occurred because the goods were not offered at the time of application, so the public had access to no goods.)

4. Opposer Fails to Plead the Requisite Intent

Opposer also has not pleaded the requisite intent to make out a fraud claim. As the Federal Circuit stated in *In Re Bose Corp.*, "Fraud in procuring a trademark registration or renewal occurs when an applicant knowingly makes false, material representations of fact in connection with his application...There is no room for speculation, inference or surmise and, obviously, any doubt must be resolved against the charging party." 580 F.3d 1240, 1243 (Fed. Cir. 2009) internal citations and quotation marks omitted) (overruling *Medinol v. Neuro Vasx, Inc.*, 67 U.S.P.Q.2d 1205, 1209 (TTAB 2003) (holding that "[a] trademark applicant commits fraud in procuring a registration when it makes material representations of fact in its declaration which it knows or should know to be false or misleading"))).

In this particular case, the Federal Circuit has previously stated that "[m]ere negligence is not sufficient to infer fraud or dishonesty." *Symbol Techs., Inc. v. Opticon, Inc.*, 935 F.2d 1569, 1582 (Fed. Cir. 1991). The Federal Circuit has also held that "a finding that particular conduct

amounts to ‘gross negligence’ does not of itself justify an inference of intent to deceive.” *Kingsdown Med. Consultants, Ltd. v. Hollister Inc.*, 863 F.2d 867, 876 (Fed. Cir. 1988) (en banc). The principle that the standard for finding intent to deceive is stricter than the standard for negligence or gross negligence, even though announced in patent inequitable conduct cases, applies with equal force to trademark fraud cases. An allegation of fraud in a trademark case, as in any other case, should not be taken lightly. *San Juan Prods. vs. San Juan Pools of Kansas*, 849 F.2d 468 at 474 (quoting *Anheuser-Busch, Inc. v. Bavarian Brewing Co.*, 264 F.2d 88, 92 (6th Cir. 1959)). 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. *In re Bose Corp.*, 1244-1245.

In this Notice of Opposition, the Opposer does not plead the requisite intent of knowingly using the ® symbol improperly and the pleading should be dismissed as a matter of law.

V. Opposer cites no rule or statute supporting sustaining the opposition

Opposer in its Notice of Opposition cites the following rules and statutes:

- TMEP §§ 906, 906.02, 906.04; and
- 15 U.S.C. § 1111.

Not one of these rules or statutes provides for the relief that the Opposer has requested of the Board: cancellation of the Applicant’s mark. If anything, TMEP § 906.02 provides for much leeway in the understanding of the use of the ® mark. This section, however, still does not provide for cancellation of an application. If anything, TMEP § 906.04 provides for what the USPTO examining attorney will do, not the Board. And we all know the USPTO examining attorney is only allowed to look at the application itself, not outside materials.

VI. Conclusion

Opposer's Notice of Opposition has three main issues:

- Lack of priority;
- Improper pleading of fraud (there is no specificity); and
- Citing no statutes that actually suggest the alleged behavior would cause the Board to be able to cancel the Applicant's application.

For the forgoing reasons, the Board should dismiss this proceeding because the Opposer has not stated a claim upon which relief may be granted, as under Fed R. Civ. P. 12(b)(6).

Respectfully submitted,

Dated: May 30, 2013

/s Anthony M. Verna III
Anthony M. Verna III, Esq.
Kravitz & Verna LLC
P.O. Box 3620293
PACC
New York, NY 10129
Attorney for Applicant

