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

Proceeding	91212231
Party	Plaintiff Dragon Bleu (SARL)
Correspondence Address	AARON Y SILVERSTEIN SAUNDERS & SILVERSTEIN LLP 14 CEDAR STREET, SUITE 224 AMESBURY, MA 01913-1831 UNITED STATES trademarks@massiplaw.com, asilverstein@massiplaw.com
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Filer's Name	Aaron Y. Silverstein
Filer's e-mail	trademarks@massiplaw.com, asilverstein@massiplaw.com
Signature	/asilverstein/
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**IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD**

DRAGON BLEU (SARL),

Opposer and Counterclaim
Respondent,

v.

VENM, LLC,

Applicant and Counterclaim
Petitioner.

Opposition No. 91212231

Application Serial No. 85/848,528

**OPPOSER’S MOTION PURSUANT TO FED. R. CIV. P. 12(b)(6)
TO DISMISS APPLICANT’S COUNTERCLAIMS WITH PREJUDICE**

Dragon Bleu (SARL), Opposer and Counterclaim Respondent (“Opposer”), through its undersigned attorneys, Saunders & Silverstein LLP, hereby moves pursuant to Federal Rule of Civil Procedure, Rule 12(b)(6), to dismiss, with prejudice, the Counterclaims brought by Applicant and Counterclaim Petitioner, Venm, LLC (“Applicant”), in its First Amended Answer (Dkt. No. 7), for failure to state claims upon which relief can be granted. As grounds for this Motion, Opposer states as follows:

1. Applicant’s first Counterclaim, entitled “Fraudulent Statements Made During Prosecution to Conceal Lack of Distinctiveness,” is not a statutory ground for cancellation and Applicant has failed to allege facts to support any valid ground for cancellation.
2. Applicant’s second Counterclaim, “No Bona Fide Use,” fails to allege a statutory ground for cancellation and Applicant has failed to allege facts to support any valid ground for cancellation.

3. Applicant's second Counterclaim, "Abandonment," fails to allege the elements of abandonment sufficient to warrant cancellation of a registered trademark.
4. Because Applicant's first and second grounds are completely without merit, and its second ground lacks sufficient allegations, Applicant failed to state claims upon which the relief sought may be granted.
5. As further grounds, Opposer relies upon its Memorandum of Law, incorporated herein.

Memorandum of Law

I. Introduction

In a cancellation proceeding, the Federal Rules of Civil Procedure apply. *See* 37 C.F.R. § 2.116(a). A motion to dismiss under Rule 12(b)(6) tests the legal sufficiency of the claim stated in the complaint. *Ileto v. Glock Inc.*, 349 F.3d 1191, 1199–1200 (9th Cir.2003); *see also* Fed.R.Civ.P. 12(b)(6). "Dismissal can be based on the lack of a cognizable legal theory or the absence of sufficient facts alleged under a cognizable legal theory." *Hana Financial, Inc. v. Hana Bank*, 500 F. Supp. 2d 1228, 1232 (C.D. Cal. 2007) (*quoting Balistreri v. Pacifica Police Dep't*, 901 F.2d 696, 699 (9th Cir.1988)).

Furthermore, the Board must dismiss a petition for cancellation under Rule 12(b)(6) if it fails to state a claim that is "plausible on its face." T.B.M.P. § 503.02 citing *Bell Atl. Corp. v. Twombly*, 550 U.S. 544, 570 (2007); *see also Advanced Cardiovascular Sys. Inc. v. SciMed Life Sys. Inc.*, 26 U.S.P.Q.2d 1038, 1041 (Fed. Cir. 1993). The primary function of Fed. R. Civ. P. 12(b)(6) "is to allow the court to eliminate actions that are fatally flawed in their legal premise and destined to fail, and thus to spare litigants the burdens of unnecessary pretrial and trial activity." *Advanced Cardiovascular*

Sys., 26 U.S.P.Q.2d at 1041. When considering a motion to dismiss, the Board must accept the factual allegations pleaded in the complaint as true, but “conclusory allegations of law and unwarranted inferences of fact do not suffice to support a claim. *Bradley v. Chiron Corp.*, 45 U.S.P.Q.2d 1819, 1822 (Fed. Cir. 1998).

Applicant has asserted three grounds for its counterclaims seeking to cancel Opposer’s federally registered trademarks. The first counterclaim, “Fraudulent Statements Made During Prosecution to Conceal Lack of Distinctiveness,” seeks to cancel all of Opposer’s **VENUM & Design** registrations that serve as a basis for this Opposition. The second and third grounds for cancellation, “No Bona Fide Use” and “Abandonment,” seek to cancel Opposer’s registration subject of Registration Number 3,896,673. All three grounds, each “fatally flawed” and generally unintelligible, are “destined to fail” for the reasons addressed below. This is now Applicant’s second bite at articulating counterclaims, at which it again completely fails. Applicant is represented by counsel who should be well aware of the proper grounds for cancellation and the proper pleading requirements of the same. Neither Opposer, nor the Board, should have to waste resources dealing with claims that are unsustainable on their face. Accordingly, Opposer requests dismissal with prejudice.

II. Applicant’s First Counterclaim Should Be Dismissed Because Applicant’s Fraud Claim Fails and the Counterclaim Does Not State a Statutory Ground For Cancellation

It is axiomatic that a Petition for Cancellation contain a valid ground for cancellation. *See Young v. AGB Corp.*, 152 F.3d 1377, 47 USPQ2d 1752, 1755 (Fed. Cir. 1998). In pleading the grounds for opposition or cancellation, citation to a section of the statute, although encouraged and often helpful in clarifying the nature of a set of

allegations in a pleading, may not be sufficient to plead a claim under that section or place a defendant on proper notice of the extent of the claim. T.B.M.P. § 309.03(c). Section 309 of the T.B.M.P. sets forth a listing of grounds for cancellation including, for instance, Section 2(d) – likelihood of confusion, Section 2(e) – mere descriptiveness, Section 2(a) – geographic deceptiveness.

Applicant’s first counterclaim, “Fraudulent Statements Made During Prosecution to Conceal Lack of Distinctiveness” is not a statutory ground for cancellation, nor do the facts asserted support any other valid ground. Indeed, Applicant attempts to combine two “grounds,” namely fraud and “lack of distinctiveness,” in one counterclaim, rendering the argument nearly indecipherable. However, each “ground” will be addressed in turn for ease of argument.

A. Applicant’s Claim of Fraud Fails to Allege Elements Sufficient to Cancel a Registered Mark.

To properly plead that a registrant has committed fraud in the procurement of a registration, a petitioner must establish that: (i) registrant made a false representation to the United States Patent and Trademark Office (“PTO”); (ii) the false representation is material to the registrability of the mark; (iii) registrant had knowledge of the falsity of the representation; and (iv) registrant made the representation with intent to deceive the PTO. *In re Bose Corp.*, 580 F.3d 1240, 91 U.S.P.Q.2d 1938, 1941 (Fed. Cir. 2009). A party seeking cancellation of a trademark registration for fraud bears a heavy burden, because “absent the requisite intent to mislead the PTO, even a material misrepresentation would not qualify as fraud under the Lanham Act warranting cancellation.” *Id.* at 1940 (citing *King Auto., Inc. v. Speedy Muffler King, Inc.*, 667 F.2d 1008, 1011 n.4, 212 U.S.P.Q. 801 (CCPA 1981)).

In petitioning to cancel on the ground of fraud, a petitioner must allege the elements of fraud with particularity in accordance with Fed. R. Civ. P. 9(b). C.F.R. ¶ 2.116(a). Under Rule 9(b), together with Fed. R. Civ. P. 11 and PTO Rule 11.18, “the pleadings [must] contain explicit rather than implied expression of the circumstances constituting fraud.” *Asian & Western Classics B.V. v. Selkow*, 92 U.S.P.Q.2d 1478 (T.T.A.B. 2009) (quoting *King Auto., Inc.*, 212 U.S.P.Q. at 803). Pleadings of fraud made “on information and belief,” when there is no allegation of “specific facts upon which the belief is reasonably based” are insufficient. *Id.*

Here, Applicant clearly fails to plead the required elements to make a fraud claim.

Applicant makes the following allegations:

¶ 46. During prosecution Opposer expressly stated that it would limit the mark to martial arts related goods. [...] Opposer made this statement to secure registration of its mark. Opposer now attempts to assert its mark to cover dance costumes, in direct contravention of the argument it made to secure registration of its mark. Accordingly, Opposer has effectively “revoked” its agreement to limit its mark to martial arts related goods, which was the only reason that its mark was found distinctive. Opposer should not be allowed to argue that its mark is distinctive as it is restricted to martial arts goods and equipment and then use the same mark to oppose what it claims is a similar mark directed to dance costumes.

¶ 47. Moreover, at the same time that Opposer was arguing that it would limit its use of the mark to martial arts related goods, on information and belief, it was planning to use the mark offensively against others who did not sell martial arts goods. VENM has been harmed by Opposer’s securing registration of its marks, as evidenced by this Opposition Proceeding. [...]

¶ 51. On information and belief, at the time that the statements were made, Dragon Bleu and/or its Attorney fully intended to assert the mark against those who sought registration of marks phonetically similar to “VENUM” outside of martial arts related goods.

In the statements above, Applicant does not identify any false material representation made by Opposer to the USPTO during the prosecution of Registration

No. 3,896,673.¹ Whether Opposer stated that it would limit the mark to martial arts related goods, as alleged by Applicant, is irrelevant to the registrability of the mark. More important, Applicant never states that Opposer made the alleged misrepresentation with intent to deceive the USPTO; indeed, Applicant never alleges that Opposer deceived the USPTO at all. Moreover, it appears that Applicant is not aware that the Board does not recognize the concept of prosecution history estoppel. Remarks and amendments made by Opposer in response to Office Actions have no bearing on this proceeding at this stage.

In addition, Applicant fails to meet the required pleading standard for a fraud claim. Specifically, Applicant relies not on particular facts but on “information and belief,” which the Board has found insufficient. Moreover, the pleading does not include any statutory citations that would assist Opposer in understanding the claim against it. Accordingly, the first counterclaim must be dismissed.

B. “Lack of Distinctiveness” Is Not a Statutory Ground For Cancellation

Even absent Applicant’s failed allegations of fraud, the first counterclaim should be dismissed. Applicant references third-party marks consisting of the term VENUM to establish, ostensibly, that Opposer’s trademark is weak or confusingly similar to those marks. Not only is this not a valid ground for cancellation, but also the third-party marks referenced are used in connection with unrelated goods and services. Thus, the facts alleged to support the “lack of distinctiveness” claim are not relevant to any ground for cancellation. Specifically, Applicant alleges:

¹ Applicant claims that “[t]he same attorney that represented Dragon Bleu during the prosecution of all of the above recited registrations now represents Dragon Bleu in this Opposition Proceeding.” ¶ 44. This is wildly inaccurate. A quick look at the record for each registration clearly shows that the referenced attorney was not counsel for Opposer until well after the prosecution process began.

¶ 45. All of the asserted registrations are directed to the mark “VENUM.” As asserted herein, the mark “VENUM” is not distinctive as numerous others make use of confusingly similar marks (at least as Opposer has asserted its marks). For example, the mark “VENUM” is used by Optec USA on spinal braces for medical use. *See* Ser. No. 85535608, Reg. No. 4314403. Similarly, the mark “VENUM” is used by Jamie Burgos to denote dance performances. *See* Ser. No. 78927571, Reg. No. 3295728. In addition, there are numerous uses of the similar term “VENOM,” such as by UnderArmor (*sic*) on shoes, by Venomwear on clothing, and again on clothing by a clothing store in Memphis, Tennessee. *See* Exh. B, collecting registered and unregistered uses of VENOM.

¶ 46. During prosecution Opposer expressly stated that it would limit the mark to martial arts related goods. *See* Exh. A. at 3-6. Opposer made this statement to secure registration of its mark. Opposer now attempts to assert its mark to cover dance costumes, in direct contravention of the agreement it made to secure registration of its mark. Accordingly, Opposer has effectively “revoked” its agreement to limit its mark to martial arts related goods, which was the only reason that its mark was found distinctive. Opposer should not be allowed to argue that its mark is distinctive as it is restricted to martial arts goods and equipment and then use the same mark to oppose what it claims is a similar mark directed to dance costumes.

The facts above do not provide cogent support for any valid ground to cancel Opposer’s federal registrations. Furthermore, even if Applicant has a valid ground in mind, the facts do not give Opposer the appropriate notice required for pleadings. Moreover, the pleading does not include any statutory citations that would assist Opposer in understanding the claim against it. Accordingly, the first counterclaim must be dismissed.

III. Applicant’s Second Counterclaim Fails Because It Does Not State a Proper Ground for Cancellation.

As stated above, a Petition for Cancellation must contain a valid ground for cancellation. *See Young*, 47 U.S.P.Q.2d at 1755. Here, Applicant argues that Registrations 3,896,673 and 3,927,787 should be cancelled because Opposer has not made “bona fide use” of the marks.

The factual allegations that Applicant asserts to support this counterclaim are the following:

¶ 61. During prosecution of Registration No. 3896673, Opposer did not submit any evidence of use of its VENUM AND DESIGN mark on any of the [...] goods in Classes 24 and 26 during prosecution of the asserted registration. [...]

¶ 64. Inasmuch as its own website does not offer for sale any of the listed goods in Classes 24 and 26, Opposer cannot claim that it has used its VENUM AND DESIGN mark on any of its goods listed in Classes 24 and 26.

¶ 69. During prosecution of Registration No. 3,927,787, Opposer did not submit any evidence of use of its VENUM AND DESIGN mark on “kimonos” or “sport shoes, especially for the practice of martial arts”.

¶ 72. Inasmuch as its own website does not display and offer for sale any kimonos or sport shoes for use in martial arts in Class 25, Opposer cannot claim that it has used its VENUM AND DESIGN mark on these two specific goods.

Paragraphs 61 and 69 refer to the fact that Opposer’s Reg. Nos. 3,896,673 and 3,927,787 were perfected under Section 66(a) of the Trademark Act. Peppered throughout Applicant’s First Amended Answer are references to Opposer’s “use” of its marks. As Applicant should be well aware, demonstrating use is not a requirement for being granted registration under Section 66(a), and thus the fact alleged therein is not relevant to establishing a *prima facie* case of abandonment.

That leaves Paragraphs 64 and 69² that simply allege Opposer “does not use” its trademark on each and every product and/or service for which it is registered. Applicant’s argument here seems to be a feeble, undeveloped attempt to argue that Opposer has abandoned its marks. A blanket assertion that the mark is not in use falls considerably short of the pleading requirements for a cancellation based on abandonment (discussed below). For that reason, the claim should be dismissed.

² Applicant also states that Opposer does not display and offer for sale the goods identified in the referenced registrations in its website. However, such allegations fall considerably short of the pleading requirements for a cancellation.

IV. Applicant's Third Counterclaim Fails Because It Does Not Allege Elements of Abandonment Sufficient to Cancel a Registered Mark.

To plead a prima facie case for trademark abandonment, a petitioner must allege either (i) that the mark has not been in use in commerce for three consecutive years, or (ii) use has been discontinued without the intent to resume use. 15 U.S.C. § 1127; *see On-Line Careline, Inc. v. Am. Online*, 56 U.S.P.Q.2d 1471 (Fed. Cir. 2000). Moreover, to provide fair notice to the registrant, a petitioner's pleading of abandonment must set forth the theory of abandonment the petitioner is relying on, *i.e.*, discontinued use without intent to resume use, or the statutory presumption of abandonment arising from three consecutive years of nonuse. *See Otto International Inc. v. Otto Kern GmbH* 83 USPQ2d 1861 (TTAB 2007).

In this case, Applicant's counterclaims fail to allege that Opposer ceased use without the intent to resume use. Additionally, the abandonment claim does not provide Opposer with appropriate notice of whether Applicant intends to rely on the presumption of abandonment after three consecutive years of nonuse, or whether Applicant intends to demonstrate abandonment by discontinued use without intent to resume. The factual allegations that Applicant asserts to support this counterclaim are the following:

¶ 78. Opposer has not used its VENUM AND DESIGN MARK on the aforementioned goods in Classes 24 and 26 and on kimonos and sport shoes for the practice of martial arts in Class 25 since it stated its use of same in its respective applications filed on November 24, 2008.

¶ 79. Five years have gone by since Opposer filed its two applications and no use has been made by Opposer of its VENUM AND DESIGN mark on the aforesaid goods.

These assertions clearly fail to meet the pleading requirements for a cancellation based on abandonment. For that reason, the claim should be dismissed.

V. Conclusion

WHEREFORE, Opposer requests that its motion be granted and that Applicant's counterclaims be dismissed.

Respectfully submitted,

DRAGON BLEU (SARL)

By its attorneys,



Dated: December 23, 2013

Aaron Y. Silverstein
Saunders & Silverstein LLP
14 Cedar Street, Suite 224
Amesbury, MA 01913-1831
P: 978-463-9130
F: 978-463-9109
E: asilverstein@massiplaw.com

CERTIFICATE OF SERVICE

I hereby certify that on December 23, 2013, this **Opposer's Motion Pursuant To Fed. R.Civ. P. 12(b)(6) To Dismiss Applicant's Counterclaims** were served on Applicant by delivering a true and correct copy thereof to Applicant's counsel by depositing same with the United States Postal Service, postage pre-paid, via first class mail, addressed to:

Konrad Sherinian
THE LAW OFFICES OF KONRAD SHERINIAN, LLC
1755 PARK ST STE 200
NAPERVILLE, ILLINOIS 60563-8404
UNITED STATES



Aaron Silverstein