Trademark Trial and Appeal Board Electronic Filing System. http://estta.uspto.gov

ESTTA Tracking number: **ESTTA609943**

Filing date: **06/13/2014**

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

Proceeding	91215713
Party	Plaintiff Sal's Pizza Restaurant, Inc.
Correspondence Address	SHAUNA M WERHEIM THE MARBURY LAW GROUP PLLC 11800 SUNRISE VALLEY DRIVE, 15TH FLOOR RESTON, VA 20191 UNITED STATES tm-docketing@marburylaw.com
Submission	Motion to Dismiss - Rule 12(b)
Filer's Name	Shauna M. Wertheim
Filer's e-mail	swertheim@marburylaw.com, tm-docketing@marburylaw.com
Signature	/Shauna M. Wertheim/
Date	06/13/2014
Attachments	Sal's Pizza Motion to Dismiss Counterclaim_13 JUN 2014.pdf(4071504 bytes)

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

In The Matter of Application Serial No. 85/809,340
For the Trademark: **SAL'S**
Published in the Official Gazette on December 3, 2013

SAL'S PIZZA RESTAURANT, INC.	)	
Opposer/Counterclaim-Defendant,	)	Opposition No. 91215713
v.	)	
BB and CC, Inc.	)	
Applicant/Counterclaim-Plaintiff.	)	

SAL'S PIZZA RESTAURANT, INC.'S MOTION TO DISMISS COUNTERCLAIM FOR FAILURE TO STATE A CLAIM UPON WHICH RELIEF CAN BE GRANTED

INTRODUCTION

Comes now Opposer/Counterclaim-Defendant Sal's Pizza Restaurant, Inc. ("SPR") and moves the Trademark Trial and Appeal Board (the "Board") for an order dismissing the counterclaim of Applicant BB and CC Inc. ("Applicant") pursuant to Federal Rule of Civil Procedure 12(b)(6) and Section 503 of the Trademark Trial and Appeal Board Manual of Procedure ("TBMP"). Applicant's counterclaim asks the Board to cancel SPR's registration of the mark SAL'S (U.S. Registration No. 2,740,963) ("SPR's Mark") on the grounds that (i) SPR's Mark was obtained by fraud; (ii) SPR's Mark consists of the name of an individual and SPR failed to obtain written consent of that individual; and (iii) SPR abandoned SPR's Mark by failing to enforce rights against third parties using the term SAL'S for restaurant services. Applicant's pleadings, however, are deficient in that Applicant pleads fraud and abandonment

without any particularity, and further, alleges a consent issue under Section 2(c) of the Trademark Act without any standing to do so. Applicant's allegations are thus baseless, and must be dismissed.

ARGUMENT

Standard for Motion to Dismiss

A motion to dismiss tests the allegations set forth in the pleading. "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." *Ashcraft v. Iqbal,* 556 U.S. 662, 678 (2009). "A claim has facial plausibility when the plaintiff pleads factual content that allows the court to draw the reasonable inference that the defendant is liable for the misconduct alleged." *Id.* In short, "[f]actual allegations must be enough to raise a right to relief above the speculative level." *Bell Atlantic Corp. v. Twombly,* 550 U.S. 544, 555 (2007). Applicant's counterclaim fails to rise above the level of speculation, and, falling short of the standard for basic pleading, it must be dismissed.

A. Applicant's Fraud Claim is Not Plead with Particularity

To withstand a motion to dismiss, a plaintiff claiming that the declaration or oath in 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 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 that
>
> (4) applicant, in failing to disclose these facts to the [USPTO], intended to procure a registration to which it was not entitled.

Intellimedia Sports, Inc. v. Intellimedia Corporation, 43 USPQ2d 1203; 1997 TTAB LEXIS 15, *3 (1997).

In addition to the pleading standards mandated by *Twombly* and *Iqbal,* a claim for fraud "shall be stated with particularity." Fed. R. Civ. P. 9(b); Trademark Rule 2.116(a). The pleading must "contain explicit rather than implied expression of the circumstances constituting fraud." *King Automotive, Inc. v. Speedy Muffler King, I*nc., 667 F.2d 1008 (Fed Cir. 1981).

Rather than alleging explicit circumstances, Applicant's fraud count relies on the allegation based "[u]pon information and belief" that "SPR was aware of numerous other, unrelated entities using the mark SAL's in connection with restaurant services featuring pizza and Italian food" at the time SPR filed its application to register the mark SAL'S. Applicant's Counterclaim ("Ctrclm") ¶ 33. Applicant then alleges that "[d]espite this knowledge" SPR, acting through its Secretary executed the declaration filed with the USPTO with its application to register SAL'S that "no other person, firm, corporation, or association has the right to use the above identified mark in commerce. . . [so as] to cause confusion or mistake or to deceive." (Ctrclm ¶ 34.) Applicant's only other allegation to support the fraud count is that SPR's secretary intended that the USPTO rely on this statement and that the secretary stated the entire declaration was "true and correct." (Ctrclm ¶ 34.) These allegations simply do not support the fraud in the procurement claim or meet the heightened pleading standard required for a fraud claim.

First, Applicant does not allege, as it must, that any third parties using the mark SAL'S had rights superior to SPR. To the contrary, Applicant pleads only as to the early use date of SPR, noting that SPR's application to register SPR's Mark claims first use in commerce as early as March 1, 1982, more than 18 years before SPR filed the application. (Ctrclm ¶ 30.)

Second, Applicant merely asserts "upon information and belief" that SPR knew of the use of numerous other users of the mark SAL'S at the time of filing its application. (Ctrclm ¶ 34.) "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." *Asian & Western Classics B.V. v. Selkow,* 92 USPQ2d 1478, 2009 TTAB LEXIS 643 *2 (TTAB Oct. 22, 2009) (quoting *Exergen Corp. v. Wal-Mart Stores, Inc.,* 91 USPQ2d 1656, 1670 (Fed. Cir. 2009)). To satisfy Rule 9(b), any allegation of fraud based on information and belief "must be accompanied by a statement of facts upon which the belief is founded." *Id.* However, Applicant alleges *no* facts on which it bases its assertion that SPR was aware of "numerous" other entities using the mark SAL'S in connection with restaurants serving Italian food at the time it filed its application. Applicant only lists a number of websites for pizza restaurants with domain names that include the term SAL'S. (Ctrclm ¶ 21.) This allegation simply does not support the claim that SPR knew of other entities' use of the mark SAL'S at the time it filed its application to register SAL'S.

Finally, Applicant does not plead the requisite intent element. Applicant only alleges that SPR's secretary knew of third parties using the mark SAL'S and intended that the USPTO rely on the executed declaration. (Ctrclm ¶ 34.) There are no factual allegations from which to infer that SPR had the intent, at the time it filed its application to register the mark SAL'S, to perpetrate a fraud on the USPTO by obtaining registration for a mark by making a false

declaration. Even if SPR knew of some third party use of the mark SAL'S, there is no fraud unless such third party's use was known by SPR to possess a superior or clearly established right to use the same or a substantially identical mark for the same or substantially identical goods or services. *Intellimedia Sports, Inc.,* 1997 TTAB LEXIS at *3. Nowhere does Applicant's counterclaim allege facts, which if true, support this element of the claim, and accordingly, Applicant's fraud claim is deficient.

B. Applicant Lacks Standing to Assert Claim that SPR Failed to Submit Consent to Registration of Mark by Living Individual

Applicant also asks the Board to cancel SPR's mark on the ground that the mark consists entirely of the name of one of SPR's owners, Mr. Sal Jakova, and SPR did not submit written consent of Mr. Jakova to registration of the mark with its application for registration to the USPTO as required by Section 2(c) of the Trademark Act. (Ctclm ¶ 35.) Without addressing the merits of this allegation, SPR asserts that Applicant lacks standing to seek cancellation of SPR's mark on this basis.

The purpose of the requirement to obtain written consent where a mark identifies a particular living individual is to protect the intellectual property right of privacy and publicity a living person has in his/her identity. *In re Richard M. Hoefflin*, (TTAB December 10, 2010), citing 2 J. McCarthy, *McCarthy on Trademarks and Unfair Competition*, §§ 10.07, 28.1 and 28.46. It logically follows that the proper person to seek to cancel SPR's mark on this basis is Mr. Jakova or some entity representing Mr. Jakova, but in no case should it be the Applicant. *See e.g., Chester L. Krause v. Krause Publications, Inc.* (TTAB Nov. 18, 2005) (petition filed by Chester L. Krause seeking to cancel registration of the mark KRAUSE PUBLICATIONS); *Martin v. Carter Hawley Hale Stores, Inc.*, 206 USPQ 931, 933 (TTAB 1979) (notice of opposition filed by Neil Martin opposing registration of the mark NEIL MARTIN); *Ross v.*

Analytical Technology Inc., 51 USPQ2d 1269 (TTAB 1999)(notice of opposition to registration of the mark ROSS filed by Dr. James Ross).

The TTAB reached this same conclusion in the case of *Giuliano Ceccato v. Manifattura Lane Gaetano Marzotto & Figi, S.p.A.*, 32 USPQ2d 1192, 1994 TTAB LEXIS 15 (TTAB Aug. 8, 1994). There, applicant sought to cancel opposer's trademark registration on the basis that opposer's mark was registered without the consent of the living individual allegedly identified by the mark. The TTAB noted that applicant did not assert any relationship whatsoever with the individual it contended was identified by the mark. The TTAB held that the applicant was precluded from asserting that the registration of the opposer's mark was prohibited by Section 2(c) of the Trademark Act because applicant did not have any cognizable or proprietary right in the name of the living individual.

Similarly, here the Applicant has not alleged that it has "any linkage or relationship" of any kind with Mr. Jakova. *Ceccato,* 1994 TTAB LEXIS 15, *9. Accordingly, Applicant does not have standing to seek cancellation of SPR's Mark on the grounds that Mr. Jakova did not consent to registration of the mark.

C. Applicant's Abandonment Claim Not Sufficiently Plead

Section 45 of the Trademark Act, 15 U.S.C. § 1127 provides that a mark is abandoned "when its use has been discontinued with intent not to resume such use." In order to set forth a cause of action to cancel the registration of a mark based on abandonment, the plaintiff must allege ultimate facts pertaining to the alleged abandonment. *See Clubman's Club Corporation v. Martin,* 188 USPQ 455, 456 (TTAB 1975). Further, the facts alleged must set forth a *prima facie* case of abandonment by an allegation 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. *See* Section 45 of the Trademark Act; *Imperial Tobacco Ltd. v. Philip Morris Inc.*, 899 F.2d 1575, 14 USPQ2d 1390 (Fed. Cir. 1990); *see also Otto International, Inc. v. Otto Kern GmbH,* 83 USPQ2d 1861, 1863 (TTAB 2007).

Applicant's counterclaim does not include a single allegation that SPR discontinued using the mark SAL'S for a period greater than three years or that SPR has discontinued the mark with intent not to resume such use. Instead, Applicant's claim that SPR has abandoned its mark is based solely on the threadbare allegation that SPR abandoned the mark because it allegedly has not enforced its mark against others. (Ctrclm ¶ 36.)

Whether SPR has prosecuted others using a mark similar to SAL'S is not a sufficient allegation to support a claim of abandonment of the mark. "[W]here the owner of the mark has been reasonably diligent in protecting his rights, even though infringements exist, no intent to abandon will be inferred." *Quality Inns Int'l v. McDonald's Corp.,* 695 F. Supp. 198, 214 (D. Md. 1988). Because the <u>only</u> allegation supporting its claim that SPR has abandoned the SPR mark is failure to prosecute third party infringers, this claim should be dismissed.

D. The Counterclaim Should Be Dismissed With Prejudice

No amendment can save Applicant's counterclaim, and it should therefore be dismissed with prejudice. *See Leider v. United States*, 301 F.3d 1290, 1299 n.10 (Fed. Cir. 2002) (district court did not err in dismissing complaint without granting leave to amend where amendment would be futile).

Applicant lacks standing to seek cancellation of SPR's mark on the grounds that it failed to comply with Section 2(c) of the Act.

Applicant will not be able to allege facts to support a claim that SPR abandoned SPR's mark. SPR renewed the registration of SPR's mark on June 17, 2013. There is no possible way

for Applicant to allege that SPR does not use SPR's Mark and does not intend to resume use of SPR's mark.

As for Applicant's claim that SPR obtained registration through fraud, the USPTO has examined SPR's Mark on multiple occasions; at the time of application, when examining for continued use, when examining for incontestability, and when examining for renewal. On none of these occasions did the USPTO indicate any reason to believe the mark was obtained by fraud. Indeed, on each occasion the USPTO granted SPR the relief it sought. Applicant cannot plead any facts undermining these points, and therefore, permitting any amendment would be futile.

Respectfully submitted

Date: June 13, 2014

SAL'S PIZZA RESTAURANT, INC.

By: _____

Shauna M. Wertheim
THE MARBURY LAW GROUP, PLLC
11800 Sunrise Valley Drive
15th Floor
Reston, Virginia 20191
(703) 391-2900
(703) 391-2901 (fax)
Attorney for Oppose/ Counterclaim Defendant Sal's Pizza Restaurant, Inc.

CERTIFICATE OF SERVICE

I hereby certify that on this 13th day of June, 2014, I caused a true and correct copy of the foregoing Motion to Dismiss Counterclaim to be served by first-class mail, postage prepaid upon:

Jeffrey L. Eichen
Drinker Biddle & Reath, LLP
222 Delaware Avenue, Suite 1410
Wilmington, DE 19801-1621
Attorneys for Applicant

Shauna M. Wertheim