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

Proceeding	92046965
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IN THE UNITED STATES PATENT AND TRADEMARK OFFICE  
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD

Gander Mountain Company  
Petitioner,  
v.  
ELM Development, LLC  
Registrant.

Cancellation No.:  
Reg. No.: 3,086,200  
Mark: THE GANDER GUNMEN  
Petitioner's File No.: 7495

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

REPLY MEMORANDUM IN SUPPORT OF PETITIONER'S MOTION TO AMEND

ELM Development, LLC ("Registrant") opposes Gander Mountain Company's ("Petitioner") Motion to Amend its Petition primarily by arguing that the proposed amendment is legally insufficient. This is incorrect. The Amended Petition clearly sets forth allegations sufficient to state a claim for relief. To be sure, Registrant's opposition, with its extended argument on the substantive merits of Petitioner's claims, demonstrates that the claims are sufficiently plead, and that Registrant clearly understands the claims stated against it. The Amended Petition does not substitute for a trial brief or motion for summary judgment, and Petitioner need not prove its case here. The Amended Petition clearly satisfies the notice pleading requirements. Should Registrant need more information regarding Petitioner's claims, it can obtain the information through the discovery process.

Registrant's other argument fares no better. As an afterthought – Registrant devotes little over half of one page to the argument – Registrant claims that it will be prejudiced by the amendment. This argument should be afforded as much weight as Registrant itself gave to it,

and should be dismissed out of hand. The Board should reject Registrant's arguments and grant Petitioner's Motion to Amend its Petition so that this case can be adjudicated on the merits.

## II. BACKGROUND

At his deposition, Eric L. Marhoun, Registrant's President, testified regarding Registrant's business and its use of the mark THE GANDER GUNMEN. Mr. Marhoun was clear that Registrant's use of the mark was in connection with the production and sale of its own hunting DVD, a series called "Hard Gravity," and that the provision of any production or distribution services was done solely in connection with the sale of this product. *See* Ex. A, Marhoun Dep. Tr. at 94:11-95:5; 274:14-275:5.<sup>1</sup> To put it another way, Registrant provided the services solely for its own benefit – not the benefit of others. The only "evidence" Registrant offers in support of its claim that it provided services for others is Mr. Marhoun's testimony about a single incident that occurred over five years ago where his friend Pierce Smith, who Mr. Marhoun admitted is not affiliated with Registrant, allegedly edited some footage owned by an individual named Jeff Traxler for Mr. Traxler's own private, non-commercial use. *See* Ex. B, Marhoun Dep. Tr. at 24:16-25:6. According to Mr. Marhoun, in exchange for the editing work that Mr. Smith did, Mr. Traxler provided "lunch and a hunt with a few birds at his hunting preserve." *See* Ex. C, Marhoun Dep. Tr. at 29:13-30:8. This incident, even if it could properly be considered an example of services rendered for another (it is not), is, by itself, insufficient evidence that the mark is being used in connection with the production or distribution services for others, and does not foreclose Petitioner's claim of non-use. Nor does Registrant's cited "evidence" regarding its advertising efforts. First, without the actual provision of services, advertising is insufficient use to qualify for registration. Second, the only advertising done by

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<sup>1</sup> All exhibits are attached to the Declaration of Kevin S. Ueland, which is filed herewith.

Registrant was for a product – its “Hard Gravity” line of DVDs – not for the claimed services, which Registrant does not provide. *See, e.g.*, Ex. D, Marhoun Dep. Tr. at 86:3-18.

Despite the fact that Registrant did not provide any such production or distribution services for others at any time between September 2002 and the date of Mr. Marhoun’s deposition, Registrant twice filed a statement of use – signed by its President, Mr. Marhoun – that stated the mark “was first used . . . at least as early as 9/00/02, and first used in commerce at least as early as 9/00/02, and is now in use in such commerce.” *See* Ex. E. As Petitioner plead, Mr. Marhoun knew or should have known that these statements were not true.

## II. ARGUMENT

Pursuant to 37 C.F.R. Section 2.115, Trademark Trial and Appeal Board Manual of Procedure (“TBMP”) § 507 and Federal Rule of Civil Procedure 15(a), the Board is empowered to grant leave to amend a pleading in an *inter partes* proceeding when justice so requires. In applying these Rules, the Board has repeatedly recognized that leave to amend should be freely given where the proposed amendment does not violate settled law and the circumstances are such that the rights of the adverse party will not be prejudiced by the amendment. *See Boral Ltd. v. FMC Corp.*, 69 U.S.P.Q. 1701, 1702 (T.T.A.B. 2000); TBMP § 507.02. Because the proposed claims are legally sufficient, and because Registrant will not suffer prejudice in defending against the new claims, the Board should grant Petitioner’s Motion to Amend its Petition.

### A. The Claims Are Legally Sufficient

Registrant’s claim that the amended petition is futile should be rejected because the facts alleged in the amended petition clearly state a claim upon which relief can be granted. A proposed amendment is futile only if it would not survive a motion to dismiss under Federal Rule of Civil Procedure 12(b)(6). *See Shane v. Fauver*, 213 F.3d 113, 115 (3d. Cir. 2000). Accordingly, the Board must accept the factual allegations plead as true. *Tellabs, Inc. v. Makor*

*Issues & Rights, Ltd.*, 127 S.Ct. 2499, 2509 (2007) (“faced with a Rule 12(b)(6) motion, courts must . . . accept all factual allegations in the complaint as true.”). Registrant ignores this standard, and instead seeks to challenge the factual assertions in Petitioner’s Amended Petition with its own assertions. Registrant’s challenge is focused on the merits of Petitioner’s claims rather than the legal sufficiency of the claims as plead, and is more properly in the way of a trial brief or an opposition to a yet to be brought summary judgment motion – not an opposition to a motion to amend.

1. Petitioner’s amended petition states a claim for non-use

Registrant claims that Petitioner’s amended pleading is futile because Mr. Marhoun’s testimony shows that Registrant has used the mark THE GANDERGUNMEN in connection with both rendering production and distribution services and advertising those services.<sup>2</sup> But Registrant’s argument addresses the substantive merits of Petitioner’s allegations, not the legal sufficiency of what was plead. Petitioner’s pleading alleges that Registrant does not use (and has not used) the mark THE GANDERGUNMEN in connection with the claimed services. *See* Amended Petition at ¶13. For the purpose of this motion the Board should take these allegations as true. If, as Petitioner alleges, Registrant is not using the mark in connection with the claimed services, the mark does not function as a service mark, and a claim is validly stated.

Registrant argues about what the evidence shows, but its claims about Mr. Marhoun’s testimony are misleading. In support of its claim that Registrant has provided production and distribution services to others, Registrant cites Mr. Marhoun’s testimony regarding an alleged instance in August 2002, where editing services were provided to an individual named Jeff

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<sup>2</sup> Registrant also claims that Petitioner’s Amended Petition is improperly plead because it fails to cite the proper statutory authority. Yet there is no requirement that Petitioner cite statutory authority in its claim, only that Petitioner provide a “short and plain statement” with “enough detail to give [Registrant] fair notice of the basis for each claim. *See* TBMP § 309.03(a)(2). Petitioner has done this. Indeed, Registrant’s substantive response to Petitioner’s non-use claim proves the adequacy of Petitioner’s pleading.

Traxler. But Registrant gives this testimony more dignity than it deserves. Registrant states that “ELM Development received payment in kind for this service, *see* Registrant Opp. Br. at 7, but neglects to mention that payment came in the form of “lunch and a hunt . . . at [Mr. Traxler’s] hunting preserve.” *See* Ex. C, Marhoun Dep. Tr. at 29:13-30:8. Indeed, Mr. Marhoun admitted that the transaction, which he characterizes as a “barter,” involved Mr. Traxler’s private footage, and was not sold as a commercial hunting show. *See* Ex. F, Marhoun Dep. Tr. at 28:21-29:20. More importantly, it is not clear that Registrant had anything to do with the editing services that were provided. When asked about Registrant’s role in this incident Mr. Marhoun testified that ELM Development’s primary role was the introduction of Pierce Smith, who actually did the editing, to Mr. Traxler. *See* Ex. G, Marhoun Dep. Tr. at 25:7-18.<sup>3</sup> Finally, even if Registrant was involved in the editing of Mr. Traxler’s footage, it is the only cited instance of Registrant purportedly providing services to others, and is, by itself, insufficient to constitute use in commerce.

Registrant also claims that Mr. Marhoun’s testimony establishes that Registrant is advertising the mark THE GANDERGUNMEN services on the website www.gandergunmen.com, through letters, word of mouth and through trade shows. Registrant Opp. Br. at 6-7. But Mr. Marhoun was clear that the advertisement of video production services at the website www.gandergunmen.com has nothing to do with Registrant because Registrant does not provide those services. *See* Ex. I, Marhoun Dep. Tr. at 50:11-51:11. Likewise, any other advertising was for the “Hard Gravity” DVDs – not for production and distribution services. *See, e.g.,* Ex. D, Marhoun Dep. Tr. at 86:3-18. Even if it was relevant to the question

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<sup>3</sup> Mr. Marhoun later claimed that he was involved in the editing process, and that his hunting journal corroborated his belief. But when confronted with his hunting journal, Mr. Marhoun was forced to admit that while Mr. Smith was identified as somebody who edited the videos, neither Mr. Marhoun, nor any other employee of Registrant, was not identified in the journal as someone who provided editing services. *See* Ex. H, Marhoun Dep. Tr. at 249:2-251:11.

of whether Petitioner stated a claim for relief, it is clear that Registrant's cited "evidence" does not render Petitioner's Amended Petition legally futile.

2. Petitioner's amended petition states a claim for fraud

Petitioner's Amended Petition also states a claim for fraud. Registrant complains that the allegations are not plead with sufficient particularity. But taking each of the elements argued by Registrant to be necessary for an allegation of fraud – "time, place, and content of the false representation, the fact of what was misrepresented, and what was obtained as a consequence," *see* Registrant Opp. Br. at 8, it is clear that the allegations are sufficient. In Paragraphs 17-19, Petitioner clearly identifies the date of the alleged false representations. The place and content are also clear – they were in the form of documents submitted to the United States Patent and Trademark Office ("USPTO"). The fact of representation – that Registrant had a bona fide intent to use the mark in connection with the identified services, and was in fact using the mark in connection with those services, is also alleged.<sup>4</sup> In Paragraph 21, Petitioner also alleges the consequence of the false statements – they resulted in the registration of the service mark THE GANDERGUNMEN. These allegations are, by Registrant's own terms, sufficient to plead fraud.

Unable to resist arguing the merits, Registrant illustrates by its very argument that it understands the bases for Petitioner's fraud claims. Registrant again cites the Traxler incident as evidence that Registrant was providing services to others, ostensibly to show that the statement to the USPTO that it was providing this service was not false. But for the reasons stated above, citation of this incident is dubious. Furthermore, this is the only incident; Mr. Marhoun was very

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<sup>4</sup> Petitioner submits that the allegations regarding the misstatements are plead with sufficient particularity. To be sure, Petitioner followed the format that was recently accepted in *Hurley Int'l LLC v. Volta*, 82 U.S.P.Q.2d 1339,1341, n.3 (T.T.A.B. 2007).

clear that there have been no other instances where Registrant provided production or distribution services to a third-party. *See, e.g.*, Ex. A, Marhoun Dep. Tr. at 94:4-95:5; 274:14-275:5.

Finally, Registrant (again arguing the merits) uses an incorrect legal standard. Registrant tries to excuse its misstatements to the USPTO by claiming that there was “no intent to deceive the USPTO,” and that “Mr. Marhoun honestly believed his actions constituted use that would support registration . . . .” *See* Registrant Opp. Br. at 10-11. But, as this Board is aware, fraud does not require specific intent, and a good-faith belief is irrelevant. As the Board recently stated:

It is well established in *inter partes* proceedings “proof of specific intent is not required, rather, fraud occurs when an applicant or registrant makes a false material representation that the applicant or registrant *knew or should have known was false*.

*Hurley Int’l LLC v. Volta*, 82 U.S.P.Q.2d 1339,1345 (T.T.A.B. 2007) (emphasis added) *citing* *General Car and Truck Leasing Sys. Inc. v. General Rent-A-Car, Inc.*, 17 U.S.P.Q.2d 1398, 1400 (T.T.A.B. 1990); *see also* *Medinol Ltd. v. Neuro Vasx, Inc.*, 67 U.S.P.Q.2d 1205, 1209 (T.T.A.B. 2003). Mr. Marhoun’s intent is irrelevant. The question is whether he knew or should have known that the statement was false. Mr. Marhoun testified that he was the President and sole employee of Registrant,<sup>5</sup> and as such, was clearly in a position such that he either knew or should have known that Registrant was not providing production and distribution services to others. Registrant’s argument based on Mr. Marhoun’s purported good-faith belief should be rejected.

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<sup>5</sup> Mr. Marhoun acknowledged that it was fair to say that Registrant is essentially his alter ego. *See* Ex. J, Marhoun Dep. Tr. at 16:15-17.

B. Registrant Would Suffer No Prejudice If the Petition Were Amended

Registrant's claim of prejudice need only be given cursory attention. Registrant ignores the fact that Petitioner stated in its motion to amend that it does not believe that it needs any more evidence on its new claims. Both claims turn on the issue of how Registrant uses the mark. Mr. Marhoun was clear that, with the sole exception of editing done for Mr. Traxler, Registrant uses the mark THE GANDERGUNMEN in connection with selling its own "Hard Gravity" line of DVDs. Therefore, there is no need for further evidence of Registrant's use of the mark. The question is a legal one – does Registrant's use qualify as service mark use? Petitioner's claim is that Registrant's activity is primarily for Registrant's own benefit and is unregistrable as a service. A term that is used only to identify a product sold or used in the performance of a service rather than to identify the service itself does not function as a service mark. *See* TMEP §1301.01.

With the issue of how Registrant uses the mark settled, and what Registrant told the USPTO about its use in the public record, the fraud claim is also ready to be decided. The question again is purely a legal one – whether Registrant knew or should have known that its statements to the USPTO were false when made?

Even if Registrant required further time to supplement the record, the parties have filed a motion seeking to extend the discovery period for sixty days following the Board's decision on whether to grant the motion to amend – more than enough time for Registrant to take whatever additional discovery it thinks it needs. Here, with discovery yet to close and the evidence of Registrant's fraud only having recently emerged through the Marhoun deposition, Registrant cannot possibly suffer any prejudice. *See* TBMP § 507.02; *Mack Trucks, Inc. v. Monroe Equipment Company*, 182 U.S.P.Q. 511, 512 (T.T.A.B. 1974). In fact, granting the proposed

amendment to add fraud as a basis for cancellation will ensure the conclusive and speedy adjudication of this proceeding, to the benefit of both parties and the Board. See *Mack Trucks v. Monroe Equipment, supra, citing Johnson & Johnson v. Cenco Medical /Health Supply Corporation*, 177 U.S.P.Q. 586 (Comr. 1973).

### III. CONCLUSION

Based on the foregoing, Petitioner's Motion to Amend its Petition for Cancellation should be granted.

Respectfully submitted,

GANDER MOUNTAIN COMPANY

Date: February 26, 2008

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CERTIFICATE OF SERVICE

I hereby certify that the foregoing document has been served via first-class mail, postage prepaid, to Christopher J. Schulte and Heather J. Kliebenstein of Merchant & Gould P.C., 3200 IDS Center, 80 South Eighth Street, Minneapolis, Minnesota 55402 this 26th day of February 2008.

/Kevin S. Ueland/  
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