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

Proceeding	92047559
Party	Defendant Aimbridge Lending Group, LLC
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IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD

EAST WEST BANK, Petitioner, v. THE AIMBRIDGE GROUP, Registrant.	Cancellation No. 92047559 Registration No. 3,196,507 Mark: POWERBRIDGE

REGISTRANT'S OPPOSITION TO SECOND MOTION TO AMEND PLEADING

Petitioner East West Bank ("EWB") should not be allowed to amend its pleading to introduce an allegation of fraud at this late date during the proceeding based on futility and prejudice to Registrant Aimbridge Lending Group, LLC ("Aimbridge").

A. THE TIMING OF EWB'S SECOND MOTION TO AMEND IS IMPROPER

The Board suspended proceedings in this case on November 16, 2007 pending disposition of EWB's motion to amend pleadings. This was subsequent in time to the November 13, 2007 filing of Aimbridge's motion for summary judgment. Pursuant to the Board's November 16, 2007 suspension order, EWB should not have filed this new, second motion more than two months later on December 18, 2007. Accordingly, Aimbridge respectfully submits that EWB's second motion should not be considered, if at all, until after disposition of both EWB's first motion to amend and Aimbridge's motion for summary judgment.

B. EWB'S SECOND MOTION TO AMEND SHOULD BE DENIED BASED ON FUTILITY

A motion to amend should be denied where it is legally insufficient or would serve no useful purpose. TBMP 507.02 (stating that "the Board normally will deny" such motions to amend and citing numerous cases). Thus, for example, where a proposed amended pleading is legally insufficient, cannot prevail as a matter of law, or is futile for failure to plead necessary facts the amendment should be denied. *Leatherwood Scopes International Inc. v. Leatherwood*,

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63 USPQ2d 1699 (TTAB2002); *Trek Bicycle Corp. v. StyleTrek Ltd.*, 64 USPQ2d 1540 (TTAB 2001).

To constitute fraud on the Trademark Office, a statement must be (1) false, (2) a material representation and (3) made knowingly. *Torres v. Cantine Torresella S.R.L.*, 808 F.2d 46, 1 USPQ2d 1483, 1484 (Fed. Cir. 1986); *Maids to Order of Ohio, Inc. v. Maid to-Order, Inc.*, 2006 TTAB LEXIS 106, *16-18, 78 USPQ2d 1899 (TTAB 2006). As explained by the Board:

> Fraud implies some intentional deceitful practice or act designed to obtain something to which the person practicing such deceit would not otherwise be entitled. Specifically, it involves a willful withholding from the Patent and Trademark Office by an applicant or registrant of material information or fact, which, if disclosed to the Office, would have resulted in the disallowance of the registration sought or to be maintained. Intent to deceive must be 'willful'. If it can be shown that the statement was a 'false misrepresentation' occasioned by an 'honest' misunderstanding, inadvertence, negligent omission or the like rather than one made with a willful intent to deceive, fraud will not be found. Fraud, moreover, will not lie if it can be proven that the statement, though false, was made with a reasonable and honest belief that it was true or that the false statement is not material to the issuance or maintenance of the registration. It thus appears that 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.

First International Services Corp. v. Chuckles Inc., 5 USPQ2d 1628, 1634 (TTAB 1988) (*citing Smith International, Inc. v. Olin Corp.*, 209 USPQ 1033, 1043-44 (TTAB 1981)). In other words, an essential element of such a fraud claim is that applicant's false statements were made willfully, in bad faith, and with the intent to obtain that to which applicant otherwise would not have been entitled. In contrast, even false statements that were occasioned merely by a misunderstanding, an inadvertence, a mere negligent omission, or the like, are not fraudulent. *Id.; see also American Speech-Language Hearing Assn. v. National Hearing Aid Society*, 224 USPQ 798, 805 (TTAB 1984); *Rogers Corp. v. Fields Plastics & Chemicals, Inc.*, 176 USPQ 280, 283 (TTAB 1972). It bears repeating: any such allegation of fraud must be

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proven "to the hilt" with clear and convincing evidence. *Smith International*, 209 USPQ at 1043-44.

In all Trademark Office administrative proceedings, fraud in the procurement of a trademark registration must be alleged according to the requirements of Fed. R. Civ. P. 9(b):

> In all averments of fraud or mistake, the circumstances constituting fraud or mistake shall be stated with particularity. Malice, intent, knowledge and other condition of mind of a person may be averred generally.

Allegations of fraud phrased in legal conclusions are insufficient; the pleaders must state the time, place and content of the false representation, the fact misrepresented and what was obtained as a consequence. *W.R. Grace & Co. v. Arizona Feed*, 195 USPQ 670 (Comm'r Pat. 1977). Rule 9(b) requires that the pleading contain an explicit rather than a mere implied expression of the factual circumstances alleged to constitute fraud. *King Automotive, Inc. v. Speedy Muffler King, Inc.*, 667 F.2d 1008, 212 USPQ 801 (CCPA 1981); *see also San Juan Products, Inc. v. San Juan Pools, Inc.*, 849 F.2d 468, 472, 7 USPQ2d 1230, 1233 (10th Cir. 1988) (Rule 9(b) requires specificity in pleading fraud).

More specifically, an allegation of fraud is deficient if it does not recite detailed facts tending to show willful or knowingly-made false representations by the registrant during *ex parte* prosecution of the application. *World Hockey Association v. Tudor Metal Products Corporation*, 185 USPQ 246 (TTAB 1975). Allegations of fraud based merely on information and belief unaccompanied by a statement of the facts on which the belief was founded are deficient. *Iowa Health System v. Trinity Health Corp.*, 177 F. Supp. 2d 897, 917 (N.D. Iowa 2001); *Paul Sullivan Tennis Sportswear, Inc. v. Balth. Blickle's Wwe*, 213 USPQ 390 (TTAB 1982). As explained by the Board in *Paul Sullivan* in dismissing the asserted fraud claim:

> Rule 9(b), FRCP, requires that in any averment of fraud, the circumstances constituting fraud are to be stated with particularity. Paragraph 5 of the petition, however, simply states that petitioner 'is unaware that respondent has ever used its registered maple leaf trademark in commerce that Congress can regulate and

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> therefore avers upon information and belief [that] respondent never used its registered maple leaf trademark in commerce that Congress can regulate, and statements in a declaration under section 8 and 15 filed on January 11, 1978, that the mark shown in Registration No. 926,901 was in continuous use in commerce with the United States for five consecutive years from January 11, 1972, to December 16, 1977, were made with the knowledge that these statements were false.' These allegations by petitioner, however, fall short of the standard of particularity required as well as insufficiently alleging an intent to deceive the Examiner and that the misrepresentations resulted in the issuance and maintenance of respondent's registration

In this case, EWB's motion to amend the petition should be denied because EWB fails to allege fraud with particularity or specificity and merely states baseless legal conclusions. EWB proposes to add the following allegations to the petition:

> Upon information and belief, Registrant had not used Registrant's Mark in connection with all of Registrant's Services as of February 24, 2006, the filing date of Registrant's Application. (Proposed amended Petition, ¶ 15; ¶¶ 17-20 specific challenges Class 36 services.)
>
> Registrant's Application would not have been allowed for all of the services identified therein but for the willful material misrepresentation in the Applicant regarding the use of the Registrant's Mark in connection with each of the recited services. (Id. ¶ 21.)
>
> Petitioner accordingly alleges that Registrant made knowingly false statements in its application for the POWERBRIDGE Mark which constitutes fraud on the U.S. Patent & Trademark Office. (Id. ¶ 22.)

As in *Paul Sullivan*, all of EWB's assertions regarding actual use are based merely "[u]pon information and belief," making its fraud claim patently deficient. Likewise, EWB provides absolutely no basis for its conclusory allegations that Aimbridge made "willful material misrepresentation" to the Trademark Office and made "knowingly false statements." *Arizona Feed*, 195 USPQ 670 (allegations of fraud phrased in legal conclusions are insufficient). In point of fact, there is absolutely no basis for EWB's fraud claim. Accordingly, Aimbridge respectfully submits that EWB's second motion to amend should be DENIED.

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C. EWB'S SECOND MOTION TO AMEND SHOULD BE DENIED BASED ON PREJUDICE TO AIMBRIDGE

The granting of leave to amend a pleading is within the discretion of the Board and is allowed only "when justice so requires." Fed. R. Civ. P. 15(a); *Trek Bicycle Corp. v. StyleTrek Ltd.,* 64 USPQ2d 1540, 1541 (TTAB 2001). A proposed amendment to the pleadings should be denied if prejudicial to the rights of the adverse party. TBMP 507.02 (citing cases). In determining prejudice, the TBMP 507.02(a) states:

> The timing of a motion for leave to amend under Fed. R. Civ. P. 15(a) plays a large role in the Board's determination of whether the adverse party would be prejudiced by allowance of the proposed amendment. A long and unexplained delay in filing a motion to amend a pleading (where there is no question of newly discovered evidence) may render the amendment untimely.

See Marshall Field & Co. v. Mrs. Field's Cookies, 17 USPQ2d 1652 (TTAB 1990) ("concept of 'undue delay' is inextricably linked with the concept of prejudice to the non-moving party").

The Board routinely denies motion to amend in situations where (1) the moving party previously knew or should have known of facts forming the basis of the amendment; and (2) can provide no explanation for the delay in seeking amendment. *See, e.g., Capital Speakers Inc. v. Capital Speakers Club of Washington D.C. Inc.,* 41 USPQ2d 1030, 1033 (TTAB 1996) (motion to add claim of fraud denied where petitioner was fully aware of all the facts it needed to add such claim); *International Finance Corporation v. Bravo Co.,* 64 USPQ2d 1597, 1604 (TTAB 2002) (motion to amend denied where although discovery still open, movant provided no explanation for significant delay in seeking to add new claim); *Midwest Plastic Fabricators Inc. v. Underwriters Laboratories Inc.*, 12 USPQ2d 1267 (TTAB 1989), *aff'd* 906 F.2d 1568 (Fed. Cir. 1990) (motion to amend denied as untimely); *Long John Silver's, Inc. v. Lou Scharf Inc.*, 213 USPQ 263 (TTAB 1982) (motion to amend denied where opposer knew, or should have known, of the existence of the basis upon which amendment was sought at the time the opposition was filed). As explained by the Board, a motion for leave to amend should be filed as soon as any ground for such amendment becomes apparent. Any party who delays filing a

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motion for leave to amend its pleading and, in so delaying, causes prejudice to its adversary, is acting contrary to the spirit of Rule 15(a) and risks denial of that motion. *Trek Bicycle,* 64 USPQ2d at 1541.

In *Trek Bicycle*, the Board denied leave to amend the opposition to add a dilution claim where it was filed eight months after filing of notice of opposition, which no explanation for the delay, and appeared to be based on facts within opposer's knowledge at the time opposition was filed.

EWB is being dishonest with respect to the timing of discovery of underlying facts upon which it bases its specious allegations of fraud. EWB claims that it "recently discovered" the fraud basis. (EWB's motion, pp. 1, 3.) Yet, according to its motion, the sole basis for EWB's fraud claim is that the specimens submitted in association Aimbridge's POWERBRIDGE application fail to demonstrate such use with respect to several of the services in Class 36. (EWB's motion, pg. 3.) These facts were wholly apparent from the face of the POWERBRIDGE registration and publicly available prosecution history at the time EWB filed the petition to cancel on May 22, 2007 and, moreover, at the time EWB filed its first motion to amend on October 17, 2007. While there is absolutely no basis for the fraud ground, there is certainly no credible support for EWB's claim of recent discovery or for EWB's delay of nearly seven months—to within mere weeks of the scheduled close of discovery—before moving to amend its pleadings. As was found in *Trek Bicycle*, EWB's undue delay equates to prejudice against Aimbridge and EWB's second motion to amend should accordingly be DENIED.

RESPECTFULLY SUBMITTED this 7th day of January, 2008.

s/ David A. Lowe, PTO Reg. No. 39,281
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CERTIFICATE OF SERVICE

I hereby certify that on the 7th day of January, 2008, a true copy of the foregoing AIMBRIDGE'S OPPOSITION TO SECOND MOTION TO AMEND was served via First Class U.S Mail, addressed as follows:

Kirk Hermann
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EXECUTED on January 7, 2008.

s/ Sarah Gist

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