

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

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Mailed: September 30, 2009

Cancellation No. 92050143

BROWHAUS PTE LTD.

v.

BRAUHAUS INCORPORATED

**Before Seeherman, Rogers, and Ritchie, Administrative
Trademark Judges:**

By the Board:

This case comes up on respondent's motion to dismiss for failure to state a legally sufficient claim of fraud. The motion has been fully briefed.

Because the procedural history of the application underlying subject Registration No. 3420788 has a bearing on the issue before us, we provide a brief summary.¹ On

¹ Petitioner's submission of parts of the registration file with its response to the motion to dismiss was unnecessary. Pursuant to Trademark Rule 2.122(b)(1), "The file of ... each registration against which a petition or counterclaim for cancellation is filed forms part of the record of the proceeding without any action by the parties and reference may be made to the file for any relevant and competent purpose." The submission does not serve to convert this motion into one for summary judgment under Fed. R. Civ. P. 56. In any event, inasmuch as the parties have not exchanged initial disclosures, a motion for summary judgment would be premature. See Trademark Rule 2.127(e)(1) ("A party may not file a motion for summary judgment until the party has made its initial disclosures ...").

September 2, 2005, Brauhaus Incorporated filed an application to register the mark BRAUHAUS for various beauty products in International Classes 3, 8, and 21, and beauty salon services in International Class 44 (Application Serial No. 78705848). The application includes a declaration executed on September 1, 2005, by respondent's president, Zoey Van Jones, attesting to the truth of the statements therein, including the allegation of a bona fide intent to use the mark in commerce for the identified goods and services.² On August 8, 2006, following publication of respondent's mark for opposition and the absence of any opposition, a notice of allowance issued. Brauhaus Incorporated subsequently filed for and was granted extensions of time to file a Statement of Use.

On February 11, 2008, Brauhaus Incorporated filed a request to divide its application to keep the Class 3, 8, and 21 goods in the original, or parent, application, and to separate the Class 44 beauty salon services into a separate, or child, application; respondent also filed a Statement of Use for the Class 44 beauty salon services. The Statement of Use included Ms. Van Jones' declaration that the mark

² Trademark Rule 2.86 ("In a single application, an applicant may apply to register the same mark for goods and/or services in multiple classes. The applicant must ... [i]nclude either dates of use (see §§2.34(a)(1)(ii) and (iii)) and one specimen for each class, or a statement of a bona fide intention to use the mark in commerce on or in connection with all the goods or services specified in each class.").

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BRAUHAUS was first used, and first used in interstate commerce, on or before December 1, 2007 in connection with beauty salons. On March 3, 2008, the requested division was completed, and child application Serial No. 78979944 was forwarded for examination of the Statement of Use.³ The Statement of Use was accepted and Registration No. 3420788 issued April 29, 2008. The petition to cancel Registration No. 3420788 on a claim of fraud was filed November 3, 2008, and the instant motion to dismiss was filed March 13, 2009.

To withstand a motion to dismiss for failure to state a claim under Federal Rule 12(b)(6), a pleading need only allege such facts as would, if proven, establish plaintiff's standing to maintain the proceeding and a ground or grounds for cancelling the registration. See *Cunningham v. Laser Golf Corp.*, 222 F.3d 943, 55 USPQ2d 1842 (Fed. Cir. 2000). Fraud in procuring a trademark registration occurs when an applicant knowingly makes false, material representations of fact in connection with his application and intends the Office to rely on such representations. *In re Bose Corp.*, ___ F.3d ___, 91 USPQ2d 1938, 1939 (Fed. Cir. 2009). While Fed. R. Civ. P. 9(b) allows for generally pleading the intent element of a fraud claim it otherwise requires that the pleadings contain explicit allegations of the circumstances constituting fraud.

³ Parent application Serial No. 78705848 was the subject of subsequent extensions of time to file a Statement of Use, and then was abandoned on September 8, 2009.

King Auto., Inc. v. Speedy Muffler King, Inc., 667 F.2d 1008, 212 USPQ 801, 803 (CCPA 1981).

As a preliminary matter we note that petitioner has adequately pleaded its standing. The petition to cancel alleges (¶3) that the application underlying respondent's registration was cited as a potential Section 2(d) bar to registration of petitioner's application for the mark BROWHAUS and design for hygiene and beauty care services.⁴ See *Cerveceria Modelo S.A. de C.V. v. R.B. Marco & Sons, Inc.*, 55 USPQ2d 1298, 1300 (TTAB 2000).

With respect to the grounds for cancellation of Registration No. 3420788, the petition to cancel alleges:

11. On information and belief, at the time of the signing of the Declaration by Ms. Van Jones and at the time of filing the application, the mark BRAUHAUS was not in use for some or all of the services later identified in the child application, Serial 78/979944, and Ms. Van Jones and Applicant knew or should have known that said mark was not in use for some or all of the services.

12. On February 11, 2008, in connection with what would become the child application, Serial No. 78/979944, Respondent submitted a Statement of Use to the USPTO. Respondent's Declaration included a statement verifying that the mark BRAUHAUS "was first used by Applicant on or before December 1, 2007 and was first used in interstate commerce on or before December 1, 2007, in connection with "Beauty salons" in International Class 44."

⁴ Petitioner's application Serial No. 77019510 has been suspended since April 17, 2007 pending the disposition of respondent's Application Serial No. 78704838 which, as noted, was subsequently divided and resulted in the registration that is the subject of this proceeding.

13. On information and belief, the aforementioned statement is fraudulent in that respondent has never used the mark in interstate commerce.

14. On information and belief, the verified statement signed by the President and CEO of Brauhaus Incorporated and submitted as part of Application Serial No. 78/705848, which would later be incorporated into the child application, Serial No. 78/979944, contained knowingly false material presentations of fact, and therefore constituted fraud in the procurement of Registration No. 3,420,788. As a consequence, Registration No. 3,420,788 in its entirety is void ab initio.

First, we note that paragraph 11 does not set forth a claim of fraud. The application as originally filed was based on an intent to use the mark in commerce; therefore, even if the mark was not in use at the time Ms. Van Jones signed the original application, or at the time the application was filed, the respondent was not claiming that the mark was in use in commerce at that time, nor would the fact that the mark was not in use be material to the examining attorney's decision to approve the application for publication.

As for paragraphs 12-14, we read these as a claim of fraud focused on the declaration that was part of the Statement of Use. However, petitioner has failed to assert which particular statements in the Statement of Use or its supporting declaration were material statements that respondent knew to be false. It is unclear whether petitioner is pleading knowing non-use, of any type, by

respondent for the identified beauty salon services, or whether petitioner is pleading that there was use but that it was not a use in interstate commerce.

To the extent that the petition to cancel pleads that respondent was not using the mark with the listed beauty salon services at the time that the application was filed and thus made fraudulent statements regarding its use of the mark, we dismiss the fraud claim because the application was based on a bona fide intent to use the mark, and thus whether or not respondent was using the mark was not material to the examination of the application.

To the extent that petitioner intended to plead that respondent was either not using the mark with beauty salon services at the time that the Statement of Use was filed, or was not using the mark in interstate commerce for such services, we dismiss the fraud claim because petitioner has failed to specify what particular statements in the Statement of Use were false and were known to be false.

Accordingly, petitioner's fraud claim is legally insufficient and respondent's motion to dismiss is granted. However, in keeping with Board policy, petitioner is allowed thirty days in which to file an amended petition to cancel that adequately pleads a fraud claim, if it can do so in good faith and in accordance with Fed. R. Civ. P. 11 and USPTO Rule

11.18.⁵ If petitioner chooses to do so, it should be cognizant of the recent decision by the Federal Circuit in *In re Bose Corp.*, ___ F.3d ___, 91 USPQ2d 1938, 1941 (Fed. Cir. 2009), which stated that "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" (emphasis added).

Proceedings herein are suspended pending petitioner's response to this order.

If petitioner fails to respond with a legally sufficient fraud claim, the petition to cancel will be dismissed with prejudice.

⁵ A pleading of a factual contention requires knowledge by the pleader that the contention has evidentiary support or is likely to have evidentiary support after investigation or discovery is conducted. 37 C.F.R. § 11.18(2) (emphasis added). The requirement that discovery of support for a fact is at a minimum "likely" is a greater requirement than that such discovery is merely possible. Further, legal contentions must be "warranted by existing law or a nonfrivolous argument for the extension, modification, or reversal of existing law or the establishment of new law." *Id.* Reasonable inquiry regarding the facts and law is required. *Id.*