

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

WINTER

Mailed: March 10, 2011

Cancellation No. 92051821

Zoba International Corp. dba  
CD Digital Card

v.

DVD Format/Logo Licensing  
Corporation

Before Seeherman, Bucher, and Cataldo,  
Administrative Trademark Judges.

By the Board:

Background

In a separate order, we granted summary judgment in favor of respondent (or "DVD FLLC") on the ground of *res judicata* in two cases previously consolidated with this cancellation, and denied respondent's motion for summary judgment on the same ground in this proceeding with respect to petitioner's claims in connection with U.S. Reg. No. 2711602. This proceeding is no longer consolidated with Cancellation Nos. 92051714 and 92051790, those proceedings having been dismissed.

Having determined that the fraud and abandonment claims of petitioner (or "Zoba") regarding the referenced trademark registration are not barred by claim preclusion, we now turn

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to respondent's alternative motion to dismiss petitioner's claims for failure to state a claim for which relief can be granted under Fed. R. Civ. P. 12(b)(6).

Standard Applicable to Respondent's Motion

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." *Ashcroft v. Iqbal*, \_\_\_ U.S. \_\_\_, 129 S.Ct. 1937, 1949-50 (2009), quoting *Bell Atlantic Corp. v. Twombly*, 550 U.S. 544, 570 (2007). A claim has facial plausibility when the plaintiff pleads factual content that allows the court to draw a reasonable inference that the defendant is liable for the misconduct alleged. *Twombly*, 550 U.S. at 556, 127 S.Ct. at 1955. However, the plausibility standard does not require that a plaintiff set forth detailed factual allegations. *Id.* Rather, a plaintiff need only allege "enough factual matter ... to suggest that [a claim is plausible]" and "raise a right to relief above the speculative level." *Totes-Isotoner Corp. v. U.S.*, 594 F.3d 1346 (Fed. Cir. 2010). Consequently, petitioner need not allege, as argued by respondent (motion, pp. 13-15), specific instances where DVD FLLC has permitted unlicensed use of the DVD logo to support its claim of uncontrolled use and licensing. Similarly, it is well established that whether a plaintiff can actually prove its allegations is

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not a matter to be determined upon motion to dismiss, but rather at final hearing or upon summary judgment, after the parties have had an opportunity to submit evidence. See *Libertyville Saddle Shop Inc. v. E. Jeffries & Sons, Ltd.*, 22 USPQ2d 1594, 1597 (TTAB 1992) ("A motion to dismiss does not involve a determination of the merits of the case ..."). Thus, contrary to respondent's contention that petitioner's abandonment claim should be dismissed because it lacks plausibility in view of, *inter alia*, "publicly available documentary evidence" which assertedly establishes respondent's standard licensing agreement, licensing verification program and policing efforts (motion pp. 15-16), we must judge the sufficiency of the pleading based on the pleading itself, and not on whether extrinsic evidence would prevent petitioner from proving its claim. Thus, Zoba need only allege sufficient factual matter as would, if proved, establish that (1) the plaintiff has standing to maintain the proceeding, and (2) a valid ground exists for opposing or cancelling the mark. *Lipton Industries, Inc. v. Ralston Purina Co.*, 670 F.2d 1024, 213 USPQ 185, 187 (CCPA 1982).

With respect to standing, petitioner must allege facts which, if later proven, would establish that petitioner has a real interest in the proceeding. The facts so pled must be sufficient to show a personal stake in the outcome of the

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case. *Ritchie v. Simpson*, 170 F.3d 1092, 50 USPQ2d 1023 (Fed. Cir. 1999); and *Lipton Indus.*, 213 USPQ at 189.

- ***Standing***

DVD FLLC has not directly attacked Zoba's standing to maintain Cancellation No. 92051821. Nonetheless, we note that Zoba alleges that it has standing because the "continued registration of the subject Mark places Petitioner in peril that the Complaint [in the prior civil action] ... could be ... re-filed to include the allegations that Petitioner is infringing the subject Mark; and that "by continued registration of the subject Mark," petitioner "is in continued peril of suffering duplicative costs related to litigation over the subject Mark" (petition ¶3(b)).

Petitioner's allegations regarding the previous civil action brought by respondent against petitioner's use of the same mark for similar goods, and its allegations regarding its apprehension of future litigation, are sufficient to allege its standing. See *M.C.I. Foods, Inc. v. Brady Bunte*, 96 USPQ2d 1544, 1546 (TTAB 2010). Cf. *Syntex (U.S.A.) Inc. v. E.R. Squibb & Sons Inc.*, 14 USPQ2d 1879, 1880 (TTAB 1990) (the registration sought to be cancelled in the counterclaim "is still a valid force which may be asserted against applicant in the context of a court action or even another proceeding before the Board").

- ***Sufficiency of Fraud Claim***

To assert a viable claim of fraud, the plaintiff must allege with particularity, rather than by implied expression, that the defending party knowingly made a false, material representation in the procurement of or renewal of a registration with the intent to deceive the U.S. Patent and Trademark Office (USPTO). *In re Bose Corp.*, 580 F.3d 1240, 91 USPQ2d 1938, 1942 (Fed. Cir. 2009); *Enbridge Inc. v. Excelerate Energy LP*, 92 USPQ2d 1537 (TTAB 2009).

The petition for cancellation sets forth Zoba's fraud claim as follows:

"15. Registrant fraudulently filed the Statement of Use setting forth goods in connection with which the subject Mark was then in use by THE LIMITED PARTNERSHIP (Applicant for the subject Mark). The affidavit was fraudulent because the specimens submitted by DVD FLLC were examples of a product manufactured by Panasonic, Inc. Panasonic, Inc. was not a limited partner, agent, or licensee of THE LIMITED PARTNERSHIP.

16. These acts or omissions are material regarding the use of the subject Mark, and Applicant knew or should have known that they were false."

We construe Zoba's assertions to allege that DVD FLLC's predecessor-in-interest claimed use of the mark based on use by Panasonic, and such use could not inure to the benefit of applicant because there was no privity. As such, Zoba's assertion of a false, material misrepresentation is sufficient. However, by stating that "Applicant knew or should have known that they were false," the claim comprises

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an ambiguous allegation of respondent's intent to deceive. The "should have known" language signifies simple or gross negligence, rather than a willful intent to deceive, which is a requirement for a fraud claim clearly required by *Bose*. See *In re Bose Corp.*, 91 USPQ2d at 1940. See also *Qualcomm Inc. v. FLO Corp.*, 93 USPQ2d 1768, 1770 (TTAB 2010)

("Because intent is a required element to be pleaded for a claim of fraud, allegations that a party made material representations of fact that it 'knew or should have known' were false or misleading are insufficient"); and *Asian Western Classics B.V. v. Selkow*, 92 USPQ2d 1478, 1479 (TTAB 2009).

Accordingly, in view of the defect in Zoba's pleading of fraud, the fraud claim is insufficient to state a claim for which relief may be granted. See Fed. R. Civ. P. 12(b)(6).

- ***Sufficiency of Abandonment Claims***

Zoba's abandonment claim set forth in the petition for cancellation is as follows:

"14. Upon information and belief, numerous DVD replicators and other individuals and entities engaging in the business of mass-producing duplicate pre-recorded DVD products for others ("Replicators") are producing DVD's [sic] displaying the marks of THE DVD LOGO FAMILY OF MARKS, including the Mark that is the subject of the instant Petition. Upon information and belief, numerous Replicators are producing DVD's [sic] displaying the subject Mark open [sic] and notoriously, and without a license from DVDFLLC nor with "instruction" from a licensee of the subject Mark."

. . .

"Abandonment - Uncontrolled Licensing

19. Registrant does not use the subject Mark, but purports to "license" the subject mark to licensees. Registrant does not, however, exercise the requisite control over the nature and quality of the goods sold by "licensees" under the licensed mark. Specifically: on information and belief, shareholders of Registrant are permitted to use the subject Mark without becoming "licensees" according to Registrant's published licensing requirements; (b) upon information and belief, Registrant does not exercise any routine testing and examination of "licensees" goods to insure compliance with the DVD Format Books—Registrant relies, instead upon a one-time verification by "licensees" that they are able to manufacture goods that comply with the DVD Specifications; and (c) Registrant permits unlicensed use of the subject Mark, or use that is not compliant with Registrant's DVD specifications for extensive periods of time with indifference.

Abandonment - Failure to Police 15 U.S.C. §1127

20. Registrant does not use the subject Mark, but purports to "license" the subject Mark to licensees. Registrant permits unlicensed use of the subject Mark, or use that is not compliant with Registrant's DVD specifications for extensive periods of time with indifference.

Abandonment - Nonuse/Misuse 15 U.S.C. §§1054 and 1127

21. Examination of Registrant's "Licensing" and "Verification" documents and processes reveals that, in fact, Registrants, since acquisition of the subject Registration through assignment, have used the subject Mark as a CERTIFICATION MARK, and not a TRADEMARK. Specifically, on information and belief: (a) any uses of the mark are other than by its owner; and (b) display of the mark is intended to indicate that the goods['] material, mode [of] manufacture, quality, accuracy or other characteristics of such licensees['] goods comply with an established certification standard. These use characteristics define a Certification Mark.

22. The subject Mark is NOT used as a TRADEMARK because, upon information and belief: (a) the subject Mark is not used by its owner or a related company; and

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(b) because, under Registrant's "Licensing" program, "licensed" use of the subject Mark is not intended to identify and distinguish its goods from those manufactured or sold by others, nor does it indicate the source of the goods. Rather, display of the subject mark is intended to indicate that the goods['] material, mode of manufacture, quality, accuracy or other characteristics of such licensees['] goods comply with an established certification standard. As such, Registrant is not using the mark as required by the definition of a Trademark."

In order to set forth a cause of action to cancel the registration of a mark which assertedly has been abandoned, the plaintiff must allege the ultimate facts pertaining to the alleged abandonment. *Cf. Clubman's Club Corp. v. Martin*, 188 USPQ 455, 456 (TTAB 1975). In asserting a claim of abandonment by a licensor, the pleading must set forth facts as to the registrant's conduct, that is, acts of commission or omission which have caused the mark to become the generic name for the goods or services on or in connection with which it is used or otherwise to lose its significance as a mark. See Section 45(2) of the Trademark Act, 15 U.S.C. § 1127. See also *Woodstock's Enterprises, Inc. (CA) v. Woodstock's Enterprises, Inc. (OR)*, 43 USPQ2d 1440, 1446 (TTAB 1997). Further, if the plaintiff intends to plead that the mark has been abandoned because it has been so commonly used by others as to have lost its significance as an indication of origin, the plaintiff must also allege that the defending party has abandoned the involved mark as a result of such third-party use, or that

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such third-party use has been made with registrant's knowledge and acquiescence. *See Garri Publication Associates, Inc. v. Dabora Inc.*, 10 USPQ2d 1694, 1698 (TTAB 1988). In addition, to properly claim an uncontrolled license, the plaintiff must allege that the licensor retains insufficient quality control or supervision over the use of the mark by the licensees. *See Woodstock*, 43 USPQ2d at 1446.

We construe petitioner's pleading as setting forth a single claim of abandonment by uncontrolled licensing and find that petitioner has set forth a sufficient claim of abandonment. Specifically, Zoba alleges in the context of "abandonment" (shown by the subtitles in the petition) that third-party replicators use the DVD logo in a manner that is not compliant with respondent's licensing framework discussed elsewhere in the pleading; that such third-party use is permitted by DVD FLLC "with indifference"; that DVD FLLC does not exercise the requisite control over the nature and quality of the goods sold by "licensees" under the licensed mark; and that the DVD logo does not indicate the source of goods but, rather, indicates information about the goods, namely, "material, mode of manufacture, quality, accuracy or other characteristics of such licensees['] goods comply with an established certification standard." In view of these allegations, petitioner has set forth a sufficient

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claim of abandonment by uncontrolled licensing under 15 U.S.C. § 1127.

Accordingly, respondent's motion to dismiss Zoba's abandonment claim on the ground that the petition fails to state a claim for which relief may be granted is denied.

Summary; Scheduling Order

Cancellation No. 92051821 is no longer consolidated with Cancellation Nos. 92051714 and 92051790. All papers to be submitted with respect to Cancellation No. 92051821 must be filed in this proceeding with only this proceeding number listed in the caption.

Respondent's motion to dismiss petitioner's abandonment claim is denied.

Petitioner's fraud claim fails to state a claim for which relief may be granted. Fed. R. Civ. P. 12(b)(6). Nonetheless, it is the policy of the Board to allow parties to amend insufficient pleadings. See *Intellimedia Sports Inc. v. Intellimedia Corp.*, 43 USPQ2d 1203, 1208 (TTAB 1997). Accordingly, petitioner is allowed until **THIRTY DAYS** from the mailing date of this order to submit an amended petition for cancellation in this proceeding comprising a sufficient claim of fraud,<sup>1</sup> failing which respondent's motion to dismiss the fraud claim will be granted.

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<sup>1</sup> To be clear, petitioner is allowed to file an amended petition for cancellation amending the allegations regarding the ground of fraud. Should petitioner wish to amend the petition to include

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If an amended pleading is not filed by petitioner, respondent is allowed until **FORTY DAYS** from the mailing date of this order to file an answer. However, if petitioner files an amended petition for cancellation, respondent is allowed until **THIRTY DAYS** from the date of service of the amended pleading to file an answer.

This proceeding is resumed. Trial dates are reset as shown in the following schedule:

<b>Time to File Amended Petition, if any</b>	<b>4/9/2011</b>
<b>Time to Answer if no amended pleading</b>	<b>4/19/2011</b>
<b>Time to Answer if amended petition is filed</b>	<b>5/9/2011</b>
<b>Deadline for Discovery Conference</b>	<b>6/8/2011</b>
<b>Discovery Opens</b>	<b>6/8/2011</b>
<b>Initial Disclosures Due</b>	<b>7/8/2011</b>
<b>Expert Disclosures Due</b>	<b>11/5/2011</b>
<b>Discovery Closes</b>	<b>12/5/2011</b>
<b>Plaintiff's Pretrial Disclosures</b>	<b>1/19/2012</b>
<b>Plaintiff's 30-day Trial Period Ends</b>	<b>3/4/2012</b>
<b>Defendant's Pretrial Disclosures</b>	<b>3/19/2012</b>
<b>Defendant's 30-day Trial Period Ends</b>	<b>5/3/2012</b>
<b>Plaintiff's Rebuttal Disclosures</b>	<b>5/18/2012</b>
<b>Plaintiff's 15-day Rebuttal Period Ends</b>	<b>6/17/2012</b>

**IN EACH INSTANCE**, a copy of the transcript of testimony, together with copies of documentary exhibits, must be served on the adverse party **WITHIN THIRTY DAYS** after

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any claims other than fraud and abandonment, petitioner must submit a motion to amend its pleading, which would be considered under Federal Rule of Civil Procedure 15(a).

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completion of the taking of testimony. See Trademark Rule 2.125, 37 C.F.R. § 2.125.

Briefs shall be filed in accordance with Trademark Rules 2.128(a) and (b), 37 C.F.R. §§ 2.128(a) and (b). An oral hearing will be set only upon request filed as provided by Trademark Rule 2.129, 37 C.F.R. § 2.129.

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