

UNITED STATES PATENT AND TRADEMARK OFFICE  
Trademark Trial and Appeal Board  
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Mailed: December 7, 2011

Cancellation No. 92053454

Everclear Communications, Inc.

v.

Facebook, Inc.

**Before Holtzman, Wellington and Kuczma,  
Administrative Trademark Judges**

**By the Board:**

This proceeding now comes up for consideration of respondent Facebook, Inc.'s ("Facebook") motion (filed March 11, 2011) to dismiss the cancellation proceeding for petitioner Everclear Communications, Inc.'s ("Everclear") failure to state a claim upon which relief may be granted. The motion is fully briefed.

Background

On September 14, 2009, Facebook filed a notice of opposition against an application filed by Everclear ("the Opposition").<sup>1</sup> In the Opposition, Facebook pleaded numerous

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<sup>1</sup> Opposition No. 91191915 opposing registration of Everclear's application Serial No. 76693743 filed on October 22, 2008, for TALKBOOK in standard characters for "communication services via the Internet, namely, the transmission of audio, video, data, image and voice information and recordings via the Internet" in Class 38, alleging

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registrations including Registration No. 3041791.<sup>2</sup> Everclear timely filed its answer on January 8, 2010. No counterclaims were asserted.

On December 22, 2010, Everclear filed the current petition to cancel the '791 registration, as well as three other registrations owned by Facebook but not pleaded in the Opposition, namely, Registration Nos. 3801147, 3814888 and 3881770. Everclear alleges fraud as the ground for cancellation of the registrations.

On March 11, 2011, Facebook filed a motion to dismiss this cancellation in lieu of an answer. By way of the motion, Facebook argues that Everclear's fraud claim has not been sufficiently pled and that with respect to the '791 registration, Everclear's claim is barred because it is an untimely compulsory counterclaim as the underlying facts relied upon by Everclear were available to the public at the time Everclear filed its answer in the Opposition.

Compulsory Counterclaim (the '791 registration)

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deceptiveness, false suggestion of a connection, priority and likelihood of confusion, dilution, fraud and failure to use the mark.

<sup>2</sup> Filed on February 24, 2005, and registered on January 10, 2006, for FACEBOOK in standard characters for "providing an online directory information service featuring information regarding, and in the nature of, collegiate life, classifieds, virtual community and social networking" in Class 35 and "providing online chat rooms for registered users for transmission of messages concerning collegiate life, classifieds, virtual community and social networking" in Class 38, with a date of first use anywhere and in commerce of February 4, 2004, for both classes. The Section 8 affidavit was accepted on May 11, 2011.

Turning first to the question of whether Everclear's petition to cancel the '791 registration is barred under the compulsory counterclaim rule, Trademark Rule 2.106(b)(2)(i) states:

A defense attacking the validity of any one or more of the registrations pleaded in the opposition shall be a compulsory counterclaim if grounds for such counterclaim exist at the time when the answer is filed. If grounds for a counterclaim are known to the applicant when the answer to the opposition is filed, the counterclaim shall be pleaded with or as part of the answer. If grounds for a counterclaim are learned during the course of the opposition proceeding, the counterclaim shall be pleaded promptly after the grounds therefor are learned. A counterclaim need not be filed if it is the subject of another proceeding between the same parties or anyone in privity therewith.

In arguing that Everclear's fraud claim as to the '791 registration is an untimely compulsory counterclaim, Facebook simply relies on the notion that grounds for the counterclaim existed and were available to Everclear at the time Everclear filed its answer in the Opposition. While such an inquiry is necessary in determining if a counterclaim is compulsory, more is required to bar said claim as untimely under Trademark Rule 2.106(b)(2)(i). Specifically, the rule requires a showing that the counterclaimant knew of the grounds for the counterclaim and failed to assert the claim at the time of answer or learned of such information during the course of the proceeding and failed to promptly assert the claim. Facebook has failed to

demonstrate either. As made clear in its briefing on the motion, Facebook recognizes that intent is an essential element of a fraud claim. See *Asian and Western Classics B.V. v. Selkow*, 92 USPQ2d 1478, 1479 (TTAB 2009). Yet, Facebook fails to demonstrate or even allege that Everclear knew of facts from which the requisite fraudulent intent could reasonably be inferred and we are not persuaded from the record that Everclear knew of such grounds simply from the complaint in the Opposition and/or the prosecution file for the '791 registration.

On the other hand, Everclear contends that "about September of 2010, evidence came to the attention of Everclear suggesting that statements made by or on behalf of Facebook to the USPTO in connection with its efforts to register the FACEBOOK mark were untrue" and that "Facebook's fraud on the USPTO did not fully come to light until November 2010" when "Everclear received the first documents produced by Facebook" in response to Everclear's discovery requests. *Petitioner's Response to Motion to Dismiss* ("*Petitioner's Response*"), pp. 5, 9. For instance, Everclear points to "documents produced by Facebook demonstrat[ing] that both it and its attorneys were aware of the rights held by others to use the term FACEBOOK for identical services before they filed" the amendment to change THEFACEBOOK to FACEBOOK in the '791 registration. *Id.*, p. 6. The Board has noted on prior occasions that "[t]his type of

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information [tending to show fraudulent intent] ordinarily is obtainable only through discovery." *Marshall Field & Co. v. Mrs. Fields Cookies*, 11 USPQ2d 1355, 1359 (TTAB 1989).

Considering that the petition to cancel was filed less than two months after Everclear received Facebook's document production, that Facebook received notice of Everclear's intention to seek cancellation of the '791 registration less than two weeks after said production, and there were at least two months of discovery remaining at the time the counterclaim was filed, we find no prejudice to Facebook in allowing the counterclaim and find Everclear's claim against the '791 registration timely. *See, e.g., id.*

#### Motion to Dismiss Everclear's Fraud Claim

We now turn to Facebook's motion to dismiss the petition to cancel the four involved registrations on the basis that the complaint fails to properly state a claim.

In *Fair Indigo LLC v. Style Conscience*, 85 USPQ2d 1536, 1538 (TTAB 2007) (citations revised), the Board set out the applicable standard in determining a motion to dismiss under Fed. R. Civ. P. 12(b)(6):

In order to withstand a motion to dismiss for failure to state a claim, a plaintiff need only allege such facts as would, if proved, establish that (1) the plaintiff has standing to maintain the proceedings, and (2) a valid ground exists for opposing the mark. The pleading must be examined in its entirety, construing the allegations therein liberally, as required by Fed. R. Civ. P. 8(f), to

determine whether it contains any allegations which, if proved, would entitle plaintiff to the relief, sought. See *Lipton Industries, Inc. v. Ralston Purina Co.*, 670 F.2d 1024, 213 USPQ 185 (CCPA 1982); *Kelly Services Inc. v. Greene's Temporaries Inc.*, 25 USPQ2d 1460 (TTAB 1992); and TBMP § 503.02 (2d. ed. rev. 2004). For purposes of determining a motion to dismiss for failure to state a claim upon which relief can be granted, all of plaintiff's well-pleaded allegations must be accepted as true, and the complaint must be construed in the light most favorable to plaintiff. See *Advanced Cardiovascular Systems Inc. v. SciMed Life Systems Inc.*, 988 F.2d 1157, 26 USPQ2d 1038 (Fed. Cir. 1993); see also 5A Wright & Miller, *Federal Practice And Procedure: Civil 2d* §1357 (1990). ... The purpose of a Rule 12(b)(6) motion is to challenge "the legal theory of the complaint, not the sufficiency of any evidence that might be adduced" and "to eliminate actions that are fatally flawed in their legal premises and destined to fail ..." *Advanced Cardiovascular Systems Inc. v. SciMed Life Systems Inc.*, 988 F.2d 1157, 26 USPQ2d 1038, 1041 (Fed. Cir. 1993).

See also, *Young v. AGB Corp.*, 152 F.3d 1377, 47 USPQ2d 1752, 1754 (Fed. Cir. 1998).

As the defendant in the Opposition,<sup>3</sup> there is no question, and Facebook does not contend otherwise, that Everclear has standing to counterclaim against Facebook by way of a separate petition to cancel. See *General Mills, Inc. v. Nature's Way Products, Inc.*, 202 USPQ 840, 841 (TTAB 1979).

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<sup>3</sup> Everclear alleges in ¶ 13 of its petition for cancellation that "Facebook is asserting in corresponding opposition proceeding (Opposition No. 91191915) its fraudulently procured registration as a basis for denying Petitioner the registration it seeks for the mark TALKBOOK, all to the injury and damage of Petitioner."

Turning then to the requirements for pleading fraud post-*In re Bose Corp.*, 580 F.3d 1240, 91 USPQ2d 1938 (Fed. Cir. 2009), we observe that the Court of Appeals for the Federal Circuit held 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." *Id.* at 1245. In petitioning to cancel a registration on the ground of fraud, these elements of fraud must be alleged with particularity in accordance with Fed. R. Civ. P. 9(b). Allegations based on "information and belief" must be accompanied by a statement of facts upon which the belief is founded. *Asian and Western Classics*, 92 USPQ2d at 1478-1479 (citing *Exergen Corp. v. Wal-Mart Stores Inc.*, 91 USPQ2d 1656, 1670 n.7 (Fed. Cir. 2009)). Although intent is "a specific element of a fraud claim," it "may be alleged generally [but] the pleadings must allege sufficient underlying facts from which a court may reasonably infer that a party acted with the requisite state of mind." *Id.* at 1479. Thus, "an allegation that a declarant 'should have known' a material statement was false does not make out a proper pleading." *Id.*

In the petition to cancel, Everclear attempts to set forth several theories of fraud relating to Facebook's procurement of the four involved registrations. Specifically, it alleges: (1) that Facebook failed to inform the USPTO of third party uses of FACEBOOK in the prosecution of the involved

registrations (*Petition*, ¶¶ 6-7, 9, 22, 36); (2) that as to those same registrations, Facebook did not use the mark FACEBOOK as of the first use dates provided to the USPTO but instead used the mark THEFACEBOOK (*Petition*, ¶¶ 5-6, 11, 21, 32-35, 37); (3) that as to the '791 and '147 registrations, Facebook failed to use the mark in connection with all of the services listed in each registration at least as early as the claimed dates of first use (*Petition*, ¶¶ 1-3, 15-20); and (4) that as to the '791 registration, the services were not provided in commerce on or before the claimed dates of use because they were only offered to a limited number of people (*Petition*, ¶ 4). Everclear asserts that each of the aforementioned alleged facts constitutes a material misrepresentation intended to deceive the USPTO.

In conjunction with Everclear's allegations, we note that the '147 and '888 registrations stem from application Serial No. 77039123 that was filed on November 7, 2006. The application was subsequently divided on April 16, 2010, whereby the child application was assigned application Serial No. 77979375 which matured into the '147 registration based on a statement of use filed December 18, 2009. Parent application Serial No. 77039123 matured into the '888 registration based on a statement of use filed May 12, 2010. In view of this relationship between the two registrations, Everclear further alleges that the "false statements and fraudulent conduct"

relating to the '147 registration also taint the '888 registration since both registrations stem from the same application (*Petition*, ¶¶ 24-25).

With respect to Everclear's claims of fraud based on Facebook's claimed dates of first use in the involved registrations, i.e., that FACEBOOK was not in use, that FACEBOOK was not used in connection with certain services in the '791 and '147 registrations, and that the services in the '791 registration were not in use in commerce because they were offered only to a limited number of people, all as of the claimed dates of first use, Everclear cannot prevail as a matter of law. A registrant's claimed date of first use, even if false, cannot form the basis of a fraud claim because such dates are not material to the Office's decision to approve a mark for publication. See *Colt Industries Operating Corp. v. Olivetti Controllo Numerico S.p.A.*, 221 USPQ 73, 76 (TTAB 1983). Rather, a fraud claim may be based on non-use of a mark as of the date a use-based application or a statement of use in an intent-to-use application is filed. *Standard Knitting, Ltd. v. Toyota Jidosha Kabushiki Kaisha*, 77 USPQ2d 1917, 1926 (TTAB 2006). As Everclear has failed to plead any of its claims tethered to either of these dates, these claims must fail.

Additionally, to the extent that Everclear's fraud claim against the '888 registration further relies on the fact that the underlying application for said registration is the parent

of the underlying application for the '147 registration, such a claim is unavailing and improperly pled as an available ground for cancellation. The aforementioned relationship does not lead to the conclusion that the '888 registration "is also tainted by the false statements and fraudulent conduct of Facebook and its representatives [and] like [the '147 registration], should therefore be cancelled." *Petition*, ¶ 25. Such a non-specific statement is wholly insufficient to plead a separate ground of fraud.

We next address Everclear's allegations involving Facebook's purported failure to disclose to the Office facts concerning third-party use of the same or a confusingly similar mark. To withstand a motion to dismiss such a claim, the complaint must allege particular 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 Patent and Trademark Office, intended to procure a registration to which it was not entitled."

*Intellimedia Sports Inc. v. Intellimedia Corp.*, 43 USPQ2d 1203, 1206 (TTAB 1997).

The Board has often held that a party's "failure to disclose to the PTO the asserted rights of another person" is

not fraudulent where the party, "when it signed its application oath, held an honest, good faith belief that it was entitled to registration of its mark. [Therefore], a sufficient pleading of the third element ... must consist of more than a mere conclusory allegation that the defendant 'knew' about a third party's superior rights in the mark." *Id.* at 1206-07. Rather, the party "must plead particular facts which, if proven, would establish that, as of the application filing date, the defendant believed that the third party had superior or clearly established rights and that a likelihood of confusion would result from applicant's use of its mark. Alternatively, the plaintiff must plead particular facts ..., which, if proven, would establish that, at the time the application was filed, defendant had no reasonable basis for its averred belief that no other person had a right to use the same or a confusingly similar mark on or in connection with the goods or services identified in the application. ...It is [defendant]'s belief, not [plaintiff]'s, that is at issue here." *Id.* at 1207.

We find that Everclear failed to plead particular facts which, if proven, would establish the third element of its fraud claim, namely, that Facebook knew that other users had superior rights in the mark, and either believed that a likelihood of confusion would result from Facebook's use of its mark or had no reasonable basis for believing otherwise. Although Everclear alleges use of the term "facebook" by

Harvard University and other educational institutions in connection with school directories in print and online form, Everclear has failed to allege those particular facts that would establish, if proven, that Facebook either believed or had no reasonable basis not to believe that others had superior or clearly established rights in the same or substantially identical mark on or in connection with the same or substantially identical goods or services and that a likelihood of confusion would result from Facebook's use of its mark. Indeed, to the extent that Everclear is arguing that it has sufficiently pled fraud because Facebook "knew or should have known" of the third-party rights, *Petitioner's Response*, p. 11, we point out that such is no longer the standard post-*Bose*. See *Asian and Western Classics*, 92 USPQ2d at 1478-79. As Everclear has failed to sufficiently plead the third element, it follows that Everclear has also failed to sufficiently plead the fourth element. See *Colt Industries*, 221 USPQ at 67.

In view thereof, Facebook's motion to dismiss the petition to cancel is **GRANTED**. If Everclear believes it can state a claim upon which relief may be granted, it is allowed **THIRTY DAYS** from the mailing date of this order to file an amended petition for cancellation, failing which this proceeding will be dismissed with prejudice. Facebook is allowed **THIRTY DAYS** from service of any amended pleading to answer or otherwise properly respond.

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