

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

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Mailed: February 7, 2012

Cancellation No. **92053547**

VER Sales, Inc.

v.

Full Throttle Films, Inc.

**Before Seeherman, Ritchie and Wolfson,
Administrative Trademark Judges**

By the Board:

This matter comes up for consideration of respondent's motion (filed June 8, 2011) to dismiss the petition for cancellation for failure to state a claim upon which relief may be granted. To expedite this decision, we do not summarize the issues and arguments presented in the briefs on the motion and presume the parties' familiarity with the issues and arguments therein.

As the Board stated in *Fair Indigo LLC v. Style Conscience*, 85 USPQ2d 1536, 1538 (TTAB 2007):

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).

On the question of standing, petitioner pleads ownership and common law use of the mark VER "in connection with wholesale, rental, retail and online retail store services featuring safety, construction, theatrical, mountain climbing, hardware, entertainment and specialty equipment and supplies; custom manufacture of safety, construction, theatrical, hardware, entertainment and specialty equipment and supplies." *Amended Petition*, ¶¶ 1-3. As a party need only demonstrate a real interest in the proceeding to show standing, we find that petitioner has adequately pleaded its standing. See *Ritchie*

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v. Simpson, 170 F.3d 1092, 50 USPQ2d 1023 (Fed. Cir. 1999);
see also Jewelers Vigilance Committee Inc. v. Ullenberg Corp.,
823 F.2d 490, 2 USPQ2d 2021, 2023 (Fed. Cir. 1987).

The first cause of action asserted by petitioner in its petition for cancellation is that of misrepresentation of source under Section 14(3) of the Trademark Act, i.e., that the registered mark is being used by, or with the permission of, the registrant so as to misrepresent the source of the goods or services on or in connection with which the mark is used. Such a claim "must be supported by allegations of blatant misuse of the mark by respondent in a manner calculated to trade on the goodwill and reputation of petitioner." *McDonnell Douglas Corporation v. National Data Corporation*, 228 USPQ 45, 47 (TTAB 1985). Further, "[p]etitioner must 'do more than make a bald allegation in the language of the statute,' and the claim must go beyond the allegations 'that typically support a claim of likelihood of confusion under Section 2(d).'" *Bayer Consumer Care AG v. Belmora LLC*, 90 USPQ2d 1587, 1592 (TTAB 2009) (quoting *Otto International Inc. v. Otto Kern GmbH*, 83 USPQ2d 1861, 1864 (TTAB 2007)).

Although respondent reads a number of the allegations in the petition to cancel as raising a claim under Section 2(d) of the Trademark Act, it is clear from petitioner's filings that petitioner is not asserting a Section 2(d) claim.

Further, such a ground is not available to petitioner because a claim under Section 2(d) of the Trademark Act cannot be brought against a registration over five years old. See Section 14(3).¹ While some of the allegations may be consistent with a Section 2(d) claim, we construe such allegations as consistent with the misrepresentation of source ground. In that regard, we find that such ground has been sufficiently pled. Specifically, petitioner alleges, among other facts, that respondent "initially used the mark VIDEO EQUIPMENT RENTALS [and] the mark VER VIDEO EQUIPMENT RENTALS as a composite mark [and that respondent] changed its mark to VER after becoming aware of [p]etitioner's use of the VER mark and to use [petitioner's] goodwill in the VER mark to [respondent's] advantage" [¶ 21]; that respondent "is deliberately using the VER mark in such manner in order to blur the distinctions which may have previously existed between the marks and services of the parties, including [respondent's] previous use of 'Video Equipment Rental,' so as to confuse and deceive purchasers" [¶ 33]; that respondent "expanded the services it offers once it became aware of the demand for services similar to [p]etitioner's services" [¶ 22]; that respondent "has an intent to trade on the goodwill associated with [p]etitioner's VER marks" [¶ 29]; and

¹ The involved Registration No. 3025887 issued on December 13, 2005. The petition for cancellation was filed on January 24, 2011.

that respondent's "failure to mitigate actual confusion based on use of the VER mark is evidence of [respondent's] bad faith intent to profit from [p]etitioner's goodwill" [¶ 31].

Accepting as true all of petitioner's well-pleaded allegations and construing them in the light most favorable to petitioner, we find that petitioner has sufficiently pled misrepresentation of source under Section 14(3).

Turning then to petitioner's claim of fraud, we observe that the Court of Appeals for the Federal Circuit in *In re Bose Corp.*, 580 F.3d 1240, 91 USPQ2d 1938, 1941 (Fed. Cir. 2009), 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." 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 amended complaint, petitioner points to the language of the declaration in the application for registration that no other entities have the right to use the subject mark [¶ 34] and alleges that respondent attested to such statement "with the intent to induce [the Office] to grant said registration" [¶ 35] even though respondent " was aware of Petition [sic] and [p]etitioner's business [having] attended the same trade shows as [p]etitioner and [having] discussed [p]etitioner's brand with [p]etitioner" [¶ 36]; that said representations were false [¶ 38]; that respondent knew they were false [¶ 39]; that respondent "knowingly made a material misrepresentation to the Trademark Office to procure a registration for [respondent's] VER mark" [¶ 40]; that respondent intended to deceive the Office [¶ 41]; and that "reasonably relying upon the truth of said false statement, [the Office] did, in fact, grant such registration" [¶ 35].

Again, accepting as true all of petitioner's well-pleaded allegations and construing them in the light most favorable to petitioner, we find the fraud claim sufficiently pled.

Respondent's motion to dismiss is **DENIED**.

Proceedings are **RESUMED** and respondent is allowed until **March 5, 2012**, to enter its answer in this proceeding. Dates are **RESET** as follows:

Time to Answer	3/5/2012
Deadline for Discovery Conference	4/4/2012
Discovery Opens	4/4/2012
Initial Disclosures Due	5/4/2012
Expert Disclosures Due	9/1/2012
Discovery Closes	10/1/2012
Plaintiff's Pretrial Disclosures Due	11/15/2012
Plaintiff's 30-day Trial Period Ends	12/30/2012
Defendant's Pretrial Disclosures Due	1/14/2013
Defendant's 30-day Trial Period Ends	2/28/2013
Plaintiff's Rebuttal Disclosures Due	3/15/2013
Plaintiff's 15-day Rebuttal Period Ends	4/14/2013

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 completion of taking of testimony. Trademark Rule 2.125.

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

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