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

Proceeding	92055682
Party	Plaintiff Indigo Studios, Inc.
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**IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD**

In the matter of trademark Registration No. 3,643,274 for the mark: MISCELLANEOUS
DESIGN, Date registered June 23, 2009

INDIGO STUDIOS, INC., Petitioner)	
)	
v.)	Cancellation No. 92055682
)	
THE CONCENTRATE MANUFACTURING COMPANY)	
OF IRELAND, Respondent)	

PETITIONER’S RESPONSE TO RESPONDENT’S MOTION TO DISMISS

In its Motion, The Central American Bottling Corporation (CAB Corp.), claims that Petitioner’s Petition for Cancellation fails to state a claim upon which relief can be granted as (1) facts supporting Petitioner’s fraud claim are insufficiently pled and (2) Petitioner’s Petition is based on claims of copyright ownership.¹

I. STANDARD FOR MOTION TO DISMISS

A motion to dismiss for failure to state a claim upon which relief can be granted is a test solely of the legal sufficiency of a complaint. In order to withstand a motion to dismiss, petitioner need only allege such facts which, if proved, would establish that petitioner is entitled to the relief sought; that is, (1) petitioner has standing to bring the proceeding, and (2) a valid statutory ground exists for cancelling the registration. Fair Indigo LLC v. Style Conscience, 85 USPQ2d 1536, 1538 (TTAB 2007); Young v. AGB Corp., 152 F.3d 1377, 47 USPQ2d 1752,

¹ As an initial matter, Petitioner questions the standing of CAB Corp. to respond to allegations of fraud perpetrated by a third party, the Concentrate Manufacturing Company of Ireland, the actual Respondent in its application for the Mark.

1755 (Fed. Cir. 1998). *See also* TBMP § 503.02 (2d ed. rev. 2004). Specifically, “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, 129 S. Ct. 1937, 1949 (2009), quoting Bell Atlantic Corp. v. Twombly, 550 U.S. 544, 570 (2007). In the context of cancellation proceedings before the Board, a claim is plausible on its face when the petitioner pleads factual content that if proved, would allow the Board to conclude, or draw a reasonable inference that, the petitioner has standing and that a valid ground for cancellation exists. *Cf.* Twombly, 550 U.S. at 556. In particular, a petitioner need only allege enough factual matter to suggest its claim is plausible and “raise a right to relief above the speculative level.” Id. at 555-56.

In the Board’s assessment of a respondent’s motion to dismiss, it must accept as true all of the petitioner’s well-pleaded allegations, and must construe the complaint in the light most favorable to the petitioner. *See* Advanced Cardiovascular Sys. Inc. v. SciMed Life Sys. Inc., 988 F.2d 1157, 26 USPQ2d 1038, 1041 (Fed. Cir. 1993); McDermott v. San Francisco Women's Motorcycle Contingent, 81 USPQ2d 1212 (TTAB 2006), *aff’d*, unpublished No. 07-110 (Fed. Cir. July 11, 2007). The pleading must be construed so as to do justice, as required by Fed. R. Civ. P. 8(e); Scotch Whisky Ass’n v. United States Distilled Products Co., 952 F.2d 1317, 1319, 21 USPQ2d 1145, 1147 (Fed. Cir. 1991). *See also* Otto Int’l Inc. v. Otto Kern GmbH, 83 USPQ2d 1861, 1862 (TTAB 2007).

The “valid ground” for cancellation of a registration that must be alleged and ultimately proved must be a statutory ground which negates the registrant’s right to maintain the subject registration. *Cf.* Young v. AGB, 47 USPQ2d at 1754

II. PETITIONER’S FRAUD CLAIM IS SUFFICIENTLY PLED

Fraud in obtaining a trademark registration occurs “when an applicant knowingly makes false, material representations of fact in connection with his application.” Torres v. Cantine Torresella S.r.l., 808 F.2d 46, 1 USPQ2d 1483, 1484 (Fed. Cir. 1986); Mister Leonard Inc. v. Jacques Leonard Couture Inc., 23 USPQ2d 1064, 1065 (TTAB 1992). *See also* Medinol Ltd. v. Neuro Vasx Inc., 67 USPQ2d 1205 (TTAB 2003) (“A Trademark applicant commits fraud in procuring a registration when it makes material representations of fact in its declaration which it knows or should know to be false.”). The elements of fraud must be pleaded with particularity in accordance with Fed. R. Civ. P. 9(b). *See* Asian and Western Classics B.V. v. Selkow, 92 USPQ2d 1478, 1478 (TTAB 2009). Under USPTO Rule 11.18, the factual basis for a pleading requires either that the pleader know of facts that support the pleading or that evidence showing the factual basis is “likely” to be obtained after a reasonable opportunity for discovery or investigation.

Fed. R. Civ. P. 9(b) requires a statement of facts providing the information upon which petitioner relies or the belief upon which the allegation is founded (i.e., known information giving rise to petitioner’s stated belief, or a statement regarding evidence that is likely to be discovered that would support a claim of fraud). Media Online Inc. v. El Clasificado Inc., 88 USPQ2d 1285, 1287 (TTAB 2008). The pleadings must allege sufficient underlying facts from which a court may reasonably infer that a party acted with the requisite state of mind. Exergen Corp. v. Wal-Mart Stores, Inc., 575 F.3d 1312, 91 USPQ2d 1656, 1667 n. 47 (Fed. Cir. 2009), citing Kowal v. MCI Communications Corp., 16 F.3d 1271, 1279 n. 3 (D.C. Cir. 1994).

In its Motion, CAB Corp. claims that the circumstances constituting Respondent’s fraud were not pleaded with sufficient particularity to establish that Respondent knowingly made material false statements, alleging that Petitioner must show that Respondent’s statement to the

PTO was “1) false; 2) made knowingly, and 3) a material representation” (CAB Corp.’s Motion, p. 3). While CAB Corp. quotes Fed. R. Civ. P. 9(b), it omits the pertinent portion of the rule: the Rule specifically states, “Malice, intent, knowledge, and other conditions of a person's mind **may be alleged generally**” (emphasis added).

In order to state a claim upon which relief can be granted on the ground of fraud, it must be asserted that the false statements complained of were made willfully in bad faith with the intent to obtain that to which the party making the statements would not otherwise have been entitled.” Crown Wallcovering Corp. v. Wall Paper Mfrs. Ltd., 188 USPQ 141, 144 (TTAB 1975), and cases cited therein. Here, in its petition to cancel, Petitioner specifically alleged, in pertinent part:

- 1) Paragraph #3: In or about 2002 Petitioner’s representatives posted the Mark on its website as one of their “stock images” for license by customers. The webpage is clearly marked with copyright notices, and provides Petitioner’s contact information for prospective licensees of the work.
- 2) Paragraph #2: Petitioner alleged that its Mark is distinct, stating that the Mark is one of three of Petitioner’s works which were cartoon drawings of a distinctively green cat having human attributes.
- 3) Paragraph #7: Caribbean Flavors, Ltd. filed for registration of the Mark on November 28, 2008 with first use “at least as early as 01/01/2004,” then less than six months later, assigned the trademark to The Central America Bottling Corporation pursuant to a Subscription and Share Exchange Agreement. This was two (2) years after Petitioner posted the Kool Kat art on its website.

- 4) Paragraph #10: CAB Corp. is not (and was not, at the time of the filing of its application for registration) the rightful owner of the registered mark.
- 5) Paragraph #9: Petitioner specifically petitioned for cancellation of the Mark on the grounds that it was obtained by fraud.

Clearly, in its Petition, Petitioner states that the Concentrate Manufacturing Company of Ireland committed fraud when it falsely claimed that it was the owner of the mark when indeed it was not the rightful owner of the mark when it filed for registration. The declaration of Concentrate Manufacturing Company of Ireland, in its application for the Mark, signed by Andrea M. Bond on November 28, 2008, stated that it “believes applicant to be entitled to use such mark in commerce; to the best of his/her knowledge and belief no other person, firm, corporation, or association has the right to use the mark in commerce, either in the identical form thereof or in such near resemblance thereto as to be likely, when used on or in connection with the goods/services of such other person, to cause confusion, or to cause mistake, or to deceive; and that all statements made of his/her own knowledge are true; and that all statements made on information and belief are believed to be true.”

Petitioner did not base its claim merely on “information and belief.” In view thereof, Petitioner has sufficiently set forth a claim of fraud.

Additionally, CAB Corp. mistakenly claims that “Petitioner does not allege that it uses the Kool Kat Mark in commerce or as a source identifier for any goods or services at all” (CAB Corp.’s Motion, p. 5). However, paragraph #3 of Plaintiff’s Petition clearly states that Petitioner posted its Mark “for license by customers.” As set forth in its petition, Petitioner provides print, motion and interactive visual creation and production services, and the cat shown in the mark is

one of its source identifiers. Additionally, it should be noted that the same mark that performs this source-identifying role in one set of hands may constitute the creative work itself in another; such distinction often is appropriate when an advertising agency licenses a slogan to a client for the client's use in marketing a product. In this scenario, the slogan is part of the advertising agency's creative work, but it may become a source identifier when used by the client. *See* 2 J. Thomas McCarthy, *McCarthy on Trademarks and Unfair Competition*, §16.39, at 16-64.2 (4th ed. 2000).

III. Petitioner's Claim is Based on More than Copyright Ownership

Under the Lanham Act, 15 U.S.C. §§ 1051 et seq., a trademark or service mark is any combination of words, names, symbols or devices that are used to identify and distinguish goods or services and to indicate their source. *See* 15 U.S.C. § 1127. While copyright law protects the content of a creative work itself, it is trademark law that protects those symbols, elements or devices which identify the work in the marketplace and prevent confusion as to its source. *See EMI Catalogue Partnership v. Hill, Holliday, Connors, Cosmopolos Inc.*, 56 USPQ2d 1270, 1275 (2d Cir. 2000).

While the Board does not have any authority to consider pleadings “insofar as they charged copyright infringement and unfair competition,” the board can consider copyrights to the extent that they are related to charges of likelihood of confusion, mistake, **or deception**. *Selva & Sons, Inc. v. Nina Footwear, Inc.*, 705 F.2d 1316, 217 USPQ 641, 647 (Fed. Cir. 1983), discussing, *Knickerbocker Toy Co. v. Faultless Starch Co.*, 467 F.2d 501, 175 USPQ 417 (CCPA 1972). “[I]n any controversy involving ownership of a particular mark or priority therein, the right thereto accrues to the party first to use the mark in trade and not to the first adopter but subsequent user in trade. In sum, trademark rights arise from use and not mere adoption.” *La*

Maur Inc. v. International Pharmaceutical Corp., 199 USPQ 612, 615 (TTAB 1978). Here, Petitioner created and used the Mark.

CAB Corp.'s argument that Petitioner is attempting to extend the copyright protection of its drawing is misdirected. Petitioner is relying upon its trademark rights, as evidenced by its established common law rights, in this proceeding. Petitioner is seeking to cancel Respondent's mark, the registration of which under the provisions of Section 2(d) of the Trademark Act would have been barred if its mark is likely to cause confusion with a mark "registered in the Patent and Trademark Office" or with a mark "previously used in the United States by another." Petitioner is relying upon its rights established under this section of the Trademark Act to oppose applicant's registration of his mark, not any rights under copyright law. In its Petition, Petitioner alleged deception in claiming that to its knowledge, Respondent copied Petitioner's Mark which had been posted online for two (2) years as a distinctive mark of Petitioner, then registered it, in an attempt to add value to Respondent's company before selling it six months later.

IV. Petitioner Requests Leave to Amend if the Board Finds its Petition Insufficiently Pled.

The Board freely grants leave to amend pleadings found, upon challenge under Fed. R. Civ. P. 12(b)(6), to be insufficient. IdeasOne Inc. v. Nationwide Better Health Inc., 89 USPQ2d 1952, 1955 (TTAB 2009). If the Board finds Petitioner's Petition insufficiently pled, Petitioner hereby requests leave to amend.

V. CONCLUSION

For all of the foregoing reasons, Petitioner's Motion to Dismiss should be denied.

This 27th day of August, 2012.

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THE CONCENTRATE MANUFACTURING COMPANY)
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CERTIFICATE OF SERVICE

I hereby certify service of the within and foregoing Response to The Central American Bottling Corporation's Motion to Dismiss by depositing a true and correct copy of same within the United States Mail with adequate postage affixed thereon to assure delivery to its attorney:

Anna Kurian Shaw, Esq.
Hogan Lovells US LLP
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This 27th day of August, 2012.

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