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

Proceeding	92055795
Party	Defendant E.F. Hutton Group, Inc.
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IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD

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TERRENCE HASTINGS,	:	
	:	
Petitioner,	:	Cancellation No. 92/055795
	:	Registration No. 4122970 E.F. HUTTON
v.	:	Registration No. 4126754 
	:	
E.F. HUTTON GROUP, INC.	:	
	:	
Respondent.	:	
-----X		

**RESPONDENT'S MOTION FOR SUMMARY JUDGMENT ON ALL PLEADED
GROUNDS WITH BRIEF IN SUPPORT THEREOF.**

I. INTRODUCTION.

Respondent, E.F. Hutton Group, Inc. (hereinafter "Respondent") respectfully submits this Motion for Summary Judgment Pursuant to TBMP § 528 and Fed. R. Civ. P. 56 ("Motion"), and Brief in Support of its Motion, on Petitioner Terrence Hastings' ("Petitioner") consolidated petition to cancel U.S. Registration No. 4122970 E.F. HUTTON and U.S. Registration No. 4126754  (collectively "Registrations").

Respondent brings its Motion for Summary Judgment with respect to Petitioner's challenge of two of Petitioner's registered trademarks at the U.S. Patent and Trademark Office ("USPTO"). Because Petitioner has not demonstrated – nor is there any evidence to demonstrate – that Applicant does not hold valid rights or in any way committed fraud upon the USPTO, Respondent's Motion should be granted. In fact, no fraud was committed, intentionally or unintentionally. In addition, since Respondent's parent company purchased and is now the owner of the original rights in the EF HUTTON mark, first used in 1904, and for which there exists clearly documented evidence of use dating at least as far back to 1971, Petitioner's case is moot.

A. Statement of Undisputed Facts.

For purposes of the instant Motion only, the following matters are taken as undisputed:

On March 16, 2011, Dominant Brands LLC, a New York limited liability company (“Applicant”) filed two trademark applications for E.F. HUTTON (non-stylized word mark) and  (collectively, the “Applications”) covering financial services, namely, investment analysis and advice, investment brokerage, planning and management, investment fund transfer and transaction services, and financial consultation services relating to stocks, bonds, securities, commodities, options, real estate, fixed income products, precious metals, mutual funds and retirement plans; financial services, namely, money lending (collectively, “Services”) under Section 1(b) of the U.S. Trademark Act, 15, U.S.C. § 1051(b).

On September 27, 2011, the USPTO issued Notices of Allowance for both Applications.

On January 18, 2012, Applicant filed Statements of Use for both Applications covering all of the Services. Applicant’s specimen of use for both Applications was a copy of a free Internet classified advertisement on the www.backpage.com Website (“Internet Classified”).

Applicant stated on its Statements of Use that each “mark was first used by the Applicant, or the Applicant’s related company, licensee, or predecessor in interest at least as early as 01/18/2012, and first used in commerce at least as early as 01/18/2012, and is now in use in such commerce.” Applicant’s Internet Classified shows the name of the company providing the advertised services is E.F. Hutton & Company, Inc.

The USPTO accepted the Statement of Use for E.F. HUTTON (non-stylized word mark) on March 2, 2012 and  on March 7, 2012 without comment or rejection. In due course, E.F. HUTTON (non-stylized word mark) registered on April 3, 2012 and  registered on April 10, 2012.

On April 20, 2012, Respondent purchased all right, title and interest in both Registrations from Applicant.

On April 23, 2012, Respondent recorded the assignment at the U.S. Patent and Trademark Office, Assignment Branch.

On July 3, 2012, Petitioner filed the instant cancellation proceeding.

On, or about, October 10, 2012, Respondent's parent company purchased the rights to the EF HUTTON mark in connection with "providing financial services with respect to securities and other financial instruments and products, namely, management of portfolios comprising investments and securities for others." The rights in this application originate with the original E.F. Hutton who first used the EF HUTTON mark in 1904. Respondent has clear, documented evidence of continuous and exclusive use of the EF HUTTON mark as far back as 1971, at least forty three years prior to Petitioner's constructive use.

B. Petitioner's Allegations of Fraud.

After exhaustive discovery, Petitioner is unable to provide any evidence to support even one of its theories upon which its opposition action is based. Accordingly, Petitioner cannot prevail on any of its theories of fraud as a matter of law and the Trademark Trial and Appeal Board ("Board") must therefore GRANT summary judgment in favor of Respondent.

II. LEGAL STANDARD FOR SUMMARY JUDGMENT.

Summary judgment is appropriate in cases where the moving party establishes that there are no genuine issues of material fact which require resolution at trial and that it is entitled to judgment as a matter of law. *See*, Fed. R. Civ. P. 56(c); *Celotex Corp. v. Catrett*, 477 U.S. 317, 322, 106 S.Ct. 2552, 91 L.Ed.2d 265, 273 (1986). The purpose of the motion is judicial economy, that is, to avoid an unnecessary trial where there is no genuine issue of material fact and more evidence than is already available in connection with the summary judgment motion could not reasonably be expected

to change the result in the case. *See, e.g. Pure Gold, Inc. v. Syntex (U.S.A.), Inc.*, 739 F.2d 624, 626, 222 U.S.P.Q. 741 (Fed. Cir. 1984).

For purposes of summary judgment, a factual dispute is “genuine” only if, on the evidence of record, a reasonable fact finder could resolve the factual dispute in favor of the nonmoving party. *See, e.g. Lloyd’s Food Products Inc., v. Eli’s Inc.*, 987 F.2d 766, 767, 25 U.S.P.Q.2d 2027 (Fed. Cir. 1993). A factual dispute is “material” only if its resolution would affect the outcome of the proceeding under the relevant substantive law. *Anderson v. Liberty Lobby, Inc.*, 477 U.S. 242, 248, 106 S. CT. 2505, 91 L.Ed.2d 202 (1986).

Therefore, a dispute over a nonmaterial fact, i.e. a fact that would not alter the Board’s decision on the legal issue in the case, will not prevent the entry of summary judgment. *Id.* at 248. The party moving for summary judgment has the burden of demonstrating the absence of any genuine issue of material fact, and that it is entitled to judgment as a matter of law. *See, e.g. Copeland’s Enterprises Inc., v. CNV Inc.*, 945 F.2d 1563, 1565, 20 U.S.P.Q.2d 1295 (Fed. Cir. 1991). However, where the ultimate burden of proof on the underlying legal claim or defense rests on the nonmoving party, the summary judgment burden on the moving party may be met by showing that there is an absence of evidence to support the non-moving party’s case. *Celotex*, 477 U.S. at 322.

III. RESPONDENT’S OWNERSHIP RIGHTS TRUMP PETITIONER’S APPLICATION.

The cases are legion to the effect that for inherently distinctive marks, ownership is governed by priority of use. *In re Trade-Mark Cases*, 100 U.S. 82, 94 (1879) (“At common law the exclusive right to it grows out of the use of it, and not mere adoption. It is simply founded on priority of appropriation.”). For such marks, the first to use the designation as a mark in the sale of goods or services is the owner and senior user.” These marks are given legal protection against infringement immediately upon adoption and use in trade. *Blisscraft of Hollywood v. United Plastics Co.*, 294

F.2d 694 (2d Cir. 1961). Priority of the mark by its owner is strictly controlling against all others. *Sengoku Works Ltd. v. RMC Intern., Ltd.*, 96 F.3d 1217, 1219 (9th Cir 1996).

The facts are clear. Respondent's parent company purchased legitimate use of the EF HUTTON mark that was first used in 1904 and for which the Respondent has clear evidence of use dating back to at least as far as 1971. Petitioner has no use of the EF HUTTON name anywhere and is relying solely on the rights accorded him in filing his intent-to-use trademark application, specifically March 18, 2011. As Respondent's legitimate rights to the EF HUTTON name predate Petitioner's constructive rights by at least forty years, Respondent is the putative owner of the EF HUTTON name. Petitioner cannot succeed on its cancellation petition against the Registrations because his rights at most arose on March 18, 2011, while Respondent's rights arose at least as early as 1971. Consequently, the Board should GRANT Respondent's Motion because the case is moot.

IV. LEGAL BURDEN IS ON THE PETITIONER.

A. Fraud Must Be Proven to the Hilt.

Petitioner has a high burden to prove fraud on the Trademark Office. *In re Bose Corp.*, 580 F.3d 1240, 91 U.S.P.Q.2d 1938, 1939 (Fed. Cir. 2009) (A party seeking cancellation of a trademark registration for fraudulent procurement bears a heavy burden of proof."). Fraud must be "proven 'to the hilt' by clear and convincing evidence," leaving nothing to speculation, conjecture, or surmise; any doubt must be resolved against the party making the claim. *Smith Int'l, Inc. v. Olin Corp.*, 209 U.S.P.Q. 1033, 1043-1044 (TTAB 1981). In order for the Board to rule in Petitioner's favor that Applicant committed fraud on the USPTO, Petitioner must prove by clear and convincing evidence that: (1) a challenged statement was a false representation regarding a material fact, (2) the person making the representation knew that the statement was false, (3) the person had an intent to deceive the USPTO, (4) there was reasonable reliance on the misrepresentation and (5) damage resulted from

such reliance. *Bose*, at 1938. Intent to deceive is an indispensable element of the analysis in a fraud case. *Id.*

The Board had consistently and correctly acknowledged that there is “a material legal distinction between a ‘false’ representation and a ‘fraudulent’ one, the latter involving an intent to deceive, whereas the former may be occasioned by a misunderstanding, an inadvertence, a mere negligent omission, or the like.” *Kemin Indus., Inc. v. Watkins Prods., Inc.*, 192 U.S.P.Q. 327, 329 (TTAB 1976). “We even held that ‘a finding that particular conduct amounts to gross negligence’ does not of itself justify an inference of intent to deceive.” *In re Bose Corp.*, 580 F.3d at 1245, 91 U.S.P.Q.2d at 1941 (citing *Kingsdown Med. Consultants v. Hollister Inc.*, 863 F.2d 867, 876, 9 U.S.P.Q.2d 1384, 1388 (Fed. Cir. 2009) (en banc). In other words, deception must be willful to constitute fraud. *Woodstock's Enters. Inc. (Cal.) v. Woodstock's Enters. Inc. (Or.)*, 43 U.S.P.Q.2d 1440, 1443 (TTAB 1997). So, in order for Petitioner to prevail, it must have clear and convincing evidence that Applicant made a statement to the USPTO that it knew to be false and by making the fraudulent statement Applicant had an intention to deceive the USPTO and the USPTO relied on that fraudulent statement in granting the registrations.

V. PETITIONER HAS NO EVIDENCE THAT APPLICANT COMMITTED FRAUD.

“Fraud in procuring a trademark registration ... occurs when an applicant *knowingly* makes false material representations of fact in connection with its application.” *Torres v. Cantine Torresella S.r.l.*, 808 F.2d 46, 48 (Fed. Cir. 1986) (emphasis added). Petitioner’s three theories of fraud all involve alleged ways Applicant defrauded the USPTO. But, Petitioner did not name Applicant as a party in this Cancellation proceeding. In addition, Petitioner did not take any depositions from a 30(b) (6) spokesperson for Applicant. To Respondent’s knowledge, Petitioner has no interrogatory responses from Applicant and no documents from Applicant. In short, Petitioner has no direct evidence from Applicant proving that Applicant committed fraud on the USPTO. To

sum up, after extensive discovery, Petitioner can offer no direct testimony or evidence from Applicant to support its allegation that Applicant: (i) made a false representation regarding a material fact, (ii) that Applicant knew such statement was false, and (iii) that Applicant had an intent to deceive the USPTO. In truth, Petitioner is bereft of even one shred of clear and convincing evidence that Applicant knowingly committed fraud on the USPTO. Without any clear and convincing evidence that Applicant intended to deceive the USPTO, Petitioner is unable to prove that Applicant perpetrated fraud on the USPTO. For this reason alone, the Board should GRANT Respondent's Motion, and Petitioner's request to cancel U.S. Registration No. 4122970 E.F. HUTTON and U.S. Registration No. 4126754  based on fraud on the Trademark Office should be DENIED.

VI. PETITIONER CANNOT PROVE ANY OF ITS MULTIPLE FRAUD THEORIES BY CLEAR AND CONVINCING EVIDENCE.

As grounds for its Petition for Cancellation, Petitioner puts forth three theories as to how Applicant allegedly committed fraud upon the USPTO: (i) the False Trade Name Theory, (ii) the Illegal Operations Theory, and (iii) the Lack of Use on All Services Theory. As noted above, Petitioner can provide no evidence to support any of its theories. Even assuming *arguendo* that Petitioner had some evidence to support his theories, which he does not, none of Petitioner's theories, even if proven by clear and convincing evidence, rise to the level of fraud on the USPTO.

- A. The fact that Applicant's licensee was not incorporated on the day Applicant filed its Statement of Use is not fraud.

Petitioner contends under the False Trade Name Theory that Applicant committed fraud on the USPTO because the entity "E.F. Hutton & Company, Inc." listed on Applicant's Internet Classified was not organized under the laws of any state in the United States and because no corporation with that name existed, then it follows that any specimen filed with the Statement of Use could not actually prove lawful use in commerce. Petitioner's allegation completely misses the point in that fraud on the USPTO must be *knowing and intentional misrepresentation that was relied on by*

the USPTO. Petitioner has no evidence, let alone clear and convincing evidence, that Applicant knowingly and intentionally printed E.F. Hutton & Company, Inc. in its Internet Classified with an intention to defraud the USPTO. Moreover, Petitioner has no evidence, let alone clear and convincing evidence, that this statement (that the services were being provided by E.F. Hutton & Company, Inc. and not Applicant) was relied on by the USPTO. Here, the fact that an entity was not incorporated until after the Statement of Use was filed is of no importance. Until an entity is formed into a corporation by the state, said entity operates as either a sole proprietorship or unincorporated partnership. See e.g., *State ex rel. Carlton v. Triplett*, 213 Kan. 381 , 384, 517 P.2d 136 (1973); *Gober v. Stubbs*, 682 So. 2d 430, 433 (Ala. 1996). Notwithstanding, a corporate existence is not necessary in order to provide legitimate services. *Ladd v. Scudder Kemper Invs., Inc.*, 433 Mass. 240, 243, 741 N.E.2d 47 (2001). A specimen of use is only a manifestation of Applicant's actual use of the mark in connection with its Services. Applicant, whether incorporated or not, was still offering and providing legitimate services in connection with the EF HUTTON word mark and  logo mark. For Petitioner to prevail it must submit some evidence from Applicant proving that Applicant knowingly and intentionally printed E.F. Hutton & Company, Inc. in its Internet Classified with an intention to defraud the USPTO. As Petitioner has no evidence at all from Applicant, let alone evidence proving that Applicant had the requisite intent to mislead the USPTO when it printed E.F. Hutton & Company, Inc. on its Internet Classified, Petitioner cannot prove by clear and convincing evidence that Applicant committed fraud on the USPTO. *King Auto., Inc. v. Speedy Muffler King, Inc.*, 667 F.2d 1008, 1011 n.4 (CCPA 1981) (“[A]bsent the requisite intent to mislead the USPTO, even a material misrepresentation would not qualify as fraud under the Lanham Act warranting cancellation.”). See also, *Bart Schwartz Int'l Textiles, Ltd. v. Fed. Trade Comm'n*, 289 F.2d 665, 669 (CCPA 1981).

Moreover, Petitioner has not alleged, nor will it ever be able to prove, that the USPTO even noticed, let alone reasonably relied on the fact that the company name on Applicant's specimens of use (E.F. Hutton & Company, Inc.) was an incorporated entity when the USPTO granted Applicant's Statement of Use. Simply put, Petitioner will never be able to prove that the USPTO granted the registrations for the EF HUTTON word mark and  logo mark solely because the specimens of use said E.F. Hutton & Company, Inc. on them. Section 1201.04 of the Trademark Manual of Examining Procedure ("TMEP") states:

"Inquiry Regarding Parties Named on Specimens or Elsewhere in Record –
The USPTO does not inquire about the relationship between the applicant and other parties named on the specimen or elsewhere in the record, except when the reference to another party clearly contradicts the applicant's verified statement that it is the owner of the mark or entitled to use the mark."

The record shows that Applicant's Internet Classified was accepted by the USPTO without question or comment. As the TMEP does not require the USPTO to inquire into the entity "E.F. Hutton & Company, Inc." appearing on the Internet Classified, which was submitted as evidence of use in the Statements of Use and as the record shows, the USPTO did not in fact inquire, then *a fortiori*, the USPTO did not reasonably rely on the fact that "E.F. Hutton & Company, Inc." was an incorporated entity (contrary to fact) when the USPTO accepted Applicant's Statements of Use. Without clear and convincing evidence of Applicant's intent to deceive and USPTO reliance, Respondent's first theory of fraud fails as a matter of law.

B. Whether Respondent was, or was not, a registered investment advisor as of the filing date of the Statements of Use is not fraud.

Petitioner contends that Applicant must be a registered investment advisor with the U.S. Securities and Exchange Commission ("S.E.C.") as of the filing date of the Statements of Use in order to lawfully provide the Services to the public. There are four flaws with this allegation: (1) The "false" or "fraudulent" representation must relate to the trademark right that is registered, not

some other aspect of Respondent's conduct, (2) Due to appropriate exemptions, Applicant does not need to be registered with any regulatory authority in order to provide lawful Services, (3) The Board does not have the authority to determine whether Applicant or its licensee has violated S.E.C. rules in providing its Services, and (4) Applicant never represented to the USPTO that it had to be registered with the S.E.C. in order to provide Services, so the USPTO did not reasonably rely on Applicant being a registered financial advisor with the S.E.C. when it issued the Registrations. Any one of the above reasons is fatal to Petitioner's Illegal Operations Theory.

(1) *Fraudulent Representation Must Relate to the Trademark Right that is Registered.*

Welch v. Big Ten Conference, Inc., 89 U.S.P.Q.2d 2035 (N.D. Ill. 2008) is instructive here. The defendant, The Big Ten Conference, Inc. ("Big Ten"), is a group of academic institutions that sponsors athletic programs and championships. The plaintiff, "Welsh," was a long-time supporter of Big Ten athletics. One of Welsh's ideas was for the "Big Ten Networks," a satellite/cable television station providing in-depth coverage of sports and the culture of Big Ten. On May 18, 1998, Welsh presented his idea to Big Ten in a written business plan dated May 1998 and annotated "confidential." Shortly after the meeting, Big Ten told Welsh that it had decided not to pursue a business relationship with him, but, it retained Welsh's materials, despite its confidential nature. Several years later, Big Ten introduced the Big Ten Network and promptly registered the name. The Big Ten Network included several programming ideas that resembled those proposed by Welsh in 1998. Welsh filed suit against Big Ten for committing fraud on the Trademark Office. Welsh argued that his idea for the mark "Big Ten Network" provides a cause of action under the Lanham Act because it was a trade secret, stolen by Big Ten, that was not disclosed to the PTO. The court found that Welsh may have established trade secret rights in the name and concept BIG TEN NETWORK, but "those rights do not automatically translate into trademark rights." *Id.* at 2038.

Here, Petitioner contends that neither Applicant nor its licensee are registered financial advisors with the S.E.C. Whether this is true or not, is of no concern here. This statement has no relation to the trademark rights that are registered. Under *Welch* his theory does not meet the test for fraudulently procuring a registration.

- (2) *Applicant and its Licensee do not have to be registered with any regulatory authority in order to provide Services.*

Petitioner asserts without any authority that Applicant and its licensee must be registered with regulatory authorities in order to provide their financial services. This is utterly wrong. Respondent's designee under Fed. R. Civ. P. 30(b) (6), a financial professional with a Master's Degree in finance and decades of experience in financial advice testified that there are exclusions and exemptions that are provided under relevant laws and regulations. For example, applicable US regulation provides a full and complete exemption from registration for those investment advisors that provide investment advisory services to a limited number of clients.

- (3) *The Board does not have the authority to determine non-Trademark matters.*

The Board is an administrative tribunal of the USPTO. It is not an Article Three court of law. The Board is empowered to determine only the right to register. *See* Trademark Act §§ 17, 18, 20 and 24; 15 U.S.C. §§ 1067, 1068, 1070 and 1092. The Board is not authorized to determine or decide broader questions of law or unfair competition or industry regulation. *McDermott v. San Francisco Women's Motorcycle Contingent*, 81 U.S.P.Q.2d 1212, 1216 (TTAB 2006) (“[T]he Board's jurisdiction is limited to determining whether trademark registrations should issue or whether registrations should be maintained; it does not have authority to determine whether a party has engaged in criminal or civil wrongdoings.”), *aff'd unpub'd*, 240 Fed. Appx. 865 (Fed. Cir. July 11, 2007), *cert. den'd*, 552 U.S. 1109 (2008); *see also, Yasutomo & Co. v. Commercial Ball Pen Co.*, 184 U.S.P.Q. 60, 61 (TTAB 1974) (no jurisdiction to address anti-trust issues); *American-*

International Travel Service, Inc. v. AITS, Inc., 174 U.S.P.Q. 175, 179 (TTAB 1972) (no jurisdiction to determine whether opposer violated non-trademark statutes).

Furthermore, Petitioner directed numerous interrogatories and deposition time in trying to determine whether Respondent knew that the free Internet Classifieds service similar to Craigslist, called *backpage.com*, (where Applicant's licensee advertised the services) was also used by prostitutes to offer their services. Of course Respondent had no knowledge of any other parties that listed on Backpage. This is yet another example of Petitioner's outrageous claims and highlights the frivolous nature of Petitioner's action. In fact, where the Respondent advertises is not the issue. . . *McDermott, supra*. As the Board said in *Kellogg Co. v. New Generation Foods Inc.*, 6 U.S.P.Q.2d 2045, 2047 (TTAB 1988), the Board may hold a registrant's "use in commerce unlawful only when the issue of compliance has previously been determined (with a finding of non-compliance) by a court or government agency having competent jurisdiction under the statute involved, or where there has been a *per se* violation of a statute regulating the sale of a party's goods." *Id.*, citing *Satinine Societa in Nome Collettivo di S.A. e M. Usellini v. P.A.B. Produits et Appareils de Beaute*, 209 U.S.P.Q. 958, 964 (TTAB 1981). Petitioner does not contend, nor can it, that any court or government agency having competent jurisdiction has previously determined that Applicant's or Respondent's Services violate any state or federal laws or regulations. Petitioner does not contend, nor can it, that Respondent's Services are a *per se* violation of any state or federal statute regulating such Services.

As the Board is not empowered to determine whether Applicant's or Respondent's Services violate the Act, Petitioner cannot succeed on its Illegal Operations Theory as a matter of law.

- (4) *Applicant never made any representation as to its regulatory status to the USPTO, so the Board did not reasonably rely on Respondent regulatory position when it issued Applicant its registrations.*

Petitioner must prove by clear and convincing evidence that: (1) the challenged statement was a false representation regarding a material fact, (2) the person making the representation knew that the statement was false, (3) the person had an intent to deceive the USPTO, and (4) there was reasonable reliance on the misrepresentation by the USPTO. Petitioner has not identified any statement in connection with its Illegal Operations Theory that was made by Applicant or its licensee to the USPTO that was a false representation regarding a material fact. Neither Applicant nor its licensee ever stated to the USPTO that there was a registration or regulatory requirement. Consequently, Petitioner cannot prove, nor will it ever be able to prove, by clear and convincing evidence that Applicant made a false representation regarding a material fact that Applicant knew was false, intending to deceive the USPTO. Moreover, Petitioner has no evidence that the USPTO relied on any regulatory factors when it granted Applicant its Registrations. In fact, as described earlier, Applicant and respondent benefited from applicable regulatory exemptions.

Given that: (1) Applicant's licensee employed registered financial advisors, and (2) registered financial advisors were not even necessary in order for Applicant's licensee to provide lawful Services due to applicable exemptions, and (3) the Board is not authorized to determine or decide whether Respondent's actions violated regulation or law, and (4) Petitioner has not identified even one statement made by Applicant to the USPTO respecting regulation., and (5) Petitioner is unable to prove that the USPTO relied on the Applicant's or Respondent's regulatory status when it issued the registrations at issue, Petitioner's Operations Theory fails as a matter of law.

- C. Applicant's licensee was using the respective EF HUTTON marks in connection with the Services at least as early as the filing date of the Statement of Use.

Petitioner's final Lack of Use on All Services Theory is that Applicant was not using the respective EF HUTTON marks in connection with each and every one of the Services as of the filing date of the Statement of Use. And for this reason, Applicant committed fraud on the Trademark

Office. Again Petitioner misses the point. Not providing all of the services, even if true, does not rise to the level of fraud on the USPTO. Petitioner needs to provide clear and convincing evidence that Applicant submitted its Statement of Use *knowing* that it was not providing all of its services, *and intentionally misrepresented* to the USPTO that Applicant was providing all of its Services with the *willful intention* to defraud the USPTO and that the USPTO *relied on* this statement in granting the registration certificate. *In re Bose Corp.*, 91 U.S.P.Q.2d at 1939. This Petitioner cannot do because it never took testimony from Applicant. Thus, it has no direct evidence of fraud to submit.

Even presuming *arguendo* that Petitioner has evidence showing that Applicant did not provide all of the Services prior to submitting its Statement of Use, this is not enough to prove Applicant committed fraud on the USPTO. The Federal Circuit in *Bose* was presented with this exact question. In that case, the Board had evidence that Bose had not sold any audio tape recorders and players when it filed its Section 8/9 renewal. The Board cancelled Bose's registration stating that when Bose filed its renewal, it knew, or should have known, that it was not selling audio tape recorders and players and the fact that it was not, was fraud on the Trademark Office. On appeal, the Federal Circuit rejected the Board's "knew or should have known" threshold for finding fraud on the USPTO by saying "equating 'should have known' of the falsity with a subjective intent, the Board erroneously lowered the fraud standard to a simple negligence standard. We have previously stated that '[m]ere negligence is not sufficient to infer fraud or dishonesty.'" *Id.* at 1940.

The Board in a number of other cases determined that there was no fraud where a mark was not in use on *all* of the goods listed in a registration. *See, e.g., The Proctor & Gamble Co. v. Econ. Lab., Inc.*, 175 U.S.P.Q. 505 (TTAB 1072) (registration of a mark for products defined as "sudsing cleanser, cleanser and detergent," when the mark was only used on a detergent product, did not give rise to fraud); *Rogers Corp. v. Fields Plastics & Chems., Inc.*, 176 U.S.P.Q. 280 (TTAB 1972), *aff'd*, 496 F.2d 880, 181 U.S.P.Q. 169 (CCPA 1974) (no fraud from over-inclusive list of goods); *Alcan Aluminum Corp. v. Alcar Metals, Inc.*, 220 U.S.P.Q. 742 (TTAB 1978) (no fraud from over-inclusive

list of goods; non-use on some goods listed was result of good faith belief with no intent to deceive); *Space Base Inc. v. Stadis Corp.*, 17 U.S.P.Q.2d 1216 (TTAB 1990) (No fraud on Trademark Office from over-broad recitation of services because mark was actually in commerce in connection with some recited services); *Edison Bros. Stores, Inc. v. Cosmair, Inc.*, 651 F. Supp. 1547, 2 U.S.P.Q.2d 1013 (S.D.N.Y. 1987) (identification including all sorts of clothing items, when mark was only used in connection with pants, was not fraud justifying cancellation of registration because erroneous statement was made honestly and was not material to the registration).

As espoused in *In re Bose*, the Federal Circuit has consistently acknowledged a distinction between a false statement and a fraudulent statement. See e.g., *Metro Traffic Control v. Shadow Network Inc.*, 41 U.S.P.Q.2d 1369, 1043 (Fed. Cir. 1997) (“If it can be shown that the statement was a ‘false misrepresentation’ occasioned by an ‘honest’ misunderstanding, inadvertence, negligent omission or the like rather than one made with a willful intent to deceive, fraud will not be found.”); *Kemin Indus., Inc. v. Watkins Prods., Inc.*, 192 U.S.P.Q. 327, 329 (TTAB 1976) (“There is, however, a material legal distinction between a ‘false’ representation and a ‘fraudulent’ one, the latter involving an intent to deceive, whereas the former may be occasioned by a misunderstanding, an inadvertence, a mere negligent omission, or the like.”). So, in order for Petitioner to survive this Motion for Summary Judgment, it has to provide the Board with clear and convincing evidence proving Applicant’s subjective intent to deceive the USPTO, which “is an indispensable element in the analysis.” *Id.* at 1941.

Petitioner cannot point to one misrepresentation by Respondent or Applicant that rises to the level of fraud. Unless the challenger can point to evidence to support an inference of deceptive intent, it has failed to satisfy the clear and convincing evidence standard required to establish a fraud claim. The allegation that Respondent currently does not offer all of the services identified in its registration is insufficient because it lacks details regarding which statement(s) made by respondent before the USPTO were purportedly false at the time respondent filed its application. *Media Online*

Inc. v. El Clasificado Inc., 88 U.S.P.Q.2d 1285 (TTAB 2008). With no evidence to support its allegation, Petitioner's Lack of Use on All Services Theory fails as a matter of law.

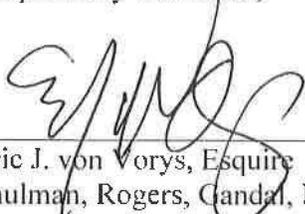
VII. CONCLUSION.

Petitioner alleged three theories how Applicant committed fraud on the Trademark Office. After copious discovery none of its theories come close to being true. Petitioner has not met its burden to prove by clear and convincing evidence that: (1) Applicant made any challenged statement that was a false representation regarding a material fact, (2) Applicant knew that the statement was false, (3) Applicant had an intent to deceive the USPTO and willfully made a false statement, and (4) there was reasonable reliance on the misrepresentation by the USPTO. Without meeting its high burden of providing clear and convincing evidence, each and every one of Petitioner's fraud theories all fail as a matter of law. Moreover, Petitioner is aware of Respondent's prior rights in the EF HUTTON name. Petitioner can never hope to ultimately prevail against Respondent's existing rights in the EF HUTTON mark. As such, Petitioner's action is pointless and therefore frivolous.

WHEREFORE, Respondent E.F. Hutton Group, Inc. prays that the Board GRANT its Motion, that Petitioner's cancellation be denied and that Cancellation No. 92/055795 be dismissed in its entirety with prejudice.

Dated: February 25, 2014

Respectfully submitted,



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