

UNITED STATES PATENT AND TRADEMARK OFFICE
Trademark Trial and Appeal Board
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Mailed: December 1, 2014

Cancellation No. 92058315

State of Michigan

v.

M22, LLC

By the Board:

This proceeding is before the Board for consideration of respondent's July 25, 2014 motion to dismiss, in part, petitioner's second amended petition to cancel. The motion is fully briefed.

In lieu of filing an answer to the second amended petition, respondent filed a motion to dismiss for failure to state a claim upon which relief can be granted pursuant to Fed. R. Civ. P. 12(b)(6).¹

The Board presumes familiarity with the parties' respective properties and their arguments germane to the motion to dismiss, and does not restate them herein.

Analysis

¹ Respondent's August 13, 2014 filing is not captioned as, and is not in substance, a reply brief on its motion to dismiss. The Board has considered the filing, but such consideration does not impact the findings on the merits of the motion to dismiss.

As the Board noted in its May 31, 2014 order, 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.² See TBMP § 503.02 (2014), and cases cited therein. To survive a motion to dismiss, a plaintiff need only allege sufficient factual matter as would, if proved, establish that 1) the plaintiff has standing to maintain the proceeding,³ 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). See also TBMP § 503.02 (2014). 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*, 556 U.S. 662, 129 S.Ct. 1937, 1949-50 (2009), quoting *Bell Atlantic Corp. v. Twombly*, 550 U.S. 544, 570 (2007). For purposes of determining a motion to dismiss for failure to state a claim upon which relief can be granted, all of the plaintiff’s well-pleaded allegations must be accepted as true, and the complaint must be construed in the light most favorable to the plaintiff. See *Advanced Cardiovascular Systems Inc. v. SciMed Life Systems Inc.*, 988 F.2d 1157, 26 USPQ2d 1038, 1041 (Fed. Cir. 1993); *Otto Int’l Inc. v. Otto Kern GmbH*, 83 USPQ2d 1861, 1862 (TTAB 2007).

Respondent challenges the second amended petition to cancel with respect to certain of the grounds that are set forth therein.

² Whether petitioner can present arguments and evidence to prove its allegations is a matter for determination at trial.

³ Petitioner’s pleading of its standing is not at issue at this point in the proceeding.

Unlawful use in commerce (both registrations)

Petitioner did not include this ground in its first amended petition, but included this ground in its second amended petition.

To plead this ground, petitioner must sufficiently allege that respondent's use is unlawful, and that the noncompliance with applicable law is such that the usage could create no trademark rights. *See, e.g., Automedx Inc. v. Artivent Corp.*, 95 USPQ2d 1976 (TTAB 2010), *citing General Mills Inc. v. Healthy Valley Foods*, 24 USPQ2d 1270 (TTAB 1992).

By way of paragraphs 13 through 25, petitioner sets forth allegations which sufficiently allege that respondent's use of its marks is not lawful use in commerce. Petitioner alleges, *inter alia*, that the federal Manual on Uniform Traffic Control Devices (MUTCD) is the law governing all traffic control devices, that the law regulates the use of traffic control devices and device designs, that the law regulates the use of petitioner's M-22 sign and that said sign is regulated by said law, that the law provides in pertinent part that the M-22 sign is in the public domain and shall not be protected by a trademark, and that granting exclusive rights to use the M-22 sign under the Lanham Act violates applicable provisions of the Federal Highway Safety Act of 1966 regulations under the MUTCD.

In view of these findings, respondent's motion to dismiss is denied.

Abandonment (both registrations)

Petitioner did not include this ground in its first amended petition, but included this ground in its second amended petition.

To plead the ground of abandonment, a plaintiff must sufficiently allege nonuse of a mark with intent not to resume such use. Nonuse in the United States for three consecutive years establishes a prima facie case and rebuttable presumption of abandonment. Trademark Act § 45, 15 U.S.C. § 1127. *See also Crash Dummy Movie LLC v. Mattel Inc.*, 601 F.3d 1387, 94 USPQ2d 1315, 1316 (Fed. Cir. 2010); *On-line Careline Inc. v. America Online Inc.*, 229 F.3d 1080, 56 USPQ2d 1471, 1476 (Fed. Cir. 2000). A plaintiff may also plead that a course of conduct of the owner of a mark has caused the mark to lose its significance as an indication of origin; the course of conduct can include acts of omission as well as acts of commission. *See, e.g., Woodstock's Enterprises Inc. (California) v. Woodstock's Enterprises Inc. (Oregon)*, 43 USPQ2d 1440, 1445-46 (TTAB 1997), *aff'd mem.*, 152 F.3d 942 (Fed. Cir. Mar. 5, 1998).

With respect to Registration No. 3348635, petitioner sets forth factual allegations which sufficiently state a claim of abandonment in paragraphs 29 through 31. Specifically, petitioner alleges that respondent stopped use of the mark in association with the goods, with no intent to resume such use.

With respect to Registration No. 3992159, petitioner sets forth factual allegations which sufficiently state a claim of abandonment in paragraphs 33 through 35. Specifically, petitioner alleges that certain of respondent's

activities, as detailed in paragraphs 34 and 35, have caused the mark to lose significance as a source identifier.

In view of these findings, respondent's motion to dismiss is denied.

Misrepresentation of Source (both registrations)

With respect to petitioner's first amended petition to cancel, the Board granted respondent's motion to dismiss this claim.

To plead a claim of misrepresentation of source pursuant to Trademark Act § 14(3), a plaintiff must allege blatant misuse of a mark by a defendant in a manner calculated to trade on the goodwill and reputation of plaintiff. Allegations solely of willful use of a confusingly similar mark are insufficient. *See Bayer Consumer Care AG v. Belmora LLC*, 110 USPQ2d 1623, 1632 (TTAB 2014); *Otto Int'l Inc. v. Otto Kern GmbH*, 83 USPQ2d at 1863; *McDonnell Douglas Corp. v. National Data Corp.*, 228 USPQ 45, 47 (TTAB 1985). The pleading must be supported by allegations of blatant misuse, and the claim must go beyond the allegations that typically support a claim of likelihood of confusion under § 2(d). *Otto Int'l Inc. v. Otto Kern GmbH*, 83 USPQ2d at 1863.

In the allegations in paragraphs 46 through 57, petitioner sets forth factual allegations that are sufficiently detailed to put respondent on notice of the basis for the claim, and that sufficiently allege this ground for cancellation of both registrations.

In view of these findings, respondent's motion to dismiss is denied.

Fraud on the USPTO (both registrations)

With respect to petitioner's first amended petition to cancel, the Board granted respondent's motion to dismiss this claim.

Fraud in procuring a trademark registration occurs when an applicant for registration knowingly makes a specific false, material representation of fact in connection with an application to register, with the intent of obtaining a registration to which it is otherwise not entitled. See *In re Bose Corp.*, 580 F.3d 1240, 91 USPQ2d 1938 (Fed. Cir. 2009); *Qualcomm Inc. v. FLO Corp.*, 93 USPQ2d 1768, 1770 (TTAB 2010). Fraud on the USPTO, 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).

A claim of fraud must set forth all elements of the claim, that is, the specific circumstances constituting fraud, with a heightened degree of particularity in accordance and full compliance with Fed. R. Civ. P. 9(b), which is made applicable to Board proceedings by Trademark Rule 2.116(a). See *Asian and Western Classics B.V. v. Selkow*, 92 USPQ2d 1478, 1478 (TTAB 2009). To satisfy Fed. R. Civ. P. 9(b), allegations based on "information and belief" must be accompanied by a statement of the specific facts upon which the belief is reasonably based. *Id.*, at 1479, citing *Exergen Corp. v. Wal-Mart Stores Inc.*, 575 F.3d 1312, 91 USPQ2d 1656, 1670 (Fed.

Cir. 2009). *See also Petroleos Mexicanos v. Intermix SA*, 97 USPQ2d 1403, 1407 (TTAB 2010). Intent to deceive the USPTO is a specific and indispensable element of a fraud claim, and must be sufficiently pleaded. *In re Bose*, 91 USPQ2d at 1939-1940; *Asian and Western Classics B.V. v. Selkow*, 92 USPQ2d at 1479.

Petitioner's first fraud claim is a claim that respondent knowingly and with intent to deceive the USPTO signed the application declaration with knowledge of petitioner's superior rights, and signed with the belief that a likelihood of confusion would result from respondent's use of the mark or with no reasonable basis for believing otherwise. *Qualcomm Inc. v. FLO Corp.*, 93 USPQ2d at 1770; *Intellimedia Sports Inc. v. Intellimedia Corp.*, 43 USPQ2d 1203, 1205 (TTAB 1997). Petitioner sets forth the factual allegations on which its belief is reasonably based. Specifically, in paragraphs 74 and 75, petitioner sufficiently alleges that respondent's marks are confusingly similar to the M-22 sign used by petitioner; in paragraph 71, petitioner sufficiently alleges that its asserted rights in the mark are superior to those of respondent;⁴ and in paragraph 62, petitioner sufficiently alleges that respondent signed the application declaration with knowledge that a likelihood of confusion would result from its use of the mark or with no

⁴ To be clear, the petition to cancel sets forth a claim of priority and likelihood of confusion pursuant to § 2(d) with respect to Registration No. 3992159 only. As noted in the May 31, 2014 order, the previously attempted claim against Registration No. 3348635 is time-barred.

reasonable basis for believing otherwise, and that respondent intended to procure a registration to which it was not entitled.

In view of these findings, respondent's motion to dismiss is denied.⁵

Fraud on the USPTO (Registration No. 3348635)

Petitioner's allegations in paragraphs 63 through 68 do not sufficiently set forth a claim of fraud, nor are the required elements of the claim pleaded elsewhere in the petition so as to support this fraud claim. Petitioner alleges that respondent was not using the mark on all of the identified goods when it filed the underlying application based on Section 1(a); however, petitioner does not put respondent on notice with respect to the particular goods on or in connection with which petitioner alleges that respondent had no use. In addition, petitioner fails to allege that respondent made this specific misrepresentation in the application with the intent to deceive the USPTO. Finally, it is well-settled that an allegation that a defendant "knew or should have known" that it was not using the mark in connection with all identified goods is insufficient. *In re Bose Corp.*, 91 USPQ2d at 1940-41.

In view of these findings, respondent's motion to dismiss is granted.

Geographic Descriptiveness (Registration No. 3992159)

⁵ Petitioner is advised that claims of fraud on the USPTO carry a significantly high burden of proof. Specifically, "the very nature of the charge of fraud requires that it be proven 'to the hilt' with clear and convincing evidence. There is no room for speculation, inference or surmise and, obviously, any doubt must be resolved against the charging party." See *In re Bose, supra, citing Smith Int'l, Inc. v. Olin Corp.*, 209 USPQ 1033, 1044 (TTAB 1981).

With respect to petitioner's first amended petition to cancel, the Board granted respondent's motion to dismiss this claim.

To plead a claim that the mark is primarily geographically descriptive under Trademark Act § 2(e)(2), petitioner must sufficiently allege that: 1) the primary significance of the mark is a generally known geographic place or location; 2) the identified goods and services originate in the geographic place identified in the mark; and 3) purchasers would be likely to make a good-place and services-place association; that is, purchasers would be likely to believe that the goods and services originate in the geographic place identified in the mark. *See In re Societe Generale des Eaux Minerales de Vittel S.A.*, 824 F.2d 957, 959, 3 USPQ2d 1450, 1452 (Fed. Cir. 1987); *In re Joint-Stock Co. "Baik,"* 80 USPQ2d 1305, 1309 (TTAB 2006).

In paragraphs 77 through 79 and 83,⁶ petitioner sufficiently alleges that the primary significance of the mark is the Northern Michigan geographic location; in paragraph 85, petitioner sufficiently alleges that respondent's identified goods originate in the Northern Michigan location; and in paragraph 86, petitioner sufficiently alleges that purchasers are likely

⁶ The Board gives the exhibits submitted with and in the pleading no consideration. With the exception of a registration made of record in a manner set forth in Trademark Rule 2.122(d)(1), exhibits to pleadings are not evidence on behalf of the party to whose pleading they are attached unless identified and introduced in evidence as an exhibit during the assigned period for the taking of testimony. *See* Trademark Rule 2.122(c); TBMP § 317 (2014). Evidentiary matters should not be pleaded in or with a complaint, or filed at any time other than the petitioner's assigned time for submitting evidence, i.e., its assigned testimony period. *See* TBMP Chapter 700, generally.

to believe that respondent's identified goods originate in the Northern Michigan location.

In view of these findings, respondent's motion to dismiss is denied.

Summary

Pursuant to the Board's adjudication of respondent's two motions to dismiss for failure to state a claim, this proceeding will now proceed on the following well-pleaded grounds for cancellation of both registrations: 1) mark is not in lawful use in commerce; 2) abandonment; 3) false suggestion of a connection; 4) misrepresentation of source; 5) mark is an insignia of a state or municipality; 6) fraud based on signing of application declaration with knowledge of another entity's superior rights. Moreover, this proceeding involves the following grounds for cancellation of Registration No. 3992159 only: 1) priority and likelihood of confusion; 2) mark is geographically descriptive.

Time to Answer; Schedule

Proceedings are resumed.⁷ Respondent is allowed until thirty days from the mailing date of this order in which to file its answer to the second amended petition to cancel, with the exception of the second fraud claim therein (paragraphs 63 through 68).

⁷ This cancellation proceeding was instituted over a year ago, and remains at the pleading stage due to, among other things, petitioner's original pleading of claims that are statutorily time-barred, and adjudication of respondent's motions to dismiss which argue, in part, the merits of petitioner's allegations. At this point in the proceeding, the Board expects that the parties will engage in sincere and focused efforts to settle, and/or will proceed with respect to the well-pleaded grounds.

Discovery and settlement conference, discovery, and trial dates are reset as indicated below:

Deadline for Required Discovery Conference	2/4/2015
Discovery Opens	2/4/2015
Initial Disclosures Due	3/6/2015
Expert Disclosures Due	7/4/2015
Discovery Closes	8/3/2015
Plaintiff's Pretrial Disclosures due	9/17/2015
Plaintiff's 30-day Trial Period Ends	11/1/2015
Defendant's Pretrial Disclosures due	11/16/2015
Defendant's 30-day Trial Period Ends	12/31/2015
Plaintiff's Rebuttal Disclosures due	1/15/2016
Plaintiff's 15-day Rebuttal Period Ends	2/14/2016

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 the taking of testimony. Trademark Rule 2.125. Briefs shall be filed in accordance with Trademark Rules 2.128(a) and (b). An oral hearing will be set only upon request filed as provided by Trademark Rule 2.129.