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A PRECEDENT OF THE  
TTAB

UNITED STATES PATENT AND TRADEMARK OFFICE  
Trademark Trial and Appeal Board  
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BUO

Mailed: January 19, 2016

Cancellation No. 92059992

*Spoonjack LLC*

*v.*

*Donald J. Trump*

**By the Trademark Trial and Appeal Board:**

Now before the Board is Petitioner's request for reconsideration of the Board's order granting Respondent's motion to dismiss the petition to cancel for failure to state a claim upon which relief can be granted under Fed. R. Civ. P. 12(b)(6). In that order, the Board found that Petitioner failed to sufficiently plead its sole claim, asserting fraud.

Petitioner argues that "the Board's decision is in error and warrants reconsideration pursuant to 37 CFR § 2.127(b)," inasmuch as it "is inconsistent with binding Board precedent." 11 TTABVUE 2. Petitioner avers that by the decision for which reconsideration is sought "the Board has effectively found that fraud in the filing of a Section 15 declaration for incontestability does not constitute grounds for cancellation of the involved registration." *Id.* Respondent contests the request for reconsideration, stating that "[b]ased on plain reading of the [sic] Sections 14 and 15 of the Lanham Act and the Federal Circuit's landmark decision in *In re Bose*

*Corp.*, 580 F.3d 1240, 91 USPQ2d 1938 (Fed. Cir. 2009), the Board properly held that the allegedly fraudulent statements contained in the Section 15 declaration in this matter cannot support cancellation of the registration based on fraud.” 12 TTABVUE 2-3. Respondent thus concludes that “the Motion for Reconsideration should be denied because it merely rehashes an argument that is wrong on the law and has already been soundly rejected by the Board.” *Id.* at 3. This issue is fully briefed.<sup>1</sup>

### ***Background***

Spoonjack LLC (“Petitioner”) filed a petition to cancel Registration No. 3391095 (“the ’095 registration”) owned by Donald J. Trump (“Respondent”), for the mark TRUMP, in standard character format, for use with “entertainment services, namely, ongoing unscripted television programs in the field of business, business disputes, and dispute resolution,” in International Class 041.<sup>2</sup>

The petition to cancel alleges that the ’095 registration has been maintained fraudulently inasmuch as “Registrant knowingly made a material misrepresentation to the PTO in order to obtain incontestability for Registration No. 3391095.” 1 TTABVUE 4, ¶ 9. Petitioner advances the following allegations as the basis for its fraud claim, based on the parties’ involvement in an earlier Opposition proceeding:

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<sup>1</sup> Petitioner’s reply brief is noted.

<sup>2</sup> Issued March 4, 2008, from an application filed April 16, 2007.

4. On February 21, 2012, along with its answer to the notice of opposition [filed in Opposition No. 91203345], Petitioner [as applicant in the opposition] filed a counterclaim to cancel, *inter alia*, Registration No. 3391095.
5. On February 28, 2014, while Petitioner's counterclaim was pending, Registrant filed a Combined Declaration of Use and Incontestability under Sections 8 & 15 for Registration No. 3391095. In that filing Registrant represented to the PTO that there was, at that time, no proceeding involving Registrant's right to register the mark, for the listed services, pending and not disposed of either in the Patent and Trademark Office or in the courts. Registrant verified such with a declaration pursuant to 37 C.F.R. §2.20.<sup>3</sup>

...

7. The representation Registrant made to the PTO on February 28, 2014, was false given that Petitioner's counterclaim to cancel Registration No. 3391095 was pending in proceeding no. 91203345.

...

9. Registrant knowingly made a material misrepresentation to the PTO in order to obtain incontestability for Registration No. 3391095, a right to which Registrant is not entitled.

...

12. Registrant made the representation with the intent to deceive the PTO.

1 TTABVUE 3-4.

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<sup>3</sup> Respondent's combined Declaration of Use and Incontestability under Trademark Act Sections 8 and 15, 15 U.S.C. §§ 1058 and 1065, was accepted (Section 8) and acknowledged (Section 15) on March 20, 2014. However, Respondent voluntarily petitioned the Director to abandon his Declaration of Incontestability on September 24, 2014, which was subsequently granted on December 10, 2014.

In lieu of filing an answer in this Cancellation proceeding, Respondent filed its motion to dismiss the petition to cancel under Fed. R. Civ. P. 12(b)(6), which Petitioner contested. Although the Board found that Petitioner sufficiently pleaded its standing, and had indeed sufficiently alleged facts regarding a specific false statement made by Respondent, with the requisite intention to deceive the USPTO, the Board also determined that Petitioner failed to sufficiently allege facts regarding the materiality of the alleged false statement with respect to obtaining or maintaining the involved registration. The Board, therefore, granted the motion to dismiss. This request for reconsideration ensued.

***Request for Reconsideration***

Generally, the premise underlying a request for reconsideration, modification or clarification under Trademark Rule 2.127(b) is that, based on the facts before it and the prevailing authorities, the Board erred in reaching the decision it issued. Such a motion may not properly be used to introduce additional evidence, nor should it be devoted simply to a reargument of the points presented in a brief on the original motion. Rather, the motion should be limited to a demonstration that based on the facts before it and the applicable law, the Board's ruling is in error and requires appropriate change. *See Vignette Corp. v. Marino*, 77 USPQ2d 1408, 1411 (TTAB 2005).

Section 15 of the Trademark Act, 15 U.S.C. § 1065 states, in relevant part:

... the right of the owner to use such registered mark in commerce for the goods or services on or in connection with which such registered mark has been in continuous use for five consecutive years subsequent to the date of

such registration and is still in use in commerce, shall be incontestable: Provided, That—

...

(2) there is no proceeding involving said rights pending in the United States Patent and Trademark Office or in a court and not finally disposed of.

A. Fraud

Adequate pleading of a fraud claim requires the allegation of a specific false statement of material fact by the defendant made in obtaining or maintaining the involved registration with the intent to deceive the USPTO. *See In re Bose Corp.*, 91 USPQ2d at 1941. An allegation of fraud must assert the elements of fraud with particularity in accordance with Fed. R. Civ. P. 9(b). Under Rule 9(b), together with Fed. R. Civ. P. 11 and USPTO Rule 11.18, “the pleadings [must] contain explicit rather than implied expression of the circumstances constituting fraud.” *Asian and Western Classics B.V. v. Selkow*, 92 USPQ2d 1478 (TTAB 2009) (citing *King Auto., Inc. v. Speedy Muffler King, Inc.*, 667 F.2d 1008, 212 USPQ 801, 803 (CCPA 1981)).

The prevailing case on this issue, as Petitioner cites, is *Crown Wallcovering Corp. v. Wallpapers Mfrs. Ltd.*, 188 USPQ 141 (TTAB 1975). In *Crown Wallcovering* the Board held:

[I]t is clear that the filing of a fraudulent Section 15 affidavit would enable a registrant to obtain a new right, namely, incontestability, to which he would not otherwise be entitled; *i.e.*, to obtain the right to have his registration accepted as conclusive evidence, rather than merely *prima facie* evidence, of registrant’s exclusive right to use the registered mark in commerce. Under such circumstances, it is adjudged that the filing of a fraudulent Section 15 affidavit constitutes a ground for

cancelation[sic] of the involved registration within the purview of Section 14(c).

*Crown Wallcovering*, 188 USPQ at 144.

However, in its April 1, 2015 order, the Board questioned the materiality of the alleged false statement made by Respondent in the filing of its Section 15 Declaration. 10 TTABVUE 8. The Board reasoned that the filing of a Section 15 Declaration is not material to the procurement or maintenance of a registration and therefore, a false statement made in connection with such a filing could not have the requisite materiality to support a fraud claim. While the question of materiality may not be clear from the quote above, in *Crown Wallcovering* the Board made clear that a claim of fraud must be based on a material misrepresentation:

[I]t is of course well established that 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.

188 USPQ at 144 (citing *Rogers Corp. v. Fields Plastics & Chemicals, Inc.*, 176 USPQ 280 (TTAB 1972); *W. D. Byron & Sons, Inc. v. Stein Bros. Mfg. Co.*, 146 USPQ 313 (TTAB 1965); *De Mert & Dougherty, Inc. v. Chesebrough-Pond's, Inc.*, 348 F.Supp. 1194, 175 USPQ 460 (N.D. Ill. 1972)).

The Board cited to *Rogers Corp.*, 176 USPQ 280, which specifically references the materiality element in a fraud claim: "... the concept of fraud upon the Patent Office, ... signifies a willful withholding from the Patent Office by an applicant or registrant of *material information* or facts which, if transmitted and disclosed to the

examiner, would have resulted in disallowance of the registration sought....” *Crown Wallcovering*, 188 USPQ at 143 (emphasis added). Later, in pointing out the deficiency in the petitioner’s pleading of its alternative fraud claim involving the Section 15 filing, the panel again cited the *Rogers Corp.* decision.

In view thereof, the standard outlined by the Board in *Crown Wallcovering* included the current elements of a false statement and intent, and materiality, *i.e.*, “obtain[ing] that to which the party making the statements would not otherwise have been entitled.” Additionally, although the issue of materiality was not specifically mentioned with respect to the panel’s discussion of the allegedly fraudulent Section 15 Declaration, the subsequent recitation of the elements of a fraud claim and the citation to *Rogers* makes clear that the panel determined that the statements required to be verified for a Section 15 filing would have been “material” in the context of the fraud claim asserted in *Crown Wallcovering*.

In subsequent cases, the Board has held that “[f]raud in obtaining or maintaining a trademark registration ‘occurs when an applicant [or later, registrant] knowingly makes false, material representations of fact in connection with his application,’ or in connection with a Section 8 *and/or* 15 declaration.” *Mister Leonard Inc. v. Jacques Leonard Couture Inc.*, 23 USPQ2d 1064, 1065 (TTAB 1992) (quoting *Torres v. Cantine Torresella S.R.L.*, 808 F.2d 46, 1 USPQ2d 1483, 1484 (Fed.Cir. 1986)) (emphasis added). In the *Mister Leonard* case, the Board concluded that the respondent’s false statement with respect to the use of its mark continuously for the preceding five years with its claimed goods, “was – *vis-a-vis* the

Section 15 portion of the declaration – material in that with this statement, the registration obtained the status of incontestability with regard to bathing costumes for men when it should not have.” *Mister Leonard*, 23 USPQ2d at 1065 (citing *Crown Wallcovering Corp. v. Wall Paper Mfgs. Ltd.*, 188 USPQ at 144)).

Additionally, although the Court of Appeals for the Federal Circuit has not ruled on this particular issue with respect to Section 15 filings, the Court has made clear that “[o]nce a mark has been registered and in continuous use for five consecutive years subsequent to the date of registration, it becomes ‘incontestable’ under the Trademark Act, thus resulting in additional benefits to the owner.” *In re Chippendales USA Inc.*, 622 F.3d 1346, 96 USPQ2d 1681, 1683 n.1 (Fed. Cir. 2010). Therefore, a false statement made in a Section 15 Declaration, inasmuch as it garners an additional benefit to the owner, is material. Thus, such a false statement can support a claim of fraud for cancellation of the involved registration. *See Crown Wallcovering*, 188 USPQ at 144. *See also Volkswagenwerk Aktiengesellschaft v. Advance Welding and Mfg. Corp.*, 193 USPQ 673, 677 (TTAB 1976).

Accordingly, inasmuch as Respondent, through its filing of its Section 15 Declaration of Incontestability, has received an additional benefit in connection with its registration through an alleged false statement made in its Section 15 filing, Petitioner’s claim of fraud is sufficiently pleaded.

In view of the foregoing, the Board’s April 1, 2015 order was in error. Therefore, Petitioner’s request for reconsideration is **GRANTED**, and the Board’s order is

hereby **VACATED**. Consequently, Respondent's motion to dismiss, filed October 30, 2014, is **DENIED**.

B. Timeliness of the Current Petition

In view of the motion to dismiss, it was necessary for the Board to review the pleadings in the prior case and the prior decision in that case, pleaded as the basis for Petitioner's fraud claim herein. Respondent filed the relevant Section 15 affidavit on February 28, 2014, during the pendency of Petitioner's counterclaim in the prior Opposition No. 91203345. On June 3, 2014, Respondent (as counterclaim defendant) filed a motion for summary judgment in the Opposition on the sole ground for Petitioner's counterclaim, specifically, that the mark TRUMP is primarily merely a surname; and on July 8, 2014, Petitioner as counterclaim plaintiff filed a response to that motion for summary judgment. As the subject registration of the counterclaim in the Opposition, the file of Registration No. 3391095 necessarily was of record. Trademark Rule 2.122(b). This would include the Section 15 filing. At no time from February 28, 2014, through the filing of its response to the motion for summary judgment, or anytime thereafter, did Petitioner, as the counterclaim plaintiff, move to amend to add, as an additional basis for the counterclaim, the claim it now asserts in this subsequent cancellation case.

Counterclaims for cancellation of pleaded registrations in Board proceedings are governed by Trademark Rules 2.106(b)(2)(i) and 2.144(b)(2)(i). *See* 37 CFR § 2.106(b)(2)(i) and 37 CFR § 2.144(b)(2)(i). If the grounds for a counterclaim are

learned during the course of the proceeding, through discovery or otherwise, the counterclaim must be pleaded promptly after the grounds therefor are learned. A defendant who fails to timely plead a compulsory counterclaim cannot avoid the effect of its failure by thereafter asserting the counterclaim grounds in a separate petition to cancel. In such a case, the separate petition will be dismissed, on motion, on the ground that the substance of the petition constitutes a compulsory counterclaim that ought to have been raised in another proceeding, and that it was not timely asserted. TBMP § 313.04 and cases cited therein. *See also Vitaline Corp. v. General Mills Inc.*, 891 F.2d 273, 13 USPQ2d 1172, 1174 (Fed. Cir. 1989) (Trademark Rule requiring the pleading of compulsory counterclaims was “clearly violated” by an assertion of a claim not as a counterclaim in the original proceeding but as a “purportedly new claim in a separate [cancellation] proceeding”).

In view thereof, Petitioner is directed, within **THIRTY DAYS** of the issuance of this order, to show cause why judgment should not be entered against it based on its assertion in this case of an untimely compulsory counterclaim that should have been asserted in Opposition No. 91203345, failing which the petition for cancellation will be dismissed. The proceeding remains otherwise **SUSPENDED**.