

UNITED STATES PATENT AND TRADEMARK OFFICE
Trademark Trial and Appeal Board
P.O. Box 1451
Alexandria, VA 22313-1451
General Contact Number: 571-272-8500

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Mailed: July 1, 2015

Cancellation No. **92060599**

Turn-Key Vacation Rentals, Inc.

v.

Thomas Clark

By the Trademark Trial and Appeal Board:

This matter comes up on Respondent's motion (filed February 13, 2015) to dismiss this proceeding pursuant to Fed. R. Civ. P. 12(b)(6). The motion is contested.¹

Background

On December 24, 2014, Petitioner filed a petition to cancel Registration No. 4340236² on grounds of priority and likelihood of confusion and fraud. By

¹ The notice of appearance (filed February 13, 2015) and change of correspondence (filed April 1, 2015) on behalf of Respondent have been noted and entered.

² For TURNKEY in standard characters for "providing on-line searchable databases for promotion of vacation rental lodgings featuring rental information, namely, property descriptions and images, locations and amenities, availability and rates for vacation rental lodgings; providing a website featuring classified advertisements for temporary lodging by allowing users to post and search postings for booking reservations for vacation rental lodgings and temporary accommodations" in International Class 35, "real estate services, namely, rental of vacation homes and lodging; real estate management services for vacation rental real estate, namely, arranging services for guest check in, cleaning services and maintenance services" in International Class 36, and "providing interactive website that facilitates the management of vacation rental real estate maintenance, cleaning

the Board's institution order of January 5, 2015, Respondent's time to answer the petition was set to February 14, 2015. On February 13, 2015, Respondent served and filed his answer as well as a motion to dismiss the petition. As Respondent's motion was filed concurrently with his answer, it is timely. Fed. R. Civ. P. 12(b); *Wellcome Foundation Ltd. v. Merck & Co.*, 46 USPQ2d 1478, 1479 n.1 (TTAB 1998).

Decision

To withstand a motion to dismiss under Fed. R. Civ. P. 12(b)(6), a plaintiff need only allege sufficient factual content that, if proved, would allow the Board to conclude, or to draw a reasonable inference, that (1) the plaintiff has standing to maintain the proceeding, and (2) a valid ground exists for opposing an application or cancelling a registration. *Doyle v. Al Johnson's Swedish Restaurant & Butik Inc.*, 101 USPQ2d 1780 (TTAB 2012). The complaint, therefore, must allege "enough facts to state a claim to relief that is plausible on its face." *Bell Atlantic Corp. v. Twombly*, 550 U.S. 544, 570, 127 S.Ct. 1955, 1974 (2007). In particular, the claimant must allege well-pleaded factual matter and more than "[t]hreadbare recitals of the elements of a cause of action, supported by mere conclusory statements." *Ashcroft v. Iqbal*, 556 U.S. 662, 678, 129 S.Ct. 1937, 1949 (2009).

and repair services, namely, scheduling local service providers for cleaning and repairs of vacation rental real estate and providing information related thereto" in International Class 37. The underlying application was filed on October 25, 2012, under Section 1(b) of the Trademark Act and registered on the Supplemental Register on May 21, 2013.

Standing

Turning first to the question of standing, Petitioner need only demonstrate that it has a “real interest,” i.e., a personal stake, in the outcome of the proceeding and a reasonable basis for its belief of damage. *Ritchie v. Simpson*, 170 F.3d 1092, 50 USPQ2d 1023, 1025 (Fed. Cir. 1999). A belief in likely damage can be shown by establishing a direct commercial interest. *See Cunningham v. Laser Golf Corp.*, 222 F.3d 943, 55 USPQ2d 1842, 1844 (Fed. Cir. 2000). Here, Petitioner has alleged that it is “in the business of vacation rental property management and leasing” [¶ 1 of Petition for Cancellation], that it operates under the trade name and trademark “TURN-KEY VACATION RENTALS” [¶ 2], that it has promoted its business using said mark [¶ 6], that Respondent filed a trademark application for TURNKEY for “real estate services, namely, rental of vacation homes” [¶ 18] which matured into Registration No. 4340236 [¶ 19], and that Respondent’s mark is so nearly identical to Petitioner’s mark that it is likely to cause confusion, mistake or deception [¶¶ 32 and 39] resulting in “irreparable harm and damage” to Petitioner [¶ 39]. These allegations, if proven, are sufficient to demonstrate Petitioner’s direct commercial interest in this proceeding and, therefore, its standing.³

Priority and Likelihood of Confusion

Pursuant to § 2(d) of the Lanham Act, 15 U.S.C. § 1052(d):

³ Once standing is established with respect to any pleaded ground for cancellation, a plaintiff is entitled to rely on any other available ground for cancellation. *See Petroleos Mexicanos v. Intermix S.A.*, 97 USPQ2d 1403, 1405 (TTAB 2010).

No trademark ... shall be refused registration on the principal register on account of its nature unless it –

- (d) Consists of or comprises a mark which so resembles a mark registered in the Patent and Trademark Office, or a mark or trade name previously used in the United States by another and not abandoned, as to be likely, when used on or in connection with the goods of the applicant, to cause confusion, or to cause mistake, or to deceive.

Thus, a sufficient claim under § 2(d) must allege that the plaintiff has a prior proprietary right, vis-à-vis the defendant, and that the defendant's use of its mark in connection with defendant's goods and/or services is likely to cause confusion with the plaintiff's mark. *See Herbko Int'l v. Kappa Books, Inc.*, 308 F.3d 1156, 1161-62, 64 USPQ2d 1375, 1378 (Fed. Cir. 2002).

Here, Petitioner has alleged trade name and trademark use of TURN-KEY VACATION RENTALS prior to Respondent's use [¶¶ 2, 4, 6, 25⁴, 34, 37 and 39], identity of the parties' marks [¶¶ 25, 28, 32 and 39], identity of the parties' services [¶¶ 25 and 29] and "a substantial likelihood that consumers will be confused" by Respondent's use of its mark [¶¶ 25 and 39]. Accepting these allegations as true and construing the petition in a light most favorable to Petitioner, as the Board must do on a motion to dismiss, *see Fair Indigo LLC v. Style Conscience*, 85 USPQ2d 1536, 1538 (TTAB 2007), the Board finds the priority and likelihood of confusion claim sufficiently pled and hereby **DENIES** Respondent's motion to dismiss this claim.

⁴ It is noted that Petitioner has misnumbered two of the paragraphs immediately following ¶ 30 as ¶¶ 24 and 25. They are not referenced herein.

Fraud

For a claim of fraud, Fed. R. Civ. P. 9(b) requires that a party state with particularity the circumstances constituting the fraud. *See King Automotive, Inc. v. Speedy Muffler King, Inc.*, 667 F.2d 1008, 212 USPQ 801, 803 (CCPA 1981) (“pleadings [must] contain explicit rather than implied expressions of the circumstances constituting fraud”). Pleadings of fraud made “on information and belief” with no allegations of “specific facts upon which the belief is reasonably based” are insufficient. *Exergen Corp. v. Wal-Mart Stores Inc.*, 91 USPQ2d 1656, 1670 (Fed. Cir. 2009). And while Rule 9(b) permits “knowledge” and “intent” to be averred generally, 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 1667.

Petitioner’s claim of fraud is of the *Intellimedia* variety, i.e., that the declaration or oath in a defendant’s application for registration was executed fraudulently because there was another use of the same or a confusingly similar mark at the time the oath was signed. *See Intellimedia Sports Inc. v. Intellimedia Corp.*, 43 USPQ2d 1203, 1206 (TTAB 1997). Such a claim must allege particular facts which, if proven, would establish that 1) there was in fact another user of the same or a confusingly similar mark at the time the oath was signed; 2) the other user had legal rights superior to the applicant’s; 3) the applicant knew that the other user had rights in the mark superior to those of the applicant and either believed that a likelihood of confusion would

result from the applicant's use of its mark or had no reasonable basis for believing otherwise; and that 4) the applicant, in failing to disclose these facts to the U.S. Patent and Trademark Office, intended to procure a registration to which it was not entitled. *Id.*

In reviewing the petition, the Board finds that Petitioner has failed to allege particular facts to make out a sufficient pleading of fraud. First, a claim of fraud based on averments made in a declaration must be tied to the date of attestation rather than the date of filing. *Id.* Second, Petitioner cannot plead Respondent's knowledge and intent based on a mere assertion that Respondent sought to purchase one of Petitioner's domain names prior to his filing for a trademark application. Allegations that Respondent had "constructive notice" because "the name of Petitioner's corporation was a matter of public record in the State of California," that Respondent was aware of Petitioner's rights because Respondent is "an attorney with significant experience in internet businesses and domain names" and in "selecting and marketing internet businesses based on highly-attractive domain names," and that Respondent "knew or should have known that Petitioner was using the name TURN-KEY VACATION RENTALS" when Respondent was "unable to purchase the domain name 'turnkeyvacationrentals.com'" and otherwise "through the exercise of reasonable diligence," are mere conjecture rather than specific allegations of fact and to infer Respondent's knowledge and intent based on such assertions

relies on a negligence standard no longer applied by the Board in determining fraud. *See In re Bose Corp.*, 580 F.3d 1240, 91 USPQ2d 1938 (Fed. Cir. 2009) (subjective intent based on a “should have known” standard is erroneous as it lowers the fraud standard to that of simple negligence); *see also Asian and Western Classics B.V. v. Selkow*, 92 USPQ2d 1478 (TTAB 2009) (allegations of “knew or should have known” implies mere negligence which is insufficient to infer fraud or dishonesty).

In view thereof, Respondent’s motion to dismiss is hereby **GRANTED** as to Petitioner’s fraud claim.

As it is the general practice of the Board to allow a party an opportunity to correct a defective pleading, particularly when the pleading is the initial one, *see Miller Brewing Co. v. Anheuser-Busch Inc.*, 27 USPQ2d 1711, 1714 (TTAB 1993), **Petitioner is hereby allowed until JULY 31, 2015, to file an amended petition for cancellation with leave to replead its fraud claim if Petitioner believes it has a basis for doing so.**

Dates are **RESET** as follows:

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|---------------------------------------|-------------------|
| Amended Petition for Cancellation Due | 7/31/2015 |
| Time to Answer | 8/31/2015 |
| Deadline for Discovery Conference | 9/30/2015 |
| Discovery Opens | 9/30/2015 |
| Initial Disclosures Due | 10/30/2015 |
| Expert Disclosures Due | 2/27/2016 |
| Discovery Closes | 3/28/2016 |
| Plaintiff’s Pretrial Disclosures Due | 5/12/2016 |
| Plaintiff’s 30-day Trial Period Ends | 6/26/2016 |
| Defendant’s Pretrial Disclosures Due | 7/11/2016 |
| Defendant’s 30-day Trial Period Ends | 8/25/2016 |
| Plaintiff’s Rebuttal Disclosures Due | 9/9/2016 |

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 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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