

ESTTA Tracking number: **ESTTA659389**

Filing date: **03/05/2015**

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

Proceeding	92060599
Party	Plaintiff Turn-Key Vacation Rentals, Inc.
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Date	03/05/2015
Attachments	Cancellation P Resp. to MTD.pdf(225368 bytes)

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

TURN-KEY VACATION RENTALS, INC.,
a California corporation,

Petitioner,

Cancellation No.

v.

Reg. No. 4340236

THOMAS CLARK,
an individual and resident of California,

Mark: TURNKEY

Respondent.

**PETITIONER’S RESPONSE TO
RESPONDENT’S RULE 12(b)(6) MOTION TO DISMISS**

Now comes Petitioner, TURN-KEY VACATION RENTALS, INC. (“Petitioner”), by and through its attorneys, Adler Law Group, and in response to the Motion to Dismiss pursuant to Federal Rule of Procedure 12(b)(6) filed by Respondent THOMAS CLARK (“Respondent”), in lieu of Answer, states as follows:

BACKGROUND

As set forth in detail in Petitioner’s Petition for Cancellation, Petitioner has been in the business of vacation rental property management and leasing since March 2011. (Petition to Cancel, ¶1). Petitioner operates its vacation rental property management and leasing business under the trade name and trademark “TURN-KEY VACATION RENTALS.” (Petition to Cancel, ¶2). On July 2, 2011, Petitioner registered the Internet domain name “turnkeyvacationrental.com.” (Petition to Cancel, ¶3). On February 27, 2012, Petitioner adopted the corporate name “TURN-KEY VACATION RENTALS, INC.” (Petition to Cancel, ¶4). On July 16, 2012, Petitioner registered the domain name “turnkeyvacationrentals.com.” (Petition to Cancel, ¶5). Since at least as early as February

27, 2012, Petitioner has used the trademark “TURN-KEY VACATION RENTALS” and has promoted its business using the mark TURN-KEY VACATION RENTALS. (Petition to Cancel, ¶6). Petitioner has at least 26 domain names related to “TURN-KEY VACATION RENTALS,” including the domain names “turn-keyvacationrental.com,” “turn-keyvacationrentals.com,” “turn-keyvacationrentalsinc.com,” “turn-keyvr.com,” and “turn-keyvacationrentalsinc.com” that Petitioner registered on May 17, 2013. (Petition to Cancel, ¶7). On October 25, 2012, over sixteen (16) months after Petitioner registered “turnkeyvacationrental.com” and over seven (7) months after Petitioner adopted the corporate name “Turn-Key Vacation Rentals, Inc.,” Respondent filed his *Intent to Use* Application Serial Number 85763978 seeking registration of the mark “TURNKEY” for use in connection with, among other things, “real estate services, namely, rental of vacation homes.” (Petition to Cancel, ¶18). At the time Respondent filed Application Serial Number 85763978, Respondent had both actual and constructive notice of Petitioner’s use of the name TURN-KEY VACATION RENTALS for its vacation rental business. (Petition to Cancel, ¶20, 21).

On December 11, 2014, Petitioner filed Application Serial Number 86477775 to register the mark “TURN-KEY VACATION RENTALS” for “Providing information in the field of real estate via the Internet; Providing real estate listings via the Internet; Real estate management of vacation homes; Real estate services, namely, rental of vacation homes; Real estate services, namely, rental of vacation homes, condominiums, cabins, and villas using pay per click advertising on a global computer network; Real estate services, namely, vacation home rental management services” in IC 036. (Petition to Cancel, ¶8).

Respondent, despite having filed an Answer in this matter, now files the present Motion to Dismiss arguing that Petitioner has failed to allege a claim upon which relief can be granted and that Petitioner has failed to allege specific facts supporting Petitioner's allegation that Respondent fraudulently deceived the TTAB in obtaining the registration that is the basis for this action. Petitioner respectfully submits that it has sufficiently pleaded facts that demonstrate its rights in the mark TURN-KEY VACATION RENTALS, its prior use of the mark TURN-KEY VACATION RENTALS in commerce, and its right to bring this cancellation action. Petitioner further submits that it has sufficiently pleaded facts that demonstrate that Respondent fraudulently obtained Registration #4340236.

ARGUMENT

I. Petitioner has adequately pleaded facts supporting both grounds necessary to withstand a motion to dismiss: 1) standing to maintain the proceeding, and 2) existence of a valid ground for cancelling the subject registration.

In order to withstand a motion to dismiss for failure to state a claim, a pleading need only allege such facts as would, if proved, establish that petitioner is entitled to the relief sought, that is, that 1) petitioner has standing to maintain the proceeding, and 2) a valid ground exists for cancelling the subject registration. *Petróleos Mexicanos v. Intermix S.A.* 97 USPQ2d 1403 (TTAB 2010); *Fair Indigo LLC v. Style Conscience*, 85 USPQ2d 1536, 1538 (TTAB 2007); *Young v. AGB Corp.*, 152 F.3d 1377, 47 USPQ2d 1752, 1755 (Fed. Cir. 1998).

For purposes of determining the motion, all of the Petitioner's well-pleaded allegations must be accepted as true, and the complaint must be construed in the light most favorable to Petitioner. *Petróleos Mexicanos*, 97 USPQ2d 1403. The pleading must

be construed so as to do justice, as required by Fed. R. Civ. P. 8(e). *See also Otto Int'l Inc. v. Otto Kern GmbH*, 83 USPQ2d 1861, 1862 (TTAB 2007). In this cancellation proceeding, Petitioner has pleaded facts which taken as true, demonstrate both its standing and valid grounds for cancelling the subject registration.

A. Petitioner has Standing.

To establish its standing, Petitioner must prove that it has a “real interest” in the proceeding and a “reasonable basis” for its belief of damage. To plead a “real interest” in the case, it must allege a “direct and personal stake” in the outcome of the proceeding, and the allegations in support of its belief of damage must have a reasonable basis in fact. *Petróleos Mexicanos*, 97 USPQ2d 1403, citing *Ritchie v. Simpson*, 170 F.3d 1092, 50 USPQ2d 1023, 1027 (Fed. Cir. 1999); TBMP § 309.03(b)(2d ed. rev. 2004). Determining standing is “a threshold inquiry directed solely to establishing interest of the party,” *Lipton Industries, Inc. v. Ralston Purina Co.*, 670 F.2d 1024, 1028 (C.C.P.A.1982), guided by the policy that “the public interest is served ... in broadly interpreting the class of persons ... [allowed] ... to institute cancellation proceedings.” *Id.* at 1030; *Star-Kist Foods, Inc. v. P.J. Rhodes & Co.* 735 F.2d 346, 222 U.S.P.Q. 674 (9th Cir. 1984)

In this proceeding, Petitioner has pleaded facts, which taken as true, demonstrate that it has a “real interest” in the proceeding and a “reasonable basis” for her belief of damage. First, Petitioner has alleged the existence of a real interest. Petitioner has alleged that it made actual, or at least analogous, use of the Turn-Key mark at least as early as July 2, 2011. (Petition to Cancel, ¶35). Petitioner has alleged that it made actual use of “TURN-KEY VACATION RENTALS” at least as early as February 27, 2012. (Petition to Cancel, ¶4). Either date pre-dates the filing date of Respondent’s Intent to

Use application. Petitioner alleged that it continued to use the mark “TURN-KEY VACATION RENTALS” in commerce prior to October 18, 2012, the date that Respondent filed its Intent to use trademark application (Petition to Cancel, ¶18). Petitioner has clearly and succinctly alleged **priority of use** in its trade name “TURN-KEY VACATION RENTALS, Inc.,” the dominant portion of which is identical in overall sound, meaning and commercial impression to Respondent’s mark “TURNKEY.” (Petition to Cancel, ¶27). Petitioner has clearly and succinctly alleged priority of use in the trademark “TURN-KEY VACATION RENTALS,” the dominant portion of which is identical in overall sound, meaning and commercial impression to Respondent’s mark “TURNKEY.” (Petition to Cancel, ¶28).

Second, Petitioner has alleged a “reasonable basis” for its belief of damage. Petitioner alleged that on September 5, 2012, Respondent sent email correspondence to Bonnie Worthington (the principal and sole shareholder of Turn-Key Vacation Rentals, Inc., Petitioner herein) asking if she was interested in selling the domain name “turnkeyvacationrentals.com.” (Petition to Cancel, ¶16). A true and correct copy of the September 5, 2012 email correspondence between Respondent and Petitioner is attached to the Petition. Petitioner has alleged that Respondent’s offer was refused, that the domain name “turnkeyvacationrentals.com.” was not for sale, and that Petitioner was pursuing plans to use the domain name “turnkeyvacationrentals.com,” as well as others associated with it. (Petition to Cancel, ¶17). Despite Respondent’s knowledge of Petitioner’s priority of use and superior rights, Respondent filed his Intent to Use Application Serial Number 85763978 on October 25, 2012, seeking registration of the mark “TURNKEY” for use in connection with, among other things, “real estate services,

namely, rental of vacation homes.” (Petition to Cancel, ¶18). which was subsequently registered (“Registration #4340236”), prompting Petitioner to commence this proceeding. (Petition to Cancel, ¶25).

Further, Petitioner has alleged that Registration #4340236 creates a substantial likelihood that consumers will be confused by Respondent’s use of the Mark resulting in irreparable harm and damage to Petitioner. (Petition to Cancel, ¶39). Petitioner has alleged that Respondent’s mark “TURNKEY” is identical in overall sound, meaning and commercial impression to “TURN-KEY,” the dominant portion of Petitioner’s trade name. (Petition to Cancel, ¶27). Petitioner has alleged that Respondent’s mark “TURNKEY” is identical in overall sound, meaning and commercial impression to “TURN-KEY,” the dominant portion of Petitioner’s trademark “TURN-KEY VACATION RENTALS.” (Petition to Cancel, ¶28). Petitioner has alleged that Respondent’s Class IC 036 services are identical to Petitioner’s Class IC 036 services: “Real estate services, namely, rental of vacation homes and lodging.” (Petition to Cancel, ¶29).

Therefore, Petitioner has alleged facts, which taken as true, demonstrate both a “real interest” in the proceeding and a “reasonable basis” for her belief of damage, satisfying the first part of the test for standing to maintain a cancellation proceeding and withstand a motion to dismiss.

B. Grounds exist for cancelling the subject registration.

Petitioner has alleged facts, which taken as true, demonstrate that it meets the second part of the test set forth above, e.g. that it has valid grounds for cancelling the subject registration. A likelihood of confusion between a petitioner’s mark and

respondent's mark is a valid ground for cancellation of a registration. *Star-Kist Foods, Inc.* 735 F.2d 346, 222 U.S.P.Q. 674. (Summary judgment for petitioner affirmed on issue of whether petitioner had standing to bring petition to cancel alleging that respondent's registration was likely a bar to petitioner's application on likelihood of confusion grounds; pleading and proof of damage not necessary to establish standing). Continued registration of a trademark that impedes a petitioner's own application because of a potential likelihood of confusion is also valid grounds for cancellation of a registration. *Id.*

In this proceeding, Petitioner has pleaded facts, which taken as true, demonstrate that it has a valid ground for cancellation of Respondent's Registration. Like the petitioner in *Star-Kist*, Petitioner filed trademark application Serial No. 86477775 and Respondent's registration will likely be a bar to Petitioner's application on likelihood of confusion grounds because Respondent's mark "TURNKEY" is identical in overall sound, meaning and commercial impression to "TURN-KEY," the dominant portion of Petitioner's trade name and trademark. Like the petitioner in *Star-Kist*, Petitioner has alleged that Registration #4340236 creates a substantial likelihood that consumers will be confused by Respondent's use of the Mark resulting in irreparable harm and damage to Petitioner. (Petition to Cancel, ¶39). Therefore, Petitioner has alleged facts, which taken as true, demonstrate that it has a valid ground for cancellation of Respondent's registration, satisfying the second part of the test for standing to maintain a cancellation proceeding and withstand a motion to dismiss.

C. Petitioner meets the legal standards for a cancellation based on the well-pleaded facts in Petitioner's Petition for Cancellation.

Respondent fails to state the correct legal standard for determining whether one can bring an action for cancellation. Respondent argues that “in order to state claims for priority and use and likelihood of confusion under the Trademark Act Section 2(d),” Petitioner must allege “prior proprietary rights in Respondent’s Mark” and adoption and use of the mark in commerce. Respondent misapprehends the nature of the proceeding.

The present matter is a cancellation action, not an action for “priority and use and likelihood of confusion under the Trademark Act Section 2(d).” To the extent that Respondent is bringing a motion to dismiss pursuant to F.R.C.P. 12(b)(6) for failure to state a claim upon which relief can be granted, the correct legal standard is that set forth in *Petróleos Mexicanos v. Intermix S.A.*, 97 USPQ2d 1403. As set forth in detail above, Petitioner has alleged all the facts necessary to demonstrate both standing to maintain the proceeding, and a valid ground exists for cancelling the subject registration.

Furthermore, Respondent’s arguments in the motion to dismiss misstate or completely ignore the well-pleaded facts contained in the Petition for Cancellation. Petitioner has alleged priority of use: Petitioner has alleged that it made actual, or at least analogous, use of the Turn-Key mark at least as early as July 2, 2011 (Petition to Cancel, ¶35) and Petitioner has alleged that it made actual use of “TURN-KEY VACATION RENTALS” at least as early as February 27, 2012. (Petition to Cancel, ¶4). Respondent’s asserted date of first use is February 1, 2007.¹

II. Petitioner has adequately pleaded facts supporting a claim of Fraud against Respondent.

¹ Evidence of record before the Board in a cancellation proceeding automatically includes the file of the registration at issue. 37 C.F.R. § 2.122(b); *The Cold War Museum Inc. v. Cold War Air Museum, Inc.* 586 F.3d 1358 (Fed.Cir. 2009)

A third party may petition to cancel a registered trademark on the ground that the “registration was obtained fraudulently.” 15 U.S.C. § 1064(3); *In re Bose Corp.*, 580 F.3d 1240, 1243 (Fed. Cir. 2009). “Fraud in procuring a trademark registration or renewal occurs when an applicant knowingly makes false, material representations of fact in connection with his application.” *Bose*, 580 F.3d at 1243 (quoting *Torres v. Cantine Torresella S.r.l.*, 808 F.2d 46, 48 (Fed. Cir. 1986)). Such fraud must be demonstrated by clear and convincing evidence. *Id.* “There is no room for speculation, inference or surmise and, obviously, any doubt must be resolved against the charging party.” *Id.* (quoting *Smith Int’l, Inc. v. Olin Corp.*, 209 U.S.P.Q. 1033, 1044 (T.T.A.B. 1981)).

The party seeking cancellation must identify a deliberate attempt by the registrant to mislead The Patent & Trademark Office (the “PTO”). *Halo Mgmt., LLC v. Interland, Inc.*, 308 F. Supp. 2d 1019, 1031 (N.D. Cal. 2003). Courts have drawn a material legal distinction between “false” and “fraudulent” representations, 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.” *Id.*, 580 F.3d at 1243 (quoting *Kemin Indus., Inc. v. Watkins Prods., Inc.*, 192 U.S.P.Q. 327, 329 (T.T.A.B. 1976)). However, the *Bose* court cautioned that, “because direct evidence of deceptive intent is rarely available, such intent can be inferred from indirect and circumstantial evidence.” *Id.* at 1245 (quoting *Star Scientific, Inc. v. R.J. Reynolds Tobacco Co.*, 537 F.3d 1357, 1366 (Fed. Cir. 2008)) (noting that the “involved conduct, viewed in light of all the evidence must indicate sufficient culpability to require a finding of intent to deceive”).

A. Petitioner has alleged facts that show Respondent knowingly made false, material representations of fact in connection with his application, with the intent to deceive.

In the present case, Petitioner has alleged facts that meet the standards set forth in *Bose* to show that Respondent obtained Registration #4340236 fraudulently. First, Petitioner has alleged facts which, under the circumstances, evidence deception. Petitioner began using the mark prior to Respondent. (Petition to Cancel, ¶6, 25). Respondent had actual knowledge of Petitioner's priority of rights. (Petition to Cancel, ¶16, 17, 20). With full knowledge of Petitioner's superior rights and priority of use of the word "Turn-Key" by Petitioner, Respondent filed an Intent to Use App. #85763978. (Petition to Cancel, ¶18, 20). At the time Respondent filed App. #85763978, **Respondent declared under oath that "[he] believe[d] [himself] to be the owner of the trademark/service mark sought to be registered;" and "to the best of [his] 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."** (Petition to Cancel, ¶25). (Emphasis added)

Second, Petitioner has alleged that Respondent made these false statements with the intent to deceive. At the time he filed App. #85763978 Respondent knew of Petitioner's superior rights and priority of use of the word "Turn-Key." (Petition to Cancel, ¶25). At the time he filed App. #85763978 Respondent knowingly made false, material misrepresentations of fact when filing the Application with the intent to deceive the PTO. (Petition to Cancel, ¶31-38; (due to a paragraph mis-numbering error, the actual ordinal value of the correct paragraph is used)).

As the foregoing demonstrates, Petitioner has alleged facts that identify a deliberate attempt by Respondent to mislead the PTO: he submitted App. #85763978 and made a statement under oath that he knew was false at the time it was made. Furthermore, Petitioner has alleged a willful intent to deceive. A party meets its pleading burden when the “pleadings allege sufficient underlying facts from which a court may reasonably infer that a party acted with the requisite state of mind.” *Meckatzer Löwenbräu Benedikt Weiß KG v. White Gold, LLC* 92 USPQ2d 1537 (TTAB 2009) quoting *Exergen Corp. v. Wal-Mart Stores Inc.*, 575 F.3d 1312, 91 USPQ2d 1656, 1667 (Fed. Cir. 2009). Deceptive intent can be inferred from indirect and circumstantial evidence. *Bose*, 580 F.3d at 1243. It is reasonable to infer that Respondent lied for the purpose of obtaining the registration; Respondent knew of Petitioner’s sue of the . Since Petitioner has alleged specific facts from which a court could infer Respondent’s deceptive intent, Petitioner has met her pleading burden that Respondent obtained Registration #4340236 fraudulently.

B. Respondent incorrectly states the legal standards for an allegation of fraud and ignores the well-pleaded facts in Petitioner’s Petition for Cancellation.

Respondent fails to state the correct legal standard for determining whether one has properly alleged fraud in the procurement of a registration under the standard set forth in *In re Bose*, 580 F.3d 1240. Respondent argumentatively categorizes Petitioner’s allegations as “conclusory statements.” To the extent that Petitioner has alleged certain facts “upon information and belief,” such allegations are circumstantial in nature and serve merely to bolster Petitioner’s specific factual allegations regarding Respondent’s intent to deceive. Such allegations are in addition to the well-pleaded factual allegations

of Respondent's knowledge of Petitioner's superior rights and priority of use of the word "Turn-Key," which is at the heart of this matter. It is the allegation of this knowledge and Respondent's subsequent actions from which Respondent's intent to deceive may be objectively surmised. Without affording any credibility or merit to Respondent's arguments, Petitioner states for the record that it disputes each and every argument advanced in Respondent's Brief in support of her motion to dismiss. Furthermore, Respondent has willfully chosen to ignore the well-pleaded allegations of fact in Petitioner's Petition for Cancellation.

In addition, Petitioner has a proper basis to allege fraud. "If petitioner establishes its standing with respect to any pleaded ground for cancellation, it has the right to assert any other ground as well, that also has a reasonable basis in fact." See, *Lipton v. Ralston Purina*, 670 F.2d at 213; *Enbridge, Inc. v. Excelerate Energy, LP*, 92 USPQ2d 1537, 1543 n.10 (TTAB 2009), citing *Liberty Trouser Co., Inc. v. Liberty & Co.*, 222 USPQ 357, 358 (TTAB 1983).

III. CONCLUSION

This court must deny Respondent's motion to dismiss. First, Petitioner has alleged facts which, if proved, establish that she has a "real interest" in the proceeding: Petitioner's superior rights and priority of use of the word "Turn-Key." Second, Petitioner has alleged facts that establish a "reasonable basis" for its belief that Respondent's registration will likely cause harm to Petitioner: both consumer confusion and as a bar to Petitioner's application on likelihood of confusion grounds. Lastly, Petitioner has alleged facts that Respondent made material misrepresentations of fact in his application and facts from which a court could infer Respondent's deceptive intent.

Accordingly, Petitioner has met its pleading burden that Respondent obtained Registration #4340236 fraudulently. Therefore, Respondent's motion to dismiss must be denied.

WHEREFORE, Petitioner requests that Respondent motion be denied.

Respectfully submitted,

[signed] /david m. adler/ _____
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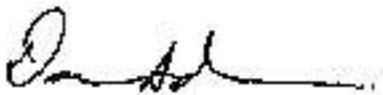
Dated: March 5, 2015

CERTIFICATE OF SERVICE

David M. Adler, an attorney, certifies that pursuant to 28 U.S.C. 1746, under penalties of perjury, he caused a copy of the **PETITIONER'S RESPONSE TO RESPONDENT'S MOTION TO DISMISS** to be served upon:

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by filing electronically using ESTTA, via email by mutual agreement of counsel for the parties, and via US Mail by placing the same in a United States Post Office Box located at 300 Saunders Road, Suite 100, Riverwoods, Illinois 60015, postage prepaid and via Facsimile, this March 5, 2015.



By: _____
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