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

Proceeding	92061951
Party	Plaintiff Chutter, Inc.
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IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
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CHUTTER, INC.,)	
)	
Petitioner,)	CANCELLATION
)	
v.)	NO. 92061951
)	
GREAT CONCEPTS, LLC,)	
)	
Registrant.)	

PETITIONER’S BRIEF IN OPPOSITION
TO REGISTRANT’S MOTION TO DISMISS

Petitioner Chutter, Inc. (“Petitioner”), by and through its undersigned counsel and in accordance with Rule 2.127 of the Trademark Rules of Practice, 37 C.F.R. § 2.127, submits this brief in opposition to “Great Concepts, LLC’s Memorandum of Points and Authorities in Support of Its Motion to Dismiss Chutter, Inc.’s Petition to Cancel Under Federal Rule of Civil Procedure 12(b)(6)” (“Registrant’s Motion”)¹, filed on September 4, 2015, by registrant Great Concepts, LLC (“Registrant”).

INTRODUCTION

The Petition To Cancel in this proceeding raises an issue of fraud, and is based on the actions of Registrant Great Concepts, LLC in connection with the combined

¹ To the best of Petitioner’s knowledge, Registrant has not filed a motion to dismiss per se, only a “memorandum of points and authorities” in support of a motion. Neither TTABVUE nor the papers served by Registrant on Petitioner’s counsel included a separate motion of any type. See Trademark Rule 2.127 (“Every motion must be submitted in written form and . . . shall contain a full statement of the grounds, and shall embody or be accompanied by a brief.”).

Section 8 and 15 declaration regarding Registration No. 2,929,764 (the “Registration”) that was filed on March 8, 2010. In Registrant’s Motion, Registrant admits that the statements in the declaration were “incorrect.” Registrant’s Motion at 2. Those false statements – made by an attorney with first-hand knowledge of their falsity – resulted in the Registration remaining on the Principal Register and allegedly acquiring incontestable status. Petitioner has been damaged by the Registration, has standing to challenge the inexcusable and inexplicable conduct of Registrant and its counsel, and has not previously asserted the claims that are the subject of this proceeding.

In an attempt to avoid having to defend the blatant misconduct of its declarant, Registrant’s Motion asserts three grounds. Registrant claims – notwithstanding clear Board precedent to the contrary – that Petitioner lacks standing to petition to cancel the Registration. Registrant also claims that Petitioner has not pleaded its claim of fraud in sufficient detail, even though the Petition complies in all respects with the Board’s governing precedents regarding pleading fraud. Finally, Registrant argues that the petition is barred by *res judicata* based on a prior petition that asserted different grounds, was premised on different operative facts, was never the result of a ruling on the merits, and was dismissed for procedural reasons. Registrant also clutters its motion with numerous irrelevant and incorrect assertions that do not support Registrant’s Motion.

None of Registrant’s arguments justify dismissal of the petition or Registrant’s apparent position that its attorney may with impunity knowingly make false statements in a Section 8 and 15 declaration. Petitioner has pleaded its claim of fraud with specificity and has more than adequately pleaded its grounds for cancellation.

Petitioner plainly has standing to challenge the Registration, and the claim asserted in its petition has never been the subject of any prior adjudication. Registrant's Motion should be denied in its entirety.

ARGUMENT AND CITATION OF AUTHORITIES

I. Petitioner Has Standing Due to Its Refused Trademark Applications.

Standing is, of course, a threshold requirement in any proceeding. As Registrant acknowledges in its motion, the standing requirement is designed to weed out claims brought by "meddlesome parties" and to ensure that a party that brings a proceeding before the Board has a "real interest" in the proceeding and a "reasonable basis" for its belief of damage. Registrant's Motion at 13.

Petitioner has standing as a matter of law under well-settled Board precedent. As the Board reaffirmed less than a month ago, the fact that Petitioner is the owner of applications that have been rejected under Section 2(d) based on the challenged registration "is sufficient to establish that [Petitioner] has standing to bring the cancellation actions." *Orange Bang, Inc. v. Olé Mexican Foods, Inc.*, Nos. 91189001, 92048698 and 92049127, Slip Op. at 16-17 (TTAB Sept. 10, 2015). See also *ShutEmDown Sports Inc. v. Lacy*, 102 USPQ2d 1036, 1041 (TTAB 2012) (pending application refused registration based on a likelihood of confusion with mark in respondent's registration shows petitioner has real interest in proceeding, and has standing); *DaimlerChrysler Corp. v. American Motors Corp.*, 94 U.S.P.Q.2d 1086, 1087 (TTAB 2010); *Continental Grain Co. v. Strongheart Products Inc.*, 9 USPQ2d 1238, 1239 (TTAB 1988) ("There is no question that petitioner . . . whose applications have

been refused registration by virtue of respondent's registrations, has standing to be heard on the question of cancellation of that registration.”).

In its recitation of “[t]he only statements in the Petition that conceivably have anything to do with standing” (Registrant’s Motion at 14), Registrant tellingly omits paragraph 6 of the petition, which alleges the following:

6. Petitioner is the owner of and applicant in applications Serial Nos. 86-452,290 and 86-452,382, filed on November 12, 2014, for the mark DAN TANA’S for restaurant services in International Class 43 and for marinara sauce in International Class 30, respectively (“Petitioner’s Pending Applications”).

The next paragraph – which is cited by Registrant – contains the following allegation:

7. On March 4, 2015, the U.S. Patent and Trademark Office (“USPTO”) issued Office Actions refusing Petitioner’s Pending Applications under Section 2(d) because of the Registration.

Registrant does not dispute these allegations. In accordance with the precedents cited above, they are sufficient to establish Petitioner’s standing in this proceeding.

The remaining arguments in Section V of Registrant’s Motion, in particular the arguments that Petitioner somehow needs to establish priority to have standing in a proceeding involving fraud (Registrant’s Motion at 12-13, 14-15), are both irrelevant and incorrect.² The Registration has been cited as the basis for Section 2(d) rejections of Petitioner’s pending applications; if the petition to cancel is granted, the rejections will

² In Section V of its brief, Registrant also refers, without any explanation, to “Registrant’s amendment of its date of first use.” Registrant’s Motion at 15. Petitioner is unaware of any such amendment, let alone an amendment that has any relevance to the issues pleaded by Petitioner.

be withdrawn. Petitioner has pleaded sufficient facts to establish its “real interest” and its standing in this proceeding.³

II. Petitioner Has Adequately Pleaded its Fraud Claim.

The allegations of fraud in Petitioner’s Petition to Cancel meet the pleading requirements of Rule 9(b) of the Federal Rules, and are consistent with the Board’s case law regarding pleading fraud. Petitioner has pleaded with particularity the following facts regarding the alleged fraud:

- the “who” – the declarant who signed the combined Section 8 and 15 declaration, attorney Taylor (Petition ¶¶ 11, 22);
- the “what” – the knowingly false statement that there was no pending proceeding involving the right to register or maintain the registration (Petition ¶¶ 22-23);
- the “when” – March 8, 2010 (Petition ¶ 22);
- the “where” – the combined Section 8 and 15 declaration filed with the USPTO (Petition ¶ 22); and
- the “why” – to maintain the Registration and obtain incontestable status (Petition ¶¶ 20-21, 40, 42).

³ Registrant makes a number of misstatements and misguided arguments regarding both the prior litigation between Registrant and Petitioner’s predecessor and the effect thereof on Petitioner’s rights. For example, Registrant seems to take issue with Petitioner’s right to register its mark DAN TANA’S after the prior litigation ended. Registrant’s Motion at 3. But the courts in that litigation found that there was no likelihood of confusion, so nothing about that litigation makes Petitioner’s applications improper in any way. Registrant also tries to distinguish between Petitioner’s pending applications for registration of the DAN TANA’S mark for restaurant services and marinara sauce for standing purposes. Registrant’s Motion at 12-13, 14-15. But there is no relevant distinction; both applications have been rejected based on the Registration.

Petitioner has also detailed the facts demonstrating that the statement was false (Petition ¶¶ 24-28), and that attorney Taylor knew that the statement was false at the time he filed the declaration. Petition ¶¶ 29-33.

As Rule 9 recognizes, “[m]alice, intent, knowledge, and other conditions of a person's mind may be alleged generally.” FED.R.CIV.P. 9(b). Consistent with Rule 9, the Board has confirmed on many occasions that the intent to deceive element of a fraud claim may be averred generally. *See, e.g., DaimlerChrysler Corp.*, 94 U.S.P.Q.2d at 1088. Petitioner’s pleading complies with this rule; it asserts in paragraph 36 that “Attorney Taylor knowingly made the false statement in the Declaration with the intent that the USPTO would rely on it and to induce the USPTO to accept the Declaration” and, in paragraphs 42 and 43, that “Attorney Taylor made the false statement in the Declaration with intent to deceive the USPTO and to thereby obtain benefits for Registrant to which Registrant was not entitled” and that “Attorney Taylor made the false statement in the Declaration with reckless disregard for the truth or falsity of the statement.” Petition ¶¶ 36, 42, 43. Nothing more is required at the pleading stage to state a claim of fraud.⁴

Registrant also argues that Registrant’s false statement in the Section 15 declaration could not have been material. Registrant is incorrect. Upon acceptance of a combined Section 8 and 15 declaration, the registration remains on the register and acquires incontestable status. *Mister Leonard Inc. v. Jacques Leonard Couture Inc.*, 23 U.S.P.Q.2d 1064, 1065 (TTAB 1992); *see also Crown Wallcovering Corp. v. Wall Paper*

⁴ Contrary to Registrant’s suggestion, it is plainly not Petitioner’s burden to plead facts negating the possibility that the false statement was “inadvertent.” Registrant’s Motion at 7. Registrant may attempt to defend the false statement on the grounds it was inadvertent, but it will be Registrant’s burden to establish that at trial.

Manufacturer's Ltd., 188 U.S.P.Q. 141, 144 (TTAB 1975). As the Board has noted in holding that a fraudulent Section 15 declaration constitutes grounds for cancellation:

it 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.

Crown Wallcovering, 188 U.S.P.Q. at 144.

"[W]here a pleading asserts that a known misrepresentation, on a material matter, is made to procure a registration, the element of intent, indispensable to a fraud claim, has been sufficiently pled." *DaimlerChrysler*, 94 U.S.P.Q.2d at 1089. Petitioner has alleged in great detail in paragraphs 24 through 33 of the Petition to Cancel that the Section 15 declaration contained a misrepresentation that "there is no proceeding involving said rights pending and not disposed of either in the U.S. Patent and Trademark Office or in the Courts." As Registrant admits in its motion, this statement in the declaration was false because two different proceedings involving those rights, namely federal court litigation and a cancellation proceeding, were pending at the time the declaration was signed and filed. See Petition ¶¶ 24-27. The misrepresentation was made knowingly because the declaration was signed and filed by an attorney who was Registrant's counsel in the federal court litigation and who made filings in the cancellation proceeding both before and after the misrepresentation. See Petition ¶¶ 29-35. The Board's precedent establishes that a false and fraudulent Section 15 declaration is material for purposes of a fraud claim.

The remaining arguments in Section III of Registrant's Motion relate to disputed factual matters and hypothetical facts that did not occur. Whether Registrant could

have filed a non-fraudulent declaration at some later date, and what that may or may not say about the declarant's intent in filing the admittedly false declaration (e.g., Registrant's Motion at 7, 8, 9), is irrelevant to the adequacy of the pleading and are matters of proof to be addressed during discovery and at trial. Registrant's surprising assertion that the USPTO is "presumed" to have known of the proceedings that were pending at the time of the declaration, Registrant's Motion at 10, is equally unavailing. Standard USPTO practice regarding a Section 15 declaration does not involve any "diligence" on the part of the USPTO regarding pending proceedings⁵ and, even if it did with respect to Board proceedings, there is no conceivable basis for claiming that the USPTO is "presumed" to know the status of pending federal court litigation.

Petitioner has met its burden of pleading the fraud claim with specificity, including generally alleging intent through the assertion of a known misrepresentation on a material matter in order to maintain the Registration and obtain a new right, namely incontestable status for the Registration.⁶

⁵ The Federal Circuit has correctly noted that:

The PTO does not examine the merits of a § 15 affidavit, which is entered into PTO records 'without regard to its substantive sufficiency' as long as it is received at the proper time and lacks facial inconsistencies or omissions. J. Thomas McCarthy, *McCarthy on Trademarks and Unfair Competition* § 19:140 (4th ed. 2013) (citing TMEP § 1605 (8th ed. Oct. 2013)).

Gutier v. Hugo Boss Trade Mark Management GmbH & Co. KG, 555 Fed.Appx. 947, 949 (Fed. Cir. 2014) (affirming cancellation of registrations as to which Section 15 declarations were filed while litigation was pending) (non-precedential).

⁶ Registrant presents arguments on pages 8 and 9 of its brief regarding whether "the USPTO would have radically changed course and cancelled the Registration if the Declaration had correctly identified the pending proceedings" and whether "the USPTO would have changed course and cancelled the Registration" if the declaration had been

III. Petitioner's Fraud Claim Is Based on Transactional Facts That Were Not at Issue in the Prior Cancellation Proceeding.

As its final attack on the viability of the petition to cancel, Registrant argues that the petition is barred by res judicata and/or claim preclusion. However, neither the claim of fraud pleaded in the petition nor the facts on which that claim is based has ever been the subject of any prior proceedings between Petitioner and Registrant or, to the best of Petitioner's knowledge, any legal proceedings of any type before any court, the Board, or any other tribunal. Registrant does not contend to the contrary, and Registrant's arguments make clear that the prior proceedings between Petitioner's predecessor and Registrant were based on different operative facts. Under these circumstances, there can be no plausible claim of res judicata or claim preclusion.

As an initial matter, a defense of res judicata is an affirmative defense that must be pleaded and proven as a factual matter. Fed.R.Civ.P. 8(c)(1). Registrant's attempt to short-cut this requirement is improper; there is no basis on which the Board could find res judicata based on the allegations of the petition to cancel. Registrant's arguments on this issue are, moreover, replete with factual assertions for which there is no support, including most notably Registrant's bald claim (Registrant's Motion at 12) that

filed after termination of the proceedings. Petitioner believes that these arguments reflect a fundamental misunderstanding of the issues. Petitioner has not suggested in its petition or elsewhere that the USPTO would have cancelled the Registration in the hypothetical circumstances posited by Registrant – neither of which occurred. What is clear and indisputable, however, is that the Registration would have been cancelled if the fraudulent combined Section 8 and 15 declaration had never been filed at all and would not have obtained incontestable status if the false statements under Section 15 had not been made. It is equally clear that it would have been impossible to file a Section 15 declaration that “correctly identified the pending proceedings.” Under Section 15, a declaration cannot be filed at all if there are pending proceedings involving the registrant's right to register the mark or keep it on the register. 15 U.S.C. § 1065(2).

Petitioner's predecessor had notice of the fraudulent section 8 and 15 declaration at the time of the prior proceeding on which Registrant relies.

Registrant asserts that the present petition to cancel is based on the "same set of transactional facts" as Cancellation No. 92045947, which was filed in June of 2006 – nearly four years before the facts on which the present petition is based. Yet Registrant implicitly acknowledges that the factual basis of the prior cancellation proceeding was different; it takes Petitioner's predecessor to task for making "no attempt **to amend its petition** in the Prior Cancellation Proceeding to include fraud in the [Section 8 and 15] Declaration as a ground for cancellation." Registrant's Motion at 3, 12 (emphasis added).⁷ By arguing that Petitioner's predecessor should have **amended** the prior petition to include the current claim and the facts on which it is based, Registrant concedes that the facts on which the current claim is based were **not** alleged or at issue in the prior proceeding.

Even a cursory review of the petition for cancellation in the prior proceeding demonstrates that the factual basis for that petition was completely different from the factual basis for the present petition. The first petition was based on a claim under Section 2(a) of the Lanham Act, premised on an alleged false connection with Dan Tana, Petitioner's predecessor, and a claim of fraud in the original prosecution of the

⁷ As noted above, Registrant also argues, without any factual support whatsoever, that Petitioner's predecessor had notice of the fraudulent Section 8 and 15 declaration prior to the termination of the prior cancellation proceeding. Registrant's Motion at 12. There is no basis for this speculative assertion. As a factual contention outside the pleadings, this claim cannot be considered on a motion to dismiss.

application on which the Registration is based.⁸ Cancellation No. 92045947, TTABVUE No. 1. Although the claim of fraud was not well-pleaded, the Board characterized the claim as based on an assertion that Registrant should have volunteered an explanation of the meaning of the mark and whether it identified any living individual. Cancellation No. 92045947, Order dated September 7, 2010, TTABVUE No. 42 at 4-6. What is clear, however, is that the 2006 petition did not contain – and could not contain – any references whatsoever to the Section 8 and 15 declaration filed in March of 2010.

Under the doctrine of claim preclusion, a plaintiff is barred from a “subsequent assertion **of the same transactional facts** in the form of a different cause of action or theory of relief.” *Vitaline Corp. v. General Mills Inc.*, 891 F.2d 273, 13 U.S.P.Q.2d 1172, 1173 (Fed. Cir. 1989) (emphasis added). The Federal Circuit has stated that it is guided by the Restatement of Judgments in determining whether a claim in a particular case is barred by claim preclusion. *Young Engineers, Inc. v. U.S. Int’l Trade Comm’n*, 721 F.2d 1305, 1314 (Fed. Cir. 1983). Accordingly, the Board must consider whether Petitioner’s fraud claim is based on the same “core [or nucleus] of operative facts” or is “on the same, or nearly the same, factual allegations” as those asserted in the prior proceeding. *Jet, Inc. v. Sewage Aeration Sys.*, 223 F.3d 1360, 1363 (Fed. Cir. 2000); see also *United States v. Haytian Rep.*, 154 U.S. 118, 125 (1894) (“One of the tests laid down for the purpose of determining whether or not the causes of action should have

⁸ Registrant repeatedly mischaracterizes the basis of the prior petition as being based on “a mark for restaurant services,” Registrant’s Motion at 1, 10, 12, and even goes so far as to claim – without any colorable factual support – that Petitioner’s predecessor “lost on the merits” the same claim as is asserted in this proceeding. Registrant’s Motion at 1, 10, 11.

been joined in one suit is whether the evidence necessary to prove one cause of action would establish the other.”).

The prior cancellation proceeding contained no claims based on Registrant’s signing and filing with the USPTO a false combined Section 8 and 15 declaration. The facts alleged in the prior cancellation proceeding were distinct in time and space from those alleged in the instant proceeding. None of the facts necessary to establish the claims in the prior proceeding would establish any elements of Petitioner’s fraud claim in this proceeding. Registrant therefore cannot establish the third element necessary for claim preclusion, namely that Petitioner’s claim is based on the same set of transactional facts as the prior proceeding.

In addition, the prior cancellation proceeding was never adjudicated on the merits; it was dismissed following the conclusion of the federal court litigation between the parties, after the petitioner chose not to re-plead its claims after entry of the Board’s September 7, 2010 order. Cancellation No. 92045947, Order dated December 14, 2010, TTABVue No. 45. As the Federal Circuit has stated:

When applying res judicata to bar causes of action that were not before the court in the prior action, due process of law and the interest of justice require cautious restraint. Restraint is particularly warranted when the prior action was dismissed on procedural grounds.

....

Precedent cautions that res judicata is not readily extended to claims that were not before the court, and precedent weighs heavily against denying litigants a day in court unless there is a clear and persuasive basis for that denial.

Kearns v. Gen. Motors Corp., 94 F.3d 1553, 1556, 1557 (Fed. Cir. 1996) (vacating dismissal as to sixteen patents not involved in prior action).

The claim of fraud asserted in Petitioner's petition was not before the Board in the prior cancellation proceeding, and, as Registrant acknowledges, the facts on which that claim is based were not pleaded in the prior proceeding. There is no basis – let alone a “clear and persuasive” basis – for denying Petitioner an opportunity to pursue the claim. Neither the claim asserted by Petitioner nor any portion of it was included in the prior proceeding.

Finally, citing *Rivet v. Regions Bank of La.*, 522 U.S. 470, 476 (1998), Registrant asserts that res judicata bars any claim that “could have been raised” in a prior proceeding – and argues that Petitioner's current claim could have been raised in the prior proceeding. This assertion is exaggerated and an overstatement of the Court's ruling in *Rivet*. In *Rivet*, the Supreme Court was referring to issues that could have been raised in a prior action, and made clear by its citation to and description of *Baker v. General Motors*, 522 U.S. 222 n.5 (1988), that it was referring to “a second action on that [same] claim or any part of it.” (emphasis added). As the authorities cited above demonstrate, the necessary predicate for application of res judicata or claim preclusion is that the claim to be barred must arise out of the same facts. There is no preclusion where, as here, that element is plainly not met.

CONCLUSION

For the foregoing reasons, Petitioner Chutter, Inc. respectfully requests that Registrant's Motion to Dismiss be denied, and that Registrant be required to answer Petitioner's Petition to Cancel.

This 24th day of September, 2015.

Respectfully submitted,

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CERTIFICATE OF SERVICE

This is to certify that I have this day served the foregoing Petitioner's Brief In Opposition To Registrant's Motion To Dismiss upon Registrant, by causing a true and correct copy thereof to be deposited in the United States mail, postage prepaid, addressed to Registrant's counsel of record as follows:

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This 24th day of September, 2015.

/Bruce W. Baber/
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