

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

wbc

Mailed: December 30, 2015

Cancellation No. 92061951

Chutter, Inc.

v.

Great Concepts, LLC

By the Trademark Trial and Appeal Board:

On September 4, 2015, in lieu of an answer, Respondent filed a motion to dismiss Petitioner's claim of fraud under Fed. R. Civ. P. 12(b)(6) for failure to state a claim. The motion has been fully briefed. The Board presumes the parties' familiarity with the factual bases for, and arguments made in relation to, the motion and does not recount them here except as necessary to explain the Board's decision.

A motion to dismiss under Fed. R. Civ. P. 12(b)(6) is a test of the sufficiency of a complaint. *See* TBMP § 503.01 (2015). To survive such a motion, a plaintiff need only allege sufficient factual matter as would, if proved, establish that (1) the plaintiff has standing to maintain the proceeding, 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). 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)). In the context of *inter partes* proceedings before the Board, a claim has facial plausibility when the petitioner pleads factual content that allows the Board to draw a reasonable inference that the petitioner has standing and that a valid ground for the cancellation exists. *Cf. Twombly*, 550 U.S. at 556, 127 S.Ct. at 1955.

To plead a claim of fraud, Petitioner must identify a specific false statement of material fact that Respondent or its predecessor-in-interest made in obtaining or maintaining the involved registration and that such false statement was made with the intent to deceive the USPTO into issuing or maintaining that registration. *See In re Bose Corp.*, 580 F.3d 1240, 91 USPQ2d 1938 (Fed. Cir. 2009). There is no fraud if a false misrepresentation is occasioned by an honest misunderstanding or inadvertence without a willful intent to deceive. *Smith Int'l, Inc. v. Olin Corp.*, 209 USPQ 1033, 1044 (TTAB 1981). Under *In re Bose Corp.*, “a trademark is obtained fraudulently under the Lanham Act only if the applicant or registrant knowingly makes a false, material representation with the intent to deceive the PTO.” *Id.* at 1941. Pursuant to Fed. R. Civ. P. 9(b), any allegations based on “information and belief” must be accompanied by a statement of facts upon which the belief is based. *Asian and Western Classics B.V. v. Selkow*, 92 USPQ2d 1478-1479 (TTAB 2009), citing *Exergen Corp. v. Wal-Mart Stores Inc.*, 91 USPQ2d 1656, 1670 n.7 (Fed. Cir. 2009).

Petitioner alleges, *inter alia*, that Respondent's Section 15 declaration 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" was false; that Respondent's attorney knew the declaration was false; that Respondent was involved in a civil action and a prior Board cancellation action and both were pending at the time the Section 15 declaration was signed; that Respondent's attorney represented it in the civil action, the prior Board cancellation and signed the Section 15 declaration; that Respondent's attorney "knowingly made the false statements in the Declaration with the intent that the USPTO would rely on it and to induce the USPTO to accept the Declaration"; and that the Section 15 declaration was material with respect to the continued validity of the registration.

After careful review of the parties' arguments and submissions, the Board finds that Petitioner has adequately pleaded its fraud claim. Petitioner has alleged with specificity facts that would provide the basis for its belief that Respondent made a false statement, namely the Section 15 declaration, that was material to the Board in maintaining the registration at issue and that Respondent did so with the intent to deceive the USPTO. *See Crown Wallcovering Corp. v. The Wall Paper Manufacturers Ltd.*, 188 USPQ 141, 144 (TTAB 1975); *see also Caymus Vineyards v. Caymus Medical Inc.*, 107 USPQ2d 1519, 1523 (TTAB 2013); *Media Online Inc. v. El Clasificado Inc.*, 88 USPQ 1285, 1287 (TTAB 2008); *Intellimedia Sports Inc. v. Intellimedia Corp.*, 43

USPQ 1203, 1206 (TTAB 1997). Further, an allegation that a Section 15 declaration was fraudulently made can serve as the basis for cancellation of a registration, as the case here. *Crown Wallcovering Corp.*, 188 USPQ at 144 (“[T]he filing of a fraudulent Section 15 affidavit constitutes a ground for cancelation of the involved registration”).

In view of the foregoing, Respondent’s motion to dismiss for failure to state a claim of fraud is **denied**.¹

Notwithstanding the foregoing, Respondent, in addition to arguing that Petitioner’s claim of fraud is improperly pleaded, argues that Petitioner lacks standing to bring this cancellation under the doctrine of *res judicata*. The Board may entertain a summary judgment motion filed prior to initial disclosures that is based upon *res judicata* or collateral estoppel. See Trademark Rule 2.127(e)(1); *Compagnie Gervais Danone v. Precision Formulations LLC*, 89 USPQ2d 1251, 1255 n.7 (TTAB 2009).

Because Respondent’s statements regarding *res judicata* necessarily rely on matters outside the pleadings, e.g., the purported civil actions and resulting court orders and/or Board order dismissing with prejudice a prior cancellation proceeding, the September 4, 2015 motion will be treated as a combined motion

¹ Petitioner is reminded that a party seeking cancellation of a trademark registration for fraudulent procurement bears a heavy burden of proof. *In re Bose Corp.*, 91 USPQ2d at 1939, citing *W.D. Byron & Sons, Inc. v. Stein Bros. Mfg. Co.*, 377 F.2d 1001, 153 USPQ 749, 750 (CCPA 1967). “Indeed, ‘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.” *In re Bose*, 91 USPQ2d at 1939, citing, *Smith Int’l, Inc. v. Olin Corp.*, 209 USPQ 1033, 1044 (TTAB 1981).

to dismiss for failure to state a claim of fraud and a motion for summary judgment. Fed. R. Civ. P. 12(b); *see* TBMP § 503.04 and cases cited therein.

The parties are accordingly notified that Respondent's motion for summary judgment in regard to the issue of whether the doctrine of *res judicata* is applicable to this proceeding, pursuant to Fed. R. Civ. P. 56 and Trademark Rule 2.127(e), 37 C.F.R. § 2.127(e), and the parties may present any material relevant to such a motion. Fed. R. Civ. P. 12(b).

If Respondent desires to submit additional evidence or brief in support of its motion, it has until **January 25, 2016** to serve and file such evidence, affidavits and/or briefs as appropriate under Federal Rule 56(e)(3) and Trademark Rule 2.127(e)(1), only regarding its claim that the petition for cancellation is barred under the doctrine of *res judicata*. If Petitioner desires to submit additional evidence or brief in support of its opposition to the motion, it is allowed until **February 25, 2016** to serve and file such evidence, affidavits and/or briefs as appropriate under Federal Rule 56(e)(3) and Trademark Rule 2.127(e)(1), only regarding Respondent's claim that the petition for cancellation is barred under the doctrine of *res judicata*. The time for Respondent to file a reply brief, if any, shall be in accordance with Trademark Rule 2.127(e)(1).²

² Inasmuch as the motion for failure to state a claim has been decided by this order herein, further briefing on the subject is not necessary. To the extent the parties submit additional briefing and/or evidence in relation to the motion for summary judgment, they should not include additional briefs or evidence related to the subject of failure to state a claim of fraud.