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

Proceeding	92062314
Party	Defendant Downright Healthy Foods L.P.
Correspondence Address	DOWNRIGHT HEALTHY FOODS LP 555 STEEPROCK DRIVE TORONTO, ON M5H 3Y2 CANADA
Submission	Motion to Dismiss - Rule 12(b)
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**IN THE UNITED STATES PATENT AND TRADEMARK OFFICE  
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD**

Trader Joe's Company,	)	
	)	
Petitioner,	)	
	)	Cancellation No. 92062314
v.	)	
	)	Registration No. 3850126
Downright Healthy Foods L.P.,	)	
	)	
Registrant.	)	

**MOTION TO DISMISS**

Pursuant to Federal Rule of Civil Procedure 12(b)(6) and TBMP Rules 316 and 503, Registrant, Downright Healthy Foods L.P., through its undersigned attorneys, hereby moves to dismiss the Petition to Cancel filed by Petitioner, Trader Joe's Company, filed in connection with the above-captioned cancellation proceeding for failure to state claims upon which relief can be granted. As grounds for this motion, Registrant avers as follows:

1. Petitioner's first claim that the underlying application is void *ab initio* for lack of *bona fide* intent to use is improper because the claim is not a statutory ground for cancelling a registration that issued more than five years ago.

2. Petitioner's second claim that registrant committed fraud in the procurement of Registration No. 3850126 fails to allege the elements of fraud sufficient to satisfy the heightened pleading requirements applicable to claims of fraud under Fed. R. Civ. P. 9(b).

3. Petitioner's third claim for abandonment contains nothing more than threadbare recitals of the elements of the cause of action, supported by mere conclusory statements and thus fails to state a plausible claim on its face as required by Rule 12(b)(6).

### **Memorandum of Law**

#### **I. Introduction**

In a cancellation proceeding, the Federal Rules of Civil Procedure apply. *See* 37 C.F.R. § 2.116(a). A motion to dismiss for failure to state a claim upon which relief may be granted is a test solely of the legal sufficiency of a complaint. *See Advanced Cardiovascular Sys. Inc. v. SciMed Life Sys. Inc.*, 26 USPQ2d 1038, 1041 (Fed. Cir. 1993); *see also* Fed.R.Civ.P. 12(b)(6). A petition to cancel “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, 678 (2009) (quoting *Bell Atlantic Corp. v. Twombly*, 550 U.S. 544, 570 (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,” to state a claim plausible on its face. *Iqbal*, 556 U.S. at 678 (citing *Twombly*, 550 U.S. at 555). The primary function of Fed. R. Civ. P. 12(b)(6) “is to allow the court to eliminate actions that are fatally flawed in their legal premise and destined to fail, and thus to spare litigants the burdens of unnecessary pretrial and trial activity.” *Advanced Cardiovascular*, 26 USPQ2d at 1041 (Fed. Cir. 1993).

**II. Petitioner's Ground 1 is not a proper ground for cancellation of the subject registration.**

Petitioner's first ground for cancellation fails to state a cognizable ground for cancellation. A petition to cancel a registration issued on the Principal Register under the Act of 1946, on a ground not specified in Trademark Act Section 14(3) or Trademark Act Section 14(5), 15 U.S.C. § 1064(3) or 15 U.S.C. § 1064(5), must be filed within five years from the date of the registration of the mark. TBMP Rule 307.02(a); *see, e.g., Otto Int'l Inc. v. Otto Kern GmbH*, 83 USPQ2d 1861, 1863 (TTAB 2007) (a claim under Section 2(d) of the Trademark Act is time-barred by Section 14(3) of the Trademark Act). Registration No. 3850126 issued on September 21, 2010. The petition to cancel was filed on September 25, 2015. A lack of a *bona fide* intention to use a mark at the time of filing of an application is not a ground specified in Trademark Act Section 14(3) or Trademark Act Section 14(5), 15 U.S.C. § 1064(3) or 15 U.S.C. § 1064(5). Therefore, the claim that Registrant did not have a *bona fide* intention to use the registered mark at the time the underlying application was filed is barred by Section 14 of the Trademark Act and is not a proper claim for relief. *Caymus Vineyards v. Caymus Med., Inc.*, 107 USPQ2d 1519 (TTAB 2013) (“[O]nce the registration of a mark becomes five years old...the registration can only be challenged on the grounds stated in Section 14 of the Trademark Act, 15 U.S.C. § 1064.”); *Sunrise Jewelry Mfg. Corp. v. Fred S.A.*, 50 USPQ2d 1532, 1534 (Fed. Cir. 1999); *Imperial Tobacco Ltd. v. Philip Morris Inc.*, 14 USPQ2d 1390, 1393 n.5 (Fed. Cir. 1990) (Section 1064(c) is, “in effect, a five year time limit barring certain attacks on a registration. It

should be noted that this section is not dependent on the filing of a declaration under Section 15 which provides incontestable rights of use to a limited extent (15 U.S.C. § 1065).”).

### **III. Petitioner’s Ground 2 fails to plead fraud with particularity.**

Petitioner’s second ground for cancellation fails to plead sufficient facts to make out a claim of fraud. Petitioner’s second ground for cancellation also fails to meet the heightened pleading requirements of Fed. R. Civ. P. 9(b).

“[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.” *In re Bose Corp.*, 91 USPQ2d 1938, 1941 (Fed. Cir. 2009). To constitute an adequate pleading of a fraud claim, the petition to cancel must contain an allegation that a specific false statement of material fact was made in obtaining the involved registration with the intent to deceive the US PTO into issuing that registration. *See Id.*

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.” *King Auto., Inc. v. Speedy Muffler King, Inc.*, 212 USPQ 801, 803 (CCPA 1981). Importantly, “[a]llegations based solely on information and belief raise only the mere possibility that such evidence may be uncovered and do not constitute pleading of fraud with particularity.” *Asian and Western Classics B.V. v. Selkow*, 92 USPQ2d 1478, 1479 (TTAB 2009); *see also Exergen Corp. v. Wal-Mart Stores Inc.*, 91 USPQ2d 1656, 1670 (Fed. Cir. 2009) and cases cited therein.

In Paragraph 6 of the Petition to Cancel, Petitioner identifies a specific statement made during the filing of the underlying application that issued as Registration No. 3850126. Although a specific statement is identified, the Petition to Cancel does not contain any specific allegations as to why this statement is false. Instead, in Paragraph 7 of the Petition to Cancel, Petitioner merely alleges “[u]pon information and belief” that the statement was not true. Not only is this allegation improperly based on information and belief, it provides no facts to support the assertion being made. Similarly, in Paragraph 8 of the Petition to Cancel, Petitioner alleges, again “[u]pon information and belief,” that Registrant has not used the registered mark as of the filing date of the Petition to Cancel. Once again, not only is this allegation improperly based on information and belief, the lack of subsequent use is not a fact that would establish that Registrant lacked a *bona fide* intention to use a mark at the time the underlying application was filed.

The Petition to Cancel also does not contain any specific allegations as to why the allegedly false statement was made knowingly with the intent to deceive the US PTO. *See In re Bose Corp.*, 91 USPQ2d at 1941 (intent to deceive is an indispensable element of the analysis in a fraud case). In Paragraph 9 of the Petition to Cancel, Petitioner alleges that Registrant “knew or should have known” that the statement identified in Paragraph 6 of the Petition to Cancel was “false or misleading.” “[A]lthough Rule 9(b) allows that intent may be alleged 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.” *Asian and Western Classics*, 92 USPQ2d at 1479 (citing *Exergen Corp.*, 91 USPQ2d at 1667, n.4). “Pleadings of fraud which rest solely on

allegations that the trademark applicant or registrant made material representations of fact in connection with its application or registration which it ‘knew or should have known’ to be false or misleading are an insufficient pleading of fraud because it implies mere negligence and negligence is not sufficient to infer fraud or dishonesty.” *Asian and Western Classics*, 92 USPQ2d at 1479 (citing *In re Bose*, 91 USPQ2d at 1940, quoting *Symbol Techs., Inc. v. Opticon, Inc.*, 19 USPQ2d 1241, 1251 (Fed. Cir. 1991)). Thus, the allegation in Paragraph 9 of the Petition to Cancel that Registrant “knew or should have known” that a statement made in the underlying application was false does not satisfy the requirements of Fed. R. Civ. P. 9(b).

In Paragraphs 10, 11 and 12 of the Petition to Cancel, Petitioner merely provides conclusory allegations that the statement in Paragraph 6 “constituted a knowingly false misrepresentation of material fact with the intent to deceive the” US PTO and that “but for” this statement the US PTO would not have approved the underlying application. As before, these “threadbare” allegations lack sufficient specific facts to properly constitute a properly pleaded claim of fraud.

In sum, although Petitioner identifies a specific statement that it believes was false, Petitioner provides no specific facts to support any of the elements of a fraud claim. There are no specific facts that provide a basis for why the statement was allegedly false, whether the allegedly false statement was made with knowledge that it was false or whether the allegedly false statement was material to the examining attorney’s decision to approve the underlying application. Thus, Petitioner has failed to meet the requirements of Fed. R. Civ. P. 9(b) for alleging fraud.

**IV. Petitioner's third claim for abandonment must be dismissed.**

In order to set forth a sufficient claim to cancel the registration of a mark on grounds of abandonment, Petitioner must plead ultimate facts pertaining to the alleged abandonment. *Otto Int'l*, 83 USPQ2d at 1863 (TTAB 2007). In this case, Petitioner provides no *facts* in support of its abandonment claim. As an example, Petitioner broadly avers in Paragraphs 14 through 17 of the Petition to Cancel that Registrant has abandoned its mark with respect to certain goods in the registration but does not identify which, if any, of the goods listed in the registration are the subject of Petitioner's claim. Instead, Petitioner relies solely on "[t]hreadbare recitals of the elements of [the] cause of action, supported by mere conclusory statements." *Iqbal*, 556 U.S. at 678 (citing *Twombly*, 550 U.S. at 555). To make matters worse, the "conclusory statements" on which Petitioner relies are based on nothing more than "information and belief." In the absence of more, Petitioner's claim for abandonment must be dismissed.

**V. Petitioner's allegations of likelihood of confusion are time barred.**

In Paragraph 19 of the Petition to Cancel, Petitioner alleges that there is a likelihood of confusion with various registrations purportedly owned by Petitioner for the mark TRADER JOE'S. Because the petition to cancel was filed more than five years after the issuance of the subject registration, any claim of likelihood of confusion as a basis for cancellation is barred by Section 14 of the Trademark Act. *See Otto Int'l*, 83 USPQ2d at 1863.

**VI. Conclusion**

The Petitioner's claim that Registrant lacked a *bona fide* intention to use the mark at the time the underlying application was filed is barred by Section 14 of the Trademark Act and

Petitioner's claim that Registrant's statement in the underlying application that it had a *bona fide* intention to use the registered mark is not properly pleaded as required by Fed. R. Civ. P. 9(b). Lastly, to the extent Petitioner is making a claim that the subject registration should be cancelled based on a claim made under Section 2(d) of the Trademark Act, such a claim is barred by Section 14 of the Trademark Act.

WHEREFORE, Registrant prays that the Petition to Cancel be immediately dismissed with prejudice pursuant to Fed. R. Civ. P. 12(b)(6).

Respectfully submitted,

DOWNRIGHT HEALTHY FOODS L.P.

By:   
James R. Menker

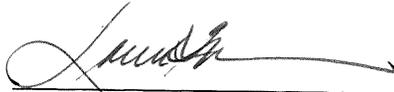
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## CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing "MOTION TO DISMISS" was served on Petitioner's attorney, Brian M. Berliner of O'MELVENY & MYERS LLP with an address at 400 South Hope Street, 18th Floor, Los Angeles, CA 90071, via first class mail, postage prepaid, today **November 4, 2015**.

By:

  
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Laura K. Greer