UNITED STATES PATENT AND TRADEMARK OFFICE
Trademark Trial and Appeal Board
P.O. Box 1451
Alexandria, VA 22313-1451

wellington

Mailed: October 13, 2005

Opposition No. 91157315

BOSE CORPORATION

v.

HEXAWAVE INC.

Before Holtzman, Rogers and Drost, Administrative Trademark Judges.

By the Board:

This case now comes up on opposer's motion to dismiss applicant's counterclaim for failure to state a claim upon which relief can be granted pursuant to Fed. R. Civ. P. 12(b)(6). The Board presumes the parties' familiarity with the issues presented and we will not provide a complete recitation of the contentions and exhibits of each party.

Before addressing the motion and for sake of reference, we note that applicant's counterclaim comprises, in relevant part, the following paragraphs:

> (30) That on 4 January 2001, Opposer filed a Combined Application for Renewal and Declaration of Use Under Sections 9 & 8 of the Trademark Act of 1946 claiming the goods: radios, clock radios, audio tape recorders and players, portable radio and cassette recorder combinations, compact stereo systems and portable compact disc players (a copy of which is attached as Exhibit 3).

(31) That upon information and belief, Opposer had terminated use of the mark "WAVE" for at least "audio tape recorders" prior to the filing date of the Combined Application for Renewal and Declaration of Use Under Section 9 & 8 of the Trademark Act of 1946.

(32) That during the Testimony Period imposed in this Opposition, Opposer held a Deposition of John F. Mar, who testified that he is currently Director of Marketing for the Automotive Systems Division of Opposer and in the past served as Opposer's Product Manager for the Consumer Direct Division. filed at the USPTO on 4 January 2001.

(38) That Mr. Mar testified, as transcribed on pages 53 and 54 of the Deposition (Rosenberg Declaration Exhibit A), that audio tape recorders were produced and marketed from "1984 up until probably the late '90s."

(41) That upon information and belief, Opposer filed a knowingly fraudulent Combined Application and Renewal and Declaration of Use Under Sections 9 and 8 of the Trademark Act of 1946.

(42) That based upon the foregoing, the Renewal of Trademark Registration No. 1,633,789 was obtained fraudulently by claiming use of the mark with goods not actually produced or marketed by Opposer.

In its brief in support of the motion, opposer argues that applicant's counterclaim fails to include enough specific facts to set forth a claim upon which relief can be granted. Opposer also argues that "[e]ven assuming *arguendo* that Mr. Mar was correct that Opposer had ceased 'producing' and 'marketing' audio tape recorders under the WAVE mark at the time it filed its Section 8/9 Declaration, such 'facts' are legally insufficient to support a conclusion that Opposer was not using the WAVE mark for these goods at the

time it filed its Section 8/9 declaration." Citing 15 U.S.C. § 1127, opposer states that a mark is considered to be used in commerce on goods for purposes of Section 8 and 9 declarations when it is "placed in any manner on the goods or their containers or the displays associated therewith or on the tags or labels affixed thereto,....and the goods are sold or transported in commerce." Opposer concludes that "under no reading of Applicant's pleaded 'facts' can Opposer's statement of use in its Section 8/9 Declaration be considered false, and Applicant's Counterclaim for Cancellation therefore fails to establish the requisite elements of fraud on the USPTO."

In response to opposer's motion, applicant argues that the counterclaim's allegations are legally sufficient to state its claim inasmuch as applicant has pled that opposer knowingly made a materially false statement to the USPTO in filing for renewal of its registration. In response to opposer's argument that the counterclaim only contains allegations regarding a cessation of "production" and "marketing," applicant makes reference to paragraph 31 of its counterclaim wherein applicant explicitly alleges opposer's termination of "use" of its mark as to audio tape recorders. Applicant alternatively requests an opportunity to file an amended pleading in the event that the Board finds the counterclaim defective.

A motion to dismiss is a test solely of the allegations set forth in a pleading. For purposes of determining opposer's motion to dismiss with regard to the counterclaim, we must accept as true all material allegations in the counterclaim, and must construe the counterclaim in favor of applicant. See *Ritchie v. Simpson*, 170 F.3d 1092, 1097, 50 USPQ2d 1023, 1027 (Fed. Cir. 1999) citing *Jewelers Vigilance Committee, Inc. v. Ullenberg Corp.*, 823 F.2d 490, 492, 2 USPQ2d 2021, 2022 (Fed. Cir. 1987). With regard to allegations of fraud, the sufficiency of applicant's counterclaim is governed by Fed. R. Civ. P. 9(b).

Having carefully reviewed applicant's fraud allegations and the arguments of the parties, we find that applicant has stated with sufficient particularity under Fed. R. Civ. P. 9(b) the factual bases and circumstances for its fraud counterclaim. Specifically, applicant has alleged that opposer filed a combined application for renewal and declaration of use for its pleaded registration under Sections 9 & 8 of the Trademark Act of 1946 for goods including audio tape recorders (paragraph 30); that opposer had terminated use of its registered mark for audio tape recorders prior to the filing date of the combined application for renewal and declaration of use (paragraph 31); that opposer filed a "knowingly fraudulent" combined application for renewal and declaration of use (paragraph

41); and that the renewal of opposer's registration was obtained fraudulently by claiming use of the mark with audio tape recorders (paragraph 42). These allegations, taken in conjunction with the other allegations, sufficiently set forth a fraud ground for pleading purposes. (Of course, all grounds in the opposition and counterclaim remain to be proven at trial).[1]

In view thereof, opposer's motion to dismiss the counterclaim under Fed. R. Civ. P. 12(b)(6) is denied. **Opposer is allowed thirty (30) days from the mailing date of this order to file its answer to applicant's counterclaim.**

Proceedings are resumed. We note that discovery and the original testimony periods closed prior to applicant's filing of the counterclaim. Neither party has moved to reopen discovery. In view thereof, discovery remains closed and the testimony periods are reopened (as set forth below) solely for issues raised in the counterclaim:

THE PERIOD FOR DISCOVERY TO CLOSE:	CLOSED
30-day testimony period for applicant, as plaintiff in the counterclaim, to close:	12/03/05

[1] Fraudulent intent is an essential element of any fraud claim. See *Electronic Realty Associates, Inc. v. Extra Risk Associates, Inc.*, 217 USPQ 810 (TTAB 1982); see also *Medinol Ltd. v. Neuro Vasx Inc.*, 67 USPQ2d 1205 (TTAB 2003) (discussion of fraudulent intent). Although applicant does not use the specific term "intent" in its counterclaim, it does refer to opposer's combined Section 8/9 filing as "knowingly fraudulent." Accordingly, for pleading purposes, we infer the intent element based on this allegation -- again, such intent must be proven at trial.

30-day testimony period for opposer, as defendant in the counterclaim, to close:	2/1/06
15-day rebuttal testimony period for applicant to close:	3/18/06

Briefs shall be due as follows:
[See Trademark rule 2.128(a)(2)].

Brief for plaintiff in the opposition shall be due:	5/17/06
Brief for defendant in the opposition and as plaintiff in the counterclaim shall be due:	6/16/06
Brief for defendant in the counterclaim and its reply brief (if any) as plaintiff in the opposition shall be due:	7/16/06
Reply brief (if any) for plaintiff in the counterclaim shall be due:	7/31/06

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 the taking of testimony. Trademark Rule 2.l25.

An oral hearing will be set only upon request filed as provided by Trademark Rule 2.l29.

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