

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

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Hotel Cipriani SrL.,	:	TTAB
	:	
Opposer,	:	
	:	
v.	:	Opposition No.: 91176218
	:	Appl. No.: 78/572,590
Cipriani Group, Inc.,	:	Mark: CIPRIANI
	:	
Applicant.	:	
-----X		

**MOTION TO STRIKE AMENDED ANSWER  
AND AFFIRMATIVE DEFENSES TO NOTICE OF OPPOSITION**

Opposer Hotel Cipriani SrL., by and through its undersigned counsel, pursuant to Rule 12(f) of the Federal Rules of Civil Procedure, hereby moves (1) to strike Applicant's Amended Answer and Affirmative Defenses to Notice of Opposition ("Amended Answer") as being untimely and unjustified and, (2) in the alternative, to strike new Affirmative Defenses Nos. 2 and 3 ("Aff. Defs. 2 and 3") set forth in the Amended Answer as being insufficient as a matter of law.

**MEMORANDUM**

In response to Opposer's Motion to Strike, Applicant has now filed an Amended Answer presenting *brand new* Aff. Defs. 2 and 3 without leave of the Board, without requesting leave of the Board, and without consent of Opposer.<sup>1</sup> Applicant's Amended Answer is clearly in violation of the Federal Rules as well as the Trademark Rules of Practice and should be denied

<sup>1</sup> There is no call for Opposer to reply to Applicant's brief opposing Opposer's motion to strike as Applicant has, in effect, abandoned its original second and third affirmative defenses, and conceded their infirmity.



entry. Even if the Amended Answer is entered, new Aff. Defs. 2 and 3 are insufficient as a matter of law and should be stricken.

**I. BACKGROUND**

On May 18, 2007, Opposer moved to strike two of the affirmative defenses in Applicant's Answer and Affirmative Defenses to Notice of Opposition ("Answer"). On June 8, 2007, Applicant filed an Amended Answer and a responsive brief.<sup>2</sup> The Amended Answer is identical to the Answer except that Aff. Defs. 2 and 3 have been replaced.

Applicant's responsive brief incorrectly argues that original Aff. Defs. 2 and 3 mean something different than what they say.<sup>3</sup> But regardless, as Applicant itself asserts in effect, the contemporaneously filed Amended Answer renders the original Answer "moot." See Opp. to Motion at p. 6, fn. 3. The brief does not otherwise discuss the Amended Answer and does not request leave for its entry.

New Aff. Defs. 2 and 3 depart significantly from the original Aff. Defs. 2 and 3.

Original Aff. Defs. 2 and 3 respectively state:

The Opposition should fail since Opposer is estopped from claiming Applicant has violated the terms of the Settlement Agreement since Opposer itself has violated the terms of the Settlement Agreement and has nullified that agreement.

Opposer comes into this Court with unclean hands and is, therefore, barred and estopped from obtaining the relief it seeks.

New Aff. Defs. 2 and 3 respectively state (with additions underlined):

The Opposition should fail since the Settlement Agreement does not preclude Applicant from seeking the mark CIPRIANI per se and Opposer itself has violated the Settlement Agreement and its spirit by registering the mark CIPRIANI in Europe and

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<sup>2</sup> Opposition to Opposer's Motion to Strike Applicant's Affirmative Defenses Nos. 2 and 3 ("Opp. to Motion").

<sup>3</sup> Opposer strongly disagrees with the contentions in Applicant's Opp. to Motion but will defer filing a reply brief as long as Applicant is advancing the Amended Answer.

opposing Applicant's registration and use of the mark CIPRIANI LONDON in Europe.

Opposer comes into this Court with unclean hands and is, therefore, barred and estopped from obtaining the relief it seeks, for the reasons stated in Affirmative Defense 2 above.

Applicant provides no explanation for the difference.

## II. ARGUMENT

Applicant has no right to submit an amended pleading at this late date without securing Opposer's consent or leave of the Board. Moreover, Applicant should not be allowed to switch horses midstream from its original Aff. Defs. 2 and 3 to its new Aff. Defs. 2 and 3. The factual underpinnings of the latter have been in Applicant's possession since before commencement of this Opposition proceeding. If Applicant wanted to present such new defenses, it should have done so at the proper time, in the proper manner.

In the event new Aff. Defs. 2 and 3 are, nevertheless, considered by the Board, both remain insufficient as a matter of law and still warrant striking.

### A. Applicant's Belated Amended Answer Should Be Denied Entry

Applicant's belated and unexplained attempt to file its Amended Answer should be denied. The amendment of pleadings is generally governed by FED. R. CIV. P. 15(a). *See* 37 C.F.R. § 2.107. Under Rule 15(a), an Applicant can amend its Answer as a matter of right within 20 days after it is served but thereafter only by leave of the Board or with Opposer's consent. *See* FED. R. CIV. P. 15(a). Even then, "leave to amend is by no means automatic." *Gucci America, Inc. v. Exclusive Imp. Int'l.*, No. 99 Civ. 11490, 2001 U.S. Dist. LEXIS 67, at \*\*17-18 (S.D.N.Y. Jan. 8, 2001) (striking amended answer where no leave was obtained). In fact, courts "routinely reject pleadings filed without leave of court." *Id.* at \*17. In particular, the Board will not grant leave to add "a defense which is obviously insufficient under the law." *Midwest*

*Plastic Fabricators Inc. v. Underwriters Labs. Inc.*, 5 U.S.P.Q.2d 1067, 1069 (T.T.A.B. 1987) (finding unclean hands defense insufficient).

In this case, Applicant filed its Amended Answer at least 40 days after its original Answer and did so without bothering to request consent from Opposer or leave from the Board. Applicant failed to take either of the two routes available to it under FED. R. CIV. P. 15(a), and instead, has tried to file an Amended Answer as a matter of right. Applicant, however, has no such right.

Applicant has made no attempt to explain why an amended answer is needed or why it should be allowed entry at this late date. Surely Applicant's counsel is aware of the operable rules of civil procedure and surely it should be held responsible to follow them. *See Wagner v. Daewoo Heavy Indus. Am. Corp.*, 314 F.3d 541, 542 (11th Cir. 2002) (*en banc*) (A "court is not required to grant a [party] leave to amend his [pleading] sua sponte when the [party], who is represented by counsel, never filed a motion to amend nor requested leave to amend . . ."). From Applicant's silence, it can only be inferred that Applicant concedes there is no cognizable justification for the belated filing.

The routine rejection of amended answers filed without leave of the Board is demonstrated in the Board's decision in *Am. Online, Inc. v. Freehaven Inv., Ltd.*, Cancel. No. 30,808, 2001 WL 1547929, at \*3 (T.T.A.B. Nov. 26, 2001)<sup>4</sup>; *see also Gucci*, 2001 U.S. Dist. LEXIS 67, at \*\*17-18. In the *AOL* case, the respondent had filed, without leave of the Board, an amended answer and counterclaim in connection with briefing on a motion to dismiss. *AOL*, 2001 WL 1547929, at \*3. The Board held that that the amended answer would be given "no

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<sup>4</sup> When citing to supportive case law, TTAB decisions designated as not precedential may be cited as persuasive authority. Citation of Opinions to the Trademark Trial and Appeal Board, Official Gazette Notices (Dec. 27, 2006).

consideration,” since respondent failed to serve the amended answer within twenty days of service of the original and failed to obtain leave from the Board. *Id.* at \*3. The Board even went so far as to distinguish the amended answer from the amended counterclaims that accompanied it. The Board denied entry of the former but, since the counterclaims had not yet been answered, allowed entry of the latter. *Id.* Such adherence to the simple requirements of FED. R. CIV. P. 15(a) is understandably necessary to regulate the conduct of parties before the Board.

Here, Applicant makes no attempt to comply with FED. R. CIV. P. 15(a). No leave was requested at all. Even if a request is now made, Applicant has no justification for belatedly raising a new (specious) interpretation of the Settlement Agreement and new allegations of misconduct by Opposer, all based upon a decade-old Settlement Agreement and a European dispute between the parties that predates this Opposition proceeding. *See* Amended Answer, Aff. Def. 2. Applicant’s dilatory pleading is both inexplicable and inexcusable. There is no justification for Applicant’s Amended Answer.

As demonstrated *infra*, the new affirmative defenses are not, in reality, an amplification of the prior defenses, but rather proceed on a very different theory. With the insufficiency of the initially pled defenses already apparent, Opposer and the Board are compelled yet again to waste time and effort and, in the case of Opposer, incur considerable expense addressing Applicant’s concoction *du jour*. This is made all the more unjust because Applicant (from all that appears) does not bother to verify its factual assertions or the legal bases for its alleged defenses, instead carelessly alleging whatever comes to mind. Opposer and the Board are left to decipher Applicant’s new theories and Opposer again must educate Applicant regarding the facts of the case and the applicable law. These burdens unfairly disadvantage Opposer, waste the resources

of Opposer and the Board, and constitute good cause for denying Applicant permission to amend – if it ever does request such permission.

**B. New Affirmative Defense No. 2: Opposer Violates European Restrictions**

Applicant alleges in its new Aff. Def. 2 a set of conjoined notions which purport to legitimize Applicant's registration of CIPRIANI alone. Insofar as they are understandable, Opposer strongly disagrees with all such allegations. The first prong – that Applicant is not precluded “from seeking the mark CIPRIANI per se” – is unintelligible, and thus is ineffective to give notice as to its intended nature.

The second of the two prongs alleges:

The Opposition should fail since . . . Opposer itself has violated the Settlement Agreement and its spirit by registering the mark CIPRIANI in Europe and opposing Applicant's registration and use of the mark CIPRIANI LONDON in Europe.

Amended Answer, Aff. Def. 2. This allegation is incredible given that even a cursory review of the Settlement Agreement confirms it places no restriction upon Opposer's activities in Europe. Paragraph 1 of the Settlement Agreement pertains exclusively to Opposer's activities *in the United States*. Notice of Opp., Ex. A, ¶1 (twice specifying “in the United States”). Similarly paragraph 3 of the Settlement Agreement concerns consent to registrations “in the United States Patent and Trademark Office” and not to any European trademark office. *Id.* at ¶3.

Applicant's new affirmative defense simply cannot be based upon inscrutable expressions or a fictional interpretation of the Settlement Agreement. Accordingly, on either of these grounds, the entire unitary allegation in new Aff. Def. 2 fails.

**C. New Affirmative Defense No. 3: Unclean Hands Revisited**

Applicant's original Aff. Def. 3 merely mouthed the words “unclean hands” with no attempt to explain its basis. The new Aff. Def. 3 does little more. Applicant's new unclean

hands “defense” is premised upon “the reasons stated in Affirmative Defense 2 above.”

Amended Answer, Aff. Def. 3.

In the first prong, Applicant alleges “the Settlement Agreement does not preclude Applicant from seeking the mark CIPRIANI per se.” Amended Answer, Aff. Def. 2. It is, frankly, unclear what Applicant means by “seeking the mark CIPRIANI per se” in any sense relevant to trademark registration and usage. Regardless, even if “the Settlement Agreement does not preclude Applicant” from taking a particular action, it is clear that the Settlement Agreement provides no basis for an allegation of unclean hands against Opposer.

Applicant’s misplaced reliance on the second prong of Aff. Def. 2 is similarly unavailing. As discussed above, new Aff. Def. 2 is incorrectly premised upon a purported, but actually non-existent, prohibition against Opposer’s activities in Europe. Given that there is no restriction on Opposer’s European activities, the violation alleged in Aff. Def. 2 is illusory, and there can be no basis for unclean hands in either registering CIPRIANI in Europe or opposing Applicant’s attempt to register and use CIPRIANI LONDON in Europe. Applicant’s unclean hands defense thus finds no support from the second prong of Aff. Def. 2.

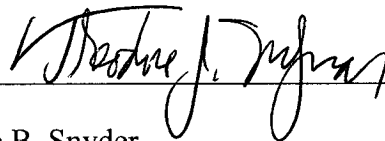
Again, Applicant’s unclean hands “defense” is insufficient as a matter of law.

**III. CONCLUSION**

Applicant's Amended Answer is a nullity that should not be considered by the Board. Even, if it is considered, new Affirmative Defenses Nos. 2 and 3 are still insufficient as a matter of law and should be stricken.

Respectfully submitted,

Date: June 28, 2007

By: 

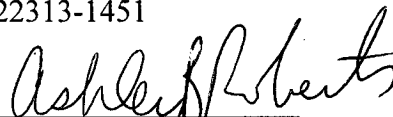
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**CERTIFICATE OF MAILING**

I hereby certify that this correspondence is being deposited with the United States Postal Service with sufficient postage as First-class mail in an envelope addressed to:

United States Patent And Trademark Office  
Trademark Trial and Appeal Board  
P.O. BOX 1451  
Alexandria, Virginia 22313-1451

on June 28, 2007

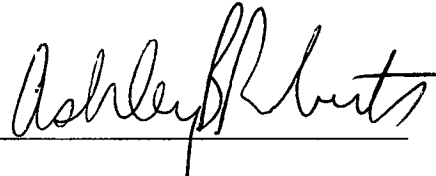
  
Ashley B. Roberts



**CERTIFICATE OF SERVICE**

I hereby certify that a copy of the foregoing MOTION TO STRIKE AMENDED ANSWER AND AFFIRMATIVE DEFENSES TO NOTICE OF OPPOSITION was served by First Class U.S. Mail, postage prepaid, on this 28th day of June 2007 to the following address:

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2001 WL 1547929 (Trademark Tr. & App. Bd.)  
(Cite as: 2001 WL 1547929 (Trademark Tr. & App. Bd.))

\*1 THIS DISPOSITION IS NOT CITABLE AS PRECEDENT OF THE T.T.A.B.

Trademark Trial and Appeal Board

Patent and Trademark Office (P.T.O.)  
AMERICA ONLINE, INC.

v.

FREEHAVEN INVESTMENTS, LTD.

Cancellation No. 30,808

November 26, 2001

Before Hairston, Rogers and Drost

Administrative Trademark Judges.

Rogers

Administrative Trademark Judge:

Three times, petitioner has moved, with consent of respondent, to extend discovery and reset trial dates. Moreover, since the parties have not completed the pleading phase of this case, it cannot be clear to the parties what claims will emerge intact. Therefore, resetting of discovery and trial dates is appropriate. [FN1] The motions to extend are granted; and discovery and trial dates are reset at the conclusion of this order.

Petitioner also has moved for entry of default judgment, based on respondent's perceived failure to file a timely answer. That motion, however, crossed in the mail with the Board's earlier order resetting respondent's time to answer because the initial notice of institution was returned as undeliverable. Accordingly, the motion for default judgment is denied.

Respondent timely filed its answer, and included "cross-petitions," i.e., a counterclaim, to cancel three registrations referenced in petitioner's pleading. Petitioner moved on various grounds to dismiss the counterclaim. Respondent filed a brief in response and an amended answer and counterclaim, apparently in an attempt to overcome the asserted deficiencies in the counterclaim outlined in the motion to dismiss. Petitioner then renewed its motion to dismiss by arguing that the amended counterclaim also is deficient. That motion is fully briefed. We find it appropriate to review all the pleadings in this case, so as to aid the parties in understanding the issues to be tried herein. We begin with the petition for cancellation.

Petition for Cancellation

Evaluation of petitioner's petition is made difficult by petitioner's failure to delineate its various alternative grounds for cancellation with appropriate subheadings or through presentation of separate counts. Moreover, the petition presents a poorly framed claim under Section 2(d), includes redundant paragraphs, and relies on grounds that have either not been properly pleaded or are not

available.

Petitioner's petition obviously includes a claim under Section 2(d) of the Lanham Act, 15 U.S.C. § 1052(d); however, the pleading of priority for that claim is not so obvious. Moreover, it is unclear whether petitioner is relying on prior use of individual marks, a family of marks, or both.

Paragraphs 1 through 4 of the petition appear to invoke a claim of use of a family of AOL marks, but only since "prior to Registrant's alleged first use date" (Petition, paragraph 3). This is insufficient, because respondent has a constructive use date that is earlier than the date of use alleged in its registration. See Section 7(c) of the Lanham Act, 15 U.S.C. § 1057(c). [FN2]

\*2 In contrast, we find that petitioner has, though only by inference, pleaded priority of use of the "the identical mark [as respondent, namely,] AOL," insofar as petitioner asserts that respondent "had full knowledge of Petitioner's prior rights" at the time "Registrant applied to register" its AOL mark (Petition, paragraph 5).

Paragraph 8 of the petition is immaterial, as it references an applicant and there is no applicant or application involved in this proceeding. [FN3] Paragraphs 9 and 13 are redundant, insofar as the former asserts a close relationship between the parties' goods, while the latter is broader and asserts a close relationship between the parties' goods and services. In other words, paragraph 9 is unnecessary because paragraph 13 fully encompasses the allegation of paragraph 9.

Paragraph 15 [FN4] purports to assert a claim of deceptiveness under Section 2(a), 15 U.S.C. § 1052(a), but does not constitute a proper pleading of such a claim. See Hoover Co. v. Royal Appliance Manufacturing Co., 238 F.3d 1357, 1361, 57 USPQ2d 1720, 1723 (Fed. Cir. 2001), citing In re Budge Mfg. Co., Inc., 857 F.2d 773, 775, 8 USPQ2d 1259, 1269 (Fed. Cir. 1988) ("We have established a three-part test for determining whether a mark is deceptive pursuant to section 2(a): (1) Is the term misdescriptive of the character, quality, function, composition or use of the goods? (2) If so, are prospective purchasers likely to believe that the misdescription actually describes the goods? (3) If so, is the misdescription likely to affect the decision to purchase?"). [FN5]

Finally, part of paragraph 18 and all of paragraph 20 of the petition allege dilution, which is a claim not available to petitioner, in view of the filing date of the application that resulted in issuance of respondent's registration. See Boral Ltd. et al. v. FMC Corp., 59 USPQ2d 1701 (TTAB 2000) (Trademark Amendments Act of 1999 explicitly permits retroactive application of that law to allow assertion of a dilution claim only if application filed on or after January 16, 1996). This matter is, therefore, immaterial. Helwig v. Kelsey-Hayes Co., 907 F. Supp. 253, 256 (E.D.Mich. 1995) (immaterial matters include requests for relief that are unavailable).

Paragraph 8 of petitioner's petition is stricken as immaterial or, to the extent "applicant" is read as "registrant," redundant; paragraph 9 is stricken as redundant; and both the phrase "or to cause dilution of Petitioner's famous AOL marks and names" in paragraph 18 and all of paragraph 20 are stricken as immaterial. [FN6]

We do not, however, strike petitioner's paragraph 15, for it may be viewed as setting forth alternative allegations, one of which would be acceptable. First, it may be viewed as asserting deceptiveness as to source under Section 2(a), which, as discussed, is not a proper pleading of deceptiveness under that section of the Lanham Act. Second, however, paragraph 15 may be viewed as setting forth an allegation that the close resemblance of the parties' marks would materially affect consumers' purchasing decisions, which is relevant to petitioner's Section 2(d) claim and Section 2(a) false suggestion of a connection claim. Petitioner is granted leave, *infra*, to clarify the allegation made by paragraph 15 to support, as appropriate, its Section 2(d) claim and/or its Section 2(a) false suggestion of a connection claim; or if petitioner believes it can, consistent with Fed. R. Civ. P. 11, present a legally cognizable claim of deceptiveness under Section 2(a), it may do so. Absent clarification, we will consider paragraph 15 only insofar as it may be viewed as relevant to the Section 2(d) claim and Section 2(a) false suggestion of a connection claim.

\*3 While petitioner's reliance on a family of marks is insufficiently pleaded, these portions of the petition shall not be stricken. [FN7] Rather, plaintiff is granted leave, *infra*, to clarify its Section 2(d) claim, so as to make clear whether such claim is based, in the alternative, on legally sufficient prior use of both a family of marks and "the identical mark AOL." In the absence of a clarified family of marks claim, we will consider petitioner's Section 2(d) claim as related only to its asserted prior use of "the identical mark AOL." [FN8]

#### Respondent's Answer and Counterclaim

Turning to respondent's pleadings, we note that respondent's amended answer and counterclaim is improper insofar as it purports to amend the answer. Amendment of the answer as a matter of course, without leave from the Board, may only be accomplished by serving the amended answer within 20 days of service of the original. Fed. R. Civ. P. 15(a). No consideration shall be given to the amended answer. The counterclaim, in contrast, was properly subject to amendment as a matter of course any time prior to filing of an answer thereto. *Id.* In view of petitioner's filing of a motion to dismiss the counterclaim, rather than an answer, the amended counterclaim is accepted as a matter of course. Accordingly, respondent's pleadings comprise the original answer and the amended counterclaim. The original answer merits no specific comments and the amended counterclaim is considered below, in conjunction with our consideration of petitioner's motion to dismiss the same. [FN9]

#### Petitioner's Motion to Dismiss Counterclaim

Petitioner characterizes respondent's counterclaim as presenting a Section 2(d) claim in regard to each of petitioner's three pleaded registrations; and a claim of fraud in regard to one of the three registrations. Petitioner asserts, however, that respondent has not pleaded facts in support of either claim that, if proved, would entitle respondent to the relief sought, *i.e.*, cancellation of petitioner's registrations. Therefore, petitioner concludes that the counterclaim should be dismissed under Fed. R. Civ. P. 12(b)(6).

In regard to respondent's Section 2(d) claim, petitioner acknowledges respondent's assertion of likelihood of confusion but argues that this is insufficient because respondent has not alleged use of the AOL mark prior to the

first use by petitioner of AOL as a mark or trade name. Respondent's reliance on the constructive date of first use which stems from the filing date of the application which resulted in respondent's registration is, according to petitioner, insufficient.

In regard to respondent's fraud claim against Registration No. 2,180,283 [FN10], petitioner argues that this has not been pleaded with the particularity required by Fed. R. Civ. P. 9(b). Petitioner also argues that even if respondent proves that petitioner did not use the AOL mark on the date alleged in the registration, the claim of fraud will not lie, under relevant authority, so long as petitioner made use prior to the filing date of the application which resulted in issuance of the registration. Finally, petitioner argues that respondent "must allege that America Online had a willful intent to deceive the PTO," but has not asserted facts that would, if proved, establish such. (Emphasis by petitioner.)

\*4 Respondent argues that the motion to dismiss its counterclaim should be denied because it "sets forth four grounds for canceling America Online's marks," namely, "(1) as a compulsory counterclaim," "(2) damage to Freehaven's exclusive rights to use its mark including Freehaven's rights under 15 U.S.C. § 1115(a)," "(3) likelihood of confusion under 15 U.S.C. § 1052," and "(4) America Online's fraud in procuring Registration No. 2,180,283."

Specifically in regard to the Section 2(d) basis for its counterclaim, respondent argues that it did not need to allege likelihood of confusion because petitioner "put its own registrations at risk when it filed a petition to cancel" respondent's registration; and it "has adequately alleged priority ... in five ways." [FN11]

In support of its claim of fraud, respondent argues, though not with clarity, that it has pleaded two alternative bases for such claim. As to the first basis, respondent disputes petitioner's contention that any alleged misrepresentation by petitioner of its first use date is not material unless petitioner is shown to have made no use at all prior to its filing date. In this regard, respondent urges that the misrepresentation is not a minor error or misstatement involving a short period of time, but a known falsehood involving a great discrepancy between the actual date of first use and the claimed date of first use. In addition, respondent argues that "the assertion of a first use date has a material purpose recognized by Congress. ... Contrary to America Online's argument, intentional lying about a first use date is not condoned merely because use was made as of a filing date [citations omitted]." As to the second basis, respondent argues that petitioner has committed fraud in procuring the targeted registration because petitioner knew of respondent's superior rights when petitioner filed its application and failed to disclose this fact to the Patent and Trademark Office.

#### 1. Section 2(d) Basis for Counterclaim

Petitioner is mistaken in its assessment of the sufficiency of respondent's pleading of priority in connection with the Section 2(d) basis for respondent's counterclaim. Though the counterclaim is not a model of clarity, nonetheless, respondent clearly bases its allegation of priority on the constructive use date which stems from its registration, that date being prior to the filing date of any of the applications which resulted in issuance of petitioner's registrations. Petitioner mistakenly argues that respondent must assert actual use prior to the dates of use alleged in petitioner's registrations. [FN12]

When parties to a cancellation case each have registrations, the Board has stated that, as a practical matter, the registrations "offset" each other and each party has a burden to prove its priority. See Brewski Beer Co. v. Brewski Brothers Inc., 47 USPQ2d 1281, 1284 (TTAB 1998). The Brewski Brothers decision, however, goes on to state that:

\*5 [A] petitioner or respondent may rely on its registration for the limited purpose of proving that its mark was in use as of the application filing date. Thus, a petitioner [or, in this case, a counterclaim petitioner] - whose application filing date was earlier than respondent's [ [or, in this case, a counterclaim respondent's] application filing date [s] - could take its chances and elect to make of record simply a copy of its registration [citation omitted]. By so doing, [counterclaim] petitioner's proven first use date of its mark would then be the filing date of the application. However, if [counterclaim] respondent thereafter proved an actual first use date pre-dating [counterclaim] petitioner's filing date, the issue of priority, and hence [counterclaim] petitioner's Section 2(d) claim, would be resolved in favor of [counterclaim] respondent.

Id.

Petitioner's motion to dismiss apparently is predicated on the theory that it will, in prosecuting its petition for cancellation, prove actual use of AOL, as a mark or trade name, as of the dates alleged in its three registrations. One of petitioner's three pleaded registrations [No. 2,192,185], however, asserts a first use date after respondent's constructive first use date. Thus, proof of use as of that date will not best respondent's constructive first use date. [FN13] In regard to the other two registrations, respondent is free, as explained in the above-quoted passage from Brewski Brothers, to "take its chances" that petitioner will not be able to prove actual use of AOL as a mark, on or in connection with the goods and services identified in those two registrations, prior to respondent's constructive use date. Moreover, it is clear from respondent's counterclaim that respondent believes petitioner will not be able to prove use of AOL as a trademark prior to respondent's constructive use date. [FN14] On this motion to dismiss, the question is not whether respondent will prevail if it pursues its chosen course, but only whether it could prevail. See Libertyville Saddle Shop Inc. v. E. Jeffries & Sons Ltd., 22 USPQ2d 1594, 1597 (TTAB 1992) (A motion to dismiss is a test solely of the legal sufficiency of the plaintiff's pleadings ... No matters outside the pleadings are considered. A motion to dismiss does not involve a determination of the merits of the case).

## 2. Fraud Basis for Counterclaim

Turning to the sufficiency of respondent's claim of fraud in petitioner's procurement of Registration No. 2,180,283, we begin by noting that the Federal Rule 9(b) requirement that fraud be pleaded with particularity does not mean that a claim of fraud may be dismissed solely because it is somewhat lacking in clarity. In this case, though respondent's fraud claim is not particularly clear, it does present many particulars in paragraphs 9-34. While respondent should have done a better job specifying which of the various allegations support each of the two alternative bases for its fraud counterclaim, we cannot say that respondent has failed to make specific allegations. Thus, dismissal of the fraud basis for the counterclaim, for failure to comply with Fed. R. Civ. P. 9(b), is inappropriate.

\*6 We do, however, agree with petitioner's argument that the first alternative basis for respondent's fraud claim is unsound. In this regard, we note that respondent, in paragraph 32, states that "[u]pon information and belief, the reason America Online filed the application which matured into Registration No. 2,180,283 was that America Online had used 'AOL' on 'publications and printed matter, namely books, pamphlets, newsletters and magazines dealing with the subject of computer services and computer networks' as of April 29, 1997, but not as of September 5, 1995." In other words, respondent is alleging that petitioner made use of the registered mark no later than the filing date of the application to register the same. We acknowledge respondent's argument that, notwithstanding this use, it was still fraudulent for petitioner to claim first use as of October 1989. Nonetheless, petitioner is correct in arguing that, even if respondent proves that petitioner intentionally claimed a knowingly false date of first use, under relevant authority, that was not material to the Office's decision whether to approve or refuse petitioner's application. Compare Western Worldwide Enterprises Group Inc. v. Qingdao Brewery, 17 USPQ2d 1137, 1141 (TTAB 1990) (Erroneous statement of date of first use does not constitute fraud unless "there was no valid use of the mark until after the filing of the application") and General Mills, Inc. v. Nature's Way Products, Inc., 202 USPQ 840, 841 (TTAB 1979) (Misstatement of the date of first use "does not, per se, constitute fraud because any use prior to the filing date is sufficient for purposes of registration") with Visual Information Institute, Inc. v. Vicon Industries Inc., 209 USPQ 179, 185 (TTAB 1980) (Suggests that misstated date of first use in application might be actionable in the presence of "other aggravating circumstances").

Respondent, in stating the allegations of its counterclaim, has admitted that petitioner made use of its mark at least as early as petitioner's filing date. Petitioner's motion to dismiss the fraud counterclaim therefore is granted, insofar as the counterclaim is based on respondent's allegation that petitioner knowingly misstated its date of first use. We are not persuaded by the cases on which respondent relies that a different result is appropriate. These cases do not provide clear support for respondent's argument that it has pleaded a legally sufficient claim of fraud in regard to petitioner's statement of a first use date.

The motion to dismiss is denied, however, insofar as the fraud counterclaim is based on respondent's allegations that petitioner signed a fraudulent application declaration because it knew of respondent's superior rights. Respondent has, in essence, alleged that petitioner "was aware of the nationwide rights secured by" respondent, which obtained its registration "prior to the filing" by petitioner of the application which resulted in petitioner's registration; that petitioner was aware of use of respondent's registered mark by respondent's predecessor, in the United States and elsewhere; that prior to the filing date of petitioner's application, respondent's predecessor was using its mark on publications and printed matter in connection with the sale of the goods in respondent's registration, and that petitioner was aware of this use; that petitioner, prior to filing and/or during the pendency of its application knew that petitioner's registration and use of the AOL mark would be likely to cause confusion; that petitioner knew, because of the course of prosecution of an earlier application to register the same mark for the same goods, that it could not establish use as of September 5, 1995, a date which is after respondent's constructive use date and after the actual use date alleged in respondent's registration; that petitioner, having full knowledge of respondent's superior rights nonetheless reasserted the same date of use -- October 1989 -- in its later application; and that petitioner

did so with an intent to mislead the PTO and as part of a scheme to fraudulently procure its registration.

\*7 These are allegations which, if proved, would establish (1) that there was another use of the same or a confusingly similar mark as petitioner's AOL mark -- i.e., respondent's AOL mark -- at the time the oath in petitioner's application was signed, (2) that respondent had and still has legal rights superior to petitioner's, (3) that petitioner knew of respondent's rights and believed that there would be a likelihood of confusion if the marks were used contemporaneously, and (4) that petitioner, in failing to disclose these facts to the Office, intended to procure a registration to which it was not entitled. See Intellimedia Sports Inc. v. Intellimedia Corp., 43 USPQ2d 1203, 1206 (TTAB 1997).

As to the first point, the parties agree that there is a likelihood of confusion, as each has brought a Section 2(d) claim against the other. [FN15] As to the second point, respondent has alleged that petitioner cannot establish priority, so that respondent's rights would be superior. In this regard, we note that although petitioner's alleged inability to prove the date of first use stated in its registration was, for reasons discussed herein, immaterial to the Office's decision whether to approve registration of petitioner's mark, it is material to respondent's claim of declaration fraud. That is, if respondent can prove its allegations relating to the actual date of petitioner's first use, this will be relevant and material to the purported superiority of respondent's rights and petitioner's knowledge of the same.

#### Summary and Order

Petitioner's motion for entry of default judgment against respondent is denied. Petitioner's motions to reset discovery and trial dates are granted; dates are reset in the attached order.

No consideration shall be given to respondent's amended answer but its amended counterclaim is accepted as a matter of course.

Paragraph 8 of petitioner's petition is stricken as immaterial or, to the extent "applicant" is read as "registrant," redundant; paragraph 9 is stricken as redundant; and both the phrase "or to cause dilution of Petitioner's famous AOL marks and names" in paragraph 18 and all of paragraph 20 are stricken as immaterial. Petitioner is allowed until 30 days from the date of this order to file an amended petition for cancellation, to clarify the petition in accordance with the terms of this order, failing which its claims shall be considered only as construed herein. If an amended petition is filed, respondent's answer thereto must be filed within 30 days of the date of service of the amended petition.

Petitioner's motion to dismiss is granted only insofar as respondent's counterclaim asserts a claim of first-use-date fraud by petitioner in regard to petitioner's procurement of Registration No. 2,180,283; the motion is otherwise denied. Petitioner is allowed until 30 days from the date of this order to file its answer to each of the cross petitions which, taken together, comprise respondent's counterclaim.

FN1. Also, because by this order we allow respondent to pursue its counterclaim, as discussed infra, the trial schedule must be reset to reflect the presence of the



counterclaim.

FN2. That three specific registrations are asserted as members of this purported family does not aid petitioner, as each is based on an application that was not filed until after respondent's constructive date of first use. Moreover, though dates of use asserted in two of these registrations are earlier than respondent's constructive use date, petitioner's registrations do not constitute evidence of use as of the alleged dates but, rather, use as of such dates must be proved. Trademark Rule 2.122(b)(2), 37 C.F.R. § 2.122(b)(2).

FN3. If we were to read the reference to applicant in paragraph 8 as a reference to "registrant," it would render the paragraph redundant of paragraph 12.

FN4. Paragraph 15 reads as follows: "Registrant's mark is identical to or so closely resembles Petitioner's mark that it is likely to cause deception in violation of Section 2(a) of the Trademark Act, and to materially alter purchasers' decisions to acquire registrant's goods or services."

FN5. There are also reported cases involving a claim of deceptiveness where the misdescriptive connotation of the term is geographical in nature rather than misdescriptive of the "character, quality, function, composition or use" of goods or services. See, e.g., Aruba v. Excelsior Inc., 5 USPQ2d 1685 (TTAB 1987). See also, In re Amerise, 160 USPQ 687 (TTAB 1969). We are not, however, aware of any cases where asserted deception of consumers as to the source of goods or services, other than geographical source, has supported a Section 2(a) claim of deceptiveness, rather than a Section 2(d) claim. Cf. Jewelers Vigilance Committee Inc. v. Ullenberg Corp., 2 USPQ2d 2021 (Fed. Cir. 1987) and 229 USPQ 860 (TTAB 1986) (Though Federal Circuit's decision quotes portion of Section 2(a) prohibiting registration of deceptive marks and Section 2(d), focus of Court's decision was on standing, not grounds for opposition. Board's earlier decision makes clear that opposer was relying on a Section 2(a) disparagement or false suggestion of connection claim and Section 2(d) claim).

FN6. Though paragraphs 17 through 21 may all be viewed as comprising a dilution claim, the references in these paragraphs to the asserted fame of petitioner's marks and potential damage to petitioner resulting from continuation of respondent's registration also are relevant to petitioner's 2(d) claim. Thus, we strike as immaterial only the specified portion of paragraph 18 and all of paragraph 20, because these relate only to dilution.

FN7. We note that respondent, too, is unsure of the extent of the apparent family of marks claim. In its counterclaim, respondent has, as a prefatory matter, stated its interpretation of the extent of petitioner's family and attempted to reserve a right to counterclaim for cancellation of any later-identified members.

FN8. We note that petitioner's pleading of its ownership of three registrations does not constitute pleading of a family of varying marks that share a common surname. Each of these registrations is for the mark AOL in typed form. Thus, though there are three registrations, there is but one mark, not a family. Cf. Consolidated Foods Corp. v. Sherwood Medical Instruments Inc., 177 USPQ 279, 282 (TTAB 1973) (Ownership of a large number of registrations insufficient, per se, to establish recognition of a family of marks); and Daltronics, Inc. v. H. L. Dalis, Inc., 158 USPQ 475, 480 (TTAB 1968) (Family of marks argument not available to

party that, as of relevant date, was using only one mark and was not "in a 'family way'").

FN9. Because the amended counterclaim supplants the original, the motion to dismiss the original is moot and has not been considered. We do note, however, that one basis for petitioner's motion to dismiss the original counterclaim was its belief that the original answer and counterclaim were not timely filed. That belief was in error, as earlier noted herein.

FN10. In its reply brief on the motion to dismiss, petitioner argues as if respondent has alleged fraud by petitioner in the procurement of each of its three registrations. It is clear, however, from both respondent's brief in opposition to the motion to dismiss and from a review of the counterclaim, that the claim of fraud goes only to Registration No. 2,180,283.

FN11. Respondent asserts that because its counterclaim is compulsory and because petitioner alleges rights "which impinge on" respondent's rights, respondent did not need to plead likelihood of confusion. The assertion is mystifying because it is clear that respondent has pleaded likelihood of confusion in its counterclaim; and petitioner has not asserted otherwise.

FN12. Petitioner's three registrations emanated from applications based on a claim of use of the AOL mark in commerce. Thus, the alleged dates of first use predate the filing dates of those applications. Respondent, in contrast, filed an intent to use application, and its registration asserts a date of actual use after the filing date of the application.

FN13. Should petitioner attempt to establish use prior to the alleged date, on or in connection with the goods identified in that registration, it will be required to come forth with clear and convincing evidence. See Martahus v. Video Duplication Services Inc., 3 F.3d 417, 423 n.7, 27 USPQ2d 1846, 1852 n.7 (Fed. Cir. 1993).

FN14. Petitioner, in its reply brief on the motion to dismiss, appears to place great weight on its anticipated proof of use of AOL as a trade name. We note, however, that petitioner has not pleaded use of AOL as a trade name prior to the filing date of defendant's application. There are references to AOL "marks and names" in paragraphs 17-21 of the petition, but these references are made only in connection with plaintiff's allegation of fame and its inappropriate assertion of a dilution claim. Nowhere in the petition is there an allegation of prior use of AOL as a trade name.

FN15. Respondent actually is in the position of having made alternative arguments. It has effectively denied petitioner's allegations relating to likelihood of confusion, as set forth in the petition, but has alleged a likelihood of confusion in its counterclaim. Arguments in the alternative are permitted. See authorities collected in TBMP § 312.03.