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

Proceeding	91189980
Party	Plaintiff National Oilwell Varco, L.P.
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**IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD**

In re U.S. Trademark Application Serial No. 77/462,382 for the mark CONTINENTAL EMSCO,
filed on April 30, 2008, published on March 31, 2009 and owned by The Modern Group, Ltd.

National Oilwell Varco, L.P.,

Opposer,

vs.

The Modern Group, Ltd.,

Applicant.

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Opposition No. 91189980

OPPOSITION TO APPLICANT'S MOTION TO DISMISS

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National Oilwell Varco, L.P.,	§	
	§	
Opposer,	§	
	§	
vs.	§	Opposition No. 91/189,980
	§	
The Modern Group, Ltd.,	§	
	§	
Applicant.	§	

OPPOSITION TO APPLICANT’S MOTION TO DISMISS

National Oilwell Varco, L.P. (“NOV”) opposes Applicant The Modern Group, Ltd.’s (“TMG”) Motion to Dismiss (“Motion”), and in support shows:

I. INTRODUCTION

The Motion involves a discrete issue, namely does the Notice of Opposition satisfy FRCP 9(b)’s pleading requirement for fraud? As will be demonstrated, the answer is an unequivocal “yes.” Thus, TMG’s Motion should be denied.

As set forth in the Notice of Opposition, NOV owns the marks and trade names CONTINENTAL EMSCO, CONTINENTAL EMSCO CO., and CONTINENTAL EMSCO COMPANY for use in connection with oil and gas processing equipment, including positive displacement pumps (“NOV Marks”). Notice of Opposition, ¶ 2. The NOV Marks were first used in the United States, and in interstate commerce, at least as early as July 1999, and have been used continuously in the United States since at least July 1999. *Id.*

The present Opposition stems out of the actions of nine (9) former employees of Opposer NOV. *Id.*, ¶ 10. Those former employees formed Applicant TMG, a company that directly competes with NOV. *Id.*, ¶ 10. Not only does TMG directly compete with NOV, TMG intends to do so using the identical CONTINENTAL EMSCO trademark as owned and used by NOV.

II. OPPOSER'S NOTICE OF OPPOSITION PLEADS FRAUD WITH PARTICULARITY, AND APPLICANT'S MOTION SHOULD BE DENIED

A. The TTAB Applies A Four Factor Test To Determine The Sufficiency Of Fraud Allegations Under FRCP 9(b)

The factors to be analyzed in deciding a motion to dismiss fraud allegations under FRCP 9(b) are as follows:

- (1) there was in fact another use of the same or a confusingly similar mark at the time the oath was signed;
- (2) the other user had legal rights superior to applicant's;
- (3) applicant knew that the other user had rights in the mark superior to applicant's, and either believed that a likelihood of confusion would result from applicant's use of its mark or had no reasonable basis for believing otherwise; and
- (4) applicant, in failing to disclose these facts to the Patent and Trademark Office, intended to procure a registration to which it was not entitled.

Intellimedia Sports Inc. v. Intellimedia Corp., 43 U.S.P.Q.2d 1203, 1206 (TTAB 1997).

TMG's Motion states that, "[a]t a minimum, Opposer fails to plead the necessary requirement of the third and fourth elements of fraud as mandated by the TTAB." Motion, p. 3. Thus, TMG concedes that the first two factors have been met. Out of an abundance of caution, NOV will very briefly show why its Notice of Opposition meets the first and second factors, and will then spend the majority of this brief showing how the Notice of Opposition satisfies the third and fourth factors. Because the Notice of Opposition meets all four factors, TMG's Motion should be denied.

B. Factor 1- NOV Was In Fact Using The Identical CONTINENTAL EMSCO Mark At The Time The Oath Was Signed

The first factor is whether the notice of opposition sets forth that there was in fact another use of the same or a confusingly similar mark at the time the oath was signed. *Intellimedia*, 43 U.S.P.Q. 2d at 1206. This factor is easily met as the Notice of Opposition alleges:

2. Opposer owns the marks and trade names CONTINENTAL EMSCO, CONTINENTAL EMSCO CO., and CONTINENTAL EMSCO COMPANY for use in connection with oil and gas processing equipment, including positive displacement pumps (“Opposer’s Marks”). Opposer’s Marks were first used in the United States, and in interstate commerce, at least as early as July 1999. Opposer’s Marks have been used continuously in the United States since at least July 1999.

3. Opposer’s Marks have not been abandoned.

4. Opposer’s rights in Opposer’s Marks pre-date the April 30, 2008 filing date of the ‘382 Application. Opposer’s rights in Opposer’s Marks predate any use by Applicant of the CONTINENTAL EMSCO mark represented in the ‘382 Application.

Notice of Opposition, ¶¶ 2-4. These allegations assert that, since at least as early as July 1999, NOV has been using the mark CONTINENTAL EMSCO on oil and gas processing equipment, including positive displacement pumps, *which is the identical mark and the identical goods as listed in the TMG Application*. The fact that NOV has been using the mark continuously since July 1999 unquestionably alleges that the NOV mark was in use as of the filing date of the TMG Application. Thus, NOV has established the first factor.

C. Factor 2 - NOV Has Pled That It Has Legal Rights Superior To TMG’s Rights In And To The CONTINENTAL EMSCO Mark

The second factor is that NOV has legal rights in the applied for mark superior to TMG’s rights. *Intellimedia*, 43 U.S.P.Q. 2d at 1206. As set forth in the preceding section, NOV’s Notice of Opposition sets forth in detail that NOV has legally superior rights in and to the CONTINENTAL EMSCO mark by virtue of NOV’s previous and continuous use of the mark.

Specifically, since at least nine (9) years before TMG filed the present application, NOV has continuously used a mark *that is identical to the applied-for mark in connection with goods that are identical to the applied-for goods*. *Id.*, ¶¶ 2, 3, and 5-9. This unquestionably asserts that NOV has superior rights in and to the CONTINENTAL EMSCO mark. Thus, NOV has established the second factor.

D. Factor 3 – TMG Knew That NOV Had Rights in the CONTINENTAL EMSCO Mark Superior to TMG’s Rights, and TMG Either Believed That a Likelihood of Confusion Would Result From TMG’s Use of the CONTINENTAL EMSCO Mark Or Had No Reasonable Basis for Believing Otherwise

Under the third factor, an opposer alleging fraud must establish that “applicant knew that the other user had rights in the mark superior to applicant’s, and either believed that a likelihood of confusion would result from applicant’s use of its mark or had no reasonable basis for believing otherwise. *Intellimedia*, 43 U.S.P.Q. 2d at 1206. One way to establish the third factor is if NOV pleads “particular facts (e.g., *substantial identity between the parties’ marks and goods or services*, or a prior court decree or agreement of the parties which clearly establishes the other person’s rights in the mark), which, if proven, would establish that, at the time the application was filed, defendant had no reasonable basis for its averred belief that no other person had a right to use the same or a confusingly similar mark on or in connection with the goods or services identified in the application.” *Intellimedia*, 43 U.S.P.Q.2d at 1207 (emphasis added). NOV’s Notice of Opposition meets this standard.

Specifically, NOV’s Notice of Opposition pleads the requisite “particular facts,” i.e., the applied for mark is identical to the CONTINENTAL EMSCO mark previously and continuously used by NOV. Notice of Opposition, ¶¶ 2-5. Moreover, the facts pled in the Notice make it clear that TMG did know of that mark. Specifically nine (9) former NOV employees formed TMG.

Id., ¶ 10. TMG applied to register the identical, rare mark for the exact same goods as that being previously used by NOV. *Id.*, ¶¶ 2 and 5. If those facts are proven, they would establish that, at the time the application was filed, TMG had no reasonable basis for its averred belief that no other person had a right to use the same or a confusingly similar mark on or in connection with the goods or services identified in the application. Thus, NOV's Notice of Opposition tracks exactly the alternative pleading requirement as set forth in the Board's *Intellimedia* opinion.

TMG argues that the Notice of Opposition fails to meet factor 3 because "it is not fraud to state in the application oath that one 'believes himself, or the firm, corporation or association in whose behalf he makes the verification, to be the owner of the mark sought to be registered,'" citing *Galleon S.A. v. Havana Club Holding, S.A.*, 2004 WL 199225, *17 (TTAB Jan. 29, 2004). Motion, p. 4. First, the quote is taken from a case that the Board has designated as "not citable as precedent of the TTAB." Second, TMG conveniently forgot the most important part of the quote, which is the prefatory clause underscored in the following: "This difference is significant because where there is reasonable doubt as to who is the owner of a mark, it is not fraud to state in the application oath that one 'believes himself, or the firm, corporation or association in whose behalf he makes the verification, to be the owner of the mark sought to be registered.'" *Galleon*, 2004 WL 199225, *17 (emphasis added).

Importantly, what *Galleon* teaches is where reasonable doubt in a declarant's mind exists, reliance on a declaration alone is improper. The facts as pled in the present case remove any reasonable doubt. In particular, the Notice of Opposition alleges that NOV is the owner of the applied-for mark (Notice of Opposition, ¶¶ 2 & 3), NOV has continuously used the applied-for mark from at least 1999 through the present (*Id.*), nine (9) of TMG's employees were former employees of NOV (*Id.*, ¶ 10), and TMG applied for a mark that is identical in every respect to a

mark used at NOV while they were employed at NOV. *Id.*, ¶¶ 2-5, & 10. Such allegations lead to one conclusion – TMG knew that another person had superior rights in and to the mark when the oath was executed. Thus, NOV has established the third factor.

E. Factor 4 - TMG Intended To Procure A Registration To Which It Was Not Entitled.

The final factor relates to allegations that TMG intended to procure a registration to which it was not entitled. In failing to disclose NOV's prior use, TMG intended to procure a registration to which it is not entitled. In fact, no other conclusion could be reached. Imagine if TMG had stated the following in its application: (1) NOV has been using the mark CONTINENTAL EMSCO for several years before the present application was being filed; and (2) NOV's previous use of CONTINENTAL EMSCO was for identical goods to those set forth in the present application. Had TMG been honest with the USPTO and disclosed all of the facts surrounding NOV's prior use of CONTINENTAL EMSCO, then the USPTO could not have allowed the present application to publication. Therefore, TMG intended to procure a registration to which it is not entitled.

TMG argues that NOV failed to plead that TMG intended to deceive the Office. Motion, pp. 8-9. If an opposer must plead that the opposer has actual knowledge that an applicant had the subjective intent to deceive, then fraud would be written out of the list of possible grounds for opposition because such information is never going to be discovered, even if it exists. Rather, alleging the circumstances surrounding the execution of the declaration can be sufficient to allege intent under FRCP 9(b), which is precisely what NOV has done. Simply put, "if [NOV's] other allegations are established, a trier of fact could conclude that [TMG] intended to procure a trademark registration to which it was not entitled. *Rogers v. Quik Check Financial, Inc.*, 2004 WL 948339, *3 (D.Or. Mar 16, 2004). Pleadings only require sufficient underlying facts from

which a court may reasonably infer that a party acted with the requisite state of mind. *Exergen Corp. v. Wal-Mart Stores, Inc.*, 2009 WL 2366535, *12 (Fed. Cir. 2009)(“Although knowledge and intent may be averred generally, our precedent, like that of several regional circuits, requires that the pleadings allege sufficient underlying facts from which a court may reasonably infer that a party acted with the requisite state of mind.”)(internal quotations omitted). A reasonable inference is one that is plausible and that flows logically from the facts alleged, including any objective indications of candor and good faith. *Id.*, *13, n.5 (citing *Greenstone v. Cambex Corp.*, 975 F.2d 22, 26 (1st Cir.1992) (Breyer, C.J.)). Thus, NOV has established the forth and final factor.

III. CONCLUSION

Considering the foregoing, NOV respectfully requests that TMG’s Motion to Dismiss be denied and that a new scheduling order be issued.

Respectfully submitted,

Dated: August 27, 2009

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CERTIFICATION OF SERVICE

I hereby certify that a copy of the above and foregoing *Opposition to Applicant's Motion To Dismiss* was served on the 27th day of August, 2009 on the following via U.S. first class mail, postage pre-paid and properly addressed as follows:

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