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

Proceeding	91189980
Party	Defendant The Modern Group, Ltd.
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Submission	Motion to Dismiss - Rule 12(b)
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Date	08/07/2009
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**IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD**

NATIONAL OILWELL VARCO, L.P.

Opposer,

v.

THE MODERN GROUP, LTD.

Applicant.

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Opposition No. 91189980

Serial No. 77/462,382

Mark: CONTINENTAL EMSCO

**APPLICANT’S COMBINED MOTION TO DISMISS OPPOSER’S FRAUD
ALLEGATIONS AND RELATED CLAIM AND MOTION TO STRIKE PARAGRAPHS
10-13 IN THE NOTICE OF OPPOSITION AND MEMORANDUM IN SUPPORT**

Pursuant to Fed. R. Civ. P. 12(b)(6) and 37 C.F.R. § 2.116, The Modern Group, Ltd. (“Applicant”) moves to dismiss National Oilwell Varco, L.P.’s (“Opposer”) fraud allegations and related claim for failure to state a claim. Opposer fails to plead fraud with particularity as required by Fed. R. Civ. P. 9(b).

I. PROCEDURAL HISTORY

Opposer filed a Notice of Opposition against applicant’s Trademark Application No. 77/462,382 for the mark CONTINENTAL EMSCO) (“Opposition”) (Opposition No. 91189980). Among other assertions, Opposer alleges that Applicant committed fraud upon the United States Patent and Trademark Office (“USPTO”) (Opposition ¶¶10-13). Opposer accuses Applicant of fraudulent misrepresentation regarding Applicant’s sworn declaration as to ownership of the CONTINENTAL EMSCO mark and as to the rights of others to use the mark. However, Opposer fails to allege sufficient details as to the facts surrounding Applicant’s allegedly fraudulent acts as required by law. Therefore, Applicant moves to dismiss Opposer’s fraud allegations and the related fraud claim and strike Paragraphs 10-13 in the Opposition.

II. LEGAL AUTHORITY

Pursuant to 37 C.F.R. § 2.116(a), a pleading that asserts fraud as a ground for opposition of an application must satisfy Fed. R. Civ. P. 9(b). Fed. R. Civ. P. 9(b) requires that “[i]n all averments of fraud or mistake, the circumstances constituting fraud or mistake shall be stated with particularity. Fed. R. Civ. P. 9(b). Specifically, pleading fraud with particularity requires the allegations include “*the time, place and content of the false representation, the fact misrepresented, and what was obtained or given up as a consequence of the fraud.*” *W.R. Grace & Co. v. Ariz. Feeds* 195 U.S.P.Q. (BNA) 670, 672 (Comm’r Pat. 1977) (emphasis added). The Federal Circuit has similarly acknowledged that pleading fraud requires “identification of the specific who, what, when, where, and how of the material misrepresentation or omission committed before the PTO. *Exergen Corp. v. Wal-Mart Stores, Inc.* No. 2006-1491, 2007-1180 slip. op. at 22 (Fed. Cir. August 4, 2009) (applying requirements of Fed. R. Civ. P. 9(b) to a pleaded allegation of inequitable conduct in a patent infringement case).

The Trademark Trial and Appeal Board (“TTAB”) has four requisite elements for pleading fraud: (1) another use of the same or a confusingly similar mark existed at the time the oath was signed; (2) the other user had legal rights in the mark superior to the applicant’s rights; (3) applicant had actual knowledge that the other user had rights in the mark superior to applicant’s and either believed that a likelihood of confusion would result from the applicant’s use of its mark or had no reasonable basis for believing otherwise; and (4) the applicant, in failing to disclose these facts to the Trademark Office, intended to procure a registration to which the applicant was not entitled. *Intellimedia Sports Inc. v. Intellimedia Corp.*, 43 U.S.P.Q.2d (BNA) 1203, 1207 (T.T.A.B. 1997); *See also, Ohio State University v. Ohio University*, 51 U.S.P.Q.2d (BNA) 1289, 1293 (T.T.A.B. 1999).

At a minimum, Opposer fails to plead the necessary requirements of the third and fourth elements of fraud as mandated by the TTAB

III. ARGUMENT

A. Opposer Fails to Sufficiently Plead the Third element of fraud – Actual Knowledge and Timing

In order to sufficiently plead the third element of fraud, Opposer must allege facts that, if proven, demonstrate that the applicant actually knew that a prior user had rights in the mark superior to applicant's and either believed that a likelihood of confusion would result from the applicant's use of its mark or had no reasonable basis for believing otherwise. *Intellimedia*, 43 U.S.P.Q.2d at 1207.

1. Opposer Fails to Plead the That Applicant Held the Requisite State of Mind – Actual Knowledge

(a) Applicant's declaration is not a basis to plead fraud

Fraud requires that Applicant had actual knowledge of Opposer's superior rights. The TTAB notes in *Intellimedia* that it is nearly impossible to prove fraud by relying on applicant's declaration because the assertions of ownership and exclusive use set forth in the declaration are based on the applicant's belief. 43 U.S.P.Q.2d at 1206. (citations omitted). In paragraph 12 of the Opposition, Opposer makes the same flawed argument using Applicant's statement in its declaration. Specifically, Opposer states that:

[I]n the declaration filed with the '382 Application, Applicant stated that, to the best of Applicant's knowledge and belief "no other person has the right to use such mark in commerce either in the identical form thereof or in such near resemblance thereto as to be likely, when used on or in connection with the goods of such other person, to cause confusion or to cause mistake, or to deceive." This statement is false, was material to examination and publication of the '382 Application, and was made under circumstances in which Applicant knew or should have known it was false.

(Opposition ¶12). Since the *Intellimedia* case, the TTAB has spoken again on this very issue in *Galleon v. Havana Club Holding*, 2004 TTAB Lexis 38, *51 (T.T.A.B. 2004), finding that "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'" (citations omitted).

Opposer is mistaken in relying on Applicant's declaration as a basis to support an allegation of fraud.

(b) Opposer's remaining paragraphs also fail to provide any support for actual knowledge

A petitioner must allege that the defendant was actually aware of petitioner's superior rights. *Intellimedia*, 43 U.S.P.Q.2d at 1207. (emphasis added). In paragraph 10, Opposer merely pleads, *by example*, that Applicant hired certain persons previously employed by Opposer without drawing any connection to anything. Opposer fails to allege how its former employees acquired actual knowledge as to Opposer's supposed use of the CONTINENTAL EMSCO mark. Opposer does not provide any basis as to when these former employees learned this information, or whether these employees knew anything about Opposer's use at the time Applicant's declaration was executed.

Then, in the next paragraph, Oppose pleads on *information and belief* that Applicant was, at one point in time, aware of Opposer's prior use of Opposer's Marks. (Opposition ¶11) However, Opposer fails to plead that Applicant knew Opposer held *superior rights* in the mark, but prefaces such with an "on information and belief" qualification.. A well accepted principle of federal pleading is that averments of fraud may not be alleged upon "information and belief" unless the facts are peculiarly within the defendant's knowledge, in which case the allegations "must be accompanied by a statement of facts upon which the belief is based." *Lasky v. Shearson Lehman Bros. Inc.* 139 F.R.D. 597, 598 (S.D.N.Y. 1991) (emphasis added); *See also, Paul Sullivan Tennis Sportswear, Inc. v. Balth. Blickle's Wwe*, 213 U.S.P.Q. (BNA) 390, 393 (T.T.A.B. 1982).

In paragraph 12, Opposer mistakenly attempts to rely on the declaration having a belief qualification as noted above.

Recognizing it has no factual basis to assert the essential actual knowledge prong of element three, Opposer then attempts in paragraph 13 to gloss over the obvious deficiencies by making mere conclusory statements that, at the time the declaration was filed, Applicant was "aware of, or at the very least should have been aware of, Opposer's prior use of Opposer's Marks.", that the declaration statement was material and if that statement had not been included the application would have been rejected, and finally that Applicant's employees "were aware of or, at the very least, should have been aware of, Opposer's prior use of Opposer's Marks" (Opposition ¶13). Even assuming Applicant knew that Opposer had made use of Opposer's mark at some point in the past, Applicant's knowledge of "prior use" by Opposer does not form a basis to conclude that Applicant knew Opposer held *superior rights* in the Opposer's Marks. Opposer must allege something more than simply that Applicant *knew* of Opposer's prior use.

Intellimedia Sports Inc. v. Intellimedia Corp., 43 U.S.P.Q.2d (BNA) 1203, 1207 (T.T.A.B. 1997); *See also, Galleon v. Havana Club Holding*, 2004 TTAB Lexis 38, *55-56 (T.T.A.B. 2004). Opposer must specify facts that, if proven, would establish that Applicant *believed* Opposer had superior rights to the mark and that Applicant's use of mark would create a likelihood of confusion. *Intellimedia*, 43 U.S.P.Q.2d at 1207.

2. Opposer Fails to Plead the Proper Timeframe for Applicant's Knowledge

Opposer must also sufficiently plead facts that demonstrate the applicant held the requisite knowledge at the time the declaration was executed. *King Automotive, Inc. v. Speedy Muffler King, Inc.* 667 F.2d 1008, 1010-11, 212 U.S.P.Q. (BNA) 801, 803 (C.C.P.A. 1981) (emphasis added). It is not sufficient to plead and prove applicant was aware of the same or similar mark used by a third party prior to the applicant's priority date; the party asserting fraud must also allege and prove that the applicant was aware of such use *at the time* the declaration was executed. *Id.* Opposer merely alleges by example that Applicant hired nine people from Opposer and then somehow, on information and belief, Applicant was not the owner of the mark at issue. (Opposition ¶¶10-11). But, all nine people listed have worked for Applicant since at least July 2007, nearly one year prior to the execution of Applicant's declaration. Regardless of when these employees left Opposer, and what they knew or did not know at that time, Opposer fails to connect this alleged knowledge to Applicant's knowledge *at the time* the declaration was executed. Because Opposer fails to connect Applicant's knowledge to the time when the declaration was executed, Opposer's pleading necessarily fails to sufficiently plead fraud.

At the very minimum, Opposer should have waited to conduct discovery and then move to amend the Notice of Opposition to include factual statements obtained in discovery. This is

the normal and proper process if Opposer is without sufficient information to properly allege fraud with the requisite particularity. *See Warner-Lambert Co. v. Teva Pharms. USA, Inc.*, 418 F.3d 1326, 1333-34 (Fed. Cir. 2005).

3. Opposer Fails to Plead the That Applicant Knew the Proper Information

Opposer must also allege something more than Applicant believed Opposer previously used the mark. *Intellimedia*, 43 U.S.P.Q.2d at 1207. Opposer must specify facts that, if proven, would establish that Applicant believed Opposer had *superior rights* to the mark and that Applicant's use of mark would create a likelihood of confusion. *Intellimedia*, 43 U.S.P.Q.2d at 1207. (emphasis added). Opposer fails to allege any facts that would indicate Applicant believed Opposer had *superior rights* in Opposer's Marks. In fact, Opposer's sole registration (No. 2,027,364) for EMSCO, which is only a portion of Applicant's mark CONTINENTAL EMSCO was cancelled in October of 2007 for failure to renew. This cancellation occurred nearly six months before Applicant signed the declaration and filed its application for CONTINENTAL EMSCO. If anything, such information provides the public with reasonable and adequate belief to conclude that Opposer had abandoned its rights to the EMSCO mark. *See* Exhibit A, a copy of TARR records for Opposer's expired registration.

Nevertheless, Opposer alleges that Applicant's declaration statement was material because "absent that false statement, the '382 Application would have been rejected under U.S.C. § 1052(d) based on likelihood of confusion between Applicant's Mark and Opposer's Mark." (Opposition ¶13). Opposer, however, fails to allege any prior application or enforceable registration for a same or confusingly similar mark which would have caused the Trademark Office to reject the Applicant's Application. Why would Applicant identify a cancelled registration as an indication of a currently active use with superior rights when the facts indicate

the very opposite? Opposer simply fails to allege any facts that indicate Applicant believed Opposer had *superior rights* in Opposer's Marks.

B. Opposer fails to sufficiently plead fourth element of fraud – Applicant's Intent

To sufficiently plead the fourth element of fraud, Opposer must also allege that the applicant, in failing to disclose a third party's superior rights to the Trademark Office, *intended* to procure a registration to which the applicant was not entitled. A party alleging fraud must provide factual allegations demonstrating that the applicant withheld the relevant information from the Trademark Office with intent to mislead and to obtain a registration to which applicant knew it was not entitled. *King Automotive, Inc. v. Speedy Muffler King, Inc.* 667 F.2d 1008, 1011 n.4, 212 U.S.P.Q. (BNA) 801, 803 (C.C.P.A. 1981). Opposer merely states in conclusory fashion that Applicant's false statements were made "knowingly," but provides no other factual allegations as to Applicant's state of mind. (Opposition ¶13.)

Opposer fails to plead that Applicant held the requisite intent to obtain a registration to which Applicant was not entitled. A fraudulent statement requires an *intent to deceive*. *Paul Sullivan Tennis Sportswear*, 213 U.S.P.Q. at 393 (emphasis added). The TTAB has established that an intent to deceive is something more than a false statement, which "may be occasioned by a misunderstanding or inadvertence, a mere negligent omission, or the like." *Id.* (stating that "a fraudulent misrepresentation consequently involves an intent to deceive and must be distinguished from a false representation".) Opposer, referring to Applicant's declaration, merely asserts that "Applicant knew or should have known it was false" (Opposition ¶12). This is wholly inadequate. Even if true, this would not rise to the level of an *intent to deceive* required for pleading and proving the fourth element of fraud. Opposer fails to allege facts

sufficient to demonstrate that Applicant held the requisite intent required to prove the fourth element of fraud.

IV. CONCLUSION

The Notice of Opposition, even if liberally construed, does not provide sufficient allegations to satisfy the heightened pleading requirements regarding allegations of fraud. As such, Applicant requests the dismissal of Opposer's fraud claims pursuant to Fed. R. Civ. P. 12(b)(6) for failure to state a claim upon which relief can be granted, and that Paragraphs 10-13 of the Notice of Opposition be struck.

DATED: August 7, 2009

Respectfully submitted,

/s/ Marc L. Delflache

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**ATTORNEYS FOR THE MODERN
GROUP, LTD.**

CERTIFICATE OF SERVICE

This is to certify that a copy of the foregoing APPLICANT'S COMBINED MOTION TO DISMISS OPPOSER'S FRAUD ALLEGATION AND RELATED CLAIM AND MOTION TO STRIKE PARAGRAPHS 10-13 IN THE NOTICE OF OPPOSITION AND MEMORANDUM IN SUPPORT and Associated Exhibit A were served by First Class Mail, postage prepaid, on August 7, 2009, upon Opposer's Attorney at the address below:

Gregory L. Maag
Conley Rose, P.C.
P.O. Box 3267
Houston, TX 77253-3267
UNITED STATES



Erin B. Frazier

EXHIBIT A

Thank you for your request. Here are the latest results from the TARR web server.

This page was generated by the TARR system on 2009-08-07 13:57:22 ET

Serial Number: 74412475 Assignment Information Trademark Document Retrieval

Registration Number: 2027364

Mark (words only): EMSCO

Standard Character claim: No

Current Status: Registration canceled under Section 8.

Date of Status: 2007-10-06

Filing Date: 1993-07-13

Transformed into a National Application: No

Registration Date: 1996-12-31

Register: Principal

Law Office Assigned: LAW OFFICE 104

If you are the applicant or applicant's attorney and have questions about this file, please contact the Trademark Assistance Center at TrademarkAssistanceCenter@uspto.gov

Current Location: 40S -Scanning On Demand

Date In Location: 2006-09-14

LAST APPLICANT(S)/OWNER(S) OF RECORD

1. NATIONAL-OILWELL, L.P.

Address:

NATIONAL-OILWELL, L.P.
10000 RICHMOND AVENUE, SUITE 400
HOUSTON, TX 770424200
United States

Legal Entity Type: Limited Partnership

State or Country Where Organized: Delaware

GOODS AND/OR SERVICES

International Class: 007

Class Status: Section 8 - Cancelled

oil and gas processing equipment; namely, positive displacement pumps

Basis: 1(a)

First Use Date: 1995-02-14

First Use in Commerce Date: 1995-02-14

International Class: 011

Class Status: Section 8 - Cancelled

Basis: 1(a)

First Use Date: 1994-11-30

First Use in Commerce Date: 1994-11-30

ADDITIONAL INFORMATION

Prior Registration Number(s):

370912

MADRID PROTOCOL INFORMATION

(NOT AVAILABLE)

PROSECUTION HISTORY

NOTE: To view any document referenced below, click on the link to "Trademark Document Retrieval" shown near the top of this page.

2007-10-06 - Canceled Section 8 (10-year)/Expired Section 9

2006-09-14 - Case File In TICRS

2003-11-20 - Partial Section 8 (6-year) accepted & Section 15 acknowledged

2003-06-02 - Post Registration action mailed Section 8 & 15

2002-12-30 - Section 8 (6-year) and Section 15 Filed

2002-12-30 - TEAS Section 8 & 15 Received

1996-12-31 - Registered - Principal Register

1996-10-16 - Allowed for Registration - Principal Register (SOU accepted)

1996-07-26 - Communication received from applicant

1996-05-09 - Non-final action mailed

1996-04-22 - Assigned To Examiner

1996-04-04 - Statement of use processing complete

1996-04-04 - Extension 1 granted

1996-01-30 - Extension 1 filed

1996-01-30 - Amendment to Use filed

1995-08-15 - Noa Mailed - SOU Required From Applicant

<http://tarr.uspto.gov/servlet/tarr?regser=serial&entry=74412475>

08/07/2009

1995-05-23 - Published for opposition
1995-04-21 - Notice of publication
1995-01-24 - Approved for Pub - Principal Register (Initial exam)
1995-01-24 - Amendment to Use - Express withdrawal
1994-12-12 - Communication received from applicant
1994-06-28 - Non-final action mailed
1994-06-27 - Previous allowance count withdrawn
1994-06-14 - Approved for Pub - Principal Register (Initial exam)
1994-06-13 - Amendment to Use approved
1994-04-28 - Communication received from applicant
1994-05-20 - Amendment to use processing complete
1994-04-28 - Amendment to Use filed
1993-11-08 - Non-final action mailed
1993-10-20 - Assigned To Examiner

ATTORNEY/CORRESPONDENT INFORMATION

Attorney of Record

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