UNITED STATES PATENT AND TRADEMARK OFFICE
Trademark Trial and Appeal Board
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wbc/apb

Mailed: April 29, 2013

Opposition No. **91197762**
Cancellation No. 92055153

Embarcadero Technologies, Inc.

v.

Delphix Corp.

By the Trademark Trial and Appeal Board:

This case now comes up for consideration of Delphix Corp.'s ("DC") motion (filed April 16, 2012) for judgment on the pleadings wherein DC asks the Board to strike the allegedly insufficient pleaded fraud claim set forth in paragraphs 6-7 and 15-23 of Embarcadero Technologies, Inc.'s ("ETI") petition to cancel in the above-captioned cancellation proceeding. The motion has been fully briefed.

As an initial matter, the Board notes that DC's motion is the third motion in these consolidated proceedings through which a party has asked the Board to strike matter from its adversary's pleading.[1] In the interest of ending

[1] On March 2, 2011, ETI filed a motion to strike the affirmative defenses in DC's original answer in the opposition proceeding. In an April 6, 2011 order, the Board determined that, in view of DC's filing on March 22, 2011 of an amended answer in the opposition proceeding, that the motion to strike was moot.
On April 18, 2011, ETI then filed a second motion to strike the affirmative defenses from DC's amended answer. In a January 10,

the parties' motion practice with regard to the pleadings in these proceedings, the Board has reviewed the pleadings in the above-captioned proceedings to determine their sufficiency. See Fed. R. Civ. P. 12(f); TBMP Section 506.01 (3d ed. rev. 2012) (the Board can strike insufficient matter from the pleadings on its own initiative at any time).

In the above-captioned opposition, ETI opposes registration of DC's application Serial No. 77944256 to register the mark DELPHIX in standard character form for "computer software for use in database management; database management software for managing database storage and provisioning functions and instruction manuals sold therewith" in International Class 9.[2] In the above-captioned cancellation proceeding, ETI seeks to cancel DC's Registration No. 3768914 for the mark DELPHIX in stylized form for the same goods.[3]

The first fourteen paragraphs of the notice of opposition and the petition to cancel are similar, but are

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2012 order, the Board granted in part and denied in part that motion. But see *infra*.

[2] Application Serial No. 77944256 was filed February 24, 2010, based on an assertion of a bona fide intent to use in commerce under Trademark Act Section 1(b), 15 U.S.C. § 1051(b).

[3] Such registration issued on March 30, 2010, based on an intent-to-use application that was filed on January 14, 2009. In the statement of use in the application for that registration, DC alleges January 31, 2009 as the date of first use anywhere and December 3, 2009 as the date of first use in commerce.

ordered differently.[4] ETI adequately pleads its standing in paragraphs 1-4 of the notice of opposition and the petition to cancel. See *Cunningham v. Laser Golf Corp.*, 222 F.3d 943, 55 USPQ2d 1842 (Fed. Cir. 2000); *Lipton Industries, Inc. v. Ralston Purina Co.*, 670 F.2d 1024, 213 USPQ 185 (CCPA 1982); TBMP Section 309.03(b). In paragraphs 2-6, 8-11 and 14 of the notice of opposition and paragraphs 2-5 and 8-12 of the petition to cancel,[5] ETI sets forth claims of likelihood of confusion with its previously used mark DELPHI, which is subject of Registration No. 2873025.[6] See Trademark Act Section 2(d), 15 U.S.C. § 1052(d); *King Candy*

[4] The petition to cancel contains nine additional paragraphs that set forth the fraud claim at issue in the motion for judgment on the pleadings.

[5] In paragraph 6 of the petition to cancel, ETI alleges that DC claims use of the involved DELPHIX mark since January 31, 2009 and use in commerce since December 3, 2009. However, the earliest date that DC can rely upon in support of the involved registration, in the absence of evidence, is the constructive first use date of such mark is January 14, 2009, the filing date of DC's intent-to-use application for the involved registration. See Trademark Act 7(c), 15 U.S.C. § 1057(c); *Zirco Corp. v. American Telephone and Telegraph Co.*, 21 USPQ2d 1542 (TTAB 1991).

[6] Such registration was issued on August 17, 2004, and alleged October 5, 1994 as the date of first use anywhere and as the date of first use in commerce. Section 8 affidavit accepted, Section 15 affidavit acknowledged.

In the notice of opposition and petition to cancel, ETI alleges prior use of the pleaded DELPHI mark on "computer software and programs." Notice of opposition, paragraph 2. Although not expressly stated in the texts of the notice of opposition and the petition to cancel, such registration is for the mark DELPHI in typed form for "computer programs for use in the filed of compilers, assemblers, application development, tools and utilities, database implementation reporting and connectivity, user interfaces, visual development tools and programming tools and utilities and instructional manuals sold therewith" in International Class 9.

Co. v. Eunice King's Kitchen, Inc., 182 USPQ 108 (CCPA 1974). In paragraph 13 of the notice of opposition and paragraph 14 of the petition to cancel, ETI sets for claims of no bona fide intent to use the mark in commerce with all of the goods identified in DC's involved application and registration. See Trademark Act Section 1(b), 15 U.S.C. § 1051(b).

In the ESSTA cover sheets for the notice of opposition and petition to cancel, ETI indicates that it intends to plead claims of false suggestion of a connection with ETI under Trademark Act Section 2(a), 15 U.S.C. Section 1052(a). However, because ETI did not plead such claims in the text of the notice of opposition or the petition to cancel, those claims are not at issue herein.[7]

In paragraph 7 of the notice of opposition, ETI alleges that DC did not use the involved DELPHIX marks prior to the involved application filing date. DC denied this allegation in its answer. Because the application at issue in the opposition proceeding was filed based on an assertion of a

[7] To state a claim of false suggestion of a connection under Trademark Act Section 2(a), plaintiff must allege facts from which it may be inferred (1) that defendant's mark points uniquely and unmistakably to plaintiff as an entity -- i.e., that defendant's mark is plaintiff's identity or "persona;" (2) that purchasers would assume that goods and/or services rendered under defendant's mark are connected with plaintiff; and (3) either (a) that plaintiff was the prior user of defendant's mark, or the equivalent thereof, as a designation of its identity or "persona", or (b) that there was an association of the mark with plaintiff prior in time to defendant's use. See *Miller Brewing Co. v. Anheuser-Busch Inc.*, 27 USPQ2d 1711, 1712-13 (TTAB 1993).

bona fide intent to use the mark in commerce under Trademark Act Section 1(b), 15 U.S.C. Section 1051(b), DC was not required to use the mark in commerce prior to filing the involved application. Accordingly, paragraph 7 of the notice of opposition does not set forth a claim.[8]

In paragraphs 6-7 of the petition to cancel, ETI alleges that DC had not used the involved DELPHIX mark prior to DC's claimed date of first use thereof. However, the critical question in the cancellation proceeding is whether the mark was in use in connection with the identified goods as of the filing date of the statement of use. That is, if the mark was in use in commerce as of the filing date of the statement of use, then the claimed date of first use, even if false, does not constitute fraud because the first use date is not material to the Office's decision to approve a mark for publication. See *Hiraga v. Arena*, 90 USPQ2d 1102 (TTAB 2009); Trademark Rule 2.122(b)(2). False dates of use, by themselves, are not otherwise a basis for cancellation of a registration, unless there was no use at the time of the filing of the statement of use. See *Avakoff v. Southern Pacific Co.*, 765 F.2d 1097, 1098, 226 USPQ 435, 436 (Fed. Cir.

[8] DC may prove actual use of the involved mark that precedes the constructive use filing date of its involved application, but its proof must be clear and convincing and must not be characterized by contradiction, inconsistencies or indefiniteness. See *Hydro-Dynamics, Inc. v. George Putnam & Co., Inc.*, 811 F.2d 1470, 1 USPQ2d 1772, 1773 (Fed. Cir. 1987); *Threshold.TV Inc. v. Metronome Enterprises Inc.*, 96 USPQ2d 1031, 1036 (TTAB 2010).

1985). Accordingly, paragraphs 6-7 are *sua sponte* stricken as irrelevant. See Fed. R. Civ. P. 12(f); TBMP Section 506.01.

In paragraph 12 of the notice of opposition and paragraph 13 of the petition to cancel, ETI alleges "[u]pon information and belief, [DC] knew or should have known of" ETI's adoption, use and registration of its pleaded mark and therefore could not have executed in good faith the declarations in support of the involved application and the application for the involved registration. These allegations fall short of pleading claims of fraud in the application declarations because alleges only that DC knew or should have known of ETI's adoption, use and registration of the pleaded DELPHI mark and because it does not allege that DC made the statements at issue with the intent to deceive.[9] See *In re Bose Corp.*, 580 F.3d 1240, 91 USPQ2d 1938, 1940 (Fed. Cir. 2009). A fraud claim requires allegation of a specific false statement of material fact knowingly made in the prosecution of the involved application with the intent of deceiving the USPTO into issuing a registration to which DC was not entitled; allegations that a party knew or should have known of a material statement's

[9] Pursuant to Fed. R. Civ. P. 9(b), any allegations based on "information and belief" must be accompanied by a statement of specific facts upon which the belief is based. See *Exergen Corp. v. Wal-Mart Stores Inc.*, 575 F.3d 1312, 91 USPQ2d 1656, 1670 (Fed. Cir. 2009); *Asian and Western Classics B.V. v. Selkow*, 92 USPQ2d 1478 (TTAB 2009). The allegations in paragraphs 11 and 14 of the notice of opposition and paragraphs 11-12 of the petition to cancel set forth facts upon which the allegations in paragraph 12 from the notice of opposition and paragraph 13 from the petition to cancel are based.

falsity are insufficient. See *In re Bose Corp.*, 91 USPQ2d at 1940. In addition,

> a plaintiff claiming that the declaration or oath in defendant's application for registration was executed fraudulently, in that there was another use of the same or a confusingly similar mark at the time the oath was signed, must allege particular facts which, if proven, would establish that: (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 that (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.[10]

Intellimedia Sports Inc. v. Intellimedia Corp., 43 USPQ2d 1203, 1205 (TTAB 1997). Accordingly, the Board *sua sponte* strikes paragraph 12 from the notice of opposition and paragraph 13 from the petition to cancel. See Fed. R. Civ. P. 12(f); TBMP Section 506.01.

The Board now turns to DC's amended answer in the opposition proceeding and answer in the cancellation proceeding. In a January 10, 2012 order, the Board granted in part ETI's motion (filed April 18, 2011) to strike

[10] A declaration "is phrased in terms of a subjective *belief,* such that it is difficult, if not impossible, to prove objective falsity and fraud so long as the affiant or declarant has an honestly held, good faith belief." J. Thomas McCarthy, *McCarthy on Trademarks and Unfair Competition,* Section 31:76 (4th ed. 2009).

affirmative defenses, striking the first of DC's four affirmative defenses. In that order, the Board determined that DC's second and third affirmative defenses were properly pleaded defenses under *Morehouse Mfg. Corp. v. J. Strickland & Co.*, 407 F.2d 881, 56 C.C.P.A. 946, 160 USPQ 715 (CCPA 1969), based on DC's Registration No. 3768914. However, because ETI, on February 9, 2012, commenced the above-captioned cancellation proceeding involving that registration, the *Morehouse* defense is no longer available to DC. See *Saint-Gobain Abrasives Inc. v. Unova Industrial Automation Systems Inc.*, 66 USPQ2d 1355 (TTAB 2003); *Estate of Biro v. Bic Corp.*, 18 USPQ2d 1382 (TTAB 1991). The Board further notes that, where an opposer files a timely notice of opposition, there is otherwise no basis for the defenses of laches and or acquiescence. See *National Cable Television Ass'n v. American Cinema Editors, Inc.*, 937 F.2d 1572, 19 USPQ2d 1424 (Fed. Cir. 1991). Accordingly, the second and third affirmative defenses in the amended answer to the notice of opposition are *sua sponte* stricken. See Fed. R. Civ. P. 12(f); TBMP Section 506.01.

As a fourth affirmative defense in the amended answer to the notice of opposition, DC alleged that ETI's claims are barred by the doctrine of equitable estoppel based on ETI's delay in asserting any claimed rights and on information belief [ETI's] consent to the parties'

substantial co-existence without any confusion."[11] The Board determined in the January 10, 2012 order that this defense was sufficient. In the answer to the petition to cancel, DC sufficiently sets forth affirmative defenses of acquiescence, laches,[12] and equitable estoppel. To the extent that DC relies upon ETI's failure to oppose registration of the DELPHIX mark in Registration No. 3768914, the Board notes that ETI was allowed until five years after the March 30, 2010 issuance date of that registration, i.e., until March 30, 2015, to seek cancellation of that registration under Trademark Act Section 2(d). See Trademark Act Section 14(3), 15 U.S.C. § 1064(3). But see *Teledyne Technologies Inc. v. Western Skyways Inc.*, 78 USPQ2d 1203 (TTAB 2006) (laches found based on failure to provide explanation for three-and-one-half

[11] The elements of equitable estoppel are (1) misleading conduct, which may include not only statements and action but silence and inaction, leading another to reasonably infer that rights will not be asserted against it; (2) reliance upon this conduct; and (3) due to this reliance, material prejudice if the delayed assertion of such rights is permitted. *Lincoln Logs Ltd. v. Lincoln Pre-Cut Log Homes, Inc.*, 971 F.2d 732, 23 USPQ2d 1701, 1703 (Fed. Cir. 1992). The equitable estoppel defense must be tied to the registration of applicant's marks, not applicant's use of its marks. *Id.*

[12] The elements of laches are (1) unreasonable delay in assertion of one's rights against another; and (2) material prejudice to the latter attributable to the delay. *Id.* Acquiescence is a different characterization of laches. See *National Cable Television Ass'n Inc. v. American Cinema Editors Inc.*, 937 F.2d 1572, 19 USPQ2d 1424, 1431 (Fed. Cir. 1991). In the absence of actual notice prior to the close of the opposition period, the date of registration is the operative date for calculating laches. See *Teledyne Technologies, Inc. v. Western Skyways,*

year delay in filing petition to cancel and economic prejudice resulting from that delay).

The Board now turns to DC's motion for judgment on the pleadings, wherein DC asks the Board to strike paragraphs 6-7 and 15-23 from the petition to cancel.[13] The Board prefers that a defendant raise an allegation that a claim has been insufficiently pleaded by way of either a motion to dismiss that claim under Fed. R. Civ. P. 12(b)(6) or a motion to strike that is filed prior to, or concurrently with, its answer.[14] See TBMP Sections 503.01 and 506.02 (3d ed. rev. 2012). However, a defendant can also challenge the sufficiency of the pleading of a claim after the filing of the answer by way of a motion for judgment on the pleadings that must be filed prior to trial. See *Western Worldwide Enterprises Group Inc. v. Qingdao Brewery,* 17 USPQ2d 1137, 1140 (TTAB 1990); TBMP Section 504.01. However the alleged insufficiency of the pleading of a claim is raised, the standard for determining whether a claim is sufficiently pleaded is the same as that set forth in Fed. R. Civ. P. 12(b)(6). See *id.*

Inc., 78 USPQ2d 1203, 1210 (TTAB 2006), *aff'd unpublished op.*, Appeal Nos. 2006-1366, -1367 (Fed. Cir. Dec. 6, 2006).

[13] DC's motion is moot with regard to paragraphs 6-7 of the petition to cancel. See *supra*.

[14] The timing of DC's motion for judgment on the pleadings indicates that such motion may have been filed in retaliation for ETI's two motions to strike.

To survive such a motion, ETI need only allege sufficient factual matter as would, if proved, establish that (1) ETI has standing to maintain the proceeding, and (2) a valid ground exists for cancelling the registration. *Lipton Indus., Inc. v. Ralston Purina Co.*, 670 F.2d 1024, 213 USPQ 185, 187 (CCPA 1982). Specifically, "a complaint 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, 129 S.Ct. 1937, 1949-50 (2009), quoting *Bell Atlantic Corp. v. Twombly*, 550 U.S. 544, 570 (2007). In the context of *inter partes* proceedings before the Board, a claim has facial plausibility when the opposer or petitioner pleads factual content that allows the Board to draw a reasonable inference that the opposer or petitioner has standing and that a valid ground for the opposition or cancellation exists.[15] Cf. *Twombly*, 550 U.S. at 556, 127 S.Ct. at 1955. In particular, a plaintiff need only allege "enough factual matter ... to suggest that [a claim is plausible]" and "raise a right to relief above the

[15] The exhibits to DC's brief in support of the motion for judgment on the pleadings are matters outside the pleadings, which will not be considered by the Board in determining the sufficiency of the pleaded fraud claim in the cancellation proceeding. See TBMP Section 504.03. Consideration of such exhibits would result in the conversion of DC's motion to one for summary judgment, which would be premature at this stage of the proceeding. See *id.* See also Trademark Rule 2.122(c) (exhibits to pleadings other than status and title copies of pleaded registrations are not evidence of record).

speculative level." *Totes-Isotoner Corp. v. U.S.*, 594 F.3d 1346, 1354 (Fed. Cir. 2010).

A motion to dismiss for failure to state a claim upon which relief can be granted is a test solely of the legal sufficiency of a complaint. See *Advanced Cardiovascular Systems Inc. v. SciMed Life Systems Inc.,* 988 F.2d 1157, 26 USPQ2d 1038, 1041 (Fed. Cir. 1993); TBMP § 503.02. To withstand such a motion, a complaint need only allege such facts as would, if proved, establish that the plaintiff is entitled to the relief sought, that is, that (1) the plaintiff has standing to maintain the proceeding, and (2) a valid ground exists for denying the registration sought (in the case of an opposition), or for canceling the subject registration (in the case of a cancellation proceeding). See *Young v. AGB Corp.,* 152 F.3d 1377, 47 USPQ2d 1752, 1754 (Fed. Cir. 1998); *id.* To survive a motion to dismiss, a complaint must "state a claim to relief that is plausible on its face." See *Bell Atlantic Corp. v. Twombly,* 550 U.S. 554, 570 (2007). Therefore, a plaintiff served with a motion to dismiss for failure to state a claim upon which relief can be granted need not, and should not respond by submitting proofs in support of its complaint.[16] See TBMP § 503.02.

[16] Whether a plaintiff can actually prove its allegations is a matter to be determined not upon motion to dismiss, but rather at final hearing or upon summary judgment, after the parties have

In its motion, DC has not challenged ETI's pleading of standing to maintain this proceeding. In any event, the Board determined *supra* that ETI had adequately pleaded its standing in paragraphs 1-4 of the petition to cancel.

To plead a claim of fraud, ETI must allege that DC made a specific false statement of material fact in the course of obtaining the involved registration and that DC made such false statement with the intent of deceiving the USPTO into issuing a registration to which DC was not entitled. See *In re Bose Corp., supra*. Pursuant to Fed. R. Civ. P. 9(b), any allegations based on "information and belief" must be accompanied by a statement of facts upon which the belief is based. See *Asian and Western Classics B.V. v. Selkow*, *supra*. The Board has held that the fact that there is no fraud based on false dates of use in an application or allegation of use fraud unless there was no use of the mark in commerce at the time of the filing of that application or allegation of use. See, e.g., *Hiraga v. Arena*, 90 USPQ2d 1102 (TTAB 2009).

In paragraphs 15-23, of the petition to cancel, ETI sets forth allegations, *inter alia*, that DC's president and CEO, Jedidiah Yueh, alleged that its date of first use

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had an opportunity to submit evidence in support of their respective positions. *See Advanced Cardiovascular Systems Inc. v. SciMed Life Systems Inc.*, 988 F.2d 1157, 26 USPQ2d 1038, 1041 (Fed. Cir. 1993); *Flatley v. Trump*, 11 USPQ2d 1284, 1286 (TTAB 1989); TBMP § 503.02.

anywhere was January 31, 2009 and its date of first use in commerce was December 3, 2009; that "based on the results of due investigation," the product under DC's mark was "launched and became generally and widely available only on or after September 14, 2010;" that DC had knowledge that its mark was not in "bona fide commercial use, and knowingly and intentionally made a material misrepresentation to the USPTO" in a "conscious effort to deceive the PTO into issuing a registration;" and therefore, ETI committed fraud.

ETI's allegations are not based solely on "information and belief," but on specific facts obtained through an investigation which ETI alleges reveals that DC was not using its mark at the time it filed its Statement of Use.[17] Further, ETI alleges DC knowingly made the false statement with the intent to deceive the USPTO.

In its motion, DC attempts to rebut ETI's claim of fraud, but its arguments focus mostly on the validity of ETI's allegations and whether or not ETI will be able to ultimately prove its allegations of fraud rather than focusing on the sufficiency of the pleadings.[18] The

[17] In paragraph 15 of the petition to cancel, ETI uses the introductory phrase "[o]n information and belief," but, in paragraphs 19-22, uses the phrase "[b]ased on the results of due investigation." The Board is not persuaded that the respective phrases are synonymous.

[18] Under Trademark Act Section 45, 15 U.S.C. § 1127,
> "[U]se in commerce" means the bona fide use of a mark in the ordinary course of trade, and not made merely to reserve a right in a mark. ... [A] mark shall be

question is not whether ETI can ultimately prove its allegations of fraud, but rather whether ETI has sufficiently *pleaded* a claim of fraud.

In view thereof, the Board finds that ETI has adequately pleaded a claim of fraud in paragraphs 15-23 of the petition to cancel based on alleged false statements regarding use of the mark in commerce in the statement of use and the February 3, 2010 Office Action response in support of that statement of use.[19] Accordingly, DC's motion for judgment on the pleadings on the ground that the petition fails to state a fraud claim is **DENIED**.

Proceedings herein are resumed and dates are reset as follows:

Deadline for Discovery Conference	**5/25/2013**
Discovery Opens	**5/25/2013**
Initial Disclosures Due	**6/24/2013**
Expert Disclosures Due	**10/22/2013**
Discovery Closes	**11/21/2013**
Plaintiff's Pretrial Disclosures Due	**1/5/2014**
Plaintiff's 30-day Trial Period Ends	**2/19/2014**
Defendant's Pretrial Disclosures Due	**3/6/2014**
Defendant's 30-day Trial Period Ends	**4/20/2014**
Plaintiff's Rebuttal Disclosures Due	**5/5/2014**
Plaintiff's 15-day Rebuttal Period Ends	**6/4/2014**

> deemed to be in use in commerce ... on goods 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, or if the nature of the goods makes such placement impracticable, then on documents associated with the goods or their sale, and ... the goods are sold or transported in commerce....

[19] ETI did not expressly plead a separate claim of non-use in commerce at the time of filing of the statement of use. See *Avakoff v. Southern Pacific Co., supra.*

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 2.125.

Briefs shall be filed in accordance with Trademark Rules 2.128(a) and (b). An oral hearing will be set only upon request filed as provided by Trademark Rule 2.129.