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

Proceeding	91205010
Party	Defendant E-Insure Services, Inc.
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**IN THE UNITED STATES PATENT AND TRADEMARK OFFICE  
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD**

ESURANCE INSURANCE SERVICES, INC.	) ) )	
Opposer,	)	Opposition No. 91205010
v.	)	Appl'n Serial No. 77/982,409
	)	Mark: EINSURANCE.COM
E-INSURE SERVICES, INC.,	)	Published: January 3, 2012
Applicant.	) ) )	

**APPLICANT'S RESPONSE TO OPPOSER'S  
MOTION TO DISMISS APPLICANT'S COUNTERCLAIM**

Esurance Insurance Services, Inc. ("Opposer") seeks dismissal of E-Insure Services, Inc.'s ("Applicant") Counterclaim for cancellation of Opposer's asserted Registration Nos. 4,129,240, 4,129,241, and 4,129,242, asserting that Applicant has failed to state a claim for fraud in the procurement of Opposer's asserted registrations. As set forth in detail below, Applicant has alleged the elements of fraud with the particularity required under Rule 9(b). Opposer knew of Applicant's prior commercial use and rights in its trademarks at the time Opposer filed its applications for the asserted registrations, based on Opposer's history of doing business with Applicant, and the communications between Opposer and Applicant regarding a dispute involving the same asserted registrations and marks. At the very least, Applicant has alleged facts that allow for the reasonable inference that Opposer made knowing misrepresentations to the USPTO that were material to the determination whether to grant Opposer's asserted registrations, and are sufficient to state a claim for fraud. Therefore, Opposer's motion to dismiss Applicant's Counterclaim should be denied.

**I. ARGUMENT**

**A. Legal Standard Under Rule 9(b)**

Pursuant to 37 C.F.R. § 2.116(a), the sufficiency of a pleading of fraud is governed by Rule 9(b), Fed. R. Civ. P., which provides that “in all averments of fraud or mistake, the circumstances constituting fraud or mistake shall be stated with particularity”. A claim of fraud must allege 4 elements, as set forth by the Board in *Intellimedia* cited by Opposer:

To withstand a motion to dismiss, 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 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 confusingly similar mark at the time the oath was signed; (2) the other user had legal rights superior to [registrant’s]; (3) [registrant] knew that the other user had rights in the mark superior to [registrant’s], and either believed that a likelihood of confusion would result from [registrant’s] use of the mark or had no reasonable basis for believing otherwise; and that (4) [registrant], 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).

These requirements under Rule 9(b) must be read in light of Rule 8, Fed. R. Civ. P., “which calls for the allegations to be short, plain, simple, direct, and concise”. *Mitek Corp. v. Woods Indus. Inc.*, 41 U.S.P.Q.2d 1307, 1309 n.8 (TTAB 1996). Furthermore, “a motion to dismiss will not be granted unless it appears to a certainty that the plaintiff has failed to allege any facts which would support a cause of action under the statute”. *Intellimedia*, 43 U.S.P.Q.2d at 1205. Cf. *Welsh v. Big Ten Conference Inc.*, 89 U.S.P.Q.2d 2035, 2037 (N.D. Ill. 2008) (“to state a claim for fraud in the procurement of a federal trademark under § 38, [plaintiff] must allege facts that allow for the reasonable inference that [defendant] knew that it misrepresented that no other person had the right to use the mark ... in commerce”).

**B. Applicant’s Mark EINSURANCE.COM Was In Use At The Time Opposer’s Asserted Registrations Were Filed**

Opposer does not dispute that Applicant has adequately alleged that its mark EINSURANCE.COM -- as well as its related marks E-INSURANCE.COM, EINSURE.COM, E-INSURE.COM, E-INSURANCE and E-INSURE -- were all in use long before Opposer filed the trademark applications for its asserted registrations. Applicant's subject Application No. 77/982,409 alleges a date of first use of August 6, 1996. Applicant has also alleged the continuous use since 1996 of its trademark EINSURANCE.COM -- as well as the marks E-INSURANCE.COM, EINSURE.COM, E-INSURE.COM, E-INSURANCE and E-INSURE -- in connection with its online insurance information and quotation services, and directory agency services. (Counterclaim ¶ 2.) Since at least as early as August 1996, Applicant has offered its online information and quotation services and directory agency services through its Internet web site at the domain names "einsurance.com", "e-insurance.com", "einsure.com" and "e-insure.com". (Counterclaim ¶ 3.) In addition, Applicant is the owner of trademark Registration No. 2,179,208 ("the '208 Registration) for the mark E-INSURE, filed in September 1996 and claiming a date of first use in July 1997. (Counterclaim ¶ 4, Ex. A.)

Opposer filed applications for its asserted Registration Nos. 4,129,240, 4,129,241, and 4,129,242 in May 2010 (Counterclaim ¶¶ 11-13), long after Applicant began using its marks in 1996. Indeed, Opposer was not even in business in 1996. Opposer vaguely alleges that it has been in business "[f]or over a decade" and that it "went live with its ESURANCE.COM web site in December 1999", long after Applicant's first use of its mark. (Opposition ¶ 1.) Furthermore, Opposer's earliest asserted registration (No. 2,673,515) was not filed until February 1999, claiming a date of first use in April 1998. (Counterclaim ¶¶ 8-13.) Thus, Applicant first used its mark EINSURANCE.COM -- as well as the marks E-INSURANCE.COM, EINSURE.COM, E-INSURE.COM, E-INSURANCE and E-INSURE -- long before Opposer's earliest alleged use of

the asserted registrations. (Counterclaim ¶ 7.)

By the allegations of the Notice of Opposition, Applicant's use of its trademark EINSURANCE.COM is "likely to cause confusion, mistake or deception" with respect to Opposer's asserted registrations.<sup>1</sup> (Opposition ¶ 15.) Accordingly, Applicant's Counterclaim sufficiently alleges that "there was in fact another use of the same or confusingly similar mark at the time the oath was signed" for Opposer's asserted registrations.

**C. Applicant Has Superior Rights In The Mark EINSURANCE.COM**

Opposer does not dispute that Applicant has adequately alleged the prior use of Applicant's mark EINSURANCE.COM -- as well as the marks E-INSURANCE.COM, EINSURE.COM, E-INSURE.COM, E-INSURANCE and E-INSURE. Furthermore, by the allegations of the Notice of Opposition, Applicant's mark EINSURANCE.COM is used in connection with services that are "extremely similar to the insurance and insurance agency referral services offered by Opposer" and are "offered in the identical trade channels to the same classes of purchasers". (Opposition ¶ 20.) Accordingly, Applicant's Counterclaim sufficiently alleges that Applicant "had legal rights superior" to Opposer's rights in its asserted registrations.

**D. Opposer Was Aware Of Applicant's Superior Rights And Believed That A Likelihood Of Confusion Would Result**

Applicant has adequately alleged that Opposer knew of Applicant's prior use of the mark EINSURANCE.COM -- as well as the marks E-INSURANCE.COM, EINSURE.COM, E-INSURE.COM, E-INSURANCE and E-INSURE -- at the time Opposer filed the applications for its asserted registrations. In particular, Applicant has alleged that Opposer has done business

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<sup>1</sup> Applicant denies the allegations of the Notice of Opposition that its Application No. 77/982,409 for the mark EINSURANCE.COM is "likely to cause confusion, mistake or deception" with respect to Opposer's asserted registrations (Answer ¶ 15), and submits its Counterclaim for cancellation based on Opposer's admissions and allegations.

with Applicant since at least as early as 2005 and, therefore, obviously knew of Applicant's commercially active, Internet web sites using the mark EINSURANCE.COM and corresponding Internet domain name -- as well as the marks E-INSURANCE.COM, EINSURE.COM, E-INSURE.COM, E-INSURANCE and E-INSURE. (Counterclaim ¶ 15.)

In addition, Opposer contacted Applicant directly in July 2009 to assert its Registration Nos. 2,673,515, 2,708,357 and 2,854,154 against Applicant's purported use of the term "esurance" as an Internet search engine keyword, but not against Applicant's use of its marks. (Counterclaim ¶ 16.) In response, Applicant denied such conduct and, in turn, advised Opposer of Applicant's use and ownership of the corresponding Internet domain names registrations for the marks EINSURANCE and EINSURE. (Counterclaim ¶ 16.) Thus, Applicant has alleged that, "at the time it filed its trademark applications for the ESURANCE & Design marks on May 19, 2010, Opposer knew that Applicant had superior rights in the marks EINSURANCE.COM, E-INSURANCE.COM, EINSURE.COM, E-INSURE.COM, E-INSURANCE and E-INSURE. (Counterclaim ¶ 18.) Furthermore, Applicant has alleged that, "by the allegations of its Notice of Opposition, Opposer either believed that a likelihood of confusion would result from Opposer's use of the mark ESURANCE & Design or had no reasonable basis for believing otherwise", as discussed above. (Counterclaim ¶ 18.)

Accordingly, Applicant's Counterclaim sufficiently alleges that Opposer knew that Applicant had superior rights in its mark EINSURANCE.COM and that Opposer "believed that a likelihood of confusion would result ... or had no reasonable basis for believing otherwise". At the very least, Applicant has alleged facts that permit the "reasonable inference" that Opposer misrepresented to the USPTO that no other person had "the right to use the mark in commerce,

either in identical form thereof or in such near resemblance thereto as to be likely ... to cause confusion, or to cause mistake, or to deceive”. Cf. Welsh, 89 U.S.P.Q.2d at 2037.

At the very least, the facts alleged by Applicant allow for the “reasonable inference” that Opposer knew of Applicant’s prior rights in its mark EINSURANCE.COM -- as well as the marks E-INSURANCE.COM, EINSURE.COM, E-INSURE.COM, E-INSURANCE and E-INSURE. Cf. Welsh, 89 U.S.P.Q.2d at 2037. Opposer has alleged that it has been “very diligent about policing the marketplace and enforcing its rights in its distinctive ESURANCE mark”, particularly regarding “infringing [Internet] domain names”. (Opposition ¶ 11.) However, Opposer took no action against Applicant’s use of the mark EINSURANCE.COM or against Applicant’s registration of the corresponding Internet domain name -- despite having done business with Applicant since at least as early as 2005 and having been given actual notice of Applicant’s claim of trademark and domain name rights in 2009. Moreover, when Opposer asserted its registrations against Applicant in 2009, it was against Applicant’s purported use of the term “esurance” and not against Applicant’s use of the mark EINSURANCE.COM.

In view of Opposer’s history of business with Applicant and Opposer’s inaction regarding Applicant’s use of the mark EINSURANCE.COM, it is unreasonable to conclude that Opposer believed it had superior rights in its asserted registrations in 2010 when it filed the applications, or otherwise had a good faith basis for failing to disclose Applicant’s use of the mark EINSURANCE.COM to the USPTO in its applications for its asserted registrations.

Opposer argues that Applicant’s allegations of fraud are “vague ‘knew or should have known’ and information and belief’ allegations regarding [Opposer’s] supposed knowledge of [Applicant’s] alleged ‘superior’ rights”. However, allegations of fraud based on “information and belief” are insufficient only when they are not “accompanied by a statement of facts upon

which the belief is founded”. See *Asian & Western Classics B.V. v. Selkow*, 92 U.S.P.Q.2d 1478, 1479 (TTAB 2009), quoting, *Exergen Corp. v. Wal-Mart Stores Inc.*, 91 U.S.P.Q.2d 1656, 1670 (Fed. Cir. 2009). Here, Applicant’s Counterclaim sets forth sufficient facts to support its allegations that Opposer knew of Applicant’s superior rights.

Opposer’s arguments rely primarily on the Board’s decision in *Intellimedia*. (Opposer’s Motion at 8.) However, the circumstances in *Intellimedia* are not applicable to the present case. In *Intellimedia* the Board found that the petitioner’s bare allegation that the “respondent ‘was informed by petitioner of the petitioner’s superior rights in the mark’ is insufficient because it is devoid of any details regarding the substance of petitioners allege communication to respondent”. *Intellimedia*, 43 U.S.P.Q.2d at 1207.

In contrast to *Intellimedia*, Applicant has not merely asserted that it informed Opposer’s of its superior rights. As discussed above, Applicant has alleged specific facts that Opposer knew of Applicant’s use of the mark EINSURANCE.COM from actually doing business with Applicant since at least as early as 2005. Applicant further alleges that Opposer asserted its registrations against Applicant in 2009, but did not assert those registrations against Applicant’s use of the mark EINSURANCE.COM or registration for the corresponding Internet domain name, even after Applicant responded to Opposer’s assertion of its registrations by giving notice of Applicant’s use and ownership of the mark EINSURANCE and corresponding Internet domain name registrations. Thus, this is not a case where the petitioner “has failed to allege any facts which would support a cause of action under the statute”. *Intellimedia*, 43 U.S.P.Q.2d at 1205. To the contrary, Applicant has at the very least alleged facts that allow the “reasonable inference” sufficient to state a claim for fraud based on Opposer’s misrepresentation to the



USPTO that no other person had the right to use the mark in commerce. Cf. Welsh, 89 U.S.P.Q.2d at 2037.

**E. Opposer Failed To Disclose Applicant's Prior Use To The PTO With The Intent To Obtain Registrations To Which It Was Not Entitled**

Applicant has adequately alleged that Opposer intended to obtain registrations to which it was not entitled. Applicant's Counterclaim specifically alleges that "Opposer intended to procure its [asserted] Registration Nos. 4,129,240, 4,129,241, and 4,129,242 to which it was not entitled". (Counterclaim ¶ 18.) The Board has found that such statements are sufficient pleading of the element of intent, stating that "we note that the preferred practice for party alleging fraud in a Board opposition or cancellation proceeding is to specifically allege the adverse party's intent to deceive the USPTO, so that there is no question that this indispensable element has been pled". *DaimlerChrysler Corp. v. American Motors Corp.*, 94 U.S.P.Q.2d 1086, 1089 (TTAB 2010) (finding sufficient pleading of fraud claim).

Moreover, "intent, as a condition of the mind of a person, may be averred generally". *DaimlerChrysler*, 94 U.S.P.Q.2d at 1088. This standard is supported by the cases relied on by Opposer -- "Rule 9(b) allows that intent may be alleged generally" provided that the pleadings "allege sufficient underlying facts from which a court may reasonably infer that a party acted with the requisite state of mind". *Asian & Western Classics B.V. v. Selkow*, 92 U.S.P.Q.2d 1478, 1479 (TTAB 2009).

As discussed above, Applicant has alleged that Opposer "knew that Applicant had superior rights in the mark EINSURANCE.COM" -- as well as the marks E-INSURANCE.COM, EINSURE.COM, E-INSURE.COM, E-INSURANCE and E-INSURE -- at the time Opposer filed its applications for its asserted Registration Nos. 4,129,240, 4,129,241, and 4,129,242. (Counterclaim ¶ 17.) Applicant has further alleged that Opposer believed that a

likelihood of confusion would result, but failed to disclose Applicant's prior use of its marks to the USPTO contrary to Opposer's oath that "no other person, firm corporation, or association has the right to use the mark in commerce". (Counterclaim ¶ 17.)

Such knowing misrepresentations to the USPTO in Opposer's oath for the applications for its asserted Registration Nos. 4,129,240, 4,129,241, and 4,129,242 were material to the determination whether to grant these registrations and are sufficient to find intent.

*DaimlerChrysler*, 94 U.S.P.Q.2d at 1089 ("where a pleading asserts that a knowing misrepresentation, on a material matter, is made to procure a registration, the element of intent, indispensable to a fraud claim, has been sufficiently pled"); *City of New York v. Tavern on the Green LP*, 94 U.S.P.Q.2d 1519, 1525 (S.D.N.Y. 2010) ("Deliberate omission in a trademark application of information regarding another's right to use the mark applied for is a material omission justifying cancellation of that mark."); *Tuccillo v. Geisha NYC LLC*, 92 U.S.P.Q.2d 1890, 1900 (E.D.N.Y. 2009) ("It is plain that the existence of another authorized user with the identical mark is material to the USPTO in determining whether to grant the application.").

Accordingly, Applicant's Counterclaim sufficiently alleges that Opposer's misrepresentations to the USPTO were "intended to procure a registration to which it was not entitled".

**F. Morehouse Is Inapplicable To The Present Case**

Opposer also argues that, to the extent that cancellation of its Registration Nos. 4,129,240, 4,129,241, and 4,129,242 is not sought based on fraud, it is barred by the incontestable status of Opposer's asserted Registration Nos. 2,673,515, 2,708,357 and 2,854,154 in view of *Morehouse*. However, the circumstances in *Morehouse* are not applicable to the present case. In *Morehouse*, the plaintiff opposed defendant's application and sought to cancel defendant's separate registration, both for the same mark. *Morehouse Mfg. Corp. v. J. Strickland*

& Co., 160 U.S.P.Q. 715, 716 (CCPA 1969). The cancellation was reviewed on the merits and denied. The opposition was then dismissed on the grounds that “there is no added damage from the second registration of the same mark”. Morehouse, 160 U.S.P.Q. at 717.

Unlike Morehouse, there has been no prior determination on the merits -- Opposer simply relies on the existence of its other incontestable registrations. Furthermore, Applicant and Opposer are not respectively in the same shoes as plaintiff and defendant in Morehouse. In contrast to the plaintiff in Morehouse, Applicant has denied a likelihood of confusion in the opposition proceeding, and seeks cancellation of Opposer’s registrations based on Opposer’s own allegations of the likelihood of confusion. (Answer ¶ 15; Counterclaim ¶ 18.) Thus, the likelihood of confusion in the cancellation is established by Opposer’s own allegations and admissions. Applying Morehouse to the present circumstances would effectively allow Opposer to unfairly assert a likelihood of confusion in the opposition and then deny those admissions of a likelihood of confusion for purposes of the counterclaim for cancellation.

In addition, Opposer’s incontestable registrations are not unchallenged. Although Applicant may not seek cancellation of Opposer’s incontestable registrations through a cancellation proceeding before the Board, Applicant has asserted prior rights in its mark EINSURANCE.COM. (Affirmative Defenses ¶ 2; Counterclaim ¶¶ 2-6.) Pursuant to § 15, an incontestable registration is subject to “a valid right acquired under the law of any State or Territory by use of a mark or trade name continuing from the date prior to the date of registration”. 15 U.S.C. § 1065.

One of the statutory exceptions to “incontestability” is set forth in the introductory clause of § 1065, which provides that a registration is not incontestable to the extent that it infringes on another’s valid rights in the mark acquired under state law by a use continuing from a date prior to the federal registration of the mark.

Watec Co. v. Liu, 74 U.S.P.Q.2d 1128, 1134 (9th Cir. 2005) (junior incontestable registration defeated by “nationwide senior common law rights”); See also City of New York v. Tavern on the Green LP, 94 U.S.P.Q.2d 1519, 1524 (S.D.N.Y. 2010) (junior user’s registration “not incontestable as against the [senior user]”). Thus, Opposer’s rights in its incontestable registrations are subject to Applicant’s prior common law rights.

Accordingly, Morehouse is inapplicable to the present case and Opposer cannot presumptively rely on those incontestable registrations to defeat a challenge to Opposer’s other registrations.

Opposer also argues that this is an improper collateral attack on its incontestable registrations, citing Klise (Opposer’s Motion at 10-11). Klise Mfg. Co. v. Braided Accents, L.L.C., Canc. No. 92045607, 2008 WL 2675076 at \*2 (TTAB July 3, 2008). However, Klise is not applicable of the present case. In Klise, the respondent sought to dismiss cancellation proceedings on the grounds that the petitioner’s had abandoned its asserted registration and, therefore, lacked standing to seek cancellation of respondent’s registration. *Id.* The Board held that respondent’s arguments were effectively an attack on petitioner’s registration that was procedurally precluded by respondent’s failure to counterclaim for cancellation of petitioner’s registration. *Id.*

In the present case, Applicant’s prior common law rights in its marks are a defense to the incontestability of Opposer’s registrations under § 15, not a compulsory counterclaim for cancellation of those registrations. See *Cuban Cigar Brands N.V. v. Upmann Int’l, Inc.*, 199 U.S.P.Q. 193 (S.D.N.Y. 1978) (“no shield of incontestability” where plaintiff’s common law rights were obtained long before defendant’s registration). Moreover, if Opposer’s arguments

were true, then the inability to seek cancellation of an incontestable registration would improperly preclude any assertion of prior common law rights under § 15.

**G. Applicant Requests In The Alternative For Leave To Amend Its Responsive Pleading**

Should the Board find that Applicant's counterclaim fails to state a claim for fraud, Applicant requests in the alternative for leave to amend its Answer And Counterclaim. The Board "generally will allow the [counterclaim] plaintiff an opportunity to file an amended pleading" after a determination that the pleading fails to state a claim. TBMP 503.03. The opportunity to file an amended pleading is also consistent with Opposer's cited cases. *Asian & Western*, 92 U.S.P.Q.2d at 1480 (denying summary judgment and granting leave to amend pleading of fraud); *Intellimedia*, 43 USPQ2d at 1208 (TTAB 1997) (allowed time to perfect fraud claim). See also, *Miller Brewing Co. v. Anheuser-Busch Inc.*, 27 USPQ2d 1711, 1714 (TTAB 1993) ("the Board freely grants leave to amend pleadings found, upon challenge under Fed. R. Civ. P. 12(b)(6), to be insufficient, particularly where challenged pleading is the initial pleading").

**II. CONCLUSION**

For the foregoing reasons, Applicant, E-Insure Services, Inc., respectfully requests that the Board deny Opposer's Motion to Dismiss Applicant's Counterclaim. Alternatively, Applicant requests leave to amend its Answer And Counterclaim.

Respectfully submitted,

Dated: August 13, 2012

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**CERTIFICATE OF SERVICE**

I hereby certify that a true and complete copy of Applicant's foregoing RESPONSE TO OPPOSER'S MOTION TO DISMISS APPLICANT'S COUNTERCLAIM was served on counsel for Opposer by mailing said copy on August 13, 2012, via First-Class mail, postage prepaid, to:

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