

UNITED STATES PATENT AND TRADEMARK OFFICE
Trademark Trial and Appeal Board
P.O. Box 1451
Alexandria, VA 22313-1451
General Contact Number: 571-272-8500
General Email: TTABInfo@uspto.gov

LTS

October 21, 2020

Opposition No. 91251518

Eleven IP Holdings, LLC

v.

HFIN One, LLC

By the Trademark Trial and Appeal Board:

This case comes up on Opposer/Counterclaim Respondent's ("Opposer") June 5, 2020, motion to strike Applicant/Counterclaim Petitioner ("Applicant") fourth, fifth, and sixth affirmative defenses and to dismiss the amended counterclaim brought by Applicant for cancellation of Opposer's pleaded registrations, Registration Nos. 5868718 and 5885688, for failure to state a claim upon which relief can be granted. The motion is fully briefed.

The Board presumes the parties' familiarity with the pleadings, the history of the proceeding, and the arguments submitted in connection with the subject motion. The Board has considered the parties' arguments, but does not repeat or discuss all of the arguments, and does not address irrelevant arguments. *Guess? IP Holder L.P. v. Knowluxe LLC*, 116 USPQ2d 2018, 2019 (TTAB 2015).

I. Background

On October 9, 2019, Opposer filed a notice of opposition opposing registration of Applicant's mark ELEVEN, Serial No. 88188174, for various services in International Class 42. 1 TTABVUE. Opposer asserts claims of likelihood of confusion and dilution, relying on the following registrations for "banking and financing services; financial services, namely, wealth management services; investment banking services" in International Class 36:

Registration No. 5868718 for the mark ELEVEN (standard characters); and

Registration No. 5885688 for the mark 11 (stylized, as shown below):



Opposer filed the applications underlying its registrations on April 19, 2016 based on intent-to-use the mark under Trademark Act § 1(b), 15 U.S.C. § 1051(b). Opposer filed statements of use on August 14, 2019 and September 4, 2019, respectively – two days before the expiration of the fifth and final extensions of the time to file the statements of use. 4 TTABVUE 8, ¶¶ 8, 9. Opposer claims August 9, 2019 as the date of first use in commerce for both of its registrations. *Id.* at ¶ 10.

On November 8, 2019, Applicant filed an answer and a counterclaim to cancel Opposer's pleaded registrations. 4 TTABVUE. *See* Trademark Rule 2.106(b)(2), 37 C.F.R. § 2.106(b)(2). Applicant denied the salient allegations of the notice of opposition and sought cancellation of Opposer's registrations on the ground of fraud. 4 TTABVUE.

On January 21, 2020, Opposer filed a motion to dismiss Applicant's counterclaim. 8 TTABVUE. On April 24, 2020, the Board granted Opposer's motion to dismiss and allowed Applicant until May 15, 2020 "to file an amended answer and counterclaim properly alleging fraud, or Applicant may assert a counterclaim alleging (alternatively) nonuse in commerce, failing which the counterclaim will stand dismissed." 11 TTABVUE 7-8 (footnote omitted).

On May 15, 2020, Applicant filed an amended answer and a counterclaim to cancel Opposer's pleaded registrations, denying the salient allegations of the notice of opposition, pleading several purported affirmative defenses, and seeking cancellation of Opposer's registrations on the ground of fraud. 12 TTABVUE. Applicant asserts that Opposer, with intention to deceive the U.S. Patent & Trademark Office, signed the declarations supporting its statements of use with knowledge that it was not using the marks in commerce at the time it signed the declarations for at least some of the services recited in the applications. *Id.*

On June 5, 2020, in lieu of an answer to the amended counterclaim, Opposer filed a motion to strike Applicant's fourth, fifth, and sixth affirmative defenses and to dismiss Applicant's amended counterclaim. 13 TTABVUE.

II. Opposer's Motion to Dismiss

A. Applicable Standard

A motion to dismiss brought pursuant to Rule 12(b)(6) for failure to state a claim upon which relief can be granted is a means of testing the sufficiency of a complaint. *See Order Sons of Italy in Am. v. Profumi Fratelli Nostra AG*, 36 USPQ2d 1221, 1222

(TTAB 1995); see also TRADEMARK TRIAL AND APPEAL BOARD MANUAL OF PROCEDURE (TBMP) § 503.02 (2020). To state a claim upon which relief can be granted, Applicant need only allege such facts which, if proved, would establish that Applicant is entitled to the relief sought; that is, (1) Applicant has an entitlement to a statutory cause of action, and (2) a valid statutory ground exists for cancelling the pleaded registrations at issue.¹ See *Fair Indigo LLC v. Style Conscience*, 85 USPQ2d 1536, 1538 (TTAB 2007).

For purposes of determining Opposer's motion, the counterclaim must be examined in its entirety, construing the allegations therein "so as to do justice," as required by Fed. R. Civ. P. 8(e), to determine whether it contains allegations which, if proved, would entitle the Applicant to the relief sought. *IdeasOne Inc. v. Nationwide Better Health*, 89 USPQ2d 1952, 1953 (TTAB 2009); *Fair Indigo*, 85 USPQ2d at 1538.

A party seeking to cancel a registration on the basis of fraud on the USPTO must plead and prove that: (1) the registrant made a false representation to the USPTO; (2) the false representation is material to the registrability of the mark; (3) the registrant had knowledge of the falsity of the representation; and (4) the registrant

¹ The Board's decisions have previously analyzed the requirements of Sections 13 and 14 of the Trademark Act, 15 U.S.C. §§ 1063-64, under the rubric of "standing." Mindful of the Supreme Court's direction in *Lexmark Int'l, Inc. v. Static Control Components, Inc.*, 572 U.S. 118, 125-26 (2014), the Board now refers to this inquiry as entitlement to a statutory cause of action. See *Australian Therapeutic Supplies Pty. Ltd. v. Naked TM, LLC*, 965 F.3d 1370, 2020 USPQ2d 10837 at *3 (Fed. Cir. 2020). Despite the change in nomenclature, the Board's prior decisions and those of the Federal Circuit interpreting Sections 13 and 14 remain equally applicable. Applicant's entitlement to a statutory cause of action to assert the counterclaim is inherent in its position as the defendant in the opposition proceeding. See *Int'l Nutrition Co. v. Horphag Research Ltd.*, 220 F.3d 1325, 55 USPQ2d 1492, 1496 (Fed. Cir. 2000).

made the representation with intent to deceive the USPTO. *In re Bose Corp.*, 580 F.3d 1240, 91 USPQ2d 1938, 1941 (Fed. Cir. 2009); *ShutEmDown Sports, Inc. v. Lacy*, 102 USPQ2d 1036, 1044 (TTAB 2012).²

All claims of fraud on the USPTO must be pleaded with heightened particularity pursuant to Fed. R. Civ. P. 9(b). A pleading that simply alleges the substantive elements of fraud, without setting forth the particularized factual bases for the allegation, does not satisfy Rule 9(b). *See Petroleos Mexicanos v. Intermix S.A.*, 97 USPQ2d 1403, 1407 (TTAB 2010) (citing *Asian and We. Classics B.V. v. Selkow*, 92 USPQ2d 1478, 1478 (TTAB 2009) (elements of fraud must be pleaded with particularity)).

A pleading of fraud on the USPTO also must include an allegation of intent. *In re Bose*, 91 USPQ2d at 1939-40. Although intent may be averred generally under Fed. R. Civ. P. 9(b), the pleadings must allege sufficient underlying facts from which the Board may reasonably infer that a party acted with the requisite state of mind. *Asian and W. Classics*, 92 USPQ2d at 1479. *Cf. Exergen Corp. v. Wal-Mart Stores Inc.*, 575 F.3d 1312, 91 USPQ2d 1656, 1667 (Fed. Cir. 2009) (allegations of inequitable conduct in patent cases require pleadings of specific conduct upon which allegation is based).

² “Materiality” of any false application statement is determined in the context of whether the false statement is critical to the Trademark Examining Attorney’s decision to approve a mark for publication. *See Standard Knitting, Ltd. v. Toyota Jidosha Kabushiki Kaisha*, 77 USPQ2d 1917, 1926 (TTAB 2006).

B. Analysis

In support of its amended counterclaim for cancellation, Applicant alleges, inter alia:

6. Opposer's application that matured to Registration No. 5868718 was originally filed on April 19, 2016 as an intent to use application under Section 1(b), i.e., based upon Opposer's bona fide intent to use the mark in commerce.

7. Similarly, Opposer's application that matured to Registration No. 5,885,688 was originally filed on April 19, 2016 as an intent to use application under Section 1(b).

8. The Notice of Allowance for the application that matured to Registration No. 5868718 issued on August 16, 2016, and prior to filing a Statement of Use for the "ELEVEN" mark on August 14, 2019 (two days before the absolute deadline for filing a Statement of Use for the mark), Opposer, filed the maximum number of requests, i.e., five, for extensions of time to file a Statement of Use for the mark.

9. Similarly, the Notice of Allowance for the application that matured to Registration No. 5885688 issued on September 6, 2016, and prior to filing a Statement of Use for the "11 (and Design)" trademark on September 4, 2019 (again, two days before the absolute deadline for filing a Statement of Use for the mark), Opposer filed the maximum number of requests for extensions of time to file a Statement of Use for the mark.

10. Opposer's alleged date of first use in commerce for both its "ELEVEN" trademark in U.S. Registration No. 5868718, and its "11 (and Design)" trademark in Registration No. 5885688 is August 9, 2019.

11. Other than Opposer's Registration Nos. 5868718 and 5885688, Opposer does not own any trademark registrations for the mark "ELEVEN" or "11" for "Banking and financing services," "Financial services, namely, wealth management services," or "Investment banking services" – or for financial services of any kind. Instead, all of the other trademark registrations owned by Opposer that consist or comprise of the mark "ELEVEN" or "11" identify services in the hospitality and travel industry, as shown in Exhibit C to Opposer's Notice of Opposition, e.g., Reg. No. 5159068 for "ELEVENTH" for "yacht and boat charter services."

12. On August 14, 2019, prior to securing Registration No. 5868718, Opposer filed its Statement of Use for its "ELEVEN" trademark alleging

use of the mark in commerce for all of the services identified in the application, namely, “Banking and financing services; Financial services, namely, wealth management services; Investment banking services” since at least as early as August 9, 2019.

13. On September 4, 2019, prior to securing Registration No. 5885688, Opposer filed its Statement of Use for its “11 (and Design)” trademark alleging use of the mark in commerce for all of the services identified in the application, namely, “Banking and financing services; Financial services, namely, wealth management services; Investment banking services” since at least as early as August 9, 2019.

14. The specimen submitted with Opposer’s Statements of Use on August 14, 2019 and September 4, 2019 constituted a printout of Opposer’s website at the URL www.elevencapitalmanagement.com.

15. Based upon Applicant’s thorough investigation into Opposer’s business, its lack of compliance with regulations issued by the Financial Conduct Authority (“FCA”) in the United Kingdom and the Securities Exchange Commission (“SEC”) in the United States, and through a review of Opposer’s website that constituted the specimen of use for Opposer’s Statements of Use filed on August 14, 2019 and September 4, 2019, and notwithstanding that the allegations contained in the Statements of Use that were made under 18 U.S.C. § 1001 (stating that “willful false statements and the like may jeopardize the validity of the application or submission or any registration resulting therefrom”), Opposer has never used in commerce its alleged “ELEVEN” or “11 (and Design)” trademarks with any of the following services, at a minimum: “Banking services and financing services” and “Investment banking services.”

...

19. A company providing investment banking services is required to register under the Securities and Exchange Act of 1934 (“Exchange Act”).

20. Applicant conducted a search of the public databases of the SEC for various iterations of Opposer’s business name, and Opposer is not registered with the SEC. Applicant conducted the same search through a public database of all advisors registered with state securities regulators. Opposer is not registered with any state securities regulators.

21. In the United Kingdom, activities such as wealth management and investment banking are regulated by the FCA, and entities engaged in such services are required to be registered with the FCA.

22. FCA's Regulated Activities Order of 2001 lists the activities requiring authorization by the FCA (<https://www.fca.org/firms/authorisation/how-to-apply/activities>). This list includes, inter alia, advising on investments, dealing in investments as agent, dealing in investments as principal, providing basic advice on stakeholder products, and managing investments.

23. Applicant conducted a search of the FCA's public database for various iterations of Opposer's business name, and Opposer is not registered with the FCA.

24. Since Opposer is not registered with the SEC or FCA, if Opposer is indeed providing such services, they are doing it in violation of multiple securities laws, both in the United States and in the United Kingdom. Furthermore, holding oneself out to the public as providing such services, inter alia, via Opposer's public website www.elevencapitalmanagement.com is a clear violation of the Advisers Act. Notwithstanding these regulations and requirements, Opposer stated the following at its newly launched website regarding its "financial services" offerings:

Eleven has now grown to a collection of best in class Asset Managers and Family Office Professionals, and provides key financial services including wealth management and investment banking. Armed with our own powerful Personal Life Manager (PLM) software, our financial and wealth management services also organize, simplify, and provide transparency for our clients.

25. At the time Opposer filed its Statements of Use for "ELEVEN" on August 14, 2019 and "11 (and Design)" on September 4, 2019, Opposer was not using the trademarks in commerce, as is falsely alleged, in connection with all of the services included within the Statements of Use and knew that it was not using the marks with all of the services for which it alleged commercial use in the Statements of Use. Instead, Opposer concocted a phony website and filed the Statements of Use for the purpose of avoiding the abandonment of the applications and so that the registrations could be used as a basis for opposing Applicant's application.

26. The content at the website www.elevencapitalmanagement.com was placed there solely for the purpose of Opposer being able to file the Statements of Use for the marks that matured to Registration Nos. 5868718 and 5885688 because Opposer's final, non-extensible deadlines for doing so were August 16, 2019 and September 6, 2019, respectively.

As evidence of this fact, there was no content at the URL www.elevencapitalmanagement.com as recently as June, 2019, and the website was temporarily taken down at the end of April and beginning of May in 2020.

27. Based upon the results of Applicant's investigation and a review of the services identified at Opposer's www.elevencapitalmanagement.com website at the time the Statement of Use was filed, Opposer offered, at most, "wealth management services," but did not offer "banking services" or "investment banking services" even though Opposer alleged in its Statements of Use that it was rendering those services under the "ELEVEN" and "11 (and Design)" trademarks in commerce.

28. Moreover, the website that constituted the specimen for Opposer's Statements of Use is rudimentary, at best. The website merely contains some recycled travel/adventure photography, a photograph of an Apple computer, and limited content, including details on the history of Opposer's travel/tourism business. Opposer did not explain how visitors can engage Opposer's financial services, or include information or details about its investment or wealth management strategies that are customary for a company in this type of business. The website made no reference whatsoever to banking services, licensing information, or disclaimers/policies that are typically associated with financial service providers.

29. Accordingly, it is apparent that Opposer launched its website and placed content at the www.elevencapitalmanagement.com website for a limited time period solely for the purpose of filing its Statements of Use prior to the final deadlines for filing a Statement of Use on August 16, 2019 and September 6, 2019, respectively.

30. Opposer, and its signatory Nicole Blakely, knowingly made false, material misrepresentations of fact in procuring registration of its "ELEVEN" and "11 (and Design)" trademarks that are the subject of Registration Nos. 5868718 and 5885688 with the intent to defraud the U.S. Patent and Trademark Office. Specifically, Opposer, and its signatory Nicole Blakely, knew that the "ELEVEN" and "11 (and Design)" trademarks were not in use in commerce in connection with, at a minimum, the "banking services" and "investment banking services" identified in the applications at the time the Statements of Use were filed, yet still alleged use of the marks in commerce with all of the services identified in the applications.

31. Based upon the aforementioned acts, Opposer committed fraud in obtaining Registration Nos. 5868718 and 5885688, which constitute the

principal basis for Opposer's Notice of Opposition against Applicant's application. ...

12 TTABVUE 8-14.

Applicant, specifically and with particularity, alleges a false statement, materiality, and an intent to deceive the USPTO. Of particular note, Applicant addressed the deficiencies identified in the Board's April 24, 2020 order, including by adding allegations concerning Applicant's investigation of Opposer's business, Applicant's investigation into whether Opposer is registered under the U.S. Investment Advisers Act of 1940 or the Securities Exchange Act of 1934, and Applicant's review of Opposer's website. *Id.* With these additional allegations and the already-existing allegations, Applicant has alleged sufficient facts to support its amended counterclaim for fraud. *See, e.g., Petroleos Mexicanos*, 97 USPQ2d at 1407-08 (finding that petitioner alleged "with particularity that respondent knowingly, with the intent to deceive the USPTO, made a material misrepresentation that it was using its mark in commerce in the United States on the identified goods and services as of the time it filed its statement of use, when no such use had been made").

To the extent Opposer argues that Applicant fails to allege sufficient facts to support that Opposer's attorney committed fraud (13 TTABVUE 8-9), Opposer misconstrues the Board's April 24, 2020 order. "[T]he question is not whether [the plaintiff] has alleged that a nonparty 'specific individual' had the requisite intent, but rather whether [the plaintiff] has alleged with particularity that ... the defendant and owner of the subject Registrations, had the requisite intent." *Meckatzer Lowenbrau Benedikt WeiB KG v. White Gold, LLC*, 95 USPQ2d 1185, 1187-88 (TTAB

2010) (“We do not read *In re Bose* as requiring that a party identify a ‘specific individual’ who ‘knew of the withheld material information or of the falsity of the material misrepresentation, and withheld or misrepresented this information with a specific intent to deceive the PTO[.]’”).

In view of the foregoing, Applicant sufficiently alleges a counterclaim for fraud, and Opposer’s motion to dismiss the amended counterclaim is **denied**.

III. Opposer’s Motion to Strike

A. Applicable Standard

The Board may strike from a pleading any insufficient defense, or any redundant, immaterial, impertinent, or scandalous matter. Fed. R. Civ. P. 12(f); *Am. Vitamin Prods. Inc. v. Dow Brands Inc.*, 22 USPQ2d 1313, 1314 (TTAB 1992); TBMP § 506.01. Motions to strike are not favored, and as such, a defense will not be stricken as insufficient if the insufficiency is not clearly apparent, or if it raises factual issues that should be determined on the merits. *Id.* The primary purpose of the pleadings, under the Federal Rules of Civil Procedure, is to give fair notice of the claims or defenses asserted. *See McDonnell Douglas Corp. v. Nat’l Data Corp.*, 228 USPQ 45, 47 (TTAB 1985); TBMP § 309.03(a)(2). Thus, the Board, in its discretion, may decline to strike even objectionable pleadings where their inclusion will not prejudice the adverse party, but rather will provide fuller notice of the basis for a claim or defense. *Harsco Corp. v. Elec. Scis. Inc.*, 9 USPQ2d 1570, 1571 (TTAB 1988).

B. Analysis

1. Fourth and Fifth Affirmative Defenses: Fraud

For its fourth affirmative defense, Applicant alleges that “Opposer obtained one or more of its trademark registrations alleged in the Notice of Opposition through the commission of fraud on the U.S. Patent and Trademark Office.” 12 TTABVUE 6. For its fifth affirmative defense, Applicant alleges that “Opposer has unclean hands due to its procurement of one or more of its trademark registrations alleged in the Notice of Opposition through the commission of fraud on the U.S. Patent and Trademark Office.” *Id.* Inasmuch as the grounds for the fourth and fifth affirmative defenses are a duplication of the grounds set forth in the counterclaim, “they are redundant in character rather than collateral attacks.” *Caron Corp. v. Helena Rubinstein, Inc.*, 193 USPQ 113, 114 (TTAB 1976) (affirmative defenses stricken as redundant because same allegations formed basis for counterclaim); *see also W. R. Grace & Co. v. Arizona Feeds*, 195 USPQ 670, 671 (Comm’r 1977) (same). In view of this redundancy, the fourth and fifth defenses are hereby **stricken** as surplusage pursuant to Fed. R. Civ. P. 12(f).

2. Sixth Affirmative Defenses: Reservation of Rights

For its sixth affirmative defense, Applicant pleads: “Applicant will assert any and all other valid defenses which may be available or developed through discovery and/or the testimony periods in this proceeding.” 12 TTABVUE 7. The Board finds that this is not an affirmative defense but merely an advisory statement that Applicant may amend its pleading at some future date after conducting discovery or further

independent investigation in this matter. A defendant cannot reserve unidentified defenses since it does not provide a plaintiff fair notice of such defenses. Whether or not Applicant may, at some future point, add an affirmative defense must be resolved by way of a motion for leave to amend. Thus, the Board **strikes** Applicant’s reservation of rights defense.

IV. Summary

Opposer’s motion to dismiss Applicant’s amended counterclaim for fraud is **denied**.

Opposer’s motion to strike the fourth, fifth, and sixth defenses is **granted**, and the fourth, fifth, and sixth defenses are **stricken**.

Proceedings are **resumed**. Dates are reset as follows:

Answer to Counterclaim Due	11/16/2020
Deadline for Discovery Conference	12/16/2020
Discovery Opens	12/16/2020
Initial Disclosures Due	1/15/2021
Expert Disclosures Due	5/15/2021
Discovery Closes	6/14/2021
Pretrial Disclosures Due for Party in Position of Plaintiff in Original Claim	7/29/2021
30-day Trial Period Ends for Party in Position of Plaintiff in Original Claim	9/12/2021
Pretrial Disclosures Due for Party in Position of Defendant in Original Claim and in Position of Plaintiff in Counterclaim	9/27/2021
30-day Trial Period Ends for Party in Position of Defendant in Original Claim, and in Position of Plaintiff in Counterclaim	11/11/2021
Pretrial Disclosures Due for Rebuttal of Party in Position of Plaintiff in Original Claim and in Position of Defendant in Counterclaim	11/26/2021

30-day Trial Period Ends for Rebuttal of Party in Position of Plaintiff in Original Claim, and in Position of Defendant in Counterclaim	1/10/2022
Pretrial Disclosures Due for Rebuttal of Party in Position of Plaintiff in Counterclaim	1/25/2022
15-day Trial Period Ends for Rebuttal of Party in Position of Plaintiff in Counterclaim	2/24/2022
Opening Brief for Party in Position of Plaintiff in Original Claim Due	4/25/2022
Combined Brief for Party in Position of Defendant in Original Claim and Opening Brief as Plaintiff in Counterclaim Due	5/25/2022
Combined Rebuttal Brief for Party in Position of Plaintiff in Original Claim and Brief as Defendant in Counterclaim Due	6/24/2022
Rebuttal Brief for Party in Position of Plaintiff in Counterclaim Due	7/9/2022
Request for Oral Hearing (optional) Due	7/19/2022

Generally, the Federal Rules of Evidence apply to Board trials. Trial testimony is taken and introduced out of the presence of the Board during the assigned testimony periods. The parties may stipulate to a wide variety of matters, and many requirements relevant to the trial phase of Board proceedings are set forth in Trademark Rules 2.121 through 2.125. These include pretrial disclosures, matters in evidence, the manner and timing of taking testimony, and the procedures for submitting and serving testimony and other evidence, including affidavits, declarations, deposition transcripts and stipulated evidence. Trial briefs shall be submitted in accordance with Trademark Rules 2.128(a) and (b). Oral argument at final hearing will be scheduled only upon the timely submission of a separate notice as allowed by Trademark Rule 2.129(a).