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

Proceeding	91264765
Party	Defendant Microsoft Corporation
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Date	12/23/2020
Attachments	Motion To Dismiss - Opposition No. 91264765.pdf(804864 bytes) Encore Seating 2017 TTAB LEXIS 491.PDF(126611 bytes) KBT Direct Inc. v. Olander 2016 TTAB LEXIS 621 TTAB 2016.PDF(74088 bytes)

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

HONDA MOTOR CO., LTD.,)	
Opposer,)	Opposition No.: 91264765
)	
-vs-)	Application No.: 88/743,538
)	
MICROSOFT CORPORATION,)	Mark: POWER YOUR DREAMS
Applicant.)	
)	

APPLICANT’S PARTIAL MOTION TO DISMISS

Applicant Microsoft Corporation (“Microsoft”), by and through counsel, and pursuant to Fed. R. Civ. P. 12(b)(6) and Rule 503.02 of the Trademark Rules of Practice, hereby moves for an order dismissing the priority and likelihood of confusion claim under Section 2(d) in the Notice of Opposition filed on September 14, 2020 (“Opposition”) by Opposer Honda Motor Co., Ltd. (“Honda”). Because Honda has failed to state a claim upon which relief can be granted, Microsoft seeks the claim’s dismissal with prejudice.¹

I. INTRODUCTION

Microsoft has applied to register the mark POWER YOUR DREAMS (“Microsoft’s Mark”) as identified in Serial No.: 88/743538 in connection with the following International Class 041 services:

“Providing on-line computer games; Providing a website featuring non-downloadable game software; Entertainment services, namely, providing an on-line computer game; Providing temporary use of non-downloadable game software; Organization of electronic game competitions; Organization of games; Organizing and arranging exhibitions for entertainment purposes; Organization of exhibitions for cultural or educational purposes; Entertainment information; Provision of information relating to electronic computer games provided via the

¹ Pursuant to TBMP 503.01, Microsoft reserves the right to Answer Honda’s dilution claim after the Board renders its decision on this motion and resets the time for filing an Answer.

Internet; Providing a web site through which people locate information about tournaments, events, and competitions in the video game field; Entertainment services, namely, providing interactive multiplayer game services for games played over computer networks and global communications networks; Providing information on the video game and computer game industries via the Internet; Providing information on computer games, video games, video game consoles, and accessories thereof via the Internet; Arranging and conducting exhibitions in the nature of computer gaming tournaments”

(the “Application”).

Honda filed the instant Opposition to block registration of the Application on September 14, 2020 on the purported grounds of: (i) priority and likelihood of confusion with U.S. Reg. No. 3,843,591 under Section 2(d); and (ii) dilution by blurring. Honda has failed, however, to properly plead the requisite elements of its likelihood of confusion claim under Section 2(d). As a result, Microsoft hereby moves to dismiss Honda’s likelihood of confusion for failure to state a claim upon which relief may be granted.

II. ARGUMENT

In order to survive a motion to dismiss for failure to state a claim, an opposer’s pleadings must allege facts that, if proven, would establish (1) the plaintiff has standing to maintain the proceeding; and (2) a valid ground exists for opposing or cancelling the mark. *Doyle v. Al Johnson’s Swed. Rest. & Butik Inc.*, 101 USPQ.2d 1780, 1782 (TTAB 2012) (citing *Young v. AGB Corp.*, 152 F.3d 1377, 47 USPQ.2d 1752, 1754 (Fed. Cir. 1998)); *see also* TBMP § 503.02. Specifically, a Notice of Opposition “must contain sufficient factual matter, accepted as true, to ‘state a claim to relief that is plausible on its face.’” *Doyle*, 101 USPQ.2d at 1782 (quoting *Ashcroft v. Iqbal*, 556 U.S. 662, 678 (2009)). In particular, “the claimant must allege well-pleaded factual matter and more than ‘[t]hreadbare recitals of the elements of a cause of action, supported by mere conclusory statements.’” *Dragon Bleu v. VENM, LLC*, 112 USPQ.2d 1925, 1926 (TTAB 2014) (quoting *Ashcroft*, 556 U.S. at 678) (citation omitted)).

Here, Honda has failed to properly plead a cause of action for likelihood of confusion. To sufficiently plead a claim of likelihood of confusion under the Lanham Act § 2(d), 15 U.S.C. § 1052(d), an opposer must plead both priority of use and that the applied-for mark, as applied to the goods or services at issue, so resembles the mark previously used by opposer as to be likely to cause confusion, mistake, or deception. *KBT Direct, Inc. v. Olander*, 2016 TTAB LEXIS 621, at *5 (TTAB 2016) (not precedential and attached hereto) (citing *Intersat Corp. v. Int'l Telecomms. Satellite Org.*, 226 USPQ 154 (TTAB 1985)); *see also Encore Seating, Inc. v. Buzz Seating Inc.*, 2017 TTAB LEXIS 491, at *9-10 (TTAB 2017) (not precedential and attached hereto) (granting motion to dismiss for failure to state a claim based, in part, on failure to plead likelihood of confusion). The failure to explicitly plead both elements is grounds for dismissal of the claim.

To be clear, the only reference to Honda's likelihood of confusion claim is found on the Opposition cover sheet. *See Opposition, generally*. Honda has failed to allege—at all—in the Opposition that Microsoft's Mark, as applied to Microsoft's Class 41 services (such as online computer gaming) would be likely to cause confusion, mistake, or deception with Honda's THE POWER OF DREAMS mark as applied to Class 7 services (such as power equipment). *Id.*

Though Honda may try to claim that it pled facts related to a likelihood of confusion claim, Board precedent dictates that such general allegations are inadequate to overcome a motion to dismiss. For instance, in *Intersat Corp. v. International Telecommunications Satellite Organization*, the Board dismissed Intersat's opposition where Intersat did not allege, either directly or hypothetically, that Intelsat's mark "INTELSAT" as applied to its services so resembles the mark "INTERSAT" previously used by Intersat as to be likely to cause confusion or mistake. 226 USPQ at 156. Indeed, the Board granted the motion to dismiss despite Intersat having alleged

that it made continuous use of its mark INTERSAT, and Intersat had expended substantial amounts of money, time, and effort in promoting its INTERSAT mark for its goods. *Id.* at 155.

Like in *Intersat Corp.*, Honda’s general allegations of “widespread sales and advertising and promotion” and “substantial time, effort and money” spent on “promoting its goods and services” cannot cure its pleading deficiency. *Opp.* ¶¶ 3-6, 10; *see Intersat Corp.*, 226 USPQ at 156. These allegations cannot be read to plead a likelihood that Microsoft’s Mark—for services and goods such as online gaming—will cause confusion, mistake, or deception with Honda’s THE POWER OF DREAMS mark—for goods and services such as power tools—such that this claim should be dismissed in its entirety.

III. CONCLUSION

For the foregoing reasons, Applicant, Microsoft Corporation, respectfully requests the Board grant its Motion to Dismiss the Opposition with prejudice for failure to state a claim upon which relief may be granted. Because Honda has failed to sufficiently allege all of the necessary elements of a claim of likelihood of confusion, Honda should not be entitled to prevent registration of the Application. Microsoft also respectfully requests that the Board suspend all further dates in this proceeding as this dispositive motion is decided.

Date: December 23, 2020

Respectfully submitted,
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CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing has been served upon the following
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2017 TTAB LEXIS 491

Trademark Trial and Appeal Board

August 18, 2017, Decided

Opposition No. 91233860

Reporter

2017 TTAB LEXIS 491 *

Encore Seating, Inc. v. Buzz Seating Inc.

Prior History:

[*Buzz Seating Inc. v. Encore Seating, Inc.*, 2016 TTAB LEXIS 423 \(Trademark Trial & App. Bd., Aug. 23, 2016\)](#)

Core Terms

Trademark, chairs, pleaded, claim preclusion, registration, likelihood of confusion, issue preclusion, allegations, litigated, register, rights, motion to dismiss, furniture, parties, suspend

Panel: [*1] Before Kuhlke, Bergsman, and Greenbaum, Administrative Trademark Judges.

Opinion

This decision is not a precedent of the TTAB.

By the Board:

The following motions are pending herein: (1) Buzz Seating, Inc.'s ("Applicant") combined motion (filed May 18, 2017) (a) to dismiss under [*Fed. R. Civ. P. 12\(b\)\(6\)*](#) for failure to state a claim and (b) for summary judgment on the grounds of claim preclusion (*res judicata*) and issue preclusion (collateral estoppel) based on the Board's entry of judgment in Opposition No. 91210838 (5 TTABVUE), ¹ and (2) Encore Seating, Inc.'s ("Opposer") motion (filed June 7, 2017) to suspend this proceeding pending final determination of a civil action styled *Buzz Seating Inc. v. Encore Seating, Inc.*, Case No. 1:16-cv-1131-SJD, ² filed December 7, 2016, in the United States District Court for

1

In Opposition No. 91210838, Applicant opposed registration of Opposer's intent-to-use application Serial No. 85473489 for the mark FLITE in standard characters for "Office furniture, including chairs" on the ground of likelihood of confusion with its previously used mark FLITE for [*2] a "side chair" under [*Trademark Act Section 2\(d\)*, 15 U.S.C. § 1052\(d\)](#). In an August 23, 2016 final decision, the Board sustained that opposition. 5 TTABVUE 16-30.

the Southern District of Ohio, which was incorporated into its brief in response to Applicant's combined motion (7 TTABVUE).

Background

Applicant seeks to register the mark FLITE in standard characters for a "side chair" in International Class 20.³ Opposer opposes registration of Applicant's mark on the ground of "[p]riority under Trademark Act [Section 2\(d\)](#)," [15 U.S.C. § 1052\(d\)](#).¹ TTABVUE 1. In particular, Opposer alleges "prior rights ... in most of the U.S. states" of the mark FLITE for "high quality executive chairs," based on asserted use of that mark since 2011 "in at least Arizona, California, Colorado, Delaware, Florida, Georgia, Illinois, Iowa, Kansas, Kentucky, Maryland, Minnesota, Missouri, New Hampshire, New York, North Dakota, Ohio, Pennsylvania, South Carolina, Texas, and Virginia."⁴ 1 TTABVUE 5, paragraphs [*4] 16 and 19. Regarding Applicant, Opposer contends that,

[d]espite allegedly selling its Flite stacking chairs since 2004, Applicant has never sold its Flite stacking chairs in 19 of the 50 states. In addition, Applicant has had sales of its Flite stacking chairs less than \$ 50,000 in over 10 years (less than \$ 5,000 per year) in every state but Georgia, Massachusetts, North Carolina, Texas, Vermont, and Wisconsin. ... Furthermore, in the past three years, Applicant has not had any significant sales of its Flite stacking chairs in states other than Connecticut, Indiana, Massachusetts, North Carolina, Texas, Vermont, and Wisconsin. And in the last three years, Applicant has not sold any Flite stacking chairs in California where Opposer is based. ... In sum, Applicant's sales of its Flite stacking chairs are either non-existent or *de minimis* in the vast majority of U.S. states.

Id., paragraphs 13-15.

Motion to suspend denied

2

Opposer submitted copies of relevant pleadings from the civil action as exhibits to its motion to suspend. In the complaint thereof, Applicant (as plaintiff) alleges, among other things, infringement of its mark FLITE under [Trademark Act Section 32\(1\)](#), [15 U.S.C. § 1114\(1\)](#), and requested, among other things, "an order of declaratory judgment finding [Applicant] has the sole and exclusive right to use the mark FLITE for office chairs within the United States and [Opposer] shall not be entitled to any concurrent use of the mark FLITE for office chairs within the United States."⁷ TTABVUE 33-56. In the answer and counterclaim, Opposer (as defendant), denies many of the salient allegations of the complaint and seeks declaratory judgments that (1) its mark FLITE does not infringe Applicant's mark FLITE, and (2) Applicant is not entitled to a registration in states where Applicant did not have prior sales prior to Opposer's filing of application Serial No. 85473489 and in all states where Applicant's purported use of the name 'Flight' has been *de minimis*."⁷ TTABVUE 82. In a June 16, 2017 [*3] decision, the district court, among other things, (1) dismissed Applicant's infringement claim "without prejudice to re-filing if and when [Applicant] obtains" a registration for its mark FLITE; (2) dismissed Opposer's counterclaim for a declaratory judgment of noninfringement "as barred by issue or claim preclusion;" (3) deferred consideration of the motion to dismiss the remaining counterclaim to allow for further briefing on the issue of whether Trademark Act [Section 37](#), [15 U.S.C. § 1119](#), is applicable to pending applications.⁸ TTABVUE 14-32.

3

Application Serial No. 85860663, filed February 26, 2013, based on an assertion of use in commerce under Trademark Act [Section 1\(a\)](#), [15 U.S.C. § 1051\(a\)](#), and alleging January 23, 2004 as the date of first use anywhere and as the date of first use in commerce.

4

Opposer alleges that its mark FLITE for was the subject [*5] of intent-to-use application Serial No. 85473489, filed in November 2011; that Applicant opposed registration of that mark; and that the Board sustained that opposition. 1 TTABVUE 4, paragraphs 9-11. Opposer further states that it "disagrees that any likelihood of confusion exists between Opposer's and Applicant's products in the marketplace," but that "the present Opposition is necessary in view of the Board's prior holding." *Id.*, paragraph 11.

Under Trademark [Rule 2.117\(a\)](#), whenever the Board is made aware that parties to a pending Board proceeding are engaged in a civil action which may have a bearing on the Board proceeding, that proceeding "may be suspended until termination of the civil action." (Emphasis added). Under Trademark [Rule 2.117\(b\)](#), when both a motion to suspend and a motion which is potentially dispositive of a case are pending before the Board, the potentially dispositive motion may be decided first. In view of our dismissal of this proceeding *infra*, the motion to suspend is denied.

Motion to dismiss under [Rule 12\(b\)\(6\)](#) granted

We will first consider the motion to dismiss for failure to state a claim. A motion to dismiss under [Rule 12\(b\)\(6\)](#) is solely a test of the sufficiency of a complaint, in [*6] this case the notice of opposition. See [Advanced Cardiovascular Systems Inc. v. SciMed Life Systems Inc., 988 F.2d 1157, 26 USPQ2d 1038,1041 \(Fed. Cir. 1993\)](#); TBMP § 503.02 (June 2017). To state a claim upon which relief can be granted, Opposer need only allege such facts which, if proved, would establish that Opposer is entitled to the relief sought; that is, (1) Opposer has standing to bring the proceeding, and (2) a valid statutory ground exists for denying the application at issue. See [Lipton Industries, Inc.v. Ralston Purina Co., 670 F.2d 1024, 213 USPQ 185, 188 \(CCPA 1982\)](#).

Turning to Opposer's pleading of standing, Opposer alleges in the notice of opposition in paragraph 4 that it "owns U.S. Trademark Application Serial No. 87/245914 for the mark FLITE for 'Executive office furniture, namely, adjustable height executive chairs which rotate and tilt and have armrests, for desks and conference room tables sold through executive office furniture dealers, interior designers, and architects' in International Class 20 filed ... on November 22, 2016" and in paragraph 18 that Case No. 1:16-cv-01131 is pending in the United States District Court for the Southern District of Ohio. These allegations, if proven, would establish a "real interest" in this opposition proceeding, i.e., a "direct and personal [*7] stake," and a "reasonable basis" for its belief in damage. [Ritchie v. Simpson, 170 F.3d 1092, 50 USPQ2d 1023, 1026-27 \(Fed. Cir. 1999\)](#). See also Trademark Act [Section 13\(a\), 15 U.S.C § 1063\(a\)](#); [Lipton Indus., Inc., supra](#). Accordingly, we find that Opposer has adequately pleaded its standing to maintain this proceeding.

Regarding whether Opposer has pleaded a valid ground for refusing registration of Applicant's mark, [Federal Rule of Civil Procedure 8\(a\)\(2\)](#) requires that a pleading contain a "short and plain statement of the claim showing that the pleader is entitled to relief." [Rule 8\(a\)\(2\)](#) announces does not require detailed factual allegations, but requires more than labels, conclusions, formulaic recitations of the elements of a cause of action, and naked assertions. See [Ashcroft v. Iqbal, 556 U.S. 662, 678, 129 S. Ct. 1937, 173 L. Ed. 2d 868 \(2009\)](#). Indeed, "a complaint must contain sufficient factual matter, accepted as true, to 'state a claim to relief that is plausible on its face.'" *Id.*, quoting [Bell Atlantic Corp. v. Twombly, 550 U.S. 544, 570, 127 S. Ct. 1955, 167 L. Ed. 2d 929 \(2007\)](#). A claim has facial plausibility when the plaintiff pleads factual content that allows the court to draw the reasonable inference that the defendant is liable for the misconduct alleged. [Ashcroft, 556 U.S. at 678](#). The plausibility standard is not akin to a "probability requirement," but it asks for more than a sheer possibility of the allegations asserted. *Id.* Indeed, [*8] a plaintiff need not allege specific facts that would establish a prima facie case for the claim(s) asserted. See [Bell Atlantic Corp., 550 U.S. at 547](#), citing [Swierkiewicz v. Sorema N. A., 534 U.S. 506, 508, 122 S. Ct. 992, 152 L. Ed. 2d 1 \(2002\)](#).

In the context of Board *inter partes* proceedings, a claim is plausible on its face when the plaintiff pleads factual content that if proved, would allow the Board to conclude, or draw a reasonable inference that, the opposer has standing and that a valid ground for opposition exists. *Cf.* [Bell Atlantic Corp., 550 U.S. at 556](#). In particular, a plaintiff need only allege enough factual matter to suggest its claim is plausible and "raise a right to relief above the speculative level." *Id. at 555-56*. Although the Board, in deciding a [Rule 12\(b\)\(6\)](#) motion, must accept as true all factual allegations in the complaint, it is not bound to accept as true a legal conclusion couched as a factual allegation. *Id. at 555*.

Regarding Opposer's claim of priority under Trademark Act Section 2(d), that section provides, in part, that a trademark may be registered unless it "consists of or comprises a mark which so resembles a mark registered in

the Patent and Trademark Office, or a mark or trade name previously used in the United States by another and not abandoned, as to be likely, when used [*9] on or in connection with the goods of the applicant, to cause confusion, or to cause mistake, or to deceive." Thus, there are two elements to the Section 2(d) ground: priority and likelihood of confusion.

Opposer's pleaded priority is based on an allegation of "prior rights in its FLITE Mark in most of the U.S. states." 1 TTABVUE 5, paragraph 19. However, as the Board previously stated in Opposition No. 91210838, Section 2(d) does not require that an opposer show prior use everywhere in the United States in order to show prior rights. Rather, it is well-settled that priority belongs to the party who can establish the earliest proprietary rights in its mark; such rights "may arise from a prior registration, prior trademark or service mark use, prior use as a trade name, prior use analogous to trademark or service mark use, or any other use sufficient to establish proprietary rights." [Herbko Int'l Inc. v. Kappa Books Inc.](#), 308 F.3d 1156, 64 USPQ2d 1375, 1378 (Fed. Cir. 2002); [Corporate Document Services Inc. v. I.C.E.D. Mgmt. Inc.](#), 48 USPQ2d 1477, 1479 (TTAB 1998). Thus, Section 2(d) requires only that the mark at issue be previously used *in*, as opposed to *throughout the entirety of*, the United States and not abandoned; indeed, priority can be established solely on the basis of prior intrastate use of a mark. [*10] ⁵ See [Daniel J. Quirk, Inc. v. Vill. Car Co.](#), 120 USPQ2d 1146, 1150 n.19 (TTAB 2016); [Panda Travel Inc. v. Resort Option Enterprises Inc.](#), 94 USPQ2d 1789, 1793-95 (TTAB 2009); [L. & J.G. Stickley Inc. v. Cosser](#), 81 USPQ2d 1956, 1965 (TTAB 2007). In view of Opposer's failure, and apparently inability, to allege that it is the prior use of its pleaded mark anywhere in the United States, Opposer has failed to plead priority herein. Further, Opposer did not allege that there is a likelihood of confusion between the parties' marks. Rather, Opposer stated that it "disagrees that any likelihood of confusion exists between Opposer's and Applicant's products in the marketplace." ⁶ 1 TTABVUE 4, paragraph 11. In view of Opposer's insufficient pleading of priority and failure to allege likelihood of confusion, Applicant's motion to dismiss under [Fed. R. Civ. P. 12\(b\)\(6\)](#) for failure to state a claim is granted.

In its brief in opposition to Applicant's motion, Opposer asks that this proceeding be converted into a concurrent use proceeding. However, the [*11] circumstances herein are not appropriate for such conversion inasmuch as Applicant does not seek and will not agree to seek a concurrent use registration. See Trademark [Rule 2.99](#); TBMP § 1113.01. Rather, as an adjudicated senior owner of a confusingly similar mark (see Opposition No. 91210838), Applicant is entitled to a geographically unrestricted registration. See Trademark Act Section 2(d) ("No trademark by which the goods of the applicant may be distinguished from the goods of others shall be refused registration on the principal register on account of its nature unless it ... [c]onsists of or comprises a mark which so resembles a mark registered in the Patent and Trademark Office, or a mark or trade name previously used in the United States by another and not abandoned, as to be likely, when used on or in connection with the goods of the applicant, to cause confusion, or to cause mistake, or to deceive.").

Motion for summary judgment granted

Turning to the motion for summary judgment on the grounds of claim preclusion (*res judicata*) and issue preclusion (collateral estoppel), Applicant's motion is based on a final decision on the merits that the Board issued on August 23, 2016 in Opposition No. 91210838, styled [*12] [Buzz Seating Inc. v. Encore Seating, Inc.](#) In that decision, the Board sustained Applicant's opposition to registration of Opposer's intent-to-use application Serial No. 85473489 to register the mark FLITE in standard characters for "Office furniture, including chairs" in International Class 20 on the

5

However, applicant must have use of its mark in commerce to obtain a registration for that mark under Trademark Act [Section 1, 15 U.S.C. § 1051](#).

6

Because Opposer did not properly plead priority of use, we decline to treat this allegation as a hypothetical pleading of likelihood of confusion. See TBMP § 309.03(c).

ground of likelihood of confusion with its previously used mark FLITE for a "side chair" under Trademark Act [Section 2\(d\), 15 U.S.C. § 1052\(d\)](#). 5 TTABVUE 16-30.

We first turn to the issue of claim preclusion. Under the doctrine of claim preclusion, the entry of a final judgment "on the merits" of a claim (i.e., cause of action) in a proceeding serves to preclude the relitigation of the same claim in a subsequent proceeding between the parties or their privies, even in those cases where the prior judgment was the result of a default or consent. See [Lawlor v. Nat'l Screen Service Corp., 349 U.S. 322, 75 S. Ct. 865, 99 L. Ed. 1122 \(1955\)](#); [Chromalloy Am. Corp. v. Kenneth Gordon, Ltd., 736 F.2d 694, 222 USPQ 187 \(Fed. Cir. 1984\)](#); [Flowers Indus., Inc. v. Interstate Brands Corp., 5 USPQ2d 1580 \(TTAB 1987\)](#). A second suit is barred by claim preclusion if (1) the parties (or their privies) are identical; (2) there has been an earlier final judgment on the merits of a claim; and (3) the second claim is based on the same set of transactional facts as [*13] the first. [Jet, Inc. v. Sewage Am. Sys., 223 F.3d 1360, 55 USPQ2d 1854, 1856 \(Fed. Cir. 2000\)](#).

We find that there is no genuine dispute that the parties in this proceeding and Opposition No. 91210838 are the same and that Opposition No. 91210838 resulted in entry of a final judgment on the merits of Applicant's Section 2(d) claim in that proceeding. Although the parties are in different postures in the respective oppositions, the Board determined in the final decision in Opposition No. 91210838 that Applicant was the prior user of its mark FLITE. Further, there is no genuine dispute that the Section 2(d) claims at issue in the respective proceedings are the same inasmuch as the marks and goods at issue in the respective proceedings are legally identical. Applicant's goods in both proceedings are identified as a "side chair." Although Opposer's pleaded goods were more broadly identified as "Office furniture, namely chairs" in its involved application in Opposition No. 91210838, Opposer's pleaded goods herein, "high quality executive chairs," are encompassed by the goods identified in its earlier application. Claim preclusion is applicable "not only with respect to the identical description of goods as had been previously litigated, but with respect to all goods [*14] that could be said to be encompassed by that description of goods...." [General Electric Co. v. Raychem Corp., 204 USPQ 148, 150 \(TTAB 1979\)](#) (citing [Toro Co. v. Hardigg Indus., Inc., 549 F.2d 785, 193 USPQ 149 \(CCPA 1977\)](#)). Accordingly, we find that there is no genuine dispute that claim preclusion is applicable herein and warrants dismissal of the above-captioned opposition proceeding.

We now turn to the doctrine of issue preclusion (collateral estoppel), which serves to bar the revisiting of issues that have been already fully litigated. Issue preclusion requires four factors: (1) identity of the issues in a prior proceeding; (2) the issues were actually litigated; (3) the determination of the issues was necessary to the resulting judgment; and, (4) the party defending against preclusion had a full and fair opportunity to litigate the issues. [Jet, Inc., 55 USPQ2d at 1858-59](#). The issues in Opposition No. 91210838 and the above-captioned proceeding are identical in that the earlier opposition determined that Applicant's use of its mark FLITE on a "side chair" preceded Opposer's use of its mark FLITE on "Office furniture, including chairs," which encompass Opposer's pleaded "high quality executive chairs" (see [General Electric Co., 204 USPQ at 150](#)) and that there was a likelihood of confusion [*15] between the marks. 5 TTABVUE 16-30. Further, those issues were fully litigated in a trial, the determination thereof was necessary to the Board's decision in Opposition No. 91210838, and Opposer had a full and fair opportunity to litigate the issues in that proceeding. Accordingly, we find that there is no genuine dispute that issue preclusion is applicable herein and warrants dismissal of the above-captioned opposition proceeding.

Based on the foregoing, Applicant's combined motion to dismiss under [Fed. R. Civ. P. 12\(b\)\(6\)](#) for failure to state a claim and for summary judgment on the grounds of claim preclusion and issue preclusion is granted in full. The opposition is dismissed with prejudice.

2016 TTAB LEXIS 621

Trademark Trial and Appeal Board

March 30, 2016, Decided

Cancellation No. 92062304

Reporter

2016 TTAB LEXIS 621 *

KBT Direct, Inc. v. John N. Olander

Core Terms

registration, pleaded, likelihood of confusion, cancellation, retail store, featuring, first use, on-line, summary judgment, Trademark, clothing, specimen, res judicata, allegations, withdrawal, abandonment, accessories, motion to dismiss, genuine dispute, inasmuch, parties, shirts, prior proceedings, ownership, notice, Belts

Panel: [*1] Before Richey, Deputy Chief Judge, Cataldo and Masiello, Administrative Trademark Judges.

Opinion

THIS OPINION IS NOT A PRECEDENT OF THE TTAB

By the Board:

On September 24, 2015, KBT Direct, Inc. ("Petitioner") filed a petition seeking to cancel trademark Registration No. 3877227 for the mark ROCK REBELLION, in standard characters, for the following goods: "necklaces, rings, pendants, ear rings and bracelets" in International Class 14; "Clutch bags, purses, hadbags and wallets," in Class 18; "Clothing, namely, jackets, hats, shirts, T-shirts, sweatshirts, belts" in Class 25; and "Belt buckles not of precious metal, hair barrettes and hair clips" in International Class 26.¹

In the petition for cancellation, Petitioner claims the following grounds for cancellation: (1) abandonment; (2) fraud; and (3) likelihood of confusion with Petitioner's pleaded [*2] application Serial No. 86542180 for the mark ROCK REBEL for "Belts; Hats; Jackets; Jeans; Pants; Shirts; T-shirts; Tops" in International Class 25; and "On-line retail

¹ Issued on November 16, 2010, claiming June 1, 2006 as the date of first use and first use in commerce for all classes of goods and/or services.

store services featuring clothing and accessories; Retail store services featuring clothing and accessories" in International Class 35.²

In lieu of an answer, John N. Olander ("Respondent") filed, on November 4, 2015, a motion to dismiss the petition for cancellation under to [Fed. R. Civ. P. 12\(b\)\(6\)](#). On December 4, 2015, Petitioner filed a brief in opposition to Respondent's motion to dismiss.³

[*3]

By his motion, Respondent argues that the petition should be dismissed because Petitioner waived its right to challenge the subject registration and is judicially estopped from alleging that the registration is invalid because Petitioner withdrew "with prejudice" a prior opposition relating to the application underlying the subject registration.⁴ In addition to raising the defense of res judicata, Respondent contends that the petition for cancellation fails to state a claim under Rule 12(b)(6) as to any of the counts identified in the petition.

A motion to dismiss under Rule 12(b)(6) is solely a test of the sufficiency of a complaint. **[*4]** [Advanced Cardiovascular Systems Inc. v. SciMed Life Systems Inc.](#), 988 F.2d 1157, 26 USPQ2d 1038, 1041 (Fed. Cir. 1993); [NSM Research Corp. v. Microsoft Corp.](#), 113 USPQ2d 1029, 1032 (TTAB 2014). Where a motion to dismiss is based on issue or claim preclusion, the Board may treat the motion as one for summary judgment. See [Fed. R. Civ. P. 12\(d\)](#); see also, Trademark Rule 2.127(e)(1) (a party may not file a motion for summary judgment until it has served its initial disclosures, except for a motion asserting issue or claim preclusion). However, a party may not obtain summary judgment on an issue that has not been pleaded. See [Fed. R. Civ. P. 56\(a\)](#); [Asian and Western Classics B.V. v. Lynne Selkow](#), 92 USPQ2d 1478, 1480 (TTAB 2009).

Inasmuch as Respondent's motion to dismiss is based on claim preclusion and matters outside the pleading, we construe Respondent's motion as a motion for partial summary judgment on the defense of res judicata.⁵

[*5]

The Pleadings

A decision on summary judgment necessarily requires a review of the pleadings; in addition, Respondent, by its motion to dismiss, seeks relief under Federal Rule 12(b)(6) for failure to state a claim. Accordingly, the Board has carefully reviewed the petition for cancellation to determine the legal sufficiency of Petitioner's claims.

Likelihood of Confusion

In order to plead a legally sufficient claim of likelihood of confusion with the mark in its pleaded application No. 86542180, Petitioner must plead both priority of use and allegations, either directly or hypothetically, that Respondent's mark as applied to his goods so resembles the mark or marks previously used by Petitioner as to be likely to cause confusion, mistake, or deception. [Intersat Corp. v. International Telecommunications Satellite](#)

² Application Serial No. 86542180 filed on February 22, 2015, claiming October 18, 2013 as the dates of first use and first use in commerce for the goods in Class 25, and December 31, 2004 as the dates of first use and first use in commerce for the services in Class 35.

³ Petitioner's response to the motion to dismiss was due November 24, 2015 pursuant to Trademark Rules 2.127 and 2.119(c). However, in lieu of providing additional opportunity for response in accordance with [Fed. R. Civ. P. 12\(d\)](#), the Board has considered Petitioner's late-filed brief. Thus, Petitioner has had a "reasonable opportunity" to present its response.

⁴ In support of his argument for claim preclusion, Respondent submitted the following documents from Opposition No. 91183236 with his brief: (1) the Notice of Opposition, filed March 27, 2008 (including ESTTA cover sheet); (2) Petitioner's request to withdraw the Opposition with prejudice; and (3) the Board's July 31, 2008 order dismissing the opposition with prejudice.

⁵ Inasmuch as the parties have fully argued the merits of the res judicata issue, we do not find it necessary to provide time for additional briefing the issue.

Organization, 226 USPQ 154, 156 (TTAB 1985). In order to properly assert priority, Petitioner must allege facts showing proprietary rights in its pleaded marks that are prior to Respondent's rights in the challenged mark, i.e., before the filing date of the application underlying Respondent's registration or Respondent's proven date of first [*6] use (whichever is earlier). See Herbko International Inc. v. Kappa Books, Inc., 308 F.3d 1156, 64 USPQ2d 1375, 1378 (Fed. Cir. 2002).

After careful review of the allegations in the petition for cancellation, we find that Petitioner's claim of likelihood of confusion is insufficiently pleaded inasmuch as Petitioner has not alleged use of its mark prior to Respondent's constructive use date or prior to the date for which Respondent can prove as its valid date of first use. Petitioner merely claims that it owns an application for registration identifying dates of first use for the services in Class 35. In addition, Petitioner's claim of priority with respect to the goods in International Class 25 is insufficient as a matter of law.

In the petition for cancellation, Petitioner pleads ownership of a pending application for registration claiming October 18, 2013 as the date of first use for the goods in International Class 25.⁶ Petitioner relies on its allegations of fraud and nonuse of Respondent's mark to assert that its first use "predates any valid and rightful use of the ROCK REBELLION mark" made by Respondent.⁷ However, pursuant to Trademark Act Section 7(c), [*7] Respondent's application filing date of March 28, 2007 is considered his constructive use date for purposes of priority. 15 U.S.C. § 1057(c); see also, Media Online Inc. v. El Clasificado Inc., 88 USPQ2d 1285, 1288 (TTAB 2008) (respondent may rely on filing date of registration at issue as constructive date of first use). Inasmuch as the date of first use of Petitioner's mark with the goods in Class 25 alleged in Petitioner's pleaded application is after Respondent's constructive use date, Petitioner's claim of priority with respect to its goods in Class 25 is insufficient as a matter of law.

Abandonment

With respect to Petitioner's claim that Respondent has abandoned his mark due to nonuse, we find the allegations in the petition [*8] for cancellation insufficient to state a claim of abandonment. Petitioner has not alleged facts that would set forth a *prima facie* case of abandonment, namely, that Respondent has discontinued use of his mark with the intent not to resume such use; or that Respondent has failed to use his mark for more than three consecutive years.⁸ See Trademark Act Section 45, 15 U.S.C. § 1127; see also, Otto International Inc. v. Otto Kern GmbH, 83 USPQ2d 1861, 1863 (TTAB 2007). Further, inasmuch as Respondent's registration identifies goods in four different classes, Petitioner's vague assertion that Respondent discontinued use of the mark "in connection with at least some, if not all, of the claimed goods and/or services"⁹ is insufficient to provide Respondent with fair notice of which goods identified in the involved registration the claim of abandonment applies to. See, generally, Fair Indigo LLC v. Style Conscience, 85 USPQ2d 1536, 1538 (TTAB 2007) (elements of each claim should be stated concisely and directly, and include enough detail to give the defendant fair notice).

[*9]

Fraud

Turning to Petitioner's claim that Respondent committed fraud in the procurement of his registration, Petitioner alleges that Respondent made false material representations of fact in his application for registration when he

⁶ Petition for Cancellation at P1, 1 TTABVUE at 3. Petitioner's goods in International Class 25 are identified in its application as "Belts; Hats; Jackets; Jeans; Pants."

⁷ Petition for Cancellation at P19, 1 TTABVUE at 6.

⁸ In paragraph 2 of Petitioner's response to the motion to dismiss, 6 TTABVUE at 2, Petitioner states that it alleges Respondent's intent not to resume use of the mark in the "attached Amended Petition for Cancellation." However, we find no amended petition for cancellation attached to Petitioner's response.

⁹ Petition for Cancellation at P 7, 1 TTABVUE at 4.

claimed "a date of first use in commerce that was not supported by the specimen" and by knowingly submitting "a specimen that does not reflect use of the ROCK REBELLION trademark in U.S. interstate commerce." ¹⁰ We find these allegations in the petition for cancellation insufficient to state a claim of fraud.

A legally sufficient pleading of fraud requires allegations that Respondent knowingly made specific, false representations of material fact in connection with his application with the intent to deceive the U.S. Patent and Trademark Office into issuing the registration. [*10] See *In re Bose Corp.*, 580 F.3d 1240, 91 USPQ2d 1938 (Fed. Cir. 2009); *Torres v. Cantine Torresella S.r.l.*, 808 F.2d 46, 1 USPQ2d 1483, 1484 (Fed. Cir. 1986).

Under Trademark Rule 2.56, an application, amendment to allege use, or statement of use must include one specimen per class "showing the mark as used on or in connection with the goods or services." 37 C.F.R. § 2.56. The rule does not require the provision of a specimen that shows use of the mark as of the claimed date of first use.

Here, Petitioner alleges that the date of first use was not supported by the specimen in the application for registration, not that the dates are false. ¹¹ Moreover, it is well settled that neither the accuracy of the date of first use nor the acceptability of the specimens in the application are material facts for purposes of a claim of fraud. See *CarX Service Systems, Inc. v. Exxon Corp.* 215 USPQ 345, 351 (TTAB 1982) (misstatement of date of first use not material to securing registration). See also *Marshall Field & Co. v. Mrs. Fields Cookies*, 11 USPQ2d 1355, 1358 (TTAB 1989) (insufficiency of specimens not proper ground for [*11] cancellation); *Century 21 Real Estate Corp. v. Century Life of America*, 10 USPQ2d 2034, 2035 (TTAB 1989) (if specimens are unacceptable, during prosecution an applicant may submit substitute specimens).

Because Petitioner has failed to allege that Respondent made a false statement of a *material* fact in the application for registration, we find Petitioner's fraud claim to be insufficiently pleaded. *Dragon Bleu (SARL) v. VENM, LLC*, 112 USPQ2d 1925, 1928 (TTAB 2014) (failure to state a claim of fraud because allegedly false statements were not false and not material).

In view of the above, Petitioner's claims of likelihood of confusion, abandonment and fraud are dismissed.

In addition, to the extent that Petitioner, in paragraph 19 of the petition for cancellation, intends to allege [*12] claims of nonuse and "wrongful claim of ownership," we find that Petitioner has failed to allege sufficient facts to provide Respondent with proper notice of these claims. ¹² See *CarX Service Systems, Inc. v. Exxon Corp.* 215 USPQ at 351 (plaintiff must plead and prove no use prior to filing date of use based application); see also, *Conolty v. Conolty O'Connor NYC LLC*, 111 USPQ2d 1302 (TTAB 2014) (ownership claim).

Summary Judgment

We turn now to the merits of Respondent's motion for partial summary judgment on the claim of likelihood of confusion. Respondent argues that the petition for cancellation is barred by res judicata in view of the Petitioner's withdrawal and the Board's dismissal of Opposition No. 91183236 with prejudice. Respondent contends that inasmuch as the prior proceeding involved the application underlying the registration in the present case and the prior proceeding was also based on a claim of likelihood of confusion, "the [*13] general prerequisites of res judicata have therefore been satisfied" ¹³

In response, Petitioner argues that Respondent's position on the effect of the Petitioner's withdrawal of the opposition with prejudice is "legally unfounded" and in conflict with trademark law and the rules for proceedings

¹⁰ Petition for Cancellation at PP 11, 12, 1 TTABVUE at 5.

¹¹ We further note that the registration identifies four classes of goods; yet the petition for cancellation does not specify which goods the allegedly fraudulent representation relates to.

¹² 1 TTABVUE at 6.

¹³ 4 TTABVUE at 9.

before the Trademark Trial and Appeal Board.¹⁴ We note that Petitioner does not identify the trademark laws and Board procedural rules with which Respondent's position conflicts, nor does Petitioner support its arguments with citations to case precedent. Petitioner further argues that the settlement agreement under which Petitioner withdrew the prior opposition proceeding with prejudice is void due to Respondent's breach of the terms of the agreement. In view of Respondent's breach of the underlying agreement, Petitioner contends, its logical recourse is to put itself in the same position as it was prior to the agreement.

[*14]

Summary judgment is an appropriate method of disposing of cases in which there is no genuine dispute as to any material fact and the movant is entitled to judgment as a matter of law. See *Fed. R. Civ. P. 56(a)*. A party moving for summary judgment has the burden of demonstrating the absence of evidence to support the nonmoving party's case, and that it is entitled to judgment as a matter of law. *Sweats Fashions Inc. v. Pannill Knitting Co.*, 833 F.2d 1560, 4 USPQ2D 1793, 1795-96 (Fed. Cir. 1987), citing *Celotex Corp. v. Catrett*, 477 U.S. 317, 106 S.Ct. 2548, 2554, 91 L. Ed. 2d 265 (1986).

Under the doctrine of res judicata, the entry of judgment in a prior proceeding operates to preclude relitigation of the same claim or defense in a subsequent proceeding that involves the same parties "even when the prior judgment resulted from default, consent of the parties or dismissal with prejudice." *Zoba International Corp. v. DVD Format/LOGO Licensing Corp.*, 98 USPQ2d 1106, 1109 (TTAB 2011); see also, *Johnson & Johnson v. Bio-Medical Sciences, Inc.*, 179 USPQ 765, 766 (TTAB 1973) (voluntary withdrawal of applications resulting in dismissal [***15**] of counterclaims with prejudice operates as estoppel barring same counterclaims in subsequent proceeding).

A claim in a subsequent proceeding will be barred by res judicata if: "(1) there is identity of parties (or their privies); (2) there has been an earlier final judgment on the merits of a claim; and (3) the second claim is based on the same set of transactional facts as the first." *Jet Inc. v. Sewage Aeration Systems*, 223 F.3d 1360, 55 USPQ2d 1854, 1857 (Fed. Cir. 2000) *reh'g and reh'g en banc denied* (September 28, 2000).

In the notice of opposition for proceeding No. 91183236, Petitioner, as Opposer therein, alleged likelihood of confusion based on the following: (1) common law use of the mark ROCK REBEL since as early as 2004 "in connection with, inter alia, online retail store services featuring apparel, bags and purses;"¹⁵ (2) ownership of a pending application for the standard character mark ROCK REBEL for "on-line retail store services featuring apparel, bags and purses" in Class 35;¹⁶ and (3) ownership of a pending application for the standard character mark ROCK REBEL for "Belts; Fleece pullovers; Hats; Jackets; Knit shirts; Pants; Shorts; Sweat [***16**] shirts; Sweaters; T-shirts" in Class 25.¹⁷

With respect to the first factor of the test for res judicata, there is no genuine dispute that the parties to this proceeding are the same as the parties in the prior proceeding.

With respect to the second factor, namely, whether the dismissal of the earlier opposition with prejudice as a result of Opposer's withdrawal of the notice of opposition operates as a final judgment on the claim, the Board has held that a voluntary withdrawal with prejudice operates as an estoppel barring the same claim in a subsequent proceeding. See *Johnson & Johnson v. Bio-Medical Sciences, Inc.*, 179 USPQ at 766 [***17**] (applicant's voluntary withdrawal caused dismissal of its counterclaims in prior proceeding barring same claims in later proceeding); see also, *Zoba International Corp. v. DVD Format/LOGO Licensing Corp.*, 98 USPQ2d 1106 TTAB 2011) *appeal*

¹⁴ 6 TTABVUE at 4.

¹⁵ 4 TTABVUE at 17.

¹⁶ Application Serial No. 77108580, filed February 15, 2007, and claiming dates of first use and first use in commerce as December 31, 2004. 4 TTABVUE at 22-28.

¹⁷ Application Serial No. 77108594, filed February 15, 2007, based on intent-to-use under 15 U.S.C. § 1051(b). 4 TTABVUE at 30-35.

dismissed, 427 Fed. Appx. 892 (Fed. Cir. 2011) (counterclaims previously dismissed by stipulation barred by res judicata).

Petitioner's argument that Respondent's alleged breach of the agreement on which Petitioner's withdrawal was based effectively reinstates its right to challenge Respondent's mark is without merit. Petitioner's right to challenge Respondent's mark does not depend on the agreement between the parties. Petitioner's rights are dependent upon its act of withdrawing the Opposition with prejudice. See, e.g., [Wells Cargo, Inc. v. Wells Cargo, Inc.](#), 606 F.2d 961, 203 USPQ 564, 567 (CCPA 1979). Accordingly, we find that there is no genuine dispute that the earlier proceeding resulted in a final judgment on the claim. Further, inasmuch as the Board has no jurisdiction to enforce the parties' settlement agreement, Petitioner's remedy regarding the alleged breach of the agreement is by [*18] way of civil action. See TBMP § 605.03(d) (2015).

Turning to the third and final factor of the test for claim preclusion, we must determine whether Petitioner's claim of likelihood of confusion in the second proceeding is based on the same set of transactional facts as the first proceeding. First, we note that the mark in Respondent's registration is unchanged from the underlying application that was subject to the earlier proceeding. Second, the goods in Classes 14, 18, 25 and 26 of Respondent's registration also remain unchanged since the first proceeding, while Respondent's Class 35 services have been deleted and are no longer at issue.

With respect to Petitioner's goods and services, we find that the goods in Class 25 in Petitioner's pleaded application are, in essence, the same as the Class 25 goods identified by Petitioner in the pleaded application in the first proceeding. To the extent that Petitioner is able to allege any priority in the slightly broader wording "shirts" and "tops" in the current proceeding, the goods should have been raised against Respondent's identical goods in the likelihood of confusion claim in the first proceeding. See [Nasalok Coating Corp. v. Nylok Corp.](#), 522 F.3d 1320, 86 USPQ2d 1369, 1375-6 (Fed. Cir. 2008). [*19] Accordingly, there is no genuine dispute that Petitioner's claim of likelihood of confusion in connection with its use of its mark on the goods in Class 25 is based on the same transactional facts as the first proceeding. Regarding whether Petitioner's Class 35 services in the pleaded application in the current proceeding represent a different set of transactional facts, we note that the services in the pleaded application include different services than the services in the pleaded application in the first proceeding. In the earlier proceeding, Petitioner's pleaded application Serial No. 77108580 included "on-line retail store services featuring apparel, bags and purses." In the current proceeding, Petitioner's pleaded application Serial No. 86542180 includes the following services in Class 35: "On-line retail store services featuring clothing and accessories; Retail store services featuring clothing and accessories." To the extent that Petitioner's "on-line retail store services featuring clothing and accessories" features a broader range of products than its online retail store services in the first proceeding, we find that these broader services should have been raised in connection [*20] with Petitioner's on-line retail services in the earlier proceeding.¹⁸ *Id.* Accordingly, there is no genuine dispute that Petitioner's claim of likelihood of confusion with its mark used in connection with "on-line retail store services featuring clothing and accessories" in Class 35 is based on the same set of transactional facts as the first proceeding.

However, to the extent that Petitioner's "retail store services featuring clothing and accessories" includes retail store services other than those provided "on-line," we find that there remains a genuine dispute as to whether such services are based on the same set of transactional facts as the first proceeding. See [Nina Ricci S.A.R.L. v. E.T.F. Enterprises, Inc.](#), 889 F.2d 1070, n.1, 12 USPQ2d 1901, 1904 n.1 (Fed. Cir. 1989); [Nextel Communications, Inc. v. Motorola, Inc.](#), 91 USPQ2d 1393, 1399 (TTAB 2009). [*21]

In view of the above, Respondent's motion for partial summary judgment on the claim of likelihood of confusion is **granted, in part**, with respect to Petitioner's claim of likelihood of confusion with Petitioner's use of its mark in connection with "Belts; Hats; Jackets; Jeans; Pants; Shirts; T-shirts; Tops"; and in connection with "On-line retail store services featuring clothing and accessories." Respondent's motion for summary judgment is **denied, in part**,

¹⁸ Petitioner claims December 31, 2004 as the date of first use and first use in commerce for all of the services in Class 35.

with respect to Petitioner's claim of likelihood of confusion relating to its use of its mark in connection with "Retail store services featuring clothing and accessories."

With respect to Petitioner's pleading which we have found fails to state a legally sufficient claim, it is the Board's practice, when finding a pleading deficient, to grant leave to amend the pleading, if leave to replead is not futile. *Dragon Bleu (SARL)*, 112 USPQ2d at 1929 n.10; see also, [Intellimedia Sports Inc. v. Intellimedia Corp.](#), 43 USPQ2d 1203, 1208 (TTAB 1997) (time to perfect fraud claim allowed). In view thereof, Petitioner is allowed TWENTY (20) DAYS from the mailing date of this order to file an amended [*22] petition for cancellation properly alleging claims of abandonment and fraud, if available, and properly alleging likelihood of confusion with Petitioner's retail store services in Class 35,¹⁹ failing which the remaining allegations in the petition for cancellation will be dismissed with prejudice.

Proceedings otherwise remain suspended. Respondent's time to answer, discovery, and trial dates will be reset pending Petitioner's amended petition for cancellation.

End of Document

¹⁹ We note that Petitioner must allege priority with respect to its retail store services, if any, that are not provided on-line.