UNITED STATES PATENT AND TRADEMARK OFFICE
Trademark Trial and Appeal Board
P.O. Box 1451
Alexandria, VA 22313-1451

Baxley

Mailed: February 25, 2010

Cancellation No. 92045172

Herbaceuticals, Inc.

v.

Xel Herbaceuticals, Inc.

Before Rogers, Acting Chief Administrative Trademark Judge, and Quinn and Cataldo, Administrative Trademark Judges.

By the Board:

In a March 7, 2008 order, the Board granted, in part, the motion for summary judgment by Herbaceuticals, Inc. ("HCI") on its pleaded fraud claim and, among other things, ordered the cancellation of Registration Nos. 2845860, 2860543, 2948354, and 2948359 of Xel Herbaceuticals, Inc. ("Xel").[1] The March 7, 2008 order, however, was interlocutory in nature, did not result in the immediate cancellation by the Commissioner of the noted registrations, and the order was not immediately appealable, because it did not result in full decision of the claims in this case. See *Copeland's Enterprises Inc. v. CNV Inc.*, 887 F.2d 1065, 12

[1] In that motion, HCI also sought cancellation of Xel's Registration Nos. 2970979 and 2970981 on its pleaded fraud claim. However, the Board, in the March 7, 2008 order, denied HCI's motion for summary judgment with regard to those two registrations.

USPQ2d 1562 (Fed. Cir. 1989).

During the subsequent continuing pendency of this proceeding, our primary reviewing court issued a decision in *In re Bose Corp.*, 580 F.3d 1240, 91 USPQ2d 1938 (Fed. Cir. 2009), in which the Federal Circuit set forth the following standard for establishing fraud upon the USPTO in obtaining or maintaining a trademark registration: "a trademark is obtained fraudulently under the Lanham Act only if the applicant or registrant knowingly makes a false, material representation with the intent to deceive the PTO." *Bose,* 91 USPQ2d at 1941. *See also Torres v. Cantine Torresella S.r.l.*, 808 F.2d 46, 1 USPQ2d 1483, 1484 (Fed. Cir. 1986).

Relying on the *Bose* decision, Xel, on January 7, 2010, filed a motion to vacate the Board's entry of partial summary judgment on HCI's fraud claim. To date, HCI has not filed a brief in response to the motion to vacate. In view of HCI's failure to respond in any manner to Xel's motion to vacate entry of partial summary judgment, that motion is hereby granted as conceded. See Trademark Rule 2.127(a). Accordingly, the entry of partial summary judgment on HCI's pleaded fraud claim with regard to Xel's Registration Nos. 2845860, 2860543, 2948354, and 2948359 is vacated.

Further, in view of the *Bose* decision, we have *sua sponte* reviewed the pleading of the fraud claim in HCI's petition to cancel and find that such claim is

insufficiently pleaded. HCI's pleaded fraud claim is based on allegations that Xel "knew or should have known that it was not using" the involved marks on all of the goods identified in each application when it filed its statements of use in each of the applications for its involved registrations, and does not allege that Xel filed those statements of use with the requisite intent to deceive the USPTO. Intent to deceive the Office to obtain or maintain a registration is a required element to be pleaded in a fraud claim. *See Bose,* 91 USPQ2d at 1941. Allegations that a party made material representations of fact that it "knew or should have known" were false or misleading are insufficient.[2]

In addition, HCI's fraud claim is based "[u]pon information and belief" without a specification of facts upon which such belief could reasonably be based. Pleadings of fraud made "on information and belief," when there is no allegation of "specific facts upon which the belief is reasonably based" are also insufficient. See *Asian and Western Classics B.V. v. Selkow,* 92 USPQ2d 1478 (TTAB 2009). As such, the pleaded fraud claim is legally insufficient.

[2] The standard for finding intent to deceive is stricter than the standard for negligence or gross negligence. Still open is the question whether a submission to the PTO with reckless disregard of its truth or falsity would satisfy the intent to deceive requirement. *Bose*, 91 USPQ2d at 1942, fn. 2.

Based on the foregoing, HCI is allowed until thirty days from the mailing date set forth in this order to file an amended petition to cancel repleading its fraud claim in accordance with the *Bose* decision. If HCI amends its fraud claim, that claim, including any subsequent motions for summary judgment with regard thereto, or trial thereof, will be determined based on the law as articulated in the *Bose* decision. If HCI fails to so amend its claim, this case will go forward on its remaining claim under Trademark Act Section 2(d), 15 U.S.C. Section 1052(d).[3]

Proceedings herein otherwise remain suspended.

[3] In the Board's January 7, 2010 order, the Board denied Xel's motion for summary judgment on a counterclaim to cancel HCI's pleaded Registration No. 2585974, which became cancelled during this proceeding under Trademark Act Section 8, 15 U.S.C. Section 1058. Such counterclaim asserted the genericness of a term in the mark of HCI's registration. The Board noted in that order that the counterclaim is legally insufficient because it does not allege either that the entire, formerly registered mark, HERBACEUTICALS, INC. and design, is generic or that any registration for that mark must include a disclaimer of HERBACEUTICALS. See January 7, 2010 order at 7-8. Accordingly, regardless of whether HCI files an amended petition to cancel, Xel must replead its counterclaim to set forth either a proper claim that HCI's pleaded HCI HERBACEUTICALS, INC. and design mark is generic in its entirety or a proper claim that such mark is unregistrable in the absence of the aforementioned disclaimer.