

ESTTA Tracking number: **ESTTA108012**

Filing date: **11/06/2006**

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

Proceeding	92045521
Party	Plaintiff AMC MORTGAGE CORPORATION AMC MORTGAGE CORPORATION ,
Correspondence Address	Laurence R. Hefter Finnegan Henderson Farabow Garrett & Dunner, L.L.P. 901 New York Avenue, NW Washington, DC 20001 UNITED STATES docketing@finnegan.com, larry.hefter@finnegan.com, judy.valusek@finnegan.com
Submission	Reply in Support of Motion
Filer's Name	Danny M. Awdeh
Filer's e-mail	danny.awdeh@finnegan.com, hefterl@finnegan.com, larry.white@finnegan.com, docketing@finnegan.com
Signature	/Danny M. Awdeh/
Date	11/06/2006
Attachments	AMC Reply.PDF (8 pages)(415329 bytes)

further below, Petitioner alleges facts sufficient to support each and every element of its fraud claim. As a result, Registrant is made well aware of the circumstances constituting Petitioner's claim and is thus more than able to prepare an adequate answer.

As the Board aptly stated in its Order of September 7, 2006, "[i]n deciding a motion to dismiss, the Board must accept all of petitioner's well-pleaded allegations in its petition to cancel as true, and these allegations must be construed liberally and in the light most favorable to petitioner." September 7, 2006 Order, p. 5. Only if the Board is certain that there are no facts to support Petitioner's fraud claim, should it dismiss the claim for insufficiency. See, Stanspec Co. v. American Chain & Cable Co., Inc., 531 F.2d 563, 189 U.S.P.Q. 420 (CCPA 1976).

Registrant's motion to dismiss must be denied because Petitioner pleads facts in its Amended Petitions for Cancellation, which if taken as true, prove Registrant committed fraud on the PTO. While fraud is comprised of four elements, Registrant's motion to dismiss is based solely on the adequacy of Petitioner's allegations as to elements three and four, namely, that (3) Registrant *knew* Petitioner had rights superior to Registrant's, and either *believed* that a likelihood of confusion would result from Registrant's use of its marks or had no reasonable basis for believing otherwise; and (4) Registrant, in failing to disclose these facts to the PTO, *intended* to procure a registration to which it was not entitled. As detailed below, Petitioner sufficiently pleads each of these elements.

A. Petitioner Pleads Facts Sufficient to Establish Registrant's Knowledge of Petitioner and Its AMC Marks

In its Amended Petitions, Petitioner pleads facts sufficient to prove that Registrant knew of Petitioner's AMC marks before Registrant filed its applications to register the marks at issue in this Proceeding. In particular, Petitioner alleges in Paragraph 8 that the Parties' marks are "dominated by the *identical* term AMC, and are used in connection with the *same* or closely related services." Petitioner further alleges in Paragraph 9, that Registrant knew of its superior rights in the AMC marks by virtue of Petitioner's prior use of those marks for the same services listed in Registrant's applications. Indeed, over the course of this litigation, Petitioner will prove that it has been using its AMC marks for over two decades in connection with services identical to those in Registrant's registrations. Registrant is no doubt well aware of Petitioner's AMC marks and services and Registrant's attempts to dismiss Petitioner's fraud claims by insisting on additional facts directed to its own knowledge is nothing more than a last-ditch effort to conceal its fraud from the Board. If Petitioner had no knowledge of Registrant when it filed its applications, it may simply deny the pertinent allegations.

Registrant relies on the Board's decisions in Intellimedia Sports, Inc. v. Intellimedia Corp. and Colt Industries Operating Corp. v. Olivetti Controllo Numerico S.p.A. to argue that Petitioner's allegations are merely conclusory and that additional facts are required to show Registrant possessed "actual knowledge" of Petitioner's AMC marks. Yet, neither case supports Registrant's argument.

In fact, the Board's decision in Intellimedia Sports, Inc. supports the sufficiency of Petitioner's pleading. In Intellimedia Sports, Inc., the Board acknowledges that a claimant may *sufficiently* plead the third element of fraud by alleging the substantial

identity between the parties' marks and good and services. See Intellimedia Sports, Inc. v. Intellimedia Corp., 43 U.S.P.Q.2d 1203, 1207 (T.T.A.B. 1997). Specifically, the Board states:

[A] sufficient pleading of the third element of a fraud claim must consist of more than a mere conclusory allegation that the defendant "knew" about a third party's superior rights in the mark...the plaintiff must plead particular facts (e.g., substantial identity between the parties' marks and goods or services, or a prior court decree or agreement of the parties which clearly established the other person's rights in the mark)....

Id. (emphasis added). While Registrant insists on additional facts, such as a prior existing agreement between the parties or a court decree, the Board's decision in Intellimedia Sports, Inc. also identifies the allegation of "substantial identity between the parties' marks and goods or services" as an acceptable pleading.¹ Because Petitioner's Amended Petitions meet this requirement, no additional facts are needed.

Registrant's reliance on Colt Industries is also misplaced for two main reasons. First, contrary to Registrant's representation to the Board, Colt Industries does not involve the pleading requirements for fraud at all, but concerns the Board's decision on the merits of applicant's fraud claim at trial on a full evidentiary record. Colt Industries Operating Corp. v. Olivetti Controllo Numerico S.p.A., 221 U.S.P.Q. 73, 74 (T.T.A.B. 1983).² In fact, applicant in that case alleged nothing more to support its fraud claim than what Petitioner alleges in its Amended Petitions. Specifically, applicant alleged

¹ While not required for the initial pleadings, Petitioner intends to present evidence in this Proceeding to establish a prior existing agreement between the Parties.

² As part of a parenthetical on page 3 of its Opposition, Registrant mischaracterizes the holding in Colt Industries by stating that the Board dismissed the "claim of fraud for opposer's *failure to plead that applicant had specific knowledge....*" (emphasis added) Yet, Colt Industries involves neither a motion to dismiss nor an allegation of insufficient pleading.

“opposer knew of applicant’s claim of prior rights in ‘HORIZON’ when opposer filed its application for registration” and “opposer nevertheless falsely swore under oath that opposer knew of no one else who had the right to use the mark.” Id. Second, Colt Industries is distinguishable because applicant’s fraud allegation in that case pertained to opposer’s claimed first use date, not its belief of a likelihood of confusion. Id. Thus, Colt Industries does not support Registrant’s argument for additional facts.

B. Petitioner Pleads Facts Sufficient to Establish That Registrant Either Believed That a Likelihood of Confusion Would Result Or Had No Reasonable Basis for Believing Otherwise

Petitioner’s factual allegations in Paragraph 7 of its Amended Petitions that Registrant “believed that a likelihood of confusion would result from Registrant’s use of its mark or had no reasonable basis for believing otherwise,” taken with the allegations in Paragraph 8 pertaining to the identity of the marks and services, is more than sufficient for pleading the “belief” requirement of the third element of fraud. In fact, Registrant itself admits in its Opposition that Petitioner may properly allege “belief” by pleading “that Petitioner’s and Registrant’s marks and services are the same or substantially *identical* such as to render any contrary belief unreasonable.” Opposition, at p. 6-7, citing Intellimedia Sports, Inc. 43 U.S.P.Q.2d 1203, 1997 TTAB LEXIS at *10. Because Petitioner’s Amended Petitions meet this requirement, no additional facts are required.

Registrant’s argument that Petitioner “fails to state facts that support the conclusions that the marks are the ‘same or substantially identical’” and that the services are the “same or substantially identical” is contrary to the factual allegations in Paragraphs 8 and 9 of Petitioner’s Amended Petitions and the obvious similarities in the marks. In Paragraph 8, Petitioner alleges that its AMC and AMC MORTGAGE marks

and Registrant's AMC (and Design) and AMC WHOLESALE marks "are *dominated* by the *identical* term AMC." In Paragraph 9, Petitioner alleges that it uses its AMC marks for "the *same* services listed in Registrant's Application." As such, Petitioner clearly alleges that the Parties' marks are substantially identical and their services are the same. Registrant's disingenuous argument that additional facts are needed to support such a clear and obvious allegation reflects the impossibly high pleading standard it urges the Board to impose on Petitioner.

C. Petitioner Sufficiently Alleges That Registrant's Willful Misrepresentations Were Made With The Intent To Deceive The PTO


In its final argument, Registrant contends that by virtue of Petitioner's failure to sufficiently plead the third element of fraud, it cannot properly substantiate its allegation in support of the fourth element, i.e., that Registrant acted with the intent to deceive the PTO. Yet, as explained above, Petitioner does sufficiently plead all components of the third element of fraud. Furthermore, Petitioner specifically alleges in Paragraph 11 of its Amended Petitions that "Registrant's willful misrepresentation in its Application was made with the *intent* to deceive the PTO in order to obtain the registration to which it knew it was not entitled." Thus, Petitioner adequately pleads the fourth element of fraud.

D. Conclusion

Petitioner alleges facts in its Amended Petitions sufficient to prove the third and fourth elements of its fraud claim. As a result, Registrant is able to admit or deny those allegations and should be ordered by this Board to do so.

Respectfully Submitted,

Dated: November 6, 2006

By: 

Laurence R. Heffer
Danny M. Awdeh

FINNEGAN, HENDERSON, FARABOW,
GARRETT & DUNNER, L.L.P.
901 New York Avenue, NW
Washington, D.C. 20001-4413
Telephone: (202) 408-4000
Facsimile: (202) 408-4400

Attorneys for Petitioner
AMC Mortgage Corporation

CERTIFICATE OF SERVICE

I certify that a true and accurate copy of the foregoing REPLY TO REGISTRANT'S OPPOSITION TO PETITIONER'S MOTION FOR LEAVE TO AMEND was served by first class mail, postage prepaid, on this 6th day of November 2006, upon counsel for Registrant:

Richard P. Ormond
Buchalter Nemer
1000 Wilshire Blvd., Suite 1500
Los Angeles, CA 90017

A handwritten signature in cursive script, appearing to read "Richard P. Ormond", is written over a solid horizontal line.