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

Proceeding	92047678
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IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD

In the matter of
Registration No. 2,600,121
Issued: May 6, 1997
Registration No. 2,781,121
Issued: November 11, 2003
Registration No. 2,805,037
Issued: January 13, 2004
Registration No. 2,877,160
Issued: August 24, 2004

REV Wheels, LLC, a California limited liability company,)	
)	Cancellation No.: 92,047,678
Petitioner)	
vs.)	
)	
American Racing Equipment, Inc., a Delaware corporation,)	
)	
Respondent)	
_____)	

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AMENDED MOTION TO DISMISS CONSOLIDATED PETITION FOR
CANCELLATION OR, IN THE ALTERNATIVE, TO STRIKE PETITION
ALLEGATIONS

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I. INTRODUCTION

Pursuant to Rule 12(b)(6) of the Federal Rules of Civil Procedure and Section 503 of the Trademark Trial and Appeal Board Manual Procedure (“TBMP”), registrant American Racing Equipment, Inc. (“ARE”) hereby moves to dismiss the claims alleged in the Consolidated Petition to Cancel (“Petition” or “Pet.”). Even under well-accepted notions of notice pleading, the Petition consists of nonsensical, internally inconsistent and conclusory allegations that fail to allege any valid basis to warrant cancellation of ARE’s registrations.

Inexplicably, in its Petition, Petitioner appears to acknowledge copying some undefined wheel design from a purported third party licensor — Cragar Industries. Other than undefined and incomprehensible references to specimens found in that third party’s irrelevant word mark, trademark registration files, Petitioner provides no proper description in its Petition to define the design of its supposed wheels that form the grounds for its standing to bring this Petition. Petitioner’s conclusory and cryptic description where it acknowledges that some wheel somehow “derives directly, though a Cragar licensing agreement” (Pet., ¶ 1) is simply insufficient.

In addition to its lack of standing, the Petition also fails to allege any viable grounds to support cancellation of ARE’s registrations. Not only do Petitioner’s conclusory allegations fail to satisfy even liberal pleading standards, but even accepted as true, these allegations are insufficient.

Accordingly, the Board should dismiss the Petition based upon Petitioner’s failure to allege claims upon which relief can be granted and its unclear standing based on its purported rights in an undefined wheel design. In the alternative, ARE moves the Board pursuant to Rule 12(f) of the Federal Rules of Civil Procedure and Section 506 of the TBMP to strike certain of the Petition allegations as false, immaterial and/or impertinent.

II. THE FACTUAL ALLEGATIONS

A. Trademark Registrations.

The petition identifies as being subject to cancellation *four* trademark registrations ARE

owns for certain features of the iconic wheel known by the brand Torq Thrust®, namely, Reg. Nos. 2,060,121, 2,781,121, 2,805,037, and 2,877,160 (“Trademark Registrations”). The Petition itself characterizes the Trademark Registrations as covering “the configuration of an automotive vehicle wheel comprised of a metal rim and five inwardly-tapering, curved in cross-section metal spokes.” Pet., ¶¶ 17, 19, 21 (Emphasis added).

1. Supplemental Register No. 2,060,121.

On September 27, 1994, ARE filed application Ser. No. 74/578,923 for its Torq Thrust® wheel design, stating its good faith belief that no third party had superior rights to its claimed design. *Id.*, ¶¶ 7-8. In an office action dated March 7, 1995, the Examining Attorney refused registration of ARE’s wheel design on the Principal Register on the grounds, among others, that ARE’s proposed mark lacked distinctiveness. *Id.*, ¶ 9.

As instructed, ARE filed an office action response, dated September 5, 1995, requesting that its application be amended to seek registration based upon acquired distinctiveness through five years of continuous use. *Id.*, ¶ 10. ARE also submitted a declaration, stating (1) its good faith belief that no third party had superior rights to ARE’s applied-for design and (2) that ARE’s design “was first used at least as early as March 1, 1971 and has been in continuous use by the applicant for the last eight years.” *Id.*, ¶ 11.

In further office actions, the Examining Attorney found that more than five-years use was needed to establish distinctiveness and invited ARE to submit actual evidence to prove secondary meaning or seek registration on the Supplemental Register. *Id.*, ¶¶ 12, 14. Pursuant to the Examining Attorney’s instruction, ARE amended its application to the Supplemental Register. *Id.*, ¶ 16. On May 9, 1997, Applicant’s application for a mark consisting of “the *ornamental features of an automotive vehicle wheel face*” registered. *Id.*, ¶¶ 7, 16 (Emphasis added).

2. Principal Register No. 2,781,121.

On March 16, 2001, ARE filed trademark application Ser. No. 76/227,592, seeking registration of ARE’s Torq Thrust® design consisting of

[T]he configuration of an automotive vehicle wheel comprised of a bright machined-metal or polished rim and five inwardly-tapering, curved in cross-section, gray spokes. Color is a feature of the mark. The solid lining shown on the inner spokes serves to indicate that the inner spokes have a contoured or curved surface.

Id., ¶ 17 (Emphasis added). ARE included in its application a statement of its good faith belief that no third party had superior rights to its wheel design. *Id.*, ¶ 18. ARE's Torq Thrust® wheel design registered on November 11, 2003, as Reg. No. 2,781,121. *Id.*

3. Principal Register No. 2,877,160.

On February 18, 2003, ARE filed application Ser. No. 78/215,922, seeking registration of its mark described as:

[T]he configuration of an automotive vehicle wheel comprised of a bright polished metal rim and five inwardly-tapering, curved in the cross-section gray spokes. Bright polished metal is a feature of the mark.

....

The solid lining shown on the inner spokes serves to indicate that the inner spokes have a contoured or curved surface.

Id., ¶ 21 (Emphasis added). In support of the application, ARE's representative declared his good faith belief that no third party had superior rights to ARE's wheel design configuration. *Id.*, ¶ 22.

In an office action dated August 12, 2003, the Examining Attorney stated that ARE's design lacked distinctiveness. *Id.*, ¶ 23. ARE submitted evidence demonstrating that its Torq Thrust® wheel design had acquired distinctiveness. *Id.*, ¶ 25. Accepting ARE's evidence, the Trademark Office issued Reg. No. 2,877,160 on August 24, 2004, for ARE's wheel design configuration. *Id.*

4. Principal Register No. 2,805,037.

On March 6, 2003, ARE filed application Ser. No. 78/221,897, seeking registration on the Principal Register for its design consisting of:

[T]he configuration of an automotive vehicle wheel comprised of a metal rim and five inwardly-tapering, curved in cross-section, metal spokes. Bright polished metal is a feature of the mark.

* * * * *

The solid linking shown on the inner spokes serves to indicate that the inner spokes have a contoured or curved surface.

Id., ¶ 19 (Emphasis added.) ARE's mark registered on January 13, 2004 as Reg. No. 2,805,037.

Id., ¶ 20.

B. Petitioner's Alleged Rights in a Different Wheel Design from ARE's Trademark Registrations.

Petitioner allegedly filed this cancellation proceeding in response to ARE's objection to Petitioner's unauthorized manufacturing and sale of a wheel incorporating ARE's Trademark Registrations. *Id.*, ¶¶ 1, 26. In its Petition, Petitioner, bases its claims on a different wheel design – an undefined and unregistered “five-spoke wheel design,” purportedly derived from a license agreement with Cragar. *Id.*, ¶ 1. Thus, according to Petitioner's own allegations, the Petitioner is based upon a wheel design owned by Cragar, not Petitioner.

Equally important, it is undisputed that an integral element of ARE's Trademark Registrations is the “inwardly-tapering, curved in the cross section” spoke design. *Id.*, ¶¶ 17, 19, 21. Petitioner does not allege, because it cannot, that the Cragar wheel on which Petitioner grounds its claims includes a “curved in the cross section” spoke design.

Finally, conspicuously absent from the Petition is any allegation that Petitioner currently is the licensee of Cragar's five-spoke wheel design, however defined, that Petitioner currently is the exclusive licensee of the wheel design or that Petitioner is even using the Cragar wheel design, whatever it is, with permission from Cragar.

C. Petitioner's Claims.

Notwithstanding that Petitioner fails to explain its reliance on the Cragar wheel, Petitioner alleges the following claims for cancellation: (1) fraud because Cragar and unidentified “others” allegedly use five-spoke wheel designs and ARE should not have made claims of acquired distinctiveness (*id.*, ¶¶ 7-25, 36-38); (2) purported genericness of ARE's Trademark Registrations (*id.*, ¶¶ 27-28); (3) purported lack of distinctiveness of ARE's Trademark Registrations based upon 15 U.S.C § 1052(f) (*id.*, ¶¶ 29-30); and (4) alleged functionality based not on the defined design

features, but based on claims about the wheel as a whole (*id.*, ¶¶ 32-35).

Importantly, Petitioner does not allege, because it cannot, that it or any third party owns any federal trademark registration for wheel design features that are identical to, much less even similar to, ARE's Trademark Registrations. In fact, Petitioner does not reference any registrations for any wheel designs that it or its purported licensor owns. Rather, in support of its claims, Petitioner only references three word mark registrations its supposed licensor and others own — CRAGAR S/S (Reg. No. 1,010,106), S/S (Reg. No. 1,031,812), and HALIBRAND (Reg. No. 2,456,821). *Id.*, ¶¶ 3-5. None of these three word mark registrations, however, bear on the legal sufficiency of the claims at issue in this Petition, which consist of registrations for the described wheel design features that have long operated as identifiers of source for ARE's wheels.

III. ARGUMENT

A. The Board Should Dismiss the Petition for Failure to State a Claim Upon Which Relief Can Be Granted.

1. The Governing Standard for a Motion to Dismiss for Failure to State a Claim.

A motion to dismiss for failure to state a claim upon which relief can be granted tests the legal sufficiency of the Petition allegations. TBMP § 503.02. The purpose of the motion is “to eliminate [proceedings] that are fatally flawed in their legal premises and destined to fail, and thus to spare litigants the burdens of unnecessary pretrial and trial activity.” *Adv. Cardiovascular Sys., Inc. v. SciMed Life Sys. Inc.*, 988 F.2d 1157, 1160 (Fed. Cir. 1993). To withstand dismissal, a petition for cancellation must allege (1) standing and (2) a valid ground for cancelling the subject registration. *Id.* In other words, dismissal is proper where, as here, the Petitioner has not properly alleged standing and/or that there is either a cognizable legal theory or sufficient facts alleged under a cognizable legal theory.

In assessing the legal sufficiency of the Petition, the Board must consider only well-pled, factual allegations and disregard conclusory allegations or legal characterizations. *Bradley v.*

Chiron Corp., 136 F.3d 1317, 1322 (Fed. Cir. 1998) (“Conclusory allegations of law and unwarranted inferences of fact do not suffice to support a claim.”). The Board need not “swallow the [petitioner’s] invective hook, line and sinker; bald assertions, unsupportable conclusions, periphrastic circumlocutions, and the like need not be credited.” *Aulson v. Blanchard*, 83 F.3d 1, 3 (1st Cir. 1996). Indeed, the United States Supreme Court just recently, in June 2007, emphasized the requirement that, even under notice pleading standards, charging pleadings need to set forth a plain statement of the claim showing that the pleader is entitled to relief. *Bell Atlantic Corp. v. Twombly*, ___ U.S. ___, 127 S. Ct. 1955 (2007) (antitrust conspiracy claim dismissed). Charging pleadings require “more than labels and conclusions, and a formulaic recitation of the elements of a cause of action....” *Id.* at 1959 (Emphasis added). “Factual allegations must be enough to raise a right to relief above the speculative level....” *Id.* at 1965. When viewed under these standards, the Petition falls short and must be dismissed for lack of standing and failure to state a claim.

2. The Board Should Dismiss the Petition for Lack of Clarity as to Petitioner’s Standing.

The only rights that Petitioner asserts in the Petition stem from an alleged license agreement. Pet., ¶ 1 (“This design derives directly, through a Cragar licensing agreement authorizing manufacture and sale by Petitioner, from the Cragar S/S five-spoke wheel design which has been widely sold and distributed in the United States since 1964.”). This one allegation demonstrates that Petitioner neither owns the design on which it appears to base its Petition, nor does Petitioner constitute the exclusive licensee of that design. *Id.* Under these circumstances, where the Petitioner does not plainly state what right it actually claims to own, Petitioner has not met its burden to establish the requisite standing. Moreover, it is not even plain from the Petition that the referenced Cragar license remains in effect. On this ground alone, the Petition should be dismissed.¹ See *Floater Vehicle, Inc. v. Tryco Mfg Co., Inc.*, 182 U.S.P.Q. 203, 205 (C.C.P.A.

¹ Indeed, it is notable that neither Cragar, nor any other alleged third party user of the claimed “five-spoke design,” has sought to cancel or challenge any of ARE’s Trademark Registrations.

1974).

3. Petitioner Has Not Alleged a Valid Claim for Fraud.

It has long been established that a claim for fraud on the Trademark Office is subject to a heightened pleading standard, requiring that “the circumstances constituting fraud ... shall be stated with particularity.” *King Auto., Inc. v. Speedy Muffler King, Inc.*, 667 F.2d 1008, 1010 (C.C.P.A. 1981); Fed. R. Civ. P. 9(b). In particular, fraud claims based upon conclusory allegations are subject to dismissal for failure to state a claim upon which relief can be granted. *Id.* A claim for fraudulent procurement of a registration requires factual allegations, which if true, would establish that ARE lacked a good faith belief that it was entitled to registration of its design marks. *See Intellimedia Sports Inc. v. Intellimedia Corp.*, 43 U.S.P.Q.2d 1203, 1205-07 (T.T.A.B. 1997). No such factual allegations exist in the Petition.

a. ARE’s Statement of Its Good Faith Belief that It Was Entitled to Registration of Its Torq Thrust® Trade Dress Was Not Fraudulent.

Petitioner apparently attempts to allege that ARE committed fraud on the Trademark Office when its representative declared in support of its Trademark Registrations that:

to the best of his/her knowledge and belief, no other person, firm, corporation, or association has the right to use the mark in commerce, either in the identical form or in such near resemblance as to be likely, when applied to the goods or services of the other person, to cause confusion or mistake, or to deceive.

Petition, ¶¶ 8, 11, 18, 20, 22 (Emphasis added). Petitioner alleges that this statement was fraudulent, because ARE purportedly somehow had constructive notice of third party use of a “five-spoke wheel design,” and because the Trademark Office allowed ARE’s first registration to proceed only on the Supplemental Register.² *Id.* Even accepting Petitioner’s allegations as true for purposes of this motion only, these allegations do not, and cannot, constitute fraud on the Trademark Office as a matter of law.

² The fact that ARE’s first application registered on the Supplemental Register does not constitute any admission regarding its design. 15 U.S.C. §1095.

In determining whether an applicant had a good faith belief of its exclusive rights in a mark, “the Board frequently has held that an applicant’s failure to disclose to the PTO the asserted rights of another person is not fraudulent....” *Intellimedia Sports, Inc.*, 43 U.S.P.Q.2d at 1206-07. The Board only has found a good faith belief lacking when the other asserted user has a “superior” or “clearly established” right to use the same or substantially identical mark. *See Intellimedia Sports, Inc.*, 43 U.S.P.Q.2d at 1206-07; *e.g.*, *eCash Techs., Inc. v. Guagliardo*, 210 F. Supp. 2d 1138, 1150 (C.D. Cal. 2000) (“It is only when another’s rights, not just use, are ‘clearly established,’ that ‘good faith’ is eliminated.”); *Whirlpool Props., Inc. v. LG Elecs. U.S.A., Inc.*, 2005 WL 3088339 at *25 (W.D. Mich. Nov. 17, 2005) (“Only in the rare circumstance that another user of the same mark has rights that are ‘clearly established,’ must this use be disclosed.”). A right is “clearly established” to negate a “good faith belief” only through a court decree, the terms of a settlement agreement, or a registration. *Rosso & Mastracco, Inc. v. Giant Food Inc.*, 720 F.2d 1263, 1266 (Fed. Cir. 1983).

On its face, the Petition fails to allege any “superior” or “clearly established” right of any third party to negate ARE’s good faith belief that it was entitled to registration of its applied-for wheel designs. Petitioner does not, because it cannot, allege that any third party owned a federal registration for the same or substantially identical wheel design at the time ARE filed its applications. Indeed, the Petition does not reference any other design registration whatsoever as even existing. Moreover, the Petition does not reference, because none exist, any court decree or settlement that recognized the “superior” or “clearly established” rights of any third party in ARE’s wheel designs. Instead, Petitioner relies on conclusory allegations of purported third parties’ common law use of what Petitioner construes in a conclusory fashion as the same or similar designs. Pet., ¶ 6. As a matter of law, this alone does not, and cannot, constitute fraud.

b. ARE’s Claims of Acquired Distinctiveness Cannot Support a Claim of Fraud.

Petitioner apparently also seeks cancellation of Reg. Nos. 2,060,121 and 2,877,160 on the ground that ARE’s claims of distinctiveness constitute fraud. *Id.*, ¶ 11. These allegations of

Petitioner also fail. A claim for fraud on the Trademark Office requires that an applicant “knowingly [made] false, material misrepresentations of fact in connection with [its] application.” *Maids to Order of Ohio, Inc. v. Maid-to-Order, Inc.*, 78 U.S.P.Q.2d 1899, 1905 (T.T.A.B. 2006), citing *Torres v. Cantine Torresella S.R.L.*, 808 F.2d 46, 48 (Fed. Cir. 1986) (“To constitute fraud on the USPTO, the statement must be (1) false, (2) a material representation and (3) made knowingly.”). Petitioner’s allegations fail to satisfy this standard on several independent grounds.

First, Petitioner’s conclusory allegations fall far short of the heightened pleading standard required for a fraud claim. Pet., ¶ 11 (“Petitioner is informed and believes, and on that basis alleges, that none of these statements under oath were true.... Petitioner is informed and believes, and on that basis alleges, that Respondent knew these statements to be false at the time they were made”).

Second, even accepting Petitioner’s conclusory allegations as true, ARE’s acquired distinctiveness claims do not pertain to Reg. No. 2,060,121 as a matter of law, since, as alleged by Petitioner, the Examining Attorney rejected ARE’s claim of distinctiveness based upon five years use and refused registration on the Principal Register. *Maids to Order*, 78 U.S.P.Q.2d at 1905 (defining “a material misrepresentation” as “but for the representations, the registration would not have been issued or maintained.”). Pet., ¶¶ 12, 14, 16. By definition, a supplemental Registration cannot be cancelled based on the only ground Petitioner asserts.

Third, Petitioner has not alleged any valid basis to support a finding that ARE’s acquired distinctiveness claim was knowingly false for any of ARE’s Trademark Registrations. The only bases alleged by Petitioner to challenge ARE’s claims of acquired distinctiveness for Reg. No. 2,877,160 are (1) that some unidentified third parties also manufactured five-spoke wheel designs; and (2) that ARE’s first filed application was registered on the Supplemental Register. Neither of these alleged grounds suffice to establish any claim for fraud. *Id.*, ¶ 25.

With respect to Petitioner’s first point, even accepting as true that unnamed third parties

might have been manufacturing and selling five-spoke wheels³ in 1993 as alleged by Petitioner, this alone does not, and cannot as a matter of law, establish that ARE knowingly made fraudulent statements regarding its belief that its Torq Thrust® wheel design had acquired distinctiveness. Petitioner’s conclusory allegations fall woefully short of the strict standards for pleading fraud – a standard which requires fraud to be “proven to the hilt,” with “no room for speculation, inference or surmise and, obviously which, any doubt must be resolved against the charging party.” *Smith Int’l Inc. v. Olin Group*, 209 U.S.P.Q. 1917, 1926 (T.T.A.B. 1981). The law is well-settled that alleged third party use of a similar mark alone does not automatically preclude a finding of acquired distinctiveness, much less a trademark owner’s good faith belief that its mark had acquired distinctiveness. *See, e.g., Duramax Marine LLC v. R.W. Fernstrum & Co.*, 80 U.S.P.Q.2d 1780, 1794 n21 (T.T.A.B. 2006) (recognizing that “the kind and amount of evidence of acquired distinctiveness to secure a registration will necessarily vary with subject matter for which registration is sought ...”). Indeed, third party copying can be significant evidence of secondary meaning. *Duramax*, 80 U.S.P.Q.2d at 1798. Since acquired distinctiveness still can be found even where there may be third party use as alleged by Petitioner, on its face, Petitioner’s allegations cannot establish fraudulent intent.

Moreover, in this case, ARE provided evidence that its design functions as an identifier of source during the prosecution of its application, evidence which the Examining Attorney found sufficient. Pet., ¶ 25. In fact, contrary to Petitioner’s allegations of fraud, Petitioner itself confirms ARE’s good faith belief in the source identifying capabilities of its Torq Thrust® wheel design. Petitioner alleges in its Petition that ARE’s Torq Thrust® wheel is “the signature wheel for performance and custom purists.” *Id.*, ¶ 34. Thus, Petitioner’s conclusory allegations and selective references to the prosecution record simply do not, and cannot, satisfy the heightened pleading for fraud and, indeed, are internally inconsistent.

Respondent’s allegation that ARE knew that its Torq Thrust® wheel design lacked

³ Moreover, a five-spoke wheel design does not define ARE’s trademark rights. Pet., ¶¶ 17, 19, 20.

acquired distinctiveness because its first registration issued on the Supplemental Register fails to assert a valid claim for fraud, because it is based upon an admittedly erroneous factual premises, which appears on the face of the Petition. In support of its claim, Petitioner alleges that “[ARE] received actual notice in 1996 from the United States Patent and Trademark Office that the five-spoke wheel design was being manufactured by other companies [and] it was for this reason that [ARE] never was able to obtain registration on the Principal Register for its prior mark” *Id.*, ¶ 24 (Emphasis added). This allegation, however, contradicts Petitioner’s own other allegations and misstates the prosecution record for ARE’s first filed application. As admitted by Petitioner, the Examining Attorney, following common practice for product design marks, instructed ARE that its claim of five years use was insufficient in and of itself to establish acquired distinctiveness, and invited ARE to submit evidence of acquired distinctiveness for its design or to move the application to the Supplemental Register. *Id.*, ¶¶ 14, 16. ARE opted to seek registration on the Supplemental Register, thus it did not attempt to prove acquired distinctiveness. *Id.*, ¶ 16. Accordingly, contrary to Petitioner’s subsequent allegations, there never was any finding that ARE’s wheel design lacked acquired distinctiveness.

Separate and apart from Petitioner’s factual misstatements, the law is clear that “registration of a mark on the Supplemental Register does not constitute an admission that the mark has not acquired distinctiveness.” 15 U.S.C. § 1095. Accordingly, ARE’s prior registration on the Supplemental Register does not negate ARE’s good faith belief regarding the source identifying capabilities of its mark as a matter of law.

Thus, each of these grounds supports dismissal of Petitioner’s cause of action for fraud.

4. Petitioner Has Not Alleged a Valid Claim for Genericness.

As a separate ground for cancellation, Petitioner contends ARE’s registrations are generic. Pet., ¶¶ 27-28. A mark will be found generic only if “the *primary* significance of the mark [is] its indication of the nature or class of the product or service, rather than an indication of source.” *Glover v. Ampak, Inc.*, 74 F.3d 57, 59 (4th Cir. 1996) [citations omitted]. The understanding of the

“relevant public which does or may purchase the goods or services in the marketplace” is central to the genericness inquiry, such that a mark will be found generic *only* if it has become an indicator of a class of product to members of the “relevant public.” *Magic Wand, Inc. v. RDB, Inc.*, 940 F.2d 638, 640 (Fed. Cir. 1991); *Glover*, 74 F.3d at 59 [citations omitted] (“[P]roof that a mark has become an indicator of a class of product or service and not its source requires more than the subjective view of a casual purchaser; there must be evidence that this is the mark’s primary significance to members of the ‘relevant public.’”).

The petition unquestionably fails to allege a valid genericness claim. Petitioner merely concludes that, “[f]or all of the above reasons, [ARE’s] marks are a generic representation of the goods associated therewith.” Pet., ¶ 26. Even under notice pleading standards, Petitioner’s conclusory allegation does not state a valid claim. *See, e.g., Magic Wand*, 940 F.2d at 640-41 (petition to cancel denied for failure to establish how the relevant purchasing public understood the challenged mark). Moreover, Petitioner’s conclusory “general allegations” regarding Cragar’s and other unnamed wheel manufacturers’ purported use of wheel design configurations also do not meet the standard of demonstrating how the relevant purchasing public understands the challenged Trademark Registrations. *Id.*, ¶ 6.

Additionally, purported third party use of the same or similar marks alone cannot support a genericness finding. *See, e.g., Magic Wand*, 940 F.2d at 641 (affirming TTAB’s finding that unauthorized use of the term in 150 car washes, and articles and advertisements showing generic use of the term, did not support a finding of genericness); *Glover*, 74 F.3d 2d at 60 (finding evidence that mark has not been used exclusively by the owner insufficient to warrant a genericness finding). For these reasons, separately or combined, Petitioner’s claim based upon genericness must be dismissed for failure to state a claim upon which relief can be granted.

5. Petitioner Has Not Alleged a Valid Claim for Lack of Distinctiveness.

Relying exclusively on 15 U.S.C. § 1052(f), Lanham Act § 2(f), Petitioner also seeks cancellation of ARE’s Trademark Registrations for lack of distinctiveness. Pet., ¶¶ 29-30. Section

1052 governs only registrations on the Principal Register. 15 U.S.C. § 1052 (“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”). ARE’s Reg. No. 2,060,121 exists on the Supplemental Register. Thus, this statute provides no valid basis to cancel Reg. No. 2,060,121.

Apart from this obvious deficiency as to ARE’s Supplemental Registration, Section 2(f) also provides no basis to cancel ARE’s registrations on the Principal Register. “Section 2(f) is not a provision on which registration can be refused” *Yamaha Int’l Corp. v. Hoshino Gakki Co. Ltd.*, 840 F.2d 1572, 1580 (Fed. Cir. 1988). Rather, Section 2(f) is “a provision under which an applicant has a chance to prove that he is entitled to a federal trademark registration which would otherwise be refused.” *Yamaha Int’l Corp.*, 840 F.2d at 1580; *Omnicon Inc. v. Open Sys. Inc.*, 19 U.S.P.Q.2d 1876, 1878 (T.T.A.B. 1989) (“Section 2(f) is defendant’s shield, not plaintiff’s sword.”). Because the petition is grounded exclusively on Section 2(f), Petitioner’s second cause of action is legally deficient on its face.

Petitioner’s Section 2(f) cause of action also should be dismissed on the independent ground that Petitioner has failed to allege facts sufficient to state a claim for lack of distinctiveness. Since ARE’s Principal Register registrations were issued pursuant to Section 2(f), the registrations only can be challenged for lack of acquired distinctiveness. *M. Polaner Inc. v. The J.M. Smucker Co.*, 24 U.S.P.Q.2d 1059, 1060 (T.T.A.B. 1992). A claim of no acquired distinctiveness requires that Petitioner “rebut[] [ARE’s] prima facie case of acquired distinctiveness made to the Examining Attorney ...” *M. Polaner Inc.*, 24 U.S.P.Q.2d at 1060 [citations omitted].

Yet, Petitioner has failed to allege any facts that would establish that ARE did not satisfy the acquired distinctiveness requirement of Section 2(f) to support its registrations. *Omnicon*, 19 U.S.P.Q.2d at 1878. Petitioner only concludes that “[f]or all of the above reasons, Respondent’s marks are not distinctive of Respondent’s goods or services.” Pet., ¶ 30. This conclusory allegation, even combined with alleged third party use of what Petitioner claims is the

same or similar designs, does not suffice to allege a claim of no acquired distinctiveness. *Yamaha Int'l*, 840 F.2d at 1583 (affirming Board's finding that evidence of similar designs used by others insufficient to negate acquired distinctiveness). For each of these reasons, Petitioner's cause of action should be dismissed.

6. Petitioner Has Not Alleged a Valid Functionality Claim.

It is well-established that a functionality claim must allege facts showing that the product feature "is essential to the use or purpose of the article or if it affects the cost or quality of the article, that is, if exclusive use of the feature would put competitors at a significant non-reputation-related disadvantage." *Qualitex Co. v. Jacobson Prods. Co.*, 514 U.S. 159, 165 (1995). Despite this governing standard, Petitioner alleges only the conclusion that "this design ... is functional in nature." Pet., ¶ 33. Petitioner appears to base its functionality conclusion on purported differences in the "hub portion" of the undefined Cragar designed wheel and ARE's wheels (*id.*, ¶ 32), its admission that it copied ARE's design features (*id.*), and its allegations regarding the utilitarian aspects of ARE's wheel designs (*id.*, ¶¶ 33-34). None of these allegations suffice as a matter of law to allege a valid functionality claim.

First, the "hub portion" of the wheels has no bearing on the functionality claim. ARE does not claim the "hub portion" as an element of its Trademark Registrations (*id.*, ¶¶ 7, 17, 19, 21), so this allegation constitutes a "redherring," at best.

Second, Petitioner's admission that it uses the design features defined in ARE's Trademark Registrations (*id.*, ¶ 32), while probative of Petitioner's infringement, has no bearing whatsoever on whether ARE's Trademark Registrations consist of entirely functional features.

Third, statements regarding the utilitarian benefits of ARE's wheels overall do not, and cannot, support a finding that ARE's design features as set forth in its Trademark Registrations, which on their face do not encompass the entire wheel, are functional. Although Petitioner conveniently omits the context and key language from a passage on ARE's web site, even the attempted skewed quotation cited by Petitioner on its face refers to the utilitarian benefits of the

Torq Thrust wheel® as a whole, not the distinctive combination of ARE’s protected design features included in the Trademark Registrations.

Tom Griffith conceived the tapered parabolic contour spoked American Racing ‘Torq Thrust’ which reduced wheel weight and brake cooling ... the Torq Thrust is the signature wheel for performance and custom purists.

Pet., ¶ 34 (Emphasis added). On its face, this quoted statement refers to the Torq Thrust® wheel as a whole, not the combination of elements that comprise ARE’s trade dress, including that “color is a feature of the mark” or “bright polished metal is a feature of the mark.” *Id.*, ¶¶ 17, 21. Indeed, this quoted passage from the Petition only serves to demonstrate the recognition that ARE’s wheels have achieved over their years of use. As a matter of law, it certainly cannot serve as the only factual grounds alleged for a functionality claim.

It is well-established that the functionality inquiry focuses only on the combination of the design feature at issue, not the functionality of the product as a whole:

It is crucial that the enquiry not focus on the usefulness of the article overall, but rather must focus on the utility of that exact feature or combination of features that is claimed as a protectable trade dress or mark. The issue is not whether a product is functional, but whether *this particular* shape and form of product which is claimed as trade dress is functional.

Disc Golf Ass’n v. Champ. Discs, 158 F.3d 1002, 1008 (9th Cir. 1998) (Emphasis in original); *Fuddruckers, Inc. v. Doc’s B.R. Others, Inc.*, 826 F.2d 837, 842 (9th Cir. 1987) (The inquiry “is not addressed to whether individual elements of the trade dress fall within the definition of functional, but to whether the whole collection of elements taken together are functional.”). For example, Reg. No. 2,781,121 includes the following element, among others, “a bright, machined-metal or polished metal rim...” Petitioner has not even alleged how this element is functional.

Accordingly, Petitioner’s cause of action based on functionality should be dismissed for failure to state a claim upon which relief can be granted. Indeed, when each of the claims in its Petition is considered beyond the conclusory elements of the allegations, the claims fail to state a valid ground for cancellation of ARE’s Trademark Registration. Since Petitioner has failed to state even one viable claim, its entire Petition should be dismissed.

B. Alternatively, the Board Should Strike Certain of Petitioner's Allegations as Irrelevant, Improper and Immaterial.

Through a motion to strike, redundant, immaterial, impertinent or scandalous matter can be deleted from a pleading. Fed. R. Civ. P. § 12(f); TBMP § 506.01. The Board strikes statements and allegations that have no material bearing on the outcome of the proceeding. *Harsco Corp. v. Elec. Sci., Inc.*, 9 U.S.P.Q.2d 1570, 1571-72 (T.T.A.B. 1988) (striking allegations that even if proven, would have no effect on the outcome of the proceeding). The Petition contains allegations that have no relevance or bearing on the Petition.

1. Alleged Monetary Losses.

Petitioner's self-serving allegations regarding its purported monetary losses resulting from ARE's objection to its unauthorized use of ARE's design are irrelevant. *Id.*, ¶ 26. Damages cannot be awarded in a cancellation proceeding (37 C.F.R. § 2.127(f); TBMP § 502.05). Thus, Petitioner's conclusory allegations as to claimed losses should be stricken.

2. Cragar Allegations.

Petitioner's allegations regarding the Cragar wheel should be stricken as irrelevant. Petitioner's vague and conclusory allegations that its wheel supposedly derives from the Cragar wheel and that Petitioner is or was some sort of licensee of Cragar does not support Petitioner's standing to bring the Petition. *Pet.*, ¶¶ 1-2. Thus, these allegations should be stricken as well.

3. Halibrand Allegations.

Petitioner concludes that Halibrand Engineering has sold a wheel similar to Petitioner's wheels. *Id.*, ¶ 5. This unsupported, conclusory allegation should be stricken as irrelevant.

4. Allegations Specific to Supplemental Reg. No. 2,060,121.

Petitioner's misstatements and mischaracterizations regarding the Examining Attorney's findings concerning ARE's design configurations must be stricken. The Examining Attorney did not reject ARE's "evidence of distinctiveness" but, rather, found that ARE's statement of five years' use alone did not suffice to establish acquired distinctiveness. *Id.*, ¶¶ 12-14.

Petitioner's allegations that ARE did not amend its application to claim "substantially exclusive" use in commerce and it did not claim "substantially exclusive use" under Reg. No. 2,060,121, should be stricken as irrelevant. *Id.*, ¶ 16. There is no "substantially exclusive" requirement for a registration on the Supplemental Register. *See* 15 U.S.C. § 1091. Moreover, the law is clear that registration on the Supplemental Register is not an admission that a mark lacks acquired distinctiveness. 15 U.S.C. § 1095. Thus, this allegation should be stricken.

5. Allegations Regarding ARE's Web Site.

Petitioner misstates and mischaracterizes a passage from ARE's web site regarding the utilitarian aspects of ARE's wheel as a whole. *Pet.*, ¶ 34. As explained above, the functionality of ARE's wheel as a whole does not bear on the alleged functionality of the defined design features in ARE's Trademark Registrations. *See* Section II(A)(6). Thus, the passage should be stricken.

6. Petitioner's Conclusory Fraud Allegations.

Petitioner concludes that ARE made false statements in support of its Trademark Registrations. *Pet.*, ¶¶ 8, 18, 20, 22, 25 ("Petitioner is informed and believes, and on that basis alleges, that none of these statements under oath were true."); ¶¶ 10, 24 ("Petitioner is informed and believes, and on that basis alleges, that this statement is false"); ¶ 11 ("Petitioner is informed and believes, and on that basis alleges, that none of these statements were true."); ¶¶ 10, 24 ("Petitioner is informed and believes, and on that basis alleges, that Respondent knew that this statement was false at the time it was made."); ¶¶ 11, 18, 20, 22, 25 ("Petitioner is informed and believes, and on that basis alleges, that Respondent knew that these statements were false at the time they were made."). The Petition is bereft of any support for Petitioner's conclusory allegations.

In addition, as stated above, Petitioner's allegations regarding purported "constructive notice" of alleged third party common law use of "the five-spoke wheel design" cannot support a fraud claim. *Id.*, ¶¶ 18, 20, 22, 24, 25. A fraud claim requires a knowing, not constructive, false statement. *Maids to Order of Ohio Inc.*, 78 U.S.P.Q.2d at 1905. Also, allegations of third party

common law use cannot negate a good faith belief of an entitlement to a federal registration. *See* Section II(A)(3)(a).

Petitioner's allegations that "Respondent received actual notice in 1996 from the United States Patent and Trademark Office that the five-spoke wheel design was being manufactured by other companies, at least as early as 1993," should be stricken. Pet., ¶¶ 18, 20, 22, 24, 25. Petitioner does not allege that the Examining Attorney cited any existing registrations for similar designs, and that other manufacturers allegedly sell wheels that use five-spokes simply does not bear on the validity of ARE's Trademark Registrations. *See* Section II(A)(3)(a).

IV. CONCLUSION

When stripped of its invective, the Petition alleges no cognizable facts to support any claims. As the Supreme Court recently recognized, charging pleadings, such as the Petition, require more than "labels and conclusions, and a formulaic recitation of the elements of a cause of action..." *Bell Atlantic Corp.*, 127 S. Ct. at 1959.

For each of the foregoing reasons, ARE respectfully requests that the Board dismiss the Petition. In the alternative, ARE respectfully requests that the Board strike the misleading, false and/or simply irrelevant allegations of the Petition.

Date: January 2, 2008

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PROOF OF SERVICE

I declare:

I am and was at the time of the service mentioned in this declaration, employed in the County of San Francisco, California. I am over the age of 18 years and not a party to this cause. My business address is Spear Street Tower, One Market, San Francisco, California 94105.

On **January 2, 2008**, I served a copy(ies) of the following document(s)

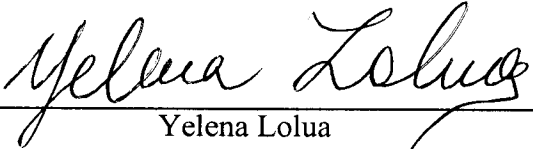
**AMENDED MOTION TO DISMISS CONSOLIDATED PETITION FOR
CANCELLATION OR, IN THE ALTERNATIVE, TO STRIKE PETITION
ALLEGATIONS**

by placing them in a sealed envelope(s) addressed as follows:

**Debra B. Gervais
Law Office of Debra B. Gervais
302 West South Avenue
Redlands, CA 92373**

I placed the sealed envelope(s) for collection and mailing by following the ordinary business practices of Morgan, Lewis & Bockius LLP, San Francisco, California. I am readily familiar with Morgan, Lewis & Bockius LLP's practice for collecting and processing of correspondence for mailing with the United States Postal Service, said practice being that, in the ordinary course of business, correspondence (with postage fully prepaid) is deposited with the United States Postal Service the same day as it is placed for collection.

I declare under penalty of perjury under the laws of the State of California and the United States of America that the foregoing is true and correct, and that this declaration was executed on **January 2, 2008**, at San Francisco, California.



Yelena Lolua