

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

BUTLER

Mailed: September 24, 2008

Cancellation No. 92049206

THINK COMPUTER CORPORATION

v.

FACEBOOK, INC.

Before Quinn, Holtzman and Walsh, Administrative Trademark
Judges.

By the Board:

Petitioner seeks to cancel respondent's registration for the mark FACEBOOK for "providing an online directory information service featuring information regarding, and in the nature of, collegiate life, classifieds, virtual community and social networking" and "providing online chat rooms for registered users for transmission of messages concerning collegiate life, classifieds, virtual community and social networking."¹ Petitioner alleges ownership of the following marks: FACEBOOK, FACE BOOK, UNIVERSAL FACE BOOK, and FACENET for "on-line information services featuring information regarding, and in the nature of, collegiate life, classifieds, virtual communities and social networking." As grounds for the cancellation, petitioner alleges priority of use and likelihood of confusion (Count I); that the terms FACEBOOK and FACE BOOK are

¹ Registration No. 3122052, issued on July 25, 2006, claiming a date of first use anywhere and a date of first use in commerce of November 16, 2004.

generic (Count II); and that respondent committed fraud on the Patent and Trademark Office ("USPTO") in filing the application for registration. (Count III).

In its answer, respondent denies the salient allegations of the petition to cancel and further asserts that petitioner has not sufficiently pled its standing with respect to the fraud claim.

This case now comes up on the following motions:

- 1) petitioner's motion, filed May 27, 2008 contemporaneously with its answer, to dismiss Count III of the petition to cancel for failure to state a claim upon which relief may be granted and for being insufficient in view of the pleading requirements for fraud. Petitioner filed a response thereto including an amended pleading.
- 2) Respondent's fully briefed motion, filed June 12, 2008, to strike petitioner's amended pleading.
- 3) Petitioner's motion, filed June 12, 2008, for entry of default judgment on the basis that respondent's answer and motion to dismiss were purportedly filed one day late. Respondent filed a response thereto on June 23, 2008.

Petitioner's motion for default judgment

In accordance with the institution order dated April 16, 2008, respondent's answer was due May 26, 2008. In support of its motion, petitioner argues that respondent filed its answer (and its motion to dismiss) one day late, on May 27, 2008. Petitioner requests entry of default judgment.

In response, respondent points out that Monday, May 26, 2008 was Memorial Day, a Federal holiday. Respondent argues that its answer and motion to dismiss were timely filed on Tuesday, May 27, 2008, as permitted by Fed. R. Civ. P. 6(a)(3), which provides that "where the last day of a time period for a responsive pleading is a legal holiday, the period is extended to the next court day."

Inter partes proceedings before the Board are governed, in part, by the Federal Rules of Civil Procedure ("Fed. R. Civ. P."), except as otherwise provided in the Trademark Rules of Practice, and "wherever applicable and appropriate." See TBMP 101.02 (2d ed. rev. 2004). Trademark Rule 2.196 provides as follows:

Whenever periods of time are specified in this part in days, calendar days are intended. When the day, or the last day fixed by statute or regulation by or under this part for taking any action or paying any fee in the Office falls on a Saturday, Sunday or Federal holiday within the District of Columbia, the action may be taken, or the fee paid, on the next succeeding day that is not a Saturday, Sunday or a Federal holiday.

See also TBMP §112 (2d ed. rev. 2004).²

Thus, because Monday, May 26, 2008 was a Federal holiday, respondent's answer and motion to dismiss were timely filed on Tuesday, May 27, 2008, "... the next succeeding day that is not a Saturday, Sunday or a Federal holiday."

In view thereof, petitioner's motion for default judgment is denied.

Respondent's motion to strike petitioner's amended pleading

In response to respondent's motion to dismiss, petitioner, expressly stating it is not conceding the correctness of respondent's motion, filed an amended petition to cancel as to the fraud claim (Count III) in order to expedite resolution of this matter.

² The parties are reminded that it is the Trademark Rule, not the Federal Rule of Civil Procedure, that is operative under these circumstances.

Respondent has moved to strike the amended petition to cancel. Noting that it filed an answer, respondent, relying on Fed. R. Civ. P. 15(a) and TBMP §507.02 (2d ed. rev. 2004), argues that, once a responsive pleading has been filed, a party may amend its pleading only by written consent of every adverse party or by leave of the Board. Respondent points out that petitioner obtained neither respondent's written consent nor leave of the Board. Respondent also argues that the proposed, amended petition to cancel does not correct the deficiencies in Count III of the original petition to cancel and does not state a claim for fraud upon which relief may be granted.

In response, petitioner argues that respondent relies only on an excerpted portion of TBMP §507.02 (2d ed. rev. 2004) and ignores the policy articulated that leave to amend a pleading "must be freely given when justice so requires" and that "the Board liberally grants leave to amend pleadings at any stage of a proceeding when justice so requires, unless entry of the proposed amendment would violate settled law or be prejudicial to the rights of the adverse party." Petitioner points out that the reason it seeks to amend the pleading did not arise suddenly or without cause, but in direct response to respondent's motion requesting further clarification of the fraud claim and, thus, petitioner did not need leave to amend the pleading. Petitioner argues that its amended pleading provides extremely specific names, dates, and locations with respect to the alleged fraud as well as specific ways in which petitioner has been damaged. Petitioner contends,

too, that in considering respondent's motion to dismiss, the allegations of the amended petition to cancel must be construed in light most favorable to petitioner.

While each party's references to Fed. R. Civ. P. 15(a) and TBMP §507.02 (2d ed. rev. 2004) are accurate, the references are not complete when considering a motion to dismiss. Plaintiffs to proceedings before the Board ordinarily can, and often do, respond to a motion to dismiss by filing, *inter alia*, an amended complaint. If the amended complaint corrects the defects noted by the defendant in its motion to dismiss, and states a claim upon which relief can be granted, the motion to dismiss normally will be moot. Moreover, in the event that the Board determines that the complaint fails to state a claim upon which relief can be granted, the Board generally will allow the plaintiff an opportunity to file an amended pleading. See TBMP §503.03 (2d ed. rev. 2004). *Cf. 3 McCarthy on Trademarks and Unfair Competition* §20:58 (2008) ("[i]f the allegations of fraud are not sufficiently particularized, the proper remedy is not to dismiss the case, but to require the pleader to amend to correct the deficiency.").

Accordingly, because it is not improper for a plaintiff to file an amended pleading in response to a motion to dismiss, in an attempt to address any insufficiency in the complaint articulated by the defendant, respondent's motion to strike the amended petition to cancel is denied. Petitioner's amended

complaint is noted and entered and is the operative complaint for this proceeding.

Respondent's motion to dismiss

As Count III of the amended petition to cancel, petitioner alleges as follows:

14. Think incorporates by reference paragraphs 1 through 4 as if fully stated here.
15. Think alleges on information and belief that Respondent knew it did not have rights in the subject mark of the '052 Registration when Respondent submitted its application to the United States Patent and Trademark Office.

On February 18, 2005, Sean Parker, identified as the "President" of THEFACEBOOK, Inc., signed his name to the declaration following the application for trademark Serial No. 78574730. Clause (b) of the declaration reads as follows: "he/she believes applicant to be entitled to use such mark in commerce; 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 thereof or in such near resemblance thereto as to be likely, when used on or in connection with the goods/services of such other person, to cause confusion, or to cause mistake, or to deceive; and that all statements made of his/her own knowledge are true; and that all statements made on information and belief are believed to be true." In fact, by that date, Sean Parker and another officer of Respondent, Mark Zuckerberg, had already communicated directly and repeatedly with Petitioner by telephone and in writing only a few weeks prior concerning the resemblance of Respondent's product to Petitioner's product, the possibility of confusion between the products, and Petitioner's prior rights to various intellectual property claims in connection with the product named "The Facebook." Therefore, Sean Parker's statements are demonstrably false, and according to the same declaration, "punishable by fine or imprisonment, or both, under 18 U.S.C. Section 1001" while also serving to "jeopardize the validity of the application or any resulting registrations."

On what must be presumed to be April 29, 2005 (due to the hand-written strike-through notation in the document), Sean Parker identified himself in ¶1 of "Declaration of Sean Parker in Support of Consolidated Petition to Make Special under TMEP 1710" (the

"Declaration of Sean Parker") as "the Founder of The Facebook, Inc." On information and belief, Sean Parker may have been a co-founder, and had also identified himself as "President" in other documents but he was never "the Founder" of Respondent. Therefore, the statement contained in ¶1 of the Declaration of Sean Parker is false.

In the same document, Sean Parker went on to claim "a demonstrable possibility of the loss of substantial rights if THEFACEBOOK and FACEBOOK applications are not granted expedited review." In fact, Respondent did not have any rights to either THEFACEBOOK or FACEBOOK as marks given the generic nature of both terms, of which Respondent was well aware at the time. Rather, Respondent was afraid of losing a bidding war for the domain name "facebook.com" and wished to conjure up claims to rights it never had. Therefore, the statement contain in ¶3 of the Declaration of Sean Parker is false.

All statements made in the Declaration of Sean Parker were made under penalty of perjury.

On May 16, 2005, upon amending the trademark application, Lisa Greenwald-Swire, acting as counsel on behalf of Respondent, signed a declaration similar to the one signed by Sean Parker. The declaration was similarly false for the reasons explained above.

16. Think alleges on information and belief that Respondent made false statements with the intent to induce authorized agents of the United States Patent and Trademark Office to grant the '052 Registration, and reasonably relying on the truth of said false statements, the USPTO did, in fact, grant this registration to Respondent.

Respondent had a significant incentive to deceive the USPTO, namely, the security of its desired "facebook.com" domain name. This caused Respondent to petition the USPTO, successfully, for Special standing. In turn, the expedited review process may have caused the USPTO to fail to take into account the generic references to FACEBOOK and other pseudo-marks that have existed for many years.

Though it may not have been Respondent's primary intention to file a trademark application solely for the purpose of deceiving the USPTO, it was nonetheless a factor. Respondent willfully weighed the costs and benefits of winning its domain name battle and deceiving the USPTO through the omission of key facts versus losing the battle and respecting trademark law, and ultimately decided that deception and fraud were an acceptable price to be paid for victory in another legal dispute.

17. The continuous registration of the subject mark of the '052 Registration is causing injury to Think's business plans, is impairing Think's rights in its Marks, is inconsistent with Think's rights, and will continue to cause injury to Think until the registration is cancelled.

First, though Think maintains an interest in all of Think's Marks and has consistently maintained such interests since 2003, Think can no longer pursue development of its product under the FACEBOOK name due to the existence of Respondent's registered trademark. This has cause Think to forego a significant amount of revenue as well as industry recognition.

Second, the "ThinkPress" publishing division of Petitioner has been prohibited from advertising one of its products, a trade book entitled *Authorities: One Student's Harvard Admissions and the Founding of the Facebook Era* on at least one major search engine with the keyword "Facebook." The prohibition stems explicitly from the existence of Respondent's registered trademark on FACEBOOK. The book in question is merely a recitation of facts that does not infringe on any purported registered trademark. Nonetheless, an appeal for an exception to the search engine's policy, which prohibits advertising based on select third-party trademarks, was denied.

This continued inability to advertise the book constitutes an infringement on Think's First Amendment rights and the continued existence of the registration constitutes infringement on Think's common law trademark rights. Most of all, the inability to advertise using the "Facebook" keyword will cause Think to forego a significant amount of revenue.

18. Respondent is not entitled to continued registration of the '052 Registration because Respondent willfully committed fraud in the procurement of that registration by making material false representations. Had Respondent taken into account Think's prior use of the FACEBOOK mark and many other prior uses of the mark that in the aggregate made it a generic term, neither registration for FACEBOOK nor THEFACEBOOK would have been granted by the USPTO.
19. Respondent has a history of willfully making false statements in public and may intend to use these statements as evidence in these proceedings. On October 26, 2005 at Stanford University in Palo Alto, California, speaking on behalf of Respondent in a videotaped talk, Mark Zuckerberg was interviewed in a public forum. In response to a general question about the origins of the product entitled "The Facebook," he stated as follows: "So, um, I did two years at

Harvard. During my sophomore year, I decided that Harvard needed a face book. It didn't have one. So I made it." This statement is demonstrably false.

On information and belief, long before (and during) Mark Zuckerberg's time at Harvard, the University did in fact have several face books, referred to by the terms "Register," "Face Book," and "Facebook," in both paper and electronic forms. Furthermore, the first electronic Face Book to cover the scope of the entire Harvard University campus was the property of Petitioner. Mark Zuckerberg was both familiar with and a member of this particular product, called both "The Universal Face Book" and "The Facebook." Therefore, his statement concerning his product's origin was false on several counts: Harvard University did have several face books already of which he was already aware and did not "need" a face book per se. Mark Zuckerberg's role in the formation and operation of Respondent has been instrumental, and his notable tendency to willfully act in a deceptive manner speaks to the reliability and veracity of Respondent's claims.

On information and belief, Sean Parker is no longer affiliated with Respondent in any official capacity and Sean Parker's affiliation with Respondent was terminated due to serious substance abuse issues. The circumstances of his departure also speak to the reliability and veracity of Respondent's claims during the time Sean Parker acted on behalf of Respondent.

20. Respondent is accustomed to using fraud as a strategic business tactic. Respondent's statements and actions surrounding the origins of Respondent's product and its business operations have lead to numerous other civil law suits being filed against Respondent.

As noted earlier, petitioner argues that its amended pleading provides extremely specific names, dates, and locations with respect to the alleged fraud as well as specific ways in which petitioner has been damaged. Thus, it is petitioner's position that its amended petition to cancel sufficiently pleads a claim of fraud in the procurement of a registration.

In response, respondent argues that the amended pleading is insufficient because it is composed of "either 1) a repetition of unadorned conclusory allegations in the original Petition; 2)

statements that have nothing to do with the theory of fraud in the procurement of the subject mark; or 3) in the same vein, statements made to individuals or entities other than the USPTO (which obviously can have no bearing on the claim of procuring the mark through false and misleading statements)." Respondent argues that the amended claim simply does not meet the requirements of Fed. R. Civ. P. 9.

In order to withstand a motion to dismiss for failure to state a claim upon which relief can be granted, a pleading need only allege such facts as would, if proved, establish that the petitioner is entitled to the relief sought; that is, that (1) the petitioner has standing to maintain the proceeding, and (2) a valid ground exists for petitioning to cancel respondent's registered mark. See *Lipton Industries, Inc. v. Ralston Purina Co.*, 670 F.2d 1024, 213 USPQ 185 (CCPA 1982). For purposes of determining a motion to dismiss for failure to state a claim upon which relief can be granted, all of the plaintiff's well-pleaded allegations must be accepted as true, and the complaint must be construed in the light most favorable to the plaintiff. See *Advanced Cardiovascular Systems Inc. v. SciMed Life Systems Inc.*, 988 F.2d 1157, 26 USPQ2d 1038 (Fed. Cir. 1993); Fed. R. Civ. P. 12(b)(6); and TBMP §503.02 (2d. ed. rev. 2004).

In its amended petition to cancel, petitioner articulates two examples of damage: 1) petitioner can no longer pursue development of its product under the allegedly previously-used name, the FACEBOOK, due to the existence of respondent's

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registered mark and 2) petitioner's publishing division has been prohibited from advertising one of its products on at least one major search engine. See paragraph No. 17 of the amended petition to cancel.

In addition, it is not necessary for a plaintiff to plead standing for each claim it sets forth. Once standing is established for one claim, it is established for all claims. See *Liberty Trouser Co. v. Liberty & Co.*, 222 USPQ 357, 358 (TTAB 1983). Respondent does not contest petitioner's allegations of standing on Counts I and II of the petition to cancel. In any event, by alleging priority of use of the marks FACEBOOK, FACE BOOK, UNIVERSAL FACE BOOK, and FACENET for the same services as those offered by respondent, petitioner has asserted a sufficient claim of standing. See paragraph Nos. 2-4 of the amended petition to cancel.

Thus, petitioner has alleged sufficient facts as to its damage that, if proven at trial, would establish that it has a real interest in this case beyond that of the general public and, consequently, would establish petitioner's standing to maintain this proceeding.

Fraud in the procurement of a registration is a valid, cognizable ground for cancellation of a registration. See Trademark Act §14(3); and *Marshall Field & Co. v. Mrs. Fields Cookies*, 25 USPQ2d 1321 (TTAB 1992). Fed. R. Civ. P. 9(b) provides that the circumstances constituting the alleged fraud shall be stated with particularity. See also *King Automotive*,

Inc. v. Speedy Muffler King, Inc., 667 F.2d 1008, 212 USPQ 801 (CCPA 1981). That is, the time, place and contents of the false representations, the facts misrepresented, and identification of what has been obtained, shall be stated with specificity. See *Saks, Inc. v. Saks & Co.*, 141 USPQ 307 (TTAB 1964).

Upon reviewing the amended pleading, the Board finds that petitioner has sufficiently, albeit minimally, pled a claim of fraud in the procurement of the registration. Petitioner alleged the circumstances of the purported fraud: time (February 18, 2005, the date the declaration for the underlying application was signed); the place and contents of the false representations (the declaration to the underlying application, specifically the belief that no other entity has the right to use the applied-for mark in commerce for the same or related goods and services); the facts misrepresented (the actual knowledge that petitioner had prior rights as indicated by communications between the parties); and the identity of what was obtained (a federal registration). See paragraph No. 15 of the amended petition to cancel.

Petitioner makes allegations regarding respondent's intent and the USPTO's reliance on the truth of the purportedly false statements. See paragraph No. 16 of the amended petition to cancel. Petitioner includes allegations concerning respondent's knowledge of prior uses of the mark, for example, that respondent knew the mark was in use at Harvard University. See paragraph No. 19 of the amended petition to cancel.

Accordingly, respondent's motion to dismiss is denied.

The Board would be remiss, however, if it did not comment that at least some of the facts alleged by petitioner are not material to its fraud claim. For example, it is not material whether Sean Parker was a founder or a co-founder of respondent and it is not material that respondent successfully petitioned to make its application special for expedited consideration before the Examining Operation.³ Any statements made by respondent's representative at Stanford University are not material to a claim of fraud in the procurement of the registration. Respondent's asserted "history" of making false statements is not relevant. The allegation regarding Mr. Parker's purported substance abuse issues is not material to the fraud claim except to the limited extent such issues may have a bearing on respondent's intent at the time the declaration to the application was signed (February 18, 2005) and the application was filed (February 24, 2005).

Reset Schedule

Proceedings are resumed. Operative dates, including the time for respondent to answer the amended petition to cancel, are set for the below.

Time to Answer	10/27/2008
The Amended Petition to Cancel	
Deadline for Discovery Conference	11/26/2008
Discovery Opens	11/26/2008
Initial Disclosures Due	12/26/2008
Expert Disclosures Due	4/25/2009
Discovery Closes	5/25/2009
Plaintiff's Pretrial Disclosures	7/9/2009
Plaintiff's 30-day Trial Period Ends	8/23/2009
Defendant's Pretrial Disclosures	9/7/2009
Defendant's 30-day Trial Period Ends	10/22/2009

³ Expedited consideration does not result in less stringent examining by the USPTO.

Plaintiff's Rebuttal Disclosures
Plaintiff's 15-day Rebuttal Period Ends

11/6/2009
12/6/2009

In each instance, a copy of the transcript of testimony together with copies of documentary exhibits, must be served on the adverse party within thirty days after completion of the taking of testimony. Trademark Rule 2.125.

Briefs shall be filed in accordance with Rule 2.128(a) and (b). An oral hearing will be set only upon request filed as provided by Trademark Rule 2.129.

NATURE OF BOARD PROCEEDINGS

The Board notes that petitioner is representing itself and now provides information about our proceedings.

Petitioner is advised that an *inter partes* proceeding before the Board is similar to a civil action in a Federal district court. There are pleadings, a wide range of possible motions; discovery (a party's use of discovery depositions, interrogatories, requests for production of documents and things, and requests for admission to ascertain the facts underlying its adversary's case), a trial, and briefs, followed by a decision on the case. The Board does not preside at the taking of testimony. Rather, all testimony is taken out of the presence of the Board during the assigned testimony, or trial, periods, and the written transcripts thereof, together with any exhibits thereto, are then filed with the Board. No paper, document, or exhibit will be considered as evidence in the case unless it has been introduced in evidence in accordance with the applicable rules.

OPTION OF E-MAIL SERVICE

The parties may agree to the email service option now available under Trademark Rule 2.119(b)(6) ("Electronic transmission when mutually agreed upon by the parties").⁴ Should the parties decide to continue using traditional service options, the parties may consider agreeing at least to courtesy email notification when any paper is served.

THE BOARD'S STANDARDIZED PROTECTIVE ORDER IS IN PLACE

The Board's standard protective order is in place in this case governing the exchange of confidential and proprietary information and materials. The parties may substitute a stipulated protective agreement (signed by both parties). However, the Board will not become involved in a dispute over any substitution in view of the existence of the Board's standardized protective order.

REPRESENTATION

It should also be noted that while Patent and Trademark Rule 10.14 permits any person to represent itself, it is generally advisable for a person who is not acquainted with the technicalities of the procedural and substantive law involved in an opposition proceeding to secure the services of an attorney who is familiar with such matters. The Patent and Trademark Office cannot aid in the selection of an attorney. In addition, as the impartial

⁴ The additional five days available under Trademark Rule 2.119(c) for traditional service modes (e.g., First Class Mail) is not available for email service.

decision maker, the Board may not provide legal advice, though may provide information as to procedure.

ELECTRONIC RESOURCES

All parties may refer to the Trademark Trial and Appeal Board Manual of Procedure (TBMP) and the Trademark Rules of Practice, both available on the USPTO website, www.uspto.gov. The TTAB homepage provides electronic access to the Board's standardized protective order, a chart of the new rules and the text of the new rules (effective August 31, 2007 and November 1, 2007), and answers to frequently asked questions. Other useful databases include the ESTTA filing system for Board filings and TTABVUE for status and prosecution history.

Strict compliance with the Trademark Rules of Practice, and where applicable the Federal Rules of Civil Procedure, is expected of all parties before the Board, whether or not they are represented by counsel.

