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

Proceeding	92049206
Party	Defendant FACEBOOK, INC.
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Submission	Motion to Dismiss - Rule 12(b)
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Date	05/27/2008
Attachments	MOTION TO DISMISS_20080527_142637.pdf (8 pages)(286568 bytes)

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

THINK COMPUTER CORPORATION

Petitioner,

v.

FACEBOOK, INC.,

Respondent.

Cancellation No. 92049206

Mark: FACEBOOK

Reg. No. 3,122,052

Reg. Date: July 25, 2006

MOTION TO DISMISS COUNT III OF PETITION FOR CANCELLATION

Pursuant to Rules 9(b) and 12(b)(6) of the Federal Rules of Civil Procedure, Registrant Facebook, Inc. (“Facebook”) hereby moves the Trademark Trial and Appeal Board (the “Board”) for an order dismissing Count III (titled “Fraud on the Patent and Trademark Office”) of petitioner Think Computer Corporation’s (“Petitioner” or “Think”) Petition for Cancellation (“Petition”). The purported fraud claim does nothing more than intone the bare elements of the cause of action. This is legally insufficient.

Rather, Think must allege with particularity the claimed false and misleading representation that Facebook made in obtaining its federal trademark registration and the factual circumstances showing that Facebook made the (unspecified) misrepresentation with knowledge of its falsity. Further, the Petition fails to allege facts showing that the (unspecified) misrepresentation was material to issuance of the registration or how Think has been harmed as a consequence.

Having wholly failed to meet its pleading burden, Count III of the Petition should be dismissed with prejudice.

I. INTRODUCTION

Petitioner brings this action seeking to cancel Facebook's federal trademark registration for the FACEBOOK mark (filed February 24, 2005), and to strip Facebook of the extensive goodwill it has earned and which is associated with its famous mark. Petitioner claims that Facebook has committed fraud on the U.S. Patent and Trademark Office ("USPTO") by making false statements in order to obtain registration of the FACEBOOK mark.¹ Petition at ¶15-16. Although any use of the mark by Petitioner apparently ceased long ago, Petitioner seeks the extreme remedy of cancellation of the FACEBOOK mark without meeting the specificity requirements imposed by Rule 9(b) of the Federal Rules of Civil Procedure.

II. ARGUMENT

A. STANDARD OF REVIEW

Federal Rule of Civil Procedure 12(b)(6) and Section 503 of the Trademark Trial and Appeal Board Manual of Procedure ("TBMP") empower the Board to dismiss claims in a petition for cancellation "if it appears certain that the plaintiff is entitled to no relief under any set of facts that could be proved in support of its claim."² See Fed. R. Civ. P. § 12(b)6; TBMP § 503.02. A motion to dismiss for failure to state a claim is a test solely of the legal sufficiency of the petition. *Space Base Inc. v. Stadis Corp.*, 17 U.S.P.Q.2d 1216, 1219 (T.T.A.B. 1990). Although the Board must accept all of the petitioner's allegations as true, it may not "ignore facts alleged in the complaint that undermine the plaintiff's claim." See *Intellimedia Sports Inc. v.*

¹ FACEBOOK is a registered mark and therefore is presumed valid, pursuant to Section 7 of the Lanham Act. See 15 U.S.C. § 1057. In order to succeed in its Petition for Cancellation, Think must prove its claim of fraud on the USPTO by clear and convincing evidence, the standard being strictly applied. *Standard Knitting, Ltd. v. Toyota Jidosha Kabushiki Kaisha*, 77 U.S.P.Q.2d 1917, 1926 (T.T.A.B. 2006); see *Yocum v. Covington*, 216 U.S.P.Q. 210 (T.T.A.B. 1982) ("Fraud in a trademark cancellation is something that must be "proved to the hilt" with little or no room for speculation or surmise; considerable room for honest mistake, inadvertence, erroneous conception of rights, and negligent omission; and any doubts resolved against the charging party.").

²*Inter partes* trademark proceedings are governed by the Federal Rules of Civil Procedure, except as otherwise provided. 37 C.F.R. 2.116(a).

Intellimedia Corp., 43 U.S.P.Q.2d 1203, 1205 (T.T.A.B. 1997), and *Sweet v. City of Chicago*, 953 F. Supp. 225, 227 (N.D. Ill. 1996).

Claims for fraud must be alleged in greater detail than other bases for cancellation of a mark. *See* Fed. R. Civ. P. § 9(b). Rule 9(b) requires that the circumstances constituting fraud be alleged with particularity. *Id*; *see King Automotive, Inc. v. Speedy Muffler King, Inc.*, 212 U.S.P.Q. 801, 802-803 (C.C.P.A. 1981). Allegations of fraud phrased as mere legal conclusions are insufficient. Instead, the pleading must contain an explicit expression of the factual circumstances (e.g., specifying the allegedly false and misleading statement(s) made in the prosecution of the mark) alleged to constitute fraud. *W.R. Grace & Co. v. Arizona Feeds*, 195 U.S.P.Q. 670, 672 (Comm'r Pats. 1977); *King Automotive*, 212 U.S.P.Q. at 803.

The Board defines fraud in the procuring of a trademark registration as the making of material misrepresentations of fact in a declaration in support of an application that the applicant knows or should know to be false. *Torres v. Cantine Torresella S.r.l.*, 1 U.S.P.Q. 2d 1483, 1484 (Fed. Cir. 1986). Further, petitioner must allege with sufficient particularity that it was damaged by the material misstatement. 37 C.F.R. § 2.112.

B. PETITIONER'S FRAUD CLAIM IS INSUFFICIENT AS A MATTER OF LAW

Count III of the Petition is defective because Petitioner has not alleged with particularity that (1) Facebook made a false representation; (2) Facebook knew or believed that the representation was false when made; (3) this false representation was material to approval of the FACEBOOK registration; or (4) Petitioner was in fact damaged by this false representation. *See American Flange & Manufacturing Co., Inc. v. Rieke Corporation*, 90 U.S.P.Q.2d 1397, 1416 (T.T.A.B. 2006).

1. PETITIONER DOES NOT IDENTIFY A SINGLE FALSE REPRESENTATION MADE BY FACEBOOK IN CONNECTION WITH ITS TRADEMARK APPLICATION

Petitioner fails to identify a single false statement made by Facebook in support of its fraud claim. *See* Petition at ¶¶ 1-4, 15-18. This is a fatal omission given that a party pleading fraud in a cancellation proceeding must specify the false representations underlying that claim. *See American Flange*, at 1415 (“Due to its failure to identify the specific statements it alleges to be fraudulent in its notices of opposition, we dismiss opposer’s fraud claims for failure to allege fraud with sufficient particularity.”); *W.R. Grace & Co., v. Arizona Feeds*, 195 U.S.P.Q. at 672 (“setting forth the circumstances with particularity” means that the pleader must state the time, place and content of the false representation and the fact misrepresented) (citing 2A J. Moore, FEDERAL PRACTICE, Sec. 9.03, at 1924 (2d. ed. 1975)); *King Automotive*, 212 U.S.P.Q. at 802 (“Rule 9(b) requires that the pleadings contain explicit rather than implied expression of the circumstances constituting fraud.”).

Put simply, failure to plead the circumstances underlying Facebook’s alleged false statements does not place Facebook on notice of the basis of Petitioner’s claim for fraud. *See Northern Engineering & Plastics Corp. v. Blackhawk Molding Company, Inc.*, 189 U.S.P.Q. 734, 734 (N.D. Ill. 1975) (“The rule necessitates pleading of sufficient facts so that the other party will be apprised of the acts which are alleged to constitute the fraud.”). Accordingly, Facebook can neither investigate the claim, nor prepare a proper defense.

2. PETITIONER DOES NOT PLEAD WITH PARTICULARITY THAT FACEBOOK WILLFULLY DECEIVED THE USPTO

The fraud count also fails because it contains no allegation that Facebook made a false statement with the requisite scienter to establish fraud. *See* Petition at ¶¶ 15-18. Fraud arises only when the party making a false statement of fact knows that the fact being represented is

false. *Abercrombie & Fitch Co. v. Hunting World, Inc.*, 189 U.S.P.Q. 759 (2d Cir. 1976); *Torres*, 1 U.S.P.Q. 2d at 1483-1484. (“[T]he obligation which the Lanham Act imposes on an applicant is that he will not make *knowingly* inaccurate or *knowingly* misleading statements in the verified declaration forming a part of the application for registration.” (citations omitted)). The party’s intent to deceive must be willful. *Id.*

Petitioner merely alleges that Facebook “knew it did not have rights in the subject mark of the ‘052 Registration” when it applied to register FACEBOOK mark. Petition at ¶15. This is merely a boilerplate assertion of a legal conclusion, not the factual particularity required by Rule 9(b). Petitioner must allege more than simply that Facebook knew it did not have rights in the mark – it must state with particularity the underlying circumstances that would lead to such knowledge, and it must also establish that Facebook used this knowledge to deceive the USPTO. *See* Fed. R. Civ. P. § 9(b); *see also Metro Traffic Control, Inc. v. Shadow Network, Inc.*, 104 F.3d 336, 340-341 (Fed. Cir. 1997). An applicant’s good faith belief that it was the owner of the mark when it signed the application oath negates any inference of fraud. *Id.*; *SCOA Industries Inc. v. Kennedy & Cohen, Inc.*, 188 U.S.P.Q. 411, 414 (T.T.A.B. 1975); *Kevin Industries, Inc. v. Watkins Products, Inc.*, 192 U.S.P.Q. 327 (T.T.A.B. 1976) (the trademark application oath is phrased in terms of “belief” of the applicant specifically in order to “preclude a definitive statement by the affiant that could be ordinarily used to support a charge of fraud”). Absent additional facts or circumstances in Petitioner’s claim that put at issue Facebook’s documented good faith belief, the Board must conclude that Petitioner is unable to establish the requisite element of scienter.

At bottom, Facebook is left to speculate as to the basis of Petitioner’s fraud claim. Count III should be dismissed. *See Northern Engineering & Plastics Corp.*, 189 U.S.P.Q. at 734.

3. PETITIONER DOES NOT PLEAD WITH PARTICULARITY THAT THE ALLEGED FALSE REPRESENTATION WAS MATERIAL

Rule 9(b) likewise requires that Petitioner allege in sufficient detail circumstances establishing that Facebook's (unspecified) false representation was material to the USPTO's determination of registrability of the FACEBOOK mark. Fed. R. Civ. Proc. § 9(b); *see Moorhouse Mfg. Corp. v. J. Strickland & Co.*, 160 U.S.P.Q. 715 (C.C.P.A. 1969) (holding that a false representation to the USPTO must be material in the sense that but for the false representation, the federal registration either would not or should not have issued). Petitioner makes no such allegation. *See* Petition at ¶¶ 15-18. As noted, Petitioner does not identify a single false statement made by Facebook in conjunction with the filing of the FACEBOOK application. Consequently, there is no basis for inferring that the unspecified fraudulent statements made by Facebook were material to the USPTO's decision to register the FACEBOOK mark.

4. PETITIONER DOES NOT PLEAD WITH PARTICULARITY THAT IT WAS DAMAGED BY FACEBOOK'S ALLEGED FALSE REPRESENTATION

Finally, Petitioner's claim for fraud fails because there is no "short and plain statement" showing how it is or will be damaged by the continued registration of the FACEBOOK mark, as required by 37 C.F.R. § 2.112. *See also King Automotive*, 212 U.S.P.Q. at 802. Petitioner simply alleges the legal conclusion that it has been injured, without any supporting or corollary factual allegations. Petition at ¶ 17 (arguing that registration of the FACEBOOK mark injures "Think's business plans" and impairs "Think's rights in its Mark"). Think's failure to identify how the (unspecified) alleged false statement(s) made by FACEBOOK harm its business plans

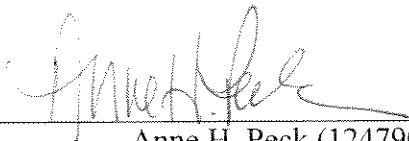
or rights in any of its alleged “marks”³ do not meet the pleading standards of Rule 9(b). *See* 37 C.F.R. § 2.112; *see also Havana Club Holding S.A. v. Galleon S.A.*, 49 U.S.P.Q.2d 1296, 1299 (S.D.N.Y. 1998) (granting motion to dismiss defendants’ fraud claim on the grounds that damages were not plead with sufficient particularity under Rule § 9(b), where claim made “only a conclusory allegation that the sales in question were lost as a results of plaintiffs’ actions”).

III. CONCLUSION

For all the reasons stated above, Facebook hereby requests that the Board grant the present motion, and dismiss Claim III of Petitioner’s Petition for Cancellation.

Dated: May 27, 2008

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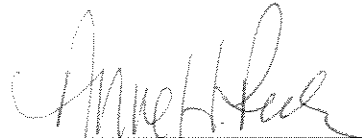
³ Facebook objects to Petitioner’s characterization of the terms “FACEBOOK,” “FACE BOOK,” “UNIVERSAL FACE BOOK,” and “FACENET” as “Think’s Marks.” Petitioner does not own a federal trademark registration for any of these marks, nor has it alleged use sufficient to create common law trademark rights in any of these terms. Further, Facebook is the registered owner of the FACEBOOK mark and the mark is presumed valid for purposes of this motion, under Section 7 of the Lanham Act. *See* 15 U.S.C. § 1057.

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing Registrant's MOTION TO DISMISS COUNT III OF PETITION FOR CANCELLATION was mailed, first-class postage prepaid, to Petitioner:

Think Computer Corporation
Attn: Aaron Greenspan
884 College Avenue
Palo Alto, CA 94306-1303

Date: May 27, 2008



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