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

Proceeding	92050143
Party	Defendant Brauhaus Incorporated
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UNITED STATES PATENT AND TRADEMARK OFFICE
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD

BROWHAUS PTE LTD.,

Petitioner,

v.

BRAUHAUS INCORPORATED,

Respondent.

Cancellation No. 92/050,143

Registration No. 3,420,788

RESPONDENT’S MOTION TO DISMISS AMENDED PETITION TO CANCEL

Respondent Brauhaus Incorporated (“Brauhaus”), by its attorneys, Neal, Gerber & Eisenberg LLP, hereby moves the Board pursuant to Rule 12(b)(6) of the Federal Rules of Civil Procedure for an Order dismissing with prejudice the Amended Petition to Cancel Registration No. 3,420,788 (the “Registration”) filed by Petitioner Browhaus PTE Ltd. (“Petitioner”). The Petition fails to state a claim on which relief may be granted, because the fraud allegations fail, as a matter of law, to comply with the pleading requirements of the Federal Rules of Civil Procedure and fail to state cognizable grounds for cancellation of the Registration.

Petitioner’s amended allegations that Brauhaus provided an incorrect first use date are just as legally insufficient to establish fraud on the USPTO as its original allegations were. The Board has repeatedly held that an erroneous statement of first use date does not amount to fraud when there was some use prior to the filing date of the application or statement of use. In addition, Petitioner’s allegations fail to meet the newly revised pleading requirements for fraud set forth in *In re Bose Corp.*, 580 F.3d 1240 (Fed. Cir. 2009). For these reasons as well as those set forth more fully below, Brauhaus requests that the Board dismiss with prejudice the legally deficient Amended Petition to Cancel.

ARGUMENT

I. PETITIONER’S CLAIM BASED ON FRAUD IS STILL INSUFFICIENT AS A MATTER OF LAW

Petitioner’s newly amended allegations regarding Brauhaus’s procurement of the Registration do not, as a matter of law, constitute a viable claim for fraud on the USPTO. Claims of fraud based on allegations that a trademark registrant incorrectly claimed a first use date earlier than the actual first use date fail because courts hold that the falsity was either not material or otherwise not fraudulent, as long as there was some use prior to the filing date of the application or statement of use. *Aveda Corp. v. Evita Marketing, Inc.*, 706 F. Supp. 1419 (D. Minn. 1989) (holding a misstatement of the date of claimed first use in a use-based application is not fraudulent as long as there was some use prior to the filing date); *Lewis v. Microsoft Corp.*, 410 F. Supp. 2d 432 (E.D.N.C. 2006) (holding an incorrect date of alleged first use is not material and not fraudulent as long as the actual use preceded the filing of a use-based application). The Board has also long adhered to this precedent. *American Rice, Inc. v. Dunmore Properties S.A.*, 2009 WL 129566, at *1 n. 6 (TTAB Jan. 9, 2009) (“It is well established that errors in the date of first use in commerce of marks do not constitute fraud so long as use of the mark precedes the filing date of the application that matures to a registration, or, as in this case, so long as use of the mark precedes the filing date of the statement of use.”); *Western Worldwide Enterprises Group, Inc. v. Qingdao Brewery*, 17 U.S.P.Q.2d 1137, 1141 (TTAB 1990) (“The Board repeatedly has held that the fact that a party has set forth an erroneous date of first use does not constitute fraud unless, *inter alia*, there was no valid use of the mark until after the filing of the [Section 1(a)] application”) (internal citations omitted).

In this case, Petitioner fails to state a valid claim for fraud on the USPTO. Petitioner alleges that Brauhaus erroneously stated its first use date of the BRAUHAUS mark both in its

February 3, 2008 Declaration and its February 11, 2008 Statement of Use and that these statements were knowingly made. Amended Petition to Cancel at ¶¶ 15-26. Under the Lanham Act, a mark is deemed in use “on services when it is used or displayed in the sale or advertising of services and the services are rendered in commerce.” TMEP § 901.01. The term “commerce” is defined as any type of commerce that may be regulated by Congress and includes interstate, territorial and foreign country commerce. TMEP § 901.03. Brauhaus was using the BRAUHAUS mark depicted in the Registration in commerce at least as early as December 2007—long before the February 2008 filing dates of the Declaration and Statement of Use. Affidavit of Zoey Van Jones at ¶3. Since the Registration issued from an intent-to-use application and Brauhaus was using its BRAUHAUS mark in commerce well before the filing date of the Statement of Use, Petitioner’s alleged claim for fraud is once again legally insufficient and fails to state a claim upon which relief can be granted. Furthermore, Petitioner’s claim for “Lack of Use as a Mark Prior to Registration” is not a cognizable ground of cancellation and merely rehashes the same theory as Petitioner’s fraud claim. Therefore, this claim should be dismissed for the same reasons as the fraud claim and Brauhaus respectfully requests that the Board dismiss the Amended Petition to Cancel with prejudice.

II. PETITIONER’S ALLEGATIONS FAIL ALSO TO SATISFY THE PLEADING REQUIREMENTS FOR FRAUD

A Rule 12(b)(6) motion challenges the legal sufficiency of the allegations, allows the court to eliminate actions that are fatally flawed and destined to fail, and spares litigants the burdens of unnecessary pretrial and trial activity. *Advanced Cardiovascular Sys., Inc. v. SciMed Life Sys., Inc.*, 988 F.2d 1157, 1160 (Fed. Cir. 1993). Federal Rule of Civil Procedure 8 requires that allegations consist of a short and plain statement of the claim showing that the pleader is entitled to relief. However, Rule 8 “requires more than labels and conclusions, and a formulaic

recitation of the elements of a cause of action will not do.” *Bell Atl. Corp. v. Twombly*, 550 U.S. 544, 556 (2007). Allegations under Rule 8 “must contain sufficient factual matter” so as to “allow the [Board] to draw a reasonable inference” that the allegations are true. *Ashcroft v. Iqbal*, 129 S. Ct. 1937, 1949 (2009). Thus, in *Twombly* and *Ashcroft*, the Supreme Court has made clear that, if the Board cannot infer “more than the mere possibility of misconduct” from the allegations, the corresponding complaint is not plausible and cannot survive a motion to dismiss. *Ashcroft*, 129 S.Ct. at 1950 (“[O]nly a complaint that states a plausible claim for relief survives a motion to dismiss.”).

While most claims are measured against this Rule 8 standard, claims alleging fraud must state with particularity the circumstances constituting fraud in accordance with Federal Rule of Civil Procedure 9(b). Such claims must contain an “explicit rather than implied expression of the circumstances constituting fraud.” *King Automotive, Inc., v. Speedy Muffler King, Inc.*, 667 F.2d 1008, 1010 (Fed. Cir. 1981). Though intent may be alleged generally under Rule 9(b), claims of fraud “must allege sufficient underlying facts from which a court may reasonably infer that a party acted with the requisite state of mind.” *Asian and Western Classics B.V. v. Selkow*, 92 USPQ2d 1478, 1479 (TTAB 2009).

Furthermore, claims before the TTAB that are grounded in fraud must be supported with specific allegations showing a specific intent to deceive the USPTO. *Bose*, 580 F.3d at 1243. In *Bose*, the Federal Circuit reviewed the TTAB’s cancellation of a mark based on the TTAB’s finding that the registration for the mark had been renewed for goods that were no longer being offered in connection with the mark. *Id.* The TTAB found that the signatory of the renewal application did not reasonably believe that the mark was in use with such goods, and hence that the registrant must have perpetrated a fraud on the PTO when it renewed the mark. The Federal Circuit reversed, finding that for fraud to be present, there must be proof that a registrant

knowingly made a false, material misrepresentation with the specific intent to deceive the USPTO. *Id.* Thus, “absent the requisite intent to mislead the PTO, even a material misrepresentation would not qualify as fraud under the Lanham Act.” *Id.* at 1243 (Fed. Cir. 2009) (*citing King Automotive*, 667 F.2d at 1011). Thus, relying on long-established CCPA precedent, the Court held that fraud on the USPTO exists only where an applicant or registrant makes “*knowingly* inaccurate or *knowingly* misleading statements” with the specific intent to deceive. *Id.* (*quoting Bart Schwartz Int’l Textiles, Ltd. v. Fed. Trade Comm’n*, 289 F.2d 665, 669 (CCPA 1961)) (emphasis in original).

Similarly, in *King Automotive*, a petitioner alleged that the registrant of the mark SPEEDY MUFFLER KING committed fraud by declaring to the Trademark Office that it had the exclusive right to use the mark in connection with servicing automotive mufflers despite the registrant’s knowledge that others had used the mark in a similar manner. *King Automotive*, 667 F.2d at 1010. The principal fraud allegations were:

5. [Registrant’s predecessor-in-interest] had personal, direct knowledge of the use of SPEEDY MUFFLER KING in the retail replacement muffler business by [a third party] in interstate commerce . . .

* * *

8. In spite of the knowledge of [a] search report [indicating use of the mark by others], registrant [stated] that no one else has the right to use the same or a confusingly similar mark in commerce, said allegation being known by Registrant to be untrue . . . said allegation having been made willfully . . . with the intent to deceive and . . . to induce the Patent Office to grant said registrations.

Id. However, the Board dismissed the petition because it found that the registrant might reasonably have believed it had the exclusive right it alleged and no facts had been alleged upon which to infer intent to deceive. *Id.* The CCPA affirmed, finding that “the conclusory statement that [the registrant] knew its declaration to be untrue [was] not supported by a pleading of any facts which reflect [the registrant’s] belief” that it lacked sole rights to its mark. *Id.* at 1011.

In this case, Petitioner baldly alleges “on information and belief” that Brauhaus “knowingly made a false representation of material fact with the intent to deceive the USPTO.” Amended Petition to Cancel at ¶¶16, 20, 21. But formulaic incantations without a factual basis are not enough. Petitioner fails to allege a single fact or circumstance that supports its conclusory assertions of knowledge and intent. Indeed, even allowing for an inference that Brauhaus was not using the BRAUHAUS mark in commerce, Petitioner has not alleged anything that would suggest that Brauhaus believed that it was not using the BRAUHAUS mark in commerce or intended to deceive the Trademark Office in submitting its declaration. Thus, there is simply no allegation of fact that if proven would support an inference that Brauhaus believed that it was not using its BRAUHAUS mark in commerce when it submitted its declaration. Furthermore, pleadings of fraud made “on information and belief” without more “raise only the mere possibility that such evidence may be uncovered and do not constitute pleading of fraud with particularity. Thus, to satisfy Rule 9(b), any allegations based on ‘information and belief’ must be accompanied by a statement of facts upon which the belief is founded.” *Asian and Western Classics B.V. v. Selkow*, 92 USPQ2d 1478, 1479 (TTAB 2009). Petitioner has failed to provide any factual statements upon which its “on information and belief” allegations are founded. Accordingly, Petitioner’s allegations fail to adequately plead a claim for fraud, and Brauhaus respectfully requests that the Board dismiss the Amended Petition to Cancel with prejudice.

WHEREFORE, for the foregoing reasons, Brauhaus respectfully requests that the Board enter an order (i) dismissing with prejudice the Petition to Cancel, and (ii) granting such other and further relief as the Board deems appropriate.

Respectfully submitted,

Date: December 21, 2009

/s/Lee J. Eulgen
One of the Attorneys for Respondent,
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CERTIFICATE OF SERVICE

I, Gregory J. Leighton, an attorney, state that I caused a copy of the foregoing, Respondent's Motion to Dismiss Amended Petition to Cancel, to be served upon the following via U.S. Mail on this 21st day of December, 2009:

Jack L. Most
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/s/Gregory Leighton
Gregory J. Leighton