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

Proceeding	92052167
Party	Defendant RCN Telecom Services, Inc.
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Submission	Motion to Dismiss - Rule 12(b)
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Attachments	Motion to Dismiss Petition for Cancellation.pdf (14 pages)(713196 bytes)

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

RCN TELEVISIÓN, S.A.)	
)	
Petitioner,)	
)	
v.)	Cancellation No. 92052167
)	
RCN TELECOM SERVICES, INC.)	
)	
Respondent.)	

MOTION TO DISMISS PETITION FOR CANCELLATION

Respondent RCN Telecom Services, Inc., hereby moves to dismiss Petitioner RCN Television S.A.'s Petition for Cancellation, on the grounds that it fails to state a claim upon which relief may be granted. Respondent respectfully requests that the Board suspend the deadlines in this proceeding until it has ruled on this motion.

Count Two of the Cancellation Petition alleges that Respondent committed fraud on the Trademark Office merely by signing the standard declaration in the application at issue in this proceeding. The form of declaration, which is signed by every trademark applicant, states that, to the best of the applicant's knowledge and belief, no other person or entity had the right to use the mark shown in its application. Petitioner claims that Respondent's declaration amounted to a conscious fraud on the Trademark Office. (*See* Cancellation Petition ("Compl."), ¶¶ 1-17, 24-37.) However, Petitioner's claim is entirely based on speculation and wishful thinking.

Petitioner does not allege any specific facts concerning what Respondent knew at the time that it filed this declaration. It simply alleges that Respondent "knew or should have known" that a similar mark was being used when Respondent filed its first trademark application in 1995. It does not identify how the trademark was being used, and does not allege who was making that use. It does not establish that Respondent had any knowledge of the alleged

trademark use, or that Respondent had any reason to believe that the alleged use pre-empted Respondent's claim of trademark rights. In fact, this alleged 1995 use is so obscure that Petitioner itself admitted having difficulty establishing that it occurred.

Allegations based on what Respondent "knew or should have known" are not sufficient to allege fraud. The Cancellation Petition does not allege any specific facts to support a claim of fraud. Accordingly, Count Two of the Complaint must be dismissed.

ARGUMENT

The Board has developed precise and stringent rules for pleading this type of fraud claim. In order to withstand a motion to dismiss, Petitioner must allege particular facts which, if proven would establish that: (1) there was in fact another use of the same or a confusingly similar mark at the time Respondent's declaration was signed; (2) the other user had legal rights superior to Respondent's; (3) Respondent knew that the other user had rights in the mark superior to those of Respondent, and either believed that a likelihood of confusion would result from Respondent's use of its mark or had no reasonable basis for believing otherwise; and (4) Respondent, in failing to disclose these facts to the Trademark Office, intended to procure a registration to which it was not entitled. *See Qualcomm Inc. v. FLO Corp.*, 93 USPQ2d 1768, 1770 (TTAB 2010); *Intellimedia Sports Inc. v. Intellimedia Corp.*, 43 USPQ2d 1203, 1205 (TTAB 1997).

There are very good reasons for this rule – if every applicant's declaration could be challenged based on mere guesswork and speculation about the applicant's knowledge and state of mind, it would open the floodgates for a fraud claim in every Section 2(d) opposition and cancellation based on a claim of prior rights.

In order to proceed with its fraud claim, Petitioner must plead specific facts, which if proven, would demonstrate that Respondent knowingly made a false representation with the

intent to deceive the Trademark Office. The Complaint does not satisfy this requirement, because it does not allege any specific facts as to what the Respondent knew or believed at the time that its application was filed. It merely alleges fraud based on the standard declaration in Respondent's application. This declaration is boilerplate language that is prescribed by the statute and the Trademark Manual of Examining Procedure. The allegations of ownership and exclusive use that appear in this declaration are based upon the declarant's subjective beliefs, rather than definitive statements of fact. Because this declaration is "phrased in terms of a subjective belief" the Board has recognized that "it is difficult, if not impossible to prove objective falsity and fraud so long as the affiant or declarant has an honestly held, good faith belief." *Maids to Order Inc. v. Maid-to-Order Inc.*, 78 USPQ2d 1899, 1908 (TTAB 2006); *Woodstock's Enterprises, Inc. v. Woodstock's Enterprises Inc.*, 43 USPQ2d 1440, 1444 (TTAB 1997). The fact that Respondent submitted this declaration would not prove that Respondent was aware of Petitioner's mark at the time the declaration was signed. Moreover, even if Respondent was aware of Petitioner's mark, this declaration would not prove that Respondent knew that Petitioner allegedly had superior rights in that mark. *Sugartown Worldwide Inc. v. LB Studio Inc.*, 2005 TTAB LEXIS 254, at *4 (TTAB June 14, 2005).

As the Federal Circuit explained, fraud must be proven "to the hilt with clear and convincing evidence" that leaves "no room for speculation, inference or surmise." *In re Bose*, 91 USPQ2d 1938, 1939 (Fed. Cir. 2009). Petitioner's fraud claim does not satisfy this heightened pleading standard, because Petitioner failed to plead the essential elements for a fraud claim, and because its allegations are entirely based on speculation and opinion, rather than specific facts:

- The Complaint alleges that Respondent "knew or should have known" about Petitioner and its mark. These allegations are insufficient, because they don't allege that Respondent had actual knowledge. Instead, the assertion that Respondent "should have known" indicates at most that Respondent was

negligent – but mere negligence or even gross negligence do not satisfy the requirements for pleading fraud.

- The Complaint alleges that Respondent “knew or should have known” that another unidentified party had rights in the mark which were superior to those of Respondent. However, the Complaint does not allege any specific facts which would demonstrate that Respondent was actually aware of the mark, or that Respondent actually knew that a third party had superior rights in that mark.
- Instead of alleging specific facts, Petitioner claims that a cable provider in New York City carried “RCN-branded television content” in 1995, Petitioner speculates that Respondent offered or planned to offer cable television services in New York City at that time, Petitioner offers the opinion that any cable provider doing business in that market “would have investigated” the programming offered by its competitors, and Petitioner further opines that a cable provider would have specifically investigated a particular Spanish-language channel and its programming. These allegations are insufficient for several reasons:
 - Petitioner alleges that Respondent was “entering or doing business” in New York City in 1995, but that statement itself is indefinite speculation – Petitioner does not offer any facts to support that claim.
 - Petitioner alleges that any cable provider doing business in New York City in 1995 “would have investigated” its competitors’ programming, but the Complaint does not allege any specific facts to support that assertion.
 - The Complaint does not allege that Respondent actually investigated the cable television programming which was broadcast in New York City in 1995.
 - The Complaint improperly suggests that Respondent could be held liable for fraud not based on what it knew or did, but based on what other cable providers “would have” known or “would have” done.
 - The Complaint improperly suggests that Respondent had a duty to conduct an investigation to determine if third parties were using a confusingly similar mark, but the Board has recognized that applicants have no such obligation. Respondent cannot be held liable for fraud for failing to comply with a duty that does not exist.
- The Complaint asserts that the alleged trademark use was conducted by “RCN,” which is defined in paragraph 3 as “Ppetitioner, in part through its predecessors in interest and its affiliates.” Petitioner fails to identify which entity was allegedly using the mark in 1995, and in fact fails to identify these “predecessors in interest” and “affiliates” at all. No reference is made to whether a chain of title

exists from these unidentified “predecessors” to Petitioner, or how these unidentified “affiliates” are or were affiliated with or authorized by Petitioner.

- All of the purported “facts” alleged in the Complaint are based on activities allegedly taking place at an undefined time in 1995. Petitioner fails to make any specific allegations about trademark use after 1995, or what Respondent knew when it filed its application for the mark RCN GLOBAL PASSORT in 2008.

Each of these issues is discussed in detail below.

This is the second time that Petitioner has attempted to plead a fraud claim. Respondent moved to dismiss Petitioner’s initial fraud claim on the grounds that it was a compulsory counterclaim which should have been asserted when Petitioner filed its answer in another proceeding. (*See* Cancellation No. 92052509, Docket Item 6.) Petitioner argued that it was unable to assert a fraud claim at that time, because it took several months to discover and document the alleged U.S. use of its own mark. In fact, in its Memorandum of Law in Opposition to Respondent’s Motion to Dismiss, Petitioner asserted that prior to such investigation, it “could not substantiate the nature and extent” of such U.S. use, and “in particular...did not possess the details of when the mark was first used in the United States, whether such use was continuous, the geographic areas in which it was used, which particular entity used the mark, the particular services that were sold in connection with the mark, and when each type of services was first sold in connection the mark.” (*See* Cancellation No. 92052509, Docket Item 10 at 5, 10.)

Now Petitioner is arguing the opposite. Although Petitioner did not know if its mark was actually in use in the U.S. in the mid 1990s until it engaged in months of “intensive investigation” (*see id* at 4), Petitioner now alleges that this 1990s trademark use was so significant and obvious that Respondent “knew or should have known” about such use, and that Respondent should have concluded that Petitioner had superior rights in that mark. The fact that

Petitioner needed several months to uncover the alleged use of its own mark shows that Petitioner lacks any legitimate basis for accusing Respondent of committing fraud on the Trademark Office.

Petitioner has failed to plead the elements necessary to make a claim of fraud, and has failed to allege specific facts to support that claim. Accordingly, the Complaint must be dismissed.

I. Petitioner Has Not Alleged That Respondent Knowingly Made Specific False Material Representations of Fact

In order to plead a claim for fraud on the Trademark Office, Petitioner must allege that Respondent “knowingly [made] specific false, material representations of fact” when it procured the registration that is at issue in this dispute. *Qualcomm Inc.*, 93 USPQ2d at 1770. Because intent is a mandatory element for pleading this type of fraud claim, “allegations that a party made material misrepresentations of fact that it ‘knew or should have known’ were false or misleading are insufficient.” *Id.*

The Petitioner’s fraud claim must be dismissed, because it is entirely based on what the Respondent “knew or should have known” at the time that it filed its declaration with the Trademark Office. (*See Compl.* ¶¶ 30, 32, 33, 34.) These allegations are insufficient because “the standard of proof necessary for a finding of fraud” in this type of case “is not one of liability for innocent or even negligent omissions, nondisclosures, or misstatements” before the Trademark Office. Instead, “the alleged fraudulent misconduct must be accompanied by some evidence of wilfulness or bad faith, which must be established by clear, unequivocal and convincing evidence.” *International House of Pancakes v. Elca Corp.*, 216 USPQ 521, 524 (TTAB 1982); *Woodstock's Enterprises*, 43 USPQ2d at 1444.

The Complaint does not satisfy this requirement, because it alleges at most that the Respondent was negligent – but mere negligence or even gross negligence is not sufficient to prove dishonesty or fraud. *See In re Bose*, 91 USPQ2d at 1940-41; *Asian and Western Classics B.V. v. Lynne Selkow*, 92 USPQ2d 1478, 1479-80 (TTAB 2009). As such, the Complaint should be dismissed, because it fails to allege the third or fourth elements needed to assert a fraud claim.

II. Petitioner Has Not Alleged Specific Facts To Support Its Fraud Claim

In addition to pleading the proper mental state for fraud, Petitioner must allege specific facts, which if proven, would establish the four essential elements for that claim. Simply reciting those elements in a conclusory manner is not sufficient. *King Automotive, Inc. v. Speedy Muffler King, Inc.*, 212 USPQ 801, 803 (CCPA 1981) (“Rule 9(b) requires that pleadings contain explicit rather than implied expression of the circumstances constituting fraud.”). Petitioner fails to plead the most basic facts with respect to the first two elements of its claim, and the third and fourth elements of its pleadings rely entirely on sheer speculation. Petitioner has failed to state a claim upon which relief may be granted.

To establish the first two elements, Petitioner must allege that another user of the same or a confusingly similar mark had legal rights superior to those of Respondent at the time the Respondent signed its declaration. However, there is no specific allegation of who that other user is, how it used the mark, or how that use created superior legal rights. The unsupported references to predecessors and affiliates do not fulfill Petitioner’s obligation to allege particular facts about the prior user and its superior legal rights. Petitioner cannot seriously contend that Respondent knew of such superior rights when Petitioner cannot identify who owned such rights.

As for the last two elements, Petitioner claims that Respondent “knew or should have known that RCN had rights in the RCN mark superior to Respondent’s rights, and had no

reasonable basis for believing that confusion between Petitioner's Mark and Respondent's Marks would not be likely." (Compl. ¶ 33.) This allegation is similar to a fraud claim which was considered – and rejected – in *Intellimedia Sports Inc. v. Intellimedia Corp.*, 43 USPQ2d 1203 (TTAB 1997). "In addition to being merely conclusory, this allegation is insufficient because it does not set forth any particular facts which, if proven, would establish that [R]espondent *believed*, or had no reasonable basis not to believe, that [P]etitioner had a superior or clearly established right to use the same or a substantially identical mark on or in connection with the same or substantially identical goods as those set forth in the application[s] for registration." *Id.* at 1207. As the Board explained in its order dismissing Petitioner's initial Cancellation Petition, the fact "[t]hat one entity may be aware of another does not amount to knowledge of superior rights." (Consolidated Proceeding 91182577, Docket Item 32, Order dated February 3, 2010 at 16.) In this case, the Complaint does not even allege awareness: It does not allege that Respondent was actually aware of Petitioner, of Petitioner's mark, or that Petitioner or any other party had any rights (much less superior rights) at the time that Respondent submitted its declaration. Accordingly, the Complaint should be dismissed on that basis.¹

Instead of alleging specific facts about what the Respondent actually knew, the Complaint offers sheer speculation about what a cable provider should have known at the time

¹ See *King Automotive*, 212 USPQ, 801, 802 (CCPA 1981) (fraud claim dismissed, in part, because Petitioner failed to "assert that at the time the applications were filed, respondent was aware of the use by a third party"); *Intellimedia*, 43 USPQ2d at 1207 ("if the other person's rights in the mark, vis-à-vis the applicant's rights, are not known by the applicant to be superior or clearly established, . . . then the applicant has a reasonable basis for believing that no one else has the right to use the mark in commerce, and the applicant's averment of that reasonable belief in its application declaration or oath is not fraudulent"); *Space Base Inc. v. Stadis Corp.*, 17 USPQ2d 1216, 1218-19 (TTAB 1990) ("it is settled there can be no fraud by reason of a party's failure to disclose the asserted rights of another person . . . unless that person is known to possess a superior or a clearly established right to use, and we see nothing in applicant's counterclaim that indicates that opposer was aware of applicant's superior [right], if any, or a 'clearly established,' right to use").

that the declarations were filed. Specifically, Petitioner alleges that Respondent was entering or doing business in New York City in 1995, that any cable television provider entering or doing business in the New York market “would have investigated” the Spanish language programming offered by its competitors, and that an existing New York cable television provider in 1995 carried a Spanish language channel that “provided numerous RCN-branded television content.” (See Compl. ¶¶ 29-32.) These allegations are not sufficient to plead a fraud claim, for several reasons.

Petitioner claims that Respondent was “entering or doing business” in New York City in 1995. (Compl. ¶¶ 30, 32.) However, the Amended Complaint does not allege any particular facts to support this allegation, and in fact, Respondent specifically denied this allegation in its Answer. (See Docket Item 6, Answer to Amended Petition for Cancellation, ¶¶ 30, 32.)

The Amended Complaint does not allege that Respondent actually investigated any of the television programming or any of the Spanish language channels which were allegedly broadcast in New York City in 1995. It merely alleges that any cable television provider entering or doing business in the New York market at that time “would have” conducted such an investigation. This allegation is based “upon information and belief,” but the Complaint does not provide any specific facts to support that allegation. (Compl. ¶¶ 29, 31.) As the Board explained in its order dismissing Petitioner’s initial Cancellation Petition, “[a]llegations based solely on information and belief raise only the mere possibility that such evidence may be uncovered and do not constitute pleading fraud with particularity.” (Consolidated Proceeding 91182577, Docket Item 32, Order dated February 3, 2010 at 15.)

Even if Petitioner managed to prove the meager facts that are alleged in its Complaint, Petitioner would be unable to establish the third or fourth elements of its fraud claim. In order to

establish these elements, Petitioner must demonstrate that Respondent “*knowingly* [made] inaccurate or *knowingly* misleading statements” when it procured the registration that is at issue in this dispute. *Metro Traffic Control v. Shadow Network, Inc.*, 41 USPQ2d 1369, 1373 (Fed. Cir. 1997). Petitioner’s allegations do not satisfy this requirement. The allegations suggest at most that Respondent was negligent, but as discussed above, mere negligence or even gross negligence is not enough to prove fraud. The allegations are also insufficient, because they suggest that Respondent should be held liable for fraud not based on what it knew, but based on what other cable providers in the New York market “would have” known. Indeed, the Complaint suggests that Respondent should be held liable for fraud, regardless of whether it actually conducted an investigation, regardless of whether it actually discovered Petitioner or whomever was using the mark in 1995, and regardless of whether Respondent actually knew that some other party claimed superior rights in that mark.

The Complaint is also insufficient, because it suggests that Respondent had a duty to investigate cable providers who were operating in the New York market in 1995. It is well established that applicants are not required to conduct an investigation before filing an application with the Trademark Office, and the Board has recognized that imposing such a duty on trademark applicants would be inconsistent with the statutory scheme of the Lanham Act. *See International House of Pancakes*, 216 USPQ at 525 (quoting *The Money Store v. Harriscorp Finance, Inc.*, 216 USPQ 11, 16 (7th Cir. 1982)). Moreover, even if an applicant actually conducts a trademark search, the applicant has no duty to investigate any of the marks that may be mentioned in that search, and thus, no duty to determine if any of those marks are actually in use. *See id.* at 525; *Maids to Order Inc.*, 78 USPQ2d at 1909.

The Complaint fails to state a claim upon which relief may be granted, because it suggests that Respondent had a duty to investigate the Spanish language programming which was broadcast in the New York market in 1995, when in fact, no such duty exists. The Complaint also suggests that Petitioner should be allowed to proceed with its fraud claim, regardless of whether Respondent actually conducted this type of investigation. That is improper, because it suggests that Respondent could be held liable for fraud not based on its own conduct, but instead, based on Petitioner's opinion about what other cable companies in the New York market "would have" done. It improperly suggests that Respondent could be held liable for committing fraud on the Trademark Office, even if Respondent did not conduct an investigation. It also suggests that Respondent could be held liable for committing fraud on the Trademark Office, even if Respondent conducted an investigation but failed to discover Petitioner's mark.

Finally, even if Petitioner offered specific facts – rather than sheer speculation – to support its allegation that Respondent "would have investigated" the cable providers operating in New York City in 1995, Petitioner's conclusory allegation that Respondent "knew or should have known" that Petitioner's predecessors' or affiliates' programming allegedly appeared on one of those cable channels or that such parties allegedly had rights in its RCN mark is insufficient, because it "is not supported a pleading of any facts which reflect [Respondent's] belief that the respective uses of [Petitioner's mark and Respondent's marks] would be likely to confuse." *King Automotive*, 212 USPQ at 803.

III. Petitioner Has Not Alleged Any Facts To Support A Fraud Claim Against The Registration At Issue In This Dispute

In order to withstand a motion to dismiss, Petitioner must allege particular facts which, if proven would establish the four essential elements for a fraud claim, but the Amended Complaint

does not allege any facts concerning the registration that is at issue in this dispute. As such, Count Two of the Amended Complaint should be dismissed.

Respondent's predecessor in interest filed the first application for Respondent's RCN mark in 1995, along with the required declaration. The application that is at issue in this proceeding is for the mark RCN GLOBAL PASSPORT, which was filed on October 31, 2008. (*See* Compl. ¶ 9.)

Petitioner claims that Respondent committed fraud on the Trademark Office when it filed its first application, on the premise that a New York City cable channel "provided numerous RCN-branded television content," and that any cable company entering or doing business in New York City in 1995 "knew or should have known" about such use. (*See* Compl. ¶¶ 29, 31.) Petitioner claims that this was "one of the ways in which [its] mark was in use in the U.S. 1995," but the Complaint does not offer specific facts concerning this alleged use of the mark or even identify the alleged trademark owner. (Compl. ¶ 12.) As discussed above, the allegations concerning Petitioner's alleged activities in 1995 in New York City do not satisfy the requirements for pleading fraud.

While the pleadings as to alleged use in 1995 are insufficient, the pleadings as to use before and after that year are essentially non-existent. The Complaint does not contain any specific facts concerning the alleged use of Petitioner's mark either before or after 1995, and it does not shed any light on Respondent's state of mind at the time that it filed its application for the mark RCN GLOBAL PASSPORT on October 31, 2008. Petitioner claims that "RCN" (a defined term referring to multiple unnamed parties) continuously used the mark RCN in the United States since at least as early as 1989. However, the Complaint does not contain any specific facts which would demonstrate that Petitioner's mark was actually in use in 2008. It

does not contain any specific facts which would demonstrate that Petitioner had superior rights in its mark in 2008. Nor does it contain any specific facts which would demonstrate that Respondent was aware of Petitioner or Petitioner's mark or that Respondent knew that Petitioner claimed superior rights in that mark at the time that Respondent filed its application for the mark RCN GLOBAL PASSPORT. As such, Petitioner has failed to satisfy the requirements for pleading a fraud claim against this registration. *See King Automotive*, 212 USPQ at 802 (dismissing fraud claim, in part, because the complaint did not allege that the use of the mark "was continuous and that these facts were known to [the applicant] at the time it filed its applications").

IV. Petitioner Has Failed To Identify The Misrepresentations That Form The Basis Of Its Claim

Petitioner claims that Respondent made false representations to the Trademark Office, but it has failed to identify those representations in its Amended Complaint. Fed. R. Civ. P. 9(b) requires that "in all averments of fraud . . . the circumstances constituting fraud . . . shall be stated with particularity." *Intellimedia Sports.*, 43 USPQ 2d at 1205. The Court of Custom and Patent Appeals has explained that "[s]etting forth the circumstances with particularity means that the pleader must state the time, place and content of the false representation, the fact misrepresented and what was obtained or given up as a consequence of the fraud." *W.R. Grace & Co. v. Arizona Feeds*, 195 USPQ 670, 672 (CCPA 1977).

Petitioner claims that Respondent "procured [its] registrations by false means and/or by knowingly and willfully making false and/or fraudulent declarations or representations to the PTO, **including, *inter alia***, falsely alleging in the Declaration that to the best of Respondent's knowledge and belief, no other person or entity has the right to use the RCN GLOBAL PASSPORT Mark in commerce" (Compl. ¶ 34 (emphasis added).) Petitioner failed to

identify these alleged misrepresentations with particularity, because the catch-all phrase “including, *inter alia*” indicates that Petitioner’s fraud claim is based on unspecified representations that have not been identified in the Complaint.

CONCLUSION

For the foregoing reasons, Respondent requests that Count Two of the Complaint be dismissed with prejudice.

Dated: March 15, 2010

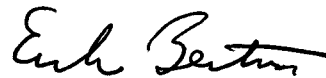


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CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing Respondent’s Motion to Dismiss has been duly served by sending such copy by first class mail, postage prepaid, to Gary H. Fechter, McCarter & English, LLP, 245 Park Avenue, New York, NY 10167, on March 15, 2010.



Erik Bertin