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

Proceeding	92052167
Party	Plaintiff RCN Televisi3n, S.A.
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Attachments	Petitioner's Memo of Law in Opposition to Respondent's Motion to Dismiss.pdf (13 pages)(625944 bytes)

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RCN TELEVISIÓN, S.A., : Cancellation No. 92052167
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Petitioner, :
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v. :
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RCN TELECOM SERVICES, INC., :
 :
Respondent. :
-----X

**PETITIONER’S MEMORANDUM OF LAW IN OPPOSITION TO RESPONDENT’S
MOTION TO DISMISS**

Petitioner RCN Televisión, S.A. (“RCN”) submits this brief in opposition to Respondent RCN Telecom Services, Inc.’s (“Telecom”) motion to dismiss Count Two of RCN’s Petition for Cancellation dated March 5, 2010 (the “Petition”).

PRELIMINARY STATEMENT

In its latest motion to dismiss, Telecom attempts to argue that RCN should know Telecom’s motivations for its business practices. Taking Telecom’s arguments to their logical conclusion, RCN could only adequately state a cause of action for fraud on the United States Patent and Trademark Office (“PTO”) if it were a mind reader. Although RCN recognizes that Fed. R. Civ. P. 9(b) requires that a party plead a cause of action for fraud with particularity, it highly doubts that the Board and the courts had such parlor tricks in mind when developing the Rule 9(b) jurisprudence. Indeed, the requirements of Rule 9(b) are relaxed where, such as in this proceeding, all of the facts required to adequately plead a cause of action for fraud are in Telecom’s control. RCN’s Petition clearly sets forth the requisite facts and allegations for a

claim for fraud on the PTO. Therefore, RCN's cause of action for fraud should not be dismissed.¹

STATEMENT OF FACTS

On October 31, 1995, approximately six years after RCN Televisión S.A. obtained rights in and to an RCN-formative mark, Telecom filed its first application, on an intent-to-use basis, to register an RCN-formative mark with the PTO. As a part of this application and each subsequent application Telecom filed to register RCN-formative marks, including RCN GLOBAL PASSPORT (the "RCN GLOBAL PASSPORT Mark"), the mark at issue in this proceeding, Telecom submitted a sworn declaration to the PTO in which Telecom stated that to the best of Telecom's knowledge and belief, no other person or entity has the right to use its RCN-formative mark in commerce, in an identical or confusingly similar form (collectively, the "Declaration"). *See* Petition at ¶¶7, 10.

At the time Telecom signed the Declaration in connection with its application to register the RCN GLOBAL PASSPORT Mark, RCN had been using an RCN-formative mark in the United States in connection with the provision of television and radio programming services and television and radio broadcasting services for a number of years. *See id.* at ¶¶3, 11. In fact, RCN has used an RCN-formative mark in the United States since at least as early as May of 1989. *See id.* at ¶4. Telecom, however, does not allege to have first used the RCN GLOBAL PASSPORT Mark until December 1, 2008. *See id.* at ¶9. Therefore, Telecom's Declaration to the PTO was a false representation. That false representation was fraudulent because it was made with the intent to deceive the PTO, in order to induce the PTO to grant Telecom a trademark registration for the RCN GLOBAL PASSPORT Mark. *See id.* at ¶35. The PTO relied on the false Declaration in determining whether to issue the RCN GLOBAL PASSPORT

¹ In the alternative, RCN requests that the Board grant it the opportunity to seek leave to amend the Petition for Cancellation.

Mark to registration, and in fact granted registration to Telecom for the RCN GLOBAL PASSPORT MARK. *See id.* at ¶9.

Since 1989, RCN’s use of its RCN-formative mark has been open, notorious, continuous and substantial. In fact, between 1995 (when Telecom filed its earliest application to register an RCN-formative mark) and 2008 (when Telecom filed an application to register the RCN GLOBAL PASSPORT Mark), RCN has expanded its use of RCN-formative marks in connection with radio programs and radio broadcasting services and television programming and television broadcasting services. *See id.* at ¶17.

RCN has extensively promoted, advertised and provided high-quality services in conjunction with its RCN-formative trademark. *See id.* at ¶¶4-5. One of the ways that RCN used its RCN-formative marks was in connection with RCN-branded television programming on Canal 66, a Spanish language channel also known as “RCN Canal 66.” *See id.* at ¶¶12-13. RCN Canal 66 was owned in part by RCN International Inc., a member of the RCN corporate family. *See id.* at ¶13. RCN Canal 66 was available to viewers in the New York City viewing area on Time Warner Cable Inc., New York City’s leading cable television provider and a competitor of Telecom. *See id.* at ¶¶15, 30.

ARGUMENT

RCN’S PETITION FOR CANCELLATION STATES A CLAIM FOR FRAUD ON THE PTO.

“[A] trademark is obtained fraudulently under the Lanham Act only if the applicant or registrant knowingly makes a false, material representation with the intent to deceive the PTO.” *In re Bose Corp.*, 580 F.3d 1240, 1245 (Fed. Cir. 2009); *Torres v. Cantine Torresella S.R.l.*, 808 F.2d 46, 48 (Fed. Cir. 1986). For purposes of determining a motion to dismiss for failure to state a claim upon which relief can be granted, all of the RCN’s allegations in the Petition must be

accepted as true, and the Petition must be construed in the light most favorable to RCN, the complaining party. *See Ritchie v. Simpson*, 170 F.3d 1092, 1097 (Fed. Cir. 1999). All that is required to survive a motion to dismiss is a plausible inference. *CTF Dev., Inc. v. Penta Hospitality, LLC*, 2009 U.S. Dist. LEXIS 99538, at *18 (N.D. Cal. Oct. 26, 2009). When considering all of RCN's allegations in the Petition as true and construing the Petition in the light most favorable to RCN, Count Two of the Petition adequately states a claim for fraud on the PTO. Count Two of the Petition also adequately states a claim for fraud on the PTO in light of how small the universe of television and radio programming and broadcasting service providers was to a potential market of approximately 1.5 million people in 1995 when Telecom first filed an application to register the first of many RCN-formative marks (of which the RCN GLOBAL PASSPORT Mark is a later filing). *See* Petition at ¶¶6, 9, 14. It is a reasonable inference that Telecom would have been aware of its competitor's business as well as the limited viewing options for a sizeable portion of its potential customers, both in 1995 and each year thereafter, as RCN's use of RCN-formative marks continued and expanded.

A. TELECOM'S STATEMENT TO THE PTO IN ITS APPLICATION TO REGISTER THE RCN GLOBAL PASSPORT MARK WAS FALSE.

To state a claim for fraud on the PTO, RCN must demonstrate that Telecom made a false representation to the PTO. *Bose*, 580 F.3d at 1245. "[T]he factual basis for a pleading requires either that the pleader know of facts that support the pleading or that evidence showing the factual basis is 'likely' to be obtained after a reasonable opportunity for discovery or investigation." *Asian & Western Classics B.V. v. Selkow*, 92 U.S.P.Q.2d 1478, 1479 (TTAB 2009).

RCN's Petition meets this standard. In the proceedings currently pending before the Board between RCN and Telecom, both parties allege rights in RCN-formative marks. These

marks are substantially similar and cover identical and closely-related goods and services. *See* Petition at ¶¶19-21, 26-27, 34. In its application to register the RCN GLOBAL PASSPORT Mark, Telecom submitted a sworn Declaration that stated to the best of Telecom’s knowledge and belief, no other person or entity has the right to use Telecom’s RCN-formative marks in commerce, in an identical or confusingly similar form. *See id.* at ¶34. This Declaration, however, was falsely made. *See id.* At the time Telecom signed the Declaration, RCN’s RCN-formative mark was already in use, for more than nineteen years, in the United States in connection with the provision of radio programs and radio broadcasting services, more than fourteen years in connection with the provision of television programs and more than thirteen years in connection with television broadcasting services. *See id.* at ¶¶4, 25. The Board has recognized that statements like the Declarations “made with such degree of solemnity clearly are - or should be - investigated thoroughly prior to signature and submission.” *Medinol Ltd. v. Neuro Vasx Inc.*, 67 U.S.P.Q.2d 1205, 1209 (TTAB 2003).

RCN expressly pleads these facts in the Petition. Indeed, paragraph 4 of the Petition plainly states that RCN has: (a) continuously used the mark RCN in connection with the provision of radio programs and radio broadcasting services in the U.S. since at least as early as May of 1989, (b) continuously used the mark RCN in connection with the provision of television programs in the U.S. since at least as early as June of 1994, and (c) continuously used the mark RCN in connection with television broadcasting services in the U.S. since at least as early as January of 1995. *See* Petition at ¶4.

The fact that Telecom has denied some of RCN’s allegations in its answer to the Petition, including that it was doing business in the New York viewing area, is irrelevant in the context of a motion to dismiss. RCN has no obligation to prove every claim before it has had the

opportunity to fully develop the record, especially since the facts that form the basis for its claims are in the sole possession of Telecom. RCN has a good faith basis on which to assert the allegation, which RCN still believes is accurate. Moreover, by filing an application to register an RCN-formative mark with the PTO, RCN sought presumptive and exclusive rights in said mark throughout the entire United States, including New York. Based on these facts, Telecom had a reasonable factual basis to aver that RCN was entering or in the New York cable market when it filed its first RCN-formative trademark application in October 1995.

Since 1989, RCN's use of its RCN-formative mark has been continuous, open and obvious. For example, RCN has used its RCN-formative mark in connection with television programming on RCN Canal 66, a Spanish language television channel that was owned in part by a member of the RCN corporate family and carried a large volume of RCN-branded programming. *Id.* at ¶¶ 12-13, 28. RCN Canal 66 was available to the New York City viewing area on Time Warner Cable Inc., a competitor of RCN and the leading provider of cable services in the New York City viewing area. *See id.* at ¶15. In 1995, even though the New York City Hispanic population was a sizeable force, it was underserved. Only a handful of Spanish language television channels existed in the New York viewing area. *See id.* at ¶14. In view of how small the universe of television and radio program and broadcast service providers there were coupled with the large Spanish-speaking population of approximately 1.5 million, it is a reasonable inference that Telecom would have been aware of its competitor's business as well as the limited viewing options for a sizeable portion of its potential customers. *See* Petition at ¶¶14-16, 27-32.

Moreover, between 1995 (when Telecom filed its earliest application to register an RCN-formative mark) and 2008 (when Telecom filed an application to register the RCN GLOBAL

PASSPORT Mark), RCN has expanded its use of RCN-formative marks in connection with radio programs and radio broadcasting services and television programming and television broadcasting services. *See id.* at ¶17.

It strains credulity to believe that prior to entering the telecommunications marketplace Telecom did not perform an extensive due diligence inquiry. Indeed, in exercising its responsibilities and fulfilling its fiduciary duties owed to its shareholders, including the exercise of due care as an ordinarily prudent corporation would, it is expected that Telecom would have performed a due diligence investigation to determine whether other parties were using the mark RCN in the relevant market. Through such an inquiry, Telecom would unavoidably been made aware of RCN and RCN's use of the mark. A failure to conduct such a threshold investigation demonstrates on its face a reckless disregard of the fiduciary duties Telecom owed to its shareholders and more importantly a reckless disregard for the solemnity of the declaration made under oath in a trademark application.

At the time that Telecom signed the Declaration, RCN possessed clearly established rights in the RCN mark superior to Telecom's rights. RCN used the RCN mark in connection with the provision of television and radio programming services and broadcasting services long before Telecom used the RCN GLOBAL PASSPORT Mark in connection with identical, substantially identical or any services. *Id.* at ¶24. Thus, pursuant to Fed. R. Civ. P. 9(b), RCN has sufficiently alleged that Telecom made false statements to the PTO.

B. TELECOM'S FALSE DECLARATION TO THE PTO WAS MATERIAL.

Telecom's misrepresentation to the PTO was material. "[I]n the trademark context, a material misrepresentation arises only if the registration should not have issued if the truth were known to the examiner." *CTF*, 2009 U.S. Dist. LEXIS 99538, at *9-10 (quoting *Alphaville Design, Inc. v. Knoll, Inc.*, 627 F. Supp. 2d 1121, 1132 (N.D. Cal. 2009)); *Standard Knitting*,

Ltd. v. Toyota Jidosha Kabushiki Kaisha, 77 U.S.P.Q.2d 1917, 1927 (TTAB 2006) (finding that the false statements regarding the use of the registrant's goods were "material to the issuance of the registrations. There is no question that the USPTO would not have granted registrations covering goods on which the mark is not being used.").

Misrepresentations of fact made in a trademark application are, by their nature, material. Had the truth, namely, that RCN possessed superior rights in a confusingly similar or substantially identical mark at the time the Declaration was signed, been known to the trademark examiner at the time the examiner reviewed the Declaration, Telecom's application to register the RCN GLOBAL PASSPORT Mark would have been refused registration by the PTO. *See CTF*, 2009 U.S. Dist. LEXIS, at *9-10. It is well-settled that trademark applications that "consist[] of or comprise[] . . . a mark or trade name previously used in the United States by another and not abandoned, as to be likely, when used on or in connection with the goods of the applicant, to cause confusion, or to cause mistake, or to deceive" shall be refused registration. 15 U.S.C. § 1052(d).

RCN has also pled that the misrepresentations contained in the Declaration were material to the PTO in granting registration to Telecom's RCN-formative marks. Paragraph 35 of the Petition states in part that "reasonably relying upon the truth of said false statements [in the declarations], the PTO did, in fact, grant said registrations to Respondent." Petition at ¶35.

C. RCN HAS PLED THE REQUISITE KNOWLEDGE AND INTENT TO STATE A CLAIM FOR FRAUDULENT TRADEMARK PROCUREMENT.

"[Q]uestions of intent are typically unsuited to resolution by . . . pretrial motions." *DaimlerChrysler Corp. v. Am. Motors Corp.*, 2010 TTAB LEXIS 14, at *14-15 (TTAB Jan. 14, 2010) (citing *Copelands' Enters. Inc. v. CNV Inc.*, 945 F.2d 1563 (Fed. Cir. 1991)). "[W]hether a given intent existed is generally a question of fact, appropriate for resolution by the trier of

fact.” *LCO Destiny, LLC v. Michaels Stores, Inc.*, 2008 U.S. Dist. LEXIS 46921, at *13 (N.D.N.Y. Jun. 17, 2008) (quoting *Press v. Chem. Inv. Servs. Corp.*, 166 F.3d 529, 538 (2d Cir. 1999)).

Rule 9(b) specifically states that “[m]alice, intent, knowledge, and other conditions of a person’s mind may be alleged generally.” Fed. R. Civ. P. 9(b); *DaimlerChrysler Corp.*, 2010 TTAB LEXIS at *7. Therefore, although Telecom recites that fraud must be “proven to the hilt,” courts have routinely found a deliberate intent to deceive the PTO based solely on circumstantial evidence. *See, e.g., Specialized Seating v. Greenwich Indus.*, 472 F. Supp. 2d 999, 1018 (N.D. Ill. 2007) (determining that fraud was reasonably inferred by evidence showing that the trademark owner’s president knew that all of the information requested by the PTO was not disclosed to the PTO, and he misrepresented the purpose for designing the folding chair); *Gaffrig Performance Indus. v. Livorsi Marine, Inc.*, 2003 U.S. Dist. LEXIS 23018, at*42-43 (N.D. Ill. Dec. 19, 2003) (concluding that fraudulent intent was reasonably inferred because the owner and president of the trademark holder knew that the applied-for mark was being used by the opposing party).

This is “because direct evidence of deceptive intent is rarely available.” *Bose*, 580 F.3d at 1245 (quoting *Star Scientific, Inc. v. R.J. Reynolds Tobacco Co.*, 537 F.3d 1357, 1366 (Fed. Cir. 2008)). Indeed, “circumstantial evidence is not less probative than direct evidence, and, in some cases is even more reliable.” *Toushin v. Comm’r*, 223 F.3d 642, 647 (7th Cir. 2000) (quotation omitted). “Common sense should be used to evaluate what reasonably may be inferred from circumstantial evidence.” *Id.* (quoting *United States v. Briscoe*, 896 F.2d 1476, 1506 (7th Cir. 1990)); *see also First Int’l Servs Corp. v. Chuckles Inc.*, 5 U.S.P.Q.2d 1628, 1636 (TTAB 1987) (recognizing “that it is difficult, if not impossible, to prove what occurs in a

person's mind, and that intent must often be inferred from the circumstances and related statements made by that person. Otherwise, all claims of fraud could easily be defeated by the simple statement, 'I had no intent to do so'.")

It is also well-settled that the stringent pleading requirements of Rule 9(b) are relaxed for facts that are within the opposing party's "exclusive knowledge." *Bechtold v. Sprint Nextel Corp.*, 2008 U.S. Dist. LEXIS 88207, at *12 (S.D. Ill. Oct. 30, 2008) (quoting *Jepson, Inc. v. Makita Corp.*, 34 F.3d 1321, 1328 (7th Cir. 1994)). The Rule 9(b) requirements should be relaxed in this case as Telecom's motivations for signing the Declarations are exclusively within Telecom's knowledge.

Intent "can be established by showing either (a) facts that show that [Telecom] had both motive and opportunity to commit fraud, or (b) by alleging facts that constitute 'strong circumstantial evidence of conscious misbehavior or recklessness'." *LCO Destiny*, 2008 U.S. Dist. LEXIS 46921, at *7-8 (quotation and citations omitted). Indeed, the Federal Circuit in *In re Bose Corp.* did not preclude the possibility that reckless disregard of the truth of a statement satisfies the intent to deceive requirement. *Bose*, 580 F.3d at 1246 n.2; *DaimlerChrysler Corp.*, 2010 TTAB LEXIS 14, at *10 n.5. In particular, a plaintiff can plead substantial identity between the parties' marks and goods or services, which, if proven, would establish that at the time the application was filed, defendant had no reasonable basis for its averred belief that no other person had a right to use the same or a confusingly similar mark on or in connection with the goods or services identified in the application. See *Intellimedia Sports, Inc. v. Intellimedia Corp.*, 43 U.S.P.Q.2d 1203, 1207 (TTAB 1997).

This is precisely what RCN has done. In the Petition, RCN has pled that the parties' respective RCN-formative marks and the goods and services associated with said marks are

substantially identical and confusingly similar. *See* Petition at ¶26. RCN has also pled that RCN has priority in an RCN-formative mark. *See id.* at ¶27. Moreover, RCN has pled that it used its RCN-formative mark in an open, notorious, continuous and substantial manner since May 1989. *See id.* at ¶4. For example, RCN-branded television programming was available through Time Warner Cable Inc., the leading provider of cable television in the New York City viewing area and a competitor of Telecom, through RCN Canal 66, an RCN-branded television channel that was partially owned by a member of the RCN corporate family. *See id.* at ¶30. Next, RCN has pled that the Hispanic population, including the New York City Hispanic market (numbering approximately 1.5 million people in 1995), was a target market of media companies because of its size, and that there were limited options to provide Spanish language television programming in the New York City viewing area in 1995 (when Telecom filed its earliest application to register an RCN-formative mark). *See id.* at ¶¶14-16.

Further, RCN has pled that between 1995 and 2008 (when Telecom filed its application to register the RCN GLOBAL PASSPORT Mark), RCN has expanded its use of RCN-formative marks in connection with radio programs and radio broadcasting services and television programming and television broadcasting services. *See id.* at ¶17. The Petition also states that the false statements made in the Declarations were made with the intent to induce the PTO to grant registrations for the Respondent's Marks. *See id.* at ¶35.

Taking all of these factors into account, RCN's allegations in the Petition would support a finding by the Board that Telecom intended to deceive the PTO into issuing a trademark registration for the RCN GLOBAL PASSPORT Mark based on false statements made in the Declaration. Had the PTO been aware of RCN's prior rights in RCN-formative marks,

Telecom's registration for the RCN GLOBAL PASSPORT Mark would not have issued.

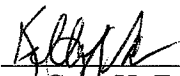
Accordingly, Telecom's motion to dismiss should be denied.

CONCLUSION

For the foregoing reasons, RCN Televisión S.A. requests that the Board deny RCN Telecom Inc.'s Motion to Dismiss in its entirety.

Dated: April 5, 2010

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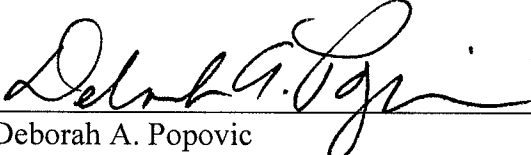
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CERTIFICATION OF SERVICE

The undersigned hereby certifies that the original of the foregoing PETITIONER'S MEMORANDUM OF LAW IN OPPOSITION TO RESPONDENT'S MOTION TO DISMISS has been served by first class mail, postage prepaid, to Respondent's attorneys of record at the following address:

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Dated: April 5, 2010


Deborah A. Popovic