

ESTTA Tracking number: **ESTTA639250**

Filing date: **11/17/2014**

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

Proceeding	92059780
Party	Defendant F.C. Franchising Systems, Inc.
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Date	11/17/2014
Attachments	Respondent's Reply Brief in Support of Its Motion to Dismiss Amended Petition for Cancellation.pdf(20120 bytes)

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

FRESHCOAT SERVICES, LLC)	
)	
Petitioner,)	Cancellation No. 92/059,780
)	
vs.)	Mark: FRESH COAT PAINTING
)	DONE RIGHT
F.C. FRANCHISING SYSTEMS, INC.)	
)	Registration No. 4,581,589
Respondent.)	
)	

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

**RESPONDENT’S REPLY BRIEF IN SUPPORT OF ITS
MOTION TO DISMISS AMENDED PETITION FOR CANCELLATION**

Pursuant to Fed. R. Civ. P. 12(b)(6) and Trademark Rule 2.127(d), Respondent FC Franchising Systems, Inc. (“Respondent” or “FC”) hereby submits Respondent’s Reply Brief in Support of Its Motion to Dismiss Amended Petition for Cancellation. For the reasons described below, Petitioner’s opposition to the motion fails to rebut Respondent’s arguments that Count II fails to state a fraud claim.

I. THE BOARD CAN FIND A DISPOSITIVE “ARGUABLE DIFFERENCE” ON A MOTION TO A DISMISS

Petitioner’s opposing brief sets forth the four-part test for establishing a fraud claim based on an oath submitted in support of an application. *See* Dkt. #9, Petitioner’s Brief at 1-2 (citing *Qualcomm Inc. v. FLO Corp.*, 93 U.S.P.Q.2d 1768 (T.T.A.B. 2010)). Respondent does not dispute that the *Qualcomm* test applies. However, Petitioner’s brief fails to adequately address Respondent’s dispositive “arguable difference” argument, which was based on *SCOA Indus. Inc. v. Kennedy & Cohen, Inc.*, 188 U.S.P.Q.2d 411 (T.T.A.B. 1975). In *SCOA*, the Board

granted a motion to dismiss a fraud counterclaim that was based on the theory that a registrant had committed fraud by signing an application oath despite having actual knowledge of the counterclaim petitioner's registration. As noted in Respondent's brief, the Board granted a motion to dismiss because the marks at issue in that case, KELLY & COHEN and KENNEDY & COHEN, were not "*the same or substantially identical mark.*" *Id.* at 414 (emphasis added). The Board clarified that no fraudulent intent can be inferred "where there is *an arguable difference* between the mark sought to be registered and the asserted mark of another person" *Id.* (emphasis added). As a result, the *SCOA* petitioner failed to plead a fraud claim. *Id.* (granting motion to dismiss).

Petitioner seeks to distinguish *SCOA* by arguing that it is "drastically differ[ent]" because the present case involves prior knowledge of Petitioner's mark based on its citation by a U.S.P.T.O. examiner. *See* Dkt. #9, Petitioner's Brief at 2. That is a distinction without a difference. As an initial matter, the U.S.P.T.O. Office Action cited in Petitioner's amended cancellation petition is not relevant to the present fraud claim. It involved a *different* mark that was the subject of a *different* application by Respondent. *See* Dkt. #7, Amended Petition at Paras. 10-13, 28 (citing Respondent's abandoned FRESH COAT application). Moreover, it was merely an Office Action issued by an examining attorney. There was no formal ruling by the Board or a court that Respondent's abandoned mark (FRESH COAT) or the mark at issue here (FRESH COAT PAINTING DONE RIGHT) was likely to cause confusion with Petitioner's asserted mark. As a result, it is not relevant to the present fraud claim. "[I]f the other person's rights in the mark, vis-a-vis the applicant's rights, are not known by applicant to be superior or clearly established, e.g., by court decree or prior agreement of the parties, 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.” *Intellimedia Sports, Inc. v. Intellimedia Corp.*, 43 U.S.P.Q.2d 1203, 1207 (T.T.A.B. 1997).

Neither the Board nor a court has ruled that Petitioner’s asserted rights in its DR. FRESHCOAT mark are superior to Respondent’s rights in its registered FRESH COAT PAINTING DONE RIGHT mark. Thus, Respondent’s knowledge of the Office Action issued against a different mark and Respondent’s purported attempt to “circumvent the U.S.P.T.O.’s denial of its previously filed and substantially similar application” (Petitioner’s Brief at 2) do not provide grounds for a fraudulent oath claim. “Whether the filing of the application may properly be characterized as an ‘end run’ by applicant is beside the point, of course.” *Electronic Realty Assoc., Inc. v. Extra Risk Assocs., Inc.*, 217 U.S.P.Q. 810, 814 (T.T.A.B. 1982).

The crux of the *SCOA* holding is that there can be no fraud where the parties’ marks are not “the same or substantially identical,” such as where there is “an arguable difference” between the marks. *SCOA*, 188 U.S.P.Q.2d at 414; *see also First Int’l Services Corp. v. Chuckles Inc.*, 5 U.S.P.Q.2d 1628, 1635 (T.T.A.B. 1988) (finding no fraud due to “arguable difference” between marks); *Electronic Realty*, 217 U.S.P.Q. at 814 (same). Here, the Petitioner’s mark is DR. FRESHCOAT and the Respondent’s mark is FRESH COAT PAINTING DONE RIGHT. They are not “the same or substantially identical” and there is “an arguable difference” between them. The Board can make this determination on a motion to dismiss, just as it did in *SCOA*. *Id.* Similarity of the marks, or lack thereof, is a question of law in the Board. *In re Majestic Distilling Co.*, 65 U.S.P.Q.2d 1201, 1204 (Fed. Cir. 2003). Due to the significant differences between the marks, Petitioner’s claim that Respondent was precluded from signing the FRESH COAT PAINTING DONE RIGHT oath is meritless and should be dismissed.

II. THE PETITION LACKS SPECIFICITY

Petitioner acknowledges that Rule 9(b) applies to fraud claims before the Board. “In alleging fraud or mistake, a party must state with particularity the circumstances constituting fraud or mistake.” Fed. R. Civ. P. 9(b). This rule requires the pleader to allege the “who, what, when, where and how” of the alleged fraud. *Exergen Corp. v. Wal-Mart Stores, Inc.*, 91 U.S.P.Q.2d 1656, 1670 (Fed. Cir. 2009) (cited in T.B.M.P. § 309.03(c) n.33).

Petitioner argues that it has satisfied the *Exergen* standard by identifying “registrant” as the “who.” See Dkt. #9, Petitioner’s Brief at 4. In support, Petitioner relies solely on the Board’s holding in *DaimlerChrysler Corp. v. American Motors Corp.*, 94 U.S.P.Q.2d 1086 (T.T.A.B. 2010). However, the Board did not address the *Exergen* requirement of “who, what, when, where and how” in the *DaimlerChrysler* decision. *DaimlerChrysler* does not support the proposition that the Board has “previously determined that the identification of ‘Registrant’ within a petition satisfies the particularity requirement.” See Dkt. #9, Petitioner’s Brief at 4. Instead, the *DaimlerChrysler* panel denied the petitioner’s motion for summary judgment on its fraud claim based on factual issues relating to respondent’s intent. *Id.* at 1090. Moreover, the *DaimlerChrysler* respondent apparently admitted various factual allegations in the petition to cancel and did not challenge the “who” element. *Id.* at 1087 (reciting admissions). That case is therefore inapplicable here. A petitioner alleging “fraud” is held to a strict pleading standard. “There is no room for speculation, inference or surmise....” *In re Bose Corp.*, 91 U.S.P.Q.2d 1938, 1939 (Fed. Cir. 2009). The Amended Petition fails to satisfy Rule 9(b).

III. CONCLUSION

Petitioner requests, in the alternative, yet another opportunity to amend its fraud claim. See Dkt. #9, Petitioner’s Brief at 5. However, this is Petitioner’s second bite at the fraud apple.

Further amendments will be futile because Petitioner's fraud claim fails as a matter of law. The marks at issue are not "the same or substantially identical" and there is "an arguable difference" between them. Count II should be dismissed with prejudice.

Date: November 17, 2014

Respectfully submitted,

/s/ Thomas M. Williams
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CERTIFICATE OF SERVICE

On November 17, 2014, I served the foregoing **RESPONDENT'S REPLY BRIEF IN SUPPORT OF ITS MOTION TO DISMISS AMENDED PETITION FOR CANCELLATION** on the parties in said action by depositing a true copy thereof with the United States Postal Service as first class mail, postage prepaid, at Chicago, Illinois, enclosed in a sealed envelope addressed to counsel of record for Petitioner as follows:

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By: /s/ Thomas M. Williams
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