

UNITED STATES PATENT AND TRADEMARK OFFICE
Trademark Trial and Appeal Board
P.O. Box 1451
Alexandria, VA 22313-1451
General Contact Number: 571-272-8500

wbc

Mailed: February 14, 2015

Cancellation No. 92059780

Freshcoat Services, LLC

v.

F.C. Franchising Systems, Inc.

By the Trademark Trial and Appeal Board:

On September 16, 2014, Respondent, in lieu of an answer, filed a motion to dismiss the petition cancel under Fed. R. Civ. P. 12(b)(6). In response thereto, Petitioner filed an amended pleading on September 29, 2014.

A plaintiff may amend its complaint within 21 days after service of a motion under Fed. R. Civ. P. 12(b)(6). Inasmuch as Petitioner filed its September 29, 2014 amended pleading prior to the expiration of 21 days, the Board accepts the amended pleading.

Thereafter, Respondent filed a second motion to dismiss the petition to cancel under Fed. R. Civ. P. 12(b)(6) for failure to state a claim of fraud upon which relief can be granted, filed October 20, 2014. The motion has been fully briefed.¹ Accordingly, the Board now turns to the second motion to dismiss with

¹ On December 1, 2014, Petitioner filed a response to Respondent's reply brief. A nonmovant is allowed to file one brief in response to a motion. *See* Trademark Rule 2.127(a). Petitioner's December 1, 2014 response is an impermissible sur-reply. In view thereof, the sur-reply will receive no consideration.

respect to the amended petition to cancel. The Board presumes the parties' familiarity with the factual bases for, and arguments made in relation to, the motion and does not recount them here except as necessary to explain the Board's decision.

A motion to dismiss under Fed. R. Civ. P. 12(b)(6) is a test of the sufficiency of a complaint. *See* TBMP § 503.01. To survive such a motion, a plaintiff need only allege sufficient factual matter as would, if proved, establish that (1) the plaintiff has standing to maintain the proceeding, and (2) a valid ground exists for opposing or cancelling the mark. *Lipton Industries, Inc. v. Ralston Purina Co.*, 670 F.2d 1024, 213 USPQ 185, 187 (CCPA 1982). Specifically, "a complaint must contain sufficient factual matter, accepted as true, to state a claim to relief that is plausible on its face." *Ashcroft v. Iqbal*, 556 U.S. 662, 129 S.Ct. 1937, 1949-50 (2009)(quoting *Bell Atlantic Corp. v. Twombly*, 550 U.S. 544, 570 (2007)). In the context of *inter partes* proceedings before the Board, a claim has facial plausibility when the petitioner pleads factual content that allows the Board to draw a reasonable inference that the petitioner has standing and that a valid ground for the cancellation exists. *Cf. Twombly*, 550 U.S. at 556, 127 S.Ct. at 1955.

Respondent, in its motion, prematurely includes arguments on the merits of the pleaded fraud claim in addition to arguing that the claim is insufficiently pleaded. At the motion to dismiss stage, the Board does not consider the merits of the plaintiff's standing or its claims, but only considers whether the pleading

is sufficient to state a claim to relief that is plausible on its face. *Bell Atl. Corp. v Twombly*, 550 U.S. 544, 570 (2007); *Libertyville Saddle Shop Inc. v. E. Jeffries & Sons, Ltd.*, 22 USPQ2d 1594, 1597 (TTAB 1992) (“A motion to dismiss does not involve a determination of the merits of the case”). In view thereof, and inasmuch as the parties devote much of their arguments to the sufficiency of the pleadings, the Board has not considered the multitude of arguments on the merits made by both parties in considering the motion to dismiss.²

In the amended petition to cancel, Petitioner alleges two grounds for cancellation – likelihood of confusion and fraud. Respondent filed its motion to dismiss in relation to Petitioner’s fraud claim. The Board first addresses the pleading of standing.

Standing

Respondent has not argued that Petitioner has not pleaded standing. Nonetheless, the Board has reviewed the pleading of standing and finds that inasmuch as Petitioner has alleged a similarity in the parties’ marks and goods, and that Petitioner will be damaged by continued registration of Respondent’s mark, the Board finds that Petitioner has set forth the requisite personal interest in the outcome of this proceeding and reasonable belief of damage from the registration of Respondent’s mark necessary to plead its standing to maintain the cancellation. *See, Order of Sons of Italy in America v. Profumi*

² It is well established that whether a plaintiff can actually prove its allegations is not a matter to be determined upon a motion to dismiss, but rather at final hearing or upon summary judgment, after the parties have had an opportunity to submit evidence. *See Libertyville Saddle Shop Inc. v. E. Jeffries & Sons, Ltd.*, 22 USPQ2d 1594, 1597 (TTAB 1992) (motion to dismiss does not involve determination of case merits).

Fratelli Nostra AG, 36 USPQ2d 1221, 1223 (TTAB 1995); *see also, e.g., Petroleos Mexicanos v. Intermix S.A.*, 97 USPQ2d 1403, 1406 (TTAB 2010); *Ritchie v. Simpson*, 170 F.3d 1092, 50 USPQ2d 1023 (Fed. Cir. 1999); *Universal Oil Prod. Co. v. Rexall Drug & Chem. Co.*, 463 F.2d 1122, 1123, 174 USPQ 458, 459 (CCPA 1972).

Fraud

To plead a claim of fraud, Petitioner must identify a specific false statement of material fact that Respondent or its predecessor-in-interest made in obtaining or maintaining the involved registration and that such false statement was made with the intent to deceive the USPTO into issuing or maintaining that registration. *See In re Bose Corp.*, 580 F.3d 1240, 91 USPQ2d 1938 (Fed. Cir. 2009). There is no fraud if a false misrepresentation is occasioned by an honest misunderstanding or inadvertence without a willful intent to deceive. *Smith Int'l, Inc. v. Olin Corp.*, 209 USPQ 1033, 1044 (TTAB 1981). Under *In re Bose Corp.*, “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.” *Id.* at 1941. Pursuant to Fed. R. Civ. P. 9(b), any allegations based on “information and belief” must be accompanied by a statement of facts upon which the belief is based. *Asian and Western Classics B.V. v. Selkow*, 92 USPQ2d 1478-1479 (TTAB 2009), *citing Exergen Corp. v. Wal-Mart Stores Inc.*, 91 USPQ2d 1656, 1670 n.7 (Fed. Cir. 2009). While allegations of fraud must be set forth with

particularity, malice, intent, knowledge, and other conditions of a person's mind may be averred generally. *See* Fed. R. Civ. P. 9(b); Trademark Rule 2.116(a).

Petitioner alleges, in the amended petition to cancel, that Respondent knowingly misled and deceived the USPTO in order to obtain a trademark registration (§§29-30, 36 and 38); that Respondent signed a declaration in its application and later in its Statement of Use that it did not know of any other person, firm, corporation or association that has the right to use the mark in commerce, either in identical form or near resemblance thereto (§§31-35); and that at the time of signing the declarations, Respondent knew of Petitioner's registered mark (§§32, 35 and 37) because Respondent was previously denied registration of an application with Petitioner's registration having been cited by the Examiner (§11 and 29).

After careful review of the parties' arguments and submissions, the Board finds that Petitioner has adequately pleaded its fraud claim. In particular, Petitioner alleges when and how the fraud allegedly occurred and the content of the false representation by referencing the application and Statement of Use declarations, and identifies what was obtained by reason of the asserted fraud, namely, Respondent's registration. *See Caymus Vineyards v. Caymus Medical Inc.*, 107 USPQ2d 1519, 1523 (TTAB 2013); *Media Online Inc. v. El Clasificado Inc.*, 88 USPQ 1285, 1287 (TTAB 2008); *Intellimedia Sports Inc. v. Intellimedia Corp.*, 43 USPQ 1203, 1206 (TTAB 1997).

In view of the foregoing, by alleging Respondent failed to disclose allegedly material information, namely, the existence of Petitioner's mark when it signed the declarations in the application and subsequent Statement of Use, and that Respondent did so with the intent to deceive the USPTO to obtain its registration, Petitioner has adequately pleaded a claim of fraud.³ In view thereof, Respondent's motion to dismiss for failure to state a claim of fraud is **denied**.⁴

Whenever the sufficiency of any complaint has been challenged by a motion to dismiss, it is the duty of the Board to examine the complaint in its entirety. *See* TBMP § 503.02. Accordingly, although not raised in Respondent's motion, the Board has *sua sponte* reviewed Petitioner's claim of likelihood of confusion.

³ Respondent also argues that Petitioner failed to plead fraud, relying on *Exergen Corp. v. Wal-Mart Stores Inc.*, 91 USPQ2d 1656 (TTAB 2009), because Petitioner failed to identify the specific individual who signed the allegedly fraudulent declarations. However, *Exergen* involved fraud regarding the declaration filed in association with a patent application. Patent applications impose a duty of candor and good faith on *individuals only, not organizations*. *Id.* at 1669, citing 37 C.F.R. §1.56(a) ("Each *individual* associated with the filing and prosecution of a patent application has a duty of candor and good faith in dealing with the [PTO]" (emphasis added)); *id.* at §1.56(c) (identifying classes of individuals); Manual of Patent Examining Procedures ("MPEP") §2001.01 (8th ed., rev.2, May 2004) (explaining that "the duty applies only to *individuals, not to organizations*" (emphasis added)). Respondent has not cited, and the Board is unaware of, a duty which is applicable only to individuals in trademark cases instead of an organization. *See DaimlerChrysler Corp. v. American Motors Corp.*, 94 USPQ2d 1086, 1088 (TTAB 2010) (pleading of fraud sufficient when fraudulent representations alleged to have been made by "Respondent.").

⁴ Nonetheless, Petitioner is reminded that a party seeking cancellation of a trademark registration for fraudulent procurement bears a heavy burden of proof. *In re Bose Corp.*, 91 USPQ2d at 1939, citing *W.D. Byron & Sons, Inc. v. Stein Bros. Mfg. Co.*, 377 F.2d 1001, 153 USPQ 749, 750 (CCPA 1967). "Indeed, 'the very nature of the charge of fraud requires that it be proven 'to the hilt' with clear and convincing evidence. There is no room for speculation, inference or surmise and, obviously, any doubt must be resolved against the charging party.'" *In re Bose*, 91 USPQ2d at 1939, citing, *Smith Int'l, Inc. v. Olin Corp.*, 209 USPQ 1033, 1044 (TTAB 1981).

Likelihood of Confusion

A mark may be refused registration under Section 2(d) of the Lanham Act where it:

[c]onsists of or comprises a mark which so resembles a mark registered in the Patent and Trademark Office, or 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.

See 15 U.S.C. § 1052(d). To allege a valid ground of opposition under Section 2(d), a plaintiff need only allege it has priority of use and that the defendant's mark so resembles plaintiff's mark as to be likely to cause confusion. *See* Lanham Act § 2(d), 15 U.S.C. § 1052(d); *Otto Roth & Co. v. Universal Foods Corp.*, 640 F.2d 1317, 209 USPQ 40 (CCPA 1981).

Petitioner has alleged, in the amended petition to cancel, that "priority of use favors Petitioner" (¶1); that Respondent's registered mark as used on or in connection with the services identified in its registration is likely to "cause confusion or mistake or to deceive" (¶22); that the marks and the services are identical or nearly identical (¶¶16-19); and that it will be damaged by Respondent's use and continued registration of Respondent's mark (¶26). *See King Candy Co. v. Eunice King's Kitchen, Inc.*, 496 F.2d 1400, 182 USPQ 108 (CCPA 1974). As such, Petitioner's claim of likelihood of confusion is sufficiently pleaded.

Proceedings are resumed and dates are reset as follows:

Time to Answer

3/10/2015

Deadline for Discovery Conference	4/9/2015
Discovery Opens	4/9/2015
Initial Disclosures Due	5/9/2015
Expert Disclosures Due	9/6/2015
Discovery Closes	10/6/2015
Plaintiff's Pretrial Disclosures	11/20/2015
Plaintiff's 30-day Trial Period Ends	1/4/2016
Defendant's Pretrial Disclosures	1/19/2016
Defendant's 30-day Trial Period Ends	3/4/2016
Plaintiff's Rebuttal Disclosures	3/19/2016
Plaintiff's 15-day Rebuttal Period Ends	4/18/2016

In each instance, a copy of the transcript of testimony together with copies of documentary exhibits, must be served on the adverse party within thirty days after completion of the taking of testimony. Trademark Rule 2.125.

Briefs shall be filed in accordance with Trademark Rule 2.128(a) and (b). An oral hearing will be set only upon request filed as provided by Trademark Rule 2.129.