

THIS ORDER IS NOT A
PRECEDENT OF THE
TTAB

UNITED STATES PATENT AND TRADEMARK OFFICE
Trademark Trial and Appeal Board
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Elgin

February 18, 2021

Cancellation No. 92074501

*Foreign Language Department Co., D/B/A
Language Learning Network*

v.

LLN, Inc.

**Before Thurmon, Deputy Chief Administrative Trademark Judge, and
Wolfson and Heasley, Administrative Trademark Judges.**

By the Board:

This case now comes up for consideration of Respondent's motion (filed October 15, 2020) for relief from final judgment.¹ Fed. R. Civ. P. 55(c), 60(b). The motion is fully briefed.²

The Board has considered the parties' submissions and presumes the parties' familiarity with the arguments made therein. The parties' arguments are not summarized herein except as necessary to explain the Board's decision. *Guess? IP Holder LP v. Knowlux LLC*, 116 USPQ2d 2018, 2019 (TTAB 2015).

¹ 9 TTABVUE. Record citations are to TTABVUE, the Board's publicly available docket history system. See *Turbin v. Trilobite, Ltd.*, 109 USPQ2d 1473, 1476 n.6 (TTAB 2014).

² The Board notes the appearance and receipt of bar information for counsel for Respondent (shielded from public view on TTABVUE) and has updated its records accordingly.

I. Background

On June 16, 2020, Petitioner filed a petition to cancel in part Respondent's Registration No. 5852126 for the mark LLN in standard characters.³ The Board instituted this proceeding and allowed Respondent until July 27, 2020 to file and serve an answer or otherwise respond to the petition to cancel.⁴ On August 6, 2020, having received no answer, the Board issued a notice of default and allowed Respondent 30 days in which to show cause why judgment by default should not be entered against Respondent for its failure to file an answer.⁵ No response was received from Respondent. Accordingly, on September 25, 2020, the Board entered default judgment against Respondent and granted the petition to cancel.⁶ Respondent's motion for relief followed approximately two weeks later; Petitioner opposes the motion.⁷

Respondent argues it did not receive notice of this proceeding. Supported by the declaration of its Chief Executive Officer, Christian Crosby, Respondent contends it was not able to retrieve U.S. mail from its office until September 2020 due to the

³ 1 TTABVUE. Registration No. 5852126, registered September 3, 2019. The petition to cancel was filed only against "Tshirts" in International Class 25 and all services identified in International Classes 35 and 41.

⁴ 2 TTABVUE.

⁵ 4 TTABVUE.

⁶ 5 TTABVUE. Accordingly, the registration was cancelled in part as to "Tshirts" in International Class 25 and all services identified in International Classes 35 and 41. A typographical error in the Board's order was corrected on October 1, 2020. *See* 8 TTABVUE. The remainder of the goods in International Class 25—"Clothing, namely, hats, sweatshirts, tank tops"—remains unchanged.

⁷ 9 TTABVUE.

closure of its office building during the ongoing COVID-19 pandemic. When Mr. Crosby did retrieve the mail in September 2020, he avers, “I went through the mail. I do not remember seeing any correspondence from the Trademark Trial and Appeal Board.”⁸ He further asserts that he did not receive any emails from the USPTO regarding the proceeding.⁹ Respondent’s counsel submitted a declaration claiming he experienced personal and professional issues—including the death of his father (the general partner of his firm), his firm’s merger with another law firm, and a paralegal’s decision not to accompany him to the new firm—that excuse his failure to monitor the challenged registration.¹⁰ Respondent maintains Petitioner will not be prejudiced if the Board sets aside the default judgment, and submits a proposed answer to the petition purporting to show a meritorious defense.

In response, Petitioner argues Respondent applied the wrong legal standard, under Fed. R. Civ. P. 55(c), in its motion, when it should have applied the standard under Fed. R. Civ. P. 60(b).¹¹ Petitioner further contends, because USPTO rules now require owners to have an email address on file, correspondence from the Board would have been sent to Respondent via email and not U.S. Mail, and the email address for Respondent’s counsel has not changed.¹² Petitioner asserts Respondent fails to demonstrate how COVID-19 specifically affected Respondent, whose owner has

⁸ Declaration of Christian Crosby ¶ 8, 9 TTABVUE 8-9.

⁹ *Id.*

¹⁰ Declaration of Jonathan Berger ¶¶ 1-6, *id.* at 14-16.

¹¹ 10 TTABVUE 3-5.

¹² *Id.* at 6.

continued to carry on his business.¹³ Petitioner also claims that Respondent's proposed answer fails to set forth a meritorious defense.¹⁴ Finally, Petitioner claims it will be prejudiced if the Board grants Respondent's motion because Petitioner filed a new trademark application for its mark after the notice of default and as a result has no additional funds to allocate to this proceeding.¹⁵

In reply, Respondent argues (supported by a second declaration from its counsel), that there was no email address of record on file for Respondent in connection with its registration, and therefore the Board would have mailed the institution order to Respondent's physical address and not sent it via email to Respondent or its attorney of record.¹⁶ Respondent further contends it was excusable for Respondent to have failed to make an email address of record after the USPTO rules changed in February 2020:

Finally the Examination Guide went into effect on or about February 15, 2020, which was shortly before the COVID-19 pandemic. Thus, if the Board chooses to adopt Petitioner's interpretation of the email requirement, it is not inexcusable neglect for registrants' email addresses not to be added to registrations for a few months due to the pandemic.¹⁷

Respondent explains that its argument regarding its attorney's personal and professional situation was provided only to explain why its counsel did not learn about the proceeding until after the notice of default. Respondent claims its answer

¹³ *Id.* at 10-11.

¹⁴ *Id.* at 12-13.

¹⁵ *Id.* at 14-15.

¹⁶ 11 TTABVUE 4-5, Berger Reply Declaration ¶¶ 3, 11-12.

¹⁷ *Id.* at 6-7.

to the petition to cancel provides a “meritorious defense,” and Petitioner’s application expenditure is insufficient to show prejudice if Respondent’s motion is granted.¹⁸

II. Analysis

A default judgment entered against a defendant pursuant to Fed. R. Civ. P. 55(b) may be set aside for the reasons set forth in Fed. R. Civ. P. 60(b).¹⁹ The determination of whether a motion under Fed. R. Civ. P. 60(b) should be granted lies within the sound discretion of the Board. *Djeredjian v. Kashi Co.*, 21 USPQ2d 1613, 1615 (TTAB 1991) (citing *Case v. BASF Wyandotte*, 737 F.2d 1034, 222 USPQ 737 (Fed. Cir. 1984)).

Because default judgments for failure to timely answer the complaint are not favored by the law, motions for relief from such a judgment under Fed. R. Civ. P. 60(b) generally are treated with more liberality by the Board than are motions for relief from other types of judgments. *See Info. Sys. & Networks Corp. v. U.S.*, 994 F.2d 792, 795 (Fed. Cir. 1993) (“Rule 60(b) is applied most liberally to judgments in default”) (quoting *Seven Elves, Inc. v. Eskenazi*, 635 F.2d 396, 403 (5th Cir. 1981)). The factors to be considered in determining a motion to vacate a default judgment for failure to file an answer include: (1) whether the plaintiff will be prejudiced by the Board’s decision to vacate the judgment; (2) whether the default was willful; and (3) whether

¹⁸ *Id.* at 8-9.

¹⁹ Fed. R. Civ. P. 60(b) provides for relief from judgment in specified instances, and Fed. R. Civ. P. 60(b)(1) requires that any motion for such relief be made within one year if the motion is based on, inter alia, “mistake, inadvertence, surprise, or excusable neglect.” Here, Respondent appears to base its motion on Rule 60(b)(1) and the motion was filed less than a month after entry of judgment. The motion, therefore, was timely filed.

the defendant has a meritorious defense to the action. *See Djeredjian*, 21 USPQ2d at 1615 (citing *United Coin Meter Co. v. Seaboard Coastline R.R.*, 705 F.2d 839 (6th Cir. 1983); *Davis v. Musler*, 713 F.2d 907 (2nd Cir. 1983)).

With respect to the first factor, there is no evidence of record that Petitioner would lose access to witnesses or evidence should relief be granted. Although Petitioner may have filed a trademark application on the assumption the Board would grant a default judgment, mere delay or loss of tactical advantage—without more—has not been found to constitute prejudice. *See, e.g., Pratt v. Philbrook*, 109 F.3d 18, 22 (1st Cir. 1997) (cited in *Pumpkin Ltd. v. Seed Corps*, 43 USPQ2d 1582, 1587 (TTAB 1997) (prejudice typically results if witnesses or evidence become unavailable as a result of the delay)). Under these circumstances, we find that Petitioner would not be substantially prejudiced due to the short delay, should Respondent's motion be granted. *See Regatta Sport Ltd. v. Telux-Pioneer Inc.*, 20 USPQ2d 1154, 1156 (TTAB 1991) (granting relief from judgment; delay alone is not a sufficient basis for establishing prejudice).

Turning to the second factor, the record does not show that Respondent's failure to act was willful. Because Respondent had not yet updated its registration record to include its owner's email address,²⁰ the Board's institution order was mailed to Respondent's physical mailing address. The building, according to Respondent, closed on March 11, 2020 due to the COVID-19 pandemic. Respondent recognizes in

²⁰ *See* Trademark Rule 2.23(b), 37 C.F.R. § 2.23(b) ("Applicants, registrants, and parties to a proceeding must provide and maintain a valid email address for correspondence") (effective February 15, 2020).

hindsight it could have arranged for re-delivery of its U.S. Mail; there is no evidence, however, of willful conduct or bad faith on the part of Respondent. Carelessness alone is not evidence of willful intent. *See, e.g., Info. Sys. & Networks Corp.*, 994 F.2d at 796 (failure to file answer to counterclaim due to mistaken assumption insufficient to show willful disregard for rules).

Finally, Respondent's non-frivolous answer establishes a meritorious defense. The showing of a meritorious defense does not require an evaluation of the merits of the case. All that is required is a plausible response to the allegations in the complaint. *See DeLorme Publ'g Co. v. Eartha's Inc.*, 60 USPQ2d 1222, 1224 (TTAB 2000); *Fred Hayman Beverly Hills Inc. v. Jacques Bernier Inc.*, 21 USPQ2d 1556, 1557 (TTAB 1991).

Accordingly, Respondent's motion for relief from final judgment is **granted**. Respondent's registration will be reinstated in full, and Respondent's proposed answer is accepted as its operative pleading in this proceeding.²¹

III. Sua Sponte Review of Pleadings

For purposes of judicial economy, the Board has reviewed the pleadings sua sponte and makes the following findings.

The Board may order stricken from a pleading any insufficient or impermissible claim or defense, or any redundant, immaterial, impertinent or scandalous matter. Fed. R. Civ. P. 12(f); *Finanz St. Honore, B.V. v. Johnson & Johnson*, 85 USPQ2d 1478, 1480 (TTAB 2007) (motion to strike counterclaim granted); *Ohio State Univ. v. Ohio*

²¹ 9 TTABVUE 52-57.

Univ., 51 USPQ2d 1289, 1292-93 (TTAB 1999) (motion to strike certain allegations in counterclaim). *See also* Trademark Rule 2.116(a), 37 C.F.R. § 2.116(a); TRADEMARK TRIAL AND APPEAL BOARD MANUAL OF PROCEDURE (TBMP) § 506 (2020). Inasmuch as the primary purpose of pleadings under the Federal Rules is to give fair notice of the claims or defenses asserted, the Board may decline to strike even objectionable pleadings where their inclusion will not prejudice the adverse party, but rather will provide fuller notice of the basis for a claim or defense. *See, e.g., Order Sons of Italy in Am. v. Profumi Fratelli Nostra AG*, 36 USPQ2d 1221, 1223 (TTAB 1995) (amplification of applicant's denial of opposer's claims not stricken). Further, an affirmative defense will not be stricken as insufficient if the insufficiency is not clearly apparent, or if it raises factual issues that should be determined on the merits. *See generally* Wright & Miller, 5C Fed. Prac. & Proc. Civ. § 1381 (3d ed.).

A. Petition to Cancel

To state a claim upon which relief can be granted, Petitioner need allege only such facts which, if proved, would establish that Petitioner is entitled to the relief sought; that is, (1) Petitioner is entitled to a statutory cause of action,²² and (2) a valid statutory ground exists for cancelling the registration of the mark at issue. *See Fair Indigo LLC v. Style Conscience*, 85 USPQ2d 1536, 1538 (TTAB 2007).

²² Board decisions previously have analyzed the requirements of Sections 13 and 14 of the Trademark Act, 15 U.S.C. §§ 1063-64, under the rubric of "standing." Despite the change in nomenclature, our prior decisions and those of the Federal Circuit interpreting Sections 13 and 14 remain equally applicable. *See Spanishtown Enters., Inc. v. Transcend Res., Inc.*, 2020 USPQ2d 11388, at *2 (TTAB 2020).

Entitlement to a statutory cause of action is a threshold issue in every inter partes case. See *Australian Therapeutic Supplies Pty. Ltd. v. Naked TM, LLC*, 965 F.3d 1370, 2020 USPQ2d 10837, at *3 (Fed. Cir. 2020) (citing *Lexmark Int'l, Inc. v. Static Control Components, Inc.*, 572 U.S. 118, 109 USPQ2d 2061, 2067 n.4 (2014)). A party in the position of plaintiff may petition to cancel a registered mark where its interest in cancellation is within the zone of interests protected by the statute, 15 U.S.C. § 1064, and the party has a reasonable belief of damage proximately caused by continued registration of the mark. *Corcamore, LLC v. SFM, LLC*, 978 F.3d 1298, 2020 USPQ2d 11277, at *6-7 (Fed. Cir. 2020).

“Proof of [entitlement to a statutory cause of action] in a Board [cancellation] is a low threshold, intended only to ensure that the plaintiff has a real interest in the matter, and is not a mere intermeddler.” *Syngenta Crop Protection, Inc. v. Bio-Chek, LLC*, 90 USPQ2d 1112, 1118 n.8 (TTAB 2009) (citing *Ritchie v. Simpson*, 170 F.3d 1092, 50 USPQ2d 1023, 1025-26 (Fed. Cir. 1999)). Under this liberal standard, Petitioner has pleaded in paragraphs 2 and 3 that it uses the mark “LLN” in connection with “marketing, advertisement, promotion, sale, and distribution of its education and teach-support services business and merchandise,” and in paragraph 8 that its use predates Respondent’s use and filing date of the application that matured as its involved registration. These allegations sufficiently plead that Petitioner’s interest in cancellation of the registration is squarely within the zone of interests protected by the statute and it has a reasonable belief that damage is proximately caused by continued registration of the mark. Accordingly, we find that

Petitioner has sufficiently alleged its entitlement to bring and maintain this proceeding.

With regard to the specific grounds for cancellation at issue herein, Federal Rule of Civil Procedure 8(a)(2) requires that a pleading contain a “short and plain statement of the claim showing that the pleader is entitled to relief.” Rule 8(a)(2) does not require detailed factual allegations, but requires more than labels, conclusions, formulaic recitations of the elements of a cause of action, and naked assertions, i.e., “more than an unadorned, the-defendant-unlawfully-harmed-me accusation.” *Ashcroft v. Iqbal*, 556 U.S. 662, 678 (2009). Indeed, “a complaint must contain sufficient factual matter, accepted as true, to ‘state a claim to relief that is plausible on its face.’” *Id.* (quoting *Bell Atl. Corp. v. Twombly*, 550 U.S. 544, 570 (2007)). A claim has facial plausibility when the plaintiff pleads factual content that allows the court to draw the reasonable inference that the defendant is liable for the misconduct alleged. *Ashcroft*, 556 U.S. at 678. The plausibility standard is not akin to a “probability requirement,” but it asks for more than a sheer possibility of the allegations asserted. *Id.* Indeed, a plaintiff need not allege specific facts that would establish a *prima facie* case for the claim(s) asserted. *See Bell Atl.*, 550 U.S. at 555 (citing *Swierkiewicz v. Sorema N.A.*, 534 U.S. 506, 508 (2002)). In the context of Board *inter partes* proceedings, a plaintiff need only allege enough factual matter to suggest that its claim is plausible and to “raise a right to relief above the speculative level.” *Id.*, 550 U.S. at 555-56.

The petition to cancel alleges four grounds: (1) Priority and likelihood of confusion; (2) Respondent is not the rightful owner of the registered mark for its identified goods or services; (3) Deceptiveness; and (4) Fraud.

1. Likelihood of Confusion

To adequately plead likelihood of confusion, a plaintiff need allege only that it has priority of use and the defendant's mark so resembles plaintiff's mark as to be likely to cause confusion. *See* Trademark Act Section 2(d), 15 U.S.C. § 1052(d); *Otto Roth & Co. v. Universal Foods Corp.*, 640 F.2d 1317, 209 USPQ 40, 43 (CCPA 1981). Because Petitioner is not relying upon a registration, its claim must be based on "a mark or trade name previously used in the United States . . . and not abandoned." Trademark Act Section 2(d).

Considering the petition to cancel in its entirety, Petitioner alleges the following in salient part:

1. Petitioner is and has been in the business of education and teach-support services since May 28, 2013.
2. Petitioner has used the LLN mark in U.S. commerce in connection with the marketing, advertisement, promotion, sale, and distribution of its education and teach-support services business and merchandise since at least as early as December 29, 2016. . . .
3. Petitioner has expended substantial time, money, and resources marketing, advertising, and promoting the educational tools, services, and merchandise sold under the LLN mark. During the period from 2017-2019 alone, Petitioner has expended in excess of twenty thousand US Dollars (\$20,000.00) on the marketing, advertising, and promotion of the educational tools, services, and merchandise sold under the LLN mark.
4. As a result of Petitioner's widespread, continuous, and exclusive use of the LLN mark, consumers in the United States have come to

associate the LLN mark with Petitioner and Petitioner’s educational products, media platforms, services, and merchandise. . . .

5. Respondent’s registered mark is identical to Petitioner’s mark because they are the same three-letter standard character mark without claim to any particular font style, size, or color.
6. Respondent’s registration should be cancelled because the identical mark is likely to cause confusion, mistake, or deception within the meaning of 15 U.S.C. § 1052(d), and to cause damage to Petitioner thereby.

. . . .

8. Petitioner’s LLN mark has priority over Respondent’s mark because Petitioner’s first use of the LLN mark in late 2016 predates the Respondent’s first use on January 22, 2019 and Respondent’s application for Registration No. 5852126 on June 15, 2017.²³

Accordingly, Petitioner pleads that it owns the prior-used mark LLN, that the mark is confusingly similar to Respondent’s challenged mark, and that Petitioner used its mark prior to Respondent’s adoption and use of the challenged mark. Therefore, we find the claim of priority and likelihood of confusion sufficiently pleaded. *See Wet Seal, Inc. v. FD Mgmt., Inc.*, 82 U.S.P.Q.2d 1629, 1639-40 n.21 (TTAB 2007) (plaintiff is not required to specifically plead every factual component of a likelihood of confusion claim; it is sufficient to generally plead the claim).

2. Nonownership

A claim of nonownership is based on the proposition that only the owner of a mark may file an application under Section 1(a) of the Trademark Act. *Wonderbread 5 v. Gilles*, 115 USPQ2d 1296, 1303 (TTAB 2015); *Conolty v. Conolty O’Connor NYC LLC*,

²³ 1 TTABVUE 3-5, ¶¶ 1-5, 8. We note that Petitioner’s allegation in paragraph 4 that it owns “valid and incontestable federal statutory and common law rights to the LLN mark” is incorrect; such rights only arise upon registration of a mark in excess of 5 years. Accordingly, this allegation is **stricken** with prejudice.

111 USPQ2d 1302, 1309 (TTAB 2014); *Great Seats, Ltd. v. Great Seats, Inc.*, 84 USPQ2d 1235, 1239 (TTAB 2007) (“In a use-based application under Trademark Act Section 1(a), only the owner of the mark may file the application for registration of the mark; if the entity filing the application is not the owner of the mark as of the filing date, the application is void ab initio.”); Trademark Rule 2.71(d), 37 C.F.R. § 2.71(d).

Respondent’s application, however, was filed based on intent to use in commerce under Section 1(b) of the Act. There is no statutory requirement that the filer of an intent-to-use application be the owner of the mark at the time it files the application. A claim that an applicant was not the rightful owner of the mark when Respondent filed the application is not available when the application, as originally filed, is not based on use of the mark in commerce. *Hole in 1 Drinks, Inc. v. Lajtay*, 2020 USPQ2d 10020, at *3-4 (TTAB 2020) (citing *Norris v. PAVE: Promoting Awareness, Victim Empowerment*, 2019 USPQ2d 370880, at *4 (TTAB 2019)). Accordingly, to the extent Petitioner sought to assert a claim of nonownership, the claim is futile and is **dismissed with prejudice**.

We note that Petitioner could have asserted that Respondent did not have a right to file its intent-to-use application based on a lack of a bona fide intent to use the mark in commerce as of the filing date of the intent-to-use application. *Hole in 1 Drinks*, 2020 USPQ2d 10020, at *6 (“[T]he Board has previously held that the same operative facts regarding parties claiming superior rights based on shared circumstances may support different claims depending on whether they arise in a

use-based application, in which case the appropriate claim is lack of ownership, or in an intent-to-use application, in which case the appropriate claim is lack of bona fide intent to use.”). *Accord, Norris*, 2019 USPQ2d 370880, at *5 (citing *M.Z. Berger & Co. v. Swatch AG*, 787 F.3d 1368, 114 USPQ2d 1892, 1898 (Fed. Cir. 2015), *Am. Forests v. Sanders*, 54 USPQ2d 1860, 1864 (TTAB 1999)). Under the circumstances, we decline to construe the claim as alleging lack of bona fide intent to use. Petitioner’s nonownership claim alleges only that its LLN mark has priority over Respondent’s mark and therefore the registration should be cancelled.²⁴ This is merely a restatement of one of the elements of a claim of likelihood of confusion, and therefore is insufficiently pleaded as a lack of bona fide intent to use claim.

3. Deceptiveness

A mark is deceptive under Section 2(a) of the Trademark Act where: (1) it consists of or comprises matter that misdescribes the character, quality, function, composition or use of the goods or services; (2) prospective purchasers are likely to believe such matter describes the goods or services; and (3) the misdescriptive matter is likely to affect the decision to purchase of a significant portion of the relevant consumers. *See Hoover Co. v. Royal Appliance Mfg. Co.*, 238 F.3d 1357, 57 USPQ2d 1720, 1723 (Fed. Cir. 2001); *In re Budge Mfg. Co.*, 857 F.2d 773, 8 USPQ2d 1259, 1260 (Fed. Cir. 1988).

Petitioner alleges the following in salient part in support of this claim:

10. As a result of the accumulation of several years of delinquent taxes, Respondent has been voided as a corporate entity by the State of Delaware as of March 1, 2019. . . .

²⁴ *See* 1 TTABVUE 4-5.

11. Respondent did not exist at the time it was issued Registration No. 5852126 and yet nevertheless, deceitfully continued to register and use the LLN mark.
12. Respondent has continued to accrue further tax debt while making no effort to remedy its past delinquencies with the State of Delaware, and as such, Respondent remains a voided entity.
13. Because Respondent has been voided and defunct since March 1, 2019 and continues to deceive the public and risk Petitioner's reputation by using the LLN mark on digital and social media, Respondent's registration should be cancelled.²⁵

These allegations do not support a claim that Respondent's mark is deceptive, and the claim is **dismissed without prejudice**.

To the extent the claim can be construed as one for abandonment because Respondent was a defunct business entity at the time it filed the statement of use in the underlying application in June 2019, we find the claim has been insufficiently pleaded. *See Consol. Cigar Corp. v. Rodriguez*, 65 USPQ2d 1153, 1155 (TTAB 2002) (relevant period for abandonment inquiry commences with statement of use). To set forth a claim of abandonment, a plaintiff must plead at least three consecutive years of non-use, or must set forth facts that show a period of non-use less than three years with an intent not to resume use. Trademark Act Section 45, 15 U.S.C. § 1127. *See Otto Int'l Inc. v. Otto Kern GmbH*, 83 USPQ2d 1861, 1863 (TTAB 2007) (standard for prima facie case for abandonment) (citing *Imperial Tobacco Ltd. v. Philip Morris Inc.*, 899 F.2d 1575, 14 USPQ2d 1390, 1393 (Fed. Cir. 1990)). Petitioner has not done so here.

²⁵ *Id.* at 5, ¶¶ 10-13.

4. Fraud

A claim of fraud on the USPTO requires Petitioner to plead, and eventually prove, that Respondent, in its underlying application for registration, knowingly made a false, material misrepresentation of fact in connection with the application with the intent to deceive the USPTO in order to obtain a registration to which it otherwise was not entitled. *In re Bose*, 580 F.3d 1240, 91 USPQ2d 1938, 1939 (Fed. Cir. 2009); *Torres v. Cantine Torresella S.r.l.*, 808 F.2d 46, 1 USPQ2d 1483, 1484 (Fed. Cir. 1986). All claims of fraud on the USPTO must be pleaded with heightened particularity pursuant to Fed. R. Civ. P. 9(b). Although “knowledge” and “intent” may be averred generally under Fed. R. Civ. P. 9(b), intent to deceive is a required element of a fraud claim which must be pleaded with sufficient particularity. *See Exergen Corp. v. Wal-Mart Stores, Inc.*, 91 USPQ2d 1656, 1667 (Fed. Cir. 2009).

Petitioner’s claim of fraud expands on its purported claim of “deceptiveness” and sets forth the following additional allegations:

16. For Respondent to represent itself as a valid corporate entity on its application and to continue to hold itself out as such through the registration and exercise of the LLN mark, Respondent continues to make an indisputable false representation of fact.

17. This false representation of fact is material to the application for Registration No. 5852126 because Respondent’s legal existence precedes its right to claim ownership and registration of the LLN mark.

18. Finally, the fact that Respondent’s voided corporate status and tax delinquency is publicly available information, is clear and convincing evidence that Respondent not only knew of its fraudulent misrepresentation but intended to deceive the Federal government and the public by holding itself out as an active corporation in the State of Delaware.

19. Based on the foregoing, Respondent clearly obtained and continues to hold Registration No. 5852126 fraudulently, which is grounds for cancellation of the registration in its entirety.²⁶

Petitioner appears to allege, therefore, that Respondent's application is void because Respondent failed to inform the USPTO that it became an invalid juristic entity during the course of prosecuting the underlying application, and therefore Respondent intended to perpetrate a fraud on the USPTO to obtain a registration that otherwise could not have been obtained.

We find that Petitioner has failed to plead specific facts supporting the conclusion that Respondent knowingly made a material misrepresentation to the USPTO (e.g. in submitting a document or signing a statement), or circumstances from which the Board could infer that such a misrepresentation was made with intent to deceive. Petitioner's allegations merely state that information regarding Respondent's corporate status was publicly available, and that Respondent "obtained and continued to hold" the registration despite the change in its corporate status. *See King Auto., Inc. v. Speedy Muffler King, Inc.*, 667 F.2d 1008, 212 USPQ 801, 803 (CCPA 1981) (the pleadings must "contain explicit rather than implied expression of the circumstances constituting fraud.").²⁷

²⁶ *Id.* at 6, ¶¶ 16-19.

²⁷ The Board has found that a corporation which has been suspended for failure to pay taxes may, upon revival, proceed with the prosecution or defense of a Board proceeding. *Spanishtown Enterps.*, 2020 USPQ2d 11388, *4, n.10 (citing *WMA Grp., Inc. v. W. Int'l Media*, 29 USPQ2d 1478, 1479 (TTAB 1993)). *See also Stock Pot Rest., Inc. v. Stockpot, Inc.*, 737 F.2d 1576, 222 USPQ 665, 668 (Fed. Cir. 1984). Moreover, under Delaware law, upon the filing of a certificate of revival, a corporation is revived with the same force and effect as if its certificate of incorporation had not been forfeited or voided. *See* DEL. CODE ANN. tit. 8, § 312 (West 2016). All property acquired by the corporation after its certificate of incorporation

Accordingly, we find the fraud claim insufficiently pleaded. The claim is **dismissed without prejudice**.

B. Affirmative Defenses

Respondent asserts five affirmative defenses in its answer to the petition to cancel, and “reserves the right to raise additional defenses based upon information learned or obtained through additional investigation or discovery.”²⁸

Respondent’s first and third affirmative defenses allege that Petitioner’s petition to cancel fails to state a claim for relief and Petitioner lacks “standing.”²⁹ These are not true affirmative defenses because they assert purported insufficiencies in Petitioner’s pleading rather than defenses to a properly pleaded claim. *Hornblower & Weeks, Inc. v. Hornblower & Weeks, Inc.*, 60 USPQ2d 1733, 1738, n.7 (TTAB 2001). Moreover, we have found that Petitioner is entitled to maintain a statutory cause of action and at least one claim is sufficiently pleaded. The first and third affirmative defenses are **stricken with prejudice**.

Respondent’s second affirmative defense states, “Petitioner’s allegations are barred by the equitable doctrines of waiver, acquiescence and/or unclean hands.”³⁰ This bald, conclusory allegation is legally insufficient because it does not provide Respondent with fair notice of the factual bases for the defenses. Fed. R. Civ. P. 8(b)(1)

became forfeited is vested in the revived corporation as if its certificate of incorporation had at all times remained in full force and effect. *See id.*

²⁸ 9 TTABVUE 55-56.

²⁹ *See* note 22, *supra*.

³⁰ 9 TTABVUE 55.

and 12(f); *see e.g., IdeasOne, Inc. v. Nationwide Better Health, Inc.*, 89 USPQ2d 1952, 1953 (TTAB 2009); *Midwest Plastic Fabricators, Inc. v. Underwriters Labs. Inc.*, 5 USPQ2d 1067, 1069 (TTAB 1980); *see also* TBMP § 311.02(b) (“The elements of a defense should be stated simply, concisely, and directly. However, the pleading should include enough detail to give the plaintiff fair notice of the basis for the defense.”). Accordingly, the second affirmative defense is **stricken without prejudice**.

The fourth affirmative defense alleges there was no bona fide use of Petitioner’s alleged LLN mark in commerce prior to the filing of Petitioner’s use-based application for said mark under Trademark Act Section 1(a).³¹ The Board has no jurisdiction over Petitioner’s application. Any allegations that Respondent wishes to assert against the application may be brought by way of a timely and properly pleaded notice of opposition filed and instituted during the opposition period if and when the application is published pursuant to Trademark Rule 2.80. Accordingly, the fourth affirmative defense is **stricken with prejudice**.

Respondent’s fifth affirmative defense states, “Respondent has greater rights to its LLN registered mark based on its earlier use of its LLN trademark/service mark and in part due to tacking.”³² Although tacking is an acceptable affirmative defense, *see H.D. Lee Co. v. Maidenform Inc.*, 87 USPQ2d 1715, 1720 (TTAB 2008), Respondent’s unsupported statement does not allege sufficient facts to put Petitioner

³¹ *Id.*

³² *Id.* at 56.

on fair notice of the basis of the defense. Therefore, the fifth affirmative defense is **stricken without prejudice**.

Finally, Respondent's reservation of the right to amend its answer to add additional affirmative defenses is improper under the Federal Rules of Civil Procedure. *See FDIC v. Mahajan*, 923 F. Supp.2d 1133, 1141 (N.D. Ill. 2013) (reservation of right to add affirmative defenses at a later date is improper). The proper way to plead additional affirmative defenses or counterclaims is to file a motion under Fed. R. Civ. P. 15. Accordingly, the asserted reservation is **stricken** from the answer **with prejudice**.

C. Summary of Pleadings Review

Petitioner's second ground for cancellation (nonownership) is stricken with prejudice. Petitioner's third (deceptiveness) and fourth (fraud) grounds for cancellation are stricken without prejudice. Respondent's first (failure to state a claim), third (standing), and fourth (no bona fide use) defenses and its reservation of the right to amend are stricken with prejudice. Respondent's second (equitable defenses) and fifth (tacking) affirmative defenses are stricken without prejudice.

It is the Board's practice, when finding a pleading deficient, to grant leave to amend the pleading, if leave to replead is not futile. *Dragon Bleu (SARL) v. VENM, LLC*, 112 USPQ2d 1925, 1929 n.10 (TTAB 2014). Accordingly, Petitioner is allowed until **March 10, 2021** to file and serve an amended petition to cancel that properly repleads its third and fourth claims (and any other applicable claims such as lack of bona fide intent to use or abandonment) if Petitioner is able to allege sufficient facts

to support such claims. If Petitioner fails to timely submit an amended petition to cancel as allowed herein, Petitioner's current petition remains the operative pleading and will go forward only on the claim of priority and likelihood of confusion. Respondent is allowed until **March 30, 2021** to submit an amended answer, including any applicable affirmative defenses, to the then-operative petition to cancel. In the event facts are uncovered during the discovery process that would support additional claims or defenses, a party may file a motion for leave to amend the pleading under Fed. R. Civ. P. 15(a). *See* TBMP § 507.

IV. Bar Information Required

It appears that Petitioner is now represented by an attorney.³³ Effective August 3, 2019, the USPTO amended its rules to require all practitioners qualified under 37 C.F.R. § 11.14(a) to be an active member in good standing and to provide the name of a state in which he or she is an active member in good standing; the date of admission to the bar of the named state; and the bar license number, if one is issued by the named state. 37 C.F.R. § 2.17(b)(3).

Accordingly, Petitioner is allowed until **March 10, 2021** to provide the information above using the Change of Address form in ESTTA. The bar information entered on the ESTTA Change of Address form will be masked from TTABVUE.

If Petitioner fails to comply with this order, the Board may issue an order to show cause.

³³ The Board's records have been updated to reflect Melissa J. Hordichuk, of Access to Justice Project, Inc., as counsel for Petitioner. *See* TBMP 114.03.

V. Proceedings Resumed

Proceedings are **resumed** and dates are reset as follows:

Amended Petition to Cancel Due	3/10/2021
Answer Due	3/30/2021
Deadline for Discovery Conference	4/29/2021
Discovery Opens	4/29/2021
Initial Disclosures Due	5/29/2021
Expert Disclosures Due	9/26/2021
Discovery Closes	10/26/2021
Plaintiff's Pretrial Disclosures Due	12/10/2021
Plaintiff's 30-day Trial Period Ends	1/24/2022
Defendant's Pretrial Disclosures Due	2/8/2022
Defendant's 30-day Trial Period Ends	3/25/2022
Plaintiff's Rebuttal Disclosures Due	4/9/2022
Plaintiff's 15-day Rebuttal Period Ends	5/9/2022
Plaintiff's Opening Brief Due	7/8/2022
Defendant's Brief Due	8/7/2022
Plaintiff's Reply Brief Due	8/22/2022
Request for Oral Hearing (optional) Due	9/1/2022

Generally, the Federal Rules of Evidence apply to Board trials. Trial testimony is taken and introduced out of the presence of the Board during the assigned testimony periods. The parties may stipulate to a wide variety of matters, and many requirements relevant to the trial phase of Board proceedings are set forth in Trademark Rules 2.121 through 2.125. These include pretrial disclosures, the manner and timing of taking testimony, matters in evidence, and the procedures for submitting and serving testimony and other evidence, including affidavits, declarations, deposition transcripts and stipulated evidence. Trial briefs shall be submitted in accordance with Trademark Rules 2.128(a) and (b). Oral argument at

final hearing will be scheduled only upon the timely submission of a separate notice as allowed by Trademark Rule 2.129(a).

TIPS FOR FILING EVIDENCE, TESTIMONY, OR LARGE DOCUMENTS

The Board requires each submission to meet the following criteria before it will be considered: 1) pages must be legible and easily read on a computer screen; 2) page orientation should be determined by its ease of viewing relevant text or evidence, for example, there should be no sideways or upside-down pages; 3) pages must appear in their proper order; 4) depositions and exhibits must be clearly labeled and numbered – use separator pages between exhibits and clearly label each exhibit using sequential letters or numbers; and 5) the entire submission should be text-searchable. Additionally, submissions must be compliant with Trademark Rules 2.119 and 2.126. Submissions failing to meet all of the criteria above may require re-filing. **Note:** Parties are strongly encouraged to check the entire document before filing.³⁴ The Board will not extend or reset proceeding schedule dates or other deadlines to allow time to re-file documents. For more tips and helpful filing information, please visit the [ESTTA help](#) webpage.

³⁴ To facilitate accuracy, ESTTA provides thumbnails to view each page before submitting.