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

Proceeding	92077648
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IN THE UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD

VBNJ, INC. dba MT. SHASTA BREWING CO., a California corporation, Opposer, v. WEED CELLARS, INC., a Nevada corporation, WCI.	Proceeding No.: 92077648 **PETITIONER VBNJ, INC. dba MT. SHASTA BREWING CO.'S OPPOSITION TO WEED CELLARS, INC.'S MOTION TO DMISMISS FRAUD ON THE USPTO CLAIM FOR FAILURE TO STATE A CLAIM** Registration No.: 6381999 Mark: WEED

I. INTRODUCTION

WCI Weed Cellars, Inc. ("WCI") brings this motion to dismiss Opposer VBNJ, Inc. dba Mt. Shasta Brewing Co.'s ("VBNJ") second claim in its Amended Petition˙ for Fraud on the United States Patent and Trademark Office ("USPTO). WCI brings this motion concurrently with its Rule 12(f) motion in an attempt to dispose of VBNJ's Fraud on the USPTO claim without awarding VBNJ its day in court. VBNJ properly satisfies the pleading requirements to state a cause of action for Fraud on the USPTO, and WCI's motion should be denied in its entirety. In the event WCI's motion is granted, VBNJ should be granted leave to file its Second Amended Petition.

II. MEMORANDUM OF POINTS AND AUTHORITIES

The standard to plead a cause of action is a "plausible" claim for relief. (*Bissessur v. Indiana Univ. Bd. Of Trustees* (7th Cir. 2009) 581 F.3d 599, 603) Courts may consider documents attached to the Complaint so long as the Complaint itself refers to the document; the document is "central" to the plaintiff's claim; and no party questions the authenticity of the copy of the document. (*United States v. Corinthian Colleges* (9th Cir. 2011) 655 F.3d 984, 999; *Chambers v. Time Warner, Inc.* (2nd Cir. 2002) 282 F.3d 147, 153, fn.3) Any ambiguity in the documents must be resolved in the plaintiff's favor. (*International Audiotext Network v. AT&T Co.* (2nd Cir. 1995) 62 F.3d 69, 72)

The court must accept as true all of the factual allegations set out in plaintiff's complaint, draw inferences from those allegations in the light most favorable to plaintiff, and construe the complaint liberally. (*Rescuecom Corp. v. Google Inc.* (2nd Cir. 2009) 562 F.3d 123, 127; *Mediacom Southeast LLC v. BellSouth Telecommunications, Inc.* (6th Cir. 2012) 672 F.3d 396, 400; *Doe v. United States* (9th Cir. 2005) 419 F.3d 1058, 1062) The sole issue raised by a Rule 12(b)(6) motion is whether the facts pleaded would, if established, support a plausible claim for relief; no matter how improbable the facts alleged are, they must be accepted as true for purposes of the motion. (*Bell Atlantic Corp. v. Twombly* (2007) 550 U.S.544, 556; *Ocasio-Hernandez v. Fortuno-Burset* (1st Cir. 2011) 640 F.3d 1, 12-13 ("court may not attempt to forecast a plaintiff's likelihood of success on the merits."))

All averments of fraud or mistake shall be plead with particularity. (FRCP 9(b); *Desaigoudar v. Meyercord* (9th Cir. 2000) 223 F.3d 1020, 1022-1023) Rule 9(b)'s particularity rule supplements, but does not supplant Rule 8(a)'s notice pleading. (*United States ex rel. Grubbs v. Kanneganti* (5th Cir. 2009) 565 F.3d 180, 186) Even under Rule 9(b)'s heightened standard, a complaint need only plead facts establishing fraud is possible, not probable. (*Loreley Financing (Jersey) No. 3 Ltd. v. Wells Fargo Securities, LLC* (2nd Cir. 2015) 797 F.3d 160, 175) Thus, Rule 9(b)'s particularity requirement applies

to claims alleging a "unified course of fraudulent conduct." (*Kearns v. Ford Motor Co.* (9th Cir. 2009) 567 F.3d 1120, 1125-1126) Where there are equally strong inferences for and against scienter, inferences are drawn in favor of the plaintiff. (*ACA Fin'l Guaranty Corp v. Advest, Inc.* (1st Cir. 2008) 512 F.3d 46, 59)

Leave to amend should almost always be granted, at least once. FRCP 15(a) expressly states the court "should freely give leave when justice so requires." (FRCP 15(a)(2); *United States v. Corinthian Colleges* (9th Cir. 2011) 655 F.3d 984, 995 (standard for granting leave to amend is "generous"); *Independent Trust Corp. v. Stewart Information Services Corp.* (7th Cir. 2012) 665 F.3d 930; 943)

A. WCI Never Engaged in a Meaningful Meet and Confer Process

WCI has made no effort to attempt to resolve, or even explain the issues presented in VBNJ's First Amended Opposition. WCI incorrectly assumes that VBNJ accepts the merits of WCI's 12(b)(6) motion to its Petition when it filed its First Amended Petition. This is not so. Rather, VBNJ added additional factual allegations to sufficiently allow WCI to access the merits of VBNJ's First Amended Petition in hopes of reaching a resolution to this meritless motion practice.

In turn, WCI concurrently moved to strike the additional factual allegations made in VBNJ's First Amended Petition and refiled the exact same memorandum of points and authorities in support of its 12(b)(6) motion concerning VBNJ's First Amended Petition. Again, without meeting and conferring.

WCI is clearly not interested in actually reaching a resolution to this issue. On one hand WCI argues VBNJ cannot present factual allegations sufficient to meet Rule 9(b)'s pleading requirement and seeks additional allegations, and on the other, it moves to strike the additional allegations it sought in the first place. WCI cannot have it both ways. WCI's motion should be denied on this ground alone.

B. <u>VBNJ Properly Plead a Cause of Action for Fraud on the USPTO</u>

i. VBNJ's First Amended Opposition Satisfies Rule 9(b)'s Heightened Pleading Requirement

VBNJ's First Amended Petition satisfies Rule 9(b)'s heightened pleading standards. Rule 9(b)'s particularity requirement applies to claims alleging a "unified course of fraudulent conduct." (*Kearns v. Ford Motor Co.* (9th Cir. 2009) 567 F.3d 1120, 1125-1126) Courts usually interpret the heightened pleading of Rule 9(b) to require that the complaint allege the "who, what, when, where, and how." (*Wigod v. Wells Fargo Bank, N.A.* (7th Cir. 2012) 673 F.3d 547, 569) A plaintiff may show a defendant's statement was false and misleading by pointing to inconsistent contemporaneous statements or information which were made by or available to the defendants. (*Rubke v. Capitol Bankcorp Ltd.* (9th Cir. 2009) 551 F.3d 1156, 1161) A speaker's identity is generally excused where it is unrealistic to expect plaintiff to have such information. (*Odom v Microsoft Corp.* (9th Cir. 2007) 486 F.3d 541, 554-555)

The heightened pleading standard required by Rule 9(b) is met. VBNJ properly plead that WCI had actual knowledge of VBNJ's Weed Golden Ales marks, and that actual product, as well as goodwill, was created under that name. (FAP ¶ 30) VBNJ further alleges that WCI knew of the Weed Golden Ales beer line by even properly attaching actual beer listings showcasing the two products together. (FAO ¶ 29) Finally, VBNJ alleges that WCI had actual knowledge, and had begun advertising the product line that it knew would cause harm to VBNJ dating back to at least February 2020, which was before the application was filed. (FAO ¶ 32) This series of events illustrates a pattern of fraudulent intent to deceive the USPTO when WCI ultimately represented to the USPTO that it would be entitled to the Challenged Mark. The "who, what, when, where, and how" requirements per Rule 9(b) are certainly met in this instance.

Additionally, WCI's Motion does not state what VBNJ fails to allege. The Complaint should be read as a whole. (*Hernandez-Cuevas v. Taylor* (1st Cir. 2013);

Manning v. Boston Med. Ctr. Corp. (1st Cir. 2013) 725 F.3d. 34, 49) The inquiry is whether all of the facts alleged, taken collectively, give rise to a strong inference of scienter. (*Tellabs, Inc. v. Makor Issues & Rights, Ltd.* (2007) 551 US 308, 322-323; *Matrixx Initiatives, Inc. v. Siracusano* (2011) 563 US 27, 48) WCI argues VBNJ alleges WCI knowingly signed a false declaration in a single paragraph, but the events giving rise to the allegations are a series of fraudulent events, together, creating fraud on the USPTO. The heightened pleading requirements are satisfied.

ii. <u>*VBNJ Properly Pleads a Cause of Action for Fraud on the USPTO*</u>

VBNJ property plead a cause of action for Fraud on the USPTO. To plead a claim of fraud, VBNJ must allege that WCI made a false statement of material fact in the course of the involved registration and that WCI made such false statement with the intent of deceiving the USPTO into issuing a registration to which WCI is not entitled. (In re Bose Corp., 91, U.S.P.Q.2d 1938 (Fed. Cir. 2009))

The purpose of a 12(b)(6) motion is to test the sufficiency of the <u>pleadings</u>, not the actual merits of the allegations themselves. (*Advanced Cardiovascular Systems Inc. v. SciMed Life Systems Inc.,* 988 F.2d 1157, 26 USPQ2d 1038, 1041 (Fed. Cir. 1993 (<u>emphasis added</u>); *Covidien LP v. Masimo Corp.*, 109 USPQ2d 1696, 1697 (TTAB 2014); *Corporacion Habanos SA v. Rodriguez*, 99 USPQ2d 1873, 1874 (TTAB 2011); *Bayer Consumer Care Ag v. Belmora LLC*, 90 USPQ2d 1587, 1590 (TTAB 2009), (quoting, *Fair Indigo LLC v. Style Conscience*, 85 USPQ2d 1536, 1538 (TTAB 2007)); *Space Base Inc. v. Stadis Corp.*, 17 USPQ2d 1216, 1218 (TTAB 1990); *Consolidated Natural Gas Co. v. CNG Fuel Systems, Ltd.*, 228 USPQ 752, 753 (TTAB 1985))

The central allegations in VBNJ's First Amended Opposition are simple: WCI systematically made use of VBNJ's goodwill and knowingly signed a declaration under penalty of perjury stating that it conducted a thorough and complete search of the USPTO

trademark database; and that the applied mark would not cause confusion with VBNJ's mark.

WCI incorrectly assumes that because the Weed Golden Ales mark and the Challenged Mark are not identical, that the two marks are not confusing. The mere fact that the USPTO did not deny registration based on likelihood of confusion, does not in and of itself, outright ban pleading likelihood of confusion or fraud on the USPTO. WCI, again, is intending to obtain a summary judgment on the merits of VBNJ's fraud on the USPTO cause of action, rather than examine the pleadings. (See Motion at p. 16-17)

Further, WCI's motion itself actually supports VBNJ, in that its First Amended Petition was properly plead. For example, WCI states WCI will produce evidence from the file history that there are and have been numerous uses of the WEED formative on beer that is both registered, applied-for and in common law use which was actually submitted to the examiner of that application and other applications of the WCI to address distinctiveness issues with the WEED mark on beer. (Motion at p. 15) This alone admits that the allegations were properly plead. WCI continuously mischaracterizes this motion for a motion for summary judgment, which it is not, and this present motion must be denied.

WCI completely disregards the additional factual allegations asserted in the First Amended Petition. WCI's insistence that it is somehow not entitled to conduct an investigation for similar confusing marks is nothing more than a strawman argument. Again, the standard is whether VBNJ adequately pleaded a cause of action for Fraud on the USPTO, which it clearly did.

Additionally, all the elements for Fraud on the USPTO are present. VBNJ adequately states it has first use rights to the mark in question. (FAP ¶ 10). VBNJ states with particularity that WCI systematically relied on the goodwill associated with VBNJ's marks through a series of events giving rise to scienter and fraudulent intent. (FAP ¶¶ 28, 29, 31) Finally, WCI alleges that because of the series of events, WCI fraudulent, and

knowingly, signed the declaration in its application with intent to deceive the USPTO into registering a mark that WCI was not entitled to. (FAO ¶¶ 35, 36, 37, 38, 40) All of the elements for Fraud on the USPTO are present, and are properly plead.

iii. *In the Event WCI's Motion is Granted, VBNJ Should be Granted Leave to Amend*

In the event WCI's motion is granted, VBNJ should be granted leave to amend. Leave to amend is freely granted, including fraud causes of action. (*Wise F&I, LLC, et al. v. Allstate Insurance Co.*, 120 USPQ2d 1103, 1110 (TTAB 2016) (allowed time to cure defective pleading); *Intellimedia Sports Inc. v. Intellimedia Corp.,* 43 USPQ2d 1203, 1208 (TTAB 1997) (allowed time to perfect fraud claim); *Miller Brewing Co. v. Anheuser-Busch Inc.*, 27 USPQ2d 1711, 1714 (TTAB 1993) ("the Board freely grants leave to amend pleadings found, upon challenge under Fed. R. Civ. P. 12(b)(6), to be insufficient, particularly where challenged pleading is the initial pleading*"); Intersat Corp. v. International Telecommunications Satellite Organization*, 226 USPQ 154, 156 (TTAB 1985) (allowed time to file an amended opposition setting forth a statutory ground). Given the pleadings just commenced, VBNJ should be granted leave to amend to perfect its Fraud on the USPTO cause of action, should WCI's motion be granted.

III. CONCLUSION

WCI's motion should be denied. VBNJ properly plead a cause of action for Fraud on the USPTO with particularity pursuant to Rule 9(b). In the event WCI's motion is granted, VBNJ should be granted leave to amend its Opposition.

KROGH & DECKER, LLP

Dated: November 17, 2021

By: */s/ Jason G. Eldred*
JASON G. ELDRED
Attorney for VBNJ, INC. dba MT. SHASTA BREWING CO.

Case Name: VBNJ, INC. dba MT. SHASTA BREWING CO. V. WEED CELLARS, INC.,
Court: UNITED STATES PATENT AND TRADEMARK OFFICE BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD
Registration No.: 6381999
Cancellation No.: 92077648

CERTIFICATE OF ELECTRONIC FILING

I hereby certify that the foregoing OPPOSER VBNJ, INC. dba MT. SHASTA BREWING CO.'S OPPOSITION TO WEED CELLARS, INC.'S MOTION TO DISMISS FRAUD ON THE USPRO CLAIM FOR FAILURE TO STATE A CLAIM is being electronically filed using the Electronic System for Trademark Trials and Appeals (ESTTA) on the 17th day of November 2021.

/s/ Jason G. Eldred
JASON G. ELDRED

CERTIFICATE OF ELECTRONIC FILING

I hereby certify that a true and correct copy of the foregoing OPPOSER VBNJ, INC. dba MT. SHASTA BREWING CO.'S OPPOSITION TO WEED CELLARS, INC.'S MOTION TO DISMISS FRAUD ON THE USPRO CLAIM FOR FAILURE TO STATE A CLAIM has been served upon Alexander Butterman and Adam R. Villanueva, counsel for Applicant WEED CELLERS INC. by emails pursuant to 37.C.F.R. § 2.119(b) and TBMP § 113, at abutterman@dbllawyers.com and avillanueva@dbllawyers.com on the 17th day of November 2021.

I declare under the penalty of perjury that the foregoing is true and correct and that this declaration was executed on the 17th day of November 2021., in Sacramento, California.

/s/ Jason G. Eldred
JASON G. ELDRED