

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

MW

Mailed: April 26, 2018

Cancellation No. 92066968

Software Freedom Law Center

v.

Software Freedom Conservancy

By the Board:

This proceeding now comes before the Board for consideration of Petitioner's motion (filed December 22, 2017) for leave to amend its pleading. Respondent has filed a brief in opposition to the motion.

By its motion, Petitioner seeks leave to add a claim of fraud to the petition. Upon review of the amended pleading, it appears that Petitioner seeks to add two separate grounds for fraud.¹ Under the first ground, Petitioner alleges that because Respondent knew that Petitioner's rights in its mark predated any of Respondent's rights in the involved mark, Respondent made a false, material statement when it signed the application declaration.² Under the second ground, Petitioner alleges that Respondent willfully failed to disclose, in its underlying application, that it provided legal services and, thus, the examining attorney relied on the false identification of

¹ The Board notes that the allegations for the two fraud claims are mixed together in no particular order, making the claims difficult to follow.

² Amended Petition for Cancellation, at ¶¶ 35, 41-43, 46; 7 TTABVUE 26-27.

goods and services when he/she decided to approve the application without citing Petitioner's prior registration for likelihood of confusion.³

Petitioner argues that the amendment is warranted "because the declarations of [Respondent] giving rise to this Motion were made after Petitioner filed its original Petition for Cancellation on September 22, 2017." 7 TTABVUE 2. Petitioner further argues that because Respondent filed two intent-to-use trademark applications on the same day that it filed its answer in the current proceeding, Respondent's declaration that it has an intent to use trademarks that merely omits the term "Freedom" from the subject registration "evinces bad faith in Registrant's application." *Id.* at 4.

In response to the motion, Respondent opposes the addition of the fraud claims on the ground that the proposed amendment fails to state a claim and would therefore be futile. With respect to Petitioner's first claim for fraud, Respondent argues that "awareness of another's registration for a different mark for different goods and services is not a sufficient basis for alleging fraud." 9 TTABVUE 6. In addition, Respondent argues that the parties' respective marks and their goods and services are far from the same or substantially identical. Further, based on the facts and the history between the parties, Respondent contends that it "had every reason to believe that the contemporaneous use of the SFLC and Conservancy mark would not cause confusion." *Id.* at 9.

³ Amended Petition for Cancellation, at ¶¶ 38-40, 44, 47; 7 TTABVUE 26-27.

With respect to Petitioner's claim that Respondent fraudulently deceived the Office by failing to include legal services in its underlying application, Respondent argues that "[t]here is simply no duty to file applications for any goods or services except those that an applicant chooses." *Id.* at 10. Respondent further contends that because the services are not included in the application, and not required, the statement is not material to registration because the examining attorney cannot consider services outside of the application.

Pursuant to Fed. R. Civ. P. 15(a), the Board should freely grant leave to amend pleadings "when justice so requires." However, if allowance of the amendment would cause undue prejudice to the nonmoving party or be futile, amendment will be denied. *See Foman v. Davis*, 371 U.S. 178, 182 (1962); *Am. Optical Corp. v. Am. Olean Tile Co., Inc.*, 168 USPQ 471, 473 (TTAB 1971). Therefore, the Board must consider whether there is any undue prejudice to Respondent and whether the amendment is legally sufficient.

The timing of the motion for leave to amend the pleading plays a significant role in determining whether Applicant will be unduly prejudiced by allowance of the proposed amendment. *See* TBMP § 507.02(a) (June 2017) *and cases cited therein*. In this case, however, Respondent does not argue that it will be unduly prejudiced by the proposed amendment and the Board finds no reason to question Petitioner's reasons for the short delay in asserting the claims.

With respect to the legal sufficiency of the amended pleading, the Board need not determine the merits of the proposed claims, but merely satisfy itself that the plaintiff

alleged sufficient facts to state a claim upon which, if proved, relief can be granted. *Polaris Industries Inc. v. D.C. Comics*, 59 USPQ2D 1798, 1799 n.4 (TTAB 2000). All of a plaintiff's well-pleaded allegations must be accepted as true and the amended complaint must be construed in the light most favorable to the plaintiff. See *Advanced Cardiovascular Systems Inc. v. SciMed Life Systems Inc.*, 988 F.2d 1157, 26 USPQ2d 1038 (Fed. Cir. 1993).

For the reasons set forth below, the Board agrees with Respondent that Petitioner has failed to state a legally sufficient claim of fraud under either of the two grounds.

A. Petitioner's First Ground for Fraud

Turning first to Petitioner's claim that Respondent made a false statement in the application declaration, a legally sufficient claim of fraud based on a declaration in the application must include particular facts which, if proven, would establish that: (1) there was in fact another use of the same or a confusingly similar mark at the time the oath was signed; (2) the other user had legal rights superior to applicant's; (3) applicant knew that the other user had rights in the mark superior to applicant's, and either *believed* that a likelihood of confusion would result from applicant's use of its mark or had no reasonable basis for believing otherwise; and that (4) applicant, in failing to disclose these facts to the Patent and Trademark Office, intended to procure a registration to which it was not entitled. *Qualcomm Inc. v. FLO Corp.*, 93 USPQ2d 1768, 1770 (TTAB 2010); *Intellimedia Sports v. Intellimedia Corp.*, 43 USPQ2d 1203, 1205-06 (TTAB 1997). It is noted that the allegations in the declaration accompanying an application are made upon the declarant's subjective "belief" and/or "knowledge

and belief” and, as such, cannot ordinarily be used to support a charge of fraud. *Kemin Indus., Inc. v. Watkins Prods. Inc.*, 192 USPQ 327, 329 (TTAB 1976). *See also* Trademark Rule 2.33(b)(1), 37 C.F.R. § 2.33(b)(1).

In this case, Petitioner has failed to plead sufficient facts which, if proven, would establish the third element of the fraud claim. Under Fed. R. Civ. P. 9(b), a sufficient pleading of the third element of the fraud claim must include particular facts which, if proven, would establish that, as of the filing date, Respondent believed that Petitioner had superior or clearly established rights and that a likelihood of confusion would result from Respondent’s use of its mark. *Intellimedia Sports*, 43 USPQ2d at 1207; Fed. R. Civ. P. 9(b). Petitioner’s conclusory allegation that the statements in the application declaration were false are not supported by a pleading of sufficient facts which, if proven, would establish that Respondent *believed* that a likelihood of confusion would result from Respondent’s use of the involved mark in connection with the services identified in the application. In addition, Petitioner’s allegation that Respondent knew of instances of actual confusion is not supported by specific factual allegations, in accordance with Rule 9(b), regarding the nature of the instances of confusion. Thus, Petitioner has failed to plead a legally sufficient claim of fraud based on the declaration in the underlying application for registration.

Accordingly, the motion for leave to amend to include the first ground for fraud is **DENIED**. Respondent retains the option to replead the fraud claim if a sound basis for the claim is discovered during discovery. The Board reiterates that because the application declaration is phrased in terms of a subjective belief, fraud based on the

declaration is very difficult to prove. *See* J. Thomas McCarthy, McCarthy on Trademarks and Unfair Competition § 31.75-76 (5th ed. 2018); *see also* *Kemin Indust., Inc.*, 192 USPQ at 329; *see, e.g., Daniel J. Quirk, Inc. v. Village Car Co.*, 120 USPQ2d 1146, 1149 (TTAB 2016); (“Fraud will not lie against an applicant who holds an honest, good faith belief in its right to register a mark and signs an application with the statutorily prescribed ownership statement, which is phrased in terms of subjective belief.”); *First Intern’l Svcs Corp. v. Chuckles Inc.*, 5 USPQ2d 1628 (TTAB 1988) (Fraud not found where there was an “arguable difference” between the mark even though Board found likelihood of confusion).

B. Petitioner’s Second Ground for Fraud

Turning to Petitioner’s claim that Respondent committed fraud by failing to disclose in the application for registration that it provides legal services in International Class 45, the Board finds the claim implausible and legally unsupported. A legally sufficient pleading of fraud requires allegations that Respondent knowingly made specific, false representations of material fact in connection with its application with the intent of obtaining (or maintaining) a registration to which it is otherwise not entitled. *See In re Bose Corp.*, 580 F.3d 1240, 91 USPQ2d 1938, 1942 (Fed. Cir. 2009).

In this case, Petitioner merely alleges that Respondent failed to disclose other services with which it uses the involved mark and that Registrant used a “broad term” in the identification that does not adequately specify the services.⁴ Petitioner has

⁴ Amended Petition for Cancellation, at ¶ 40, 7 TTABVUE 26.

cited no rule or authority that requires an applicant to verify that all of the goods or services on which it uses the mark (or intends to use the mark) are identified in the application to register the mark.⁵ Indeed, the Office permits an applicant to limit its goods and services or remove goods from an identification during examination in order to overcome a Section 2(d) refusal whether or not the goods or services are so limited in their use. *See, e.g., Dragon Bleu (SARL) v. VENM, LLC*, 112 USPQ2d 1925, 1928 (TTAB 2014) (“we do not understand the [limitation] statements at issue as constituting representations that Opposer would not use or enforce its ... marks as to goods outside the martial arts-related clothing segment, but rather as simple statements ... agreed to during examination ... in order to overcome the Section 2(d) refusal...”). Therefore, the allegations in the petition do not identify a *false* statement made in the application for registration, an essential element for pleading and proving fraud. *See, e.g., Tri-Star Marketing LLC v. Nino Franco Spumanti S.R.L.*, 84 USPQ2d 1912, 1916 (TTAB 2007) (fraud not found where statement identifying goods in application, although inartfully worded, was not false).

Although Petitioner’s fraud claim fails solely on its failure to allege a false statement, the Board also notes that the petition does not include an allegation that Respondent’s failure to include legal services was material to the registration of the mark. Petitioner merely states that the examining attorney relied on the identification of goods and services “to reach an informed judgment concerning

⁵ An application for registration based on use in commerce under Trademark Act Section 1(a), 15 U.S.C. § 1051(a), merely requires the applicant to verify that the mark is in use in commerce on the goods or services specified in the application. *See also* 37 C.F.R. § 2.33(b)(1).

likelihood of confusion.”⁶ Petitioner does not allege, and there is no basis to conclude, that the examining attorney would have refused registration under Section 2(d) had Respondent included legal services in the identification. Thus, the alleged failure to include the services would not have been a material misrepresentation during examination. *Cf. Dragon Bleu (SARL)*, 112 USPQ2d at 1928 (restriction of identification would not have been material consideration during examination).⁷

In view of the foregoing, Petitioner’s fraud claim based on the identification of goods and services fails to state a claim a legally sufficient claim upon which relief may be granted. Moreover, because the claim does not include allegations of a false, material representation, the asserted claim is implausible. Accordingly, Petitioner’s motion for leave to add the claim is **DENIED** with prejudice.

Inasmuch as the Board has denied Petitioner’s motion for leave to amend the pleading, Petitioner’s original petition for cancellation remains the operative pleading.

Proceedings are resumed. Discovery, trial and briefing dates are reset as follows:

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| Initial Disclosures Due | 5/25/2018 |
| Expert Disclosures Due | 9/22/2018 |
| Discovery Closes | 10/22/2018 |
| Plaintiff's Pretrial Disclosures Due | 12/6/2018 |
| Plaintiff's 30-day Trial Period Ends | 1/20/2019 |
| Defendant's Pretrial Disclosures Due | 2/4/2019 |
| Defendant's 30-day Trial Period Ends | 3/21/2019 |
| Plaintiff's Rebuttal Disclosures Due | 4/5/2019 |

⁶ Amended Petition for Cancellation, at ¶ 47, 7 TTABVUE 27.

⁷ The Board further notes that other applications filed by Respondent for different marks are not relevant to the current proceeding. Petitioner’s conclusion that the filing of the applications “evinces bad faith,” 7 TTABVUE 4, is unsupported.

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| Plaintiff's 15-day Rebuttal Period Ends | 5/5/2019 |
| Plaintiff's Opening Brief Due | 7/4/2019 |
| Defendant's Brief Due | 8/3/2019 |
| Plaintiff's Reply Brief Due | 8/18/2019 |
| Request for Oral Hearing (optional) Due | 8/28/2019 |

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 Rules 2.128(a) and (b). An oral hearing will be set only upon request filed as provided by Trademark Rule 2.129.