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

Proceeding	92064206
Party	Defendant JDA Technology, LLC
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Submission	Motion to Dismiss - Rule 12(b)
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Date	10/21/2016
Attachments	Motion to Dismiss 1st Amended Complaint final.pdf(159915 bytes)

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

In the matter of Registration No. 4823007
For the Mark: SONIC VORTEX and design
Date of Issue: September 29, 2015

AFCO INC.,)	
)	
Petitioner,)	
v.)	Cancellation No. 92064206
)	
JDA TECHNOLOGY, LLC,)	
)	
Registrant.)	
)	

Trademark Trial and Appeal Board
Commissioner for Trademarks
P.O. Box 1451
Alexandria, VA 22313-1451

MOTION TO DISMISS FIRST AMENDED PETITION

Registrant JDA Technology, LLC (“Registrant”) brings this Motion to Dismiss the above identified Amended Petition for Cancellation (“Amended Petition”) filed by Petitioner AFCO Inc. (“Petitioner”) for lack of standing under 15 U.S.C. §1064 and TBMP 309.03(b), and for failure to state a cause of action pursuant Fed. R. Civ. P. 12(b)(6) and TBMP 503. In support of its Motion, Registrant respectfully states:

Introduction

1. On August 11, 2016, Petitioner filed its original Petition for Cancellation (“Petition,” Dkt. #1). On September 20, 2016, Registrant moved to dismiss the Petition for failure to state a cause of action and for lack of standing (“Motion to Dismiss,” Dkt. #6). On September 30, 2016, Petitioner, realizing the Petition was improperly plead, filed a first

Amended Petition (Dkt. #9). In view of the Amended Petition, the Board deemed Registrant's Motion to Dismiss moot and it was given no further consideration ("Order," Dkt. #10).

2. In its Order, the Board stated:

As a final matter, the Board has *sua sponte* reviewed Petitioner's amended pleading and notes that Petitioner has alleged a claim of fraud and, alternatively, a claim of nonuse in commerce as of the filing date of the statement of use of Respondent's underlying application for its subject registered mark as grounds for cancellation. The Board finds that Petitioner's allegations regarding its standing, as well as its asserted claims of fraud and nonuse, are sufficiently pleaded.

3. However, for the reasons set forth herein, Registrant respectfully states that even though Petitioner's Amended Petition asserts a subjective belief that it is being damaged, standing has not been properly plead because its allegations in support of Petitioner's belief of damage do not have a reasonable basis in fact. Further, Petitioner's own case law cited in its Response (Dkt. #8) to the Motion to Dismiss, makes it clear that requisite elements of its fraud claim have not been plead at all. As such, Registrant respectfully requests that the Board consider the arguments and case law presented herein, and reconsider its finding that the Amended Complaint is sufficiently plead.¹

4. Petitioner's sole allegation of damages is now asserted in paragraph 13 of its Amended Petition, which states:

13. AFCO believes it has been and will continue to be damaged by the '007 Registration because a shipment of its products bearing the SONIC VORTEX mark has been seized by the United States Customs and Border Protection agency, and AFCO faces possible forfeiture, fines, and/or penalties. *See* Exhibit B - Copy of the August 4, 2016 Notice of Seizure and Information.

5. This allegation of damages alone fails to establish any reasonable basis in fact because nowhere in the Amended Petition does Petitioner allege that it has any right to use the

¹ This is the first opportunity Registrant has had to enter into the record its objections and arguments relating to the sufficiency of the Amended Petition, and to preserve these issues for appeal if necessary.

mark. Instead, Petitioner is an intermeddler who is infringing Registrant's trademark, and does not have the right to import the infringing goods.

6. The purpose of standing is to prevent litigation where there is no real controversy between the parties, where a plaintiff, petitioner or opposer, is no more than an intermeddler. *Lipton Industries, Inc. v. Ralston Purina Co.*, 670 F.2d 1024, 213 USPWQ 185, 187 (CCPA 1982). To survive a Rule 12(b)(6) motion to dismiss, petitioner must allege sufficient factual matter as would, if proved, establish that (1) it has standing to maintain the proceeding, and (2) a valid ground exists for opposing or cancelling the mark. *Id.*

7. As discussed in TBMP 309.03(b), the allegations in support of plaintiff's belief of damage must have a reasonable basis "in fact." *Ritchie v. Simpson*, 170 F.3d 1092, 50 USPQ2d1023, 1027 (Fed. Cir. 1999) (stating that the belief of damage alleged by plaintiff must be more than a subjective belief) (citing *Universal Oil Products v. Rexall Drug & Chemical Co.*, 463 F.2d 1122, 174 USPQ 458, 459-60 (CCPA 1972)). *See also Doyle v. Al Johnson's Swedish Restaurant & Butik Inc.*, 101 USPQ2d 1780, 1783 (TTAB 2010) (petitioner's alleged belief that he would be damaged by respondent's registrations is not reasonable).

8. Because Petition has failed to allege it has any right to use the registered mark and is not an intermeddler or infringer, Petitioner has failed to allege facts sufficient to show a "reasonable basis" for its belief that it would suffer some kind of damage if the registration is not canceled. *See Doyle, supra* ("petitioner has not alleged that he ... has any right" to [use the mark in connection with the services]).

9. Petitioner's allegations of fraud are similarly deficient. On pages 3-4 of Petitioner's Response, Petitioner sets forth the requisite elements necessary to properly plead fraud relating to a declaration or oath, stating:

A party claiming that the declaration or oath in a respondent's application for registration was executed fraudulently **must allege** particular facts which, if proven, would establish the following: (1) that there was in fact another use of the same or a confusingly similar mark at the time the oath was signed; (2) that the other user had legal rights superior to respondent's; (3) that respondent knew that the other user had rights in the mark superior to respondent'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 (4) that respondent, in failing to disclose these facts to the USPTO, intended to procure a registration to which it was not entitled. (emphasis added) See *Qualcomm Incorporated v. FLO Corporation*, 93 U.S.P.Q.2d 1768 (TTAB 2010) (citing *Intellimedia Sports, Inc. v. Intellimedia Corp.*, 43 U.S.P.Q.2d 1203, 1205 (TTAB 1997)).

10. Nowhere in in the Amended Petition does Petitioner allege that any other user had legal rights superior to respondent's; or that that respondent knew that the other user had rights in the mark superior to respondent'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. Clearly, the Amended Petition contains no such allegations. Accordingly, Petitioner clearly fails to plead key, requisite elements of its fraud claim, which Petitioner itself has specifically recognized are necessary to plead such a cause of action.

11. Likewise, Petitioner fails to plead sufficient factual matter, accepted as true, to state a claim to relief that is plausible on its face as to its claim of non-use. Petitioner's conclusory allegations in paragraph 14 of the Amended Complaint are exactly the type of bare-bone statements which are insufficient to plead a plausible claim of non-use under the requisite pleading standards of *Bell Atl. Corp. v. Twombly*, 550 U.S. 544 (2007) and *Ashcroft v. Iqbal*, 556 U.S. 662 (2009). Therefore, Petitioners' claim of non-use should be dismissed as well.

12. For the above reasons, Petitioner's subjective belief that it would be damaged by Respondent's registration is not reasonable, i.e., does not have any reasonable basis "in fact" since Petitioner has not plead any right to use the mark. As such, the Amended Petition fails to sufficiently plead Petitioner's standing. Further, the Amended Petition absolutely and

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