

**UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF FLORIDA**

CASE NO. 13-80333-CIV-DIMITROULEAS/SNOW

ISLAND COMPANY LLC, a Florida
Limited Liability Company,

Plaintiff,

vs.

ABERCROMBIE & FITCH CO.,
a Delaware corporation, and
ABERCROMBIE & FITCH STORES,
INC., an Ohio corporation,

Defendants.

ORDER DENYING MOTION TO DISMISS COUNTERCLAIMS

THIS CAUSE is before the Court upon Plaintiff/Counterclaim Defendant’s Motion to Dismiss Defendants’ Counterclaim (the “Motion”) [DE 36]. The Court has carefully considered the Motion [DE 36], the Response [DE 41], and the Reply [DE 44] and is otherwise fully advised in the premises.

I. BACKGROUND¹

The parties to this action are Plaintiff/Counterclaim Defendant Island Company LLC (“Island”) and Defendants/Counterclaim Plaintiffs Abercrombie & Fitch Stores, Inc. and Abercrombie & Fitch Co. (together, “Abercrombie”).

Island is a small clothing company that is owned and operated by Mr. Spencer Antle. [DE 34 at 6]. In approximately 2005, Mr. Antle applied to the U.S. Copyright Office to protect

¹ These background facts are taken exclusively from Defendants/Counterclaim Plaintiffs’ Counterclaim [DE 34 at 6-13].

the following 14-word aspirational mantra (the “Mantra”): “quit your job buy a ticket get a tan fall in love never return.” [*Id.* at 6-7]. The copyright registration states that the Mantra is comprised of “text for t-shirts and other products for sale.” [*Id.* at 7]. Island subsequently enforced its copyright through two actions in federal court. [*Id.*]. The pleadings from those actions showed that the Mantra was being used in big, bold block letters on the back of a plain t-shirt. [*Id.*].

On July 29, 2009, Mr. Antle, on behalf of Island, submitted a trademark application for the Mantra to the United States Patent and Trademark Office (the “USPTO”).² [*Id.*]. According to Abercrombie, Mr. Antle made at least two deceptive statements in that trademark application. [*Id.*]. First, Mr. Antle falsely attested that Island was using the Mantra on “Board shorts; Long-sleeved shirts; Polo shirts; Shirts and short-sleeved shirts; Shorts; Swimwear; T-shirts; and Tee shirts.” [*Id.* at 7-8]. That attestation was false because Island was not selling board shorts, polo shirts, shorts, or swimwear containing the Mantra. [*Id.* at 8]. Rather, Island was selling only t-shirts containing the Mantra. [*Id.*].

Second, Mr. Antle provided a false specimen of use with the trademark application. [*Id.* at 9]. He was supposed to provide “a photocopy or other reproduction of a specimen of the mark as actually used on or in connection with the goods.” [*Id.*] (citing 37 C.F.R. 2.56). Instead, he submitted a woven label containing the Mantra. [*Id.*]. According to Abercrombie, that submission was false because Island did not use the Mantra on labels affixed to Island’s clothing. [*Id.*]. Rather, Island used the Mantra only as an ornamental design printed on the back of Island’s t-shirts. [*Id.*].

Based on this alleged conduct, Abercrombie has asserted two counterclaims aimed at

² That trademark was issued under Registration No. 3,760,762.

cancelling Island's trademark: (1) cancellation for fraud on the USPTO ("Counterclaim I"); and (2) inability to function as a trademark (Counterclaim II).³ Through the instant Motion [DE 36], Island seeks dismissal of both Counterclaims I and II pursuant to Rule 12(b)(6) and Rule 9(b) of the Federal Rules of Civil Procedure (the "Rules").

II. STANDARD OF REVIEW

A. Rule 12(b)(6)

Under Rule 12(b)(6), a motion to dismiss should be granted only if the plaintiff is unable to articulate "enough facts to state a claim to relief that is plausible on its face." *Bell Atl. Corp. v. Twombly*, 550 U.S. 544, 570 (2007). "A claim has facial plausibility when the pleaded factual content allows the court to draw the reasonable inference that the defendant is liable for the misconduct alleged." *Ashcroft v. Iqbal*, 129 S. Ct. 1937, 1949 (2009) (citing *Twombly*, 550 U.S. at 556). The allegations of the claim must be taken as true and must be read to include any theory on which the plaintiff may recover. *See Linder v. Portocarrero*, 963 F.2d 332, 334-36 (11th Cir. 1992) (citing *Robertson v. Johnston*, 376 F.2d 43 (5th Cir. 1967)).

However, the court need not take allegations as true if they are merely "threadbare recitals of a cause of action's elements, supported by mere conclusory statements . . ." *Iqbal*, 129 S. Ct. at 1949. In sum, "a district court weighing a motion to dismiss asks 'not whether a plaintiff will ultimately prevail but whether the claimant is entitled to offer evidence to support the claims.'" *Twombly*, 550 U.S. at 563 n.8 (quoting *Scheuer v. Rhodes*, 416 U.S. 232, 236 (1974), *overruled on other grounds by, Davis v. Scherer*, 468 U.S. 183 (1984)).

³ Island has brought the following affirmative causes of action against Abercrombie: (1) Count I for Trademark Infringement (15 U.S.C. § 1114); (2) Count II for False Designation of Origin and Unfair Competition (15 U.S.C. § 1125(a)); (3) Count III for Florida Common Law Trademark Infringement; and (4) Count IV for Common Law Unfair Competition. *See* [DE 33].

B. Rule 9(b)

Rule 9(b) provides that “in alleging fraud or mistake, a party must state with particularity the circumstances constituting fraud or mistake.” Fed. R. Civ. P. 9(b). “Rule 9(b) is satisfied if the complaint sets forth (1) precisely what statements were made in what documents or oral representations or what omissions were made, and (2) the time and place of each such statement and the person responsible for making (or, in the case of omissions, not making) same, and (3) the content of such statements and the manner in which they misled the plaintiff, and (4) what the defendants obtained as a consequence of the fraud.” *Ziembra v. Cascade Int’l, Inc.*, 256 F.3d 1194, 1202 (11th Cir. 2001) (internal quotations omitted).

III. DISCUSSION

Island seeks dismissal of Counterclaims I and II. The Court will consider each Counterclaim in turn.

A. Counterclaim I – Cancellation for Fraud on the USPTO

Island asserts two arguments in favor of dismissal of Counterclaim I. First, Island argues that Abercrombie’s allegations of fraud fail to satisfy the specificity requirement under Rule 9(b). Second, Island argues that Abercrombie fails to allege the “intent to deceive” element of a claim for cancellation based on fraud. For the following reasons, the Court disagrees.

1. Pleading Fraud Under Rule 9(b)

“A third party may petition to cancel a registered service mark on the grounds that the registration was obtained fraudulently.” *Drew Estate Holding Co., LLC v. Fantasia Distribution, Inc.*, No. 11–21900–CIV, 2012 WL 234105, at *4 (S.D. Fla. Jan. 24, 2012) (quoting *Metro Traffic Control, Inc. v. Shadow Network Inc.*, 104 F.3d 336, 340 (Fed. Cir. 1997)). Moreover, “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 [US]PTO.” *Id.* (quoting *In re Bose Corp.*, 580 F.3d 1240, 1245 (Fed. Cir. 2009)). The heightened pleading requirements of Rule 9(b) apply to a cause of action for the cancellation of a trademark on the basis of fraud. *See generally id.*

Abercrombie has alleged these elements with the requisite specificity. First, Abercrombie alleges that Island’s trademark application to the USPTO attested that Island “was using this mantra on the following articles of clothing: ‘Board shorts; Long-sleeved shirts; Polo shirts; Shirts and short-sleeved shirts; Shorts; Swimwear; T-shirts; and Tee shirts’” and included “a ‘woven label’ purportedly showing how the mark was used on the goods listed in the application.” [DE 34 at 7-9]. These allegations precisely set forth what statements were made, the documents in which those statements were made, and the content of those statements.

Second, Abercrombie alleges that Mr. Antle submitted the trademark application—including those statements—to the USPTO on behalf of Island on July 29, 2009. [*Id.* at 7]. These allegations identify the time of the statements, the place of the statements, and the person responsible for making the statements.

Third, Abercrombie alleges that “Mr. Antle’s representation that his company was using the aspirational mantra on ‘board shorts,’ ‘polo shirts,’ ‘shorts,’ and ‘swimwear’ was false and was made with intent to deceive the [US]PTO and to obtain trademark rights to which Island [] was not entitled.” [*Id.* at 8]. Abercrombie adds that “Mr. Antle knew his representation was false and intentionally made this false statement because his company was not selling these goods.” [*Id.*]. Abercrombie additionally alleges that “[Island]’s representations that Island [] was using the mantra on labels affixed to [Island]’s clothing was knowingly and intentionally false and was made for the purpose of obtaining trademark rights to which [Island] is not

entitled” and that “[t]he purported ‘trademark’ was not, and still to this day is not, used as label to identify Island []’s products.” [*Id.* at 9]. These allegations show the content of the fraudulent statements and the manner in which they were misleading. Essentially, the fraudulent statements indicated that the Mantra would be on a label that would then be affixed to board shorts, polo shirts, shorts, and swimwear, when, in reality, the Mantra was used only as text printed directly onto t-shirts.

Finally, Abercrombie alleges that “[Island]’s false, material misrepresentations caused the ‘762 Registration to be improperly issued by the USPTO.” [*Id.* at 10]. That allegation identifies what Island gained as a consequence of the alleged fraud.

Thus, Abercrombie alleges with specificity that Island, intending to deceive the USPTO to obtain a trademark, submitted inaccurate information as to how the Mantra would be utilized and that, as a consequence, Island obtained trademark protection for a mantra that should not have received such protection. Accordingly, Abercrombie has alleged the elements of this cause of action with the requisite specificity under Rule 9(b).

2. Pleading Intent to Deceive

Island argues that Abercrombie failed to include any factual allegations that Island knew its alleged misrepresentations were false or that Island intended to deceive the USPTO. The Court disagrees.

“Rule 9(b) ‘permits states of mind, including knowledge, to be pled generally.’” *Drew Estate Holding Co.*, 2012 WL 234105, at *5 (quoting *West Coast Roofing and Waterproofing, Inc. v. Johns Manville, Inc.*, 287 F. App’x 81, 88 (11th Cir. 2008)). Here, Abercrombie alleges that “[i]n applying for the trademark, Mr. Antle, on behalf of his company, intentionally made at

least two deceptive statements to the USPTO” and that “Mr. Antle’s representation . . . was made with intent to deceive the [US]PTO and to obtain trademark rights to which Island [] was not entitled.” [DE 34 at 7-8]. The allegations make clear that Mr. Antle, on behalf of Island, submitted false information for the purpose of circumventing certain requirements for trademark registration. Accordingly, the intent to deceive element is sufficiently pled.

B. Counterclaim II – Inability to Function as a Trademark

Island argues that Abercrombie’s Counterclaim II fails as a matter of law. According to Island, Abercrombie’s allegation that “[a] purported mark that is ornamental does not and cannot function as a trademark” is conclusory and untrue. Island asserts that ornamental designs and phrases can function as trademarks if they also serve a source-indicating function.

The Court finds that Abercrombie has adequately stated a claim for inability to function as a trademark. Abercrombie alleges that “[Island]’s mantra does not and cannot identify and distinguish the source of [Island]’s goods as recited in its trademark application from the goods of others” and “[Island] should not have been issued the ‘762 Registration in light of the mantra’s failure to function as a trademark.” [DE 34 at 10-11]. These allegations give rise to a plausible claim for cancellation of Island’s mark on the basis that the Mantra cannot legally function as a trademark. Moreover, the allegations adequately put Island on notice of Abercrombie’s claim that the Mantra does not meet the legal requirements for trademark registration. Therefore, the Court will not dismiss Counterclaim II.


IV. CONCLUSION

Based upon the forgoing, it is **ORDERED AND ADJUDGED** as follows:

1. The Motion [DE 36] is hereby **DENIED**; and

2. Island shall answer the Counterclaims [DE 34 at 6-13] on or before March 7, 2014.

DONE AND ORDERED in Chambers at Fort Lauderdale, Broward County, Florida this 18th day of February, 2014.


WILLIAM P. DIMITROULEAS
United States District Judge

Copies provided to:

Counsel of record