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



In the Matter of Application Serial No. 76/295,515  
Published in the Official Gazette on June 18, 2002

05-19-2004

U.S. Patent & TMO/c/TM Mail Rcpt Dt. #22

<p>UNIVERSAL CITY STUDIOS, INC.,</p> <p style="text-align: center;">Opposer,</p> <p style="text-align: center;">v.</p> <p>VALEN BROST,</p> <p style="text-align: center;">Applicant.</p>	<p>Opposition No. 153,683</p> <p>I hereby certify that on May 19, 2004, this paper is being deposited with the U.S. Postal Service by "Express Mail Post Office to Addressee" service with Express Mail Label No. ED027952610US for delivery to the Commissioner for Trademarks, Box TTAB NO FEE, 2900 Crystal Drive, Arlington, VA 22202-3513</p> <p style="text-align: center;"><i>Carla Ousby</i></p> <hr style="width: 20%; margin: auto;"/> <p style="text-align: center;">Carla Ousby</p>
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**APPLICANT'S OPPOSITION TO  
MOTION FOR SUMMARY JUDGMENT**

The Applicant hereby opposes the Opposer's Motion for Summary Judgment based on the Applicant's alleged failure to use the mark in commerce, lack of ownership and fraud.

This opposition is based upon the accompanying declaration, the pleadings in this action, the attached brief in opposition, and such other arguments and evidence as may be presented to the Board with respect to this Motion.

**APPLICANT'S BRIEF IN OPPOSITION  
TO MOTION FOR SUMMARY JUDGMENT**

**INTRODUCTION AND BACKGROUND**

Opposer seeks summary judgment with respect to three alleged premises: (1) that Applicant failed to use the "Universal Toys" mark in commerce prior to submitting its application for federal registration; (2) that Applicant was not the owner of the subject application; and (3) that Applicant procured fraud on

the United States Patent and Trademark Office (“USPTO”). Not only are the Opposer’s contentions based on claims not yet plead, the contentions are without merit. The motion must be denied because material questions of fact exist. Therefore, Opposer is not entitled to judgment as a matter of law.

### ARGUMENT

#### **A. STANDARD FOR SUMMARY JUDGMENT.**

Summary judgment is proper if there is no genuine issue of material fact, and the moving party is entitled to judgment as a matter of law. Melitta-Werke Bentz & Sohn Kg v. Plastics, Inc., 201 U.S.P.Q. 607, 608 (T.T.A.B. 1978); C.R. Bard, Inc. v. Advanced Cardiovascular Systems, 911 F.2d 670, 672, 15 U.S.P.Q.2d 1540, 1542 (Fed. Cir. 1990); Celotex Corp. v. Catrett, 477 U.S. 317, 322 (1986). A genuine issue of material fact exists, “. . . if the evidence is such that a reasonable jury could return a verdict for the non-moving party.” Riggs Marketing Inc. v. Mitchell, 993 F.Supp. 1301, 1304, 45 U.S.P.Q.2d 1247, 1255; Anderson v. Liberty Lobby, Inc., 477 U.S. 242, 248 (1986). A material fact is one that affects the outcome of the claim or defense under the governing law. Riggs Marketing Inc. v. Mitchell, 993 F.Supp. at 1305. The party moving for summary judgment bears the burden of establishing that no genuine issue of material fact exists. Melitta-Werke Bentz & Sohn Kg v. Plastics, Inc., 201 U.S.P.Q. at 608; C.R. Bard, Inc. v. Advanced Cardiovascular Systems, 911 F.2d at 672. Moreover, in determining whether to grant summary judgment, the court views the evidence in the light most favorable to the non-movant, and all justifiable inferences are to be drawn in favor of the non-moving party. Id.

#### **B. OPPOSER IS NOT ENTITLED TO JUDGMENT ON THE PLEADINGS OR SUMMARY JUDGMENT ON THE ISSUE OF USE IN COMMERCE.**

Use in commerce is a prerequisite of federal registration. In re Bagel Factory, Inc., 183 U.S.P.Q. 553, 554 (T.T.A.B.1974); Tuvache, Inc. v. Emilio Pucci Perfumes Intern., Inc., 263 F.Supp. 104, 106,

152 U.S.P.Q. 574 (D.C.N.Y. 1967). In order to satisfy the “use in commerce” standard, the trademark must be applied to goods, and sold or transported in commerce. 15 U.S.C. § 1127; In re Bagel, Inc., 183 U.S.P.Q. at 554; Lands’ End, Inc. v. Manback, 797 F.Supp. 511, 513, 24 U.S.P.Q.2d 1314 (E.D.Va. 1992). The Lanham Act defines commerce as “all commerce which may lawfully be regulated by Congress.” 15 U.S.C. § 1127; Shatel Corp. v. Mao Ta Lumber and Yacht Corp., 697 F.2d 1352, 1356 (11<sup>th</sup> Cir. 1983). Congress can lawfully regulate any form of commerce which crosses state lines. Id., Mother Waddles Perpetual Mission, Inc. v. Frazier, 904 F.Supp. 603, 611, 37 U.S.P.Q.2d 1184 (E.D.Mich. 1995).

1. The Applicant Shipped Goods Bearing the “Universal Toys” Trademark in Commerce.

The Lanham Act requires that the subject mark be affixed on goods which are sold or transported in commerce. 15 U.S.C. § 1127. Transportation of a product through commerce which bears the subject trademark is sufficient to satisfy the Lanham Act, regardless of whether the goods are actually sold. In re Cook, United, Inc., 188 U.S.P.Q. 284, 287 (T.T.A.B. 1975); In re Bagel, Inc., 183 U.S.P.Q. at 554; Richard v. Auto Publisher, Inc., 735 F.2d 450, 453, 222 U.S.P.Q. 808 (11<sup>th</sup> Cir. 1984); Purolator, Inc. v. ERFA Distributors, Inc., 216 U.S.P.Q. 457, 459, 687 F.2d 554 (1<sup>st</sup> Cir. 1981). As part of Applicant’s solicitation of sales, Applicant transported goods bearing the “Universal Toys” mark through interstate commerce on July 31, 2001. Declaration of Valen Brost (“Brost Decl.”), ¶ 4. Specifically, the Applicant shipped samples of the Stomp Rocket, bearing the mark “Universal Toys,” to buyers such as Toys R Us and Zany Brainy, across state lines. Id. Since the interstate transport of goods is sufficient to satisfy the “use in commerce” provision of the Lanham Act, Applicant’s use in commerce satisfied the statutory requirement of “use in commerce” for purposes of federal registration. In re Bagel, Inc., 183 U.S.P.Q. at 554.

2. The Applicant Solicited Its Goods Bearing the “Universal Toys” Trademark in Commerce.

Since commerce has been held to include any transaction which affects commerce, it includes all commercial intercourse between different states and all the component parts of that intercourse, including interstate advertising and solicitation. Shatel Corp. v. Mao Ta Lumber and Yacht Corp., 697 F.2d at 1356; Mother Waddles Perpetual Mission, Inc. v. Frazier, 904 F.Supp. at 611. Applicant’s first use of the mark included, among other things, the mailing of brochures through interstate commerce. Deposition of Valen Brost (“Brost Deposition”), 45:22-47:11. Since interstate advertising and solicitation are considered commerce for purposes of the Lanham Act, the Applicant’s use of the “Universal Toys” trademark on brochures was a sufficient use in commerce for federal registration. Shatel Corp. v. Mao Ta Lumber and Yacht Corp., 697 F.2d at 1356; Mother Waddles Perpetual Mission, Inc. v. Frazier, 904 F.Supp. at 611.

Opposer’s claim regarding Applicant’s failure to use the “Universal Toys” mark in commerce is meritless, and therefore, Opposer is not entitled to judgment as matter of law.

**C. OPPOSER IS NOT ENTITLED TO JUDGMENT ON THE PLEADINGS OR SUMMARY JUDGMENT ON THE ISSUE OF OWNERSHIP.**

“While the fact that an individual is the controlling stockholder and officer of a corporation is not sufficient, by itself, to establish ownership in a mark which was only used by a corporation, it is equally true that such an individual is not automatically disqualified from establishing such ownership by virtue of his or her position in the corporation.” In re Briggs, 229 U.S.P.Q. 76, 77 (T.T.A.B. 1986). Determining whether an individual is the owner of a mark used by a corporation, is a question evaluated on a case by case basis. Id.; Monorail Car Wash, Inc. v. McCoy, 178 U.S.P.Q. 434, 438 (T.T.A.B. 1973). The Board considers whether individual ownership of a corporation is so complete that the two legal entities “equitably constitute a single entity.” In re Hand, 231 U.S.P.Q. 487, 488 (T.T.A.B. 1986). It has been held that it is permissible

for a corporation to claim ownership of a mark used by another corporation, which was a wholly-owned subsidiary. Id. Following the preceding logic, the Board has determined that there should be no distinction between corporate and individual applicants. Id. Therefore, where an applicant claims ownership of a mark based on use by a company which is wholly owned by the applicant, the applicant is entitled to claim individual ownership of the subject trademark. Id.

Applicant Valen Brost filed for federal registration of the “Universal Toys” mark on July 31, 2001, in his individual capacity. Brost Deposition, 39:11-18. At the time of filing the federal application, the Applicant was the lawful owner of the mark and sold its goods under his sole proprietorship called Universal Toys. Brost Decl., ¶3. Universal Toys was incorporated in the State of Nevada ten months later on April 2, 2002. Id. Applicant is the sole director, officer and shareholder of the Universal Toys, Inc. Id. As the sole owner, the Applicant maintains complete control and discretion over the nature and quality of Universal Toys’ products. Id. Applicant is the only employee of Universal Toys, Inc. and is solely responsible for the day to day activities of the company. Id.

The claimed use of the “Universal Toys” mark on Applicant’s federal trademark application was based on use by the Applicant, through his sole proprietorship, Universal Toys. Brost Decl. ¶3. Current use of the “Universal Toys” mark occurs through the Universal Toys, Inc., which remains owned and operated by the Applicant. Id. Therefore, under the reasoning of In re Hand, since the Applicant has always conducted himself as the owner of the “Universal Toys” mark through his control of the nature and the quality of its products, Applicant is entitled to maintain ownership in his individual capacity of the mark “Universal Toys.” In re Hand, 231 U.S.P.Q. at 488; In re Briggs, 229 U.S.P.Q. at 76-77.

Opposer’s claim regarding Applicant’s lack of ownership of the “Universal Toys” mark in commerce is meritless, and therefore, Opposer is not entitled to judgment as matter of law.

**D. OPPOSER IS NOT ENTITLED TO JUDGMENT ON THE PLEADINGS OR SUMMARY JUDGMENT ON THE ISSUE OF FRAUD.**

Fraud in procuring a trademark registration occurs when the applicant knowingly makes false, material representations of fact in connection with the application. Kemin Industries, Inc. v. Watkins Products, Inc., 192 U.S.P.Q. 327, 329 (T.T.A.B. 1976); Metro Traffic Control, Inc. v. Shadow Network, Inc., 104 F.3d 336, 340, 41 U.S.P.Q.2d 1369 (Fed.Cir. 1997). Fraud must be proven with clear and convincing evidence by the party opposing the registration of the subject mark. Id.; Giant Food, Inc. v. Standard Terry Mills, Inc., 229 U.S.P.Q. 955, 962 (T.T.A.B. 1986).

The Board has previously acknowledged that there is a “legal distinction between a “false” representation and a “fraudulent” one, the latter involving an intent to deceive, whereas the former may be occasioned by a misunderstanding, an inadvertence, a mere negligent omission, or the like.” Id.; Bausch & Lomb, Inc. v. Leupold & Stevens, Inc., 1 U.S.P.Q.2d 1497, 1501 (T.T.A.B. 1986); The Riser Company, Inc. v. Munsingwear, Inc., 128 U.S.P.Q. 452, 452 (T.T.A.B. 1962). A showing of an honest and good faith belief that the information provided in a trademark application is accurate, may serve to negate any inference of fraud. Kemin Industries, Inc. v. Watkins Products, Inc., 192 U.S.P.Q. at 330; Metro Traffic Control, Inc. v. Shadow Network, Inc., 104 F.3d at 340. Moreover, issues which involve the determination of intent have been found inappropriate for determinations through summary judgment since issues of intent are rarely free from dispute. Giant Food, Inc. v. Standard Terry Mills, Inc., 229 U.S.P.Q. at 962; KangaROOS U.S.A., Inc. v. Caldor, Inc., 778 F.2d 1571, 1575, 228 U.S.P.Q. 32 (Fed.Cir.1985); Albert v. Kevex Corp., 729 F.2d 757, 763, 221 U.S.P.Q. 202 (Fed.Cir. 1984); In re Coordinated Pretrial Proceedings in Antibiotic ...., 538 F.2d 180, 185, 190 U.S.P.Q. 273 (8<sup>th</sup> Cir. 1976).

Applicant’s representation to the USPTO concerning the “use in commerce” of the “Universal Toys”

mark was sufficient to establish trademark rights, as discussed above, since Applicant's use of the "Universal Toys" mark satisfied the Lanham Act's requirement for "use in commerce." This determination renders the Opposer's fraud argument moot. However, even if the Board discovered a mistake in Applicant's application, such a mistake could hardly amount to fraud. Applicant's knowledge of trademark law is limited, he is not an attorney, and admits that he performed all of the research preceding the application for registration of "Universal Toys." Brost Deposition, 30:9-14. Therefore, even if the Board were to find that Applicant's use was not sufficient, the Board would not qualify Applicant's statements as fraudulent, since Applicant did not make a conscious effort to apply for a federal trademark registration for which he knew he was not entitled to register. Brost Decl., ¶ 5. Applicant's good faith belief that his trademark application contained only accurate information will serve to eliminate any theory of fraud in this proceeding. There can be no finding of fraud as a matter of law. Bausch & Lomb, Inc. v. Leupold & Stevens, Inc., 1 U.S.P.Q. at 1502.

Opposer's claim regarding Applicant's fraudulent behavior is meritless, and therefore, Opposer is not entitled to judgment as matter of law.

**E. OPPOSER'S MOTION FOR SUMMARY JUDGMENT IS BASED IN CLAIMS NOT YET PLEAD IN THIS OPPOSITION PROCEEDING.**

The Opposer cannot rely on claims in the motion for summary judgment that have not yet been plead in the action. Consolidated Foods Corporation v. Berkshire..., 229 U.S.P.Q. 619, 621 (T.T.A.B. 1986).

The above stated rule is especially important where the grounds for summary judgment include fraud, since fraud needs to be stated with particularity. Id. Opposer failed to assert a use in commerce, ownership or fraud claim in its notice of opposition. Further, Opposer failed to amend its complaint to include such claims prior to the close of discovery. While it is true that the Opposer is presently seeking leave to amend its

notice of opposition after the close of discovery, the leave to amend is not warranted, and further, has not yet been granted. Therefore, the claims concerning use in commerce, ownership and fraud are not eligible for consideration at this time

**CONCLUSION**

In light of the forgoing, Summary Judgment is inappropriate and should be denied as a matter of law.

Dated: May 19<sup>th</sup>, 2004

By:  For:  
Kenneth N. Caldwell  
WATSON ROUNDS  
A Professional Corporation

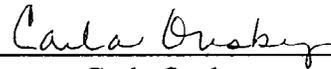
Attorneys for Applicant Valen Brost

**CERTIFICATE OF SERVICE**

I hereby certify that on May 19, 2004, I served the foregoing **Applicant's Opposition to Motion for Summary Judgment**, on the Opposer by mailing a true copy thereof by first class mail, postage prepaid, addressed to Opposer's counsel as follows:

Joan Kupersmith Larkin  
Christoper C. Larkin  
2029 Century Park East, Suite 3300  
Los Angeles, CA 90067-3063

Dated this 19<sup>th</sup> day of May, 2004.



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Carla Ousby

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

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UNIVERSAL CITY STUDIOS, INC.,

05-19-2004

Opposer,

U.S. Patent & TMO/c/TM Mail Rcpt Dt. #22

v.

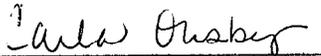
VALEN BROST,

Applicant.

Opposition No. 153,683

**CERTIFICATE OF MAILING**

I hereby certify that on MAY 19, 2004, this paper is being deposited with the U.S. Postal Service by "Express Mail Post Office to Addressee" service with Express Mail Label No. ED 027952610 US for delivery to the Commissioner for Trademarks, Box TTAB NO FEE, 2900 Crystal Drive, Arlington, VA 22202-3513



**DECLARATION OF VALEN BROST IN SUPPORT OF APPLICANT'S OPPOSITION  
TO MOTION FOR SUMMARY JUDGMENT**

I, Valen Brost, hereby declare:

1. I am the Applicant in the Matter of Application Serial No. 76/295/515 published in the Official Gazette on June 18, 2002.
2. I make this declaration on the basis of my own personal knowledge and in support of my opposition to Universal City Studios LLLP's ("Opposer") Motion for Summary Judgment.
3. After having my deposition taken I reviewed my records related to the formation of Universal Toys, Inc., a Nevada corporation. I discovered that I did not establish the corporation until April 2, 2002. (See Corporate Charter attached hereto as Exhibit A.) Up until that date and on July 31, 2001 I was operating Universal Toys in my own name as a sole proprietorship. Since the incorporation of Universal Toys, Inc. I have been the sole director, officer and shareholder with full and complete control of the nature and quality of the products sold under the UNIVERSAL TOYS mark.

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4. In clarification of my deposition transcript, I shipped samples of finished product that I referred to at page 56, line 2-4 of my deposition transcript to key customers including Toys R Us and Zany Brainy at the time I sent out brochures bearing the UNIVERSAL TOYS mark on or about July 31, 2001.

5. At no time, either in filing the UNIVERSAL TOYS trademark application of otherwise did I ever intend to mislead, misrepresent or commit fraud on the U.S. Patent and Trademark Office or anyone else.

I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct.

Executed this 11<sup>th</sup> day of May, 2004 at Reno, NV.

  
\_\_\_\_\_  
Valen Brost



**CERTIFICATE OF SERVICE**

I hereby certify that on April 19, 2004, I served the foregoing **Applicant's Opposition to Motion for Leave to Amend Notice of Opposition** on the applicant by mailing a true copy thereof by first class mail, postage prepaid, addressed to Opposer's counsel as follows:

Joan Kupersmith Larkin  
Christopher C. Larkin  
2029 Century Park East, Suite 3300  
Los Angeles, CA 90067-3063

Dated this 19<sup>th</sup> day of May, 2004.

Carla Buskey