

This Opinion is not a
Precedent of the TTAB

Hearing: October 25, 2016

Mailed: March 14, 2017

UNITED STATES PATENT AND TRADEMARK OFFICE

Trademark Trial and Appeal Board

Farmaco-Logica B.V.

v.

TriZetto Corporation

Opposition No. 91184047

Farmaco-Logica B.V., *pro se*.

Marc C. Levy of Seed IP Law Group PLLC,
for TriZetto Corporation.

Before Bergsman, Heasley and Pologeorgis,
Administrative Trademark Judges.

Opinion by Bergsman, Administrative Trademark Judge:

TriZetto Corporation (“Applicant”) seeks registration on the Principal Register of the mark FACETS (in standard characters) for “computer software for health care plan management and administration; computer software for claims and benefits administration for Medicare and Medicaid managed care,” in International Class 9.¹

¹ Application Serial No. 77029672 was filed on October 26, 2006, based upon Applicant’s allegation of use in commerce under Section 1(a) of the Trademark Act, 15 U.S.C. § 1051(a),

Farmaco-Logica B.V. (“Opposer”) opposes registration of Applicant’s mark, and the opposition is now limited to the ground that Applicant has misused the federal registration symbol.

9. Applicant has used the statutory registration symbol (®) in connection with the FACETS mark for goods recited in the application at issue here, even though this mark was not registered in the United States of America at the time of such use. Upon information and belief, Applicant has used the statutory registration symbol with an intent to deceive the purchasing public, its (former) shareholders or others in the trade into believing that the mark was registered while it was not. Applicant’s mark is unregistrable because of fraudulent misuse of the statutory registration symbol.²

Applicant, in its Answer, denied the salient allegations in the Notice of Opposition.

I. The Record

The record includes the pleadings and, by operation of Trademark Rule 2.122(b), 37 C.F.R. § 2.122(b), Applicant’s application file.

A. Opposer’s testimony and evidence.

claiming July 12, 1993 as both the date of first use anywhere and the date of first use in commerce.

² Fourth Amended Notice of Opposition ¶9 (72 TTABVUE 41). *See also* Opposer’s Brief, p. 9 (118 TTABVUE 11) (“Thus, the only issue that remains to be resolved at trial is the scale of Applicant’s misuse [of the statutory registration symbol] and whether Applicant had the intent to deceive (potential) purchasers, its (former) shareholders or others in the trade when it used its FACETS mark adjacent to the statutory registration symbol and in connection with the goods in its application.”); Applicant’s Brief, p. 3 (120 TTABVUE 7) (“The issue in this case is whether Opposer has proven by clear and convincing evidence that [Applicant] fraudulently misused the registration symbol with its FACETS mark....”).

1. Testimonial deposition upon written questions of Paul Kuks, Opposer's Managing Director, with attached exhibits;³
2. Notice of reliance on the following items:
 - a. Applicant's responses to Opposer's third set of requests for admission;⁴ and
 - b. Applicant's responses to Opposer's second set of requests for admission;⁵ and
3. Notice of reliance on Opposer's responses to Applicant's interrogatories Nos. 1 and 7, which Opposer contends, in essence, should in fairness be

³ 101 TTABVUE. Applicant objected to the exhibits in the deposition purportedly exemplifying Applicant's misuse of the federal registration symbol on the grounds of lack of foundation and failure to authenticate. "Mr. Kuks, who has no relationship with [Applicant], has no basis to authenticate or provide foundation for these documents." Applicant's Brief, p. 16 n.3 (120 TTABVUE 20). Exhibits 32-40 (101 TTABVUE 139-231) are excerpts of Applicant's Form 10-Q reports filed with the Securities Exchange Commission and printed from the electronic database of that agency displaying the URL and date printed. Accordingly, those documents are admissible pursuant to *Safer Inc. v. OMS Investments Inc.*, 94 USPQ2d 1031, 1039 (TTAB 2010) ("We hold that, *if a document obtained from the Internet identifies its date of publication or date that it was accessed and printed, and its source (e.g., the URL), it may be admitted into evidence pursuant to a notice of reliance in the same manner as a printed publication in general circulation in accordance with Trademark Rule 2.122(e).*"). Likewise, exhibits 75-77 (101 TTABVUE 401-410) also are admissible under *Safer* because they are excerpts from Applicant's website displaying the URL and date printed. Exhibits 22-31 and 41-74 (101 TTABVUE 110-137 and 232-409), however, are documents that Mr. Kuks printed from Applicant's website and they do not display the URL or date printed. Nevertheless, Mr. Kuks provided that information in his deposition upon written questions. Thus, Mr. Kuks authenticated the documents and they are admissible for what they show on their face, i.e., Applicant's use of ® in conjunction with the term FACETS. In view of the foregoing, Applicant's objections are overruled.

⁴ 103 TTABVUE 5-94.

⁵ 103 TTABVUE 96-130.

considered so as not to make misleading what was offered by Applicant.⁶

See Trademark Rule 2.120(j)(5), 37 C.F.R. § 2.120(j)(5).

B. Applicant's testimony and evidence.

1. Notice of reliance on the following items;

- a. A copy of Applicant's Registration No. 3179412 for the mark FACETS (standard character form) for "providing consulting services in the field of managed healthcare for health insurance claims administration, health insurance claims payment and health insurance claims utilization review and management, and for supporting the requirements of a healthcare insurance payer organization," in Class 36, printed from the electronic database records in the USPTO showing the current status of and title to the registration;⁷
- b. A copy of Applicant's Registration No. 3179413 for the mark FACETS (standard character form) for "providing consulting services and services as an application service provider (ASP) in the field of managed healthcare for insurance claims administration, insurance claims payment and insurance claims utilization review and

⁶ 117 TTABVUE. Applicant offered only the response to Interrogatory No. 1, and Opposer claimed that its response to the one additional interrogatory, No. 7, must be considered. Applicant did not object to Opposer's introduction of the additional response, and we therefore treat it as being of record. Accordingly, both responses have been considered.

⁷ Registered December 5, 2006; Sections 8 and 15 declarations accepted and acknowledged. (107 TTABVUE 5).

management, and for supporting the requirements of a healthcare payer organization; and providing rental software for the same,” in Class 42, printed from the electronic database records in the USPTO showing the current status of and title to the registration;⁸

- c. A copy of Applicant’s Registration No. 3482938 for the mark FACETS (standard character form) for “Application service provider (ASP) featuring software for health care plan management and administration; implementation, maintenance and support of computer software; application service provider (ASP) featuring software for claims and benefits administration for Medicare and Medicaid managed care,” in Class 42, electronic database records in the USPTO showing the current status of and title to the registration;⁹
- d. A copy of Applicant’s Registration No. 1881264 (cancelled) for the mark FACETS (typed drawing form) for “computer software for use by the managed health care industry for claims administration, claims payment and utilization review and management,” in Class 9,

⁸ Registered on December 5, 2006; Sections 8 and 15 declarations accepted and acknowledged. (107 TTABVUE 12).

⁹ Registered on August 12, 2008; Sections 8 and 15 declarations accepted and acknowledged (107 TTABVUE 19).

electronic database records in the USPTO showing the current status of and title to the registration;¹⁰

- e. A copy of the combined declaration of use and incontestability under Sections 8 & 15 of the Trademark Act for Applicant's Registration No. 3179413, filed on November 15, 2012, including the specimen of use and acceptance and acknowledgement of the declaration by the USPTO, printed from the electronic database records of the USPTO;¹¹ and
- f. A copy of the combined declaration of use and incontestability under Sections 8 & 15 of the Trademark Act for Applicant's Registration No. 3482938, filed on July 29, 2014, including the specimen of use and acceptance and acknowledgement of the declaration by the USPTO, printed from the electronic database records of the USPTO;¹²

2. Notice of reliance on dictionary definitions for relevant terms involved in this opposition proceeding;¹³

3. Notice of reliance on the following items;

¹⁰ (107 TTABVUE 28). Registered February 28, 1995; cancelled December 3, 2005 for failure to file a declaration of continued use pursuant to Section 8 of the Trademark Act, 15 U.S.C. § 1058, and request to renew under Section 9, 15 U.S.C. § 1059. As discussed *infra*, Applicant acquired this registration after issuance, but did not maintain it.

¹¹ 107 TTABVUE 33-49.

¹² 107 TTABVUE 50-60.

¹³ 108 TTABVUE.

- a. Opposer's response to Applicant's request for admission No. 3; and
 - b. Opposer's response to Applicant's interrogatory No. 1;¹⁴ and
4. Testimony deposition of Laura Fitzgerald, formerly Applicant's Vice President of Corporate Marketing from 2000 – 2013;¹⁵ and
 5. Testimony deposition of Jean Burns, Applicant's Director of Legal IP, with attached exhibits.¹⁶

II. Standing

In deciding Applicant's motion for summary judgment (filed March 27, 2015) on the grounds that Opposer lacks standing in this proceeding, lacks the priority necessary to allege likelihood of confusion, and on the ground of misuse of the statutory registration symbol, the Board found, *inter alia*, that "Opposer has introduced sufficient evidence of its standing to bring this proceeding. ... There is no genuine dispute of material fact on this issue."¹⁷

Even though the likelihood of confusion claim has been dismissed via summary judgment,¹⁸ Opposer continues to have standing to press the remainder of this case at trial. *See Estate of Biro v. Bic Corp.*, 18 USPQ2d 1382, 1385-86 (TTAB 1991)

¹⁴ 109 TTABVUE.

¹⁵ 110 TTABVUE.

¹⁶ 119 TTABVUE.

¹⁷ 94 TTABVUE 6.

¹⁸ A summary judgment decision, being interlocutory in nature, is not immediately appealable. *See Copelands' Enterprises Inc. v. CNV Inc.*, 887 F.2d 1065, 12 USPQ2d 1562, 1565 (Fed. Cir. 1989) (where Board granted partial summary judgment dismissing allegation of misuse of registration symbol but denied summary judgment on other potentially dispositive ownership and consent issues, appeal was premature).

(noting that, once the opposer shows “a personal interest in the outcome of the case ... the opposer may rely on any ground that negates applicant’s right to the registration sought”). *Cf. D.C. One Wholesaler, Inc. v. Chien*, 120 USPQ2d 1710, 1712 (TTAB 2016) (finding opposer/petitioner had standing to challenge competitor’s assertion of trademark registration rights, which opposer/petitioner stated impeded its sales to vendors and consumers) (citing *Empresa Cubana Del Tabaco v. Gen. Cigar Co.*, 753 F.3d 1270, 111 USPQ2d 1058, 1062 (Fed. Cir. 2014)). *See also Coach Servs. Inc. v. Triumph Learning LLC*, 668 F.3d 1356, 101 USPQ2d 1713, 1727-28 (Fed. Cir. 2012) (quoting *Jewelers Vigilance v. Ullenberg Corp.*, 823 F.2d 490, 2 USPQ2d 2021, 2023 (Fed. Cir. 1987)) (“Once standing is established, the opposer is entitled to rely on any of the grounds set forth in section 2 of the Lanham Act which negate applicant’s right to its subject registration.”).

III. Whether Applicant misused the federal registration symbol with an intent to deceive the purchasing public or others in the trade into believing that the mark was registered?

“The improper use of the registration symbol by an applicant will defeat applicant’s right to registration only in those cases where it is conclusively established that the misuse of the symbol was occasioned by an intent to deceive the purchasing public or others in the trade into believing that the mark was registered.” *Copeland’s Enters. Inc. v. CNV Inc.*, 945 F.2d 1563, 20 USPQ2d 1295, 1298 (Fed. Cir. 1991) (quoting *Johnson Controls, Inc. v. Concorde Battery Corp.*, 228 USPQ 39, 44 (TTAB 1985)). Thus, “a misuse of the registration symbol [®] does not mean that the adverse party is automatically entitled to judgment in its behalf.” *Penn Diaries, Inc.*

v. Pa. Agric. Coop. Mktg. Ass’n, 200 USPQ 462, 464 (TTAB 1978). “The use of the registration symbol for goods other than those specified in the registration may constitute an erroneous use, but to show that such use constitutes ‘unclean hands,’ it was incumbent upon applicant to show an intent to mislead or deceive in fact.” *Id.* See also *Fort Howard Paper Co. v. Federated Foods, Inc.*, 189 USPQ 310, 314 (TTAB 1975) (“improper use of a registration notice by an applicant is actionable only when it can be conclusively established that such use was occasioned by an intent, actual or implied, to deceive the purchasing public or even others in the trade into believing that the mark is in fact a registered mark entitled to all the presumptions under Section 7(b) of the Statute.”), *aff’d*, 544 F.2d 1098, 192 USPQ 24, 27 (CCPA 1976).¹⁹

In 2000, Applicant bought the Erisco division of IMS Health, because Erisco owned the FACETS software program for managed health care which Applicant could provide “in a hosted manner.”²⁰ Registration No. 1881264 for the mark FACETS was registered for “computer software for use by the managed health care industry for claims administration, claims payment and utilization review and management,” in

¹⁹ Opposer cites *Sauquoit Paper Co. v. Weistock*, 46 F.2d 586, 8 USPQ 349, 350 (CCPA 1931) for the proposition that misuse of the statutory registration symbol creates a *prima facie* case of fraud, which can be rebutted by evidence of mistake or lack of fraudulent intent. However, as set forth in the body of this decision, the law regarding the misuse of the federal registration symbol has evolved since *Sauquoit* was decided. See also *In re Bose Corp.*, 580 F.3d 1240, 91 USPQ2d 1938, 1940-41 (Fed. Cir. 2009) (“subjective intent to deceive, however difficult it may be to prove, is an indispensable element of fraud.”). Moreover, four years after *Sauquoit* was decided, the CCPA held that while *Sauquoit* “might be regarded as some authority for the position that one who uses the [federal registration symbol] when the mark has not been registered would be *prima facie* guilty of fraud . . . in the case at bar, . . . we see no evidence of an attempt to defraud.” *A. F. Part, Inc. v. Sormani*, 27 USPQ 417, 420 (CCPA 1935). The import of the court’s decision in *A. F. Part* is that the intent to deceive through the misuse of the federal registration symbol is an element that must be proven.

²⁰ Fitzgerald Dep., pp. 10-12 (110 TTABVUE 4-5); Burns Dep., p. 11 (119 TTABVUE 16).

Class 9.²¹ It registered in 1995 but was cancelled in December 2005 because Applicant failed to renew it. Since December 2006, however, Applicant has owned other registrations for FACETS for a number of services including “services as an application service provider (ASP) in the field of managed healthcare for insurance claims administration, insurance claims payment and insurance claims utilization review and management, and for supporting the requirements of a healthcare payer organization.”

Opposer argues that Applicant has used the federal registration symbol in connection with the mark FACETS for computer software with the intent to deceive purchasers, former shareholders and others in the trade into believing that the mark is registered for the goods recited in the involved application.²² While Opposer acknowledges that Applicant owns the above-noted registrations for services as an application service provider in the field of healthcare plan management and administration,²³ Opposer contends that those registrations do not allow Applicant to use the federal registration symbol in connection with software, even if the software

²¹ 107 TTABVUE 28.

²² Opposer’s Brief, p. 5 (118 TTABVUE 7).

²³ Registration No. 3179413 for the mark FACETS (standard character form) for “providing consulting services and services as an application service provider (ASP) in the field of managed healthcare for insurance claims administration, insurance claims payment and insurance claims utilization review and management, and for supporting the requirements of a healthcare payer organization; and providing rental software for the same”; and

Registration No. 3482938 for the mark FACETS (standard character form) for “application service provider (ASP) featuring software for health care plan management and administration; implementation, maintenance and support of computer software; application service provider (ASP) featuring software for claims and benefits administration for Medicare and Medicaid managed care.”

were within the scope of natural expansion for Opposer's application service provider activities.²⁴ "Accordingly, Applicant may use the statutory registration symbol in connection with services as application service provider (ASP), but not with software."²⁵

On the other hand, Applicant argues, in essence, that the use of its FACETS mark in connection with its software and services is interchangeable:

The pages from [Applicant's] website from 2010 and 2012 that [Opposer] has put in the record all refer to FACETS as a platform, solution, system, application or software. Because FACETS was registered for application service provider services featuring the type of software being advertised, there is no misuse in any of these examples.²⁶

"[T]he use of the registration symbol was proper because the FACETS application being described in the document was being offered by [Applicant] at the same time using the ASP model for which FACETS was registered."²⁷

Applicant contends that Opposer defines the scope of Applicant's service mark registrations much too narrowly and misunderstands the nature of Applicant's application service provider services.

[Applicant's] registrations are not merely for the service of distributing software, whatever that software might be. Rather, these registrations specifically cover the ASP service of providing particular software for health care plan management and claims administration using the ASP or hosted model of delivery. ... Stated another way, the ASP services for which [Applicant] owns registrations for

²⁴ Opposer's Brief, p. 15 (118 TTABVUE 17).

²⁵ Opposer's Brief, p. 15 (118 TTABVUE 17).

²⁶ Applicant's Brief, pp. 15-16 (121 TTABVUE 19-20).

²⁷ Applicant's Brief, p. 18 (121 TTABVUE 22).

FACETS are integrated with the health care plan management and claims administration software being provided using the ASP or hosted model of delivery. Because of this, [Applicant's] use of the registration symbol when discussing its FACETS software technology which is delivered on an ASP or hosted basis is proper.²⁸

Without concluding that Applicant is correct in the argument made immediately above, we analyze Applicant's use of the mark FACETS to determine whether the evidence of record shows the type of use Applicant describes (*i.e.*, use of the registration symbol when discussing Applicant's software in conjunction with its delivery on an ASP basis). If the evidence does not support Applicant's description, then we must conclude that Applicant's presentation of FACETS as a registered mark in connection with software is improper and turn to an analysis of whether such improper use rises to the level of fraud.

Before proceeding, it is helpful to first define some of the terms necessary to understand the goods and services involved in this proceeding, examine Applicant's business model and detail the use shown in the record on which Opposer bases its claim.

A. Relevant terms.

"Application" is defined, in relevant part, as "of or being a computer program designed for a specific task or use."²⁹

²⁸ Applicant's Brief, pp. 21-22 (121 TTABVUE 25-26).

²⁹ *The American Heritage Dictionary of the English Language*, p. 86 (5th ed. 2011) (108 TTABVUE 7).

“Platform” is defined, in relevant part, as “the basic technology of a computer system’s hardware and software that defines how a computer is operated and determines what other kinds of software can be used.”³⁰

“Software” is defined as “[t]he programs, routines, and symbolic language that control the functioning of the hardware and direct its operation.”³¹

“Application Service Provider” (“ASP”) is defined as “a company that provides software (as for e-mail or payroll accounting) that is accessible over the Internet instead of being stored on individual computers.”³² Webopedia.com expanded on the dictionary definitions as follows:

Abbreviated as ASP, a third-party entity that manages and distributes software-based services and solutions to customers across a wide area network from a central data center.

In essence, ASPs are a way for companies to outsource some or almost all aspects of their information technology needs. They may be commercial ventures that cater to customers, or not-for-profit or government organizations, providing service and support to end users.³³

Applicant, in its “Glossary of Terms” posted on its website, defines an application service provider as follows:

³⁰ *The American Heritage Dictionary of the English Language*, p. 1350 (5th ed. 2011) (108 TTABVUE 8).

³¹ *The American Heritage Dictionary of the English Language*, p. 1664 (5th ed. 2011) (108 TTABVUE 9). *See also Dictionary of Computer and Internet Terms*, p. 460 (11th ed. 2013) (108 TTABVUE 15) (“programs that tell a computer what to do.”).

³² Merriam-Webster Unabridged (unabridged.merriam-webster.com) (2016) (108 TTABVUE 18). *See also Dictionary of Computer and Internet Terms*, p. 30 (11th ed. 2013) (108 TTABVUE 12) (“a network service provider that also provides application software, such as networked database programs.”).

³³ Webopedia.com (108 TTABVUE 21).

Application service provider (ASP) –...[A]n ASP (or “hosting organization”) integrates, hosts, monitors, and manages the best healthcare applications *from multiple vendors* in its own data centers and delivers these applications to customers via frame relay, a dedicated line, virtual private network, satellite or the Internet for a predictable monthly fee. (See “Hosting”).³⁴ (Emphasis added).

Hosting – Hosting refers to managing software applications for customers from a remote location. A hosting organization (or “application service provider”) provides the data center in which the hosted applications operate and takes responsibility for monitoring the applications, as well as the related hardware and networks. (See “Application service provider”).³⁵

“Software as a Service” (“SaaS”) is defined by Webopedia.com as follows:

SaaS is a software delivery method that provides access to software and its functions remotely as a Web-based service. Software as a Service allows organizations to access business functionality at a cost typically less than paying for licensed applications since SaaS pricing is based on a monthly fee. Also, because the software is hosted remotely, users don’t need to invest in additional hardware. Software as a Service removes the need for organizations to handle the installation, set-up and often daily upkeep and maintenance. Software as a Service may also be referred to as simply hosted applications.³⁶

³⁴ Opposer’s Exhibit 61 (101 TTABVUE 336).

³⁵ Opposer’s Exhibit 61 (101 TTABVUE 339).

³⁶ Webopedia.com (108 TTABVUE 23). *See also Dictionary of Computer and Internet Terms*, pp. 94 and 434 (11th ed. 2013) (108 TTABVUE 13 and 14) (“‘Cloud computing’ [aka SaaS] is defined as ‘computing operations carried out on servers that are accessed through the Internet, rather than on one’s own personal computer. ... The users pay for computing as a service rather than owning the machines and software to do it.’”).

The hosted model of providing software is called Software as a Service.³⁷ Software-as-a-service is a process whereby software is licensed on a subscription basis and it is centrally hosted.

While both application service provider and software as a services are hosted models of distributing software, they differ significantly, in that an application service provider deploys commercial software of others while a software-as-a-service vendor develops and deploys its own specific software.³⁸ The focus of a software-as-a-service recitation of services in an application to register a mark is on describing the functionality provided by accessing a specific software program. On the other hand, the focus of an application service provider (ASP) recitation of services in an application to register a mark is on the ASP's activities of hosting, monitoring, and managing software of others at a central location for use by subscribers at remote locations. Thus, a mark for software-as-a-service is used in connection with specific software while a mark used in connection with application service provider services is used in connection with providing access to software in general or in a specific field to others.

B. Applicant's business model.

³⁷ Fitzgerald Dep., p. 14 (110 TTABVUE 5).

³⁸ In its brief, Applicant cited to TMEP § 1301.04(i) for the specimen of the mark INSITE TICKETING for "Application service provider, namely hosting computer software application *of others* in the field of ticketing and related ticketing services." (Emphasis added). The identification of services states that the application service provider is hosting the computer software of others.

Applicant is “an ASP company,” also known as a hosting provider.³⁹ Applicant “maintains [the software], upgrades it, handles issues, and the client just needs to run it. It’s many less people involved, much less risk.”⁴⁰

The beauty of a hosted model is you buy it and you use it. It is implemented much more rapidly. You don’t have to worry about buying all the hardware. [Applicant] handles that. You don’t have to worry about a team to implement it. [Applicant] handles that in their operations. You don’t have to maintain it. You’re always on the latest release. So it’s a - - you know, faster. You’re up and running more quickly. And it’s less risk. And it’s a more financially beneficial model.⁴¹

As indicated above, Erisco, a division of IMS Health, owned Registration No. 1881264 for the mark FACETS for use in conjunction with computer software for managed health care, and Applicant purchased the Erisco division of IMS Health, in order to acquire the registration by assignment.⁴²

After acquiring the FACETS software, Applicant marketed it as software-as-a-service but continued providing licensed software to existing Erisco customers.⁴³

Our preferred method of selling [FACETS] would be as a hosted product ... However, if the client absolutely did not want to do that, then, of course, it would be offered on a licensed basis. So it was a solution that could -- could be

³⁹ Fitzgerald Dep., p. 11 (110 TTABVUE 4). *See also* Burns Dep., p. 9 (119 TTABVUE 14) (“We are probably the largest IT company to provide solutions to these insurance payers. We have, you know, probably 50 percent of the claims that are processed in the United States are processed on our software.”).

⁴⁰ Fitzgerald Dep., p. 15 (110 TTABVUE 5).

⁴¹ Fitzgerald Dep., p. 15 (110 TTABVUE 5).

⁴² Burns Dep., pp. 11-14 and Exhibit 1 (119 TTABVUE 16-19 and 94-98); Fitzgerald Dep., pp. 10-12 (110 TTABVUE 4-5).

⁴³ Fitzgerald Dep., pp. 16 -17 (110 TTABVUE 5-6); Burns Dep., p. 10 (119 TTABVUE 15).

sold and deployed in either a hosted model or a licensed software model.⁴⁴

Even though Applicant was using the FACETS mark to identify its computer software, Applicant inadvertently failed to renew the registration and allowed the registration to expire.⁴⁵

Subsequently, Applicant registered FACETS, identifying only its application service provider activities and not its software-as-a-service activities.⁴⁶ Despite that fact, Jean Burns, Applicant's Director of Legal IP, testified that the registrations covered both types of activities.

A. So these two registrations [Registration No. 3179413 and Registration No. 3482938] cover how [Applicant] uses Facets in connection with application service provider services that feature software for health care administration.

So what this means is that this is - - this is [Applicant] offering Facets as a software-as-a-service in a hosted situation for our clients.

Q. So, in other words, "where hosted" being - - meaning that the actual the [sic] software technology is running on computer hardware that's living at [Applicant], and [Applicant] is granting access to that technology and providing it as a service to its software-as-a-service customers?

A. That's exactly right.⁴⁷

⁴⁴ Fitzgerald Dep., p. 17 (110 TTABVUE 6). *See also* Burns Dep., p. 22 (119 TTABVUE 27).

⁴⁵ Burns Dep., p. 14 (119 TTABVUE 19).

⁴⁶ Burns Dep., pp. 20-21 (119 TTABVUE 25-26) referencing Registration No. 3179412 (Exhibit 2 (119 TTABVUE 99)), Registration No. 3179413 (Exhibit 3 (119 TTABVUE 106)), and Registration No. 3482938 (Exhibit 4 (119 TTABVUE 1113)).

⁴⁷ Burns Dep., pp. 20-21 (119 TTABVUE 25-26).

Applicant's marketing department is responsible for making sure that Applicant's marketing materials label Applicant's trademarks with the appropriate symbols (*i.e.*, TM or ®) based on the style guidelines developed by Applicant's legal department.⁴⁸ Every piece of marketing material is reviewed by the legal department to ensure the correct use of Applicant's trademarks.⁴⁹ In addition, Jean Burns meets with the marketing teams to instruct them about the correct use of Applicant's trademarks.⁵⁰

Q. [W]ere there occasions when Jean Burns would actually make changes to your use of trademark symbols on your marketing copy?

A. Absolutely. Absolutely. Because Jean - - legal was the arbiter of what was -- how it was to be used, and when they provided us edits to use it one way or the other, we incorporated those to try to be as correct as possible with our trademark symbols.

Q. All right. And so when - - when your marketing communications team received changes from Jean Burns in the use of trademark symbols, were those changes always implemented?

A. Always. Always. Cause the trademark symbols are -- really, they are the purview of legal, and they're -- when they say it's this way, that's the way it is. If they say it's that way, that's the way it is.

Those are not business issues. They're legal issues and it's at their directions.

Q. Was there any business purpose or marketing purpose, from your perspective, in using trademark symbols?

⁴⁸ Fitzgerald Dep., p. 31 (110 TTABVUE 9); Burns Dep., pp. 9-10 and 23-24 (119 TTABVUE 14-15 and 28-29).

⁴⁹ Fitzgerald Dep., pp. 31-32 (110 TTABVUE 9); Burns Dep., pp. 24 and 33-34 (119 TTABVUE 29 and 38-39).

⁵⁰ Fitzgerald Dep., p. 33 (110 TTABVUE 10); Burns Dep., p. 24 (119 TTABVUE 29).

- A. From a -- I guess from a sales perspective, it's not a driver of sales. From a marketing perspective, I think it's nice to show the ownership of the mark with a -- with either the "TM" or the "R." It elevates it to a slightly -- slightly more panache than not having it.⁵¹

The July 20, 2006 style guide instructs Applicant's marketing team to use the "TM" symbol in connection with the FACETS trademark because it was not registered at that time.⁵² By 2009, Applicant had registered FACETS for application service provider services.⁵³ Those registrations are No. 3179413 and No. 3482938, listed earlier in the statement of the record. Accordingly, the October 1, 2009 style guide provided instructions to use the federal registration symbol when referring to FACETS as application service provider services and a "TM" when referring to FACETS as a licensed software.⁵⁴ The distinction, we conclude, was made because the FACETS registration acquired from Erisco, which covered licensed software, had been cancelled.

⁵¹ Fitzgerald Dep., pp. 34-35 (110 TTABVUE 10).

⁵² Fitzgerald Dep., pp. 37-38 (110 TTABVUE 11); Burns Dep., pp. 25-26 (119 TTABVUE 30-31) and Exhibit 5 (119 TTABVUE 122 at 126).

⁵³ However, Laura Fitzgerald testified that "I believe it's actually two registrations for Facets for software as service." Fitzgerald Dep., p. 40 (110 TTABVUE 11). *See also* Burns Dep., pp. 30-31 (119 TTABVUE 35-36) (Burns states that FACETS is registered as "software as a service").

⁵⁴ Fitzgerald Dep., pp. 39-40 (110 TTABVUE 11); Burns Dep., pp. 29-32 (119 TTABVUE 34-37) and Exhibit 7 (110 TTABVUE 11 and 135 at 139).

The broad functionality of the FACETS software is the same whether it is deployed as licensed software delivered to the user or provided as software-as-a-service.⁵⁵

Q. Is it incorrect to use the circle R for Facets when used in reference to software?

A. No, not - - not in most cases, because most of the time marketing is referring to Facets software as a system or a platform or as a technology. And so that's not a reference to how it's sold.

So unless the context is actually limited to Facets being sold in that licensed model, the circle R is appropriate usage.

Q. So, to your understanding, most of the market collateral for Facets that you've reviewed over these years typically refers to the technology and not the mode of delivery?

A. Exactly.

Q. All right. And if it's - - and if the use of Facets is in connection with the technology, that covers Facets both as a software-as-a-service and as a software-as-goods, correct?

A. Yes.⁵⁶

We find that Applicant uses FACETS primarily to identify and distinguish its software-as-a-service activities, not its application service provider activities, because Applicant uses FACETS to identify and distinguish the functionality of a specific program.⁵⁷ We also find that Applicant's use of the "TM" symbol or the federal

⁵⁵ Fitzgerald Dep., p. 29 (110 TTABVUE 9); Burns Dep., p. 11 (119 TTABVUE 16).

⁵⁶ Burns Dep., p. 35 (119 TTABVUE 40).

⁵⁷ The original specimens filed in connection with Applicant's applications to register its mark for application service provider services were not made of record. Accordingly, we make no

registration symbol was supervised by its legal department in an attempt to comply with the law. And we find that, contrary to Applicant's argument that it uses the registration symbol when discussing Applicant's software but only in conjunction with its delivery of the software on an ASP basis, Applicant uses the federal registration symbol in connection with the mark FACETS when it is referring to a software program (*i.e.*, a product, rather than the service of providing this or other software to others as an application service provider).⁵⁸

C. Whether Applicant misused the federal registration symbol?

As noted in the previous section, Applicant treated its application service provider services (*i.e.*, hosting services) and software-as-a-service (*i.e.*, providing access to a specific program) as being the same thing. Applicant's brief illustrates this as shown below:

The pages from [Applicant's] website from 2010 and 2012 that [Opposer] has put in the record all refer to FACETS as a platform, solution, system, application or software. Because FACETS was registered for application service provider services featuring the type of software being advertised, there is no misuse in any of these examples.⁵⁹

See also Applicant's definition of FACETS:

Facets® - [Applicant's] industry-leading client server system for managed healthcare payers. Facets managed-

finding of fact as to whether those specimens showed FACETS used to identify and to distinguish software-as-service activities or application service provider activities.

⁵⁸ "Applicant may use the statutory registration symbol in connection with services as an application service provider (ASP), but not with software." Opposer's Brief, p. 15 (118 TTABVUE 17).

⁵⁹ Applicant's Brief, p. 16 (120 TTABVUE 20).

care administrative software used by nearly one-third of all Blue Cross and Blue Shield Organizations.⁶⁰

Applicant uses FACETS to identify software-as-a-service for a specific hosted application (for which the mark is not registered) instead of its application service provider services, namely, providing access to computer programs for others (for which the mark is registered).

Opposer correctly argues that “Applicant’s service mark registrations do not pertain to the services/solutions created with the help of Applicant’s FACETS software (in fact these could be created by any other software program), but only to the way, the distribution channel, through which these services/solutions are distributed, namely ‘across a wide area network from a data center.’”⁶¹ That is, according to Opposer, Registration Nos. 3179413 and 3482938 for FACETS application service provider services cover providing software to others over the Internet (*i.e.*, FACETS brand application service provider services for others), not the application of the specific computer program:

Therefore, a document that displays the FACETS mark accompanied by the statutory registration symbol, must identify and distinguish the ASP services (not application services!) rendered in relation to the FACETS mark in order to warrant a finding that the mark is being properly used as a registered services mark.⁶²

We find that Applicant misused the federal registration symbol in its Form 10-Q SEC filings, but not in its marketing materials. For example, in the March 31, 2006

⁶⁰ Exhibit 61 (101 TTABVUE 338).

⁶¹ Opposer’s Brief, p. 15 (118 TTABVUE 17).

⁶² Opposer’s Brief, p. 16 (118 TTABVUE 18).

filing, in the litigation section, Applicant wrote that “the jury decided that the [Applicant’s] FACETS®, QicLink™ and ClaimFacts® software products infringe claims 1 and 2, but not claim 16 of the patent.”⁶³ In the “Financial Conditions and Results of Operations” section, Applicant wrote that it offers “add-on modules for Facets® and DirectLink™ direct connectivity claims transaction software.”⁶⁴ *See also* Applicant’s June 30, 2006 filing,⁶⁵ September 30, 2006 filing⁶⁶ for similar examples of the misuse of the federal registration symbol.

In its December 31, 2006 Form 10-Q SEC filing,⁶⁷ Applicant misused the federal registration symbol as shown below:

Enterprise core administration software, including Facets®, Facts™, QicLink™ and QNXT, including add-on modules such as Workflow, HealthWeb®, HIPAA Privacy, CDH Account Management and FXI to provide enhanced functionality for advanced automation, web-based e-business, HIPPA regulations, consumer functionality and inoperability, respectively.⁶⁸

Also, Applicant discussed its purchase of “Erisco’s main product, Facets®” and “our flagship Facets® enterprise administration software for health plans,”⁶⁹ and “[o]ur Facets® . . . applications are recognized in their respective markets for providing

⁶³ 101 TTABVUE 141. A similar misuse of the federal registration appears in the “Legal Proceedings” section at 101 TTABVUE 143.

⁶⁴ 101 TTABVUE 142.

⁶⁵ 101 TTABVUE 149

⁶⁶ 101 TTABVUE 158.

⁶⁷ 101 TTABVUE 167.

⁶⁸ 101 TTABVUE 168.

⁶⁹ 101 TTABVUE 169.

advanced solutions that enhance revenue growth, drive administrative efficiencies and improve the cost and quality of care.”⁷⁰

Applicant’s March 31, 2007 Form 10-Q SEC filing misuses the federal registration symbol in connection with licensed software, as well as software-as-a-service, but not in connection with application service provider activities as illustrated below:⁷¹

Services and Other Revenue.⁷² . . . The increase in consulting services and other revenue was due primarily to new Facets®, NetworX™ and QNXT implementations.⁷³ The increase in software maintenance revenue was attributable primarily to new agreements for certain Facets®, NetworX, HealthWeb®, CareAdvance™ and QNXT™ customers, as well as annual rate increases for existing customers.⁷⁴ The increase in outsourced business services revenue was primarily due to new Facets®, NetworX™, HealthWeb® and CareAdvance™ hosted customers and increased membership from existing customers.⁷⁵

⁷⁰ 101 TTABVUE 170. See also Applicant’s December 31, 2007 Form 10-Q SEC filing for similar statements. 101 TTABVUE 207 at 209.

⁷¹ 101 TTABVUE 183.

⁷² 101 TTABVUE 184.

⁷³ This a proper use of the federal registration symbol because FACETS is referring to consulting services and Registration No. 3179412 for FACETS for “providing consulting services in the field of managed healthcare for health insurance claims administration, health insurance claims payment and health insurance claims utilization review and management, and for supporting the requirements of a healthcare insurance payer organization” issued on September 19, 2006.

⁷⁴ This is an improper use of the federal registration symbol because FACETS is referring to software and Applicant did not own a valid and subsisting registration for FACETS for software at this time.

⁷⁵ This is an improper use of the federal registration symbol because FACETS is referring to Applicant’s hosted application (as compared to the hosting services) or software-as-a-service which are not covered by Applicant’s registrations.

See also Applicant's June 30, 2007, September 30, 2007, and December 31, 2007 Form 10-Q SEC filings for similar statements.⁷⁶

Applicant also has misused the federal registration symbol in other exhibits, discussed below, introduced by Opposer, because Applicant used the federal registration symbol in connection with FACETS to identify its unregistered software-as-a-service activities and/or the FACETS software. The following examples are illustrative:

1. Opposer's Exhibit 41⁷⁷

**[Applicant], Sanovia Join Forces To Offer First
Integrated Platform That Helps Payers Control
Pharmacy Costs**

**Platform Integrates Medical and Pharmacy Data to
Drive Real-Time Pharmacy Utilization Management
Decisions**

* * *

[Applicant's] Facets® and QNXT™ core administration systems will integrate with PA-Logic™, Sanovia's automated pharmacy utilization management application, to confirm member eligibility, benefit design and formulary status and apply best-practice clinical guidelines to evaluate provider requests for select medications.

* * *

[Applicant's] Facets and QNXT applications help health plans meet their business requirements across claims processing, claims re-pricing, capitation/risk fund accounting, premium billing, provider network management, group/membership administration, referral management, hospital and medical preauthorization, case management, customer service and electronic data

⁷⁶ 101 TTABVUE 190, 198 and 207.

⁷⁷ 101 TTABVUE 232.

interchange. Available on a hosted or non-hosted basis, the two systems can be combined with [Applicant] and third-party software to address the enterprise-wide needs of managed care organizations.⁷⁸

2. Exhibit 42⁷⁹

Facets®

Claims Processing User Guide

and Supplement

* * *

Overview

Facets is a premier claims management tool that offers a high degree of automation and data capture. . . .

3. Exhibit 43⁸⁰

Integrated Healthcare Management:

Powering a New Era of Healthcare

* * *

Core Benefit Administration

[Applicant] offers two leading core administration solutions:

- **Facets®** is a comprehensive, flexible, scalable, production-proven, enterprise-wide core administration solution for healthcare payers. Facets provides a functionally rich set of modules that allow healthcare payers to meet their comprehensive business requirements – across claims processing, claims, re-pricing, capitation/risk fund accounting, premium billing, provider network management, group/membership administration,

⁷⁸ Applicant correctly forgoes the use of the federal registration symbol in this paragraph because Applicant is referring to FACETS as an unregistered mark for software.

⁷⁹ 101 TTABVUE 235.

⁸⁰ 101 TTABVUE 250.

referral management, hospital and medical preauthorization, case management, customer service and electronic data interchange.

D. Whether Applicant committed fraud?

As recounted above, Applicant mistakenly treats its application service provider activities and its software-as-a-service activities as being one and the same. This led to Applicant misusing the federal registration symbol in connection with its unregistered FACETS software-as-a-service activities despite Applicant's efforts to ensure that it was properly using the federal registration symbol.

Applicant's misunderstanding was compounded by the USPTO Trademark Post Registration Branch's acceptance of Applicant's specimens of use for Applicant's Section 8 declarations of continued use for Registration No. 3179413⁸¹ and Registration No. 3482938.⁸² Those specimens did not show use of the mark in connection with application service provider activities. Both specimens show FACETS as an application for healthcare payers, not application service provider activities, as shown in the excerpts below:

1. Registration No. 3179413

Our Facets™ Core Administrative System is the foundation of the platform that enables more than 75 health plans to deliver value to nearly 65 million insured members. The Facets solution is scalable, serving both large plans and smaller plans, and has been tested and validated by up to 20 million members. When combined with [Applicant's] Advantage Services™, our Facets solution can help you further lower administrative costs,

⁸¹ 107 TTABVUE 39-46.

⁸² 107 TTABVUE 56-57.

increase speed to market and decrease total cost of ownership.⁸³

2. Registration No. 3482938

By using the Facets™ system to automate workflow in every aspect of your business – claims processing, billing, care management, network management and more – you increase efficiency and streamline administration to get more done with fewer resources.

* * *

The Facets system gives you a platform for fostering collaboration and building connections among members, employers, brokers and providers. Facets and its components facilitate all aspects of your operation.

* * *

The Facets application is a powerful system on its own. When you integrate it with other [Applicant] solutions, you get an industry-leading system driving efficiency and productivity.⁸⁴

From Applicant's perspective, the approval of the specimens by the USPTO Trademark Post Registration Branch confirmed that Applicant was and is properly using FACETS in connection with the application service provider activities and, therefore, Applicant believed that it was entitled to use the federal registration symbol for these services.

Further demonstrating Applicant's intent is the fact that Applicant sometimes uses the federal registration symbol and the common law trademark symbol (™) in

⁸³ 107 TTABVUE 41.

⁸⁴ 107 TTABVUE 56.

the same document or Applicant just uses the common law trademark symbol (™) in connection with Applicant's FACETS mark. For example,

1. Exhibit 23⁸⁵

Corporate Profile

* * *

Key Products:

- Facets™
- QNXT™
- QicLink®
- CareAdvance Enterprise®

2. Applicant's December 31, 2007 Form 10-Q SEC Filing⁸⁶

Enterprise administration software facilitates core payer operations such as benefit plan design enrollment claims processing, billing and payment. Significant administration software products include Facets®, QNXT™, QicLink™ and Facts™, each of which are targeted to different types of customer needs. In addition, [Applicant] offers a number of add-on and standalone components to these software systems such as Facets™ Workflow, Facets™ eXtended Integration, QicLink™ Autodental, and Web Solutions Suite. These components products provide additional functionality or throughput to [Applicant's] core software products as well as third-party enterprise administration systems.⁸⁷

3. Exhibit 45⁸⁸

TRIZETTO® PRODUCTS AND SERVICES

⁸⁵ 101 TTABVUE 114

⁸⁶ 101 TTABVUE 207.

⁸⁷ 101 TTABVUE 208. *See also* Exhibit 60 (101 TTABVUE 323).

⁸⁸ 101 TTABVUE 262.

* * *

Payer Solutions

Core Administration

FACETS®

Facets Core Solution: includes Facets, HIPAA Gateway, and HIPAA Privacy. Facets is a comprehensive, flexible scalable, production-proven, enterprise-wide core administration solution for healthcare payers.

* * *

Facets Workflow

Facets Workflow™ is a Java-based software application that automatically prioritizes and routes claims and customer service work items, based on rules that reflect your organization's business, staffing and training needs.⁸⁹

As noted earlier, Applicant's focus in deciding when and how to use the federal registration symbol was an attempt to comply with the law. From that finding, we conclude that Applicant's use of the federal registration symbol was not an attempt to market through deception. More generally, Opposer simply did not introduce any evidence regarding how Applicant misused the federal registration with the intent to deceive anyone.

Rather than introducing direct evidence regarding Applicant's intent to deceive the purchasing public, former shareholders or others into believing that the FACETS mark was registered, Opposer relies on circumstantial evidence. Opposer argues, in essence, that because Applicant is an experienced trademark owner, Applicant's

⁸⁹ 101 TTABVUE 263.

argument that any misuse of the federal registration symbol was a “reasonable mistake” is suspicious.⁹⁰ For example, considering Ms. Burns’ 17 years of trademark experience, “she nevertheless allowed and authorized such misuse. ... She should – and must – have known that many of her authorizations were not reasonable.”⁹¹ According to Opposer, “there is much circumstantial evidence of Applicant’s intent to misuse the registration symbol, thereby deceiving (potential) purchasers, its (former) shareholders or others in the trade.”⁹²

“[B]ecause direct evidence of deceptive intent is rarely available, such intent can be inferred from indirect and circumstantial evidence. But such evidence must still be clear and convincing, and inferences drawn from lesser evidence cannot satisfy the deceptive intent requirement.” *Star Scientific, Inc. v. R.J. Reynolds Tobacco Co.*, 537 F.3d 1357, 1366 [88 USPQ2d 1001, 1007] (Fed. Cir. 2008). When drawing an inference of intent, “the involved conduct, viewed in light of all the evidence . . . must indicate sufficient culpability to require a finding of intent to deceive.” *Kingsdown Med. Consultants, Ltd. v. Hollister Inc.*, 863 F.2d 867, 876 [9 USPQ2d 1384, 1392] (Fed. Cir. 1988) (en banc).

In re Bose Corp., 91 USPQ2d at 1941.

The Federal Circuit, in *Bose*, rejected the argument that proof someone acted on an arguably objectively-unreasonable belief (in *Bose* as to what constituted use in commerce through repair of returned goods) is enough to show fraud. *In re Bose Corp.*, 91 USPQ2d at 1942. An honestly-held belief that is objectively mistaken does not give rise to fraud because of the absence of a subjective intent to deceive.

⁹⁰ Opposer’s Brief, pp. 27-28 (118 TTABVUE 29-30).

⁹¹ Opposer’s Brief, p. 31 (118 TTABVUE 33).

⁹² Opposer’s Brief, pp. 27-28 (118 TTABVUE 29-30).

In relying on circumstantial evidence to prove deceptive intent, the inference of deceptive intent drawn from the circumstantial evidence must be the single most reasonable inference able to be drawn from the evidence to meet the clear and convincing standard. *Star Scientific, Inc. v. R.J. Reynolds Tobacco Co.*, 88 USPQ2d at 1007. Based on the evidence of record, Applicant's misuse of the federal registration symbol was based upon Applicant's mistaken belief that its application service provider activities were synonymous with its software-as-a-service activities. Through its acceptance of the Section 8 affidavits and the accompanying specimens, the USPTO Trademark Post Registration Branch reinforced Applicant's mistaken belief that it was properly using the federal registration symbol.

We find that there is no evidence establishing that Applicant had any intent to deceive the purchasing public, former shareholders, or others that FACETS was a registered mark for software or software-as-a-service.

Decision: The opposition is dismissed with prejudice.