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UNITED STATES PATENT AND TRADEMARK OFFICE  
Trademark Trial and Appeal Board  
P.O. Box 1451  
Alexandria, VA 22313-1451

Mailed: August 19, 2010

Opposition No. 91194115

Latarie (Pty) Limited

v.

Robert Marx

Before Seeherman, Walsh and Taylor,  
Administrative Trademark Judges.

By the Board:

An application has been filed by Robert Marx ("Marx") for the mark ZAFRIKA for "wine."<sup>1</sup> Latarie (Pty) Limited ("Latarie"), a corporation of South Africa, filed a notice of opposition against registration of the mark, alleging that it is likely to cause confusion with Latarie's registered mark ZARAFKA for "wines."<sup>2</sup> Marx filed an answer denying the salient allegations in the complaint, asserted the affirmative defense of "unclean hands," and

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<sup>1</sup> Ser. No. 77832433 filed September 22, 2009 on the basis of applicant's bona fide intent to use the mark in commerce.

<sup>2</sup> Reg. No. 3357945, issued on December 18, 2007.

counterclaimed to cancel Latarie's pleaded registration on the basis of fraud.<sup>3</sup>

This case now comes before the Board for consideration of Latarie's combined motion to dismiss Marx's counterclaim and to strike Marx's affirmative defense of unclean hands. The motion has been fully briefed.

Marx's Counterclaim For Fraud

Fraud in procuring a trademark registration or renewal occurs when an applicant knowingly makes false, material representations of fact in connection with his application. See *In re Bose*, 530 F.3d 1240, 91 USPQ2d, 1938, 1941 (Fed. Cir. 2009); *Torres v. Cantine Torresella S.r.l.*, 808 F.2d 46, 48 [1 USPQ2d 1483] (Fed. Cir. 1986). Fraud implies some intentional deceitful practice or act designed to obtain something to which the person practicing such deceit would not otherwise be entitled. *Woodstock's Enterprises Inc. (California) v. Woodstock's Enterprises Inc. (Oregon)*, 43 USPQ2d 1440, 1443 (TTAB 1997), *aff'd mem.*, 152 F.3d 942 (Fed. Cir. 1998).

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<sup>3</sup> Marx also raises, as "affirmative defenses," that Latarie committed fraud, that Latarie falsely claimed that it is the "source or origin" of the mark, and that Latarie has falsely claimed to have used the mark. These latter assertions would have to be raised (as has fraud) as part of Marx's counterclaim. An affirmative defense may not collaterally attack the validity of an opposer's registration. See Trademark Rules §§2.106(b)(2)(ii) and 2.114(b)(2)(ii); and TBMP §319.01 (2d ed. rev. 2004); see further discussion *infra*.

Essentially, Marx claims that Latarie was Marx's wine supplier and that Latarie had actual knowledge of Marx's development, quality control, and ownership of the ZARAFa mark at all times. In particular, Marx alleges in his counterclaim, styled "The ZARAFa Registration is Invalid":

13. Robert Marx is the CEO of MT Global, LLC, a licensed liquor importer and distributor located in Wyoming, Minnesota in the United States.

14. On or about 2003, Robert Marx ("Marx") had contacted Trader Joe's about developing an exclusive label wine of South African origin.

15. On or about 2003, Marx, through MT Global, LLC, discussed the idea of developing a wine for Trader Joe's with Devillard Britts ("Britts").

16. Britts is the owner of Latarie (Pty) Limited, Corporation in Paarl, Cape Province, in South Africa.

. . .

18. Britts is a wine buyer who buys "juice," or un-bottled consumption-ready wine from other wineries.

19. Marx communicated the characteristics that he wanted in the line of wines to be marketed to Trader Joe's to Britts.

20. With this information, Britts prepared samples for MT Global, LLC.

. . .

26. Marx shared with Britts that he wanted an [sic] name that captured the theme of Africa.

27. On or about 2003, Marx selected the name "Zarafa" for the wine that would be marketed to Trader Joe's.

. . .

30. On or about 2006, Trader Joe's contacted Marx and told him that ZARAFa was suffering from "label fatigue."

. . .

34. In the process of developing the new brand, Marx approached Trader Joe's to see if they would be interested in keeping the ZARAFa brand wine if he could "lift the quality of wine" and create a better tasting and looking product.

35. Marx again asked Britts to provide wine samples to MT Global, LLC so Marx could chose what to put in the improved ZARAFa brand wine.

36. Britts sent samples to Marx, and Marx selected which samples to use for the improved ZARAFa brand wine.

. . .

40. Upon all times relevant Marx and MT Global, LLC was solely responsible for the use of the ZARAFa mark.

. . .

46. Upon all times relevant Marx and MT Global, LLC was the source or origin of the ZARAFa brand wine.

. . .

49. When Latarie (Pty) Limited filed the ZARAFa mark on June 22, 2006 with the United States Patent and Trademark Office, it had no use of the ZARAFa brand wine.

50. When Latarie (Pty) Limited filed the ZARAFa mark on June 22, 2006, it attested under penalty of perjury that it had used the ZARAFa mark in commerce with respect to wine.

51. Because Latarie (Pty) Limited had no use of the ZARAFa mark upon filing the trademark registration for the ZARAFa mark, it has committed fraud on the U.S. Patent and Trademark Office.

In their briefs, the parties make it clear that they are treating Marx's claim that "the ZARAFa registration is invalid" as a fraud claim, and that "the fraud alleged is that Latarie knew Marx had common-law rights to the ZARAFa mark when it registered the ZARAFa mark with the USPTO." *Marx's Brief*, p. 4. A plaintiff claiming that the declaration or oath in a defendant's application for registration was executed fraudulently, in that there was another use of the same or a confusingly similar mark at the time the oath was signed, must allege particular facts which, if proven, would establish that: (1) there was in fact another use of the same or a confusingly similar mark at the time the oath was signed; (2) the other user had legal rights superior to applicant's; (3) applicant knew that the other user had rights in the mark superior to applicant's, and either believed that a likelihood of confusion would result from applicant's use of its mark or had no reasonable basis for believing otherwise; and that (4) applicant, in failing to disclose these facts to the U.S. Patent and Trademark Office, intended to procure a registration to which it was not entitled. *Intellimedia Sports Inc. v. Intellimedia Corp.*, 43 USPQ2d 1203, 1205 (TTAB 1997).

While Marx sufficiently alleges that Latarie knew of Marx's prior use of the mark ZARAFa and that Marx's rights

were superior, Marx fails to specifically allege that Latarie intended to procure a registration to which it was not entitled. Although "intent, as a condition of mind of a person, may be averred generally," the preferred practice is to specifically allege intent to deceive. *DaimlerChrysler Corp. and Chrysler, LLC v. American Motors Corp.*, 94 USPQ2d 1086 (TTAB 2010); *see also In Re Bose Corp.*, 580 F.3d 1240, 91 USPQ2d 1938, 1941 (Fed. Cir. 2009) (Intent to deceive is an indispensable element of the analysis in a fraud case). In view thereof, we consider it best to allow Marx time to amend his counterclaim to specifically allege the intent element of the fraud claim.

Moreover, the counterclaim requires further clarification in that the allegations suggest that Marx may be intending to assert other bases for the counterclaim. For example, Marx alleges that "[u]pon all times relevant Marx and MT Global, LLC was the source or origin of the ZARAFa brand wine," *Counterclaim*, para. 46, apparently suggesting that Latarie is not the true owner of the mark. As well, the affirmative defense that Latarie "has falsely claimed to have used the ZARAFa mark in commerce in the U.S.," *Affirmative Defenses*, para. 10, while improper as a collateral attack on Latarie's registration by way of an affirmative defense, may have been intended to assert the ground that Latarie failed to use the mark ZARAFa (as owner)

prior to obtaining the registration, or to assert the ground of fraud on the basis that this was an intentionally false and material representation with respect to Latarie's claim of use in commerce in the United States. Because of the ambiguities, Marx will be given an opportunity to amend his pleading to state clearly and concisely the precise bases upon which he brings the counterclaim.

Marx's Affirmative Defense Of Unclean Hands

To properly allege an affirmative defense of "unclean hands," a party must allege specific and improper conduct of its adversary such that its adversary would be barred from the relief it seeks.

Assertion of the defense of unclean hands, though often based on allegations of fraud, misrepresentation of source, or violation of antitrust laws, "may result from any imaginable immoral or illegal conduct."

*Hornblower & Weeks Inc. v. Hornblower & Weeks Inc.*, 60 USPQ2d 1733, 1738 (TTAB 2001). See 3 J. Gilson Trademark Protection and Practice §8.12[13] (1999); *cf.*, *e.g.*, *Barbara's Bakery, Inc. v. Barbara Landesman*, 82 USPQ2d 1283 (TTAB 2007) (Opposer's misuse of the federal registration symbol).

In the case at hand, Marx sets forth plausible facts to support his allegations that Latarie manufactured or sold unbottled wine produced to Marx's order and specification; that Latarie became aware of the ZARAFa brand by virtue of

its relationship to Marx; and that Latarie knowingly misappropriated the mark from Marx. The factual allegations set forth in paragraphs 13-50 adequately set forth sufficient facts upon which the affirmative defense of unclean hands may be based.

Decision

Marx is allowed thirty days in which to serve an amended pleading setting forth the allegations in his counterclaim in accordance with this order, failing which the counterclaim will be dismissed. Latarie's motion to strike Marx's affirmative defense of unclean hands is denied.

Proceedings herein are otherwise suspended.