

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

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Mailed: August 16, 2013

Opposition No. 91200105

Novozymes Bioag, Inc.

v.

Cleary Chemicals, LLC

Before Quinn, Wellington and Masiello,
Administrative Trademark Judges.

By the Board:

This proceeding is now before the Board for consideration
of the following fully-briefed motions:¹

- 1) opposer's January 26, 2012 motion for summary judgment with respect to applicant's first amended counterclaim for fraud (filed January 19, 2012) against opposer's pleaded Registration No. 3511124;
- 2) opposer's February 22, 2013 cross-motion for summary judgment with respect to Counts I and II of applicant's second amended counterclaim (filed December 21, 2012) against opposer's pleaded Registration No. 3511124;² and
- 3) opposer's February 22, 2013 motion to strike Count III of applicant's second amended counterclaim against opposer's pleaded Registration No. 3511124, or alternatively strike paragraphs 25 and 26 thereof.

Analysis: Motions for Summary Judgment

¹ The Board set forth the parties and their respective properties in its December 20, 2011 and August 3, 2012 orders.

² The Board notes applicant's express withdrawal of its December 21, 2012 motion for summary judgment. Consistent with the motions as they were captioned and filed, the Board continues to refer to opposer's motion as a *cross-motion* for summary judgment.

Summary judgment is appropriate where the movant shows that there is no genuine dispute as to any material fact and that it is entitled to judgment as a matter of law. Fed. R. Civ. P. 56(a). A party asserting that a fact cannot be true or is genuinely disputed must support its assertion by either 1) citing to particular parts of materials in the record, or 2) showing that the materials cited do not establish the absence or presence of a genuine dispute, or that an adverse party cannot produce admissible evidence to support the fact. See Fed. R. Civ. P. 56(c).

The party seeking judgment in its favor carries the burden of proof. See *Celotex Corp. v. Catrett*, 477 U.S. 317, 323-24 (1986). In deciding a summary judgment motion, the function of the Board is not to try issues of fact, but to determine if there are any genuine disputes of material fact to be tried. See TBMP § 528.01 (2013), and cases cited therein.

Opposer's motion for summary judgment with respect to applicant's first amended counterclaim for fraud

In its first amended counterclaim for fraud, applicant alleges:

5. On information and belief, EMD's mark was fraudulently obtained. The original application was filed under Section 1(a) of the Trademark Act. No specimen was provided. No date of first use anywhere was provided. The application was not signed and verified as required therefore, the initial application was not complete. In response to an Office Action, Opposer submitted a specimen dated 2008, and fraudulently stated that the specimen had been in use at least as early as the filing date of the application, which was October 19, 2007. The described

acts of EMD were done knowingly and with the intent to induce the Trademark Examiner to rely thereon and grant said registration. Reasonably relying upon the truth of said false statement, and as a consequence thereof, the U.S. Patent and Trademark Office did, in fact, grant said registration to EMD.

To prevail, opposer must demonstrate the absence of genuine dispute of material fact as to whether it knowingly made a false, material representation with the intent to deceive the USPTO to allow the mark in its use-based application for registration. See *In re Bose Corp.*, 580 F.3d 1240, 91 USPQ2d 1938, 1941 (Fed. Cir. 2009).

The application underlying opposer's registration was filed October 19, 2007. Opposer argues that it made no material misrepresentation in its application, asserting that 1) it submitted a specimen of use that was dated 2008 because the label which had been used in 2007 was discontinued when opposer changed the size of the container for the goods; 2) the 2007 and 2008 labels are substantially identical, different only in the wording stating the net weight and net contents; and 3) the application declaration supporting the specimen contained no false statement because the 2008 specimen was an example of use of the mark as of the filing date. Under the declaration of one of its directors, opposer submitted, *inter alia*, a copy of the label used in 2007 (Broughton decl., exh. 1).

For its part, applicant states that "(W)hile Mr. Broughton's declaration might provide a reasonable explanation as to why a false statement was made as to the specimen that was provided, it does not explain Merck's overall conduct and the other false statements involved in Merck's application" (applicant's brief, p. 5). It also states that there is dispute regarding whether opposer acted with intent to deceive the USPTO, or with an honest misunderstanding or inadvertence.³

On the record before us, opposer has carried its burden of setting forth a record on summary judgment which demonstrates that there is no genuine dispute that opposer did not make a material misrepresentation when it submitted the 2008 specimen and stated in its declaration that the specimen was in use as of the filing date of the application. Specifically, opposer's 2007 label and 2008 label both display the mark TORQUE for the identified goods, and, as opposer explains, there are no material differences between the labels, which display different "Net Weight" and "Net Contents" information. In examining applications for registration of trademarks, the Office does not apply Trademark Rules 2.34(a)(1)(iv), 2.56(a) and 2.59(a) so as to require that a specimen of use must be an archival example of the exact matter (the label, tag, packaging, etc.) which was in use as of the application filing

³ In the majority of its brief, applicant presents arguments regarding opposer's use of its mark on the identified goods and

date. Rather, the Office routinely accepts specimens that an applicant actually used subsequent to the filing date where such specimen is of the same type, in all material respects, as the marked matter that actually was in use at the appropriate time. Applicant has not pointed to or submitted authority or evidence which demonstrates to the contrary. Moreover, consistent with this USPTO examination practice, the examining attorney did not question the specimen even though it clearly displays a copyright notice which reads "©2008 EMD Crop BioScience." The fact that the specimen submitted contained net weight and net contents information that is different from the information on the older specimen is immaterial to the purposes of examination of the application in this case.

Based on these findings of fact supported by the record on summary judgment, opposer's submission in support of its application of the 2008 label with its accompanying declaration under Trademark Rule 2.20 was not a material misrepresentation to the USPTO. Accordingly, this element of applicant's fraud claim is not present.

In view of these findings, opposer's motion for summary judgment is granted.

Opposer's cross-motion for summary judgment with respect to Counts I and II of applicant's second amended counterclaim

its dates of use, arguments that are not relevant to the allegations set forth in the counterclaim at issue.

In Count I, applicant asserts that the use-based application underlying opposer's Registration No. 3511124 is void *ab initio*, alleging that it was filed in the name of an entity that did not claim ownership rights through a related company as required by Trademark Rule 2.38(b). Specifically, applicant alleges:

10. If the mark is not in fact being used by the applicant, but by a related company whose use inures to the benefit of the applicant, such facts must be alleged in the application. 37 C.F.R. § 2.38(b).

11. An application filed in the name of an entity that did not own the mark as of the filing date of the application is void. 37 C.F.R. 2.71(d).

12. The application to register TORQUE was filed electronically in the name of the general partners of Merck KGaA ("Merck"), ... on October 19, 2007. It was neither signed by the general partners nor the attorney who filed the application. No signature was submitted.

13. An Office Action issued on November 29, 2007 in which Merck was advised, among other things, that the application was not signed and verified. ...

14. In response to that Office Action, a declaration was filed on May 27, 2008 in which it was declared that Merck was the applicant. No facts declaring that Merck's claim of ownership was based on use by a related company were set forth in the declaration. ...

15. Upon information and belief, Merck, itself, made no use of the mark TORQUE prior to and was not the owner of the mark TORQUE on October 19, 2007.

16. Because Merck made no use of the mark TORQUE prior to October 19, 2007, and did not claim ownership rights through a related company, the application from which TORQUE registered is void *ab initio*.

In Count II, based on the same operational facts, applicant alleges:

19. Novozymes has represented that its predecessor-in-interest, EMD Crop Bioscience Inc. ("EMD"), was a related company to Merck.

20. Upon information and belief, prior to and on October 19, 2007, the filing date of the application, EMD, not Merck, controlled the nature and quality of the goods sold or services rendered under the mark TORQUE.

21. Because Merck did not control the nature and quality of the goods sold or services rendered under the mark TORQUE as of the filing date of the application, use of the mark by EMD did not inure to the benefit of Merck, Merck was not the owner of the mark as of the filing date of the application, and had no right to file the application.

Moving for summary judgment on Count I, opposer argues that there is no genuine dispute that its application complied with Trademark Rule 2.38(b) because said application included the following statement, which is on the USPTO online application filing form and satisfies the requirement in the rule:

Use in Commerce: The applicant is using the mark in commerce, or the applicant's related company or licensee is using the mark in commerce, or the applicant's predecessor in interest used the mark in commerce, on or in connection with the identified goods and/or services. 15 U.S.C. Section 1051(a), as amended.

Turning to the merits of the motion, Trademark Rule 2.38(b) states:

If the mark is not in fact being used by the applicant but is being used by one or more related companies whose use inures to the benefit of the applicant under section 5 of the Act, such facts must be indicated in the application.

Here, by way of the online filing form, opposer stated in its application that the mark was being used in commerce by a related company. Applicant points to no authority in support of the position that the statement that is part of the application form does not satisfy the requirement of Trademark Rule 2.38(b) that use by a related company "must be indicated in the application."

Opposer has carried its burden of demonstrating that there is no genuine dispute that Merck KGaA complied with Trademark Rule 2.38(b). In view of these findings, opposer's motion for summary judgment on Count I of applicant's second amended counterclaim is granted.

Moving for summary judgment on Count II, opposer argues that use of the mark prior to the filing date was made by EMD Crop BioScience, Inc., a wholly-owned subsidiary of EMD Chemicals, Inc., which in turn is a wholly-owned subsidiary of Merck KGaA. To show the parent-subsubsidiary relationship, it submits financial statements of Merck KGaA for 2006 and 2007 (opposer's motion, exh. A) indicating that Merck KGaA owned 100% direct equity interest of EMD Chemicals, Inc. It also submits an August 2007 stock certificate to show that EMD Chemicals, Inc. owned all 100 shares of EMD Crop BioScience, Inc., as well as a February 7, 2011 "Irrevocable Stock Power" document stating the sale and transfer of 100 shares of issued and outstanding common stock of EMD Crop BioScience, Inc. to

the current owner, Novozymes US Inc. (opposer's motion, exh. B).

Opposer further argues that use by EMD Crop BioScience, Inc. inured to the benefit of Merck KGaA, and that filing in the name of the parent, Merck KGaA, is the expression of the intention of the parties as to ownership of the mark; it asserts that since the user, EMD Crop BioScience, Inc., is a related company, control over the nature and quality of the goods is conclusively established under USPTO regulations. Opposer cites to TMEP § 1201.03(c) (October 2012), which reads, in pertinent part:

Frequently, related companies comprise parent and wholly owned subsidiary corporations. Either a parent corporation or a subsidiary corporation may be the proper applicant, depending on the facts concerning ownership of the mark. The USPTO will consider the filing of the application in the name of either the parent or the subsidiary to be the expression of the intention of the parties as to ownership in accord with the arrangements between them.

Opposer further relies on TMEP § 1201.03 (October 2012):

The essence of related-company use is the control exercised over the nature and quality of the goods or services on or in connection with which the mark is used. When a mark is used by a related company, use of the mark inures to the benefit of the party who controls the nature and quality of the goods or services. This party is the owner of the mark and, therefore, the only party who may apply to register the mark.

as well as TMEP § 1201.03(b) (October 2012):

Where the application states that use of the mark is by a related company or companies, the USPTO does not require an explanation of how the applicant controls the use of the mark.

For its part, applicant argues that: 1) opposer's stock certificate does not show that EMD Crop Bioscience, Inc. was a wholly-owned subsidiary of EMD Chemicals, Inc., 2) opposer admitted in response to Interrogatory No. 7 that it (opposer) has no knowledge of why Merck KGaA, and not the subsidiary, filed the application,⁴ 3) opposer stated in its motion to strike that it (opposer) was not involved in selecting the specimen of use, and 4) opposer stated in its motion to amend its registration that it (opposer) does not have access to all communications regarding dates of first use of the mark.

In reply, opposer explains that its lack of knowledge of acts that took place in 2007, when the underlying application was filed, is simply due to the fact that opposer (Novozymes US Inc.) did not purchase the mark until 2011. Opposer further addresses the 2006 and 2007 financial statements, as well as the stock certificate, stating that the statements are filed, respectively, with the Commercial Register of the Darmstadt local court and with the electronic Federal Gazette accessible at www.unternehmensregister.de, and stating that the certificate was issued by the State of Delaware and shows that

⁴ Interrogatory No. 7: State "why" the application to register the mark TORQUE was filed by Merck KGAA and not EMD Crop Bioscience, Inc. Answer: Upon information and belief, Merck generally applies for and owns all trademarks of its subsidiaries. Other than this belief, opposer has no knowledge of why Merck applies for trademarks in its own name.

EMD Chemicals, Inc. owned all 100 shares of EMD Crop BioScience, Inc.

The term "related company" is defined as "any person whose use of a mark is controlled by the owner of the mark with respect to the nature and quality of the goods or services on or in connection with which the mark is used." Section 45 of the Trademark Act of 1946, 15 U.S.C. § 1127. See also *Ballet Tech Foundation Inc. v. Joyce Theater Foundation Inc.*, 89 USPQ2d 1262, 1271 n.67 (TTAB 2008). The essence of "related company" is the control of the nature and quality of the goods, and this is the basis for allowing an applicant to claim ownership of a mark based on the use by a related company. Where it is stated that use is by a related company which is a wholly owned subsidiary of applicant, and there is no information in the application inconsistent with such a statement, the control by applicant with use by the wholly owned subsidiary inuring to applicant's benefit is presumed by the Examining Attorney from the business structure.⁵ See *In re Pharmacia Inc.*, 2 USPQ2d 1883, 1884 (TTAB 1987). See also *In re Hand*, 231 USPQ 487, 488 (TTAB 1986).

Opposer has carried its burden of setting forth a record which demonstrates that there is no genuine dispute that, at

⁵ As noted above, the specimen of use itself states that the mark was used by EMD Crop BioScience, Inc. It appears that based on the application, the examining attorney presumed control by Merck KGaA, with use by the wholly owned subsidiary EMD Crop BioScience, Inc. inuring to the parent company's benefit.

the time the application was filed, Merck KGaA was the owner of the mark, and specifically that Merck KGaA controlled the nature and quality of the goods through its position as the parent company of EMD Crop BioScience, Inc. The financial statements and stock certificate submitted by opposer indicate a parent-subsidary relationship between Merck KGaA and EMD Crop BioScience, Inc., with 100% ownership residing in Merck KGaA, and are the type of evidence that ordinarily is sufficient to indicate control over the business of a company, absent probative evidence to the contrary. Applicant has not set forth evidence which contradicts or is inconsistent with the presumption, arising from this corporate structure, that there was a relationship of control between Merck KGaA and EMD Crop BioScience, Inc., or which demonstrates in this particular case that such relationship of control did not exist as of the filing date; rather, applicant responded with argument only. On this record, applicant has failed to establish the existence of a genuine dispute with respect to the factual issue of whether Merck KGaA was the owner of the mark as of the filing date.

In view of these findings, opposer's motion for summary judgment on Count II of applicant's second amended counterclaim is granted.

Analysis - Motion to Strike

The Board has the authority to strike an impermissible claim or portion of a claim or counterclaim from a pleading. See TBMP § 506.01 (2013).

When applicant filed its December 21, 2012 motion for leave to amend to add the two counterclaims that the application was void *ab initio*, opposer's summary judgment motion was pending, and proceedings had been suspended pending said motion under Trademark Rule 2.127(d) (see January 30, 2012 order). In its brief on its motion for leave to amend, applicant made no mention of having added allegations to Count III, its counterclaim for fraud. Moreover, during the January 22, 2013 telephone conference - which the Board held to resolve (and wherein it granted) applicant's motion for leave to amend to add the two void *ab initio* counterclaims - applicant's counsel failed to inform either the Board or opposer that it had added allegations to its fraud counterclaim.⁶ (see January 30, 2013 order).

The allegations that applicant inserted to Count III seek to allege a misrepresentation to form a new basis for a fraud claim. Opposer moves to strike Count III on the basis that applicant sought to insert the amendments while proceedings were suspended and without seeking leave to do so. It

⁶ As the Board noted in its January 30, 2013 order, counsel for applicant clarified that its second amended counterclaim is the version which is not marked "DRAFT."

maintains that applicant sought to enter the amendment in a procedurally inappropriate manner.

In ruling on applicant's December 21, 2012 motion for leave to amend, the Board did not address the amendments to Count III because applicant did not move to amend to add the new allegations. Applicant's insertion of new allegations without seeking leave to do so in its motion for leave to amend pursuant to Fed. R. Civ. P. 15(a)(2), is, at best, questionable practice, and is procedurally inappropriate. See TBMP § 507.01 (2013).

In view of this, opposer's motion to strike Count III of the second amended counterclaim is granted.⁷

Opposer's October 25, 2012 and December 21, 2012 unconsented motions to amend its Registration No. 3511124

It is the practice of the Board to defer ruling on motions to amend the dates of first use set forth in an application to register until final hearing. Such motions shall be granted only if the proposed amendment is established by, or is not inconsistent with, evidence adduced during the testimony period. *Fort Howard Paper Co. v. G.V. Gambina Inc.*, 4 USPQ2d 1552, 1554 (TTAB 1987).

⁷ The remainder of Count III - set forth in paragraph 24 thereof - has been disposed of hereinabove in the Board's ruling on opposer's motion for summary judgment on applicant's first amended counterclaim for fraud.

Applicant's consent to opposer's motion is not of record. Consideration of opposer's motion is deferred until final hearing.⁸

Schedule

Proceedings are resumed. Discovery and trial dates with respect to the notice of opposition are hereby reset as follows:

Deadline for Discovery Conference	9/16/2013
Discovery Opens	9/16/2013
Initial Disclosures Due ⁹	10/16/2013
Expert Disclosures Due	2/13/2014
Discovery Closes	3/15/2014
Plaintiff's Pretrial Disclosures due	4/29/2014
Plaintiff's 30-day Trial Period Ends	6/13/2014
Defendant's Pretrial Disclosures due	6/28/2014
Defendant's 30-day Trial Period Ends	8/12/2014
Plaintiff's Rebuttal Disclosures due	8/27/2014
Plaintiff's 15-day Rebuttal Period Ends	9/26/2014

In each instance, a copy of the transcript of testimony, together with copies of documentary exhibits, must be served on the adverse party within thirty days after completion of the taking of testimony. Trademark Rule 2.125.

Briefs shall be filed in accordance with Trademark Rules 2.128(a) and (b). An oral hearing will be set only upon request filed as provided by Trademark Rule 2.129.

⁸ As the Board noted in its August 3, 2012 order, the Board defers consideration of applicant's unconsented motion to restrict its identification of goods.

⁹ Opposer states in its January 26, 2012 motion that it served its initial disclosures.