UNITED STATES PATENT AND TRADEMARK OFFICE
Trademark Trial and Appeal Board
P.O. Box 1451
Alexandria, VA 22313-1451
General Contact Number: 571-272-8500

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Mailed: December 21, 2017

Opposition Nos. **91227930 (parent)**
91236247

Kastle Systems International LLC[1]

v.

Lee Strategy Group LLC

Before Shaw, Gorowitz and Coggins,
Administrative Trademark Judges

By the Board:

This matter comes up on Applicant's motion (filed October 8, 2016) for summary judgment on Opposer's claim of likelihood of confusion and Opposer's cross-motion (filed November 4, 2016) for summary judgment on Applicant's counterclaim for fraud against Opposer's pleaded Registration No. 1331215.[2] The motions are fully briefed.

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[1] The notice of appearance and change of correspondence respectively filed on October 4 and November 20, 2017, on behalf of Opposer are noted and entered.

[2] For KASTLE in typed form for "building security services-namely, electronically controlling building access from a remote location and transmitting an electric signal to unlock the building and admit authorized personnel thereto" in International Class 35. The mark was registered on April 16, 1985, and last renewed on February 4, 2015.

We presume the parties' familiarity with the issues herein. Therefore, for the sake of efficiency, this order will not summarize the parties' arguments raised in the briefs except as necessary.

Applicant's Motion for Summary Judgment

A motion for summary judgment is a pretrial device intended to save the time and expense of a full trial when the moving party is able to demonstrate, prior to trial, that there is no genuine dispute of material fact, and that it is entitled to judgment as a matter of law. *See* Fed. R. Civ. P. 56(a); *Celotex Corp. v. Catrett,* 477 U.S. 317 (1986); *Opryland USA Inc. v. Great Am. Music Show Inc.,* 970 F.2d 847, 23 USPQ2d 1471 (Fed. Cir. 1992); and *Sweats Fashions Inc. v. Pannill Knitting Co.,* 833 F.2d 1560, 4 USPQ2d 1793 (Fed. Cir. 1987). If the moving party is able to meet this initial burden, the burden shifts to the nonmoving party to demonstrate the existence of specific genuinely disputed facts that must be resolved at trial. A factual dispute is genuine if, on the evidence of record, a reasonable fact finder could resolve the matter in favor of the nonmoving party. *See Olde Tyme Foods, Inc. v. Roundy's, Inc.*, 961 F.2d 200, 22 USPQ2d 1542, 1544 (Fed. Cir. 1992). The nonmoving party may not rest on mere allegations or assertions but must designate specific portions of the record or produce additional evidence showing the existence of a genuine dispute of material fact. The evidence will be viewed in a light most favorable to the nonmoving party, and all reasonable inferences will be drawn in the nonmovant's favor. *Lloyd's Food Prods., Inc. v. Eli's, Inc.*, 987 F.2d 766, 25 USPQ2d 2027, 2029 (Fed. Cir. 1993). On summary judgment, the Board will not

resolve disputes of material fact but rather will only ascertain whether disputes of material fact exist. *See id.*; *Olde Tyme Foods*, 22 USPQ2d at 1542. Should the nonmoving party fail to raise a genuine dispute of material fact as to an essential element of the moving party's case, judgment as a matter of law may be entered in the moving party's favor.

After considering the arguments and evidence in support thereof, and drawing all inferences with respect to the motion in favor of Opposer as the nonmoving party, we find that Applicant has failed to meet its burden of establishing that there are no genuine disputes of material fact for trial. At a minimum, we find that genuine disputes of material fact remain with regard to the similarities and/or dissimilarities between the parties' marks and the relatedness of the goods and services offered under the marks. In view thereof, Applicant's motion for summary judgment on Opposer's claim of likelihood of confusion is hereby **DENIED**.

Opposer's Motion for Summary Judgment

Although Opposer's motion on Applicant's counterclaim for fraud is styled as a motion for summary judgment, the thrust of the motion is that Applicant has failed to state a claim upon which relief can be granted, which defense Opposer raised as part of its answer to the counterclaim on July 27, 2016. *See Answer to Counterclaim*, 6 TTABVUE 6. Since Opposer's motion comes after the filing of its answer but prior to trial, and because we see no need to consider matters outside the pleadings to determine the sufficiency of Applicant's fraud claim, we have construed the motion as one seeking judgment on the pleadings. *See* Fed. R. Civ. P. 12(c) and 12(h)(2);

Dak Indus. Inc. v. Daiichi Kosho Co., 35 USPQ2d 1434, 1436 (TTAB 1995) (motion for failure to state a claim upon which relief can be granted filed after answer construed as motion for judgment on the pleadings).

The grounds for Applicant's counterclaim of fraud against Registration No. 1331215 are statements made by Opposer during the underlying application's *ex parte* appeal which Applicant alleges were contradictory to claims currently being made by Opposer in support of this opposition proceeding. *Applicant's Answer and Counterclaim*, 4 TTABVUE 9-10. Based solely on these alleged contradictions, Applicant concludes that Opposer perpetrated fraud on the Board and, therefore, the United States Patent and Trademark Office ("USPTO").

Under *In re Bose Corp.*, 580 F.3d 1240, 91 USPQ2d 1938 (Fed. Cir. 2009), a legally sufficient pleading of fraud in the procurement of a registration requires allegations that (1) applicant/registrant made a false representation to the USPTO; (2) the false representation is material to the registrability of the mark; (3) applicant/registrant had knowledge of the falsity of the representation; and (4) applicant/registrant made the representation with intent to deceive the USPTO. *Id.* at 1941. In pleading its claim, Applicant has failed to allege the second, third and fourth elements of a fraud claim. In other words, Applicant has failed to allege any facts that would, if proven, demonstrate the materiality of the allegedly false representations, Opposer's knowledge of the falsity of its representations and Opposer's intent to deceive the USPTO. *See Exergen Corp. v. Wal-Mart Stores, Inc.*, 575 F.3d 1312, 91 USPQ2d 1656, 1667 (Fed. Cir. 2009) ("Although 'knowledge' and

'intent' may be averred generally, … the pleadings [must] allege sufficient underlying facts from which a court may reasonably infer that a party acted with the requisite state of mind."). A mere belief of fraud without supporting allegations of "specific facts upon which the belief is reasonably based" is insufficient. *See Exergen Corp. v. Wal-Mart Stores Inc.*, 91 USPQ2d 1656, 1670 (Fed. Cir. 2009).

Moreover, even if we assume that Applicant's well-pleaded allegations are true and view any inferences therefrom in a light most favorable to Applicant as the nonmoving party, as we must on a motion for judgment on the pleadings, *see Baroid Drilling Fluids Inc. v. Sun Drilling Prods.*, 24 USPQ2d 1048, 1049 (TTAB 1992), we find no legal cause for a claim sounding in fraud. The Federal Rules of Civil Procedure explicitly allow for the pleading of inconsistent claims or defenses in a proceeding, *see* Fed. R. Civ. P. 8(d)(3) ("party may state as many separate claims or defenses as it has, regardless of consistency"), and we have consistently recognized a party's right to plead in the alternative. *See Humana Inc. v. Humanomics Inc.*, 3 USPQ2d 1696, 1698 (TTAB 1987) (observing that applicant could have pleaded likelihood of confusion hypothetically in a counterclaim even though such allegation was inconsistent with its pleading of no likelihood of confusion in the opposition); *Home Juice Co. v. Runglin Cos. Inc.*, 231 USPQ 897, 899 (TTAB 1986) ("the inconsistency between the position taken by petitioner before the Examining Attorney and in the petition to cancel on the likelihood of confusion issue is not violative of the liberal pleading rule"); *Taffy's of Cleveland, Inc. v. Taffy's, Inc.*, 189 USPQ 154, 156-57 (TTAB 1975) ("fact that petitioner argued before the Examiner of

Trademarks that its mark and that of respondent were not confusingly similar, in no way precludes petitioner from now asserting likelihood of confusion as a ground of damage"). Accordingly, Applicant's mere pleading of inconsistencies in Opposer's claims is not a sufficient allegation from which the Board may reasonably infer that Opposer acted with the requisite state of mind and is, therefore, wholly insufficient to support a pleading of fraud.

Finally, we note that Applicant's counterclaim is fundamentally flawed as it necessarily assumes that Opposer's legal arguments in the *ex parte* proceeding were false, material and relied upon by the Board in rendering its decision in favor of Opposer; in other words, the Board would not have rendered its decision favoring Opposer but for the false arguments made by Opposer in support of registration. Such a claim misapprehends the nature of legal advocacy and improperly accords Opposer's legal argument the weight of evidence. *See In re Teledyne Indus., Inc.*, 696 F.2d 968, 217 USPQ 9, 11 (Fed. Cir. 1982) (argument of counsel given no evidentiary weight). Furthermore, "opinions of law [are] not admissions of fact and thus cannot serve … as admissions against interest …" *Brooks v. Creative Arts By Calloway, LLC*, 93 USPQ2d 1823, 1826 (TTAB 2009); *see also Interstate Brands Corp. v. Celestial Seasonings, Inc.*, 576 F.2d 926, 198 USPQ 151, 153-54 (CCPA 1978) ("But, because 'that confusion is unlikely to occur' is a legal conclusion, it cannot be an 'admission.' Facts alone may be 'admitted.' In reaching the legal conclusion, the decision maker may find that a fact, among those on which the conclusion rests, has been admitted; he may not, however, consider as 'admitted' a

fact shown to be non-existent by other evidence of record; nor may he consider a party's opinion relating to the ultimate conclusion an 'admission.'"). As the question of likelihood of confusion in the *ex parte* proceeding "is a legal determination based upon factual underpinnings" rather than legal argument, *see Palm Bay Imports, Inc. v. Veuve Clicquot Ponsardin Maison Fondee En 1772*, 396 F.3d 1369, 73 USPQ2d 1689, 1691 (Fed. Cir. 2005), a claim of fraud based simply on a perceived inconsistency in legal argument before the Board is legally insufficient to plead a claim of fraud in the procurement.

In view thereof, Opposer's motion for judgment as to Applicant's counterclaim for fraud is hereby **GRANTED** and the counterclaim is accordingly **DISMISSED**.[3]

Consolidation with Opposition No. 91236247

On September 5, 2017, Opposer moved to consolidate this proceeding with Opposition No. 91236247. The Board may consolidate pending cases that involve common questions of law or fact. *See* Fed. R. Civ. P. 42(a); *see also Regatta Sport Ltd. v. Telux-Pioneer Inc.,* 20 USPQ2d 1154 (TTAB 1991); *Estate of Biro v. Bic Corp.,* 18 USPQ2d 1382 (TTAB 1991). Consolidation in appropriate cases will avoid duplication of effort concerning the factual issues and will thereby avoid unnecessary costs and delays. In view of the identity of the parties and the common questions of law and fact presented by the proceedings, we find consolidation appropriate. Thus, **Opposition Nos. 91227930 and 91236247 are hereby consolidated** and may be presented on the same record and briefs. The record will

[3] Opposer's request for sanctions in its reply brief, for which Opposer later filed a separate motion on December 23, 2016, was already addressed and denied by the Board in its order of July 5, 2017.

be maintained in **Opposition No. 9122790 as the "parent" case**. The parties should no longer file separate papers in connection with each proceeding, but file only a single copy of each paper in the parent case. Each paper filed should bear the numbers of all consolidated proceedings in ascending order, and the parent case should be designated as such in the case caption.

The parties are reminded that consolidated cases do not lose their separate identity because of consolidation. Each proceeding retains its separate character and requires entry of a separate judgment. The decision on the consolidated cases shall take into account any differences in the issues raised by the respective pleadings and a copy of the final decision shall be placed in each proceeding file. *See* 9A Wright, Miller, Kane, Marcus, Spencer & Steinman, Fed. Prac. & Proc. Civ. § 2382 (3d ed.).

The parties are instructed to promptly inform the Board of any other related cases within the meaning of Fed. R. Civ. P. 42. These consolidated oppositions will proceed under the following schedule, as reset:

Initial Disclosures Due in Child Proceeding	**1/22/2018**
Expert Disclosures Due	**5/22/2018**
Discovery Closes	**6/21/2018**
Plaintiff's Pretrial Disclosures Due	**8/5/2018**
Plaintiff's 30-day Trial Period Ends	**9/19/2018**
Defendant's Pretrial Disclosures Due	**10/4/2018**
Defendant's 30-day Trial Period Ends	**11/18/2018**
Plaintiff's Rebuttal Disclosures Due	**12/3/2018**
Plaintiff's 15-day Rebuttal Period Ends	**1/2/2019**
Plaintiff's Opening Brief Due	**3/3/2019**
Defendant's Brief Due	**4/2/2019**
Plaintiff's Reply Brief Due	**4/17/2019**
Request for Oral Hearing (option) Due	**4/27/2019**

Generally, the Federal Rules of Evidence apply to Board trials. Trial testimony is taken and introduced out of the presence of the Board during the assigned testimony periods. The parties may stipulate to a wide variety of matters, and many requirements relevant to the trial phase of Board proceedings are set forth in Trademark Rules 2.121 through 2.125. These include pretrial disclosures, matters in evidence, the manner and timing of taking testimony, and the procedures for submitting and serving testimony and other evidence, including affidavits, declarations, deposition transcripts and stipulated evidence.

Trial briefs shall be submitted in accordance with Trademark Rules 2.128(a) and (b). Oral argument at final hearing will be scheduled only upon the timely submission of a separate notice as allowed by Trademark Rule 2.129(a).

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