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

Mailed: December 17, 2010

Cancellation No. 92050758

Factory Mutual Insurance  
Company and FM Approvals LLC

v.

Fullco Industries, Inc.

**Before Kuhlke, Cataldo and Wellington,  
Administrative Trademark Judges.**

**By the Board:**

In the petition for cancellation (filed March 31, 2009), Factory Mutual Insurance Co. and its wholly-owned subsidiary, FM Approvals LLC, (collectively, "petitioners") describe their business activities as commercial and industrial property insurance and risk management, and providing product safety and testing services to manufacturers. Petitioners allege that they have used, promoted, and registered eight certification marks for a lengthy time period as indicating quality and safety of various building materials and related goods.<sup>1</sup> Petitioners'

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<sup>1</sup> There are ten registrations, in total, for the eight different marks. They are: 1274005, 1337406, 2786030, 2797130, 2801999, 2878458, 2786030, 2880092, 2897810, and 2897811. The marks certify various products intended for use in buildings. Petitioner FM Approvals LLC is the listed owner of the registrations.

pleaded marks comprise the following three typed marks, FM APPROVALS QUALITY SYSTEM REGISTRATION, FM APPROVED, FM SPECIFICATION TESTED, and the following five design marks shown below.



Petitioners' seek to cancel respondent's registration for the a design mark (shown below) for "metal fasteners, namely, bolts, screws, and nuts" in International Class 6 and "machine parts, namely, [positive displacement pumps,] bearings and bushings" in International Class 7.<sup>2</sup>



This case now comes up on petitioners' motions:

- 1) to strike portions of respondent's first amended answer, filed April 27, 2010;
- 2) for leave to file a second amended petition to cancel to add a second fraud claim, filed April 28, 2010; and
- 3) for partial summary judgment on the fraud claims or on the claim that respondent's application to register was void ab initio, filed May 10, 2010.

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<sup>2</sup> Registration No. 2830118, issued April 6, 2004, claiming dates of use of March 10, 2003, and first use in commerce of April 14, 2003 for both classes of goods. The mark was filed as a use based application pursuant to Trademark Act § 1(a). See Section 3 *infra*, regarding respondent's proposed amendment to delete the goods shown here in brackets.

**1. Motion to Strike**

Petitioners move to strike respondent's third affirmative defense alleging petitioners have abandoned Registration Nos. 1337406 and 2786030 as a result of "lack of use of these marks;" and a portion of respondent's answer where respondent "denies Registration No. 1337406 and Registration No. 2786030 are in full force and effect because Petitioners, on information and belief, do not currently use these marks." While respondent has not filed a response to the motion, we exercise our discretion to consider the motion on the merits. Petitioners, correctly, argue that Trademark Rule 2.114(b)(2)(ii) provides respondent will not be heard on these issues unless it files a counterclaim or separate petition for cancellation of the registrations. Accordingly, the motion to strike is granted.

**2. Motion to Amend Petition for Cancellation**

Consistent with Fed. R. Civ. P. 15(a), the Board liberally grants leave to amend pleadings at any stage of the proceeding when justice requires, unless entry of the proposed amendment would violate settled law or be prejudicial to the rights of the adverse party. See *Commodore Electronics Ltd. v. CBM Kabushiki Kaisha*, 26 USPQ2d 1503, 1505 (TTAB 1993). The question of whether an

adverse party would be prejudiced by allowance of the amended pleading in a Board case is largely dependent on the timing of the motion to amend. *See Id.*

Petitioners allege that their motion to amend is engendered by respondent's March 22, 2010 filing of its declaration under Sections 8 and 15, wherein it declared, "there is no proceeding involving said rights [to the mark in its Registration No. 2830118] pending and not disposed of either in the U.S. Patent and Trademark Office or in the courts." This language, petitioners argue, is "manifestly false" since the instant proceeding was filed nearly a year prior to the respondent's filing of the declaration.

Respondent counters that the issue is moot, because upon notice of the error provided by petitioners' motion for leave to amend, it promptly filed a request to withdraw the inadvertently filed Section 8 and 15 declaration, and replaced it with a Section 8 declaration which does not contain the same language. Respondent contends that it did not intend to make a fraudulent misrepresentation to the USPTO, the filing of a combined Section 8 and 15, instead of a sole Section 8, declaration was inadvertent, and under well-settled law a misstatement in a USPTO filing does not rise to the level of fraud on the USPTO, especially where the erroneous filing is promptly withdrawn or amended.

As to the timeliness of petitioners' motion, we note it was filed prior to the opening of petitioners' trial period, as reset by the Board's order of March 24, 2010, and immediately after the filing of respondent's combined Sections 8 and 15 declaration that precipitated the new claim. Thus the motion to amend is timely.<sup>3</sup> Upon review of the additional ground for cancellation, we further find that it has been sufficiently pleaded.

Accordingly, petitioners' motion to amend to add a second claim of fraud is granted.

**3. Respondent's Amendment of Goods with Section 8 Filing**

We turn next to an issue mentioned in respondent's footnote 4 of its response brief. As noted, on May 5, 2010, while this cancellation action was pending, respondent filed a Section 8 declaration, as required to prevent the cancellation of the registration by operation of law. In that declaration, respondent indicated that it was using the mark for all of the goods in Class 6, but deleted some of

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<sup>3</sup> Respondent has alleged that the motion for summary judgment was not timely filed under Trademark Rule 2.127(e)(1). As noted by the Board's order of March 24, 2010, these proceedings previously were considered suspended as of the filing of the first amended petition to cancel on January 22, 2010, prior to the opening of petitioners' trial period. That order reset petitioner's trial period to reopen on May 18, 2010, and the motion for summary judgment was filed May 10, 2010, prior to the opening of petitioner's trial period as reset, and thus the motion is timely. Cf. *La Maur Inc. v. Bagwell's Ent. Inc.*, 193 USPQ 234 (TTAB 1976) (motion filed after previous testimony period opened, but prior to opening of reset testimony period was untimely).

the goods for Class 7, namely, positive displacement pumps.<sup>4</sup> Because this cancellation action was pending, respondent could not remove those goods from consideration in this proceeding without the consent of petitioners. See Trademark Rule 2.133(a). No motion to amend has been filed, and these proceedings have been suspended for consideration of the motions for summary judgment.

Although in acting on the Section 8 declaration, on June 15, 2010, the Post-Registration section of the Office deleted certain goods, for purposes of this proceeding, we must treat the registration as encompassing the goods in the registration as originally issued.<sup>5</sup> We recognize that in the context of petitioners' fraud claim based on nonuse of certain listed goods at the time of registration, petitioners dispute whether the mark was in use on these goods at the time the application was filed, and the registration issued, and do not decide that issue here.<sup>6</sup>

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<sup>4</sup> The identification of goods in Class 7 as amended after the Section 8 deletion reads as follows: "machine parts, namely, bearings and bushings."

<sup>5</sup> The Board will only exercise its authority to modify the goods or services in a registration or application during a proceeding where the issue of restriction has been raised in either the pleadings or by motion (or if it is clear that the issue has been tried, such that the pleadings can be deemed to be amended pursuant to Fed. R. Civ. P. 15(b)), and the possible restriction has been stated with precision such that the issue is properly framed for trial. *ProQuest Information and Learning Co. v. Island*, 83 USPQ2d 1351, 1353 (TTAB 2007).

<sup>6</sup> The Board's determination of whether the amendment meets the requirements of the Board's rules does not also determine the disposition of the fraud claim. See *Hachette Filipacchi Presse V. Elle Belle, LLC*, 85 USPQ2d 1090, 1095 (TTAB 2007) (finding

#### **4. Partial Summary Judgment**

Summary judgment is an appropriate method of disposing of cases in which there are no genuine issues of material fact in dispute, thus leaving the case to be resolved as a matter of law. See Fed. R. Civ. P. 56(c). A party moving for summary judgment has the burden of demonstrating the absence of any genuine issue of material fact, and that it is entitled to judgment as a matter of law. See *Celotex Corp. v. Catrett*, 477 U.S. 317 (1986). The evidence must be viewed in a light favorable to the non-movant, and all justifiable inferences are to be drawn in the non-movant's favor. See *Opryland USA, Inc. v. Great American Music Show, Inc.*, 970 F.2d 847, 23 USPQ2d 1471 (Fed. Cir. 1993).

When a moving party's motion for summary judgment is supported by evidence sufficient to indicate that there is no genuine issue of material fact and the moving party is entitled to judgment, the burden shifts to the nonmoving party to demonstrate the existence of at least one genuine issue of material fact that requires resolution at trial. See *Opryland USA*, 970 F.2d at 850, 23 USPQ2d at 1473; see also *Hornblower & Weeks Inc. v. Hornblower & Weeks Inc.*, 60 USPQ2d 1733, 1739 (TTAB 2001) (nonmovant must present

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deletion of goods where nonuse was admitted does not preempt Board's authority to determine issue of fraud); and *Grand Canyon West Ranch LLC v. Hualapai Tribe*, 78 USPQ2d 1696, 1698 n.5 (TTAB 2006) (noting deletion of goods for nonuse did not preclude filing of amended pleadings alleging fraud).

sufficient evidence to show evidentiary conflict as to at least one material fact in issue).

With the above principles in mind, we turn first to petitioners' partial summary judgment motion on the ground of fraud and based on respondent's admittedly false statement in its Section 8 and 15 declaration as originally filed.

Fraud in maintaining a registration occurs when a registrant knowingly makes a false, material representation of fact in connection with a Section 8 and/or 15 declaration for renewal. *See Torres v. Cantine Torresella S.R.L.*, 808 F.2d 46, 1 USPQ2d 1483, 1484 (Fed. Cir. 1986).

In this case, there is no dispute that respondent's statement in the original combined Section 8 and 15 declaration regarding no other USPTO proceeding involving respondent's rights in the mark was false. Moreover, the false statement is material inasmuch as, if not corrected, the registration acquires incontestable status. *Mister Leonard Inc. v. Jacques Leonard Couture Inc.*, 23 USPQ2d 1064, 1065 (TTAB 1992); *see also, Crown Wallcovering Corp. v. Wall Paper Manufacturer's Ltd.*, 188 USPQ 141, 144 (TTAB 1975).

As to whether respondent knowingly made the false statement, we note that direct evidence of intent can be difficult to come by and that the conduct complained of must

still show clearly and convincingly that there was intent to deceive the USPTO. *In re Bose Corp.*, 580 F.2d 1240, 91 USPQ2d 1938, 1941 (Fed. Cir. 2009). Moreover, it has long been held that the issue of intent is not suitable for decision upon summary judgment. *Copelands' Enterprises Inc. v. CNV Inc.*, 945 F.2d 1563, 20 USPQ2d 1295, 1299 (Fed. Cir. 1991).

In the instant case, respondent asserts that the false statement in the original declaration was the result of an innocent mistake and that it immediately sought to correct this upon first learning of the mistake through petitioners' filing of the motion to amend. The record reflects that, within six days of the filing of petitioners' motion, respondent indeed withdrew its combined Section 8 and 15 declaration and replaced it with one solely under Section 8.

The circumstances in this case are analogous to those in a recent Board proceeding where, an applicant, prior to publication of its opposed application, corrected a misstatement regarding the identification of goods in the application. *University Games Corp. v. 20Q.net Inc.*, 87 USPQ2d 1465 (TTAB 2008). The Board found that this correction, occurring before publication of the mark, "constitutes a rebuttable presumption that opposer lacked the willful intent to deceive the Office." *University Games* at 1468.

Thus, we find that although the statement was false, respondent's correction of the statement prior to the USPTO's acknowledgment of the Section 15 declaration serves as a rebuttable presumption that applicant's intent was not to fraudulently mislead the USPTO. Petitioners have not overcome that presumption.<sup>7</sup>

Accordingly, petitioners' motion for partial summary judgment as to the new fraud ground, based on a false statement in a Sections 8 and 15 declaration, is denied.

We turn now to petitioners' partial summary judgment motion on the ground of nonuse and fraud regarding such non-use.

When a registrant has not met the requirement for use of its mark on any of the goods or services identified in its application prior to the filing of its use-based application pursuant to Trademark Act § 1(a), the application may be found void ab initio for nonuse. *CPC International Inc. v. Skippy Inc.*, 3 USPQ2d 1456, 1460 (TTAB 1987). But where the mark was in use on some of the identified goods and services as of the filing of the application, the application will not be found void in its entirety. *Grand Canyon Ranch, LLC v. Hualapai Tribe*, 78 USPQ2d 1696, 1697 (TTAB 2006).

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<sup>7</sup> We further note that such a presumption presents a very high hurdle.

Fraud in procurement may lie where a trademark applicant makes a material misrepresentation of fact in its declaration which it knows to be false. *Torres*, 1 USPQ2d at 1484-85 (Fed. Cir. 1992). There can be no fraud without a willful intent to deceive, and any doubt as to the registrant's intent to deceive must be resolved against petitioners as the party making a fraud claim. *Enbridge Inc. v. Excelerate Energy LP*, 92 USPQ2d 1537, 1540 (TTAB 2009).

Petitioners' arguments for summary judgment under either a theory of nonuse or fraud in the procurement rely on the deposition of respondent's President and CEO, Mr. Fuller, wherein he appears to state that the mark was never used with positive displacement pumps, and an internal memo from registrant's Engineering/Quality Assurance manager John Malm (who predeceased this litigation) with the statement, "I have made a 'label' with the diamond logo on it...so we can use a separate label for each box or re-use the same box..."

Respondent in its declaration supplied with its response explains that Mr. Fuller did not complete his deposition, and did not fully understand what was being asked. Respondent also argues that the Malm memo is taken out of context, and there is no reason to believe Mr. Malm incorrectly represented use of the mark to the USPTO. Respondent disputes that it was not using its mark on all of

the goods at the time of application and avers that it was using the mark with all of the goods consistent with its application. Respondent clarifies that the confusion came during the deposition because at one time the mark was on the packaging and then later was actually on the goods, except the positive displacement pumps which due to their design could only have the mark on the packaging, and a difference in understanding as to whether "positive displacement pumps" are encompassed by the product headings "machined part" or "hydraulics products."

After careful consideration of the evidence and arguments, we find questions of fact not suitable for resolution at this stage of the proceedings. At the least, we find that there are genuine issues of material fact as to whether the mark was used on the goods at the time of filing the application, and respondent's intent to commit fraud, which preclude the grant of summary judgment on any of the grounds named.

Accordingly, petitioners' motion for partial summary judgment on the grounds of nonuse and fraud in the procurement of the registration is denied.

##### **5. Decision**

In sum, petitioners' motion to amend its petition to cancel is granted; the second amended petition to cancel, filed April 28, 2010 is the operative pleading; and

respondent is allowed thirty days in which to file and serve its answer thereto, although respondent must note that inasmuch as the third affirmative defense and a portion of its answer to paragraph seven of the first amended petition for cancellation have been stricken, such matters should not be pleaded in its amended answer.

Petitioners' motion for partial summary judgment is denied.<sup>8</sup>

#### **6. Dates Reset**

Proceedings are resumed and dates are reset as set out below. Respondent's answer to the second amended petition for cancellation is due **THIRTY DAYS** from the mailing date of this order.

| Discovery Closes                        | Closed    |
|---|-----------|
| Plaintiff's Pretrial Disclosures        | 2/3/2011  |
| Plaintiff's 30-day Trial Period Ends    | 3/20/2011 |
| Defendant's Pretrial Disclosures        | 4/4/2011  |
| Defendant's 30-day Trial Period Ends    | 5/19/2011 |
| Plaintiff's Rebuttal Disclosures        | 6/3/2011  |
| Plaintiff's 15-day Rebuttal Period Ends | 7/3/2011  |

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<sup>8</sup> The parties should note that evidence submitted in connection with motions for summary judgment is of record only for consideration of those motions. To be considered at final hearing, any such evidence must be properly introduced in evidence during the appropriate trial period. *See, Levi Strauss & Co. v. R. Josephs Sportswear Inc.*, 28 USPQ2d 1464 (TTAB 1993); *Pet Inc. v. Bassetti*, 219 USPQ 911 (TTAB (1993); *American Meat Institute v. Horace W. Longacre, Inc.*, 211 USPQ 712 (TTAB 1981). Furthermore, the fact that we have identified certain genuine issues of material fact sufficient to deny the parties' motions should not be construed as a finding that these are necessarily the only issues which remain for trial.

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.

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