

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

WINTER

Mailed: April 8, 2011

Cancellation No. 92052684

Natural Supplements and
Remedies, Inc., d/b/a
Vitanergy

v.

NutriScience Corporation

Before Walters, Ritchie, and Wolfson,
Administrative Trademark Judges.

By the Board:

In its answer to the petition to cancel, respondent included several "Affirmative Defenses" and three counterclaims to cancel petitioner's pleaded registration No. 2440741. This case now comes up for consideration of petitioner's¹ fully briefed combined motion (filed on September 27, 2010) (i) to dismiss respondent's third counterclaim, (ii) to strike particular allegations in the second counterclaim, and (iii) to strike certain affirmative defenses set forth in its answer.

¹ For ease of discussion, we will continue to refer to "petitioner" and "respondent" based on their positions in the originally filed petition to cancel.

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For purposes of this order, the Board presumes the parties' familiarity with the pleadings and the arguments submitted with respect to the subject motion. Further, we consider the issues in petitioner's combined motion in the order in which they are addressed in said motion.

Motion to Dismiss Third Counterclaim for Fraud based on Filing of Sections 8 & 9 Combined Declaration of Use and Renewal Application

Respondent's third counterclaim purports to set forth a fraud claim involving petitioner's filing on April 21, 2010 of its Combined Declaration of Use and Application for Renewal of Registration of a Mark under Sections 8 & 9 (hereafter, the "2010 Declaration"), for petitioner's pleaded registration. Petitioner argues that the fraud counterclaim is insufficient and should be dismissed because it is based on factual allegations which, even if proven at trial, do not constitute fraud. In particular, petitioner points out that the asserted failure of petitioner to submit a substitute power of attorney for its counsel to execute and submit the 2010 Declaration does not make said filing a "fraudulent renewal" and, thus, *void ab initio*, as alleged by respondent. In addition, petitioner argues that respondent's allegations regarding the adequacy of petitioner's specimens of use submitted with its application for renewal do not provide a valid ground for cancellation. Petitioner does not address the remaining

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allegations in connection with the fraud basis for the counterclaim.

To survive a motion to dismiss, a plaintiff need only allege sufficient factual matter as would, if proved, establish that (1) the plaintiff has standing to maintain the proceeding, and (2) a valid ground exists for opposing or cancelling the mark. *Lipton Industries, Inc. v. Ralston Purina Co.*, 670 F.2d 1024, 213 USPQ 185, 187 (CCPA 1982). Specifically, "a complaint must contain sufficient factual matter, accepted as true, to state a claim to relief that is plausible on its face." *Ashcroft v. Iqbal*, ___ U.S. ___, 129 S.Ct. 1937, 1949-50 (2009), quoting *Bell Atlantic Corp. v. Twombly*, 550 U.S. 544, 570 (2007). In the context of *inter partes* proceedings before the Board, a claim has facial plausibility when the opposer or petitioner pleads factual content that allows the Board to draw a reasonable inference that the opposer or petitioner has standing and that a valid ground for the opposition or cancellation exists. *Cf.* *Twombly*, 550 U.S. at 556, 127 S.Ct. at 1955. In particular, a plaintiff need only allege "enough factual matter ... to suggest that [a claim is plausible]" and "raise a right to relief above the speculative level." *Totes-Isotoner Corp. v. U.S.*, 594 F.3d 1346 (Fed. Cir. 2010), citing *Twombly*, 550 U.S. at 555-56, 127 S.Ct. 1955.

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For purposes of determining a motion to dismiss for failure to state a claim upon which relief can be granted, all of the plaintiff's well-pleaded allegations must be accepted as true, and the complaint must be construed in the light most favorable to the plaintiff. *See Advanced Cardiovascular Sys. Inc. v. SciMed Life Sys. Inc.*, 988 F.2d 1157, 26 USPQ2d 1038, 1041 (Fed. Cir. 1993); *McDermott v. San Francisco Women's Motorcycle Contingent*, 81 USPQ2d 1212 (TTAB 2006), *aff'd*, unpublished No. 07-110 (Fed. Cir. July 11, 2007), *cert. denied*, 552 U.S. 1109 (2008). Additionally, under the simplified notice pleading of the Federal Rules of Civil Procedure, the allegations of a complaint should be "construed so as to do justice." Fed. R. Civ. P. 8(e); *Scotch Whisky Assoc. v. United States Distilled Prods. Co.*, 952 F.2d 1317, 21 USPQ2d 1145 (Fed. Cir. 1991).

Respondent's third counterclaim for "fraudulent renewal" is based upon three sets of facts, which we review in turn. In the first set of allegations, respondent essentially alleges in paragraphs 29 through 33 that the 2010 Declaration is void *ab initio* because petitioner's counsel, who executed the declaration on behalf of petitioner, assertedly was not properly designated as counsel of record. Specifically, respondent alleges that a new power of attorney should have been executed by petitioner and submitted on its behalf prior to the filing of the 2010 Declaration. Respondent's

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allegations are not well-founded; nor do the allegations support a claim of fraud. First, the filing on behalf of petitioner by its current counsel was not improper. Although petitioner had appointed its prior counsel with a power of attorney, petitioner's current counsel was not required to submit a new power of attorney when the 2010 Declaration was filed. With respect to post-registration filings, such as the one at issue, the USPTO considers a power of attorney filed in connection with an affidavit under 15 U.S.C. §1058, §1062(c), §1065, or §1141k ("affidavit under §8, §12(c), §15, or §71"), or a renewal application under 15 U.S.C. § 1059 ("§9 renewal application"), to end upon acceptance or final rejection of the filing. Trademark Rule 2.17(g)(2), 37 C.F.R. § 2.17(g)(2). See TMEP §§ 604.02 & 604.03 (7th ed. 2010). Thus, the Post Registration section of the USPTO would have considered the appointment by power of attorney of petitioner's prior counsel, which was filed on April 20, 2006 (after registration and shortly before prior counsel submitted petitioner's Combined Declaration of Use and Incontestability Under Sections 8 & 15, on June 7, 2006), to have ended upon acceptance of the 2006 combined declaration. See Trademark Rule 2.17(g)(2), 37 C.F.R. § 2.17(g)(2). Moreover, the Post Registration section construes the filing of the 2010 Declaration by petitioner's current counsel as an appointment of that counsel; no additional power of appointment is

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necessary. See Trademark Rule 2.17(b)(1)(ii), 37 C.F.R. § 2.17(b)(1)(ii); and TMEP § 604.01 (7th ed. 2010).

Accordingly, the filing of the 2010 Declaration by petitioner's current counsel was proper. In view of the foregoing, paragraphs 30 through 33 of respondent's third counterclaim fail, as a matter of law, to state a claim upon which relief may be granted and are hereby stricken. See Fed. R. Civ. P. 12(f).

Also in support of the second alleged basis for its fraud counterclaim, respondent alleges that one of the three specimens submitted with the 2010 Declaration shows use of petitioner's mark as a tradename, rather than as a trademark, and shows use with goods, rather than for distributorship services and, in view thereof, the specimen of use assertedly does not support renewal of the registration (§45). It is well-settled that allegations directed to *ex parte* examination issues fail to state a proper ground for an *inter partes* proceeding. See, e.g., *Saint-Gobain Abrasives, Inc. v. Unova Indus. Automat'n Sys., Inc.*, 66 USPQ2d 1355 (TTAB 2003) (allegation that the descriptions of the marks were indefinite held to be an *ex parte* examination issue); *Phonak Holding AG v. ReSound GmbH*, 56 USPQ2d 1057 (TTAB 2000) (failure to enforce requirement of filing of foreign registration is examination error and not a ground for opposition); *Century 21 Real Estate Corp. v. Century Life of America*, 10 USPQ2d 2034,

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2035 (TTAB 1989) (the issue of the adequacy of the specimens is solely a matter of *ex parte* examination). To the extent respondent seeks relief in connection with the examination of specimens of use by the post-registration examiner, those particular allegations² are hereby stricken because they fail, as a matter of law, to set forth a claim upon which relief may be granted. See Fed. R. Civ. P. 12(f).

The third alleged basis for the fraud counterclaim is set forth in paragraphs 34 through 54 of the third counterclaim. In essence, respondent alleges that the specimens of use submitted with the 2010 Declaration were not valid specimens of use for the VITANERGY mark as of the filing date of the renewal document (§37); that the specimens of use submitted by petitioner were specimens used by petitioner's predecessor-in-interest (§§ 38-45); that the 2010 Declaration contains false statements that petitioner was using the VITANERGY mark on the services listed in the 2010 Declaration as of April 21, 2010, although petitioner was assertedly not using the mark for any of the services listed in the registration (§46); that petitioner knew that it was not offering any services under the VITANERGY mark when it filed the renewal application (§47); that petitioner and its

² The stricken sentences in §45 are as follows:

"This use is not trademark use, [*sic*] is use on 'goods' not 'services,' and does not support a renewal of the Registration. At most, such use is tradename use and [*sic*] registrable as a trademark."

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counsel, Oliver A. Ruiz, who executed the declaration, both knew or should have known³ that the statements made in the renewal declaration were false, and that petitioner and Mr. Ruiz "knowingly made such provably false material statements with the subjective intent to deceive the Trademark Office, and/or with reckless disregard for the statements' [sic] truth or falsity" (§§ 34, 48); and that based on the false statements made by petitioner and its attorney, the USPTO renewed the registration (§49).

In view of the foregoing allegations only, we find that respondent has set forth a sufficient allegation of fraud in its third counterclaim, as summarized above, in accordance with the standards set forth in *In re Bose Corp.*, 580 F.3d 1240, 91 USPQ2d 1938, 1941 (Fed. Cir. 2009) (holding "that a trademark is obtained fraudulently under the Lanham Act only if the applicant or registrant knowingly makes a false, material representation with the intent to deceive the PTO").

³ Respondent is reminded that if the counterclaim stated only that petitioner and its counsel "knew or should have known" that their actions were false, such wording would not have been sufficient. See, e.g., *Qualcomm Inc. v. FLO Corp.*, 93 USPQ2d 1768, 1770 (TTAB 2010) ("Because intent is a required element to be pleaded for a claim of fraud, allegations that a party made material representations of fact that it 'knew or should have known' were false or misleading are insufficient"); and *Asian Western Classics B.V. v. Selkow*, 92 USPQ2d 1478, 1479 (TTAB 2009). However, because the following sentence in respondent's counterclaim states, "Natural and Ruiz knowingly made ...," we have treated the "should have known" wording as superfluous. For the same reason, we treat the wording "and/or with reckless disregard" as a subset of having "knowingly" made a false, material statement with the intent to deceive the PTO.

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Accordingly, with the exception of the allegations which we have stricken in this order *supra*, petitioner's motion to dismiss respondent's third counterclaim is denied.

Motion to Strike Paragraphs 15 and 24 of Second Counterclaim for Fraud based on Petitioner's 2006 and 2007 Filings of Combined Declarations of Use and Incontestability under Sections 8 & 15

Petitioner also requests that the Board strike paragraphs 15 and 24 of respondent's second counterclaim, for fraudulent renewal of U.S. Registration No. 2440741, on the basis that the allegations in those paragraphs relate to the adequacy of petitioner's specimens of use, which, as petitioner argued with respect to respondent's third counterclaim for fraudulent renewal, do not provide a basis for the asserted fraud claim.

For completeness, we have considered the entirety of respondent's second counterclaim and find that it fails to state a claim upon which relief may be granted. Specifically, we note that in paragraph 24, respondent alleges as follows:

"If Natural was not using the VITANERGY Mark for 'powder mixes, syrups, hair tonics, sprays, and beverages,' when it submitted the First and Second Section 8 Declarations, then Natural knowingly made false statements with the subjective intent to deceive ..." (Board emphasis).

We find that respondent's use of the word "if" in paragraph 24 renders the allegations therein to be merely speculative in nature. Consequently, respondent's fraud claim is insufficient because the Board cannot draw a reasonable inference that a valid ground for the cancellation actually exists. *See Totes-Isotoner Corp., supra*, at 1354. *See also*

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Fed. R. Civ. P. 9(b), applicable to this proceeding under Trademark Rule 2.116(a), which provides that the circumstances constituting the alleged fraud shall be pleaded with particularity. *Cf. Asian and Western Classics B.V. v. Selkow*, 92 USPQ2d 1478, 1479 (TTAB 2009) (finding allegations "on information and belief" to raise only the mere possibility that evidence may be uncovered and do not constitute pleading of fraud with particularity).

We also note that respondent alleges in paragraph 26, with respect to the filing of petitioner's two Section 8 declarations, that petitioner "'knew or should have known'" that the mark had not been used for some or all of the services in commerce." Similarly, respondent alleges in paragraph 27 that petitioner "knew or should have known" when it filed a Section 15 Declaration that the mark had not been used for some or all of the services in commerce "continuously over the prior five years." These allegations are also insufficient to support a claim of fraud because the wording "knew or should have known" implies mere negligence, and negligence is not sufficient to infer fraud or dishonesty. *Asian and Western*, 92 USPQ2d at 1479, citing *Bose*, 91 USPQ2d at 1940. In view of the foregoing, petitioner's second counterclaim is hereby stricken *in toto*. See Fed. R. Civ. P. 12(f). Accordingly, petitioner's motion to strike paragraphs 15 and 24 of the second counterclaim is moot. However,

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insofar as respondent will be allowed to amend its pleading at the conclusion of this order, respondent is directed not to include the allegations in paragraphs 13, 15 and 20 (rather than only paragraphs 15 and 24 mentioned by petitioner) to the extent that these allegations relate to whether (or explicitly state that) the specimen submitted was "improper" to show use or assertedly did not show use of petitioner's mark as a service mark. As we discussed *supra*, because *ex parte* examination issues do not provide a basis for opposition or cancellation, the allegations in paragraphs 13, 15 and 20, as a matter of law, fail to state a claim upon which relief may be granted.

Motion to Strike Affirmative Defenses

Pursuant to Fed. R. Civ. P. 12(f), the Board may order stricken from a pleading any insufficient or impermissible defense, or any redundant, immaterial, impertinent or scandalous matter. *See also* Trademark Rule 2.116(a), 37 C.F.R. § 2.116(a); and TBMP 506 (2d ed. rev. 2004). Motions to strike are not favored, and matter will not be stricken unless it clearly has no bearing upon the issues in the case. *See, e.g., Ohio State University v. Ohio University*, 51 USPQ2d 1289, 1293 (TTAB 1999); and *Harsco Corp. v. Electrical Sciences Inc.*, 9 USPQ2d 1570 (TTAB 1988). Inasmuch as the primary purpose of pleadings under the Federal Rules of Civil Procedure is to give fair notice of the claims or defenses

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asserted, the Board may decline to strike even objectionable pleadings where their inclusion will not prejudice the adverse party, but rather will provide fuller notice of the basis for a claim or defense. See, e.g., *Order of Sons of Italy in America v. Profumi Fratelli Nostra AG*, 36 USPQ2d 1221, 1223 (TTAB 1995) (amplification of applicant's denial of opposer's claims not stricken). Further, a defense will not be stricken as insufficient if the insufficiency is not clearly apparent, or if it raises factual issues that should be determined on the merits. See, generally, Wright & Miller, 5C Fed. Prac. & Proc. Civ.3d § 1381 (2008). Nonetheless, the Board grants motions to strike in appropriate instances.

Petitioner requests that the Board strike five of respondent's twelve affirmative defenses, namely, numbers one, two, three, nine and eleven. We address each of them in turn.

With respect to the first affirmative defense, namely, that "the petition for cancellation fails to set forth facts sufficient to entitle the Petitioner to the relief sought," this "defense" is not a true affirmative defense because it relates to an assertion regarding the sufficiency of the pleading, rather than a statement of a defense to a properly pleaded claim. See *Hornblower & Weeks Inc. v. Hornblower & Weeks, Inc.*, 60 USPQ2d 1733, 1738 n.7 (TTAB 2001). Nonetheless, inasmuch as respondent did not file a motion under Fed. R. Civ. P. 12(b)(6), by means of which the

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sufficiency of the petition for cancellation could be tested, this asserted "defense" will be given no consideration. In view thereof, said petitioner's motion is granted and said "defense" is hereby stricken.

Petitioner's motion is also granted with respect to respondent's second affirmative defense, which asserts that petitioner's claim is "'barred' since there is no likelihood of confusion, mistake or deception as the parties [*sic*] marks and their use is not confusingly similar." While the assertion that there is no likelihood of confusion set forth in an affirmative defense is generally viewed as a harmless amplification of the defendant's denial of the plaintiff's claim, in this instance, respondent has improperly overstated its position. Specifically, a claim of likelihood of confusion is not considered to be "barred" *per se* (except, for instance, by *res judicata*). Rather, whether there is likelihood of confusion is a matter to be adjudicated by the trier of fact based on the facts adduced at trial. In view thereof, petitioner's motion to strike respondent's second affirmative defense is granted; and it is hereby stricken from respondent's pleading.

With respect to respondent's third affirmative defense, which asserts that petitioner's claim is barred by the doctrine of unclean hands, petitioner's motion to strike is also granted because respondent has failed to set forth any

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factual allegations to support the conclusory allegation that petitioner's claim is so barred. In view thereof, petitioner's motion is granted with respect to the third affirmative defense; and said defense is stricken for failure to state a claim upon which relief may be granted. Fed. R. Civ. P. 12(b)(6) and 12(f).

Affirmative defenses nine and eleven set forth abbreviated allegations of abandonment and fraud. "Affirmative defenses" such as these may only be asserted by way of a counterclaim to cancel the registration at issue; otherwise, they constitute an improper collateral attack on the validity of a trademark registration. See *Continental Gummi-Werke AG v. Continental Seal Corp.*, 222 USPQ 822, 825 (TTAB 1984). Thus, regardless of respondent's counterclaims in its present pleading or in any amended pleading, the assertion of a fraud claim in "affirmative defenses" nine and eleven is improper. *Id.* Additionally, the second phrase of the ninth defense, namely, that petitioner abandoned its rights "by acts that caused the mark to lose its significance as an indicator of origin," is also an impermissible collateral attack on the validity of petitioner's trademark registration. Regardless of whether respondent submits an amended counterclaim for abandonment, such a claim is improper as an "affirmative defense." In view of the foregoing, petitioner's motion to strike these defenses is granted.

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Accordingly, affirmative defenses nine and eleven are hereby stricken.

Summary; Proceeding Resumed; Trial Dates Reset

Petitioner's motion to dismiss respondent's third counterclaim is granted, in part, and denied, in part, as discussed herein. Specifically, paragraphs 29 through 33, and part of paragraph 45 (see note 2 *supra*), are stricken. Respondent's second counterclaim is dismissed, except to the extent that respondent is allowed time to submit an amended counterclaim (see below). Petitioner's motion to strike respondent's affirmative defenses numbers one, two, three, nine and eleven is granted.

Respondent is allowed until **THIRTY DAYS** from the mailing date of this order to submit a revised pleading consistent with this order. Petitioner is allowed until **FORTY DAYS** from respondent's deadline for submitting its amended pleading to submit an answer to the amended counterclaims.⁴

This proceeding is resumed. Trial dates, including conference, disclosure due dates, and the discovery period, are reset as follows:

Respondent's Amended Pleading Due	May 8, 2011
Answer to Amended Counterclaim Due	June 17, 2011
Deadline for Discovery Conference	July 17, 2011

⁴ Thus, petitioner's uncontested motion (filed September 27, 2010) for an extension of time to answer the counterclaim is granted.

Discovery Opens	July 17, 2011
Initial Disclosures Due	August 16, 2011
Expert Disclosures Due	December 14, 2011
Discovery Closes	January 13, 2012
Plaintiff's Pretrial Disclosures	February 27, 2012
30-day testimony period for plaintiff's testimony to close	April 12, 2012
Defendant/Counterclaim Plaintiff's Pretrial Disclosures	April 27, 2012
30-day testimony period for defendant and plaintiff in the counterclaim to close	June 11, 2012
Counterclaim Defendant's and Plaintiff's Rebuttal Disclosures Due	June 26, 2012
30-day testimony period for defendant in the counterclaim and rebuttal testimony for plaintiff to close	August 10, 2012
Counterclaim Plaintiff's Rebuttal Disclosures Due	August 25, 2012
15-day rebuttal period for plaintiff in the counterclaim to close	September 24, 2012
Brief for plaintiff due	November 23, 2012
Brief for defendant and plaintiff in the counterclaim due	December 23, 2012
Brief for defendant in the counterclaim and reply brief, if any, for plaintiff due	January 22, 2013
Reply brief, if any, for plaintiff in the counterclaim due	February 6, 2013

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. See Trademark Rule 2.125, 37 C.F.R. § 2.125.

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Briefs shall be filed in accordance with Trademark Rules 2.128(a) and (b), 37 C.F.R. §§ 2.128(a) and (b). An oral hearing will be set only upon request filed as provided by Trademark Rule 2.129, 37 C.F.R. § 2.129.

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