

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

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Mailed: June 28, 2012

Cancellation No. 92054468

Aqua-Aerobic Systems, Inc.

v.

Michael J. McKelvey
dba Aquarobic International

By the Board:

Michael J. McKelvey dba Aquarobic International
("respondent") owns a registration for mark AQUAROBIC
INTERNATIONAL (standard characters; INTERNATIONAL disclaimed)
for "treatment of waste water" in International Class 40.¹

Aqua-Aerobic Systems, Inc. ("petitioner")² filed a
petition to cancel said registration in the grounds of priority
and likelihood of confusion, pleading ownership of
incontestable Registration No. 2056978 for the mark AQUA-
AEROBIC (standard characters) for "mechanical mixers used in
industrial and municipal waste water treatment" in
International Class 7, and "waste water treatment systems
comprised of aerators, mixers, diffusers, filters, and water

¹ Registration No. 3858155 issued October 5, 2010, from an
application filed October 20, 2009.

² For purposes of this order, the parties are not referred to
herein as counterclaim petitioner/plaintiff and counterclaim
respondent/defendant.

cooling units; granular and cloth media filters used in industrial and municipal waste water treatment; contained flow floating mechanical aerators used in industrial and municipal waste water treatment" in International Class 11.³

Respondent filed an answer denying the salient allegations in the petition, and asserting (1) a counterclaim to cancel Registration No. 2056978, in both classes of goods, on the ground of fraud on the USPTO; and (2) affirmative defenses captioned a) fraud and unclean hands, b) estoppel, and c) partial modification of registration.⁴

In lieu of filing an answer to the counterclaim, petitioner filed a motion to (1) dismiss the counterclaim under Fed. R. Civ. P. 12(b)(6) for failure to state a claim upon which relief may be granted; and (2) strike the three affirmative defenses. Petitioner's motion has been fully briefed.⁵

Petitioner's motion to dismiss

³ Registration No. issued April 29, 1997, and the first renewal thereof was April 23, 2007.

⁴ The parties are advised that, with the exception of a registration made of record in a manner set forth in Trademark Rule 2.122(d)(1), exhibits to pleadings are not evidence on behalf of the party to whose pleading the exhibit is attached unless identified and introduced in evidence as an exhibit during the assigned period for the taking of testimony. See Trademark Rule 2.122(c); TBMP § 317 (3d ed. rev. 2012).

⁵ Trademark Rule 2.127(a) provides that a reply brief may not exceed 10 pages. Because the Rule does not require an index of cases and authorities or a table of contents, should a party elect to include these, they count as part of the page limit. See TBMP § 502.02(b) (3d ed. rev. 2012). Applying this provision, petitioner's reply brief is over length. In its

A motion to dismiss for failure to state a claim upon which relief can be granted is a test solely of the legal sufficiency of a complaint. 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,⁶ 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). See also TBMP § 503.02 (3d ed. rev. 2012). 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*, 556 U.S. 662, 129 S.Ct. 1937, 1949-50 (2009), quoting *Bell Atlantic Corp. v. Twombly*, 550 U.S. 544, 570 (2007). The pleading must be examined in its entirety. See *Otto Int'l Inc. v. Otto Kern GmbH*, 83 USPQ2d 1861, 1862 (TTAB 2007).

A claim of fraud must set forth the elements of the claim, that is, the factual circumstances constituting fraud, with particularity in accordance with Fed. R. Civ. P. 9(b), which is made applicable to Board proceedings by Trademark Rule 2.116(a). See *Asian and Western Classics B.V. v. Selkow*, 92 USPQ2d 1478, 1478 (TTAB 2009). Fraud in

discretion, the Board has given consideration to the reply brief. In future filings, page limits should be adhered to.

⁶ Respondent's standing is not at issue in petitioner's motion.

obtaining a trademark registration occurs "when an applicant knowingly makes false, material representations of fact in connection with his application." *Torres v. Cantine Torresella S.r.l.*, 808 F.2d 46, 1 USPQ2d 1483, 1484 (Fed. Cir. 1986).

To properly assert a claim that respondent committed fraud on the USPTO in obtaining its registration, petitioner must allege that respondent knowingly made a false material statement, or misrepresentation, with the intent to deceive the USPTO. See *In re Bose Corp.*, 580 F.3d 1240, 91 USPQ2d 1938, 1939 (Fed. Cir. 2009); *ShutEmDown Sports Inc. v. Lacy*, 102 USPQ2d 1036, 1044 (TTAB 2012) (the required four elements of the claim are: (1) the party made a false representation to the USPTO; (2) the false representation is material to the registrability of a mark; (3) the party had knowledge of the falsity of the representation; and (4) the party made the representation with intent to deceive the USPTO).

To state a counterclaim that petitioner committed fraud in executing the declaration or oath in its underlying application for registration with the belief that there was another use of the same or a confusingly similar mark at the time, petitioner (respondent) must allege that: (1) there was in fact another user of the same or a confusingly similar mark at the time the oath was signed; (2) the other

user had legal rights superior to respondent's; (3) petitioner knew that the other user had rights in the mark superior to petitioner's, and either believed that a likelihood of confusion would result from petitioner's use of its mark or had no reasonable basis for believing otherwise; and (4) petitioner, in failing to disclose these facts to the USPTO, intended to procure a registration to which it was not entitled. See *Ohio State Univ. v. Ohio Univ.*, 51 USPQ2d 1289, 1293 (TTAB 1999), citing *Intellimedia Sports Inc. v. Intellimedia Corp.*, 43 USPQ2d 1203, 1206 (TTAB 1997). See also *Qualcomm Inc. v. FLO Corp.*, 93 USPQ2d 1768, 1770 (TTAB 2010).

The Board has reviewed and considered respondent's counterclaim in its entirety. Respondent sufficiently alleges the first two elements of the fraud claim by way of paragraphs 2 through 10. In its opposition to the motion to dismiss, respondent maintains, inter alia, that the third element of the claim is sufficiently pleaded in paragraphs 11 - 14 of its counterclaim, which read as follows in their entirety:

11. Between 1990 and 1992, Petitioner contacted Registrant, which at that time was owned and operated by Pavon in the United States and Canada.

12. Petitioner alleged infringement of its common-law rights in the mark AQUA-AEROBIC.

13. Registrant denied the infringement allegations and confirmed its preexisting rights in its AQUAROBIC mark(s), which it believed were superior to Petitioner's rights in its mark AQUA-AEROBIC.

14. This was presumably to the satisfaction of Petitioner because Petitioner sent no further correspondence to Registrant.

The core allegation underpinning a fraud claim of this type is that the sworn assertion, that there was no entity using a confusingly similar mark at the time of filing the application, was a misrepresentation. Thus, a sufficient pleading requires an allegation that the signatory believed, at the time of executing the application (or maintenance document) declaration, that another entity had superior rights in the mark, and either believed that a likelihood of confusion would result from the use of its mark or had no reasonable basis for believing otherwise. Allegations of mere knowledge of another entity's existence, and of that entity's use of a mark, or allegations of a plaintiff's own belief in and communication of its belief in its rights in a mark do not equate to a pleading of this necessary element. A sufficient pleading of the third element must consist of more than a mere conclusory allegation that the defendant "knew" about a third party's superior rights in the mark. *Intellimedia Sports, Inc. v. Intellimedia Corp.*, 43 USPQ2d at 1207 ("The fact that petitioner 'informed' respondent that petitioner had superior rights in the mark, while perhaps establishing that petitioner believes itself to have such rights, is clearly insufficient, even if proven, to establish that respondent believed that petitioner's rights

in the mark were superior to its own and that confusion would be likely to result").

Respondent's allegations amount to assertions that petitioner was aware of respondent's use, of respondent's denial that respondent's use was infringing, and of respondent's assertion that it had rights superior to petitioner's. Respondent does not allege that petitioner believed that respondent had rights in the mark which were superior to petitioner's rights. Such belief on the part of the party submitting the declaration is central to a fraud claim of this type. *Intellimedia Sports, Inc. v. Intellimedia Corp.*, 43 USPQ2d at 1207 ("It is respondent's belief, not petitioner's, that is at issue here.") The belief underlying the alleged misrepresentation cannot be imputed or ascribed to petitioner by way of allegations that petitioner, for example, had sent a cease and desist letter to respondent. Furthermore, the allegation in paragraph 14 does not, as respondent argues, demonstrate petitioner's "acquiescing to Registrant's claim of superior rights" (respondent's brief, p. 4).

Inasmuch as the third element has not been sufficiently pleaded, the fourth element - failure to disclose - was not sufficiently pleaded either.

Accordingly, for failure to allege facts sufficient to establish the third and fourth elements of the fraud counterclaim, the Board finds that respondent's counterclaim is

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not sufficiently pleaded. In view of these findings, petitioner's motion to dismiss respondent's counterclaim to cancel Registration No. 2056978 is granted. See Fed. R. Civ. P. 12(b)(6).

Leave to amend

Upon granting a motion to dismiss, the Board generally will allow a plaintiff an opportunity to file an amended pleading, as appropriate. See TBMP § 503.03 (3d ed. rev. 2012).

Inasmuch as the Board finds it appropriate to do so in this case, respondent is allowed until thirty (30) days from the mailing date of this order in which to file an amended answer which sufficiently sets forth its fraud counterclaim, failing which the counterclaim will be given no further consideration.⁷

If an amended counterclaim is filed, petitioner is allowed until thirty (30) days from the date of service thereof in which to file its answer thereto. See TBMP § 313.06 (3d ed. rev. 2012).

The issue of whether this cancellation will proceed with a counterclaim is relevant to the resetting of

⁷ Fed. R. Civ. P. 11 is fully applicable to all pleadings filed in Board inter partes proceedings. See Fed. R. Civ. P. 2.116(a); TBMP § 318 (3d ed. rev. 2012). In inter partes proceedings, the Board's jurisdiction is limited to determining the right to registration or to continued registration, and does not encompass the right to use, infringement or unfair competition claims. See TBMP § 102.01 (3d ed. rev. 2012), and cases cited therein.

conferencing, disclosure, discovery and trial dates, but is undeterminable at this time. Thus, with the exception of the allowance for the filing of an amended counterclaim (and answer thereto), this proceeding is suspended pending the Board's determination of whether this cancellation will involve the counterclaim. By future order as appropriate, the Board will reset conferencing, disclosure, discovery and trial dates.

Petitioner's motion to strike affirmative defenses

Pursuant to Fed. R. Civ. P. 12(f), the Board may strike from a pleading an insufficient defense or any redundant, immaterial, impertinent or scandalous matter. Fed. R. Civ. P. 12(f); TBMP § 506.01 (3d ed. rev. 2012).

However, motions to strike are not favored, and matter will not be stricken unless such matter clearly has no bearing upon the issues in the case ... The primary purpose of the pleadings, under the Federal Rules of Civil Procedure, is to give fair notice of the claims or defenses asserted ... Thus, the Board, in its discretion, 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 of a claim or defense.

Ohio State University v. Ohio University, 51 USPQ2d 1289, 1292 (TTAB 1999) (citations omitted).

First affirmative defense - fraud and unclean hands

By way of this defense, respondent seeks the invalidation of the mark in petitioner's pleaded Registration No. 2056978.

Pursuant to Trademark Rule 2.114(b)(2)(i), a defense attacking the validity of any one or more of the registrations pleaded in the petition shall be a compulsory counterclaim if grounds for such counterclaim exist at the time when the answer is filed. Pursuant to Trademark Rule 2.114(b)(2)(ii), an attack on the validity of a registration pleaded by a petitioner for cancellation will not be heard unless a counterclaim or separate petition is filed to seek the cancellation of such registration. Accordingly, the relief that respondent seeks must be pursued as a counterclaim, and is procedurally improper stated as an affirmative defense. Moreover, the allegations set forth under the defense are clearly duplicative of those set forth in the counterclaim, which, as noted hereinabove, is insufficiently pleaded.

Respondent's argument that this defense "goes to Petitioner's standing in bringing its Petition for Cancellation of Registrant's marks" (brief, p. 14) is unsupportable and unpersuasive. The defense clearly seeks relief in the form of the invalidation of the pleaded registration, thereby rendering it a compulsory counterclaim. The defense consists of allegations concerning petitioner's own actions; it does not address petitioner's claim of damage, petitioner's real interest in the case, petitioner's direct and personal stake in the outcome, or any other elements of standing. Lastly,

respondent fails to set forth any allegations of facts on which a defense of unclean hands could be based.

In view of these findings, petitioner's motion to strike is granted and the first affirmative defense is stricken.

Second affirmative defense - estoppel

Respondent asserts that petitioner "should be estopped in the present proceeding from claiming any likelihood of confusion, mistake, or deception as between the marks."

Respondent sets forth no theory of estoppel, or authority germane thereto, on which it bases this defense. Furthermore, in the context of a counterclaim and in certain other circumstances, the Board recognizes and allows what may be characterized as inconsistent positions with respect to the existence of or lack of a likelihood of confusion. *Cf. Humana Inc. v. Humanomics Inc.*, 3 USPQ2d 1696, 1698 (TTAB 1987).

In view thereof, petitioner's motion to strike is granted and the second affirmative defense is stricken.

Third affirmative defense - partial modification of registration

Respondent asserts that it modify its registration "to correct certain technical deficiencies." Specifically, it references 1) changing the owner of the mark from Michael J. McKelvey d.b.a Aquarobic International, to Aquarobic International, Inc.; 2) changing the services in its registration to identify goods in the nature of a self-

contained wastewater treatment system in International Class 11; and 3) changing the dates of first use anywhere and first use in commerce to 1992. Respondent asserts that the modification(s) will avoid any likelihood of confusion with petitioner's mark.

To the extent that respondent seeks entry of any or all of the proposed amendments, no motion to amend has been filed. In its pleading, respondent cites no authority on which it bases its request. Any proposed amendment would be governed by Trademark Rule 2.133(a), and thereunder would be subject to petitioner's consent and/or the Board's approval. It is axiomatic that any proposed amendment to a registration which is the subject of an inter partes proceeding must comply with all applicable rules and statutory provisions. See TBMP § 514.01 (3d ed. rev. 2012). To the extent that respondent seeks or will seek to substitute goods in Class 11 for the current services in Class 40, such proposed amendment is not a limitation on or clarification of the current identification and would not be allowed. See Trademark Act Section 7(e).

Regarding the sufficiency of its pleading, to the extent that respondent seeks a restriction under Trademark Act Section 18, its assertion is insufficient inasmuch as it does not

allege that petitioner is not using the mark on the services being excluded (deleted) from the registration.⁸

In view of these findings, petitioner's motion to strike is granted and the third affirmative defense is stricken.

In summary, respondent's affirmative defenses are stricken and will be given no further consideration.

As noted above with respect to the ruling on petitioner's motion to dismiss, this cancellation proceeding is suspended. See Trademark Rule 2.117(c).

⁸ If ownership of the registration has changed, respondent is directed to TMEP Chapter 500, generally, entitled "Change of Ownership," for guidance. In any event, however, a change in ownership does not constitute a proper basis for an affirmative defense.