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Mailed: May 15, 2015

Cancellation No. 92059915

GE Nutrients, Inc.

v.

CA IP Holdings, LLC

**By the Trademark Trial and Appeal Board:**

This case now comes before the Board for consideration of Petitioner's motion, filed January 26, 2015, for partial judgment on the pleadings pursuant to Fed. R. Civ. P. 12 (c) regarding Respondent's counterclaims three and four alleging fraud in the prosecution of the application for registration. Respondent opposes the motion. The Board presumes the parties' familiarity with the factual bases for the motion and does not recount them here except as necessary to explain the Board's decision.

A motion for judgment on the pleadings is a test solely of the undisputed facts appearing in all the pleadings, supplemented by any facts of which the board will take judicial notice. *See* TBMP § 504.02 and cases cited therein. Accordingly, because the motion for judgment on the pleadings involves Respondent's counterclaims, the Board first reviews the sufficiency of Respondent's answer.

In its answer, Respondent denied the salient allegations contained in the petition to cancel, raised two affirmative defenses and filed counterclaims alleging, *inter alia*, that:

1. Petitioner's registration is void ab initio;
2. Petitioner committed fraud in the procurement of its registration;
3. Petitioner committed fraud during the prosecution of its application for registration, namely that Petitioner represented that TESTOFEN "has no significance in the relevant trade or industry or as applied to the goods/services" when FEN is descriptive of "fenugreek extract," an ingredient in Petitioner's goods;
4. Petitioner committed fraud during the prosecution of its application for registration, namely that Petitioner represented that TESTOFEN "has no significance in the relevant trade or industry or as applied to the goods/services" when TESTO is descriptive of "an increase in testosterone," a result of taking Petitioner's goods;
5. Petitioner abandoned its mark due to nonuse; and
6. "Dietary supplements sold and distributed over the counter" should be deleted from Petitioner's identification of goods and "fenugreek extract sold and distributed to chemical compounders' or other like identification" should be added to Petitioner's identification of goods.

#### *Affirmative Defenses*

The Board turns first to the two affirmative defenses of laches and estoppel. "The elements of laches are (1) unreasonable delay in assertion of one's rights against another; and (2) material prejudice to the latter attributable to the delay." *Lincoln Logs Ltd. v. Lincoln Pre-Cut Log Homes Inc.*, 23 USPQ2d 1701, 1703 (Fed. Cir. 1992). "The elements of equitable estoppel are (1) misleading conduct, which may include not only statements and action but silence and inaction, leading another to reasonably infer that rights will not be asserted against it; (2) reliance upon this conduct; and (3)

due to this reliance, material prejudice if the delayed assertion of such rights is permitted.” *Id. citing A.C. Aukerman Co. v. R.L. Chaides Construction Co.*, 960 F.2d 1020, 22 USPQ2d 1321, 1324-25 (Fed.Cir. 1992). As applied in trademark opposition or cancellation proceedings, these defenses must be tied to a party's registration of a mark, *not* to a party's use of the mark. *National Cable Television*, 937 F.2d at 1581, 19 USPQ2d at 1431; *see also In re Wella, A.G.*, 787 F.2d 1549, 1554, 229 USPQ 274, 278 (Fed.Cir. 1986) (Nies, J., additional views) (right to use and right to register are “separate and distinct”).

With respect to the affirmative defense of laches, Respondent alleges that Petitioner knew of Respondent’s mark and failed to oppose it; that Petitioner waited “approximately 18 months after [Respondent] received its registration” to file the instant petition to cancel; that “Petitioner’s inexcusable delay resulted in [Respondent’s] detrimental reliance”; that Respondent invested “large amounts of time and monetary resources towards promoting the mark” and that Respondent relied on Petitioner’s silence and inaction. *Answer* at ¶¶ 11-15. In view thereof, the affirmative defense of laches is adequately pleaded.

With respect to the affirmative defense of equitable estoppel, Respondent reasserts the allegations noted above and further alleges that “Petitioner’s silence and inaction lead [Respondent] to reasonably infer that Petitioner would not assert any action against [Respondent’s] use and registration of the

TESTOGEN-XR mark”; and that Respondent’s reliance on Petitioner’s inaction would result in “material prejudice to [Respondent] if the delayed assertion by the Petitioner is permitted.” *Answer* at ¶¶ 21-22. In view thereof, the affirmative defense of equitable estoppel is adequately pleaded.

*Counterclaims*

The first counterclaim is that Petitioner’s registration is void *ab initio*. Respondent alleges that at the time of filing the application, Petitioner “made a false representation to the USPTO that the Petitioner possessed a bona fide intention to use the mark TESTOFEN in connection with dietary supplements sold and distributed ‘over the counter’”; and that Petitioner’s use was restricted to “chemical compounders and not the general public.” *Answer* at ¶¶ 36, 41 and 45. In view thereof, Respondent’s first counterclaim is properly pleaded.

The second, third<sup>1</sup> and fourth<sup>2</sup> counterclaims allege that Petitioner committed fraud in the procurement of its registration. Fraud in procuring a trademark registration occurs when an applicant for registration knowingly makes a specific false, material representation of fact in connection with an application to register, with the intent of obtaining a registration to which it is otherwise not entitled. *See In re Bose Corp.*, 91 USPQ2d at 1939;

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<sup>1</sup> The second counterclaim involves statements made by Petitioner during the prosecution of its application for registration in relation to the FEN portion of its mark.

<sup>2</sup> The third counterclaim involves statements made by Petitioner during the prosecution of its application for registration in relation to the TESTO portion of its mark.

*Qualcomm Inc. v. FLO Corp.*, 93 USPQ2d 1768, 1770 (TTAB 2010). A claim of fraud must set forth all elements of the claim with a heightened degree of particularity in compliance with Fed. R. Civ. P. 9(b). See *Asian and Western Classics B.V. v. Selkow*, 92 USPQ2d 1478, 1478-79 (TTAB 2009). As such, “allegations made ‘on information and belief’ must be accompanied by a statement of facts upon which the belief is founded.” *Id.* at 1479. In addition, intent to deceive the USPTO is a specific element of a fraud claim, and must be sufficiently pleaded. *In re Bose*, 91 USPQ2d at 1939-1940; *Asian and Western Classics*, 92 USPQ2d at 1479.

These counterclaims fail to sufficiently set forth a claim of fraud. Although each counterclaim identifies the false statements made by Petitioner, that the alleged falsity was material and made with the intent to deceive the USPTO, Respondent allegations are made “on information and belief” and fail to provide a recitation of specific facts upon which Respondent’s belief is reasonably based as required by Fed. R. Civ. P. 9(b). See *Exergen*, 91 USPQ2d at 1670 n.7. In view thereof, Respondent’s counterclaims two, three and four are insufficiently pleaded.

The fifth counterclaim is that of abandonment due to non-use. To properly plead a claim of abandonment, Petitioner must allege (1) at least three consecutive years of nonuse, or (2) facts that show a period of nonuse less than three years coupled with an intent not to resume use. See Trademark Act § 45, 15 U.S.C. § 1127; *Otto Int’l Inc. v. Otto Kern GmbH*, 83

USPQ2d 1861 (TTAB 2007); *Imperial Tobacco Ltd. v. Philip Morris Inc.*, 899 F.2d 1575, 14 USPQ2d 1390 (Fed. Cir. 1990).

Respondent alleges that Petitioner did not use its mark on the identified goods for “at least three consecutive years since the issuance of Petitioner’s registration” and therefore, has abandoned its mark. *Answer* at ¶ 62. Based on the foregoing, Respondent’s counterclaim of abandonment is sufficiently pleaded.

Respondent’s sixth counterclaim seeks partial cancellation under § 18, seeking deletion of “dietary supplements sold and distributed over the counter” from Petitioner’s identification of goods and the addition of “fenugreek extract sold and distributed to chemical compounders,’ or other like identification”; and that “[s]aid partial cancellation would avoid any alleged likelihood of consumer confusion.” *Answer* at ¶ 65.

Under Trademark Act § 18, the Board has the authority to cancel registrations in whole or in part, to restrict the goods or services identified in an application or registration, or to “otherwise restrict or rectify...the registration of a registered mark.” *See* Trademark Rules 2.111(b) and 2.133(b); *Embarcado Technologies Inc. v. RStudio Inc.*, 105 USPQ2d 1825, 1828 (TTAB 2013). A plaintiff may seek to partially cancel a registration, or partially oppose registration only as to specific items in the identification of goods or services, or only to the extent of restricting the goods or services in a particular manner in terms of type, use, customers, trade channels, etc. *See*

*DAK Industries Inc. v. Daiichi Kosho Co.*, 35 USPQ2d 1434, 1437 (TTAB 1995); *Eurostar Inc. v. "Euro-Star" Reitmoden GmbH & Co. KG* 34 USPQ2d 1266, 1270 (TTAB 1994).

A claim under § 18 is an equitable remedy. *DAK Industries Inc.*, 35 USPQ2d at 1437 (“...a claim for partial cancellation by restriction or modification of the goods or services listed in a plaintiff’s pleaded registration is an equitable remedy under Section 18 of the Trademark Act, not tied to a ground to cancel.”); TBMP § 309.03(d). A petition to partially cancel a registration by restricting the goods or services in a particular manner in terms of type, use, channels of trade, etc., in order to avoid a likelihood of confusion can be made against registrations over 5 years old as well as those less than 5 years old. *See Eurostar Inc.*, 34 USPQ2d at 1271 n.3. A party seeking to avoid a likelihood of confusion finding by restricting the identification of goods listed in an adverse party’s pleaded registration must allege (and later prove) that (i) a finding of likelihood of confusion will be avoided by entry of the restriction sought in the petition to cancel, and (ii) the opponent is not using its mark on the goods or services sought to be excluded by the proposed restriction. *DAK Industries Inc.*, 35 USPQ2d at 1437.

Inasmuch as Respondent seeks to restrict Petitioner’s registration by deleting and adding wording that identifies Petitioner’s goods with greater particularity in terms of goods, customers and trade channels, that the deletion sought by Respondent is for a channel of trade and goods allegedly

not used by Petitioner, and has indicated that it would avoid confusion, the § 18 claim is properly pleaded. Notwithstanding the foregoing, Respondent's § 18 claim is not a counterclaim as captioned by Respondent but rather, is an affirmative defense and will be treated as an affirmative defense by the Board.

In view of the Board's order, Respondent is allowed until **May 30, 2015** to file an amended pleading which properly sets forth a claims of fraud, failing which the counterclaims will proceed on the claim of void *ab initio* and abandonment only. Petitioner is allowed until **June 30, 2015** to file its answer or otherwise respond.

As previously noted, Petitioner's motion of judgment on the pleadings is based on Respondent's counterclaims three and four, both alleging fraud. As discussed, those counterclaims are not properly pleaded. Because Respondent has failed to state a claim upon which relief can be granted in counterclaims three and four, is moot and no consideration will be given to Petitioner's motion for judgment on the pleadings. *Cf.* Fed. R. Civ. P. 56(a); *ChaCha Search Inc. v. Grape Technology Group Inc.*, 105 USPQ2d 1298, 1302 (TTAB 2012) (counterclaim plaintiff may not seek or obtain judgment on proposed new claims because motion to amend counterclaim denied); *Asian and Western Classics B.V.*, 92 USPQ2d at 1480; TBMP §§ 314 ("A plaintiff may not rely on an unpleaded claim.") and 528.07(a) ("A party may not obtain summary judgment on an issue that has not been pleaded.").

Proceedings herein are resumed. Dates are reset as follows:

Initial Disclosures Due	July 9, 2015
Expert Disclosures Due	November 6, 2015
Discovery Closes	December 6, 2015
Plaintiff's Pretrial Disclosures	January 20, 2016
30-day testimony period for plaintiff's testimony to close	March 5, 2016
Defendant/Counterclaim Plaintiff's Pretrial Disclosures	March 20, 2016
30-day testimony period for defendant and plaintiff in the counterclaim to close	May 4, 2016
Counterclaim Defendant's and Plaintiff's Rebuttal Disclosures Due	May 19, 2016
30-day testimony period for defendant in the counterclaim and rebuttal testimony for plaintiff to close	July 3, 2016
Counterclaim Plaintiff's Rebuttal Disclosures Due	July 18, 2016
15-day rebuttal period for plaintiff in the counterclaim to close	August 17, 2016
Brief for plaintiff due	October 16, 2016
Brief for defendant and plaintiff in the counterclaim due	November 15, 2016
Brief for defendant in the counterclaim and reply brief, if any, for plaintiff due	December 15, 2016
Reply brief, if any, for plaintiff in the counterclaim due	December 30, 2016

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