IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD

In the matter of Application Serial No. 78/259,819
For the mark: SARGENTO BETTER BALANCE
Filing Date: June 9, 2003
Publication Date: February 24, 2004

I hereby certify that this paper is being deposited with the United States Postal Service, postage prepaid, as Express Mail in an envelope addressed to: Box TTAB FEE (or NO FEE), Commissioner for Trademarks, 2900 Crystal Drive, Arlington, VA 22202-3514 on this date.

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GFA BRANDS, INC.,

OPPOSER,

v.

SARGENTO FOODS, INC.,

APPLICANT.

Opposition No. 91160333

TTAB

OPPOSER'S MOTION TO DISMISS APPLICANT'S COUNTERCLAIMS AND MOTION TO STRIKE COUNTERCLAIMS AND AFFIRMATIVE DEFENSES

Pursuant to 37 C.F.R. §2.116(a) and Fed. R. Civ. P. § Rules 12(b)(6), and § 12(f) and 9(b), Opposer hereby moves to dismiss Applicant's counterclaims and also moves to strike the counterclaims and affirmative defenses in Applicant's Answer to the Notice of Opposition dated June 8, 2004. TBMP § 503 and § 506. Opposer sets forth the grounds for its motion in the accompanying *Memorandum in Support of Motion to Dismiss Applicant's Counterclaims and Motion to Strike Applicant's Counterclaims and Affirmative Defenses and Counterclaims.*

Respectfully submitted,

Dated: July 6, 2004

By: John L. Ambrogi

John L. Ambrogi
Brett M. Tolpin
WELSH & KATZ, LTD.
120 South Riverside Plaza
22nd Floor
Chicago, Illinois 60606
Telephone: (312) 655-1500
Fax: (312) 655-1501
Attorneys for Opposer

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Pursuant to 37 C.F.R. §2.116(a) and Fed. R. Civ. P. § 12(b)(6) and § 12(f), Opposer hereby respectfully moves to dismiss the counterclaims alleged in Applicant's Answer to the Notice of Opposition dated June 8, 2004 and to strike Applicant's affirmative defenses. TBMP § 503 and § 506.

I. APPLICANT'S COUNTERCLAIM SHOULD BE DISMISSED, OR IN THE ALTERNATIVE STRICKEN

Applicant's counterclaims in its Answer to the Notice of Opposition (hereinafter, "counterclaims") fail to state any statutory ground upon which they are based. The Applicant fails to show why they will be damaged by the continued registration of Opposer's marks. 37 C.F.R. Section 2.112(a). The counterclaims set forth vague conclusions, which, even if established, would not support any statutory ground for cancellation or amendment of Opposer's registration. *Young v.*

AGB Corp., 47 USPQ2d 1752, 1754 (Fed. Cir. 1998). Specifically, in both Paragraph Nos. 1 and 2 of the counterclaims, Applicant fails to plead sufficient facts or state a claim sufficient to establish a cause of action for fraud against Opposer in obtaining any of its trademark registrations.

A. THE PLEADINGS ARE INSUFFICIENT

1. Allegations In Applicant's Counterclaim Are Vague, Unclear and Confusing

Counterclaim Paragraph No. 1 states:

> On information and belief, at the time of filing the application the Opposer claimed that the applications [**which ones?**] were distinctive and suitable for registration on the Principal Register without the necessity of a disclaimer [**so what?**], yet during prosecution of the application claimed that the term "BALANCE" lacks distinctiveness [**what duty**] and is incapable of obtaining distinctiveness in the context of dairy products and the dairy industry [**where?**].

In Counterclaim Paragraph No. 1, the Applicant (Sargento Foods, Inc.) does not state what mark is being referred to, when the conduct occurred, where or which application their allegation applies to or any particulars regarding this occurrence. It is completely unclear what facts, what basis, and what relief the Applicant is asserting. Applicant appears to be stating that Opposer fraudulently claimed its applications were distinctive and suitable for registration on the Principal Register. Applicant fails to identify which of Opposer's registration it is attacking. Applicant further avers that during the prosecution of an unidentified application, presumably of Opposer, Opposer claimed that the term BALANCE lacked distinctiveness and was incapable of obtaining distinctiveness in the context of dairy products. From these broad allegations, Opposer is unable to decipher what it is being accused of and, therefore, is unable to respond to such vague allegations.

Counterclaim Paragraph No. 1 is unclear and it is unknown what Applicant is actually alleging. No official or unofficial U.S. Trademark Office declaration in the past or present has used

the final two words "*the term*" as set forth in Applicant's counterclaim paragraph No. 1, nor is Opposer aware of a declaration that would have been signed using these words. Opposer submits that Applicant, in its counterclaim, fails to assert any allegations, which even if proven, would entitle the Applicant to the relief it seeks. TBMP §503.02 n. 66. *See Miller Brewing Co. v. Anheuser-Busch Inc.*, 27 USPQ2d 1711, 1712 (TTAB 1993) and *Delta Tire Corp. v. Sports Car Club of America, Inc.*, 186 USPQ 431, 432 (TTAB 1975). The Applicant is entitled to no relief under the set of unclear allegations that it puts forth to support its ambiguous and unsupportable legal theory. *Advanced Cardiovascular Systems Inc. v. SciMed Life Systems Inc.*, 26 USPQ2d 1038, 1041 (Fed. Cir., 1993). Therefore, Counterclaim Paragraph No. 1 should be dismissed.

Applicant's Counterclaim Paragraph No. 2 states:

> On information and belief, Opposer [**which application?**] made false and misleading statements [**what statements?**] at the time of filing [**when?**] that "no other person, firm, corporation or association has the right to use said mark in commerce, either in the identical form or in such near resemblance thereto as to be likely, when applied to the goods or services of such other person, to cause confusion, or to cause mistake or to deceive the term" [**so what?**].

Counterclaim Paragraph No. 2 does not allege any actionable legal theory. It does not set forth which of Opposer's applications paragraph No. 2 pertains to, nor does it state a legal basis, which, if proven, would provide the relief Applicant seeks. *See Delta Tire Corp., at 432.* Therefore, Counterclaim Paragraph No. 2, like Counterclaim Paragraph No. 1, should be dismissed.

2. <u>Fraud Must Be Plead With Particularity</u>

Applicant appears to be attempting to assert that Opposer committed fraud on the USPTO during the prosecution of its application(s). *See* Paragraph No. 1 and Paragraph No. 2 of Applicant's counterclaim alleging Opposer made "false and misleading statements." Fed. R. Civ. P.

§8(f). However, it is unclear what Applicant is asserting, and therefore, Opposer cannot respond appropriately.

The central inquiry for determining the issue of fraud is whether the transaction was an intentional misrepresentation, not whether the transaction was or was not sufficient to support the application. *Pennwalt Corp. v. Sentry Chemical Co.*, 219 USPQ 542, 550 (TTAB 1983), *see also* 5 J. Thomas McCarthy, *McCarthy On Trademarks and Unfair Competition* § 31:72 (2004). Applicant does not allege that there is an "intentional misrepresentation" in its counterclaims.

The TTAB follows Federal Rule §9(b) such that all averments of fraud must be stated with particularity. Fed. R. Civ. P. 9(b). *Valley Paper Co. v. Whiting Paper Co.*, 107 USPQ 175, 176 (Comm'r Pat. 1955) The pleader must state the time, place, and content of the false representation, the fact misrepresented and what was obtained in consequence. *W.R. Grace & Co. v. Arizona Feeds*, 195 U.S.P.Q. 670, 672 (Comm'r Pat. 1977). Similarly, the Court of Customs and Patent Appeals, in affirming dismissal of a fraud charge for failure to state a claim stated that Federal Rule §9(b) requires that the pleading contain an explicit rather than a mere implied expression of the factual circumstances alleged to constitute fraud. *King Automotive, Inc. v. Speedy Muffler King, Inc.*, 212 USPQ 801, 802 (CCPA 1981) *cited in* 5 J. Thomas McCarthy, *McCarthy on Trademark and Unfair Competition*, § 31.84 (2004). Here, Applicant fails to state with particularity any information it has that warrants a claim of fraud.

Charges of fraud are serious and should not be made whimsically. The Board does not take charges of fraud lightly and has often made statements to the following effect with respect to inter parties proceedings:

> Fraud in a trademark cancellation is something that must be "proved to the hilt" with little or no room for speculation or surmise; considerable room for

Opposer is unaware of what the meaning of "Registrant" is in the relief sought concerning the counterclaims. Applicant (Sargento) is not the U.S. Registrant of any BALANCE marks while Opposer (GFA Foods, Inc.) is the owner of U.S. Reg. Nos. 2,237,867, 2,200,663 and 2,276,285 for EARTH BALANCE and SMART BALANCE as well as a number of other BALANCE varietal marks with earlier filing dates. The term "Registrant" makes no sense in the context of this opposition.

Paragraph No. 1 of the relief requested states "Registrant respectfully requests that this Opposition be dismissed with prejudice without further delay." *Id.* With respect to Paragraph No. 1 of Relief Requested, irrespective of the existence of Opposer's registrations and pending applications with earlier filing dates, Opposer's common law rights in the mark BALANCE would continue to give Opposer standing and grounds to bring this Opposition. Lanham Act § 13. Therefore, Applicant's speculative request for dismissal does not have support in fact or in law. *FBI v. Societe: "M. Bril & Co.,"* 172 USPQ 310 (TTAB 1971).

Paragraph No. 2 of the relief requested states "Registrant respectfully requests that Applicant's counterclaim for cancellation, or, in the alternative, amendment of the Opposer's pleaded registration, be granted." With respect to Paragraph No. 2 of Relief Requested, cancellation of Opposer's BALANCE family of prior filed applications is untimely and not permissible until Opposer's BALANCE family of applications actually Register. Lanham Act § 14. The second portion of Paragraph No. 2 of the relief requested alternatively requests an amendment to Opposer's registrations. There are literally hundreds, if not thousands, of possible amendments that the TTAB can mandate for any particular trademark registration. Applicant grossly fails to direct the TTAB to

TTAB to the type and content of the requested amendment. For the above reasons, failure to state feasible and particular relief is additional grounds to grant this motion.

II. APPLICANT'S AFFIRMATIVE DEFENSES SHOULD BE STRICKEN

Applicant asserts two vague affirmative defenses: (1) unclean hands and (2) fraud on the U.S. Trademark Office during the filing and prosecution of Opposer's trademark applications. *See Applicant's Answer to the Notice of Opposition ("Answer"), Affirmative Defenses Section Paragraph Nos.* 1-3 *dated June 8, 2004.*

A. APPLICANT'S AFFIRMATIVE DEFENSES SHOULD BE STRICKEN FOR BEING INSUFFICIENT, REDUNDANT, IMMATERIAL OR IMPERTINENT.

Opposer, GFA Brands, Inc. hereby moves for an order striking Applicant's affirmative defenses filed in Applicant's Answer to the Notice of Opposition on June 8, 2004 as insufficient, redundant, immaterial, or impertinent. Fed. R. Civ. P. §12(f). *See* TBMP § 506.01.

1. **Without The Requisite Particularity, The Affirmative Defense Based on Charges of Fraud Must Be Stricken.**

Affirmative defense paragraph No. 2 states the following:

> Opposer's claims are barred because Opposer committed fraud on the PTO; at the time of filing the application the Opposer claimed that the applications were distinctive and suitable for registration on the Principal Register without the necessecity of a disclaimer, yet during prosecution of the application claimed that the term "BALANCE" lacks distinctiveness and is incapable of obtaining distinctiveness in the context of dairy products.

Affirmative defense paragraph No. 3 states the following:

> Opposer's claims are barred because Opposer committed fraud in procuring the involved registrations in that Opposer made false and misleading statements that "no other person, firm, corporation or association has the right to use said mark in commerce, either in the identical form or in such near resemblance thereto as to be likely, when applied to the goods or services of such other person, to cause confusion, or to cause mistake or to deceive the term."

First, the issue of fraud is redundant in view of Applicant's counterclaims. Affirmative defenses are stricken when they are identical to a counterclaim. *Id. See Continental Gummi-Werke AG v. Continental Seal Corp.*, 222 USPQ 822, 825 (TTAB 1984). Second, the defense of fraud is insufficient because Applicant fails to plead fraud with particularity. *See Supra at I(B) entitled Fraud Must be Plead with Particularity.* The Board grants motions to strike in appropriate cases. TBMP § 506.01. *See Continental Gummi-Werke AG, supra.*

In particular, Applicant alleges in Paragraph No. 2 of its affirmative defenses that fraud was allegedly committed by Opposer by not making a disclaimer at the time of filing an application. At the time of filing and throughout the prosecution of its applications, Opposer never believed BALANCE lacked or was incapable of distinctiveness for its dairy goods. Even if Opposer had believed it lacked distinctiveness at the time of filing, failure to disclaim a term at the time of filing cannot constitute fraud on the U.S. Trademark Office because there is no affirmative duty to disclaim absent an express requirement by the Examining Attorney. *See McCarthy on Trademarks* § 19:69 ("The decision to require a disclaimer of a portion of a composite is a discretionary power of the PTO. If the Examiner does not require a disclaimer, a competitor should not be able to claim that the registration is now invalid. It would be unfair to penalize the registrant when no requirement for disclaimer was made by the PTO Examining Attorney.") *See Marshall Field & Co. v. Mrs. Fields Cookies*, 11 USPQ2d 1355, 1357 (TTAB 1989), *Supra.*

Applicant's allegations are insufficient. Even if pled with more particularity, the theory under which Applicant seeks to cancel Opposer's registrations has no basis in law. Therefore, Opposer asserts that paragraph No. 2 of Applicant's affirmative defenses is lacking improper basis, and therefore, is immaterial and should be stricken.

Paragraph No. 3 of Applicant's affirmative defense of fraud also lacks particularity and is insufficient. Also, paragraph No. 3 of Applicant's affirmative defense is redundant because it is identical to Applicant's allegations of its counterclaims. *Continental Gummi-Werke AG v. Continental Seal Corp.*, 222 USPQ 822, 825 (TTAB 1984) (affirmative defense stricken because identical to counterclaim). TBMP § 506.01.

A. APPLICANT'S UNCLEAN HANDS AFFIRMATIVE DEFENSE IS INSUFFICIENT AND IMPERTINENT.

Paragraph No. 1 of Applicant's affirmative defenses alleges that Opposer's claims are barred under the doctrine of unclean hands. No facts, reasoning or applicability supports this defense, and therefore, it is insufficient. *American Vitamin Products, Inc. v. Dow Brands Inc.*, 22 USPQ2d 1313, 1314 (TTAB 1992) (insufficient affirmative defense stricken).

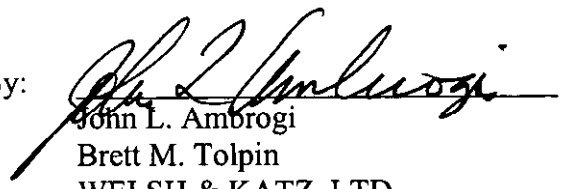
The doctrine of unclean hands relates to claims of fraud in inter-party proceedings and, even if all inferences are drawn in favor of the Applicant, it would not preclude claims brought by Opposer in this action. *VIP Foods, Inc. v. V.I.P. Food Products,* 200 USPQ 105, 108-109 (TTAB 1978) (unclean hands with respect to one registration does not bar registrant from asserting common law rights and other registrations of the same mark for different goods). *See McCarthy on Trademarks Vol. 5* § 31:56 and §§31:59 – 31-84. Therefore, the unclean hands defense encompassing the other two "fraud" affirmative defenses is also insufficient.

II. CONCLUSION

Wherefore, Opposer respectfully requests that Applicant's affirmative defenses be stricken and that the Applicant's counterclaims against Opposer be dismissed for failure to state a claim upon which relief may be granted.

Respectfully submitted,

Dated: July 6, 2004

By: 

John L. Ambrogi
Brett M. Tolpin
WELSH & KATZ, LTD.
120 South Riverside Plaza
22nd Floor
Chicago, Illinois 60606
Telephone: (312) 655-1500
Facsimile: (312) 655-1501

Attorneys for Opposer

CERTIFICATE OF SERVICE

I, John L. Ambrogi, an attorney, hereby certify that a true and correct copy of OPPOSER'S MEMORANDUM IN SUPPORT OF MOTION TO DISMISS APPLICANT'S COUNTERCLAIMS AND MOTION TO STRIKE APPLICANT'S COUNTERCLAIMS AND AFFIRMATIVE DEFENSES were served via First Class Mail upon:

Daniel E. Kattman, Esq.
Reinhart Boerner Van Deuren S.C.
P.O. Box 2965
Milwaukee, Wisconsin 53201-2965

on this 6th day of July, 2004.