UNITED STATES PATENT AND TRADEMARK OFFICE
Commissioner for Trademarks
P.O. Box 1451
Alexandria, VA 22313-1451

Butler

Mail date: November 17, 2004

Opposition No. 91160333

GFA Brands, Inc.

v.

Sargento Foods, Inc.

Before Hohein, Bucher and Rogers, Administrative Trademark Judges.

By the Board:

Applicant seeks to register the mark SARGENTO BETTER BALANCE for "cheese."[1] In the notice of opposition, opposer pleads ownership of the registered marks SMART BALANCE for "mayonnaise, lowfat and nonfat mayonnaise substitutes, mayonnaise style dressings and salad dressings";[2] SMART BALANCE for "butter substitutes, cheese, lowfat and nonfat cheese substitutes, margarine, lowfat and nonfat margarine substitutes, shortening, lowfat and nonfat shortening, snack food dips and vegetable oils";[3] and EARTH BALANCE for "butter substitutes, cheese, lowfat and nonfat cheese substitutes, margarine lowfat and nonfat

[1] Application Serial No. 78259819, filed on June 9, 2003, claiming a *bona fide* intention to use the mark in commerce. Applicant has provided a translation of SARGENTO as "sergeant."
[2] Registration No. 2276285, issued on September 7, 1999, claiming first use and first use in commerce since February 1999.
[3] Registration No. 2200663, issued on October 27, 1998, claiming first use and first use in commerce since October 1996.

margarine substitutes, shortening, lowfat and nonfat shortening, snack food dips and vegetable oils."[4] Opposer also pleads ownership of the following marks: SMART BALANCE OMEGA for "butter substitutes, cheese, lowfat and nonfat cheese substitutes, margarine, lowfat and nonfat margarine substitutes, shortening, lowfat and nonfat shortening, snack food dips and vegetable oils";[5] CHOLESTEROL BALANCE for "cheese, mayonnaise, oil, shortening, popcorn, cookies, cooking spray, butter substitutes and margarine";[6] OCEAN BALANCE for "margarine, cheese, vegetable and snack dips, and vegetable oils" and "mayonnaise, tartar sauce, and cocktail sauce";[7] IDEAL BALANCE for "cheese substitutes, canola oil spread, non-fat and low-fat snack food dips, dairy products excluding ice cream, ice milk and frozen yogurt, peanut butter, soybean oil spread, vegetable oil spread, vegetable oils and whipped topping" and "mayonnaise substitutes, mayonnaise style salad dressing, oatmeal, popped and processed popcorn";[8] and OMEGA BALANCE for "margarine, cheese,

[4] Registration No. 2237867, issued on April 6, 1999, claiming first use and first use in commerce since February 1998.
[5] Such mark is the subject matter of application Serial No. 78272133, filed on July 9, 2003, claiming a *bona fide* intention to use the mark in commerce. A notice of allowance issued on August 31, 2004.
[6] Such mark is the subject matter of application Serial No. 78335601, filed on December 3, 2003, claiming a *bona fide* intention to use the mark in commerce. The application is pending before the USPTO.
[7] Such mark is the subject of application Serial No. 78178597, filed on October 25, 2002, claiming a *bona fide* intention to use the mark in commerce. A second extension of time to file a statement of use has been granted.
[8] Such mark is the subject matter of application Serial No. 78158621, filed on August 28, 2002, claiming a *bona fide* intention to use the mark in commerce. A first extension of time to file a statement of use has been granted.

vegetable and snack dips, and vegetable oils" and "mayonnaise, tarter sauce, and cocktail sauce."[9]

As grounds for its opposition, opposer alleges that applicant's mark so resembles opposer's marks, some of which are previously used and registered and some of which are merely previously used, for the same and related goods as to be likely to cause confusion, mistake or to deceive. Opposer also alleges that applicant's entire mark is deceptive in that it conveys the false message that applicant's product has a better balance than opposer's products, and that such a false message would mislead prospective consumers. Opposer further alleges that applicant's mark, not having been used, lacks secondary meaning; and that it is deceptively misdescriptive because the misleading nature of applicant's mark would materially affect a consumer's purchasing decision. Opposer also alleges that applicant's use of the phrase "better balance" in its mark is generic, merely descriptive or otherwise not distinctive, thereby rendering applicant's mark as a whole unregistrable absent a disclaimer of the words "better" and "balance."

In its answer, applicant denied the salient allegations of the notice of opposition. Applicant asserted the affirmative defenses of unclean hands and fraud in the filing and prosecution

[9] Such mark is the subject matter of application Serial No. 78178596, filed on October 25, 2002, claiming a *bona fide* intention to use the mark in commerce. A second extension of time to file a statement of use has been granted.

of opposer's trademark applications. In addition, applicant brought a counterclaim to cancel opposer's pleaded registrations or, in the alternative, to require that the opposer's registrations be amended to include a disclaimer of the term BALANCE.[10]

This case now comes up on opposer's fully-briefed motion to dismiss applicant's counterclaims and to strike applicant's counterclaims and affirmative defenses.

Applicant, in its answer, presents its affirmative defenses prior to pleading its counterclaims, as repeated below:

Affirmative defenses

1) Opposer's claims are barred under the doctrine of unclean hands.
2) Opposer's claims are barred because Opposer committed fraud on the PTO; at the time of filing the application the Opposer claimed that [the marks in] the applications were distinctive and suitable for registration on the Principal Register without the necessity of a disclaimer, yet during the prosecution of the application claimed that the term "BALANCE" lacks distinctiveness and is incapable of obtaining distinctiveness in the context of dairy products and the dairy industry.[11]
3) 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 …."

[10] The cover letter accompanying applicant's answer and counterclaim authorizes charges to a deposit account for the filing fees for the counterclaims. The Board has arranged for the charges to be made.
[11] Applicant inconsistently uses singular and plural forms.

Counterclaim

> Pursuant to Rule 2.106(b)(2)(1), Applicant hereby counterclaims to cancel Opposer's pleaded registrations, or in the alternative require Opposer to amend its pleaded Registrations to disclaim the word "BALANCE" apart from Opposer's pleaded Registrations. As grounds in support of Applicant's counterclaim, Applicant alleges as follows:
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> 1) On information and belief, at the time of filing the application the Opposer claimed that [the marks in] the applications were distinctive and suitable for registration on the Principal Register without the necessity of a disclaimer, yet during the prosecution of the application claimed that the term "BALANCE" lacks distinctiveness and is incapable of obtaining distinctiveness in the context of dairy products and the dairy industry.[12]
> 2) On information and belief, Opposer made false and misleading statements at the time of filing 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…."

In support of its motion, opposer argues that applicant fails to state any statutory grounds for its counterclaims and further fails to show why it will be damaged by continued registration of opposer's pleaded registered marks. Opposer argues that applicant's counterclaims are vague, unclear and ambiguous, and do not sufficiently identify opposer's marks, applications or other details with respect to applicant's allegations. Opposer contends that, to the extent applicant is alleging fraud, fraud must be pleaded with particularity and applicant has not done so.

[12] Again, applicant inconsistently uses singular and plural forms.

With respect to applicant's affirmative defenses, opposer argues that any defense of fraud is redundant, and should be stricken, in view of applicant's counterclaims. Opposer argues, in addition, that the defense of fraud should be stricken because it is not pleaded with particularity. Finally, opposer contends that applicant's fraud affirmative defenses should be stricken because, even if pled more particularly, they are insufficient, having no basis at law. This is so, according to opposer, because opposer never believed that the term "balance" lacked or was incapable of distinctiveness for its dairy products and because there is no affirmative duty to proffer a disclaimer absent a requirement from the Examining Attorney. Opposer contends that applicant's unclean hands defense is insufficient and impertinent, there being no facts, reasoning or applicability supporting the defense.

In response, applicant argues that opposer, in the applications which matured into the pleaded registrations, made the requisite averments concerning its asserted exclusive right to use the marks sought to be registered while at the same time maintaining that the word "balance" cannot be afforded a scope of exclusive rights sufficient to prevent registration of other marks containing the word "balance" in connection with dairy products. Applicant argues that its counterclaims were brought in view of opposer's inconsistent stances during the prosecution of its applications and now in asserting its registrations

against applicant. More particularly, applicant contends that opposer failed to disclaim "balance"; and that opposer's position during prosecution of the applications (which matured into the pleaded registrations) contradicts opposer's present position, which seems to be based on opposer's allegedly exclusive right to use the single word the marks have in common, "balance," with respect to dairy products. Applicant requests that, should the Board determine that its counterclaims and affirmative defenses are sufficiently vague such that opposer cannot answer them, applicant be given an opportunity to amend its counterclaims and affirmative defenses.

Preliminarily, we briefly address opposer's position that applicant does not identify which of opposer's registrations it is referring to in the counterclaim to cancel the registrations; and opposer's contention that applicant failed to state any statutory ground upon which applicant's counterclaim is based. The Board interprets the counterclaim as being brought against all three of opposer's pleaded registrations ("… Applicant hereby counterclaims to cancel Opposer's pleaded registrations…"); thus, applicant has identified opposer's registrations against which the counterclaim is being brought. In addition, it is clear that applicant is alleging that opposer committed fraud in obtaining its pleaded registrations, which is an available ground for cancellation of a registration. *See* Trademark Act §14(3) ("… or its registration was obtained fraudulently…").

Opposer's argument that applicant has not shown why it will be damaged by the continued registration of opposer's pleaded registrations goes to applicant's standing to bring its counterclaim. The term "damage" as used in Trademark Act §14 concerns specifically a party's standing to bring a petition to cancel a registered mark. There is no requirement that actual damages be pleaded and proved in order to establish standing or to prevail in a proceeding. *See* TBMP §303.03 (2nd ed. rev. 2004). The purpose of the standing requirement is to prevent mere intermeddlers from initiating a proceeding, and a plaintiff need only show that it has a real interest, a personal stake, in the outcome of the proceeding. *See Ritchie v. Simpson,* 170 F.3d 1092, 50 USPQ2d 1023 (Fed. Cir. 1999); and *Jewelers Vigilance Committee Inc. v. Ullenberg Corp.,* 823 F.2d 490, 2 USPQ2d 2021 (Fed. Cir. 1987). Importantly here, a counterclaimant's standing to cancel a pleaded registration is inherent in its position as the defendant in the original proceeding. *See* TBMP §309.03(b) (2nd ed. rev. 2004), and cases cited therein.

In view thereof, applicant's standing to bring a counterclaim to cancel opposer's pleaded registrations is established by applicant's position as the defendant against whom such registrations have been asserted in the opposition brought by opposer. In addition, as discussed *supra,* applicant has articulated an available statutory ground as a basis for its counterclaim to cancel opposer's pleaded registrations.

Thus, to the extent that opposer's motion to dismiss is premised upon Fed. R. Civ. P. 12(b)(6) for failure to state a claim upon which relief can be granted, opposer's motion is denied. *See Advanced Cardiovascular Systems Inc. v. SciMed Life Systems Inc.,* 988 F.2d 1157, 26 USPQ2d 1038 (Fed. Cir. 1993); *Lipton Industries, Inc. v. Ralston Purina Co.,* 670 F.2d 1024, 213 USPQ 185 (CCPA 1982); Fed. R. Civ. P. 12(b)(6); and TBMP §503.02 (2nd ed. rev. 2004).

However, to the extent that opposer's motion may be construed as one for a more definite statement, the Board agrees with opposer that applicant's counterclaim pleading is so vague and ambiguous that opposer cannot reasonably be expected to answer. *See* Fed. R. Civ. P. 12(e); and TBMP §505 (2nd ed. rev. 2004). The pleading should include enough detail to give the counterclaim defendant fair notice of the grounds for the counterclaim. *See* Fed. R. Civ. P. 8(a); and TBMP §302.03 (2nd ed. rev. 2004). While fraud may be pleaded upon "information and belief," a mere charge of fraud without a recitation of details is an insufficient pleading. *See* J. Thomas McCarthy, 3 McCarthy on Trademarks and Unfair Competition §20:58 (4th ed. September 2004). Therefore, the circumstances constituting fraud must be stated with particularity. *See* Fed. R. Civ. P. 9(b); and *King Automotive, Inc. v. Speedy Muffler King, Inc.,* 667 F.2d 1008, 212 USPQ 801 (CCPA 1981).

Applicant's averments simply do not provide any particulars of the alleged fraud purportedly committed by opposer in the prosecution of the applications that matured into the pleaded registrations that are the subject of applicant's counterclaim. It is only in its response to opposer's motion that applicant provides some additional information concerning the circumstances of opposer's purported fraud in obtaining the registrations, though it remains unclear whether the circumstances discussed by applicant in its response concern one, two or all three of opposer's pleaded registrations.

We are mindful that applicant has requested an opportunity to amend its counterclaims and affirmative defenses should the Board determine that they are sufficiently vague that they cannot give rise to a response by opposer. Inasmuch as leave to amend is freely given when justice so requires, the Board liberally grants leave to amend pleadings at any stage of a proceeding when justice so requires, unless entry of the proposed amendment would violate settled law or be prejudicial to the rights of the adverse party or parties. *See* Fed. R. Civ. P. 15(a); Trademark Rule 2.107; *Flatley v. Trump*, 11 USPQ2d 1284 (TTAB 1989); and *Focus 21 International Inc. v. Pola Kasei Kogyo Kabushiki Kaisha*, 22 USPQ2d 1216 (TTAB 1992).

Nonetheless, if a proposed amendment involves a claim or defense which is obviously insufficient under the law, the Board will deny the request. *See Klamoth-Lake Pharmaceutical Assn. v.*

Klamoth Medical Service Bureau, 36 Fed. R. Serv.2d 472, 701 F.2d 1276 (9th Cir. 1983). That is, if the amendment would be futile, there is no need to allow the same under Fed. R. Civ. P. 15(a).

That a party earlier indicated an apparent contrary opinion in the *ex parte* prosecution of an application that later matured into a pleaded registration is a fact that may be received into evidence as illuminative of shade and tone in the total picture confronting the decision maker. To that limited extent, a party's earlier contrary opinion may be considered relevant and competent. Under no circumstances may a party's opinion, earlier or current, relieve the decision maker of the burden of reaching its own ultimate conclusion on the entire record. *See Interstate Brands Corporation v. Celestial Seasoning, Inc.*, 575 F.2d 926, 198 USPQ 151 (CCPA 1978). As such, applicant may introduce evidence of opposer's contrary statements as support for its contentions, including those made in conjunction with its affirmative defenses, regarding the strength of the term BALANCE in the relevant industry, and as support for its contentions regarding likelihood of confusion in the context of the opposition proceeding, without the need to assert a compulsory counterclaim to cancel the pleaded registration(s).[13]

[13] Applicant appears to have brought its counterclaim in an excess of caution in view of the regulatory admonishment that an attack upon the validity of a registration pleaded by a plaintiff may not be entertained absent a ***timely*** (emphasis added) counterclaim or separate petition to cancel such pleaded registration. *See* Trademark Rule 2.114(b)(2)(i); and TBMP §313.01 (2nd ed. rev. 2004). *See also, id.* at §313.04, discussing when a compulsory counterclaim must be brought.

In view of the foregoing, applicant's request to amend its answer to plead its counterclaim in more detail is denied; opposer's motion to strike applicant's counterclaims is granted without prejudice to repleading if the basis therefor become apparent through discovery; and the proceeding will go forward solely on the notice of opposition.[14]

Applicant's affirmative defenses may stand, however, inasmuch as they give notice to opposer of at least some of applicant's theories of its defenses for this case.

Proceedings are resumed, and discovery and trial dates are reset as indicated below:

THE PERIOD FOR DISCOVERY TO CLOSE:	May 24, 2005
30-day testimony period for party in position of plaintiff to close:	August 22, 2005
30-day testimony period for party in position of defendant to close:	October 21, 2005
15-day rebuttal testimony period to close:	December 5, 2005

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.l25.

[14] Based on its arguments in response to opposer's motion, applicant appears to premise its allegations of fraud in the procurement of opposer's registrations on opposer's statement (or statements), made during the pendency of the applications which matured into the pleaded registrations, concerning the strength of the term "balance" in the dairy industry being inconsistent with opposer's position with respect to the term "balance" in the present opposition. As discussed in more detail, *supra,* such information may be introduced into evidence absent any counterclaim to cancel pleaded registrations.

Briefs shall be filed in accordance with Trademark Rule 2.l28(a) and (b). An oral hearing will be set only upon request filed as provided by Trademark Rule 2.l29.

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