

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

Winter

Mailed: December 7, 2009

Opposition No. 91186763

E. & J. Gallo Winery

v.

QUALA S.A.

Before Bucher, Drost, and Mermelstein,
Administrative Trademark Judges.

By the Board:

Quala S.A. (hereafter "applicant") seeks registration of the mark shown below in connection with the following goods, namely, "beers; mineral and aerated waters and other non-alcoholic drinks, namely, carbonated beverages; fruit drinks and fruit juices; syrups and other preparations for making beverages, namely, fruit beverages."¹



¹ Application Serial No. 77251443, filed August 9, 2007 under Section 44(e) of the Trademark Act, 15 U.S.C. § 1126(e), based on applicant's ownership of Colombian Registration No. 162015. The colors yellow, orange, blue and green are claimed as a feature of the mark.

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E. & J. Gallo Winery (hereafter "opposer") opposes registration on the ground that the registration of applicant's mark is likely to cause confusion with opposer's FRUTEZIA² mark used with "wines." In its answer, applicant denied all allegations contained in the notice of opposition.

This case now comes up for consideration of applicant's contested motion (filed May 9, 2009³) for judgment on the pleadings under Federal Rule 12(c) on the pleaded ground of likelihood of confusion. Also under consideration is opposer's uncontested motion (filed May 14, 2009) to amend its notice of opposition to include a claim of fraud.

Motion for Judgment on the Pleadings

Applicant has moved for judgment on the pleadings on the basis that there is assertedly no likelihood of confusion because the marks are not similar in appearance, meaning or sound. In particular, applicant argues that in view of the specialized characters and colors in its mark, the marks are visually and aurally substantially different (motion, unnumbered⁴ p. 4). Applicant also relies on *Kellogg Co. v. Pack'em Enterprises, Inc.*, 14 USPQ2d 1545

² U.S. Reg. No. 3038409, issued January 3, 2006.

³ The delay in acting upon this matter is regretted.

⁴ The Board reminds applicant that all pages of a paper submission to the Board must be numbered. Trademark Rule 2.126(a)(5), 37 C.F.R. § 2.126(a)(5).

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(TTAB 1990), *aff'd*, 951 F.2d 330, 21 USPQ2d 1142 (Fed. Cir. 1991), arguing that the single *du Pont*⁵ factor of dissimilarity of the respective marks is dispositive of the issue of likelihood of confusion in this matter.

In opposition, opposer argues, *inter alia*, that genuine issues of material fact exist as to the similarities between opposer's and applicant's respective marks and as to the scope of protection which should be accorded to opposer's mark.

A motion for judgment on the pleadings is designed to provide a means of disposition of a case when the material facts are not in dispute and judgment on the merits can be achieved by focusing on the pleadings. Such a motion 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. For purposes of the motion, all well-pleaded factual allegations of the non-moving party (in this instance, opposer) must be accepted as true and the inferences drawn therefrom are to be viewed in a light most favorable to the nonmoving party. *See Baroid Drilling Fluids Inc. v. SunDrilling Products*, 24 USPQ2d 1048, 1049 (TTAB 1992). *See also* C.A. Wright and A.R. Miller, 5C Fed. Prac. & Proc. Civ. § 1368 (3d ed. 2009). Furthermore, the

⁵ *See In re E.I. du Pont de Nemours & Co.*, 476 F.2d 1357, 177 USPQ 563 (CCPA 1973).

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allegations of the moving party which have been denied (or which are taken as denied, pursuant to Federal Rule 8(b)(6), because no responsive pleading thereto is required or permitted) are assumed to be false. Conclusions of law are not taken as admitted. A motion for judgment on the pleadings will only be granted when the moving party establishes that no material issue of fact remains to be resolved and that it is entitled to judgment as a matter of law. *Baroid Drilling Fluids*, 24 USPQ2d at 1049. An unresolved material issue of fact may result from an express conflict on a particular point between the parties' respective pleadings. *Leeds Technologies Limited v. Topaz Communications Ltd.*, 65 USPQ2d 1303, 1305 (TTAB 2002).

Here, applicant has denied all allegations set forth in the notice of opposition. In particular, applicant denies the allegation that its mark is "very similar" to opposer's mark (notice of opp. ¶5; answer ¶5). Thus, there is an express conflict between the parties' pleadings in regard to the *du Pont* factor of similarity of the marks, which creates an unresolved material issue of fact. See *Leeds Technologies*, 65 USPQ2d at 1305. In view thereof, we find that, at a minimum, a genuine issue of material fact exists as to the similarity of the parties' marks.⁶ Accordingly,

⁶ Although we have mentioned only one genuine issue of material fact in this decision, that is not to say that this is the only issue of material fact in dispute.

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applicant's motion for judgment on the pleadings is denied.

Opposer's Motion to Amend its Pleading

On May 14, 2009, opposer filed a motion for leave to file its amended notice of opposition, accompanied by a copy of its amended notice of opposition. Thereafter, the Board suspended this proceeding pending disposition of applicant's motion for judgment on the pleadings, stating that any paper filed during the pendency of that motion which is not relevant thereto will be given no consideration. While the Board also noted in the suspension order the filing of opposer's motion to amend, the Board did not address whether opposer's motion to amend was deemed relevant or whether applicant should respond at that time. Applicant did not file a brief in opposition to opposer's motion to amend.

To the extent the suspension order may have been unclear regarding the relevance of the motion to amend to applicant's pending motion for judgment on the pleadings, we now clarify that we consider the motion to amend to be relevant to applicant's motion inasmuch as the motion to amend might affect whether applicant's motion is essentially one for partial judgment on the pleadings. See *VNA Plus, Inc. v. APRIA Healthcare Group, Inc.*, 29 F. Supp. 2d 1253, 1258 (D. Kan. 1998); *Carmen v. San Francisco Unified School District*, 982 F. Supp. 1396, 1401 (N.D. Cal. 1997) (" ... although Rule 12(c) does not expressly authorize 'partial'

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judgments, neither does it bar them, and it is common practice to apply Rule 12(c) to individual causes of action"). In view thereof, it is appropriate for the Board to consider the motion to amend contemporaneously with applicant's motion for judgment.

Nonetheless, to the extent that the suspension order may have been ambiguous as to whether the Board would consider opposer's motion to amend its pleading, the Board will not grant opposer's motion to amend as conceded under Trademark Rule 2.127(a). However, in the interest of judicial economy, we will consider opposer's motion and proposed amended pleading and explain why the motion will not be granted.

Under Fed. R. Civ. P. 15(a), leave to amend pleadings shall be freely given when justice so requires. Consistent therewith, the Board liberally grants leave to amend pleadings at any stage of the proceeding when justice requires, unless entry of the proposed amendment would be prejudicial to the rights of the adverse party or parties, would violate settled law, or would serve no useful purpose. Fed. R. Civ. P. 15(a). See, e.g., *Polaris Industries v. DC Comics*, 59 USPQ2d 1789 (TTAB 2001); *Boral Ltd. v. FMC Corp.*, 59 USPQ2d 1701 (TTAB 2000); and *Institut National des Appellations d'Origine v. Brown-Forman Corp.*, 47 USPQ2d 1875, 1896 (TTAB 1998). The timing of the motion for leave

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to amend is a major factor in determining whether respondent would be prejudiced by allowance of the proposed amendment. See TBMP § 507.02 (2d ed. rev. 2004) and cases cited therein.

Opposer bases its proposed fraud claim on the fact that applicant has not responded to opposer's discovery requests, which sought to test the veracity of the declaration in the involved application, and applicant has allegedly not produced any documentation or responded to any interrogatory. Based thereon, opposer argues that "there is no evidence that applicant had a bona fide intent to use the mark on any of the goods specified in the application" (motion to amend, p. 2).

The amended pleading is identical to the original notice of opposition except that it comprises one additional paragraph, shown below, which sets forth a fraud claim:

7. Applicant filed the application under Section 44(e) of the Lanham Act. The application contained a sworn Declaration that all statements made therein were true. Among the statements made in the application was the statement that Applicant had a bona fide intent to use the mark on each of the goods recited in the application.⁷ This statement was false and material to the application. This constitutes fraud and, accordingly, the application was void ab initio.

⁷ In determining whether an applicant under §44(e) has the requisite bona fide intent to use the mark in U.S. commerce, the Board uses the same objective, good-faith analysis that it uses in determining whether an applicant under §1(b) has the required bona fide intent to use the mark in U.S. commerce. *Honda Motor Co. v. Winkelmann*, 90 USPQ2d 1660, 1662 (TTAB 2009).

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"Fraud in procuring a trademark registration or renewal 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). Federal Rule 9(b), applicable to this proceeding under Trademark Rule 2.116(a), provides that the circumstances constituting the alleged fraud shall be stated with particularity. See *King Automotive, Inc. v. Speedy Muffler King, Inc.*, 667 F.2d 1008, 212 USPQ 801, 803 (CCPA 1981) ("Rule 9(b) requires that the pleadings contain explicit rather than implied expressions of the circumstances constituting fraud"). Thus, to satisfy Rule 9(b), a fraud claim, and in particular those allegations made upon "information and belief," must be accompanied by a specific statement of facts upon which the belief is reasonably based. See *Exergen Corp. v. Wal-Mart Stores, Inc.*, 575 F.3d 1312, 91 USPQ2d 1656, 1670 (Fed. Cir. 2009).⁸ The circumstances referred to in Federal Rule 9 "'must be pleaded in detail'—'[t]his means the who, what, when, where,

⁸ In addition, and in view of the Federal Circuit's decision in *In re Bose Corporation*, 476 F.3d 1331, 91 USPQ2d 1938 (Fed. Cir. 2009), pleadings of fraud which rest on allegations that the trademark applicant or registrant made material representations of fact in connection with its application or registration which it "knew or should have known" to be false or misleading constitute an insufficient pleading of fraud because such allegations imply the possibility mere negligence, which is inadequate to infer fraud or dishonesty. See *Asian and Western Classics B.V. v. Lynne Selkow*, ___ USPQ2d ___, 2009 WL 4081699 (TTAB Oct. 22, 2009, Cancellation No. 92048821).

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and how' of the alleged fraud." *Id.* at 1667 (internal citations omitted). That is, the time, place and contents of the false representations, the facts misrepresented, and identification of what has been obtained, shall be stated with specificity. See *W.R. Grace & Co. v. Arizona Feeds*, 195 USPQ 670, 672 (Comm'r Pat. 1977); and *Saks, Inc. v. Saks & Co.*, 141 USPQ 307 (TTAB 1964). See also *San Juan Products, Inc. v. 68 San Juan Pools of Kansas, Inc.*, 849 F.2d 468, 7 USPQ2d 1230, 1234 (10th Cir. 1988) (The elements for fraud that must be alleged and proven are: "(1) the false representation regarding a material fact; (2) the registrant's [or applicant's] knowledge or belief that the representation is false (scienter); (3) the intention to induce action or refraining from action in reliance on the misrepresentation; (4) reasonable reliance on the misrepresentation; and (5) damages proximately resulting from such reliance" (internal citation omitted)). Additionally, the pleadings must allege sufficient underlying facts from which a tribunal may reasonably infer that a party acted with the requisite state of mind. *Exergen Corp.*, 91 USPQ2d at 1667. Notwithstanding the requirement for specificity in the pleading of the circumstances resulting in the alleged fraud, "[m]alice, intent, knowledge, and other condition of mind of a person may be averred generally." Fed. R. Civ. P. 9(b).

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In this case, opposer alleges that the statement that "Applicant had a bona fide intent to use the mark on each of the goods recited in the application ... was false ... and ... constitutes fraud." Thus, opposer has not set forth with sufficient particularity the underlying facts upon which opposer relies or provides the basis for its belief that the allegation of fraud is well-founded. In addition, the proposed fraud claim does not include an allegation of intent to deceive, *i.e.*, that applicant *knowingly* made inaccurate or misleading statements. See *In re Bose Corporation*, 91 USPQ2d at 1940 ("deception must be willful to constitute fraud"). See also *Media Online Inc. v. El Clasificado Inc.*, 88 USPQ2d 1285, 1287 (TTAB 2008) (finding proposed amended pleading insufficient in part because the pleading was devoid of any allegations of scienter). In view of these deficiencies in opposer's proposed amended pleading, opposer's fraud claim is insufficient.

Accordingly, opposer's motion for leave to amend the notice of opposition is futile and is hereby denied, without prejudice to repleading if opposer discovers facts providing a basis for a fraud claim. Opposer is allowed until **THIRTY DAYS** from the mailing date of this order to file a second motion for leave to amend and an amended pleading with a sufficient claim of fraud, should it already know the facts supporting such claim, but merely have failed to articulate

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them.⁹ Should opposer file a second amended pleading, applicant is allowed until **THIRTY DAYS** from the date of service of the second motion for leave to amend and amended pleading to oppose the motion for leave to amend and to file an amended answer. See Trademark Rule 2.106, 37 C.F.R. § 2.106. In view of the foregoing, the notice of opposition filed on October 2, 2008 remains opposer's operative pleading in this proceeding.

⁹ In deciding whether to renew its motion to amend, opposer should note that if applicant indeed did not have a bona fide intent to use the mark in commerce, and opposer believes it will be able to prove applicant's lack of a bona fide intent to use, then opposer's pleading of a fraud claim may be unnecessary. See *Lane Ltd. v. Jackson International Trading Co.*, 33 USPQ2d 1351, 1355 n.7 (TTAB 1994) (opposer entitled to prevail on claim that applicant lacked the bona fide intention to use its mark if opposer were to plead and prove that the applicant is unable to present any evidence, documentary or otherwise, supportive of or bearing on the applicant's claimed bona fide intention to use the mark in commerce), citing *Commodore Electronics Ltd. v. CBM Kabushiki Kaisha Opposition*, 26 USPQ2d 1503, 1507 (TTAB 1993). Opposer is reminded that a fraud claim requires, as a threshold matter, proof that applicant made a "misrepresentation," that it was material and that it was made intentionally. See *Bose, supra*. In the case at hand, if opposer could not prove its claim of fraud without first proving that the asserted bona fide intent to use was not in fact bona fide, i.e., it was false. However, having proved such threshold matter, opposer would be entitled to a judgment on a claim of lack of bona fide intent to use and there would be no need to proceed to attempt to prove intention to deceive. Since the fraud claim in this case therefore may be viewed as superfluous, we see no point in opposer pursuing this claim at trial. Opposer is also reminded that fraud must be proved "to the hilt" with clear and convincing evidence. There is no room for speculation, conjecture, inference or surmise, and any doubt must be resolved against the party making the claim. See *Herbaceuticals, Inc. v. Xel Herbaceuticals, Inc.*, 86 USPQ2d 1572, 1576 (TTAB 2008); and *Smith International, Inc. v. Olin Corp.*, 209 USPQ 1033, 1043-44 (TTAB 1981), cited in *Giant Food, Inc. v. Standard Terry Mills, Inc.*, 229 USPQ 955, 962 (TTAB 1986). Trial of a fraud claim over and above trial of the asserted issue of lack of bona fide intent to use the mark would be a waste of the parties' resources and those of the Board.

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Proceeding Resumed; Trial Dates Reset

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

Opposer's amended pleading (if any) is due:	1/6/2010
Applicant's answer to the amended Pleading (if any) is due:	2/5/2010
Discovery Closes	1/16/2010
Plaintiff's Pretrial Disclosures	3/2/2010
Plaintiff's 30-day Trial Period Ends	4/16/2010
Defendant's Pretrial Disclosures	5/1/2010
Defendant's 30-day Trial Period Ends	6/15/2010
Plaintiff's Rebuttal Disclosures	6/30/2010
Plaintiff's 15-day Rebuttal Period Ends	7/30/2010

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