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

Proceeding	91200105
Party	Plaintiff Novozymes Bioag, Inc.
Correspondence Address	EDWARD M PRINCE ALSTON BIRD LLP 950 F STREET NW, THE ATLANTIC BUILDING WASHINGTON, DC 20004 UNITED STATES edward.prince@alston.com
Submission	Other Motions/Papers
Filer's Name	Edward M. Prince
Filer's e-mail	edward.prince@alston.com
Signature	/Edward M. Prince/
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IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD

NOVOZYMES BIOAG, INC.,)
)
 Opposer,)
)
 v.)
)
CLEARY CHEMICALS, LLC,)
)
 Applicant.)
)

Opposition No. 91200105

**Response of Opposer to Cleary’s Second Brief in Opposition to
Opposer’s Motion for Summary Judgment on Cleary’s Fraud Counterclaim**

On January 26, 2012, Opposer filed its Motion for Summary Judgment relating to the fraud claim. The fraud claim was based solely on the assertion that Opposer’s predecessor (Merck KGaA) obtained its registration fraudulently by submitting a specimen dated 2008 and “fraudulently stated that the specimen had been in use at least as early as the filing date of the application, which was October 19, 2007,” these acts being “done knowingly and with the intent to induce the Trademark Examiner to rely thereon and grant said registration.”

When Opposer filed its Motion for Summary Judgment, Cleary contended that it had not had an opportunity to question Mr. Broughton regarding the alleged “self-serving statements” made in his declaration and the accompanying exhibits. The Board granted Cleary’s motion for discovery and permitted Cleary to propound written discovery to Opposer. Cleary then filed written interrogatories, admissions and document requests. Opposer responded to the discovery.

Some 11 months after Opposer filed its Motion for Summary Judgment and after discovery, Cleary has now filed its response to Opposer's motion. The 6-page response has exactly one sentence relating to the grounds for Opposer's Motion for Summary Judgment on Cleary's original fraud claim. Actually, it is only a part of one sentence, but for the convenience of the Board, the sentence is set forth below in its entirety:

While Mr. Broughton's declaration might provide a reasonable explanation as to why a false statement was made as to the specimen that was provided, it does not explain Merck's overall conduct and other false statements involved in Merck's application that issued as the registration being asserted. (Emphasis added.)

Argument

A critical element which must be shown in connection with proving fraud is that the challenged representation was knowingly made and with an intent to deceive. As stated by the Federal Circuit in In re Bose Corp., 91 USPQ 2d 1938, 1941 (Fed. Cir. 2009):

[W]e hold that a trademark is obtained fraudulently under the Lanham Act only if the applicant or registrant knowingly makes a false, material representation with the intent to deceive the PTO. Subjective intent to deceive, however difficult it may be to prove, is an indispensable element in the analysis.

As noted by McCarthy on Trademarks, § 31.68, both the courts and Board regard a charge of fraud as a "disfavored defense." Proof of fraud is rigorous. As the Board has often said:

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 honest mistaken, inadvertence, erroneous conception of rights, and negligent omission; and any doubts resolved against the charging party. [American Flange & Manufacturing Co., Inc. v. Rieke Corp., 80 USPQ2d 1397, 1416 (T.T.A.B. 2006)].

Cleary makes no effort to prove that Merck had an intent to deceive with respect to the submission of a 2008 specimen. Rather, Cleary claims that the submission of a 2008 specimen with the statement that it was in use at least as early as the filing date of the application was, in and of itself, a first ground for showing that Merck had an intent to deceive. There is absolutely no proof of any intent to deceive. There is no dispute that the 2007 specimen was identical in all material respects to the 2008 specimen. Why would Merck want to or need to deceive the Trademark Office. In fact, Cleary itself characterizes Mr. Broughton's statement as being "a reasonable explanation as to why a false statement was made as to the specimen that was provided."

In an effort to disguise its failure to discuss the issue of intent to deceive other than pointing to the submission of the 2008 specimen with the statement that it was in use at the time the application was filed, Cleary attempts to raise a "genuine issue of material fact" by discussing Merck's "overall conduct and other false statements." It is respectfully contended that Merck's overall conduct and allegedly other false statements are not issues in connection with the specific act claimed to be fraudulent. Nevertheless, Opposer will address those issues to show that they are equally without basis.

The fraud counterclaim is based on a specific act – namely, the filing of a specimen. The purpose of the specimen is to show "the manner in which the mark is seen by the public." TMEP § 904. The specimen does precisely that. It showed exactly how the mark was seen by the public in 2007 because there were no changes in the manner in which the mark was displayed to the public between 2007 and 2008. As Cleary notes, Mr. Broughton's declaration provides "a reasonable explanation as to why

a false statement was made as to the specimen provided.” If these facts amount to fraud, the issue is easily decided. However, without proof of willful intent to deceive, there can be no fraud. The claim that this specific specimen was in use in 2007 was a result of mere inadvertence or negligent oversight. It was not material because a 2007 specimen label could have been produced and would have shown no difference between the public display of the mark on the two labels. It is axiomatic that the intent to deceive must be deliberate and willful. As noted in Smith International, Inc. v. Olin Corp., 209 USPQ 1033, 1043 (TTAB 1981):

Intent to deceive must be “willful.” If it can be shown that the statement was a “false misrepresentation” occasioned by an “honest” misunderstanding, inadvertence, negligent omission or the like rather than one made with a willful intent to deceive, fraud will not be found. . . . Fraud, moreover, will not lie if it can be proven that the statement, though false, was made with a reasonable and honest belief that it was true . . . or that the false statement is not material to the issuance or maintenance of the registration.

Accord, Money Store v. Harris Corp Finance, Inc., 216 USPQ 11, 15 (7th Cir. 1982).

(“Fraud will be deemed to exist only when there is a deliberate attempt to mislead the Patent [and Trademark] Office into registering the mark.”)

Cleary argues that the issue of fraud concerning the submission of the 2008 specimen can only be decided on summary judgment in the absence of a genuine issue of material fact. The material fact about which Cleary raises an issue now is the intent of Merck to deceive. Under Cleary’s theory, no fraud issue could even be decided on summary judgment because subjective intent must be proved and is always in dispute.

The first ground for contending that Merck had an intent to deceive was simply the submission of the 2008 specimen and saying it was in use at least as early as the filing date of the application. No attempt was made to conceal the copyright date on the

label. There has been no denial by Opposer that a 2008 label was submitted as evidence of use of the mark in 2007. When submitted in 2008, the 2007 label had been discontinued. The 2008 label was pulled because it showed exactly how the mark was used in 2007 and differed in no material respects from the 2007 label. It is difficult to see how this could be “clear and convincing proof” of intent to deceive. If the act itself was proof of intent, you could eliminate this element of proof.

The second ground claimed by Cleary to show an intent to deceive was Merck’s statement that it was the applicant and its failure to claim use by a related company. In fact, Cleary goes on to contend that this omission rendered the application void ab initio. Cleary has failed to note TMEP § 1201.03(c) which provides:

Frequently, related companies comprise parent and wholly-owned subsidiary corporations. Either a parent corporation or a subsidiary corporation may be the proper applicant, depending on the facts concerning ownership of the mark. The USPTO will consider the filing of the application in the name of either the parent or the subsidiary to be the expression of the intention of the parties as to ownership in accord with arrangements between them.

In brief, applicant, EMD Crop BioScience, Inc., before it was acquired by Novozymes from Merck KGaA and EMD Chemicals, Inc., was a wholly-owned subsidiary of EMD Chemicals, Inc., which in turn is a wholly-owned subsidiary of Merck KGaA. Thus, under TMEP § 1201.03(c), Merck, as the ultimate parent, may be the proper applicant. The TORQUE application even had the standard language used in Merck applications that the “applicant is using the mark in commerce, or the applicant’s related company or licensee is using the mark in commerce,” a statement which is overlooked by Cleary. This is obviously not proof of an intent to deceive. This issue is discussed in further detail in Opposer’s Response to Cleary’s Motion for Relief from Suspension.

The third ground for showing an intent to deceive was that Merck sought to register its mark for natural molecule or bacteria for plant growth enhancement in agricultural crops rather than in just corn crops. The specimen showed use on corn, rather than some broad generalization such as "agricultural crops." Yet, no inquiry was raised by the examining attorney. It is believed that the Board can take judicial notice of the fact that corn is an agricultural crop. Hence, it is not believed that the recitation of these goods shows any intent to deceive.

Finally, Cleary points to Opposer's motion to amend the dates of first use as proof of intent to deceive. As shown in the accompanying motion to amend the dates of first use, the mark had been adopted by the date given, but Opposer questioned whether there was technical trademark use at that time. Accordingly, the motion to amend was filed. In other cases, the Board has found no fraud from the alleged misstatement of the date of first use because it "could not possibly result in the allowance of a registration which would otherwise not be allowed, as long as there was technical trademark use prior to the filing of the application." E.g., Colt Industries Operating Corp. v. Olivetti Controllo Numerico S.p.A., 221 USPQ 73, 76 (TTAB 1983).

The Federal Circuit has stated that one who alleges fraud bears a "heavy burden of proof," that the standard is "clear and convincing evidence" and that an allegation of fraud "should not be taken lightly." In re Bose, supra at 1939, 1941.

Cleary has had ample opportunity to develop the fraud claim concerning the submission of the 2008 specimen label rather than an unavailable 2007 specimen label when submitted to the Trademark Office in response to an office action in 2008. There is no fraud, and this issue should be put to rest, once and for all.

This case has been pending for over a year and a half and the issue of likelihood of confusion has yet to be litigated or even to be the subject of discovery. For the above reasons, Opposer's Motion for Summary Judgment on the fraud issue should be granted.

Respectfully submitted,

Novozymes BioAg, Inc.
By its Attorneys

By: Edward M. Prince
Edward M. Prince, Esq.
Alston & Bird LLP
The Atlantic Building
950 F Street, NW
Washington, DC 20004
(202) 239-3358

Certificate of Service

I hereby certify that on January 8, 2013 a true and correct copy of Response of Opposer to Cleary's Second Brief in Opposition to Opposer's Motion for Summary Judgment on Fraud Counterclaim was served by first-class mail, postage prepaid, with a courtesy email copy, to counsel for Applicant, Cleary Chemicals, Inc.:

Tama L. Drenski
Renner, Kenner, Greive, Bobak, Taylor & Weber
Fourth Floor, First National Tower
Akron, Ohio 44308-1456
Email: tldrenski@rennerkenner.com

By: 
Edward M. Prince