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OF THE TTAB

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

BUTLER

Mailed: February 25, 2011

Cancellation No. 92051002

Cancellation No. 92051008

KOCH MEMBRANE SYSTEMS GMBH and KOCH
MEMBRANE SYSTEMS, INC.

v.

PURONICS, INC.

Before Walters, Grendel and Bergsman, Administrative Trademark
Judges.

By the Board:

Petitioners seek to cancel respondent's registrations for the
marks PURONICS, standard character form,¹ and PURONICS and design²
(shown below)

PURONICS

both for "water conditioning units; water purifiers; water softening
units; water sterilizing units; water filtering units for domestic
use; water filtering units for commercial use; water filtering units

¹ Registration No. 3383438, issued February 12, 2008, for which the
underlying application was filed on October 30, 2005, claiming a date
of first use anywhere and a date of first use in commerce of September
30, 2007.

² Registration No. 3473558, issued February 12, 2008, for which the
underlying application was filed on February 12, 2007, claiming a date

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for industrial use; water treatment equipment, namely, acid neutralizing units, faucets, faucets which meter the flow of water, membrane filtration units, reverse osmosis units, ion exchange units" and, in addition for the second registration, "air filtration units," all in Class 11.

As grounds for cancellation, petitioners, one a German company ("KMS GMBH") and the other a Delaware corporation ("KMS, Inc."), allege priority of use and likelihood of confusion.³ Trademark Act §§ 2(d); 15 U.S.C. § 1052(d). More specifically, petitioners allege that KMS GMBH is the owner of the mark PURON and is the owner of a pending application for the mark PURON for "hollow fiber filtration membranes and membrane modules for use in filtration of wastewater and membrane bioreactor (MBR) applications" in Class 11 and "scientific and industrial research services in the field of filtration of wastewater" in Class 42.⁴ Petitioners assert that "[n]o use date in the U.S. has been claimed, but Petitioners have analogous use in the United States dating back to at least as early

of first use anywhere and a date of first use in commerce of May 31, 2006.

³ As to their relationship, petitioners allege that they are both member companies of Koch Chemical Technology Group, LLC, a Delaware limited liability company. In this order, the petitioners may be referred to jointly as "petitioners" or individually by their names, depending on the circumstances being referenced.

⁴ Application Serial No. 79035999, filed on August 22, 2006, seeking an extension of protection to the United States based on International Registration No. 0781436, allegedly dated February 18, 2002, which is based on German Registration No. 30150081, allegedly dated November 1, 2001. Pet. at para. Nos. 8 and 9.

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as March 17, 2005"⁵ based on news releases, the earliest one of which is titled *Puron AG Becomes Koch Membrane Systems GmbH*.

Petition to cancel ("Pet.") at paragraph ("para.") No. 9.

Petitioners also assert "continuous use of their mark since a date prior to the constructive use date" for respondent's marks. Pet. at para. No. 13. Petitioners allege that registration of KMS GMBH's application "has been refused ... on the grounds of likelihood of confusion" based on the existence of respondent's pending application Serial No. 78743307 (not a part of this proceeding) for the mark PURONICS for "soaps and detergents." Pet. at para. No. 11.

As an alternative remedy to the cancellation sought on the basis of their priority of use and likelihood of confusion claim, petitioners seek a restriction under Trademark Act § 18, 15 U.S.C. § 1068, to the identifications of goods for each registration. Petitioners suggested a specific restriction that is intended to exclude industrial and municipal wastewater treatment, with suggested changes in bold-italics, as follows:

water conditioning units; water purifiers ***for residential and commercial use, and excluding wastewater filtration and membrane bioreactor applications***; water softening units; water sterilizing units; water filtering units for domestic use; water filtering units for commercial use ***excluding wastewater filtration and membrane bioreactor applications***; water filtering units for industrial use, ***excluding wastewater filtration and membrane bioreactor applications***; water treatment equipment, namely, acid neutralizing units, faucets, faucets which meter the flow

⁵ Petitioners' assertion that "no use date in the U.S. has been claimed" is in reference to its pending application, which was filed under Trademark Act § 66(a), 15 U.S.C. § 1141f. A claim of use in commerce is not a requirement for registration of a mark under § 66(a) application.

of water, membrane filtration units, reverse osmosis units, ion exchange units, **all for residential and commercial use, and excluding wastewater filtration and membrane bioreactor applications in industrial and municipal wastewater treatment.**

Petitioners allege that the restriction would avoid a likelihood of confusion.

In its answer, respondent denies the essential allegations of the petition to cancel.

This case now comes up on petitioners' fully briefed motion, filed September 3, 2010 (the day before petitioners' main testimony period was set to open), for summary judgment and respondent's related request to "disregard" (or "at least give little weight to") the declarations and evidence submitted by petitioners, to which petitioners responded in connection with their summary judgment reply.

At the outset, we note that petitioners' motion, being based on a factually intensive, voluminous record, defeats the purpose of summary judgment. As stated in *Exxon Corp. v. National Foodline Corp.*, 579 F.2d 1244, 198 UPSQ 407, 408 (CCPA 1978):

The basic purpose of summary judgment procedure is one of judicial economy - to save the time and expense of a full trial when it is unnecessary because the essential facts necessary to decision of the issue can be adequately developed by less costly procedures, as contemplated by the FRCP rule here involved, with a net benefit to society. ... "It is well settled that the function of summary judgment is to avoid a useless trial." "Useless" in the context of this case means that more evidence than is already available in connection with this motion could not be reasonably expected to change the result herein.

As borne out by this decision, it would have been more efficient and less costly for petitioners to have gone to trial and allowed us to make findings of fact. Instead, petitioners have forced both parties to bear the burden and costs of a second presentation of evidence albeit a presentation limited to the issue of likelihood of confusion. Simply put, petitioners gained very little by filing a motion for summary judgment on the eve of trial while unnecessarily increasing costs and delaying the final decision.

The parties' arguments and evidence

A. Petitioners' motion

In support of their motion, petitioners argue that they have actual priority of use based on shipments of PURON membrane modules to the United States in 2003, 2004 and 2005 by KMS GMBH and a predecessor company, Puron Ag. Petitioners identify at least some of the shipments for use in pilot projects and, relying on *Automedx, Inc. v. Artivent Corp.*, 95 USPQ2d 1976 (TTAB 2010), point out that test marketing can establish use of a mark. Petitioners explain that, after filing the petition to cancel asserting analogous use, review of their records disclosed the actual use they now rely upon.⁶ Petitioners argue that the parties' marks are similar and that respondent has admitted the similarities by denying that "PURON

⁶ In their reply brief, petitioners further explain that documents were furnished to their counsel on November 10, 2009 and such documents were produced in response to respondent's first request for production of documents.

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and PURONICS have different pronunciations" (response to petitioners' admission request ("admission response") No. 13). Petitioners contend that respondent's description of its goods includes language (e.g., "water purifiers," "water filtering units for commercial and industrial use," and "membrane filtration units") that broadly includes petitioners' goods (i.e., "hollow fiber filtration membranes, membrane bioreactors, and membrane modules for use in filtration of wastewater"); that, when asked if it sold any products under the mark PURONICS to municipalities or other government agencies for use in "wastewater purification plants" and "water reclamation facilities," respondent objected that the latter terms were not defined and then denied that it had not made such sales (admission responses Nos. 9 and 10). Petitioners also argue that, when asked to admit it had no present plans to manufacture or sell hollow fiber filtration membranes or membrane modules for use in filtration of wastewater and MBR applications, respondent admitted it has "no firm plans" to do so, leaving petitioners unable to ascertain whether respondent has any plans to do so (admission responses Nos. 3 and 4). Petitioners assert that their mark is famous, that their customers are sophisticated purchasers and that they are unaware of any actual confusion.

As an alternative to its priority of use and likelihood of confusion claim, petitioners argue that restriction of respondent's registrations as to the identification of goods would be

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commercially significant, conform to market realities, and help prevent confusion with petitioners' mark.

Petitioners' evidence of record

In addition to a copy of the TARR record and the application file contents for KMS GMBH's pending application and respondent's responses to petitioners' discovery requests, petitioners' motion is supported by, among other things, the declarations and accompanying exhibits of the following persons:

1. Christopher Kullman identifies himself as KMS GMBH's current European business manager, former business manager and founder of Puron Ag, and a person "who approved the mark PURON," registered in Germany on November 16, 2001. Mr. Kullman states his familiarity with the PURON submerged membrane modules, the sale and shipment of PURON modules from Germany to ITT/Sanitaire in the U.S., the display of PURON membranes at the Water Environment Federation Technical Exhibition & Conference ("WEFTEC") show in New Orleans (October 2004), the pilot programs at the Point Loma (CA) Wastewater Treatment Plant and Honouliuli (HI) Wastewater Treatment Plant both in 2005, and the desirability of pilot programs as pre-acquisition tests.

Mr. Kullman states he supervised the 2004 shipment of PURON modules, as ordered by ITT Industries (ITT) for delivery to Sandpiper Development Co. in North Carolina, and knows that the modules were shipped. He submits a copy of ITT's purchase order (No. 70960) for the PURON products dated July 8, 2004 showing Puron

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Ag as "vendor" and Sandpiper Development c/o ITT-Sanitaire as addressee (i.e., "ship to"). The five-page purchase order provides the details of the sale, including "[f]or the purchase of 2,000 square meters of PURON MBR membrane modules for use in the ITT Sanitaire MBR, at a purchase price of 70 Euro[s] per square meter ..."

Mr. Kullman submits a copy of a Puron invoice ("Your ref PO 71579) dated August 23, 2004 to ITT Industries Sanitaire at an address in Wisconsin for replacement rows for a "PURON" ultrafiltration membrane module and states he oversaw the order and can verify the shipment. The invoice also displays the name and address of one of the opposers: "Koch Membrane Systems GmbH - Krantzstrasse 7 -52070 Aach" as well as its predecessor, "Puron AG Krantzstrasse 7 D-52070 Aachen," and includes the total price in Euros of "4.750,85."

Mr. Kullman states that Puron Ag was acquired by Koch International LLC, a subsidiary of Koch Membrane Systems, Inc. in November 2004; that, in February 2005, Puron Ag was converted to a German limited liability company and renamed Koch Membrane Systems GmbH; and that he continued as managing director until November 2009.

Mr. Kullman introduces a copy of an ITT report entitled *Grafton, WI Sanitaire Membrane Bioreactor Pilot Plant Data Analysis: September - November, 2003*, and dated December 18, 2003, which mentions the use of PURON modules in a pilot project in Grafton,

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Wisconsin during September - November 2003. The report states as a significant conclusion on page 12: "The Puron hollow fiber membrane filter appeared to have substantially retained its permeability" Mr. Kullman states he found the report when looking through old files to verify the first shipment of PURON modules to the United States and that the report "verifies that PURON modules were shipped to the U.S. sometime prior to collection of data at the pilot plant beginning on September 17, 2003."⁷

Mr. Kullman also introduces copies of photographs of the PURON modules bearing the mark taken at the October 2004 WEFTEC show in New Orleans where they were displayed at the ITT booth; a copy of an announcement for the WEFTEC 2004 show taken from wateronline.com; a copy of a description for a workshop on membrane bioreactor technology presented at WEFTEC showing that Dr. Klaus Vossenkaul of Puron Ag was scheduled to speak on "The PURON Membrane System - New Concepts for the MBR Wastewater Treatment"; and a copy of Dr. Vossenkaul's presentation.

Mr. Kullman states that, because the State of California is at the forefront of environmental concepts, it was felt that certification of the PURON systems under California's program ("California certification") for "wastewater projects" would be an important step in commercializing PURON modules in the U.S. Consequently, Mr. Kullman indicates that petitioner KMS GMBH

⁷ Mr. Kullman provides no further details concerning a shipment of goods for purposes of this apparent pilot. There are no documents of record which corroborate any details surrounding a shipment.

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subscribed to a program conducted by Montgomery Watson Harza ("MWH") in conjunction with the California Department of Health Services and the U.S. Department of Interior Bureau of Reclamation ("USBR") at the Point Loma Wastewater Treatment Plant in San Diego, CA. Mr. Kullman submits a work order (No. KM927350) for the "PURON Pilot" dated Sept 2, 2005 indicating that the freight was "prepaid." He stated that a similar pilot was conducted at the Honouliuli Wastewater Treatment Plant at Ewa Beach, Hawaii and a work order (No. KM927451) for "PURON Pilot" dated September 12, 2005 has been submitted for such location, also indicating that the freight was "prepaid." Also submitted is an online copy of a portion of Vol. 41, Issue 43 of the *Water Desalination Report*, dated October 17, 2005 identifying the existence of these pilots.

Mr. Kullman explains that the purpose of pilot programs is to allow customers to assess the performance of the membranes under actual operating conditions; allow vendors an opportunity to determine what performance guarantees they are prepared to provide; and to ascertain how many membrane modules should be sold to meet performance requirements.

2. Antonia Von Gottberg identifies herself as an independent consultant and former director of municipal water technology for KMS Inc. Ms. Von Gottberg states that she was with KMS Inc. in 2005 when the company decided to seek the California certification for the PURON MBR system; that KMS Inc. paid for half the project costs while the USBR paid for half the project costs; that the PURON unit

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was scheduled to be shipped the first week of September 2005 and the pilot was up and running in October 2005; that a pilot was also begun in Hawaii in September 2005 with the PURON modules shipped from Germany; and that she made a number of presentations concerning PURON technology, pointing specifically to those given in California during the week of April 19, 2005. Exhibits accompanying her statement include: copies of email exchanges between Ms. Von Gottberg and James DeCarolis, a representative from MWH, a company retained to perform testing at the California pilot, and dated in June and July 2005; copies of email exchanges, on which Ms. Von Gottberg was copied, between Dukes Simon (KMS US) and Christopher Kullman (KMS GMBH) dated during October 2005 concerning a replacement membrane for the pilot project; a copy of a brochure entitled *PURON Pilot System Membrane Bioreactor* discussing the importance of pilot testing; and a portion of an online article entitled *Evaluation of Newly Developed Membrane Bioreactors for Wastewater* which references the Point Loma pilot study, as well as PURON MBR, and further indicates that Phase 1 commenced October 2005, and for which Mr. DeCarolis is credited as one of the authors.

3. Imran Jaferey is vice president, water & wastewater for KMS Inc. Mr. Jaferey states he is familiar with KMS and provides detailed information about the company, the PURON product (including the purpose for the product, how the product works and the process), and the history of the related KMS companies. He provides the same information about the use of the mark in the U.S. as previously

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provided by other declarants. He also introduces a printout from petitioners' website entitled *Comparing Wastewater Treatment Technologies* which explains the difference between a conventional wastewater treatment plant and an MBR system using PURON submerged membrane modules; a copy of relevant pages from Report No. 147, entitled *Reclamation Managing Water in the West - Evaluation of Newly Developed Membrane Bioreactor Systems for Water Reclamation ("Reclamation")*, issued by the U. S. Department of Interior, USBR in February 2009, discussing projects evaluated during October 2005, including the PURON pilot at page 18 and photographs of pilot equipment at Appendix D, including the PURON product at D-1 and D-2; a copy of a report document page, OMB No. 0704-0188, dated November 2007, authored by, among others, Mr. DeCarolus, concerning the same matter as the *Reclamation* report above for the covered dates of October 2005 to October 2006 wherein the abstract identifies the PURON MBR as one of the systems evaluated; and an approval letter from the State of California Department of Health Services for the PURON MBR as complying with California Water Recycling Criteria, dated May 4, 2006. Mr. Jaferey states that MWH was paid a specified fee for the California certification, which did not include the costs of shipping and setup, and that the project in California was partially subsidized by the USBR.

4. Peter Bouchard is the global director of marketing and communications for KMS, Inc. Mr. Bouchard states he is responsible for the updates to the Koch Membrane website and introduces copies

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of various press releases and other articles, including one entitled *A Crystal Clear Solution*, from the fall of 2004, discussing ITT's activities in new technology for treating wastewater, including ITT's work with Puron; articles that mention PURON products; and the order from Sandpiper Development to use the PURON modules.

B. Respondent's response

In response, respondent indicates that it is a leading supplier of water filters and related goods sold directly to customers and to distributors who resell the products and that its filtration systems are sold for a wide range of uses, including residential, commercial, and industrial applications. Respondent argues that petitioners' evidence of use does not show the scope or reach of its "pre-sales promotional activities" or that such activities had a "substantial impact on the purchasing public," or that petitioners' purported analogous use was followed by technical trademark use. Respondent argues that the evidence of use submitted by petitioners is inadequate because it does not show how the PURON mark was affixed to or otherwise associated with the goods, the particulars (*i.e.*, what, when, where, to whom, and how) of the shipments for pilot projects are not clear; and that the findings in *Automedx, supra* are distinguishable because petitioners are not engaged in test marketing but instead paid a vendor (*i.e.*, MWH) to test their product. Respondent argues that petitioners have not established the absence of a genuine dispute of material fact as to likelihood of confusion because the admission responses relied upon do not

establish that respondent admitted it sells its products to municipalities or that the marks are similar and because petitioners' statements concerning the sophistication of their purchasers and the lack of any known actual confusion favor a finding against likelihood of confusion. Respondent also contends that petitioners have done little to address the nature and similarity of the parties' involved goods except to recite the descriptions in KMS GMBH's application and in respondent's registrations.

1. Respondent's request to disregard petitioners' evidence

a. The documentary submissions

Respondent's request that documents submitted with the declarations that are not specified in the declarations be disregarded is denied. The Board has read the declarations and reviewed the documents and found that all documents were referenced by the declarants.

Respondent's request that all Internet documents accompanying the declarations be disregarded because they have not been properly authenticated is denied. This denial includes that internet printout dated the day after Mr. Jaferey signed his declaration. *See Safer, Inc. v. OMS Investments, Inc.*, 94 USPQ2d 1031 (TTAB 2010) (if a document obtained from the Internet identifies its date of publication or date it was accessed and printed, and its source (e.g., the URL), it may be admitted into evidence because it is considered to be self-authenticating in the same manner as a printed

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publication in general circulation in accordance with Trademark Rule 2.122(e)). Accordingly, all Internet documents attached as exhibits to petitioners' motion for summary judgment that contain the required, authenticating information are of record for consideration. The Board is aware, however, that the facts stated in those Internet documents, like facts stated in printed publications, are hearsay without valid corroboration.

As to the press release documents that petitioners' declarants state were obtained from the Koch Membrane Systems website, they are in the nature of petitioners' business documents (similar to invoices, sales receipts, etc.) and may be introduced through the statements of the declarants. As such, they do not need to have other identifying data (e.g., the URL). However, any substantive information not otherwise corroborated may have limited probative value for purposes of determining priority. *See Old Swiss House, Inc. v. Anheuser-Busch, Inc.*, 539 F.2d 1130, 1133, 196 USPQ 808 (CCPA 1978).

b. *The declarations of petitioners' witnesses*

Respondent also argues that the declarations contain little factual evidence, contradict some of petitioners' positions, and there is no adequate showing that the declarants are competent to testify.

As to the Jaferey declaration, respondent argues that Mr. Jaferey has not indicated how long he has worked for KMS Inc., what his educational background is, or which companies he has worked for

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in the past. Respondent argues that the declaration does not support petitioners' allegation of priority of use because Mr. Jaferey does not explain what is meant by "introduced" into the U.S. in "2004 or perhaps 2003," how he may know of Puron Ag's use, or on what basis he is competent to testify regarding the actions of Puron Ag, or what rights Puron Ag had in the United States that may inure to petitioners. Respondent argues that Mr. Jaferey does not indicate the basis of his knowledge concerning the shipment of PURON products to Grafton, WI, or how the PURON trademark factored into the two pilot projects described. Respondent argues that the payment for the vendor's (*i.e.*, MWH) services with respect to the pilot studies "was the only commercial transaction" and does not involve the sale of petitioner's PURON products. Respondent notes that the declarant does not speak to any likelihood of confusion factors except to state the products are purchased by sophisticated purchasers who are well-versed in the field of water and wastewater management.

Similarly, respondent complains that Mr. Bouchard does not indicate how long he has worked for KMS Inc., what his educational background is, which companies he has worked for in the past, whether he lives in the United States or Germany, or how he has reason to be familiar with the activities of Puron Ag, the shipments of the PURON product or any use in commerce of such products. Respondent points out that the declarant introduces published articles and asks that they be disregarded to the extent there are

references to exhibitions outside the U.S., the publications were not distributed to the public, or the materials are unidentified as to title, source, date of publication, area of distribution, or other relevant information. Respondent argues that Mr. Bouchard's statement does not establish priority based on petitioners' "analogous use" theory or support petitioners' use in commerce prior to respondent's constructive use date.⁸

As to Mr. Kullman's declaration, respondent argues that, because he is, and has been, based in Germany, any statements impliedly made on his first-hand knowledge of activities in the United States should be discounted or disregarded. Respondent argues that Mr. Kullman's statement does not support petitioners' claim of priority because he does not state how, whether or when Puron Ag used the mark in connection with any of the shipments. As to the presentation at a trade show by an employee, respondent argues that there is no indication whether any sales were made, orders took, or any attempt to promote the products bearing the mark was made. Respondent contends that the declarant did not state how the mark was used in connection with the pilot programs and argues that the pilot programs were not commercial transactions but studies

⁸ Mr. Bouchard submits the articles in part to show that, after the purchase of Puron Ag by KMS International, LLC in 2004, the availability of the PURON technology in the U.S. was widely publicized. Bouchard dec. para. 4. In general, the articles contain limited information. To the extent there is information about foreign activities, the articles are of very limited value. See *Double J of Broward, Inc. v. Skalony Sportswear GmbH*, 21 USQP2d 1609 (TTAB 1991). They are considered to the extent they corroborate other evidence of record.

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to evaluate the system, without even identifying who was evaluating the PURON product.

As to the declaration of Ms. Von Gottberg, respondent argues that her statement "suffers from the same evidentiary flaws" as the other statements; that the printouts from emails and some other (unspecified) documents are not authenticated; that there is no evidence the pilot studies, or other pre-sale activities, reached more than a negligible share of potential customers, or were followed by actual sales. Respondent contends that Ms. Von Gottberg does not address how or if the PURON mark was used on or in connection with the specific units that were shipped; and there is no indication that the "commissioning of a vendor to test its pilot system was a commercially significant transaction involving the mark."

Respondent's request to disregard the declarations of petitioners' present and former officers, directors and managers is denied.

Any person associated with a corporation (or other organization) and acquainted with the facts is competent to testify. *Cf.* Wright, Miller, Kane, & Marcus, 8A Fed. Prac. & Pro. Civ. § 2103 (3d 2010) ("Persons Subject to Examination - Corporations and Other Organization) concerning Fed. R. Civ. P. 30(b)(6) and discovery depositions. Such person need not have personal knowledge of the events in question as long as the information is known or reasonably available to the organization. *Id.* This latter situation may occur

when the events in question occurred long ago or there have been significant changes in corporate personnel (due, for example, to a merger). *Id.* Often, the employee is able to review corporate records to ascertain the information known or reasonably available to the organization. In this case, each of petitioners' declarants is competent to testify and may provide statements based on their personal knowledge and on information known to the companies which employ them.⁹

In addition, Mr. Kullman's statement makes it clear he has personal knowledge of the PURON mark from its inception and, contrary to respondent's position, he has personal knowledge and the knowledge of the companies Puron Ag and KMS GMBH, of their activities in the United States involving the PURON mark, how the mark was used on the goods and in connection with the goods at the relevant time, the purpose for the referenced shipments, and the existence of the pilot studies. Although Ms. Von Gottberg is no longer employed by KMS, Inc., she stated she was so employed during the relevant time frame and may provide statements based on her personal knowledge at the time. As a person engaged in the referenced email correspondence, or copied on email correspondence, she has actual knowledge of such correspondence. Mr. Bouchard stated he is responsible for updates to the KMS website, press

⁹ Mr. Jaferey and Mr. Bouchard stated that they are employed by KMS, Inc. of Wilmington, Massachusetts. Whether they reside in the United States or Germany is not relevant to their competency to make a statement or to their status with the corporation and, therefore, whether they are aware of information known to the corporation.

releases regarding PURON technology, placement and review of magazine articles and advertisements regarding PURON technology, and marketing of PURON systems. In such capacity, he is knowledgeable about the existence of the articles and press releases he introduced and the nature of the information which may be contained in such publications. In his capacity, Mr. Jaferey may introduce documents known to and in the possession of KMS, Inc.

2. Respondent's evidence of record

Respondent's response is supported by the declaration of Nathan E. Ferguson, an associate with respondent's law firm, introducing:

- 1) respondent's responses to petitioner's first set of interrogatories;
- 2) a copy of a press release document produced by petitioners showing that Puron Ag became Koch Membrane Systems GmbH;
- 3) a copy of a press release from Koch Membrane Systems' website, downloaded on October 5, 2010 entitled *Koch Membrane Systems Named Water Technology Company of the Year*, submitted to show KMS GMBH's alleged misuse of the federal registration symbol;¹⁰ and
- 4) a copy of petitioners' responses to respondent's requests for admission.

¹⁰ Respondent seeks an adverse inference against petitioners based on KMS GMBH's purported misuse of the federal registration symbol. The relief sought by respondent is denied. As petitioners have indicated in their reply, they are entitled to use the registration symbol based on their German registration for the mark PURON. See TMEP § 906.01 (7th ed. Oct. 2010) (Several countries recognize use of the symbol ® to designate registration. When a foreign applicant's use of the symbol on the specimens is based on a registration in a foreign country, the use is appropriate. The following foreign countries use the ® symbol to indicate that a mark is registered in their country: ... Germany)

C. Petitioners' reply

In reply, petitioners argue that the documentation submitted by Mr. Kullman with his declaration demonstrates petitioners' prior, actual use; that, as shown by the exhibits, the PURON mark has been used on documents associated with the goods, displays associated with the goods, and on the goods themselves; and that petitioners have made a *bona fide* use of their mark in the ordinary course of trade and, thus, their goods, with the mark affixed and/or associated with the goods, have been used in commerce within the meaning of Trademark Act § 45.

Petitioners' evidence on reply

Petitioners submitted the supplemental declaration of Peter Bouchard stating that the KMS website was accessed 29,408 times in 2004 and 96,711 times in 2005 for purposes of showing the number of potential purchasers that may have been exposed to information regarding the PURON systems during those years. In addition, and in response to respondent's complaint about illegible exhibits, petitioners submitted the declaration of Connie A. Mills, a legal secretary with petitioners' law firm, and accompanying exhibits composed of enlarged, reprinted duplicates of some of petitioners' earlier submitted exhibits. Such duplicates are: 1) a copy of the July 1, 2004 article entitled *WEFTEC.04 - The Water Quality Event - October 2-6, 2004 in New Orleans*, attached to the Kullman declaration; 2) copies of photographs taken from the ITT Industries booth at such event at which PURON modules were displayed (and

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showing the mark on the goods), all originally accompanying the Kullman declaration; 3) enlarged portions of such documents to improve the legibility and clearly show the mark PURON; 4) a digital copy of *Reclamation*, Report No. 147, which was originally introduced by the Jaferey declaration; and 5) enlarged photographs of the PURON MBR Pilot System, found at Appendix D of report No. 147, to show improved legibility as well as the words "Koch Membrane Systems" and PURON with the initials MBR.

Summary judgment

In a motion for summary judgment, the moving party has the burden of establishing that there is no genuine dispute as to any material fact and that it is entitled to judgment as a matter of law. See Fed. R. Civ. P. 56(a). A genuine dispute with respect to a material fact exists if sufficient evidence is presented that a reasonable fact finder could decide the question in favor of the non-moving party. See *Opryland USA Inc. v. Great American Music Show, Inc.*, 970 F.2d 847, 23 USPQ2d 1471 (Fed. Cir. 1992). Thus, all doubts as to whether any particular factual issues are genuinely in dispute must be resolved in the light most favorable to the non-moving party. See *Olde Tyme Foods Inc. v. Roundy's Inc.*, 961 F.2d 200, 22 USPQ2d 1542 (Fed. Cir. 1992).

Summary judgment may be entered on any material fact that is not genuinely in dispute and such fact is then treated as established for the case. Fed. R. Civ. P. 56(g). This a

particularly useful approach to narrow and focus the issues and to realize efficiencies for trial.¹¹

1. Standing

In their summary judgment motion, petitioners indicate that the potential refusal to register the mark in KMS GMBH's application has been withdrawn by the Examining Attorney and that the application was published for opposition. TTAB electronic records indicate that KMS GMBH's asserted application has been opposed by respondent. Opposition No. 91197751.¹² Records further indicate that respondent (as opposer) asserted the registrations at issue in this cancellation proceeding. A plaintiff has standing where the defendant relies on ownership of its registration in another proceeding between the parties. See *Tonak Corp. v. Tonka Tools, Inc.*, 229 USPQ 857, 859 (TTAB 1986); and TBMP § 309.03(b) (2d ed. rev. 2004). In addition, as discussed above, petitioners' witnesses have testified that petitioners used the mark PURON in connection with membrane modules of water filtration systems. Such testimony is sufficient to establish that petitioners have a genuine interest

¹¹ In this case, the discovery period closed before the summary judgment motion was brought, and the nonmoving party did not indicate (by way of a motion to compel) that discovery responses were outstanding to any of its requests. Thus, respondent was not deprived of an opportunity to obtain information and materials from its opponent during the assigned discovery period. Consequently, there is no danger that respondent is being limited in its ability to defend itself in regard to any material fact that may be disposed of on this summary judgment motion.

¹² The opposition proceeding has been suspended pending final disposition of the instant consolidated cancellation proceeding.

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in the subject matter of this proceeding. *Cf. Selva & Sons, Inc. v. Nina Footwear, Inc.*, 705 F.2d 1316, 1326, 217 USPQ 641, 648 (Fed. Cir. 1983) (plaintiff demonstrates a real interest in the outcome of the proceeding through its reasonable allegation that its trademark and defendant's trademark are confusingly similar). Thus, there is no genuine dispute of material fact, nor do the parties argue that one exists, as to petitioners' standing in this cancellation proceeding. Accordingly, summary judgment is granted in petitioners' favor and petitioners' have established their standing in this case.

2. Priority

At the outset of our analysis of the priority issue, we reject respondent's argument that petitioners are precluded from asserting actual prior use because petitioners did not plead actual prior use. The claim before us is priority of use and likelihood of confusion. Trademark Act § 2(d), 15 U.S.C. § 1052(d). "To establish priority, the petitioner must show proprietary rights in the mark that produce a likelihood of confusion These proprietary rights may arise from a prior registration, prior trademark or service mark use, prior use as a trade name, prior use analogous to trademark or service mark use, or any other use sufficient to establish proprietary rights." *Herbko International, Inc. v. Kappa Books, Inc.*, 308 F.3d 1156, 1152, 64 USPQ2d 1375 (Fed. Cir. 2002).

In any event, in addition to use analogous to trademark use, petitioners asserted "... continuous use of their mark since a date prior to the constructive use date of the PURONICS mark ...". Pet. para. No. 13. Moreover, during discovery, petitioners presented respondent with evidence of KMS GMBH's actual prior use. Thus, if there is any ambiguity existing as to the sufficiency of the pleading, we consider the pleading to be amended accordingly to assert prior actual use.

Section 45 of the Trademark Act, 15 U.S.C. § 1127, defines "use in commerce" as a "bona fide use of the mark in the ordinary course of trade, and not merely to reserve a right in the mark." The statute further provides that a trademark is used in commerce when the mark "is placed in any manner on the goods or their containers or the displays associated therewith or on tags or labels affixed thereto, or if the nature of the goods makes such placement impracticable, then on documents associated with the goods or their sale; and the goods are sold or transported in commerce."

Because respondent did not introduce any evidence of use of its marks, the earliest date upon which respondent may rely is its constructive use date of October 30, 2005 for its Registration No. 3383438.

With respect to KMS GMBH's activity, and that of its predecessor, there are no genuine disputes as to the following

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material facts which establish KMS GMBH's priority of use of its PURON mark:

1) There was a shipment of PURON modules to Sandpiper Development c/o ITT-Sanitaire in North Carolina, as ordered by ITT Industries, from Puron Ag, in July 2004. The ITT purchase order (No. 70960) dated July 8, 2004 for 2,000 square meters of PURON MBR membrane modules, at a price of 70 Euros per square meter, corroborates the sale. In addition, Mr. Kullman stated that he "supervised this shipment and know[s] that the modules were shipped" Kullman declaration ("dec.") para. No. 5.

2) There was a shipment of two replacement rows for PURON ultrafiltration membrane modules invoiced to ITT in Brown Deer, WI. The Puron invoice ("Your ref" PO 71579) dated August 23, 2004, showing a purchase price of "4.750,85" Euros, corroborates the sale. Mr. Kullman further stated he "oversaw this order and can verify the shipment in August 2004." Kullman dec. para. No. 6.

3) The February 2009 copy of *Reclamation*, Report No. 147, issued by the USBR, consists of the report prepared by MWH titled *Evaluation of Newly Developed Membrane Bioreactor Systems for Water Reclamation*. The report describes four MBR systems that were evaluated for the California pilot in 2005, including KMS GBMH's PURON MBR system (mentioned on at least pages 1-2, 7, 9, 18). The report also includes, at Appendix D-1 and D-2, photos of the petitioners' equipment used in the pilot. The photos are

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titled "Photograph of the PURON MBR Pilot System" and "Photograph of the PURON MBR Membrane Module," page D-1; "Permeate and Chemical Clean Tanks for PURON MBR Pilot System" and "Top View of the Aerobic Tank and Mixer for PURON MBR Pilot Systems," page D-2. The photos in the copy of the report did not reproduce well enough to show petitioners' mark. However, the enlarged copies of those photos submitted by Ms. Mills are legible and show the mark PURON on the goods. Jaferey dec. para No. 12; and Mills dec. para. Nos. 6-8.

4) Koch International LLC acquired Puron Ag in November 2004. In February 2005, Puron Ag was converted to a German limited liability company and renamed Koch Membrane Systems GmbH. Kullman dec. para. No. 7.

The undisputed evidence establishes that KMS GMBH, through its predecessor Puron Ag, made sales to ITT in July and August 2004. Purchase prices are associated with the transactions; Mr. Kullman supervised the shipments from Germany; the delivery sites (North Carolina and Wisconsin) are in the United States; the PURON mark is displayed on documents associated with the sale (*i.e.*, the invoices); and descriptions of the products shipped are provided in the invoices. Mr. Kullman's statements and accompanying invoices represent actual sales of PURON MBR membranes, modules, and replacement parts, identify the customer in the United States to whom the goods were sold and shipped, and the dates of such sales. There is no evidence in the record

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raising a dispute of material fact that these sales were not *bona fide* transactions in the ordinary course of trade. Indeed, because there were purchase prices, these were arm's-length transactions resulting in petitioners' goods being sold and transported in commerce. *Automedx*, 95 USPQ2d 1976, 1981-1983.

Furthermore, we note that respondent only addressed the matter of the sales to ITT in its request to strike the declaration of Mr. Kullman. Specifically, respondent argues that Mr. Kullman did not provide information concerning "how, whether, or when Puron AG used the PURON mark in connection with the shipments." As discussed, it is clear that the mark was displayed in documents associated with the 2004 sales. Moreover, we note that petitioners' products, used at least at municipal wastewater treatment plants, are quite large. The photos from the 2004 trade show and the 2005 California pilot show the mark PURON on the products.

Accordingly, no genuine dispute of material fact exists with respect to the issue of priority, petitioner KMS GMBH through its predecessor Puron Ag made actual use in commerce in 2004, and petitioners' have priority of use of KMS GMBH's PURON mark.¹³ Petitioners' motion for summary judgment, thus, is granted in part in petitioners' favor as to the issue of priority.

¹³ In view of this determination, we need not consider whether petitioners made use analogous to trademark use (with respect to the display of their product at a trade show or any participation in pilot programs) prior to respondent's earliest constructive use date.

3. Likelihood of confusion

Likelihood of confusion is determined based on a consideration of the evidence of record concerning the relevant factors enumerated in *In re E.I. DuPont DeNemours & Co.*, 476 F.2d 1357, 177 USQ 563, 567 (CCPA 1973), including the similarities of the involved marks and the relatedness of the involved goods. *See also Recot, Inc. v. M.C. Becton*, 214 F.3d 1322, 54 USPQ2d 1894, 1896-97 (Fed. Cir. 2000).

Contrary to petitioners' position, respondent did not deny that PURON and PURONICS have different pronunciations. Instead, respondent denied "that 'puron' in PURON has a different pronunciation from 'puron' in PURONICS." Admission response No. 13. Respondent also admitted that third-party entities are using the mark PURON in the United States. Admission response No. 15. Thus, genuine disputes of material fact exist as to the similarities of the parties' marks and the strength of the term "puron."

Respondent's registrations list several goods. It is unclear that the parties' goods are related in some relevant way even though respondent has denied its primary sales are of residential and commercial water conditioning units, admission response No. 7, and denied that it has not made any sales of PURONICS products to municipalities and government entities, admission responses Nos. 9-10. Respondent's specimens in Registration Nos. 3383438 and 3473558 are for a water

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conditioner. The specimen for the former registration clearly displays a warning "Keep Out of Reach of Children," implying the goods may be in a more accessible location to the general public than those of petitioners, or perhaps used by the general public, which raises questions about each parties' prospective purchasers and whether the parties' marks will be encountered in the same channels of trade or in such a manner that confusion as to the source of the parties' goods is likely.

Thus, genuine disputes of material fact exist concerning the relatedness of the parties' goods and channels of trade.

Accordingly, petitioners' motion for summary judgment is denied in part as to the issue of likelihood of confusion.

Petitioners' request for relief under Trademark Act § 18

Under Trademark Act § 18, the Board has the authority to cancel a registration in whole or in part, to restrict the goods or services identified therein, or to "otherwise restrict or rectify ... the registration of a registered mark." Relief under § 18 may be sought separate and apart from any other ground. See *Eurostar, Inc. v. "Euro-Star" Reitmoden GmbH & Co. KG*, 34 USPQ2d 1266, 1271 (TTAB 1995). In cases involving a question of likelihood of confusion, the party requesting restrictions under § 18 must plead and prove that the proposed restriction would avoid a likelihood of confusion and that the opponent is not using its mark on those goods and services to be deleted (or, as here, restricted by channels of trade), so as to allow the

claiming party a place for its mark on the register. *Id.* at 1266.

Here, genuine disputes of material fact remain as to whether the proposed amendment is appropriate and whether it would avoid a likelihood of confusion. In particular, genuine disputes of material fact remain as to whether respondent's goods travel only in the limited channels of trade which petitioners' seek to have listed in respondent's identification of goods; and whether the nature of the parties' goods is such that entry of the proposed restriction would, in fact, avoid a likelihood of confusion between the parties' marks for their identified goods.

Accordingly, petitioners' request that a § 18 restriction be entered is denied at this time. Petitioners may reassert this alternate relief at trial.

The schedule

Proceedings are resumed. In view of our determinations herein, petitioners' standing and petitioners' priority have been determined and petitioners will not need to prove such issues at trial.¹⁴ Dates are reset as follows:

Petitioners' pretrial disclosures:¹⁵ March 11, 2011

¹⁴ Our decision on summary judgment is interlocutory in nature. Appeal may be taken within two months after the entry of final decision in this case. *See Copelands' Enterprises Inc. v. CNV Inc.*, 887F.2d 1065, 12 USPQ2d 1562 (Fed. Cir. 1989).

¹⁵ The date for service of petitioners' pretrial disclosure passed before petitioner's filed their motion for summary judgment. If petitioners have not served pretrial disclosures, they are to do so by the date set. If petitioners find they need to supplement their pretrial disclosures, they are to do so by the date set. If

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Plaintiff's 30-day Trial Period Ends	4/29/2011
Defendant's Pretrial Disclosures	5/14/2011
Defendant's 30-day Trial Period Ends	6/28/2011
Plaintiff's Rebuttal Disclosures	7/13/2011
Plaintiff's 15-day Rebuttal Period Ends	8/12/2011

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.

petitioners find no supplement is necessary to any pretrial disclosures already made, they are to so inform respondent.