UNITED STATES PATENT AND TRADEMARK OFFICE
Trademark Trial and Appeal Board
P.O. Box 1451
Alexandria, VA 22313-1451
General Contact Number: 571-272-8500

Mailed: September 29, 2016

Cancellation No. 92059412

Weber-Stephen Products LLC

v.

Pro-Iroda Industries, Inc.

M. Catherine Faint,
Interlocutory Attorney:

This case now comes up on Respondent's (P-I) second motion, filed May 20, 2016, to amend its answer to add counterclaims of fraud and failure to function.[1] The motion is contested.[2] As last reset by the Board's order of February 3, 2016, P-I's deadline for pretrial disclosures closed May 2, 2016, its testimony period opened May 18, 2016 and closed on June 16, 2016.

Motion to Amend to Add Counterclaims

P-I argues pursuant to Fed. R. Civ. P. 15(a) that it did not learn of the grounds for its two counterclaims until the testimony deposition of Petitioner's (W-S) CEO Christopher J. Allen, Sr. on April 6, 2016; that it did not receive the first draft of the

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[1] Any delay is regretted.

[2] Petitioner's entry of appearance for attorney and change of correspondence address, both filed March 3, 2016, are entered.

deposition until April 14, 2016, it did not receive the redacted version until May 6, 2016, and it did not receive the errata sheet until May 17, 2016. P-I argues that W-S has "indicated through the entire course of these proceedings" that its date of first use of its mark was July 1, 2009, but during the deposition of Mr. Allen the "launch date" of the IGRILL product was stated as 2010.

W-S contends that allowing such amendment at this stage of the proceeding would be untimely and prejudicial. W-S argues the documents which were the subject of the deposition, and which established the product launch date of 2010, were provided as part of W-S's document production in March 2015, and P-I offers no explanation why it did not move to amend promptly at that time. W-S also argues there is "nothing inconsistent" with alleging a first use date in July 2009 and a first sale of a commercial product in 2010, as actual use or use analogous to trademark use may establish proprietary rights in a mark. The fraud counterclaim, W-S argues, is futile as, even if its date of first use is incorrect, there is no dispute the mark was in use as of the filing date of the underlying statement of use. Similarly, W-S argues, as to the failure to function counterclaim, P-I has not alleged any evidence or facts to support a claim of failure to function.

Under Fed. R. Civ. P. 15(a), leave to amend pleadings shall be freely given when justice so requires. The Board liberally grants leave to amend pleadings at any stage of the proceeding, unless entry of the proposed amendment would violate settled law, would be prejudicial to the rights of the adverse party or would be futile. *Giersch v. Scripps Networks, Inc.*, 85 USPQ2d 1306, 1311 (TTAB 2007); *Commodore*

Elecs. v. CBM Kabushiki Kaisha, 26 USPQ2d 1503, 1505 (TTAB 1993). In deciding a motion for leave to amend, the Board must consider whether there is any undue prejudice to the non-movant and whether the amendment is legally sufficient and not futile. *See, e.g., Leatherwood Scopes Int'l, Inc. v. Leatherwood*, 63 USPQ2d 1699, 1702-03 (TTAB 2002) (finding motion for leave to amend opposition futile where proposed amended claims lack essential elements and are legally insufficient). A counterclaim is considered timely if it is pleaded either as part of a respondent's answer to a cancellation, or, when grounds therefor are only learned during the course of the proceeding, if it is pleaded promptly after the grounds therefor are learned. Trademark Rule 2.106(b)(2)(i); and TBMP § 319.01 (2016). On a motion for leave to amend, the Board need not determine the merits of the proposed claim, but merely satisfy itself that the plaintiff has alleged sufficient facts to state a claim upon which, if proved, relief can be granted. *Polaris Indus., Inc. v. D.C. Comics*, 59 USPQ2d 1798, 1799 n.4 (TTAB 2000).

Fraud Claim

Fraud in procuring a trademark registration occurs when a trademark applicant knowingly makes false, material representations of fact in connection with the trademark application. *Torres v. Cantine Torresella S.r.l.*, 808 F.2d 46, 47, 1 USPQ2d 1483, 1483 (Fed. Cir. 1986). In order to properly plead a claim of fraud in a trademark proceeding, a party must allege with particularity that the applicant knowingly made a false, material misrepresentation when applying for a trademark registration, with intent to deceive the USPTO. *Enbridge Inc. v. Excelerate Energy LP*, 92 USPQ2d 1537, 1540 (TTAB 2009). In

order for a fraud claim to be successful, a plaintiff must prove by clear and convincing evidence that a defendant knowingly made a false statement with the intent to deceive the USPTO. *In re Bose Corp.,* 530 F.3d 1240, 91 USPQ2d 1938, 1941 (Fed. Cir. 2009).

P-I seeks to allege fraud based on W-S's allegedly false statement in its involved registration that it used its marks in commerce since July 1, 2009. As precedent makes clear, however, false dates of use are not a basis for a fraud claim unless the mark at issue was not in use in commerce when a registrant filed its allegation of use, i.e., in this case, the date on which the statement of use was filed for the underlying intent-to-use application. *See Hiraga v. Arena*, 90 USPQ2d 1102 (TTAB 2009). Thus, a fraud claim based dates-of-use is well-pled only if P-I alleges that W-S's mark was not in use on September 22, 2011, the filing date of the statement of use. That is, unless P-I can allege in good faith that W-S was not using its mark in commerce when it filed its statement of use, P-I has no basis for a fraud claim based on allegedly false dates of first use in commerce. Here P-I alleges W-S was not using its mark in commerce until November 2010, which is still prior to the filing date of the statement of use. Nor does P-I sufficiently allege the intent element of such a claim. The allegation is legally insufficient on its face.

Failure to Function Claim

A claim that matter does not function as a mark is generally tied to the manner in which that matter is used. *Compare* TMEP §§ 1202 et seq. and 1209 et seq. (April 2016) and authorities cited therein. Such information would have been available to P-I at the time the answer was filed, or at the least during discovery. The Board finds

that the motion to amend on this ground, filed after the close of discovery, after P-I served its pretrial disclosures, and after the opening of P-I's testimony period, is untimely and potentially prejudicial to W-S. *See ChaCha Search, Inc. v. Grape Tech. Group, Inc.*, 105 USPQ2d 1298, 1301 (TTAB 2012) (motion for leave to amend counterclaim denied on bases of undue delay and prejudice to counterclaim defendant where brought after counterclaim plaintiff's pretrial disclosures were served).

Accordingly, leave to amend is **denied** under Fed. R. Civ. P. 15(a). No counterclaim fees have been charged or paid by P-I.

Schedule

Proceedings are resumed. P-I's testimony period has closed. Dates are otherwise reset as set out below.

Plaintiff's Rebuttal Disclosures Due	**10/19/2016**
Plaintiff's 15-day Rebuttal Period Ends	**11/18/2016**

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.

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