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TTAB

UNITED STATES PATENT AND TRADEMARK OFFICE  
Trademark Trial and Appeal Board  
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September 21, 2020

Cancellation No. 92070823

*ICware Systems, Inc. dba BatchTest  
Corporation and BatchTest Corporation<sup>1</sup>*

*v.*

*Ikonix USA LLC*

**By the Trademark Trial and Appeal Board:**

This case now comes before the Board on the following fully briefed motions from

Petitioner:

1. motion, filed March 31, 2020 to change the name of Petitioner in the caption of this proceeding;
2. motion, filed April 30, 2020 for partial reconsideration of the Board's prior order;
3. motion, filed May 16, 2020 to strike Respondent's affirmative defenses.

**A. Background**

The Board had previously granted Petitioner's motion to strike Respondent's affirmative defense of laches as a bare allegation of the defense.<sup>2</sup> Subsequently, the Board held a telephone conference with the parties wherein it struck portions of

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<sup>1</sup> By joinder through change of name.

<sup>2</sup> 10 TTABVUE 4.

Petitioner's pleading and allowed Petitioner time within which to file an amended pleading.<sup>3</sup> Petitioner's first amended pleading was the subject of Respondent's first motion to dismiss. On March 31, 2020, the Board issued an order ("Prior Order") granting with prejudice Respondent's renewed motion to dismiss two counts of fraud, that Respondent is not the rightful owner and false suggestion of a connection leaving a claim of likelihood of confusion in Petitioner's second amended petition to cancel.<sup>4</sup>

**B. Motion to Change Caption to Reflect Petitioner's Change of Name**

By its motion Petitioner requests that the caption of the case be changed to reflect its change of name. Petitioner argues that ICware Systems, Inc. dba BatchTest Corporation has amended its articles of incorporation to change its corporate name to BatchTest Corporation. In support of its motion, Petitioner attached a copy of the assignment recorded with the Assignment Branch of the USPTO at Reel/Frame 006832/0557, as well as a copy of its amended articles.

In response, Respondent argues it would be prejudiced if Petitioner's name is changed in the caption of this case as BATCHTEST is the mark at issue in this proceeding, and priority and right to use the mark are "at the heart"<sup>5</sup> of this dispute.

When the name of a party to an inter partes proceeding is changed, the title of the Board proceeding *may* be changed to reflect the change of name, if appropriate evidence of the change is made of record. *See* Trademark Rule 3.73(b), 37 C.F.R. §

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<sup>3</sup> 12 TTABVUE 14.

<sup>4</sup> 20 TTABVUE 1.

<sup>5</sup> 22 TTABVUE 3.

3.73(b); TBMP § 512.02 (2020). However, where there is a dispute as to the facts and circumstances surrounding the name change, the Board may enter joinder in order to facilitate discovery. *See, e.g., NutraSweet Co. v. K & S Foods, Inc.*, 4 USPQ2d 1964, 1964 n.2 (TTAB 1987) (where change of name was recorded and there was no dispute as to name change, opposer under new name was substituted as plaintiff). *See also NSM Resources Corp. v. Microsoft Corp.*, 113 USPQ2d 1029, 1031 (TTAB 2014) (finding joinder rather than substitution appropriate where assignment of pleaded mark was executed after proceeding commenced and nothing in record indicated petitioner or business connected with mark no longer in existence).

As substitution and its effects on this proceeding are disputed, the Board finds that joinder of Petitioner is appropriate. Accordingly, Petitioner's motion is **granted to the extent** that BatchTest Corporation is joined as party plaintiff as reflected in the caption of this proceeding.

### **C. Motion for Reconsideration**

By its motion for partial reconsideration, Petitioner argues the Board erred in striking its two counts of fraud because none of its claims assert that the mark describes a feature or function of the goods, whether functionality is a material fact does not apply to its fraud grounds, nor did it allege any secondary meaning. Petitioner also argues that the claims of fraud should not have been dismissed with prejudice before discovery begins, as it may discover new information to amend the claims in the discovery phase of this proceeding.

Respondent responds that the Board properly dismissed the fraud claims with prejudice as Petitioner was given several opportunities to allege the necessary elements of fraud but failed to do so.

The underlying premise for a motion for reconsideration, modification or clarification under Trademark Rule 2.127(b) is that based on the facts then before it and the prevailing authorities, the Board erred in the decision it issued. *Asustek Comput., Inc. v. Chengdu Westhouse Interactive Entm't Co.*, 128 USPQ 2d 1470, 1470 (TTAB 2018). Such a motion must be filed within one month from the date of the order for which the party seeks reconsideration. *Id.* A motion for reconsideration may not properly be used to introduce additional evidence, nor should it be devoted simply to a reargument of the points presented in a brief on the original motion. *See Guess? IP Holder LP v. Knowlux LLC*, 116 USPQ2d 2018, 2019-20 (TTAB 2015) (reconsideration denied because there is no requirement that Board repeat or address all arguments in entertaining motion). *See also* TBMP § 518 (2020). Petitioner's motion for partial reconsideration is timely filed within one month from the date of the Prior Order. Trademark Rule 2.127(b), 37 C.F.R. § 2.127(b).

A fraud claim must set forth all elements of the claim with a heightened degree of particularity in compliance with Fed. R. Civ. P. 9(b). *See Asian and W. Classics B.V. v. Selkow*, 92 USPQ2d 1478, 1478-79 (TTAB 2009). As the Board stated in its Prior Order, Petitioner's two amended fraud claims do not meet the heightened pleading standards required by the Rule.

### **1. First Claim of Fraud**

Petitioner argues that its first claim of fraud properly alleges that Respondent has not used the mark in any manner to identify goods described in the statement of use and the Section 8 declaration.<sup>6</sup> However, the claim alleges Respondent knowingly withheld from the USPTO that the mark was used “as Functionality-Labels” and that the “Functionality-Marks” were used as “merely labels” of interactive firmware or software controls or menu items on its products.<sup>7</sup> Functionality typically relates to features of products or their packaging which serve a purpose, not to word marks. *See AS Holdings, Inc. v. H&C Milcor, Inc.*, 107 USPQ2d 1829, 1833 (TTAB 2013). An applicant for a trademark is not required to specify the method or intended use of a mark. TMEP § 905 (October 2018). As there is no duty to affirmatively disclose, the USPTO could not have been misled if the information was not required or if the information was apparent on the face of the specimen. *Neapco, Inc. v. Dana Corp.*, 12 USPQ2d 1746, 1748 (TTAB 1989). A sufficient claim of fraud must consist of more than mere conclusory allegations, and Petitioner has not alleged the requisite intent to deceive or a material misrepresentation.

### **2. Second Claim of Fraud**

Petitioner argues its second claim of fraud alleges that Respondent “did not use the mark at all, in any manner whatsoever, on half of the described goods.”<sup>8</sup> The

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<sup>6</sup> 27 TTABVUE 3.

<sup>7</sup> 16 TTABVUE 7.

<sup>8</sup> 24 TTABVUE 4.

claim, however, alleges that the goods in the identification “describe [] functionality involving data-processing of ‘test data,’” that incorporates “after-test functionality,” “it is not data-acquisition software,” and “upon information and belief,” Respondent was “allegedly selling data-acquisition software” not the goods identified and “did not make valid use of the Mark on any data acquisition software.”<sup>9</sup>

Software by its nature often incorporates multiple functions. Nowhere does the claim sufficiently allege underlying facts that would, if proven, demonstrate false representations to the USPTO, the source of the information, materiality of any representation, or an intent to deceive. *See Exergen Corp. v. Wal-Mart Stores, Inc.*, 575 F.3d 1312, 91 USPQ2d 1656, 1670 (Fed. Cir. 2009) (pleading of fraud made on information and belief is permitted under Fed. R. Civ. P. 9b only where pleading sets forth specific facts including information on which pleading relies and source of information). The allegations do not meet the threshold level of materiality or deceptive intent.

As the Prior Order noted, the second amended petition to cancel was Petitioner’s third attempt to sufficiently plead fraud. Petitioner has been allowed ample opportunity to plead a claim of fraud that is not implausible or futile based on the alleged facts and relevant law. *See Embarcadero Tech., Inc. v. Delphix Corp.*, 117 USPQ2d 1518, 1523 (TTAB 2016) (Board may consider undue delay, prejudice to opposing party, bad faith or dilatory motive, futility of amendment, and whether party has previously amended its pleadings in deciding whether to grant leave to

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<sup>9</sup> 16 TTABVUE 9.

amend). Despite multiple opportunities to amend its pleadings, Petitioner has failed to allege any plausible fraud claim. *See Chitimacha Tribe v. Harry L. Laws Co.*, 690 F.2d 1157, 1163 (5th Cir.1982), *cert. denied*, 464 U.S. 814 (when exercising discretion to permit amendment of pleadings, court may consider undue delay and whether movant has previously failed to cure deficiency in pleadings by prior amendments). Discovery is not an opportunity to search for grounds for cancellation which could have been known to a plaintiff prior to filing its pleadings. *See Media Online, Inc. v. El Clasificado, Inc.*, 88 USPQ2d 1285, 1286-87 (TTAB 2008) (motion to amend pleadings denied where proposed new claims could quite easily have been investigated prior to filing pleading or immediately thereafter); *see also Trek Bicycle Corp. v. StyleTrek Ltd.*, 64 USPQ2d 1540 (TTAB 2001) (motion for leave to amend filed prior to close of discovery but based on facts known to plaintiff prior to institution of case denied due to unexplained delay).

Petitioner's motion for partial reconsideration is **denied** and Petitioner's claims of fraud remain **stricken with prejudice**.

#### **D. Motion to Strike Affirmative Defenses**

On April 30, 2020, Respondent filed its amended answer including affirmative defenses at paragraphs 71-76 reasserting an affirmative defense of laches. Petitioner moves to strike paragraphs 71-76 from the amended answer, arguing Respondent's previously stricken affirmative defenses contain immaterial or insufficient "claims."<sup>10</sup>

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<sup>10</sup> 25 TTABVUE 2.

An affirmative defense is a defendant's assertion raising new facts and arguments that, if true, will defeat the plaintiff's claim, even if all allegations in the complaint are true. *See H.D. Lee Co. v. Maidenform, Inc.*, 87 USPQ2d 1715, 1720 (TTAB 2008). A legally sufficient pleading of each defense must include enough factual detail to provide plaintiff fair notice of the basis for the defense. Fed. R. Civ. P. 8(b)(1) and 12(f). *See e.g., IdeasOne, Inc. v. Nationwide Better Health, Inc.*, 89 USPQ2d 1952, 1953 (TTAB 2009); *Midwest Plastic Fabricators, Inc. v. Underwriters Labs., Inc.*, 5 USPQ2d 1067, 1069 (TTAB 1980). Further, a defense will not be stricken as insufficient if the insufficiency is not clearly apparent, or if it raises factual issues that should be determined on the merits. *Ohio State Univ. v. Ohio Univ.*, 51 USPQ2d 1289, 1292 (TTAB 1999). *See generally*, 5C Wright & Miller, *Fed. Prac. & Pro. Civ.* 3d § 1381 (Westlaw 2020).

As this is Respondent's first opportunity to file an amended answer in response to Petitioner's multiple amended petitions to cancel, the Board finds no prejudice or undue delay in the filing which seeks to amend the previously stricken affirmative defense, nor does it appear that Respondent has acted in bad faith or abused the privilege of amendment. *Embarcadero*, 117 USPQ2d at 1523.

The defense of laches must be set forth in a legally sufficient manner. *U.S. Olympic Comm. v. Bata Shoe Co.*, 225 USPQ 340, 341 (TTAB 1984) (laches must be specifically pleaded). A sufficient pleading of laches will allege the elements of 1) unreasonable delay in assertion of one's rights against another; and 2) material prejudice to the latter attributable to the delay. *See generally Lincoln Logs Ltd. v.*



*Lincoln Pre-Cut Log Homes, Inc.*, 971 F.2d 732, 23 USPQ2d 1701, 1703 (Fed. Cir. 1992). In this case, and Board proceedings generally, laches “must be tied to a party's registration of a mark not to a party's use of the mark.” *Lincoln Logs*, 23 USPQ2d at 1703. Laches is an available defense in a cancellation proceeding for claims of likelihood of confusion. *Twiggy v. TJX Cos., Inc.*, 87 USPQ2d 1411, 1419 (TTAB 2008) (laches available defense for likelihood of confusion claims and those claims that are personal in nature).

By its amended answer, Petitioner has alleged that:

71. Respondent's trademark BATCHTEST was published on April 30, 2013, and was registered on March 18, 2014.

72. The Petition for Cancellation was first filed March 12, 2019, almost six years after the deadline to oppose Respondent's trademark BATCHTEST.

73. Since at least as early as July 8, 2013, Respondent (including Respondent's predecessor in interest) has invested in and developed the trademark BATCHTEST in a continued commercial use in the field of testing software, and has built a valuable business and goodwill associated with the trademark.

74. The undue and unreasonable delay by Petitioner in filing the Petition for Cancellation has materially prejudiced Respondent.

75. Petitioner failed to advise Respondent (including Respondent's predecessor in interest) of any objection to Respondent's trademark BATCHTEST until the Petition for Cancellation was served.

76. The equitable doctrine of laches bars any and all relief to Petitioner, and to all those associated with and/or in privity with Petitioner.

Respondent's allegations state the time period that has elapsed, that the delay was unreasonable, and the prejudice Respondent has suffered by the delay. The Board finds that the allegations are sufficient to provide Petitioner

with fair notice of the basis for the defense. Petitioner argues that laches is not an available defense where confusion is “inevitable.” *See Turner v. Hops Grill & Bar, Inc.*, 52 USPQ2d 1310, 1313 (TTAB 1999) (noting it is “well established” laches will not be considered where marks are identical and goods are essentially same). However, the determination of whether confusion is inevitable is one made on the evidence of record at final decision. *Id.* Further, it has not been determined at this stage of the proceeding whether the goods are essentially the same. *See e.g., Hewlett-Packard Co. v. Packard Press, Inc.*, 281 F.3d 1261, 62 UPSQ2d 1001 (Fed. Cir. 2002) (determination of likelihood of confusion issue is based on identification of goods and services as recited in application and registration). At this stage of the proceedings, Respondent may assert the defense in response to the likelihood of confusion claim.

In view of the foregoing, Petitioner’s motion to strike Respondent’s affirmative defense of laches is **denied**.

#### **E. Schedule**

Proceedings are resumed. Dates are reset as set out below.

Discovery Opens	10/2/2020
Initial Disclosures Due	11/1/2020
Expert Disclosures Due	3/1/2021
Discovery Closes	3/31/2021
Plaintiff’s Pretrial Disclosures Due	5/15/2021
Plaintiff’s 30-day Trial Period Ends	6/29/2021
Defendant’s Pretrial Disclosures Due	7/14/2021
Defendant’s 30-day Trial Period Ends	8/28/2021
Plaintiff’s Rebuttal Disclosures Due	9/12/2021
Plaintiff’s 15-day Rebuttal Period Ends	10/12/2021

Plaintiff's Opening Brief Due	12/11/2021
Defendant's Brief Due	1/10/2022
Plaintiff's Reply Brief Due	1/25/2022
Request for Oral Hearing (optional) Due	2/4/2022

Generally, the Federal Rules of Evidence apply to Board trials. Trial testimony is taken and introduced out of the presence of the Board during the assigned testimony periods. The parties may stipulate to a wide variety of matters, and many requirements relevant to the trial phase of Board proceedings are set forth in Trademark Rules 2.121 through 2.125. These include pretrial disclosures, the manner and timing of taking testimony, matters in evidence, and the procedures for submitting and serving testimony and other evidence, including affidavits, declarations, deposition transcripts and stipulated evidence. Trial briefs shall be submitted in accordance with Trademark Rules 2.128(a) and (b). Oral argument at final hearing will be scheduled only upon the timely submission of a separate notice as allowed by Trademark Rule 2.129(a).