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PRECEDENT OF THE TTAB

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

JK

Mailed: October 27, 2008

Cancellation No. 92047334

FCH ENTERPRISES, INC.

v.

BASILE DOUVRIS

Before Bucher, Kuhlke, and Wellington,
Administrative Trademark Judges

By the Board:

On March 29, 2007, FCH Enterprises, Inc. ("petitioner") filed a petition to cancel U.S. Trademark Registration No. 1713531, which was registered on September 8, 1992 by Basile Douvris and Spiro Douvris ("respondents" or "respondent"), for the mark ZIPPY'S HOME OF THE CHEEZY BEEF! and circular design, for "menus" in International Class 16 and "T-shirts" in International Class 25.¹

Petitioner seeks cancellation of the subject registration on the ground of fraud, basing its fraud claim on respondent's non-use use of the mark ZIPPY'S HOME OF THE

¹ Section 8 affidavit accepted and Section 15 acknowledged on November 13, 1997; first renewal February 15, 2002. Assignment Branch records indicate the March 14, 2002 recordation, at Reel/Frame 2513/0457, of an assignment of the registration from Basile Douvris and Spiro Douvris to Spiro Douvris on March 14, 2002.

CHEEZY BEEF! in interstate commerce on menus at the time he filed his Section 8 declaration of continuing use or his Section 8 and 9 renewal. In its answer, respondent denied the salient allegations of the petition to cancel.

This case now comes up for consideration of (1) petitioner's motion (filed March 19, 2008) for summary judgment under Fed. R. Civ. P. 56 on the ground of fraud, as well as (2) respondent's cross-motion (filed April 22, 2008 via Certificate of Mailing) for summary judgment on the same ground. Both motions are fully briefed.²

In support of its motion for summary judgment, petitioner argues that respondent committed fraud on the USPTO when he submitted his declarations of use under Trademark Act Section 8 and 9 ("declarations of use"). Specifically, petitioner alleges that respondent's Section 8 declaration was defective inasmuch as it stated that the mark "is being used for Interstate Commerce" (emphasis added in motion), was signed by only one of the two joint registrants, and did not include a specimen of use in support of "menus" in International Class 16. Petitioner

² Petitioner's motion (filed March 28, 2008) for leave to pay an additional fee, to cover the International Class 25 goods in respondent's Registration No. 1713531, is noted. Notwithstanding that petitioner filed its motion in contravention to the Board's March 21, 2008 order suspending proceedings with respect to any paper not relevant to the motion for summary judgment, the Board, in its discretion hereby grants petitioner's motion. The Office processed the additional \$300 petition to cancel fee on April 1, 2008.

asserts that, in view thereof, respondent's declaration of use did not satisfy the statutory requirements therefor and was fatally defective. Petitioner argues in its reply brief that respondent's use of the mark on menus at the time of filing his declarations of use did not constitute use in interstate commerce. Petitioner submitted as exhibits and relies on copies of two internet articles about petitioner's restaurant business, as well as the USPTO application and registration record for respondent's subject registration.

In support of its cross-motion for summary judgment, respondent asserts that he did not knowingly make any inaccurate or misleading statements in his declarations of use, that he has continuously used the mark in interstate commerce in connection with restaurant services, menus and T-shirts since prior to the filing date of the application which matured into subject Registration No. 1713531, that he has not ceased to use his mark on menus, that the Post-Registration examiners accepted his declarations of use as fulfilling the statutory requirements therefor, that none of the alleged deficiencies in the Section 8 declaration constitute fraud, and that his registration is "over five years old" and therefore cannot be cancelled. Respondent submitted as exhibits and relies on its own two affidavits, and samples of use of its mark in the form of photographs of

t-shirts, menus, a hat, a cup, outdoor signage, a business award, a newspaper article, and his business web site.³

Analysis

A party is entitled to summary judgment when it has demonstrated that there are no genuine issues as to any material facts, and that it is entitled to judgment as a matter of law. Fed. R. Civ. P. 56(c). The evidence must be viewed in a light favorable to the nonmoving party, and all justifiable inferences are to be drawn in the nonmovant's favor. *Opryland USA Inc. v. The Great American Music Show, Inc.*, 970 F.2d 847, 23 USPQ2d 1471 (Fed. Cir. 1992).

A party seeking summary judgment bears the initial burden of demonstrating the absence of genuine issue of material fact, and of informing the Board of the basis for its motion by identifying those portions of the record which it believes demonstrates the absence of a genuine issue of material fact. *See Celotex Corp. v. Catrett*, 477 U.S. 317, 106 S. Ct. 2548 (1986). When the moving party's motion is supported by evidence sufficient, if unopposed, to indicate that there is no genuine issue of material fact, and that the moving party is entitled to judgment, the burden shifts to the nonmoving party to demonstrate the existence of specific genuinely

³ We note that some of these exhibits are illegible, but hasten to add that the illegible nature of such exhibits is immaterial to our ruling herein on the motion and cross-motion for summary judgment.

disputed facts which must be resolved at trial. The nonmoving party may not rest on mere allegations of its pleadings and assertions of counsel, but must designate specific portions of the record, or produce additional affidavit evidence, showing the existence of a genuine issue of material fact for trial. If the nonmoving party does not so respond, summary judgment, if appropriate, shall be entered in the moving party's favor. See Fed. R. Civ. P. 56(e).

Initially, inasmuch as the parties have argued in favor of and against the viability of petitioner's fraud claim in the context of incontestability, and to clarify any misapprehension on the part of either party, we note that Trademark Act Section 14(3), which states, in pertinent part (emphasis added):

[A registration may be subject to a petition to cancel]
(3) At any time if the registered mark becomes the generic name for the goods or services, or a portion thereof, for which it is registered, or is functional, or has been abandoned, **or its registration was obtained fraudulently ...**

allows for an incontestable registration to be cancelled on the ground of fraud. Moreover, a registration is subject to allegations of fraud in the securing and/or maintenance of a registration. Cf. *Maids to Order of Ohio Inc. v. Maid-to-Order Inc.*, 78 USPQ2d 1899 (TTAB 2006); *Volkswagenwerk Aktiengesellschaft v. Advance Welding and Mfg. Corp.*, 193 USPQ 673 (TTAB 1976).

Turning now to the merits of the motion for summary judgment and cross-motion for summary judgment on the fraud claim, we conclude, based on the record before us and for reasons discussed below, that respondent has met his burden of setting forth a *prima facie* showing that there are no genuine issues of material fact remaining for trial, and that he is entitled to judgment as a matter of law.

Fraud occurs when an applicant knowingly makes false, material representations of fact in connection with an application to register. The obligation to refrain from knowingly making false, material statements applies with equal force to renewal applications. *See Torres v. Cantine Torresella S.r.l.*, 808 F.2d 46, 1 USPQ2d 1483 (Fed. Cir. 1986). *See also Herbaceuticals Inc. v. Xel Herbaceuticals Inc.*, 86 USPQ2d 1572 (TTAB 2008). A party asserting a fraud claim is under a heavy burden of proof because fraud must be proved by clear and convincing evidence, leaving nothing to speculation, conjecture, or surmise. The very nature of the charge of fraud requires that it be proven "to the hilt" with clear and convincing evidence. Any doubt must be resolved against the party making the claim. *Sinclair Oil Corp. v. Kendrick*, 85 USPQ2d 1032, 1035 (TTAB 2007); *Smith International, Inc. v. Olin Corporation*, 209 USPQ 1033, 1043 (TTAB 1981).

Petitioner's motion for summary judgment on its fraud claim rests on its allegations that (1) the Section 8 declaration of use dated September 30, 1997 was defective because it was signed by Spiro Douvris, one of two owners of the registration; (2) the declaration of use was defective because respondent's November 13, 1997 response to the Post Registration Section's October 30, 1997 action requiring respondent to set forth the type of commerce in which the mark was being used stated that respondent was using the mark "for Interstate Commerce;" (3) the declaration of use was defective because it did not include a specimen for "menus" in International Class 16; and (4) respondent's use on menus "has not been shown to constitute use in interstate commerce (which Respondent had represented in connection with his Section 8 Declarations) because he has not specifically stated or shown that the menus were in use in interstate commerce, at least as of the filing of the Section 8 Declarations of Use (in 1997 and 2001)."

Petitioner argues that the affidavit which respondent submitted in support of his cross motion for summary judgment is "devoid of any evidence that his menus were sold or transported in interstate commerce at the time of the application or his Section 8 Declarations." Specifically, petitioner argues that respondent's use on menus has not constituted use in interstate commerce, and that respondent

admitted this when he stated in his affidavit that his menus are handed out in the restaurants, placed on the trays used by customers who eat in the restaurants, attached to bags used for transporting orders, handed out on a door-to-door basis, and sent to customers via facsimile. Finally, petitioner asserts that respondent's website provides "no indication that 'menus' were sold or transported in interstate commerce... Nor is there any evidence indicating how one may purchase a 'menu.'" Based on these arguments, petitioner concludes that respondent's representation in his declaration of use, that the mark was being used in interstate commerce, was a false statement of material fact.

To the extent that petitioner's fraud claim is predicated on an allegation that respondent's 1997 submission of his Section 8 declaration of use, or 2001 submission of his Sections 8 and 9 declaration of use, did not meet the requirements therefor, petitioner has failed to meet its burden of proof. Petitioner's allegations essentially request that the Board evaluate or re-evaluate the merits of these maintenance documents. Petitioner's claims in this regard are not well grounded.

The Post Registration examiner accepted each of respondent's declarations of use. As the Board has previously held, an allegation of the sufficiency of what was submitted in an application is a technical question

which is within the province of the examining attorney to determine and cannot form the basis of a proceeding before the Board. *Cf. Century 21 Real Estate Corp. v. Century Life of America*, 10 USPQ2d 2034, 2035 (TTAB 1989) (the issue of the adequacy of the specimens is solely a matter of *ex parte* examination and is not a ground for an opposition). See also *Granny's Submarine Sandwiches v. Granny's Kitchen Inc.*, 199 USPQ 564, 567 (TTAB 1978) (the Board will not substitute its judgment for that of the examiner); *Hyde Park Footwear Co., Inc. v. Hampshire-Designers, Inc.*, 197 USPQ 639, 642 (TTAB 1977) (it is not the Board's function to review or supervise the work of the examiner).⁴

Furthermore, this case does not involve a declaration of use in which an allegation of use "in commerce" was omitted. Respondent's written and timely response to the Post-Registration Division's October 30, 1997 requirement that respondent state the type of commerce on which he used his mark did, indeed, comply with the statutory requirement for such a statement. Accordingly, petitioner's reliance on

⁴ Moreover, the purpose of Section 8 affidavits is to remove from the register automatically marks which are no longer in use. The significant facts, therefore, are that an affidavit is filed and that a mark is actually still in use. Given the fact of continuing use, from which practically all of the user's substantive trademark rights derive, nothing is to be gained from and no public purpose is served by cancelling the registration of a technically good trademark because of a minor technical defect in an affidavit. It is in the public interest to *maintain* registrations of technically good trademarks on the register so long as they are still in use. See *Morehouse Mfg. Co. v. J. Strickland and Co.*, 407 F.2d 881, 160 USPQ 715, 720 (CCPA 1969).

In re Mother Tucker's Food Experience (Canada) Inc., 925 F.2d 1402, 17 USPQ2d 1795 (Fed. Cir. 1991), in arguing that respondent's allegation of use "for interstate commerce" constitutes an incurable defect in a statutory requirement, is misplaced. Moreover, *In re Mother Tuckers, infra*, dealt with whether the Commissioner had discretion to accept a showing of use in commerce made after the end of the sixth year, and we are not presented with an issue of untimeliness here.

To the extent that petitioner's fraud claim is predicated on allegations that respondent was not using the mark on menus in interstate commerce, or that respondent's menus bearing the mark were not in use in a manner that constituted the sale or transport of such menus in interstate commerce, petitioner has failed to meet its burden of proof. To the contrary, respondent has been forthcoming in how it has used its mark and, more importantly, has demonstrated that its use of the mark in connection with menus has not changed during the relevant years. We cannot therefore conclude that respondent fraudulently misrepresented its use of the mark in order to acquire or maintain its registration. Specifically, in his April 17, 2008 affidavit in support of his cross motion for summary judgment, and June 13, 2008 supplemental affidavit,

respondent detailed his use of the mark on menus and specific uses of menus in interstate commerce. In particular, respondent states, in his April 17, 2008 affidavit, that (1) the mark was first used in interstate commerce in connection with restaurant services, menus and T-shirts prior to the 1991 filing date of the application and "has been continuously used in connection with these goods and services since then," (2) the mark is prominently displayed on menus from which customers place orders, (3) at least one of respondent's restaurant locations is near the borders of Wisconsin, Illinois and Indiana, (4) respondent's customers include out-of-state customers, (5) the menus are handed out in the restaurants and placed on customers' trays, (6) the menus are attached to bags used for transporting pick-up and delivery orders, (7) menus are handed out door-to-door, (8) menus are sent to customers via facsimile, and (9) respondent's website promoting its goods and services features a menu therein bearing the mark. Exhibit 2 to this affidavit is a photocopy of one of respondent's menus, and Exhibit 8 shows screenshots of respondent's website which feature a menu bearing the mark.

Furthermore, respondent states, in his June 13, 2008 supplemental affidavit, that (1) he has sold and continues to sell products and services to out-of-state customers, and

(2) menus are packaged and shipped together with food that is shipped to out-of-state customers.

On this record, it is clear that respondent has continually used his mark on menus in the same manner, the Office has accepted such use to be in interstate commerce, and respondent was using his mark in this manner when he filed his declarations of use. Under these circumstances, we cannot make a finding that respondent knowingly made a false, material representation of fact in connection with the registration.

In view of this record, we find that no genuine issue of fact exists with respect to the material question of whether respondent was in fact using his mark on menus in interstate commerce when he filed his Section 8 declarations of use in 1997 and in 2001. Moreover, upon consideration of the evidence respondent presented in his affidavits, we conclude that respondent had a reasonable and legitimate basis for stating that he was using the mark in interstate commerce when he filed his declarations of use, and that the facts do not support a claim of fraud. *Cf. Maids to Order of Ohio Inc. supra.* Accordingly, petitioner cannot prevail on its fraud claim inasmuch as it cannot establish that respondent knowingly made a false representation with respect to use of his mark in interstate commerce.

We conclude that, inasmuch as respondent has met his burden of demonstrating that there is no genuine issue with respect to this issue, and that, therefore, no material fact remains for trial with regard to this element of petitioner's fraud claim, respondent is entitled to judgment as a matter of law.

In view thereof, petitioner's motion for summary judgment is denied, respondent's cross motion for summary judgment is granted, and the petition to cancel is dismissed.