

UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF TEXAS
SAN ANTONIO DIVISION

SPFM L.P., d/b/a Ritter
Dental USA;

Plaintiff,

v.

MIDMARK CORPORATION,

Defendant.

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CIVIL NO. SA-15-CA-00124-FB

MEMORANDUM AND RECOMMENDATION

SPFM L.P., d/b/a Ritter Dental USA ("SPFM") initiated this lawsuit against Midmark Corporation ("Midmark") for a declaration that it is not infringing a trademark issued to Midmark for use of the term RITTER (U.S. Registration No. 1,451,997). SPFM has been allowed to state a claim for fraud. Midmark has filed a counterclaim for trademark infringement, unfair competition, and cybersquatting under the Trademark Act of 1946, as amended (The Lanham Act, 15 U.S.C. § 1051, *et seq.*), as well as state and common law, arising from SPFM's use of the trademarks RITTER and ULTIMATE COMFORT in connection with the distribution and sale of dental-related products and/or services in violation of Midmark's rights in its RITTER and ULTRACOMFORT trademarks. Both sides have filed motions for summary judgment. (Docket nos. 63 and 66).

Analysis

SPFM is in the business of, among other things, distributing dental-related equipment and implants, as well as providing educational services to the dental profession. Midmark is a leading provider of medical, dental and veterinary equipment solutions, and is focused on continuously improving exam room workflow and enhancing patient-caregiver interactions. SPFM derives its right to use RITTER (with, or without additional verbiage or other elements), in part, through agreements and transactions involving RITTER CONCEPT, GmbH of Germany. Since at least as early as 1919, Midmark or its predecessors in interest have sold goods in the medical industry under the mark RITTER throughout the U.S. (the "RITTER Mark"). More recently RITTER branded goods have also been purchased by customers in the dental industry.

Midmark is the federal trademark registrant of "RITTER" (U.S. Registration No. 1,451,997) ("the '997 Registration") with goods indicated as "MEDICAL PRODUCTS, EQUIPMENT AND APPLIANCES, NAMELY, PHYSICIANS' EXAMINATION TABLES, PROCTOLOGY TABLES, PODIATRY CHAIRS AND TABLES, STOOLS, PHYSICIANS' EQUIPMENT CABINETS, STANDS, UNITS AND COUNTERS, AND ACCESSORIES AND REPLACEMENT ITEMS AND PARTS THEREFOR." Since at least as early as 2004, Midmark has also sold dental chairs under the trademark ULTRACOMFORT (the "ULTRACOMFORT Mark"). To further protect its

rights, Midmark also owns U.S. Trademark Registration No. 3,144,518 for the mark ULTRACOMFORT (Midmark's "ULTRACOMFORT Registration") for use with: Class 10: Dental chairs. Midmark considers SPFM to be a competitor of Midmark.

Historically, U.S. Trademark Reg. No. 853,719 for the mark RITTER ("the '719 Registration") was issued on July 30, 1968, to Ritter Pfaudler Corporation for use with various dental and medical equipment. By merger and change of name of the Ritter Pfaudler Corporation, as of October 8, 1968, Sybron Corporation ("Sybron") attained ownership of the '719 Registration. The '719 Registration covered the following goods: DENTAL, MEDICAL AND SURGICAL EQUIPMENT AND APPLIANCES-NAMELY, FOOT AND MOTOR-PUMP OPERATED CHAIRS AND TABLES; STOOLS; EQUIPMENT STANDS OR UNITS; DENTAL AND BONE SURGERY ENGINES; DENTAL HANDPIECES; CUSPIDORS; SYRINGES; CAUTERIES; PULP TESTERS; MOUTH LAMPS AND MIRRORS; EXAMINATION, TREATMENT AND SURGICAL TABLES; STERILIZERS; X-RAY MACHINES; ELECTROSURGICAL APPARATUS; DIATHERMY UNITS; [PHYSICIANS'] OFFICE LIGHTS FOR DENTAL AND MEDICAL USE; [EAR, NOSE AND THROAT EQUIPMENT;] AIR COMPRESSORS FOR DENTAL AND MEDICAL USE; AND LATHES FOR DENTAL AND MEDICAL USE.

Beginning in 1985, Sybron began the process of dividing its dental and medical business, ultimately assigning these respective parts of the business (including relevant rights to

the mark RITTER) to separate entities. Sybron owned the '719 Registration until March 22, 1985, when it assigned (the "1985 Assignment") to Ritter Aktiengesellschaft ("Ritter AG") the "entire right, title and interest in the ['719 Registration] and the goodwill associated therewith, and the trademark registration(s) and/or application(s) therefore." Three days later, on March 25, 1985, Sybron and Ritter AG entered into an Intellectual Property Agreement (the "1985 IP Agreement"), by which Sybron affirmed its assignment and clarified the transfer to Ritter AG of all of Sybron's trademark rights in RITTER for *dental* products and all of its trademark registrations for RITTER throughout the world, including the '719 Registration. Pursuant to the 1985 Assignment, Sybron retained the right to use the RITTER mark for *medical* products.

According to Midmark, the 1985 IP Agreement stated that Sybron "shall assign" trademark rights to the RITTER mark to Ritter AG for use with dental goods, while retaining all rights to the mark RITTER for use with medical goods. In the 1985 IP Agreement, Ritter AG expressly consented that Sybron (or Sybron's successors) could use and register the mark RITTER with the United States Patent Trademark Office ("PTO") for use on medical goods. Midmark contends that the 1985 IP Agreement did not contain an actual assignment of the RITTER mark or any other trademark rights.

One of Sybron's divisions, Liebel-Flarsheim Company ("Liebel-Flarsheim"), sold the RITTER medical products business to Midmark pursuant to an Agreement of Purchase and Sale dated as of November 18, 1986 (the "1986 Purchase Agreement"). Under the 1986 Purchase Agreement, Liebel-Flarsheim sold to Midmark all of its and Sybron's trademark interests relating to the medical products business, including the right to use the mark RITTER for medical products, and all rights and obligations under the 1985 Assignment. The 1986 Purchase Agreement contained a copy of the 1985 IP Agreement (noting that Sybron "shall assign" certain rights to Ritter AG), but did not contain a copy of the unrecorded 1985 Assignment.

As part of this 1986 Purchase Agreement, Sybron assigned its rights to the RITTER mark for use with medical products, including the '719 Registration, to Liebel-Flarsheim, via a nunc pro tunc assignment effective as of July 31, 1986 (the "Nunc Pro Tunc Assignment"). This date was more than one year after Sybron had assigned the '719 Registration to Ritter AG (the "Second '719 Assignment"). As part of the 1986 Purchase Agreement, Liebel-Flarsheim agreed to file an application with the PTO to register the RITTER mark (the "New RITTER Application") for medical goods (what would mature into the '997 Registration) and then ultimately assign that registration and the related rights and goodwill of the mark to Midmark. Even

though, as part of the sale transaction, Liebel-Flarsheim assigned to Midmark all of its RITTER trademark rights, Liebel-Flarsheim agreed to file the New RITTER Application in its own name and make the required declaration to the PTO. Thereafter, Liebel-Flarsheim would assign the New RITTER Application to Midmark.

The New RITTER Application identified the following goods: MEDICAL PRODUCTS, EQUIPMENT AND APPLIANCES, NAMELY, PHYSICIANS' EXAMINATION TABLES, PROCTOLOGY TABLES, PODIATRY CHAIRS AND TABLES, STOOLS, PHYSICIANS' EQUIPMENT CABINETS, STANDS, UNITS AND COUNTERS, AND ACCESSORIES AND REPLACEMENT ITEMS AND PARTS THEREFOR.¹ On the same day that the New RITTER Application was filed, the Second '719 Assignment was also submitted to the PTO, represented to be an assignment of the entire interest and goodwill of the '719 Registration, and was recorded against the '719 Registration. In this new trademark application, Liebel-Flarsheim claimed ownership of the '719 Registration pursuant to the July 31, 1986 Nunc Pro Tunc Assignment.

Because the examiner thought Liebel-Flarsheim owned both the New RITTER Application and the '719 Registration, the New RITTER Application was not refused under 15 U.S.C. 1052(d). The

¹ According to SPFM, Midmark has filed two trademark applications seeking registration of RITTER for dental products, in 1996 and in 2009, respectively. The first was abandoned, and the second was refused by final judgment of the Trademark Trial and Appeal Board. Midmark has never been issued a trademark registration of RITTER for dental products.

New RITTER Application was initially rejected by the examiner under 15 U.S.C. 1052(e), on grounds that RITTER is merely a surname. By claiming ownership of the '719 Registration, Liebel-Flarsheim was able to use the '719 Registration as the basis for claiming that RITTER had acquired distinctiveness under 15 U.S.C. 1052(f). The claim of ownership of the '719 Registration led the PTO to withdraw the second basis for refusal. The registration that issued from the New RITTER Application is U.S. Trademark Reg. No. 1451997, issued August 11, 1987 (the "997 Registration"). The '997 Registration is the basis of Midmark's current claims against SPFM.

Although Liebel-Flarsheim sold all of its and Sybron's RITTER trademark assets to Midmark, it never assigned the '719 Registration to Midmark (but it did assign the '997 Registration, which was based on the '719 Registration, to Midmark). When the '719 Registration was up for renewal on July 30, 1988, just two years after the purported Second '719 Assignment, it was renewed by Ritter AG not Liebel-Flarsheim. When Midmark filed a new application to register RITTER on September 23, 1996, it claimed ownership of the '997 Registration but not the '719 Registration. Midmark's new application was rejected under 15 U.S.C. 1052(d), based on the '719 Registration as a prior conflicting registration. Rather than advising the examiner that Midmark owned the '719

Registration through its predecessor Liebel-Flarsheim, Midmark sought to cancel the '719 Registration to remove it as an obstacle.

In a letter to Liebel-Flarsheim and Sybron dated November 17, 1987 (within one year after closing of the 1986 Purchase Agreement), Midmark demanded execution of assignments of Liebel-Flarsheim's rights to the RITTER mark and the '997 Registration, as contemplated in the 1986 Purchase Agreement. Midmark also mistakenly requested assignment of the '719 Registration. In a response dated March 1, 1988, Sybron reminded Midmark that Liebel-Flarsheim was obligated to assign its rights to the '719 Registration as they related to dental goods to Ritter AG, pursuant to the 1985 IP Agreement, and noted that Liebel-Flarsheim would be doing so in the near future. The letter further states that Sybron would request Liebel-Flarsheim to execute an assignment of the '997 Registration to Midmark, which it subsequently did. Sybron also subsequently executed an assignment of the '719 Registration to Ritter AG on May 10, 1988 (the "New Ritter AG Assignment") which was never recorded.

Soon thereafter, however, Ritter AG recorded a copy of the 1985 Assignment with the PTO on October 31, 1988 - three and a half years after it had allegedly been signed by Sybron. According to Midmark, it was only at this time that the 1985 Assignment became a matter of public record, or was asserted by

any party as effectively transferring any rights from Sybron to Ritter AG. Midmark states there is no evidence in the record that Liebel-Flarsheim, Midmark, or even Sybron's management was aware of the 1985 Assignment, or considered it to have any effect in light of the 1985 IP Agreement and subsequent agreements and assignments.

Some years later, and only upon learning that Ritter AG or its successors in interest had abandoned use of the RITTER mark in the U.S., Midmark filed its own application for the RITTER mark with dental products with the PTO and petitioned to cancel the '719 Registration. In an Order dated March 14, 2002, the Trademark Trial and Appeal Board upheld Midmark's '997 Registration and rights and canceled the '719 Registration due to abandonment. Though Midmark ultimately abandoned that new application, it began offering dental products or medical products that are also sold to dentist-related offices at least as early as 2006, and, thus, according to Midmark, developed common law trademark rights therein.

In response to a cease and desist letter sent by Midmark on January 13, 2015, SPFM filed the pending suit for declaratory judgment of non-infringement (Counts I and II), and later amended its complaint to include claims of fraudulent procurement of the '997 Registration (Counts III and IV). Based on both Midmark's '997 Registration and Midmark's common law

rights to the mark RITTER for use with medical and dental goods, Midmark counterclaimed against SPFM for trademark infringement based upon federal, state, and common law. SPFM asserts it is entitled to summary judgment because: (i) the trademark registration asserted by Midmark, the '997 Registration, is void because it was filed by a party who did not own the mark on the filing date; (ii) Midmark cannot establish, and is estopped by a 2012 TTAB judgment, that it had secondary meaning in the RITTER mark for dental products at the time SPFM's licensor began using RITTER for dental products; and (iii) Midmark does not own a Texas trademark registration. SPFM seeks summary judgment on each of Midmark's counterclaims and on SPFM's affirmative defense that the '997 Registration is invalid.² Its motion does not seek disposition of the fraud claims. Midmark seeks summary judgment on SPFM's fraudulent procurement claims, Counts III and IV of the First Amended Complaint.

Summary Judgment

Summary judgment shall be rendered if the movant shows that "there is no genuine dispute as to any material fact and the movant is entitled to judgment as a matter of law." **Rule 56(a), Fed.R.Civ.P.** The plain language of this rule mandates the entry of summary judgment, after adequate time for discovery and upon

² Midmark also asserts a claim for cybersquatting pursuant to 15 U.S.C. § 1125(d) and trademark infringement claims for the mark ULTRACOMFORT, which are not subjects of SPFM's motion.

motion, against a party who fails to make a showing sufficient to establish the existence of an element essential to that party's case, and on which that party will bear the burden of proof at trial. **Celotex Corp. v. Catrett**, 477 U.S. 317, 322 (1986). In such a situation, there can be no genuine issue as to any material fact, since a complete failure of proof concerning an essential element of the nonmoving party's case necessarily renders all other facts immaterial. **Id.** at 322-23. The mere existence of some alleged factual dispute between the parties will not defeat an otherwise properly supported motion for summary judgment; the requirement is that there be no genuine issue of material fact. **Anderson v. Liberty Lobby, Inc.**, 477 U.S. 242, 247-48 (1986).

A summary judgment movant or opponent must cite to materials in the record or show that the materials cited do not establish the absence or presence of a genuine dispute, or that an adverse party cannot produce admissible evidence to support the fact. **Rule 56(c)(1), Fed.R.Civ.P.** An affidavit or declaration used to support or oppose a motion must be made on personal knowledge, set out facts that would be admissible in evidence, and show that the affiant or declarant is competent to testify to the matters stated. **Rule 56(c)(4), Fed.R.Civ.P.** If a party fails to properly support an assertion of fact or fails to properly address another party's assertion of fact, as

required by Rule 56(c), the Court may grant summary judgment if the motion and supporting materials show that the movant is entitled to it. **Rule 56(e), Fed.R.Civ.P.** In ruling upon a motion for summary judgment, a court must view the evidence in the light most favorable to the opposing party and all justifiable inferences are to be drawn in his favor. **Tolan v. Cotton**, 572 U.S. ---, 134 S.Ct. 1861, 1866, 188 L.Ed.2d 895 (2014); **Anderson**, 477 U.S. at 255.

Analysis

1. Ownership of the Mark

SPFM first argues that the trademark registration asserted by Midmark, the '997 Registration, is void because it was filed by a party who did not own the mark on the filing date. Succinctly stated, all of Liebel-Flarsheim's and Sybron's rights to the RITTER mark were assigned to Midmark on November 18, 1986; thereafter, on November 24, 1986, Liebel-Flarsheim filed a trademark application in the PTO for the mark RITTER in its own name; and, the '997 Registration issued from this application. According to SPFM, because Liebel-Flarsheim assigned its rights to the trademark RITTER to Midmark before filing for the '997 Registration, the application filed on November 24, 1986, was void, and the resulting '997 Registration is invalid.

In support of its motion, SPFM cites **Huang v. Tzu Wei Chen Food Co. Ltd.**, 849 F.2d 1458 (Fed. Cir. 1988) which held that an

application for registration of trademark was void when the applicant was not the owner of the mark on filing date. The Court cited to the Lanham Trademark Act, 15 U.S.C. § 1051(a), which provides that:

(1) *The owner* of a trademark used in commerce may request registration of its trademark ...

(3) The statement shall be verified by the applicant and specify that--

(A) the person making the verification believes that he or she, or the juristic person in whose behalf he or she makes the verification, to be *the owner* of the mark sought to be registered;

(B) to the best of the verifier's knowledge and belief, the facts recited in the application are accurate;

(C) the mark is in use in commerce; and

(D) to the best of the verifier's knowledge and belief, *no other person has the right to use such mark* in commerce... (emphasis added). Similarly, 37 C.F.R. § 2.33(b)(1) states that an application for a trademark must include a verified statement that the applicant believes the applicant is *the owner* of the mark. (emphasis added).

Midmark contends that SPFM did not sufficiently give Midmark "fair" notice of SPFM's argument that it believes the '997 Registration is void due to an alleged ownership issue at

the time the application was filed in 1986. Midmark asserts that the only contention regarding invalid trademark registration is SPFM's vague allegation that: "MIDMARK's RITTER and ULTRACOMFORT trademark registrations may have been obtained and/or perpetuated in such a manner that one or both are invalid, and SPFM reserves the right to try such issue, in the event of evidentiary support for the same." (SPFM's Answer, docket no. 60, p. 8).

Federal Rule of Civil Procedure 8(c)(1) states: "In responding to a pleading, a party must affirmatively state any avoidance or affirmative defense." **Fed.R.Civ.P. (8)(c)(1)**. A defendant must plead with "enough specificity or factual particularity to give the plaintiff 'fair notice' of the defense that is being advanced." **LSREF2 Baron, L.L.C. v. Tauch**, 751 F.3d 394, 398 (5th Cir. 2014) (quoting **Rogers v. McDorman**, 521 F.3d 381, 385-86 (5th Cir. 2008)). Because of the overlap between SPFM's complaint for declaratory relief and Midmark's counterclaims, the Court has examined SPFM's First Amended Complaint, in addition to its Answer to Midmark's Counterclaims, in determining if Midmark received fair notice of the defenses being advanced.

In its First Amended Complaint (docket no. 54), SPFM alleges under **Facts Pertaining to Fraudulent Procurement of Trademark Registration** that Liebel-Flarsheim sold the RITTER

medical products business to Midmark pursuant to the 1986 Purchase Agreement and that both Liebel-Flarsheim and Midmark attempted to manipulate a trademark for the RITTER mark despite knowing that all rights to the '719 Registration had been contractually assigned to Ritter AG in 1985. SPFM specifically alleges that: "Midmark required that Liebel-Flarsheim file the New RITTER Application in its own name and that Liebel-Flarsheim make the required declaration to the USPTO, subject to penalty under 18 USC 1001, that all statements in the New RITTER Application were true. Thereafter, Liebel-Flarsheim would assign the New RITTER Application to Midmark." (First Amended Complaint, p. 6). SPFM asserts that Midmark and Liebel-Flarsheim both knew at the time the New RITTER Application was filed that Liebel-Flarsheim did not own the '719 Registration. SPFM also alleges that, "The false claim of ownership of the '719 Registration in the New RITTER Application and the recordal of the false Second '719 Assignment deceived the USPTO as to the true ownership of the '719 Registration," and "... if the USPTO had known that the '719 Registration was owned by Ritter AG, a party unrelated to the applicant Liebel-Flarsheim, then the '719 Registration would have blocked the New RITTER Application under 15 USC 1052(d)." (Id., p. 7).

In its First Amended Complaint (docket no. 54) in COUNT III
- CANCELLATION OF TRADEMARK REGISTRATION PURSUANT TO 15 U.S.C. §

1119, SPFM states that: "... Midmark and/or Liebel[-Flarsheim] falsely represented to the Trademark Office that Liebel-Flarsheim owned the '719 Registration... But for this false representation by Liebel[-Flarsheim], New RITTER Application would have been rejected." In COUNT IV - CIVIL LIABILITY FOR FRAUDULENT REGISTRATION PURSUANT TO 15 U.S.C. § 1120, SPFM asserts that "Midmark and/or its predecessor-in-interest represented to the Trademark Office that it was the owner of the '719 Registration. Such representation was false because the '719 Registration had previously been assigned to a third party, Ritter AG."

At no point does SPFM allege in its Answer (docket no. 60) to Midmark's Amended Counterclaims that, under 15 U.S.C. § 1051(a)(1) or 37 C.F.R. § 2.33(b)(1), the '997 Registration is void because Liebel-Flarsheim did not own the RITTER mark at the time the application was filed. It could have easily done so. However, "a technical failure to comply precisely with Rule 8(c) is not fatal." *Tauch*, 751 F.3d at 398 (quoting *Levy Gardens Partners 2007, L.P. v. Commonwealth Land Title Ins. Co.*, 706 F.3d 622, 633 (5th Cir. 2013)). A district court has discretion to determine whether the party against whom the defense was raised suffered prejudice or unfair surprise as a result of the delay. *Id.* Midmark does not even allege prejudice or unfair surprise by SPFM's claim that the '997 Registration is void

because Liebel-Flarsheim did not own the RITTER mark when it filed the application on November 24, 1986 that resulted in the '997 Registration. The facts alleged by both parties establish that Midmark was clearly aware that registration of the RITTER mark without ownership is and has always been a central issue in this case. Midmark's objection to the raising of this claim by summary judgment is rejected.

Next, Midmark argues that, even if the Court determines this claim was sufficiently pled, it is barred as a matter of law because the '997 Registration achieved incontestable status pursuant to Section 15 of the Lanham Act after 5 years of registration (in 1992). **15 U.S.C. § 1065.** Midmark notes that, while fraudulent procurement is a basis for cancellation of incontestable registrations under 15 U.S.C. § 1064(3), SPFM explicitly has not moved for summary judgment on those claims. SPFM replies that the '997 Registration was void when filed and should be cancelled, regardless of its age.

In Count III of its First Amended Complaint, SPFM seeks cancellation of the '997 Registration pursuant to 15 U.S.C. § 1119 and 15 U.S.C. § 1064(3). The Court's power to cancel trademarks derives from 15 U.S.C. § 1119, which reads in relevant part: "In any action involving a registered mark the court may determine the right to registration, order the cancelation of registrations, in whole or in part, restore

canceled registrations, and otherwise rectify the register with respect to the registrations of any party to the action.” In **Fenwick v. Dukhman**, No. 13-4359 (CCC), 2015 WL 1307382, at *7 (D.N.J. March 20, 2015), the District Court, citing **Airs Aromatics, LLC v. Opinion Victoria's Secret Stores Brand Mgmt., Inc.**, 744 F.3d 595, 599 (9th Cir. 2014), stated that § 1119 does not provide an independent basis for federal jurisdiction.

The District Court then held that the plaintiff's request for cancellation of the PRO-NRG mark under 15 U.S.C. § 1051 must fail, as § 1051 cannot serve as an independent basis for jurisdiction. **Fenwick**, 2015 WL 1307382, at *8. Plaintiff asserted its § 1051 claim on the grounds that defendant “knowingly caused its agents and attorneys to falsely assert that it was the owner of the PRO-NRG [mark] and that no other person or entity was entitled to use the mark.” The Court stated that plaintiff cited no cases, and the Court was aware of none, in which a court cancelled a trademark solely on the basis of § 1051(a) where the registrant falsely asserted ownership of the mark. **Id.** The District Court noted that, unlike other sections of the Lanham Act, there is no mention of civil liability for violations of § 1051 nor any other indication that § 1051 was meant to create a cause of action. **Id.** The District Court held that, while fraudulent registration contravenes the requirements of § 1051 and may, therefore, form the basis of

another Lanham Act claim—such as § 1064—plaintiff could not predicate federal jurisdiction on § 1051 standing alone. *Id.*

The *Airs Aromatics* case stands for the proposition that § 1119 alone cannot create a basis for federal jurisdiction when all other claims have been denied. However, here SPFM does not need to establish an independent basis for jurisdiction, as this Court has federal subject matter jurisdiction over the trademark infringement claims asserted under the Lanham Act. *Flower Mound Dermatology, P.A. v. Nicole Reed Medical, PLLC*, No. 4:14-CV-280, 2015 WL 137314, at *2 (E.D.Tex. Jan. 7, 2015). Section 1119 allows the Court to order the cancellation of registrations “[i]n any action involving a registered mark.” **15 U.S.C. § 1119.**

Although a party's registration of a trademark with PTO's principal register “shall be prima facie evidence ... of the registrant's ownership of the mark[,]” 15 U.S.C. § 1115(a), “[a] party does not acquire ownership of a trademark through registration.” *Desly International Corporation v. Otkrytoe Aktsionernoe Obshchestvo "Spartak"*, No. 13-CV-2303 (ENV) (LB), 2016 WL 4532113, at *5 (E.D.N.Y. Aug. 29, 2016) (quoting *Excell Consumer Prods. Ltd. v. Smart Candle LLC*, No. 11 C 7220 MEA, 2013 WL 4828581, at *21 (S.D.N.Y. Sept. 10, 2013), opinion supplemented on denial of reconsideration, No. 11 C 7220 MEA, 2014 WL 1796657 (S.D.N.Y. May 5, 2014)). Pointedly, a trademark

application that is not filed by the owner is void. **Id.** While most cases speak in terms of *fraudulent* procurement of a trademark registration, rendering the registration void makes it unnecessary to establish fraud. If Liebel-Flarsheim was not the owner of the RITTER mark when the it filed for the '997 Registration, the '997 Registration is void.

That being said, Midmark contends, and SPFM does not dispute, that the '997 Registration achieved incontestable status pursuant to Section 15 of the Lanham Act after 5 years of registration (in 1992). **15 U.S.C. § 1065.** While it would appear that a void registration could be cancelled at any time, such does not appear to be the law. Title 15 U.S.C. § 1064 of the Lanham Act limits the ability to challenge a mark that has been registered for five years. Under § 1064(3), petitions for cancellation of a mark registered for five years may be brought only for a limited set of reasons, including fraudulent registration or if the mark has become generic. ***NetJets Inc. v. IntelliJet Group, LLC***, 678 Fed.Appx. 343, 348 (6th Cir. 2017). Void *ab initio*, the basis of SPFM's summary judgment claim, is not one of these reasons; thus, no basis exists for cancellation of the '997 Registration, at this point, based upon the fact that Liebel-Flarsheim did not own the RITTER mark when it applied for the trademark. **See id.**

2. Fraudulent Procurement

Midmark seeks summary judgment on SPFM's fraudulent procurement claims, Counts III and IV of the First Amended Complaint. SPFM alleges that Midmark, or its predecessor in interest Liebel-Flarsheim, committed fraud on the PTO by claiming ownership of the '719 Registration when it knew such a claim was false, but was necessary for the acquisition of the '997 Registration. Midmark argues that SPFM's claims fail as a matter of law because Liebel-Flarsheim actually was the owner of the '719 Registration when the application for the '997 Registration was filed with the PTO. Further, according to Midmark, even if that claim of ownership was false, neither Liebel-Flarsheim nor Midmark was aware of its falsity because the 1985 Assignment had not been recorded at that time. Finally, Midmark contends that the claim of ownership ultimately was immaterial to issuance of the '997 Registration, and no damage occurred in light of Midmark's common law trademark rights.

Pursuant to 15 U.S.C. § 1064(3), even an incontestable mark, such as the '997 Registration, can be cancelled if the registration was obtained fraudulently. ***RJ Machine Co., Inc. v. Canada Pipeline Accessories Co. Ltd.***, 116 F.Supp.3d 795, 808 (W.D.Tex. 2015). To establish that the '997 Registration was obtained fraudulently, SPFM must prove five elements: (1) a

false representation of a material fact; (2) knowledge or belief that the representation is false; (3) intent to induce the PTO to act or refrain from acting in reliance on the misrepresentation; (4) reasonable reliance by the PTO on the misrepresentation; and (5) damage from such reliance. **Texas Pig Stands, Inc. v. Hard Rock Cafe Intern., Inc.**, 951 F.2d 684, 693 n.14 (5th Cir. 1992). SPFM must prove by clear and convincing evidence that the applicant made false statements with the intent to deceive the licensing authorities. **Meineke Discount Muffler v. Jaynes**, 999 F.2d 120, 126 (5th Cir. 1993). Intent to deceive can be inferred from indirect or circumstantial evidence. **Covertch Fabricating, Inc. v. TVM Building Products, Inc.**, 855 F.3d 163, 175 (3rd Cir 2017).

a. Issue preclusion

Initially, Midmark asserts that SPFM's attack on Midmark's '997 Registration is barred by issue preclusion because the Trademark Trial and Appeal Board ("TTAB") already recognized the validity of the '997 Registration and Midmark's rights therein. **Midmark Corp. v. Ritter-IBW Dentalsysteme GmbH**, 2002 TTAB LEXIS 217 (TTAB 2002). "[I]ssue preclusion prohibits a party from seeking another determination of the litigated issue in the subsequent action." **State Farm Mut. Auto. Ins. Co. v. LogistiCare Solutions, LLC**, 751 F.3d 684, 689 (5th Cir. 2014) (quoting **United States v. Shanbaum**, 10 F.3d 305, 311 (5th

Cir. 1994)). "Issue preclusion" only applies if four conditions are met: (1) the issue under consideration in a subsequent action must be identical to the issue litigated in a prior action, (2) the issue must have been fully and vigorously litigated in the prior action, (3) the issue must have been necessary to support the judgment in the prior case, and (4) there must be no special circumstance that would render preclusion inappropriate or unfair. ***Id.***

The prior decision in question is located at <https://www.uspto.gov/web/offices/com/sol/foia/ttab/other/2002/25720.pdf>. Midmark petitioned to cancel the '719 Registration owned by Ritter-IBW Dentalsysteme GmbH ("Ritter-IBW"). As grounds for cancellation, Midmark alleged that it intended to use the mark RITTER in connection with dental examination chairs and other dental equipment; that it had filed an application, Serial No. 75/170,487, to register the mark RITTER for such goods which is likely to be rejected on the basis of Ritter IBW's registration; and that Ritter IBW's mark has been abandoned due to nonuse. The TTAB opinion of March 15, 2002 discusses the 1985 Assignment and 1985 IP Agreement between Sybron and Ritter AG, as well as the 1986 purchase agreements between Liebel-Flarsheim and Midmark. The opinion includes the statement that "... petitioner owns, by way of assignment from Libel-Flarsheim, Registration No. 1,451,997 for the mark RITTER

for 'medical products, equipment and appliances, namely, physicians' examination tables, proctology tables, podiatry chairs and tables, stools, physicians' equipment cabinets, stands, units and counters, and accessories and replacement items and parts therefor.'"

The issue before the TTAB was whether the mark had been abandoned. The Board found, based upon the evidence, that the use of the mark RITTER by Ritter IBW as of January 12, 1996 was discontinued with intent not to resume use. The petition for cancellation of the '719 Registration was granted. The issue before the TTAB was not whether the '997 Registration was obtained by fraud. The issue was whether the '719 Registration, through which the '997 Registration was obtained, should be cancelled for nonuse. A determination of fraud in the procurement of the '997 Registration was not necessary to the TTAB's judgment. Issue preclusion does not bar consideration of that matter in this case.

b. False representations

As noted above, a jury could determine that the '997 Registration was obtained fraudulently if Liebel-Flarsheim made: (1) a false representation of a material fact; (2) with knowledge or belief that the representation is false; (3) with intent to induce the PTO to act or refrain from acting in reliance on the misrepresentation; (4) resulting in reasonable

reliance by the PTO on the misrepresentation; and (5) damage from such reliance. **Texas Pig Stands**, 951 F.2d at 693 n.14. For purposes of summary judgment, the question is whether a genuine issue of fact exists concerning Liebel-Flarsheim's ownership of the '719 Registration at the time it applied for the '997 Registration and, if it was not the owner, whether a genuine issue of fact exists as to whether Liebel-Flarsheim knowingly intended to deceive the PTO as to its ownership.

As of March 1985, Sybron owned the '719 Registration, the RITTER mark, which included medical and dental products. On March 22, 1985, Sybron sold, assigned and transferred to Ritter AG all of its right, title and interest in the '719 Registration. (Docket no. 69, exh. C, SPFM061190-91). This assignment was not recorded with the PTO until 1988. The 1985 IP Agreement between Sybron and Ritter AG states that:

"(1) Sybron shall assign to AG all trademark registrations to the trademark 'RITTER' throughout the world presently owned.

(2) The parties agree that the use of the 'RITTER' trademark by AG shall be limited only to dental products. ...

(3) Sybron retains the worldwide right to use the 'RITTER' trademark/tradename for medical products excluding dental products ..." (Docket no. 64, exh. F-2, MID-000718-19). On July 31, 1986, Sybron assigned and transferred all of its right, title and interest in, to and under the 1985 IP Agreement to

Liebel-Flarsheim. (Id., exh. F-3, MID-000917). In November 1986, Liebel-Flarsheim assigned and transferred all of its right, title and interest in, to and under the 1985 IP Agreement to Midmark. (Id.).

Also in November 1986, Liebel-Flarsheim and Midmark entered into a Purchase Agreement whereby Liebel-Flarsheim sold to Midmark various items including:

(e) All trade names, trademarks and trademark applications, copyrights, copyright applications, patents and patent applications and all other design, style, appearance and other common law trademarks owned by Seller relating to the Products or the Business and all rights of Seller or Sybron Corporation ("Sybron") therein or relating thereto, and all rights of Sybron to the trademark "Ritter" as such rights relate to non-dental medical products, and service parts for such products, including without limitation such of Sybron's rights arising under that certain Intellectual Property Agreement dated March 25, 1985 between Sybron and Ritter AG (the "Ritter Agreement"), all of which Seller represents are listed on Schedule 1.01(e) of the Disclosure Schedule (the "Marks") ...

(Docket no. 64, exh. F-2, MID-000522). A copy of the 1985 IP Agreement was attached under Annex 1.01(e) and incorporated therein. (Id., MID-000550-51, 718-22).

Liebel-Flarsheim recorded its assignment and filed for and secured the '997 Registration for medical goods, then assigned the '997 Registration and its associated rights and goodwill to Midmark pursuant to the 1986 Purchase Agreement. (Docket no. 69, exh. B-5, B-9). Sybron executed the New Ritter AG

Assignment of the '719 Registration to Ritter AG pursuant to the 1985 IP Agreement.

SPFM asserts there is no evidence that Liebel-Flarsheim, Midmark, or even Sybron's management were aware of the purported 1985 Assignment until it was recorded in 1988 - over one year after the '997 Registration had already registered. SPFM contends that upon execution of the Nunc Pro Tunc Assignment between Sybron and Liebel-Flarsheim, dated July 31, 1986, and the subsequent recordation of that assignment with the PTO on November 24, 1986, Liebel-Flarsheim was the owner of the '719 Registration. As a result, Liebel-Flarsheim's claim of ownership of the '719 Registration was true at that time. Only later, when Sybron executed the New Ritter AG Assignment, and/or when the 1985 Assignment was recorded, did certain rights to the '719 Registration pass to Ritter AG. Midmark argues that reasonable minds could only conclude that Liebel-Flarsheim's claim of ownership of the '719 Registration was not false, and, thus, SPFM's claim of fraud fails as a matter of law.

Alternatively, even if Liebel-Flarsheim did not own the '719 Registration, Midmark asserts the lack of knowledge of the 1985 Assignment shows that there was no intent to deceive the PTO. As noted above, Midmark states there is no evidence in the record that Midmark, Liebel-Flarsheim, or even Sybron's executives were aware of the allegedly conflicting 1985

Assignment. Sybron executed the New Ritter AG Assignment in May of 1988, after the '997 Registration issued to Liebel-Flarsheim and was assigned to Midmark. Midmark also argues that even if Liebel-Flarsheim made a false statement with intent to deceive, it was not material because Liebel-Flarsheim could have obtained the registration by proving the mark had become distinctive and because Ritter AG could not, pursuant to the 1985 IP Agreement, object to the '997 Registration on the grounds of likelihood of confusion with use of the RITTER mark for dental products. Finally, Midmark contends that SPFM has not been damaged.

Various questions of fact exist which preclude entry of summary judgment on the matter of fraudulent procurement of the '997 Registration. In its response, SPFM states that Midmark's only challenge to the effectiveness of the 1985 Assignment is that the officer who signed the document might not have had authority to do so. In fact, the 1985 Assignment is signed by Robert Gerlach, an Assistant Secretary of Sybron, on March 22, 1985. That document purports to transfer all rights under the '719 Registration to Ritter AG. The 1985 IP Agreement between Sybron and Ritter AG was signed three days later on March 25, 1985 and indicated Sybron "shall assign" to Ritter AG "all trademark registrations to the trademark 'RITTER' throughout the world presently owned," then limited the use of the "RITTER" trademark by Ritter AG to dental products, while expressly

allowing Sybron to retain use of the "RITTER" trademark for medical products. That document was signed by a Vice-President of Sybron.

The 1985 Assignment and the 1985 IP Agreement are clearly confusing, if not inconsistent. One purports to transfer all RITTER trademark rights to Ritter AG while the other states that the RITTER trademark regarding dental products only is being assigned to Ritter AG. Whether the assignment concerned only trademark rights versus a trademark registration is not entirely clear. The documents were signed days apart by different corporate representatives. Summary judgment evidence establishes that Liebel-Flarsheim and Midmark were well aware of the 1985 IP Agreement, as they incorporated it into their own 1986 Agreement. However, that document suggests that Sybron still owned the '719 Registration when it assigned its rights thereto to Liebel-Flarsheim. On the other hand, summary judgment evidence does not show that Midmark and Liebel-Flarsheim were aware of the allegedly conflicting 1985 Assignment. This evidence tends to show that Liebel-Flarsheim was the owner or, at least, had reason to believe it was the owner of the '719 Registration at the time it applied for the '997 Registration.

In response, SPFM notes that the 1985 Assignment and the 1985 IP Agreement were made pursuant to an earlier Share Sales

Agreement, dated March 2, 1985, between Sybron, Weng Rai Trading Ltd. Hong Kong and German American Property Corp. which dictated the separation of RITTER trademark rights between medical and dental products. (Docket no. 74, exh. R). Thus, the execution of the 1985 Assignment and the 1985 IP Agreement by different corporate representatives on different dates is of no consequence. Midmark asserts that the 1985 IP Agreement states only that "(1) Sybron *shall assign* to AG all trademark registrations to the trademark 'RITTER' throughout the world presently owned." The Court agrees with SPFM that whether the language constitutes an immediate transfer or a promise to transfer in the future, both Liebel-Flarsheim and Midmark would be wholly unjustified in claiming ownership rights to whatever marks were being assigned.

SPFM argues that Liebel-Flarsheim indisputably knew about the prior assignment of the '719 Registration to Ritter AG because the Disclosure Schedule in the 1985 IP Agreement to Midmark stated in pertinent part: "Under this Agreement, Sybron assigned to Ritter A.G. all trademark registrations to the trademark 'Ritter' throughout the world owned by Sybron Corporation." As evidence that Midmark knew the '719 Registration had not previously been assigned to Liebel-Flarsheim, SPFM cites to a letter from Midmark's counsel, dated November 10, 1986, requesting that Sybron execute an application

for registration of the trademark RITTER for medical products, equipment and appliances, an assignment of the application from Sybron to Midmark, and an assignment of all worldwide RITTER applications. (Docket no. 74, exh. U). This letter was sent eight days before the "1986 Purchase Agreement" in which Liebel-Flarsheim sold to Midmark all of its and Sybron's trademark interests relating to the medical products business, including the right to use the mark RITTER for medical products.

SPFM asserts that the transfer language in the 1986 Purchase Agreement shows, in Section 1.01(e), that trademark registrations were not included in the assigned assets. (Docket no. 64, exh. F-2). SPFM further points out that the Nunc Pro Tunc Assignment between Sybron and Liebel-Flarsheim, by which Sybron assigned its rights to the RITTER mark for use with medical products, including the '719 Registration, to Liebel-Flarsheim, was dated and intended to be effective July 31, 1986, it was actually executed November 18, 1986, the same date as the 1986 Purchase Agreement between Midmark and Liebel-Flarsheim. SPFM notes this fact as further proof that Midmark and Liebel-Flarsheim knew that Liebel-Flarsheim was not the owner of the '719 Registration at the time they executed the 1986 Purchase Agreement. It also explains why, in that agreement, Liebel-Flarsheim and Midmark agreed that Liebel-Flarsheim, to whom the Nunc Pro Tunc Agreement purportedly transferred ownership of the

'719 Registration, would apply for the '997 Registration, then assign that new registration to Midmark. This evidence tends to show that, at the time Liebel-Flarsheim applied for the '997 Registration, Liebel-Flarsheim knew it was not the owner of the '719 Registration and that it intentionally deceived the PTO as to that fact.

Midmark also claims any alleged deception regarding ownership of the '719 Registration was not material. The Court disagrees. A material fact is one that would have affected the PTO's action on the application. ***Orient Exp. Trading Co., Ltd. v. Federated Dept. Stores, Inc.***, 842 F.2d 650, 653 (2d Cir. 1988). As noted above, a trademark application that is not filed by the owner is void. ***Desly International Corporation***, 2016 WL 4532113, at *5. Whether the PTO would have considered alternative bases for registering the RITTER mark is not for this Court to determine. If Liebel-Flarsheim was not the owner of the '719 Registration when it filed for the '997 Registration, the '997 Registration is void.

Finally, Midmark claims SPFM cannot establish damages. Midmark states that even if the '997 Registration, it would retain all common law rights to its RITTER mark in connection with medical and dental equipment. Monetary damages are not the only possible basis for SPFM's standing. ***East Iowa Plastics, Inc. v. PI, Inc.***, 832 F.3d 899, 904 (8th Cir. 2016). A

particularized injury might result if a party has tried to apply for its own federal registration for disputed trademark and been impeded by the pre-existing registrations. *Id.* at 904-05. SPFM points out that the trademark applications of SPFM and its licensor have been rejected due to the '997 Registration, at least in part because of a likelihood of confusion with the '997 Registration. Thus, the damage element has been satisfied. The Court concludes that a genuine issue of fact exists as to whether the '997 Registration should be cancelled under 15 U.S.C. §§ 1119 and 1064(3) as charged in Count III of SPFM's First Amended Complaint because the registration was obtained fraudulently.

c. Fraudulent Registration

Count IV of SPFM's First Amended Complaint alleges, based upon the same facts of false representation as to ownership of the '719 Registration, that Midmark is subject to civil liability under 15 U.S.C. § 1120. That provision states that any person who shall procure registration in the PTO of a mark by a false or fraudulent declaration or representation, oral or in writing, or by any false means, shall be liable in a civil action by any person injured thereby for any damages sustained in consequence thereof. "To succeed on a claim of fraudulent registration, the challenging party must prove by clear and convincing evidence that the applicant made false statements

with the intent to deceive the licensing authorities.” **Meineke Discount Muffler v. Jaynes**, 999 F.2d 120, 126 (5th Cir. 1993); **Tuff-Wall, Inc. v. Sherwin-Williams Co.**, No. 2:13-CV-99-KS-MTP, 2014 WL 1342976, at *2 (S.D.Miss. Apr. 3, 2014). Thus, the same genuine issues of fact that exist on Count III also exist for Count IV.

However, Midmark argues that the § 1120 is barred by the statute of limitations. The Lanham Act “establishes no limitations period for claims alleging unfair competition or false advertising.” **Jaso v. The Coca Cola Co.**, 435 Fed.Appx. 346, 356, 2011 WL 3279202, at *7 (5th Cir. 2011)(quoting **Conopco, Inc. v. Campbell Soup Co.**, 95 F.3d 187, 191 (2d Cir. 1996). Because the Lanham Act lacks a statute of limitations, federal courts apply the analogous state statute when considering whether a claim is time barred. **Mary Kay, Inc. v. Weber**, 601 F.Supp.2d 839, 859 (N.D.Tex. 2009). In Texas, the statutes of limitations for trademark-related claims and for fraud are four years. **Id.** Midmark states that the sources of SPFM’s claims of fraud – the Nunc Pro Tunc Assignment and Liebel-Flarsheim’s claim of ownership of the ‘719 Registration, occurred more than 30 years ago.

However, courts apply the defense of laches to untimely claims. **Jaso**, 435 Fed.Appx. 346, 356, 2011 WL 3279202, at *7. The time period for laches under the Lanham Act “begins when the

plaintiff knew or should have known of the infringement." *Id.* (quoting *Elvis Presley Enters., Inc. v. Capece*, 141 F.3d 188, 205 (5th Cir. 1998)). The defense of laches requires proof that there was (1) a "delay in asserting a right or claim"; (2) "that the delay was inexcusable"; and (3) "that undue prejudice resulted from the delay." *Id.*

According to SPFM, it became a licensee of Ritter Concept GmbH ("Ritter Concept") for the mark RITTER for dental products in November 2011 and was not involved with the RITTER business prior to that date. While Midmark might have begun discussing trademark use issues with Ritter Concept since mid to late 2014, SPFM was only brought into the dispute on January 13, 2015 when Midmark wrote SPFM that SPFM's continued use of RITTER and RITTER-containing marks was a clear infringement of Midmark's intellectual property rights. SPFM filed its suit for declaratory judgment a month later. Midmark has provided no factual basis that SPFM should be held to the knowledge of events of 30 years ago. The time that SPFM discovered facts supporting its claim that Liebel-Flarsheim was not the owner of the '719 Registration when it applied for the '997 Registration cannot be determined as a matter of law. Therefore, it cannot be determined as a matter of law that the statute of limitations bars SPFM's § 1120 claim.

3. Counterclaims

Midmark has filed a counterclaim against SPFM for trademark infringement, unfair competition, and cybersquatting under the Lanham Act, 15 U.S.C. § 1051, et seq., as well as state and common law, arising from SPFM's use of the trademarks RITTER and ULTIMATE COMFORT in connection with the distribution and sale of dental related products and/or services in violation of Midmark's rights in its RITTER and ULTRACOMFORT trademarks. SPFM states that an essential element of every claim asserted by Midmark is proof that Midmark possesses a superior, legally protected right in the mark RITTER for dental products. SPFM notes that Midmark does not own a registration of the mark RITTER for dental products. According to SPFM, Midmark has a legally protected right in the mark only if it proves that there is a consumer association of the mark RITTER for dental products with a single source, which is referred to as "acquired distinctiveness" or "secondary meaning."

Count One of Midmark's Amended Counterclaim alleges trademark infringement under 15 U.S.C. § 1114(a), Count Two alleges Trademark Infringement Pursuant to 15 U.S.C. § 1125(a), and Count Five (mislabelled Count 4) alleges Cybersquatting Pursuant to 15 U.S.C. § 1125(d). Midmark states that SPFM's arguments regarding whether Midmark's RITTER Mark possesses acquired distinctiveness in connection with dental products is

not necessary to Midmark's infringement claims in these counts because Midmark need only demonstrate rights to its RITTER Mark for medical goods, not dental goods specifically, and that SPFM's use of the mark RITTER is likely to cause confusion as to the source, affiliation, or sponsorship of the respective goods.

Midmark correctly asserts that the issue before the Court is whether SPFM's use of the RITTER Mark for dental products is likely to cause confusion with Midmark's RITTER Mark for medical products. **See Nola Spice Designs, L.L.C. v. Haydel Enterprises, Inc.**, 783 F.3d 527, 536 (5th Cir. 2015) (to prevail on a claim of trademark infringement under the Lanham Act, the claimant must show (1) it possesses a valid trademark; and (2) defendant's use of the trademark creates a likelihood of confusion as to source, affiliation, or sponsorship). "To be legally protectable, a mark must be 'distinctive' in one of two ways": (1) inherent distinctiveness or (2) acquired distinctiveness through secondary meaning. **Streamline Production Systems, Inc. v. Streamline Manufacturing, Inc.**, 851 F.3d 440, 451 (5th Cir. 2017) (quoting **Nola Spice Designs**, 783 F.3d at 537). Registration of a mark with the PTO is "prima facie evidence that the mark[] [is] inherently distinctive." **Id.** As the Court is not recommending that the '997 Registration be cancelled as a matter of law, the issues of acquired distinctiveness and secondary meaning are, at this time,

irrelevant. Midmark contends, and, having reviewed the arguments of the parties (docket no. 63, pp. 12-19), (docket no. 72, pp. 11-19, (docket no. 78, pp. 6-10), the Court agrees, that, assuming the '997 Registration is cancelled, the evidence demonstrates at least a fact question regarding "acquired distinctiveness" and "secondary meaning" and which party holds superior rights to the RITTER mark.³

SPFM states that Midmark is estopped from attempting to prove secondary meaning prior to 2012 based on a 2012 TTAB judgment. SPFM contends that, in 2009, Midmark filed an application to register the mark RITTER for dental products which was denied both because Ritter is a surname and because the TTAB concluded that there was no evidence in the record to demonstrate that references to medical products in the '997 Registration included or were related to dental products. (Docket no. 63, exh. G-17). The TTAB also stated that Midmark's "use of RITTER for the goods set forth in the registration since 1919 do not establish acquired distinctiveness of the proposed mark now sought to be registered [i.e., RITTER for dental products]."

As noted by Midmark, the TTAB was reviewing whether a mark in an intent-to-use application had acquired distinctiveness.

³ In its motion for summary judgment, Midmark claims that its common law rights are superior to any rights alleged by SPFM. (Docket no. 67, p. 15).
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Midmark was required to establish that all of the goods recited in its application were related to the goods of its prior registration. It did not do so. The TTAB held that goods in the application which specify that they are for "dental" uses are not related simply because the registered goods state they are for "medical" uses. Midmark failed to present evidence of the necessary relationship. Assuming Midmark is precluded from now presenting up to the date of the 2012 TTAB decision, it is not estopped from presenting evidence of acquired distinctiveness since that decision.

4. Texas Trademark Claim

Count Three of Midmark's Amended Counterclaim alleges that SPFM's use of the SPFM Infringing Marks has caused actual customer confusion and is likely to cause further confusion or mistake, or to deceive consumers as to the source of SPFM's goods in violation of Texas Bus. & Com. Code § 16.102. Count Four alleges Common Law Trademark Infringement and Unfair Competition. SPFM states that a necessary element of Count Three is ownership of a trademark registration issued by the State of Texas. According to SPFM, Midmark does not assert ownership of a Texas registration for RITTER or ULTRACOMFORT and has not produced evidence of any such registration in discovery.

In its response, Midmark cites Texas Bus. & Com. Code § 16.107 which provides: "No registration under this chapter

adversely affects common law rights acquired prior to registration under this chapter." Whether or not Midmark has common law trademark rights to the RITTER mark, it clearly has no statutory claim under § 16.102. Count III of the Amended Counterclaim should be dismissed.

RECOMMENDATION

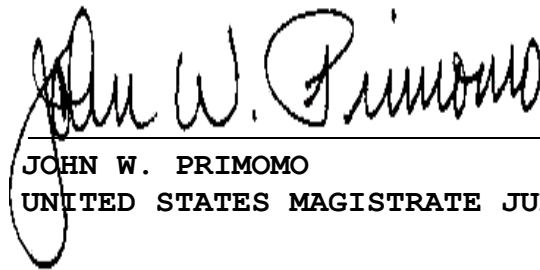
It is the recommendation of the Magistrate Judge that the motion of SPFM for partial summary judgment be **GRANTED** such that Count III of Midmark's Amended Counterclaim be **DISMISSED with prejudice;** in all other respects SPFM's motion for partial summary judgment should be **DENIED**. It is further recommended that the motion of Midmark for summary judgment be **DENIED**.

Instructions for Service and Notice of Right to Object

The District Clerk shall serve a copy of this Memorandum and Recommendation on all parties either electronically or by mailing a copy by certified mail, return receipt requested. Pursuant to 28 U.S.C. § 636(b)(1) and Rule 72(b)(2), Fed.R.Civ.P., any party who desires to object to this Memorandum and Recommendation must serve and file specific written objections within 14 days after being served with a copy. Such party shall file the objections with the District Clerk and serve the objections on all other parties and the Magistrate Judge. A party's failure to file written objections to the

findings, conclusions, and recommendations contained in this report within 14 days after being served with a copy shall bar that party from de novo review by the District Judge of those findings, conclusions, and recommendations and, except on grounds of plain error, from appellate review of factual findings and legal conclusions to which the party did not object, which were accepted and adopted by the District Court. **Thomas v. Arn**, 474 U.S. 140, 150 (1985); **Douglass v. United Servs. Auto. Ass'n**, 79 F.3d 1415, 1428-29 (5th Cir. 1996).

SIGNED July 31, 2017.



JOHN W. PRIMOMO
UNITED STATES MAGISTRATE JUDGE