

**UNITED STATES PATENT AND TRADEMARK OFFICE**  
**Trademark Trial and Appeal Board**  
**2900 Crystal Drive**  
**Arlington, Virginia 22202-3513**

GOODMAN

Opposition No. 123,449

Leeds Technologies  
Limited

v.

Topaz Communications Ltd.

Before Hohein, Hairston and Rogers, Administrative Trademark  
Judges.

By the Board:

Leeds Technologies Limited (hereinafter "Leeds"), a  
United Kingdom corporation, filed a notice of opposition on  
June 18, 2001, alleging that application Serial No.  
75/773,337 for the trademark LIP STICK filed by Topaz  
Communications Ltd. (hereinafter "Topaz") on August 11,  
1999, currently based on Section 44(e), is void ab initio  
since Topaz's claim of Section 44(d) priority is based on a  
United Kingdom application (No. 2,188,474) which Topaz does  
not own.

In particular, Leeds alleges that Leeds and Topaz  
entered into a joint venture agreement in 1999 in which  
Topaz agreed to assign all "right, title or interest" in the  
U.K. trademark registration for LIP STICK to Leeds; that  
Topaz renounced all rights to the U.K. trademark LIP STICK

or any other trademark application for the mark LIP STICK upon assignment to Leeds; and that Topaz filed its U.S. application for the trademark LIP STICK knowing that it did not own U.K. registration no. 2,188,474 and falsely claiming that it had a bona fide intent to use the trademark LIP STICK in the United States.

On August 24, 2001, applicant filed its answer, denying the salient allegations of the notice of opposition.

This case now comes up on the following motions:

- 1) opposer's motion, filed October 4, 2001, for judgment on the pleadings;
- 2) opposer's motion, filed October 4, 2001, to suspend discovery pending disposition of its motion for judgment on the pleadings; and
- 3) applicant's motion, filed December 12, 2001, to amend application Serial No. 75/773,337, the subject application in this proceeding, to "reinstate"<sup>1</sup> its intent-to-use basis under 15 U.S.C. Section 1051(b) as an additional basis for the application.<sup>2</sup>

The motions are fully briefed.

We turn first to opposer's motion for judgment on the pleadings. In support of its motion, opposer argues that there is no genuine issue of material fact that applicant was not the owner of the foreign application at the time of

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<sup>1</sup> Applicant deleted the Section 1(b) basis prior to the mark being published for opposition. Section 1(b) was an additional basis for the application upon filing.

<sup>2</sup> With regard to this motion, opposer filed, on January 31, 2002, a motion for extension of time to respond, which we construe as a motion to reopen. Inasmuch as applicant has indicated that it will not object thereto, the motion to reopen is granted, and opposer's response to applicant's motion has been considered.

filing its involved application and, therefore, application Serial No. 75/773,337 is void. Opposer further argues that applicant admits in its answer that applicant assigned the U.K. application upon which the Section 44(d) priority claim is based to opposer; that applicant has made "no well-pleaded factual allegations which raises [sic] an issue of fact"; and that none of applicant's affirmative defenses contains "well-pleaded factual allegations which raise issues that would prevent the Board from ruling in opposer's favor" or "call into question the undisputed fact that applicant did not own the U.K. application at the time it filed the [U.S.] application claiming priority."

In response, applicant argues that there are genuine issues placed in dispute by the parties' pleadings; that applicant denied in its answer "that opposer had acquired rights in the U.K. mark prior to applicant's filing of the U.S. application or that opposer had acquired any rights to the mark in the United States";<sup>3</sup> that applicant's denials in its answer to the notice of opposition "left material issues—such as the timing, execution, scope, effect and enforceability of the document appended as exhibit A to the

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<sup>3</sup> Opposer has alleged in paragraph no. 4 of the notice of opposition that the parties entered into a joint venture agreement in 1999 in which applicant assigned all U.K. trademark rights for the mark LIP STICK to opposer and that the agreement also covered the assignment of U.S. rights to the mark LIP STICK. Paragraph no. 4 states, in part, that "the parties to the Joint Venture Agreement intended Leeds Technologies to have all rights

notice of opposition . . . open for discovery"; and that when the pleadings "taken as a whole" are considered, they raise issues that preclude entry of judgment on the pleadings.

In reply, opposer argues that regardless of the denials included by applicant in its answer, the admissions made in paragraphs 2, 3 and 5 of applicant's answer<sup>4</sup> "resolve this proceeding", and therefore, judgment on the pleadings is appropriate.

A motion for judgment on the pleadings is designed to provide a means of disposition of a case when the material facts are not in dispute and judgment on the merits can be achieved by focusing on the pleadings.<sup>5</sup> See Fed. R. Civ. P.

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to the mark, including rights in the United States." Applicant has denied paragraph 4 of opposer's notice of opposition.

<sup>4</sup> Paragraph 2 of applicant's answer admits that "applicant executed a document, a copy of which is attached as exhibit A to the Notice of Opposition, pertaining to an agreement to assign to opposer certain rights in the United Kingdom to a United Kingdom trademark for which applicant had applied for registration in the United Kingdom. The terms of exhibit A of the Notice of Opposition speak for themselves." Paragraph 3 of applicant's answer states that "the terms of exhibit A to the Notice of Opposition speak for themselves." In paragraph 5 of applicant's answer, applicant "admits that applicant filed the subject United States application."

<sup>5</sup> While exhibit A attached to opposer's pleading is not a matter outside the pleading, we have not considered opposer's exhibit A in determination of this motion inasmuch as under our rules such an exhibit to a pleading is not considered evidence on behalf of a party unless identified and introduced as an exhibit during a testimony period. See Trademark Rule 2.122(c). Additionally, applicant's exhibits filed in response to the motion for judgment on the pleadings have not been considered in our determination of the motion as they are matters outside the pleadings. See TBMP Section 504.03, citing Fed. R. Civ. P. 12(c), and *Dunkin Donuts of America Inc. v. Metallurgical Exoproducts Corp.*, 840 F.2d 917, 6 USPQ2d 1026 (Fed. Cir. 1988).

12(c). For purposes of the motion, all well-pleaded factual allegations of the nonmoving party are assumed to be true, and the inferences drawn therefrom are to be viewed in a light most favorable to the nonmoving party. *Wright & Miller, Federal Practice and Procedure: Civil 2d* Section 1368 at 524 (1990). A motion for judgment on the pleadings will only be granted when the moving party establishes that no material issue of fact remains to be resolved and that it is entitled to judgment as a matter of law. *See, e.g., Baroid Drilling Fluids, Inc. v. Sun Drilling Products*, 24 USPQ2d 1048 (TTAB 1992). An unresolved material issue of fact may result from an express conflict on a particular point between the parties' respective pleadings or from defendant's pleading of new matter and affirmative defenses in its answer. *Wright & Miller, supra* Section 1368, at 527. Thus, a plaintiff may not secure a judgment on the pleadings when the answer raises issues of fact that, if proved, would defeat plaintiff's claim. *See e.g., Austad v. U.S.* 386 F.2d 147 (9<sup>th</sup> Cir. 1967).

Upon consideration of the parties' arguments and the pleadings, we find that material issues of fact are raised by the express conflict between the parties' pleadings as well as by defendant's pleading of affirmative defenses in its answer.

In this case, applicant has denied in full paragraph 1 and paragraphs 7 through 12 of the notice of opposition and denied in part paragraphs 2 through 6 of the notice of opposition. Additionally, applicant has pled 11 affirmative defenses. At a minimum, applicant's partial denial of paragraphs 2 through 4 of the opposition, which relate to opposer's allegations of the assignment of rights to, and ownership of, the U.K. application at the time of applicant's filing of the U.S. application, are sufficient to raise a genuine issue of material fact.

Accordingly, opposer's motion for judgment on the pleadings is denied.

Turning next to opposer's request to suspend, opposer has requested that discovery be suspended pending disposition of the motion for judgment on the pleadings. In response, applicant argues that opposer's motion should be denied because opposer's failure to timely serve its discovery responses after the filing of opposer's motion for judgment on the pleadings was an act of bad faith. Specifically, applicant asserts that opposer's responses were due on October 10, 2001, and that, without waiting for a ruling from the Board, opposer's counsel "unilaterally decided not to answer the outstanding discovery requests."

The filing of a potentially dispositive motion, such as the motion for judgment on the pleadings here, does not

automatically suspend a case, inasmuch as proceedings are not suspended until the Board issues a suspension order. See *SDT Inc. V. Patterson Dental Co.*, 30 USPQ2d 1707 (TTAB 1994). See also TBMP Section 510.03. However, since the parties are presumed to know that the filing of a potentially dispositive motion will result in a suspension order, the filing of such a motion generally will provide parties with good cause to cease or defer activities unrelated to the briefing of such motion.

Accordingly, while proceedings had not been officially suspended by the Board at the time opposer's discovery responses were due, the Board, in this instance, will consider proceedings suspended retroactive to the date of filing of opposer's motion for judgment on the pleadings, and opposer will have an opportunity to serve its responses to applicant's discovery as indicated below.

We now turn to applicant's motion to "reinstate" its Section 1(b) basis. The Board has jurisdiction over the application and will determine the propriety of applicant's proposed amendment. See Trademark Rule 2.133(a). The Board construes applicant's motion as a post-publication request to add a Section 1(b) basis, pursuant to Trademark Manual of

Examining Procedure (3<sup>rd</sup> Ed. 2002), § 806.03 and Trademark Rules 2.35(b) and 2.133(a).<sup>6</sup>

In support of its motion to add the Section 1(b) basis for registration, applicant states that the proposed amendment "relates back to the time of the original filing" of application Serial No. 75/773,337 since the application was originally based both upon intent-to-use under Section 1(b) and upon Section 44(e), with a claim of priority under Section 44(d); that the amendment does not materially change the mark or the specification of goods; and that the amendment will cause no undue prejudice.

In response, opposer argues that applicant is attempting to reinstate the Section 1(b) basis to a void application; that applicant's application as filed with both the Section 44(e) (with a claim of priority under Section 44(d)) and Section 1(b) bases is void ab initio due to applicant's lack of ownership of the foreign application; that applicant has cited no authority to support its motion to reinstate its Section 1(b) basis after its prior deletion; and that allowing such an amendment would "create an improper precedent and unduly prejudice opposer."

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<sup>6</sup> Though applicant refers to "reinstatement" rather than "addition" of the basis, the considerations presented by the motion to amend are the same as those presented by any attempt to add a basis to an application after publication.



In reply, applicant argues that applications may be amended after publication to add any statutory basis for registration; that opposer "cannot and does not claim prejudice from reinstatement of the intent-to-use basis"; that "intent-to-use the trademark LIP STICK is one of the issues" raised by opposer in its notice of opposition that is disputed by the parties, inasmuch as paragraph no. 8 of the notice of opposition which alleges that applicant falsely claimed a bona fide intention to use the mark LIP STICK, has been denied by applicant; and that the intent-to-use basis under Section 1(b) "furnishes a separate and independent ground for the application which does not depend upon ownership of the foreign mark."

In prior cases, the Board has denied motions to add or substitute a new statutory basis for registration after publication because Office policy did not allow such amendments. The rationale was that acceptance of such an amendment would be disruptive to the orderly examination of subsequent applications and would be unfair to third parties who need to know the asserted basis or bases for registration, with certainty, at the time of publication, so that they can weigh their own rights against those of the applicant and make informed judgments as to whether to oppose. *Goodway Corp. v. International Marketing Group Inc.*, 15 USPQ2d 1749 (TTAB 1990); *Sherlock's Home Inc. v.*

*Tippling House Ltd.*, 10 USPQ2d 1709 (TTAB 1989); *Societe Des Produits Marnier Lapostolle v. Distillerie Moccia S.R.L.*, 10 USPQ2d 1241 (TTAB 1989). However, these decisions pre-date the Commissioner's decision in *In re Monte Dei Maschi Di Siena*, 34 USPQ2d 1415 (Comm'r Pats. 1995), which changed the Office's policy towards post-publication amendments to add or substitute a basis, as well as recent amendments to the Trademark Rules. In *In re Monte*, the Office allowed an applicant, after publication, to add a Section 44(e) basis for registration via a petition to the Commissioner. The Commissioner granted the request but also stated that post-publication changes to basis/bases of an application (not involved in a Board proceeding) require permission of the Commissioner obtained via petition and require republication of the mark.<sup>7</sup> See TMEP § 806.03(a). Such Office practice

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<sup>7</sup> An amendment to add or substitute a basis is allowed provided that applicant has a continuing valid basis for registration. TMEP § 806.03. Whether applicant's Section 44 basis is valid is a question not now before us. In the event the Section 44 basis is proven defective or should applicant choose to delete the Section 44 basis, we will consider the amendment to "add" Section 1(b) to be a de facto post-publication substitution of basis. As the comments and responses to the Trademark Law Treaty Implementation Act Changes to the Trademark Rules of Practice and Procedure make clear, the Office will presume an intent-to-use basis is a valid continuing basis at the time of filing, provided there is no contradictory evidence in the record. See comments to Trademark Rule 2.35(c), Federal Register at 64 FR at 48904 (Sept. 8, 1999) and in the Official Gazette at 1226 TMOG 103 (Sept. 28, 1999). See e.g., *Botanical Interests Inc. v. Primavera, Ltd.*, \_\_\_ USPQ2d \_\_\_ (Opposition No. 107,262, TTAB, March 21, 2002) (question to be considered at final hearing in opposition proceeding with regard to unconsented motion to amend from Section 1(a) to Section 1(b) basis is whether applicant had a "continuing valid basis to retain the original filing date

was codified on October 30, 1999. See Trademark Law Treaty Implementation Act Changes (to the Trademark Rules of Practice and Procedure), published in the Federal Register at 64 FR 48900 (Sept. 8, 1999) and in the Official Gazette at 1226 TMOG 103 (Sept. 28, 1999); and Trademark Rule 2.35. In light of *In re Monte* and the change in Office Practice allowing post-publication amendments to add or substitute a basis, followed by reexamination, when necessary<sup>8</sup>, and republication, the Board's previous decisions regarding such amendments no longer appear to be good law. See also *Botanical Interests Inc. v. Primavera, Ltd.*, *supra*, n. 7 (post-publication substitution of basis from Section 1(a) to Section 1(b) allowed under recent amendments to Office rules). Accordingly, post-publication amendments to the

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i.e., bona fide intention to use the mark at the time it filed its application".)

<sup>8</sup> In *In re Monte*, reexamination was needed to ensure that Section 44 requirements were met, but when amendment to the filing basis is in a case before the Board and the change is either from Section 1(a) to Section 1(b) or from Section 44 to Section 1(b), re-examination may not always be necessary. However, in a case where applicant loses its priority filing date because the Section 44 basis has been proven defective, re-examination is required since an application may have been filed by a third party after the priority date but before the amended filing date of applicant's application, which would now be the actual filing date of the application. In such a case, re-examination is necessary so that a search of office records can be conducted by the Examining Attorney to determine if conflicting application(s) exist, which would be those trademark applications which may not have been cited initially by the Examining Attorney due to applicant's earlier, now invalid, Section 44(d) priority filing date. For the same reason, republication under Section 1(b) is also required.

basis for an application, pursuant to Trademark Rules 2.35 and 2.133(a), are now allowed.

In light of the above, we defer further consideration of applicant's motion to add an additional basis for its application until final decision. *See Botanical Interests Inc., supra; Space Base Inc. v. Stadis Corp.*, 17 USPQ2d 1216 (TTAB 1990). Consequently, the parties should be permitted to conduct discovery on this matter and argue these issues at trial. Accordingly, opposer is allowed until THIRTY DAYS from the mailing date of this order to amend its pleading to set forth an alternative or hypothetical ground as an additional basis for opposition, in anticipation of the possibility that, at final hearing, we will grant applicant's amendment to add a Section 1(b) basis to the application.<sup>9</sup>

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<sup>9</sup> The issues to be determined at trial include whether applicant's Section 44 basis was valid at the time applicant filed its application, and with regard to applicant's motion to amend, whether applicant had a continuing valid basis under Section 1(b), that is, a bona fide intent-to-use the mark in commerce at the time of filing and to date. We note in this regard that the Office presumes applicant had a continuing intent-to-use the applied-for mark in commerce from the actual, as opposed to priority, filing date of its application. Thus, it will be opposer's obligation to plead and prove any claim it has regarding applicant's presumed intent-to-use and whether the presumptive intent-to-use was in good faith, i.e., bona fide.

If applicant's motion to amend its basis for registration to add a Section 1(b) basis to application Serial No. 75/773,337 is granted by the Board, and unless opposer prevails in this opposition proceeding on all its current or anticipated claims, the application will be forwarded to Publication and Issue for republication. We note that re-examination of the application will occur (as indicated in n. 8, *supra*) in the event of a loss

Upon receipt of an amended pleading, the Board will set applicant's time to file an amended answer.

Proceedings are resumed. The parties are allowed until THIRTY DAYS from the mailing date stamped on this order to serve responses to any outstanding discovery requests. Trial dates, including the close of discovery, are reset as follows:

**DISCOVERY PERIOD TO CLOSE: November 6, 2002**

30-day testimony period for party in position of plaintiff to close: **February 4, 2003**

30-day testimony period for party in position of defendant to close: **April 5, 2003**

15-day rebuttal testimony period for party in position of plaintiff to close: **May 20, 2003**

In each instance, a copy of the transcript of testimony together with copies of documentary exhibits, must be served on the adverse party within thirty days after completion of the taking of testimony. Trademark Rule 2.125.

Briefs shall be filed in accordance with Trademark Rule 2.128(a) and (b). An oral hearing will be set only upon request filed as provided by Trademark Rule 2.129.

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of applicant's Section 44(d) priority filing date so that a new search of potential conflicting marks can be conducted.