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IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD

Proceeding	91185261
Party	Defendant N.V. Sumatra Tobacco Trading Company
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**IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD**

In the matter of application Serial Nos. 76/415,303 and 76/415,305 and Reg. No. 2,972,594

Heritage Tobacco, LLC.

Successor to Opposer/Respondent¹,

v.

Opp. Nos. 91185261
(Consolidated)²

N.V. Sumatra Tobacco Trading Co.,

Applicant/Petitioner.

**RESPONSE TO: (1) MOTION TO SET ASIDE THE BOARD'S ORDERS GRANTING
PETITIONER'S MOTIONS FOR SUMMARY JUDGMENT; (2) MOTION FOR A 45
DAY EXTENSION OF TIME TO SUBMIT OPPOSITIONS TO THE SUBMITTED
SUMMARY JUDGMENTS; AND (3) MOTION TO REOPEN PROCEEDINGS AND
RESET TRIAL DATES ACCORDINGLY**

Petitioner N.V. Sumatra Tobacco Trading Co. ("NV Sumatra") opposes the above-captioned Motions filed by the purported Successor to Respondent, Heritage Tobacco, LLC ("Heritage"). As the purported successor-in-interest to Opposers/Respondents American Cigarette Company ("ACC") and Smoker's Best LLC ("Smoker's Best"), Heritage is seeking to reopen a case where, after nine months of silence, Summary Judgment was granted as conceded. As Heritage has provided no relevant or persuasive basis for the deliberate and prolonged inaction of its asserted predecessors-in-interest, despite repeated opportunities provided by the Board, its unsubstantiated request to take another proverbial bite at the apple should be denied.

¹ Heritage identifies itself as the successor to Opposers/Respondents. Given the time constraints, NV Sumatra responds to the instant Motions without consenting that Heritage is, or can be, a proper successor at this time.

² While Heritage has separately filed its Motions with the Board in Opposition No. 91185261 Opposition No. 91186841 and Cancellation No. 92052621, NV Sumatra has filed this response in the parent case only of these consolidated proceedings, Opposition No. 91185261, consistent with the Board's August 12, 2010 order, and the Board's reminder to the parties in Footnote 1 of its March 2, 2012 Order.

I. HERITAGE HAS PROVIDED NO BASIS FOR RELIEF UNDER RULE 60(B)(1).

Motions to set aside or vacate a final judgment rendered by the Board are governed by Fed. R.Civ. P. 60(b). Rule 60(b), as made applicable to these proceedings by 37 CFR § 2.116(a), applies to all final judgments issued by the Board, including default and consent judgments, grants of summary judgments, and judgments entered after trial on the merits.

Relief from a final judgment on any basis is an extraordinary remedy to be granted only in exceptional circumstances. TBMP §544 (3d ed. rev. 2012). The determination of whether a motion under Fed. R. Civ. P. 60(b) should be granted is a matter that lies within the sound discretion of the Board. Where, as here, a motion for relief from judgment is made without the consent of the adverse party or parties, the movant must *persuasively* show that the relief requested is warranted for one or more of the reasons specified in Fed. R. Civ. P. 60(b).

Heritage seeks to set aside the Order issued by the Board back on January 17, 2013 granting NV Sumatra's Motion for Summary Judgment and canceling Registration No. 2972594 (hereafter "the Summary Judgment Order on Cancellation"). Heritage's asserted grounds are mistake, inadvertence, surprise or excusable neglect under Rule 60(b)(1). Among the factors to be considered in determining a motion to vacate a judgment under 60(b)(1) are whether the plaintiff will be prejudiced, (2) whether the default was willful, and (3) whether the defendant has a meritorious defense to the action. *Djeredjian v. Kashi*, 21USPQ2d 1613, 1615 (TTAB 1991). All three factors point in favor of a rejection of the Motion to Set Aside.

A. Decision by Purported Predecessors Not To Respond Was Willful.

1. Long Procedural History Reflects Willful Decision Not to Respond.

During the long procedural history in this case, ACC and Smoker's Best were granted repeated opportunities to respond to the Motion for Summary Judgment seeking cancellation of Registration No. 2,972,524 for the mark UNION ("Motion for Summary Judgment on Cancellation"). Notwithstanding such opportunities, no response to the Motion for Summary Judgment on Cancellation was ever filed.³ To illustrate, NV Sumatra provides the following chronological summary:

- December 1, 2011, N.V. Sumatra files Motion for Summary Judgment on Cancellation
- December 28, 2011, ACC files a consented motion to extend time to respond to Motion for Summary Judgment on Cancellation
- January 19, 2012, Board allows ACC until January 30, 2012 to file response to Motion for Summary Judgment on Cancellation
- January 30, 2012, ACC files a second (opposed) motion to extend time to respond to Motion for Summary Judgment on Cancellation
- February 23, 2012, ACC's attorneys file a renewed request to withdraw as counsel
- March 2, 2012, Board grants withdrawal and indicates it will reset ACC's time to respond to Motion for Summary Judgment on Cancellation upon resolution of the status of ACC's representation
- April 2, 2012, Smoker's Best enters an appearance as assignee and Smoker's Best new attorneys enter appearance and file a third motion to extend time to respond to Motion for Summary Judgment on Cancellation
- April 19, 2012 Board takes note of assignment of subject applications from ACC to Smoker's Best and joins Smoker's Best as a party. Board grants 60 days extension to file Response Motion for Summary Judgment on Cancellation but rejects Motion to Take Discovery under Rule 56(d); Board indicates no further extensions will be allowed without consent or a showing of extraordinary circumstances
- May 22, 2012 Smoker's Best attorneys file a request to withdraw as counsel

³ Moreover, NV Sumatra believes it of no coincidence that three separate law firms engaged to represent ACC and/or Smoker's Best in this matter have withdrawn from representation (two of the firms within weeks of assuming representation).

- June 5, 2012 Board grants request to withdraw and allows additional 30 days for ACC/Smoker's Best to appoint new counsel, or to file a paper stating that they choose to represent themselves and sets deadline for response to Motion for Summary Judgment on Cancellation at September 2, 2012. Board indicates no further extensions will be allowed without consent or a showing of extraordinary circumstances
- July 24, 2012, NV Sumatra files Motion for Show Cause Order demanding ACC and/or Smoker's Best explain why Default Judgment should not be entered based on apparent loss of interest in proceedings
- August 9, 2012 Board denies Show Cause Request and notes presumption that ACC/Smoker's Best will represent themselves
- October 5, 2012 Board notes that the June 5, 2012 and August 9, 2012 orders do not appear to have been sent directly to Smoker's Best and provides an additional 30 days for Smoker's Best to respond whether it has appointed counsel and extending deadline to respond to Motion for Summary Judgment on Cancellation to January 3, 2013
- January 17, 2013 Board issues Summary Judgment Order on Cancellation and cancels Registration No. 2972594. Trial Dates are reset for the Opposition proceedings
- January 22, 2013 NV Sumatra files Motion for Summary Judgment on Oppositions given cancellation of Registration No. 2972594
- March 29, 2013 Board grants as conceded Applicant's Motion for Summary Judgment on Oppositions and dismisses oppositions with prejudice

This procedural history alone should support a finding of the willful failure of ACC and Smoker's Best to respond to the Motion for Summary Judgment on Cancellation.

2. No Reason Has Been Provided to Suggest Decision Was Not Willful.

Moreover, Heritage has provided no reason, let alone a particular or persuasive reason, why evidence/argument was not timely filed in response to NV Sumatra's Motion for Summary Judgment on Cancellation. On page 7 of the Memorandum supporting the instant Motions, Heritage unabashedly states "Heritage can only guess as to why its predecessor in interest did not inform the Board of its inability to comply with the time frame to respond to the motions for summary judgment." As the "why" here represents the very crux of Heritage's evidentiary

burden, for this reason alone, the instant Motion to Set Aside should be denied. *Gaylord Entertainment Co. v. Calvin Glimore Productions, Inc.*, 59 USPQ2d 1369, 1372, (TTAB 2000) (motion denied where movant failed to provide specific reasons for former counsel's inaction.)

To the contrary, Heritage's arguments are based exclusively on negotiations surrounding the assignment of the UNION registration which negotiations post-date the January 3, 2013 response deadline. Heritage itself acknowledges that discussions on the assignment of the UNION registration did not even commence until late January 2013. See ¶ 5 of Declaration of Jose Espinosa, attached as Exhibit C to Declaration by Juliet Alcoba. Consequently, if Heritage's argument on excusable neglect is to be considered at all, it relates exclusively to the failure to timely request reconsideration of the Summary Judgment Order on Cancellation.

The standard of review for a motion for reconsideration of a final decision is whether the Board erred in reaching the decision it issued. TMBP §543 (3d ed. 2012); 37 §C.F.R. 2.129(c). In this case, where NV Sumatra has submitted testimony and evidence that there was no *bona fide* use of the UNION mark in commerce as of the Statement of Use deadline, and such testimony and evidence was unopposed, there can be no claim of error.

3. Heritage Is Bound By Actions Of Purported Predecessors-In-Interest.

Further, Heritage is hard-pressed to argue that it should be relieved from the Summary Judgment Order on Cancellation under Rule 60(b)(1) as a successor-in-interest. *See Matter of Covington Grain Co., Inc.*, 638 F.2d 1362, 1364 (5th Cir. 1981) (noting that the substitution of parties on transfer of interest "is not designed to create new relationships among parties to a suit but is designed to allow the action to continue unabated when an interest in lawsuit changes

hands"); *Ransom v. Brennan*, 437 F.2d 513, 516 (5th Cir. 1971) (noting that a "substituted party steps into the same position of the original party").

The facts and circumstances demonstrate a complete lack of interest or diligence exercised by ACC and Smoker's Best as to a response to the Motion for Summary Judgment on Cancellation. Neither ACC nor Smoker's Best has made a single submission with the Board since April 12, 2012. Put simply, the default of ACC and Smoker's Best is imputed to Heritage, and Heritage cannot succeed where ACC or Smoker's Best would fail.

In any event, even the most cursory of due diligence efforts would have indicated to Heritage that the UNION trademark was a vulnerable asset. As reflected by Heritage's own submissions, the negotiations for the UNION trademark commenced AFTER the expiration of the already extended period of time for its predecessors-in-interest on the registration to respond to the Motion for Summary Judgment on Cancellation. Such deadlines were clearly reflected in the publicly available documents on the USPTO database. The consequences of Heritage's poorly informed business decision should not fall on NV Sumatra.

Heritage's requested substitution in this action does not equitably or legally empower it to force the Board and other parties to re-litigate an issue. If this were otherwise, any time a party purchased a trademark, it would create another opportunity to file a motion reopen, and there would be no end to the litigation.

B. Heritage Has Offered No Meritorious Defense.

Significantly, Heritage has offered no basis for a meritorious defense in the face of the arguments raised in NV Sumatra's Motion for Summary Judgment on Cancellation. Specifically, NV Sumatra argued that ACC had failed to demonstrate bona fide use of the

UNION mark in commerce as of the Statement of Use deadline (February 4, 2005), as reflected by the lack of any corroborating documentation in ACC's own records, the lack of any corroborating mandatory regulatory submissions and an affidavit from the alleged (by ACC) "manufacturer" of the UNION cigarettes testifying that no UNION cigarettes were ever manufactured for ACC, or for any other party.

Heritage simply states, without any indication of supporting evidence, that the UNION mark has been in continuous use since at least February 4, 2005. Specifically, Heritage suggests "[t]he voluminous records produced during discovery demonstrate that mark has been used continuously in commerce. *See* Exhibit E." *See* Memorandum in support of instant Motions at p. 11. Notably, Heritage does not reference a single supporting document for such statement -- where it was NV Sumatra's clear position in its Motion for Summary Judgment on Cancellation that all of the "use" documents produced by ACC in discovery fell outside the relevant time period. Further, the referenced Exhibit E is an affidavit signed by Karen Kamperman of Smoker's Best which discusses only Smoker's Best use of the mark beginning in 2011. Such conclusory and irrelevant statements, in the face of such strong evidence to the contrary, hardly amounts to a *persuasive* showing that the relief requested is warranted.

C. NV Sumatra Would be Prejudiced by Setting Aside the Final Orders.

To prevail on its Motion for Summary Judgment on Cancellation, NV Sumatra was required to prove a negative – i.e. that ACC had failed to demonstrate bona fide use of the UNION mark in commerce as of the Statement of Use deadline. NV Sumatra posits such burden was met independently through the lack of any corroborating documents produced by ACC and the lack of any record of mandatory regulatory submissions that would have accompanied such

use. The position was further bolstered by an affidavit from the alleged “manufacturer” of the UNION cigarettes as identified by ACC in their pleadings, where the manufacturer’s authorized representative testified that no such cigarettes were ever manufactured for ACC. See Ex. 16 to Motion for Summary Judgment on Cancellation, Aff. of Osmar J. Souza Filho.

NV Sumatra has not contacted Mr. Filho since the affidavit was signed more than a year and a half ago, and cannot be certain whether Mr. Filho is still accessible as a witness. Furthermore, NV Sumatra is also unaware of the current whereabouts of Mr. Basil Battah or Mr. Seamus Henry of ACC, the only witnesses specifically identified by ACC in discovery with any purported knowledge of the use of the UNION cigarettes prior to the Statement of Use deadline. Significantly, Heritage’s submission does not include reference to either individual, let alone any affidavit testimony or indication that these individuals (or any other individuals) are available to provide relevant testimony. The potential unavailability of these witnesses could certainly have a prejudicial impact on NV Sumatra’s position.

II. HERITAGE ALSO HAS PROVIDED NO BASIS FOR GRANTING RELIEF UNDER RULE 60(B)(6).

Heritage seeks, in the alternative, to set aside the Summary Judgment Order on Cancellation under Rule 60(b)(6). Relief under 60(b)(6) requires a showing of “extraordinary circumstances” justifying relief. Deliberate conduct which is inexcusable under Rule 60(b)(1) should not be a basis for relief under Rule 60(b)(6). *Ackermann v. United States*, 340 U.S. 193, 197-202, 71 S. Ct, 209 (1950) (no relief where petitioner made considered decision not to appeal). The only asserted bases for relief offered by Heritage under Rule 60(b)(6) are that Heritage allegedly has valid defenses to the petition to cancel and that it would be inequitable and prejudicial not to set the judgment aside. These are the same reasons that are insufficient to

support relief under Rule 60(b)(1) and should be rejected as a basis for relief under Rule 60(b)(6).

III. DENIAL OF MOTION TO SET ASIDE THE SUMMARY JUDGMENT ORDER ON CANCELLATION MOOTS REMAINING MOTIONS FOR A 45 DAY EXTENSION OF TIME TO SUBMIT OPPOSITIONS TO THE SUBMITTED SUMMARY JUDGMENTS AND MOTION TO REOPEN PROCEEDINGS AND RESET TRIAL DATES ACCORDINGLY.

If the Summary Judgment Order on Cancellation properly stands, Heritage's Motion to allow for additional time to respond to the Motion for Summary Judgment on Cancellation is moot, as is Heritage's Motion to Reopen the related opposition proceedings (Opp. Nos. 91185261 and 91186841).

The oppositions filed by ACC were based solely on the likelihood of confusion of the parties respective marks under Section 2(d) of the Trademark Act with ACC relying solely on Registration No. 2,972,594 for its case. See Notices of Opposition ¶¶6, 8. To prevail on a likelihood of confusion claim under Section 2(d), Heritage would have to establish that ACC had standing to maintain the proceedings; that ACC had priority; and that the contemporaneous use of the parties' respective marks on their respective goods would be likely to cause confusion, mistake or to deceive consumers. See 15 U.S.C.A. § 1052(d). If the Summary Judgment Order on cancellation stands, Heritage could no longer rely on the June 1, 2001 filing date associated with Reg. No. 2,972,594 for priority and the oppositions fail as a matter of law.

Based on the foregoing, NV Sumatra requests the Board to deny each of the Motions requested by Heritage.

Respectfully submitted,

N.V. Sumatra Tobacco Trading Company

Date: April 17, 2013

By: /Tara M. Vold _____
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CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing **RESPONSE TO: (1) MOTION TO SET ASIDE THE BOARD'S ORDERS GRANTING PETITIONER'S MOTIONS FOR SUMMARY JUDGMENT; (2) MOTION FOR A 45 DAY EXTENSION OF TIME TO SUBMIT OPPOSITIONS TO THE SUBMITTED SUMMARY JUDGMENTS; AND (3) MOTION TO REOPEN PROCEEDINGS AND RESET TRIAL DATES** **ACCORDINGLY** was served via mail and email on this 17th day of April 2013 upon:

Juliet Alcoba, Esq. Alcoba Law Group, P.A. 3399 NW 72 Avenue, Ste 211 Miami, FL 33122 Attorney for Heritage Tobacco LLC jalcoba@miamipatents.com	Paul V. Nunes, Esq. Underberg & Kessler LLP 300 Bausch & Lomb Place Rochester, NY 14604 Attorney for Smoker's Best Group, LLC pnunes@underbergkessler.com
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American Cigarette Company, Inc. 1291-B NW 651 Place Fort Lauderdale, FL 33309	Smoker's Best Group, LLC 645 Westmoreland Drive Tupelo, Mississippi 38801
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Alexandra Thiery-Gore