

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

Mailed: September 4, 2011

Opposition No. 91200327

James Murta

v.

Victor Suarez

**ELIZABETH J. WINTER, INTERLOCUTORY ATTORNEY:**

**Proceeding Suspended**

On August 31, 2011, at the close of the parties' discovery conference, this proceeding was **SUSPENDED** until **SIXTY DAYS** from the conference date to allow the parties to discuss settlement, subject to the right of either party to request resumption at any time. See Trademark Rule 2.117(c). The remainder of this order summarizes the significant points discussed during the discovery conference and resets the trial schedule in this proceeding should the proceeding resume.

**Discovery Conference**

Counsel for opposer, Kurt Leyendecker of Leyendecker & Lemire LLC, counsel for applicant, Marina Lewis and Michael Dergosits of Dergosits & Noah LLP, and Elizabeth Winter, the assigned Interlocutory Attorney, conducted a discovery

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conference on August 31, 2011, regarding this proceeding pursuant to Trademark Rule 2.120(a).

At the outset, the parties advised the Board that they had previously discussed settlement without resolution thusfar, and that there are no other related cases between the parties either at the Board or in state or Federal court.<sup>1</sup>

• ***Notice of Opposition***

Turning to the pleadings, the Board reviewed opposer's fraud claim, which is based in part on allegations that applicant was not using the involved mark with any of the identified goods on or before the application filing date and/or on the date of first use alleged in the involved application. The Board also noted that, although the essential elements for the fraud claim were asserted in opposer's pleading,<sup>2</sup> due to the unusually large number of

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<sup>1</sup> The parties are requested to inform the Board should any related proceedings commence either between the parties or with third parties concerning the marks involved in this proceeding.

<sup>2</sup> See Fed. R. Civ. P. 9(b). See also *Exergen Corp. v. Wal-Mart Stores, Inc.*, 575 F.3d 1312, 91 USPQ2d 1656, 1670 n. 7 (Fed. Cir. 2009), citing *Kowal v. MCI Communications Corp.*, 16 F.3d 1271, 1279 n. 3 (D.C. Cir. 1994) ("[P]leadings on information and belief [under Rule 9(b)] require an allegation that the necessary information lies within the defendant's control, and ... such allegations must also be accompanied by a statement of the facts upon which the allegations are based" (citation omitted)); and *Meckatzer Lowenbrau Benedict Weib KG v. White Gold, LLC*, 95 USPQ2d 1185, 1187 (TTAB 2010) (fraud claim held to be sufficient under Fed. R. Civ. P. 12(b)(6) because, *inter alia*, allegations were not based solely on information and belief, but were based on an investigation revealing lack of use of the involved mark).

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factual allegations in the notice of opposition, the allegations that are essential to give applicant notice of the bases for the fraud claim and to facilitate discovery are difficult to ascertain.<sup>3</sup> See Fed. R. Civ. P. 8(a)(2) and 10(b); and Trademark Rules 2.104(a) and 2.116(a), 37 C.F.R. §§ 2.104(a) and 2.116(a). Additionally, while the notice of opposition contains allegations that applicant failed to maintain continuous use of the subject mark, the Board did not find a sufficient claim of abandonment<sup>4</sup>; nor did the Board find it clear in the notice of opposition that opposer intends to allege an alternate claim of non-use under Section 1(a) of the Trademark Act, 15 U.S.C. § 1051(a).<sup>5</sup>

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<sup>3</sup> Opposer was also informed that his exhibits attached to the notice of opposition will not be considered as evidence to support his claim. See Trademark Rules 2.122(c) and 2.122(d), 37 C.F.R. §§ 2.122(c) and 2.122(d).

<sup>4</sup> The Board also stated that the wording "either/or" renders the allegations in paragraphs 16, 19, 22, 25 and 28 of the notice of opposition to be speculative in nature. In the context of *inter partes* proceedings before the Board, a claim has facial plausibility when the opposer pleads factual content that allows the Board to draw a reasonable inference that the opposer has standing and that a valid ground for the opposition or cancellation exists. In particular, a plaintiff need only allege "enough factual matter ... to suggest that [a claim is plausible]" and "raise[s] a right to relief above the speculative level." *Totes-Isotoner Corp. v. U.S.*, 594 F.3d 1346 (Fed. Cir. 2010), citing *Bell Atlantic Corp. v. Twombly*, 550 U.S. 544, 555-56, (2007).

<sup>5</sup> An application is void *ab initio* if the applied-for mark was not in use in commerce at the time of the filing of the application. See, e.g., *Justin Industries, Inc. v. D.B. Rosenblatt, Inc.*, 213 USPQ 968, 974-75 (TTAB 1981) (application void where application filed before first order or sale and delivery of the goods of the mark occurred); *Intermed*

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Further, noting opposer's detailed allegations regarding the appearance of the applied-for mark in the application drawing page when compared to the appearance of the mark shown on the specimens of use, opposer was reminded that to the extent that opposer may have sought to allege that there was examiner error with respect to the consideration of applicant's specimens of use (during both the initial examination and post-registration), it is well-settled that allegations directed to *ex parte* examination issues fail to state a proper ground for an *inter partes* proceeding. See *Demon Int'l LC v. William Lynch*, 86 USPQ2d 1058 (TTAB 2008), citing *Century 21 Real Estate v. Century Life of America*, 10 USPQ2d 2034, 2035 (TTAB 1989) (the issue of the adequacy of the specimens is solely a matter of *ex parte* examination).

Finally, because a misstatement of the date of first use in a use-based application is not a proper basis of a fraud claim so long as there is use of the applied-for mark as of the filing date of the application, the Board ordered that **paragraphs 14, 17, 20, 23 and 26 of the notice of opposition are stricken from opposer's pleading.** See Fed. R. Civ. P. 12(f). See also *Hiraga v. Arena*, 90 USPQ2d 1102,

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*Communications, Inc. v. Chaney*, 197 USPQ 501 (TTAB 1977) (application void where the INTERMED mark had never been used in the United States on or prior to the filing date in association with the services described in the application).

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1107 (TTAB 2009) ("... if the mark was in use in commerce as of the filing date, then the claimed date of first use, even if false, does not constitute fraud because the first use date is not material to the Office's decision to approve a mark for publication").

- ***Answer including Affirmative Defenses***

The Board noted that applicant's answer complied with Trademark Rule 2.106(b)(1). However, the Board also reviewed applicant's affirmative defenses.

An affirmative defense assumes the allegations in the complaint to be true but, nevertheless, constitutes a defense to the allegations in the complaint. An affirmative defense does not negate the elements of the cause of action; it is an explanation that bars the claim. *Gwin v. Curry*, 161 F.R.D. 70, 71 (N.D. Ill. 1995) (the affirmative defense concept codifies the common law plea in confession and avoidance: "Each defendant either expressly or impliedly treats the factual allegations in a complaint as true, but then goes on to assert new matter that eliminates or limits the defendant's ordinary liability stemming from those allegations"), *citing* Black's Law Dictionary, p. 297 (6<sup>th</sup> ed. 1990).

In this case, applicant's asserted affirmative defenses would apply if opposer proves his claim of fraud at trial,

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but the facts comprising the affirmative defenses excuse applicant from liability. Applying these tenets to applicant's affirmative defenses, for the following reasons, the Board ordered that **all five affirmative defenses are stricken**. See Fed. R. Civ. P. 12(f).

1. First Affirmative Defense - The notice of opposition fails to state a claim upon which relief can be granted.

Failure to state a claim upon which relief can be granted is not an affirmative defense; nor has applicant filed a timely motion under Fed. R. Civ. P. 12(b)(6). In any event, opposer's allegations of fraud state a claim upon which relief can be granted (see, e.g., not. of opp. ¶¶s 10-13, 15, 18, 21, 24, 27, 33, 34, 35, 41, 50, 52, 53, 54, 55, 57-60, and 62, and unnumbered<sup>6</sup> paragraphs on pp. 13 and 15). See Fed. R. Civ. P. 9(b); Trademark Rule 2.116(a), 37 C.F.R. § 2.116(a). See also *In re Bose Corp.*, 580 F.3d 1240, 91 USPQ2d 1938, 1941 (Fed. Cir. 2009); and *Enbridge Inc. v. Excelerate Energy LP*, 92 USPQ2d 137 (TTAB 2009).

2. Second Affirmative Defense - Opposer lacks standing.

Lack of standing is not an affirmative defense. Standing is an element of opposer's claim insofar as opposer must prove standing as part of his case. Nonetheless, the Board noted opposer's allegation (not. of opp. at 2) that

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<sup>6</sup> The Board reminds opposer that all paragraphs in a pleading must be numbered. Fed. R. Civ. P. 10(b); Trademark Rule 2.116(a), 37 C.F.R. § 2.116(a).

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his application has been suspended pending disposition of the application involved herein. When the opposed application has been cited as a potential bar to opposer's registration, opposer has standing to oppose. See *Life Zone Inc. v. Middleman Group Inc.*, 87 USPQ2d 1953, 1959 (TTAB 2008). See also *Lipton Indus., Inc. v. Ralston Purina Co.*, 670 F.2d 1024, 213 USPQ 185, 189 (CCPA 1982).

3. Third and Fourth Affirmative Defenses - Unclean Hands and Equitable Estoppel.

The equitable defense of estoppel (as well as laches) is generally unavailable in an opposition proceeding.<sup>7</sup> Further, equitable defenses, including unclean hands, are not available against claims of fraud or abandonment, since it is in the public interest to prohibit registrations procured or maintained by fraud, and to remove registrations of abandoned marks from the register. See, e.g., *Treadwell's Drifters Inc. v. Marshak*, 18 USPQ2d 1318, 1320 (TTAB 1990), recon. denied, 18 USPQ2d 1322 (TTAB 1990); *TBC Corp. v. Grand Prix Ltd.*, 12 USPQ2d 1311, 1313 (TTAB 1989); and *Bausch & Lomb Inc. v. Leupold & Stevens Inc.*, 1 USPQ2d 1497,

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<sup>7</sup> See, e.g., *National Cable Television Association v. American Cinema Editors Inc.*, 937 F.2d 1572, 19 USPQ2d 1424, 1432 (Fed. Cir. 1991); *Coach House Restaurant Inc. v. Coach and Six Restaurants Inc.*, 934 F.2d 1551, 19 USPQ2d 1401, 1404-05 (11th Cir. 1991); *Barbara's Bakery, Inc. v. Landesman*, 82 USPQ2d 1283 (TTAB 2007); and *Turner v. Hops Grill & Bar Inc.*, 52 USPQ2d 1310, 1312 n.3 (TTAB 1999) ("the U.S. Court of Appeals for the Federal Circuit has held that in trademark opposition and cancellation proceedings, laches begins to run when the mark in question is published for registration").

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1499 (TTAB 1986).

Additionally, even if the unclean hands and estoppel defenses were available, applicant's asserted defenses are comprised of a single conclusory allegation, thus, provide insufficient detail to give opposer fair notice of the bases for said defenses. See Fed. R. Civ. P. 8(b)(1)(a) and 12(f).

4. Fifth Affirmative Defense - Opposer has failed to mitigate damages.

The term "damage" as used in Sections 13 and 14 of the Trademark Act concerns only a party's standing to file an opposition or petition to cancel, respectively. Furthermore, a party may establish its standing to oppose or to petition to cancel by showing that it has a real interest in the case, that is, a personal interest beyond that of the general public. There is no requirement that actual damage be pleaded and proved in order to establish standing or to prevail in an opposition or cancellation proceeding. See *Books on Tape Inc. v. Booktape Corp.*, 836 F.2d 519, 5 USPQ2d 1301 (Fed. Cir. 1987); *Jewelers Vigilance Committee Inc. v. Ullenberg Corp.*, 823 F.2d 490, 2 USPQ2d 2021 (Fed. Cir. 1987); and *International Order of Job's Daughters v. Lindeburg & Co.*, 727 Fd.2d 1087, 220 USPQ 1017 (Fed. Cir. 1984).

- *Other Topics of Conference*
  - *Parties' Stipulation*

*The parties agreed to confer during the sixty-day suspension period on the issue of applicant's use of the applied-for mark in commerce; applicant agreed to submit to opposer evidence of his use of the mark; and both parties agreed to provide an informal list of discovery questions to the other, after applicant produced evidence of use to opposer.*

The parties are reminded that they may agreed to various other stipulations during the pendency of the proceeding. By way of example, the parties may agree or stipulate *in writing* to the following measures to facilitate the progress of this proceeding:

- Discovery depositions may be taken by telephone and/or video conference;
- Discovery depositions may be submitted in lieu of testimony depositions;
- That the parties may have additional time to respond to discovery requests;<sup>8</sup>

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<sup>8</sup> Parties must inform the Board, by stipulation or motion, any time they agree to modify their obligations under the rules governing disclosures and discovery, as well as when they agree to modify deadlines or schedules that involve disclosures, discovery, trial or briefing. See TBMP §§ 403.01 and 501.02 (3d ed. 2011).

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- Matter that is otherwise improperly submitted by a notice of reliance may be introduced by a notice of reliance;
- That a party may rely on its own discovery responses;
- Testimony affidavits of witnesses may be submitted instead of testimony depositions;
- That documents are deemed authenticated; and/or
- That a notice of reliance can be filed after the testimony periods are closed.

See TBMP §§ 403.01, 501, 704.03(b) and 705 (3d ed. 2011).

The parties may also agree to serve documents filed with the Board by electronic mail. See Trademark Rule 2.119(a)(6), 37 C.F.R. § 2.119(a)(6). While not required, it is recommended that such a stipulation also be set forth in writing.

The Board also mentioned its *Accelerated Case Procedure* (ACR)<sup>9</sup> and reminded the parties that the Board's standard protective order applies to this proceeding and may be modified by the parties in writing; and that a motion for summary judgment may be not be filed nor may any discovery be served until the parties' initial disclosures are served.

**The parties are also reminded that each party has a duty to preserve material evidence and to avoid spoliation of**

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<sup>9</sup> See <http://www.uspto.gov/trademarks/process/appeal/acrognoticerule.pdf>.

evidence.<sup>10</sup>

Should the parties seek additional information on initial disclosures, they may obtain additional information regarding initial disclosures at the following sources:

[http://www.uspto.gov/trademarks/process/appeal/RULES08\\_01\\_07.pdf](http://www.uspto.gov/trademarks/process/appeal/RULES08_01_07.pdf)

and to <http://edocket.access.gpo.gov/2006/pdf/06-197.pdf> or to

[http://www.uspto.gov/trademarks/process/appeal/RULES01\\_17\\_06.pdf](http://www.uspto.gov/trademarks/process/appeal/RULES01_17_06.pdf).

See Notice of Final Rulemaking ("Miscellaneous Changes to Trademark Trial and Appeal Board Rules") in the Federal Register, 72 Fed. Reg. 147 (August 1, 2007) and 71 Fed. Reg. 10, 2501 (January 17, 2006) (pages 2498 and 2501).

**Proceeding Suspended; Trial Dates Reset**

As set forth at the beginning of this order, this proceeding is **SUSPENDED** until sixty days from the date of the parties' discovery conference. In the event that there is no word from either party concerning the progress of their negotiations, upon conclusion of the suspension period, **proceedings shall resume on OCTOBER 31, 2011, without further notice or order from the Board, upon the schedule set out below.**

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<sup>10</sup> "While a litigant is under no duty to keep or retain every document in its possession ... it is under a duty to preserve what it knows, or reasonably should know, is relevant in the action, is reasonably calculated to lead to the discovery of admissible evidence, is reasonably likely to be requested during discovery and/or is the subject of a pending discovery request." *Healthcare Advocates, Inc. v. Harding, Earley, Follmer & Frailey, et al.*, 497 F.Supp.2d 627, 639 (E.D.Pa. 2007) (addressing law firm's failure to preserve temporary electronic files).

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Should this proceeding resume, opposer is allowed until **THIRTY DAYS** from the date of resumption to file an amended pleading which clarifies opposer's fraud claim and currently insufficient non-use<sup>11</sup> and abandonment claims, failing which the proceeding will go forward only on the fraud claim set forth in notice of opposition of record. If opposer files an amended pleading, as discussed herein, applicant is allowed until **THIRTY DAYS** from the date of service thereof to file an amended answer. All remaining trial dates are reset as follows:

<b>Proceeding Resumes</b>	<b>10/31/2011</b>
<b>Amended Notice of Opp. Due, if Any</b>	<b>11/30/2011</b>
<b>Discovery Opens</b>	<b>11/30/2011</b>
<b>Initial Disclosures Due</b>	<b>12/30/2011</b>
<b>Expert Disclosures Due</b>	<b>4/28/2012</b>
<b>Discovery Closes</b>	<b>5/28/2012</b>
<b>Plaintiff's Pretrial Disclosures Due</b>	<b>7/12/2012</b>
<b>Plaintiff's 30-day Trial Period Ends</b>	<b>8/26/2012</b>
<b>Defendant's Pretrial Disclosures Due</b>	<b>9/10/2012</b>
<b>Defendant's 30-day Trial Period Ends</b>	<b>10/25/2012</b>
<b>Plaintiff's Rebuttal Disclosures Due</b>	<b>11/9/2012</b>
<b>Plaintiff's 15-day Rebuttal Period Ends</b>	<b>12/9/2012</b>

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<sup>11</sup> Opposer was reminded that "the very nature of the charge of fraud requires that it be proven 'to the hilt' with clear and convincing evidence. There is no room for speculation, inference or surmise and, obviously, any doubt must be resolved against the charging party." *Smith Int'l, Inc. v. Olin Corp.*, 209 USPQ 1033, 1044 (TTAB 1981).

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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 Rules 2.128(a) and (b).

An oral hearing will be set only upon request filed as provided by Trademark Rule 2.129.

If, during the suspension period, either of the parties or their attorneys should have a change of address, the Board should be so informed.

