UNITED STATES PATENT AND TRADEMARK OFFICE
Trademark Trial and Appeal Board
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General Contact Number: 571-272-8500

JK

Mailed: July 1, 2015

Opposition No. 91209617

Xikar, Inc.

v.

Debra Wiseberg

By the Board:

This proceeding is now before the Board for consideration of Applicant's motions filed February 19, 2015:

1) for reconsideration of the Board's January 20, 2015 order wherein the Board, in adjudicating Opposer's September 4, 2014 motion to dismiss Applicant's amended counterclaims, dismissed Applicant's counterclaim for fraud; and

2) for leave to file a second amended counterclaim for fraud.

Applicant's motions are fully briefed.[1] For purposes of this order, the Board presumes the parties' familiarity with the motions and the arguments of record in the briefs on the motions.

[1] In view of Opposer's assertion in its brief in opposition to Applicant's motion for leave to amend, that the substance of its opposition is in Sections II to V of its brief in opposition to Applicant's motion for reconsideration, the Board has construed these sections as Opposer's opposition to Applicant's motion for leave to amend.

Applicant's motion for reconsideration

The premise underlying a motion for reconsideration, modification or clarification under Trademark Rule 2.127(b) is that, based on the facts before it and the prevailing authorities, the Board erred in reaching the order or decision it issued. A motion for reconsideration may not be used to introduce additional evidence, nor should it be a reargument of the points presented in the briefs on the original motion. The motion is limited to a demonstration that based on the record properly before it and the applicable law, the Board's ruling is in error and requires appropriate change. *See* TBMP § 518 (2014). *See also Vignette Corp. v. Marino,* 77 USPQ2d 1408, 1411 (TTAB 2005*). Cf.* TBMP § 543 (2014).

Applicant's motion for reconsideration of the January 20, 2015 order is directed to the dismissal therein of the fraud counterclaim for failure to state a claim upon which relief can be granted pursuant to Fed. R. Civ. P. 12(b)(6). Applicant sets forth several points, which the Board has reviewed in total, but does not restate herein. As a general matter, much of Applicant's motion goes to the issue of how Applicant used the terms "knowingly" and "fraudulently" within the allegations in the amended counterclaim "to signify the Opposer's intent to deceive" (brief on motion, p. 2; also p. 4, 7), and to whether Opposer's actions and filings constitute tactics to disparage Applicant or to undermine Applicant's counterclaim allegations (*e.g.*, brief on motion, p. 8; reply brief, p. 4).

In granting Opposer's motion to dismiss the pleading of the fraud counterclaim, the Board explained the pleading elements required for alleging any claim of fraud on the USPTO, and found in particular that in the August 14, 2014 amended counterclaim failed to set forth a specific misrepresentation of material fact in either the application or maintenance filing(s). The Board did not find deficiency in whether Applicant alleged that Opposer made statements or omissions "knowingly." Furthermore, the repeated allegations that Opposer made certain statements or omissions "fraudulently" adds little to the pleading inasmuch as this term essentially states a legal conclusion, and statements alleging that an action was taken "fraudulently," without more, do not allege the facts that form the basis for Applicant's counterclaim. To be clear, the Board found that

> Applicant fails to set forth with particularity a specific material misrepresentation which Opposer is alleged to have knowingly made in procuring or maintaining its registration, including that such misrepresentation was made with the intent to deceive the USPTO to issue the registration

After thorough consideration of Applicant's motion, as well as reconsideration of the amended counterclaim filed August 14, 2014, the Board finds that Applicant has not pointed to any error that the Board made in rendering its determination of the merits of the motion to dismiss the counterclaim. In view thereof, Applicant's motion for reconsideration is denied.

Applicant's motion for leave to amend counterclaim for fraud[2]

Amendments to pleadings in *inter partes* proceedings are governed by Fed. R. Civ. P. 15, which is applicable to Board proceedings by Trademark Rule 2.116(a). *See also* TBMP § 507.01 (2014). Fed. R. Civ. P. 15(a) governs amendments before trial. Pursuant to Fed. R. Civ. P. 15(a)(2), where, as here, a party may not amend its pleading as a matter of course under Fed. R. Civ. P. 15(a)(2),

> …a party may amend its pleading only with the opposing party's written consent or the court's leave. The court should freely give leave when justice so requires.

The Board liberally grants leave to amend pleadings at any stage of a proceeding when justice so requires, unless entry of the proposed amendment would violate settled law or be prejudicial to the rights of the adverse party or parties. *See* TBMP § 507.02 (2014). Where the moving party seeks to add a new claim or defense, and the proposed pleading thereof is legally insufficient, or would serve no useful purpose, the Board normally will deny the motion to amend. *See Octocom Systems Inc. v. Houston Computer Services Inc.*, 918 F.2d 937, 16 USPQ2d 1783, 1785 (Fed. Cir. 1990); *Giersch v. Scripps Networks Inc.,* 85 USPQ2d 1306, 1309 (TTAB 2007); *Hurley International L.L.C. v. Volta,* 82 USPQ2d 1339, 1341 (TTAB 2007).

The timing of a motion to amend is a main factor in determining whether the non-movant would be prejudiced by allowance of the proposed

[2] Applicant did not submit with the motion a red-lined copy of the proposed pleading, as is the preferred practice in Board proceedings. *See* TBMP § 507.01 (2014).

amendment. *See* TBMP § 507.02 (2014), and cases cited therein. The motion should be filed as soon as any ground for the amendment, *e.g.*, newly discovered evidence, becomes apparent. A long delay in filing a motion for leave to amend may render the amendment untimely. See *Int'l Finance Corp. v. Bravo Co.*, 64 USPQ2d 1597, 1604 (TTAB 2002).

As background, the USPTO records reflect that the application underlying Opposer's pleaded Registration No. 2200215 was filed August 19, 1996 by Kurt Van Keppel (Van Keppel), based on a bona fide intent to use the mark in commerce pursuant to Trademark Act Section 1(b), and that the claimed date of first use anywhere and first use in commerce is February 6, 1997. Assignment records reflect that Van Keppel assigned the entire interest to Xikar, Inc. on March 25, 2004, and that said assignment was recorded with the Assignment Branch on April 6, 2004.

Applicant has moved for leave to file a second amended counterclaim, asserting that she "has corrected the deficiencies the Board found in the fraud pleading in their decision dated January 20, 2015" (brief on motion, p. 3-4). Regarding timing of the motion, Applicant moved promptly after the Board's issuance of the January 20, 2015 decision in which the Board found deficiencies in the first amended counterclaim. *See* Trademark Rule 2.127(b); TBMP § 518 (2014). An unreasonable delay to this proceeding will not result from the Board's consideration of the second amended counterclaim. Furthermore, the record does not indicate that Opposer will be prejudiced by

allowing Applicant to file the second amended counterclaim, and Opposer points to no prejudice, such as the inability to conduct discovery, to obtain evidence or locate witnesses, or to prepare its case in chief or its counterclaim defense.

In view of these findings, Applicant's motion for leave to file a second amended counterclaim is granted. The Board now turns to the substance and sufficiency of the second amended counterclaim for fraud, applying the analysis under Fed. R. Civ. P. 12(b)(6).

As noted in the January 20, 2015 order, fraud in procuring or maintaining a trademark registration occurs when an applicant for registration, or a registrant, knowingly makes a specific false, material representation of fact in connection with an application to register, or in a post-registration filing, with the intent of obtaining or maintaining a registration to which it is otherwise not entitled. See *In re Bose Corp.*, 580 F.3d 1240, 91 USPQ2d 1938 (Fed. Cir. 2009); *Qualcomm Inc. v. FLO Corp.*, 93 USPQ2d 1768, 1770 (TTAB 2010). A claim of fraud *must* set forth *all* elements of the claim, that is, all specific factual circumstances alleged to constitute fraud on the USPTO, with a heightened degree of particularity in accordance with Fed. R. Civ. P. 9(b).[3]

[3] All claims of fraud on the USPTO carry an exceedingly high burden of proof. Specifically, "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." *See In re Bose, supra, citing Smith Int'l, Inc. v. Olin Corp.*, 209 USPQ 1033, 1044 (TTAB 1981).

Turning to the allegations of fraud in the second amended counterclaim, the Board has read the individual paragraphs of the counterclaim, as well as the counterclaim in its entirety, to determine what claims, if any, are sufficiently pleaded under the heightened pleading requirements for all fraud claims.

Regarding paragraph 2, to the extent that Applicant attempts to plead a counterclaim based on an allegation that Opposer signed and filed the underlying application with knowledge of use by another party, the counterclaim is not properly pleaded inasmuch as the required elements of such a claim are not set forth. *See Qualcomm Inc. v. FLO Corp.*, 93 USPQ2d 1768 (TTAB 2010), *Intellimedia Sport Inc. v. Intellimedia Corp.,* 43 USPQ2d 1203, 1206 (TTAB 1997).

Regarding paragraph 3, the avoidance of the inability to register a corporation and trade name is not material to the filing of a trademark application. Accordingly, this allegation does not form the factual basis for a fraud counterclaim.

Regarding paragraph 4, Applicant alleges that Van Keppel made a material misrepresentation in or related to the affidavit dated July 24, 1996 and filed with the application. However, as Applicant sets forth in this paragraph of the counterclaim, the affidavit includes several statements; the statements in the affidavit aver matters pertaining to bona fide intention, ownership of the mark, and knowledge of other entities' rights to use the

mark in commerce. Applicant does not specify which statement in said affidavit she alleges to be a material misrepresentation, and on what basis such statement is made. The paragraph, either alone or in conjunction with the allegations in other paragraphs, does not plead a fraud claim.

Regarding paragraphs 5 and 6, Applicant alleges that the mark was not being used by Van Keppel in interstate commerce between February 6, 1997 and March 25, 2004, that the statement of use was deemed insufficient in certain respects, and that Van Keppel included and removed certain "direct language of use" in a "new declaration." However, Applicant does not allege what specific material misrepresentation was made, where it was made (*i.e.*, in what specific filing), when it was made (*i.e.* on what date and in what filing), and by whom it was made. As they are stated, the allegations are confusing and nonspecific, and do not put Opposer on adequate notice of a basis for the claim.

Regarding paragraphs 7 through 9, Applicant's allegations regarding assignment of the registration do not set forth a material misrepresentation made in obtaining or maintaining the registration. The assertions that Van Keppel "did not have a business to transfer" and "had no valid right, title or interest in the registration" are legal conclusions. Applicant fails to set forth the specific material misrepresentation alleged to have been made in obtaining or maintaining the registration. Paragraph 10 is similarly deficient; although the wording "documents filed in connection with the

mark" appears to refer to the Sections 8 and 15 filings, Applicant does not specifically allege what document or averment she references or the material misrepresentation alleged to have been made therein.

The improper use of a registration notice in connection with an unregistered mark, if such use is with intent to deceive the purchasing public or others in the trade into believing that the mark is registered, is a ground for denying the registration of an otherwise registrable mark. However, in paragraph 11, Applicant failed to include the required allegation that the misuse of the federal registration symbol was occasioned by an intent to deceive the purchasing public or others in the trade into believing that the mark was registered. *See Copelands' Enterprises Inc. v. CNV Inc.*, 20 USPQ2d 1295, 1298 (TTAB 1991); *Federated Foods, Inc. v. Fort Howard Paper Co.,* 544 F.2d 1098, 192 USPQ 24 (CCPA 1976); *Johnson Controls, Inc. v. Concorde Battery Corp.,* 228 USPQ 39, 44 (TTAB 1985). Moreover, to the extent that Applicant seeks to predicate the claim of what the examining attorney included in an Office action, Applicant shall note that an examining attorney's inclusion of notification of improper use of the registration symbol ® is for advisory and notification purposes only; it is not an issue to which an applicant must respond and does not set forth a requirement that an applicant must fulfill to obtain passage to publication and issuance of a registration. *See* TMEP §§906, 906.03 (2015).

Regarding paragraph 12, the application underlying Registration No. 2200215 was filed on August 19, 1996. The statutory requirement that applicants submit an English translation of non-English wording in a mark did not exist until November 17, 2008, and was not effective until January 16, 2009. *See Miscellaneous Changes to Trademark Rules of Practice,* 73 Fed. Reg. 67759, 67760 (November 17, 2008); Trademark Rule 2.32(a)(9). The omission from the underlying application of a translation of the mark was not material to the application. The claim is futile.

In summary, and based on these findings, the counterclaim for fraud on the USPTO fails to state a claim upon which relief may be granted. Accordingly, the counterclaim for fraud will be given no consideration.

The counterclaim that shall be given consideration is Applicant's counterclaim that the mark XIKAR is generic for "cigar cutters." In its answer filed February 9, 2015, Opposer denied the allegations that the mark is generic.

As a final matter, Opposer requests that the Board invoke its inherent authority to sanction Applicant and either dismiss (sic) the application with prejudice, or dismiss Applicant's counterclaims with prejudice and dismiss Opposer's opposition without prejudice. (Opposer's brief, p. 6-7) The requested relief is denied. As for the first request, "dismissal" of Applicant's application remains predicated on the merits of Opposer's claim of priority and likelihood of confusion pursuant to Trademark Act Section 2(d). The

conduct at issue in the motions presently before the Board - Applicant's asserting of allegations of counterclaims against Opposer's pleaded registration - does not rise to the level of sanctionable conduct and does not form the basis for the imposition of sanctions. Moreover, the record does not reflect that Applicant has engaged in a pattern of taking action that is contrary to the rules of procedure or contrary to the Board's expectation of parties in *inter partes* proceedings.

As for the second request, the Board has found no basis upon which to dismiss the counterclaim that Opposer's pleaded registered mark is generic, and dismissal of the opposition without prejudice is predicated on the merits of Opposer's case in chief.

Fee

The USPTO records indicate that Applicant did not submit the required statutory fee for filing a counterclaim. Applicant is allowed until ten (10) days from the mailing date of this order in which to submit the required fee, failing which the Board will give no consideration to the counterclaim, and will reset trial dates without dates for the counterclaim.

As a scheduling matter only, the parties are allowed until fifteen (15) days from the mailing date of this order in which to serve responses to any discovery requests that are outstanding.

Schedule

Proceedings are resumed. Dates are reset as follows:

Plaintiff's Pretrial Disclosures due	August 7, 2015
30-day testimony period for plaintiff's testimony to close	September 21, 2015
Defendant/Counterclaim Plaintiff's Pretrial Disclosures due	October 6, 2015
30-day testimony period for defendant and plaintiff in the counterclaim to close	November 20, 2015
Counterclaim Defendant's and Plaintiff's Rebuttal Disclosures Due	December 5, 2015
30-day testimony period for defendant in the counterclaim and rebuttal testimony for plaintiff to close	January 19, 2016
Counterclaim Plaintiff's Rebuttal Disclosures Due	February 3, 2016
15-day rebuttal period for plaintiff in the counterclaim to close	March 4, 2016

BRIEFS SHALL BE DUE AS FOLLOWS:

Brief for plaintiff due	May 3, 2016
Brief for defendant and plaintiff in the counterclaim due	June 2, 2016
Brief for defendant in the counterclaim and reply brief, if any, for plaintiff due	July 2, 2016
Reply brief, if any, for plaintiff in the counterclaim due	July 17, 2016

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.