

This Opinion is not a
Precedent of the TTAB

Mailed: December 10, 2015

UNITED STATES PATENT AND TRADEMARK OFFICE

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Trademark Trial and Appeal Board
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NetCloud, LLC

v.

East Coast Network Services, LLC
—

Opposition No. 91210559
against Serial No. 85777557
—

on Applicant's Request for Reconsideration and
Applicant's Motion to Reopen Discovery and Trial Periods
—

Morris E. Turek of YourTrademarkAttorney.com,
for NetCloud, LLC.

Russell Logan, for East Coast Network Services, LLC.
—

Before Bucher, Zervas and Shaw,
Administrative Trademark Judges.

Opinion by Bucher, Administrative Trademark Judge:

On March 11, 2015, the Board sustained the opposition brought by Opposer, NetCloud, LLC, and refused registration of Applicant's **NETCLOUD** mark under Section 2(d) of the Lanham Act based upon our determination that Opposer had established prior use of the identical mark **NETCLOUD** for many of the same services

(e.g., web hosting, cloud hosting, email services, system backups, monitoring, and administration support). This case now comes up on the following motions:

- The timely motion filed on March 29, 2015, by Applicant, East Coast Network Services, LLC, for reconsideration of the Board's decision dated March 11, 2015; and
- Applicant's motion of April 26, 2015, to reopen the discovery and trial periods in this proceeding, in order to take discovery and introduce newly-discovered evidence, which motion was filed in conjunction with Applicant's reply in support of the motion for reconsideration.

Both motions have been fully briefed by the parties.

I. Request for reconsideration

Applicant summarizes the errors made by the Board as follows:

The Board's decision grants Applicant's motion to strike certain of Opposer's evidence yet relies on that stricken evidence elsewhere in the decision, fails to consider and apply relevant case law, and is unduly credulous of Opposer's questionable evidence and merely copies much of Opposer's muddled reasoning directly from its briefs. Applicant respectfully requests that the Board reconsider its decision.¹

A. Stricken Exhibits

We consider first Applicant's contentions regarding our treatment of Applicant's motion to strike Exhibits A, B, and C attached to Opposer's Reply Brief. We struck this evidence because this evidence was submitted for the first time with Opposer's reply

¹ Applicant's motion for reconsideration at p. 1, 20 TTABVue at 2 of 9.

brief and hence was untimely, and because an opposer generally cannot make of record its own disclosures and discovery responses. These exhibits were properly stricken.

However, as Applicant points out in its request for reconsideration, we considered these discovery responses elsewhere to impeach Applicant's argument that it did not have timely notice of Opposer's claimed first use dates by way of Opposer's predecessors in interest, Messrs. Viradia and Satasia. Although we did not rely on these discovery responses for purposes of establishing Opposer's priority of use, we now find on reconsideration, that this was not an appropriate use of otherwise stricken materials, and it was an error to rely on them in any context in our March decision.

B. Applicant's Objections to testimony and evidence by predecessors-in-interest

Undeniably, Opposer's notice of opposition failed to plead use by any entity or individual other than NetCloud, LLC. In light of this failure, Applicant alleges that it was clear error for the Board to permit Opposer to establish priority over Applicant through proffered evidence of use by predecessors-in-interest, which proffered evidence went beyond the scope of the pleadings. Applicant alleges that this disregards basic notice pleading requirements and that the Board's actions violated Applicant's rights to due process.

To meet the notice pleading requirements of Fed. R. Civ. Pro. 8(a)(2), a complaint must contain a short and plain statement of the claim showing that plaintiff is entitled to relief, and must give defendant fair notice of plaintiff's claim and grounds upon which it rests. *Conley v. Gibson*, 355 U.S. 41, 47 (1957). In order for Opposer to

introduce during trial evidence of use by one or more predecessors-in-interest, Applicant argues that Opposer must plead explicitly use by one or more predecessors in interest.

In its brief at final hearing, Applicant objected to the admission of all evidence purporting to show use of **NETCLOUD** by any entity or individual other than Opposer (NetCloud, LLC) on the basis that all such evidence was beyond the scope of the pleadings. However, in our decision of March 11, 2015, we permitted Opposer to establish its priority using the testimony depositions of Messrs. Viradia and Satasia. When issues not raised by the pleadings are tried by the implied consent of the parties, the Board will treat them in all respects as if they had been raised in the pleadings. TBMP § 507.03(b) (2015). Implied consent to the trial of an unpleaded issue can be found only where the non-offering party (1) raised no objection to the introduction of the issue, and (2) was fairly apprised that the evidence was being offered in support of the issue.

During the course of Opposer's taking of these testimony depositions, Applicant did not explicitly object on the record to the oral testimony of Messrs. Satasia and Viradia on the basis that their testimony was not relevant inasmuch as the pleadings had failed to mention any predecessors-in-interest. Nonetheless, a review of the depositions of Messrs. Viradia and Satasia does confirm that Applicant's counsel did object repeatedly on the grounds of relevance and hearsay to the admission of substantially all of the underlying documents introduced by these witnesses.² Despite

² Applicant's counsel objected to substantially all of Mr. Viradia's exhibits (10 TTABVue: fliers, business card, invoices, etc.). With Mr. Satasia's deposition (9 TTABVue), Applicant's counsel

Applicant's failure at the time to provide any meaningful explanation of why this testimony was irrelevant, it was our error earlier to disregard, as nebulous and rote, all of the following objections:

MR. TUREK: All right. I would like to admit this [asset purchase agreement of February 9, 2012] into evidence as Exhibit No. 6.

MR. LOGAN: Objection, relevance. 3

MR. TUREK: I would like to admit this [Conveyance Agreement allegedly dated December 31, 2012] into evidence as Exhibit No. 10.

MR. LOGAN: Objection, relevance. 4

MR. TUREK: All right. I would like to admit this [Satasia NetCloud Cloud Hosting Special flyer of 3/1/12] into evidence as Exhibit No. 11.

MR. LOGAN: Objection, relevance. 5

MR. TUREK: All right. I would like to admit this [NetCloud invoice to Hilltop Hospitality for \$90] into evidence as Exhibit No. 12.

MR. LOGAN: Objection, relevance. 6

MR. TUREK: Okay. I would like to admit it [Linode.com invoice dated July 27, 2012, issued to Mehul Satasia] into evidence as Exhibit No. 14.

MR. LOGAN: Objection, relevance and hearsay. 7

did not object to the first series of five *undated* screen-prints (website, Facebook, Twitter) but first objected to purported asset purchase agreement (p. 21 of 48 pages of testimony, Ex. 6 and following) and subsequent transfer documents.

³ Satasia testimony at 18-21, 9 TTABVue at 19-22 of 88.

⁴ Satasia testimony at 25-27, 9 TTABVue at 26-28 of 88.

⁵ Satasia testimony at 27-29, 9 TTABVue at 28-30 of 88.

⁶ Satasia testimony at 29-30, 9 TTABVue at 30-31 of 88.

⁷ Satasia testimony at 31-32, 9 TTABVue at 32-33 of 88.

MR. TUREK: I would like to admit this [Linode.com invoice dated September 1, 2012, issued to Mehul Satasia] into evidence as Exhibit No. 15.

MR. LOGAN: Objection, relevance and hearsay. 8

MR. TUREK: Okay. I would like to admit it [Linode.com invoice dated November 1, 2012, issued to Mehul Satasia] into evidence as Exhibit No. 17.

MR. LOGAN: Objection, relevance and hearsay. 9

MR. TUREK: Okay. I would like to admit it [Linode.com invoice dated January 1, 2013, issued to Mehul Satasia] into evidence as Exhibit No. 17.

MR. LOGAN: It's 18.

MR. TUREK: I'm sorry, 18.

MR. LOGAN: Objection, relevance and hearsay. 10

MR. TUREK: All right. I would like to admit it [2/10/12 WebProSys invoice dated February 10, 2012, issued to NetCloud] into evidence as Exhibit No. 19.

MR. LOGAN: Objection, relevance and hearsay. 11

MR. TUREK: Okay. I would like to admit it [HostRocket.com invoice dated May 1, 2012, issued to NetCloud] into evidence as Exhibit No. 21.

MR. LOGAN: Objection to relevance and hearsay. 12

MR. TUREK: Thank you. I would like to admit this [NetDepot invoice dated May 6, 2013, issued to NetCloud] into evidence as Exhibit No. 22.

MR. LOGAN: Objection, relevance and hearsay. 13

MR. TUREK: Okay. I would like to admit it [FDCServers.Net, LLC invoice dated September 14, 2013, issued to NetCloud] into evidence as Exhibit No. 23.

MR. LOGAN: Objection, relevance and hearsay. 14

⁸ Satasia testimony at 32-33, 9 TTABVue at 33-34 of 88.

⁹ Satasia testimony at 34-35, 9 TTABVue at 35-36 of 88.

¹⁰ Satasia testimony at 35-36, 9 TTABVue at 36-37 of 88.

¹¹ Satasia testimony at 36-38, 9 TTABVue at 37-39 of 88.

¹² Satasia testimony at 39-42, 9 TTABVue at 40-43 of 88.

¹³ Satasia testimony at 42-44, 9 TTABVue at 43-45 of 88.

The same objections that Applicant's counsel interjected above as to the relevance of documents introduced by Mr. Satasia were propounded with Opposer's proffer of each salient exhibit during Mr. Viradia's testimony.

It was implicit in our earlier analysis that if Applicant had explicitly objected during the testimony depositions on the ground that the testimony was beyond the scope of the pleadings, Opposer could have sought to amend the Notice of Opposition at that point. By waiting until its final brief to object to this testimony, we viewed Applicant's objections as untimely and hence waived. *See Nahshin v. Product Source International LLC*, 107 USPQ2d 1257 (TTAB 2013).

However, upon reconsideration, we deem Applicant's continuing objections at the time of the respective depositions to the relevance of Opposer's underlying documents to be the equivalent of a timely relevance objection to each of these testimony depositions in their entireties. Applicant waived no objections with its approach, and Opposer's alleged use by predecessors-in-interest was not tried by the implied consent of the parties. Upon reconsideration, we find that Opposer's trial tactics contravene notice pleading requirements of the modern federal rules of appellate and civil procedure. In this context, Applicant points to Opposer's misleading and inconsistent initial disclosures, which were followed up with documents of questionable probity, arguing that Opposer "made up its story as the opposition progressed." *See Long John Silver's Inc. v. Lou Scharf Incorporated*, 213 USPQ 263, 266 (TTAB 1982):

Where testimony and exhibits relating to the adoption and use by opposer of trademarks are not the subject of any

¹⁴ Satasia testimony at 44-45, 9 TTABVue at 45-46 of 88.

allegations in the pleadings, and applicant has objected at trial to the consideration of such matter on the ground of irrelevancy and renewed its objections in its brief, the evidence will not be considered by this Board in resolving the issues before it. *Monorail Car Wash, Inc. v. McCoy*, 178 USPQ 434, 435-36, fn.1 (TTAB 1973); *P.A.B. Produits et Appareils de Beaute v. Satinine Societa in Nome Collettivo di S.A. e. M. Usellini*, 196 USPQ 801, 804 (CCPA 1978). ...

Finally, we note that the burden of proof with respect to this opposition remains with NetCloud, LLC. That is, Opposer, as plaintiff in this proceeding, bears the ultimate responsibility of proving the asserted ground for opposition by a preponderance of the evidence. *Cunningham v. Laser Golf Corp.*, 222 F.3d 943, 55 USPQ2d 1842, 1848 (Fed. Cir. 2000). That burden cannot be transferred to Applicant.

C. No admissible, probative evidence of use by Opposer

In our determination of March 11, 2015, we found that Opposer had established “the *bona fide* use of a mark in the ordinary course of trade, and not made merely to reserve a right in a mark” under Section 45 of the Trademark Act. Despite minimal sales and promotional efforts, we found that the serial transfers of ownership of opposer’s mark from Mr. Viradia to Mr. Satasia and then to NetCloud, LLC, along with the allegations of long-standing relationships with clients, did *not* present us with a “casual, sporadic, illegitimate, or transitory commercial enterprise.” Rather, based upon the evidence put forward during the depositions of Messrs. Satasia and Viradia, we found that Opposer had established its priority over Applicant in the use of this mark.

We grant Applicant’s request for reconsideration, and we exclude entirely Opposer’s Exhibits A, B, and C, based on our finding that Applicant timely objected to

the relevance of the testimony and all the salient exhibits purportedly introduced during the testimony of Messrs. Satasia and Viradia. Therefore, it is no longer necessary for us to revisit the questions Applicant raised earlier about whether Opposer's alleged volume of sales should qualify as *bona fide* use of a mark in the ordinary course of trade, or to consider the newly-raised questions about whether Opposer presented this Board with probative documents, or whether the several purported assignments of the business and the alleged customer relationships as described were genuine, arms-length transactions. Instead, we find now, in the total absence of probative evidence of use of the **NETCLOUD** mark prior to Applicant's filing date, that Opposer has failed to make out a *prima facie* case of priority, and the Opposition is hereby dismissed.

II. Request to reopen discovery and trial periods

Finally, we briefly address Applicant's motion to reopen the discovery and trial periods in this proceeding, in order to take discovery and introduce newly discovered evidence. Our decision herein granting Applicant's request for reconsideration of the Board's decision dated March 11, 2015, and dismissing the opposition with prejudice, renders moot this second motion.

Decision: This opposition is hereby dismissed and Applicant's mark will proceed to registration in due course.