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

Mailed: June 28, 2007

Cancellation No. 92028142

IOB REALTY, INC.

v.

PATSY'S BRAND, INC.

Cancellation No. 92029614

PATSY'S BRAND, INC.

v.

IOB REALTY, INC.

Before Sams, Chief Administrative Trademark Judge, Quinn and Mermelstein, Administrative Trademark Judges.

Mermelstein, Administrative Trademark Judge:

This matter now comes before the Board on I.O.B. Realty, Inc.'s ("IOB") motion for final orders in cancellation proceedings, filed January 22, 2006, and Patsy's Brand, Inc.'s ("Patsy's") February 15, 2007, opposition and a cross-motion for clarification of the register. This case is procedurally complicated, and some background is necessary to an understanding of the current posture of the proceeding.

I. Background

The facts surrounding the substance of this dispute have been well-documented elsewhere, *see, Patsy's Brand, Inc. v. I.O.B. Realty, Inc.*, 317 F.3d 209, 65 USPQ2d 1442 (2d Cir. 2003). Suffice it to say that the parties coexisted in the restaurant business in New York City for many years using similar and identical trademarks. IOB and its predecessors operated pizzerias under the marks "PATSY'S PIZZERIA" or "PATSY'S" since 1933. Patsy's operated a full-menu Italian restaurant called "PATSY'S ITALIAN RESTAURANT" or "PATSY'S" since 1944. For nearly half a century, it appears that neither party objected to the other's use of the common term PATSY'S in connection with their respective restaurant businesses. Nonetheless, disputes arose when the parties moved into the market for sauces, and both parties applied for trademark registrations.

A. Registrations

In 1993, Patsy's applied for registration of the mark PATSY'S PR SINCE 1944 (stylized) for "sauces," and was granted registration on January 17, 1995.[1]

In 1994, IOB filed an application for the mark PATSY'S PIZZERIA for "restaurant services." This application

[1] Registration No. 1874789 (SINCE 1944 disclaimed), reciting dates of first use and use in commerce of February 15, 1994. Section 8 & 9 affidavits filed and accepted.

matured into a registration on December 29, 1998.[2] In 1995, IOB filed an application for registration of PATSY'S, also for "restaurant services," which matured into a registration on May 21, 1996. Both of IOB's registrations have been cancelled as discussed below.

B. Litigation

1. Board Proceedings

On October 9, 1998, IOB filed a petition to cancel Patsy's registration of the mark PATSY'S PR SINCE 1944 for "sauces."[3] IOB alleged prior use of the mark PATSY'S in connection with restaurant services and sauces, and contended that Patsy's registration should be cancelled because use of the registered mark would pose a likelihood of confusion with previous use of PATSY'S. In response, Patsy's filed an answer denying the salient allegations of the petition for cancellation, and asserting affirmative defenses, including estoppel, laches, and acquiescence.

On October 28, 1999, Patsy's filed a petition to cancel IOB's registrations for the marks PATSY'S PIZZERIA and PATSY'S for "restaurant services."[4] In support of its

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[2] Registration No. 2213574, (PIZZERIA disclaimed), reciting dates of first use and use in commerce of 1933. Cancelled April 28, 2003.
[3] *I.O.B. Realty, Inc. v. Patsy's Brand, Inc.*, Cancellation No. 92028142, against Reg. No. 1874789. ('142 Cancellation).
[4] *Patsy's Brand, Inc. v. I.O.B. Realty, Inc.*, Cancellation No. 92029614, against Reg. Nos. 1975110 and 2213574. ('614 Cancellation).

. . .

petition, Patsy's pleaded its long use of the mark for restaurant services and its use (since 1994) of the mark in connection with sauces, as well as its ownership of its PATSY'S PR SINCE 1944 registration for sauces, and alleged that IOB's registrations posed a likelihood of confusion with Patsy's marks. Patsy's also alleged that IOB's registrations should be cancelled because they were issued as a result of IOB's fraud upon the USPTO. By its answer, IOB denied the essential allegations of Patsy's petition.

Shortly before IOB filed its answer in the '614 Cancellation, Patsy's filed a communication with the Board noting the pendency of the '142 Cancellation and informing the Board that the parties were then involved in a civil action. Although the parties were not requesting suspension in view of the federal case[5] or consolidation of the co-

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It is not clear why Patsy's pursued its claims by way of a separate petition instead of seeking cancellation by way of a counterclaim in the '142 Cancellation. *Cf.* Trademark Rule 2.114(b)(2)(i); TBMP § 313.01 (2d ed. rev. 2004) ("The better practice" is to seek cancellation of a plaintiff's pleaded registration as a counterclaim.). While IOB had not pleaded its registrations in the '142 Cancellation, the issues in the two proceedings were closely related and, as a practical matter, had to be considered together. Had Patsy's filed a counterclaim instead of a new action, some of the confusion attending this matter may have been avoided.

[5] The Board may suspend a proceeding when the parties are engaged in a civil action which "may have a bearing on the [Board's] case." Trademark Rule 2.117(a). The Board generally favors such suspensions. *See* TBMP § 510.02 (2d ed. rev. 2004), and authorities cited therein. Although IOB had originally sought such a suspension in the '142 Cancellation, it subsequently withdrew its request.

pending cancellation proceedings,[6] on June 21, 2000, the Board issued an order *sua sponte* consolidating the cancellations and suspended them pending a final resolution of the parties' federal court litigation.

2. Federal Litigation

a. District Court

On or about September 30, 1999, Patsy's filed suit against IOB in the U.S. District Court for the Southern District of New York,[7] alleging infringement of its registered marks and trade dress, false advertising, and various claims arising under state law. Patsy's sought injunctive relief, cancellation of IOB's registration of PATSY'S (Reg. No. 1975110) for "restaurant services," an order that IOB withdraw the '142 Cancellation, and other monetary and equitable relief.

The district court ultimately granted Patsy's motion for summary judgment, finding infringement, entering an injunction, awarding attorney's fees, and imposing sanctions. *Patsy's*, slip op., 60 USPQ2d 1925 (S.D.N.Y. 2001), *amended*, slip op. (S.D.N.Y. Oct. 4, 2001) (the subsequent order concerned entry of an award of attorney's fees). Of particular relevance here, the district court

[6] Patsy's communication noted without further explanation that "[a]lthough the parties are the same, the issues in the two cancellation proceedings are not the same."

ordered, *inter alia*, the USPTO to cancel IOB's Registration No. 1975110 of the mark PATSY'S for restaurant services, and enjoined IOB from opposing any of Patsy's applications or petitioning to cancel any of Patsy's registrations for sauces or restaurant services, and ordered IOB to withdraw Cancellation No. 92028142.

b. Court of Appeals

IOB appealed, and on January 16, 2003, the U.S. Court of Appeals for the Second Circuit issued a decision affirming the trial court's entry of judgment in favor of Patsy's and the award of attorney's fees and sanctions. Nonetheless, the appeals court found the injunction to be overly broad, and modified it accordingly. *Patsy's Brand, Inc. v. I.O.B. Realty, Inc.*, 317 F.3d 209, 65 USPQ2d 1442, *modified*, slip op. (Mar. 27, 2003).

The Court of Appeals held that although IOB may have originally had priority with respect to PATSY'S and similar marks, its long tolerance of Patsy's use of identical and highly similar marks would prevent IOB from challenging Patsy's use of the marks for restaurant services. Because the parties' rights with respect to use of the PATSY'S marks for restaurant services were thus essentially equal, IOB had no basis to object to Patsy's expansion of its business into

[7] *Patsy's Brand, Inc. v. I.O.B. Realty, Inc.*, Civ. No. 99-10175 . . .

the related market for sauces, and that Patsy's registration of the mark for such products was valid, even if some confusion may result in both markets:

> Where, as here, the senior user has tolerated for decades the junior user's competition in the same market with a name similar to that of the senior user, the justification for preserving for the senior user use of a dominant component of its name in a related field vanishes entirely. In such circumstances, protection for use of the common feature of the two names in the related field belongs to the first entrant into that field. When a senior user delays in enforcing its rights, a junior user may acquire a valid trademark in a related field, enforceable against even the senior user.
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> We recognize that "[t]rademark laws exist to protect the public from confusion." The failure of I.O.B. and its predecessors to police its restaurant marks against Patsy's Italian Restaurant has perhaps created a certain degree of now unavoidable confusion in the New York City market for restaurant services. As a result, it is possible that the first to enter the sauce market with a common feature of the restaurant names will precipitate some confusion among customers of Patsy's Brand's who might think that the sauce comes from the older restaurant. But that risk is far preferable to denying the first to market sauce the opportunity to capitalize on the goodwill of the slightly younger restaurant. We hold that the trademark PATSYS PR SINCE 1944 is a valid trademark enforceable against the Defendants.

Patsy's, 317 F.3d at 217 (citations omitted).

With respect to the district court's finding that IOB's use of its PATSY'S marks on sauces infringed on Patsy's rights, the court of appeals disagreed with the district

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(S.D.N.Y.).

court on two issues but nonetheless found "that the other *Polaroid* factors amply support[the district court's] ultimate conclusion that the Plaintiff has shown a sufficient likelihood of confusion to prevail." *Id.* at 219.

Although the Second Circuit found infringement with respect to IOB's use of the mark on sauces, the court nonetheless held that the district court exceeded the scope of the litigation to the extent that the district court placed restrictions on IOB's use of PATSY'S or PATSY'S RESTAURANT in connection with IOB's restaurant business, and ordered cancellation of IOB's Registration No. 1975110. Accordingly, the Second Circuit, *inter alia*, deleted the part of the injunction directing the USPTO to cancel IOB's registration of the mark PATSY'S for restaurant services. The circuit also allowed IOB "some … limited use of the name of [IOB's] restaurant" on its pasta sauce packaging.[8] *Id.* at 219-21.

Thus, to the extent relevant here, the district court's judgment is summarized, as modified by the Second Circuit:

- IOB is enjoined from:
    - Using the mark PATSY'S or Patsy's trade dress (or colorable variations thereof or confusingly similar marks or trade dress) on sauces or other packaged

[8] In a separate order issued March 27, 2003, the Second Circuit further modified the injunction to permit IOB to use PATSY'S PIZZERIA on take-out pizza boxes.

food products, except for the limited use set out by the Second Circuit.

- "[A]pplying for, obtaining or maintaining any trademark registration for a mark which comprises, consists of [sic] the words PATSY'S or PATSY'S RESTAURANT for sauces or other packaged food products."

- "[O]pposing any application for registration or petitioning to cancel any registration of Plaintiff for trademark PATSY'S for sauces or other packaged food products…."

- IOB shall withdraw the '142 Cancellation.

- IOB may use on its sauce labels "a modestly sized identification that the product comes from the establishment that operates 'Patsy's Pizzeria'."

3. Subsequent TTAB Proceedings

Although it might reasonably have been expected that the civil proceedings clarified the rights of the parties before the Board, procedural problems have unfortunately thrown this case into confusion.

a. Resumption and Judgment Against IOB

On October 18, 2001 – just several days after entry of the district court's October 5 amended final judgment and before IOB's appeal – Patsy's filed a motion to resume the consolidated cancellation proceeding which had been suspended in view of the district court action, and requested that the Board enter judgment in its favor in both of the consolidated proceedings. Patsy's argued that

> I.O.B. Realty cannot continue to prosecute Cancellation No. 28,142. It has been enjoined from proceeding and the Court has ordered withdrawal of

> the cancellation. Judgment should be entered in favor of Patsy's Brand.
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> I.O.B. Realty cannot continue to defend Cancellation No. 29,614. It has been enjoined from maintaining any registration which comprises the word PATSY'S for sauces or other packaged food products, and the Court has ordered cancellation of Reg. No. 1,975,110 for PATSY'S, which is one of the subjects of the proceeding." At least to that extent, judgment should be entered in favor of Patsy's Brand.

Motion at 5-6 (Oct. 18, 2001).

As noted, Patsy's motion to resume and for judgment was filed prior to IOB's appeal of the district court's judgment. Patsy's pointed out in its motion that IOB had not appealed at the time of filing, but argued that even if IOB did appeal, the district court's judgment was "final" for purposes of the Board's proceedings. Motion at 6-7 (Oct. 18, 2001). Patsy's did not notify the Board of IOB's subsequently-filed appeal, which was pending when the Board considered and ruled on Patsy's motion. This was the first step in causing what turned into a procedural morass. The second step was IOB's failure to inform the Board of its appeal.

On September 4, 2002, the Board granted Patsy's motion as conceded, noting that IOB had not filed a response. *See* Trademark Rule 2.127(a)("When a party fails to file a brief in response to a motion, the Board may treat the motion as conceded."). Accordingly, the Board entered judgment in

Patsy's favor in both proceedings, dismissing Cancellation No. 92028142 with prejudice, and granting Cancellation No. 92029614. The Board noted that IOB's Registration No. 1975110 (PATSY'S for "restaurant services") would be cancelled in due course. The Board's order made no specific mention of IOB's Registration No. 2213574 (PATSY'S PIZZERIA for "restaurant services"), which was also subject to the '614 Cancellation, but had not been discussed in either the district court or the Second Circuit opinion.

b. Order to Show Cause

On March 28, 2003, the Board *sua sponte* issued a further order, noting that the issue of IOB's other registration remained outstanding. Still unaware of the appeal, and in light of the fact that IOB had not responded to Patsy's earlier motion (or the Board's September 4, 2002, order), the Board ordered IOB to show cause why judgment should not be entered against it as to the remaining registration due to its apparent loss of interest.

This time, both parties responded to the Board's order. IOB filed its paper *pro se*, indicating that it had not been aware that the Board had resumed proceedings,[9] denying that

[9] In its response, IOB said that it had belatedly learned that the Board had resumed proceedings when its "former" attorney forwarded papers to it. IOB had previously been represented by counsel from the law firm of Pennie & Edmonds LLP, and until Mr. Brecevich's appearance *pro se*, correspondence had been sent to Mr. Saunders at that firm. The parties had been repeatedly . . .

it had lost interest in the matter, and that the Second Circuit had issued an opinion reversing the district court's cancellation of IOB's PATSY'S registration.

For its part, Patsy's acknowledged that the Second Circuit modified that part of the district court's order which ordered IOB's Registration No. 1975110 cancelled, but nonetheless urged that both of IOB's registrations should be cancelled. Patsy's argued that IOB had lost interest in the proceeding when it failed to respond to Patsy's earlier motion to resume and for judgment. It also argued that IOB "falsely claimed that it had exclusive rights in the mark when it obtained its registrations," because the "Second Circuit held that [Patsy's] has an equal and long-established right to use the mark … for restaurant services."

On May 12, 2003, the Board found that IOB had not lost interest in the case, and invited the parties to submit briefs on "[w]hat substantive effect, if any, … the judgment in the civil proceeding … [had] upon this matter." The parties submitted short statements that added little to

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reminded to keep the Board apprised of any changes in their correspondence address during the suspension. Order, at 5(June 21, 2000); Order, at 2 (May 15, 2001). *See also*, Patent and Trademark Rule 10.40(a)("A practitioner shall not withdraw from employment in a proceeding before the Office without permission from the Office…"); Trademark Rule 2.19.

their previous submissions, although IOB explicitly withdrew the '142 Cancellation.

c. Cancellation of IOB's Registrations

On May 27, 2003, before the parties had an opportunity to file their briefs, both of IOB's registrations were erroneously cancelled by order of the Commissioner for Trademarks, the Board having incorrectly prepared and forwarded that order for the Commissioner's signature. However, as noted above, the Board's September 4, 2002, order had not ordered IOB's Registration No. 2213574 to be cancelled. Although that order did indicate that IOB's Registration No. 1975110 would be cancelled in due course, by the time the Commissioner's order was signed, the Board was aware that the district court's order in this regard had been reversed. Moreover, the Board had asked the parties to brief the issue, and it was clearly not the Board's intention to cancel IOB's registrations prior to considering the briefs which it had requested only two weeks earlier.

Nonetheless, the consolidated proceeding, through the Board's oversight, remained in this posture until recently.

C. Other Matters before the USPTO

At the same time as it filed its federal suit against IOB, Patsy's filed a new application for registration of the

mark PATSY'S PR (stylized) for "restaurant services."[10] Patsy's subsequently filed an application for PATSY'S for "restaurant services not including pizza."[11] After initial examination, both of Patsy's new applications were refused registration in view of IOB's previous registrations for PATSY'S PIZZERIA and PATSY'S, for "restaurant services." However, when IOB's registrations were cancelled, the refusals were withdrawn, and on November 1, 2005, both of Patsy's applications issued as registrations.

Following issuance of the registrations to Patsy's, IOB filed Board cancellation proceedings against both of Patsy's new registrations.[12] The Board is informed that the subject matter of these latter two cancellation proceedings is now before the U.S. District Court for the Southern District of New York.[13] Upon the parties' joint motion, the Board has

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[10] Application No. 75811610, filed September 30, 1999, based on use of the mark in commerce and alleging first use and use in commerce dates of 1944. Issued as Registration No. 3009836, November 1, 2005.

[11] Application No. 76242314, filed April 13, 2001, based on use of the mark in commerce and alleging first use and use in commerce dates of 1944. Issued as Registration No. 3009866, November 1, 2005.

[12] Cancellation Nos. 92046867 and 92046912, both filed January 9, 2007. IOB could have filed its cancellations with a single combined complaint, setting out the grounds for cancellation of both registrations. TBMP § 305 (2d ed. rev. 2004). The Board prefers parties to do so whenever possible because it is more efficient and reduces the chances of inconsistent rulings and confusion.

[13] *See Patsy's Italian Restaurant, Inc. v. Banas*, Civil No. 06-00729, -5857 (S.D.N.Y.).

suspended further action in these proceedings, pending final disposition of the new civil matter.

D. IOB's Current Motion

On January 22, 2007, IOB filed the instant motion for final orders in these cancellation proceedings, so that it might file an appeal, if appropriate.[14] In response, Patsy's filed an opposition to IOB's motion and a cross-motion for clarification of the register.[15]

II. Discussion

The file of these consolidated proceedings reveals what could only be described as a tortured procedural history, resulting in confusion and mistake. As will be seen, the USPTO erred in handling the matter, but substantial responsibility for the confusion must also be borne by the parties.

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[14] IOB's motion indicates that it was informed by the USPTO that the files of this case were "not available." This information was unfortunately incorrect, and the Board regrets any confusion caused thereby. These proceedings predate the Board's electronic file system, and the older portions of the files are therefore not available using TTABVue, the Board's web-based file viewer. Nonetheless, earlier "paper" filings are public records and remain available for inspection and copying at the USPTO. Paper files remain at the offices of the TTAB during the pendency of the proceeding, and are ultimately sent to the USPTO's warehouse after a case is terminated. Files stored at the warehouse can be ordered on several days' notice.

[15] IOB did not file a response to the cross-motion or a reply brief in support of its original motion. Nonetheless, we exercise our discretion to consider the cross-motion on its merits. *See* Trademark Rule 2.127(a).

A. Cancellation No. 92028142

Consistent with the order of the district court and the holding of the Second Circuit, IOB withdrew the '142 Cancellation, *see Brief of IOB Realty*, at 3 (filed June 11, 2003), and neither party appears to contend that it should remain pending.

Accordingly, Cancellation No. 92028142 is DISMISSED with prejudice.

B. Cancellation No. 92029614[16]

As noted above, the '614 Cancellation was filed by Patsy's seeking to cancel IOB's registrations for the marks PATSY'S PIZZERIA (Registration No. 2213574) and PATSY'S (Registration No. 1975110), both for "restaurant services." Upon Patsy's motion following the district court's entry of judgment, the Board issued its September 4, 2002, order granting Patsy's motion for judgment as conceded and indicating that Registration No. 1975110 would be cancelled in due course.

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[16] Inasmuch as Cancellation No. 92028142 has been dismissed, only papers pertinent to the '614 Cancellation will be considered. The parties should file any further papers with respect to the '614 cancellation in that proceeding and under that caption.
Patsy's filed its February 23, 2007, opposition and cross-motion on paper. The Board prefers that parties utilize ESTTA, the Board's electronic filing system, whenever possible. Electronic filing permits the Board to quickly and efficiently respond to filings, while eliminating misdirected papers. ESTTA can be found on the USPTO's web site, www.uspto.gov.

With respect to the '614 Cancellation, Patsy's October 18, 2001, motion to resume argued as follows:

> I.O.B. Realty cannot continue to defend Cancellation No. 29,614. It has been enjoined from maintaining any registration which comprises the word PATSY'S for sauces or other packaged food products, and the Court has ordered cancellation of Reg. No. 1,975,110 for PATSY'S, which is one of the subjects of the proceeding." At least to that extent, judgment should be entered in favor of Patsy's Brand.
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> The District Court's final judgment … is final for the purposes of these proceedings. Under New York law, a District Court judgment is final even if an appeal is taken. In New York, "The expression 'final judgment has a well-defined meaning in the Civil Practice Act. It designates that judgment of the court of original jurisdiction by which the rights of the parties are adjudicated and determined. The finality of the judgment so entered is not affected by the pendency of an appeal."
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> At this time, I.O.B. Realty has not appealed the District Court's judgment, but even if it does so, the judgment is executory. Thus, there is no reason why judgment should not be entered in favor of Patsy's Brand at this time.

Motion at 6-7 (Oct. 18, 2001) (emphasis added; citations omitted).

1. Service of Patsy's Motion

When no response to Patsy's motion was filed, the Board granted the motion as conceded, without considering the request on the merits. Trademark Rule 2.127(a). IOB argues

that it did not file a timely response to Patsy's motion because it was unaware that the motion had been filed.

Patsy's motion to resume and for judgment was accompanied by a certificate indicating service of the paper upon Darren Saunders of the law firm Pennie & Edmonds. At that time, Mr. Saunders was IOB's counsel of record in the Board proceedings. Nonetheless, IOB argues that Mr. Saunders was in fact no longer representing IOB at the time, and that Patsy's knew that this was the case. IOB argues that Mr. Saunders was ethically required to withdraw from his relationship with IOB because he was sanctioned in connection with the district court proceedings, and that he had in fact withdrawn from representing IOB in the district court.

We need not consider whether Mr. Saunders should have withdrawn from his representation of IOB before the Board because even if he was required to do so, *see* Patent and Trademark Rule 10.40(a)(b)(mandatory withdrawal), he still was required to take the appropriate steps to withdraw, Patent and Trademark Rule 10.40(a)("A practitioner shall not withdraw from employment in a proceeding before the Office without permission from the Office…."); *see also* Trademark Rule 2.19; TRADEMARK TRIAL AND APPEAL BOARD MANUAL OF PROCEDURE (TBMP) §§ 116.05, 513.01 (2d ed. rev. 2004). Here, it is clear that Mr. Saunders did not seek to withdraw from his

representation of IOB before the Board, and that he remained counsel of record until IOB began filing papers on its own behalf.

We find that Patsy's service of its October 18, 2001, motion upon Mr. Saunders satisfied the Board's requirement for service of papers.[17] Trademark Rule 2.119(b)("Service of papers must be on the attorney or other authorized representative of the party…."). Even if Mr. Saunders had withdrawn with respect to the civil proceeding and assuming, *arguendo*, that he should have withdrawn with respect to the Board proceeding, he nonetheless remained counsel of record in the Board proceeding.

This case demonstrates why parties should maintain accurate contact information with the Board, even during a long suspension due to other litigation, bankruptcy, or the like. In fact, the parties were cautioned twice in this matter that "[d]uring the suspension period, the Board should be notified of any address changes for the parties or their attorneys." Order at 5 (June 21, 2000); Order at 2 (May 15, 2001). Neither the Board nor opposing counsel

[17] The parties' papers present the question of whether service of Patsy's motion was proper. We do not consider here whether Patsy's knew that Mr. Saunders was no longer representing IOB before the Board and if so, whether Patsy's had a duty under any other provision of the applicable rules to inform IOB of its filing.

should be left to guess to whom service copies should be mailed.

2. Patsy's failure to inform the Board of the appeal

But if IOB was remiss in failing to update its service address, Patsy's bears a larger share of the blame for the disarray of the case. Patsy's filed its motion to resume and for judgment just days after the district court issued its final order. Patsy's apparently realized that the Board might be concerned about whether an appeal had been filed, because it took the trouble to tell the Board that IOB had not appealed at the time the motion was filed. Nonetheless, when an appeal was actually filed (and was pending when the Board granted its motion), Patsy's took no action to inform the Board that its motion was factually incorrect – or at best misleading – on this point.

While it is true that Patsy's argued that an appeal would be legally irrelevant to the enforceability of the district court's judgment, its argument indicates that it at least had reason to (correctly) believe the Board might think otherwise. But as Patsy's argument indicates, that decision was for the Board, not Patsy's to make. Indeed, by affirmatively telling the Board that no appeal had been filed, then remaining silent when one had been, Patsy's allowed the Board to assume that the facts recited in its

October 18, 2001, motion to resume were correct. At the time, this matter appeared to be a routine case in which the losing party in district court did not even bother to respond to the prevailing party's motion for judgment. But as Patsy's was well-aware, that was far from the truth, and by the time the Board issued its September 4, 2002, order, the parties were vigorously litigating the matter before the Second Circuit.[18]

In point of fact, information about a pending appeal is highly relevant to the Board. Had the Board been informed that an appeal had been taken from the district court's order, suspension of the TTAB proceedings would have been continued. We need not decide whether Patsy's arguments about the effect of judgments while on appeal are correct for other purposes.[19] The public notice function of the Trademark Register dictates caution when an order to cancel a registration is subject to an appeal. Patsy's approach would require us to cancel a registration, then restore it

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[18] Patsy's counsel in this matter, Norman H. Zivin, also represented Patsy's in the appeal before the Second Circuit, and was clearly aware of the situation.
We note that oral argument was held before the Second Circuit on September 11, 2002, a week after the Board had granted Patsy's motion for judgment. It appears that Patsy's did not inform the appellate court of this fact either, although it was closely related to the issues being considered on appeal.

[19] While neither party has so stated, we assume that IOB did not request a stay pending appeal. Of course, at least to the extent that the Board proceedings were at issue, IOB had no reason to do so because as far as it knew, the Board proceedings remained suspended.

to pendency if the judgment is – as here – reversed or modified on appeal. But because both the USPTO's trademark examining attorneys and the public make important administrative and business decisions based on the Trademark Register, it makes no sense to act before an appeal has been decided.

Regardless of what either party thought of the merits of the appeal to the Second Circuit, the question of whether any or all of the district court's order would stand was a matter squarely within the circuit court's jurisdiction. By failing to inform the Board that an appeal was pending, Patsy's took it upon itself to decide what information was relevant to our decision to resume proceedings,[20] resulting in the Board's precipitous entry of judgment and ordering the cancellation of IOB's Registration No. 1975110.

3. Cancellation of IOB's Registrations

As noted above, the Board bears some responsibility for the confusion which ensued following the Second Circuit's decision. When the Board granted Patsy's motion to resume

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[20] Under normal circumstances, it might have been expected that IOB would have told the Board of the appeal in its response to Patsy's motion. While IOB did not respond, IOB's silence did not relieve Patsy's of its obligation to correct its statement once it found out that IOB had appealed. *See* Patent and Trademark Rule 10.85(a)(5)("In representation of a client, a practitioner shall not … [k]nowingly make a false statement of law or fact."). While the statement was apparently true when Patsy's motion was filed, the statement constituted a continuing representation . . .

and for judgment on September 4, 2002, we stated that "judgment is entered in Patsy's favor," and ordered IOB's Registration No. 1975110 cancelled. But the '614 Cancellation involved two registrations, only one of which had been ordered cancelled by the district court. Although Patsy's had argued that IOB "cannot continue to defend" the '614 Cancellation, it offered no rationale for this statement, other than the fact that IOB had been enjoined from maintaining a registration of the mark "for sauces or other packaged food products," and that the district court had ordered one of the two subject registrations cancelled. As is clear, however, the '614 Cancellation involves IOB's registrations for "restaurant services," not sauces.

The Board's September 4, 2002, order was ambiguous, at best: it purported to "enter judgment" in Patsy's favor and (consistent with the district court's order) ordered one of the two involved registrations cancelled. Nonetheless, the September 4 order did not discuss the fate of the remaining registration[21] or provide for further proceedings.

Realizing that an issue remained outstanding (and in light of the district court's judgment and IOB's apparent

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while the motion was pending, and should have been corrected despite – indeed, because of – IOB's silence.

[21] Patsy's did not argue that the doctrine of issue or claim preclusion required the Board to enter judgment in its favor with respect to IOB's other registration, which the district court had not ordered cancelled.

. . .

silence), on March 28, 2003, the Board issued an order noting its failure to address the second registration, and requiring IOB to show cause why judgment should not be entered with respect to this outstanding issue.

This time, IOB responded to the order, informing the Board for the first time that the matter had been appealed and that the order to cancel Registration No. 1975110 had been deleted. On May 12, 2003, the Board issued an order discharging the order to show cause. However, because it was still not clear what should be done in light of the Second Circuit decision, the Board requested further briefing:

> The larger question remains, however: What substantive effect, if any, does the judgment in the civil proceeding (as modified by the court of appeals) have upon this matter? The parties are invited to submit briefs on this issue within THIRTY DAYS of the mailing date of this order. Briefs in response may be filed within the time specified in Trademark Rule 2.127(a). <u>Upon consideration of the Briefs, the Board may enter judgment (or partial judgment) on behalf of either party, as appropriate. Otherwise, proceedings will be resumed and the matter set for trial on any outstanding issues</u>.

Order at 3 (May 12, 2003)(emphasis added).

It was clear to the Board at this point that the Second Circuit's opinion was inconsistent with the Board's earlier order granting Patsy's motion for judgment. The Board's September 4, 2002, order had granted Patsy's motion for

judgment solely on the basis of the district court's order and IOB's failure to respond. Accordingly, the rationale of that order was entirely undercut. By asking the parties to submit further briefs, and indicating that we would either enter judgment or reset the matter for trial, we indicated that the Board no longer believed the September 4, 2002, order entering judgment to be valid. In light of the May 12 order, the USPTO should not have cancelled both of IOB's registrations by order issued May 27, 2003, before the parties had an opportunity to brief the matter.

4. Board's September 2, 2002, Order

To the extent that there remains any doubt, we confirm that the Board's September 2, 2002, order was and is vacated to the extent that it granted judgment for Patsy's based on the district court decision and indicated that IOB's Registration No. 1975110 would be cancelled.

Notwithstanding IOB's failure to respond to Patsy's motion to resume and for judgment, IOB had not in fact lost interest in the case. Moreover, had Patsy's informed the Board that the district court's order had been appealed, suspension pursuant to Trademark Rule 2.117(a) would have been continued. Finally, since the district court's order was modified with respect to IOB's registration, manifest injustice would have resulted if the Board did not consider and give effect to the Second Circuit's holding that the

district court's cancellation of IOB's Registration No. 1975110 was improper.

Patsy's recent filing complains that IOB delayed in seeking relief. We disagree. The Board entered judgment in favor of Patsy's on September 4, 2002. IOB responded to the Board's March 28, 2003, show cause order on April 25, 2003, stating that it was unaware of Patsy's motion for judgment, that IOB had not lost interest, and arguing that "[c]onsistent with the Second Circuit's decision" the '614 Cancellation should be dismissed." While IOB's *pro se* April 25, 2003, filing was not a particularly artful motion for relief from judgment, IOB unmistakably argued that the Board's earlier judgment was incorrect. IOB's delay in seeking relief was thus a bit less than eight months. While the delay is regrettable (and partly IOB's fault), Patsy's bears significant responsibility for telling the Board that IOB had not appealed and then failing to inform the Board when this highly material fact (which would have rendered the motion to resume and for judgment meritless) changed.

Since the Board granted appropriate relief to IOB by indicating that we would consider whether it was appropriate to enter judgment or set this matter for trial, the Board's May 12, 2003, order by necessity vacated the earlier

judgment.[22] Such relief was entirely appropriate under the circumstances. *See* Fed. R. Civ. P. 60(b)(1)(mistake, inadvertence, surprise, or excusable neglect).

5. Cancellation of Registration No. 2213574

As discussed, the Commissioner's order canceling IOB's Registration No. 2213574 appears to have been a clerical error. *See* Fed. R. Civ. P. 60(a). Neither the Board, the district court, nor the Second Circuit has issued an order directing cancellation of this registration, and the cancellation order was issued without any apparent legal basis.

C. Patsy's Cross-Motion for Rectification of the Register.

We turn finally to Patsy's cross-motion to "rectify the register."

Patsy's correctly points out that in order to maintain its registration, a trademark registrant must file an affidavit and specimens evidencing use of the registered mark pursuant to Trademark Act § 8; 15 U.S.C. § 1058, and must renew its trademark registration pursuant to Trademark Act § 9; 15 U.S.C. § 1059.[23] Patsy's notes that it does not

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[22] We could not have considered whether to enter judgment or proceed to trial without vacating the earlier judgment because if the judgment was not vacated, there would be nothing left to decide.

[23] The requirements set out in Trademark Act §§ 8 and 9 are independent of any other proceeding in which the registrant may be engaged with respect to the registration. *See, e.g.*,

. . .

appear that IOB has made the required filings pursuant to Trademark Act §§ 8-9, and has moved the Board to "correct the register" to reflect that IOB's registrations were also cancelled on this basis.

IOB has not responded to Patsy's cross-motion. "When a party fails to file a brief in response to a motion, the Board may treat the motion as conceded." Trademark Rule 2.127(a). Nonetheless, because of the fundamental importance of the issues raised in this motion and because of IOB's continued participation in this dispute, we exercise our discretion to consider Patsy's motion on the merits, although we are necessarily unable to consider IOB's position on the matter.

An affidavit of continuing use must be filed within the year preceding (1) the sixth year following registration, and (2) "at the end of each successive 10-year period following the date of registration." Trademark Act § 8(a)-(b); 15 U.S.C. § 1058(a)-(b). A registration may be renewed for ten years within the year preceding "the end of each successive 10-year period for which the registration was issued or renewed. Trademark Act § 9(a); 15 U.S.C.

Trademark Rule 2.134(b)(consequences of cancellation defendant's failure to file §§ 8-9 affidavit during cancellation proceeding); TBMP § 602.02(b)(same); *cf. Checkers Drive-In Restaurants*, 34 USPQ2d at 1578 (debtor in bankruptcy not prevented by automatic stay from filing § 8 affidavit or relieved of obligation to do so; Commissioner was correct to cancel debtor's registration).

§ 1059(a). Upon payment of a fee, submissions under both Trademark Act §§ 8 and 9 may be filed during a six month "grace period" following the due date. The requirements under Trademark Act §§ 8 and 9 are statutory, and cannot be waived for any reason. *Checkers Drive-In Restaurants Inc. v. Comm'r of Patents and Trademarks*, 51 F.3d 1078, 34 USPQ2d 1574, 1581 (D.C. Cir. 1995)("[I]n establishing cancellation as the penalty for failure to file the required affidavit, Congress made no exception for the innocent or the negligent."); *In re Media Central IP Corp.*, 65 USPQ2d 1637, 1639 (Dir. USPTO 2002).

Pursuant to the statute, with respect to Registration No. 1975110, IOB was required to file its affidavit of continuing use no later than November 21, 2002, and its application for renewal no later than November 21, 2006. With respect to Registration No. 2213574, IOB was required to file an affidavit of continuing use no later than June 29, 2005. There is no dispute that IOB did not timely make the required filings under Trademark Act §§ 8 and 9, nor is there any indication that IOB attempted to do so.

Had IOB timely submitted the required §§ 8-9 filings, they would not have been <u>approved</u> while its registrations were in cancelled status. Nonetheless, they could still have been <u>filed</u> with the Post-Registration Branch, and would appear in the records of the USPTO. Pursuant to the usual practice of the

Post-Registration Branch, IOB would most likely have been notified in an office action that its filing could not be accepted because the registration had been cancelled, and IOB would have been allowed six months to file an appropriate response. *See* TRADEMARK MANUAL OF EXAMINING PROCEDURE (TMEP) §§ 1604.15 – 1604.17 (4th ed. 2005). If filed early enough, IOB may have successfully sought reinstatement of its registrations prior to the deadline.[24]

We are unaware of any authority which would permit revival of IOB's registrations under these circumstances, and IOB has advanced no such theory (having not responded to Patsy's cross-motion). Upon petition, the Director of the Patent and Trademark Office may, in his discretion, waive a requirement of the rules "in an extraordinary situation, when justice requires and no other party is injured thereby…." Trademark Rule 2.146(a). However, "[t]he Director has no authority to waive a statutory requirement, such as the deadline for filing a proper renewal application under 15 U.S.C. § 1059 or affidavit of use of a registered mark under 15 U.S.C. § 1058. *In re Holland American Wafer*

[24] Because IOB did not timely file the appropriate affidavits, we need not consider whether inadvertent cancellation by the USPTO is the kind of defect or deficiency which can be cured after expiration of the grace period. *See* TMEP § 1604.17. Similarly, having not attempted to file its affidavits, IOB cannot now argue that its affidavit would not have been accepted, or that if filed, it should have been accepted.

Co., 737 F.2d 1015, 222 USPQ 273 (Fed. Cir. 1984)." TMEP § 1708.

Accordingly, the file will be referred to the Office of the Commissioner for Trademarks to issue a new order, correcting the previous cancellation order, and indicating that IOB's Registration Nos. 2213574 and 1975110 are cancelled pursuant to Trademark Act § 8.

D. Order to Show Cause Pursuant to Trademark Rule 2.134(b)

Nonetheless, the fact that IOB's registrations cannot be revived does not end this proceeding:

> After the commencement of a cancellation proceeding, if it comes to the attention of the Trademark Trial and Appeal Board that the respondent has permitted his involved registration to be cancelled under § 8 … or has failed to renew his involved registration under § 9 …, an order may be issued allowing respondent until a set time, not less than fifteen days, in which to show cause why such cancellation or failure to renew should not be deemed to be the equivalent of a cancellation by request of respondent without the consent of the adverse party and should not result in entry of judgment against respondent as provided by paragraph (a) of this section. In the absence of a showing of good and sufficient cause, judgment may be entered against respondent as provided by paragraph (a) of this section.

Trademark Rule 2.134(b).

> The purpose of 37 CFR § 2.134(b) is to prevent a cancellation proceeding respondent from being able to moot the proceeding and avoid judgment by deliberately failing to file a required affidavit of use under Section 8 or renewal application under Section 9.

> In those cases where the Board finds that respondent has not acted deliberately to avoid judgment and thereby has shown good and sufficient cause why judgment should not be entered against it under 37 CFR § 2.134(b), petitioner will be given time in which to elect whether it wishes to go forward with the cancellation proceeding, or to have the cancellation proceeding dismissed without prejudice as moot.

TBMP § 535 (2d ed. rev. 2004).

Pursuant to Trademark Rule 2.134(b), our usual practice is to first send the respondent a show cause order. If respondent demonstrates that cancellation of its registration was not a deliberate attempt to avoid judgment, the petitioner may then elect whether to have the proceeding dismissed as moot, or to proceed to trial for a determination of the respondent's right to register. *See, C.H. Guenther & Son Inc. v. Whitewing Ranch Co.*, 8 USPQ2d 1450 (TTAB 1988); TBMP §§ 535, 602.02 (2d ed. rev. 2004).

Nonetheless, given the facts of this case, it is quite clear that IOB's registrations were not cancelled (or allowed to be cancelled) to avoid judgment. IOB's registrations were erroneously cancelled by the USPTO while IOB was responding to the Board's May 12, 2003, order. Indeed, IOB had no reason to <u>avoid</u> judgment, having just won reversal of that part of the district court's order requiring cancellation of one of the registrations involved in this case.

Because it is already clear from the record that the cancellation of IOB's registrations was not an attempt to avoid judgment, we need not issue an order to show cause. Doing so would simply be a waste of time. Likewise, Patsy's continued participation in this proceeding and in the parties' civil disputes makes clear that it is unlikely to accept dismissal of this matter without prejudice.[25] Accordingly, we will not terminate this proceeding pursuant to Trademark Rule 2.134.

E. Suspension of Further Proceedings

Finally, as noted above, it appears to the Board that the parties are currently engaged in a civil action which may have a bearing on this case, namely, *Patsy's Italian Restaurant, Inc. v. Banas*, Civ. No. 06-00729, -05857 (S.D.N.Y.). Accordingly, further proceedings in Cancellation No. 92029614 are SUSPENDED pending the final outcome of *Patsy's v. Banas*, including the resolution of any post-trial motions or appeals. Trademark Rule 2.117(a). While we are reluctant to delay this matter further, we recognize that the district court, with its broader jurisdiction and remedial authority, may be in a better

[25] If Patsy's should nonetheless prefer to have this matter dismissed as moot, it should so notify the Board within thirty days of this order.

position to resolve this dispute and to fashion a complete and appropriate remedy.[26]

Within twenty days of a final determination of the civil matter, the parties shall so notify the Board and have this proceeding called up for any appropriate action. During the course of the suspension, the parties shall apprise the Board of any changes of address for the parties or their counsel.

III. Conclusion

We have attempted in this order to set out the facts and circumstances which lead to the confusing state of this matter, and – to the extent possible – to set the matter back on the right track. While the Board regrets its handling of this matter, we note again that both parties have contributed significantly to the attendant confusion. It is our sincere hope that this order represents a step toward a more orderly and swift resolution of this long-running dispute.

To summarize our rulings:

(1) Cancellation No. 92028142 is dismissed with prejudice.

(2) The Board's order of September 2, 2002, was and is vacated.

[26] In this regard, we note that the court may issue an appropriate order pursuant to Trademark Act § 37, 15 U.S.C. § 1119.

(3) The files of IOB's Registration Nos. 2213574,1975110 will be updated to indicate cancellation of those registrations pursuant to Trademark Act § 8.

(4) This proceeding is suspended pending final resolution of the parties' civil action.

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