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Carol P Zembach  
Signature

**UNITED STATES PATENT AND TRADEMARK OFFICE  
 TRADEMARK TRIAL AND APPEAL BOARD**

*Registration No.:* 2,666,400  
*Mark:* K 326  
*Registered:* December 24, 2002

<p><b>CROSS CREEK SEED, INC., and          COATING SUPPLY, INC.,</b></p> <p style="text-align: center;">Petitioners,</p> <p style="text-align: center;">v.</p> <p><b>F.W. RICKARD SEEDS, INC.,</b></p> <p style="text-align: center;">Registrant.</p>	<p style="text-align: center;">Cancellation No. 92041792</p> <div style="text-align: center;">   <b>07-16-2003</b>  <small>U.S. Patent &amp; TMOfo/TM Mail Rcpt Dt. #22</small> </div>
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**REPLY IN FURTHER SUPPORT OF REGISTRANT'S CONDITIONAL  
 REQUEST FOR A RULE 56(f) CONTINUANCE**

Registrant F.W. Rickard Seeds, Inc. ("Registrant") submits this brief Reply in further support of its *Conditional Request for a Rule 56(f) Continuance to Take Discovery Needed to Respond to Petitioners' Pre-Discovery Motion for Summary Judgment.*

**Petitioners do not contest** that they filed their motion for summary judgment *after* Registrant moved—at the same time it answered—to suspend this proceeding in light of a previously pending action in the United States District Court for the Middle District of North Carolina. In that court case, petitioner Cross Creek presents the very same cancellation claim it

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now wants the Board to address. Petitioners' hastily-filed summary judgment motion therefore represents an attempt to manipulate the forum that will decide this issue, and, because this Board's decision is not binding on the district court, *see* T.B.M.P. § 510.02(a), will likely lead to duplicative (and possibly differing) rulings on the same issue. Further, **Petitioners do not contest** that no discovery has yet taken place in this nascent cancellation proceeding. Each of these circumstances, by itself, presents an independent and sufficient reason to grant a continuance of 90 days from either the date of a ruling on this request or the date of a ruling on the previously-pending motion to suspend, if denied.

Moreover, the discovery identified by Registrant "is reasonably directed to facts essential to justify the party's opposition." *Opryland USA Inc. v. Great American Music Show, Inc.*, 970 F.2d 847, 852 (Fed. Cir. 1992) (citation and internal quotation omitted). First, it is well-settled that, to be entitled to seek a judgment in its favor, *each* petitioner—including Coating Supply—must demonstrate standing.<sup>1</sup> Second, the facts underlying Coating Supply's interest in this litigation and its relationship, if any, with Cross Creek, not only are relevant to the essential element of standing, but also go to the issue of the bias and credibility of Coating Supply and the evidence offered in support of the summary judgment motion. Third, as pointed out in Registrant's Conditional Request, Registrant needs discovery of third parties to adduce facts concerning the use of K 326 as a trademark, whether K 326 is distinctive of Registrant as a source, and related items concerning Petitioners' claim that the arbitrarily-chosen term K 326 is viewed by the relevant consumers as generic. Thus, Registrant's request for discovery if this case is not suspended is perfectly appropriate.

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<sup>1</sup> *E.g.*, *Phelps v. Hamilton*, 122 F.3d 1309, 1316 (10th Cir. 1999); *Ellis v. City of La Mesa*, 990 F.2d 1518, 1523 (9th Cir. 1993); *Minnesota Fed'n of Teachers v. Randall*, 891 F.2d 1354, 1356 (8th Cir. 1989).

None of Petitioners' arguments to the contrary withstand scrutiny. Although Petitioners argue that the subject matter of a dispute may remain "justiciable" even if one party lacks standing, the justiciability of the subject matter of this dispute is not the issue here. The issue is *Coating Supply's* standing to invoke the Board's jurisdiction and obtain a judgment in *its* favor.

As to the merits of Petitioners' genericness claim, Petitioners' suggestion, in a footnote, that the Board should believe *only* their evidence and summarily deny Registrant any discovery, (*see* Opp. Br. at 7-8 n.4),<sup>2</sup> turns the settled standards under FED. R. CIV. P. 56 on their head. *See, e.g., Anderson v. Liberty Lobby, Inc.*, 477 U.S. 242, 255, 106 S. Ct. 2505, 2513 (1986) ("The evidence of the *non-movant* is to be believed, and all justifiable inferences are to be drawn in his favor.") (citation omitted; emphasis added). The Board therefore may not, however, as Petitioners invite it to do, resolve such issues on summary judgment. *See, e.g., id.* (tribunal may *not*, on summary judgment, engage in "[c]redibility determinations, the weighing of the evidence, and the drawing of legitimate inferences").

In addition, discovery concerning Petitioners' unclean hands is highly relevant and appropriate in the unique circumstances presented here. At the threshold—and contrary to petitioners' sweeping assertion—the Federal Circuit decision in *Loglan Institute Inc. v. Logical Language Group Inc.*, 962 F.2d 1038 (Fed. Cir. 1992), did *not* hold that a defense of unclean hands must "fail as a matter of law" in a case concerning allegations of genericism. (*See* Opp.

<sup>2</sup> In addition to prematurely inviting the Board to rule immediately on Petitioners' factual contention of genericness without any evidence of how the term is used in the industry, Petitioners further jump the gun by asking the Board to rule—again based on Petitioners' evidence alone and without permitting Registrant any discovery—that the registration at issue was obtained by a fraudulent misrepresentation about how the mark K 326 is used in the relevant industry. (*See* Opp. Br. at 8-9 n.5.) Apart from the settled principle that allegations of fraud present uniquely fact-bound issues, *see, e.g., Copelands' Enterprises, Inc. v. CNV, Inc.*, 945 F.2d 1563, 1566-67 (Fed. Cir. 1991) (allegations requiring an assessment of intent, such as alleged fraud on the PTO, are "particularly unsuited to disposition on summary judgment"); *KangaROOS USA, Inc. v. Caldor, Inc.*, 778 F.2d 1571, 1577 (Fed. Cir. 1985) (same), this issue similarly necessitates discovery of evidence concerning the trademark (*i.e.*, nondescriptive) use of K 326 and similar terms in the tobacco industry. At the appropriate time and in the appropriate forum, Registrant will demonstrate that no factual misrepresentation was made to the PTO about the industry's usage and that Registrant pursued and duly obtained its registration in good faith.

Br. at 8.) Although concluding that, on the facts of the case, the Board properly rejected the registrant's equitable defenses, the court noted that, by statute, the Board *must* consider equitable defenses in any *inter partes* proceeding. *Id.* at 1042 (citing 15 U.S.C. § 1069).

Further, *Loglan* and the other two TTAB decisions cited by Petitioners are readily distinguishable. In *Loglan*, the “equitable defenses” in that case consisted of no more than a reciprocal or “mirror image” claim that, if the mark at issue was not found to be generic, then the petitioner should not be allowed to use it. *See id.* (“As pleaded, these defenses are essentially claims of trademark infringement and unfair competition premised on the Institute’s assertion of trademark rights in *Loglan*.”) In weighing the defense in the context of the facts in that case, the court found that this mirror image claim did not outweigh the public interest in eliminating marks that no longer had trademark significance in the public’s eye. *See id.* In this proceeding, by contrast, Registrant’s unclean hands defense is based on violations by Cross Creek and others of the false advertising provisions of the Lanham Act, 15 U.S.C. § 1125(a)(1)(B) and the Plant Variety Protection Act, 7 U.S.C. § 2321 *et seq.* Moreover, the United States District Court for the Middle District of North Carolina has *issued a preliminary injunction against petitioner Cross Creek* and “all those persons in active concert or participation with” Cross Creek—a provision that appears to include Coating Supply—from continuing to sell “K 326” seed in violation of these laws. (Copy attached as Exh. A. hereto.) Further supporting Registrant’s unclean hands defense, Petitioners have failed to notify this Board of the fact that they have been so enjoined. This wrongdoing is far more serious, and implicates the public interest to a far greater degree, than the simple “mirror image” infringement claim in *Loglan*, or the purely private interests implicated by the laches/acquiescence defenses in the two TTAB decisions cited

by Petitioners.<sup>3</sup> It is therefore clear that none of these decisions applies to this case or precludes, as a matter of law, assertion of the specific “unclean hands” defense raised here. Accordingly, Registrant is entitled to discovery as to this defense if the Board decides to address the merits of Petitioners’ claims notwithstanding the previously-filed motion to suspend.

Finally, Petitioners’ statement that Registrant’s legal positions violate FED. R. CIV. P. 11 is itself frivolous, strongly suggesting that Petitioners casually hurled the accusation just for dramatic effect. At the threshold, Petitioners themselves violate the very requirements of the rule they purport to invoke: they did not, as required by Rule 11(c)(1)(A), present their rule 11 request in a separate motion;<sup>4</sup> nor did they serve their request for sanctions on Registrant and refrain from filing it with the Board for 21 days.<sup>5</sup> Moreover, as explained above, it is the Petitioners who flagrantly seek to circumvent Rule 56’s safeguards against (1) granting summary judgment against a party before it has had any opportunity for relevant discovery and (2) making factual determinations suited only for a full trial.



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<sup>3</sup> See *TBC Corp. v. Grand Prix Ltd.*, 12 USPQ2d 1311, 1313 (TTAB 1989) (noting that the applicant’s defense sounded in laches or acquiescence); *Care Corp. v. Nursecare Int’l, Inc.*, 216 USPQ 993, 995 (1982) (same).

<sup>4</sup> “A motion for sanctions under this rule shall be made separately from other motions or requests . . .” FED. R. CIV. P. 11(c)(1)(A)

<sup>5</sup> A rule 11 motion “shall be served as provided in Rule 5, but shall not be filed with or presented to the court unless, within 21 days after service of the motion . . . , the challenged paper, claim, defense, contention, allegation, or denial is not withdrawn or appropriately corrected.” *Id.*

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**WHEREFORE**, in the event it decides to address Petitioners' summary judgment motion despite the pendency of Registrant's earlier-filed motion to suspend, the Board should grant a continuance of ninety (90) days from the date of any ruling hereon for Registrant to obtain discovery necessary for Registrant to respond to Petitioners' summary judgment motion. In the alternative, in the event the Board denies the previously-pending motion to suspend before ruling on this request, the Board should grant a continuance of ninety (90) days from the date of such ruling for Registrant to obtain discovery necessary for Registrant to respond to Petitioners' summary judgment motion.

Respectfully submitted,



Dated: July 16, 2003

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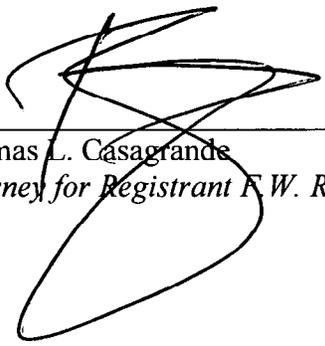
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*Attorneys for Registrant F.W. Rickard Seed, Inc.*

**CERTIFICATE OF SERVICE**

I hereby certify that a true and correct copy of the foregoing REPLY IN FURTHER SUPPORT OF REGISTRANT'S CONDITIONAL REQUEST FOR A RULE 56(f) CONTINUANCE has been served on July 16, 2003 by first class mail, postage prepaid, on:

Kenneth S. Kaufman, Esq.  
Garson & Associates, LLC  
7735 Old Georgetown Road, Suite 550  
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IN THE UNITED STATES DISTRICT COURT  
FOR THE MIDDLE DISTRICT OF NORTH CAROLINA  
NO. 1:02CV1004



F.W. RICKARD SEEDS, INC AND  
GOLD LEAF SEED COMPANY,

Plaintiffs,

v.

CROSS CREEK SEEDS, INC., CROSS  
CREEK FARMS, EDDIE BAKER, AND  
BILL EARLEY,

Defendants.

**PRELIMINARY INJUNCTION**

Having considered the Memorandum in Support of Continued Preliminary Injunction filed by Plaintiffs, F.W. Rickard Seeds, Inc. and Gold Leaf Seed Company, and the arguments of the parties, the Court finds that Plaintiffs' motion for a preliminary injunction should be GRANTED.

IT IS HEREBY ORDERED that Defendants Cross Creek Seeds, Inc., Cross Creek Farms, Eddie Baker, and Bill Earley, their respective officers, employees, agents, servants, and attorneys, successors and assigns, and all those persons in active concert or participation with any of them, be and hereby are preliminarily enjoined and restrained from:

- (a) planting, transferring, offering for sale, selling, or otherwise disposing of any seed of the tobacco variety known and marketed under the K 326 name (*i.e.*, seed of the variety that was protected by Plant Variety Protection ("PVP") Certificate 830007: until March 26, 2002) that Defendants have obtained, retained, possessed, or produced from K 326 seed (or its progeny) planted by Defendants or anyone else in violation of the PVP Act prior to 27 March 2002;

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- (b) planting, transferring, offering for sale, selling, or otherwise disposing of the progeny of any seed of the tobacco variety known and marketed under the K 326 name (*i.e.*, seed of the variety that was protected by PVP Certificate 8300070 until March 26, 2002) that Defendants have obtained, retained, possessed, or produced from K 326 seed (or its progeny) planted by Defendants or anyone else in violation of the PVP Act prior to 27 March 2002;
- (c) representing in any form of commercial advertising or promotion that the K 326 seed that was grown out during the 2001 or 2002 growing seasons, or the progeny thereof, and is being offered for sale or has been sold is "foundation" seed or "certified" seed;
- (d) representing in any form of commercial advertising or promotion that the K 326 seed that was grown out during the 2001 or 2002 growing seasons, or the progeny thereof, and is being offered for sale or has been sold has otherwise been duly and lawfully certified, approved or authorized in any manner by the North Carolina Crop Improvement Association or any other official seed certifying body; and
- (e) conspiring with, aiding, assisting or abetting any other person or entity in engaging in or performing any of the activities referred to in subparagraphs a-d above.

This Order shall remain in full force and effect until such time as this Court rules otherwise.

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This the 12<sup>th</sup> day of May ~~April~~ 2003.

  
UNITED STATES DISTRICT JUDGE