

Goodman

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THE T.T.A.B.

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

Mailed: November 29, 2007

Cancellation No. 92044697

ACM ENTERPRISES, INC.

v.

Martello, Jeannette

Before Bucher, Rogers and Taylor, Administrative Trademark
Judges.

By the Board:

This case now comes up on the following motions:

- 1) petitioner's motion to amend the petition to cancel,
filed August 3, 2007;
- 2) petitioner's motion for summary judgment, filed
August 3, 2007; and
- 3) respondent's motion for 56(f) discovery, filed
September 7, 2007.

We turn first to the motion to amend.

Petitioner seeks to add three claims based on "newly
discovered information" included in respondent's February
20, 2007, responses to petitioner's requests for admissions
that specifically addressed a February 21, 2003, Thomson &
Thomson search report produced by respondent earlier in
discovery.¹ Petitioner asserts that respondent will not

¹ Requests for admissions served by petitioner on January 5,
2007.

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"suffer any prejudice since respondent was in possession of the February 21, 2003, search report and aware of its contents" and that "it is in the interest of the public" to allow the amendment.

In response, respondent argues that the motion to amend should be denied as untimely as it is "premised on facts which it [petitioner] has had actual or constructive knowledge of for at least 18 to 20 months." Respondent particularly argues that petitioner's counsel was aware of the "Thomson Report" in January 2006, deposed respondent on the report on January 18, 2006, and the requests for admissions served in 2007 only asked respondent to "confirm information contained in the previously produced Thomson report." Respondent asserts that petitioner "fails to provide any explanation for the one-year delay between its receipt of the Thomson report and the service of its confirming RFAs" and respondent will be "substantially prejudiced if leave to amend is granted."

In reply, petitioner asserts that there has not been undue delay since this proceeding was suspended for seven months (from April 26, 2006 to November 28, 2006) due to a motion to compel being filed, and additionally, the parties attempted to settle this matter between February 27, 2007 through July 25, 2007, filing consented extensions of trial dates during this time. Petitioner also reiterates that

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respondent will not be prejudiced by the amendment since "respondent has all the information needed to respond to this new cause of action."

Under Fed. R. Civ. P. 15(a), leave to amend pleadings shall be freely given when justice so requires. Consistent therewith, the Board liberally grants leave to amend pleadings at any stage of the proceeding when justice requires, unless entry of the proposed amendment would violate settled law or be prejudicial to the rights of the adverse party or parties. See *Commodore Electronics Ltd. v. CBM Kabushiki Kaisha*, 26 USPQ2d 1503 (TTAB 1993). In deciding petitioner's motion for leave to amend, the Board must consider whether there is any undue prejudice to respondent and whether the amendment is legally sufficient. See *Cool-Ray, Inc. v. Eye Care, Inc.*, 183 USPQ 618 (TTAB 1974). With regard to prejudice, the timing of the motion for leave to amend is a major factor in determining whether respondent would be prejudiced by allowance of the proposed amendment. See TBMP § 507.02 (2d ed. rev. 2004) and cases cited therein.

Turning to the proposed amendments, we find that petitioner's proposed paragraph 14, "Count Four: "failed to submit required Verified Statement" fails to state a claim and is insufficient as this allegation relates to a matter for ex parte examination and is not a cognizable ground for

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cancellation. See e.g., *Saint-Gobain Abrasives Inc. v. Unova Industrial Automation Systems, Inc.* 66 USPQ2d 1355 (TTAB 2003) (allegations in the notice of opposition regarding an ex parte examination issue are an insufficient ground for opposition).

We find that petitioner's proposed paragraph 15² "Count Five: 15 U.S.C. Sec. 1052(b) Violation: ...Respondent failed to disclose this [February 21, 2003 Thomson & Thomson] search report to the Trademark Examiner," does not state a claim and is insufficient standing alone to allege a ground for cancellation. However, we will construe the allegation in paragraph 15 to be part of the fraud claim alleged in paragraphs 16 and 17 of the proposed amendment to the petition to cancel.

With respect to proposed paragraphs 16 and 17, "Count Five: Fraud: ...respondent failed to submit her knowledge of third party interstate commerce users of the mark SKIN DEEP ...and violated her required verified statement in the trademark application by not disclosing said Feb. 21, 2003 search report to the Trademark Examiner," we find that petitioner unduly delayed by waiting until the eve of trial to assert such a claim. In the instant case, petitioner's request to amend the petition to cancel comes over five months after it allegedly learned of these claims as a

result of respondent's responses to petitioner's request for admissions. In an attempt to justify this delay, petitioner asserts the parties were involved in settlement discussions from February 25, 2007 through July 25, 2007. However, even if true, the fact remains that petitioner undoubtedly understood the risk of waiting until the breakdown of settlement talks before attempting to amend the petition to cancel. Further, the case was neither suspended nor in settlement negotiations for the three months between November 28, 2006 and February 27, 2007, and during that time petitioner was aware of the information in the search report and any apparent ramifications attendant to respondent's knowledge of third party uses, and petitioner did nothing. Respondent's subsequent responses to requests for admissions provided petitioner with little, if any, new information.³ Thus, we find that petitioner has offered no sufficient justification as to why it failed to raise the proposed new claims sooner. *See e.g., Trek Bicycle Corporation v. StyleTrek Limited*, 64 USPQ2d 1540 (TTAB 2001) (motion to amend to add dilution claim eight months after filing notice of opposition denied due to undue delay).

² In its proposed amendment, petitioner has also labeled paragraph 16 ("Count Five: Fraud") as count five.

³ We note that nothing in these requests for admissions addresses whether respondent knows of *superior rights* in these third parties. There can be no fraud in failing to disclose to the USPTO third party uses unless they are believed to involve superior rights.

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Moreover, it is apparent that prejudice results from such a late motion as it injects a new issue into the case on the eve of trial.

Accordingly, petitioner's motion to amend is denied.

We now turn to petitioner's motion for summary judgment.

Petitioner's motion for summary judgment was brought solely on the claims it sought to add through its motion to amend. Inasmuch as we have denied the motion to amend, petitioner's motion for summary judgment is based on unpleaded claims. A party may not obtain summary judgment on unpleaded claims. See Fed. R. Civ. P. 56(a) and 56(b); and *Paramount Pictures Corp. v. White*, 31 USPQ2d 1768 (TTAB 1994). In view thereof, petitioner's motion for summary judgment is denied.⁴

In view of our denial of petitioner's motion for summary judgment, respondent's motion for 56(f) discovery is moot.

Proceedings are resumed.

Trial dates are reset as follows:

⁴ We note that even if we had found the amendment to add the additional fraud claim as timely, we nonetheless would have denied petitioner's motion for summary judgment on this ground as fraud involves issues of intent that are generally ill-suited for disposition by summary judgment. See *Copelands' Enterprises Inc. v. CNV Inc.*, 945 F.2d 1563, 20 USPQ2d 1295 (Fed. Cir. 1991).

DISCOVERY PERIOD TO CLOSE:

CLOSED

30-day testimony period for party in position of plaintiff
to close:

January 9, 2008

30-day testimony period for party in position of defendant
to close:

March 9, 2008

15-day rebuttal testimony period for party in position of
plaintiff to close:

April 23, 2008

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.

* * * *

The USPTO published a notice of final rulemaking in the Federal Register on August 1, 2007, at 72 F.R. 42242. By this notice, various rules governing Trademark Trial and Appeal Board inter partes proceedings are amended. Certain amendments have an effective date of August 31, 2007, while most have an effective date of November 1, 2007. For further information, the parties are referred to a reprint of the final rule and a chart summarizing the affected rules, their changes, and effective dates, both viewable on the USPTO website via these web addresses:

<http://www.uspto.gov/web/offices/com/sol/notices/72fr42242.pdf>

http://www.uspto.gov/web/offices/com/sol/notices/72fr42242_FinalRuleChart.pdf

By one rule change effective August 31, 2007, the Board's standard protective order is made applicable to all TTAB inter partes cases, whether already pending or commenced on or after that date. However, as explained in the final rule and chart, this change will not affect any case in which any protective order has already been approved or imposed by the Board. Further, as explained in the final rule, parties are

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free to agree to a substitute protective order or to supplement or amend the standard order even after August 31, 2007, subject to Board approval. The standard protective order can be viewed using the following web address:

<http://www.uspto.gov/web/offices/dcom/ttab/tbmp/stndagmnt.htm>