

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

Lykos

Mailed: August 22, 2008

Cancellation No. 92047819

Paul Stuart, Inc.

v.

Grace Wexler, LLC
substituted for Powder LLC¹

Angela Lykos, Interlocutory Attorney

This case now comes before the Board for consideration of petitioner's motion (filed May 5, 2008) for leave to amend its petition for cancellation pursuant to Fed. R. Civ. P. 15(a). The motion is fully briefed.

By its motion for leave to amend, petitioner seeks to add the claims that (1) respondent fraudulently procured its registration from the USPTO, namely, that respondent falsely stated that it was using its mark in connection with "swimwear" when it filed its application, and (2) that on October 19, 2007, respondent made false statements before the Board in responding to the Board's September 22, 2007

¹ By assignment, Grace Wexler, LLC has been substituted as the party defendant in this case. Evidence thereof is recorded with the Assignment Branch of the USPTO at Reel 3642, Frame 0947.

show cause order under Fed. R. Civ. P. 55(a) (namely that it had no notice of this proceeding during the period its answer was due), and that this misrepresentation resulted in the fraudulent maintenance of its registration by avoiding the entry of default judgment under Fed. R. Civ. 55(b). Petitioner has submitted an amended pleading with its motion. For the reasons set forth below, petitioner is allowed to amend its pleading to assert its first, but not second, claim of fraud.

Under Fed. R. Civ. P. 15(a), leave to amend pleadings shall be freely given when justice so requires. 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. 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 Commodore Electronics Ltd. v. CBM Kabushiki Kaisha*, 26 USPQ2d 1503 (TTAB 1993); *see also* TBMP § 507.02(a) (2d. ed. rev. 2004) and cases cited therein. A motion for leave to amend should be filed as soon as any ground for such amendment becomes apparent. In instances where the moving party seeks to add

a new claim or defense, the proposed pleading must be legally sufficient. *See Trek Bicycle Corp. v. StyleTrek Ltd.*, 64 USPQ2d 1540 (TTAB 2001). Where a party seeks leave to add a new claim, and the proposed pleading thereof is futile, the Board will normally deny the motion for leave to amend. TBMP § 507.02 (2d ed. rev. 2004) and cases cited therein.

In this case, in terms of timing, the Board finds that respondent would not suffer prejudice if petitioner is permitted to add new claims at this juncture. Petitioner moved to amend nearly three months prior to the close of discovery as reset by the Board's March 12, 2007 order. *See e.g., Microsoft Corp. v. Qantel Business Systems Inc.*, 16 USPQ2d 1732 (TTAB 1990) (proceeding still in the discovery stage and no undue prejudice shown). Thus, petitioner moved to add its new claims during the discovery phase of this case and well prior to the commencement of trial. *See Focus 21 International Inc. v. Pola Kasei Kogyo Kabushiki Kaisha*, 22 USPQ2d 1316 (TTAB 1992) (motion to amend filed prior to opening of petitioner's testimony period permitted). Furthermore, by this order, discovery will be extended to mitigate any potential prejudice.

Respondent's first claim of fraud -- that of fraudulent procurement of its registration by alleging that respondent knowingly made false, material representations of fact in connection with its application which subsequently matured to registration -- constitutes a valid ground for cancellation and is legally sufficient. See e.g. *Torres v. Cantine Torresella S.r.l.*, 808 F.2d 46, 1 USPQ2d 1483 (Fed. Cir. 1986); *Standard Knitting, Ltd. v. Toyota Jidosha Kabushiki Kaisha*, 77 USPQ2d 1917 (TTAB 2006); *Medinol Ltd. v. Neuro Vasx, Inc.*, 67 USPQ2d 1205 (TTAB 2003). The Board rejects respondent's contention that petitioner's claim of fraudulent procurement is "baseless." The merits of petitioner's newly added claim are not at issue here. Whether or not the moving party can prove the allegations sought to be added to the pleading is a matter to be determined at trial or upon summary judgment. See TBMP § 507.02 (2d ed. rev. 2004) and cases cited therein. A review of petitioner's amended pleading reveals that its claim of fraudulent procurement is adequately pleaded.

The Board does find, however, that petitioner's second proposed claim of fraud -- that respondent allegedly made misrepresentations before the Board in responding to the Board's show cause order, does not constitute a proper

ground for cancellation. Petitioner argues that these allegations constitute a valid claim under Fed. R. Civ. P. 60(b). The fraud contemplated under Federal Rule 60(b) applies only to final judgments, however, and not interlocutory orders. See TBMP § 544 (2d ed. rev. 2004) and authorities cited therein. The Board's interlocutory order setting aside applicant's technical default does not constitute a final order within the meaning of Rule 60(b). Thus, petitioner's second proposed claim is futile.

In view thereof, petitioner's motion to amend its pleading is granted in part and denied in part. Petitioner's amended pleading is accepted as the operative petition for cancellation in this case except to the extent that Paragraph Nos. 20-36 are stricken. Respondent is allowed until **THIRTY (30) days** from the mailing date of this order to file an answer to the amended petition for cancellation.

Trial dates, including the close of discovery, are reset as follows:

THE PERIOD FOR DISCOVERY TO CLOSE:	12/15/08
30-day testimony period for party in position of plaintiff to close:	3/15/09
30-day testimony period for party in position of defendant to close:	5/14/09

15-day rebuttal testimony period for
plaintiff to close:

6/28/09

In each instance, a 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.

NEWS FROM THE TTAB:

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 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>