

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

wbc

Mailed: December 20, 2013

Cancellation No. 92048732

Altvater Gessler - J.A.
Baczewski International (USA)
Inc. and Altvater Gessler -
J.A. Baczewski GmbH

v.

Ronald Beckenfeld

Wendy Boldt Cohen, Interlocutory Attorney:

As last reset in the Board's order dated September 27, 2012, trial was set to open December 22, 2013. On October 24, 2013, petitioner filed a motion to amend the petition to cancel (filed January 10, 2013) to add, *inter alia*, claims of fraud, abandonment due to naked licensing, and to add allegations to its already asserted claims regarding ownership of the mark.¹ The motion has been fully briefed.

The Board has considered the parties' submissions and presumes the parties' familiarity with the factual bases for the motion, and does not recount the facts or arguments here, except as necessary to explain the decision.

¹ An amended petition to cancel was included as an attachment to the motion to amend.

Leave to amend pleadings must be freely given when justice so requires, unless entry of the proposed amendment would violate settled law, would be prejudicial to the rights of the adverse party, or would be futile. See Fed. R. Civ. P. 15(a); TBMP § 507.02 (2013). 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, e.g., *Commodore Electronics Ltd. v. CBM Kabushiki Kaisha*, 26 USPQ2d 1503, 1505 (TTAB 1993); and *United States Olympic Committee v. O-M Bread Inc.*, 26 USPQ2d 1221, 1222 (TTAB 1993). The timing of the motion for leave to amend plays a large role in the Board's determination of whether the adverse party would be prejudiced by allowance of the proposed amendment. See, e.g., *United States Olympic Committee, supra* (applicant not prejudiced because proceeding still in pre-trial phase); *Focus 21 International Inc. v. Pola Kasei Kogyo Kabushiki Kaisha*, 22 USPQ2d 1316, 1318 (TTAB 1992) (motion to amend filed prior to opening of petitioner's testimony period permitted); *Caron Corp. v. Helena Rubenstein, Inc.*, 193 USPQ 113 (TTAB 1976) (neither party had yet taken testimony); *Mack Trucks, Inc. v. Monroe Auto Equip. Co.*, 182 USPQ 511, 512 (TTAB 1974) (applicant would not be unduly prejudiced since no

testimony has yet been taken); TBMP § 507.02(a). For example, the Board will liberally grant such motions when the proceedings are still in the pre-trial stage. See, e.g., *Cool-Ray, Inc. v. Eye Care, Inc.*, 183 USPQ 618, 621 (TTAB 1974).

Petitioner's amended petition to cancel enumerates four grounds for cancellation:

1. At the Time of the Application, the Applicant was not the Rightful Owner of the Mark;²
2. The Application for Registration was Made in Bad Faith;
3. The Registration was Obtained Fraudulently;³ and
4. The Registration has been Abandoned due to Naked Licensing.

On review of the parties' arguments, the Board finds no evidence of undue delay by petitioner in filing its motion to amend its pleading. The concept of "undue delay" is inextricably linked with the concept of prejudice to the non-moving party, see *Marshall Field & Co. v. Mrs. Field*

² In deciding which party, if any, owns a mark, the Board will look to contractual expectation, responsibility for the quality of the goods and consumer perception. See *Wrist-Rocket Manufacturing Co. v. Saunders*, 379 F. Supp. 902 (D. Neb. 1974), *aff'd in part and rev'd in part*, 516 F.2d 846, 186 USPQ 5 (8th Cir. 1975), *cert. denied*, 423 U.S. 870 (1975).

³ Grounds 2-3 appear to be related to petitioner's allegations of fraud.

Cookies, 11 USPQ2d 1355, 1359 (TTAB 1989), and here, there is no such prejudice because respondent does not need to conduct discovery regarding its own actions and intent. See *Focus 21 International Inc. v. Pola Kasei Kogyo Kabushiki Kaisha*, 22 USPQ2d 1316, 1318 (TTAB 1992) (granting motion for leave to amend filed prior to the opening of plaintiff's testimony period); TBMP § 507.02(a). Additionally, petitioner alleges its motion is predicated on information learned during discovery, and it appears that petitioner did not unduly delay in filing its motion after learning the information in discovery.⁴ Any delay in filing its motion to amend is excusable in view of a protracted period of suspension.⁵

Additionally, contrary to respondent's assertions, it appears unlikely that respondent will be prejudiced by allowance of the amendment.⁶ Trial has not yet begun and

⁴ Petitioner first filed a motion to amend its petition to cancel on May 31, 2013. The Board's September 27, 2013 order did not consider the May 31, 2013 motion because it was not germane to respondent's motion for summary judgment.

⁵ Proceedings were suspended after numerous requests for extensions of time. The proceedings were further suspended pending disposition of respondent's motion for summary judgment (filed March 18, 2013). After the period of suspension, proceedings resumed September 27, 2013. Petitioner filed its motion to amend its pleading October 24, 2013.

⁶ Respondent alleges, *inter alia*, that the deaths of certain witnesses will make proving its case difficult. Although the Board recognizes that the deaths of relevant witnesses may

petitioner's additional allegations of fraud, abandonment by naked licensing, and the additional allegations in its already-asserted claims regarding ownership involve information in respondent's control. As already noted, additional discovery does not appear to be necessary and neither party has requested additional discovery. See TBMP § 507.02(a) (discovery may not be necessary when "the proposed additional claim or allegation concerns a subject on which the non-moving party can be expected to have relevant information in hand. This is especially true when the factual basis for the motion to amend was obtained by the moving party through discovery taken from the non-moving party.").

There also is no evidence of bad faith or dilatory motive on the part of petitioner and this is, in essence, the first time petitioner has sought to amend its pleading. See *American Express Marketing & Development Corp. v. Gilad*, 94 USPQ2d 1294, 1297 (TTAB 2010) (finding no abuse of amendment privileges where applicant sought to amend its pleading for the first time).

complicate matters, any prejudice that might be suffered, particularly because the amended petition seeks to add claims that involve information within respondent's control and are related to claims alleged in the original petition to cancel, it does not rise to a level that would prevent petitioner's motion to amend. Cf. *Auburn Farms, Inc. v. McKee Foods Corp.*, 51 USPQ2d 1439, 1445 (TTAB 1999).

In view of the foregoing and inasmuch as petitioner's additional claims are, as noted by respondent, "included in the original filing," petitioner's motion to amend to add its claims of fraud and to add allegations to its already-asserted claims regarding ownership is hereby **GRANTED** except as otherwise noted herein. Notwithstanding the foregoing, petitioner's claim of abandonment because of naked licensing, discussed *infra*, is improperly pleaded.

A trademark registration may be cancelled if the mark has become "abandoned." See Trademark Act §45, 15 U.S.C. §1127; *Paris Glove of Canada Ltd. v. SBC/Sporto Corp.*, 84 USPQ2d 1856, 1864 (TTAB 2007). A mark can become abandoned by any act or omission of the registrant which causes the mark to lose its significance as an indication of origin. See, e.g., *Leatherwood Scopes Internat'l Inc. v. Leatherwood*, 63 USPQ2d 1699 (TTAB 2002). Thus, uncontrolled and "naked" licensing can result in such a loss of significance of a trademark that a registration should be cancelled. See J. Thomas McCarthy, 3 *McCarthy on Trademarks and Unfair Competition* §18:48 (4th ed. 2013) ("Uncontrolled or 'naked' licensing may result in the trademark ceasing to function as a symbol of quality and controlled source. This effect has often been characterized as an 'abandonment' of the trademark"); *Haymaker Sports, Inc. v. Turian*, 581 F.2d

Cancellation No. 92048732

257, 198 USPQ 610, 613 (C.C.P.A. 1978); *Heaton Enterprises of Nevada Inc. v. Lang*, 7 USPQ2d 1842 (TTAB 1988); *Patsy's Italian Restaurant., Inc. v. Banas*, 358 F.3d 254, 265, 100 USPQ2d 1001 (2nd Cir. 2011).

While petitioner alleges that respondent has abandoned its mark through naked licensing, it has failed to allege that as a consequence, the mark has lost its significance as a source-indicator. Thus, the proposed amendment fails to state a claim of abandonment.

In view of the foregoing, petitioner's motion to amend to add a claim of abandonment because of naked licensing is hereby **DENIED**. Petitioner is allowed until twenty days from the date of this order to file an amended petition to cancel which properly asserts a claim of abandonment because of naked licensing, failing which the abandonment claim will be stricken and the cancellation will proceed solely on the claims of fraud and ownership. See Fed. R. Civ. P. 15(a); TBMP § 507.02. Respondent is allowed fifty (50) days from the date of this order to file and serve an answer or otherwise respond to the petition to cancel.

Proceedings are otherwise suspended pending disposition of petitioner's motion to compel (filed December 6, 2013). The motion will be decided in due course.