

THIS DECISION IS NOT A
PRECEDENT OF THE TTAB

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

GCP

Mailed: March 31, 2014

Cancellation No. 92055493

SaddleSprings, Inc.

v.

Mad Croc Brands, Inc.

**Before Kuhlke, Cataldo and Greenbaum,
Administrative Judges.**

By the Board:

This case now comes before the Board for consideration of (1) petitioner's motion for leave to amend its pleading to assert a claim of fraud, (2) petitioner's motion for summary judgment on its asserted claim of abandonment through nonuse, and (3) respondent's cross-motion¹ for summary judgment on petitioner's claim of abandonment. The motions are fully briefed.

¹ The Board notes that respondent should have filed its cross-motion for summary judgment concurrently with its response to petitioner's motion for summary judgment rather than a month after petitioner's motion for summary judgment was fully briefed. However, since petitioner does not contest the timeliness of respondent's cross-motion for summary judgment, the Board, in its discretion, has entertained respondent's cross-motion for summary judgment.

Background

Respondent is the owner of the registration for the mark CROC-TAIL and design, as displayed below, for “alcoholic beverages, namely, wine, distilled spirits, ready to drink mixed alcoholic drinks; alcoholic extracts; alcoholic beverages containing more than one and two-tenth % of alcohol by volume, namely, ready to drink mixed drinks based on wine and distilled spirits” in International Class 33.²



On April 12, 2012, petitioner filed a petition to cancel respondent’s mark on the ground of abandonment through nonuse. In its answer to the petition to cancel, respondent denies the salient allegations therein.

² Registration No. 3211610, registered on February 20, 2007, under Section 66(a) of the Trademark Act, based on International Registration No. 0872639, registered on September 23, 2005. The registration was originally issued to an entity identified as Voima Ltd., a Liechtenstein corporation, and was subsequently assigned to respondent on May 18, 2007 and recorded with the Office’s Assignment Branch on June 22, 2007. *See* Reel/Frame 3568/0001. A Section 71 Declaration of Use filed by respondent was accepted on February 15, 2013.

Parties' Cross-Motions For Summary Judgment On The Claim Of Abandonment

We first turn to the parties' cross-motions for summary judgment on petitioner's claim of abandonment through nonuse.

In support of its motion for summary judgment, petitioner contends that respondent has failed to use its subject CROC-TAIL and design mark in interstate commerce in connection with the goods identified in the subject registration for a period of three consecutive years, and has, therefore, abandoned its mark. Specifically, petitioner contends that respondent is in the business of selling energy drinks and that respondent has admitted that it has never sold alcoholic beverages under its CROC-TAIL and design mark, and has not produced any evidence of any plan to do so. Petitioner further maintains that during respondent's 30(b)(6) discovery deposition, respondent's CEO, Robert Tamcsin, testified that he did not believe respondent sold any alcoholic beverages using respondent's registered CROC-TAIL and design mark. Additionally, petitioner maintains that Mr. Tamcsin testified that the sale of energy drinks was all that respondent could currently handle, and making plans such as acquiring permits so that respondent could sell alcoholic beverages was not something that respondent was currently pursuing.

Petitioner also contends that respondent has not produced any documentary evidence evidencing a plan to sell alcoholic beverages. In response to petitioner's requests for admissions, petitioner states that

respondent admitted that it has never applied for certification to sell alcoholic beverages. Even if respondent had sold the goods identified in its registration under its CROC-TAIL and design mark, petitioner argues that since respondent has never obtained any federal or state licenses which would permit respondent to sell its alcoholic beverages, any alleged use would be unlawful. Lastly, petitioner argues that even if respondent has sold its identified goods under its subject mark, such sales are limited to the state of Florida and, therefore, respondent has failed to use its subject mark in interstate commerce.

In support of its motion for summary judgment, petitioner submitted the declaration of its attorney, Michael J. Moffatt, which included, *inter alia*, the following exhibits: (1) excerpts from the deposition of respondent's CEO, Robert Tamcsin, (2) selected pages from respondent's website, (3) copy of respondent's Rule 71 declaration and attached specimens, (4) a copy of respondent's drink recipes, and (5) a copy of respondent's responses to petitioner's requests for admissions.

Furthermore, in his declaration, Mr. Moffatt avers that, following a review of respondent's responses to petitioner's discovery requests, (1) respondent failed to produce any discovery that evidences a plan to sell alcoholic beverages in the future, *Id.*, ¶ 13, (2) respondent failed to produce a single document in discovery evidencing a sale of an alcoholic beverage in the United States in interstate commerce using the CROC-TAIL trademark, *Id.*,

¶ 18, (3) respondent failed to produce a single document in discovery evidencing a license or the terms of any license of the CROC-TAIL trademark, *Id.*, ¶ 21, (4) respondent failed to produce any documents evidencing either a degree of control or control exercised by respondent over any third-party regarding use of its subject mark, *Id.*, ¶ 24, and (5) respondent failed to produce any documents evidencing a use of its subject mark in commerce in connection with the alcoholic beverages listed in the subject registration in the United States and outside of the state of Florida. *Id.*, ¶ 26.

In response to petitioner's motion for summary judgment and in support of its cross-motion for summary judgment, respondent maintains that it acquired the subject mark in May 2007 and even before the acquisition was finalized, respondent began marketing its CROC-TAIL brand alcoholic beverages. Specifically, respondent contends that it advertised a "Croc Tail Hour" which was scheduled to take place on April 29, 2007 at the Vintage Spirits & Grill in Madison, Wisconsin. Respondent states that the invitation for the event provides that the purpose of the event was "to discover the wild bite of a new energy drink. Sample our latest concoctions of Croc Tails that will make your customers go wild." Respondent also maintains that at the April 29, 2007 event respondent exhibited counter cards displaying drink recipes for its CROC-TAIL alcoholic beverages and which displayed respondent's CROC-TAIL and design mark.

Also in 2007, respondent contends that it was involved in a boat cruise which included “special Croc-Tail stations” and that CROC-TAIL brand tent cards and recipe guides were used on the boat cruise.

Moreover, respondent maintains that it has distributed samples of canned alcoholic beverages bearing respondent’s subject mark through a distributor, even though respondent admits that it has never sold such canned alcoholic beverages to the consuming public. Respondent further maintains that in July and September 2011, respondent prepared invoices reflecting the proposed price of the can of its CROC-TAIL branded product and although the invoices may have not been delivered to its distributor, respondent nonetheless discussed the invoices with its distributor.

Respondent also maintains that it has promoted its alcoholic beverages in bars, where alcoholic beverages are commonly sold, and sales of respondent’s branded alcoholic beverages were made by those bars according to respondent’s guidance and instructions by way of verbal agreements. Additionally, respondent contends that it has hired brand representatives to visit bars and promote the CROC-TAIL brand alcoholic beverages, as well as provide instruction to bartenders on how to mix the CROC-TAIL brand alcoholic beverage. Moreover, respondent maintains that it provides point of sale materials, i.e., posters, tent cards, drink coasters, buttons and recipe guides, all of which bear respondent’s subject mark, to its distributors who then distribute the items to the individual bars. Respondent states that the

aforementioned point of sale materials are designed to catch the attention of purchasers and prospective purchasers as an inducement to make a sale of respondent's CROC-TAIL brand alcoholic beverages.

Respondent also argues that because it does not sell alcoholic beverages itself, there is no requirement that it obtain government permits to make those sales. Instead, respondent contends that the sales are made by its licensees, i.e., bars who prepare the CROC-TAIL brand alcoholic drink, pursuant to verbal agreements with the licensees.

In support of its response to petitioner's motion for summary judgment, respondent submitted the declaration of its counsel, Alejandro Menchaca, which introduces the following exhibits: (1) a copy of the transcript of the discovery deposition of respondent's CEO and President, Mr. Robert Tamcsin, taken on March 12, 2013, (2) a copy of the assignment of the subject registration from Voima Ltd. to respondent, and (3) a copy of respondent's Rule 71 declaration of Use and attached specimens.

Additionally, in support of its cross-motion for summary judgment, respondent submitted the declaration of its President and CEO, Robert Tamcsin, which introduces the following exhibits: (1) an invitation for a "Croc Tail Hour" that was scheduled to take place on April 29, 2007 in Madison, Wisconsin which states that the purpose of the event is "to discover the wild bite of a new energy drink. Sample our latest concoctions of Croc Tails that will make your customers go wild," (2) invoices dated May 31, 2007 related to

the April 29, 2007 “Kick-Off Parties” which was scheduled to be held in Madison, Wisconsin, (3) invoices for the printing of the CROC-TAIL brand tent cards and recipe books that were used on a boat cruise in 2007, (4) photographs of tent cards and coasters displaying respondent’s CROC-TAIL and design mark in close approximation to a prepared alcoholic beverage, (5) photographs of a poster displaying the CROC-TAIL and design mark displayed at an undisclosed bar, (6) a photograph of a case of cans of CROC-TAIL brand alcoholic beverages, and (7) copies of recipe books for CROC-TAIL brand alcoholic drinks.

Furthermore, in his declaration, Mr. Tamcsin avers, among other things, the following: (1) respondent’s point of sale marketing tools have been used by respondent constantly from 2007 to the present, (2) respondent often hires brand representatives to visit bars and promote the CROC-TAIL brand alcoholic beverages, as well as provide instruction to bartenders on how to mix the CROC-TAIL brand alcoholic beverage, (3) the CROC-TAIL brand alcoholic beverage is made with respondent’s MAD-CROC brand energy drink and has been sold and is currently sold in thirteen states; (4) respondent has not sold any of the CROC-TAIL brand alcoholic beverages in a can but respondent nonetheless has provided samples of the CROC-TAIL brand alcoholic beverage in a can to a former distributor of respondent, with the instruction that the distributor would give the samples to some of its clients to evaluate interest in the product, and (5) respondent relies upon the

consistent and continuous monitoring by the bars, i.e., respondent's alleged licensees, and bartenders to insure the quality of the CROC-TAIL brand drinks served and customer satisfaction.

A party is entitled to summary judgment when it has demonstrated that there are no genuine disputes as to any material facts, and that it is entitled to judgment as a matter of law. Fed. R. Civ. P. 56(a). The evidence must be viewed in a light favorable to the nonmoving party, and all justifiable inferences are to be drawn in the nonmovant's favor. *Opryland USA Inc. v. The Great American Music Show, Inc.*, 970 F.2d 847, 23 USPQ2d 1471 (Fed. Cir. 1992).

When the moving party has supported its motion with sufficient evidence which, if unopposed, indicates there is no genuine dispute of material fact, the burden then shifts to the non-moving party to demonstrate the existence of a genuine dispute of material fact to be resolved at trial. *Enbridge, Inc. v. Excelerate Energy LP*, 92 USPQ2d 1537, 1540 (TTAB 2009). Further, merely because both parties have moved for summary judgment does not necessarily mean that there are no genuine disputes of material fact, and does not dictate that judgment should be entered. *See University Book Store v. University of Wisconsin Board of Regents*, 33 USPQ2d 1385, 1389 (TTAB 1994).

Upon careful consideration of the arguments and evidence presented by the parties, and drawing all inferences with respect to each motion in

favor of each nonmoving party, we find that neither petitioner nor respondent has demonstrated the absence of a genuine dispute of material fact for trial and that it is entitled to judgment under applicable law.

Based upon the present record, we find, at a minimum, a genuine dispute of material exists as to whether proprietors in respondent's field of trade, as well as their respective customers, would perceive respondent's goods, i.e., CROC-TAIL brand cocktails prepared by bars via a verbal agreement, as goods in trade pursuant to the provisions of the Trademark Act.

Accordingly, petitioner's motion for partial summary judgment on its asserted abandonment claim and respondent's cross-motion for summary judgment on the same claim are **DENIED**.³

At trial, the parties are urged to focus on the totality and character of respondent's activities in connection with the alleged use of its subject CROC-TAIL and design mark and whether they constitute *bona fide* use of respondent's subject mark in connection with goods in trade in interstate commerce since 2007.

Petitioner's Motion For Leave To Amend The Pleadings

³ The parties should note that the evidence submitted in connection with their cross-motions is of record only for consideration of those motions. To be considered at final hearing, any such evidence must be properly introduced in evidence during the appropriate trial period. *See Levi Strauss & Co. v. R. Josephs Sportswear Inc.*, 28 USPQ2d 1464 (TTAB 1993); *Pet Inc. v. Bassetti*, 219 USPQ 911 (TTAB (1983)). Furthermore, the fact that we have identified a particular genuine dispute as to material fact sufficient to deny the parties' cross-motions should not be construed as a finding that this is necessarily the only dispute which remains for trial.

We next turn to petitioner's motion for leave to amend the petition for cancellation to add a cause of action for fraud. By way of its motion, petitioner seeks to add the following paragraph to its original pleading:

On February 20, 2013, REGISTRANT filed with the United States Patent and Trademark Office a Declaration pursuant to Section 71, attesting to REGISTRANT'S continued use of the mark CROC-TAIL in commerce in connection with goods in International Class 33, namely, wines and alcoholic extracts, among others. This Declaration was filed [with] knowledge of its falsity, with intent to mislead the Trademark Office, as evidenced by statements of the REGISTRANT'S CEO Robert Tamcsin on March 12, 2013. The filing of the declaration was fraudulent, and the Registered mark is properly canceled in view of the fraud.

In support of its motion, petitioner argues that during discovery in this action, it has become apparent that respondent has not only abandoned its rights to the registered mark, it has also committed fraud by filing a false declaration under Section 71 of the Trademark Act. Petitioner argues that the facts concerning respondent's fraudulent Section 71 declaration have only recently come to light in respondent's responses to petitioner's requests for documents, as well as the testimony provided by respondent's CEO, Robert Tamcsin, during his discovery deposition. Specifically, petitioner maintains that respondent has failed to produce any documents that specifically evidence use of respondent's mark in connection with wine or alcoholic abstracts (two of the goods identified in respondent's registration). Additionally, petitioner contends that during the discovery deposition of respondent's CEO, Robert Tamcsin, Mr. Tamcsin testified that (1) respondent has never sold wine in the United States using respondent's CROC-TAIL and

design mark, and (2) respondent does not have any written business plan for selling wine under its subject mark in the future. Petitioner further maintains that Mr. Tamcsin testified that (1) respondent has not marketed any alcoholic extracts under respondent's subject mark, and (2) respondent has never filed for a permit to sell alcoholic beverages with the Alcoholic and Tobacco Tax and Trade Bureau. In view of the foregoing, petitioner maintains that it should be permitted to amend the petition for cancellation to include the claim of fraud.

Respondent has opposed the motion, arguing that petitioner failed to set forth a proper claim of fraud with the requisite particularity and, even assuming *arguendo* that petitioner has set forth a proper claim of fraud, the proposed claim is nonetheless futile.

Inasmuch as respondent filed its answer herein more than twenty one days ago, petitioner may amend its petition to cancel only by written consent of respondent or by leave of the Board. *See* Fed. Civ. P. 15(a); TBMP § 507.02(a) (3d ed. rev. 2 2013).

In deciding whether to grant leave to amend, a tribunal may consider undue delay, prejudice to the opposing party, bad faith or dilatory motive, futility of the amendment, and whether the party has previously amended its pleadings. *See Foman v. Davis*, 371 U.S. 178, 182 (1962).

In this instance, the Board, based upon the record, does not find any evidence of bad faith or dilatory motive on the part of petitioner in seeking to

amend its pleading. Moreover, the Board does not find undue delay on the part of petitioner in seeking to add a fraud claim inasmuch as petitioner acquired information to formulate a basis for its proposed claim upon recently receiving respondent's responses to petitioner's written discovery and by taking the discovery deposition of respondent's 30(b)(6) deponent, namely, respondent's CEO, Robert Tamcsin. 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 Cookies*, 11 USPQ2d 1355, 1359 (TTAB 1989) and, in this case, we find no such prejudice since there is no need for respondent to conduct discovery on this claim since any evidence regarding petitioner's proposed fraud claim would be in respondent's own possession, custody and control. Furthermore, we note that petitioner has not abused its right to amend its pleading since this is the first instance where petitioner has sought to do so.

Notwithstanding the foregoing and following a careful review of the allegations petitioner seeks to add to its pleading, we find that the allegations do not set forth a claim of fraud with sufficient particularity, as required by Fed. R. Civ. P. 9(b). Specifically, the new allegations do not sufficiently specify which statements made by respondent in its Section 71 declaration were false or which allegedly false statements were material. Additionally, we note that petitioner merely avers that the Section 71 declaration was filed with knowledge of its falsity, with an intent to deceive the Office, as

evidenced by the statements made by respondent's CEO Robert Tamcsin on March 12, 2013, but fails to state what those statements were. In view of the foregoing, we find that petitioner has not sufficiently set forth a proper claim of fraud.⁴

However, because the Board liberally grants leave to amend pleadings at any state of a proceeding when justice so requires, petitioner's motion for leave to amend its petition for cancellation is **GRANTED** to the extent that petitioner is allowed until **twenty (20) days** from the mailing date of this order in which to file and serve an amended petition to cancel which sets forth a claim of fraud with sufficient particularity pursuant to the guidelines provided above, failing which petitioner's claim of fraud will be given no further consideration. In turn, respondent is allowed until **twenty (20) days** from the date indicated on the certificate of service of petitioner's amended pleading in which to file and serve its answer to the amended petition to cancel.

⁴ Although we recognize that petitioner's motion to amend provides a basis for its proposed fraud claim, the allegations which petitioner seeks to add to its pleading nonetheless do not state a proper claim of fraud for the reasons discussed above. We further note that respondent's contention that petitioner's fraud claim is futile is predicated upon respondent's responses to petitioner's written discovery, as well as the testimony of its CEO, Robert Tamcsin. However, these discovery responses and testimony go to the merits of petitioner's proposed fraud claim and not whether petitioner's proposed claim is futile and, therefore, do not affect our determination herein.

Trial Schedule

Proceedings are resumed. Discovery is closed.⁵ Remaining trial dates are reset as follows:

Plaintiff's Pretrial Disclosures Due	6/1/2014
Plaintiff's 30-day Trial Period Ends	7/16/2014
Defendant's Pretrial Disclosures Due	7/31/2014
Defendant's 30-day Trial Period Ends	9/14/2014
Plaintiff's Rebuttal Disclosures Due	9/29/2014
Plaintiff's 15-day Rebuttal Period Ends	10/29/2014

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 Trademarks Rules 2.128(a) and (b). An oral hearing will be set only upon request filed as provided by Trademark Rule 2.129.

⁵ The Board finds that, if petitioner files an amended pleading which properly sets forth a claim of fraud, discovery need not be reopened for respondent on this new claim since, as noted above, any information regarding the fraud claim would already be in respondent's possession, custody and control.