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Filing date: **10/31/2013**

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD

Proceeding	92055795
Party	Defendant E.F. Hutton Group, Inc.
Correspondence Address	ERIC J VON VORYS SHULMAN ROGERS GANDAL PORDY ECKER PA 12505 PARK POTOMAC AVENUE, 6TH FLOOR POTOMAC, MD 20854 UNITED STATES evonvorys@shulmanrogers.com
Submission	Motion for Sanctions
Filer's Name	Eric J. von Vorys
Filer's e-mail	evonvorys@shulmanrogers.com
Signature	/EricJvonVorys/
Date	10/31/2013
Attachments	Mot for Sanctions 10-31-13.pdf(5959864 bytes)

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD

-----X	:	
TERRENCE HASTINGS	:	
	:	
Petitioner,	:	Cancellation No. 92/055795
	:	
v.	:	Registration No. 4122970 E.F. HUTTON
	:	Registration No. 4126754 
E.F. HUTTON GROUP INC.	:	
	:	
Respondent.	:	
-----X	:	

MOTION FOR SANCTIONS

Respondent E.F. Hutton Group Inc. (“Respondent”) submits this Motion for Sanctions in connection with Petitioner’s Motion to Compel and states as follows: On September 30, 2013, Petitioner filed a Motion to Compel seeking the deposition of Eric J. von Vorys. Petitioner is aware that for all relevant times, Mr. von Vorys has been and remains Respondent’s attorney of record. In letters and email messages dated July 17, 2013, July 31, 2013, August 5, 2013 and August 27, 2013 (attached as Exhibit A hereto), Respondent made clear to Petitioner that: (i) nothing in the TBMP or Fed. R. Civ. P. authorizes Mr. von Vorys’ deposition; (ii) there is no existing case law to support Petitioner deposing Mr. von Vorys; (iii) Petitioner could not merely notice Mr. von Vorys’ deposition, but would have to follow the procedures established by TBMP § 404.03(a) (2) during the discovery period to depose Mr. von Vorys; and (iv) deposing Mr. von Vorys would be futile as he has, at all relevant times, been Respondent’s attorney of record and everything he would testify about is protected by the attorney-client privilege.

Even though Petitioner was fully aware that the filing of his Motion to Compel was frivolous and not supported by existing law, Petitioner filed it anyway. Pursuant to Fed. R. Civ. P. 11(c) (2) (TBMP § 527.02), Respondent put Petitioner on notice more than twenty-one (21) days ago that it is subject to sanctions if it continued to seek Mr. von Vorys’ deposition. Respondent also sent a copy

of this Motion to Respondent on October 9, 2013, putting Petitioner on notice of its frivolous Motion to Compel and giving Petitioner a chance to withdraw. See Exhibit B. As of the filing, Petitioner has not availed itself of the “safe harbor” provisions provided by the Fed. R. Civ. P. 11(c) (2) and the TBMP § 527.02.

The Board should not countenance such an egregious and blatant disregard for the rules and prevailing case law. Petitioner was given repeated notice that any attempt to depose Respondent’s counsel was improper and inappropriate. Petitioner chose to file a Motion to Compel anyway. As set forth below, there is no legal basis for the Motion to Compel and Petitioner should be penalized for wasting this Board’s valuable time and Respondent’s time and money.

I. BOARD’S INHERENT AUTHORITY TO ENTER SANCTIONS.

Section 527.02 of the TBMP follows the Federal Rules of Civil Procedure with respect to Rule 11 sanctions. Trademark Rule 2.116(a) (“Except as otherwise provided, and wherever applicable and appropriate, procedure and practice in *inter partes* proceedings shall be governed by the Federal Rules of Civil Procedure.”). Fed. R. Civ. P. 11 Rule 11(b) states as follows:

By presenting to the court a pleading, written motion, or other paper—whether by signing, filing, submitting, or later advocating it—an attorney or unrepresented party certifies that to the best of the person’s knowledge, information, and belief, formed after an inquiry reasonable under the circumstances: (1) it is not being presented for any improper purpose, such as to harass, cause unnecessary delay, or needlessly increase the cost of litigation [or] (2) the claims, defenses, and other legal contentions are warranted by existing law or by a nonfrivolous argument for extending, modifying, or reversing existing law or for establishing new law.

Id. The quoted provisions of Fed. R. Civ. P. 11 are applicable to pleadings, motions, and other papers filed in *inter partes* proceedings before the Board. *The Clorox Co. v. Chemical Bank*, 40 U.S.P.Q.2d 1098, 1100 n.9 (TTAB 1996) (accuracy in factual representations is expected). Thus, if a paper filed in an *inter partes* proceeding before the Board violates the provisions of Fed. R. Civ. P. 11, any party to the proceeding may file a motion for the imposition of an appropriate sanction. *Carrini Inc. v. Carla Carini S.R.L.*, 57 U.S.P.Q.2d 1067 (TTAB 2000) (The Board has discretion,

under Fed. R. Civ. P. 11, to impose sanctions for filings presented to the Board “for any improper purpose, such as to harass or to cause unnecessary delay or needless increase in the cost of litigation.”).

II. PETITIONER’S MOTION TO COMPEL VIOLATES FED. R. CIV. P. 11.

(a) Petitioner’s Motion to Compel is presented for an improper purpose.

TBMP § 404.01 states that all “[d]iscovery depositions must be both noticed and taken prior to the expiration of the discovery.” *See also Rhone-Poulenc Industries v. Gulf Oil Corp.*, 198 U.S.P.Q. 372, 373 (TTAB 1978) (“it is clear from the language of Fed. R. Civ. P. 30 and 33 that while interrogatories need only be ‘served’ during the discovery period, depositions must be ‘taken’ during the discovery period.”). Petitioner’s Motion to Compel is outside of the Discovery period set forth in the current scheduling Order. According to the current scheduling Order dated May 24, 2013, Discovery closed on August 2, 2013. The TBMP rules are very clear on this matter. All discovery depositions have to be noticed and taken during the Discovery period (which could be extended by consent).

Here, Respondent requested that Petitioner agree to an extension of the Discovery period but Petitioner was unwilling to agree to an extension. *See Exhibit C*, Letter from Jess Collen dated July 30, 2013. This letter evidences that Petitioner’s counsel knew about the discovery deadline. Petitioner’s counsel, an experienced practitioner, also knew or should have known about the requirements in TBMP § 404.01. As such, the only conclusion to educe from these facts is that Petitioner’s Motion to Compel was presented for an improper purpose, such as to harass, cause unnecessary delay, or needlessly increase the cost of litigation, subjecting Petitioner to Rule 11 sanctions.

(b) The Notice of deposition was procedurally defective.

Even assuming the requested deposition date were timely, which it was not, Petitioner's Motion to Compel seeks an Order from the Board to direct Mr. von Vorys to appear for discovery testimony. Petitioner does not contend that Mr. von Vorys is "a party, or, at the time set for the taking of the deposition, is an officer, director, or managing agent of a party, or a person designated under Fed. R. Civ. P. 30(b) (6) or 31(a) (4) to testify on behalf of a party." Accordingly, for purposes of discovery depositions, Mr. von Vorys was, at all relevant times, a non-party person residing in the United States. TBMP § 404.03(a) (2) sets forth the proper procedure for securing the deposition of a non-party person residing in the United States.

If a proposed deponent residing in the United States is not a party, or a person who, at the time set for the taking of the deposition, is an officer, director, or managing agent of a party, or a person designated under Fed. R. Civ. P. 30(b)(6) or 31(a)(4) to testify on behalf of a party, the responsibility rests wholly with the deposing party to secure the attendance of the proposed deponent. If the proposed deponent is not willing to appear voluntarily, the deposing party must secure the deponent's attendance by subpoena, pursuant to 35 U.S.C. § 24 and Fed. R. Civ. P. 45. The subpoena must be issued from the United States district court in the federal judicial district where the deponent resides or is regularly employed.

Id. (internal footnotes omitted, emphasis added). TBMP § 404.03(a) (2) is very clear on the proper procedures for securing the deposition of a nonparty person residing in the United States. The proper procedure is to serve a subpoena, not to file a Motion to Compel at the Board.¹

Petitioner's counsel admits that Mr. von Vorys was not "a party, or, at the time set for the taking of the deposition, is an officer, director, or managing agent of a party, or a person designated under Fed. R. Civ. P. 30(b) (6) or 31(a) (4) to testify on behalf of a party." *See* Petitioner's Motion to Compel, page 6. Petitioner's counsel knew that Mr. von Vorys is a nonparty person residing in the United States. *See* Exhibit D, Email to Jess Collen dated July 31, 2013 and Letter to Jess Collen dated August 27, 2013. Petitioner's counsel knew or should have known about the requirements in

¹ Petitioner insists that taking Mr. von Vorys' testimony is critical to its theory of the case. Were this so, then Petitioner should have followed the correct procedures for securing Mr. von Vorys' deposition during the Discovery period instead of filing frivolous motions with the Board.

TBMP § 404.03(a) (2). As such, the only conclusion to educe from these facts is that Petitioner's Motion to Compel was presented for an improper purpose, such as to harass, cause unnecessary delay, or needlessly increase the cost of litigation.

- (c) Petitioner knew that any testimony would be protected by the attorney-client privilege.

At all times relevant to Petitioner's Motion to Compel, Mr. von Vorys has been, and currently is, Respondent's attorney of record. The attorney-client privilege is intended to "encourage full and frank communication between attorneys and their clients." *Upjohn Co. v. United States*, 449 U.S. 383, 389 (1981). The privilege serves the dual purpose of shielding "from discovery advice given by the attorney as well as communications from the client to the attorney, made in pursuit of or in facilitation of the provision of legal services." *Diversified Group, Inc. v. Daugerdas*, 304 F. Supp. 2d 507, 512 (S.D.N.Y. 2003). For that reason, the "privilege attaches not only to communications by the client to the attorney, but also to advice rendered by the attorney to the client." *Bank Brussels Lambert v. Credit Lyonnais (Suisse) S.A.*, 160 F.R.D. 437, 441-42 (S.D.N.Y. 1995).

Here, Petitioner filed a Motion to Compel the deposition of Respondent's attorney, knowing that any testimony would be protected by the attorney-client privilege. Anything Mr. von Vorys knows with respect to this subject was learned in connection with the provision of legal services to Respondent. Hence, everything would be protected by the attorney-client privilege and it would be futile for the Petitioner to depose the Respondent's attorney. None of this is news to Petitioner's counsel who knew that Mr. von Vorys is Respondent's attorney and that anything Mr. von Vorys knows is protected by the attorney-client privilege. *See Exhibit D*, Email to Jess Collen dated July 31, 2013 and Letter to Jess Collen dated August 27, 2013. As such, the only conclusion to educe from these facts is that Petitioner's Motion to Compel was presented for an improper purpose, such as to harass, cause unnecessary delay, or needlessly increase the cost of litigation, subjecting Petitioner to Rule 11 sanctions.

(d) Petitioner's Motion to Compel is not warranted by Existing Law.

Petitioner cites three cases to support its Motion to Compel: (i) *Hachette Filipacchi Presse v. Elle Belle LLC*, 85 U.S.P.Q.2d 1090 (TTAB 2007); (ii) *Herbaceutical Inc. v. Xel Herbaceuticals Inc.*, 86 U.S.P.Q.2d 1572 (TTAB 2008) and (iii) *In re Brainybrawn.com*, 2002 TTAB LEXIS 406 (TTAB 2002). None of these cases provides any support for Petitioner's contention that he can depose a non-party attorney representing the Respondent (either in or outside of the discovery period). As a preliminary matter, even if it were on point, which it is not, *In re Brainybrawn.com* is designated as NOT CITABLE AS PRECEDENT OF THE TTAB, so it has no binding effect on the Board.

Additionally, each of Petitioner's alleged other authorities was decided under the 2003 holding in *Medinol Ltd. v. Neuro Vasx, Inc.* 67 U.S.P.Q. 2d 1205 (TTAB 2003), which was overturned by *In re Bose*, 91 U.S.P.Q.2d 1938 (Fed. Cir. 2009).² In fact, in *Herbaceutical Inc.*, the Board specifically referenced the *Medinol* decision as support for the proposition Petitioner mistakenly relies on. See Exhibit E, Petitioner's Motion, p.5. However, as the Board is aware, the *Herbaceutical Inc.* decision was vacated on February 25, 2010 because the Federal Circuit decided *In re Bose*. Accordingly, Petitioner's cited quotation from the *Herbaceutical Inc.* decision has no authoritative weight whatsoever. Petitioner was notified of this fact in a letter dated August 4, 2013. See Exhibit F. As *Medinol* was overturned and Petitioner's cited authorities were decided under *Medinol*, Petitioner's Motion is without any legal support³.

In addition to the fact that *In re Bose* overturned *Medinol*, none of the cases Petitioner cited stands for the proposition that Petitioner could depose a non-party attorney. For example, in

² "The Board stated in *Medinol v. Neuro Vasx, Inc.* that to determine whether a trademark registration was obtained fraudulently, the appropriate inquiry is . . . not into the registrant's subjective intent, but rather into the objective manifestations of that intent. However, despite the long line of precedents from the Board itself, from this court, and from other circuit courts, the Board went on to hold that a trademark applicant commits fraud in procuring a registration when it makes material representations of fact in its declaration which it *knows or should know* to be false or misleading. By equating *should have known* of the falsity with a subjective intent, the Board erroneously lowered the fraud standard to a simple negligence standard. We have previously stated that mere negligence is not sufficient to infer fraud or dishonesty." *In re Bose*, 91 U.S.P.Q.2d at 1943-44.

³ Citing as "authority" cases that have been overturned is another reason that this Board should grant sanctions in Respondent's favor.

Hachette Filipacchi Presse v. Elle Belle LLC, 85 U.S.P.Q.2d 1090 (TTAB 2007), the Board granted summary judgment, finding that Respondent had committed fraud on the USPTO. However, no part of that decision holds that one party can depose a non-party attorney (either during or outside the discovery period).

Likewise in *Herbaceutical v. Xel Herbaceuticals Inc.*, 86 U.S.P.Q.2d 1572 (TTAB 2008), the Board granted summary judgment as to certain counts in the cancellation petition. Again, no part of the decision holds that one party can depose a non-party attorney (either during or outside the discovery period). Finally, *In re Bainybrawn.com*, 2002 TTAB LEXIS 406 (TTAB 2002) was an ex parte appeal of the USPTO's final refusal. There were no depositions taken in *In re Bainybrawn.com*. Consequently, the issue was never even raised, let alone decided by the Board.

In fact, none of Petitioner's cited cases actually decided that a party can depose the other party's attorney, whether inside or outside of the discovery period. Petitioner has taken sentences completely out of context to support his frivolous claim that he can depose a non-party attorney.⁴ Such sentences at most are dicta, and are not binding in subsequent cases as legal precedent. Petitioner's counsel knew that none of his cited cases actually decided that a party can depose the other party's attorney because he was told this repeatedly by Respondent's counsel. See Exhibit G, Letter to Jess Collen dated August 27, 2013. As such, Petitioner's Motion to Compel is not supported by any law and is frivolous, subjecting Petitioner to Rule 11 sanctions.

III. SANCTIONS ARE WARRANTED.

The Board may enter appropriate sanctions, up to and including the entry of judgment, against a party that violates Fed. R. Civ. P. 11. *Fort Howard Paper Co. v. C.V. Gambina Inc.*, 4 U.S.P.Q.2d 1552, 1554 (TTAB 1987) (filing of discovery motions without reasonable basis in law or in fact resulted in Rule 11 sanctions precluding applicant from filing further discovery motions and from filing any motion without prior leave of Board); *Giant Food, Inc. v. Standard Terry Mills, Inc.*,

⁴ Respondent also searched all published authority and cannot find even one decision supporting Petitioner's contention that he can depose a non-party attorney.

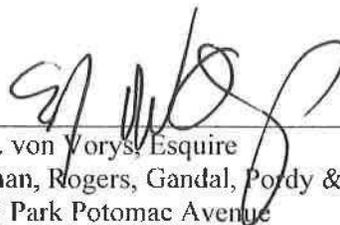
231 U.S.P.Q. 626, 633 n.19 (TTAB 1986) (applicant's frivolous request for reconsideration of order imposing Rule 11 sanctions resulted in entry of judgment).

Petitioner's Motion to Compel was: (1) presented for an improper purpose, such as to harass, cause unnecessary delay, or needlessly increase the cost of litigation and (2) unwarranted by existing law. Petitioner had notice that the filing of his Motion to Compel was frivolous and not warranted by existing law, yet he filed it anyway. Petitioner had notice that Respondent was going to file this Motion for Sanctions and was given a chance to withdraw his Motion to Compel. With full knowledge of the consequences, Petitioner deliberately chose not to withdraw. These are appropriate circumstances warranting significant sanctions. As discovery has closed, an Order sanctioning Petitioner from filing further discovery motions would not be sufficient to deter the filing of other frivolous motions. Here, in light of the fact that Petitioner had ample warning not to insist on trying to depose a non-party attorney but did so anyway, cited cases in his Motion that have been overturned, and did not withdraw such Motion when put on notice that it was frivolous, this Board should award judgment in Respondent's favor.

For the above reasons, Respondent requests the Board GRANT Respondent's Motion for Sanctions, award judgment in Respondent's favor and grant such other and further relief as is just and proper.

Dated: October 31, 2013

Respectfully submitted,



Eric J. von Yoryst, Esquire
Shulman, Rogers, Gandal, Pordy & Ecker, P.A.
12505 Park Potomac Avenue
Sixth Floor
Potomac, Maryland 20854
(301) 230-5200

Counsel for Respondent E.F. Hutton Group Inc.

CERTIFICATE OF SERVICE

I hereby certify that on the 31th day of October 2013, a copy of the foregoing Motion for Sanctions was sent via first class mail and email, to:

Jess M. Collen, Esq.
Collen IP, Intellectual Prioperty Law P.C.
The Holyoke-Manhattan Building
80 South Highland Avenue
Ossining, New York 10562

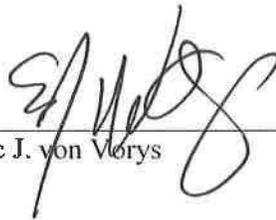

Eric J. von Vorys

EXHIBIT A

Eric Von Vorys

From: Eric Von Vorys
Sent: Wednesday, July 17, 2013 5:20 PM
To: 'Jess Collen'
Cc: Govinda Davis
Subject: Notices of Deposition

Dear Jess,

I received the Notices of Deposition yesterday for Chris Daniels, Frank Campanale and me. I'm confused why I'm named. I can't testify to anything because of the attorney-client privilege. Please withdraw the notice or I'll have to file a motion to quash.

With respect to the Notice of Deposition to Frank Campanale, he is not a party to the cancellation proceeding and I do not represent him. In addition, there is nothing relevant he can testify to because he was not associated with E.F. Hutton & Company, Inc. until March 2012 (two months after the Respondent filed its Statement of Use). If after this explanation you still need his deposition, you'll have to serve him directly.

Finally, with respect to Chris Daniels, the August 2, 2013 date you noticed is not convenient for him or us. Mr. Daniels is scheduled to be out of the country from July 29th through August 12th and then my litigation partner is on vacation. As a matter of convenience and courtesy, I'd like to try to reschedule Mr. Daniels deposition for around the first week in September. I am agreeable to extending the discovery deadline to accommodate this change. Is this okay with you?

Regards,
Eric

ERIC J. VON VORYS
INTELLECTUAL PROPERTY AND CORPORATE LAW ATTORNEY

evonvorys@shulmanrogers.com | T 301.230.5242 | F 301.230.2891

SHULMAN, ROGERS, GANDAL, PORDY & ECKER, P.A.
12505 PARK POTOMAC AVENUE, 6TH FLOOR, POTOMAC, MD 20854

ShulmanRogers.com | BIO | VCARD

SHULMAN
ROGERS | **GANDAL**
PORDY
ECKER

 Please consider the environment before printing this email

Eric Von Vorys

From: Eric Von Vorys
Sent: Wednesday, July 31, 2013 3:57 PM
To: 'Jess Collen'
Cc: Michael Lichtenstein; 'Peter Mulhern'
Subject: RE: time sensitive -- FW: N1407 - U.S. Trademark Consolidated Cancellation No. 92055795

Dear Jess,

Respecting the deposition of Mr. Daniels, your letter dated July 30, 2013 (yesterday), requests that we advise you of Mr. Daniel's availability for his deposition the week of September 3, 2013. Please note that this week will not work for us. Monday is Labor Day and the rest of the week are Jewish holidays. Mr. Daniels is available the following week on Thursday, September 12, 2012 for his deposition. Does this date work with your schedule?

As Discovery is slated to close on August 2, 2013, I again suggest that we extend it another 60 days.

Respecting taking my deposition, let me reiterate that there is no basis for it. I am neither a party nor an officer, director, or managing agent of a party, or a person designated under Fed. R. Civ. P. 30(b)(6) or 31(a)(4) to testify on behalf of a party. TBMP 404.03(a)(1). I am a party's attorney and any information I received is bound by the Attorney-Client privilege. If you insist on taking my deposition, I will file a motion to quash. In addition, your Notice of Deposition to me stated that my deposition would be conducted at your office. Just so we are clear, I am not subject to deposition at your office in Ossining-on-Hudson, NY. TBMP 404.03(a). Further, I do not consent to deposition at your office. The federal district in which I reside and am regularly employed is the southern district of Maryland. In the unlikely scenario the Board does not quash your Notice of Deposition for my testimony, you will have to come to Maryland to take my deposition.

Regards,
Eric

From: Peter Mulhern [<mailto:pmulhern@collenip.com>]
Sent: Wednesday, July 31, 2013 1:32 PM
To: Eric Von Vorys
Subject: time sensitive -- FW: N1407 - U.S. Trademark Consolidated Cancellation No. 92055795

POLITE REMINDER

From: Jess Collen
Sent: Tuesday, July 30, 2013 2:47 PM
To: evonvorys@shulmanrogers.com
Subject: N1407 - U.S. Trademark Consolidated Cancellation No. 92055795

Our Ref.: N1407

Dear Mr. Von Vorys,

Please see the attached letter from Jess Collen.

Regards,
Peter Mulhern
Legal Assistant for Jess M. Collen

August 5, 2013

VIA EMAIL ONLY

Jess M. Collen, Esquire
Collen IP, Intellectual Property Law P.C.
The Holyoke-Manhattan Building
80 South Highland Avenue
Ossining, NY 10562

Re: Hastings v. E.F. Hutton Group, Inc. Cancellation No. 92/055795
Our File No.: 119039.006

Dear Jess:

This is in response to your letter dated August 2, 2013, in which you: (i) do not consent to the extension of discovery, but will accept our offer for you to take Mr. Daniels deposition outside of the discovery period, (ii) do not agree that Mr. Campanale is not a party to the proceeding and request Mr. Campanale's availability for his deposition, and (iii) again insist on taking my deposition because you say I declared that I had personal knowledge of E.F. Hutton Group, Inc.'s use of the trademark.

With respect to Mr. Daniel's deposition, please confirm that it will be taken on September 12, 2013, at 10:00 a.m. and that you will arrange for the locus in Manhattan. As I said before, we can assist in the arrangements if necessary:

With respect to taking Mr. Campanale's deposition, we did not designate him as a 30(b) (6) agent qualified to speak for the company. So, please advise under what authority you believe you have the right to depose anybody who happens to be a Board member of E.F. Hutton Group, Inc. I do not see anything in the FRCP or the TBMP. Moreover, let me reiterate three points: (1) Mr. Campanale is not a party (the only party you named in the amended Complaint was E.F. Hutton Group, Inc.); (2) Mr. Campanale was not hired until March 2012, more than one month after the event in question (so he has no personal knowledge of any facts thereof); and (3) as I said on July 17, 2013, I do not represent Mr. Campanale in his personal capacity. As such, I neither accepted service for him nor will I accept service for him with respect to his deposition. If you want to depose him, you will have to serve him properly (although I note that it is now outside the discovery period).

Finally, with respect to taking my deposition, you have misrepresented the facts. At no time did I declare that I had personal knowledge of E.F. Hutton Group, Inc.'s use of the trademark. The exact language of the declaration that I signed stated:

The undersigned, being hereby warned that willful false statements and the like so made are punishable by fine or imprisonment, or both, under 18 U.S.C. Section 1001, and that such willful false statements may jeopardize the validity of the form or any resulting registration, declares that he/she is properly authorized to execute this form on behalf of the applicant; he/she believes the applicant to be the owner of the trademark/service mark sought to be registered; and that all

WITHOUT PREJUDICE

statements made of his/her own knowledge are true; and that all statements made on information and belief are believed to be true.

When I executed the Statement of Use, all of my statements were made on information and belief and were believed to be true. At no time was any statement based on "personal knowledge." Accordingly, nothing I have to say would be outside of the attorney-client privilege. Again, I request that you withdraw your notice for taking my deposition or I will file a motion to quash. I hope that this will not be necessary.

Sincerely,

SHULMAN, ROGERS, GANDAL,
PORDY & ECKER, P.A.

By:


Eric J. vonWorys

EJV:dd

cc: Michael J. Lichtenstein, Esq.

August 27, 2013

VIA FIRST CLASS MAIL AND EMAIL

Jess M. Collen, Esquire
Collen IP, Intellectual Property Law P.C.
The Holyoke-Manhattan Building
80 South Highland Avenue
Ossining, NY 10562

**UNDER RULE 408 FRE
WITHOUT PREJUDICE**

Re: Hastings v. E.F. Hutton Group, Inc. Cancellation No. 92/055795
Our File No.: 109039.006

Dear Jess:

This is in response to your letter dated August 23, 2013. With respect to the full complete answers to Petitioner's First Set of Admissions, we provided them on January 18, 2012. I have enclosed another copy for your review. If you have specific questions respecting these answers, please identify them and we will respond. With respect to Petitioner's Second Set of Interrogatories, I am in the process of finalizing my client's responses. I will endeavor to send them to you by your requested August 28th date.

In addition, you argue that you are entitled to take my deposition. I repeat. You are not. You assert that trademark statutes and case law clearly state that, a person, even an attorney, who signs a declaration in a Statement of Use swears under penalty of perjury that the statements contained in the declaration are true to the person's knowledge and are true upon information and belief. In support you cite *In re Brainybrawn.com, Inc.* Based on this case, you state that the verified statements require personal knowledge of the facts, which is discoverable, so you are entitled to take my deposition. With due respect, your cited case (i) is inapposite because it involved whether the attorney could physically sign the declaration for the applicant's president, (ii) does not stand for the proposition that verified statements require personal knowledge of the facts and (iii) says nothing about an attorney being required to sit for a deposition. Moreover, the case is not published precedent. Finally, published case law clearly states that attorneys are not subject to depositions when the non-privileged information sought can be discovered directly from a party.

First, *In re Brainybrawn.com, Inc.* does not hold that a party is entitled to take the deposition of a non-party attorney. Evidently, you took one sentence from dicta out of context to support your argument. The issue decided in *In re Brainybrawn.com, Inc.* concerned an attorney who signed a declaration where the declarant was the company's president. The holding in *In re Brainybrawn.com, Inc.* is that the submitted declaration was unacceptable because it was not signed by the declarant, but by the declarant's attorney for him. There is nothing in that case that holds that an attorney is required to sit for a deposition. In fact, neither "deposition" nor "testimony" appears in your cited case. As such, the case provides no support what-so-ever for your argument.

WITHOUT PREJUDICE

Trademark Rule 2.33(a) sets forth the three types of people who are authorized to sign a declaration in a Statement of Use on behalf of the applicant: "(1) a person with legal authority to bind the applicant; or (2) a person with firsthand knowledge of the facts and actual or implied authority to act on behalf of the applicant; or (3) an attorney . . . who has an actual or implied written or verbal power of attorney from the applicant." As the Statements of Use for Registration No. 4122970 and 4126754 evidence, I signed the Declaration for applicant Dominant Brands LLC as its Attorney of Record under Trademark Rule 2.33(a) (3). I did not sign the declaration under Trademark Rule 2.33(a) (2) as a person with firsthand knowledge of the facts.

Second, *In re Brainybrawn.com, Inc.* is unpublished and designated as "not citable as precedent of the TTAB." As unambiguously stated in TBMP § 101.03 "Decisions that are designated by the Board 'citable as precedent,' 'precedent of the Board,' or 'for publication in full' are citable as precedent. Decisions which are not so designated, or which are designated for publication only in digest form, are not binding on the Board." *Id.* Consequently, even if *In re Brainybrawn.com, Inc.* did support your argument, which it does not, it is not binding on the TTAB.

Courts have consistently held that taking the deposition of an attorney "provides a unique opportunity for harassment [because] it disrupts the opposing attorney's preparation for trial." *See e.g., Marco Island Partners v. Oak Develop. Corp.*, 117 F.R.D. 418, 420 (N.D.Ill. 1987). As a result, "courts historically have looked with disfavor on attempts to [de]pose opposing counsel." *Id.* The TTAB has followed the three part test enumerated in *Shelton v. American Motors Corp.*, 805 F.2d 1323, 1327 (8th Cir.1986) to determine when it is proper to depose opposing counsel: the party seeking to take the deposition must prove that (1) no other means exist to obtain the information than to depose opposing counsel, (2) the information sought is relevant and non-privileged; and (3) the information is crucial to the preparation of the case." *Id.* *See also Donut Shops Mgmt. Corp. v. Mace*, 195 U.S.P.Q. 543, 545 (E.D.Va. 1977) (attorney does not have to sit for deposition because his mental impressions, conclusions, opinions or legal theories are protected against disclosure).

Here, there are other means to obtain the information you seek instead of deposing me. You are taking Mr. Daniels' 30(b) (6) deposition in approximately three weeks. You certainly can discover all of the relevant information directly from him, particularly with regard to the first use of the marks in question or the alleged intent to commit fraud on the USPTO, or any other material facts required to prove your allegations. I am not a party, or a person who, at the time set for the taking of the deposition, is an officer, director, or managing agent of a party, or a person designated under Fed. R. Civ. P. 30(b) (6) or 31(a) (4) to testify on behalf of a party. As such, I am not willing to appear voluntarily at your deposition, even if you arrange it to be held telephonically. I have no unprivileged information that is discoverable.

Finally, this will suffice as informal notice that if you seek a subpoena for my deposition basing it on *In re Brainybrawn.com, Inc.*, we will prepare and seek Rule 11 sanctions because your legal contentions are unwarranted by existing law and clearly designed to harass, cause unnecessary delay, or needlessly increase the cost of litigation.

SHULMAN
ROGERS

GANDAL
PORDY
ECKER

Jess M. Collen, Esquire
August 27, 2013
Page 3

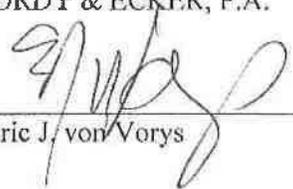
WITHOUT PREJUDICE

Again, I request that you withdraw your notice for taking my deposition or I will file a motion to quash and seek sanctions. I hope that this will not be necessary.

Sincerely,

SHULMAN, ROGERS, GANDAL,
PORDY & ECKER, P.A.

By:


Eric J. von Vorys

EJV:dd

cc: E.F. Hutton Group, Inc.
Michael J. Lichtenstein, Esq.

EXHIBIT B

Deidre R. Davidson

From: Eric Von Vorys
Sent: Wednesday, October 09, 2013 5:27 PM
To: 'jcollen@collenip.com'
Cc: Michael Lichtenstein; 'gdavis@collenip.com'
Subject: Motion for Sanctions
Attachments: Mot for Sanctions 10-9-13.PDF

Dear Jess,

Please see the attached Motion for Sanctions.

This email constitutes service on you of the attached Motion in accordance with TBMP § 527.02(c) (2). You have 21 days (or until October 30, 2013) in which to withdraw your Motion to Compel or I will seek the enumerated sanctions from the Board.

Regards,
Eric

ERIC J. VON VORYS
INTELLECTUAL PROPERTY AND CORPORATE LAW ATTORNEY

evonvorys@shulmanrogers.com | T 301.230.5242 | F 301.230.2891

SHULMAN, ROGERS, GANDAL, PORDY & ECKER, P.A.
12505 PARK POTOMAC AVENUE, 6TH FLOOR, POTOMAC, MD 20854

ShulmanRogers.com | BIO | VCARD

SHULMAN | GANDAL
ROGERS | PORDY
ECKER

 Please consider the environment before printing this email

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD

-----X	:	
TERRENCE HASTINGS	:	
	:	
Petitioner,	:	Cancellation No. 92/055795
	:	
v.	:	Registration No. 4122970 E.F. HUTTON
	:	Registration No. 4126754 
E.F. HUTTON GROUP INC.	:	
	:	
Respondent.	:	
-----X	:	

MOTION FOR SANCTIONS

Respondent E.F. Hutton Group Inc. ("Respondent") submits this Motion for Sanctions in connection with Petitioner's Motion to Compel and states as follows: On September 30, 2013, Petitioner filed a Motion to Compel seeking the deposition of Eric J. von Vorys. Petitioner is aware that for all relevant times, Mr. von Vorys has been and remains Respondent's attorney of record. In letters and email messages dated July 17, 2013, July 31, 2013, August 5, 2013 and August 27, 2013, Respondent made clear to Petitioner that: (i) nothing in the TBMP or Fed. R. Civ. P. authorizes Mr. von Vorys' deposition; (ii) there is no existing case law to support Petitioner deposing Mr. von Vorys; (iii) Petitioner could not merely notice Mr. von Vorys' deposition, but would have to follow the procedures established by TBMP § 404.03(a) (2) during the discovery period to depose Mr. von Vorys; and (iv) deposing Mr. von Vorys would be futile as he has, at all relevant times, been Respondent's attorney of record and everything he would testify about is protected by the attorney-client privilege.

Even though Petitioner was fully aware that the filing of his Motion to Compel was frivolous and not supported by existing law, Petitioner filed it anyway. This Board should not countenance such an egregious and blatant disregard for the rules and prevailing case law. Petitioner was given repeated notice that any attempt to depose Respondent's counsel was improper and inappropriate. Petitioner chose to file a Motion to Compel anyway. As set forth below, there is no legal basis for

the Motion to Compel and Petitioner should be penalized for wasting this Board's valuable time and Respondent's time and money.

I. BOARD'S INHERENT AUTHORITY TO ENTER SANCTIONS.

Section 527.02 of the TBMP follows the Federal Rules of Civil Procedure with respect to Rule 11 sanctions. Trademark Rule 2.116(a) ("Except as otherwise provided, and wherever applicable and appropriate, procedure and practice in *inter partes* proceedings shall be governed by the Federal Rules of Civil Procedure."). Fed. R. Civ. P. 11 Rule 11(b) states as follows:

By presenting to the court a pleading, written motion, or other paper—whether by signing, filing, submitting, or later advocating it—an attorney or unrepresented party certifies that to the best of the person's knowledge, information, and belief, formed after an inquiry reasonable under the circumstances: (1) it is not being presented for any improper purpose, such as to harass, cause unnecessary delay, or needlessly increase the cost of litigation [or] (2) the claims, defenses, and other legal contentions are warranted by existing law or by a nonfrivolous argument for extending, modifying, or reversing existing law or for establishing new law.

Id. The quoted provisions of Fed. R. Civ. P. 11 are applicable to pleadings, motions, and other papers filed in *inter partes* proceedings before the Board. *The Clorox Co. v. Chemical Bank*, 40 U.S.P.Q.2d 1098, 1100 n.9 (TTAB 1996) (accuracy in factual representations is expected). Thus, if a paper filed in an *inter partes* proceeding before the Board violates the provisions of Fed. R. Civ. P. 11, any party to the proceeding may file a motion for the imposition of an appropriate sanction. *Carrini Inc. v. Carla Carini S.R.L.*, 57 U.S.P.Q.2d 1067 (TTAB 2000) (The Board has discretion, under Fed. R. Civ. P. 11, to impose sanctions for filings presented to the Board "for any improper purpose, such as to harass or to cause unnecessary delay or needless increase in the cost of litigation.").

II. PETITIONER'S MOTION TO COMPEL VIOLATES FED. R. CIV. P. 11.

(a) Petitioner's Motion to Compel is presented for an improper purpose.

TBMP § 404.01 states that all "[d]iscovery depositions must be both noticed and taken prior to the expiration of the discovery." *See also Rhone-Poulenc Industries v. Gulf Oil Corp.*, 198

U.S.P.Q. 372, 373 (TTAB 1978) (“it is clear from the language of Fed. R. Civ. P. 30 and 33 that while interrogatories need only be ‘served’ during the discovery period, depositions must be ‘taken’ during the discovery period.”). Petitioner’s Motion to Compel is outside of the Discovery period set forth in the current scheduling Order. According to the current scheduling Order dated May 24, 2013, Discovery closed on August 2, 2013. The TBMP rules are very clear on this matter. All discovery depositions have to be noticed and taken during the Discovery period (which could be extended by consent).

Here, Respondent requested that Petitioner agree to an extension of the Discovery period but Petitioner was unwilling to agree to an extension. See Exhibit A, Letter from Jess Collen dated July 30, 2013. This letter evidences that Petitioner’s counsel knew about the discovery deadline. Petitioner’s counsel, an experienced practitioner, also knew or should have known about the requirements in TBMP § 404.01. As such, the only conclusion to educe from these facts is that Petitioner’s Motion to Compel was presented for an improper purpose, such as to harass, cause unnecessary delay, or needlessly increase the cost of litigation, subjecting Petitioner to Rule 11 sanctions.

(b) The Notice of deposition was procedurally defective.

Even assuming the requested deposition date were timely, which it was not, Petitioner’s Motion to Compel seeks an Order from the Board to direct Mr. von Vorys to appear for discovery testimony. Petitioner does not contend that Mr. von Vorys is “a party, or, at the time set for the taking of the deposition, is an officer, director, or managing agent of a party, or a person designated under Fed. R. Civ. P. 30(b) (6) or 31(a) (4) to testify on behalf of a party.” Accordingly, for purposes of discovery depositions, Mr. von Vorys was, at all relevant times, a non-party person residing in the United States. TBMP § 404.03(a) (2) sets forth the proper procedure for securing the deposition of a non-party person residing in the United States.

If a proposed deponent residing in the United States is not a party, or a person who, at the time set for the taking of the deposition, is an officer, director, or managing agent of a party, or a person designated under Fed. R. Civ. P. 30(b)(6) or 31(a)(4) to testify on behalf of a party, the responsibility rests wholly with the deposing party to secure the attendance of the proposed deponent. If the proposed deponent is not willing to appear voluntarily, the deposing party must secure the deponent's attendance by subpoena, pursuant to 35 U.S.C. § 24 and Fed. R. Civ. P. 45. The subpoena must be issued from the United States district court in the federal judicial district where the deponent resides or is regularly employed.

Id. (internal footnotes omitted, emphasis added). TBMP § 404.03(a) (2) is very clear on the proper procedures for securing the deposition of a nonparty person residing in the United States. The proper procedure is to serve a subpoena, not to file a Motion to Compel at the Board.

Petitioner's counsel admits that Mr. von Vorys was not "a party, or, at the time set for the taking of the deposition, is an officer, director, or managing agent of a party, or a person designated under Fed. R. Civ. P. 30(b) (6) or 31(a) (4) to testify on behalf of a party." See Petitioner's Motion to Compel, page 6. Petitioner's counsel knew that Mr. von Vorys is a nonparty person residing in the United States. See Exhibit B, Email to Jess Collen dated July 31, 2013 and Letter to Jess Collen dated August 27, 2013. Petitioner's counsel knew or should have known about the requirements in TBMP § 404.03(a) (2). As such, the only conclusion to educe from these facts is that Petitioner's Motion to Compel was presented for an improper purpose, such as to harass, cause unnecessary delay, or needlessly increase the cost of litigation.

(c) Petitioner knew that any testimony would be protected by the attorney-client privilege.

At all times relevant to Petitioner's Motion to Compel, Mr. von Vorys has been, and currently is, Respondent's attorney of record. The attorney-client privilege is intended to "encourage full and frank communication between attorneys and their clients." *Upjohn Co. v. United States*, 449 U.S. 383, 389 (1981). The privilege serves the dual purpose of shielding "from discovery advice given by the attorney as well as communications from the client to the attorney, made in pursuit of or in facilitation of the provision of legal services." *Diversified Group, Inc. v. Daugerdas*, 304 F. Supp.

2d 507, 512 (S.D.N.Y. 2003). For that reason, the “privilege attaches not only to communications by the client to the attorney, but also to advice rendered by the attorney to the client.” *Bank Brussels Lambert v. Credit Lyonnais (Suisse) S.A.*, 160 F.R.D. 437, 441-42 (S.D.N.Y. 1995).

Here, Petitioner filed a Motion to Compel the deposition of Respondent’s attorney, knowing that any testimony would be protected by the attorney-client privilege. Anything Mr. von Vorys knows with respect to this subject was learned in connection with the provision of legal services to Respondent. Hence, everything would be protected by the attorney-client privilege and it would be futile for the Petitioner to depose the Respondent’s attorney. None of this is news to Petitioner’s counsel who knew that Mr. von Vorys is Respondent’s attorney and that anything Mr. von Vorys knows is protected by the attorney-client privilege. See Exhibit C, Email to Jess Collen dated July 31, 2013 and Letter to Jess Collen dated August 27, 2013. As such, the only conclusion to educe from these facts is that Petitioner’s Motion to Compel was presented for an improper purpose, such as to harass, cause unnecessary delay, or needlessly increase the cost of litigation, subjecting Petitioner to Rule 11 sanctions.

(d) Petitioner’s Motion to Compel is not warranted by Existing Law.

Petitioner cites three cases to support its Motion to Compel: (i) *Hachette Filipacchi Presse v. Elle Belle LLC*, 85 U.S.P.Q.2d 1090 (TTAB 2007); (ii) *Herbaceutical Inc. v. Xel Herbaceuticals Inc.*, 86 U.S.P.Q.2d 1572 (TTAB 2008) and (iii) *In re Brainybrawn.com*, 2002 TTAB LEXIS 406 (TTAB 2002). None of these cases provides any support for Petitioner’s contention that he can depose a non-party attorney representing the Respondent (either in or outside of the discovery period). As a preliminary matter, even if it were on point, which it is not, *In re Brainybrawn.com* is unpublished and is not citable as precedent before the Board.

Additionally, each of Petitioner’s alleged other authorities was decided under the 2003 holding in *Medinol Ltd. v. Neuro Vasx, Inc.* 67 U.S.P.Q. 2d 1205 (TTAB 2003), which was

overturned by *In re Bose*, 91 U.S.P.Q.2d 1938 (Fed. Cir. 2009).¹ In fact, in *Herbaceutical Inc.*, the Board specifically referenced the *Medinol* decision as support for the proposition Petitioner mistakenly relies on. See Exhibit D, Petitioner's Motion, p.5. However, as the Board is aware, the *Herbaceutical Inc.* decision was vacated on February 25, 2010 because the Federal Circuit decided *In re Bose*. Accordingly, Petitioner's cited quotation from the *Herbaceutical Inc.* decision has no authoritative weight whatsoever. As *Medinol* was overturned and Petitioner's cited authorities were decided under *Medinol*, Petitioner's Motion is without any legal support².

In addition to the fact that *In re Bose* overturned *Medinol*, none of the cases Petitioner cited stands for the proposition that Petitioner could depose a non-party attorney. For example, in *Hachette Filipacchi Presse v. Elle Belle LLC*, 85 U.S.P.Q.2d 1090 (TTAB 2007), the Board granted summary judgment, finding that Respondent had committed fraud on the USPTO. However, no part of that decision holds that one party can depose a non-party attorney (either during or outside the discovery period).

Likewise in *Herbaceutical v. Xel Herbaceuticals Inc.*, 86 U.S.P.Q.2d 1572 (TTAB 2008), the Board granted summary judgment as to certain counts in the cancellation petition. Again, no part of the decision holds that one party can depose a non-party attorney (either during or outside the discovery period). Finally, *In re Bainybrown.com*, 2002 TTAB LEXIS 406 (TTAB 2002) was an ex parte appeal of the USPTO's final refusal. There were no depositions taken in *In re Bainybrown.com*. Consequently, the issue was never even raised, let alone decided by the Board.

¹ "The Board stated in *Medinol v. Neuro Vasx, Inc.* that to determine whether a trademark registration was obtained fraudulently, the appropriate inquiry is . . . not into the registrant's subjective intent, but rather into the objective manifestations of that intent. However, despite the long line of precedents from the Board itself, from this court, and from other circuit courts, the Board went on to hold that a trademark applicant commits fraud in procuring a registration when it makes material representations of fact in its declaration which it *knows or should know* to be false or misleading. By equating *should have known* of the falsity with a subjective intent, the Board erroneously lowered the fraud standard to a simple negligence standard. We have previously stated that mere negligence is not sufficient to infer fraud or dishonesty." *In re Bose*, 91 U.S.P.Q.2d at 1943-44.

² Citing as "authority" cases that have been overturned is another reason that this Board should grant sanctions in Respondent's favor.

In fact, none of Petitioner's cited cases actually decided that a party can depose the other party's attorney, whether inside or outside of the discovery period. Petitioner has taken sentences completely out of context to support his frivolous claim that he can depose a non-party attorney.³ Petitioner's counsel knew that none of his cited cases actually decided that a party can depose the other party's attorney because he was told this repeatedly by Respondent's counsel. See Exhibit E, Letter to Jess Collen dated August 27, 2013. As such, Petitioner's Motion to Compel is not supported by any law and is frivolous, subjecting Petitioner to Rule 11 sanctions.

III. SANCTIONS ARE WARRANTED.

The Board may enter appropriate sanctions, up to and including the entry of judgment, against a party that violates Fed. R. Civ. P. 11, *Fort Howard Paper Co. v. C.V. Gambina Inc.*, 4 U.S.P.Q.2d 1552, 1554 (TTAB 1987) (filing of discovery motions without reasonable basis in law or in fact resulted in Rule 11 sanctions precluding applicant from filing further discovery motions and from filing any motion without prior leave of Board); *Giant Food, Inc. v. Standard Terry Mills, Inc.*, 231 U.S.P.Q. 626, 633 n.19 (TTAB 1986) (applicant's frivolous request for reconsideration of order imposing Rule 11 sanctions resulted in entry of judgment).

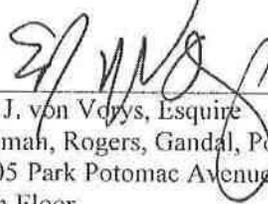
Here, Petitioner had notice that the filing of his Motion to Compel was frivolous and not warranted by existing law, yet he filed it anyway. Petitioner's Motion to Compel was: (1) presented for an improper purpose, such as to harass, cause unnecessary delay, or needlessly increase the cost of litigation and (2) unwarranted by existing law. These are appropriate circumstances warranting significant sanctions. As discovery has closed, an Order sanctioning Petitioner from filing further discovery motions would not be sufficient to deter the filing frivolous motions. Here, in light of the fact that Petitioner had ample warning not to insist on trying to depose a non-party attorney but did so anyway and then cited cases that have been overturned, this Board should award judgment in Respondent's favor.

³ Respondent also searched all published authority and cannot find even one decision supporting Petitioner's contention that he can depose a non-party attorney.

For the above reasons, Respondent requests the Board GRANT Respondent's Motion for Sanctions, award judgment in Respondent's favor and grant such other and further relief as is just and proper.

Dated: October 9, 2013

Respectfully submitted,



Eric J. von Voyns, Esquire
Shulman, Rogers, Gandal, Perdy & Ecker, P.A.
12505 Park Potomac Avenue
Sixth Floor
Potomac, Maryland 20854
(301) 230-5200

Counsel for Respondent E.F. Hutton Group Inc.

CERTIFICATE OF SERVICE

I hereby certify that on the 9th day of October 2013, a copy of the foregoing Motion for Sanctions was sent via first class mail and email, to:

Jess M. Collen, Esq.
Collen IP, Intellectual Property Law P.C.
The Holyoke-Manhattan Building
80 South Highland Avenue
Ossining, New York 10562


Eric J. von Vorys

EXHIBIT C



Telephone (914) 941-5668

Facsimile (914) 941-6091

www.colleNIp.com

E-mail: jcollen@colleNIp.com

July 30, 2013

BY FIRST CLASS MAIL

CONFIRMATION BY E-MAIL: evonvorys@shulmanrogers.com

Shulman Rogers Gandall Pordy & Ecker, P.A.

12505 Park Potomac Avenue, 6th Floor

Potomac, MD 20854

Attention: Eric Von Vorys, Esq.

RE: U.S. Trademark Consolidated Cancellation No. 92055795
Terrence Hastings v. E.F. Hutton Group, Inc.
Our Reference : N1407

Dear Mr. Von Vorys:

We write further to our e-mail dated July 17, 2013. Our client does not consent to an extension of the discovery period. Mr. Hastings does agree to take Mr. Daniels' deposition outside of the discovery period in order to accommodate Mr. Daniels' schedule. Please advise of Mr. Daniels' availability during the week of September 3, 2013, to sit for the deposition.

Additionally, please confirm that you are available to sit for the noticed deposition on August 1. If not, please suggest an alternative date during the week of August 19.

We look forward to hearing from you.

Very truly yours,
COLLEN IP

A handwritten signature in black ink, appearing to read 'Jess M. Collen', written over the typed name below.

Jess M. Collen

JMC/GMD

N1407_Letter to Mr. Von Vorys re deposition schedules

COLLEN IP Intellectual Property Law, P.C., THE HOLYOKE-MANHATTAN BUILDING,
80 South Highland Avenue, Ossining-on-Hudson, Westchester County, New York 10562 USA



EXHIBIT D

Von Vorys attested to the existence of facts necessary to establish the statutory requirements for registration. As the declarant under 37 C.F.R. § 2.20, Mr. Von Vorys had an obligation to verify that “all statements made of his/her own knowledge are true; and all statements made on information and belief are believed to be true.”

In a similar case where the attorney signed the Statement of Use, the Board reasoned as follows:

Even if Xel’s attorney was signing the statement of use based on information and belief, he was clearly in a position to know (or to inquire) as to the truth of the statements providing reason to believe. Statements under oath are made with a degree of solemnity requiring thorough investigation prior to signature and submission to the USPTO.

See, Herbaceuticals, Inc. v. Xel Herbaceuticals, Inc., 86 USPQ2d 1572 (TTAB 2008) (citations omitted), see also, Model Rule of Professional Conduct 3.3, see also, *In re Brainybrawn.Com, Inc.*, 2002 TTAB LEXIS 406, *15-17 (TTAB June 26, 2002) (“Consequently, if the declaration accompanying the statement of use is signed by an attorney, then it is the attorney who additionally must be the declarant and make the averments required by Trademark Rule 2.88(b)(1); plainly, an attorney may not verify statements if the attorney has no personal knowledge, which is the case herein as applicant’s attorney candidly admits.”)

As the declarant in the Statements of Use, Mr. Von Vorys is a relevant fact witness on the issue of the veracity of the factual, material representations made in support of the subject registrations. This is not a case where the witness’s testimony is tangential to the proceeding; indeed, it is central to the Petitioner’s case to support whether the subject registrations should be cancelled for fraud and/or the intentional filing of false statements

EXHIBIT E

October 4, 2013

VIA EMAIL ONLY

Jess M. Collen, Esquire
Collen IP, Intellectual Property Law P.C.
The Holyoke-Manhattan Building
80 South Highland Avenue
Ossining, NY 10562

**UNDER RULE 408 FRE
WITHOUT PREJUDICE**

Re: Hastings v. E.F. Hutton Group, Inc. Cancellation No. 92/055795
Our File No.: 119039.003

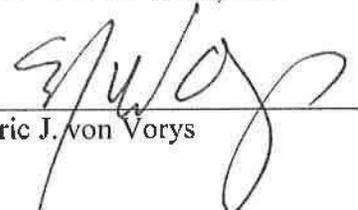
Dear Jess:

This is in further response to your Motion to Compel filed in connection with the above-referenced cancellation proceeding. It has just come to our attention that the only case that you quote from in your Motion to Compel, *Herbaceutical Inc. v. Xel Herbaceuticals Inc.*, 86 U.S.P.Q.2d 1572 (TTAB 2008) was vacated on February 25, 2010. I have attached a copy of that decision for your convenience. As you have no applicable existing law to support your allegations, your Motion to Compel is frivolous as a matter of law under Rule 11(b) and subject to sanctions.

You have until close of business this Friday, October 4, 2013 to notify me that you have withdrawn your Motion to Compel.

Sincerely,

SHULMAN, ROGERS, GANDAL,
PORDY & ECKER, P.A.

By: 
Eric J. von Vorys

EJV:dd

cc: E.F. Hutton Group, Inc.
Michael J. Lichtenstein, Esq.

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

Baxley

Mailed: February 25, 2010

Cancellation No. 92045172

Herbaceuticals, Inc.

v.

Xel Herbaceuticals, Inc.

Before Rogers, Acting Chief Administrative Trademark Judge,
and Quinn and Cataldo, Administrative Trademark Judges.

By the Board:

In a March 7, 2008 order, the Board granted, in part, the motion for summary judgment by Herbaceuticals, Inc. ("HCI") on its pleaded fraud claim and, among other things, ordered the cancellation of Registration Nos. 2845860, 2860543, 2948354, and 2948359 of Xel Herbaceuticals, Inc. ("Xel").¹ The March 7, 2008 order, however, was interlocutory in nature, did not result in the immediate cancellation by the Commissioner of the noted registrations, and the order was not immediately appealable, because it did not result in full decision of the claims in this case. See *Copeland's Enterprises Inc. v. CNV Inc.*, 887 F.2d 1065, 12

¹ In that motion, HCI also sought cancellation of Xel's Registration Nos. 2970979 and 2970981 on its pleaded fraud claim. However, the Board, in the March 7, 2008 order, denied HCI's motion for summary judgment with regard to those two registrations.

Cancellation No. 92045172

USPQ2d 1562 (Fed. Cir. 1989).

During the subsequent continuing pendency of this proceeding, our primary reviewing court issued a decision in *In re Bose Corp.*, 580 F.3d 1240, 91 USPQ2d 1938 (Fed. Cir. 2009), in which the Federal Circuit set forth the following standard for establishing fraud upon the USPTO in obtaining or maintaining a trademark registration: "a trademark is obtained fraudulently under the Lanham Act only if the applicant or registrant knowingly makes a false, material representation with the intent to deceive the PTO." *Bose*, 91 USPQ2d at 1941. See also *Torres v. Cantine Torresella S.r.l.*, 808 F.2d 46, 1 USPQ2d 1483, 1484 (Fed. Cir. 1986).

Relying on the *Bose* decision, Xel, on January 7, 2010, filed a motion to vacate the Board's entry of partial summary judgment on HCI's fraud claim. To date, HCI has not filed a brief in response to the motion to vacate. In view of HCI's failure to respond in any manner to Xel's motion to vacate entry of partial summary judgment, that motion is hereby granted as conceded. See Trademark Rule 2.127(a). Accordingly, the entry of partial summary judgment on HCI's pleaded fraud claim with regard to Xel's Registration Nos. 2845860, 2860543, 2948354, and 2948359 is vacated.

Further, in view of the *Bose* decision, we have *sua sponte* reviewed the pleading of the fraud claim in HCI's petition to cancel and find that such claim is

insufficiently pleaded. HCI's pleaded fraud claim is based on allegations that Xel "knew or should have known that it was not using" the involved marks on all of the goods identified in each application when it filed its statements of use in each of the applications for its involved registrations, and does not allege that Xel filed those statements of use with the requisite intent to deceive the USPTO. Intent to deceive the Office to obtain or maintain a registration is a required element to be pleaded in a fraud claim. See *Bose*, 91 USPQ2d at 1941. Allegations that a party made material representations of fact that it "knew or should have known" were false or misleading are insufficient.²

In addition, HCI's fraud claim is based "[u]pon information and belief" without a specification of facts upon which such belief could reasonably be based. Pleadings of fraud made "on information and belief," when there is no allegation of "specific facts upon which the belief is reasonably based" are also insufficient. See *Asian and Western Classics B.V. v. Selkow*, 92 USPQ2d 1478 (TTAB 2009). As such, the pleaded fraud claim is legally insufficient.

² The standard for finding intent to deceive is stricter than the standard for negligence or gross negligence. Still open is the question whether a submission to the PTO with reckless disregard of its truth or falsity would satisfy the intent to deceive requirement. *Bose*, 91 USPQ2d at 1942, fn. 2.