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

Proceeding	92055795
Party	Defendant E.F. Hutton Group, Inc.
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TERRENCE HASTINGS	:	
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Petitioner,	:	Cancellation No. 92/055795
	:	
v.	:	Registration No. 4122970 E.F. HUTTON
	:	Registration No. 4126754 
E.F. HUTTON GROUP INC.	:	
	:	
Respondent.	:	
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REPLY TO PETITIONER’S OPPOSITION TO RESPONDENT’S MOTION FOR SANCTIONS

Respondent E.F. Hutton Group Inc. (“Respondent”) submits through counsel this Reply to Petitioner’s Opposition to Respondent’s Motion for Sanctions and states as follows: Petitioner raises three issues why it should not be sanctioned for filing its untimely and faulty Motion to Compel: (i) Respondent’s Motion for Sanctions was improper; (ii) Petitioner’s Motion filed two months after Discovery closed actually was timely, and (iii) Respondent’s Motion for Sanctions was retaliatory and frivolous.¹ Contrary to Petitioner’s allegations, Respondent’s Rule 11 Motion was proper under the circumstances, Petitioner’s Motion was not timely, and Respondent’s Motion was not retaliatory or frivolous. Moreover, Petitioner does not contradict Respondent’s contentions that Petitioner’s Notice of Deposition was procedurally defective or that Petitioner has no published case law to support its position. For these reasons, Respondent’s Motion for Sanctions should be granted.

Before countering Petitioner’s principal arguments, it is worth addressing Petitioner’s complete failure to support its argument with proper, published case law. Petitioner’s Opposition relies on two intermediate, unpublished non-final decisions and four unpublished case decisions as part of its meager support. Further, not one single case cited by Petitioner has the same facts as in the instant case. For

¹ Petitioner’s Opposition contains the same type of misrepresented facts, misleading summaries, and irrelevant case citations, which are either inapposite or have no supporting authority because they are unpublished, that prompted Respondent to file for sanctions in the first place. Such incautious conduct should not be overlooked by the Board in its decision to grant the requested sanctions.

example, Petitioner cites five cases to support its contention that a Motion for Sanctions under Rule 11(b) is improper. None of those cases involves the filing of a Motion to Compel the deposition of a non-party attorney outside the discovery period. Each case involves a party failing to provide responses to interrogatories or document requests during the discovery period.² Petitioner also tries to find support in three referenced cases that Rule 11(d) says that Rule 11 sanctions are inapplicable to discovery disputes. The first case, *Guimaraes v. NORS* is an unpublished case involving an employment dispute. The second citation *Rates Tech., Inc. v. Mediatrix Telecom, Inc.* is also unpublished and involved a patent infringement case. Finally, *Avent v. Solfaro* involved a pro-se prisoner civil rights lawsuit alleging excessive force and denial of medical needs. Each dispute involved one party's refusal to provide interrogatory responses or documents *during* the discovery period. Not one single case in the entire Opposition provides support for Petitioner's argument that it should not be sanctioned for its frivolous motion practice in filing a Motion to Compel a deposition after discovery had been closed for two months. As all legal contentions in Petitioner's Opposition are unwarranted by existing law, Petitioner's Opposition fails and the Board should grant Respondent's Motion for Sanctions.

I. Motion for Sanctions Under Rule 11(b) Is Proper in this Case.

Rule 11 governs every pleading, written motion, and other paper signed by an attorney.³ Rule 11(d)⁴ is the exception to the general Rule 11. Rule 11(d) only applies to disclosures and discovery

² As the Board is aware, it is not unusual that a Motion to Compel the provision of interrogatory responses or documents would be filed after discovery closes as the TBMP expressly permits this type of discovery responses to be provided after the close of discovery. TBMP § 403.03. Not so with depositions. The Rules do not permit depositions to be taken after the close of discovery. 37 CFR § 2.120(a)(3); TBMP § 404.07(b).

³ Fed. R. Civ. P. 11(b) REPRESENTATIONS TO THE COURT. 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; (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; (3) the factual contentions have evidentiary support or, if specifically so identified, will likely have evidentiary support after a reasonable opportunity for further investigation or discovery; and (4) the denials of factual contentions are warranted on the evidence or, if specifically so identified, are reasonably based on belief or a lack of information.

⁴ Fed. R. Civ. R. 11(d) states: INAPPLICABILITY TO DISCOVERY. This rule does not apply to disclosures and discovery requests, responses, objections, and motions under Rules 26 through 37.

requests, responses, objections and motions under Rules 26 through 37. Rules 26 through 37 describe the discovery process. As the Advisory Committee Notes for Rule 11(d) make clear, the general Rule 11 does not apply to disclosures, requests, responses, objections and motions during the discovery process. Sanctions for abuses during discovery are controlled by Fed.R.Civ.P. 26(g), not Rule 11. As the Court in *Calgene Inc. v. Enzo Biochem Inc.*, 29 U.S.P.Q.2d 1679 (E.D. Cal. 1993) confirmed, “Rule 26 more specifically refers to discovery abuse in general rather than motions seeking to compel discovery, and stands in lieu of the more general Rule 11.” Accordingly, Rule 26(g) provides remedies for abuses during the Discovery process, while Rule 11 provides remedies for abuses outside of the Discovery process.

Discovery in the instant case closed on August 2, 2013. Petitioner, himself, refused Respondent’s request to extend the deadline. Petitioner’s Motion to Compel was filed on September 30, 2013, two months after Discovery closed. So, Petitioner’s Motion cannot be considered “during the Discovery process.” Consequently, Rule 11(d) does not govern. Respondent’s Motion for Sanctions under general Rule 11 is not based on Petitioner’s failure to properly subpoena Mr. von Vorys’ deposition during the Discovery period. Respondent’s Motion for Sanctions is based on Petitioner’s frivolous Motion to Compel that was filed two months after Discovery closed, which is not permitted by the TBMP rules or supported by existing law and needlessly increased the cost of litigation.

Even presuming *arguendo* that Rule 11 does not govern this situation, the Board still has the inherent authority to grant sanctions under TBMP 527.03, which was referenced in Respondent’s Motion for Sanctions. Consequently, whether the Motion for Sanctions is titled Rule 11 sanctions, Rule 26(g) sanctions, or any other relevant Rule in the TBMP or the Fed.R.Civ.P. that enumerates remedies for frivolous motions’ practice, it ultimately makes no difference as the Board has the ability to issue sanctions on its own authority. *See e.g., Central Mfg. Inc. v. Third Millennium Tech. Inc.*, 61 U.S.P.Q.2d 1210 (TTAB 2001). As such, Petitioner’s first argument fails.

II. Petitioner’s Motion to Compel Was Not Timely Filed.

Petitioner argues that its Motion to Compel the deposition of Mr. von Vorys was not frivolous because it was timely filed under 37 C.F.R. § 2.120(e). Petitioner is mistaken. 37 C.F.R. § 2.120(e) is not availing to support Petitioner’s argument that its Motion to Compel was timely filed. 37 C.F.R. §

2.120(e) only concerns a short list of enumerated discovery abuses, none of which are present here. The language is clear that 37 C.F.R. § 2.120(e) only covers discovery abuses by a party or an officer, director or managing agent of a party. To be certain, 37 C.F.R. § 2.120(e) states as follows:

Motion for an order to compel discovery. If a party fails to designate a person pursuant to Rule 30(b) (6) or Rule 31(a) of the Federal Rules of Civil Procedure, or if a party, or such designated person, or an officer, director or managing agent of a party fails to attend a deposition or fails to answer any question propounded in a discovery deposition, or any interrogatory, or fails to produce and permit the inspection and copying of any document or thing, the party seeking discovery may file a motion before the Trademark Trial and Appeal Board for an order to compel a designation, or attendance at a deposition, or an answer, or production and an opportunity to inspect and copy.

Mr. von Vorys is neither a party, a Rule 30(b) (6) designee of a party, nor an officer, director or managing agent of a party. Thus, 37 C.F.R. § 2.120(e) does not apply.

This is not a case where Respondent stonewalled Petitioner by not providing any discovery responses. Petitioner has not complained that Respondent has failed to designate a person pursuant to Rule 30(b) (6) or Rule 31(a) of the Federal Rules of Civil Procedure. Petitioner has not complained that Respondent or such designated person, or an officer, director or managing agent of Respondent failed to attend a deposition or failed to answer any question propounded in a discovery deposition, or any interrogatory, or failed to produce and permit the inspection and copying of any document or thing. This is because Respondent has answered all of Petitioner's interrogatories, delivered all responsive documents to Petitioner and designated a person pursuant to Rule 30(b) (6), who dutifully sat for a deposition and answered all questioned put to him for over five hours. Petitioner filed the Motion to Compel Mr. von Vorys' deposition because he did not like the responses Respondent's 30(b) (6) designee gave during his deposition. If Petitioner was so keen on taking Mr. von Vorys' deposition, he should have followed the procedures established by TBMP § 404.03(a) (2)⁵ during the discovery period.⁶ Instead of following

⁵ **TBMP § 404.03(a) (2) Person Residing in the United States – Nonparty.** 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) (3) 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.

the prescribed rules for securing Mr. von Vorys' deposition attendance – which was by subpoena issued from the United States District Court for the District of Maryland, Greenbelt Division – Petitioner filed a frivolous Motion to Compel.

Petitioner contends that, in a letter dated August 27, 2013 (submitted to the Board as Petitioner's Exhibit C), Mr. von Vorys suggested that any sought-after testimony could be obtained through the deposition of Respondent's principal, Christopher Daniels without the need to depose Mr. von Vorys, but when Mr. Daniels was deposed he stated that he had no knowledge of the factual circumstances surrounding his attorney signing the Statements of Use. Petitioner misstates and misrepresents what was said in Mr. von Vorys' letter as well as what Mr. Daniels testified to in his deposition. As the Board can see, the referenced letter sets forth a number of reasons why Petitioner is not entitled to take Mr. von Vorys' deposition,⁷ not just that all relevant information could be ascertained by taking Mr. Daniel's 30(b) (6) deposition. Moreover, Mr. Daniels directly answered to the best of his ability every question that was put to him by Petitioner's attorney during a five plus hour deposition. The only question Mr. Daniel's could not answer was "What firsthand basis did Mr. von Vorys have to make those statements [when he signed the declaration in the Statement of Use?]" The way the question was asked, Mr. Daniels could not possibly know what "firsthand" knowledge someone else had. So Mr. Daniels replied that he does not know what Mr. von Vorys knows. Petitioner's attorney never followed up by asking Mr. Daniels why he had Mr. von Vorys sign the Declaration or whether all of the information in the Statement of Use was true. In seeking the deposition of Mr. von Vorys, Petitioner does not assert that Mr. Daniels could not or would not provide information related to the Statement of Use – only that Mr. Daniels did not provide information as to what Mr. von Vorys knew or did not know. It is disingenuous now to assert that Petitioner needs Mr. von

⁶ **TBMP § 404.01 When Permitted and By Whom.** Discovery depositions must be both noticed and taken prior to the expiration of the discovery period.

⁷ The three-page letter in question insists that Petitioner is not entitled to take Mr. von Vorys' deposition because, among other reasons: (i) Mr. von Vorys is neither a party, a Rule 30(b) (6) designate of a party, nor an officer, director or managing agent of a party; (ii) Petitioner has no relevant case law supporting its request; and (iii) the taking of Mr. von Vorys' deposition would be futile as at all relevant times he was Respondent's attorney and anything he would testify to was governed by the attorney-client privilege.

Vorys' testimony when he had a chance to get the information from Respondent's 30(b) (6) designee and failed to ask the right questions.

III. Respondent's Motion for Sanctions was not Retaliatory, but Was an Appropriate Request under the Circumstances.

Petitioner seems to argue, without any supporting case law, that by signing the Declaration in the Statement of Use at issue, Mr. von Vorys somehow became a fact witness who is not shielded by the attorney-client privilege. This is utterly wrong. 37 C.F.R. § 2.193(e) (1) (TMEP § 804.04) states:

Verification of facts. A verification in support of an application for registration, amendment to an application for registration, allegation of use under §2.76 or §2.88, request for extension of time to file a statement of use under §2.89, or an affidavit under section 8, 12(c), 15, or 71 of the Trademark Act must be sworn to or supported by a declaration under §2.20, signed by the owner or a person properly authorized to sign on behalf of the owner. A person who is properly authorized to verify facts on behalf of an owner is: (i) A person with legal authority to bind the owner (e.g., a corporate officer or general partner of a partnership); (ii) A person with firsthand knowledge of the facts and actual or implied authority to act on behalf of the owner; or (iii) An attorney as defined in §11.1 of this chapter who has an actual written or verbal power of attorney or an implied power of attorney from the owner. (emphasis added)

This Section clearly identifies three types of people permitted to sign the Declaration in a Statement of Use. 37 C.F.R. § 2.193(e) (1) (iii) says that an attorney who has an actual written or verbal power of attorney or an implied power of attorney from the owner is permitted to sign such a Statement of Use. 37 C.F.R. § 2.193(e) (1) (iii) does not require that the attorney have first-hand knowledge of any facts of the owner as required in 37 C.F.R. § 2.193(e) (1) (ii). Section 2.193(e) (1) (iii) undoubtedly permits an attorney – who has a power of attorney from the owner – to sign certain documents for the convenience of the owner. Accordingly, when Mr. von Vorys executed the Statement of Use in question as the attorney of record for the Applicant, he did not become a fact witness or forfeit the attorney-client privilege.

Petitioner again misstates Respondent's reason why Petitioner's Motion to Compel was frivolous and warranting sanctions. Petitioner asserts that Respondent is seeking sanctions because Petitioner attempts to seek an attorney's deposition, which must by definition be harassing, frivolous and/or otherwise violate Rule 11. Respondent's Motion for Sanctions has nothing to do with the fact

that Petitioner was seeking the deposition of Respondent's attorney. Respondent filed its Motion for Sanctions strictly because Petitioner filed a Motion to Compel knowing full well that: (i) its Motion was two months too late, (ii) its Motion was not supported by law or the facts; and (iii) the Board had no authority to grant such a motion of a non-party attorney. This is the very definition of a frivolous motion.

Petitioner argues that there is precedent in other Federal courts where the deposition of an attorney in trademark litigation was deemed proper. Petitioner cites four cases in support of its allegation. A reading of these four cases shows that they are all inapposite and of no support. In every case, the attorney voluntarily testified as an expert in the case, as in-house counsel for a party, or as the party's 30(b))6) designee. None of Petitioner's cases offer any support that a party can compel the deposition after the close of discovery of a non-party attorney through a Motion to Compel at the Board, instead of through a subpoena from a U.S. District Court.

IV. Dismissal Is An Appropriate Sanction.

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) is unwarranted by the TBMP rules or existing law. Respondent's attorney in the August 27, 2013 letter informed Petitioner of these facts. Accordingly, Petitioner had notice that the filing of his Motion to Compel was frivolous and not warranted by TBMP rules or existing law, yet he filed it anyway. Respondent notified Petitioner that it was going to file this Motion for Sanctions, giving Petitioner the appropriate twenty-one days to withdraw his Motion to Compel. With full knowledge of the consequences, Petitioner deliberately chose not to withdraw. The Board under like circumstances has sanctioned such previous bad faith by awarding judgment against one party filing abusive motions. See *Giant Food, Inc. v. Standard Terry Mills, Inc.*, 231 U.S.P.Q. 626 (TTAB 1986) (“[N]o sanctions other than entry of judgment in favor of opposer . . . will effectively halt the reckless and dilatory conduct [applicant] displayed in this case.”); see also, *Carrini Inc. v. Carla Carini S.R.L.*, 57 U.S.P.Q.2d 1067

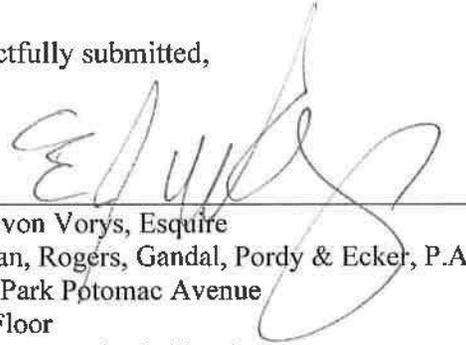
(TTAB 2000); *Baron Philippe de Rothschild S.A. v. Styl-Rite Optical Mfg. Co.*, 55 U.S.P.Q.2d 1848

(TTAB 2000).

In light of the fact that Petitioner had ample warning that filing his Motion to Compel was frivolous, and he filed it anyway, and then refused to withdraw it after notice, this Board should grant Respondent's Motion for Sanctions and should award judgment in Respondent's favor.

Dated: November 27, 2013

Respectfully submitted,



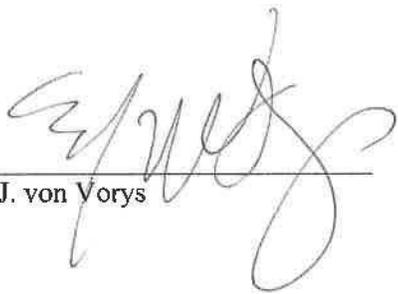
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CERTIFICATE OF SERVICE

I hereby certify that on the 27th day of November 2013, a copy of the foregoing Motion for Sanctions was sent via first class mail and email, to:

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