UNITED STATES PATENT AND TRADEMARK OFFICE
Trademark Trial and Appeal Board
P.O. Box 1451
Alexandria, VA 22313-1451
General Contact Number: 571-272-8500

CME

Mailed: February 17, 2015

Cancellation No. 92056644

Summit Entertainment, LLC

v.

Infinite Jewelry Co. L.L.C.

Christen M. English, Interlocutory Attorney:

This case now comes up on Petitioner's motion, filed November 5, 2014, to amend its petition for cancellation. The motion is fully briefed.

Petitioner seeks leave to amend its complaint to add a claim that the underlying application is void *ab initio* on the ground that Respondent is not, and was not at the time the application was filed, the owner of the involved mark, but instead is a licensee. *See* Motion, p. 1 and Exhibit F, [Proposed] Amended Complaint, ¶¶ 12, 14 and 19. In support of its motion, Petitioner argues that: (1) it learned of the grounds for a non-ownership claim through discovery; *see id.* at p. 4; (2) its "proposed amended pleading is legally sufficient" as it is "soundly established precedent that non-owners of trademarks, such as licensees, do not have standing to file trademark applications, and, thus, any such applications are void *ab initio*," *id.* at pp. 7-8; and (3) Respondent will not be prejudiced if leave to amend is granted because discovery remains open, and the proposed claim "does not require

[Respondent] to take any discovery of [Petitioner] or any third party… [because] [a]ll documents and information relevant to the added claim are within [Respondent's] possession, custody and control." *Id.* at p. 6.

Respondent asserts that the motion to amend is untimely because Petitioner "has been in possession of the information providing the basis for [the motion] for well over a year before seeking to obtain leave to amend [and Petitioner] provides no justification for this significant delay," Response, p. 3; that Petitioner learned of the grounds for its proposed non-ownership claim as early as February 20, 2013 when Respondent filed its answer alleging that it "was authorized by [Stephanie] Meyer to register and use BELLA'S ENGAGEMENT RING for goods and services, including jewelry" and on July 11, 2013 when it served Petitioner with its discovery responses, *id.* at p. 2; that Petitioner's undue delay in seeking to amend its complaint "just before the close of discovery" is evidence of "dilatory motive and bad faith," *id.* at p. 3; that it will be prejudiced if "it is precluded from taking discovery" on Petitioner's proposed non-ownership claim because third-party Stephanie Meyer possesses information relevant to the claim, *id.* at pp. 3-4; and that it "can only assume that [Petitioner] waited until such a late date" to file its motion "to prevent [Respondent] from obtaining deposition testimony or other information from Stephanie Meyer." *Id.* at p. 4.

In reply, Petitioner argues that Respondent's answer was not sufficient to give rise to its proposed non-ownership claim, and that the earliest it

learned of such a possible claim was July 2013. *See* Reply, p. 2. Petitioner further asserts that it "tabled filing" the instant motion to see if "the relief sought … might be mooted by the parties' settlement of this dispute" and "only filed this motion when the parties' settlement discussions proved fruitless." *Id.* at p. 4. In support of this assertion, Petitioner submits the declaration of one of its attorneys attesting that on May 7, 2014, he received an email from Respondent's counsel "suggest[ing] that prior to seeking leave to amend, you take the cost of that action, and include it in a settlement offer" as Respondent "still believe[s] we can resolve this matter without further litigation." *Id.* at Supplemental Declaration of Paul Bost, ¶ 3 and Exhibit H thereto. Petitioner also questions Respondent's assertion that it would need to conduct discovery on the proposed non-ownership claim, but indicates that it "will agree to extend discovery" if necessary. *Id.* at p. 3.

At this stage in the proceeding, Petitioner may amend its petition for cancellation only with the written consent of Respondent, which is not present here, or by leave of the Board. *See* Fed. Civ. P. 15(a); TBMP § 507.02(a) (2014). The Board liberally grants leave to amend pleadings at any stage of a proceeding when justice so requires, unless entry of the proposed amendment would violate settled law or be prejudicial to the rights of the adverse party or parties. *See* TBMP § 507.02; *see also Am. Optical Corp. v. Am. Olean Tile Co.,* 168 USPQ 471, 473 (TTAB 1971). In deciding whether to grant leave to amend, the Board 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 pleading. *See Foman v. Davis,* 371 U.S. 178, 182 (1962).

The Board finds that Respondent's discovery responses of July 2013 gave rise to Petitioner's proposed non-ownership claim. Although more than fifteen months passed between Petitioner receiving Respondent's discovery responses and filing the instant motion, during this time the parties sought three (3) 60-day extensions of time to allow them an opportunity to pursue settlement discussions, *see* Motion, Exhibit E, and Respondent's counsel urged Petitioner to consider delaying the filing of the instant motion so that the parties might further pursue settlement negotiations. Moreover, 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). Here, there is no such prejudice because the discovery period remains open.

The Board also finds no evidence of bad faith or dilatory motive on the part of Petitioner as the parties have been negotiating for settlement, and contrary to Respondent's assertion, Petitioner did not file its motion "just before the close of discovery," Response, p. 3, as more than five weeks remain in the discovery period.[1] Also, this is the first time Petitioner has sought to amend its pleading. *See Am. Express Marketing & Development Corp. v.*

[1] The Board deems proceedings suspended as of November 5, 2014 – the date Petitioner filed its motion to amend.

Gilad, 94 USPQ2d 1294, 1297 (TTAB 2010) (finding no abuse of amendment privileges where applicant sought to amend its pleading for the first time). Lastly, Petitioner has adequately pleaded a claim for non-ownership. *See* Motion, Exhibit F, [Proposed] Amended Petition, ¶¶ 12, 14 and 19. *See* TBMP § 309.03(c)(7) and cases cited in footnote 21 therein.

In view of the foregoing, Petitioner's motion for leave to amend is **GRANTED** and the [proposed] amended petition for cancellation accompanying Petitioner's motion is accepted and made of record and is now Petitioner's operative pleading herein. Respondent is allowed until **March 23, 2015** to file an answer to Petitioner's amended petition for cancellation.[2]

Proceedings are resumed and discovery, disclosure, trial and other dates are reset as follows:[3]

Expert Disclosures Due	April 18, 2015
Discovery Closes	May 18, 2015
Plaintiff's Pretrial Disclosures Due	July 2, 2015
30-Day Testimony Period for Plaintiff's Testimony to Close	August 16, 2015
Defendant/Counterclaim Plaintiff's Pretrial Disclosures Due	August 31, 2015
30-Day Testimony Period for Defendant and Plaintiff in the Counterclaim to Close	October 15, 2015

[2] Respondent's answer to the amended petition for cancellation should be complete on its own terms and include Respondent's previously asserted counterclaims.

[3] In setting the scheduling order, the Board has extended the discovery period to allow Respondent ample time to conduct discovery on Petitioner's non-ownership claim, if necessary.

Counterclaim Defendant's and Plaintiff's Rebuttal Disclosures Due	October 30, 2015
30-Day Testimony Period for Defendant in the Counterclaim and Rebuttal Testimony for Plaintiff to Close	December 14, 2015
Counterclaim Plaintiff's Rebuttal Disclosures Due	December 29, 2015
15-Day Rebuttal Period for Plaintiff in the Counterclaim to Close	January 28, 2016
Brief For Plaintiff Due	March 28, 2016
Brief for Defendant and Plaintiff in the Counterclaim Due	April 27, 2016
Brief For Defendant in the Counterclaim and Reply Brief, if any, for Plaintiff Due	May 27, 2016
Reply Brief, if any, for Plaintiff in the Counterclaim Due	June 11, 2016

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

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