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

Baxley

Mailed: October 17, 2014

Cancellation No. 92058635

Diana Karren and Charles Karren

v.

Domaine Carneros, Ltd.

Andrew P. Baxley, Interlocutory Attorney:

Domaine Carneros, Ltd. ("Respondent") obtained a registration for the mark LA TERRE PROMISE in standard character form for "Wines" in International Class 33.[1] On February 5, 2014, Diana Karren and Charles Karren ("Petitioners") filed a petition to cancel Respondent's registration on the ground of likelihood of confusion with their previously used and registered mark TERRA DE PROMISSIO in standard character form for "Wine" in International Class 33 under Trademark Act Section 2(d), 15 U.S.C. § 1052(d).[2]

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[1] Registration No. 3613730, issued April 28, 2009, with a constructive intent-to-use filing date of July 2, 2008. The registration includes the following statement: "The foreign wording in the mark translates into English as 'THE EARTH'S PROMISE.'"

[2] Such mark is the subject of Registration No. 3358681, issued December 25, 2007, based on a use-based application that was filed on March 5, 2007. Section 8 declaration accepted, Section 15 declaration acknowledged. The registration includes the following statement: "The English translation of TERRA DE PROMISSIO is 'land of promise.'"

In Respondent's answer, Respondent denied the salient allegations of the petition to cancel, asserted an affirmative defense of laches, and included a counterclaim to cancel Petitioners' pleaded registration and to limit the trade channels its involved registration if the Board finds likelihood of confusion between the parties' marks. In Petitioners' answer to the counterclaim, Petitioners denied the salient allegations of the counterclaim and asserted affirmative defenses.

On June 27, 2014, Respondent filed a motion to strike the first through third affirmative defenses from Petitioner's answer to the counterclaim. The motion has been fully briefed.

Upon motion, or upon its own initiative, the Board may order stricken from a pleading any insufficient defense or any redundant, immaterial, impertinent, or scandalous matter. *See* Fed. R. Civ. P. 12(f); TBMP Section 506.01 (2014) and cases cited therein. Motions to strike are not favored, and matter will not be stricken unless it clearly has no bearing upon the issues in the case. *See Ohio State Univ. v. Ohio Univ.*, 51 USPQ2d 1289, 1292 (TTAB 1999).

As Petitioners' first affirmative defense, Petitioners allege that the claims set forth in the counterclaim, "taken individually or collectively," fail to state a claim upon which relief can be granted. A defense of failure to state a claim upon which relief can be granted is a challenge of the sufficiency of the

pleading of the counterclaim.[3] *See Order of Sons of Italy in America v. Profumi Fratelli Nostra AG*, 36 USPQ2d 1221 (TTAB 1995). *Cf.* Fed. R. Civ. P. 12(b)(6); TBMP § 503. Accordingly, the Board will review the three claims set forth in Respondent's counterclaim to determine whether or not those claims are legally sufficient, striking any insufficient claims. If any of those claims set forth in the counterclaim are sufficient, striking the first affirmative defense is appropriate.

Claim 1 of Respondent's counterclaim is one of abandonment and is set forth as follows.

> 5. Petitioners ... grow wine grapes. They are not licensed to make wine. They do not own winemaking facilities. They do not have a Basic Permit from the United States Alcohol and Tobacco Tax and Trade Bureau to make and sell wine. They sell their grapes to licensed wineries so that the grapes can be vinified into wine that is then sold by the licensed winery using the brand name(s) of the licensed winery.
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> 6. TERRA DE PROMISSIO is the name of Petitioners' vineyard.
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> ...
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> 7. On March 5, 2007, Petitioners applied to register the TERRA DE PROMISSIO trademark under Section 1(a) of the Lanham Act. At the time, Petitioners were not using the trademark on wine in commerce in the United States.
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> 8. The specimen submitted on March 5, 2007, was a label for wines made by Siduri Wines in Santa Rosa, California. At the

[3] Petitioner did not file a motion to dismiss the counterclaim for failure to state a claim. However, such failure does not necessarily result in a waiver of a defense of failure to state a claim because a defendant can seek dismissal based on failure to state a claim after the answer and prior to trial by way of a motion for judgment on the pleadings or at trial. *See* Fed. R. Civ. P. 12(h)(2); TBMP § 504.01.

time, Siduri Wines was not using the trademark on wine in commerce in the United States.

9. On information and belief, as of March 5, 2007, Petitioners did not have a license agreement with Siduri Wines under which Petitioner controlled the quality of the wine made from grapes grown on Petitioners' vineyard and to be sold under Petitioners' TERRA DE PROMISSIO trademark. Petitioners did not control the quality of any wine made by Siduri Wines and labelled with Petitioners' trademark.

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11. On January 28, 2013, Petitioners filed a declaration under Sections 8 and 15 of the Lanham Act.

12. The specimen submitted on January 28, 2013 with the declaration submitted under Sections 8 and 15 of the Lanham Act was a label for a LYNMAR ESTATE wine. The label also contained the term TERRA DE PROMISSIO.

13. On information and belief, the label submitted as a specimen on January 28, 2013 with the declaration under Sections 8 and 15 of the Lanham Act was not in use in commerce in the United States.

14. On information and belief, as of January 28, 2013, Petitioners did not have a license agreement with the producer of the LYNMAR ESTATE wine under which Petitioners controlled the quality of the wine made from grapes grown on Petitioners' vineyard. Petitioners did not control the quality of any wine made by the producer of the LYNMAR ESTATE wine and labelled with Petitioners' trademark.

15. On information and belief, Petitioners have never made their own wine bearing the registered trademark. To the extent that third parties have used their trademark on wines made with grapes grown by Petitioners, they have not exercised any quality control over the wines made by those third parties.

16. On information and belief, Petitioners do not have a written agreement between themselves governing how the quality of wine made from their grapes will be monitored and controlled.

> 17. On information and belief, Petitioners do not have any quality control standards for wines made from their grapes and bearing the registered trademark.
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> ...
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> 19. By failing to exercise meaningful quality control over the wine made from their grapes, Petitioners have engaged in naked licensing of their registered mark and the registration has therefore become abandoned.[4]

To state a claim of abandonment based on a course of conduct, Respondent must plead facts which show a course of conduct by Petitioners which has caused Petitioners' mark to lose its trademark significance. *See* Trademark Act Section 45, 15 U.S.C. § 1127; *TBC Corp. v. Grand Prix Ltd.*, 12 USPQ2d 1311, 1314 (TTAB 1989). Notwithstanding that Respondent did not expressly refer to Petitioner's pleaded mark having lost its trademark significance, the Board finds that Respondent has alleged sufficient facts regarding naked licensing to provide notice pleading of a claim of abandonment based on a course of conduct by Petitioners which has caused their mark to lose its

[4] Respondent's abandonment claim is based on a course of conduct and not on nonuse by Petitioners of the TERRA DE PROMISSIO mark on wine. That is, Respondent has not alleged that, because Petitioners' goods are grapes for winemaking by others and not wine, Petitioners have abandoned their registered TERRA DE PROMISSIO mark for wine through more than three consecutive years nonuse of that mark on wine or facts which show a nonuse of that mark on wine for less than three years without intent to resume such use. *See* Trademark Act Section 45, 15 U.S.C. § 1127; *Otto Int'l Inc. v. Otto Kern GmbH*, 83 USPQ2d 1861, 1863 (TTAB 2007). To so allege, Respondent must seek leave of the Board to file an amended answer and counterclaim wherein it asserts this additional basis for its abandonment claim. *See* Fed. R. Civ. P. 15(a); TBMP § 507.02.

trademark significance.[5] Because Claim 1 of the counterclaim is sufficient, the motion to strike is granted with regard to the first affirmative defense.

The second claim in Respondent's counterclaim is one that the pleaded registration is void because (1) the pleaded mark was not being used on the filing date of the application for that registration and the Section 8 and 15 declaration in connection with that registration; and (2) Petitioners did not have proper licensing agreements with (a) Siduri Wines as of the filing date of the application for the pleaded registration and (b) the owner of the LYNMAR ESTATE label as of the date of the filing of the Section 8 and 15 declaration in connection with that registration. Because pleaded Registration No. 3358681 was issued more than five years prior to February 5, 2014 commencement of this proceeding, Respondent may counterclaim to cancel this registration only under the expressly stated, limited grounds set forth in Trademark Act Section 14(3), 15 U.S.C. § 1064(3).[6] Although Respondent indicated in the electronic cover sheet of the answer and

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[5] Whether Respondent can prevail on its pleaded abandonment claim is a matter for resolution on the merits after introduction of evidence. *See Flatley v. Trump,* 11 USPQ2d 1284 (TTAB 1989). Abandonment, being in the nature of forfeiture, must be strictly proved. *See P.A.B. Produits et Appareils de Beaute v. Satinine Societa*, 570 F.2d 328, 196 USPQ 801, 804 (CCPA 1978). To prevail on the course of conduct abandonment claim, Respondent must establish that Petitioners' course of conduct has been of such character as to cause the mark to lose all significance as source indicator for Petitioners' wine. *See Wallpaper Manufacturers, Ltd. v. Crown Wallcovering Corp.*, 680 F.2d 755, 214 USPQ 327, 332-37 (CCPA 1982); *Nobelle.com LLC v. Qwest Communications Int'l Inc.*, 66 USPQ2d 1300, 1307 (TTAB 2003).

[6] Such grounds are genericness, functionality, abandonment, fraud, misrepresentation of source, and claims under Trademark Act Sections 2(a) through (c), and 4, 15 U.S.C. §§ 1052(a) through (c) and 1054.

counterclaim that it intends to pursue a claim of fraud, Respondent did not plead a fraud claim in the text of the counterclaim.[7] Because the second claim is not among the grounds for cancellation set forth in Section 14(3), it is time-barred, and Claim 2 is *sua sponte* stricken from Respondent's counterclaim. *See* Fed. R. Civ. P. 12(f); TBMP § 506.01.

In Claim 3 of Respondent's counterclaim, Respondent states that

> [i]f the Board believes that confusion among the general public is likely, then under [Trademark Act Section 18, 15 U.S.C. § 1068,] Respondent would limit its registration to the following trade channel: 'wines sold from Registrant's winery directly to consumers.' This would eliminate any possibility of confusion because consumers who were purchasing Respondent's wine would know that they were purchasing Respondent's wine because they were dealing directly with Respondent.

This claim is sufficient to put Petitioners that Respondent seeks to have the Board consider the issue of likelihood of confusion with respect to an identification of goods that is narrower in scope than that which was shown in Respondent's involved registration at the commencement of the proceeding.[8] *See Personnel Data Systems Inc. v. Parameter Driven Software*

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[7] A pleading of a fraud claim requires allegation that an applicant for registration or a registrant in a declaration of use or a renewal application knowingly made specific false, material representations of fact in connection with an application to register or in a post-registration filing with the intent of obtaining or maintaining a registration to which it is otherwise not entitled. *See In re Bose Corp.,* 580 F.3d 1240, 91 USPQ2d 1938 (Fed. Cir. 2009).

[8] The Board notes, however, that, if Petitioners' pleaded registration is not cancelled in the counterclaim or otherwise, the Board must resolve the issue of likelihood of confusion in the petition to cancel on the basis of the goods as they are stated in the respective registrations. *See Glamorene Products Corp. v. The Procter & Gamble Co.*, 538 F.2d 894, 190 USPQ 543, 545 (CCPA 1976). The goods in Petitioners' pleaded registration are identified as "[w]ine," and Respondent has proposed no restriction of the identification of goods in Petitioners' pleaded registration that corresponds with

Inc., 20 USPQ2d 1863, 1864-65 (TTAB 1991); *Space Base Inc. v. Stadis Corp.,* 17 USPQ2d 1216, 1219 (TTAB 1990); *Eurostar Inc. v. "Euro-Star" Reitmoden GmbH & Co. KG*, 34 USPQ2d 1266, 1269-70 (TTAB 1994); TBMP § 514.03.

As Petitioners' second affirmative defense, Petitioner alleges that Respondent lacks standing to seek cancellation of Petitioners' registration. However, Respondent's standing is inherent in its position as defendant in the cancellation proceeding. *See Ohio State Univ. v. Ohio Univ., supra* at 1293 (TTAB 1999). Accordingly, the motion to strike is granted with regard to Petitioners' second affirmative defense.

As Petitioners' third affirmative defense, petitioner alleges laches and unclean hands. However, these defenses are insufficiently pleaded because Petitioners have set forth no specific allegations of conduct upon which they are based. *See Lincoln Logs Ltd. v. Lincoln Precut Log Homes, Inc.*, 971 F.2d 732, 23 USPQ2d 1701 (Fed. Cir. 1992); *Midwest Plastic Fabricators Inc. v. Underwriters Laboratories Inc.*, 5 USPQ2d 1067 (TTAB 1987). Moreover, these equitable defenses are unavailable against a claim of abandonment. *See TBC Corp., supra* at 1313. The motion to strike is therefore granted with regard to petitioner's second and third affirmative defenses.

Based on the foregoing, the motion to strike is granted in full. In addition, Claim 2 is *sua sponte* stricken from Respondents counterclaim.

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the proposed restriction of its involved registration. Therefore, if Petitioners' registration is not cancelled, the Board would be required to presume that Petitioner's wine encompasses all wines, which move in all normal trade channels for wines and are purchased by all potential wine customers. *See In re Elbaum*, 211 USPQ 639, 640 (TTAB 1981).

Proceedings herein are resumed. Remaining dates are reset as follows.

Deadline for discovery conference:	November 14, 2014
Discovery opens:	November 14, 2014
Initial disclosures due:	December 14, 2014
Expert disclosures due:	April 13, 2015
Discovery closes:	May 13, 2015
Petitioner's pretrial disclosures due:	June 27, 2015
Petitioner's 30-day testimony period as plaintiff in the cancellation to close:	August 11, 2015
Respondent's pretrial disclosures due:	August 26, 2015
Respondent's 30-day testimony period as defendant in the cancellation and as plaintiff in the counterclaim to close:	October 10, 2015
Petitioner's pretrial disclosures for rebuttal in the cancellation and as defendant in the counterclaim due:	October 25, 2015
Petitioner's 30-day testimony period as defendant in the counterclaim and for rebuttal as plaintiff in the cancellation to close:	December 9, 2015
Respondent's rebuttal disclosures as plaintiff in the counterclaim due:	December 24, 2015
Respondent's 15-day rebuttal testimony period as plaintiff in the counterclaim to close:	January 23, 2016
Brief for petitioner as plaintiff in the cancellation due:	March 23, 2016
Brief for respondent as defendant in the cancellation and as plaintiff in the counterclaim due:	April 22, 2016
Brief for petitioner as defendant in the counterclaim and reply brief, if any, as plaintiff in the cancellation due:	May 22, 2016
Reply brief, if any, for respondent as plaintiff in the counterclaim due:	June 6, 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. If either of the parties or their attorneys should have a change of address, the Board should be so informed promptly.