

UNITED STATES PATENT AND TRADEMARK OFFICE
Trademark Trial and Appeal Board
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GCP

Mailed: September 1, 2016

Cancellation No. 92061164

Cleansmart Cleaners, LLC

v.

Kleansmart Corporation

By the Trademark Trial and Appeal Board:

This case now comes before the Board for consideration of Respondent's combined motion (filed May 5, 2016) (1) to strike the testimony deposition of Mr. Nhon Ky Nguyen taken by Petitioner during Petitioner's assigned testimony period, and (2) to dismiss this proceeding for failure to prosecute under Trademark Rule 2.132(a). Petitioner filed a timely response to Respondent's combined motion on May 19, 2016.

Background

Respondent is the owner of the registered mark KLEANSMART and design, as displayed below, for "Carpet and rug cleaning; Carpet cleaning; Cleaning of clothing; Degreasing and cleaning services using solvent and vapor technology; Diaper cleaning; Drain cleaning services; Dry cleaning; Leather cleaning and repair; Rug cleaning; Textile cleaning" in International Class 37.¹

¹ Registration No. 4040999, registered on October 18, 2011.



On March 26, 2015, Petitioner filed a petition to cancel Respondent's registration on the ground of likelihood of confusion. In support of its standing and asserted claim, Petitioner asserts prior common law rights in the mark CLEANSMART used in association with laundry and dry cleaning services. Petitioner additionally pleads ownership of its pending application Serial No. 86314678 for the mark CLEANSMART, in standard characters, also for "laundry and dry cleaning services" in International Class 37.

On June 17, 2016, Respondent filed its answer to the petition to cancel denying the salient allegations asserted therein, as well as asserting various putative affirmative defenses.

Discovery in this case closed on January 27, 2016. Petitioner's testimony period commenced on March 28, 2016 and closed on April 26, 2016.

Respondent's Combined Motion to Strike and to Dismiss

The Board now turns to Respondent's combined motion to strike and to dismiss. In support of its motion, Respondent maintains that Petitioner (1) never served its initial disclosures, (2) never took any discovery in this matter, and (3) did not identify any witnesses or documents that it intended to rely on to prove its case during the discovery period. Respondent further contends that Petitioner first identified Mr. Nguyen, who is purportedly the owner and manager of Petitioner, in

its pretrial disclosures, and then waited until a week remaining in Petitioner's testimony period to unilaterally set Mr. Nguyen's deposition in Plano, Texas on only two days' notice, knowing full well that Registrant's counsel was located in Orlando, Florida. Respondent also maintains that it promptly objected to the timing of the testimony deposition but Petitioner's counsel refused to provide any other dates during the testimony period, but instead demanded that Registrant agree to an extension of its testimony period otherwise Petitioner would move forward with the deposition as unilaterally scheduled. Respondent also maintains that Petitioner did not provide all the exhibits for Mr. Nguyen's deposition until minutes before the deposition commenced.

In view of the foregoing, Respondent requests that the Board (1) strike Mr. Nguyen's testimony deposition on the grounds that (i) Mr. Nguyen was improperly identified as a potential witness for the first time in Petitioner's pretrial disclosures, and (ii) Petitioner did not provide reasonable notice of the testimony deposition of Mr. Nguyen, and (2) dismiss the petition for failure to prosecute under Trademark Rule 2.132(a).

In response, Petitioner maintains that the parties had agreed to a settlement, which would have made the testimony deposition unnecessary; however, Respondent's total failure to communicate on any issue whatsoever forced Petitioner to protect its interests and conduct the deposition despite the fact that the parties had settled this matter. Specifically, Petitioner contends that the parties had agreed to settlement terms by February 16, 2016. Petitioner asserts that

Petitioner's counsel's subsequent communications to Respondent's counsel on March 7, 2016 and March 14, 2016 regarding memorializing and finalizing the settlement agreement went unanswered. Petitioner further maintains that Respondent did not respond to the service of Petitioner's pretrial disclosures or Petitioner's request that its testimony period be extended to accommodate Respondent's schedule. It was only after Petitioner served its notice of testimony deposition that Respondent's counsel objected to the testimony deposition. With regard to the reasonableness of the notice of the testimony deposition, Petitioner argues that since Respondent's counsel failed to communicate with Petitioner regarding the scheduling of the testimony deposition, Petitioner was left with no choice but to proceed with the testimony deposition since its testimony period was soon to close. Moreover, Petitioner contends that, in the absence of any discovery requests from Respondent, Petitioner had no duty to provide the exhibits to opposing counsel prior to Mr. Nguyen's testimony deposition.

Decision

Trademark Rule 2.123(e)(3), 37 C.F.R § 2.123(e)(3), explicitly allows for a motion to strike the entire deposition after the fact if the pretrial disclosures are improper or inadequate. The adverse party may elect to cross-examine that witness under protest while reserving the right to object and, promptly after the testimony is completed, move to strike the testimony from the record.

Initially, the Board notes that judicial economy would have better been served if Respondent brought the issues regarding Mr. Nguyen's testimony deposition to the

Board's attention promptly by a motion to quash the deposition notice or to strike the pretrial disclosures as insufficient before the deposition took place. *See Carl Karcher Enterprises, Inc. v. Carl's Bar & Delicatessen, Inc.*, 98 USPQ2d 1370, 1373 n.4 (TTAB 2011).

Turning now to the merits of Respondent's motion, the Board notes that each party to an *inter partes* proceeding must serve initial disclosures that identify "each individual likely to have discoverable information that the disclosing party may use to support its claims or defenses, unless the use would be solely for impeachment." *See* Fed. R. Civ. P. 26(a)(1); Trademark Rules 2.116(a) and 2.120(a)(2) (Board emphasis). *See also* TBMP § 533.02(b) (2016).

In identifying individuals through initial disclosures, a party need not identify all those that may be called at trial as potential "trial witnesses," and instead must identify any trial witnesses through pretrial disclosures.² However, because individuals identified through initial disclosures have knowledge that the disclosing party may use to support its claims or defenses, the persons identified in initial disclosures may reasonably be viewed as possible trial witnesses. *Jules Jurgensen/Rhapsody, Inc. v. Baumberger*, 91 USPQ2d 1443, 1443 n.1 (TTAB 2009). *Cf. Great Seats, Inc. v. Great Seats, Ltd.*, 100 USPQ2d 1323, 1326 n.5 (TTAB 2011) ("If the identity of the witness is known when initial disclosures are made, and the

² Parties are required to serve pretrial disclosures to inform the adverse party of the identity of prospective trial witnesses, or any witness from whom it might take testimony if needed, thus avoiding surprise witnesses and facilitating the orderly taking of testimony. *See* Fed. R. Civ. P. 26(a)(3); Trademark Rule 2.116(a). *See also* Notice of Final Rulemaking, Miscellaneous Changes to Trademark Trial and Appeal Board Rules, 72 Fed. Reg. 42242, 42257-58 (Aug. 1, 2007).

relevant knowledge of the witness is known, then a party may have to disclose the identity of the witness when making initial disclosures, even if the party has no plans at that time to rely on testimony from the witness.”). Additionally, the Board has stated that, unless seasonably remedied, a party’s failure to identify a witness in its initial disclosures deprives the adverse party of the opportunity to seek discovery of the identified witness, and this fact “must [be] consider[ed] ... as one of the relevant circumstances ... in determining whether to strike [the witness’s] testimony deposition.” *Jules Jurgensen*, 91 USPQ2d at 1444-45.

Under the estoppel sanction, a party that fails to provide information via disclosure or appropriate response to a discovery request may, upon motion or objection by its adversary, be precluded from using that information or witness at trial, “unless the failure was substantially justified or is harmless.” Fed. R. Civ. P. 37(c)(1); Trademark Rule 2.116(a). *See Great Seats*, 100 USPQ2d at 1326-27. To determine whether Petitioner’s failure to serve its initial disclosures on Respondent that identified Mr. Nguyen as a person with knowledge regarding Petitioner’s claims is substantially justified or harmless, the Board is guided by the following five-factor test applied in *Great Seats*, namely: “1) the surprise to the party against whom the evidence would be offered; 2) the ability of that party to cure the surprise; 3) the extent to which allowing the testimony would disrupt the trial; 4) importance of the evidence; and 5) the non-disclosing party’s explanation for its failure to disclose the evidence.” *See Great Seats*, 100 USPQ2d at 1327 (internal citations omitted).

Applying these factors to the present case, the record shows that Petitioner never served its initial disclosures on Respondent. The Board notes, however, that Respondent never moved to compel Petitioner to serve its initial disclosures under Trademark Rule 2.120(e). The Board further notes that, although Respondent is not required to take any discovery as a defendant in this matter, Respondent could have propounded discovery requesting the identification of any of Petitioner's potential trial witnesses, but Respondent failed to do so.

In view of these particular circumstances, the Board finds that Petitioner's failure to serve its initial disclosures and to identify Mr. Nguyen as a person having discoverable information earlier in these proceedings, resulted in surprise to Respondent, notwithstanding the fact that Respondent could have moved to compel Petitioner to serve its initial disclosures. Thus, the first factor applied in *Great Seats* favors Respondent. Further, the surprise to Respondent was prejudicial because Respondent was deprived of the opportunity to seek discovery of Mr. Nguyen. See *Jules Jurgensen*, 91 USPQ2d at 1444-45.

Additionally, because Petitioner provided no explanation whatsoever as to why it did not serve its initial disclosures on Respondent, the fifth factor discussed in *Great Seats* also favors Respondent.

In determining the importance of the evidence or testimony to the fair adjudication of the proceedings, the Board will consider various factors, including whether the testimony is cumulative or if evidence can be introduced by other means, and whether the proposed testimony would be admissible. See *Byer California v.*

Clothing For Modern Times Ltd., 95 USPQ2d 1175, 1179 (TTAB 2010) (excluding testimony on subjects within the knowledge of other witness identified in initial disclosures). *Cf. MicroStrategy Inc. v. Business Objects, S.A.*, 429 F.3d 1344, 77 USPQ2d 1001, 1009-10 (Fed. Cir. 2005) (“while this exclusion admittedly left MicroStrategy without evidence of damages or causation for most of its business tort claims, this factor is only one of five that does not tip the scale in favor of MicroStrategy, particularly were [it] alone is to blame for creating this situation”).

In this matter, it is noted that Mr. Nguyen is purportedly Petitioner’s owner and manager and would clearly have personal knowledge of Petitioner’s first use of its pleaded mark and whether that first use preceded any claimed first use by Respondent and that, in all likelihood, did testify to such information during his testimony deposition. In view thereof, the Board finds that the importance of the testimony of Mr. Nguyen is critical to Petitioner’s case. In view of the foregoing, the Board concludes that the fourth factor set forth in *Great Seats* favors Petitioner.

With respect to whether Respondent can cure the surprise resulting from Petitioner’s failure to serve its initial disclosures and identify Mr. Nguyen as a person with personal knowledge regarding Petitioner’s pleaded mark and claims, the Board finds that Respondent’s ability to mitigate the missed opportunity to depose Mr. Nguyen during discovery is diminished by the fact that the discovery period closed three months before Petitioner served its pretrial disclosures. Therefore, the second factor discussed in *Great Seats* favors Respondent.

Regarding the extent to which allowing the discovery deposition of Mr. Nguyen

would disrupt the trial, the Board finds that reopening the discovery period for a brief period to allow Respondent to schedule and then conduct a discovery deposition of Mr. would not significantly disrupt these proceedings. In view thereof, the third factor favors Petitioner.

Balancing all the foregoing facts and concerns, including the policy of the law to decide cases on their merits, and because the resolution of an action on the merits, whenever possible, is a basic tenet underlying the Federal Rules of Civil Procedure, *see Johnston Pump/General Valve, Inc. v. Chromalloy American Corp.*, 13 USPQ2d 1719, 1722 (TTAB 1989), the Board concludes that, although Petitioner's failure to identify timely Mr. Nguyen as a person knowledgeable about the issues involved in these proceedings is not substantially justified, the failure is nonetheless harmless since the Board, in order to avoid any prejudice to Respondent, will allow Respondent the opportunity to take the discovery deposition of Mr. Nguyen, as provided below.³

Accordingly, Respondent's motion to strike the testimony deposition of Mr. Nguyen taken on behalf of Petitioner is **DENIED**. In light of this ruling, Respondent's motion to dismiss for failure to prosecute is **DEEMED MOOT** and will be given no further consideration.

Trial Schedule

Proceedings herein are resumed. Discovery is reopened for **thirty (30) days** from the mailing date of this order for the sole purpose of allowing Respondent to

³ The Board also finds that Petitioner's notice of the testimony deposition of Mr. Nguyen was not unreasonable inasmuch as Respondent failed to respond to Petitioner's initial communications regarding the scheduling of the deposition.

notice, take and complete the discovery deposition of Mr. Nguyen, if Respondent chooses to do so.⁴

Remaining trial dates are reset as follows:

Defendant's Pretrial Disclosures Due	10/17/2016
Defendant's 30-day Trial Period Ends	12/1/2016
Plaintiff's Rebuttal Disclosures Due	12/16/2016
Plaintiff's 15-day Rebuttal Period Ends	1/15/2017

In each instance, a copy of the transcript of testimony, together with copies of documentary exhibits, must be served on the adverse party within thirty days after completion of the taking of testimony. Trademark Rule 2.125.

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

⁴ The Board expects the parties to cooperate in the scheduling of the discovery deposition permitted by this order.