

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

Mailed: April 22, 2016

Cancellation No. 92061215

Schiedmayer Celesta GMBH

v.

Piano Factory Group

Benjamin U. Okeke, Interlocutory Attorney:

Now before the Board is Petitioner's motion, filed January 7, 2016, for leave to file an amended petition to cancel. Petitioner, by its motion, seeks to add claims of: (1) abandonment, and (2) "misrepresentation as to the source of the goods,"¹ to its existing claim of fraud, which Petitioner also seeks to amend. 13 TTABVUE 3. Petitioner attached a copy of its proposed amended petition to cancel to its motion. Respondent contends that "[a]llowing Petitioner to amend the complaint to add an Abandonment claim would prejudice Respondent," and that "Petitioner's allegation of False Designation of Origin in Count II is also legally defective and should be denied entry." 14 TTABVUE 6. The motion is fully briefed.

¹ It is unclear from Petitioner's motion papers and proposed amended petition to cancel whether Petitioner is asserting a claim of misrepresentation of source under Trademark Act Section 14, 15 U.S.C. § 1064, or false suggestion of a connection under Section 2(a), 15 U.S.C. § 1052(a). This point is discussed further below.

The Board, in its discretion, suggested that the issues raised in the motions be resolved by telephone conference as permitted by TBMP § 502.06 (2015). The conference was held on Wednesday, April 20, 2016. Participating in the conference were Petitioner's counsel, Michael J. Striker, Respondent's counsel, Adam R. Stephenson, and Board interlocutory attorney, Benjamin U. Okeke.

The Board carefully considered the arguments raised by the parties during the telephone conference, as well as the briefs on the motions and exhibits attached thereto, and the record of this case in coming to a determination regarding the present issues. In light of the telephone conference, the Board presumes the parties' familiarity with the arguments underlying the motions. Therefore, the parties' arguments will not be summarized herein except as necessary to explain the Board's decision.

During the telephone conference, the Board made the following findings and determinations:

Motion to Amend Pleadings – Fed. R. Civ. P. 15(a)

Federal Rule of Civil Procedure 15(a) contemplates the amendment of pleadings prior to trial. *See* Trademark Rule 2.107(a) and 2.115(a) (Fed. R. Civ. P. 15 applicable to oppositions and cancellations). With respect to the circumstances at hand, Rule 15(a)(2) states: "a party may amend its pleading only with the opposing party's written consent or the court's leave. The court should freely give leave when justice so requires." *See* TBMP § 507.01. *See also Hurley Int'l LLC v. Volta*, 82 USPQ2d 1339, 1341 (TTAB 2007).

In interpreting Rule 15(a), the Supreme Court noted in *Forman v. Davis*, 371 U.S. 178, 182 (1962), that:

If the underlying facts or circumstances relied upon by a plaintiff may be a proper subject of relief, he ought to be afforded an opportunity to test his claims on the merits. In the absence of any apparent or declared reason—such as undue delay, bad faith or dilatory motive on the part of the movant, repeated failure to cure deficiencies by amendments previously allowed, undue prejudice to the opposing party by virtue of allowance of the amendment, futility of amendment, etc.—the leave sought should, as the rules require, be “freely given”.

In addition to several minor changes, Petitioner, by its motion, seeks leave to amend its existing fraud claim set forth in paragraphs 9-11, and to add as new grounds for cancellation, claims of abandonment and false association,² as set forth in paragraphs 12-16 of its proposed amended petition to cancel.

With respect to its fraud claim, Petitioner now alleges, *inter alia*:³

...

- On August 24, 2002, [Respondent] falsely, fraudulently and *intentionally* represented to the United States Patent Office that is was the owner of the trademark SCHIEDMAYER for pianos, *namely, digital pianos, upright pianos and grand pianos. [Respondent] falsely, fraudulent and with deliberate intent never informed the United States Patent and Trademark Examiner that in fact*

² Of the two claims referenced by Petitioner – misrepresentation of source and false suggestion of a connection, the Board’s interpretation of the allegations asserted by Petitioner in its proposed amended petition to cancel most closely resemble a claim under Section 2(a) for false association/suggestion of a connection. Petitioner confirmed during the telephone conference, that indeed a claim of false association under Section 2(a) is intended to be advanced in the proposed amended petition to cancel. Therefore, the following discussion will only reference this proposed added claim as one for false association under Section 2(a).

³ Proposed amendments appear in italicized font.

*Schiedmayer was actively involved in the manufacture and sale of celesta keyboard musical instruments.*⁴

- On or about November 20, 2013, [Respondent] falsely, fraudulently *and with deliberate intent* caused to be filed a Declaration of Use under Sections 8 and 15 which falsely, fraudulently *and intentionally* represented to the United States Patent and Trademark Office that it had continued to use the trademark SCHIEDMAYER and had done so continuously *for the five years next preceding the filing of the Declaration of Use, for pianos, including upright pianos, grand pianos and digital pianos*. Said representations were *intentionally* false and fraudulent in as much as [Respondent] *never had any relationship with the Schiedmayer product and has not offered for sale or sold a Schiedmayer product* continuously within the five years next preceding the filing of the Declaration of Use ...⁵
- The deliberately intentionally false and fraudulent maintaining of the trademark SCHIEDMAYER by [Respondent] *is damaging to Schiedmayer. Schiedmayer has filed a U.S. Trademark Application for the mark SHIEDMAYER which has been refused in view of the registration sought to be cancelled herein*. Purchasers and potential purchasers are being falsely and fraudulently led to believe that some relationship exists between [Respondent] and the coveted and highly respected Schiedmayer keyboard instruments ...⁶

With respect to its newly added false association and abandonment claims,

Petitioner now asserts, *inter alia*:

- Respondent never informed the Examiner of the existence of [Petitioner] ..., which had long before manufactured and sold piano keyboard instruments in the United States. Any consumer or potential consumer seeing a Schiedmayer

⁴ 13 TTABVUE 8-9, ¶ 9.

⁵ *Id.* at 9, ¶ 10.

⁶ *Id.*, ¶ 11.

piano product in the marketplace or being offered for sale will assume that it emanates from [Petitioner].⁷

- Consumers and potential consumers and anyone seeing a Schiedmayer marked piano, will assume that the source of the goods is from Schiedmayer, the manufacturer of keyboard musical instruments. Therefore, a misrepresentation as to the source of the goods in connection with which the mark is used is taking place ... [c]onsumers and potential consumers are likely to believe that a piano and a celesta keyboard musical instrument emanate from the same source.⁸
- Upon information and belief, [Respondent] has not sold a Schiedmayer marked [digital piano, upright piano, or grand piano] in commerce in the United States. [Respondent] has abandoned the trademark SCHIEDMAYER ... in view of its non-use of the mark SCHIEDMAYER and with no shown intent to establish use of the mark.⁹

The Board finds that under the circumstances of this case, any delay by Petitioner in asserting its newly proposed claim of Abandonment was not excessive. We find that claim to have been promptly made, inasmuch as it is based upon information yielded from Respondent's answers to Petitioner's discovery requests. However, Petitioner's motion does not explain why its proposed false association/misrepresentation of source claim could not have been advanced in the original petition to cancel, simply lumping it into the same explanation given for its abandonment claims. However, if Petitioner believed that the mark

⁷ 13 TTABVUE 10-11, ¶ 13.

⁸ *Id.* at 11, ¶ 14.

⁹ *Id.* at 12, ¶¶ 16-20. The paragraphs are misnumbered after paragraph 18. However, the Board has simply identified the second paragraph numbered as "14" following paragraph 18 as number 19 and the following paragraph as 20.

SCHIEDMAYER, as used by Respondent, points uniquely to Petitioner's persona or identity, this is an allegation that Petitioner should have been aware of at the outset of this proceeding and could have been pleaded in the initial complaint.

Nonetheless, there is no evidence of record to indicate any bad faith or dilatory motive on the part of Petitioner in filing this motion. Finally, fact discovery remains open, and with respect to Petitioner's proposed abandonment claim, it is likely that much— if not all—of the information relevant to that claim is already in Respondent's possession. Therefore, Petitioner's motion would not prejudice Respondent or significantly delay resolution of the proceeding with respect to that claim.

The Board must also consider whether the proposed amendments are legally sufficient. *See Commodore Elects. Ltd. v. CBM Kabushiki Kaisha*, 26 USPQ2d 1503 (TTAB 1993); *Forman*, 371 U.S. at 182. In doing so, the Board applies the same standard as would be applied to the determination of a motion under Fed. R. Civ. P. 12(b)(6), testing the sufficiency of a complaint. *See* TBMP § 503.02 (2015). To survive such a motion, a plaintiff need only allege sufficient factual matter as would, if proved, establish that (1) the plaintiff has standing to maintain the proceeding, and (2) a valid ground exists for opposing or cancelling the mark. *Lipton Indus., Inc. v. Ralston Purina Co.*, 670 F.2d 1024, 213 USPQ 185, 187 (CCPA 1982). Specifically, “a complaint must contain sufficient factual matter, accepted as true, to state a claim to relief that is plausible on its face.” *Ashcroft v. Iqbal*, 556 U.S. 662, 663 (2009), quoting *Bell Atl. Corp. v. Twombly*, 550 U.S. 544, 570 (2007). In the context of *inter partes*

proceedings before the Board, a claim has facial plausibility when the opposer or petitioner pleads factual content that allows the Board to draw a reasonable inference that the opposer or petitioner has standing and that a valid ground for the opposition or cancellation exists. *Cf. Twombly*, 550 U.S. at 556. In particular, a plaintiff need only allege “enough factual matter ... to suggest that [a claim is plausible]” and “raise a right to relief above the speculative level.” *Totes-Isotoner Corp. v. United States*, 594 F.3d 1346, 1354 (Fed. Cir. 2010).

A. Standing

Petitioner has adequately pleaded its standing. *See Lipton Indus., Inc.*, 213 USPQ at 188-89 (CCPA 1982); TBMP § 309.03(b). That is, the statements in paragraphs 11 and 16 of the proposed amended petition to cancel allege facts which, if proven, would show a personal interest in the outcome of the consolidated proceeding and a reasonable basis for Petitioner’s belief that it would be damaged by the continued registration of Respondent’s mark. *See Saddlesprings Inc. v Mad Croc Brands Inc.*, 104 USPQ2d 1948, 1950 (TTAB 2012) (standing adequately alleged by allegation that petitioner’s intent-to-use application has been refused based on respondent’s registrations).

B. The Amended Fraud Claim

Petitioner’s amended fraud claim is insufficiently pleaded. In a petition to cancel alleging fraud, the elements of fraud must be pleaded with particularity in accordance with Fed. R. Civ. P. 9(b).

Petitioner alleges “fraud in the acquisition and maintenance of the subject registration,” which is based upon an allegation that Respondent “falsely, fraudulently and with deliberate intent never informed the [USPTO] that in fact [Petitioner] was actively involved in the manufacture and sale of” allegedly related goods. 13 TTABVUE 6 and 8-9. However, any averred failure to disclose to the Office the alleged rights of a third party to an applied for mark in an application for registration or maintenance document does not constitute fraud. *See Colt Indus. Operating Corp. v. Olivetti Controllo Numerico S.p.A.*, 221 USPQ 73, 76 (TTAB 1983) (citing *SCOA Indus., Inc. v. Kennedy & Cohen, Inc.*, 188 USPQ 411 (TTAB 1975)). Therefore, any knowledge Respondent may have had regarding Petitioner’s use of the SCHIEDMAYER marks does not constitute fraud. Respondent’s filing of the underlying application and subsequent maintenance documents is, to an extent, a claim of priority.¹⁰

The proposed fraud claim appears to be facially implausible given the facts presented in the proposed amended petition to cancel. Accordingly, the proposed amended fraud claim is **STRICKEN** from the petition to cancel, and will be given no further consideration.

¹⁰ Additionally, the allegations do not impugn Respondent’s subjective belief regarding its right to register the mark. In order to sufficiently plead fraud on the USPTO to the level of specificity required, Petitioner would have to plead, and of course then prove, that Respondent subjectively believed it was engaging in fraudulent activities. *See In re Bose Corp.*, 580 F.3d 1240, 91 USPQ2d 1938 (Fed. Cir. 2009); *Am. Sec. Bank v. Am. Sec. & Trust Co.*, 571 F.2d 564, 197 USPQ 65, 67 (CCPA 1978).

C. False Association

The claim of false association under Section 2(a) of the Trademark Act is not supported by the facts presented in the body of the proposed amended petition to cancel.¹¹ Accordingly, in light of Petitioner's failure to explain why this claim was not (and could not have been) asserted in the initial petition to cancel, and the insufficiency of the proposed amended pleading, the claim under Section 2(a) of false association is **STRICKEN** from the petition to cancel without prejudice.

D. Abandonment

A *prima facie* showing of abandonment may be established where the alleged nonuse has ensued for three years or more. *See* 15 U.S.C. § 1127; *ShutEmDown Sports*, 102 USPQ2d at 1042. However, where the alleged nonuse has ensued for less than three years “[t]here are two elements to an abandonment claim that a plaintiff must [allege and subsequently] prove: nonuse of the mark and intent not to resume use.” *ShutEmDown Sports*, 102 USPQ2d at 1042.

While the Board has found Petitioner's proposed amendment to be timely asserted and that it would not prejudice Respondent, this claim is also insufficiently pleaded.¹² Although Petitioner avers that Respondent has not “sold” any “Schiedmayer marked”

¹¹ To state a claim of false suggestion of a connection under Trademark Act Section 2(a), Petitioner must allege facts from which it may be inferred (1) that Respondent's mark points uniquely to Petitioner as an entity – *i.e.*, that Respondent's mark is Petitioner's identity or “persona;” (2) that purchasers would assume that goods sold under Respondent's mark are connected with Petitioner; and (3) either (a) that Petitioner was the prior user of Respondent's mark, or the equivalent thereof, as a designation of its identity or “persona”, or (b) that there was an association of the mark with Petitioner prior in time to Respondent's use. *See Miller Brewing Co. v. Anheuser-Busch Inc.*, 27 USPQ2d 1711, 1712-13 (TTAB 1993).

¹² Although during the telephone conference the interlocutory attorney indicated that this claim had been sufficiently pleaded, a closer review of the pleadings has revealed that this claim is also insufficiently pleaded.

musical goods, this does not amount to a pleading that Respondent has not *used* its mark on *its genus of claimed goods* – *i.e.* upright pianos, grand pianos, and digital pianos. The Court of Appeals for the Federal Circuit has explained that “[t]he statute is clear that the actual sale of goods is not required to satisfy § 1127’s ‘use in commerce’ requirement, provided that the goods are ‘transported’ in commerce.” *Lens.com Inc. v. 1-800 Contacts Inc.*, 686 F.3d 1376, 103 USPQ2d 1672, 1675 (Fed. Cir. 2012).

Accordingly, inasmuch as the petition to cancel falls short of alleging that Respondent has not used its mark on its claimed goods, the pleading of the abandonment claim is insufficient. Accordingly, the claim of abandonment is **STRICKEN** without prejudice.

Nonetheless, the false association and abandonment claims do not appear to be completely inapposite to the facts presented in this case. Further, it is the Board’s practice to freely grant leave to amend pleadings found, upon challenge to be insufficient. Accordingly, Petitioner is allowed until **TWENTY DAYS** from the issuance of this order to file a further amended petition to cancel, properly pleading these claims if possible and appropriate. *See IdeasOne Inc. v. Nationwide Better Health Inc.*, 89 USPQ2d 1952, 1955 (TTAB 2009).¹³ However, if Petitioner fails to file

¹³ Petitioner is cautioned, however, to carefully consider the efficacy of reviving its false association claim in light of the standards described in this order. Indeed, from the circumstances presented, the Board is doubtful of Petitioner’s ability to sufficiently plead, and subsequently prove this claim. Indeed, Petitioner makes reference to the parties’ respective goods being “likely to be confused” and “emanat[ing] from the same source.” These are concepts generally associated with a claim of likelihood of confusion under Trademark Act Section 2(d), 15 U.S.C. § 1052(d). However, a claim of likelihood of confusion is not applicable to a cancellation proceeding involving a registration that issued more than five years prior to the institution of the proceeding, such as the registration involved herein. *See* 15

an amended complaint within the time allowed, the claims of false association under Section 2(a) and abandonment may be stricken from the petition to cancel and given no further consideration and the petition may be dismissed with prejudice.

Respondent is allowed **FIFTEEN DAYS** from the filing and service of any amended petition to cancel to file an amended answer to the remaining allegations in such complaint. If Respondent fails to file an amended answer, or to otherwise move with respect to the amended pleading, within the time allowed, a notice of default may be issued against Respondent.

Schedule

The proceeding is **RESUMED**. The remaining discovery, disclosure, and trial dates are reset as follows:

Expert Disclosures Due	7/30/2016
Discovery Closes	8/29/2016
Plaintiff's Pretrial Disclosures	10/13/2016
Plaintiff's 30-day Trial Period Ends	11/27/2016
Defendant's Pretrial Disclosures	12/12/2016
Defendant's 30-day Trial Period Ends	1/26/2017
Plaintiff's Rebuttal Disclosures	2/10/2017
Plaintiff's 15-day Rebuttal Period Ends	3/12/2017

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

U.S.C. § 1064(3). A claim under Section 2(a) claiming false association or false suggestion of a connection is not a surrogate claim to a claim under Section 2(d) for likelihood of confusion.