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**UNITED STATES PATENT AND TRADEMARK OFFICE
Trademark Trial and Appeal Board
2900 Crystal Drive
Arlington, Virginia 22202-3513**

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Mailed: February 24, 2004

Opposition No. 91125436

Tequila Cazadores, S.A.
De C.V. and Bacardi &
Company Limited joined as
party plaintiff

v.

Tequila Centinela, S.A.
De C.V.

Before Simms, Hairston and Bucher, Administrative Trademark
Judges.

By the Board:

The Board, on October 20, 2003, in response to Bacardi
& Company Limited's (Bacardi) renewed motion to be
substituted as party plaintiff, noted an apparent break in
the chain of title of the plaintiff's alleged marks and
allowed Bacardi until November 9, 2003 to submit documents
clarifying the change of name of Tequila Cazadores, S.A. de
C.V. to Grupo Industrial Tlajomulco, S.A. de C.V. On
November 6, 2003, Bacardi filed its response to the Board
order and submitted a declaration as documentary evidence of
the name change.

Opposition No. 91125436

In order for an assignee to be joined as a party, the assignee must establish its ownership of the trademark property either by documentary evidence of a chain of title or by providing the reel and frame number where it is recorded in the assignment records of the Office. Patent and Trademark Office Rule 3.73.

In view of Bacardi's submissions, Bacardi's motion to be substituted as party plaintiff is granted to the extent that Bacardi is hereby joined as party plaintiff and for convenience will hereinafter be referred to as opposer. With regard to applicant's arguments concerning the veracity of opposer's documents, whether or not this evidence is sufficient proof to establish Bacardi's standing is a matter for trial. See generally TBMP Section 512 (2d ed. June 2003).

We now turn to the following contested pending motions: (1) opposer's motion to amend the notice of opposition; (2) opposer's motion for summary judgment; and (3) opposer's motion to extend the discovery and trial periods.

Motion to Amend Notice of Opposition

In support of its motion, opposer states that it seeks to "[clarify] its allegations," add its "newly filed trademark application" and add "a count of fraud."¹ Opposer

¹ Specifically the amended allegations read:

Opposition No. 91125436

argues that applicant will not suffer prejudice because "the proceeding is still in the discovery phase."

In response, applicant argues that opposer's newly filed trademark application adds nothing new upon which it can rely in the opposition because its filing date is later than applicant's filing date and "cannot be the basis for Bacardi to assert priority of trademark rights," and opposer is already "relying upon the alleged common law trademark rights obtained by Bacardi's purported predecessor." In addition, applicant argues that the fraud claim is legally

1(b). ...Bacardi acquired all right, title and interest to the business operated by Cazadores, including all rights in the CAZADORES trademark...

4(c). Opposer is the owner of U.S. Ser. No. 78/149,334 for the mark CAZADORES and design...

13. The subject application...is based upon use of the applied for mark in commerce on [the recited goods]...

14. The subject application included a declaration that the statements made in the application were true.

15. Upon information and belief, applicant has not made any use of the mark on any of the goods recited in its application, with the exception of tequila.

16. Upon information and belief, applicant has no bona fide intention to use the mark on any of the goods recited in the application with the exception of tequila.

17. Applicant has intentionally, willfully and fraudulently misstated the scope of its use to secure a registration that would be broader than the protection that would be rightfully afforded to it.

18. Such misstatements of use were done with the intention of deceiving and/or defrauding the Trademark Office.

Opposition No. 91125436

insufficient because "the original identification of goods in [applicant's] originally filed application is not material" in view of applicant's pending motion to amend the application to delete certain goods. Finally, applicant argues it will suffer prejudice because discovery is closed and one of opposer's declarants in the summary judgment motion resides outside the United States and is a former officer of the company "Bacardi is seeking to sever from this opposition."

In reply, opposer states that applicant would not be prejudiced inasmuch as opposer has agreed to an extension of the discovery period and the declarant is a current officer of opposer's subsidiary and not an officer of Tequila Cazadores S.A. de C.V. Further, opposer argues that its fraud claim is legally sufficient.

Leave to amend pleadings must be freely given 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 Fed. R. Civ. P. 15(a); TBMP § 507.02 (2d ed. June 2003). Where the moving party seeks to add a new claim or defense, and the proposed pleading thereof is legally insufficient, or would serve no useful purpose, the Board normally will deny the motion for leave to amend. See *Octocom Systems Inc. v. Houston Computer Services Inc.*, 918 F.2d 937, 16 USPQ2d 1783 (Fed.

Opposition No. 91125436

Cir. 1990). Thus, in deciding opposer's motion for leave to amend, the Board must consider whether there is any undue prejudice to applicant and whether the amendment is legally sufficient. See, e.g., *Cool-Ray, Inc. v. Eye Care, Inc.*, 183 USPQ 618, 621 (TTAB 1974).

The timing of a motion for leave to amend under Fed. R. Civ. P. 15(a) is a major factor in determining whether the adverse party would be prejudiced by allowance of the proposed amendment. See *Commodore Electronics Ltd. v. CBM Kabushiki Kaisha*, 26 USPQ2d 1503 (TTAB 1993). Inasmuch as the motion herein was filed prior to the close of discovery and opposer has agreed to an extension of the discovery deadline, we find that allowance of the proposed amendment would not be prejudicial to applicant.

Turning now to the sufficiency of the allegations, with regard to opposer's application, inclusion of this application serves to amplify opposer's allegations and to put applicant on notice of opposer's claims, in particular opposer's intention to add the registration that may issue from this application. See generally *Space Base Inc. v. Stadis Corp.*, 17 USPQ2d 1216 (TTAB 1990); *Huffy Corp. v. Geoffrey, Inc.*, 18 USPQ2d 1240 (Comm'r 1990); and TBMP Section 507.02 (2d ed. June 2003).

As to the claim of fraud, we find it to be legally sufficient. Fraud in procuring a registration involves a

Opposition No. 91125436

willful withholding from the Patent and Trademark Office by an applicant of material information or facts which, if transmitted and disclosed to the examiner, would have resulted in the disallowance of the registration sought. See *National Semiconductor Corporation v. Varian Associates*, 184 USPQ 62, 64 (TTAB 1974). Fraud may exist where no use of the mark was made on some of the goods recited in a use-based application as of the filing date of the application. Cf. *Medinol Ltd. v. Neuro VASX, Inc.*, ___ USPQ2d ___, Canc. No. 92040535 (TTAB 2003) (fraud found in statement of use where no use of mark on one of two listed goods).

Opposer has alleged that the subject application is "based upon use of the applied for mark in commerce on [the recited] goods," that "applicant has not made any use of the mark on any of the goods recited in its application, with the exception of tequila" and that "applicant has no bona fide intention to use the mark on any of the goods recited in the application with the exception of tequila."

These allegations sufficiently state a claim of fraud. Applicant's argument that its pending motion to amend its application to delete certain goods renders such a claim moot is not well taken. Such action does not serve to cure a fraud that may have been committed. See *Medinol Ltd. v. Neuro VASX, Inc.*, *supra* (deletion of goods upon which the

mark has not yet been used does not remedy an alleged fraud upon the Office).

In view of the above, opposer's motion to amend the notice of opposition is granted.

Motion for Summary Judgment

We turn now to opposer's motion for summary judgment on the claim of fraud.²

A party is entitled to summary judgment when it has demonstrated that there are no genuine issues as to any material facts, and that it is entitled to judgment as a matter of law. Fed. R. Civ. P. 56(c). The evidence must be viewed in a light favorable to the nonmoving party, and all justifiable inferences are to be drawn in the nonmovant's favor. See *Opryland USA Inc. v. The Great American Music Show, Inc.*, 970 F.2d 847, 23 USPQ2d 1471 (Fed. Cir. 1992).

As stated above, fraud in procuring a registration involves a willful withholding from the Patent and Trademark Office by an applicant of material information or facts which, if transmitted and disclosed to the examiner, would have resulted in the disallowance of the registration

² In view of intervening case law issued after applicant's response brief and prior to opposer's reply brief, we grant applicant's motion to file a sur-reply and have considered it. Further, applicant's motion to strike the "affidavits/declarations of Eduardo L. Miguel, Richard Goldberg and Lois Asensio" is denied. Opposer's resubmission of these declarations executed at the time of the filing of the original summary judgment motion is acceptable. We hasten to add that

Opposition No. 91125436

sought. See *National Semiconductor Corporation*, 184 USPQ at 64. The intent element of fraud may be found when an applicant or registrant makes a false material representation that the applicant or registrant knew or should have known was false. *Torres v. Cantine Torresella S.r.l.*, 808 F.2d 46, 1 USPQ2d 1483 (Fed. Cir. 1986). See also *General Car and Truck Leasing Systems Inc. v. General Rent-A-Car Inc.*, 17 USPQ2d 1398 (S.D. Fla. 1990), *aff'g General Rent-A-Car Inc., v. General Leaseways, Inc.*, Canc. No. 14,870 (TTAB May 2, 1998); *Duffy-Mott Company, Inc. v. Cumberland Packing Company*, 165 USPQ 422 (CCPA 1970); *Medinol Ltd. v. Neuro VASX, Inc.*, *supra*.

Based on the parties' briefs and the record before us it is undisputed that applicant identified the following goods when it filed its application based on use in commerce under Section 1(a) of the Trademark Act:

alcoholic beverages (excluding beer), namely distilled liquor, wine, wine coolers, prepared alcoholic cocktails and aperitifs, alcoholic drinks, namely, liqueurs, hard cider, brandy spirits, distilled liquors, distilled spirits, gin, wine, whiskey, vodka, whiskey, rum, tequila, anisette, aguamiel, aguardiente. (emphasis added)

This listing of goods is preceded by the following statement: applicant is using or is using through a related company the mark in commerce on or in connection with the below-identified goods. The application was accompanied by

these declarations did not affect our decision and their absence

Opposition No. 91125436

a signed declaration attesting to the truth of the statements made in the application. Further, it is undisputed that during prosecution of the application applicant amended the identification of goods to the following:

alcoholic beverages, excluding beer, namely distilled liquor, wine, wine coolers, prepared alcoholic cocktails, and aperitifs and alcoholic drinks, namely liqueurs, hard cider, brandy spirits, distilled liquors, distilled spirits, gin, wine, whiskey, vodka, rum, tequila, anisette aguamiel, aguardiente. (emphasis added)

It is also undisputed that at the time applicant filed its application it was not using the mark in connection with, at a minimum, gin, wine, whiskey, vodka and rum. Applicant's Response Brief at 3 (May 20, 2003) (upon information and belief applicant admits that applicant has never produced gin, wine, whiskey, vodka or rum under the mark); see also, Jose De Jesus Hernandez-Mendez Declaration at paragraphs 8 and 9.

Applicant's explanation for its "mistake" in the identification of goods is that it "did not receive legal advice when the [application] was prepared." Applicant's Response Brief at 5 (May 20, 2003). Further, in his declaration, Mr. Hernandez-Mendez, Chairman of the Board and Director General of applicant, states that the original application "did not reflect the true commercial realities

would not alter our decision.

Opposition No. 91125436

of [applicant's] use of the [mark] as of the filing date of the application," rather the identification of goods in the application as filed "stated those goods on which [applicant] intended to use the mark in commerce with the United States...[h]owever, it is now [Mr. Hernandez-Mendez'] understanding that, because the...application was filed on the basis of [applicant's] use of the mark in commerce with the United States, [applicant] could only state those goods in its application on which the [mark] was already being used as of the filing date of this application." Hernandez-Mendez Dec. at 8 and 9.

Based on the record, there is no genuine issue of material fact that applicant filed an application based on use in commerce and signed a declaration attesting to the truth of all statements in the application when it knew it did not use the mark in connection with all of the listed goods.

There is no question that the application for registration under Section 1(a) of the Trademark Act would have been disallowed but for applicant's misrepresentation, because the USPTO will not issue a registration covering goods upon which the mark has not been used under the circumstances of this case. *See Medinol, supra*. Therefore, alleging use of a mark in connection with goods in an

Opposition No. 91125436

application based on use under Section 1(a) of the Trademark Act when there is no use is a false material representation.

The fact that applicant did not have legal counsel and/or applicant misunderstood a clear and unambiguous requirement for an application based on use does not negate the intent element of fraud in a Board proceeding. Applicant's Chairman of the Board and Director General, Mr. Hernandez-Mendez, signed the application that clearly stated applicant was using the mark on gin, wine, whiskey, vodka and rum when Mr. Hernandez-Mendez knew (or should have known) applicant was not using the mark on these goods. Applicant is charged with knowing what it is signing and by signing with a "reckless disregard for the truth" applicant commits fraud.³ See *Medinol, supra*. Mr. Hernandez-Mendez' statement that the listed goods were what he *intended* the

³ Applicant seems to argue for a more restrictive view of intent; however, it is well established that in Board proceedings "proof of specific intent is not required, rather, fraud occurs when an applicant or registrant makes a false material representation that the applicant or registrant knew or should have known was false." *General Car and Truck*, 17 USPQ2d at 1400-1401 (intent of the signatories not material to question of fraud). In this regard, it is important to note that the Trademark Office relies on the thoroughness, accuracy and honesty of each applicant. In general, the Office does not inquire as to the use of the mark on each good listed in a single class and only requires specimens of use as to one of the listed goods, relying on applicant's declaration with regard to use on the other listed goods. TMEP Sections 806.01(a) and 904.01(a) (3rd ed. January 2002). Allowing applicants to be careless in their statements of use on an application would result in a registration improperly accorded legal presumptions in connection with goods on which the mark is not used.

Opposition No. 91125436

mark to be used on does not avoid the fraud. As stated in *General Car and Truck* "the intent of [the signatories] is not material to the question of fraud in this cause." *General Car and Truck*, 17 USPQ2d at 1401. Moreover, applicant cannot cure an act of fraud by a later amendment. As noted in *Medinol*, even if the false information is deleted "the question remains whether or not respondent committed fraud upon the Office in the procurement of its registration." *Medinol, supra*. Applicant attempts to distinguish *Medinol* by stating that here applicant sought to amend the application after the filing of an opposition but before a claim of fraud was brought, whereas in *Medinol* the registrant sought to amend the registration after the claim of fraud was brought. We find this distinction to be immaterial. At the time an applicant files an application under Section 1(a), the applicant must know if it is using the mark on the goods. While there may be circumstances where a mistake as to use is made that do not constitute fraud (for example, an applicant believes its use is sufficient to support a use-based application when it is not), that is not the case before us.

In view of the above, we find that applicant's material misrepresentations made in connection with its application

Opposition No. 91125436

were fraudulent. Accordingly, summary judgment is entered in opposer's favor on the issue of fraud.

However, with regard to opposer's standing we find that opposer has not demonstrated the absence of a genuine issue of material fact. At a minimum, there is a genuine issue as to the veracity of the documents submitted to allege the transfer of interest in this proceeding from Tequila Cazadores S.A. de C.V. to Bacardi, and the pleaded registration is not of record.

Opposer is therefore allowed until **THIRTY DAYS** from the mailing date of this order in which to submit a showing that there is no genuine issue of fact as to standing, and that it is entitled to judgment on the issue of standing as a matter of law. *Paramount Pictures Corp. v. White* , 31 USPQ2d 1768, 1775-76 (TTAB 1994). Applicant is allowed until **SIXTY DAYS** from the mailing date of this order to file a response thereto or a request for discovery under Fed. R. Civ. P. 56(f). If opposer's showing is sufficient to establish opposer's entitlement to summary judgment on the issue of standing, summary judgment on standing will be entered in favor of opposer and the opposition will be granted. If opposer's showing is not sufficient on the issue of standing, proceedings will resume on the issue of standing and the remaining claims of likelihood of confusion

Opposition No. 91125436

and dilution under Sections 2(d) and 43(c) of the Trademark Act.⁴

This proceeding remains otherwise suspended pending opposer's response.

* * *

⁴ Opposer's contested motion to extend discovery and trial periods is granted to the extent that in the event proceedings are resumed, dates, including time for discovery, will be reset. In addition, the Board will set applicant's time to file an answer to the amended notice of opposition. Further, applicant's motion for a protective order "suspending the time that [applicant] must respond" to Bacardi's discovery requests until disposition of the motion for summary judgment is granted as conceded and well taken. Trademark Rules 2.127(a) and 2.127(d). In the event proceedings are resumed applicant's time to respond to Bacardi's discovery requests will be reset.