

UNITED STATES PATENT AND TRADEMARK OFFICE
Trademark Trial and Appeal Board
P.O. Box 1451
Alexandria, VA 22313-1451

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Mailed: January 14, 2010

Opposition No. 91180212

SCHERING CORPORATION

v.

IDEA AG

Before Seeherman, Walsh and Taylor,
Administrative Trademark Judges.

By the Board:

This proceeding is before the Board for consideration of opposer's motion (filed September 29, 2009) for sanctions in the form of striking applicant's answer or for the entry of judgment.¹ The motion is fully briefed.²

In its August 7, 2009 order, the Board 1) granted opposer's second motion to compel, directing applicant to serve supplemental responses to Interrogatories Nos. 4, 8, 9, 10, 12, 13, 14, 19, 20 and 22, Production Requests Nos. 1-5, 6-14, 15, 16-18, 19-21, 22, 23, 24, 25-26, 27, 28, 29, 30-34, 35-36 and 37; 2) granted opposer's motion to test the sufficiency of responses to requests for admission, directing applicant to serve supplemental responses that either admitted or denied Admission Requests 1-11, 16-18 and 20-23; 3) acknowledged

¹ Opposer also requested that proceedings be suspended. The Board, on November 3, 2009, suspended proceedings pending disposition of the motion for sanctions.

applicant's objections based on attorney-client privilege, including objections based on German law governing attorney-client communications; 4) advised the parties that applicant may not, at trial, introduce or rely on any information, document, fact or evidence withheld that would be responsive to opposer's written discovery; and 5) allowed applicant thirty days (that is, until September 8, 2009) in which to comply as directed.

Briefs on the instant motion reveal that applicant's principal officer was unavailable some days prior to September 8, 2009, and that on September 8, 2009, applicant served unverified supplemental responses with the notation "Verifications to Follow," 64 pages of documents, and no privilege log. On September 29, 2009 opposer filed the instant motion, and on October 7, 2009, applicant served corrected verified amended supplemental responses, which included 110 additional pages of documents and a privilege log identifying one document withheld on the basis of privilege.

Opposer seeks sanctions under Fed. R. Civ. P. 37(b)(2) and Trademark Rule 2.120(g)(1), on the basis of applicant's failure to comply with the Board's August 7, 2009 order. It argues, *inter alia*, that either applicant's supplemental responses are incomplete, or it has no way of knowing whether they are complete to the extent that applicant asserts previously overruled objections. Relative to its argument that certain

² Inasmuch as opposer served its motion for sanctions via First Class mail on September 29, 2009, applicant's response filed on October 15, 2009 (via the Board's ESTTA filing system) is timely.

supplemental responses are incomplete or contradicted by publicly available information, opposer submitted an exhibit of articles and press releases, pertaining to applicant or applicant's business activities, to demonstrate that applicant's supplemental responses to the following are or may be incomplete: Interrogatory No. 13 (the identification of licenses, permissions or consents applicant entered into with others to use the mark DIRACTIN in the United States); Interrogatory Nos. 8 and 9 (dates of first use, continued use and periods of non-use in commerce in or with the United States); Production Requests Nos. 16-18 (statements, inquiries, comments or other communications by or from applicant's customers, competitors, or third parties regarding opposer or its TINACTIN marks, the quality of DIRACTIN products, or the DIRACTIN mark itself); Production Request No. 22 (documents regarding United States importers or distributors of DIRACTIN products); Production Request No. 24 (documents regarding licenses applicant granted to others to use the DIRACTIN mark).

Moreover, opposer protests that applicant, in its supplemental responses, agreed to make documents available in applicant's Munich, Germany office, rather than copying and producing documents at opposer's counsel's offices, as opposer had requested in the opening paragraph of its first request for production of documents and things originally served on May 12, 2008. Opposer contends that applicant's responses in this regard amount to noncompliance with the Board's August 7, 2009 order.

In opposition to the motion, applicant asserts that it did not violate the Board's August 7, 2009 order inasmuch as 1) applicant restated its overruled objections for the sole purpose of preserving them for appeal; 2) applicant withheld no information or documents on the basis of the objections, with the exception of one document withheld under attorney-client privilege, and later addressed in a privilege log served on October 7, 2009; 3) the Board, in its order, did not expressly strike applicant's objections or order that applicant's supplemental responses omit them; 4) its supplemental responses served September 8, 2009 permissibly stated in certain instances that documents would be made available for inspection in Munich, Germany, in compliance with the option set forth in Fed. R. Civ. P. 34(b)(2)(E)(i) to make documents available "as they are kept in the usual course of business;" 5) its supplemental responses provided copies of numerous requested documents; 6) its amended supplemental responses included a second set of documents; and 7) no authority requires it to enumerate the specific discovery request in response to which it produces each document.

Analysis

Where a party fails to comply with an order of the Board relating to discovery, including an order compelling discovery, the Board may order appropriate sanctions as defined in Trademark Rule 2.120(g)(1) and Fed. R. Civ. P. 37(b)(2), including the entry of judgment. *Baron Philippe de Rothschild S.A. v. Styl-Rite Optical Mfg. Co.*, 55 USPQ2d 1848 (TTAB 2000);

Unicut Corp. v. Unicut, Inc., 222 USPQ 341 (TTAB 1984); and TBMP Section 527.01. Trademark Rule 2.120(g)(1) states, in part,

(g) *Sanctions*. (1) If a party fails to participate in the required discovery conference, **or if a party fails to comply with an order of the Trademark Trial and Appeal Board relating to disclosure or discovery**, including a protective order, the Board may make any appropriate order, including those provided in Rule 37(b)(2) of the Federal Rules of Civil Procedure, except that the Board will not hold any person in contempt or award expenses to any party. (emphasis added).

Inasmuch as opposer has failed to set forth facts and circumstances that form a sufficient basis for the imposition of sanctions in the form of striking applicant's answer or judgment against applicant, its motion is hereby denied.

The circumstances presented indicate that both parties have thus far failed to cooperate in the discovery process, and that the present dispute was not occasioned by a unilateral disregard for that process on the part of applicant. From the facts presented, the nature of the parties' dispute, and the length of time during which it has been ongoing, it is clear that *both* parties have disregarded their respective duties to cooperate with one another. *See, e.g.*, TBMP § 408.01 (2d ed. rev. 2004). This failure to cooperate has repeatedly and unnecessarily burdened the Board with the need to intervene, and prompts the Board to direct the parties to undertake specific steps to ensure the exchange of discoverable information and materials.³

³ With respect to both interrogatories and document requests, the identification of discovery documents, as opposed to their

With respect to opposer's document requests, to the extent that applicant has stated that it will produce non-privileged responsive documents at its offices in Germany, the parties are directed to coordinate and carry out appropriate arrangements for production in one of two manners, as follows.

Applicant has, in its supplemental responses and with respect to several requests, affirmatively stated that it will make documents available in its Munich, Germany office on a mutually convenient date. Applicant is directed to identify for opposer the title and/or nature of, and the number of pages of each responsive document, so as to enable opposer to ascertain the nature and volume of documents applicant will make available. The parties are directed to determine a mutually agreeable time during which opposer's counsel, or associate, affiliate or representative designated and appointed by opposer's counsel to act on its behalf, shall inspect all documents responsive to opposer's outstanding requests at said office in Germany, subject to applicant's need for confidentiality. Any individual who inspects applicant's documents will be subject to the Board's Standard Protective Order, which, as noted in the Board's previous orders, is in place and enforceable in this proceeding.

In the alternative, in the event that opposer elects not to inspect applicant's documents in Germany, applicant is directed to copy and provide, at opposer's expense, all

substance, is not privileged or confidential. See TBMP § 414(1) (2d ed. rev. 2004).

responsive documents. Again, because such materials may be voluminous, and to address any concerns opposer may have pertaining to the cost of obtaining the documents in this manner, applicant shall first identify for opposer the title and/or nature of, and the number of pages of each document, so as to enable opposer to ascertain what documents applicant is to copy and provide.

The Board fully expects the parties to cooperate and communicate with each other so as to facilitate and carry out either of these two arrangements for applicant's document production.

Turning to all document requests to which applicant has supplementally stated that no non-privileged responsive documents exist, applicant is directed to revisit its responses and supplemental responses, and to serve a supplemented privilege log, as appropriate, pursuant to Fed. R. Civ. P. 26(b)(5)(A).

Regarding opposer's complaint with respect to the lack of organization of the documents it has thus far received, the record indicates that applicant produced 64 pages of documents with its supplemental responses, and produced an additional 110 pages with its amended supplemental responses. Consequently, applicant has not improperly "dumped" inordinate quantities of unorganized documents. Applicant shall note, however, that it has been obligated, and remains obligated, to organize and label documents produced for inspection, pursuant to Fed. R.

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Civ. P. 34(b)(2)(E). See also *No Fear v. Rule*, 54 USPQ2d 1551, 1556 (TTAB 2000).

Turning to opposer's interrogatories, regarding Interrogatory No. 4, to which applicant's supplemental response states that it is unaware of any non-privileged documents, applicant is directed to supplement its privilege log pursuant to Fed. R. Civ. P. 26(b)(5)(A).

With respect to each of Interrogatories Nos. 8, 9, 10, 12, 13, 14, 19, 20 and 22, applicant has provided a supplemental response which either is on its face, or appears to be, sufficiently responsive. For example, with respect to the date of first use of the mark in commerce in or with the United States, applicant states "(A)pplicant has not used Applicant's Mark in commerce in or with the United States, except that Applicant has been engaged in confidential clinical trials under the ...("FDA")." With respect to agreements entered into, applicant states "(T)here are no agreements with any other entity to use Applicant's Mark in the United States."

Finally, with respect to opposer's requests for admissions, applicant's unverified supplemental responses, served September 8, 2009, which the parties agree were later verified, adequately admit or deny each of the requests at issue in opposer's motion for sanctions.

In summary, opposer's motion for sanctions is denied. With respect to all discovery in this case, the Board's Standard Protective Order remains applicable and enforceable. See Trademark Rule 2.116(g). To the extent

that applicant continues to claim privilege as a basis for withholding any responsive information or documents, it is directed to provide a privilege log, and to include therein all information required under Fed. R. Civ. P. 26(b)(5)(A). See also *Red Wing Co. v. J. M. Smucker Co.*, 59 USPQ2d 1861, 1864 (TTAB 2001).

Furthermore, applicant is again reminded that if, without substantial justification, it fails to disclose responsive information or documents, it may be prohibited from introducing, referring to or using for any purpose the information or documents not so disclosed. See Fed. R. Civ. P. 37(c)(1).

With respect to any discovery that remains the subject of dispute, the Board will view with extreme disfavor any conduct or communication on the part of either party which hinders, contravenes or otherwise demonstrates a disregard for the duty to cooperate. Moreover, in the event that this order does not address every facet of the parties' discovery dispute, the Board expects the parties to work with each other in a deliberate and cooperative fashion, in accordance with prevailing authorities, in order to complete discovery in this proceeding.

From this date forward, neither party is permitted to file with the Board any motion relating to discovery in this proceeding without first, by telephone, contacting and receiving permission to do so from the assigned interlocutory

attorney or other Board attorney.⁴ In the event that the parties reach an impasse which prevents them from carrying out any of the directives in this order, they are required to contact the assigned interlocutory attorney or other Board attorney promptly by telephone.

The parties are allowed until forty-five (45) days from the mailing date of this order in which to achieve full compliance with this order. Proceedings are otherwise suspended during that time, and shall resume without further order or notice from the Board in accord with the following trial schedule:

30-day testimony period for party in position of plaintiff to close: 06/04/10

30-day testimony period for party in position of defendant to close: 08/03/10

15-day rebuttal testimony period to close: 09/17/10

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.

⁴ The assigned interlocutory attorney, Jennifer Krisp, can be reached by telephone at 571-272-9183.

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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.