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IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD

Proceeding	91205803
Party	Plaintiff Vertex Pharmaceuticals Incorporated
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IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD

In the Matter of Application:

Serial No.: 85/505,191

Filed: December 28, 2011

Applicant: Hercules Brand Corporation

Mark: VERTOX

For: Multi-vitamin preparations; vitamin and mineral supplements; vitamins

Published: May 29, 2012

VERTEX PHARMACEUTICALS)
INCORPORATED,)

Opposer,)

v.)

HERCULES BRAND CORPORATION,)

Applicant.)

Opposition No. 91205803

**REPLY BRIEF IN SUPPORT OF
OPPOSER'S MOTION TO AMEND NOTICE OF OPPOSITION**

I. ARGUMENT

In its "Response to Opposer's Second Motion to Amend the Notice of Opposition," Hercules Brand Corporation ("Hercules" or "Applicant") mischaracterizes the parties' settlement negotiations and the applicable law. Consistent with the Board's previous findings, Opposer's Motion to Amend Notice of Opposition is timely and will not prejudice the Applicant. Applicant's assertion that Opposer has unclean hands is absurd, since it is based on nothing more than engaging in settlement discussions and filing motions. Applicant's alleged reasonable belief that the description of goods in its application was accurate is irrelevant to Opposer's motion to amend. First, the evaluation of a motion to amend addresses only the legal sufficiency of the claims asserted, and Opposer is not required to prove the underlying facts of those claims

on a motion to amend. Second, “reasonable belief” is not a defense with respect to claims of lack of bona fide intent to use and non-use. Because Opposer’s Motion to Amend is timely, does not cause undue prejudice, and is legally sufficient, Opposer’s Motion to Amend should be granted.

A. Opposer’s Motion Is Timely

The Board issued an order on March 14, 2014 correctly finding that Opposer’s first Motion to Amend was timely. Trial Dates Remain as Set (Mar. 14, 2014) [Dkt. 30] (“Board’s Previous Order”), at 4.¹ However, the Board declined to grant the motion because Opposer’s proposed Amended Notice of Opposition “failed to plead sufficient facts to support ... lack of bona fide intent to use, non-use, and fraud.” *Id.* at 6. Opposer then revised its amended notice of opposition to conform to the Board’s order and promptly filed its second Motion to Amend Notice of Opposition on April 14, 2014 – a mere *one month* after the Board’s order denying the first motion. Therefore, the second motion is timely, as was the first.

Applicant asserts that Opposer’s second motion is untimely because Opposer was aware of Applicant’s “use of the term dietary supplement in relation to the Vertox mark” based on “the parties’ settlement negotiations ... in the Fall of 2012.” Applicant’s Response to Opposer’s Second Motion to Amend the Notice of Opposition (Apr. 28, 2014) [Dkt. 33] (“Applicant’s Response Brief”), at 2. Applicant made the same argument – unsuccessfully – in the briefing for the first motion to amend. *See* Applicant Response to [First] Motion to Amend the Notice of Opposition (Jan. 27, 2014) [Dkt. 26], at 2-3; *see also* Plaintiff’s Reply Brief in Support of Opposer’s [First] Motion to Amend the Notice of Opposition (Feb. 11, 2014) [Dkt. 27], at 3-4, 9.

¹ *See also* Plaintiff’s [First] Motion to Amend Notice of Opposition (Jan. 14, 2014) [Dkt. 25], at 2-3; Plaintiff’s Reply Brief in Support of Opposer’s [First] Motion to Amend the Notice of Opposition (Feb. 11, 2014) [Dkt. 27], at 8-10.

The mention of dietary supplements in settlement negotiations does not make this motion to amend untimely. It is true that during settlement discussions Opposer inquired as to Applicant's use of the term "vitamins" as opposed to "dietary supplements." See Dkt. 27, at 9. However, statements made during settlement negotiations are generally not admissible evidence. See Fed. R. Evid. 408. Opposer did not have any admissible evidence regarding Applicant's intent to use and use of the VERTOX mark until Applicant produced documents in November 2013 and Opposer deposed Applicant regarding those documents in December 2013. See Plaintiff's [Second] Motion to Amend Notice of Opposition (Apr. 14, 2014) [Dkt. 32] ("Opposer's Opening Brief"), at 3. Applicant cites case law for the proposition that "[m]otions to amend based on newly discovered evidence should be filed as soon as said evidence is uncovered." Applicant's Response Brief, at 2. However, the cases cited by Applicant are instances where the opposer obtained admissible *evidence*, not errant comments made during inadmissible settlement discussions. See *Black & Decker Corp. v. Emerson Elec. Co.*, 84 U.S.P.Q.2d 1482, 2007 WL 894416, at *3-4 (TTAB 2007) (motion to amend denied where applicant's interrogatory response over one year earlier provided evidence that applicant did not intend to use the mark on certain goods; opposer failed to move to amend at that time "or to take further discovery" to assess whether it could make an additional claim); *Media Online Inc. v. El Clasificado Inc.*, 88 U.S.P.Q.2d 1285 (2008) (motion to amend denied as untimely where support for such motion came from dictionary definitions and the opposing party's web site, which were available much earlier). Opposer's allegations of non-use and previous claims of fraud are serious claims that required more than speculation or surmise, which made discovery necessary. See *In re Bose*, 580 F.3d 1240, 1243 (Fed. Cir. 2009). Here, Opposer moved promptly once it had an opportunity to take discovery on the relevant issues. Therefore, Opposer's motion is timely.

B. Applicant Will Not Be Prejudiced as a Result of the Proposed Amendment

Applicant states that the denial of the first motion to amend and Opposer's failure to mention its intent to re-file a second motion "lulled Applicant into believing that Opposer would not act in furtherance of any new claim(s)." Applicant's Response Brief, at 3-4. Opposer gave Applicant absolutely no reason to believe that Opposer would not file a renewed Motion to Amend. Moreover, Applicant has long been aware that its application was improperly filed using an incorrect description of goods. Applicant's purported reliance on Opposer's one month of silence is patently unreasonable.

Applicant questioned Opposer's witness on a number of issues on cross examination during her trial deposition. Applicant had the opportunity to ask any questions it wished that were properly within the scope of cross examination. If Applicant chose not to ask such questions, that was Applicant's own choice.

Moreover, the testimony of Opposer's witness, the Vice President of Commercial and Strategic Management at Vertex Pharmaceuticals, is largely irrelevant to the proposed amendment. The issues relevant to the proposed amendment are (1) whether Applicant lacked bona fide intent to use the VERTOX mark in connection with the goods identified in Applicant's application and (2) whether Applicant failed to use the VERTOX mark in connection with the goods identified in Applicant's Application. This evidence regarding Applicant's intent to use and use of the VERTOX mark is wholly within the Applicant's possession. *See* Opposer's Opening Brief, at 3. Therefore, Applicant will not be prejudiced as a result of the proposed amendment. The Board recognized as much in its March 14, 2014 order when it indicated that "opposer's motion would not prejudice applicant or significantly delay resolution" because "given the nature of opposer's proposed claims, it is likely that much – if not all – of the

information relevant to those claims is already in applicant's possession." Board's Previous Order, at 4.

C. Opposer Does Not Have Unclean Hands

Applicant falsely states that Opposer's "bad faith settlement negotiations and excessive motion practice" support denial of this motion based on the doctrine of unclean hands. *See* Applicant's Response Brief, at 4. Applicant's assertion of unclean hands is completely unfounded.

First, Applicant's characterization of the parties' settlement discussions is inaccurate. Opposer has tried to work with Applicant on a negotiated settlement, but the parties have not been able to come to an agreement that either is satisfied with. Applicant states that it has spent resources "testing new label layouts," but this is misleading. *See* Applicant's Response Brief, at 5. To date, Applicant has only presented one label change to Opposer, not multiple changes as Applicant's use of the plural "layouts" suggests. Further, Applicant's statement that Opposer has "continually obliged Applicant to reformat its label in pursuit of ... settlement" is also misleading. *See id.*, at 4. In reality, Opposer indicated that Applicant's original label would likely be conducive to settlement. Afterward, Applicant changed the label for its own marketing reasons. The new label presented to Opposer was not conducive to settlement. In fact, it was almost diametrically opposed to what Opposer told Applicant would be conducive to settlement.

Second, Applicant essentially asks the Board to find unclean hands because Opposer discussed settlement and filed three motions. *See* Applicant's Response Brief, at 5. This cannot be bad faith or unclean hands. To hold otherwise would chill settlement negotiations in every case. Even Applicant admits, as it must, that settlement of legal disputes is a highly favored course of conduct for which a party "should be rewarded, not punished." *See id.* at 5 (quoting *Varitronics Sys. v. Merlin Equip.*, 682 F. Supp. 1203, 6 U.S.P.Q.2d 1789 (S.D. Fla. 1988)).

However, settlement discussions alone do not bring the case to a halt. The parties still have to shoulder their responsibility for moving the case forward and preparing all possible claims for trial. *See Media Online*, 2008 WL 4419361, at *2 (settlement discussions do not absolve parties from responsibility “for moving the case forward and for preparing all possible claims for trial”). Filing motions is part and parcel of moving the case forward. Additionally, Applicant’s claim that the motions were “excessive” is false. *See Applicant’s Response Brief*, at 4. Of the three motions that Applicant complains about, one (for summary judgment) was denied on procedural grounds (*i.e.*, page limits) without the need for the Applicant to respond, and the two other motions (to amend) deal with nearly identical issues. To find bad faith or unclean hands here, for simply engaging in settlement discussions and filing motions, would have disastrous consequences for this and other disputes.

D. Applicant’s Alleged Reasonable Belief Is Insufficient

Applicant’s assertion that it “reasonably believed the Multi-vitamin preparations; Vitamin and mineral supplements; Vitamins description ... was appropriate” for its goods is simply irrelevant here. *See Applicant’s Response Brief*, at 8; *see also id.* (“Application was made with the requisite belief that it was appropriately descriptive”).

First, Applicant mischaracterizes the law. Applicant cites 6 McCarthy on Trademarks and Unfair Competition § 31:72 (4th ed.) for the proposition that use in commerce will be found when there is “good faith reliance on a borderline transaction.” However, McCarthy only notes that when an applicant relies in good faith on a borderline transaction, “*no fraud* will be found.” *Id.* (emphasis added). The reason for this is that in a fraud case, the issue is whether there was intentional misrepresentation, not whether the transaction was or was not sufficient to support the application. *Id.* (citing *Pennwalt Corp. v. Sentry Chem. Co.*, 219 U.S.P.Q. 542, 1983 WL 50161 (TTAB 1983) (finding no fraud where applicant relied on interstate shipment to Good

Housekeeping to obtain seal of approval, but noting the Board need not consider whether the shipment was actually sufficient use in commerce)). Here, Opposer has not included a fraud claim, which makes Applicant's citation to McCarthy and *Pennwalt* irrelevant.²

Second, Applicant seems to suggest that its counsel, not the Applicant, is to blame for the inaccurate description of goods. Applicant states that in communication between Applicant and counsel, Applicant used the terms "dietary supplement" and "vitamins" interchangeably. See Applicant's Response Brief, at 7 (citing Applicant's Exhibit B). However, Applicant's Exhibit B indicates that on November 3, 2011, Jan Sabo of Hercules wrote to Applicant's counsel and instructed: "We want to apply for this [VERTOX] trademark as a word mark *in the same category as our other vitamin trademarks*. Please advise on the precise next steps and budget." Applicant's Exhibit B at 3-4 (emphasis added). Applicant's counsel simply followed Applicant's instructions. Blaming its counsel will not rescue Applicant from the amended claims.

CONCLUSION

In light of the foregoing, justice requires that the Board grant Opposer's Motion to Amend and permit it to plead the additional causes of action in its Amended Notice of Opposition.

² Additionally, the "borderline transaction" these citations are referring to relates to sufficient "use in commerce," such as whether the mark was used in actual commerce or in a token shipment merely intended to reserve a right in a mark. 6 McCarthy on Trademarks and Unfair Competition § 31:72; § 19:108 to 19:122; *Pennwalt*, 1983 WL 50161, at *10-11. These citations do not support Applicant's proposition that the description of goods or services in the application can be "borderline" if Applicant believes they are correct. The law provides latitude on "use in commerce" because the law on what constitutes such use has been inconsistent and "cloudy." *Id.* By contrast, it is important for the description of goods to be accurate. *In re Petroglyph Games, Inc.*, 91 U.S.P.Q.2d 1332 (TTAB 2009) (the identification of goods "must be specific, definite, clear, **accurate** and concise"; the "**accuracy** of the identification ... in the original application **is important**") (emphasis added) (citing TMEP § 1402.01).

Dated: Boston, Massachusetts
May 13, 2014

VERTEX PHARMACEUTICALS
INCORPORATED

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CERTIFICATE OF SERVICE

I hereby certify that a true and complete copy of the foregoing document has been served, by email on May 13, 2014, to Applicant's Representative of Record, Henry Cheatham, 27 Seaview Boulevard, Port Washington NY 11050, hcheatham@herculesbrand.com.

/s/ Brandon T. Scruggs_____

Brandon T. Scruggs