

UNITED STATES PATENT AND TRADEMARK OFFICE
Trademark Trial and Appeal Board
P.O. Box 1451
Alexandria, VA 22313-1451
General Contact Number: 571-272-8500

Mailed: May 19, 2014

Opposition No. 91212996

117 NE 1st Avenue LLC

v.

Pearl Enterprises, LLC

Jennifer Krisp, Interlocutory Attorney:

This proceeding is before the Board for consideration of opposer's January 21, 2014 motion for leave to file an amended notice of opposition. The motion has been fully briefed.¹

In its original notice of opposition, opposer sufficiently set forth its standing to bring this proceeding,² as well as one ground for opposition, namely, priority and likelihood of confusion pursuant to Trademark Act § 2(d).³

By way of its motion for leave to amend its notice of opposition, opposer requests leave to add claims of nonuse, and of fraud on the USPTO. In particular, it seeks to add the allegations set forth in paragraphs 11 through 15

¹ The associate power of attorney, filed November 26, 2013 on behalf of applicant, is noted and is of record. Nonetheless, the Board notes that the filing does not include proof of service, as strictly required by Trademark Rule 2.119(a). The Board may decline to consider any filing that does not include proof of service.

² See *Ritchie v. Simpson*, 170 F.3d 1092, 50 USPQ2d 1023 (Fed. Cir. 1999); *Lipton Indus., Inc. v. Ralston Purina Co.*, 670 F.2d 1024, 213 USPQ 185 (CCPA 1982).

³ See *Hornblower & Weeks, Inc. v. Hornblower & Weeks, Inc.*, 60 USPQ2d 1733 (TTAB 2001).

of its proposed amended pleading. Opposer states that it “recently discovered details indicating Applicant’s willful submission of a false statement of use” (motion, p. 1).

Contesting the motion, applicant argues, *inter alia*, that the allegations are devoid of facts, that opposer applies the wrong legal standard to the fraud claim, that the proposed new claims are factually and legally inadequate, and that the claims would be futile.

Analysis

Amendments to pleadings in inter partes proceedings are governed by Fed. R. Civ. P. 15, which is applicable to Board proceedings by Trademark Rule 2.116(a). *See also* TBMP § 507.01 (2013). Fed. R. Civ. P. 15(a) governs amendments before trial. Pursuant to Fed. R. Civ. P. 15(a)(2), where, as here, a party may not amend its pleading as a matter of course under Fed. R. Civ. P. 15(a)(1),

...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.

The Board liberally grants leave to amend pleadings at any stage of a proceeding 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* TBMP § 507.02 (2013). 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 to

amend. *See Octocom Systems Inc. v. Houston Computer Services Inc.*, 918 F.2d 937, 16 USPQ2d 1783, 1785 (Fed. Cir. 1990); *Giersch v. Scripps Networks Inc.*, 85 USPQ2d 1306, 1309 (TTAB 2007); *Hurley International L.L.C. v. Volta*, 82 USPQ2d 1339, 1341 (TTAB 2007).

The timing of a motion to amend is a main factor in determining whether the non-movant would be prejudiced by allowance of the proposed amendment. *See* TBMP § 507.02 (2013), and cases cited therein. The motion should be filed as soon as any ground for the amendment, *e.g.*, newly discovered evidence, becomes apparent. A long delay in filing a motion for leave to amend may render the amendment untimely. *See Int'l Finance Corp. v. Bravo Co.*, 64 USPQ2d 1597, 1604 (TTAB 2002).

Regarding timing, here opposer filed its motion three days prior to the deadline for the parties to serve their initial disclosures, as set in the institution order. Thus, the motion was filed early in the proceeding, and specifically early in discovery; furthermore, it appears from the record that the parties had not served initial disclosures or discovery requests. While applicant's argument to the contrary is noted, it is not apparent from the record that the allegations of fact underlying the two grounds that opposer seeks to add were necessarily known to opposer when it filed its original notice of opposition. Moreover, applicant has not set forth any manner in which the proposed amendments would be prejudicial to its rights.

The Board turns to the legal sufficiency of the proposed new allegations.

Nonuse

Applicant filed the opposed application on the basis of Trademark Act §1 (a), asserting use of the mark in commerce. For the Board to find that opposer's proposed claim of nonuse is legally sufficient, opposer must allege that applicant did not have bona fide use of applicant's applied-for mark in commerce prior to the filing of the use-based application for registration under Trademark Act § 1(a). See TBMP § 309.03(c) (2013). *Paramount Pictures Corp. v. White*, 31 USPQ2d 1768, 1769 (TTAB 1994) ("use in commerce" involves the bona fide use of a mark in the ordinary course of trade, and not made merely to reserve a right in a mark), *aff'd unpub'd*, 108 F.3d 1392 (Fed. Cir. 1997).

In its proposed amended pleading, applying a reasonable construction of opposer's allegation, in paragraph 15, that "[A]pplicant has not used the Disputed Mark in connection with the goods indicated in its pending trademark application," together with the allegations in paragraphs 13 and 14, opposer alleges with sufficient factual specificity that as of the filing date of the application applicant had not used its mark on connection with the goods that applicant identified therein.

In view of these findings, opposer's motion for leave to amend to add a claim of nonuse is granted.

Fraud

For the Board to find that opposer's proposed pleading of a claim of fraud on the USPTO is legally sufficient, opposer must sufficiently allege all elements of the claim, which are:

- (1) applicant/registrant made a false representation to the USPTO;
- (2) the false representation is material to the registrability of a mark;
- (3) applicant/registrant had knowledge of the falsity of the representation; and
- (4) applicant/registrant made the representation with intent to deceive the USPTO.

See In re Bose Corp., 580 F.3d 1240, 91 USPQ2d 1938, 1941 (Fed.Cir. 2009); *ShutEmDown Sports Inc. v. Lacy*, 102 USPQ2d 1036, 1044 (TTAB 2012); *Qualcomm Inc. v. FLO Corp.*, 93 USPQ2d 1768, 1770 (TTAB 2010).

Fraud on the USPTO, occurs "when an applicant knowingly makes false, material representations of fact in connection with his application." *Torres v. Cantine Torresella S.r.l.*, 808 F.2d 46, 1 USPQ2d 1483, 1484 (Fed. Cir. 1986); *Mister Leonard Inc. v. Jacques Leonard Couture Inc.*, 23 USPQ2d 1064, 1065 (TTAB 1992). A claim of fraud must set forth the elements of the claim, that is, the circumstances constituting fraud, with a heightened degree of particularity in accordance with Fed. R. Civ. P. 9(b), applicable to Board proceedings by Trademark Rule 2.116(a). *See Asian and Western Classics B.V. v. Selkow*, 92 USPQ2d 1478, 1478 (TTAB 2009). To satisfy Fed. R. Civ. P. 9(b), allegations based on "information and belief" must be accompanied by a statement of facts upon which the belief is reasonably based. *Id.*, at 1479, citing *Exergen Corp. v. Wal-Mart Stores Inc.*, 575 F.3d 1312, 91 USPQ2d 1656, 1670 (Fed. Cir. 2009). *See also Petroleos Mexicanos v. Intermix SA*, 97

USPQ2d 1403, 1407 (TTAB 2010). Intent to deceive is a specific element of a fraud claim. *In re Bose*, 91 USPQ2d at 1939-1940; *Asian and Western Classics B.V. v. Selkow*, 92 USPQ2d at 1479.

Although opposer's allegations are set forth in an unartful manner, opposer sufficiently alleges that applicant made a false, material representation (para. 11), that said representation was the submission of a specimen of use that "is actually an image of Opposer's product" (para. 14), and that said representation was submitted with knowledge of its falsity (para. 11, 13). However, opposer does not allege that applicant made the false representation with the intent to deceive the USPTO. The gravamen of this element is inherent in the fact that it is the USPTO which grants and confers rights by way of issuing a registration. An allegation that an applicant intended to deceive the public (*see* para. 12; "intended to deceive the public regarding the source of its goods offered in the marketplace") is not an element of the claim, and does not equate to the required element or otherwise satisfy the pleading requirements.

Thus, in its proposed amended pleading, opposer fails to plead a legally sufficient claim of fraud on the USPTO. Accordingly, its motion for leave to amend to add this claim is denied.

Leave to amend

In its discretion, the Board may allow the plaintiff an opportunity to file an amended pleading, as appropriate. *Cf.* TBMP § 503.03 (2013). The Board finds it

appropriate to do so in this case, given the circumstances, and inasmuch as the greater part of discovery remains.

In view thereof, opposer is allowed thirty (30) days from the mailing date of this order in which to file a second amended notice of opposition which addresses the deficiencies noted herein,⁴ failing which opposer's amended notice of opposition, setting forth claims of 1) priority and likelihood of confusion, and 2) nonuse, and with paragraphs 11 and 12 thereof stricken, will stand as its operative pleading.⁵

If opposer files a second amended notice of opposition, applicant is allowed until thirty (30) days from the date of service thereof to file an answer thereto. If opposer does not file a second amended notice of opposition, applicant is allowed the same time in which to file an amended answer that addresses paragraphs 13, 14 and 15 of the amended notice of opposition.

Schedule

The Board did not issue a suspension order pending the determination of opposer's motion for leave to amend. To maintain order in this opposition, the Board deems it to have been suspended as of January 21, 2014. Proceedings are now resumed. Subsequent to the filing and service of pleadings, as allowed for above, initial disclosure,⁶ discovery and trial dates are reset as follows:

⁴ Opposer is advised that Fed. R. Civ. P. 11 is applicable to all pleadings filed in Board inter partes proceedings. *See* Fed. R. Civ. P. 2.116(a); TBMP § 318 (2013).

⁵ Inasmuch as paragraphs 13 and 14 of the amended pleading may be relevant to opposer's nonuse claim, the Board declines to strike them.

⁶ In the event that a party previously served initial disclosures, the party need not serve them again.

Deadline for Required Discovery Conference	8/18/2014
Discovery Opens	8/18/2014
Initial Disclosures Due	9/17/2014
Expert Disclosures Due	1/15/2015
Discovery Closes	2/14/2015
Plaintiff's Pretrial Disclosures due	3/31/2015
Plaintiff's 30-day Trial Period Ends	5/15/2015
Defendant's Pretrial Disclosures due	5/30/2015
Defendant's 30-day Trial Period Ends	7/14/2015
Plaintiff's Rebuttal Disclosures due	7/29/2015
Plaintiff's 15-day Rebuttal Period Ends	8/28/2015

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