UNITED STATES PATENT AND TRADEMARK OFFICE
Trademark Trial and Appeal Board
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General Contact No.: 571-272-8500

wbc

Mailed: January 24, 2019

Opposition No. 91242927

Terra Tech Corp.

v.

47/72 Inc.

Wendy Boldt Cohen, Interlocutory Attorney:

Pursuant to Fed. R. Civ. P. 26(f) and Trademark Rules 2.120(a)(1) and (2), the parties to this proceeding conducted a discovery conference on January 23, 2019.[1] Participating in the conference were Terra Tech Corp.'s ("TTC") attorney, Jonathan Hyman, 47/72 Inc.'s ("47/72") attorney, Jackson MacDonald, and Board interlocutory attorney, Wendy Boldt Cohen.

Standard Protective Order

The Board reminds the parties of the automatic imposition of the Board's standard protective order in this case. The standard form protective order is online at http://www.uspto.gov. The Board reminds the parties that they may negotiate an amended protective agreement, subject to Board approval.

[1] 47/72 requested Board participation in the parties' discovery conference on December 24, 2018.

The Board further reminds the parties that neither the exchange of discovery requests nor the filing of a motion for summary judgment (except on the basis of *res judicata* or lack of Board jurisdiction) could occur until the parties made their initial disclosures as required by Fed. R. Civ. P. 26(f).

Settlement Negotiations

The parties indicated that they have engaged in some preliminary settlement negotiations and that there is no other pending litigation, in federal court or before the Board, between the parties. The parties are reminded that the Board encourages settlement. To that end, the Board is generous with periods of extension or suspension to facilitate settlement discussions, although the Board does not get involved in the substantive settlement negotiations.

ESTTA and Service by Email

The Board requires use of ESTTA for the filing of all submissions in Board proceedings. *See* Trademark Rule 2.126; TBMP § 110 (June 2018). In the rare circumstances the rules permit submissions in paper form, the paper submission must be accompanied by a showing that ESTTA is unavailable due to technical problems, or that extraordinary circumstances are present, and, where required, a Petition to the Director with the requisite petition fee. *See id.*

Additionally, service of submissions filed with the Board and any paper served on a party not required to be filed with the Board, must be made by email, unless otherwise stipulated, or if the serving party can show by written explanation

accompanying the submission or paper, or subsequent amended certificate of service, that service by email was attempted but could not be made due to technical problems or extraordinary circumstances. *See* Trademark Rule 2.119(b); TBMP § 113.04.

ACR

The Board discussed accelerated case resolution (ACR) and urged the parties to discuss it further at a later date. Parties requesting ACR may stipulate to a variety of matters to accelerate disposition of this proceeding, including: abbreviating the length of the discovery, testimony, and briefing periods as well as the time between them; limiting the number or types of discovery requests or the subject matter thereof; limiting the subject matter for testimony, or limiting the number of witnesses, or streamlining the method of introduction of evidence, for example, by stipulating to facts and introduction of evidence by affidavit or declaration. The parties are directed to review the Board's website regarding ACR and TBMP §§ 528.05(a)(2) and 702.04 (2016). If the parties later agree to pursue ACR, they should notify the interlocutory attorney assigned to this proceeding by not later than two months from the opening of the discovery period.

Pleadings

The Board has reviewed the pleadings in this case. In the notice of opposition, TTC has adequately pleaded its standing. *See, e.g., Lipton Industries, Inc. v. Ralston Purina Co.*, 670 F.2d 1024, 213 USPQ 185 (CCPA

1982); TBMP § 309.03(b); *see also King Candy Co. v. Eunice King's Kitchen, Inc.*, 496 F.2d 1400, 182 USPQ 108 (CCPA 1974); *In re E. I. du Pont de Nemours & Co.*, 476 F.2d 1357, 177 USPQ 563 (CCPA 1973). That is, the statements in the notice of opposition allege facts which, if proven, would show a personal interest in the outcome of the proceeding and a reasonable basis for a belief of damages. *See* 1 TTABVUE; *Universal Oil Prod. Co. v. Rexall Drug & Chem. Co.*, 463 F.2d 1122, 1123, 174 USPQ 458, 459 (CCPA 1972).

TTC asserts likelihood of confusion under Section 2(d) based on its pleaded Registration No. 4400287, pending application Serial Nos. 86761848 and 86543640, and common law rights in the mark IVXX.

Likelihood of Confusion

TTC sufficiently pleads, in the notice of opposition, a claim of likelihood of confusion with its allegedly previously used, applied for and registered pleaded marks under Trademark Act § 2(d), 15 U.S.C. § 1052(d),[2] alleging that the parties' respective marks are similar and for similar goods and services such that a likelihood of confusion exists causing TTC damage. *See* 1 TTABVUE 2-11; *In re E. I. du Pont de Nemours & Co.*, 476 F.2d 1357, 177 USPQ 563 (CCPA 1973); *King Candy Co. v. Eunice King's Kitchen, Inc.*, 496 F.2d 1400, 182 USPQ 108 (CCPA 1974); TMEP § 1207.01 *et seq* (2018).

[2] To the extent Impact relies on its pleaded registration, priority will not be an issue in this case if Impact properly makes of record the status and title copy of its pleaded registration. *See* Trademark Rule 2.122(d)(2); *King Candy Co. v. Eunice King's Kitchen, Inc.*, 496 F.2d 1400, 182 USPQ 108 (CCPA 1974).

Answer

In its amended answer, 47/72 denies the salient allegations and enumerated an affirmative defense and three counterclaims. *See* 11 TTABVUE.

Affirmative Defense

As asserted in its amended answer and counterclaim, the first affirmative defense addresses the merits of TTC's likelihood of confusion claim and attempts to raise unclean hands as an affirmative defense. *See* 11 TTABVUE. "It is a rule of equity that a plaintiff must come with 'clean hands', i.e., he must be free from reproach in his conduct. But there is this limitation to the rule: that his conduct can only be excepted to in respect to the subject matter of his claim; everything else is immaterial." *VIP Foods, Inc. v. V.I.P. Food Products*, 200 USPQ 105, (TTAB 1978) (*quoting Black's Law Dictionary*, Third Edition (1933)). Thus, the concept of unclean hands must be related to a plaintiff's claim, and misconduct unrelated to the claim in which it is asserted as a defense does not constitute unclean hands. *Tony Lama Company, Inc. v. Anthony Di Stefano*, 206 USPQ 176, 179 (TTAB 1980); *see Phonak Holding AG v. Resound GMBH*, 56 USPQ2d 1057, 1059 (TTAB 2000).

47/72's allegations appear to go to the merits of TCC's claims and the merits of 47/72's counterclaims. The defendant in a Board proceeding should not argue the merits of the allegations in a complaint but rather should state, as to each of the allegations contained in the complaint, that the allegation is either

admitted or denied. *See* Trademark Rule 2.106(b)(1); TBMP § 311.02. Notwithstanding the foregoing, inasmuch as 47/72's allegations give TTC a more complete notice of its position, the Board treats 47/72's allegations regarding the merits of the likelihood of confusion claim in its first "affirmative defense" as amplifications of its denials and its counterclaims. *See Order of Sons of Italy in America v. Profumi Fratelli Nostra AG*, 36 USPQ2d 1221, 1223 (TTAB 1995); *Harsco Corp. v. Electrical Sciences, Inc.*, 9 USPQ2d 1570 (TTAB 1988).

Counterclaims

As enumerated in its amended counterclaim, 47/72 seeks to cancel Impact's registration on the basis of fraud, lack of bona fide use and abandonment.

1. Fraud

To plead a claim of fraud, 47/72 must identify a specific false statement of material fact that TCC or its predecessor-in-interest made in obtaining or maintaining the involved registration and that such false statement was made with the intent to deceive the USPTO into issuing or maintaining that registration.[3] *See In re Bose Corp.*, 580 F.3d 1240, 91 USPQ2d 1938 (Fed. Cir. 2009). Under *In re Bose Corp.*, "a trademark is obtained fraudulently under

[3] There is no fraud if a false misrepresentation is occasioned by an honest misunderstanding or inadvertence without a willful intent to deceive. *Smith Int'l, Inc. v. Olin Corp.*, 209 USPQ 1033, 1044 (TTAB 1981). Unless a party alleging fraud can point to clear and convincing evidence that supports drawing an inference of deceptive intent, it will not be entitled to judgment on a fraud claim. *In re Bose Corp.,* 91 USPA2d at 1942. Any doubt must be resolved against the party making a claim of fraud. *Id.* at 1939.

the Lanham Act only if the applicant or registrant knowingly makes a false, material representation with the intent to deceive the PTO." *Id*. at 1941. Pursuant to Fed. R. Civ. P. 9(b), any allegations based on "information and belief" must be accompanied by a statement of facts upon which the belief is based. *Asian and Western Classics B.V. v. Selkow*, 92 USPQ2d 1478-1479 (TTAB 2009), *citing Exergen Corp. v. Wal-Mart Stores Inc.*, 91 USPQ2d 1656, 1670 n.7 (Fed. Cir. 2009).

47/72 has identified the specific false statements of material fact that TCC made to obtain or maintain the involved registration; and that such false statement was material and made with the intent to deceive the USPTO into issuing or maintaining that registration. *See* 11 TTABVUE 6-8. Further, 47/72 provides a statement of facts upon which its belief of fraud is based. *See id.* at 7. As discussed in the conference, fraud is properly pleaded.

2. Lack of Bona Fide Use[4]

Trademark Act Section 1(b), 15 U.S.C. § 1051(b), states that "a person who has a bona fide intention, under circumstances showing the good faith of such

[4] Various grounds for cancellation are unavailable when the registration is more than five years old, including the ground that there was no bona fide use of the registered mark in commerce to support the original registration. *See* 15 U.S.C. § 1064; TBMP § 307.02(a); *see also e.g., Lens.com Inc. v. 1-800 Contacts Inc.,* 686 F.3d 1376, 103 USPQ2d 1672, 1676-77 (Fed. Cir. 2012); *International Mobile Machines Corp. v. International Telephone and Telegraph Corp.*, 800 F.2d 1118, 231 USPQ 142 (Fed. Cir. 1986); *Avakoff v. Southern Pacific Co.*, 765 F.2d 1097, 226 USPQ 435 (Fed. Cir. 1985); *Paramount Pictures Corp. v. White*, 31 USPQ2d 1768, 1769 (TTAB 1994) aff'd unpub'd, 108 F.3d 1392 (Fed. Cir. 1997); *ShutEmDown Sports Inc. v. Lacy,* 102 USPQ2d 1036 (TTAB 2012). Notwithstanding the foregoing, if the plaintiff in a proceeding before the Board relies on such a registration and the five-year period has not yet expired when the plaintiff's complaint is filed, the limitation does not apply to a counterclaim filed by the defendant therein for cancellation of that registration. This is so even if the

person, to use a trademark in commerce" may apply for registration of the mark. An applicant's bona fide intent to use a mark must reflect an intention that is firm, though it may be contingent on the outcome of an event (that is, market research or product testing) and must reflect an intention to use the mark "'in the ordinary course of trade, ... and not ... merely to reserve a right in a mark.'" *Commodore Electronics Ltd. v. CBM Kabushiki Kaisha*, 26 USPQ2d 1503 (TTAB 1993) (*quoting* Trademark Act § 45, 15 U.S.C. § 1127, and *citing* Senate Judiciary Comm. Rep. on S. 1883, S. Rep. No. 515, 100th Cong., 2d Sess. 24-25 (1988)).

47/72 alleges that TCC was not using its mark at the time it filed its underlying application and bases its claim of lack of bona fide use on 47/72's review of TCC's Twitter account and website. *See* 11 TTABVUE 8. In view thereof, the claim of lack of bona fide use is sufficiently pleaded.

3. Abandonment[5]

47/72 alleges TCC discontinued use of its mark for "more than three years prior to the filing of this counterclaim"; has not resumed use; and has no intent to resume use. 11 TTABVUE 9.

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five-year period has expired by the time the counterclaim is filed. In such cases, the filing of the plaintiff's complaint tolls, during the pendency of the proceeding, the running of the five-year period for purposes of determining the grounds on which a counterclaim may be based. *See, e.g., Williamson-Dickie Manufacturing Co. v. Mann Overall Co.*, 359 F.2d 450, 149 USPQ 518, 522 (CCPA 1966); *UMC Industries, Inc. v. UMC Electronics Co.*, 207 USPQ 861, 862 n.3 (TTAB 1980).

[5] To properly plead a claim of abandonment, a party must allege (1) at least three consecutive years of nonuse, or (2) facts that show a period of nonuse less than three years coupled with an intent not to resume use (emphasis added). *See* Trademark Act § 45, 15 U.S.C. § 1127; *Otto Int'l Inc. v. Otto Kern GmbH*, 83 USPQ2d 1861 (TTAB

Answer to Counterclaims

TCC has denied the salient allegations of the counterclaims and did not raise any affirmative defenses except to note that it reserves the right to amend its answer to raise an affirmative defense later. *See* 12 TTABVUE 7. This merely paraphrases Fed. R. Civ. P. 15 and does not include any affirmative defense. If TCC wishes to later amend its pleading to raise any affirmative defenses or otherwise, it will need to do so pursuant to Fed. R. Civ. P. 15. *See* Trademark Rule 2.107; TBMP § 507.[6]

Proceedings are resumed and dates are reset as follows:

Discovery Opens	January 28, 2019
Initial Disclosures Due	February 27, 2019
Expert Disclosures Due	June 27, 2019
Discovery Closes	July 27, 2019
Plaintiff's Pretrial Disclosures Due	September 10, 2019
30-day Testimony Period for Plaintiff's Testimony to Close	October 25, 2019
Defendant and Counterclaim Plaintiff's Pretrial Disclosures Due	November 9, 2019
30-day Testimony Period for Defendant and Plaintiff in the Counterclaim to Close	December 24, 2019
Counterclaim Defendant's and Plaintiff's Rebuttal Disclosures Due	January 8, 2020
30-day Testimony Period for Defendant in the Counterclaim and Rebuttal Testimony for Plaintiff to Close	February 22, 2020
Counterclaim Plaintiff's Rebuttal Disclosures Due	March 8, 2020

2007); *Imperial Tobacco Ltd. v. Philip Morris Inc.*, 899 F.2d 1575, 14 USPQ2d 1390 (Fed. Cir. 1990).

[6] "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." TBMP § 507.02 and cases cited therein.

15-day Rebuttal Period for Plaintiff in the Counterclaim to Close	April 7, 2020
BRIEFS SHALL BE DUE AS FOLLOWS:	
Brief for Plaintiff Due	June 6, 2020
Brief for Defendant, and Plaintiff in the Counterclaim Due	July 6, 2020
Brief for Defendant in the Counterclaim and Reply Brief, if any, for Plaintiff Due	August 5, 2020
Reply Brief, if any, for Plaintiff in the Counterclaim Due	August 20, 2020

The Board thanks the parties for their participation.