

UNITED STATES PATENT AND TRADEMARK OFFICE
Trademark Trial and Appeal Board
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December 23, 2020

Opposition No. 91265455

First Choice Appliance, LLC

v.

James Michael Morris

Mary Beth Myles, Interlocutory Attorney:

Pursuant to Fed. R. Civ. P. 26(f) and Trademark Rules 2.120(a)(1) and (2), the parties held a discovery conference on December 23, 2020. *See* TRADEMARK TRIAL AND APPEAL BOARD MANUAL OF PROCEDURE (“TBMP”) § 401.01 (2020).¹ At Opposer’s request, a member of the Board participated in the conference. *See* Trademark Rule 2.120(2)(i). Participating were Mr. Tsiro, appearing pro se for Opposer,² Mr. Phillips, counsel for Applicant, and Mary Beth Myles, Interlocutory Attorney for the Board.

This order memorializes what transpired during the conference. Conferences with the Board may not be recorded.

¹ The TBMP is available electronically at the following link: <https://tbmp.uspto.gov/RDMS/TBMP/current#/current>

² Ms. Timukhina, an employee of Opposer, also attended the conference, but did not participate. The parties were advised that while Opposer may represent itself in this proceeding, a party representing itself may only act through an individual who is (1) an officer of the party and who is (2) in fact authorized to represent it. *See* TBMP § 114.01; Trademark Rule 11.14(e).

I. Pro Se Party

Opposer, who is currently appearing pro se, was advised that it has the option to retain counsel at any time. Opposer was also advised that, due to the nature of the proceedings, legal counsel was strongly advised. The parties were notified that the Board is unable to provide legal advice to either party and can only provide guidance regarding procedural issues. Both parties are required to familiarize themselves with all Board procedures, rules, and regulations governing the case, including but not limited to, the Trademark Rules of Practice and the Federal Rules of Civil Procedure, where appropriate.

II. Board's Jurisdiction

The Board is an administrative tribunal that is empowered solely to determine the right to register, and has no authority to determine the right to use a mark or any infringement or unfair competition issues. *See* TBMP § 102.01. The Board also does not possess injunctive powers to prohibit a party from using its mark, and cannot award monetary damages or attorneys' fees. *See General Mills Inc. v. Fage Dairy Processing Industry SA*, 100 USPQ2d 1584, 1591 (TTAB 2011).

III. Related Proceedings

The parties informed the Board that they are not involved in any other Board proceedings, civil actions, arbitrations, or other proceedings concerning the same parties and issues related to the marks involved in the current proceeding. As set forth in the Board's institution order, the parties must notify the Board promptly in

writing if they become parties to another Board proceeding or a civil action involving the same or related marks or issues of law or fact that overlap with this proceeding.

IV. Settlement

During the discovery conference, the parties stated that there had been some settlement discussions to date but no agreements had been reached. The Board encouraged the parties to discuss settlement and advised that the Board does entertain, and is liberal in granting, motions to suspend proceedings for settlement discussions. The parties were cautioned, however, that the parties must be actively engaged in settlement discussions to obtain a suspension and that requests to suspend may be denied where there has been protracted suspension without substantial progress towards settlement. *See* TBMP § 605.02. The parties were further advised that proceedings may only be suspended for settlement with the consent of both parties and that either party may request resumption of the proceedings at any time. *Id.*

V. Electronic Filing and Service of Papers

The Board advised the parties that each paper filed with the Board must be served on the opposing party electronically and that all filings with the Board must be made via ESTTA, the Board's online electronic filing system. If email service is not possible because of technical problems or extraordinary circumstances and there is no stipulation, the serving party must show by written explanation accompanying the submission or paper that email service was attempted but could not be made. In

addition, the failure to file motions and papers via ESTTA requires a showing of technical difficulty or an explanation of extraordinary circumstances.

VI. Pleadings

The Board reviewed the pleadings for purposes of the discovery conference and finds that Opposer has adequately pleaded its entitlement to a statutory cause of action as well as its claim of likelihood of confusion. However, the notice of opposition pleads that Applicant's services "are identical to Opposer's services identified in Opposer's service mark registration." Notice of opposition ¶ 6. Opposer has not pleaded ownership of a registration.

The Board also finds that Opposer has not adequately pleaded a claim of fraud. To plead a sufficient fraud claim, Opposer must allege that the Applicant knowingly made a false, material representation of fact with the intent to deceive the United States Patent and Trademark Office (USPTO). *See In re Bose Corp.*, 580 F.3d 1240, 91 USPQ2d 1938, 1941 (Fed. Cir. 2009). A claim of fraud must set forth all elements of the claim with a heightened degree of particularity in compliance with Fed. R. Civ. P. 9(b). *See Asian and W. Classics B.V. v. Selkow*, 92 USPQ2d 1478, 1478-79 (TTAB 2009). As such, "allegations based 'on information and belief' must be accompanied by a statement of facts upon which the belief is founded." *Id.* at 1479. In addition, intent to deceive the USPTO is a specific element of a fraud claim, and must be sufficiently pleaded. *In re Bose*, 91 USPQ2d at 1939-1940; *Asian and W. Classics*, 92 USPQ2d at 1479.

Additionally, a plaintiff claiming that the declaration or oath in a defendant's application for registration was executed fraudulently because there was another use of the same or a confusingly similar mark at the time the oath was signed, must also allege particular facts, which if proven at trial, would establish that:

- (1) There was in fact another use of the same or a confusingly similar mark at the time the oath was signed;
- (2) The other user had legal rights superior to Applicant's;
- (3) Applicant knew that the other user had rights in the mark superior to Applicant's, and either believed that a likelihood of confusion would result from Applicant's use of its mark or had no reasonable basis for believing otherwise; and
- (4) Applicant, in failing to disclose these facts to the USPTO, intended to procure a registration to which it was not entitled.

Qualcomm Inc. v. FLO Corp., 93 USPQ2d 1768, 1770 (TTAB 2010); *Intellimedia Sports Inc. v. Intellimedia Corp.*, 43 USPQ2d 1203, 1205 (TTAB 1997).

Opposer has failed to plead any of the requisite elements of a claim of fraud with the heightened specificity required under Fed. R. Civ. P. 9(b).³ It is the Board's policy, however, to allow amendment of pleadings found to be insufficient upon review. Opposer is accordingly provided time, as set forth below, to amend its claim of fraud.

Turning next to Applicant's answer, Applicant has asserted numerous affirmative defenses. As its first affirmative defense, Applicant pleads that the notice of opposition fails to state a claim upon which relief may be granted. Failure to state a claim is not an affirmative defense, because it relates to the sufficiency of the

³ The Board also notes that Opposer pleads that Applicant's application was "in violation of Section 66(a) of the Trademark Act." Notice of opposition ¶ 10. Applicant's involved application was filed under Section 1(a) of the Trademark Act, not Section 66(a).

pleading, rather than a defense to a properly pleaded claim. Accordingly, this “defense” will not be treated as such. Moreover, as detailed above, the Board has reviewed the pleadings and found that Opposer has adequately pleaded its entitlement to a statutory cause of action and likelihood of confusion claim, but has not sufficiently pleaded a claim of fraud.

As its second and third affirmative defenses, Applicant pleads unclean hands, laches, acquiescence, waiver, and estoppel. Affirmative defenses, like claims in a notice of opposition, must be supported by enough factual background and detail to fairly place the plaintiff on notice of the basis for the defense(s). *See IdeasOne Inc. v. Nationwide Better Health Inc.*, 89 USPQ2d 1952, 1953 (TTAB 2009); *Ohio State Univ. v. Ohio Univ.*, 51 USPQ2d 1289, 1292 (TTAB 1999) (noting that the primary purpose of pleadings “is to give fair notice of the claims or defenses asserted”); *see also* TBMP § 311.02(b) and authorities cited therein. Each of Applicant’s affirmative defenses consists of a bald, conclusory statement that is not supported by any pleading of facts and is therefore insufficiently pleaded.

With respect to the defense of unclean hands, a defense of unclean hands must be supported by specific allegations of misconduct by a plaintiff that, if proved, would prevent the plaintiff from prevailing on its claim. *See Midwest Plastic Fabricators*, 5 USPQ2d 1067, 1069 (TTAB 1980). Moreover, in order to state a defense of unclean hands, the misconduct alleged must be related to the claim asserted. *See Warnaco Inc. v. Adventure Knits, Inc.*, 210 USPQ 307, 313 (TTAB 1981). A defense of unclean hands may be based on fraudulent conduct, thereby invoking the heightened pleading

requirement of Fed. R. Civ. P. 9(b); however, the misconduct need not always be fraudulent in nature and therefore need not be pleaded in accordance with Rule 9(b) in the absence of fraudulent conduct. *Id. See Hornblower & Weeks Inc. v. Hornblower & Weeks Inc.*, 60 USPQ2d 1733, 1738 (TTAB 2001).

Additionally, equitable defenses of laches and acquiescence are generally unavailable in opposition proceedings, because these defenses start to run from the time the mark is published for opposition, not from the time of knowledge of use. ⁴ *See Nat'l Cable Television Ass'n Inc. v. Am. Cinema Editors Inc.*, 937 F.2d 1572, 19 USPQ2d 1424, 1432 (Fed. Cir. 1991) (“In an opposition or cancellation proceeding the objection is to the rights which flow from registration of the mark.”); *Panda Travel, Inc. v. Resort Option Enters., Inc.*, 94 USPQ2d 1789 (TTAB 2009) (laches begins to run from publication date and when an opposition is timely filed, there can be no laches defense based on opposer’s knowledge of prior use); *Barbara’s Bakery Inc. v. Landesman*, 82 USPQ2d 1283, 1292 n.14 (TTAB 2007); *Bausch & Lomb Inc. v. Karl Storz GmbH & Co. KG*, 87 USPQ2d 1526, 1531 (TTAB 2008); *Krause v. Krause Publ'ns., Inc.*, 76 USPQ2d 1904, 1914 (TTAB 2005). *See also* TBMP § 311.02(b).

⁴ Additionally, to the extent Opposer repleads a claim of fraud, equitable defenses such as laches, estoppel, acquiescence, unclean hands, and waiver, are generally unavailable against a claim of fraud. *See Abrasives, Inc. v. Unova Indus. Automation Sys., Inc.*, 66 USPQ2d 1355, 1359 (TTAB 2003) (“It is well established that the equitable defenses of laches and acquiescence are not available against claims of genericness, descriptiveness, fraud, and abandonment.”); *Harjo v. Pro Football Inc.*, 30 USPQ2d 1828, 1831 (TTAB 1994) (laches and equitable estoppel not available against fraud and abandonment claims); *TBC Corp. v. Grand Prix Ltd.*, 12 USPQ2d 1311, 1313 (TTAB 1989) (“Where the proposed ground for cancellation is abandonment, equitable defenses should be unavailable for the same reason they have been held unavailable when the ground asserted is descriptiveness or fraud.”); *See Bausch & Lomb v. Leupold & Stevens Inc.*, 1 USPQ2d 1497, 1499 (TTAB 1986) (acquiescence generally not available against a claim of fraud).

Accordingly, the second and third affirmative defenses are stricken.

As its fourth affirmative defense, Applicant asserts that there is no likelihood of confusion with respect to the parties' respective marks. This defense is merely a reiteration of Applicant's denial of Opposer's likelihood of confusion claim. Where, as here, an affirmative defense consists of "nothing more" than a restatement of a denial, the Board may strike the affirmative defense as redundant. *See Order of Sons of Italy in Am. v. Profumi Fratelli*, 36 USPQ2d 1221, 1223 (TTAB 1995). Accordingly, the fourth affirmative defense is stricken.

As its fifth affirmative defense, Applicant pleads that Applicant acted with lack of knowledge and willful intent. As its sixth affirmative defense, Applicant pleads that Opposer's mark is weak. The Board construes these allegations as permissible amplifications of Applicant's denial of Opposer's claims. *See id.*

As its seventh affirmative defense, Applicant pleads that Opposer's use of its pleaded mark is limited to Idaho. Section 2(d) requires only that a plaintiff show that its mark has been "previously used . . . and not abandoned;" there is no requirement that the prior use be in interstate commerce. 15 U.S.C. § 1052(d). *See Nat'l Cable Tel. Assoc. Inc. v. Am. Cinema Editors Inc.*, 937 F.2d 1572, 19 USPQ2d 1424, 1429 n.4 (Fed. Cir. 1991) ("Were failure to show 'use in commerce' a bar to petitioning for cancellation of a registration, a party could never cancel a mark based solely on intrastate use. This is not the law. Section 14 [through Section 2(d)] requires only prior use; 'in commerce' is noticeably absent."). Accordingly, Applicant's assertion

that Opposer's use of its pleaded mark is limited to Idaho does not serve as an affirmative defense and the defense is stricken.

As its eighth affirmative defense, Applicant attempts to reserve the right to assert additional affirmative defenses at some unspecified point in the future. A defendant cannot reserve unidentified defenses, since it does not provide a plaintiff fair notice of such defenses. Whether or not Applicant may, at some future point, add additional affirmative defenses would be resolved by way of a motion for leave to amend for Board approval. *See* Trademark Rule 2.115, 37 C.F.R. § 2.115; Fed. R. Civ. P. 15(a); TBMP § 507. Accordingly, Applicant's eighth affirmative defense is stricken.

Opposer is allowed until **January 20, 2021** in which to file and serve an amended notice of opposition that properly pleads a claim of fraud under Fed. R. Civ. P. 11, if Opposer has a valid basis for so doing, failing which, the fraud claim will be dismissed with prejudice and given no further consideration.⁵

In turn, Applicant is allowed until **February 9, 2021** in which to file and serve an answer to the amended notice of opposition, if any. In the event Opposer does not file an amended notice of opposition by the deadline set forth above, Applicant is allowed until **February 9, 2021** in which to file and serve an amended answer that properly pleads defenses of unclean hands or waiver, if Applicant has a valid basis

⁵ Opposer is reminded that it bears a heavy burden because fraud must be "proven 'to the hilt' with clear and convincing evidence," leaving nothing to speculation, conjecture, or surmise; any doubt must be resolved against the party making the claim. *Smith Int'l, Inc. v. Olin Corp.*, 209 USPQ 1033, 1043-1044 (TTAB 1981); *see also Intellimedia Sports*, 43 USPQ2d at 1206 ("[t]he oath is phrased in terms of a subjective **belief**, such that it is difficult, if not impossible, to prove objective falsity and fraud so long as the affiant or declarant has an honestly held, good faith belief.") (citing McCarthy, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION (3d ed., 12/96) § 31:76) (emphasis in original).

for so doing under Fed. R. Civ. P. 11, failing which, these defenses will be stricken with prejudice and given no further consideration. Applicant should not reassert any of the unavailable and stricken defenses in its answer.

VII. ACR

The Board informed the parties of the Board's Accelerated Case Resolution ("ACR") process. While the parties did not stipulate to pursue ACR at this time, the parties may reserve the right to pursue ACR at a future date, if appropriate.⁶

VIII. The Board's Standard Protective Order

The Board advised the parties of the automatic imposition of the Board's two-tiered standard protective order pursuant to Trademark Rule 2.116(g), and further indicated that the parties would control which tier of confidentiality applies. Additionally, the Board stated that if the parties wished to modify the Board's standard protective order, they could do so by filing a motion for Board approval. Because the Board's standard protective order is automatically imposed on this proceeding, the parties are precluded from objecting to any discovery on the ground of confidentiality.

Under the Board's standard protective order, parties may elect to designate material as Confidential—Attorneys' Eyes Only. In this case, where Opposer is not represented by counsel, any material designated as Confidential—Attorneys' Eyes Only should not be produced. Rather, if appropriate, Applicant should respond by

⁶ Additional information regarding ACR may be found on the Board's website at: <https://www.uspto.gov/trademarks-application-process/appealing-trademark-decisions/ttab-acr-options>

stating that it has responsive documents or information in its possession, custody or control, but that it is withholding the information as Confidential—Attorneys’ Eyes Only.

Under the Board’s standard protective order, once a proceeding before the Board has been finally determined, the Board has no further jurisdiction over the parties thereto. According to the terms of the Board’s protective order, within thirty days following termination of a proceeding, the parties must return to each disclosing party the protected information disclosed during the proceeding, including any briefs, memoranda, summaries, and the like, that discuss or in any way refer to such information. Alternatively, the disclosing party or its attorney may make a written request that such materials be destroyed rather than returned.

It is unclear, however, whether the Board can order parties to enter into a contract that will govern the protection of information after the Board proceeding is concluded. *See* Miscellaneous Changes to Trademark Trial and Appeal Board Rules, 72 Fed. Reg. 42242, 42251 (August 1, 2007). Thus, it may be advisable for the parties to sign a stipulated protective order, so that it is clear that they are all bound thereby; that they have created a contract that will survive the proceeding; and that there may be a remedy at court for any breach of that contract that occurs after the conclusion of the Board proceeding.⁷ Nonetheless, any determination of whether the agreement establishes contractual rights or is enforceable outside of the Board proceeding is for a court to decide should such matter come before it.

⁷ While it may be advisable for the parties to sign a stipulated protective order, it is not necessary for the Board’s protective order to take effect.

IX. Discovery and Motion Practice

The Board apprised the parties of the general procedural rules and guidelines that govern inter partes proceedings, including the Board's liberal granting of motions to suspend for settlement efforts, and the requirement that a party serve its initial disclosures pursuant to Fed. R. Civ. P. 26(a)(1)(A)(i) and (ii) prior to serving discovery requests. *See* Trademark Rule 2.120(a)(3). The Board further noted the parties may not take discovery or file a motion for summary judgment until they had made their initial disclosures pursuant to Fed. R. Civ. P. 26(a)(1).

The Board explained that discoverable material includes electronically stored information and advised the parties to identify any potential problems with the production of electronically stored information in advance. The parties should consult TBMP § 414 when preparing and responding to discovery requests and to consult Chapter 400 for other questions concerning discovery.

The Board then advised the parties that if any party plans to file a motion to compel discovery, the moving party must demonstrate a good faith effort has been made to resolve the discovery dispute before filing its motion.⁸ The Board also advised the parties that a motion to compel must be filed prior to the day of the deadline for pretrial disclosures for the first testimony period. The parties are advised to consult Chapter 500 of the TBMP for more information on motions practice before the Board.

⁸ The Board expects the parties to cooperate with one another in the discovery process and looks with disfavor on those who do not so cooperate. *See* TBMP § 408.01.

The parties are further advised of the following matters concerning discovery: (1) all discovery requests must be served early enough in the discovery period so that responses will be due no later than the close of discovery;⁹ (2) interrogatories, requests for production of documents and things and requests for admission are limited to seventy-five, including subparts.¹⁰

X. Initial Disclosures

Initial disclosures are governed under Fed. R. Civ. P. 26(a) and should include the following information:

the name and, if known, the address and telephone number of each individual likely to have discoverable information—along with the subjects of that information—that the disclosing party may use to support its claims or defenses, unless the use would be solely for impeachment [and] a copy—or a description by category and location—of all documents, electronically stored information, and tangible things that the disclosing party has in its possession, custody, or control and may use to support its claims or defenses, unless the use would be solely for impeachment.

Fed. R. Civ. P. 26(a)(1)(A)(i) and (ii). The parties **should not** file their respective initial disclosures with the Board.

XI. Expert Witness Disclosures

The Board also noted that, to the extent either party retains an expert witness, such party must make their expert witness disclosure by the set deadline, as well as provide the Board with notification that the party will be employing an expert. Depending upon when such notification is made with the Board, the Board, in its

⁹ Trademark Rule 2.120(f).

¹⁰ Trademark Rules 2.120(e) and (i).

discretion, may suspend proceedings for the sole purpose of allowing the parties to take discovery of a designated expert witness.

XII. Pretrial Disclosures

Pretrial disclosures are governed by Fed. R. Civ. P. 26(a)(3) with one exception: the Board does not require pretrial disclosure of each document or other exhibit that a party plans to introduce at trial as provided by Fed. R. Civ. P. 26(a)(3)(A)(iii). Disclosures allow parties to know prior to trial the identity of trial witnesses, thus avoiding surprise witnesses.

In making its pretrial disclosures, the party must disclose the name and, if not previously provided, the telephone number and address of each witness from whom it intends to take testimony, or may take testimony if the need arises. The party must disclose general identifying information about the witness, such as relationship to any party, including job title if employed by a party, or, if neither a party nor related to a party, occupation and job title, a general summary or list of subjects on which the witness is expected to testify, and a general summary or list of the types of documents and things that may be introduced as exhibits during the testimony of the witness.

Pretrial disclosure of a witness under Trademark Rule 2.121(e), however, does not substitute for issuance of a proper notice of examination under Trademark Rules 2.123(c) and 2.124(b). Further, if a party does not plan to take testimony from any witnesses, it must so state in its pretrial disclosure.

For further information regarding pretrial disclosures, the parties should consult TBMP § 702.01.

XIII. Testimony

The parties were advised that the Board does not preside at the taking of testimony. Rather, all testimony is taken out of the presence of the Board during the assigned testimony or trial periods and written transcripts thereof, together with any exhibits thereto, are then filed with the Board. The parties may elect to submit testimony via affidavit or declaration, subject to a right by the other side to cross-examine the witness. Trademark Rule 2.123.

XIV. Trial

The Board advised the parties to consult Chapter 700 of the TBMP for information on trial procedure and the proper introduction of evidence. No paper, document, or exhibit will be considered as evidence in the case unless it has been introduced in evidence in accordance with the applicable rules. *See* Trademark Rules 2.122 and 2.123. The parties were advised that they may utilize stipulations of fact and evidence to realize cost and procedural efficiencies. Finally, the parties were reminded that an oral hearing is set only upon request as provided by Trademark Rule. 2.129.

XV. Schedule

Consistent with the time set to replead, remaining dates are reset as follows:

Amended Notice of Opposition Due	1/20/2021
Time to Answer	2/9/2021
Discovery Opens	3/11/2021
Initial Disclosures Due	4/10/2021
Expert Disclosures Due	8/8/2021
Discovery Closes	9/7/2021

Plaintiff's Pretrial Disclosures Due	10/22/2021
Plaintiff's 30-day Trial Period Ends	12/6/2021
Defendant's Pretrial Disclosures Due	12/21/2021
Defendant's 30-day Trial Period Ends	2/4/2022
Plaintiff's Rebuttal Disclosures Due	2/19/2022
Plaintiff's 15-day Rebuttal Period Ends	3/21/2022
Plaintiff's Opening Brief Due	5/20/2022
Defendant's Brief Due	6/19/2022
Plaintiff's Reply Brief Due	7/4/2022
Request for Oral Hearing (optional) Due	7/14/2022

Generally, the Federal Rules of Evidence apply to Board trials. Trial testimony is taken and introduced out of the presence of the Board during the assigned testimony periods. The parties may stipulate to a wide variety of matters, and many requirements relevant to the trial phase of Board proceedings are set forth in Trademark Rules 2.121 through 2.125. These include pretrial disclosures, the manner and timing of taking testimony, matters in evidence, and the procedures for submitting and serving testimony and other evidence, including affidavits, declarations, deposition transcripts and stipulated evidence. Trial briefs shall be submitted in accordance with Trademark Rules 2.128(a) and (b). Oral argument at final hearing will be scheduled only upon the timely submission of a separate notice as allowed by Trademark Rule 2.129(a).