TTAB

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

CUTTING EDGE INVESTOR GROUP, INC., Petitioner, v. NEW BREED, INC., Respondent.	Cancellation No. 92042162

I hereby certify that this correspondence is being deposited with the United States Postal Service as first class mail in an envelope addressed to: Box TTAB – NO FEE, Commissioner for Trademarks, 2900 Crystal Drive, Arlington, VA 22202-3513 on the date set forth below.

3-4-04
Date of Signature and of Mail Deposit

By: John L. Welch
John L. Welch
Attorney for Applicant

PETITIONER'S OPPOSITION TO RESPONDENT'S MOTION TO DISMISS

Petitioner CUTTING EDGE INVESTOR GROUP, INC. ("CEIG"), by its counsel, hereby opposes Respondent NEW BREED, INC.'s motion to dismiss.

Contemporaneously with the filing of this opposition paper, Petitioner CEIG is filing a Motion For Consolidation Or For Leave To Amend Answer To Add Counterclaim in this proceeding and in related Opposition No. 91152580.

CEIG agrees that its claim for cancellation of Registration No. 1,363,735 should have been raised as a counterclaim in Opposition No. 91152580, and that it was an error on its part to bring a separate cancellation proceeding. However, because the error was inadvertent, the cancellation claim was brought promptly, and Respondent New Breed, Inc. has not been

prejudiced by CEIG's error, Petitioner submits that its claim for cancellation should not be dismissed.

I. BACKGROUND AND INTRODUCTION

This cancellation proceeding involves U.S. Service Mark Registration No. 1,363,735 for the mark A NEW BREED in stylized form (shown here)

for "distributorship services in the fields of computer hardware and software, peripherals, and communication equipment" (class 42) and for "repair services in the fields of computer hardware and software, peripherals, and communication equipment" (class 37). That registration issued on October 1, 1985 to United States Data Corporation of Richardson, Texas. In 1991, a Section 8 Declaration was submitted by the then Registrant and was accepted. Respondent New Breed, Inc. acquired the registration by assignment on or about February 16, 2001.

The related opposition proceeding currently pending between the parties, Opposition No. 91152580, concerns CEIG's application to register the mark NEW BREED WIRELESS for various services in class 35. In that opposition, Opposer New Breed, Inc. relies on two registrations for the mark NEW BREED and a registration for the mark NEW BREED INTEGRATED LOGISTICAL SERVICES for services "in the fields of supply chain management, software services, logistical services and other related fields." It also relies on the registration it acquired from United States Data Corporation, namely, U.S. Registration 1,363,735, the subject of this cancellation proceeding.

The chronology of events

Opposition No. 91152580 was commenced on August 22, 2002. New Breed, Inc. agreed to a 30-day extension of time for CEIG's Answer – to and including October 31, 2002. CEIG filed and served its Answer on that date, and on the next day CEIG's counsel wrote to counsel for New Breed, Inc., proposing a settlement. [See Exhibit A hereto]. Meanwhile, New Breed, Inc. had served discovery requests, but it then agreed to an extension of time until December 24, 2002 for CEIG's responses.

The parties discussed settlement in a telephone conference on December 9, 2002, and on December 12, 2002, New Breed's counsel wrote to say that settlement was not possible. In light of the holiday season, however, New Breed, Inc. agreed to a further extension of time for CEIG's discovery responses to January 23, 2003.

CEIG's counsel then turned to the task of responding to New Breed, Inc.'s discovery demands, as well as preparing its own discovery requests. On January 22, 2003, CEIG served its interrogatories and document requests, and on January 23, 2003 it served responses to New Breed, Inc.'s discovery demands.

On January 24, 2003, CEIG filed the petition for cancellation which resulted in the commencement of this proceeding. Unfortunately, however, the TTAB mailed the petition to the wrong address. Not until January 12, 2004 (and with the assistance and guidance of CEIG) did the TTAB mail the petition to the correct address for New Breed, Inc.

Date:	Action
August 22, 2002	Opposition No. 91152580 commenced,
October 31, 2002	CEIG's Answer filed.

November 1, 2002	CEIG's counsel proposes settlement.
December 9, 2002	The parties confer by telephone regarding settlement.
December 12, 2002	New Breed, Inc. counsel writes to say that settlement is not possible, and agrees to extend date for discovery responses to January 23, 2003.
January 22, 2003	CEIG serves interrogatories and document requests in Opposition No. 91152580.
January 23, 2003	CEIG serves its discovery responses.
January 24, 2003	CEIG files its petition for cancellation.
June 6, 2003	New Breed, Inc. files motion to compel.
June 27, 2003	CEIG files motion to compel.
January 12, 2004	Petition for cancellation re-mailed to correct party by TTAB, and Cancellation No. 92042162 is commenced.

II. ARGUMENT

As previously stated, CEIG does not dispute that it made a mistake in filing its claim for cancellation as a separate petition, rather than seeking leave to add the claim as a counterclaim in Opposition No. 91152580. However, CEIG submits that, under the circumstances, the appropriate action for the Board is not to dismiss this proceeding, but to consolidate it with Opposition No. 91152580, or to permit CEIG to add its claim for cancellation as a counterclaim in that opposition proceeding.

A. CEIG's claim for cancellation was timely filed.

As indicated in the chronology of events set forth above, CEIG filed its cancellation petition on January 24, 2003. The parties had been considering settlement until CEIG received New Breed, Inc.'s December 12, 2002 letter terminating settlement discussions.

After the holidays, CEIG and its counsel turned their attention to discovery matters in Opposition No. 91152580. In preparing responses to New Breed, Inc.'s discovery requests and in preparing its own discovery demands, CEIG looked into New Breed's ownership of Registration No. 1,363,735 and New Breed's use of the mark A NEW BREED (Stylized). CEIG found no use of that mark at New Breed's website. After reviewing the PTO database regarding that registration, CEIG learned that the registration had previously been owned by United States Data Corporation, that New Breed filed a petition for cancellation of that registration in October 2000, that New Breed acquired that registration by assignment in February 2001, and that it then promptly withdrew its cancellation petition. Upon obtaining and reviewing the file of that cancellation proceeding, CEIG discovered that New Breed, in its petition for cancellation, had alleged that the mark in question had been abandoned by United States Data Corporation.

At that point, CEIG and its counsel believed that there was a sufficient basis for alleging abandonment of the A NEW BREED (stylized) mark, and CEIG decided to proceed with a claim for cancellation.

B. Dismissal of this proceeding is not appropriate

Although New Breed asks the Board not to consider the circumstances surrounding the filing of CEIG's claim for cancellation, CEIG believes that this chronology of events serves to demonstrate that CEIG made an honest mistake, that there is an adequate factual predicate for CEIG's allegations of abandonment, and that CEIG acted prudently and reasonably (in light of the strictures of Fed. R. Civ. P. 11) in waiting to bring its cancellation claim until it had collected sufficient facts to support an allegation of abandonment. Its decision to file a separate petition for cancellation was an inadvertent error, but one that should not result in dismissal of its abandonment claim.

The TTAB decision most pertinent to the facts at hand is *See's Candy Shops, Inc. v. Campbell Soup Co.*, 12 USPQ2d 1395 (TTAB 1989). There, Campbell's moved for summary judgment, arguing that See's petition for cancellation should have been asserted as a compulsory counterclaim in an earlier-filed opposition proceeding. The Board found that the grounds pleaded in See's petition for cancellation were known to See's at the time it filed its Answer to the notice of opposition. Nonetheless, the Board refused to dismiss the petition for cancellation:

> The above recounted facts notwithstanding, Trademark Rule 2.107 provides that pleadings in an opposition proceeding may be amended in the same manner and to the same extent as in a civil action in the U.S. District Court. [See Fed. R. Civ. P. 15]. Moreover, Fed. R. Civ. P. 13(f) (made applicable to Board proceedings by Trademark Rule 2.116) provides that, when a pleader fails to set up a counterclaim through oversight, inadvertence, or excusable neglect, or when justice requires, he may, by leave of court, set up the counterclaim by amendment. Reading Fed. R. Civ. P. 15(a) in conjunction with Fed. R. Civ. P. 13(f), we find that justice requires allowing See's to seek cancellation of the registration pleaded by Campbell in Opposition No. 79,575. In particular, the liberal policy established by the Federal Rules of Civil Procedure concerning amendments to pleadings dictates allowance of See's cancellation petition, as the effect of dismissing the petition would be to foreclose See's from asserting any claim it may have against the pleaded registration. See, generally, 6 Wright and Miller, FEDERAL PRACTICE AND PROCEDURE (1971) and 1988 SUPPLEMENT ¶1430. A liberal approach seems particularly appropriate here, where the opposition proceeding is still in the early stages of discovery and where See's filed its petition to cancel within two weeks of the date it filed its answer to the notice of opposition. 12 USPQ2d at 1397.

The Board then ordered that the cancellation proceeding be consolidated with the previously-filed opposition proceeding as soon as Campbell filed its Answer to the petition for cancellation.

Here, as in *See's*, CEIG's petition for cancellation was filed only a few weeks after the filing of its Answer in the opposition. Moreover here, unlike in *See's*, the facts regarding possible abandonment of the mark A NEW BREED (Stylized) were *not known* by CEIG until it began preparing its discovery responses and its discovery requests in January 2003. Thus, following *See's*, and in accordance with the liberal policy established by the Federal Rules of

Civil Procedure, the Board should deny New Breed, Inc.'s motion to dismiss and should consolidate this case with Opposition No. 91112580.

CEIG notes that New Breed, Inc. ignores *See's v. Campbell Soup,* and instead relies principally on the CAFC's decision in *Vitaline Corp. v. General Mills, Inc.*, 13 USPQ2d 1172 (Fed. Cir. 1989) to support its argument for dismissal. However, the facts in *Vitaline* are wholly different from those of this case. In Vitaline the petitioner attempted to bring a cancellation proceeding on abandonment grounds *more than one year after judgment had already been entered against it in an earlier proceeding.* The appellate court affirmed the Board's rulings that the new claim was barred by claim preclusion and that "under these circumstances" the counterclaim rule was violated. However, unlike here, the *Vitaline* case did not involve a separate petition for cancellation timely filed while the other proceeding was still pending – indeed while the other proceeding was still in the discovery stage.

The other cases cited by New Breed, Inc. are equally inapt. The Board in *Libertyville Saddle Shop Inc. v. E. Jeffries & Sons Ltd.*, 22 USPQ2d 1994 (TTAB 1992) distinguished the facts there at issue from those of *See's v. Campbell Soup.* In *Libertyville*, the petition for cancellation was filed *after* the related opposition proceeding had *already been decided* on summary judgment; moreover, there was no showing that the failure to assert the counterclaim in the prior proceeding was the result of excusable neglect. In *S & L Acquisition Co. v. Helene Arpels Inc.*, 9 USPQ2d 1221 (TTAB 1987), the party seeking to raise a belated claim for cancellation conceded that facts supporting its claim "were clearly available at the time of answer," and it apparently offered no explanation for its failure to plead the counterclaim with its answer.

In short, *See's v. Campbell Soup* is right on point, and directs the Board to deny New Breed, Inc.'s motion for dismissal.

C. Had CEIG sought leave to amend in January 2003, it would have been granted.

There is little doubt that, had CEIG sought leave to amend its Answer in Opposition No. 91152580 in January 2003, leave would have been granted. Of course, Rule 15(a), Fed. R. Civ. P., states that leave to amend "should be freely given when justice so requires." According to TBMP § 507.02, "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."

As of January 2003, the opposition had barely gotten off the ground. CEIG had acted reasonably, in light of the circumstances (including the settlement discussions between the parties), in waiting until January 2003 to raise the cancellation claim. There is no basis on which New Breed, Inc. may claim prejudice because of that short delay.

Moreover, New Breed, Inc., in its Motion to Dismiss, makes no contention that the claim for cancellation is frivolous or futile. In fact, New Breed, Inc. would rather not discuss the issues of timing or prejudice, but instead would have the Board dismiss this proceeding without any consideration of the underlying circumstances.

D. Allowing this cancellation claim to proceed in tandem with Opposition No.91152580 would not prejudice New Breed, Inc.

As pointed out in CEIG's concurrently-filed motion for consolidation or for leave to amend, the opposition pending between the parties is currently suspended while they await Board resolution of two discovery-related motions. Discovery in that proceeding is still open, and in fact is still in its early stage. Each side has served a set of written discovery requests, but

no depositions have been taken and only CEIG has produced any documents.

Moreover, in January 2003, CEIG already raised the issues of abandonment of the mark A NEW BREED (Stylized) and invalidity of Registration No. 1,363,735 in its admission requests and its document requests served on January 22, 2003. [See, e.g., Exhibit B hereto, Admission Requests 7-10 of Applicant's First Set of Requests for Admission]. Thus New Breed, Inc. has known since January 2003 that its acquisition of Registration No. 1,363,735 and its abandonment of the mark A NEW BREED (Stylized) were at issue – the delayed commencement of this cancellation proceeding notwithstanding.

The public has an interest in clearing the Federal Register of registered marks that are no longer in use. When an abandoned mark remains registered, it unnecessarily and unfairly deters others from adopting the same or a similar mark. CEIG may be one of the few entities that has standing to challenge Registration No. 1,363,735. There is no telling how many potential users of marks like A NEW BREED (Stylized) have been frightened off by the continued existence of that mark on the Federal Register.

Under the current circumstances, CEIG submits that justice would be served not by dismissal of this proceeding, but by consolidation of this proceeding with Opposition No. 91152580.

III. Conclusion

For the foregoing reasons, CEIG submits that Respondent's Motion to Dismiss should be denied.

Respectfully submitted,

CUTTING EDGE INVESTOR GROUP, INC.

John L. Welch

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CERTIFICATE OF SERVICE

I hereby certify that a true copy of the above document was served upon the attorney(s) of record for each other party by mail/~~hand/facsimile~~ on 3-4-04

John L. Welch

EXHIBIT

A

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November 1, 2002

Via Facsimile (336) 607-7500

William M. Bryner, Esq.
Kilpatrick Stockton LLP
1001 West Fourth Street
Winston-Salem, NC 27101-2400

Re: New Breed, Inc. v. Cutting Edge Investor Group, Inc. --
Notice of Opposition No. 91152580

Dear Mr. Bryner:

We have now filed our Answer in the above-indicated matter, and we intend to contest the Opposition. Nevertheless, I believe it would be beneficial to both our clients to continue exploring settlement options, for the following reasons:

REDACTED

20/524927.1

REDACTED

If you would like to discuss this settlement proposal, please contact me at your convenience.

Very truly yours,

Charles E. Weinstein

CEW
cc: Cutting Edge Investor Group, Inc.

REDACTED

EXHIBIT

B

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

NEW BREED, INC., Opposer, v. CUTTING EDGE INVESTOR GROUP, INC., Applicant.	Opposition No. 152,580

APPLICANT'S FIRST SET OF REQUESTS FOR ADMISSION

Pursuant to Rule 36, Fed. R. Civ. P., Applicant CUTTING EDGE INVESTOR GROUP, INC., propounds the following requests for admission to Opposer NEW BREED, INC.

DEFINITIONS AND INSTRUCTIONS

1. The term "Opposer" as used herein denotes Opposer NEW BREED, INC., its subsidiaries and divisions, its predecessors and successors, and the officers, directors, agents, and representatives thereof.

2. The term "person" or "persons" as used in these interrogatories includes, without limitation, any individual or association, partnership, corporation, firm, or organization.

3. The term "NEW BREED marks" shall mean the marks identified by Opposer at paragraphs 3 and 5 of the Notice of Opposition herein.

REQUESTS

1. Opposer is not the only entity that is using the term NEW BREED as all or part of a trademark, service mark, trade name, or Internet domain name.

2. Opposer and Applicant are not the only entities that are using the term NEW BREED as all or part of trademark, service mark, trade name, or Internet domain name.

3. The term NEW BREED consists of two ordinary English words.

4. The term NEW BREED has a laudatory connotation.

5. The term NEW BREED has a laudatory connotation when used in connection with Opposer's services.

6. The term NEW BREED has a laudatory connotation when included in Applicant's mark NEW BREED WIRELESS.

7. In about September 2000, Opposer filed a petition for cancellation of U.S. Registration No. 1,363,735 on the ground of abandonment, which proceeding was commenced in September 2000.

8. In settlement of the cancellation proceeding brought by Opposer against Registration No. 1,363,735 , Opposer acquired ownership of Registration No. 1,363,735 and the mark depicted therein.

9. During the three years prior to commencement of this opposition proceeding No. 152,580, Opposer did not use the mark shown in Registration No. 1,363,735 for the services recited in that registration.

10. During the past three years, Opposer did not use the mark shown in Registration No. 1,363,735 for the services recited in that registration.

11. NEW BREED is not a coined mark.

12. Opposer's NEW BREED marks are not famous marks under Section 43(c) of the Lanham Act.

13. Opposer has not offered any wireless communication services under its NEW BREED marks.

77. In purchasing Opposer's services offered under its NEW BREED marks, a purchaser signs a contract or purchase agreement.

78. Those who purchase services offered under Opposer's NEW BREED marks typically have an inventory of products in connection with which they seek to utilize Opposer's services.

CUTTING EDGE INVESTOR GROUP, INC.

John L. Welch

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CERTIFICATE OF SERVICE

I hereby certify that a true copy of the above document was served upon the attorney(s) of record for each other party by mail/~~hand/facsimile~~ on 1-21-02

John L. Welch