

UNITED STATES PATENT AND TRADEMARK OFFICE
Trademark Trial and Appeal Board
P.O. Box 1451
Alexandria, VA 22313-1451

MBA/CME

Mailed: February 12, 2013

Cancellation No. 92055738

J J Holand Limited

v.

Potomac Tobacco Company
Limited

Before Bucher, Kuhlke, and Taylor, Administrative Trademark Judges

By the Board:

This case now comes up on respondent's motion to strike and dismiss, filed July 10, 2012, and its motion to extend, filed July 23, 2012. Petitioner's response to the motion to strike and dismiss is untimely¹ so we will not consider it, and accordingly hereby deny petitioner's "motion and request for waiver and permission to submit petitioner's response" to the motion to strike and dismiss, filed August 20, 2012. However, rather than granting respondent's motion to strike and dismiss as conceded, we will exercise our discretion to consider the motion on its merits. See Trademark Rule 2.127(a).

¹ As respondent notes, petitioner's response to the motion to strike was not filed via the Board's Electronic System for Trademark Trials and Appeals ("ESTTA") and does not include a certificate of mailing under Trademark Rule 2.197. Therefore, the response is deemed to have been filed on the date it was

Petitioner seeks cancellation of respondent's registrations for the mark YES in typed format² and the mark shown below



both for cigarettes and matches.³ Petitioner's 30-page complaint focuses primarily on a prior cancellation proceeding between the parties, Cancellation No. 92043112 (the "Prior Case"). In the Prior Case, respondent petitioned to cancel petitioner's registration for the mark YES!⁴ for various tobacco and tobacco-related products on the ground of fraud. On December 14, 2006, the Board granted as conceded respondent's motion for judgment as a sanction for discovery violations, and petitioner's involved registration was cancelled.

In its motion to strike and dismiss, respondent argues that petitioner's complaint in this case contains numerous

received by the Board, August 20, 2012, and is untimely under Trademark Rule 2.127(a).

² Registration No. 3409520, filed July 31, 2001, issued April 8, 2008, based upon a claimed date of first use in commerce on January 14, 2004.

³ Registration No. 3418779, filed October 9, 2002, issued April 29, 2008, based upon a claimed date of first use in commerce on January 14, 2004.

extraneous, irrelevant, inflammatory, unclear, repetitive, superfluous and otherwise inappropriate allegations. For example, petitioner alleges:

- Petitioner's registration "was cancelled, after a motion from [respondent] was granted, in December 2006 at the conclusion of TTAB cancellation proceedings brought by [respondent], in which [petitioner] was confronted with, *inter alia*, errors in its application and registration and an inability to defend the TTAB cancellation proceedings resulting from incorrect advice from and theft of files by its legal counsel ... much of which were concealed by its lawyers..." ¶ 4;
- At the time respondent filed its application for YES, respondent "knew or should have known of the already pending [petitioner's] YES! Application, it having been applied for in February 2000 and Published on December 5, 2000. [Respondent] was notified of [petitioner's] pending application by the USPTO via an Office Action in response to its YES Application." ¶ 14;
- "[Respondent] claimed ownership of the YES trademark in Class 34 when presenting its YES and YES INTERNATIONAL cigarette brands to prospective customers, when no such ownership was possible..." ¶ 16;
- Respondent "knew of the aforementioned common international practices in foreign jurisdictions where a party can register a mark for a broad range of goods or even an entire class, when it is not using the mark on all the named goods or the entire class, or even using the mark at all, since not all jurisdictions require use prior to registration... [Respondent] also knew of such expectations, experiences, understandings or belief of international clients for similarly registering trademarks in the U.S." ¶ 25;
- Petitioner's counsel in the Prior Case "knowingly and intentionally committed fraud upon the USPTO and the TTAB ... [and] knowingly and intentionally withheld vital research materials ... and other papers and

⁴ Registration No. 2813328.

materials which would have made clear the fact that ... senior partners had in their representation of [petitioner in the Prior Case] committed multiple acts of gross malpractice as well as fraudulent misrepresentations of law and fact." ¶ 34;

- Petitioner's counsel in the Prior Case "knowingly and flagrantly violated the rules of lawyer ethical conduct by failing to disclose their gross malpractice in advising their client on Intellectual Property law in the United States..." ¶ 36;
- "After [petitioner] received Substitute Counsel's assessment on the likelihood of success at the TTAB, the discovery requests and having received [prior counsel's] opinion earlier on appeal prospects and [prior counsel's] adamant position that it was not appropriate to continue to defend the case, lacking the significant financial resources to continue and understanding that its prospects to prevail at the TTAB were negligible given the TTAB's decisions in Medinol, Ltd... [petitioner] took the tough decision that it could not afford or justify continuing to defend the cancellation [in the Prior Case] in such light." ¶ 39;
- Respondent's counsel was "required by Federal Rules and the USPTO Rules of Practice to confirm the accuracy of the information and statements made in the Petition [in the Prior Case] and in particular the affirmative statements made in Paragraph 3, to confirm the intent of [respondent] with regard to the expression of intent to use the mark 'YES' on or in connection with each and every good so stated in the application, including tobacco and cigars. On information and belief, [respondent's counsel] knew at the time that [respondent] lacked the required intent but nevertheless represented to the TTAB in Paragraph 3 of the Petition [in the Prior Case] that they had such intent, maintaining a fraud against the TTAB." ¶ 50;
- "[Respondent's] Statement of Use establishes that it was 'using', therefore infringing, [petitioner's] YES! Mark prior even to [respondent] filing its Petition to Cancel [petitioner's] Registration. [Petitioner] believes such actions indicate contempt for the USPTO,

the TTAB, U.S. Federal and State Laws and Regulations and demonstrates the lengths to which [respondent] would go to sell its cigarettes, whether legally or illegally, in the U.S." ¶ 65;

- "As Federal Regulations on cigarettes are quite stringent, getting approval for sale has many requirements, including approval of warning labels. YES was not listed in the June 2008 listing of approved brands issued by the FTC, and we have not found evidence of inclusion on any subsequent listing of the FTC or the FDA which now also has oversight authority." ¶ 68; and
- Respondent and its counsel "should be estopped from pleading ignorance, confusion, misunderstanding or the like with respect to the requirements of intent on an intent to use application. They were fully aware of the requirements and knowingly made false representations supporting those requirements in order to assert standing and damage in the [Prior Case]." ¶ 74.

While petitioner is permissibly appearing *pro se*, all parties to Board proceedings, whether represented by counsel or not, must comply with the Board's rules and procedures, including those regarding pleadings.⁵ Given the nature of the pleading in this proceeding, a brief review of some of the applicable rules and procedures, as well as the Board's limited jurisdiction, is in order, prior to addressing the substance of respondent's motion.

⁵ "[B]ecause the governing practices and procedures in proceedings before the Board are quite technical and highly specialized, it is strongly recommended that an attorney familiar with trademark law represent a party." TBMP § 114.01. Information for parties representing themselves *pro se* is included at the end of this order.

"The Board is empowered to determine only the right to register." Trademark Trial and Appeal Board Manual of Procedure (TBMP) § 102.01 (3d ed. rev. 2012). Therefore, any allegations which go beyond respondent's right to register, i.e., allegations of malpractice, ethical violations, regulatory violations, infringement and/or fraud separate and apart from the prosecution of the subject registrations are immaterial and inappropriate. See, e.g., *id.*; *General Mills Inc. v. Fage Dairy Processing Industry SA*, 100 USPQ2d 1584, 1591 (TTAB 2011) (the Board has no authority to determine the right to use or infringement); *McDermott v. San Francisco Women's Motorcycle Contingent*, 81 USPQ2d 1212, 1216 (TTAB 2006), *aff'd unpub'd*, 240 Fed. Appx. 865 (Fed. Cir. July 11, 2007) (the Board "does not have authority to determine whether a party has engaged in criminal or civil wrongdoings"). Moreover, Trademark Rule 2.112(a) requires that a petition for cancellation consist of a "short and plain" statement establishing a petitioner's standing and the grounds for cancellation. Petitioner's 30-page complaint does not meet this requirement, given the large number of irrelevant allegations concerning issues over which the Board has no jurisdiction.

It appears from the Petition for Cancellation that petitioner may have attempted to allege: (1) "fraud" in the Prior Case; (2) "fraud" in respondent's dealings with

prospective customers; (3) fraud in respondent's procurement of the involved registrations; (4) respondent's lack of standing in the Prior Case; (5) "estoppel"; (6) abandonment; (7) respondent's lack of a *bona fide* intent to use its marks when it filed the petition for cancellation in the Prior Case and when it filed the underlying applications for the involved registrations in this case; and/or (8) trademark infringement. We address each of these purported claims below.

Fraud

"Fraud in procuring a trademark registration or renewal occurs when an applicant knowingly makes false, material representations of fact **in connection with his application** [or registration]." *In re Bose Corp.*, 580 F.3d 1240, 91 USPQ2d 1938, 1939 (Fed. Cir. 2009) (citing *Torres v. Cantine Torresella S.r.l.*, 1 USPQ2d 1483 (Fed. Cir. 1986)) (emphasis added). That is, fraud occurs where an applicant makes "*knowingly* inaccurate or *knowingly* misleading statements **in the verified declaration forming part of the application for registration.**" *Bart Schwartz Int'l Textiles, Ltd. v. Federal Trade Comm.*, 289 F.2d 665, 129 USPQ 258, 260 (CCPA 1961) (italics in original, bold added). Accordingly, any alleged false statements or misconduct in the Prior Case, or the pleadings therein, whether by petitioner's former counsel or respondent, is wholly irrelevant to whether respondent

committed fraud in procuring or maintaining the involved registrations. Also irrelevant are allegations that respondent made "fraudulent" statements to potential purchasers concerning its rights in the YES mark.

To the extent that petitioner seeks to assert that respondent committed fraud in the procurement or maintenance of its registrations, petitioner must understand that the allegation that a party "knew or should have known" is no longer the standard for evaluating a claim of fraud. Under *In re Bose Corp.*, 91 USPQ2d at 1940-41, petitioner must prove by clear and convincing evidence that respondent acted with a "[s]ubjective intent to deceive" in prosecuting the applications that matured into the involved registrations. Petitioner has not sufficiently pled any claim for fraud under this standard, which is exceedingly difficult to meet. Specifically, petitioner's allegation that respondent knew about petitioner's prior application at the time respondent filed its applications does not equate to respondent knowing that petitioner owned or was using its mark at the time respondent filed its applications or to respondent having a "subjective intent to deceive" the Office.

Standing

The allegation that respondent lacked standing in the now-terminated Prior Case fails to a state claim upon which relief may be granted in this case or any other.

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Estoppel

Estoppel is an affirmative defense and not a ground for cancellation, and thus, such allegations in the petition for cancellation are inappropriate and improper. *See University Book Store v. University of Wisconsin Board of Regents*, 33 USPQ2d 1385, 1402 n.39 (TTAB 1994).

Abandonment

With respect to abandonment, petitioner's claims are legally insufficient. Abandonment requires an allegation of non-use with an intent not to resume use. *See* 15 U.S.C. § 1127; *see also Otto Int'l Inc. v. Otto Kern GmbH*, 83 USPQ2d 1861, 1863 (TTAB 2007). Here, petitioner has provided no facts to support its conclusory allegations of abandonment in paragraphs 77 and 78 of the petition for cancellation, including because petitioner does not allege that respondent has no intent to resume use of the involved marks.

Bona Fide Intent to Use

A petition to cancel may be brought on grounds that the respondent lacked a *bona fide* intent to use its mark in connection with the identified goods in the subject registration as of the filing date of the underlying intent-to-use application. *See* TBMP § 309.03(c). Petitioner may have intended to plead such a claim in paragraphs 26 and 45-47 of the Petition for Cancellation, but petitioner's allegations that respondent lacked a *bona fide* intent to use

its marks when it filed the cancellation petition in the Prior Case are wholly irrelevant to this potential claim and fail to state a possible claim upon which relief may be granted.

Infringement

Paragraphs 65 and 66 of the petition for cancellation allege that respondent infringed petitioner's rights when it commenced use of its YES and YES INTERNAIONAL marks. These allegations are inappropriate as "[t]he Board is not authorized to determine the right to use, nor may it decide broader questions of infringement or unfair competition." TBMP § 102.01; *see also Fage Dairy*, 100 USPQ2d at 1591. However, priority and likelihood of confusion under Section 2(d) of the Trademark Act, 15 U.S.C. § 1052(d), may be a proper ground for cancellation in appropriate cases. *See* TBMP § 309.03(c). To assert such a claim here, however, petitioner would have to allege in good faith that it commenced use in commerce of its mark in the U.S. prior to respondent's date of first use or the filing date of respondent's involved registrations, and that respondent's involved marks are likely to cause confusion. *See Giersch v. Scripps Networks Inc.*, 90 USPQ2d 1020, 1022 (TTAB 2009) (petitioner must show earlier common law use in the absence of a registration). The petition for cancellation is devoid of such allegations.

Decision

In view of the foregoing, respondent's motion to strike or dismiss is **GRANTED** to the extent that petitioner's claims are **dismissed without prejudice**. Respondent's motion to extend is moot. Petitioner is allowed until **THIRTY DAYS** from the mailing date of this order to file an amended complaint that complies with Trademark Rule 2.112(a) and omits immaterial and inappropriate allegations, examples of which are included herein, failing which the petition will be dismissed with prejudice. Petitioner must read and understand Rule 11 of the Federal Rules of Civil Procedure, made applicable to this proceeding by Trademark Rule 2.116 prior to filing any amended pleading.

Pro Se Information

Petitioner is reminded that it will be expected to comply with all applicable rules and Board practices during the remainder of this case. The Trademark Rules of Practice, other federal regulations governing practice before the Patent and Trademark Office, and many of the Federal Rules of Civil Procedure govern the conduct of this cancellation proceeding. The parties should note that Patent and Trademark Rule 10.14 permits any person or legal entity to represent itself in a Board proceeding, though it is generally advisable for those unfamiliar with the applicable

rules to secure the services of an attorney familiar with such matters.

If petitioner does not retain counsel, then it will have to familiarize itself with the rules governing this proceeding. The Trademark Rules are codified in part two of Title 37 of the Code of Federal Regulations (also referred to as the CFR). The CFR and the Federal Rules of Civil Procedure are likely to be found at most law libraries, and may be available at some public libraries. Finally, the Board's manual of procedure will be helpful. On the World Wide Web, petitioner may access most of these materials by logging onto <http://www.uspto.gov/> and making the connection to trademark materials.

The parties must pay particular attention to Trademark Rule 2.119. That rule requires a party filing any paper with the Board during the course of a proceeding to serve a copy on its adversary, unless the adversary is represented by counsel, in which case, the copy must be served on the adversary's counsel. The party filing the paper must include "proof of service" of the copy. "Proof of service" usually consists of a signed, dated statement attesting to the following matters: (1) the nature of the paper being served; (2) the method of service (e.g., e-mail, first class mail); (3) the person being served and the address used to effect service; and (4) the date of service. Also, the

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parties should note that any paper they are required to file herein must be received by the Patent and Trademark Office by the due date, unless one of the filing procedures set forth in Trademark Rules 2.197 or 2.198 is utilized. These rules are in part two of Title 37 of the previously discussed Code of Federal Regulations.

Files of TTAB proceedings can now be examined using TTABVue, accessible at <http://ttabvue.uspto.gov>. After entering the 8-digit proceeding number, click on any entry in the prosecution history to view that paper in PDF format.

The third edition (2012) of the TBMP has been posted on the USPTO website at http://www.uspto.gov/trademarks/process/appeal/Preface_TBMP.jsp
