

UNITED STATES PATENT AND TRADEMARK OFFICE
Trademark Trial and Appeal Board
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EAD/KS/GFR

Mailed: January 8, 2015

Cancellation No. 92057500

Orbis Distribution, Inc.

v.

BeeNaturals, Inc.

By the Trademark Trial and Appeal Board:

On January 9, 2007, Registration No. 3197276 for the mark BEE NATURALS for “non-medicated skin care preparations; nail care preparations” issued to Bee Naturals, Inc., a Missouri corporation.

On July 12, 2013, Orbis Distribution, Inc. filed a petition to cancel Registration No. 3197276 based on abandonment and fraud. The basis for the claims are the allegations, *inter alia*, that “registrant, Bee Naturals, Inc., has never existed as a legal entity” (Par. 1)¹ and “BeeNaturals, Inc. no longer exists as a legal entity” (Par. 2); and “[a]s shown on the Administrative

¹ Petitioner explains that Bee Naturals, Inc. (i.e., an entity with a name featuring a space between Bee and Naturals) “is named in this Petition merely for the sake of convenience.” The Board takes this as an explanation that such entity is named for sake of completeness. References herein by the Board to Respondent or Defendant, shall be read as references to Bee Naturals, Inc. and BeeNaturals, Inc, unless stated otherwise. For completeness, the Board has read Petitioner’s references to Respondent or Defendant as contemplating the owner of the challenged registration, i.e., the real party in interest, rather than as references to a non-existent non-party.

Dissolution or Revocation for a For-Profit Corporation dated December 29, 2006, . . . BeeNaturals, Inc., due to its administrative dissolution, cannot (as of 2006) carry on any business except that necessary to wind up and liquidate its business and affairs” (Par. 26).

On August 21, 2013, an unconsented motion to extend its time to file an answer to the petition to cancel was filed by Respondent, identified as Bee Naturals, Inc. Petitioner opposed Respondent’s motion, alleging that the Board could not consider Respondent’s filing because “Bee Naturals, Inc.” does not exist as a legal entity.

On September 20, 2014, Respondent filed its answer under the name “Bee Naturals, Inc.”.² The answer states, in part:

1. Denied. There is no legal distinction between Bee Naturals, Inc. and BeeNaturals, Inc. Even if there were a legal distinction, the difference is an error that can be corrected on Defendant’s trademark registration.

Petitioner filed a motion to strike the answer, a motion for default judgment, and a motion to strike Respondent’s opposition to the motion for default judgment, all alleging that the Board could consider none of

² Respondent’s Answer also states, as an affirmative defense, “Even if Plaintiff’s allegations were correct, [Defendant’s] assets, including the subject mark, registration and goodwill, were transferred to Barbara T. Chappius.” Respondent has neither submitted proof of such assignment to the Board nor recorded the assignment with USPTO. *See* Trademark Trial and Appeal Board Manual of Procedure (TBMP) §512.01 (2014). Where, as here, the purported new owner fails to submit proof of ownership, the Board may continue the proceeding involving the assigned registration in the name of the assignor. *See* Fed. R. Civ. P. 25(c); *Hamilton Burr Publishing Co. v. E. W. Communications, Inc.*, 216 USPQ 802, n.1 (TTAB 1982) (Board’s decision will be binding upon the assignee).

Respondent's filings because "Bee Naturals, Inc." does not exist as a legal entity.

On December 16, 2013, the Board issued an order stating:

Inasmuch as Respondent does not dispute that its legal name is "BeeNaturals Inc.", and not "Bee Naturals, Inc." as Respondent identified itself in the application which issued as Registration No. 3197276, proceedings herein are suspended pending Respondent's correction of its name.

Respondent then filed first an incomplete response, and then a late response, to the Board's order, and Petitioner continued to move to strike Respondent's papers and for entry of default judgment, both on the original ground that Respondent did not exist as a legal entity, and for failure to make timely and complete responses to the Board's order.

On June 19, 2014, the Board issued a *per curiam* order, *inter alia*, accepting Respondent's request to correct its name, and considering Respondent's filings. Upon consideration of the filings, the Board discharged the show cause order, accepted Respondent's late response, granted the motion to extend Respondent's time to answer, accepted the answer, and denied Petitioner's motions to strike the answer and for default judgment.

REQUEST FOR RECONSIDERATION IS DENIED

On July 19, 2014, Petitioner requested reconsideration, essentially contending that the Board erred in issuing administrative orders that Respondent correct its name, and by considering papers filed by Respondent, because those orders equate to judgments in favor of Respondent on the

merits of Petitioner's claims of abandonment and fraud.³ In addition, Petitioner argues that the Board made procedural errors in its management of this proceeding, including issuance of a *per curiam* order which noted the filing of a timely answer and denied Petitioner's motion for default judgment.⁴

The Board turns first to Petitioner's contention that the Board erred in its failure to find that the evidence attached to the petition to cancel proved that Respondent had no legal existence, and that Petitioner was entitled to default judgment on its pleaded and proven claims of abandonment and fraud. Petitioner, and its counsel, are advised that an *inter partes* proceeding before the Board is similar to a civil action in a Federal district court. There are pleadings, and a wide range of possible motions, the latter to be filed only when necessary, and both pleadings and motions to be filed with due regard

³ Because the Board ordered proceedings suspended on December 16, 2013, precluding earlier requests for reconsideration, the Board has considered Petitioner's arguments with respect to all challenged orders. Petitioner's request for an oral hearing on its request for reconsideration is denied. *See generally*, Trademark Rule 2.127(a) and TBMP 502.03 (2014).

⁴ Petitioner also argues that the Board erred in its disposition of alleged potentially-dispositive motions without a panel of judges, but Petitioner's argument relies on a strained interpretation of the facts with no legal support. In brief, Petitioner contends that the Board was required to use a panel of judges to rule on Petitioner's motions to strike Respondent's response to the motion to extend time to answer, the answer, and response to motion for default judgment because the Board may grant the motion to strike, and may then refuse to reset time to file an answer, and, if these two decisions were made, Respondent would be in default, and thus any of the motions to strike would have become a motion which was potentially dispositive of this proceeding. In fact, it is the policy of the law to decide cases on their merits, and the Board is very reluctant to enter a default judgment. *See* TBMP 312.02 and cases cited therein. Because such motions are not potentially dispositive, there is no error in ruling on motions to strike in orders issued *per curiam* or by the assigned interlocutory attorney.

for Federal Rule 11; discovery to be taken when necessary and in proportion to the claims and defenses; a trial that shall involve introduction of only relevant evidence; and briefs that shall present appropriate and relevant legal arguments; all followed by a decision by the Board on the case.⁵ Most importantly, 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 Rule 2.122(c) (except for pleaded registrations, “an exhibit attached to a pleading is not evidence on behalf of the party to whose pleading the exhibit is attached unless identified and introduced in evidence as an exhibit during the period for the taking of testimony.”) and 2.123(l) (“Evidence not obtained and filed in compliance with these sections will not be considered.”). The Board finds no error in its failure to consider the exhibits to the petition to cancel.

The Board turns to Petitioner’s alternate contention that Petitioner was entitled to default judgment based on the Board’s refusal to consider Respondent’s filings under a misspelled name, and that the Board therefore erred with its order that Respondent file a request for correction of the asserted error in its name, because this equates to allowing Respondent to change the ownership of the registration.⁶ There is no factual or legal support

⁵ All parties to Board cases are required to discuss settlement during the REQUIRED discovery conference; and the parties are urged to revisit those discussions during the pendency of the proceeding.

⁶ Inasmuch as Petitioner also alleges error because only the Director can issue a corrected registration, the Board notes that its December 16, 2013 order informed the parties that “the Board has jurisdiction over Registration No. 3197276 during

for the draconian result of entering default judgment based on filings with a misspelled name for the Defendant. The proper course of action, when a party to an inter partes proceeding asserts that its name, as listed on an application or registration, is in error, is a request for correction of the misspelling under Trademark Rule 2.175(b)(1), which allows name corrections upon request by the registrant, supported by a fee and declaration. The Board did not err in responding to the admission in Respondent Bee Naturals, Inc.'s answer that Respondent was not using the name, BeeNaturals, Inc., with the order that Respondent correct its name.⁷

Petitioner's contention that the name correction affects its case is based on a misunderstanding that the order to file a name correction was a decision on the issue rather than a requirement to address a formality, the propriety of which may still be attacked. Petitioner demands that the Board accept as already proven that which Petitioner must prove at trial – i.e., that the misspelling of Respondent's name was not inadvertent or without legal import, but reflects a lack of legal existence or ownership. The cases cited by Petitioner in which the Board refused to consider filings by a different owner

the pendency of this cancellation, and will direct action on entry of the correction.” As the parties were informed in the Board's June 19, 2014 order accepting the correction, a corrected registration will issue from the Director, if appropriate, following termination of this proceeding.

The Board notes that on January 15, 2014 the Post Registration Branch issued an Office Action to Respondent which confirmed the Board's ability to make this correction to Respondent's name during the pendency of this proceeding.

⁷ The defendant in a cancellation is the record owner of the registration. *See* Trademark Rule 2.111. Ordering correction of the name in the registration is the only way to correct the name of the defendant in the cancellation.

of the mark only will be applicable in this proceeding if Petitioner proves that Respondent has no legal existence and does not own the registration.

In short, the Board properly took no action with respect to Petitioner's unproven allegations in its pleading or Petitioner's exhibits to its pleadings. Likewise, the Board properly responded to Respondent's effective admission that its challenged registration contained a misspelling of its name by ordering a correction of Respondent's name. Petitioner remains free to argue that the misspelling of Respondent's name in its trademark application and maintenance filings was a result of its lack of legal existence, and supports Petitioner claims of fraud and abandonment because, as the Board made clear in its orders, the issue of Respondent's legal existence "remains a question for trial or decision on summary judgment."⁸

With respect to the argument that the Board also made procedural errors, the order by the assigned Board interlocutory attorney requiring the name correction was an administrative matter which ensured the real party in interest was before the Board, was not dispositive of the proceeding, and did not require issuance by a panel. The Board order accepting the correction, accepting the answer to the petition to cancel, and then denying Petitioner's motion for default judgment issued *per curiam*, or "By the Board." Inasmuch as neither the Trademark Act nor the Trademark Rules of Practice address

⁸ The administrative processing by USPTO of certain amendments to a registration does not preclude a party attacking the validity of the amendment in an inter partes proceeding. For example, the USPTO recordal of an assignment of a registration does not preclude a claim that the assignment was invalid. *See Amazon v. Wax*, 95 USPQ2d 1865 (TTAB 2010).

when a panel of judges is necessary to issue an order on behalf of the Trademark Trial and Appeal Board, the Board's use of *per curiam* orders may encompass the denial of potentially-dispositive motions, that is, orders which do not dispose of the proceeding.⁹

Finally, turning to Petitioner's numbered list of 16 alleged errors in the Board's *per curiam* order of June 19, 2014, the Board finds this is largely a reiteration of Petitioner's arguments, already addressed, that the Board should have either entered judgment for Petitioner based on Petitioner's evidence or entered judgment for Petitioner because Respondent filed papers under a misspelled name. Petitioner also argues that the Board erred in its case management efforts, namely suspending proceedings so that Petitioner could not object to the name correction, accepting Respondent's late filings, and ordering Petitioner to cease its objections to any consideration of Respondent's filings. Petitioner alleges no violation of any rule or Board practice, and alleges no particular prejudice from the Board's decisions (except its failure to have default judgment entered, which the Board has addressed). Accordingly, the Board finds no procedural error.

A request for reconsideration should be limited to a demonstration that based on the facts before it and the applicable law, the Board's ruling is in

⁹ To the extent that the TBMP indicates a more limited use of *per curiam* orders, the TBMP is not binding upon the Board. *See* TBMP, Introduction (2014) ("The guidelines set forth in the manual do not have the force and effect of law. They have been developed as a matter of internal office management and are not intended to create any right or benefit, substantive or procedural, enforceable by any party against the office.").

error and requires appropriate change. *See Vignette Corp. v. Marino*, 77 USPQ2d 1408, 1411 (TTAB 2005). After a review of the case file and Petitioner's arguments, the Board finds no error.

Petitioner's request for reconsideration is denied.

MOTION FOR JUDGMENT ON THE PLEADINGS

When a motion challenging the sufficiency of a pleaded claim is filed after answer, the Board treats it as a motion for judgment on the pleadings as to that claim.¹⁰ *Wellcome Foundation Ltd. v. Merck & Co.*, 46 USPQ2d 1478, 1479 n.2 (TTAB 1998); Fed. R. Civ. P. 12(c) and 12(h)(2). The standard for adjudicating this motion is the same as that set forth in Fed. R. Civ. P. 12(b)(6). *Western Worldwide Enterprises Group Inc. v. Qinqdao Brewery*, 17 USPQ2d 1137, 1140 (TTAB 1990). In order to survive the motion, Petitioner need only have alleged such facts as would, if proved, show that Petitioner has standing and that a statutory ground for cancelling the registration, exists. *Id.*

Although there is no contention that Petitioner lacks standing, the Board notes that the petition to cancel alleges that Petitioner's application was refused registration based upon Respondent's Registration No. 3197276, and that this is a sufficient pleading of Petitioner's standing. *See Toufigh v. Persona Parfum, Inc.*, 95 USPQ2d 1872, 1874 (TTAB 2010).

¹⁰ Unlike a motion for summary judgment, the Board gives no consideration of the exhibits submitted by the parties in connection with the motion. *Wellcome Foundation Ltd. v. Merck & Co.*, 46 USPQ2d at 1479 n.2.

Fraud in procuring a trademark registration or renewal occurs when an applicant knowingly makes false, material representations of fact in connection with its application. *Torres v. Cantine Torresella S.r.l.*, 808 F.2d 46, 1 USPQ2d 1483, 1484 (Fed. Cir. 1986). Absent the requisite intent to mislead the USPTO, even a material misrepresentation would not qualify as fraud under the Lanham Act warranting cancellation. *In re Bose Corp.*, 580 F.3d 1240, 91 USPQ2d 1938, 1940 (Fed. Cir. 2009). In support of its motion for judgment on the pleadings, Respondent argues that Petitioner has not alleged that Respondent made any false statement with the specific intent to deceive the USPTO.

Petitioner's allegations that Respondent has never existed as a legal entity, that Respondent did not exist during the relevant time period of the trademark registration, that Respondent could not conduct lawful business, that Respondent could not lawfully use the mark in commerce, that Respondent's owner knew her corporation was defunct as early as January 2007, are sufficient to allege that Respondent was making a false statement when it declared that it was the owner of the mark in its application, and that it was the owner of the mark and lawfully using the mark when filing its Section 8 and 15 combined declaration.

However, the allegation that Respondent's owner knew her corporation was defunct is not sufficient to plead the necessary intent to deceive the USPTO. That is, the petition to cancel does not allege that Respondent knew

that its lack of legal existence and/or administrative dissolution prevented Respondent from lawful ownership of the mark or lawful use of the mark in commerce, so that its alleged false statements to USPTO in its application or Sec. 8 and 15 filing regarding Respondent's ownership and use of the mark were made with the requisite intent to deceive USPTO. *See Exergen Corp. v. Wal-Mart Stores Inc.*, 575 F.3d 1312, 91 USPQ2d 1656, 1667 (Fed. Cir. 2009) ("our precedent ... requires that the pleadings allege sufficient underlying facts from which a court may reasonably infer that a party acted with the requisite state of mind").

Respondent's motion for judgment on the pleadings is granted to the extent that Petitioner is allowed until THIRTY DAYS from the mailing date of this order to file an amended petition to cancel with a legally sufficient pleading of fraud, failing which the fraud claim is dismissed, and the cancellation goes forward only as to the abandonment claim.

Respondent is allowed until THIRTY DAYS from the date of service of any amended pleading to file its answer.

The Board notes that Petitioner's response to Respondent's motion for judgment on the pleadings on the basis of a deficient fraud claim includes a motion for judgment on the pleadings on the basis of Respondent's alleged admissions. Inasmuch as the pleadings now must be amended, Petitioner's motion for judgment on the pleadings will be given no consideration.

Many of the papers filed in this proceeding, and the consequent delay to the proceeding caused by the Board's need to process papers or to decide motions briefed by those papers, would have been avoided with improved communication between the parties. The parties may NOT waive the discovery conference or discussion of any of the required topics (as listed on p. 2-3 of the Board's institution and trial order). One of the purposes of the discovery conference is the promotion of cooperation in the discovery process, and the parties are *required* to discuss their plans relating to disclosures, discovery and trial evidence unless they are successful in settling the case. *See* TBMP 408.01 (2014).

The Board orders the parties to file a joint report summarizing the result of the conference within TEN DAYS of the date of the conference.

The Board advises the parties that, where the Board has identified a case as being, or having the potential to be, overly contentious and/or involve creation of excessive records by the parties, or where attorneys or parties are unable to work out a resolution of any of their differences, the Board may order the parties and/or their attorneys to appear at the Board's offices for a conference. See Trademark Rule 2.120(i) (2); *General Mills Inc. v. Fage Dairy Processing Industry SA*, 100 USPQ2d 1584, 1592 n.5 (TTAB 2011); *Blackhorse v. Pro-Football Inc.*, 98 USPQ2d 1633, 1634 (TTAB 2011); *Amazon Technologies Inc. v. Wax*, 95 USPQ2d 1865, 1869 (TTAB 2010); and

Trademark Trial and Appeal Board Manual of Procedure (TBMP) 502.06(b)
(2014).

Proceedings herein are resumed, and dates are reset below.

Deadline for Discovery Conference	3/30/2015
Discovery Opens	3/31/2015
Initial Disclosures Due	4/30/2015
Expert Disclosures Due	8/28/2015
Discovery Closes	9/27/2015
Plaintiff's Pretrial Disclosures	11/11/2015
Plaintiff's 30-day Trial Period Ends	12/26/2015
Defendant's Pretrial Disclosures	1/10/2016
Defendant's 30-day Trial Period Ends	2/24/2016
Plaintiff's Rebuttal Disclosures	3/10/2016
Plaintiff's 15-day Rebuttal Period Ends	4/9/2016

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.