

UNITED STATES PATENT AND TRADEMARK OFFICE  
Trademark Trial and Appeal Board  
P.O. Box 1451  
Alexandria, VA 22313-1451  
General Contact Number: 571-272-8500  
General Email: [TTABInfo@uspto.gov](mailto:TTABInfo@uspto.gov)

KWM

April 1, 2019

Cancellation No. 92067247

*Chef One Corporation*

*v.*

*Daesang Corporation*

**By the Trademark Trial and Appeal Board:**

This case comes before the Board for consideration of Petitioner’s motion (filed November 16, 2018) to dismiss Respondent’s counterclaims alleging “lack of bona fide use” for failure to state a claim and lack of standing. The motion is fully briefed.

**Relevant Background**

On November 1, 2017, Petitioner filed a petition for cancellation of Respondent’s Registration No.4787760, alleging that Respondent’s subject mark is likely to cause confusion with Petitioner’s previously used and registered marks as its sole ground for cancellation.<sup>1</sup> In support of its Section 2(d) claim, Petitioner pleaded ownership of Registration Nos. 2573505 and 3472727 for marks consisting of the wording “CHEF ONE’ in combination with certain designs, as well as Registration Nos. 5146262 and

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<sup>1</sup> 1 TTABVUE.

5283788 for marks consisting solely of designs.<sup>2</sup> Respondent answered by denying the salient allegations in the original petition for cancellation and asserting certain affirmative defenses.<sup>3</sup> Respondent also asserted counterclaims for cancellation of Petitioner's pleaded Registration Nos. 5142626 and 5283788, alleging that at the time Petitioner filed the underlying applications, the subject marks were not in use in commerce on at least some of the goods identified in the applications.<sup>4</sup>

On May 18, 2018, Petitioner filed a motion for leave to amend its petition for cancellation in which it sought to (1) withdraw its previously pleaded Registration Nos. 5146262 and 5283788 as bases for its Section 2(d) claim; and (2) add Registration No. 3303188 as a basis for its Section 2(d) claim.<sup>5</sup> Respondent filed a response on June 7, 2018.<sup>6</sup>

On September 10, 2018, the Board granted Petitioner's motion for leave to file an amended petition for cancellation, and accepted the amended petition as Petitioner's operative pleading.<sup>7</sup> The Board also determined that Registration Nos. 5146262 and 5283788 are withdrawn with prejudice as to the Section 2(d) claim for cancellation of

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<sup>2</sup> Petitioner at ¶¶4-6, 17-20.

<sup>3</sup> 9 TTABVUE.

<sup>4</sup> *Id.* at 7-8.

<sup>5</sup> 15 TTABVUE.

<sup>6</sup> 17 TTABVUE.

<sup>7</sup> 20 TTABVUE. The Board order clarified that inasmuch as Registration Nos. 2573505, 3303188, and 3472727 were cancelled for failure to file a declaration of continued use pursuant to Sections 8 and 15 of the Trademark Act, 15 U.S.C. §§ 1058 and 1065, Petitioner is not entitled to rely on any of these registrations in support of its Section 2(d) claim. *Id.* at 3. "However, in the amended petition for cancellation, Petitioner also alleges likelihood of confusion based on prior use of the wording "CHEF ONE" in connection with "noodles, steamed buns, dumplings, and other Asian-inspired foods." *Id.* at 4.

Respondent's subject Registration No. 4787760.<sup>8</sup> The Board allowed Respondent time in which to file an answer to Petitioner's amended petition, and specifically noted that "Petitioner's withdrawal of previously-pleaded Registration Nos. 5146262 and 5283788, which are the subject of Respondent's counterclaims, will not render the counterclaims moot. A party may pursue a permissive counterclaim to cancel a registration which is owned, but not pleaded, by the adverse party."<sup>9</sup> On October 12, 2018, Respondent filed a timely answer to the amended petition asserting certain affirmative defenses together with the same "lack of bona fide use" counterclaims it had previously asserted with respect to Petitioner's Registration Nos. 5283788 and 5146262.<sup>10</sup>

### **Petitioner's Motion to Dismiss**

A motion to dismiss is a test solely of the allegations set forth in a pleading. To withstand a motion under Fed. R. Civ. P. 12(b)(6), a plaintiff need only allege sufficient factual matter as would, if proved, establish that: (1) it has standing; and (2) a valid ground exists for denying registration. *Young v. AGB Corp.*, 152 F.3d 1377, 47 USPQ2d 1752, 1754 (Fed. Cir. 1998); *Doyle v. Al Johnson's Swedish Rest. & Butik, Inc.*, 101 USPQ2d 1780, 1782 (TTAB 2012). More specifically, "a complaint must contain sufficient factual matter ... to state a claim to relief that is plausible on its face." *Ashcroft v. Iqbal*, 556 U.S. 662, 678 (2009) (quoting *Bell Atlantic Corp. v.*

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<sup>8</sup> *Id.* at 6-7.

<sup>9</sup> *Id.* at 7.

<sup>10</sup> 21 TTABVUE 7-8.

*Twombly*, 550 U.S. 544, 570 (2007)). “Threadbare recitals of the elements of a cause of action, supported by mere conclusory statements, do not suffice” and are not accepted as true. *Ashcroft*, 556 U.S. at 678 (citing *Twombly*, 550 U.S. at 555). All of the plaintiff’s well-pleaded allegations must be accepted as true, and the complaint must be construed in the light most favorable to the non-moving party. See *Advanced Cardiovascular Sys., Inc. v. SciMed Life Sys., Inc.*, 988 F.2d 1157, 26 USPQ2d 1038, 1042-43 (Fed. Cir. 1993).

In support of its motion to dismiss, Petitioner argues that Respondent has not properly alleged standing inasmuch as Respondent does not explain its “direct and personal stake” in the outcome of the counterclaims or “reasonable basis” for its belief of damage.<sup>11</sup> Petitioner further contends that to the extent Respondent requests the Board to find Petitioner’s Registration Nos. 5283788 and 5146262 void *ab initio*, Respondent has not properly pleaded a claim of fraud or nonuse.<sup>12</sup> In particular, Respondent does not allege that Petitioner has not used the marks identified in Petitioner’s subject registrations on *any* of the identified goods prior to the filing date of the underlying applications.<sup>13</sup> Moreover, if, by its counterclaims, Respondent attempts to allege a claim of fraud, Petitioner argues that Respondent has not pleaded that Petitioner had knowledge of the falsity of its representation of use, or

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<sup>11</sup> 23 TTABVUE 4-5.

<sup>12</sup> *Id.* at 6.

<sup>13</sup> *Id.* at 6-7.

that it made the representation with intent to deceive the USPTO, and does not otherwise plead fraud with particularity as required by Fed. R. Civ. P. 9(b).<sup>14</sup>

In response, Respondent argues that its standing to bring its counterclaims is inherent in its position as a defendant in the cancellation action.<sup>15</sup> Moreover, Respondent argues, the fact that Petitioner had asserted the previously pleaded registrations against Respondent at the time Respondent brought its original counterclaims is sufficient to show a personal interest beyond that of a mere intermeddler.<sup>16</sup> Respondent further contends that it has standing as a competitor of Petitioner<sup>17</sup> Respondent also notes that the Board expressly stated that withdrawal of Registration Nos. 5283788 and 5146262 will not render Respondent's counterclaims moot.<sup>18</sup>

Regarding its claim of lack of bona fide use, Respondent argues that it has challenged all goods listed in Registration Nos. 5283788 and 5146262 in its counterclaims, and the Board can void the registrations in their entirety if Petitioner is unable to successfully show bona fide use as to all goods that have been challenged.<sup>19</sup> Finally, Respondent states that it asserted that Petitioner did not have bona fide use at the time of filing the underlying applications as to *any* of the goods

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<sup>14</sup> *Id.* at 8-9.

<sup>15</sup> 24 TTABVUE 5.

<sup>16</sup> *Id.* at 5.

<sup>17</sup> *Id.* at 10.

<sup>18</sup> *Id.* at 6.

<sup>19</sup> *Id.* at 12.

listed in the applications, citing paragraph 6 of its counterclaims.<sup>20</sup> Respondent also requests leave to amend its counterclaims in the event the Board determines it has not properly pleaded its claims of lack of bona fide use.<sup>21</sup>

The Board has otherwise considered the parties' briefs in connection with Petitioner's motion, but does not repeat or discuss all of the arguments and submissions, and does not address irrelevant arguments. *Guess? IP Holder L.P. v. Knowluxe LLC*, 116 USPQ2d 2018, 2019 (TTAB 2015).

### **Standing**

Our primary reviewing court has enunciated a liberal threshold for determining standing, namely that a plaintiff must demonstrate that it possesses a "real interest" in a proceeding beyond that of a mere intermeddler, and "a reasonable basis for his belief of damage." *Empresa Cubana Del Tabaco v. Gen. Cigar Co.*, 753 F.3d 1270, 111 USPQ2d 1058, 1062 (Fed. Cir. 2014) (quotation omitted), *cert. denied*, 135 S. Ct. 1401 (2015). A "real interest" is a "direct and personal stake" in the outcome of the proceeding. *Ritchie v. Simpson*, 170 F.3d 1092, 50 USPQ2d 1023, 1026 (Fed. Cir. 1999). To establish standing to petition to cancel, "the petitioner need only be something more than a gratuitous interloper or a vicarious enforcer of someone else's rights." J. Thomas McCarthy, *McCarthy on Trademarks and Unfair Competition*, § 20:46 (5<sup>th</sup> ed. March 2019). The Trademark Act "requires only a belief of damage resulting from the [defendant's] registration, and while that belief must have some

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<sup>20</sup> *Id.*

<sup>21</sup> *Id.*

reasonable basis in fact, this statutory provision ... has been liberally construed. Such a construction is especially justified when the public interest served by a trademark opposition proceeding is recognized.” *Jewelers Vigilance Comm., Inc. v. Ullenberg Corp.*, 823 F.2d 490, 2 USPQ2d 2021, 2024 (Fed. Cir. 1987) (quoting *Universal Oil Prod. Co. v. Rexall Drug and Chem. Co.*, 463 F.2d 1122, 174 USPQ 458, 459-60 (CCPA 1972)). A belief in likely damage can be shown by establishing a direct commercial interest, and a competitor “clearly has an interest in the outcome beyond that of the public in general and has standing.” *Books on Tape, Inc. v. Booktape Corp.*, 836 F.2d 519, 5 USPQ2d 1301, 1302 (Fed. Cir. 1987); *see also Cunningham v. Laser Golf Corp.*, 222 F.3d 943, 55 USPQ2d 1842, 1844 (Fed. Cir. 2000); *Ayoub, Inc. v. ACS Ayoub Carpet Serv.*, 118 USPQ2d 1392, 1395 (TTAB 2016); *Alcatraz Media, Inc. v. Watermark Cruises*, 107 USPQ2d 1750, 1760-61 (TTAB 2013); *Duramax Marine, LLC v. R.W. Fernstrum & Co.*, 80 USPQ2d 1780, 1787 (TTAB 2006).

To the extent Petitioner argues that Respondent does not sufficiently plead standing, it is incorrect. Inasmuch as both Petitioner and Respondent each claim ownership of their respective CHEF ONE and CHEFONE and design marks in connection with noodles,<sup>22</sup> Respondent and Petitioner are competitors, and Respondent has sufficiently alleged standing. Policy considerations further support

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<sup>22</sup> Moreover, in its answer, Respondent admits that it owns Registration No. 4787760 for the CHEFONE and design mark for various food and beverage products in International Classes 29, 30 and 32, including noodles (*see Answer to Amended Petition*, ¶2), and admits that Petitioner filed a trademark application for the mark CHEF ONE, in standard characters, for various food products in International Class 30, including noodles (*see Answer to Amended Petition*, ¶19).

Respondent's standing to bring its counterclaims. As the Board explained in *Saint-Gobain Abrasives, Inc. v. Unova Indus. Automation Sys., Inc.*, 66 USPQ2d 1355 (TTAB 2003), there is a longstanding and oft-stated principle that it is within the public interest to have marks stricken from the register that are no longer in use. 66 USPQ2d at 1359; *see also Lipton Indus., Inc. v. Ralston Purina Co.*, 670 F.2d 1024, 213 USPQ 185 (CCPA 1982) (the public interest is served in broadly interpreting the class of persons Congress intended to be allowed to institute cancellation proceedings). In its counterclaims, Respondent alleges, *inter alia*, that at the time Petitioner filed the underlying applications, any use of the marks in Registration Nos. 5283788 and 5146262 did not constitute bona fide use in commerce.<sup>23</sup> If Petitioner were able to void Respondent's standing by withdrawing its Section 2(d) claims with respect to Registration Nos. 5283788 and 5146262, this would defeat the policy stated above. *Cf. Syntex Inc. v. E.R. Squibb & Sons, Inc.*, 14 USPQ2d 1879, 1880-81 (TTAB 1990). Accordingly, Petitioner's motion to dismiss is **denied** with respect to Respondent's standing to assert its counterclaims.<sup>24</sup>

### **Lack of Bona Fide Use**

"The case law is clear that holding an application to be void is an appropriate remedy when the pleaded ground either is fraud, or that the applicant has not used the applied-for mark on any of the goods or services identified in the application prior

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<sup>23</sup> 21 TTABVUE 8.

<sup>24</sup> The Board's decision as to standing goes only to the sufficiency of Respondent's allegations of standing. Respondent must still establish its standing at trial by submitting evidence to prove its allegations.



to the filing of the application.” *Grand Canyon W. Ranch, LLC v. Hualapai Tribe*, 78 USPQ2d 1696, 1697 (TTAB 2006). Here, Respondent has not alleged fraud as a counterclaim.<sup>25</sup> With respect to an application originally filed based on use under Section 1(a) of the Trademark Act, 15 U.S.C. § 1051(a), a claim of nonuse is a claim that a defendant did not use its mark on some or all of the identified services as of the filing date of its applications. *Grand Canyon W. Ranch, LLC*, 78 USPQ2d at 1698. In the absence of a fraud claim, as long as an applicant used the mark on some of the identified goods or services as of the filing date of the application, the application is not void in its entirety. *Id.*

In support of its counterclaims, Respondent pleads that:

- 1) “Petitioner has not used the [mark appearing in Registration No. 5283788] or the [mark appearing in Registration No. 5146262] in commerce in the past or present in connection with beverages”;
- 2) “Upon information and belief, at the time Petitioner filed these applications based on use, Petitioner did not have use of the marks in connection with, at least, “tea-based beverages; boba teas, namely, tea-based beverages also

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<sup>25</sup> Fraud based on nonuse of a mark occurs when a party knowingly, and with intent to deceive the USPTO, represents that it is using the mark in connection with goods or services, when in fact it is not. *See, e.g., Harry Winston, Inc. v. Bruce Winston Gem Corp.*, 111 USPQ2d 1419, 1432 (TTAB 2014); *ShutEmDown Sports, Inc. v. Lacy*, 102 USPQ2d 1036, 1044 (TTAB 2012). In order to properly plead a claim of fraud, a plaintiff must allege that an applicant for registration knowingly made a false, material misrepresentation of fact in connection with the application with the intent to deceive the USPTO in order to obtain a registration to which it otherwise is not entitled. *In re Bose*, 580 F.3d 1240, 1245, 91 USPQ2d 1938, 1941 (Fed. Cir. 2009); *Torres v. Cantine Torresella S.r.l.*, 808 F.2d 46, 1 USPQ2d 1483, 1484 (Fed. Cir. 1986). Respondent does not allege Petitioner’s knowledge of a false, material misrepresentation of fact, and does not allege that Petitioner had intent to deceive the USPTO.

containing tapioca pearls; tea-based beverages also containing fruits, milk, soy, flavored syrups; ginger tea; syrups for making tea” listing in the applications”; and

- 3) “Thus, upon information and belief, at the time Petitioner filed its applications . . . any use by Petitioner of the [mark appearing in Registration No. 5283788] and the [mark appearing in Registration No. 5146262] did not constitute bona fide use of the [marks] in United States commerce in connection with any of the Applied for Goods, and thus the Applications should be deemed void ab initio and the Registration Nos. 5283788 and 5146262 should be cancelled.”<sup>26</sup>

To the extent Respondent alleges that at the time Petitioner filed the underlying applications, Petitioner had not used the marks appearing in Registration Nos. 5283788 and 5146262 in connection with specific beverages identified in the description of goods, and did not use the mark in connection with any of the identified goods, Respondent’s counterclaims alleging nonuse are internally inconsistent.

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<sup>26</sup> 21 TTABVUE 7-8. To the extent that these allegations are intended to support abandonment as a separate ground for cancellation, the Board does not find that Respondent has alleged abandonment. *O.C. Seacrets, Inc. v. Hotelplan Italia S.p.A.*, 95 USPQ2d 1327, 1329 (TTAB 2010) (“We will not parse an asserted ground to see if any of the elements that go to pleading that ground would independently state a separate ground.”). A mark is abandoned “[w]hen its use has been discontinued with intent not to resume such use . . . Nonuse for 3 consecutive years shall be prima facie evidence of abandonment.” Section 45 of the Trademark Act, 15 U.S.C. § 1127. Because Registration Nos. 5283788 and 5146262 were less than three years old when Respondent filed its counterclaim, the statutory presumption of intent to abandon arising from nonuse for three consecutive years does not apply, and Respondent has not alleged Petitioner’s intent not to commence use of its registered marks. See *Lewis Silkin LLP v. Firebrand LLC*, 129 USPQ2d 1015, 1019 (TTAB 2018); *Dragon Bleu (SARL) v. VENM, LLC*, 112 USPQ2d 1925, 1931 (TTAB 2014).

Specifically, it is not clear if Respondent is alleging nonuse as to some or all of the goods identified in Registration Nos. 5283788 and 5146262. In view of the foregoing, Respondent's allegations in its counterclaims are insufficient to provide Petitioner with fair notice of its nonuse claim. *See generally, Fair Indigo LLC v. Style Conscience*, 85 USPQ2d 1536, 1538 (TTAB 2007) (elements of each claim should be stated concisely and directly, and include enough detail to give the defendant fair notice). Accordingly, Petitioner's motion to dismiss is **granted** with respect to Respondent's claim of "lack of bona fide use".

### **Additional Pleadings Issues**

Inasmuch as the instant motion to dismiss involved a careful review of the pleadings, the Board notes that in its answer to the amended petition, Respondent "neither denies nor admits" the allegations in paragraphs five and seven of Petitioner's amended petition. Respondent's answer with respect to paragraphs five and seven of the amended petition is improper. *See* Fed. R. Civ. P. 8(b); TBMP § 311.02(a). An amended answer, if filed, should specifically admit or deny these allegations, or state a lack of knowledge or information necessary to admit or deny.

### **Conclusion**

In view of the foregoing, Petitioner's motion to dismiss is **granted in part** with respect to Respondent's claim of "lack of bona fide use" and **denied in part** as to Respondent's standing.

Inasmuch as the Board freely grants leave to amend pleadings if found to be insufficient, *see* TBMP § 503.03, Respondent is allowed until **April 22, 2019** to file an

amended answer and counterclaims that properly allege nonuse pursuant to the guidelines set forth above, if Respondent has a reasonable basis for doing so, failing which Respondent's "lack of bona fide use" counterclaims will be stricken with prejudice.<sup>27</sup> In turn, Petitioner is allowed **twenty days** from the date indicated on the certificate of service of any amended counterclaims in which to file and serve its answer or otherwise respond to the amended pleading. In the event Respondent fails to file an amended answer and counterclaims pursuant to this order, this proceeding will go forward solely on Petitioner's claim of likelihood of confusion based on its prior use of the wording "CHEF ONE" in connection with "noodles, steamed buns, dumplings, and other Asian-inspired foods."

### **Schedule**

Proceedings are **resumed**. Discovery, disclosure and trial dates are reset as follows:

Deadline for Discovery Conference	<b>June 12, 2019</b>
Discovery Opens	<b>June 12, 2019</b>
Initial Disclosures Due	<b>July 12, 2019</b>
Expert Disclosures Due	<b>November 9, 2019</b>
Discovery Closes	<b>December 9, 2019</b>
Plaintiff's Pretrial Disclosures Due	<b>January 23, 2020</b>
30-day Testimony Period for Plaintiff's Testimony to Close	<b>March 8, 2020</b>
Defendant and Counterclaim Plaintiff's Pretrial Disclosures Due	<b>March 23, 2020</b>
30-day Testimony Period for Defendant and Plaintiff in the Counterclaim to Close	<b>May 7, 2020</b>

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<sup>27</sup> To the extent Respondent files an amended answer and counterclaims pursuant to this order, Respondent should re-allege its allegations supporting its standing to bring the counterclaim.

Counterclaim Defendant's and Plaintiff's Rebuttal Disclosures Due	<b>May 22, 2020</b>
30-day Testimony Period for Defendant in the Counterclaim and Rebuttal Testimony for Plaintiff to Close	<b>July 6, 2020</b>
Counterclaim Plaintiff's Rebuttal Disclosures Due	<b>July 21, 2020</b>
15-day Rebuttal Period for Plaintiff in the Counterclaim to Close	<b>August 20, 2020</b>
<b>BRIEFS ARE DUE AS FOLLOWS:</b>	
Brief for Plaintiff Due	<b>October 19, 2020</b>
Brief for Defendant, and Plaintiff in the Counterclaim Due	<b>November 18, 2020</b>
Brief for Defendant in the Counterclaim and Reply Brief, if any, for Plaintiff Due	<b>December 18, 2020</b>
Reply Brief, if any, for Plaintiff in the Counterclaim Due	<b>January 2, 2021</b>

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, 37 C.F.R. §§ 2.121 - 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), 37 C.F.R. §§ 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), 37 C.F.R. § 2.129(a).