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

Proceeding	92068091
Party	Plaintiff Usina Sao Francisco S.A.
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Attachments	2020-10-21 Native Reply ISO Combined Motion to Amend and for Summary Judgment.pdf(198628 bytes )

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

<p>USINA SÃO FRANCISCO S.A.,</p> <p style="text-align:center">Petitioner,</p> <p style="text-align:center">v.</p> <p>TILE WORLD CORPORATION</p> <p style="text-align:center">Registrant.</p>	<p>Cancellation No.: 92068091</p> <p style="text-align:center"></p> <p>Mark: Reg. No.: 3308285 Reg. Date: October 9, 2007</p>
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**PETITIONER’S REPLY IN SUPPORT OF ITS COMBINED MOTION  
TO AMEND ITS PETITION TO CANCEL AND FOR SUMMARY  
JUDGMENT AND TO EXTEND NATIVE’S DISCOVERY PERIOD**

“It is very noble hypocrisy not to talk of one’s self at all.”<sup>1</sup> In its response, Tile World neglects to explain its dilatory behavior, including waiting 2+ years to provide information responsive to Native’s discovery requests, which has necessitated the lion’s share of motion practice in the proceeding, and has cost Native and the Board to unnecessarily spend significant time and resources. Tile World neglects to explain why it withheld relevant, material discoverable information during this lengthy period. And Tile World neglects to provide any evidence or even point to any facts of record in support of its unfounded attorney arguments. Instead, Tile World presents myriad confusing and conflated arguments—all of which miss the mark in one way or another and none of which justify depriving Native of the right to amend its pleadings or dispose of this case on summary judgment.

**I. MOTION TO AMEND**

Amendment of the petition to cancel is necessary to bring about a furtherance of justice in view of Tile World’s delay tactics. Notably, Tile World does not argue that Native’s proposed

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<sup>1</sup> Friedrich Nietzsche, *Human, All-Too-Human: Parts One and Two*, 212 (1878).

newly discovered claims are legally insufficient or would cause any cognizable prejudice to Tile World.<sup>2</sup> Rather, Tile World's response focuses almost entirely on the extent to which Tile World's failure to meaningfully participate in discovery (or worse its intentional withholding of discoverable information) delayed Native's ability to pursue certain abandonment and fraud claims until now.

**A. Native's Motion Was Filed As Soon As The New Grounds For Cancellation Became Apparent**

By its motion to amend, Native seeks to add the following claims to its petition to cancel:

(1) Applicant Sociedad de Comercializacion Internacional de Azucares y Mieles S.A. ("CIAMSA") abandoned the NATIVE SWEET Logo; (2) CIAMSA committed fraud on the United States Patent and Trademark Office ("USPTO") when it filed its March 1, 2007 Statement of Use in support of Application Serial No. 78501066 (the "Application"); and (3) Tile World committed fraud in procuring and maintaining the Application and Registration No. 3308285. These claims are fundamentally different than Count III of Native's original petition to cancel, which alleged that Registration No. 3308285 is void ab initio based on CIAMSA's nonownership of the NATIVE SWEET Logo.<sup>3</sup> Moreover, the Board's February 16, 2019 order specifically acknowledged the availability of fraud claims. 10 TTABVUE 2.

The basis for Native's claims stem from information that was withheld from Native for over two years before it was revealed in Tile World's supplemental Interrogatory responses

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<sup>2</sup> Tile World wastes much time arguing the merits of Native's proposed claims. However, whether or not Native can actually prove the allegations sought to be added to the petition to cancel is a matter to be determined after the introduction of evidence at trial (apart from those before the Board on summary judgment), not on motion to amend. *Cf. Focus 21 Int'l Inc. v. Pola Kasei Kogyo Kabushiki Kaisha*, 22 USPQ2d 1316, 1318 (TTAB 1992); *Flatley v. Trump*, 11 USPQ2d 1284, 1286 (TTAB 1989).

<sup>3</sup> Although Tile World devotes considerable portions of its brief to the material alteration doctrine, *see* 41 TTABVUE 8-9, Native's abandonment claim before the Board on summary judgment does not involve the appearance of Tile World's purported mark or otherwise invoke this doctrine. Raising material alteration is simply a red herring intended to confuse the issues before the Board.

served on July 17, 2020. 36 TTABVUE 5-6, 11-1.3 Tile World’s arguments that this information had been available to Native since the proceeding was instituted are unsupported and wrong. On July 17, 2020, Native learned *for the first time* that CIAMSA transferred “the right to use the NATIVE SWEET Logo,” but not the Application itself, through Tile World’s supplemented response to Native’s Interrogatory No. 16:

<b>Interrogatory No. 16</b>	<b>July 27, 2018 Response</b>	<b>July 17, 2020 Supplemental Response</b>
To the extent Tile World maintains its denial of the allegation in Paragraph 36 of Native’s Petition that “Applicant was not the owner of the NATIVE SWEET Logo of Application at the time it filed the Statement of Use,” describe in detail all facts supporting the denial. 18 TTABVUE 26.	[Tile World] objects to this interrogatory as calling for a legal conclusion. Without waiving said objection, the basis of the denial is that it calls for an ultimate determination of transfer of ownership of a mark and a related application. 18 TTABVUE 39.	At the time the Statement of Use was filed, (03/01/2007), Applicant had assigned the property rights and right to use the Native Sweet Logo to [Tile World] but did not assign the Application 78501066. 36 TTABVUE 84.

Rather than providing this information over two years ago when it should have done so, Tile World instead asserted a baseless objection to Native’s Interrogatory No. 16 in July 2018 (see above) and elected to withhold critical facts falling well within the scope of discovery. As a result, Native was not capable of bringing its amended claims until now. 36 TTABVUE 5. Native’s motion to amend is thus timely.

The cases on which Tile World relies pertaining to timeliness involve new claims based on facts known to a plaintiff at the time it filed a complaint and are inapposite.<sup>4</sup> *Compare A&H Sportswear Co., Inc. v. Yedor*, 2019 USPQ2d 111513, \*2 (TTAB 2019) (granting motion to

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<sup>4</sup> Native dedicated much time between receiving Tile World’s supplemental responses and filing the instant combined motion reviewing and translating Tile World’s 2,500-page supplemental production (mostly in Spanish with no translation), analyzing Tile World’s supplemental responses, and awaiting further supplementation. Native filed its motion when it became clear no further production or supplementation was forthcoming. 36 TTABVUE 6.

amend where plaintiff learned of the factual basis for the proposed claim from defendant's discovery responses and filed the motion six weeks after receiving the discovery responses); *Jive Software, Inc. v. Jive Commc'ns, Inc.*, 125 USPQ2d 1175, 1180-81 (TTAB 2017) (motion to amend to include a compulsory counterclaim two years after answer was filed granted where parties had suspended proceedings for settlement discussions); *with Media Online Inc. v. El Clasificado, Inc.*, 88 USPQ2d 1285 (TTAB 2008) (motion to amend denied where new claims were based on facts known to petitioner when the petition to cancel was filed); *Trek Bicycle Corp. v. Styletrek Ltd.*, 64 USPQ2d 1540, 1541 (TTAB 2001) (motion to amend denied where plaintiff was aware of availability of dilution as a ground for opposition and waited eight months to seek to amend); *Capital Speakers Inc. v. Capital Speakers Club of Washington D.C. Inc.*, 41 USPQ2d 1030, 1032-33 (TTAB 1996) (motion to amend denied where plaintiff had been aware of basis for new fraud claim for over three years).

#### **B. Tile World Will Not Be Prejudiced**

In its response, Tile World complains, without support, that it will be prejudiced "because of the long delay" it created. 41 TTABVUE 7. However, the concept of "undue delay" is inextricably linked with the concept of prejudice to the non-moving party (*see Marshall Field & Co. v. Mrs. Fields Cookies*, 11 USPQ2d 1355, 1359 (TTAB 1989)), such that the Board may determine that if there is no prejudice to the non-moving party, there is no undue delay. *See Am. Express Mktg. & Dev. Corp. v. Gilad Dev. Corp.*, 94 USPQ2d 1294, 1297 (TTAB 2010) (although delay was substantial, no prejudice where proceedings were still in the discovery stage). Prejudice contemplates an adverse effect on the non-movant's ability to litigate the case, such as loss or unavailability of evidence or witnesses. *See Trek Bicycle Corp.*, 64 USPQ2d at 1541 (citing *Pratt v. Philbrook*, 109 F.3d 18 (1<sup>st</sup> Cir. 1997)).

Tile World did not introduce a shred of evidence demonstrating that it would be prejudiced by amendment of the petition to cancel. Nor can it. Tile World caused the delay by withholding information uniquely within its possession, custody, and/or control. *A&H Sportswear Co., Inc.*, 2019 USPQ2d at \*2 (finding no prejudice where “the information and documents through which Applicant may defend the claim are likely to be in his own possession and control”). Tile World does not require discovery to develop facts relevant to its use of the NATIVE SWEET logo or statements made to the United States Patent and Trademark Office. *Cf. Bad Boys Bail Bonds, Inc. v. Yowell*, 115 USPQ2d 1925, 1930 (TTAB 2015) (any evidence related to nonmovant’s use of its mark would be in its own possession, custody, or control).

Moreover, although Tile World attempts to obfuscate the facts relevant to the timeliness of Native’s motion and proposed claims, the record is replete with instances of Tile World’s delay tactics, juxtaposed by Native’s diligence in meeting its responsibilities during discovery. Native initially served its Interrogatories, Requests for Production of Documents, and Requests for Admission on June 21, 2018, and Tile World served its grossly deficient responses on July 27, 2018. 18 TTABVUE 2-3; 17 TTABVUE 5. Shortly thereafter, proceedings were suspended pending determination of Native’s motion for summary judgment filed on October 18, 2018. 7 TTABVUE. After proceedings resumed on February 16, 2019, Native sent Tile World deposition notices on March 4, 2019, March 28, 2019, and April 29, 2018. 18 TTABVUE 3-5. Native also sent Tile World a deficiency letter on March 22, 2019, in which Native requested supplemental discovery responses by March 29, 2019 to avoid the unfair prospect of taking depositions with grossly deficient discovery.<sup>5</sup> 17 TTABVUE 6, 18

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<sup>5</sup> Native ultimately had to postpone discovery depositions on four occasions due to Tile World’s refusal to supplement its grossly incomplete discovery responses. 17 TTABVUE 3.

TTABVUE 88-93. The parties then agreed to suspend proceedings for three months for settlement negotiations.<sup>6</sup> 11 TTABVUE-16 TTABVUE. During this time, Native sent a detailed deficiency letter on May 24, 2019 and followed up on the status of Tile World's supplemental responses on June 4, 2019, June 12, 2019, and June 28, 2019. 18 TTABVUE 5.

Proceedings were suspended for another eight months when Native filed its motion to compel on July 1, 2019. 20 TTABVUE 1. Despite its best efforts to solicit responsive supplemental discovery responses from Tile World, the Board denied Native's motion to compel on March 2, 2020 due to the number of requests at issue. 24 TTABVUE 2. The Board advised the parties to narrow the amount of disputed requests for discovery down to a reasonable number, *see* 24 TTABVUE 2, which is just what Native attempted to do on April 16, 2020, May 6, 2020, June 23, 2020, and July 9, 2020. 36 TTABVUE 61.

During this time, Native agreed to a sixty-day suspension of proceedings so the parties could discuss settlement, but counsel for Tile World did not respond to Native's five attempts to discuss settlement before proceedings resumed. 40 TTABVUE 4. For over two months, Tile World completely evaded all of its obligations in this proceeding following the departure of one attorney from its counsel Shutts & Bowen.<sup>7</sup> *See id.*; 29 TTABVUE. Once Tile World finally resurfaced, it again refused to provide complete, responsive supplemental discovery responses. *Id.* Finally, on July 17, 2020, Tile World produced supplemental Interrogatory responses, and on July 20, 2020, Tile World supplemented its discovery production to include about 2,500 additional pages of documents which required translation. 36 TTABVUE 6.

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<sup>6</sup> Although Native continued its attempts to meet and confer with respect to its outstanding discovery requests while proceedings were suspended, it should be noted that the Board will not penalize a party for taking no action while proceedings are suspended. *See Jive Software, Inc.*, 125 USPQ2d at 1181.

<sup>7</sup> Tile World has been represented by Shutts & Bowen since Tile World filed its answer.

It is clear from the record that at every stage of this proceeding, Native diligently pursued information relevant to its claims, while Tile World withheld discoverable information and consistently refused to cooperate and take this proceeding seriously. When the Board directed the parties to narrow the amount of discovery requests in dispute in March, Native reduced the requests in dispute as directed and Tile World refused to respond to its attempts to meet and confer for over two months. From June through August, Native continued its meet and confer efforts and reviewed and translated Tile World's document dump and supplemental Interrogatory responses, which contained new information. 36 TTABVUE 61-62. Native promptly and timely filed its motion to amend once it learned the basis for its proposed claims, and while discovery remained open. For Tile World to argue that Native unjustifiably delayed by complying with the Board's March 2, 2020 order and seeking information to which it is entitled defies the record and is hypocritical given Tile World's repeated delay tactics (including withholding the very information giving rise to this motion for over two years).

Additionally, Native's motion to amend filed with its motion for summary judgment is timely and procedurally appropriate under Board practice and procedure. *See Societe Des Produits Marnier Lapostolle v. Distillerie Moccia S.R.L.*, 10 USPQ2d 1241, 1242 n.4 (TTAB 1989); TBMP § 528.07(a) ("Generally, a party that seeks summary judgment on an unpleaded issue may simultaneously move to amend its pleading to assert the matter"). To the extent Tile World relies on district court decisions in support of its argument that Tile World must first file an answer to Native's amended petition to cancel before the motion for summary judgment may be entertained, established Board precedent and practice indicate otherwise. *Societe Des Produits Marnier Lapostolle*, 10 USPQ2d at 1242, n.4 ("it would serve no purpose to deny the motion for summary judgment as premature and require opposer/petitioner to re-file said motion



after the motion to amend is determined and after amended answers are filed”); TBMP § 528.07(a) (“For purposes of determining the summary judgment motion, the Board will deem such new allegations to be denied if no amended answer is accepted and of record at this time”).

## **II. MOTION FOR SUMMARY JUDGMENT**

By its motion seeking summary judgment on its claim that CIAMSA abandoned the NATIVE SWEET Logo, Native has satisfied its initial burden of demonstrating that there is no genuine dispute of material fact remaining for trial and it is entitled to judgment as a matter of law based on Tile World’s sworn discovery responses and relevant Board precedent. When the moving party’s motion is supported by evidence sufficient to indicate that there is no genuine dispute of material fact, and that the moving party is entitled to judgment as a matter of law, the burden shifts to the nonmoving party to demonstrate the existence of specific, genuinely disputed facts that must be resolved at trial. *Enbridge, Inc. v. Excelerate Energy Ltd. P’ship*, 92 USPQ2d 1537, 1540 (TTAB 2009). The nonmoving party may not rest on the mere allegations of its pleadings and assertions of counsel, but must designate specific portions of the record or produce additional evidence showing the existence of a genuine dispute as to a material fact for trial. *See* Fed. R. Civ. P. 56(c); *Celotex Corp. v. Catrett*, 477 U.S. 322, 324 (1987). To establish the existence of disputed facts requiring trial, the nonmoving party “must point to an evidentiary conflict created on the record at least by a counterstatement of facts set forth in detail in an affidavit by a knowledgeable affiant.” *Octocom Sys., Inc. v. Hous. Comps. Servs., Inc.*, 918 F.2d 937, 16 USPQ2d 1783, 1786 (Fed. Cir. 1990).

Conspicuously absent from Tile World’s response to Native’s motion for summary judgment is any evidence in support of its arguments. *See Enzo Biochem, Inc. v. Gen-Probe, Inc.*, 424 F.3d 1276, 76 USPQ2d 1616, 1622 (Fed. Cir. 2005) (attorney argument is no substitute

for evidence). Moreover, Tile World does not contest Native’s proof of standing to maintain its claims, and does not put forth any legal arguments regarding Native’s claim that CIAMSA, who retained ownership of the Application, abandoned the NATIVE SWEET Logo by assigning away its right to use the logo and by ceasing use of the logo. To the extent Tile World’s arguments focus on fraud, tacking, and material alteration (*see* 41 TTABVue 3, 8-9, 11, 14-15), these arguments are completely misplaced and are only made to confuse the issue before the Board; the issue on summary judgment is CIAMSA’s abandonment of the NATIVE SWEET Logo. Accordingly, the uncontested material facts of this case demonstrate that Native is entitled to summary judgment on its claim that Registration No. 3308285 should be cancelled on the grounds of abandonment.

### **III. NATIVE’S MOTION TO EXTEND**

Tile World’s response to Native’s motion to extend, in which it complains of “last-ditch” efforts and blame-shifting, is curious given its history of delay and motion to extend its time to file its response to Native’s combined motion due to the “press of litigation” and its failure to plan ahead.<sup>8</sup> Unlike the inappropriate grounds raised in Tile World’s extension motion, as addressed in detail above, the record in this proceeding reflects that Native has diligently pursued its discovery obligations, and any delay is solely attributable to Tile World’s gamesmanship and refusal to produce information for 2+ years.<sup>9</sup> Native has established good cause to extend its discovery period in the event proceedings resume.<sup>10</sup>

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<sup>8</sup> Native considers Tile World’s motion to extend (filed September 30, 2020) moot in view of its response to Native’s combined motion.

<sup>9</sup> To the extent Tile World argues that Native may no longer file a motion to compel, it is mistaken. Trademark Rule 2.120(f)(1).

<sup>10</sup> Tile World’s citation to *Vital Pharmaceuticals, Inc. v. Kronholm*, 99 USPQ2d 1708 (TTAB 2011) for the proposition that the existence of settlement negotiations alone does not justify a party’s inaction or delay is incorrect as applied to this case. *Vital Pharmaceuticals* involved a motion to reopen, which requires a showing under the heightened standard of excusable neglect, whereas a motion to extend

#### IV. CONCLUSION

For the reasons and authorities discussed above, Native requests that the Board grant its motion for leave to amend its petition to cancel to include claims of abandonment and fraud, and that the Board grant its motion for summary judgment and cancel Registration No. 3308285. Native alternatively requests a sixty-day extension of time to serve follow-up discovery in view of new information revealed during discovery.

Respectfully submitted,

Dated: October 21, 2020

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only requires the movant to establish good cause for the extension. *Cf. Trans-High Corp. v. JFC Tobacco Corp.*, 127 USPQ2d 1175, 1176-77 (TTAB 2018).

**CERTIFICATE OF SERVICE**

I certify that a true and accurate copy of the foregoing Petitioner's Reply in Support of Its Combined Motion to Amend and Motion for Summary Judgment and Motion to Extend, was served by email on October 21, 2020, upon Registrant's counsel at the following email addresses of record:

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