THIS ORDER IS NOT A PRECEDENT OF THE TTAB

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

coggins

Mailed: May 5, 2017

Cancellation No. 92060308

SFM, LLC

v.

Corcamore, LLC

By the Trademark Trial and Appeal Board:

Now before the Board are Respondent's motions for reconsideration of the Board's denial of Respondent's motion to dismiss (filed May 29, 2015), and for leave to file a motion vacating the Board's earlier orders denying the motion to dismiss and denying reconsideration (filed April 6, 2016).

Relevant Background

On April 30, 2015, the Board, *inter alia*, denied Respondent's Fed. R. Civ. P. 12(b)(6) motion to dismiss the amended petition for various reasons, including that Petitioner had sufficiently alleged its standing to bring this cancellation proceeding. Respondent filed a timely motion for partial reconsideration. In a December 30, 2015 order, the Board deferred determination of the motion for reconsideration pending disposition of an appeal of *Belmora LLC v. Bayer Consumer Care AG*, 115 USPQ2d 1032 (E.D. Va. 2015) to the United States Court of Appeals for the Fourth Circuit.

The December 30th order also imposed a procedural sanction against Respondent, prohibiting Respondent from filing any future unconsented or unstipulated motions without first obtaining prior permission from the Board. Inasmuch as the *Belmora* appeal has been determined (*see Belmora LLC v. Bayer Consumer Care AG*, 819 F.3d 697, 715 (4th Cir. 2016), *cert. denied* 137 S. Ct. 1202 (2017)), the Board now takes up the outstanding issues.

Motion for Leave

Respondent's motion for leave to file a motion to vacate is **denied** on the procedural ground that Respondent failed to comply with the sanction imposed upon Respondent by the Board's December 30, 2015 order.[1] Specifically, Respondent was prohibited from filing any additional unconsented or unstipulated motions in this proceeding without first obtaining prior Board permission; and, in seeking such permission, counsel for Respondent is required to contact the Board interlocutory attorney assigned to this case by telephone to conduct a case conference with counsel for Petitioner also present. Respondent did not telephone the assigned Board interlocutory attorney to seek permission prior to filing the April 6, 2016 unconsented motion. For this reason alone the motion for leave may be, and is, **denied**. Notwithstanding this denial, it is noted that the ultimate relief sought by the April 6th motion is essentially the same as the relief at issue in the outstanding motion for reconsideration which is discussed *infra*.

[1] Respondent challenged the sanction via a motion for reconsideration, but that motion was denied; the sanction against Respondent remains in effect. *See* 29 TTABVUE.

Motion for Reconsideration

A motion for reconsideration under Trademark Rule 2.127(b) is limited to a demonstration that on the basis of the facts before the Board and prevailing authorities, the Board's ruling was in error and requires appropriate change. *See Guess? IP Holder L.P. v. Knowluxe LLC*, 116 USPQ2d 2018, 2019 (TTAB 2015). Such a motion should not be devoted to a reargument of the points presented in a brief on the original motion. *See* TBMP § 518 (Jan. 2017).

Respondent seeks partial consideration of the Board's April 30, 2015 order. Respondent argues that Petitioner lacks standing pursuant to the zone-of-interest test and proximate causality requirement articulated by the Supreme Court in *Lexmark Int'l, Inc. v. Static Control Components, Inc.*, 572 U.S. __, 134 S. Ct. 1377, 109 USPQ2d 2061 (2014), and later applied by the United States District Court for the Eastern District of Virginia in *Belmora LLC v. Bayer Consumer Care AG*, 84 F.Supp.3d 490, 115 USPQ2d 1032 (E.D. Va. 2015), *vacated and remanded* 819 F.3d 697 (4th Cir. 2016), *cert. denied* 137 S. Ct. 1202 (2017).

The Board's primary reviewing court, the United States Court of Appeals for the Federal Circuit ("CAFC") has previously stated that:

> A person "who believes that he is or will be damaged . . . by the registration of a mark on the principal register" may petition to cancel the registration under [Section 14 of the Trademark Act] 15 U.S.C. § 1064 []. To obtain cancellation of the registration, the petitioning party must show both standing and valid grounds for cancellation. *Cunningham v. Laser Golf Corp.*, 222 F.3d 943, 945, 55 USPQ2d 1842, 1844 (Fed. Cir. 2000). Standing requires only that the petitioner have a "real interest" in the cancellation proceeding. *Int'l Order of Job's Daughters v. Lindeburg & Co.*, 727 F.2d 1087, 1092, 220 USPQ 1017,

> 1020 (Fed. Cir. 1984). In most settings, a direct commercial interest satisfies the "real interest" test. *Cunningham*, 222 F.3d at 945.

Herbko Int'l Inc. v. Kappa Books Inc., 64 USPQ2d 1375, 1377 (Fed. Cir. 2002). On reconsideration, Petitioner argues that a *Lexmark Int'l* framework of pleading should apply to this Section 14 cancellation proceeding before the Board, as such framework was applied in *Belmora* by the district court (and later by the Fourth Circuit). This is, in part, a reargument of a point presented in Respondent's brief on the original motion to dismiss the amended petition.

Petitioner does not dispute that *Lexmark Int'l* involved a case of false advertising in a civil action arising under Section 43(a) of the Trademark Act, or that it is Section 14 of the Act which provides a statutory basis for cancellation in this Board proceeding. The Board's April 30, 2015 order cited to the CAFC's decision in *Empresa Cubana Del Tabaco v. Gen. Cigar Co.*, 111 USPQ2d 1058, 1062 (Fed. Cir. 2014) (*see* Order, p. 2 (15 TTABVUE 2)), which issued after *Lexmark Int'l*, and in which the CAFC, shortly after recognizing that the Supreme Court had recently clarified issues of standing in *Lexmark Int'l*, reiterated that under Section 14 "[a] petitioner is authorized by statute to seek cancellation of a mark [at the Board] where it has 'both a "real interest" in the proceedings as well as a "reasonable" basis for its belief of damage.'" *Empresa Cubana Del Tabaco*, 111 USPQ2d at 1062 (citing *ShutEmDown Sports, Inc. v. Lacy*, 102 USPQ2d 1036, 1041 (TTAB 2012) and *Ritchie v. Simpson*, 170 F.3d 1092 (Fed. Cir. 1999)). Contrary to Respondent's implication, the Board need not consider a decision by a district court or that district court's primary reviewing court which may appear to apply or analogize from *Lexmark Int'l* a standard for

pleading standing in a Board proceeding that varies from the one enunciated by the CAFC.

In the Petition for Cancellation, Petitioner has alleged ownership of three registrations for marks which contain or are comprised in whole of the word SPROUTS in connection with retail grocery services. *See* Amend. Pet., para. 5 (6 TTABVUE 3). As stated in *Lipton Indus., Inc. v. Ralston Purina Co.*, 670 F.2d 1024, 213 USPQ 185 (CCPA 1982), the CAFC has found standing based on widely diverse interests including, *inter alia*, a prior registration. *Lipton Indus.*, 213 USPQ at 189, citing *King Candy Co. v. Eunice King's Kitchen, Inc.*, 496 F.2d 1400, 182 USPQ 108 (CCPA 1974). Petitioner's alleged ownership of the three prior registrations and the services offered in connection therewith under the marks is sufficient to allege a direct commercial interest and its standing to petition for cancellation of Respondent's mark. *Cunningham*, 55 USPQ2d 1844 (ownership of two prior registrations sufficient to establish direct commercial interest and standing to petition for cancellation).

The Board has reviewed the Amended Petition for Cancellation, the parties' briefs on the motion to dismiss the amended petition, the April 30, 2015 order, and the briefs on the outstanding motion for reconsideration; and finds no error with the outcome of the decision to deny Respondent's motion to dismiss. No change in the result of the April 30th order is necessary. In view thereof, the motion for reconsideration is **denied**.

Schedule

Proceedings are **resumed**. Dates are **reset** on the following schedule:

Deadline for Discovery Conference	6/2/2017
Discovery Opens	6/2/2017
Initial Disclosures Due	7/2/2017
Expert Disclosures Due	10/30/2017
Discovery Closes	11/29/2017
Plaintiff's Pretrial Disclosures	1/13/2018
Plaintiff's 30-day Trial Period Ends	2/27/2018
Defendant's Pretrial Disclosures	3/14/2018
Defendant's 30-day Trial Period Ends	4/28/2018
Plaintiff's Rebuttal Disclosures	5/13/2018
Plaintiff's 15-day Rebuttal Period Ends	6/12/2018

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.

Recent Rules Changes

CHANGES TO THE TRADEMARK TRIAL AND APPEAL BOARD ("BOARD") RULES OF PRACTICE BECAME EFFECTIVE JANUARY 14, 2017.

The USPTO published a Notice of Final Rulemaking in the Federal Register on October 7, 2016, at 81 Fed. Reg. 69950. It sets forth several amendments to the rules that govern *inter partes* (oppositions, cancellations, concurrent use) and *ex parte* appeal proceedings. A correction to the final rule was published on December 12, 2016, at 81 Fed. Reg. 89382.
For complete information, the parties are referred to:

- The Board's home page on the uspto.gov website: http://www.uspto.gov/trademarks-application-process/trademark-trial-and-appeal-board-ttab
- The final rule: http://www.uspto.gov/sites/default/files/documents/81%20FR%2069950.pdf
- The correction to the final rule:

http://www.uspto.gov/sites/default/files/documents/81%20FR%2089382.pdf

- A chart summarizing the affected rules and changes: http://www.uspto.gov/sites/default/files/documents/Chart%20Summarizing%20Rule%20Changes%2012-9-16.pdf

For all proceedings, including those already in progress on January 14, 2017, some of the changes are:

- All pleadings and submissions must be filed through ESTTA. Trademark Rules 2.101, 2.102, 2.106, 2.111, 2.114, 2.121, 2.123, 2.126, 2.190, and 2.191.
- Service of all papers must be made by email, unless otherwise stipulated. Trademark Rule 2.119.
- Response periods are no longer extended by five days for service by first-class mail, Priority Mail Express®, or overnight courier. Trademark Rule 2.119.
- Deadlines for submissions to the Board that are initiated by a date of service are 20 days. Trademark Rule 2.119. Responses to motions for summary judgment remain 30 days. Similarly, deadlines for responses to discovery requests remain 30 days.
- All discovery requests must be served early enough to allow for responses prior to the close of discovery. Trademark Rule 2.120. Duty to supplement discovery responses will continue after the close of discovery.
- Motions to compel initial disclosures must be filed within 30 days after the deadline for serving initial disclosures. Trademark Rule 2.120.
- Motions to compel discovery, motions to test the sufficiency of responses or objections, and motions for summary judgment must be filed prior to the first pretrial disclosure deadline. Trademark Rules 2.120 and 2.127.
- Requests for production and requests for admission, as well as interrogatories, are each limited to 75. Trademark Rule 2.120.
- Testimony may be submitted in the form of an affidavit or declaration. Trademark Rules 2.121, 2.123, and 2.125.
- New requirements for the submission of trial evidence and deposition transcripts. Trademark Rules 2.122, 2.123, and 2.125.

For proceedings filed on or after January 14, 2017, in addition to the changes set forth above, the Board's notice of institution constitutes service of complaints. Trademark Rules 2.105(a) and 2.113(a).

This is only a summary of the significant content of the Final Rule. All parties involved in or contemplating filing a Board proceeding, regardless of the date of commencement of the proceeding, should read the entire Final Rule.