THIS ORDER IS 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
General Email: TTABInfo@uspto.gov

December 21, 2018

KWM

Cancellation No. 92060308

SFM, LLC

v.

Corcamore, LLC

Before Lykos, Adlin, and Pologeorgis,
Administrative Trademark Judges.

By the Board:

This case now comes up for consideration of SFM, LLC's ("Petitioner") contested motion (filed April 30, 2018) for judgment as a discovery sanction. Petitioner's motion is fully briefed.

Relevant Background

Petitioner filed this case over four years ago, requesting cancellation of Respondent's registration for the mark SPROUT,[1] in standard characters, for "vending machine services" in International Class 35 on the sole ground of likelihood of confusion under Section 2(d) of the Trademark Act, 15 U.S.C. § 1052(d). Specifically, Petitioner alleges prior use and registration of SPROUTS in standard

[1] Registration No. 3708453, issued November 10, 2009 on the Principal Register; Sections 8 and 15 affidavits acknowledged and accepted.

characters[2] and SPROUTS FARMERS MARKET in standard characters[3] and with design,[4] each for "retail grocery store services" in International Class 35.[5] In its answer, Respondent denies the salient allegations in the petition to cancel, and asserts a defense seeking to restrict Petitioner's pleaded Registration No. 3322841 for the standard character mark SPROUTS under Trademark Rule 2.133(d), 37 C.F.R. § 2.133(d), which is not relevant to Petitioner's motion.[6]

After the Board determined, by order dated December 30, 2015, that Respondent had filed an "inordinate number of motions (all of which have been denied) at a very early stage in this proceeding,"[7] the Board prohibited Respondent from filing any additional unconsented motions without first obtaining Board permission. The Board warned Respondent that this kind of practice has no place in any Board proceeding.[8] After the parties' discovery conference in which the Board participated, the Board

---

[2] Registration No. 3322841, issued October 30, 2007 on the Principal Register; Sections 8 and 15 affidavits acknowledged and accepted; renewed.

[3] Registration No. 2798632, issued December 23, 2003 on the Principal Register; Sections 8 and 15 affidavits acknowledged and accepted; renewed.

[4] Registration No. 4002187, issued July 26, 2011 on the Principal Register; Sections 8 and 15 affidavits acknowledged and accepted.

[5] First Amended Petition to Cancel, ¶5; 6 TTABVUE 3.

[6] Under Trademark Rule 2.133(d), "[a] plaintiff's pleaded registration will not be restricted in the absence of a counterclaim to cancel the registration in whole or in part, except that a counterclaim need not be filed if the registration is the subject of another proceeding between the same parties or anyone in privity therewith." A party alleged to be in privity with Respondent has filed a Section 18 counterclaim for restriction of Petitioner's Registration No. 3322841 in Cancellation No. 92061193. 36 TTABVUE 4; *see also* 13 and 16 TTABVUE in Cancellation No. 92061193. Also, to the extent Respondent maintains its "defense" that the amended petition to cancel was not timely filed, we have previously determined that the defense is inapposite. 14 TTABVUE 3.

[7] 28 TTABVUE 8-9.

[8] *Id*.

lifted the prohibition on filing unconsented motions, but indicated that it may impose future sanctions, as necessary.[9]

Despite this reprieve and warning, Respondent resumed filing unnecessary or procedurally improper motions, resulting in another prohibition on filing unconsented motions without first obtaining Board permission.[10] This time, Respondent was "required to contact by telephone the Board interlocutory attorney assigned to this case to conduct a case conference with counsel for Petitioner also present."[11] Thereafter, Respondent began filing materials not provided for or permitted under the Trademark Rules, including an "objection" to the Board's February 27, 2018 order and several requests to file a variety of different procedurally impermissible motions,[12] but did not, at any time, "contact by telephone the Board interlocutory attorney assigned to this case to conduct a case conference with counsel for Petitioner also present."[13] Accordingly, the Board denied Respondent's unapproved filings for failure to comply with the procedural sanctions imposed in the February 27, 2018 order.[14] Later that day, inexplicably but unsurprisingly,

[9] 36 TTABVUE 6.

[10] 52 TTABVUE 22. To the extent Respondent argues that the "interlocutory attorney has taken action on a dispositive motion by limiting respondent from filing the appropriate response to petitioner's motion for entry of judgment," it is mistaken. The sanctions imposed in the February 27, 2018 order prohibit Respondent from filing "unconsented or unstipulated motions without first obtaining prior Board permission"; the sanctions do not prohibit Respondent from filing a response to Petitioner's dispositive motion. *Id*. at 23.

[11] *Id*. at 23.

[12] 53 TTABVUE; 54 TTABVUE; 56-58 TTABVUE.

[13] 52 TTABVUE 23.

[14] 59 TTABVUE 5-6.

Respondent filed another procedurally impermissible request, again violating the Board's order.[15]

Board Orders Relating To Discovery

On November 13, 2017, Respondent filed an eleventh-hour motion for a protective order in which it requested to defer the deposition of its Fed. R. Civ. P. 30(b)(6) witness, properly noticed by Petitioner on October 25, 2017 and scheduled for November 14, 2017, until the Board had ruled on Respondent's untimely motion (filed October 30, 2017) to compel.[16] The Board denied Respondent's motion for a protective order the same day,[17] ordering Respondent's witness to appear the following day as noticed, "failing which the Board may entertain an appropriate motion for relief."[18]

Also on October 25, 2017, Petitioner filed a motion to compel supplemental responses to certain document requests and interrogatories.[19] The Board granted the motion and ordered Respondent to:

1) Provide amended responses to Petitioner's first set of document requests without objection on the merits and produce non-privileged responsive documents within thirty days (52 TTABVUE 21);

[15] 60 TTABVUE.

[16] 40 TTABVUE; 41 TTABVUE 1.

[17] To the extent Respondent argues that it was not given proper notice of a telephone conference requested by Petitioner for that same day, Respondent's arguments are not well-taken, inasmuch as it was Respondent that created the urgency for resolution of its last-minute motion.

[18] 41 TTABVUE 2-3.

[19] 37 TTABVUE.

2) Provide supplemental responses to Interrogatory Nos. 1, 2 and 6-17 within thirty days (*id.*);[20]
3) Provide a privilege log, to the extent Respondent contends that documents responsive to Petitioner's first set of document requests are privileged, within thirty days (*id.*);
4) Organize and label, by Bates Stamp number, the documents responsive to each of Petitioner's first set of document requests (*id.*);
5) State whether or not any non-privileged, responsive documents are in Respondent's possession, custody or control with respect to each document request and, if there are responsive documents, state whether they will be produced within thirty days or withheld on a claim of privilege (*id.* at 8.); and
6) Identify, by Bates Stamp number, the documents which are responsive to each request, to the extent Respondent has already fully produced documents responsive to any document request (*id.* at 22).

The Board further reminded Respondent that an evasive or incomplete response is the equivalent of a failure to disclose, and advised Petitioner that it may seek appropriate sanctions if Respondent fails to comply with the order.[21]

[20] The Board also overruled Respondent's boilerplate objections (for example, that Petitioner's requests were overly broad, unduly burdensome, not proportional to the needs of the case, and impose burdens beyond those allowed by the applicable rules) made in response to Petitioner's interrogatories. *Id.* at 12.

[21] *Id.*

Available Sanctions

Although the Board does not impose monetary sanctions or award attorneys' fees or other expenses, it has authority to enter other appropriate sanctions, up to and including judgment, against a party under Fed. R. Civ. P. 11; Trademark Rule 2.120(h), 37 C.F.R. § 2.120(h); and Fed. R. Civ. P. 37(b)(2) governing discovery; or the Board's inherent authority.[22]

Under Fed. R. Civ. P. 11, made applicable to this proceeding under Trademark Rule 2.116(a), 37 C.F.R. § 2.116(a), the Board has discretion to impose sanctions for, among other things, filings with "any improper purpose, such as to harass, cause unnecessary delay, or needlessly increase the cost of litigation."[23] The Board may find a Fed. R. Civ. P. 11 violation, and impose an appropriate sanction, not only upon motion, but also upon its own initiative, following issuance of an order to show cause and an opportunity for the party to be heard.[24]

Sanctions provided under Fed. R. Civ. P. 37(b)(2), including judgment, may also be appropriate under Trademark Rule 2.120(h)(1), 37 C.F.R. § 2.120(h)(1), if a party fails to comply with a Board order relating to discovery, including an order compelling

---

[22] *See MHW Ltd. v. Simex, Aussenhandelsgesellschaft Savelsberg KG*, 59 USPQ2d 1477, 1478 (TTAB 2000); *Carrini Inc. v. Carla Carini S.R.L.*, 57 USPQ2d 1067, 1071 (TTAB 2000). A party is generally bound by the acts or omissions of its attorney, including the consequences of sanctions. *See* Fed. R. Civ. P. 11; *Link v. Wabash R.R. Co.*, 370 U.S. 626, 633-34 (1962), (citing *Smith v. Ayer*, 101 U.S. 320, 326 (1880)); *Johnson v. Dep't of Treasury*, 721 F.2d 361, 365 (Fed. Cir. 1983) (having voluntarily chosen counsel as his representative, petitioner cannot avoid the consequences of the acts or omissions of his freely selected agent).

[23] *See* Fed. R. Civ. P. 11(b)(1); Trademark Rule 2.116, 37 C.F.R. § 2.116.

[24] Fed. R. Civ. P. 11(c)(2) and (3). *See also* 37 C.F.R. 11.18(b)-(c) (authorizing Director to impose sanctions for, among other things, submitting a paper to the Office for an improper purpose).

discovery.[25] Under Trademark Rule 2.120(h)(2), 37 C.F.R. § 2.120(h)(2), if a party witness fails to attend a discovery deposition after receiving proper notice, and the party indicates that the witness will not attend, the Board may enter any of the sanctions provided under Fed. R. Civ. P. 37(b)(2).[26] Judgment is a harsh remedy, but it is appropriate where a less drastic remedy would not be effective and there is strong evidence that a party has willfully evaded Board orders, rules and procedures. *See Benedict v. Superbakery Inc.*, 665 F.3d 1263, 101 USPQ2d 1089, 1093 (Fed. Cir. 2011) (judgment entered where plaintiff failed to comply with discovery requests and orders); *aff'g* 96 USPQ2d 1134 (TTAB 2010); *MHW Ltd.*, 59 USPQ2d at 1478-79 (repeated failure to comply with discovery requests and orders, and unpersuasive reasons for delay, resulted in entry of judgment); *Baron Philippe de Rothschild S.A. v. Styl-Rite Optical Mfg. Co.*, 55 USPQ2d 1848, 1854 (TTAB 2000) (failure to comply with Board order to produce a witness and compelling discovery responses, and to submit a protective order, resulted in entry of judgment).

When misconduct does not squarely fall within the reach of Fed. R. Civ. P. 11, Fed. R. Civ. P. 37(b)(2) or Trademark Rule 2.120(h), the Board may invoke its inherent authority to enter sanctions.[27] This inherent authority derives from the Board's

---

[25] *See MHW Ltd*, 59 USPQ2d at 1478; *see also* TRADEMARK TRIAL AND APPEAL BOARD MANUAL OF PROCEDURE ("TBMP") § 527.01(a) (2018).

[26] *See HighBeam Mktg., LLC v. Highbeam Research, LLC*, 85 USPQ2d 1902, 1906 (TTAB 2008); *see also* TBMP § 527.01(b).

[27] *See Carrini*, 57 USPQ2d at 1071; *Central Mfg. Inc. v. Third Millennium Tech., Inc.*, 61 USPQ2d 1210, 1212 (TTAB 2001) ("it is clear that Rule 11 does not displace the Board's inherent authority to sanction bad-faith conduct."); *HighBeam Mktg.,* 85 USPQ2d at 1907. We also note that the Office's rules authorize the Director to impose sanctions, including

authority to control its cases and docket, which necessarily includes the inherent power to sanction. *Carrini*, 57 USPQ2d at 1071.

Analysis

Petitioner seeks judgment under Trademark Rule 2.120(h)(1) and the Board's inherent authority to sanction.[28] Respondent argues that Petitioner is not entitled to judgment as a sanction because "[t]he undercurrent of [Petitioner's motion] is that [Petitioner] lacks proof and prays to get it from respondent, who does not have it, and so, [Petitioner] cannot prove the material allegations in its amended petition."[29] Respondent further contends that Petitioner has not demonstrated that a failure to produce discoverable information has materially affected Petitioner and is prejudicial to the presentation of Petitioner's case.[30]

The Board has 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.[31] *Guess? IP Holder L.P. v. Knowluxe LLC*, 116 USPQ2d 2018, 2019 (TTAB 2015).

termination of proceedings, when papers are submitted in a Board proceeding in violation of Rule 11.18(b)-(c). 37 C.F.R. 11.18(b)-(c).

[28] 55 TTABVUE at 2.

[29] 61 TTABVUE 9, 13, 25.

[30] *Id*. at 10-11.

[31] The majority of Respondent's arguments made in response to Petitioner's motion attempt to re-litigate matters already decided and no longer subject to reconsideration under Trademark Rule 2.127(b). The Board will not address any such arguments on the merits of Petitioner's claims.

A. Sanctions for Failure to Comply with Board Discovery Orders

Respondent violated the November 13, 2017 and February 27, 2018 Board orders relating to discovery in a number of ways, as set forth below:

Board Order	Respondent's Noncompliance
November 13, 2017 Order: "**Respondent's 30(b)(6) witness is expected to appear for its noticed deposition tomorrow**, failing which the Board may entertain an appropriate motion for relief." 41 TTABVUE 2-3.	Respondent did not appear for the deposition and did not notify counsel for Petitioner that it would not appear.[32] 55 TTABVUE 34, 89-91. When Petitioner attempted to reschedule the deposition, Respondent served objections and again refused to appear. 55 TTABVUE 103.
February 27, 2018 Order: "Within thirty days of the mailing date of this order, Respondent is ordered to serve on Petitioner amended responses to Petitioner's first set of document requests **without objection on the merits**, and to produce non-privileged documents responsive to Petitioner's first set of document requests." 52 TTABVUE 7-8; *see also* 52 TTABVUE 21. "Respondent is allowed until **thirty days** from the mailing date of this order in which to provide: … (2) supplemental responses to Interrogatory Nos. 1, 2 and 6-17." 52 TTABVUE 21.	Respondent failed to timely serve supplemental responses by e-mail, as required under Trademark Rule 2.119.[33] 55 TTABVUE 35. Petitioner also did not receive Respondent's supplemental responses via U.S. Mail. *Id.* Respondent continued to assert a proportionality objection (i.e. an objection on the merits) in response to Document Request No. 10, and what is effectively a vagueness (merits) objection in response to Document Request Nos. 6-8, 11-15, 17-22, 25, 26, 29-36. 55 TTABVUE 125-127.

[32] Respondent argues that it did not produce a witness for its noticed deposition pursuant to the November 13, 2017 order because it did not see the order until the following business day. 61 TTABVUE 19. Respondent's argument is **not well taken** in view of the request for reconsideration of the November 13, 2017 order Respondent filed on November 13, 2017, the day before the deposition was scheduled to take place. *See* 42 TTABVUE.

[33] *See also* TBMP § 403.03 ("Service must be made by email, unless otherwise stipulated, or if the serving party attempted service by email, but service could not be made due to technical problems or extraordinary circumstances, by the manner described in 37 C.F.R. § 2.119(b)(1) – 37 C.F.R. § 2.119(b)(4).").

February 27, 2018 Order: "A proper response should state whether or not there are responsive documents and, if there are responsive documents, whether they will be produced by the deadline set forth in this order or withheld on a claim of privilege. If accurate, Respondent may respond that the requested documents are not in existence." 52 TTABVUE 8.	In response to Petitioner's Document Request Nos. 6, 7, 10-15, 18, 19, 25, 26, 29-33, 35 and 36, Respondent's supplemental responses state that "[a]dditional documents may be available for inspection at the offices of Corcamore LLC." 55 TTABVUE 125-127. Respondent's supplemental responses do not specify whether or not there are responsive documents.
February 27, 2018 Order: "To the extent Respondent has already fully produced documents responsive to any document request, Respondent must so state in its response to the particular document request and identify, by Bates Stamp number, the documents which are responsive to each request." 52 TTABVUE 21-22.	Respondent did not identify, by Bates Stamp number, the documents responsive to each request. 55 TTABVUE 125-127.

Respondent has refused to cooperate in the discovery process for over sixteen months. Respondent's discovery violations are repeated, egregious and demonstrate Respondent's intent to thwart Petitioner's discovery of information and documents the Board has already determined are discoverable.[34] There is no reason to assume that, given additional opportunities, Respondent will fulfill its obligations under the Federal and Trademark Rules and the Board's orders. Accordingly, Petitioner's motion for discovery sanctions in the form of judgment is granted under Trademark Rule 2.120(h).

[34] As noted above, this cancellation proceeding has been pending for over four years and remains in the pre-trial phase.

B. The Board's Inherent Authority to Sanction

In addition to its numerous discovery violations, Respondent has repeatedly ignored other Board orders, rules and procedures. This conduct, taken as a whole, also warrants the sanction of judgment pursuant to the Board's inherent authority to enter sanctions. In assessing sanctions under our inherent authority, we consider: (1) bad faith conduct; (2) willful disobedience of Board orders; (3) length of delay or clear pattern of delay; (4) due warning that sanctions may be entered; (5) reasons for non-compliance; and (6) effectiveness of lesser or alternative sanctions.[35] We have carefully considered each of these factors.

Respondent's conduct has been particularly egregious. Respondent made good on its promise to impose a "procedural Rubicon"[36] in this proceeding with Respondent's campaign of filing frivolous motions,[37] by, inter alia, refusing to meet and confer with counsel for Petitioner regarding Respondent's discovery responses,[38] hanging up on counsel for Petitioner during a meet and confer telephone conference on two separate occasions,[39] outright refusing to "read or open" emails from Petitioner's counsel of record for years,[40] and refusing to work with counsel for Petitioner to reschedule depositions of its Fed. R. Civ. P. 30(b)(6) and 30(b)(1) witnesses.[41] In violation of

[35] *See Carrini*, 57 USPQ2d 1071-72.

[36] 55 TTABVUE 27.

[37] 55 TTABVUE 27; *see, e.g.,* 15 TTABVUE; 20 TTABVUE; 21 TTABVUE; 23 TTABVUE.

[38] *See* 37 TTABVUE 158.

[39] *See* 37 TTABVUE 31-32; 63 TTABVUE 95.

[40] 64 TTABVUE 3 (confidential).

[41] 55 TTABVUE 35.

Patent and Trademark Office Rule 11.402(a), counsel for Respondent also communicated directly with Petitioner about this case, without authorization to do so, knowing that Petitioner was represented by counsel.[42]

Respondent also willfully disobeyed Board orders directing the parties not to file any paper that is not germane to pending motions,[43] and to serve documents on Petitioner via email as opposed to U.S. Mail pursuant to Trademark Rule 2.119, 37 C.F.R. § 2.119.[44] Respondent was repeatedly warned that its continued misconduct may result in sanctions,[45] and the lesser sanctions previously imposed have not been effective.[46] In fact, Respondent filed at least *six* papers without obtaining the required prior Board permission.[47] Respondent considers its bad faith conduct to be "mere technicalities"[48] and, instead of giving reasons for its non-compliance, argues that it did comply with Board procedure and orders, and its motion practice could have been avoided had Petitioner conducted a pre-filing investigation or provided support for its claims.[49] Respondent's conduct indicates that entry of any sanction short of judgment would be futile.

---

[42] 64 TTABVUE 5 (confidential).

[43] *Compare* 38 TTABVUE 1 *with* 39-40 TTABVUE and 42-46 TTABVUE; 52 TTABVUE 5-6.

[44] *Compare* 59 TTABVUE 1-2 *with* 62 TTABVUE 2, 65 TTABVUE 2, 66 TTABVUE 2, and 67 TTABVUE 2; *compare* 36 TTABVUE 3 *with* 37 TTABVUE 100, 128, 150; *compare* 36 TTABVUE 3 *with* 50 TTABVUE 2, 53 TTABVUE 4, 56 TTABVUE 11.

[45] 28 TTABVUE 6; 28 TTABVUE 8-9; 36 TTABVUE 6; 52 TTABVUE 11, 22.

[46] 52 TTABVUE 23.

[47] *See* 31 TTABVUE; 53 TTABVUE; 54 TTABVUE; 56 TTABVUE; 57 TTABVUE; 58 TTABVUE.

[48] 61 TTABVUE 12.

[49] *Id*. at 8, 11, 13, 20-21, 23, 25.

It is obvious from a review of the record that Respondent has been engaging for years in delaying tactics, including the willful disregard of Board orders, taxing Board resources and frustrating Petitioner's prosecution of this case. In view thereof, Petitioner's motion for sanctions in the form of judgment against Respondent also is granted pursuant to the Board's inherent authority to sanction.

Accordingly, judgment is hereby entered against Respondent, the petition for cancellation is granted, and Registration No. 3708453 will be cancelled in due course.