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TTAB

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January 2, 2019

DUNN

Cancellation No. 92063979

CBB Group, Inc.

v.

Trademark Tools Inc.

Before Zervas, Bergsman, and Kuczma, Administrative Trademark Judges.

By the Board:

This case comes up on Petitioner's motion for summary judgment on its likelihood of confusion claim and Petitioner's motion to strike Respondent's opposition to the motion for summary judgment as a Fed. R. Civ. P. 11 sanction. Both motions are contested.

RELEVANT FACTS

Respondent is the owner of Registration No. 3999007 for the mark TOOLMASTER and design, shown below, for "metal tool boxes" and "hand tools, namely, hammers, saws, screwdrivers, pliers and wrenches." The mark consists of the word TOOLMASTER which has a grey background and a black foreground. There is a red line through all the letters except for the T. The color(s) black, grey and red are claimed as a feature of the mark.



On June 24, 2016, CBB Group, Inc. filed a petition to cancel Respondent's TOOLMASTER registration pleading ownership of the common law mark TOOLMASTER, prior use, and a claim of likelihood of confusion. Respondent's answer denies the salient allegations of the petition for cancellation, and pleads the affirmative defenses of laches, acquiescence, and estoppel.

Discovery closed April 6, 2017. On May 17, 2017, Petitioner filed a motion for summary judgment on its likelihood of confusion claim. On August 7, 2017, the Board issued an order granting Respondent's motion for discovery under Fed. R. Civ. P. 56(d) to the extent that Respondent was allowed to depose Raymond Hung, Petitioner's founder and president, who provided a declaration in support of Petitioner's motion for summary judgment.

PETITIONER'S MOTION FOR FED. R. CIV. P. 11 SANCTIONS

Where a paper filed in an inter partes proceeding before the Board violates the provisions of Fed. R. Civ. P. 11, any party to the proceeding may file a motion for the imposition of an appropriate sanction.¹ "A formal order of sanction of any kind

¹ Fed. R. Civ. P. 11 states, in part:

(b) By presenting to the court a pleading, written motion, or other paper--whether by signing, filing, submitting, or later advocating it--an attorney or unrepresented party certifies that to the best of the person's knowledge, information, and belief, formed after an inquiry reasonable under the circumstances:

- (1) it is not being presented for any improper purpose, such as to harass, cause unnecessary delay, or needlessly increase the cost of litigation;
- (2) the claims, defenses, and other legal contentions are warranted by existing law or by a nonfrivolous argument for extending, modifying, or reversing existing law or for establishing new law;

imposed by a court necessarily tarnishes an attorney's professional reputation [and so] it is the duty of the court imposing sanctions to do so only when truly warranted.” *1–10 Indust. Assocs. v. United States*, 528 F.3d 859, 867 (Fed. Cir. 2008). The Advisory Committee Note accompanying the 1993 amendment Fed. R. Civ. P. 11 lists the factors to be considered in deciding whether to impose a sanction for a Rule 11 violation, or what sanction to impose:

Whether the improper conduct was willful, or negligent; whether it was part of a pattern of activity, or an isolated event; whether it infected the entire pleading, or only one particular count or defense; whether the person has engaged in similar conduct in other litigation; whether it was intended to injure; what effect it had on the litigation process in time or expense; whether the responsible person is trained in the law; what amount, given the financial resources of the responsible person, is needed to deter that person from repetition in the same case; what amount is needed to deter similar activity by other litigants.

Here, Petitioner contends that Respondent's motion for discovery under Fed. R. Civ. P. 56(d) was filed in bad faith, and warrants striking Respondent's opposition to the motion for summary judgment.

In support of the motion, Petitioner contends that the Board's order granting Respondent's motion for discovery under Fed. R. Civ. P. 56(d) allowed Respondent until September 10, 2017 to depose witness Hung, and until October 20, 2017 to file

(3) the factual contentions have evidentiary support or, if specifically so identified, will likely have evidentiary support after a reasonable opportunity for further investigation or discovery; and

(4) the denials of factual contentions are warranted on the evidence or, if specifically so identified, are reasonably based on belief or a lack of information.

(c) (1) If, after notice and a reasonable opportunity to respond, the court determines that Rule 11(b) has been violated, the court may impose an appropriate sanction on any attorney, law firm, or party that violated the rule or is responsible for the violation.

its response to the motion for summary judgment. Respondent filed three consent motions extending these periods, with the last (19 TTABVUE) setting the deposition period to end February 22, 2018 and the brief due date to April 3, 2018. Two weeks before the scheduled February 22, 2018 deposition of witness Hung, Respondent opted to depose Hung by written questions in lieu of oral examination, requiring another extension of deposition and briefing dates. After receipt of Petitioner's objections to Respondent's written deposition questions and Respondent's cross-examination questions, Respondent cancelled the deposition as "unlikely to yield useful information" and filed its opposition to the motion for summary judgment. Petitioner contends that the representation in the motion for discovery under Fed. R. Civ. P. 56(d) that the Hung testimony was essential to its opposition was made in bad faith to delay the proceeding and to increase the costs to Petitioner.

Respondent contends that Petitioner's motion paints an incomplete picture of events, that Respondent acted in good faith in both filing the motion for discovery under Fed. R. Civ. P. 56(d), and cancelling the Hung cross-examination deposition, and that the motion for sanctions should be denied. We presume familiarity with Respondent's explanation of events and do not repeat them.

The loss of time and unnecessary expense in preparing for a deposition which did not take place is a possibility in any litigation. Here, there is no evidence of bad faith and the cancellation of the deposition is not part of a pattern of misconduct. *Compare NSM Res. Corp. v. Microsoft Corp.*, 113 USPQ2d 1029, 1037 (TTAB 2014); *Central Mfg. Inc. v. Third Millennium Tech. Inc.*, 61 USPQ2d 1210, 1215 (TTAB 2001); *Giant*

Food, Inc. v. Standard Terry Mills, Inc., 231 USPQ 626, 634 (TTAB 1986). In these circumstances, the Board finds that no Rule 11 sanctions are warranted. Petitioner's motion is denied, and the Board will consider Respondent's response to the motion for summary judgment.

MOTION FOR SUMMARY JUDGMENT

Petitioner moves for summary judgment, and contends that it sold its first TOOL MASTER hand tool in 2000, and has continuously used the mark since that date, establishing its priority over Respondent, based on the January 5, 2010 filing date of the application which issued as subject Registration No. 3999007. Petitioner contends that the marks TOOL MASTER and **TOOLMASTER** effectively are identical, and the goods of the two parties likewise are identical or closely related. Petitioner supports its motion for summary judgment on priority of use and likelihood of confusion with the declaration of its Chief Executive Officer Raymond Hung regarding Petitioner's use of its TOOL MASTER mark and exhibits submitted with the declaration of counsel, including Respondent's discovery responses.

Respondent opposes the motion, and submits the declaration of Cyril Brennan, Chief Financial Officer for Trademark Industries, Inc., an affiliate of Respondent, regarding Respondent's use since February 26, 2010 of the registered **TOOLMASTER** mark for the goods listed in the subject registration; dictionary definitions, and Petitioner's discovery responses. Respondent argues that the term TOOL MASTER is laudatory and descriptive, and that based on inconsistencies between the Hung declaration, exhibits, and Petitioner's discovery responses,

Petitioner has failed to demonstrate that its common law mark is inherently distinctive or has acquired distinctiveness, that Petitioner's mark was distinctive before Respondent's constructive use date for the purpose of establishing the necessary priority of use, and that Petitioner's mark was in use prior to Respondent's constructive use date.

With its reply brief Petitioner alleges that Respondent's discovery responses preclude Respondent from contending that Petitioner's mark is not distinctive or that there is no likelihood of confusion, and explains the seeming inconsistencies in the declaration.

DISCUSSION

Summary judgment is an appropriate method of disposing of cases in which there is no genuine dispute with respect to any material fact, thus leaving the case to be resolved as a matter of law. *See* Fed. R. Civ. P. 56(a). A party moving for summary judgment has the burden of demonstrating the absence of any genuine dispute as to a material fact, and that it is entitled to judgment as a matter of law. *See Celotex Corp. v. Catrett*, 477 U.S. 317, 323 (1986). The evidence of record and all justifiable inferences that may be drawn from the undisputed facts must be viewed in the light most favorable to the non-moving party. *See Lloyd's Food Products Inc. v. Eli's Inc.*, 987 F.2d 766, 25 USPQ2d 2027 (Fed. Cir. 1993). This burden is greater than the burden of proof at trial, which is a preponderance of the evidence, and which permits appropriate inferences to be drawn from the evidence of record. *See Gasser Chair Co. v. Infanti Chair Mfg. Corp.*, 60 F.3d 770, 34 USPQ2d 1822, 1824 (Fed. Cir. 1995) (in

addition to proving elements of laches by preponderance of the evidence, moving party must also establish no genuine issue of material fact as to those elements).

Evidence that a plaintiff uses a similar common law mark on the same or related goods or services is sufficient to establish that plaintiff has a real interest in the proceeding, and therefore has standing. *Threshold.TV, Inc. and Blackbelt TV, Inc. v. Metronome Enterprises, Inc.*, 96 USPQ2d 1031, 1036 (TTAB 2010). In order for a plaintiff to prevail on a claim of likelihood of confusion based on its ownership of common-law rights in a mark, the mark must be distinctive, inherently or otherwise, and plaintiff must show priority of use. *Giersch v. Scripps Networks Inc.*, 90 USPQ2d 1020, 1023 (TTAB 2009) citing *Otto Roth & Co. v. Universal Foods Corp.*, 640 F.2d 1317, 209 USPQ 40 (CCPA 1981). Likelihood of confusion depends on an analysis of all of the probative facts in evidence that are relevant to the thirteen factors set forth in *In re E. I. du Pont de Nemours and Co.*, 476 F.2d 1357, 177 USPQ 563 (CCPA 1973) (*du Pont*). The Board must deny summary judgment if there are genuine disputes as to any of these *du Pont* factors which would be material to a decision on the merits.

For the purpose of this motion, the Board notes that Petitioner's evidence includes a sworn statement regarding Petitioner's common law use of the term TOOL MASTER, and that Respondent does not challenge Petitioner's standing to bring its claim.

The Board is not persuaded that Respondent admitted the distinctiveness of Petitioner's mark and likelihood of confusion. Respondent's answer specifically denied that Petitioner possesses common law trademark rights in the term TOOL

MASTER. Petitioner served various requests for admission regarding whether **Respondent's** "composite term TOOLMASTER" is inherently distinctive as a trademark, or not a generic term, in connection with tool boxes and hand tools, the goods listed in the registration. In each instance, Respondent responded (8 TTABVue 65-66) with a variation of the statement:

Admitted. Registrant admits that [its] mark, as registered and used by Registrant in connection with its products, is inherently distinctive for hand tools originating from Registrant.

Petitioner's word mark TOOL MASTER and Respondent's stylized mark **TOOLMASTER** are not identical as a matter of law, and so the Board finds that Respondent's admissions regarding its own mark are not admissions pertaining to Petitioner's mark. Similarly, the Board disagrees that Respondent concedes the issues central to likelihood of confusion. Petitioner's reference to the facts that Respondent sells its goods bearing the mark to wholesale customers and markets through trade shows are not admissions or concessions regarding likelihood of confusion. While Respondent's admission that the marks are identical in sound is relevant to likelihood of confusion, the Board disagrees that Respondent admitted that there only two visual differences between the marks. In fact, Respondent denied that the word components of the marks are visually identical and stated (8 TTABVue 60):

The word components of the [Respondent's] Mark differ from the CBB Mark in that [Respondent's] Mark does not include a space between "TOOL" and "MASTER" as in the CBB mark. Additionally, [Respondent's] Mark includes a stylized logo that differs from the CBB mark.

While the Board disagrees with Respondent's characterization of the Hung declaration as lacking probative value, the declaration sets forth facts regarding sales of Petitioner's goods under the mark but does not aver that those sales demonstrate inherent or acquired distinctiveness of the mark. *Otto Roth & Co., Inc. v. Universal Foods Corp.*, 209 USPQ at 44 ("even though something is used as a trademark, if it is not distinctive, the user does not have a trademark because he has no existing trademark rights."). Insofar as Respondent presents evidence that Petitioner's use of TOOL MASTER is not distinctive as a trademark but descriptive of Petitioner's goods, the Board finds that Respondent's evidence is sufficient to raise a material dispute regarding the distinctiveness of Petitioner's mark. *Threshold.TV Inc. v. Metronome Ent. Inc.*, 96 USPQ2d 1031, 1036 (TTAB 2010) ("In order to establish priority of use, opposer must prove that it acquired trademark rights prior to the applicant's first use. Thus, opposer must prove that its trademark is inherently distinctive, or acquired distinctiveness before the date on which applicant can establish its rights."). As discussed, the Board disagrees with Petitioner that Respondent admitted that Petitioner's mark was distinctive, and so Respondent's evidence has not been rebutted.

Upon a careful review of the record, the Board finds that there are genuine disputes of material fact regarding, at a minimum, the distinctiveness of Petitioner's mark, whether Petitioner's mark became distinctive prior to Respondent's first use, and whether there is a likelihood of confusion between the parties' respective marks.²

² The fact that we identify certain material facts that are genuinely in dispute should not be construed as a finding that these are necessarily the only issues that remain for trial. In

In denying this motion, we again note that the standard of proof for summary judgment, the absence of a genuine dispute of any material fact, is more stringent than the preponderance of evidence standard for trial. Evidence that may be sufficient to raise a genuine issue, may not be sufficient to rebut a *prima facie* case. See Trademark Trial and Appeal Board Manual of Procedure (TBMP) §528.01 (2018).

DECISION

Petitioner's motions to strike Respondent's opposition to the motion for summary judgment as a Fed. R. Civ. P. 11 sanction and for summary judgment on its likelihood of confusion claim are DENIED.

In view of the factual disputes in this proceeding, the Board determines that disposition by summary judgment is not appropriate. Accordingly, the parties are barred from filing new motions for summary judgment and must proceed to trial.

PROCEEDINGS ARE RESUMED

Plaintiff's Pretrial Disclosures Due	2/14/2019
Plaintiff's 30-day Trial Period Ends	3/31/2019
Defendant's Pretrial Disclosures Due	4/15/2019
Defendant's 30-day Trial Period Ends	5/30/2019
Plaintiff's Rebuttal Disclosures Due	6/14/2019
Plaintiff's 15-day Rebuttal Period Ends	7/14/2019
Plaintiff's Opening Brief Due	9/12/2019
Defendant's Brief Due	10/12/2019
Plaintiff's Reply Brief Due	10/27/2019
Request for Oral Hearing (optional) Due	11/6/2019

addition, evidence submitted in support of or in opposition to a motion for summary judgment is of record only for consideration of that motion. Any such evidence to be considered at final hearing must be properly introduced in evidence during the appropriate trial period. See *Levi Strauss & Co. v. R. Joseph Sportswear Inc.*, 28 USPQ2d 1464, 1465 n. 2 (TTAB 1993).

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. An oral hearing will be set only upon request filed as provided by Trademark Rule 2.129.