

978 F.3d 1298

United States Court of Appeals, Federal Circuit.

**CORCAMORE, LLC, Appellant v.  
SFM, LLC, Appellee**

2019-1526

Decided: October 27, 2020

[1299] Appeal from the United States Patent and  
Trademark Office, Trademark Trial and Appeal  
Board in No. 92060308.

Before Reyna, Chen, and Hughes, Circuit Judges.

### **Opinion**

Reyna, Circuit Judge.

Corcamore LLC appeals an order of the United States Patent and Trademark Office, Trademark Trial and Appeal Board. The Board entered default judgment as a sanction against Corcamore, which resulted in the cancellation of Corcamore's trademark registration for SPROUT. On appeal, Corcamore contends that the Board erred in granting default judgment, in particular because SFM LLC lacked standing to petition for cancellation of the trademark registration. We conclude that appellee SFM was entitled to bring and maintain a petition under 15 U.S.C. § 1064, the statutory cause of action for cancellation of trademark registrations, and that the Board did not otherwise abuse its discretion in imposing default judgment as a sanction. We affirm.

## BACKGROUND

### A. The Parties and Trademarks

SFM LLC (“SFM”) owns the federal registration for SPROUTS and other SPROUTS nominative trademarks for use in connection with retail grocery store services. J.A. 121 ¶ 5. The SPROUTS mark was first used in commerce at least as early as April 15, 2002. *Id.* The below image illustrates the use of the SPROUTS mark in a Sprouts Farmers Market grocery store.

[1300]



J.A. 822.

Corcamore LLC (“Corcamore”) owns a federal trademark registration for SPROUT for use in connection with vending machine services. The registration claims a first use date of May 1, 2008. J.A. 121 ¶ 4. Corcamore's SPROUT mark is used by its affiliate, Sprout Retail, Inc., in combination with a cashless payment card, the “Sprout OneCard,” and

an associated SPROUT-branded loyalty program for consumers that buy food and beverages at certain vending machines. J.A. 1222–23 ¶¶ 3–5; J.A. 643–48. Corcamore's SPROUT mark is also used on a SPROUT-branded website where users of the Sprout OneCard can monitor their food purchases and loyalty points and view promotions offered to holders of the Sprout OneCard (pictured below). *See* J.A. 423–24; J.A. 643; J.A. 645; J.A. 648.



J.A. 424, 643.

## **B. Procedural History**

SFM filed a petition with the United States Patent and Trademark Office's Trademark Trial and Appeal Board (“TTAB” or “Board”) to cancel Corcamore's registration for SPROUT. J.A. 98–104; J.A. 120–25 (First Amended Petition for Cancellation). SFM claimed that its rights to the SPROUTS mark were superior to Corcamore's rights because the mark had been in use since “at least as early as 2002,” and Corcamore “did not make use of the trademark SPROUT prior to May 1, 2008, the

date of first use claimed in the [1301] registration.” J.A. 121–22 ¶¶ 3, 8. SFM alleged that it would be damaged by the continued registration of the SPROUT mark because use of the mark was “likely to cause confusion or mistake, or to deceive the purchasing public” with respect to the source of the goods it sold under its SPROUTS mark. J.A. 122–23 ¶¶ 9, 16.

Corcamore moved to dismiss SFM's petition for lack of standing under Rule 12(b)(6) of the Federal Rules of Civil Procedure. *See* J.A. 136–40. Corcamore argued that SFM lacked standing to bring a petition for cancellation of a registered trademark, citing the analytical framework established by the Supreme Court in *Lexmark International, Inc. v. Static Control Components, Inc.*, 572 U.S. 118, 134 S.Ct. 1377, 188 L.Ed.2d 392 (2014), for determining whether the requirements for maintaining a statutory cause of action have been satisfied. *See* J.A. 136–40. The Board determined that *Lexmark* was not applicable in this case, and denied Corcamore's motion to dismiss for lack of standing and motion for reconsideration. J.A. 11–12, 30–32. The Board reasoned that *Lexmark* was limited to civil actions involving false designation of origin (referred to as false advertising) under 15 U.S.C. § 1125(a) and does not extend to cancellation of registered marks under 15 U.S.C. § 1064. J.A. 11–12. The Board instead relied on the analysis adopted by this court in *Empresa Cubana del Tabaco v. General Cigar Co.*, 753 F.3d 1270 (Fed. Cir. 2014), and concluded that

SFM had standing because it sufficiently alleged a real interest in the cancellation proceeding and a reasonable belief of damage, as required under 15 U.S.C. § 1064. J.A. 11. As a result, the Board found that SFM had standing to bring a petition to cancel Corcamore's trademark registration. J.A. 11.

After the Board denied its motion to dismiss, Corcamore sent a letter to SFM's counsel indicating that it would bring “procedural maneuvers” against SFM and delay discovery. J.A. 81, 102; ~~Ap. 1004~~ J.A. 894.

Corcamore then embarked on a path of conduct that resulted in two separate sanctions and entry of default judgment in favor of SFM. First, Corcamore filed four motions requesting affirmative relief, including a motion for reconsideration of the Board's denial of its motion to dismiss, a motion for Rule 11 sanctions, a motion for summary judgment on the ground of collateral estoppel or issue preclusion, and a motion to strike. *See* J.A. 93. The Board deferred action on the motion for reconsideration but denied the motions for summary judgment, Rule 11 sanctions, and to strike. J.A. 16–26. Second, the Board determined that Corcamore had filed an “inordinate number of motions (all of which were denied) at a very early stage in this proceeding.” J.A. 23. Accordingly, the Board sanctioned Corcamore, prohibiting it from filing any additional unconsented motions without first obtaining Board permission (the “First Sanction”). J.A. 23–25.

At the opening of discovery, the Board stayed the First Sanction and SFM filed a motion to compel

responses to its written discovery requests. *See* J.A. 40, 94. The Board ordered the parties to suspend filing papers not related to SFM's motion to compel. *See* J.A. 82–83. Despite this instruction, Corcamore filed numerous motions unrelated to SFM's motion to compel, including its own motion to compel discovery, a motion for a protective order to halt SFM's Rule 30(b)(6) deposition of a Corcamore representative, a motion to reconsider the denial of its motion for a protective order, and a motion to consolidate the proceeding with another proceeding. *See* J.A. 94.

The Board denied Corcamore's motion for a protective order to halt the deposition, which was filed on the eve of the [1302] deposition, and ordered Corcamore's

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witness to appear the following day as noticed. The Board cautioned that should Corcamore fail to comply, “the Board may entertain an appropriate motion for relief.” J.A. 87. Corcamore failed to appear and did not alert SFM or the Board that the witness would not appear at the deposition. *See* J.A. 901, ¶¶ 16–17, 20. When SFM attempted to reschedule the deposition, Corcamore served objections and again refused to appear.

On October 25, 2017, SFM filed a motion to compel supplemental responses to certain document requests and interrogatories. On February 27, 2018, the Board granted-in-part SFM's motion and ordered Corcamore to comply with several enumerated instructions. J.A. 69–70. The Board instructed Corcamore that an evasive or incomplete response would be equivalent to a failure to disclose and advised SFM that the Board would entertain a motion for appropriate sanctions if Corcamore failed to comply with the order. J.A. 70. In the same order, the Board imposed another sanction (the “Second Sanction”), prohibiting Corcamore from “filing any additional unconsented or unstipulated motions without first obtaining prior Board permission.” *Id.* at 71. Corcamore did not comply with the written-discovery order by, among other reasons, failing to serve timely supplemental responses, maintaining frivolous objections, and filing nonresponsive answers. *See* J.A. 87–88.

Unperturbed by the Second Sanction, Corcamore filed an “objection” to the Board's February 27, 2018 order and made several requests to file a variety of different procedurally impermissible motions. The Board denied Corcamore's unapproved filings for failure to comply with the Second Sanction.

At the close of discovery, SFM moved for default judgment as a sanction for Corcamore's litigation misconduct. J.A. 95. The Board granted the order on two grounds. First, the Board pointed to its express authority to award judgment as a sanction under 37 C.F.R. § 2.120(h) and Fed. R. Civ. P. 37(b)(2). Relying on its express authority, the Board granted default judgment as a sanction against Corcamore for its violations of the deposition order and numerous provisions of the written discovery order. J.A. 84–85; J.A. 87–88. Second, pointing to its inherent authority to control its cases and docket, the Board entered judgment as a sanction against Corcamore for litigation misconduct, including its refusal to cooperate with SFM's counsel to resolve discovery issues, violation of Board orders not to file non-germane papers, and violation of Board orders to properly serve documents. J.A. 85–86; J.A. 89–91.

The Board concluded that a lesser sanction would be inappropriate because Corcamore had on numerous occasions already violated the First and Second Sanctions. J.A. 89–90. The Board recognized that Corcamore engaged in willful, bad-faith tactics, consistent with its “procedural maneuvers” letter, frustrated SFM's ability to advance its case, and taxed Board resources. J.A. 91. Consequently, the Board entered default judgment against Corcamore and ordered that Corcamore's registration “be cancelled in due course.” *Id.* Corcamore timely filed this appeal. We have jurisdiction under 28 U.S.C. § 1295 (a)(4)(B).



## DISCUSSION

Corcamore makes two arguments on appeal. First, Corcamore contends that SFM lacks standing to bring a petition for cancellation of a registered trademark. Corcamore contends that the Board erred as a matter of law when it applied this court's analysis in *Empresa Cubana* instead of the [1303] analytical framework established by the Supreme Court in *Lexmark*. Second, Corcamore argues that the Board abused its discretion in granting default judgment as a sanction. We first address the standing issue.

Whether a party is entitled to bring or maintain a statutory cause of action is a legal question that we review de novo. *Empresa Cubana*, 753 F.3d at 1274 (citing *Lexmark*, 572 U.S. at 129, 134 S.Ct. 1377). In this appeal, we review de novo whether SFM pleaded sufficient facts to establish entitlement to challenge Corcamore's registered trademark under § 1064.

We first observe that there exists confusion in the law stirred by the inconsistent use of the term “standing.” As Justice Scalia observed, certain issues often discussed in terms of “standing” are more appropriately viewed as requirements for establishing a statutory cause of action. *Lexmark*, 572 U.S. at 128 n.4, 134 S.Ct. 1377. That is the case here. To be clear, this appeal does not involve the traditional legal notions of Article III standing. This appeal focuses instead on the requirements that a party must satisfy to bring or maintain a statutory cause of action, such as a petition to cancel a registered trademark under 15 U.S.C. § 1064.

### A. *Lexmark*

Corcamore contends that we should reverse the Board's ruling because it applied the standard articulated by this court in *Empresa Cubana* instead of the analytical framework established in *Lexmark*. We hold that the *Lexmark* analytical framework is the applicable standard for determining whether a person is eligible under § 1064 to bring a petition for the cancellation of a trademark registration. However, because we discern no meaningful, substantive difference between the analytical frameworks expressed in *Lexmark* and *Empresa Cubana*, we do not agree that the Board reached the wrong result in this case.

In *Lexmark*, the Supreme Court established two requirements for determining whether a party is entitled to bring or maintain a statutory cause of action: a party must demonstrate (i) an interest falling within the zone of interests protected by the statute and (ii) proximate causation. 572 U.S. at 129–34, 134 S.Ct. 1377. The Court explained that those two requirements “suppl[y] the relevant limits on who may sue” under a statutory cause of action. *Id.* at 134, 134 S.Ct. 1377. The Court made clear that the zone-of-interests requirement applies to all statutory causes of action, and that proximate causation generally applies to all statutory causes of action. *Id.* at 129, 133, 134 S.Ct. 1377.

In *Lexmark*, the Court addressed the cause of action for false advertising provided in 15 U.S.C. § 1125(a). *Id.* at 129–37, 134 S.Ct. 1377. The Court held that in order for a person to “come within a zone of interests in a suit for false advertising under § 1125(a), a plaintiff must allege an injury to a commercial interest in

reputation or sales.” *Id.* at 131–32, 134 S.Ct. 1377. The Court explained that the zone-of-interests test is “not especially demanding,” and that “the benefit of any doubt goes to the plaintiff.” *Id.* at 130, 134 S.Ct. 1377 (citation and internal quotation marks omitted). The Court further explained that the purpose of the zone-of-interests test is to “foreclose[ ] suit only when a plaintiff’s interests are so marginally related to or inconsistent with the purposes implicit in the statute that it cannot reasonably be assumed that Congress authorized that plaintiff to sue.” *Id.* (citation and internal quotation marks omitted).

As to the second requirement, proximate causation, the Court noted that it is “generally [1304] presume[d]” that “a statutory cause of action is limited to plaintiffs whose injuries are proximately caused by violations of the statute.” *Id.* at 132, 134 S.Ct. 1377. The Court explained that “the proximate-cause requirement generally bars suits for alleged harm that is ‘too remote’ from the defendant’s unlawful conduct.” *Id.* at 133, 134 S.Ct. 1377 (citation omitted). Regarding false advertising, the Court held that “a plaintiff suing under § 1125(a) ordinarily must show economic or reputational injury flowing directly from the [alleged false advertising].” *Id.* The Court explained, however, that the proximate-causation requirement “is not easy to define,” has “taken various forms,” and “is controlled by the nature of the statutory cause of action.” *Id.* The relevant question, the Court explained, is “whether the harm alleged has a sufficiently close connection to the conduct the statute prohibits.” *Id.*

*Empresa Cubana* was this court’s first post-*Lexmark* appeal to address the requirements to bring a cancellation proceeding under § 1064. 753 F.3d at 1274–

76.<sup>1</sup> We recognized *Lexmark's* impact on the false advertising cause of action under § 1125(a), but we addressed *Lexmark* only in passing and, in particular, did not address whether the *Lexmark* framework applies to § 1064. Instead, we relied on our precedents in *Ritchie v. Simpson*, 170 F.3d 1092 (Fed. Cir. 1999) and *Lipton Indus., Inc. v. Ralston Purina Co.*, 670 F.2d 1024, 1029 (CCPA 1982), and concluded that petitioner had a cause of action under § 1064 because it demonstrated “a real interest in cancelling the [registered trademarks at issue] and a reasonable belief that the [registered trademarks] are causing it damage.” *Id.* at 1274.

Here, the Board determined that the *Lexmark* framework does not apply to § 1064 because *Lexmark* addresses § 1125(a), a different statutory provision. See J.A. 11–12 (explaining that “*Lexmark* involved a case of false advertising in a civil action arising under § 43(a) of the Lanham Act, 15 U.S.C. § 1125(a); that is not the statutory provision(s) at issue in this Board cancellation”). The Board's interpretation of *Lexmark* is unduly narrow.

To be clear, § 1064, like § 1125(a), is a statutory cause of action provided in the Lanham Act. See *Empresa Cubana*, 753 F.3d at 1275–76 (holding that appellant demonstrated entitlement to a “statutory cause of action” under the Lanham Act). A “cause of action” consists of two elements: operative facts and the right or power to seek and obtain redress for infringement of a legal right which those facts show. See 1A C.J.S. *Actions* § 53; see also *Cause of Action*, Black's Law Dictionary (11th ed. 2019) (“A group of operative facts giving rise to one or more bases for suing.”).

Congress created in § 1064 a group of operative facts that grant to “any person” the right to petition for cancellation of a registered mark if that person “believes that he is or will be damaged ... by the registration of a mark on the principal register.” 15 U.S.C. § 1064. Whether a specific person alleging a specific injury meets these operative facts requires us to interpret § 1064. *See Lexmark*, 572 U.S. at 128, 134 S.Ct. 1377. To that end, we apply the “traditional principles of statutory interpretation” articulated in *Lexmark*: zone of interests and proximate causation. *Id.*

[1305] The *Lexmark* analytical framework applies to § 1064 and § 1125(a) because both are statutory causes of action. As Justice Scalia exhorted, the zone-of-interests requirement “applies to all statutorily created causes of action” and it “applies unless it is expressly negated.” *Lexmark*, 572 U.S. at 129, 134 S.Ct. 1377. The proximate-causation requirement generally applies to all statutory causes of action, even where a statute does not expressly recite a proximate-causation requirement. *See id.* at 132, 134 S.Ct. 1377 (“generally presum[ing]” that the proximate-causation requirement applies to all statutory causes of action); *see also id.* (identifying three exemplary federal causes of action where the Supreme Court “incorporate[d] a requirement of proximate causation”). In view of the Supreme Court's instructions, we see no principled reason why the analytical framework articulated by the Court in *Lexmark* should not apply to § 1064.

The Board's conclusion to the contrary fails to recognize that *Lexmark* binds all lower courts not only regarding § 1125(a) but also with respect to the analytical framework the Court used to reach its decision. *See*,  
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*e.g.*, *Seminole Tribe of Florida v. Florida*, 517 U.S. 44, 67, 116 S.Ct. 1114, 134 L.Ed.2d 252 (1996) (“When an opinion issues for the Court, it is not only the result but also those portions of the opinion necessary to that result by which we are bound.”); *County of Allegheny v. Am. Civil Liberties Union, Greater Pittsburgh Chapter*, 492 U.S. 573, 668, 109 S.Ct. 3086, 106 L.Ed.2d 472 (1989) (Kennedy, J., concurring in the judgment in part and dissenting in part) (“As a general rule, the principle of stare decisis directs us to adhere not only to the holdings of our prior cases, but also to their explications of the governing rules of law.”). Once the Supreme Court adopts “a rule, test, standard, or interpretation ... that same rule, test, standard, or interpretation must be used by lower courts in later cases.” *United States v. Duvall*, 740 F.3d 604, 609 (D.C. Cir. 2013) (Kavanaugh, J., concurring in the denial of rehearing en banc). *Lexmark* established the analytical framework to be used for determining eligibility requirements for all statutory causes of action, including under § 1064, absent contrary Congressional intent. Like all lower tribunals, we are obligated to apply that framework where applicable. We thus hold that the *Lexmark* zone-of-interests and proximate-causation requirements control the statutory cause of action analysis under § 1064.

### **B. *Empresa Cubana***

The Board failed to apply the *Lexmark* analytical framework, but it reached the correct result. As noted above, we see no meaningful, substantive difference in the analysis used in *Lexmark* and *Empresa Cubana*.

The zone-of-interests requirement and the real-interest requirement share a similar purpose and

application. The purpose of the zone-of-interests test is to “foreclose[ ] suit only when a plaintiff’s interests are so marginally related to or inconsistent with the purposes implicit in the statute that it cannot reasonably be assumed that Congress authorized that plaintiff to sue.” *Lexmark*, 572 U.S. at 130, 134 S.Ct. 1377 (citation and quotation marks omitted). Likewise, a purpose of the real-interest test is to “distinguish [parties demonstrating a real interest] from mere intermeddlers or ... meddlesome parties acting as self-appointed guardians of the purity of the Register.” *Selva & Sons, Inc. v. Nina Footwear, Inc.*, 705 F.2d 1316, 1325–26 (Fed. Cir. 1983) (citation and internal quotation marks omitted). Also like the zone-of-interests test, a petitioner can satisfy the real-interest test by demonstrating [1306] a commercial interest. Compare *Lexmark*, 572 U.S. at 131–32, 134 S.Ct. 1377 (“[T]o come within a zone of interests in a suit for false advertising under § 1125(a), a plaintiff must allege an injury to a *commercial interest* in reputation or sales.” (emphasis added)), with *Empresa Cubana*, 753 F.3d at 1275 (“[T]he desire for a registration with its attendant statutory advantages is a *legitimate commercial interest*, so to satisfy the requirements for bringing a cancellation proceeding.” (emphasis added)). Given those similarities in purpose and application, a party that demonstrates a real interest in cancelling a trademark under § 1064 has demonstrated an interest falling within the zone of interests protected by § 1064.

Similarly, a party that demonstrates a reasonable belief of damage by the registration of a trademark demonstrates proximate causation within the context of § 1064. Congress incorporated a causation requirement in § 1064, which provides a right to bring a cause of action “by

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any person who believes that he is or will be damaged ... by the registration of a mark on the principal register.” § 1064 (emphasis added). While our precedent does not describe the causation requirement as one of “proximate causation,” it nonetheless requires petitioner's belief of damage to have “a sufficiently close connection,” *Lexmark*, 572 U.S. at 133, 134 S.Ct. 1377, to the registered trademark at issue. For example, in *Ritchie v. Simpson*, 170 F.3d 1092, 1098 (Fed. Cir. 1999), we explained that possession of “a trait or characteristic that is clearly and directly implicated in the proposed mark” demonstrates a reasonable belief of damage. In *Jewelers Vigilance Comm., Inc. v. Ullenberg Corp.*, 823 F.2d 490, 493 (Fed. Cir. 1987), we explained that a petitioner can demonstrate “standing” by asserting “some direct injury to its own established trade identity if an applicant's mark is registered.”<sup>2</sup> The direct connection between the belief of damage and the registered mark suffices to demonstrate proximate causation. *Cf. Lexmark*, 572 U.S. at 133, 134 S.Ct. 1377 (holding that “a plaintiff suing under § 1125(a) ordinarily must show economic or reputational injury *flowing directly from* the deception wrought by the defendant's advertising.” (emphasis added)). This direct connection also satisfies the purpose of the proximate-causation requirement—barring suits for alleged harm that is “too remote” from the unlawful conduct. *Id.* at 133, 134 S.Ct. 1377. Given these similarities, a party that can demonstrate a reasonable belief of damage by the registration of a mark also demonstrates damage proximately caused by the registered mark.



### C. SFM

Applying *Lexmark's* analytical framework to the circumstances of the underlying case, we reach the same conclusion as the Board—that SFM pleaded allegations sufficient to demonstrate a right to challenge Corcamore's registered mark under § 1064. J.A. 11–12. SFM alleges that because the goods sold under SFM's SPROUTS trademarks and Corcamore's SPROUT trademark are substantially similar, purchasers will believe that Corcamore's use of SPROUT is sponsored by SFM. J.A. 122, ¶ 9. This allegation is well-pleaded<sup>3</sup> and is sufficient to establish a [1307] real interest in the cancellation proceeding. *See Selva*, 705 F.2d at 1326 (“[Petitioner] has demonstrated its real interest in the proceeding through its reasonable allegation that its trademark ... and the trademark [sought to be canceled] are confusingly similar.” (citation and internal quotation marks omitted)). SFM's allegation, therefore, identifies an interest falling within the zone of interests protected by § 1064.

SFM also alleges that “[b]ecause the goods sold under SFM's trademark and [Corcamore's] trademark are substantially similar, purchasers will be led to the mistaken belief that SFM's goods and [Corcamore's] goods originate from the same source, or that [Corcamore's] use of SPROUT has been sponsored, authorized, or warranted by SFM, all to SFM's detriment.” J.A. 122 ¶ 9. This allegation is well-pleaded and is sufficient to establish proximate causation because it demonstrates SFM's reasonable belief of damage resulting from a likelihood of confusion between SFM's SPROUTS mark and Corcamore's SPROUT mark. *See Lipton*, 670 F.2d at 1029 (“To establish a reasonable basis for a belief that one is damaged by the registration sought to be cancelled, a

petition may assert a likelihood of confusion which is not wholly without merit.”).

We therefore hold that the Board correctly determined that SFM falls within the class of parties whom Congress has authorized to sue under the statutory cause of action of § 1064. *Cf. Lexmark*, 572 U.S. at 137–40, 134 S.Ct. 1377. We are not persuaded that we should disturb the result reached by the Board. In other words, SFM is entitled under § 1064 to petition for cancellation of the trademark registration to SPROUT.

#### **D. Sanctions**

We next review the Board's grant of default judgment as a discovery sanction. J.A. 79–91. We review a grant of default judgment as a sanction for abuse of discretion. *See Benedict v. Super Bakery, Inc.*, 665 F.3d 1263, 1268 (Fed. Cir. 2011). An abuse of discretion occurs if the decision (1) is clearly unreasonable, arbitrary, or fanciful; (2) is based on an erroneous conclusion of law; (3) rests on clearly erroneous fact findings; or (4) involves a record that contains no evidence on which the Board could rationally base its decision. *Abrutyn v. Giovannello*, 15 F.3d 1048, 1050–51 (Fed. Cir. 1994).

In its Order, the Board analyzed its express and inherent authority to sanction and found that both supported its decision to grant default judgment as a sanction. J.A. 87–91. Corcamore does not challenge the Board's express authority to grant default judgment as a sanction under 37 C.F.R. § 2.120(h) and Fed. R. Civ. P. 37(b)(2). Instead, Corcamore argues that the Court had no factual and legal basis to enter default judgment in the first place.

First, Corcamore contends that the Board abused its discretion by entering default judgment without ever having addressed Corcamore's motion to compel discovery. Second, Corcamore argues that the Board abused its discretion by conducting an *ex parte* teleconference with SFM and, thereafter, denying Corcamore's motion for a protective order to delay a Rule 30(b)(6) deposition. Third, Corcamore argues that the Board abused its discretion by finding that SFM did not receive Corcamore's discovery responses mandated by [1308] the Board's February 27, 2018 order. We are not persuaded.

Corcamore's argument regarding its motion to compel is immaterial because, even if true, discovery misconduct by one party does not excuse the discovery misconduct of another party. *See* TBMP § 408.01 (“A party is not relieved of its discovery obligations, including its duty to cooperate, in spite of the fact that an adverse party wrongfully may have failed to fulfill its own obligations.”). The record does not support Corcamore's allegation regarding *ex parte* communications because the Board explained that it “terminated the telephone conference” when Corcamore failed to appear and that it denied Corcamore's motion because “[Corcamore] failed to include a statement in support of its good faith effort ... to resolve the [discovery] dispute.” J.A. 45 (Order denying Corcamore's motion for a protective order). Finally, Corcamore failed to follow Rule 2.119 and provided no written explanation for why it failed to effect email service, as required by the Board<sup>4</sup> and under 37 C.F.R. § 2.119(b)(4). Under these circumstances, we see no abuse of discretion by the Board. Accordingly, we conclude that

the Board's entry of default judgment as a sanction was not an abuse of discretion.

## CONCLUSION

We have considered the parties' remaining arguments and find them unpersuasive. Because SFM meets the statutory requirements to challenge Corcamore's registered mark and because the Board did not abuse its discretion in imposing sanctions, we affirm.

**AFFIRMED**

## COSTS

Costs to SFM LLC.

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## Footnotes

1 In *Australian Therapeutic Supplies Pty. Ltd. v. Naked TM, LLC*, we addressed § 1064 eligibility criteria and affirmed the Board's reliance on the *Empresa Cubana* “real interest in the proceeding” and “reasonable belief in damage” approach. 965 F.3d 1370, 1376 (2020). In *Australian Therapeutic Supplies*, however, neither the parties nor the Board addressed the applicability of *Lexmark*.

2 While both *Ritchie* and *Jewelers* discussed opposition proceedings under 15 U.S.C. § 1063, “[t]he statutory requirements to cancel registration of a mark under § 1064 are substantively equal to the statutory requirements to oppose the registration of a mark under § 1063.” *Australian Therapeutic Supplies*, 965 F.3d at 1373.

3 In a Rule 12(b)(6) motion to dismiss, all well-pleaded allegations in a petition must be accepted as true and the claims must be construed in the light most favorable to the non-moving party. TBMP § 503.02 (2020); *Young v. AGB Corp.*, 152 F.3d 1377, 1379 (Fed. Cir. 1998).

4 May 31, 2017, Board Order, 36 TTBVUE 3, *SFM, LLC v. Corcamore, LLC*, Cancellation No. 92060308 (2019).

{UNITED STATES PATENT AND TRADEMARK OFFICE  
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Lykos

Mailed: January 4, 2016

Cancellation No, 92060308

*SFM, LLC*

v.

*Corcamore, LLC*

By the Board,

Respondent's request for reconsideration filed December 30, 2015 is denied. See Trademark Rule 2.127(b). As stated in the Board's order dated December 30, 2015, "...Respondent has already filed an inordinate number of motions (all of which have been denied) at a very early stage in this proceeding resulting in increased litigation costs to both parties." The basis for sanctioning Respondent lies with the Board's inherent authority to control its docket. See, e.g., *International Finance Corp. v. Bravo Co.*, 64 USPQ2s 1597, 1605 (TTAB 2002). See also, Trademark Trial and Appeal Board Manual of Procedure ("TBMP") § 527.03 (2015) ("Inherent Authority to Sanction") and cases cited in Note 4.

Proceedings remain suspended pending disposition of the appeal in *Belmora LLC v. Bayer Consumer Care AG*, 115 USPQ2d (E.D. Va. 2015):

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

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In the Matter of Registration No. 3,708,453  
Mark: SPROUT; Date of Registration: November 10, 2009

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SFM, LLC

Petitioner,

v.

CORCAMORE, LLC.

Respondent.

Cancellation No: 92060308

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**RESPONDENT'S REQUEST TO FILE MOTION FOR SUMMARY JUDGMENT.**

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In keeping with the request made in Dkt. #54, Respondent Corcamore, LLC, through its undersigned counsel, requests leave to file a notice of motion for summary judgment.

Respondent proposes to rely upon the following points and authorities or an amended version, if the interlocutory attorney allows a notice of motion for summary judgment to be filed.

Respectfully submitted,

1 May 2018

~ S ~ /Charles L. Thomason/

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# THOMASON

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Trademark Trial and Appeal Board  
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RE: Cancellation No: 92060308

Dear Attorney McKnight,

This letter request is submitted in advance of the phone call requirement set in Dkt. #52, pg. 23, and in accordance with 37 C.F.R. §10.93(b)(2). This is submitted in advance of the call so that all are reasonably advised of the details of the request.

First, the respondent, through its undersigned counsel, seeks permission to file a discovery motion. In keeping with procedure detailed in Dkt. #52, at pg. 23, reference is made to the previously-filed motion to compel which contains the Trademark Rule 2.120(f)(1) statement, and submitted herewith are (i) a copy of each discovery request in dispute, and/or per Rule 2.120(f)(1) with "a copy of the request for production, any proffer of production or objection to production in response to the request," and per the Dkt. #52, at pg. 23 instruction, (ii) the emails involving the "discovery request(s) ...prior to the telephone conference." Exhibit C.

Respondent will contend that petitioner has withheld, or lacks, significant documentary support for its claims. That can be addressed in several ways –either with a motion to compel, or if respondent is denied that relief, then an order under Rule 37(c), Fed. R. Civ. Proc., that bars petitioner from relying later on documents and information not timely produced in discovery.

The petitioner did not serve any expert disclosure by the March 31 deadline, and so, its claims would need to be supported entirely with documentary evidence. Yet, apparent evasion or obscureness have been the emblems of petitioner SFM's document production. Two examples are worth considering. In response to who knows what Rule 34 request(s), petitioner SFM produced pages and pages of photos of two women posing in front of various parts of an unidentified grocery store. See, Exhibit B-1 herewith. Topping that were SFM's production of hundreds of pages of

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tel. (502) 349-7227  
Registered Patent Attorney, admitted in Kentucky, New Jersey and Ohio.

App. 022

store ads (example below), which SFM's lawyers converted from their readable format into low-resolution unreadable format. Can you read all of the ads below?

Excerpt of document SFMLLC000263

Excerpt of document SFMLLC000352

Excerpt of document SFMLLC000553



To place some perspective on the evasiveness of SFM's production. Summing up 2000 pages (Bates stamped SFMLLC00001 – SFMLLC002000) that SFM produced, there are 1587 pages of ads (examples above), 104 pages of store photos (including the two 'gals' shopping), and 156 pages of pleadings (mostly those filed by undersigned counsel), and thus, 1847 of 2000 pages (92.4%) appear to be documents never requested. See, respondent's Rule 34 requests at Exhibit A-2, herewith. It is dubious that SFM's cancellation claims can be sustained based on these ads, photos and copies of pleadings. What is in the other 7.6% - mainly screenshots of webpages and .html or javascript coding from respondent's website.

Suffice it to say that respondent and its counsel feel that the tenets of the ruling contained in Dkt. #52 should apply to the discovery responses of petitioner SFM, which has the burden of proof. Interrogatories at Exhibit A-1 herewith. It is recalled that SFM's initial pleading here was error-filled and SFM had to re-identify the parties in interest, and change its theory of the case in an amended petition. See, Dkt. #8. That amended petition restates some of the errors, simply to avoid a 'relation back' challenge and not because those averments are factually supported. One should consider the pique engendered when a small software company is being steamrolled by a big law firm, working for its private-equity engorged client, with a claim that appears SFM and its counsel would prove with photos of models pretending to be shoppers, copies of old pleadings, and its client's grocery store ads.

Leave is requested from the interlocutory attorney for petitioner to move to compel, although the option of a Rule 37(c) preclusion order might more be the most just measure to rectify petitioner's non-production. Even now, petitioner continues to evade and limit its production unreasonably. In response to recent Rule 34 requests, petitioner SFM deemed every request "excessive" and provided some circular objection about not having to re-produce documents it already produced. Surely, no recent Rule 34 request sought a second set of photos of the two women posing as SFM's target consumers, nor sought copies of pleadings or .html script.<sup>1</sup>

Next, respondent requests leave to file a Rule 56 motion. While a procedure is set forth in Dkt. #52, pg. 23, the respondent is disinclined to discuss its strategy and arguments with petitioner's counsel. Also, the planned motion is a dispositive not an interlocutory matter. Further, no rule requires a pre-filing meet and confer for a Rule 56 dispositive motion. The primary purpose for the Rule 56 motion is to dispose of petitioner's claim, entirely or substantially. See, Rules 56(a) and 56(g), FED. R. CIV. PROC. The ancillary purpose is for the Rule 56 motion to put petitioner to the task of stating a coherent, supportable case, which discovery did not yield.

Please indicate whether a telephone conference is needed, and if so, when. Nevertheless, the Respondent seeks for the interlocutory attorney to indicate whether the described motion practice is approved for filing, or what further is required for the filings to be made.

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<sup>1</sup> Perhaps, request for production #23?

Respectfully submitted,

*~s/ Charles L. Thomason/*

Charles L. Thomason

Attorney for Respondent Corcamore LLC

cc: Christian Stahl, Esq.  
Louis Klapp, Esq.

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

KWM

Mailed: December 21, 2018  
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,<sup>1</sup> 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 characters<sup>2</sup> and SPROUTS FARMERS MARKET in standard characters<sup>3</sup> and with design,<sup>4</sup> each for “retail grocery store services” in International Class 35.<sup>5</sup>

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<sup>1</sup> Registration No. 3708453, issued November 10, 2009 on the Principal Register; Sections 8 and 15 affidavits acknowledged and accepted.

<sup>2</sup> Registration No. 3322841, issued October 30, 2007 on the Principal Register; Sections 8 and 15 affidavits acknowledged and accepted; renewed.

<sup>3</sup> Registration No. 2798632, issued December 23, 2003 on the Principal Register; Sections 8 and 15 affidavits acknowledged and accepted; renewed.

<sup>4</sup> Registration No. 4002187, issued July 26, 2011 on the Principal Register; Sections 8 and 15 affidavits acknowledged and accepted.

<sup>5</sup> First Amended Petition to Cancel, ¶5; 6 TTABVUE 3.

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 § 2.133(d), which is not relevant to Petitioner's motion.<sup>6</sup>

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,"<sup>7</sup> 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.<sup>8</sup> After the parties' discovery conference in which the Board participated,

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<sup>6</sup> 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. <sup>7</sup> 28 TTABVUE 8-9.

<sup>8</sup> *Id.*

the Board lifted the prohibition on filing unconsented motions, but indicated that it may impose future sanctions, as necessary.<sup>9</sup>

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.<sup>10</sup> 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.”<sup>11</sup> 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

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<sup>9</sup> 36 TTABVUE 6.

<sup>10</sup> 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.

<sup>11</sup> *Id.* at 23.

procedurally impermissible motions,<sup>12</sup> 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.”<sup>13</sup> Accordingly, the Board denied Respondent’s unapproved filings for failure to comply with the procedural sanctions imposed in the February 27, 2018 order.<sup>14</sup> Later that day, inexplicably but unsurprisingly, Respondent filed another procedurally impermissible request, again violating the Board’s order.<sup>15</sup>

### **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.<sup>16</sup> The Board denied Respondent’s motion for a protective

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<sup>12</sup> 53 TTABVUE; 54 TTABVUE; 56-58 TTABVUE.

<sup>13</sup> 52 TTABVUE 23.

<sup>14</sup> 59 TTABVUE 5-6.

<sup>15</sup> 60 TTABVUE.

<sup>16</sup> 40 TTABVUE; 41 TTABVUE 1.

order the same day,<sup>17</sup> ordering Respondent's witness to appear the following day as noticed, "failing which the Board may entertain an appropriate motion for relief."<sup>18</sup>

Also on October 25, 2017, Petitioner filed a motion to compel supplemental responses to certain document requests and interrogatories.<sup>19</sup> 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);
- 2) Provide supplemental responses to Interrogatory Nos. 1, 2 and 6-17 within thirty days (*id.*);<sup>20</sup>

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<sup>17</sup> 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.

<sup>18</sup> 41 TTABVUE 2-3.

<sup>19</sup> 37 TTABVUE.

<sup>20</sup> 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.



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.<sup>21</sup>

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<sup>21</sup> *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.<sup>22</sup>

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."<sup>23</sup> The Board may find a Fed. R. Civ. P. 11 violation, and impose an appropriate sanction, not

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<sup>22</sup> 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).

<sup>23</sup> See Fed. R. Civ. P. 11(b)(1); Trademark Rule 2.116, 37 C.F.R. § 2.116.

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.<sup>24</sup>

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 discovery.<sup>25</sup> 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).<sup>26</sup> 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

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<sup>24</sup> 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).

<sup>25</sup> *See MHW Ltd.*, 59 USPQ2d at 1478; *see also* TRADEMARK TRIAL AND APPEAL BOARD MANUAL OF PROCEDURE (“TBMP”) § 527.01(a) (2018).

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. Civ. P. 37(b)(2) or Trademark Rule 2.120(h), the Board may invoke its inherent authority to enter sanctions.<sup>27</sup> This inherent authority derives from the Board's 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

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

<sup>27</sup> 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 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).

sanction.<sup>28</sup> 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.”<sup>29</sup> 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.<sup>30</sup>

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.<sup>31</sup> *Guess? IP Holder L.P. v. Knowlux LLC*, 116 USPQ2d 2018, 2019 (TTAB 2015).

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<sup>28</sup> 55 TTABVUE at 2.

<sup>29</sup> 61 TTABVUE 9, 13, 25.

<sup>30</sup> *Id.* at 10-11.

<sup>31</sup> 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
<p>November 13, 2017 Order: <b><u>Respondent's 30(b)(6) witness is expected to appear for its noticed deposition tomorrow</u></b>, failing which the Board may entertain an appropriate motion for relief." 41 TTABVUE 2-3.</p>	<p>Respondent did not appear for the deposition and did not notify counsel for Petitioner that it would not appear.<sup>32</sup> 55 TTABVUE 34, 89-91. When Petitioner attempted to reschedule the deposition, Respondent served objections and again refused to appear. 55 TTABVUE 103.</p>

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<sup>32</sup> 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.

<p>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 <b><u>without objection on the merits</u></b>, and to produce non-privileged documents responsive to Petitioner's first set of document requests." 52 TTABVUE 7-8; <i>see also</i> 52 TTABVUE 21.</p> <p>"Respondent is allowed until <b><u>thirty days</u></b> 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.</p>	<p>Respondent failed to timely serve supplemental responses by e-mail, as required under Trademark Rule 2.119.<sup>33</sup> 55 TTABVUE 35. Petitioner also did not receive Respondent's supplemental responses via U.S. Mail. <i>Id.</i></p> <p>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.</p>
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<sup>33</sup> *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).").

<p>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.</p>	<p>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 <u>Corcamore LLC</u>." 55 TTABVUE 125-127. Respondent's supplemental responses do not specify whether or not there are responsive documents.</p>
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Respondent has refused 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.<sup>34</sup> 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,

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



Petitioner's motion for discovery sanctions in the form of judgment is granted under Trademark Rule 2.120(h).

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.<sup>35</sup> 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"<sup>36</sup> in this proceeding with Respondent's campaign of filing frivolous motions,<sup>37</sup> by, inter alia, refusing to meet and confer with counsel for Petitioner regarding Respondent's discovery responses,<sup>38</sup> hanging up on counsel for Petitioner during a meet and confer on two separate

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<sup>35</sup> See *Carrini*, 57 USPQ2d 1071-72.

<sup>36</sup> 55 TTABVUE 27.

<sup>37</sup> 55 TTABVUE 27; see, e.g., 15 TTABVUE; 20 TTABVUE; 21 TTABVUE; 23 TTABVUE.

<sup>38</sup> See 37 TTABVUE 158.

occasions,<sup>39</sup> outright refusing to “read or open” emails from Petitioner’s counsel of record for years,<sup>40</sup> 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.<sup>41</sup> In violation of 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.<sup>42</sup>

Respondent also willfully disobeyed Board orders directing the parties not to file any paper that is not germane to pending motions,<sup>43</sup> 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.<sup>44</sup> Respondent was repeatedly warned that its

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<sup>39</sup> See 37 TTABVUE 31-32; 63 TTABVUE 95.

<sup>40</sup> 64 TTABVUE 3 (confidential).

<sup>41</sup> 55 TTABVUE 35.

<sup>42</sup> 64 TTABVUE 5 (confidential).

<sup>43</sup> Compare 38 TTABVUE 1 with 39-40 TTABVUE and 42-46 TTABVUE; 52 TTABVUE 5-6.

<sup>44</sup> 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.

continued misconduct may result in sanctions,<sup>45</sup> and the lesser sanctions previously imposed have not been effective.<sup>46</sup> In fact, Respondent filed at least *six* papers without obtaining the required prior Board permission.<sup>47</sup> Respondent considers its bad faith conduct to be “mere technicalities”<sup>48</sup> 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.<sup>49</sup> Respondent’s conduct indicates that entry of any sanction short of judgment would be futile.

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,

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<sup>45</sup> 28 TTABVUE 6; 28 TTABVUE 8-9; 36 TTABVUE 6; 52 TTABVUE 11, 22.

<sup>46</sup> 52 TTABVUE 23.

<sup>47</sup> See 31 TTABVUE; 53 TTABVUE; 54 TTABVUE; 56 TTABVUE; 57 TTABVUE; 58 TTABVUE.

<sup>48</sup> 61 TTABVUE 12.

<sup>49</sup> *Id.* at 8, 11, 13, 20-21, 23, 25.

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.