

CHAPTER 600
WITHDRAWAL; SETTLEMENT

601 WITHDRAWAL BY OPPOSITION OR CANCELLATION PLAINTIFF	2
601.01 WITHDRAWAL BY OPPOSER	2
601.02 WITHDRAWAL BY PETITIONER	3
601.03 EFFECT OF MOTION FOR JUDGMENT	4
602 WITHDRAWAL BY OPPOSITION OR CANCELLATION DEFENDANT	4
602.01 WITHDRAWAL BY APPLICANT	4
602.02 WITHDRAWAL BY RESPONDENT	7
602.02(a) <i>Voluntary Surrender of Registration for Cancellation</i>	7
602.02(b) <i>Cancellation Under Section 8; Expiration Under Section 9</i>	9
603 WITHDRAWAL BY INTERFERENCE OR CONCURRENT USE APPLICANT	13
604 CONSENT TO JUDGMENT	15
605 SETTLEMENT	15
605.01 IN GENERAL	15
605.02 SUSPENSION FOR SETTLEMENT NEGOTIATIONS	15
605.03 SETTLEMENT AGREEMENTS	16
605.03(a) <i>In General</i>	16
605.03(b) <i>With Amendment of Subject Application or Registration</i>	17
605.03(c) <i>With Amendment of Plaintiff's Pending Application</i>	18
605.03(d) <i>Breach of Settlement Agreement</i>	18
605.03(e) <i>Effect of Judgment Based Upon Agreement</i>	19
605.03(f) <i>Consent Orders</i>	19
606 EFFECT ON COUNTERCLAIM	20

Chapter 600 WITHDRAWAL; SETTLEMENT

601 Withdrawal by Opposition or Cancellation Plaintiff

601.01 Withdrawal by Opposer

37 CFR § 2.106(c) The opposition may be withdrawn without prejudice before the answer is filed. After the answer is filed, the opposition may not be withdrawn without prejudice except with the written consent of the applicant or the applicant's attorney or other authorized representative.

An opposer may withdraw its opposition without prejudice at any time before the applicant's answer is filed. After the answer is filed, however, the opposition may not be withdrawn without prejudice except with the written consent of the applicant or the applicant's attorney or other authorized representative.¹

For information concerning the effect of a judgment entered against plaintiff for withdrawal after answer without consent, see note below.²

¹ 37 CFR § 2.106(c). See *Estee Lauder Inc. v. Aloe Creme Laboratories, Inc.*, 178 USPQ 254, 256 (TTAB 1973) (opposition dismissed with prejudice where applicant's statement that favorable decision in civil action renders issues in opposition moot cannot be construed as consent to opposer's withdrawal).

Cf. 37 CFR § 2.114(c), and *Johnson & Johnson v. Bio-Medical Sciences, Inc.*, 179 USPQ 765, 766 (TTAB 1973) (although there was no indication that the dismissal of the counterclaims in a previous opposition was "with prejudice," because the record showed that the counterclaims were withdrawn after answer and without consent, it was clear that dismissal was with prejudice and that therefore plaintiff was estopped from attempting to assert same counterclaim in subsequent petition to cancel).

² See *Johnson & Johnson v. Bio-Medical Sciences, Inc.*, *supra* (dismissal of previous counterclaims with prejudice operated as estoppel barring same counterclaims in subsequent proceeding).

Cf. *Miller Brewing Co. v. Coy International Corp.*, 230 USPQ 675, 678 (TTAB 1986) (judgment in first opposition, as result of abandonment of application without consent, operates as claim preclusion in subsequent opposition so as to bar applicant's subsequent application for an insignificantly modified mark); *United States Olympic Committee v. Bata Shoe Co.*, 225 USPQ 340, 342 (TTAB 1984) (abandonment of application without consent in previous opposition does not operate as collateral estoppel or claim preclusion in subsequent cancellation proceeding between same parties since the two cases involve two distinct marks, and does not operate as issue preclusion because no issues were actually litigated in prior opposition); *Bass Anglers Sportsman Society of America, Inc. v. Bass Pro Lures, Inc.*, 200 USPQ 819, 822 (TTAB 1978) (judgment against applicant in prior opposition due to abandonment of application without consent operated as collateral estoppel in subsequent opposition involving same marks and same parties in opposite positions); and *In re Communications Technology Corp.*, 182 USPQ 695, 696 (TTAB 1974) (judgment against applicant in prior opposition between applicant and owner of cited registration is not conclusive of likelihood of confusion and does not operate as a estoppel in subsequent application for a distinctly different mark).

Chapter 600 WITHDRAWAL; SETTLEMENT

An opposer may withdraw its opposition by filing in the USPTO a written withdrawal signed by the opposer or the opposer's attorney or other authorized representative. The withdrawal should include proof of service upon every other party to the proceeding.³

601.02 Withdrawal by Petitioner

37 CFR § 2.114(c) The petition for cancellation may be withdrawn without prejudice before the answer is filed. After the answer is filed, the petition may not be withdrawn without prejudice except with the written consent of the registrant or the registrant's attorney or other authorized representative.

A petitioner may withdraw its petition for cancellation without prejudice at any time before the registrant's answer is filed. After the answer is filed, however, the petition for cancellation may not be withdrawn without prejudice except with the written consent of the registrant or the registrant's attorney or other authorized representative.⁴

For information concerning the effect of a judgment entered against plaintiff for withdrawal after answer without consent, see note below.⁵

³ See 37 CFR § 2.119(a), and TBMP § 113 (Service of Papers).

⁴ 37 CFR § 2.114(c). See *Johnson & Johnson v. Bio-Medical Sciences, Inc.*, *supra*. Cf. 37 CFR § 2.106(c), and *Estee Lauder Inc. v. Aloe Creme Laboratories, Inc.*, *supra*.

⁵ See *Johnson & Johnson v. Bio-Medical Sciences, Inc.*, *supra* (dismissal of previous counterclaims with prejudice operated as estoppel barring same counterclaims in subsequent proceeding).

Cf. *Miller Brewing Co. v. Coy International Corp.*, 230 USPQ 675, 678 (TTAB 1986) (judgment in first opposition, as result of abandonment of application without consent, operates as claim preclusion in subsequent opposition so as to bar applicant's subsequent application for an insignificantly modified mark); *United States Olympic Committee v. Bata Shoe Co.*, 225 USPQ 340, 342 (TTAB 1984) (abandonment of application without consent in previous opposition does not operate as collateral estoppel or claim preclusion in subsequent cancellation proceeding between same parties since the two cases involve two distinct marks, and does not operate as issue preclusion because no issues were actually litigated in prior opposition); *Bass Anglers Sportsman Society of America, Inc. v. Bass Pro Lures, Inc.*, 200 USPQ 819, 822 (TTAB 1978) (judgment against applicant in prior opposition due to abandonment of application without consent operated as collateral estoppel in subsequent opposition involving same marks and same parties in opposite positions); and *In re Communications Technology Corp.*, 182 USPQ 695, 696 (TTAB 1974) (judgment against applicant in prior opposition between applicant and owner of cited registration is not conclusive of likelihood of confusion and does not operate as a estoppel in subsequent application for a distinctly different mark).

Chapter 600 WITHDRAWAL; SETTLEMENT

A petitioner may withdraw its petition for cancellation by filing in the USPTO a written withdrawal signed by the petitioner or the petitioner's attorney or other authorized representative. The withdrawal should include proof of service upon every other party to the proceeding.⁶

601.03 Effect of Motion for Judgment

A plaintiff in an opposition or cancellation proceeding may unilaterally withdraw its complaint without prejudice, even in the face of a defendant's adverse motion such as a motion to dismiss, motion for summary judgment, motion for judgment on the pleadings, provided that the withdrawal is filed prior to defendant's answer to the complaint. When a plaintiff unilaterally withdraws its complaint prior to answer, in the face of a defendant's pending motion for judgment, the proceeding will be dismissed without prejudice (unless plaintiff specifies that it is withdrawing with prejudice), and the pending motion will be declared moot.

602 Withdrawal by Opposition or Cancellation Defendant

602.01 Withdrawal by Applicant

37 CFR § 2.68 Express abandonment (withdrawal) of application.

An application may be expressly abandoned by filing in the Patent and Trademark Office a written statement of abandonment or withdrawal of the application signed by the applicant, or the attorney or other person representing the applicant. Except as provided in §2.135, the fact that an application has been expressly abandoned shall not, in any proceeding in the Patent and Trademark Office, affect any rights that the applicant may have in the mark which is the subject of the abandoned application.

37 CFR § 2.135 Abandonment of application or mark.

After the commencement of an opposition, concurrent use, or interference proceeding, if the applicant files a written abandonment of the application or of the mark without the written consent of every adverse party to the proceeding, judgment shall be entered against the applicant. The written consent of an adverse party may be signed by the adverse party or by the adverse party's attorney or other authorized representative.

An applicant may expressly abandon its application by filing in the USPTO a written statement of abandonment or withdrawal of the application, signed by the applicant or the applicant's attorney or other authorized representative.⁷

⁶ See 37 CFR § 2.119(a), TBMP § 113 (Service of Papers) and *Sunrise Jewelry Mfg. Corp. v. Fred S.A.*, 50 USPQ2d 1532, 1536 (Fed. Cir. 1999) (filing of withdrawal of petition sufficient to consider that no proceeding is "pending" and that proceeding was "disposed of" for purposes of filing Section 15 declaration of incontestability).

⁷ 37 CFR § 2.68.

Chapter 600 WITHDRAWAL; SETTLEMENT

However, after the commencement of an opposition proceeding, if the applicant files a written abandonment of its subject application or mark without the written consent of every adverse party to the proceeding, judgment will be entered against the applicant.⁸ The written consent of an adverse party may be signed by the adverse party itself, or by the adverse party's attorney or other authorized representative.⁹

*For information concerning the effect of a 37 CFR § 2.135 judgment against applicant, see cases cited in the note below.*¹⁰

In an opposition to an application having multiple classes, if the applicant files a request to amend the application to delete an opposed class, the request for amendment is, in effect, an abandonment of the application with respect to that class, and is governed by 37 CFR § 2.135.

An abandonment of an opposed application should be filed with the Board, and should bear at the top of its first page both the application serial number, and the opposition number and title.

⁸ 37 CFR § 2.135. See *Fleming Companies Inc. v. Thriftway Inc.*, 21 USPQ2d 1451, 1456 (TTAB 1991), *aff'd*, 26 USPQ2d 1551 (S.D. Ohio 1992) (where excepted user abandoned application in concurrent use proceeding, judgment precluded applicant from obtaining any registration at all, although it may remain in proceeding as defaulting user); *Goodway Corp. v. International Marketing Group Inc.*, 15 USPQ2d 1749, 1749 (TTAB 1990); *Grinnell Corp. v. Grinnell Concrete Pavingstones Inc.*, 14 USPQ2d 2065, 2067 (TTAB 1990) (consent required for abandonment without prejudice regardless of motivation for abandonment, i.e., a concession by applicant that it is not owner of mark and that judgment would be unfair to real owner, a nonparty to the case); and *In re First National Bank of Boston*, 199 USPQ 296, 301 (TTAB 1978) (where abandonment of application and notice of opposition were filed on same day, consent was not required because there was no application to oppose).

⁹ See 37 CFR § 2.135.

¹⁰ *Miller Brewing Co. v. Coy International Corp.*, 230 USPQ 675, 678 (TTAB 1986) (judgment in first opposition, as result of abandonment of application without consent, operates as claim preclusion in subsequent opposition so as to bar applicant's subsequent application for an insignificantly modified mark); *United States Olympic Committee v. Bata Shoe Co.*, 225 USPQ 340, 342 (TTAB 1984) (abandonment of application without consent in previous opposition does not operate as collateral estoppel or claim preclusion in subsequent cancellation proceeding between same parties since the two cases involve two distinct marks, and does not operate as issue preclusion because no issues were actually litigated in the prior opposition); *Bass Anglers Sportsman Society of America, Inc. v. Bass Pro Lures, Inc.*, 200 USPQ 819, 822 (TTAB 1978) (judgment against applicant in prior opposition due to abandonment of application without consent operated as collateral estoppel in subsequent opposition involving same marks and same parties in opposite positions); and *In re Communications Technology Corp.*, 182 USPQ 695, 696 (TTAB 1974) (judgment against applicant in prior opposition between applicant and owner of cited registration is not conclusive of likelihood of confusion and does not operate as an estoppel in subsequent application for a distinctly different mark).

Cf. Aromatique Inc. v. Lang, 25 USPQ2d 1359, 1361 (TTAB 1992) (applicant, by abandoning application with prejudice in prior opposition is estopped in subsequent opposition from attempting to register virtually identical mark for identical goods), and *Johnson & Johnson v. Bio-Medical Sciences, Inc.*, *supra*. (dismissal of previous counterclaims with prejudice operated as estoppel barring same counterclaims in subsequent proceeding).

Chapter 600 WITHDRAWAL; SETTLEMENT

The abandonment should include proof of service upon every other party to the proceeding.¹¹

If an applicant files an unconsented abandonment after the commencement of an opposition, but before applicant has been notified of the opposition by the Board, applicant will be allowed an opportunity to obtain and submit the written consent of every adverse party, or to withdraw the abandonment and defend against the opposition, failing which judgment will be entered against applicant.¹²

If an opposition and an unconsented abandonment of the opposed application are filed on the same day, the abandonment (unless specifically made with prejudice) is without prejudice to applicant; the opposition will be returned to the opposer; no proceeding will be instituted; and any submitted opposition fee will be refunded.¹³

Abandonment prior to publication. If after an opposition is filed, it comes to the attention of the Board that the opposed application was abandoned prior to its publication for opposition for failure of the applicant to respond to an Office action, the Board will advise the parties that the application is not subject to opposition unless applicant files a petition to revive under 37 CFR § 2.66, and the petition is granted. If a prior abandonment for failure to timely respond comes to the attention of the Board at a time reasonably contemporaneous with the filing of the opposition, and the application is not revived, the opposition will not be instituted; the opposition papers will be returned to the opposer; and any submitted opposition fee will be refunded. If the prior abandonment comes to the attention of the Board at a later stage in the opposition, and the application is not revived, the opposition will be dismissed without prejudice.¹⁴

Abandonment for failure to respond to office action after remand. If, during the pendency of an opposition, the Board grants a request by the Trademark Examining Attorney for remand under 37 CFR § 2.130,¹⁵ and the application thereafter becomes abandoned by operation of law for failure of the applicant to respond to an Office action issued by the Examining Attorney, or because a final refusal to register is affirmed on appeal, judgment under 37 CFR § 2.135 will not be entered against applicant in the opposition. Trademark Rule 2.135 comes into play only when there is a *written* abandonment by the applicant. However, opposer will be given time to decide whether it wishes to go forward to obtain a determination of the opposition on its merits, or to

¹¹ See 37 CFR § 2.119(a), and TBMP § 113 (Service of Papers).

¹² See *In re First National Bank of Boston, supra*. (where opposition and abandonment were filed on same day) Cf. TBMP § 218 (Abandonment of Application).

¹³ See *In re First National Bank of Boston, supra*. Cf. TBMP § 218 (Abandonment of Application).

¹⁴ See *Societe des Produits Nestle S.A. v. Basso Fedele & Figli*, 24 USPQ2d 1079, 1080 (TTAB 1992).

¹⁵ See TBMP § 515 (Motion to Remand Application to Examining Attorney).

Chapter 600 WITHDRAWAL; SETTLEMENT

have the opposition dismissed without prejudice as moot.¹⁶ If, after remand under 37 CFR § 2.130, applicant files a written abandonment of its application without the written consent of every adverse party to the proceeding, judgment will be entered against the applicant pursuant to 37 CFR § 2.135.

If an applicant whose application is the subject of an opposition files an abandonment of the application with the written consent of the opposer, the opposition will be dismissed without prejudice, and the application will stand abandoned.

If the applicant files an abandonment of the application with the written consent of the opposer, and the opposer files a withdrawal of the opposition, the opposition will be dismissed without prejudice, and the application will stand abandoned.

If the applicant files an abandonment of the application *with prejudice* with the written consent of the opposer, the opposition will be dismissed without prejudice (and the application will stand abandoned with prejudice to applicant's right to reregister the same mark for the same goods or services), unless the parties specify otherwise in writing.¹⁷

If the applicant files an abandonment of the application with prejudice with the written consent of the opposer, and the opposer files a withdrawal of the opposition with prejudice with the written consent of the applicant, the opposition will be dismissed with prejudice, and the application will stand abandoned with prejudice to applicant's right to reregister the same mark for the same goods or services.

602.02 Withdrawal by Respondent

602.02(a) Voluntary Surrender of Registration for Cancellation

37 CFR § 2.134(a) After the commencement of a cancellation proceeding, if the respondent applies for cancellation of the involved registration under section 7(e) of the Act of 1946 without the written consent of every adverse party to the proceeding, judgment shall be

¹⁶ Cf. TBMP § 602.02(b) (Cancellation under Section 8; Expiration under Section 9) and cases cited therein. Cf. also *Bank of America National Trust & Savings Ass'n v. First National Bank of Allentown*, 220 USPQ 892, 8984 n.6 (TTAB 1984) (opposer elected to adjudicate pleaded issues where applicant had conceded that use was not made until after filing date, and its application was held void ab initio); and *Daggett & Ramsdell, Inc. v. Procter & Gamble Co.*, 119 USPQ 350, 350 (TTAB 1958), *rev'd on other grounds*, 275 F.2d 955, 125 USPQ 236 (CCPA 1960) (applicant in prior opposition consented to judgment and therefore not entitled to registration but in subsequent opposition against same applicant, opposer pressed for determination on merits).

¹⁷ See *Aromatique Inc. v. Lang*, 25 USPQ2d 1359, 1361 (TTAB 1992). See also *Wells Cargo, Inc. v. Wells Cargo, Inc.*, 606 F.2d 961, 203 USPQ 564 (CCPA 1979) (applicant's successor in interest is bound by act of withdrawal of application with prejudice and is barred from again seeking to register same mark for same goods).

Chapter 600 WITHDRAWAL; SETTLEMENT

entered against the respondent. The written consent of an adverse party may be signed by the adverse party or by the adverse party's attorney or other authorized representative.

37 CFR § 2.172 Surrender for cancellation.

Upon application by the registrant, the Director may permit any registration to be surrendered for cancellation. Application for such action must be signed by the registrant and must be accompanied by the original certificate of registration, if not lost or destroyed. When there is more than one class in a registration, one or more entire class but less than the total number of classes may be surrendered as to the specified class or classes. Deletion of less than all of the goods or services in a single class constitutes amendment of registration as to that class (see § 2.173).

A registrant that wishes to voluntarily surrender its registration for cancellation may file in the USPTO a written application, signed by the registrant and accompanied by the original certificate of registration, or, if the original certificate of registration has been lost or destroyed, by a statement to that effect.¹⁸ There is no fee for a voluntary surrender for cancellation.¹⁹

However, after the commencement of a cancellation proceeding, if the respondent applies for surrender of its subject registration under Section 7(e) of the Act, 15 U.S.C. § 1057(e), without the written consent of every adverse party to the proceeding, judgment will be entered against the respondent.²⁰ The written consent of an adverse party may be signed by the adverse party itself, or by the adverse party's attorney or other authorized representative.²¹

For information concerning the effect of a judgment of this type, see TBMP §602.01, and cases cited therein.

In a cancellation proceeding against a registration having multiple classes, if the respondent files a request to amend the registration to delete a class sought to be cancelled, the request

¹⁸ See Section 7(e) of the Act, 15 U.S.C. § 1057(e); 37 CFR § 2.172; and TMEP §§ 1403.05(b) (for multiple class registrations) and 1608 (Surrender of Registration).

¹⁹ See TMEP § 1608

²⁰ See 37 CFR § 2.134(a). Cf. 37 CFR § 2.135; *Goodway Corp. v. International Marketing Group Inc.*, 15 USPQ2d 1749, 1750 (TTAB 1990); *Grinnell Corp. v. Grinnell Concrete Pavingstones Inc.*, 14 USPQ2d 2065, 2067 (TTAB 1990) (consent required for abandonment without prejudice regardless of motivation for abandonment, i.e., a concession by applicant that it is not owner of mark and that judgment would be unfair to real owner, a nonparty to the case); and *In re First National Bank of Boston*, 199 USPQ 296, 301 (TTAB 1978) (where abandonment of application and notice of opposition were filed on same day, consent was not required because there was no application to oppose).

²¹ See 37 CFR § 2.134(a).

Chapter 600 WITHDRAWAL; SETTLEMENT

for amendment is, in effect, a voluntary surrender of the registration with respect to that class, and is governed by 37 CFR § 2.134(a).

An application for voluntary surrender of a registration that is the subject of a Board inter partes proceeding should be filed with the Board, and should bear at the top of its first page both the registration number and the inter partes proceeding number and title. The application for voluntary surrender should include proof of service upon every other party to the proceeding.²²

If a registrant whose registration is the subject of a petition for cancellation files a voluntary surrender of the registration with the written consent of the petitioner, the petition for cancellation will be dismissed without prejudice, and the registration will be cancelled.

If the registrant files a voluntary surrender of the registration with the written consent of the petitioner, and the petitioner files a withdrawal of the petition for cancellation, the petition for cancellation will be dismissed without prejudice, and the registration will be cancelled.

If the registrant files a voluntary surrender of the registration *with prejudice* with the written consent of the petitioner, the petition for cancellation will be dismissed without prejudice (the registration will be cancelled with prejudice to registrant's right to reregister the same mark for the same goods or services), unless the parties specify otherwise in writing.

If the registrant files a voluntary surrender of the registration with prejudice with the written consent of the petitioner, and the petitioner files a withdrawal of the petition for cancellation with prejudice with the written consent of the registrant, the petition for cancellation will be dismissed with prejudice, and the registration will be cancelled with prejudice to registrant's right to reregister the same mark for the same goods or services.

602.02(b) Cancellation Under Section 8; Expiration Under Section 9

37 CFR § 2.134(b) After the commencement of a cancellation proceeding, if it comes to the attention of the Trademark Trial and Appeal Board that the respondent has permitted his involved registration to be cancelled under § 8 of the Act of 1946 or has failed to renew his involved registration under § 9 of the Act of 1946, an order may be issued allowing respondent until a set time, not less than fifteen days, in which to show cause why such cancellation or failure to renew should not be deemed to be the equivalent of a cancellation by request of respondent without the consent of the adverse party and should not result in entry of judgment against respondent as provided by paragraph (a) of this section. In the

²² See 37 CFR § 2.119(a), and TBMP § 113 (Service of Papers).

Chapter 600 WITHDRAWAL; SETTLEMENT

absence of a showing of good and sufficient cause, judgment may be entered against respondent as provided by paragraph (a) of this section.

If it comes to the attention of the Board, during the course of a proceeding, that respondent has permitted its involved registration to be cancelled under Section 8 of the Trademark Act, 15 U.S.C. § 1058, or has failed to renew its involved registration under Section 9 of the Act, 15 U.S.C. § 1059, the Board may issue an order allowing respondent time to show cause why the cancellation, or the failure to renew, should not be deemed to be the equivalent of a cancellation by request of respondent without the consent of petitioner and should not result in entry of judgment against respondent.²³

In a cancellation proceeding against a registration having multiple classes, if the respondent permits a class which is the subject of the cancellation proceeding to be cancelled under Section 8 of the Act, or fails to renew the registration under Section 9 of the Act with respect to that class, the cancellation or failure to renew with respect to that class is governed by 37 CFR § 2.134(b).

An order to show cause under 37 CFR § 2.134(b) may be issued by the Board upon motion by the petitioner, or (if the failure to file a Section 8 or Section 9 affidavit comes to the attention of the Board in another manner) upon the Board's own initiative.²⁴

For information concerning motions for an order to show cause under 37 CFR § 2.134(b), see TBMP § 535.

The purpose of 37 CFR § 2.134(b) is to prevent a cancellation proceeding respondent whose subject registration comes due, during the course of the proceeding, for a Section 8 or Section 9 affidavit, from being able to moot the proceeding, and avoid judgment, by deliberately failing to file the required affidavit of use under Section 8, or renewal application under Section 9.²⁵ The Board's policy governing application of 37 CFR § 2.134(b) is as follows:

²³ See *Marshall Field & Co. v. Mrs. Fields Cookies*, 11 USPQ2d 1154 (TTAB 1989); *C.H. Guenther & Son Inc. v. Whitewing Ranch Co.*, 8 USPQ2d 1450 (TTAB 1988); and *Abraham's Seed v. John One Ten*, 1 USPQ2d 1230 (TTAB 1986). Cf. *In re Checkers of North America Inc.*, 23 USPQ2d 1451 (Comm'r 1992), *aff'd sub nom.*, *Checkers Drive-In Restaurants, Inc. v. Commissioners of Patents and Trademarks*, 51 F.3d 1078, 34 USPQ2d 1574 (D.C. Cir. 1995), *cert. denied*, 516 US 866 (1995); and *Global Maschinen GmbH v. Global Banking Systems, Inc.*, 227 USPQ 862 (TTAB 1985).

²⁴ See *C.H. Guenther & Son Inc. v. Whitewing Ranch Co.*, *supra* at 1452 (motion for order to show cause); and *Abraham's Seed v. John One Ten*, *supra* at 1232 (show cause order issued where respondent's failure to file Section 8 affidavit came to Board's attention following receipt of petitioner's final brief but before final decision).

²⁵ See *In re Checkers*, *supra* (petitioner should not be deprived of a judgment in its favor by a respondent who lets its registration lapse during a cancellation proceeding); *Marshall Field & Co. v. Mrs. Fields Cookies*, 11 USPQ2d 1154, 1156 (TTAB 1989) (although judgment entered on ground of abandonment in view of concession that failure

Chapter 600 WITHDRAWAL; SETTLEMENT

The paragraph has been modified to provide an opportunity for the respondent in such situation to "show cause" why judgment should not be entered against it. If respondent submits a showing that the cancellation or expiration was the result of an inadvertence or mistake, judgment will not be entered against it. If respondent submits a showing that the cancellation or expiration was occasioned by the fact that its registered mark had been abandoned and that such abandonment was not made for purposes of avoiding the proceeding but rather was the result, for example, of a two-year period of nonuse which commenced well before respondent learned of the existence of the proceeding, judgment will be entered against it only and specifically on the ground of abandonment.²⁶

If, in response to an order to show cause issued under 37 CFR § 2.134(b), a respondent submits a showing that the cancellation of its registration under Section 8 of the Act, or failure to renew the registration under Section 9 of the Act, was the result of inadvertence or mistake, judgment will not be entered against it.²⁷

If respondent submits a showing that it permitted its registration to be cancelled under Section 8 of the Act, or failed to renew the registration under Section 9 of the Act, because its registered mark had been abandoned, and that the abandonment was not made for purposes of avoiding the proceeding, judgment will be entered against it only and specifically on the

to file Section 8 affidavit was due to discontinued use of mark, judgment was not entered on ground of likelihood of confusion where respondent showed that failure to file Section 8 affidavit with respect to that ground was result of deliberate business decision made prior to commencement of proceeding and not for purposes of avoiding proceeding); and T. Jeffrey Quinn, *TIPS FROM THE TTAB: The Rules Are Changing*, 74 Trademark Rep. 269, 277 (1984).

²⁶ Notice of Final Rulemaking published in the *Federal Register* on May 23, 1983 at 48 FR 23122, 23133, and in the *Official Gazette* of June 21, 1983 at 1031 TMOG 13, 23. See *Marshall Field & Co. v. Mrs. Fields Cookies*, 11 USPQ2d 1154 (TTAB 1989) (where registrant stated that failure to file Section 8, with respect to ground of likelihood of confusion, was result of deliberate business decision made prior to commencement of proceeding and not to avoid judgment, judgment was not entered as to that ground); *C.H. Guenther & Son Inc. v. Whitewing Ranch Co.*, 8 USPQ2d 1450 (TTAB 1988) (failure to renew was unintentional and not due to abandonment); *Abraham's Seed v. John One Ten*, 1 USPQ2d 1230 (TTAB 1986) (respondent's belief that it was improper to file a Section 8 affidavit since "the cancellation action had priority," while erroneous, was treated as sufficient showing of cause to avoid entry of judgment); and T. Jeffrey Quinn, *TIPS FROM THE TTAB: The Rules Are Changing*, *supra*.

²⁷ See *C.H. Guenther & Son Inc. v. Whitewing Ranch Co.*, *supra* (failure to renew was unintentional and not due to abandonment) and *Abraham's Seed v. John One Ten*, *supra* (respondent's belief that it was improper to file a Section 8 affidavit since "the cancellation action had priority," while erroneous, was treated as sufficient showing of cause to avoid entry of judgment).

Chapter 600 WITHDRAWAL; SETTLEMENT

ground of abandonment (if abandonment has not been pleaded as a ground for cancellation, plaintiff will be allowed to amend its pleading appropriately).²⁸

In those cases where the Board finds that respondent has shown good and sufficient cause why judgment should not be entered against it under 37 CFR § 2.134(b), petitioner may be given time to decide whether it wishes to go forward with the cancellation proceeding, or to have the cancellation proceeding dismissed without prejudice as moot.²⁹ In those cases where the Board enters judgment against the respondent only and specifically on the ground of abandonment, petitioner may be given time to decide if it wishes to go forward to obtain a determination of the remaining issues, or to have the cancellation proceeding dismissed without prejudice as to those issues.³⁰

As noted above, the purpose of 37 CFR § 2.134(b) is to prevent a cancellation proceeding respondent from being able to moot the proceeding, and avoid judgment, by deliberately failing to file a required affidavit of use under Section 8, or renewal application under Section 9. The rule provides not that an order to show cause "shall" be issued, but rather that an order "may" be issued. Normally, the Board, in the exercise of its discretion under the rule, does not issue a show cause order in those cases where the failure to file a required affidavit under Section 8, or renewal application under Section 9, occurs after the filing of a petition for cancellation, but before respondent has been notified by the Board.³¹ Rather, the Board issues an action notifying respondent of the filing of the proceeding, advising both parties that the registration has been cancelled under Section 8, or has expired, and allowing petitioner time to elect whether it wishes to go forward with the cancellation proceeding, or to have the cancellation proceeding dismissed without prejudice as moot.³² However, a petitioner which believes that the respondent had knowledge of the filing of the petition to cancel

²⁸ See *Marshall Field & Co. v. Mrs. Fields Cookies*, 11 USPQ2d 1154, 1156 (TTAB 1989) (where registrant stated that failure to file Section 8, with respect to ground of likelihood of confusion, was result of deliberate business decision made prior to commencement of proceeding and not to avoid judgment, judgment was not entered as to that ground and petitioner was allowed time to advise whether it wished to go forward on that ground).

²⁹ See *Abraham's Seed v. John One Ten*, *supra* (opted for decision on merits). Cf. *C.H. Guenther & Son Inc. v. Whitewing Ranch Co.*, *supra* (where petitioner moved for show cause order and respondent filed response showing good cause along with uncontested motion to dismiss petition as moot, petition was dismissed as moot).

³⁰ See *Marshall Field & Co. v. Mrs. Fields Cookies*, *supra*. Cf. with respect to the Board's election practice, *United Rum Merchants Ltd. v. Distillers Corp. (S.A.)*, 9 USPQ2d 1481, 1484 n.3 (TTAB 1988); *Bank of America National Trust & Savings Ass'n v. First National Bank of Allentown*, 220 USPQ 892, 894 n.6 (TTAB 1984) (where application was held void ab initio, opposer elected to adjudicate pleaded issues); and *Daggett & Ramsdell, Inc. v. Procter & Gamble Co.*, 119 USPQ 350, 350 (TTAB 1958), *rev'd on other grounds*, 275 F.2d 955, 125 USPQ 236 (CCPA 1960).

³¹ See *Global Maschinen GmbH v. Global Banking Systems Inc.*, 227 USPQ 862, 862 n.1 (TTAB 1985).

³² Cf. TBMP § 602.01 (Withdrawal by Applicant).

Chapter 600 WITHDRAWAL; SETTLEMENT

(notwithstanding the fact that respondent had not been notified thereof by the Board), and that respondent deliberately failed to file a required affidavit of use under Section 8, or renewal application under Section 9, in an effort to moot the proceeding, and avoid judgment, may file a motion for an order to show cause under 37 CFR § 2.134(b)³³ stating the reasons for its belief.

603 Withdrawal by Interference or Concurrent Use Applicant

37 CFR § 2.68 Express abandonment (withdrawal) of application.

An application may be expressly abandoned by filing in the Patent and Trademark Office a written statement of abandonment or withdrawal of the application signed by the applicant, or the attorney or other person representing the applicant. Except as provided in § 2.135, the fact that an application has been expressly abandoned shall not, in any proceeding in the Patent and Trademark Office, affect any rights that the applicant may have in the mark which is the subject of the abandoned application.

37 CFR § 2.135 Abandonment of application or mark.

After the commencement of an opposition, concurrent use, or interference proceeding, if the applicant files a written abandonment of the application or of the mark without the written consent of every adverse party to the proceeding, judgment shall be entered against the applicant. The written consent of an adverse party may be signed by the adverse party or by the adverse party's attorney or other authorized representative.

After the commencement of an interference or concurrent use proceeding, if an applicant whose application is a subject of the proceeding files a written abandonment of its application or mark without the written consent of every adverse party to the proceeding, judgment will be entered against the applicant.³⁴ Any concurrent use proceeding will be dissolved, and registration to applicant will be refused.

If, after the commencement of a concurrent use proceeding involving two or more applicants, one of the applicants files an unconsented abandonment of its application, but not of its use of its mark, judgment will be entered against that applicant with respect to the registration sought by it. However, if the abandoning applicant is specified as an excepted concurrent user in any other application involved in the proceeding, the abandoning applicant will remain a party to the proceeding as a concurrent user, and every other applicant to the proceeding who, in its own application, has listed that party as an excepted user will retain the burden of proving its

³³ See TBMP § 535 (Motion for Order to Show Cause under Rule 2.134(b)).

³⁴ 37 CFR § 2.135.

Chapter 600 WITHDRAWAL; SETTLEMENT

entitlement to registration in view of the acknowledged rights of the abandoning applicant.³⁵ On the other hand, if a party to a concurrent use proceeding abandons all rights in its mark and in its application (if any), any remaining party that seeks concurrent registration may move to amend its application to delete the abandoning party as an excepted user. If the abandoning party is the only excepted user specified in a remaining party's application, the remaining party may move to amend its application to seek a geographically unrestricted registration.³⁶ If the motion is granted, the concurrent use proceeding will be dissolved without prejudice, and the application will be republished, for purposes of opposition, as an application for a geographically unrestricted registration.

If an application which is the subject of an interference or concurrent use proceeding has multiple classes, and the applicant files a request to amend the application to delete a class, the request for amendment is, in effect, an abandonment of the application with respect to that class, and is governed by 37 CFR § 2.135.

An abandonment of an application, which is the subject of an interference or concurrent use proceeding, should be filed with the Board. The top of its first page should list both the application serial number, and the interference or concurrent use proceeding number and title. The abandonment should include proof of service thereof upon every other party to the proceeding.³⁷

If, during the pendency of an interference or concurrent use proceeding, the Board grants a request by the Trademark Examining Attorney for remand under 37 CFR § 2.130³⁸ and the application thereafter becomes abandoned by operation of law, for failure of the applicant to respond to an Office action, or because a final refusal to register is affirmed on appeal, judgment under 37 CFR § 2.135 will not be entered against applicant in the interference, or in the concurrent use proceeding. Trademark Rule 2.135 comes into play only when there is a *written*

³⁵ See *Fleming Companies Inc. v. Thriftway Inc.*, 21 USPQ2d 1451, 1456 (TTAB 1991), *aff'd*, 26 USPQ2d 1551 (S.D. Ohio 1992) (although judgment was entered against excepted user in view of abandonment of its application without consent and therefore user was not entitled to a registration, because said party was listed as exception to plaintiff's right to use, plaintiff was required to show entitlement to concurrent registration), and *Newsday, Inc. v. Paddock Publications, Inc.*, 223 USPQ 1305, 1308 (TTAB 1984) (once concurrent user is acknowledged, even if application owned by user is expressly abandoned, plaintiff is not entitled to unrestricted registration and still must show entitlement to concurrent use registration).

Cf. 37 CFR § 2.99(d)(3), and *Precision Tune Inc. v. Precision Auto-Tune Inc.*, 4 USPQ2d 1095 (TTAB 1987) (settlement agreement sufficient to show entitlement as to non defaulting user but still must show entitlement as to defaulting users and may do so through an *ex parte* type of showing).

³⁶ See *Newsday, Inc. v. Paddock Publications, Inc.*, *supra*.

³⁷ See 37 CFR § 2.119(a), and TBMP § 113 (Service of Papers).

³⁸ See TBMP § 515 (Motion to Remand Application to Examining Attorney).

Chapter 600 WITHDRAWAL; SETTLEMENT

abandonment by the applicant. If, after remand under 37 CFR § 2.130, applicant files a written abandonment of its application without the written consent of every adverse party to the proceeding, judgment will be entered against the applicant pursuant to 37 CFR § 2.135.

604 Consent to Judgment

If a party to an inter partes proceeding before the Board does not wish to litigate the case, and is willing to accept entry of judgment against itself, the party may file a statement with the Board indicating that it consents to entry of judgment against itself. Upon receipt of such a statement, the Board will enter judgment against the filing party.

605 Settlement

605.01 In General

A substantial percentage of the inter partes cases filed with the Board are eventually settled. The Board encourages settlement, and several aspects of Board practice and procedure, including its liberal discovery practice (*see* TBMP chapter 400) and its usual willingness to suspend proceedings in pending cases while parties negotiate for settlement³⁹ serve to facilitate the resolution of cases by agreement.

605.02 Suspension for Settlement Negotiations

Parties which are negotiating for settlement, and wish to defer further litigation of the case pending conclusion of their negotiations, should remember to file stipulations to extend or suspend the running of the time periods set in the case.

When the Board is notified that parties are negotiating for settlement, the Board may suspend proceedings for a period of up to six months, subject to the right of either party to request resumption at any time prior to the expiration of the suspension period.⁴⁰ The suspension period may be further extended upon request, or upon notification to the Board that the parties are still engaged in their settlement negotiations. However, once proceedings have been suspended for over a year, the Board may require that the parties submit a report as to the status of their negotiations in order to show good cause for continued suspension. This report should include a summary of the progress of the parties' negotiations and a firm timetable for resolution. Absent

³⁹ *See* TBMP §§ 510.03 (Suspension for Other Reasons) and 605.02 (Suspension for Settlement Negotiations).

⁴⁰ *See* TBMP § 510.03.

Chapter 600 WITHDRAWAL; SETTLEMENT

such a report, any subsequent motion to extend or suspend for settlement negotiations may be denied, even though agreed to by the parties.⁴¹

605.03 Settlement Agreements

605.03(a) In General

When an inter partes proceeding before the Board is settled, the parties should promptly notify the Board of the settlement. It is not necessary that the parties file a copy of their settlement agreement with the Board. Rather, they may simply file a stipulation stating the desired disposition of the proceeding (i.e., "It is hereby stipulated that the opposition be sustained," "It is hereby stipulated that the petition for cancellation be dismissed with prejudice," or the like). If there is a counterclaim, the stipulation should also state the desired disposition of the counterclaim. If, in a proceeding with a counterclaim, the parties stipulate to the disposition of the claim against which the counterclaim was brought, but there is no stipulation to dispose of the counterclaim, and there is no withdrawal of the counterclaim, consent by one party to entry of judgment against itself on the counterclaim, etc., the counterclaim will go forward, notwithstanding the fact that judgment has been entered on the original claim.⁴²

If the proceeding is to be dismissed, the stipulation should specify whether the dismissal is to be with prejudice or without prejudice. If no specification is made, the Board, in its action dismissing the proceeding, will simply state that the proceeding is being dismissed "in accordance with the agreement of the parties." However, if the agreement itself also fails to indicate whether the dismissal is to be with or without prejudice, at some later time a dispute may arise between the parties as to whether they intended the dismissal to be with or without prejudice. A clear specification in the stipulation may avoid future trouble.

A settlement agreement may simply call for a party to withdraw with, or without, prejudice, or with, or without, consent. In such a case, the parties need not file a settlement stipulation, because the withdrawal, when filed, will result in a final disposition of the proceeding.

A settlement stipulation, which is not in accordance with the applicable rules and the statute, will be given no effect by the Board.

⁴¹ Cf. *Central Manufacturing Inc. v. Third Millennium Technology Inc.*, 61 USPQ2d 1210, 121 (TTAB 2001) (where opposer's statements that the parties were engaged in settlement negotiations were found to be false and filed in bad faith, opposer was sanctioned with dismissal). *For a discussion of motions to suspend see* TBMP § 510.

⁴² See TBMP § 606 (Effect on Counterclaim).

Chapter 600 WITHDRAWAL; SETTLEMENT

605.03(b) With Amendment of Subject Application or Registration

If a settlement agreement is contingent upon amendment of a defendant's subject application or registration, the request for amendment is governed by 37 CFR § 2.133(a)⁴³ and should be filed with the Board. The request should list at the top of the page both the number of the subject application or registration, and the Board proceeding number and title. The request also should include proof of service thereof upon every other party to the proceeding.⁴⁴

A proposed amendment to a defendant's application or registration must comply with all applicable rules and statutory provisions.⁴⁵ Thus, for example, a proposed amendment, which materially alters the character of the defendant's subject mark, cannot be approved.⁴⁶ If a settlement agreement calls for an amendment which may amount to a material change in the defendant's mark, the parties may wish to also agree that if a request for amendment of the defendant's subject application or registration is denied by the Board, the defendant will abandon that application, or voluntarily surrender that registration, and file a new application for registration of the altered mark; and that the plaintiff will not oppose the new application or seek to cancel any registration that matures there from. Any abandonment or voluntary surrender is governed by 37 CFR § 2.135 or 37 CFR § 2.134(a), respectively.⁴⁷

In an opposition to an application having multiple classes, if the applicant files a request to amend the application to delete an opposed class, the request for amendment is, in effect, an abandonment of the application with respect to that class, and is governed by 37 CFR § 2.135. Similarly, in a cancellation proceeding against a registration having multiple classes, if the respondent files a request to amend the registration to delete a class sought to be cancelled, the request for amendment is, in effect, a voluntary surrender of the registration with respect to that class, and is governed by 37 CFR § 2.134(a).

⁴³ See TBMP § 514 (Motion to Amend Application or Registration).

⁴⁴ See 37 CFR § 2.119(a), and TBMP § 113 (Service of Papers).

⁴⁵ See TBMP § 514.01 (Motion to Amend Application or Registration – In General).

⁴⁶ See Section 7(e) of the Act, 15 U.S.C. § 1057(e), and 37 CFR §§ 2.72 and 2.173.

⁴⁷ See TBMP § 602 (Withdrawal by Opposition or Cancellation Defendant).

Chapter 600 WITHDRAWAL; SETTLEMENT

605.03(c) With Amendment of Plaintiff's Pending Application

The plaintiff in an inter partes proceeding before the Board may own a pending application for registration which has been rejected by the Trademark Examining Attorney in view of the defendant's subject registration, or which is going to be rejected by the Examining Attorney when and if defendant's subject application matures to registration. In such a case, a settlement agreement may be contingent upon the approval of an amendment to be filed in the plaintiff's application, or acceptance of a consent agreement to be filed therein, and the consequent approval of the application for publication.

The Board has no jurisdiction over a plaintiff's application which is still pending before the Trademark Examining Attorney.⁴⁸ Thus, when the plaintiff in an inter partes proceeding before the Board owns an application which is still pending before the Trademark Examining Attorney, and an amendment or consent agreement is filed in the application pursuant to a settlement agreement between the parties, the amendment should be filed with the Examining Attorney, not with the Board. The Examining Attorney should consider the amendment or agreement and take appropriate action (including, if the amendment or consent agreement puts the application in condition for publication, approving the application for publication), notwithstanding the fact that action on the application may previously have been suspended pending the final determination of the inter partes proceeding before the Board. Indeed, if settlement of the inter partes proceeding is contingent upon approval of the amendment, or acceptance of the consent agreement, by the Examining Attorney, proceedings before the Board may be suspended pending action by the Examining Attorney on the amendment or consent agreement.

605.03(d) Breach of Settlement Agreement

If an agreement settling an inter partes proceeding before the Board is breached by one of the parties, an adverse party's remedy is by way of civil action. The Board has no jurisdiction to enforce such an agreement. However, while the Board does not have jurisdiction to enforce the contract, agreements to cease use of a mark or not to use a mark in a certain format are routinely upheld and enforced to the extent a party may not obtain a registration for exclusive use that may be precluded by the terms of a settlement agreement.⁴⁹

⁴⁸ See *Home Juice Co. v. Runclin Cos.*, 231 USPQ 897, 898 n.7 (TTAB 1986) (cannot instruct Examining Attorney to pass application to registration).

⁴⁹ See *Vaughn Russell Candy Co. v. Cookies in Bloom Inc.*, 47 USPQ2d 1635, 1638 n.6 (TTAB 1998) (registration refused where settlement agreement precluded use of a portion of applicant's mark) and *In re Sun Refining and*

Chapter 600 WITHDRAWAL; SETTLEMENT

605.03(e) Effect of Judgment Based Upon Agreement

*For information concerning the effect of agreements and judgments resulting there from, see cases cited in the note below.*⁵⁰

605.03(f) Consent Orders

The Board will dismiss, sustain, etc., a Board inter partes proceeding, if the parties so stipulate⁵¹ and will also enter judgment against a party which submits its written consent to entry of judgment against itself, or which concedes that its case is not well taken. Further, the Board encourages the use of stipulated evidence in Board inter partes proceedings.⁵² However, the Board does not issue advisory opinions. Nor does the Board issue consent orders. That is, the Board does not, based simply upon a joint request by the parties that it does so, enter, approve, or otherwise adopt as its own findings, as if on the merits, stipulated findings of fact and/or conclusions of law, without any consideration by the Board of evidence properly adduced during the course of the proceeding. Rather, the Board makes findings of fact, and conclusions of law, on the merits of the case only as warranted by the evidence of record upon motion for summary judgment or at final hearing.

Marketing Co., 23 USPQ2d 1072, 1074 (TTAB 1991) (refusal affirmed since settlement agreement containing geographic restrictions clearly showed that applicant was not entitled to unrestricted registration).

⁵⁰ *Kimberly-Clark Corp. v. Fort Howard Paper Co.*, 772 F.2d 860, 227 USPQ 36, 39 (Fed. Cir. 1985) (construction of 1924 agreement found that goods in current application not encompassed within agreement, registration permitted); *Chromalloy American Corp. v. Kenneth Gordon (New Orleans), Ltd.*, 736 F.2d 694, 222 USPQ 187, 191 n.4 (Fed. Cir. 1984) (unless principles of res judicata apply, consent given in a decree should be treated as any other contractual consent and as a factor to be taken into consideration in determining likelihood of confusion); *Wells Cargo, Inc. v. Wells Cargo, Inc.*, 606 F.2d 961, 203 USPQ 564, 567 (CCPA 1979) (although agreement can be implied from applicant's withdrawal of application with consent and with prejudice in prior opposition, that agreement was not itself a settlement of the substantive rights of the parties and estoppel does not rest on that agreement but instead on the act of withdrawing the application with prejudice); *Danskin, Inc. v. Dan River, Inc.*, 498 F.2d 1386, 182 USPQ 370, 372 (CCPA 1974) (equitable estoppel barring opposition rested on terms of the agreement between parties in settlement of prior proceeding); *United States Olympic Committee v. Bata Shoe Co.*, 225 USPQ 340, 342 (TTAB 1984) (abandonment of application without consent in prior opposition does not operate as res judicata when different marks were involved in subsequent proceeding); and Marc A. Bergsman, *TIPS FROM THE TTAB: The Effect of Board Decisions in Civil Actions; Claim Preclusion and Issue Preclusion in Board Proceedings*, 80 Trademark Rep. 540 (1990). See also *Epic Metals Corp. v. H.H. Robertson Co.*, 870 F.2d 1574, 10 USPQ2d 1296, 1299 (Fed. Cir. 1989) (district court erred in construction of consent judgment), and *Hartley v. Mentor Corp.*, 869 F.2d 1469, 10 USPQ2d 1138, 1142 (Fed. Cir. 1989) (intent of the parties is generally controlling with respect to preclusive effect of stipulated judgment).

⁵¹ See TBMP § 605.03(a) (Settlement Agreements – In General).

⁵² See 37 CFR § 2.123(b), and TBMP § 705 (Stipulated Evidence).

Chapter 600
WITHDRAWAL; SETTLEMENT

606 Effect on Counterclaim

If, prior to the determination of a counterclaim, the parties stipulate to the disposition of the claim against which the counterclaim was brought, or the original claim is withdrawn, dismissed for failure to prosecute, or otherwise disposed of, the counterclaim will nevertheless go forward, unless the parties stipulate to its disposition, or it is withdrawn by the counterclaimant, or one party consents to entry of judgment against itself on the counterclaim, etc.⁵³

⁵³ See, for example, *Syntex (U.S.A.) Inc. v. E.R. Squibb & Sons Inc.*, 14 USPQ2d 1879, 1880 (TTAB 1990) (opposition dismissed with prejudice; applicant elected to go forward with counterclaim to cancel opposer's registration and had standing to do so). Cf. TBMP § 901.02(a).