

## Depositions After *Rosenruist*: Bringing Non-U.S. Trademark Applicants to America

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A United States federal court of appeals has held that foreign trademark applicants could be compelled to testify in the United States even if they have no business presence in the country.

Applicants filing intent-to-use trademark applications in the United States may seek trademark protection even if they have no business activity in the United States. If the applicant appoints a domestic representative residing in the United States, that representative will be served with notices or process in proceedings affecting the trademark. In many cases, this designee will be the agent or lawyer handling the trademark application. If no domestic representative is appointed, then the default designee will be the Director of Patents and Trademarks, located in Alexandria, Virginia.

In a 2-1 decision issued in late December, the Fourth Circuit Court of Appeals has held that the service of a subpoena on a foreign applicant's domestic representative is sufficient to compel the non-U.S. applicant to appear and give testimony regarding the trademark application.

The case involved a trademark opposition filed by the British company Virgin Enterprises Ltd. against *Rosenruist-Gestao E Servicos LDA*, a Portuguese company that had filed an intent-to-use trademark application in the United States for the mark VIRGIN GORDA. *Rosenruist* conducted no business in the United States and had no employees in the country. In the context of the opposition, Virgin served *Rosenruist*'s appointed domestic representative and sought to compel *Rosenruist* to produce a witness in the United States to give testimony relevant to the trademark opposition.

In particular, the deposition subpoena directed *Rosenruist* to appear in McLean, Virginia, and produce the "person having [the] most knowledge" regarding, among other topics, "[t]he factual representations made in [*Rosenruist*'s trademark] Application." The subpoena was obtained pursuant to Rule 30(b)(6) of the Federal Rules of Civil Procedure, which empowers district courts to order testimonial depositions, something the Trademark Trial and Appeal Board cannot do. Failure to comply could lead to contempt sanctions, and, in this case, a magistrate judge had ordered that *Rosenruist* pay the legal fees and costs incurred by Virgin in connection with its lawyer's preparation for and appearance at a deposition that *Rosenruist* failed to attend.

The 30(b)(6) deposition is a powerful tool that can be used in a dispute to discover important information about a company. It places the onus on the corporation to choose and produce the person or persons who will testify on the company's behalf with respect to the issues in dispute. As such, the witnesses must educate themselves on the relevant matters, and the witnesses' failure to answer questions could require the corporation to produce another witness or could result in sanctions ranging from monetary sanctions to, in rare cases, ordering that a party is precluded from entering certain evidence at trial. A company producing witnesses pursuant to Rule 30(b)(6) will thus need to spend some time preparing the witnesses

so that they can give thorough and legally binding answers.

*Rosenruist* challenged the subpoena's validity, arguing that it could not be compelled to appear for the deposition since it lacked sufficient contacts in the Eastern District of Virginia. In the legal wrangling below, the Trademark Trial and Appeal Board had agreed with *Rosenruist*, noting that, according to its manual of procedure, a party residing in a foreign country may be compelled to appear for an oral testimonial deposition only through the procedures provided in the Hague Convention or the issuance of letters rogatory to the appropriate Portuguese legal authority.

The appellate court disagreed, echoing a lower court ruling that the subpoena was valid and that the civil procedure rules governing the issuance of subpoenas applied in this case. Without having to decide the issue, the appellate court also added in a footnote that, were the issue before it, the court would conclude that *Rosenruist*'s activities were sufficient to qualify it as "being within" the district for the purposes of establishing jurisdiction. As for the TTAB's interpretation, the majority, made up of Senior Circuit Judge Wilkins and Circuit Judge Traxler, dismissed it, arguing that the manual of procedure "merely sets forth the TTAB's informal opinion" and is not binding on the court nor particularly persuasive.

There is a strong dissent by Circuit Judge Wilkinson, who argued that the decision "is bound to embroil foreign trademark applicants in lengthy, procedurally complex proceedings" and invites "international discord."

"The imposition of new burdens upon foreign companies, when they take no more than the first perfunctory step to register their trademark here, undermines a predicate of international commerce that a more modest conception of the judicial function would avoid," wrote Judge Wilkinson. He took particular exception to the fact that the majority's conclusory statement was expressed as dicta in a footnote, stating that "it is not a good idea to have a single sentence of dicta pass upon matters of such foreign and domestic import." Judge Wilkinson noted that the decision creates a national standard, since the Patent and Trademark Office—the default designee for trademark applicants—is located in the Eastern District of Virginia.

Barring a successful appeal by *Rosenruist*, this decision will have important practical ramifications for non-U.S. trademark applicants looking to secure protection in the United States. Such applicants should be aware that they may now be compelled to testify in the United States in support of their applications if they apply for U.S. registration of marks. If no domestic representative is appointed, they should be aware that they may find themselves subject to jurisdiction in the Eastern District of Virginia. Clients doing business in the United States will now have to consider where geographically within the United States they might be required to defend their application and appoint a domestic representative accordingly.

Decision: *Rosenruist-Gestao E Servicos LDA v. Virgin Enterprises Ltd.*, No. 06-1588 (4th Cir. Dec. 27, 2007). Available at <http://pacer.ca4.uscourts.gov/opinion.pdf/061588.pdf>

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