

10-17-2002

U.S. Patent & TMO/TM Mail Rcpt Dt. #58

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

-----X
ARROW TRADING CO., INC.,

Opposer,

v.

VICTORINOX, A.G. and WENGER, S.A.,

Applicants.
-----X

Opposition No. 103, 315

OPPOSER'S REPLY TRIAL BRIEF

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ARGUMENT

I. THE APPLICANTS' OWN WITNESSES PROVE THAT THE TERM "SWISS ARMY" DOES NOT INDICATE A SINGLE SOURCE OF ORIGIN FOR MULTIPLE IMPLEMENT, MULTIFUNCTION POCKETKNIVES

In its trial brief, Opposer offered extensive evidence showing that the term "Swiss Army" is not a trademark for multiple implement, multifunction pocketknives because (a) it does not indicate a single source origin and (b) it is the generic name for the product itself. In their trial brief, Applicants ignore that evidence. Instead, they make the astounding statement that Opposer has failed to offer any evidence in support of its case.

In fact, however, the clearest evidence supporting Opposer's position in this proceeding is the testimony of the representatives of Applicants own witnesses – Charles Elsener, Jr. of Victorinox and Maurice Cachot of Wenger. Those witnesses both admitted that Victorinox and Wenger, far from being a single, albeit joint, source of origin for Swiss Army knives, are fierce competitors for the sale of Swiss Army knives, both in Switzerland and the United States. Part of that competition involves efforts by each of Applicants' respective U.S. distributors to promote its Swiss Army knives as being superior in quality to those sold by its rival.

The testimony of Applicants' witnesses also makes clear that Victorinox and Wenger do not cooperate in any aspect of the manufacture, inspection, marketing or sale of their respective Swiss Army knives and that neither exercises any quality control over the other. Specifically, both Elsener and Cachot admitted that:

1. Victorinox and Wenger do not share information about technological developments or new product features (Elsener Dep., p. 139-40; 163-69; 263-64; 280-81; Cachot Dep., p. 100-01);

2. Victorinox and Wenger do not get each other's approval as to names to be applied to the different models of their respective knives (Elsener Dep., p. 191; Cachot Dep., p. 101);

3. Victorinox and Wenger do not contribute to each other's advertising budgets, review each other's product advertisements or share marketing plans (Elsener Dep., p. 129, 197-99; Cachot Dep., p. 104-06);

4. Victorinox and Wenger do not confer about the prices to be set for their respective Swiss Army knives (Elsener Dep., p. 193-95);

5. Victorinox and Wenger do not share information about each other's contracts with suppliers or the specifications for the raw materials that they purchase (Cachot Dep., p. 97-98).

6. Victorinox and Wenger do not go to each other's manufacturing facility to inspect each other's knives or provide knives for the other to inspect (Elsener Dep., p. 159-161; Cachot Dep., p. 94-96).

7. Neither Victorinox nor Wenger inspects the steel used by the other to see if it meets specifications (Elsener Dep., 179-80).

8. Neither Victorinox nor Wenger provides its quality control inspection reports to the other (Elsener Dep., p. 176-77; Cachot Dep., p. 94-96).

9. Neither Victorinox nor Wenger repairs Swiss Army knives manufactured by the other (Elsener Dep., p. 92; Cachot Dep., p. 119-21).

10. Neither Victorinox nor Wenger ever uses the other's U.S. distributor to distribute any of its products (Elsener Dep., p. 121).

11. Victorinox and Wenger do not share profits from the sale of multiple implement, multifunction pocketknives (Elsener Dep. p. 123).

In their brief, Applicants have apparently abandoned the argument that they entered into an "agreement" regarding the manufacture of Swiss Army knives. This is hardly surprising, since the testimony of Elsener and Cachot demonstrates that that purported "agreement," if it ever existed at all, is a sham. Neither party has the power to or, in fact, does exercise any supervision or control over the other's production of Swiss Army knives. *See* Opposer's Trial Br., p. 27-30.

Instead, Applicants now argue that "the Swiss government placed Victorinox and Wenger into a cooperative relationship by requiring each to share the franchise of making folding knives for the Swiss military." Applicants' Trial Br., p. 30. That argument is patently meritless. Both Northrop Grumman and Lockheed Martin manufacture airplanes for the United States Air Force, and both are required to government specifications for such airplanes. That fact does not place Grumman and Lockheed into "a cooperative relationship" or prove that their respective trademarks for the various airplanes that each manufactures for the U.S. Air Force are jointly-owned trademarks.

It is also clear from Applicants' own testimony that:

1. The Swiss Armed Forces do not set any quality control specifications for Swiss Army knives other than the single model sold to the Swiss Armed Forces (Elsener Dep., 223-24).
2. The Swiss Armed Forces do not inspect the Swiss Army knives manufactured by either Victorinox or Wenger except for the single model sold to the Swiss Armed forces (Elsener Dep., p. 223-24).
3. The Swiss military inspectors do not disclose to either company the results of their inspections of the other company's knives (Elsener Dep., p. 160-61).

4. The single model of Swiss Army knife manufactured for the Swiss Armed Forces accounts for less than one percent of Swiss Army knives sold in the United States (Elsener Dep., p. 192-93)

5. Since 1995, neither company has sold any Swiss Army knives to the Swiss Armed Forces, and, therefore, there have been no inspections by representatives of the Swiss military of any knives sold either Victorinox or Wenger (Elsener Dep., p. 54).

Applicants seek to rely on the Fifth Circuit's decision in *Taco Cabana Int'l, Inc. v. Two Pesos, Inc.*, 932 F.2d 1113 (5th Cir. 1991), *aff'd on other grounds*. 505 U.S. 763 (1992) for the proposition that competitors can jointly own a trademark. Applicants' reliance is misplaced. *Taco Cabana* involved a situation where two brothers who had jointly owned a chain of Mexican-style restaurants separated and founded different chains of restaurants but provided that each could use the trade dress of the jointly-owned business, *viz.*, the decor of the restaurants. However, in that case, the jury explicitly found that there was a cross-license agreement with respect to the trade dress and that one of the brothers exercised supervision and control over the quality of the other brother's restaurant services. *Id.* at 1121-22. In the present case, there is no agreement between the parties and neither supervises or controls the other's manufacturing, quality control or marketing practices. Victorinox and Wenger are – and have always been – separate and competing companies.

Applicants' brief also sets forth a long, distorted history of the 10 years of litigation between Opposer, on the one hand, and Applicants and their respective U.S. distributors, on the other hand, in a transparent attempt to divert the Board's attention from the real issues and portray Opposer in a bad light. Opposer will not waste the Board's time with a point-by-point

refutation of Applicants' misstatements. All that need be said about the prior litigations that is relevant to the present proceeding is that:

1. Opposer has never been enjoined from using the term "Swiss Army knife" to describe its own multiple implement, multifunction pocketknives. On the contrary, the Judgment entered by the United States District Court for the Southern District of New York specifically permits Arrow to use the term "Swiss Army knife" to identify its multifunction pocketknives. The only limitation put on Opposer's right to use the term "Swiss Army knife" for such products is that (a) it use its own name, viz., "Arrow" in connection with the term "Swiss Army knife" and (b) it refrain from using the term "original" to describe its product, since that term has long been used by Victorinox to describe and differentiate its Swiss Army knife from those made by others, particularly Wenger. Those are the kinds of protections afforded to generic terms under the leading cases of *Blinded Veterans Assoc. v. Blinded American Veterans Found.*, 872 F.2d 1035, 1045 (D.C. Cir. 1989), *Murphy Door Bed Co. v. Interior Sleep Systems, Inc.*, 874 F.2d 95, 102 (2d Cir. 1989) and *King-Seeley Thermos Co. v. Aladdin Indus., Inc.*, 321 F.2d 577, 581 (2d Cir. 1989).

2. Both the trial and appellate courts have recognized that "Swiss Army" is not, and cannot be, a trademark, since it has never indicated a single source of origin. Moreover, the courts have made it clear that they understand "Swiss Army knife" to be the generic name for a multifunction pocketknife, and both their analyses of the issues before them and the relief they have granted has been based on that premise.

It is thus clear that the Swiss Army knives manufactured by Victorinox and Wenger are not a single product from a single source. Rather, they are different and competing products

from different and competing sources. For years, Wenger, Victorinox and their respective U.S. distributors recognized and admitted that fact. It was only when the Second Circuit rejected, as a matter of law, the position that "Swiss Army knife" was a term indicating geographic origin, *i.e.*, a knife made by a Swiss manufacturer, and a term meaning "high quality," that Applicants and their U.S. agents concocted the bogus claim that "Swiss Army" is a trademark indicating dual source of origin.

The term "Swiss Army knife" does not now and has never served "to identify a single commercial source." To permit Victorinox and Wenger, two different and competing the companies, to have a registration for the same mark, would "lead to customer confusion and deception. Accordingly, the "joint application" should be denied.

II. THE APPLICANTS' OWN TESTIMONY PROVES THAT "SWISS ARMY KNIFE" IS, AND HAS ALWAYS BEEN, THE GENERIC NAME FOR MULTIFUNCTION POCKETKNIVES

Just as Applicants' own testimony is the best proof that the term "Swiss Army knife" is does not indicate a single source of origin, so also that testimony makes clear that the term is generic *ab initio*. Both Elsener and Cachot testified that the term was coined by American servicemen, who used it to identify the unusual multiple implement, multifunction pocketknives that they found being sold in PX stores and other outlets in post-World War II Germany and Switzerland.

Charles Elsener, Jr., the president of Victorinox, testified that "for the American soldiers it was too difficult to pronounce Schweizer Offiziersmesser or Sportsmesser. So for American soldiers it was just difficult to pronounce, and they started to call it Swiss Army knife" (Elsener Dep., p. 27-28). Similarly, Cachot testified that "GI's that were at the time stationed in Germany

during or after the war that were buying these knives and bringing them back to the United States . . . started to use that terminology," by which, Cachot admitted, "[t]hey were referring to a certain category of knives" (Cachot Dep., p 85-86).

Applicants try to escape from the implications of this testimony by arguing that the American servicemen were using the term descriptively, *i.e.*, to describe some quality or feature of the knife. However, Applicants' testimony proves otherwise. That testimony, which is quoted at length in Opposer's moving brief, makes clear that the term was used to identify the product itself, not to describe some feature or quality of the product. As Elsener testified, "if they went to the shop, they told the shopkeepers we would like to buy a Swiss Army knife" (Elsener Dep., p. 232).

The evidence is thus beyond dispute that the term "Swiss Army knife" came into existence as a generic term intended to identify the multiple implement, multifunction pocketknives – not the two competing Swiss sources of that product.

Moreover, the record is replete with evidence that "Swiss Army knife" is still understood by consumers as the generic term for multiple implement, multifunction pocketknives. That evidence includes:

1. Dictionary entries in the Internet editions of the *Encarta World English Dictionary*, the *Random House Webster's Unabridged Dictionary* and the *Cambridge International Dictionary of English*.

2. The entry for "knife" in the *Encyclopedia Americana* displaying pictures of four kinds of knives: (1) a chef's knife, (2) a bread knife, (3) a hunting knife, and (4) a Swiss Army knife.

3. A portion of *An Encyclopedia of Knives* by Norman Strung, listing the "Swiss Army knife as one kind of "Outdoor knife."

4. Numerous newspaper and magazine articles using the term "Swiss Army knife" in such a way that its meaning is clearly a "multiple implement multifunction pocketknife," not "a knife manufactured by Victorinox and Wenger."

5. Reported court decisions in which the term "Swiss Army knife" is clearly used generically, *i.e.*, to indicate a kind of knife.

The overwhelming evidence in this proceeding is that "Swiss Army knife" has always been – and still is – a generic term for a multiple implement, multifunction pocketknife. As such, that term cannot serve as a trademark and may not be registered.

III. ARROW HAS STANDING TO MAINTAIN THIS PROCEEDING

It is undisputed that Arrow is no longer doing business as a separate entity. The two brothers who are the shareholders of Arrow, Jack and Mark Dweck, have divided the business between them, and each is operating separate companies marketing different parts of Arrow's former product line. However, the agreement by which the Dweck brothers ended their business relationship specifically provided that both can sell Swiss Army knives, and they agreed to share all of Arrow's rights with respect to such products. The Dweck brothers have also agreed to contribute equally to the cost of the present proceeding.

Applicants argue that Arrow cannot maintain this proceeding because it has been dissolved. Applicants misstate the law. Section 1006 of the New York Business Corporation Law (which governs, since Arrow is a New York corporation) explicitly provides:

(a) A dissolved corporation ... may continue to function for the purpose of winding up the affairs of the corporation in the same manner as if the dissolution had not taken place In particular, and without limiting the generality of the foregoing:

....

(4) The corporation may sue or be sued in all courts and participate in actions and proceedings, whether judicial, administrative, arbitrative or otherwise, in its corporate name, and process may be served by or upon it.

(b) The dissolution of a corporation shall not affect any remedy available to or against such corporation ... or any right or claim existing or any liability incurred before such dissolution

N.Y. Bus Corp. L. § 1006 (McKinneys 2002).

The courts of New York have repeatedly held that a dissolved corporation may maintain a legal action or proceeding, including an action relating to intellectual property. *See, e.g., Display Stage Lighting Co. v. Century Lighting, Inc.*, 41 F. Supp. 937, 939 (S.D.N.Y. 1942); *Country Tweeds, Inc. v. Clyde Fashions, Ltd.*, 286 App. Div. 491, 492, 145 N.Y.S.2d 267, 268-69 (1st Dep't 1955). Indeed, where the right sued on belonged to the dissolved corporation in the first instance, only the dissolved corporation may maintain the suit. *Jainchill v. Citibank, N.A.*, 97 A.D.2d 743, 743, 469 N.Y.S.2d 12, 13 (1st Dep't 1983), *aff'd*, 62 N.Y.2d 739, 465 N.E.2d 360, 476 N.Y.S.2d 821 (1984)..

The present proceeding is part of the winding up of Arrow's business affairs. It is Arrow that originally marketed the Arrow Swiss Army knife, and it is Arrow that was expressly given the right to use the term "Swiss Army knife" by Judge Preska of the United States District Court for the Southern District of New York, when Arrow was sued by Victorinox's U.S. distributor. Under the terms ending Arrow's business operations, the company's business in Swiss Army knives passed to both brothers equally. Arrow is the only entity that can represent the interests of

both the shareholders of Arrow. Accordingly, Arrow is a proper entity to maintain this proceeding.

IV. APPLICANTS' EVIDENTIARY OBJECTIONS ARE MERITLESS

While, as set forth above, the testimony of Applicants' own witnesses is sufficient to prove that "Swiss Army" is not a trademark for multifunction pocketknives, Opposer has submitted additional evidence on both grounds of its objections in the exhibits annexed to its Notices of Reliance. Those exhibits are of two types. First there are various statements made by officers and attorneys of SABI and Precise, the U.S. distributors for Victorinox and Wenger respectively, in litigation papers and testimony in civil actions brought against Arrow and against each other. Second, Opposer has annexed examples of the generic use of "Swiss Army knife" as found in dictionaries, encyclopedias, books, newspapers and magazine articles and reported court decisions. Applicants' objections to those exhibits are meritless.

The statements of Applicants' respective U.S. distributors are properly admissible as admissions against Victorinox and Wenger. Rule 802(d)(2) of the Federal Rules of Evidence provides that a statement made by a person who is (a) authorized by a party to make a statement concerning the subject or (b) makes the statement concerning a matter within the scope of his agency or employment by the party is not hearsay.

Applicants argue that, as a general matter, distributors are not agents of the companies whose goods they distribute. However, in the present case, Victorinox and Wenger have both testified that they rely on SABI and Precise, respectively, to represent and enforce the trademark rights of Victorinox and Wenger. Specifically, Carl Elsener, Jr., the president of Victorinox, testified that he understood SABI to be acting in the in the best interests of Victorinox in suing

Arrow, and that he had confidence in SABI's ability to present the right issues in the right way (Elsener Dep., p. 303-04). Maurice Cachot, Wenger's CEO, testified that Precise was responsible for protecting Wenger's marks, that Precise did not have to get approval before commencing legal action involving Wenger's marks, and that Wenger relied on Precise to represent Wenger's trademark interests in the United States (Cachot Dep., p. 73-74, 80-81).

By relying on SABI and Precise to represent their intellectual property rights in the United States, Applicants invested those companies with authority to speak for them on the subject matter of those rights, and any actions taken and statements made by SABI or Precise with respect to the intellectual property rights of their respective Swiss licensors were the actions and statements of an agent acting within the scope of its duty and on behalf of its principal. Accordingly, the statements made by SABI and Precise in the action brought against Arrow and each other are admissible as admissions against Victorinox and Wenger.

Amazingly, Applicants also object to the various newspapers articles, court decisions, using the term "Swiss Army knife" generically on hearsay grounds. Those objections are patently without merit. The statements are not being offered to prove the truth and contents thereof but to show the writer's (or speaker's) understanding of the meaning of the term "Swiss Army knife." For example, the article which states that, in the wake of the terrorist attacks of September 11, 2001, passengers are no longer permitted to carry butter knives or Swiss Army knives onto airplanes, is not being offered to prove that those items are really banned but to show that, to the writer, a Swiss Army knife is a kind of knife (*i.e.*, a generic term), just as a butter knife is a kind of knife. Similarly, in the court decision in which a witness is quoted as saying that he felt a Swiss Army knife in the defendant's pocket when he patted him down, the

statement is not being offered for the truth of its content, viz., that the defendant was in possession of a Swiss Army knife, but to show that the speaker understood "Swiss Army knife" to be the name for a knife that has in his words, "many, many utensils on them, corkscrew, can opener."

Finally, Applicants appear to be objecting to the inclusion of documents from other actions without certification or leave of the Board. However, in a Stipulation filed with the board, Applicants stipulated to the formal admissibility of the documents in the Notices of Reliance, subject only to substantive objections.

Accordingly, all of Applicants objections should be overruled, and its motion to strike should be denied.

V. OPPOSERS ARE NOT ESTOPPED FROM OPPOSING APPLICANTS' ATTEMPTED REGISTRATION OF "SWISS ARMY" AS A TRADEMARK FOR MULTIFUNCTION POCKETKNIVES

Finally, Applicants argue that Arrow should be estopped from opposing Applicants' proposed registration, claiming that Arrow tried to register the term "Swiss Army" as a trademark.. That argument is also patently without merit. An affiliate of Arrow, Colony Corporation, has a registration for a cross-and-shield design that Arrow uses, with permission, on its Swiss Army knives.¹ The original version of that design had the term "Swiss Army" on it. However, Colony has never claimed any rights in the words "Swiss Army" except as part of the design, and it removed the words before the design was ever registered.

¹ In the action brought by SABI against Arrow, both the district court and the Second Circuit specifically noted that Arrow's design was clearly distinguishable from the cross-and-shield designs used by Victorinox and Wenger.

For more than 10 years, Arrow has been litigating its right to use the term "Swiss Army knife" in the district court, the U.S. Court of Appeals, the International trade Commission and the PTO. In those motions, Arrow has consistently taken the same position. That position is that no one owns a trademark in the term "Swiss Army" as applied to multifunction pocketknives and that "Swiss Army knife" is the generic term for such products. Accordingly, there is no basis for any estoppel against Arrow.

CONCLUSION

For the foregoing reasons, the Board should rule in favor of Opposer in this proceeding and deny the registration sought by Applicants.

Dated: New York, NY
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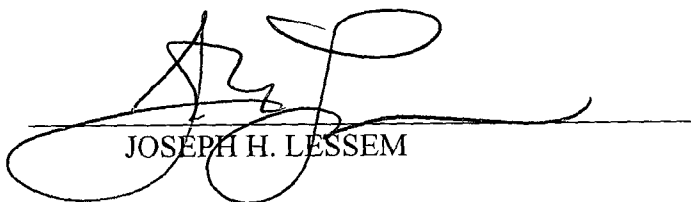
CERTIFICATE OF SERVICE

I certify that the foregoing OPPOSER'S REPLY TRIAL BRIEF was served by first class mail on counsel for the Applicants at the addresses listed below on October 14, 2002.

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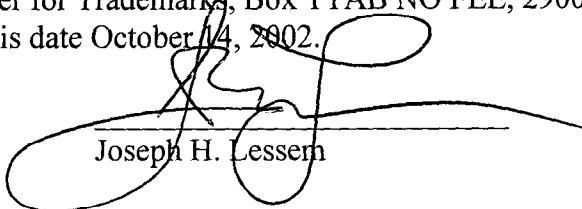
Dated: October 14, 2002



JOSEPH H. LESSEM

CERTIFICATE OF MAILING:

I hereby certify that this correspondence, and all the papers referenced herein, is being deposited with the United States Postal Services as first class mail in an envelope addressed to: Assistant Commissioner for Trademarks, Box TTAB NO FEE, 2900 Crystal Drive, Arlington, VA 22202-3513, on this date October 14, 2002.



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Dear Sir or Madam:

Enclosed for filing is Opposer's Reply Trial Brief, with certificate of service.

Very truly yours,


Joseph H. Lessem

Enclosure

J