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

DURAMAX MARINE, LLC,

Opposer,

v.

R.W. FERNSTRUM & COMPANY,

Applicant.

Opposition No. 119,899

03 SEP 10 11:44 AM
T.T.A.B. BOARD

**REPLY BRIEF IN SUPPORT OF APPLICANT'S
CROSS-MOTION FOR SUMMARY JUDGMENT AND MOTION
TO STRIKE OPPOSER'S RESPONSE RE: EQUITABLE ESTOPPEL**

R. W. Fernstrum & Company (hereinafter "Fernstrum"), through its undersigned attorneys, files this Reply Brief in Support of its Cross-Motion For Summary Judgment on the issue of standing. Fernstrum also moves to strike Opposer's Response on the issue of equitable estoppel on the ground that it is not based on admissible evidence.

A. Standing

1. There Was No Prior Determination Of Standing In This Proceeding.

Standing is an element of Duramax's case which must be which must be pled and, subsequently, proven at trial. *Lipton Industries, Inc. v. Ralston Purina Co.*, 670 F.2d 1024, 1028 (C.C.P.A. 1982); *No Nonsense Fashions, Inc. v. Consolidated Foods Corporation*, 226 U.S.P.Q. 502, 504 (T.T.A.B. 1985). In its earlier Motion For Judgment On The Pleadings and/or Summary Judgment, Fernstrum did not challenge whether Duramax had pled facts, which if proven, were sufficient to establish standing.

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Fernstrum never admitted or conceded that Duramax had standing to bring this opposition.¹

Now that discovery is completed, Fernstrum moves the Board to dismiss the opposition on the ground that there is no genuine issue of material fact regarding Duramax's lack of standing.

2. Duramax Does Not Have A Reasonable Belief That It Will Be Damaged.

There are two bases for standing in an *inter partes* case: (1) a "real interest" in the proceeding; and (2) a "reasonable belief of damage". *Ritchie v. Simpson*, 170 F.3d 1092, 1095 (Fed. Cir. 1999). At issue in this motion is whether there is a genuine issue of material fact regarding whether Duramax has a reasonable belief that it will be damaged by the registration of Fernstrum's mark.

"One has standing to oppose where the mark is allegedly descriptive and the opposer has a sufficient interest in using the descriptive term in his business." (Citations omitted). (Duramax's Response, pp. 4 and 6). Because Duramax, by virtue of its prior agreement with Fernstrum, has no interest in using Fernstrum's mark, it simply does not have standing to maintain this opposition.

In Paragraph Nos. 11 and 13 of The Settlement Agreement And Mutual Release Agreement between Fernstrum and Duramax, Duramax expressly agreed that it would change its product to feature a beveled header and that its advertising would clearly display the beveled ends of the headers. (Duramax Exhibit 13). In fact, Duramax has

¹ The issue in the aforementioned motion was whether Duramax stated a claim upon which relief can be granted.

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admitted that it may neither manufacture nor promote a keel cooler with rectangular headers (as clearly displayed in the mark sought to be registered):

Fernstrum states that Duramax Marine may not manufacture or promote keel coolers with rectangular headers on page 18 of its Cross Motion brief. That is correct. (Emphasis added).

(Duramax Response, p. 5.)²

Because an element of standing is an interest in using the design sought to be registered and because Duramax can neither manufacture nor advertise the design sought to be registered, Duramax does not have any interest (sufficient or otherwise) in using the design sought to be registered in its business. Therefore, it does not have standing.

B. Equitable Estoppel

1. Introduction

The basis for Fernstrum's motion for summary judgment on the issue of equitable estoppel is Fernstrum's reasonable belief that Duramax had agreed, by way of the Settlement Agreement And Mutual Release Agreement,³ that Fernstrum could register its trademark logo without interference from Duramax:

15. . . . Nothing herein shall preclude Fernstrum from seeking to register, in two-dimensional format, its trademark logo featuring its one-piece keel cooler as part of said design.

² Duramax admitted that the beveled headers were an important design feature of its product. (Duramax's Main Memorandum, p. 7).

³ Duramax Exhibit No. 13.

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Indeed, in its Motion for Summary Judgment, Duramax agreed that Fernstrum could register its logo (albeit, with hidden intent):

Although the parties to the settlement agreement agreed that Fernstrum could file a new application to register its trademark logo featuring its one-piece keel cooler in a two-dimensional design format, there was nothing agreed to or provided in the settlement agreement to preclude the filing and prosecution of an opposition to such a trademark logo.

(Duramax Memorandum, p. 7).

Contract interpretation is an issue of law. *Dalton Cessna Aircraft Company*, 98 F.3d 1298, 1305 (Fed. Cir. 1996). In interpreting The Settlement Agreement And Mutual Release, the Board must read Paragraph No. 15 in the context of the entire agreement and construe it so as not to render any portion meaningless. *Id.*

What value or purpose is there in including a provision in an agreement whereby the parties agree that one may file an application but that the other may oppose it? The Duramax interpretation of the Agreement renders Paragraph No. 15 totally illusory and meaningless. The purpose of The Settlement Agreement And Mutual Release Agreement was to settle the differences between the parties:

NOW THEREFORE, in consideration of the premises and in order to implement the transactions contemplated by the Term Sheet **and to settle and compromise the differences between Fernstrum, East Park, DMI and Duramax**, it is agreed by and among the parties hereto that: (Emphasis added).⁴

Paragraph No. 15 has meaning only if it provides that Fernstrum can file its application without interference from Duramax.

⁴ Duramax Exhibit No. 13.

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A party is estopped from asserting a right by an act causing his opponent to rely on a reasonable belief that the right has been abandoned. *Wells Cargo, Inc. v. Wells Cargo, Inc.*, 606 F.2d 961, 203 U.S.P.Q. 564, 567 (C.C.P.A. 1979); *Roux Laboratories, Inc. v. La Cade Products Company*, 558 F.2d 33, 194 U.S.P.Q. 542, 544 (C.C.P.A. 1977). Fernstrum reasonably relied on the Agreement between the parties, withdrew its original application, and filed the application *sub judice*. Therefore, Duramax should be estopped from opposing Fernstrum's application by reason of that Agreement.

2. Duramax's Response Is Not Based On Admissible Evidence.

Fernstrum objects to Duramax's Response with respect to the issue of equitable estoppel on the ground that it is based on unverified facts asserted by counsel rather than being based on any admissible evidence. The Duramax Response should be stricken and given no consideration. FED.R.CIV.P. 56(e) requires that a party opposing a motion for summary judgment set forth specific facts showing that there is a need for trial.⁵ Those facts may be submitted by an affidavit made on personal knowledge setting forth "such facts as would be admissible in evidence" and which "show affirmatively that the affiant is competent to testify to the matters stated therein." FED.R.CIV.P. 56(e). "Logically, this requirement of setting forth facts admissible in evidence or reducible to admissible evidence also applies to any non-affidavit materials submitted for or in opposition to summary judgment." 11 Moore's Federal Practice 3d §56.11[7][d] (3rd ed. 2003), *citing Celotex Corp. v. Catrett*, 477 U.S. 317, 324

⁵ "Rather, the nonmovant must demonstrate that there will be testimonial, documentary, or other evidence to support the claim." 11 Moore's Federal Practice 3d §§56.11[7][c] (3rd ed. 2003).

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(1986)(factual material other than affidavits must also constitute or reflect the availability of admissible evidence to satisfy a nonmovant's burden); *Hughes v. United States*, 953 F.2d 531, 542 (9th Cir. 1992) (argument and characterizations of evidence does not constitute admissible evidence). Counsel's assertion of facts, not properly made of record, cannot be considered.

The fact that Fernstrum withdrew its original application after signing the Agreement with Duramax and then filed the application *sub judice* demonstrates how Fernstrum relied on The Settlement Agreement And Mutual Release. In addition, as noted *supra*, Duramax admitted that Fernstrum could file a new application and that it knew Fernstrum was using its logo as a trademark (Duramax's Response, p. 14). These admissions by Duramax directly demonstrate how Fernstrum reasonably relied on the Agreement between the parties as Duramax's agreement not to oppose Fernstrum's mark.

Duramax's Response Brief consists essentially of mere assertions and argument of counsel, rather than specific facts, in its effort to persuade the Board that Fernstrum could not have reasonably relied on the terms of the Settlement Agreement And Mutual Release Agreement. In this regard, Duramax proffered the following unverified assertions of its own counsel:

1. The keel cooler is not part of the design, it is the entire design. Thus, even Fernstrum did not have the present service mark in mind when it prepared and executed the "Settlement and Mutual Release Agreement" (Duramax's Response, p. 8);

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2. In the present case, Fernstrum had abandoned its first application because its coolant flow tubes were functional, and made no agreement regarding any other trademark application it would file. (Duramax's Response, p. 9);

3. Duramax never agreed that the two-dimensional picture by Fernstrum of its keel coolers was a valid trademark. (Duramax's Response, p. 11);

4. Duramax has always contemplated filing an objection if Fernstrum applied simply to register a picture of its keel cooler. (Duramax's Response, p. 12);

5. Further, and as noted several times herein, there was nothing precluding the filing of an opposition against a trademark (or service marks) application of Fernstrum. This was well understood since the settlement agreement was negotiated by a number of trademark attorneys. (Duramax's Response, p. 12);

6. As note previously in the proceeding relating to Duramax Marine's Motion for Summary Judgment, Fernstrum withdrew its earlier application in response to the suggestion of District Judge Lemmon, who had advised Fernstrum to attempt to settle the litigation after it had put on its case. (Duramax's Response, p. 14);

7. Although Duramax Marine did know that Fernstrum was using its picture of a keel cooler with its advertisements for many years, it did not understand that it was used as a service mark in connection with such custom manufacture. (Duramax's Response, p. 14);

8. Duramax did not know that Fernstrum would file an application to register a mark consisting exclusively of picture of its keel cooler. (Duramax's Response, p. 15); and,

9. Fernstrum goes on to state in the latter paragraph at the base of page 22 of its Cross Motion brief that the very crux of the Agreement was to finally resolve the trademark and trade dress rights in Fernstrum's trademark logo. That was not the crux of the Agreement. As explained above, the crux insofar as Fernstrum was concerned was to get it out of the litigation in the District Court in New Orleans. . . The consideration which Fernstrum received was to be released

from the litigation which could have been devastating to Fernstrum had it been required to pay attorney's fees, for example, and had nothing to do with the present application. (Duramax's Response, p. 15).⁶

Bald assertions of counsel, without any supporting and admissible evidence, is insufficient to withstand a motion for summary judgment. *Hughes v. United States, supra*. Because Duramax's Response is based only on argument of counsel, not specific admissible facts, it should be stricken and given no consideration by the Board.

C. Conclusion

Duramax admitted that it may neither manufacture, nor promote, a keel cooler with rectangular headers. Duramax also agreed that it would manufacture keel coolers with beveled headers and that its advertising and promotional material would feature the beveled headers. Fernstrum's mark comprises the stylized design of a keel cooler prominently featuring a rectangular header. Because Duramax may neither manufacture, nor promote, a keel cooler with rectangular headers, it cannot be

⁶ The recitals of The Settlement Agreement And Mutual Release Agreement demonstrate how Duramax is attempting to rewrite history:

WHEREAS, in order to settle and adjust their differences, Fernstrum, East Park and DMI entered into that certain Term Sheet, effective as of May 5, 1999, which set forth in general the terms and provisions for the settlement and compromise of the Litigation, upon terms and conditions set forth below, **which each of the parties prefers to the hope of gaining balanced against the danger of losing.** (Emphasis added).

(Duramax Exhibit No. 13, p. 4). Unlike, Duramax, who was not a party to the litigation, apparently, East Park and DMI believed that an agreement was preferable to the "danger of losing".

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damaged by the registration of Fernstrum's mark because Duramax has no interest in using that mark in its business.

With respect to the issue of equitable estoppel, Duramax has completely failed to introduce any admissible evidence demonstrating that there is a genuine issue of material fact for trial.

In view of the foregoing, Fernstrum's Cross-Motion For Summary Judgment on the issues of standing and equitable estoppel should be granted and the opposition should be dismissed.

Date: September 10, 2003

R. W. FERNSTRUM & CO.



Samuel D. Littlepage, Esquire
Marc A. Bergsman, Esquire
Nicole M. Meyer, Esquire
Dickinson Wright PLLC
1901 "L" Street, N.W.
Suite 800
Washington, D.C. 20036-3506
Tel: (202) 659-6944
Fax: (202) 659-1559
Email: MBergsman@dickinsonwright.com

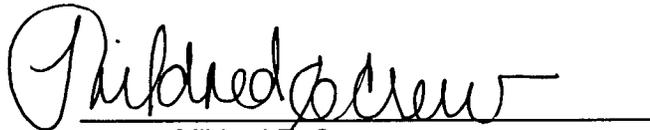
ATTORNEYS FOR APPLICANT

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CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on this 10th day of September, 2003, a true and correct copy of the foregoing **REPLY BRIEF IN SUPPORT OF APPLICANT'S CROSS-MOTION FOR SUMMARY JUDGMENT AND MOTION TO STRIKE OPPOSER'S RESPONSE RE: EQUITABLE ESTOPPEL** was served via U.S. Postage Prepaid, Certified Mail, Return Receipt requested, on:

D. Peter Hochberg, Esquire
D. Peter Hochberg Co., L.P.A.
The Baker Building
Sixth Floor
1940 East Sixth Street
Cleveland, Ohio 44114


Mildred E. Crew