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

Proceeding	92040092 91124762
Party	Plaintiff KAPALUA LAND COMPANY, LTD. KAPALUA LAND COMPANY, LTD.
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IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD

Kapalua Land Company, Ltd.)

Petitioner/Opposer

Opposition No. 91127624
Cancellation No. 92/040,092

v.

Reply Memorandum In Support
of Petitioner's Motion
For Summary Judgment

Interfashion Ltd. B.V.I.
Kapalua Strickwaren GmbH Ltd.)
and Style & Spirit GmbH)
Applicants/Respondents)

I. INTRODUCTION

Respondent's Responsive argument centers around the improbable theme that because it unilaterally chose not to maintain Registration No. 2, 016,976, the decision of the Board cancelling the registration upon the motion of Petitioner is not *res judicata*, the registration was cancelled by operation of law and Respondent did not consent to entry of judgment against the registration.

II. THE DOCTRINE OF *RES JUDICATA*

Respondent argues that because it did not act or defend against the cancellation of Registration No. 2, 016,976, *res judicata* does not apply. It contends that its failure to defend precluded a decision on the merits in the Board's judgment issued in the first Summary Judgment Motion of Petitioner.

In its Memorandum in Support of this motion, at page 6, Petitioner sets forth the following relative to *res judicata*:

claim preclusion may operate between parties simply by virtue of final judgment. Accordingly the principles of merger and bar may apply even though judgment results by default, consent or dismissal with prejudice.

Miller, 230 U.S.P.Q. at 677 (citing Young Engineers v. International Trade Commission, 721 F. 2d 105, 219 USPQ 1142 (Fed Cir. 1983)). Petitioner's first Motion For Summary Judgment, at page 9, asked the Board:

For all of these reasons Judgment canceling the Registration should be entered against Respondent on all of the claims in the Amended Petition.

The Petition alleged likelihood of confusion in addition to abandonment. The Board did rule favorably, as Petitioner requested, and the decision clearly enters -judgment against respondent with respect to Registration No. 2,016, 976." TTAB Decision p. 5. That judgment is final. It is *resjudicata* relative to the same mark for the same goods filed by the same party in this *inter parses* proceeding between the same parties.

III. CANCELLATION BY OPERATION OF LAW

Respondent attempts to distinguish between its choosing to "allow" Registration No. 2, 016,976 to be cancelled and the overt act of formally surrendering a registration. The distinction is lost.

Subsequent to the filing of the Petition to Cancel Registration No. 2,016,976, Respondent elected not to file proper declarations of use and to allow its registration to be cancelled. This independent act is not qualitatively different than voluntarily surrendering a registration. Respondent had options. It could have maintained the registration and defended against the claims raised in the Petition; it could have requested Petitioner's consent to the cancellation of the registration; or, as it did, it could "allow" the registration to be cancelled. The choice Respondent made, that is to do nothing and

allow the registration to be cancelled without consent of Petitioner, is an overt act of Respondent just as much as if it had filed a formal surrender of the registration.

Respondent's argument that the registration was cancelled as a matter of law is immaterial. Had it filed a voluntary cancellation of the registration without advising Petitioner, the registration would have been cancelled as a matter of law. However, when such unilateral acts are taken after a Petition to Cancel is filed, the result is that the Petition is granted, much as if it were a default on the part of the Respondent and with the same effect. Indeed, by permitting the registration to be cancelled, Respondent has constructively defaulted. Because the registration was the subject of a cancellation petition, the unilateral act of the Respondent caused the Board to enter judgment as to all of the claims in the Petition.

That judgment is final and is *res judicata* barring the re-litigation of the issue of likelihood of confusion in this case.

IV. LACK OF CONSENT TO THE ENTRY OF JUDGMENT

Finally, the plaint that Respondent did not consent to the judgment cancelling its registration has no point. Respondent urges no action as a result of its lack of consent. Few parties consent to judgments against them. In fact, Respondent's argument is its "operation of law" restated.

V. CONCLUSION

Respondent ignored the rules and made a decision not to maintain its registration; a judgment was entered against it and that judgment is now *res judicata* as to the likelihood of confusion issues in this consolidated proceeding.

Summary judgment is appropriate in this case.

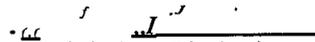
Respectfully submitted,

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CERTIFICATE OF SERVICE

I, Leigh Ann Lindquist, a partner with Sughrue Mion, PLLC hereby certify that on this 15th day of February, 2007, a true and correct copy of the foregoing REPLY MEMORANDUM IN SUPPORT OF PETITIONER'S MOTION FOR SUMMARY JUDGMENT has been properly served, via First Class U.S. Mail, postage prepaid to:

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Leigh Ann Lindquist