

THIS OPINION IS NOT
CITABLE AS PRECEDENT

UNITED STATES PATENT AND TRADEMARK OFFICE
Trademark Trial and Appeal Board
P.O. Box 1451
Alexandria, Virginia 22313-1451

Mailed: May 5, 2008

Opposition No. 91124762¹
Cancellation No. 92040092

Kapalua Land
Company, Ltd.

v.

Interfashion Ltd. B.V.I.
(by assignment from
Kapalua Strickenwaren
GmbH) and Style & Spirit
GmbH and DC Design &
Concept GmbH (joined as
party defendants)²

Before Seeherman, Drost and Ritchie de Larena,
Administrative Trademark Judges.

Opinion by Seeherman, Administrative Trademark Judge:

This case now comes up on plaintiff's motion for
summary judgment, filed December 29, 2006, on the basis of
res judicata. The motion has been fully briefed.

As background, plaintiff initially filed two
proceedings against defendant. The first was a cancellation

¹ Plaintiff has misidentified the opposition proceeding number
as "91127624" in both its motion and its reply brief. Plaintiff
should be careful about using the correct proceeding number in
future filings.

² USPTO assignment records indicate that DC Design & Concept
GmbH is the record owner of the registration. Accordingly, we
have joined it as a party defendant. See TBMP §512.01.

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action, No. 92040092, filed on July 9, 2001, to cancel defendant's registrations Nos. 2016976 and 2115124. Registration No. 2016976 is for KAPALUA for "laundry bleach and laundry detergent, perfumes, essential oils for personal use, lipstick, rouge, eyeliner, hair lotion and dentifrice" in Class 3, and for "footwear, headwear and gloves" in Class 25. Registration No. 2115124 is for KAPALUA for "clothing, namely, dresses, skirts, jackets, suits, pullovers, sweaters, pants, shorts, shirts, T-shirts, socks, underwear, shoes, gloves and hats." The petition alleged as grounds likelihood of confusion, dilution and abandonment. Subsequently plaintiff amended its pleading to allege the ground of fraud in connection with the filing of defendant's Section 8 affidavit for Registration No. 2115124 on May 24, 2004, alleging that defendant had not made use of the mark for some of the goods listed in that affidavit.

Opposition No. 91124762 was filed against Application Serial No. 76023641 for KAPALUA for the following goods:

Soaps; perfume, essential oils for personal use, cosmetics, namely, eyeliner, lipstick, foundation, mascara, rouge, skin care lotion and creme; hair lotions, dentifrices, toothpaste, mouth wash (Class 3);

Eyeglass frames and cases (Class 9);

Precious metals and their alloys; goods of precious metals or coated therewith, namely, jewelry, ashtrays, belts for clothing, candlesticks, cigarette holders; jewelry precious gemstones,

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horological and chronometers
instruments, namely, clocks, watches and
chronometers (Class 14);

Leather and imitation leather sold in
bulk; leather and imitation leather
goods, namely, handbags, tote bags,
shopping bags, keyfobs, purses, trunks
and traveling bags, umbrellas, parasols
and walking sticks (Class 18);

Dental floss (Class 21); and

Clothing, namely, dresses, skirts,
jackets, suits, pullovers, sweaters,
pants, shorts, shirts, T-shirts, socks,
underwear, shoes, footwear, headwear
(Class 25).

The grounds alleged are likelihood of confusion and
dilution.

The Board consolidated the proceedings in its order
mailed October 20, 2006.

On June 13, 2006, plaintiff filed a motion for summary
judgment in the cancellation proceeding (the "first" summary
judgment motion) on the ground of fraud in connection with
the filing of the Section 8 affidavit with respect to
Registration No. 2115124, and on the ground of abandonment
with respect to Registration No. 2016976. Specifically,
with respect to Registration No. 2016976, plaintiff
contended that defendant filed a Declaration of Excusable
Non-Use, seeking to have the registration maintained on the
basis of excusable non-use. Plaintiff further asserted that
the declaration was not accepted by the Post-Registration
section of the USPTO, and that in its answer to the amended

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petition for cancellation with respect to the allegation of abandonment, defendant stated that "registrant has allowed Registration No. 2016976 to be cancelled and, therefore, the allegation regarding this registration is moot and no response is required."

In its brief in opposition to the motion, defendant stated that it

does not contest the cancellation of Registration No. 2016976 because Respondent did not respond to a post-registration Office Action dated October 14, 2005, issued in response to Respondent's Declaration of Excusable Non-Use. Thus, this Registration is subject to cancellation.

Brief, p. 1.

In the Board's October 20, 2006 order denying plaintiff's motion for summary judgment, the Board noted that Registration No. 2016976 was cancelled on September 28, 2006 (subsequent to the briefing of the motion) because of defendant's failure to file an acceptable Section 8 affidavit, and further noted defendant's statement that it was not contesting the cancellation of the registration. As a result, the Board entered judgment against defendant with respect to Registration No. 2016976.

It is because of that order that plaintiff has brought the present motion. Plaintiff appears either to be arguing two separate prongs for its position that it is entitled to

judgment on the basis of res judicata, or to have conflated two separate concepts.

The first is based on the traditional concept of res judicata. Plaintiff states that "issue preclusion is the relevant concept here," brief p. 7, quoting the Board's statement in *Miller Brewing Co. v. Coy Int'l Corp.*, 230 USPQ 675, 667 (TTAB 1986) that:

Issue preclusion will operate only as to issues actually litigated, whereas claim preclusion may operate between parties simply by virtue of final judgment.³

Plaintiff, pointing out that Registration No. 2016976 for KAPALUA is for goods in Classes 3 and 25, asserts that defendant "had a full opportunity to litigate its claims of right to the mark KAPALUA for these Class 3 and 25 goods and chose not to do so. The Board issued a final judgment in the Cancellation Action against that Registration." Brief, pp. 7-8. Plaintiff, noting the requirements for a defense based on res judicata, also asserts that the parties "in the cancellation proceeding and in this consolidated proceeding are identical," that the marks in the two registrations and the pending application are identical, the goods in Registration Nos. 2016976 and 2115124 are the same, and that the goods in Registration No. 2016976 and Application Serial No. 76023641 are in part identical and in part related.

³ Even if we were to treat this as claim preclusion, it would not apply because there has been no final judgment.

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Brief, p. 7. Plaintiff also has pointed out that likelihood of confusion was one of the grounds it asserted against both of defendant's registrations in the cancellation proceeding, as well as against defendant's application in the opposition proceeding.

The basic problem with plaintiff's position is that the Board's entry of judgment with respect to Registration No. 2016976 is not a final order in a prior proceeding. The October 20, 2006 order is not a final order, and more importantly, it was issued in the present proceeding, which is ongoing. Thus, although plaintiff has attempted to fit the current situation into the requirements for applying res judicata, it does not. In fact, the problems with plaintiff's position are shown by the language it has had to use, e.g., "The Board issued a **final judgment** in the Cancellation Action against that Registration." (emphasis added), and that the parties "in the cancellation proceeding and in this consolidated proceeding are identical." However, the cancellation proceeding is not a separate proceeding or earlier proceeding from the consolidated proceeding; it is the same proceeding, and it is the current proceeding.

Accordingly, plaintiff has not established that it is entitled to judgment on the basis of the traditional concept of res judicata.

The second prong of plaintiff's argument for res judicata is based on or conflates res judicata concepts with the effect of Trademark Rule 2.134, which plaintiff states "provides that once a cancellation proceeding has commenced, the voluntary cancellation of the involved registration without the consent of all adverse parties shall cause the entry of judgment against the respondent." Brief, p. 7. Defendant has argued that this rule is not applicable because it did not voluntarily cancel its registration, but that the registration was cancelled by operation of law because of defendant's failure to file an acceptable Section 8 affidavit.

Plaintiff has obviously relied on Trademark Rule 2.134(a), which applies to a voluntary cancellation of a registration, and which is not applicable to the present situation. What is applicable is Trademark Rule 2.134(b), which provides, in relevant part:

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, an order may be issued allowing respondent until a set time, not less than fifteen days, in which to show cause why such cancellation 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. In the absence of a showing

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of good and sufficient cause, judgment
may be entered against respondent.

Section 602.02(b) of the Trademark Trial and Appeal Board Manual of Procedure sets forth further guidance about the application of this rule, including the following statement taken from the Notice of Final Rulemaking, 48 FR 23122, 23133 (May 23, 1983):

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.

In the present case, the Board obviously learned, as a result of plaintiff's motion for summary judgment and a check of Office records, that defendant's registration No. 2016976 had been cancelled shortly before the issuance of the Board's October 20, 2006 order. We cannot interpret the entry of judgment in that order as a finding by the Board that defendant had not responded to the Post-Registration

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Office action for the purpose of avoiding the proceeding. Rather, it is clear from the actions undertaken subsequent to the cancellation of Registration No. 2016976 that defendant is continuing to defend this proceeding. Therefore, we treat the entry of judgment by the Board in its October 20, 2006 order as judgment on the ground of abandonment. See *Marshall Field & Co. v. Mrs. Fields Cookies*, 11 USPQ2d 1154 (TTAB 1989) (although judgment entered on ground of abandonment in view of concession that failure to file Section 8 affidavit was due to discontinued use of mark, judgment was not entered on ground of likelihood of confusion). In view thereof, the issues of likelihood of confusion and dilution remain in the cancellation proceeding with respect to Registration No. 2016976.

Accordingly, plaintiff's motion for summary judgment based on traditional concepts of res judicata, and on res judicata through the operation of Trademark Rule 2.134, is denied.

Proceedings are resumed. Trial dates are reset as follows:

DISCOVERY PERIOD:

CLOSED

Thirty-day testimony period
for party in position of
plaintiff to close:

July 10, 2008

Thirty-day testimony period
for party in position of

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defendant to close: September 8, 2008

Fifteen-day rebuttal
testimony period to close: October 23, 2008

In each instance, a copy of the transcript of testimony, together with copies of documentary exhibits, must be served on the adverse party within thirty days after completion of the taking of testimony. Trademark Rule 2.125.

Briefs shall be filed in accordance with Trademark Rules 2.128(a) and (b). An oral hearing will be set only upon request filed as provided by Trademark Rule 2.129.