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

TTAB

ZANELLA LTD.,	)	
Opposer	)	
v.	)	
	)	Opposition No. 91177858
NORDSTROM, INC.,	)	
Applicant (S/N 77025247)	)	

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OPPOSER'S RESPONSE TO APPLICANT'S MOTION FOR SUMMARY JUDGMENT

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OPPOSER'S RESPONSE TO APPLICANT'S MOTION FOR SUMMARY JUDGMENT

Opposer Zanella Ltd. ("Zanella" or "Opposer") hereby responds to Applicant Nordstrom, Inc.'s ("Nordstrom" or "Applicant") motion for summary judgment.

I. INTRODUCTION AND SUMMARY OF ARGUMENT

Nordstrom is a large, high end retailer. Zanella sells high end women's and men's apparel throughout the United States under its trademark, ZANELLA. Nordstrom has been selling Zanella apparel in its stores for many years.

Nordstrom recently introduced a new line of women's active wear under the mark ZELLA. It is selling these goods in the same stores in which it sells goods under the ZANELLA mark. Nordstrom filed an application for federal registration of its new mark. Zanella informed Nordstrom that the ZELLA mark was confusingly similar to the

ZANELLA mark. Nordstrom refused to desist in the use of its new mark. Zanella filed this opposition.

In its motion, Nordstrom – after enjoying the benefit of Zanella's trademark for years – now asks the Board to cancel Zanella's federal registrations. It bases the motion on incorrect statements made by Zanella many years ago. It does not claim that Opposer's registrations are incorrect at this time.

Nordstrom has also moved for a suspension of this proceeding pending the Board's decision on its motion for summary judgment, based on the claim that its motion for summary judgment is potentially dispositive of this case. The Board has granted applicant's motion to suspend the proceeding. Order of the Board, January 22, 2008.

Nordstrom's motion is mistaken. Zanella has previously corrected its registrations. As maintained, they are not fraudulent. Nordstrom has suffered no injury as a result of statements made previously and voluntarily corrected prior to this proceeding. In addition, Zanella will show that it has acted in good faith in its dealings with the PTO. It has made mistakes, consisting of statements that included some goods on which it was not using its mark. But these were honest mistakes, and Zanella has voluntarily corrected them. In short, there are material facts in dispute as to Zanella's intent in its filings with the PTO.

Furthermore, Nordstrom's motion asks only for cancellation of Zanella's registrations. Zanella's opposition to the application is based on its prior use of its trademark. Accordingly, the motion is not potentially dispositive of this proceeding. The Board should lift the suspension and reset the discovery and trial periods.

II. STATEMENT OF FACTS

Applicant alleges that Opposer filed false statements with the Patent and Trademark Office ("PTO"). Specifically, it alleges that Opposer's applications included some goods on which Opposer was not using its ZANELLA trademark at the time of the applications. Opposer does not dispute this allegation. Opposer freely admitted so in its responses to Applicant's discovery.

Applicant further alleges that Opposer's false statements in its applications were made knowingly and with intent to deceive the PTO. Opposer disputes this allegation. In support of Opposer's position, it is submitting evidence of the following facts.

Originally, beginning in the 1960s, Opposer sold high end, Italian made men's trousers in the United States under its ZANELLA trademark. Over the years, it expanded its line of clothing. Its line of goods has varied, depending on current styles and the market. Today, its line of men's apparel includes jackets, shirts, trousers, raincoats, vests, shorts, knitwear, sweaters, outerwear, and suits. Its women's wear line includes shorts, skirts, dresses, blouses, jackets, coats, vests, raincoats, knitwear, sweaters, outerwear, and suits. See Declaration of Armando Di Natale, President and CEO of Zanella Ltd., executed on February 14, 2008 (hereinafter "Di Natale") at ¶ 3.

Opposer has five federal registrations of its ZANELLA mark. The first two are for men's clothing: Reg. No. 1519894 (ZANELLA word mark) and Reg. No. 1527003 (ZANELLA and Design). The next two are for women's clothing: Reg. No. 1990695 (ZANELLA word mark) and Reg. No. 1992385 (ZANELLA and Design mark). The last is for men's and women's clothing: Reg. No. 2453062 (ZANELLA and Design mark). Notice of Opposition ¶ 2.

From 1987 to 2000, in its applications for its five registrations and its section 8/15 declarations for two of those registrations, Opposer included goods on which it was using its mark and some goods on which it thought it might use the mark. Beginning in 2001, for four of its registrations, it has deleted the goods on which it has not used its mark. The other registration is for a design of the mark that it is no longer using. Opposer therefore intended to let this registration lapse. With this exception, Opposer's registrations are accurate as to the goods on which its mark is being used.

The specific facts with respect to Opposer's five registrations are as follows:

Registration Nos. 1519894 and 1527003:

In its applications, filed May 21, 1987, Opposer listed the following goods: "men's wearing apparel, namely raincoats, mantles, jackets, shirts, blouses, waistcoats, trousers, pants, socks, stockings, ties, scarves, hats, swimwear, vests and underwear." The applications were signed by Mr. Landino Lovison, then President of the company, who is no longer with the company. They proceeded to registration on January 10, 1989 and February 28, 1989, respectively.

At the time of the application, Opposer was selling the following goods under its ZANELLA mark: raincoats, jackets, shirts, trousers and pants. The company believes that the other items were included in the application for the following reasons.

Three items in the list of goods in the application, "mantles," "blouses" and "waistcoats," appear to be translations of Italian synonyms for jackets, shirts and vests, respectively, and are merely duplicative of those items. In the same way, the company listed both "trousers" and "pants."

The company believes that the list of goods in the application was intended to be illustrative of the goods on which it was using the mark or could use the mark. In fact, at that time, it was selling all of the goods listed, but some of them only under another brand, "HENRY COTTON'S." A year earlier, the company had applied for registration of that mark for the same list of goods. The company believes that the same list was used in its application for registration of the ZANELLA mark because it thought it might sell those goods under this mark, as well. Those goods (socks, stockings, ties, scarves, hats, swimwear, vests and underwear) would have constituted accessories to its basic line of men's clothing and would have been logical extensions under its ZANELLA brand. The company has since then sold vests under the ZANELLA mark, but has not used the mark on the other goods not sold under the mark at the time of the application. Di Natale ¶ 4-5.

Opposer has expanded its line of goods under the ZANELLA mark, but on goods that are not listed in its registration. These include men's shorts, knitwear, sweaters, coats, and suits. Di Natale ¶¶ 3, 10.

On June 15, 1994, Opposer submitted declarations under sections 8 and 15 of the Lanham Act for these two registrations. It attested that it was using the mark on the goods stated in the registration, namely, "men's wearing apparel." On August 25, 1995, pursuant to a notice from the PTO that this was not acceptable, it filed amended declarations, attesting that it was using the mark on all of the goods stated in the registration. These statements were incorrect. The company officer who signed them was not asked to review, and did not review, the list of goods in the registration. He

mistakenly believed that the statement was accurate. Declaration of Rick Miller, executed February 14, 2008(hereinafter "Miller") at ¶ 3.

On November 14, 2003, Opposer filed a request for amendment of its Reg. No. 1519894 (ZANELLA word mark) to delete the goods on which it had not used the mark. The amendment was recorded by the USPTO on February 10, 2004. Opposer did not amend Reg. No. 1527003 because it was no longer using the design reflected in this registration and intended to let the registration lapse. Di Natale ¶¶ 10, 11.

Reg. No. 1519894 now reads, with the deleted goods in brackets: "men's wearing apparel, namely raincoats, [mantles,] jackets, shirts, [blouses, waistcoats,] trousers, pants, [socks, stockings, ties, scarves, hats, swimwear,] vests [and underwear.]" This is a correct description of goods on which the mark is being used. Di Natale ¶ 10.

Registration Nos. 1990695 and 1992385

In its amended applications, both filed July 13, 1994, Opposer listed the following goods: "women's clothing, namely shorts, skirts, dresses, blouses, pants, jackets, coats, vests, scarves, hats, swimwear, raincoats, socks and underwear."

The applications were signed by Mr. Mauro Ferrari, President of Zanella S.p.A., of Vicenza, Italy. Mr. Ferrari was an Italian attorney who was managing the company while it was being reorganized in bankruptcy proceedings. He is no longer affiliated with the company. The applications proceeded to registration on August 6 and August 13, 1996, respectively.

At the time of the applications, Opposer was using its mark on the goods stated in the application, except scarves, hats, swimwear, socks and underwear. Opposer was selling these goods as well, but only under the HENRY COTTON'S brand. Opposer

included them in its application for registration of the ZANELLA mark as goods that it might sell under this mark. They would have constituted accessories to its basic line of women's clothing and would have been logical extensions under its ZANELLA brand. The company later made attempts to sell scarves and did make one sale of scarves. Otherwise, it has not sold any of these goods under the ZANELLA mark. Di Natale ¶¶ 6-7.

Opposer has expanded its line of goods sold under the ZANELLA mark to include other goods, which are not mentioned in its registration. These include women's knitwear, sweaters, outerwear, and suits. Di Natale ¶ 9.

On September 7, 2001, Opposer filed declarations under sections 8 and 15 for the two registrations. For this purpose, the company was shown the lists of goods covered by the registrations. It deleted the goods on which it had not used the ZANELLA mark.

Reg. Nos. 1990695 and 1992385 now read as follows, with the deleted goods in brackets: "women's clothing, namely shorts, skirts, dresses, blouses, pants, jackets, coats, vests, [scarves, hats, swimwear,] raincoats, [socks and underwear]." Both registrations have since been renewed. Both are correct in the description of the goods on which the mark is being used. Di Natale ¶ 9.

Registration No. 2453062

On April 11, 2000, Opposer filed an application for registration of its ZANELLA and Design mark. In the application, it simply repeated the descriptions of goods stated in its previous applications and registrations: "Women's and men's clothing, namely, shorts, skirts, blouses, pants, jackets, coats, vests, scarves, hats, swimwear, raincoats,

socks, underwear, mantels, shirts, waistcoats, trousers, stockings and ties." The application matured to registration on May 22, 2001.

At the time of the applications, Opposer was using its ZANELLA mark on the following goods listed in its application: women's shorts, skirts, blouses, pants, jackets, coats, vests, and raincoats; and men's raincoats, jackets, shirts, trousers and pants. Three items in the list, "mantles," "blouses" and "waistcoats," appear to be translations of Italian synonyms for jackets, shirts and vests, respectively, and are merely duplicative of those items. In the same way, the company listed both "trousers" and "pants."

At this point, the company was no longer selling the other goods listed; it had ceased its sale of goods under the HENRY COTTON'S mark. However, it was also using the mark on goods not listed in the application. These are noted *supra* at 5,7. Di Natale ¶ 8.

On December 6, 2006, Opposer filed section 8 and 15 declarations for this registration. It deleted the goods on which it was not using its mark. The registration now lists the following goods, with the deleted goods in brackets: "Women's and men's clothing, namely, shorts, skirts, blouses, pants, jackets, coats, vests, [scarves, hats, swimwear,] raincoats, [socks, underwear, mantels,] shirts, [waistcoats,] trousers, [stockings and ties]." This is a correct description of the goods on which the mark is being used. Di Natale ¶ 12.

In each of its applications and declarations, Opposer believed its statements to the PTO to be true. Since it was made to understand the PTO's rule regarding the use of the mark on all of the goods in applications for registration, it has corrected its registrations as the occasion arose. Opposer has made all of these corrections to its registrations

voluntarily. No one has ever challenged its registrations, for fraud or any other reason, until this proceeding. Di Natale ¶ 13, Miller ¶ 2.

III. ARGUMENT

Opposer's registrations are currently correct and have been so since well before this proceeding was instituted. Applicant has not been injured by Opposer's previous misstatements. Opposer's previous misstatements were made in good faith and were not made with intent to mislead.

A. Opposer's Registrations As Maintained Are Not Fraudulent

Opposer's registrations were corrected prior to Applicant's use of its mark and prior to this proceeding. Applicant does not allege that Opposer's registrations are currently incorrect. Rather, it alleges fraud by Opposer in its applications for registration and argues that the registrations are void *ab initio*. The implication in Applicant's argument is that a registration that is incorrect by reason of fraud cannot be corrected.

Opposer is aware of no case in which a registration was cancelled even though it was correct at time of the proceeding. This is not a case of a party petitioning to cancel a registration that was incorrect by reason of fraud at the time of the proceeding. In two cases where a party petitioned to cancel a fraudulent registration, the Board noted expressly that the registration had not been corrected prior to the cancellation proceeding. *Hachette Filipacchi Presse v. Elle Belle LLC*, 85 USPQ2d 1090, 1095. (TTAB 2007); *Medinol Ltd. v. Neuro Vasx Inc.*, 67 USPQ2d 1205 (TTAB 2003).

Under U.S. law, fraudulent statements can be corrected if the correction is made prior to any harm to the party claiming fraud. *Costa v. United States*, 2007 U.S. App. LEXIS 28608 (3rd Cir. 2007) (no perjury where statement corrected prior to discovery);

Solomon v. Peat, Marwick, Main & Co., 1992 U.S. App. LEXIS 24236 (9th Cir. 1992) (no "fraud on the market" where fraud was corrected prior to plaintiff's purchase of shares); *AIU Insurance Co. v. St. Paul Fire and Marine Insurance Co.*, 2004 U.S. Dist. LEXIS 10131 (C.D. Cal. 2004) (no damage because insurance company's fraudulent statement was corrected prior to payments).

The same principle is applicable in the context of federal trademark registrations. In order for the Board to cancel a registration, Nordstrom must show that the mark's "registration was obtained fraudulently." 15 U.S.C. § 1064(3). Nordstrom's motion assumes that this phrase refers exclusively to the registration at the time of issuance. Board and court decisions, however, show that the phrase refers to the registration as it has been maintained at the time the cancellation proceeding was filed.

The Board follows the rule that the words "obtained fraudulently" "comprehend not only the initial procurement of a registration, but also the maintenance thereof, *i.e.*, securing the continuance of registration, by fraud." *Crown Wallcovering Corp.* v. Wall Paper Manufacturers Ltd., 1888 USPQ 141, 143-44 (TTAB 1975); *accord Volkswagenwerk Aktiengesellschaft v. Advance Welding and Mfg. Corp.*, 184 USPQ 367 (TTAB 1974); *General Car and Truck Leasing Systems Inc. v. General Rent-A-Car Inc.*, 17 USPQ2d 1398 (S.D. Fla. 1990); *Le Cordon Bleu, S.A. v. BPC Publishing, Ltd.*, 451 F. Supp. 63 (S.D.N.Y. 1978).

As the foregoing and other decisions demonstrate, the Board and the courts hold that the words "obtained fraudulently" encompass the filing of a false Section 8 affidavit. The Board and the courts have also held that the words "obtained fraudulently" extend to

the filing of a false Section 15 affidavit. *Robi v. Five Platters, Inc.*, 918 F.2d 1439 (9th Cir. 1990); *Crown Wallcovering, supra; Volkswagenwerk, supra.*

Given that the words "obtained fraudulently" extend to the maintenance of a registration, the issue in a cancellation proceeding is whether the registration, as it is maintained, and not as it was issued, was obtained by fraud. Consistent with the decisions that fraud in the maintenance of a registration can lead to cancellation, correction of errors about use of a mark in previous filings relating to the registration can negate any fraud.

The situation here is analogous to the Board decisions holding that there is no actionable fraud in cases involving a false statement in an application that was corrected during the before issuance of the registration. *See Electro Source, LLC v. Pelican Products, Inc.*, 2004 US. Dist. LEXIS 30117 (C.D. Cal. 2004) (*rev'd* on other grounds); *Universal Overall Co. v. Stonecutter Mills Corp.*, 154 USPQ 104 (CCPA 1967). As in those cases, there is no actionable fraud where a false statement about use of a mark in a previous filing is corrected during the maintenance of a registration.

As discussed in *supra* at 6-8, in all but one of the registrations (which Opposer was intending to let lapse), Opposer has corrected its previous statements. It made these corrections voluntarily. Its registrations as they have been maintained correctly list the goods on which its marks are being used. They list only goods on which the mark is being used. The registrations therefore need not, and should not, be cancelled for fraud.

This result is also consistent with the rules relating to a party's standing to petition for cancellation. As relevant here, the issue in determining standing is whether Applicant is damaged by the presumptions flowing from Opposer's registrations. *E.g.*, *Koplin v.*

Phillips, 133 USPQ 622 (TTAB 1962); *D'albret v. Henkel G.m.b.H.,* 185 USPQ 317 (TTAB 1975). Applicant could not have been damaged by the presumptions arising before Opposer corrected its incorrect statements. Applicant therefore has standing only to challenge the registrations as maintained. *See Gilbert/Robinson Inc. v. Carrie Beverage-Missouri, Inc.*, 989 F.2d 985, 26 USPQ2d 1378 (8th Cir. 1993). In that case, the court held that the defendant was not injured by fraud that was cured before the dispute arose. The court further held that the district court did not abuse its discretion in refusing to cancel the fraudulently obtained registrations, particularly because preserving them furthers the Lanham Act's dominant purpose of protecting consumers from marketplace confusion.

This result is right for policy reasons, as well. If Opposer's registrations were now to be cancelled, even though they have been previously corrected, there would be no incentive for registrants in the future to voluntarily correct misstatements discovered in their applications.

Opposer's opposition to this application is based on its superior trademark rights. Misstatements made years ago, corrected before this proceeding and before Applicant used its new mark, are not a proper basis for cancellation of its registrations.

B. <u>There Are Material Facts in Dispute Regarding Opposer's Alleged Intent</u>

A party moving for summary judgment has the burden of demonstrating the absence of any genuine issue of material fact, and that it is entitled to judgment as a matter of law. *See, e.g., Copelands' Enterprises Inc. v. CNV Inc.*, 945 F.2d 1563, 20 USPQ2d 1295 (Fed. Cir. 1991). A factual dispute is genuine if sufficient evidence is presented such that a reasonable fact finder could decide the question in favor of the non-

moving party. *Opryland USA Inc. v. The Great American Music Show Inc.*, 970 F.2d 847, 23 USPQ2d 1471 (Fed. Cir. 1992).

In deciding a motion for summary judgment, the function of the Board is not to try issues of fact, but to determine instead if there are any genuine issues of material fact to be tried. *See Nyneer Corp. v. Automotive Products plc*, 37 USPQ 1251, 1254 (TTAB 1995). The non-moving party must be given the benefit of all reasonable doubt as to whether genuine issues of material fact exist; and the evidentiary record on summary judgment, and all inferences to be drawn from the undisputed facts, must be viewed in the light most favorable to the non-moving party. *See, e.g., Lloyd's Food Products Inc. v. Eli's Inc.*, 987 F.2d 766, 25 USPQ2d 2027 (Fed. Cir. 1993).

A party who alleges fraud in the procurement of a registration bears a "heavy burden of proof." *W.D. Byron & Sons, Inc. v. Stein Bros. Mfg. Co.*, 377 F.2d 1001, 153 USPQ 749 (C.C.P.A. 1967). The fraud must be "'proved to the hilt' with little or no room for honest mistake, inadvertence, erroneous conception of rights, and negligent omission; and any doubts resolved against the charging party." *Yocum v. Covington*, 216 USPQ 210 (TTAB 1982). Fraud must be proved with clear and convincing evidence. *Grand Canyon West Ranch LLC v. Hualapai Tribe*, 78 USPQ2d 1696 (TTAB 2006); *Smith International, Inc. v. Olin Corp.*, 209 USPQ 1033, 1043-44 (TTAB 1981).

A false statement is not enough. The statement must be material and must be made with fraudulent intent. *Torres v. Cantine Torresella S.r.l.*, 808 F.2d 46, 1 USPQ2d 1483 (Fed. Cir. 1986). There is a material legal distinction between a "false" representation and a "fraudulent" one. *Rogers Corp. v. Fields Plastics & Chemicals Inc.*, 176 USPQ 280 (TTAB 1972).

Fraud requires proof of a knowingly false statement, made with an intent to deceive the PTO. Incorrect statements made without intent to deceive do not constitute fraud. *Metro Traffic Control, Inc. v. Shadow Network Inc.*, 104 F.3d 336, 41 USPQ2d 1369 (Fed. Cir. 1997); *L.D. Kirchler Co. v. Davoil, Inc.*, 192 F.3d 1349, 52 USPQ2d 1307 (Fed. Cir. 1999). As a general rule, the factual question of intent is particularly unsuited to disposition on summary judgment. *Copelands' Enterprises Inc. v. CNV Inc.*, 20 USPQ2d at 1299.

These principles apply to the over-inclusion of goods in an application for federal trademark registration. Applications have been found not to be fraudulent where the applicant had made use of the mark on some, but not all, of the goods or services stated and had no intent to deceive the PTO in its application. In such cases, the remedy is deletion of the goods on which the mark was not used at the time of the application. *Grand Canyon,* 78 USPQ2d at 1698; *E.I. du Pont de Numours and Co. v. Sunlyra International Inc.*, 35 USPQ2d 1787 (TTAB 1995); *Space Base Inc. v. Stadis Corp.*, 17 USPQ2d 1216 (TTAB 1990); *Alcan Aluminum Corp. v. Alcar Metals Inc.*, 200 USPQ 742 (TTAB 1978); *The Procter & Gamble Co. v. Economics Laboratory, Inc.*, 175 USPQ 505 (TTAB 1972); *Rogers Corp. v. Fields Plastics & Chemicals Inc.*, 176 USPQ 280 (TTAB 1972).

The Board has recently emphasized that nonuse of a mark on some of the identified goods or services should not be treated in the same manner in which the Board treats a complete failure to make use of the mark on any of the identified goods or services. Absent fraud, where the mark is not used on some of the goods in the

application, the remedy is an amendment of the application. *Grand Canyon,* 78 USPQ2d at 1698.

In this case, Opposer is providing herewith evidence that it had no intention of deceiving the PTO. The pertinent facts are as follows:

1. Opposer Had No Fraudulent Intent

Registration No. 1519894

The person who signed the application is no longer with Zanella. The company believes that the list of goods in the application was intended as a list illustrative of the goods on which it was using the mark or could use the mark. At the time of its application for this registration, it was selling all of the goods listed, but some under another brand, "HENRY COTTON'S." The latter (socks, stockings, ties, scarves, hats, swimwear, vests and underwear) would have constituted essentially accessories to its basic line of men's clothing and would have been logical extensions under its ZANELLA brand. Since then, the company has sold vests under the ZANELLA mark, but none of the other goods listed based on its future intentions. At the same time, it has sold other goods not listed in its registration. *Supra* at 5, 7, 8.

Opposer submitted a declaration under sections 8 and 15 of the Lanham Act for this registration. It did not review the list of goods in the application and erroneously attested that it was using the mark on all of the goods stated in the registration. *Supra* at 5-6.

In 2003, long before this proceeding, Opposer amended the registration to delete the goods on which it had not used the ZANELLA mark. The registration is now correct as to the goods on which the mark is used. *Supra* at 6.

Registration Nos. 1990695 and 1992385

The company intended the list of goods in these applications to be illustrative of the goods on which it was using the mark or could use the mark. At that time, it was selling all of the goods listed, but some only under another brand, "HENRY COTTON'S." Those goods (scarves, hats, swimwear, socks and underwear) would have constituted accessories to its basic line of women's clothing and would have been logical extensions under its ZANELLA brand. Since then, the company has sold scarves under the ZANELLA mark, but none of the other goods. *Supra* at 6-7.

In 2001, long before this proceeding, the company filed section 8 and 15 declarations, in which it deleted the goods on which it had not used the ZANELLA mark. The registrations are now correct as to the goods on which the mark is used. *Supra* at 7.

Registration No. 2453062

In its application for this registration, the company used the lists of goods already used for its previous registrations. It believed the list to be representative of the goods it was selling or intended to sell under its mark. It had expanded its line of goods over the years. The list included goods it had not sold. At the same time, the list omitted goods it was selling under the mark. *Supra* at 8.

In 2006, long before this proceeding, the company filed section 8 and 15 declarations, in which it deleted the goods on which it had not used the ZANELLA mark. The registration is now correct as to the goods on which the mark is used. In fact, the mark is also being used on goods not included in this registration. *Supra* at 8.

2. <u>In Similar Cases, the Board Has Found No Fraudulent Intent</u>

In two cases similar to this proceeding, the Board found that the applicant had an innocent reason to include in its application goods on which it was not using the mark, and there was no fraud. *Alcan Aluminum Corp. v. Alcan Metals Inc., supra* (application included goods that the applicant had in stock and might sell) and *Rogers Corp. v. Fields Plastics & Chemicals Inc., supra.* (applicant in submitting an over-inclusive list of uses, which was meant to indicate the general utility of its goods). The decision in *Alcan* was cited with approval by the Board in *Grand Canyon,* 78 USPQ2d at 1697. Both cases were cited by the Board and distinguished on this basis in *First International Services Corp. v. Chuckles Inc.*, 5 USPQ2d 1628 (TTAB 1988).

The same is true in this case. Opposer was selling many of the goods listed in its applications. It also included closely related goods that it was selling under another mark and thought it might sell under the ZANELLA mark. In addition, in this case, Opposer subsequently corrected its registrations. It did so voluntarily, under no challenge. *Supra* at 8-9.

At all times, Opposer has acted in good faith in its dealings with the PTO. It has not tried to deceive the PTO and has not disregarded its rules. It has endeavored to be honest and factual in its statements to the PTO and has corrected its errors.

Applicant cites three decisions of the Board in support of its claim of fraud in this case: *Medinol Ltd. v. Neuro Vasx Inc.*, 67 USPQ2d 1205 (TTAB 2003); *Hurley International LLC v. Volta*, 82 USPQ2d 1339 (TTAB 2007); and *Hachette Filipacchi Presse v. Elle Belle LLC*, 85 USPQ2d 1090 (TTAB 2007). They are all distinguishable from this case.

In *Medinol*, the only objective manifestations of the registrant's intent was the identification of goods, which consisted of only two items, one of which was not sold under the mark. The registrant submitted no objective evidence in response, claiming only that the misstatement had been "apparently overlooked." The Board found that, even if true, this constituted a reckless disregard for the truth. It did not find that the inclusion of goods on which the mark had not been used was fraud *per se*. Rather, it found that the registrant had offered no evidence that could overcome the allegation of fraud.

In *Hurley*, the applicant listed a series of services. In fact, it was not using the mark for most of them. In addition, it submitted a false specimen in support of its application. In response to the allegation of fraud, it had no explanation other than its failure to understand the requirements for filing an application.

In *Hachette*, the applicant identified a long list of clothing articles for men, women and children. In fact, it had not used the mark on <u>any</u> articles for men or children or over half of the women's articles listed. As in *Medinol* and *Hurley*, it offered no objective evidence to show a lack of fraudulent intent. It simply argued that it had failed to check the list of goods.

In contrast to these cases, and similarly to *Grand Canyon*, the list of goods in Opposer's application was substantially correct but listed some goods on which the mark was not used. In addition, Opposer has submitted substantial evidence to refute the claim of fraudulent intent. At a minimum, these facts raise a genuine issue of material fact as to Applicant's allegation of fraudulent intent. Summary judgment on the allegation of fraud is not appropriate.

C. Applicant's Motion Is Not Potentially Dispositive of this Proceeding

Applicant's motion for summary judgment is not potentially dispositive of this proceeding. Applicant's motion is limited to a request for cancellation of Opposer's registrations. Opposer's rights, however, are not based on its registrations. They are based on its long use of the ZANELLA mark in U.S. commerce. Notice of Opposition, para. 1. Its opposition is based on Section 2(d) of the Lanham Act, which precludes federal registration of "a mark registered in the Patent and Trademark Office, or a mark or trade name previously used in the United States..." 15 U.S.C. § 1052(d) (emphasis added). It has standing under section 13 of the Lanham Act, which permits opposition to federal registration by any person who believes he is damaged by the registration. 15 U.S.C. § 1063(a). Even if Applicant's motion were granted and Opposer's registrations were cancelled, Opposer's rights in its trademark would not be extinguished and it would be entitled to a trial on the issue of a likelihood of confusion by virtue of Applicant's mark.

Common law rights exist apart from, and regardless of, registration. *Standard Knitting Ltd. v. Toyota Jidosha Kabushiki Kaisha*, 77 USPQ2d 1917 (TTAB 2006). Common law rights in a mark persist even where the registrations of the mark are cancelled for fraud. *Morehouse Mfg. Co. v. J. Strickland & Co.*, 160 USPQ 715 (CCPA 1969); *National Trailways Bus System v. Trailway Van Lines, Inc.*, 269 F. Supp. 352, 155 USPQ 507 (E.D.N.Y. 1965) (court cancelled the plaintiff's registration, based on fraud, and then found infringement by the defendant). The same is true of rights based on Lanham Act section 43(a). *Orient Express Trading Co. v. Federated Dep't Stores, Inc.*, 842 F.2d 650, 6 USPQ2d 1308 (2nd Cir. 1988).

Professor McCarthy agrees and adds: "It is also good policy, since refusing to enjoin infringement because of plaintiff's improper conduct in obtaining a registration would allow defendant to continue deceiving the public." *McCarthy on Trademarks & Unfair Competition* §31:60, at 31-140 (4th ed 2007).

Applicant has not challenged Opposer's trademark rights. Indeed, Applicant has sold Opposer's goods under the ZANELLA mark for many years. It has profited substantially from Opposer's mark. Applicant's motion cannot prevent a decision by the Board on the merits of this case. Opposer has a right to a decision on its claim of a likelihood of confusion.

Accordingly, Applicant's motion for summary judgment concerning Opposer's registrations is not potentially dispositive of this opposition. The motion should be treated as a motion for partial summary judgment. The Board should rescind its order suspending the proceeding and should reset the discovery and testimony periods. Otherwise, Opposer will be substantially prejudiced, since Applicant continues to use the offending mark.

IV. CONCLUSION

The Board should deny Applicant's motion for summary judgment. Pending its decision on the motion for summary judgment, the Board should immediately rescind its suspension of the proceeding and reset the discovery and trial periods.

Dated: February 19, 2008

Respectfully submitted,

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

ZANELLA LTD.,	)	
Opposer	)	
v.	)	
	)	Opposition No. 91177858
NORDSTROM, INC.,	)	
Applicant (S/N 77/025247)	)	

OPPOSER'S STATEMENT OF DISPUTED FACTS

Opposer hereby submits its statement of those facts relied upon by Applicant in its Motion for Summary Judgment that are disputed. These disputed facts are stated in separate numbered paragraphs corresponding to the extent possible with the numbering of paragraphs in Applicant's statement of facts claimed not to be in issue.

1. Denied. The application speaks for itself.

2. Denied as to mantles and blouses. These are terms synonymous with jackets and shirts, respectively, which Opposer sold under the mark prior to May 21, 1987.

3. Denied. The declaration speaks for itself.

4. Denied as to mantles and blouses. These are terms synonymous with jackets and shirts, respectively, which Opposer sold under the mark at the time of the declaration.

5. Denied as to mantles and waistcoats. These are terms synonymous with jackets and vests, respectively, which Opposer has sold under its mark.

6. Denied. The application speaks for itself.

7. Denied as to mantles and blouses. These are terms synonymous with jackets and shirts, respectively, which Opposer sold under the mark prior to May 21, 1987.

8. Denied. The declaration speaks for itself.

9. Denied as to mantles and blouses. These are terms synonymous with jackets and shirts, respectively, which Opposer sold under the mark at the time of the declaration.

10. Denied as to mantles and waistcoats. These are terms synonymous with jackets and vests, respectively, which Opposer has sold under its mark.

11. Denied as to the application, office action and response thereto. The documents speak for themselves.

14. Denied as to the application, office action and response thereto. The documents speak for themselves.

17. Denied. The application speaks for itself.

18. Denied as to mantles and waistcoats. These terms are synonymous with jackets and vests, respectively, which Opposer sold under the mark prior to April 11, 2000.

19. Denied as to mantles and waistcoats. These terms are synonymous with jackets and vests, respectively, which Opposer has sold under the mark.

Dated: February 19, 2008

Respectfully submitted,

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CERTIFICATE OF SERVICE

I, Stuart E. Benson, hereby certify that on this 19th day of February, I caused a copy of the foregoing OPPOSER'S RESPONSE TO APPLICANT'S MOTION FOR SUMMARY JUDGMENT and OPPOSER'S STATEMENT OF DISPUTED FACTS to be served on counsel for Applicant by depositing same with the U.S. Postal Service, first-class postage prepaid, addressed as follows:

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