ESTTA Tracking number: **ESTTA197388**
Filing date: **03/10/2008**

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

Proceeding	91177858
Party	Defendant Nordstrom, Inc.
Correspondence Address	WILLIAM O. FERRON, JR. SEED IP LAW GROUP PLLC 701 5TH AVE STE 5400 SEATTLE, WA 98104-7064 UNITED STATES BillF.docketing@SeedIP.com
Submission	Reply in Support of Motion
Filer's Name	Jared M. Barrett
Filer's e-mail	jaredb@seedip.com, litcal@seedip.com
Signature	/Jared M. Barrett/
Date	03/10/2008
Attachments	ZellaReply.pdf (11 pages)(343118 bytes) Zella-COS.pdf (1 page)(9305 bytes)

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

ZANELLA, LTD.,	)	
	)	Opposition No. 91177858
Opposer/Respondent,	)	
	)	Application No. 77025247
v.	)	
	)	
NORDSTROM, INC.,	)	
	)	Docket No. 700043.80073
Applicant/Petitioner.	)	
	)	

APPLICANT'S REPLY IN SUPPORT OF MOTION FOR SUMMARY JUDGMENT
CANCELLING OPPOSER'S REGISTRATIONS FOR FRAUD

TABLE OF CONTENTS

I. Opposer's Response Confirms It Knew or Should Have Known Claimed Goods Were Not in Use 1

II. Opposer's Excuses Do Not Absolve It of Fraud 2

- A. Opposer Was Obligated to Confirm the Accuracy of Its Statements to the PTO 3
- B. Removing Allegedly Duplicate Goods Does Not Cure Opposer's Fraud 3
- C. Marks Must Be Used in Connection With **All** Specified Goods/Services Prior to Registration 3
- D. Use on Goods Under an Unrelated Mark Does Not Cure Opposer's Fraud 4

III. Opposer Acknowledges That Cancellation for Fraud Under Section 1064 Applies to Initial Procurement and Maintenance of a Registration 5

IV. Opposer Asserted Its Overbroad Registrations in Multiple Oppositions *After* Learning of Its False Use Claims 5

V. Opposer's Conduct Rises to the Level of Fraud on the PTO 6

VI. Suspension Is Appropriate Pending Disposition of this Motion 7

VII. Conclusion 8

TABLE OF AUTHORITIES

CASES

Alcan Aluminum Corp. v. Alcar Metals Inc.,
200 USPQ 742 (TTAB 1978) 8

E.I. du Pont de Nemours and Co. v. Sunlyra International Inc.,
35 USPQ2d 1787 (TTAB 1995) 7

First International Services Corp. v. Chuckles Inc.,
5 USPQ2d 1628 (TTAB 1988) 8

Hawaiian Moon, Inc. v. Rodney Doo,
Cancellation No. 920442101 (April 29, 2004) 5

Medinol Ltd. v. Neuro Vasx, Inc.,
67 USPQ2d 1205 (TTAB 2003) 3, 7

Mister Leonard, Inc. v. Jacques Leonard Couture, Inc.,
23 USPQ2d 1064 (TTAB 1992) 6

Rogers Corp. v. Fields Plastics & Chemicals Inc.,
176 USPQ 280 (TTAB 1972) 8

Space Base Inc. v. Stadis Corp.,
17 USPQ2d 1216 (TTAB 1990) 7

Standard Knitting Ltd. v. Toyota Jidosha Kabushiki Kaisha,
77 USPQ2d 1917 (TTAB 2006) 3

The Proctor & Gamble Co. v. Economics Laboratory, Inc.,
175 USPQ 505, (TTAB 1972) 8

STATUTES

15 U.S.C. § 1064(3) 5

15 U.S.C. §1051(a) 4

15 U.S.C. §1051(b) 4

RULES

37 C.F.R. § 2.34(a)(1)(i) 4

37 C.F.R. § 2.76(b)(1)(ii) 4

37 C.F.R. § 2.88(b)(1)(ii) 4

TMEP § 901 4

I. Opposer's Response Confirms It Knew or Should Have Known Claimed Goods Were Not in Use

The undisputed facts establish that Opposer made material representations in every one of its use-based applications underlying the ZANELLA registrations that it knew or should have known were false. Opposer has confirmed as much, making the following admissions and representations in its Response to Applicant's Motion for Summary Judgment (hereinafter "Response"):

Registration Nos. 1519894 and 1527003

1. 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." (16 items). Response, p. 4.

2. At the time of the applications, Opposer was not using its marks for mantles, blouses, waistcoats, socks, stockings, ties, scarves, hats, swimwear, vests and underwear. (11 of 16 items). Response, p. 4.

3. Opposer believes the lists of goods in its applications were "intended to be illustrative of the goods on which it was using the mark or could use the mark." Response, p. 5 (emphasis added).

4. Opposer has since sold vests, but has never used its marks for mantles, blouses, waistcoats, socks, stockings, ties, scarves, hats, swimwear, and underwear. (10 of 16 items). Response, p. 5.

5. On August 25, 1995, Opposer filed amended declarations under Sections 8 and 15 of the Lanham Act attesting that it was using the mark on all of the goods stated in the registration. Opposer admits, "These statements were incorrect." Response, p. 5. The amended declarations were filed in response to communications from the PTO putting Opposer on notice that broad claims to use on "men's wearing apparel" were unacceptable. Response, p. 5.

6. Opposer's officer who signed the declarations was not asked to review, and did not review, the list of goods in the registration. Response, p. 5.

7. On November 14, 2003, Opposer filed a request for amendment of Reg. No. 1519894 to delete the goods on which it had not used its mark, but did not amend Reg. No. 1527003, alleging that it stopped using the mark and intended to let the registration lapse. Response, p. 6.

Registration Nos. 1990695 and 1992385

8. In its amended applications, 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." (14 items). Response, p. 6.

9. At the time of the applications, Opposer was not using its marks on the following goods: scarves, hats, swimwear, socks and underwear. (5 of 14 items). Response, p. 6.

10. Opposer included such goods in its applications as "goods it might sell." Response, p. 7. (emphasis added). Opposer "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." Response, p. 16 (emphasis added).

11. Opposer has since made one sale of scarves, but has never used its marks in connection with hats, swimwear, socks and underwear. (4 of 14 items). Response, p. 7.

Registration Nos. 2453062

12. In its application, filed April 11, 2000, Opposer listed the following goods: "women's and men's clothing, namely, shorts, skirts, blouses, pants, jackets, coats, vests, scarves, hats, swimwear, raincoats, socks, underwear, mantles, shirts, waistcoats, trousers, stockings and ties" (19 items). Response, p. 7-8.

13. At the time of the applications, Opposer was not using its marks for scarves, hats, swimwear, socks, underwear, mantles, waistcoats, stockings and ties. (9 of 19 items). Response, p. 8.

14. Opposer included the goods in its application because "it simply repeated the descriptions of goods in its previous applications and registrations" and "believed the list to be representative of the goods it was selling or intended to sell under its mark." Response, pp. 7 and 16.

All Registrations

15. Opposer made corrections to its registrations "as the occasion arose." Response, p. 8.

II. Opposer's Excuses Do Not Absolve It of Fraud

Opposer makes a number of excuses for the over-inclusion of goods in its use-based applications and Section 8 and 15 declarations. Opposer submits that (i) it was not asked to review its Section 8 and 15 declarations and admits not reviewing such declarations; (ii) several of the included goods for which use was not made appear to be translations of Italian synonyms for other goods supported by use; (iii) some of the claimed goods for which use had not been made were "logical extensions" of goods actually sold under its ZANELLA brand; and (iv) it was using a completely unrelated mark (HENRY COTTON'S) in connection with the goods claimed but not sold under its ZANELLA mark. Response, pp. 4-8. Such excuses evidence a complete failure of Opposer's obligation to insure the accuracy and meaning of statements made to the PTO and are insufficient to preclude a finding of fraud.

A. Opposer Was Obligated to Confirm the Accuracy of Its Statements to the PTO

Opposer asserts that it was not asked to review a number of its declarations prior to submission to the PTO and admits not doing so despite signing the declarations and attesting to the truth of statements made therein. Opposer's failure in this regard is in direct violation of its general obligation to confirm the meaning and accuracy of its statements prior to submission to the PTO. *See Medinol Ltd. v. Neuro Vasx, Inc.*, 67 USPQ2d 1205, 1209 (TTAB 2003) (finding that statements of use should be investigated thoroughly prior to signature and submission to the USPTO and that a party will not be heard to deny that it did not read what it had signed); *Standard Knitting Ltd. v. Toyota Jidosha Kabushiki Kaisha*, 77 USPQ2d 1917, 1928 (TTAB 2006) ("Opposer is charged with knowing what it is signing and by failing to make any appropriate inquiry"). Opposer can not rely on the assumption that its attorney had properly prepared its declarations as Opposer and its attorney share the duty to ensure the accuracy of statements made to the PTO. *See Hachette Filipacchi Presse v. Elle Belle LLC*, 85 USPQ2d 1090, 1094 (TTAB 2007) (Applicant was obligated to confirm the meaning and accuracy of declaration before filing with PTO).

B. Removing Allegedly Duplicate Goods Does Not Cure Opposer's Fraud

Opposer argues that several of the items for which it had not used its ZANELLA marks are merely duplicative as a result of appearing to be Italian synonyms of other goods for which Opposer had used its marks. Specifically, Opposer argues that mantles, blouses, waistcoats and trousers are merely duplicative of jackets, shirts, vests and pants, respectively. Such a contention, however, does not explain why Opposer has admitted not using its ZANELLA marks on mantles, for example, but does assert use on jackets. If truly synonymous and duplicative, Opposer would have evidence of use to support the inclusion of all such allegedly duplicative items.

Whether such items are truly duplicative, however, is immaterial because even disregarding these items it is apparent that Opposer still fraudulently represented that it had use on other so called non-duplicative goods when it did not. For example, with respect to Reg. Nos. 1519894 and 1527003, disregarding mantles, blouses, waistcoats, and trousers still leaves nonuse on over half of the remaining goods (8 of 15 items). Thus, whether such allegedly duplicative goods are considered is irrelevant.

C. Marks Must Be Used in Connection With **All** Specified Goods/Services Prior to Registration

TMEP Section 901 instructs, "In an application based on use in commerce under 15 U.S.C. § 1051(a) or 'intent-to-use' under 15 U.S.C. §1051 (b), the applicant must actually use the mark in

commerce on or in connection with all of the specified goods/services prior to registration." *See* 37 C.F.R. §§ 2.34(a)(1)(i), 2.76(b)(1)(ii) and 2.88(b)(1)(ii). Use as to some goods and so called "logical extensions" thereof is not the rule.

Opposer submits that all of the goods for which it had not used its ZANELLA marks are logical extensions of those goods for which it actually used its marks, and therefore, its false statements regarding use should be overlooked. While each of Opposer's specified goods are clothing items, it is not the practice of the USPTO to allow registration for "clothing" or "apparel" in general. Opposer was aware of this practice, as it attempted on several occasions to make broad claims to "women's wearing apparel" (Reg. Nos. 1990695 and 1992385) and "men's wearing apparel" (Section 8 and 15 Declarations for Reg. Nos. 1519894 and 1527003) and was notified that such claims were unacceptable. Despite being put on notice that Opposer must designate specific items for which it had used its mark, Opposer proceeded to specify a list of clothing items inclusive of a significant number of items for which use had never occurred. Opposer cannot now assert that it believed use on some goods also entitled it to registration on "logical extensions" of those goods.

D. Use on Goods Under an Unrelated Mark Does Not Cure Opposer's Fraud

As mentioned above, the Trademark Rules require that an "applicant must actually use the mark in commerce on or in connection with all of the specified goods/services prior to registration." TMEP § 901 (emphasis added). The manufacture and sale of goods under a completely different and unrelated mark does not support registration of a mark for goods in which use has not commenced.

Although not binding on the Board, the case of *Hawaiian Moon, Inc. v. Rodney Doo*, Cancellation No. 920442101 (April 29, 2004), is particularly relevant in this regard. In *Hawaiian Moon*, the respondent admitted that it had never used its mark in connection with a significant portion of the clothing items for which it had obtained registration. Respondent alleged that the false claims of use resulted from listing all goods that respondent had made and sold under various other trademarks and from not reviewing the application on the assumption that it was properly prepared by respondent's attorney. The Board rejected respondent's contentions, noting that (i) the list of goods at issue was not lengthy, highly technical, or otherwise confusing, (ii) statements to the PTO should be investigated thoroughly prior to signature and submission, and (iii) failure to consult the application to determine the goods listed evidences a reckless disregard for the truth of the statements regarding those goods on which

use was made. *See Hawaiian Moon*, Cancellation No. 920442101, at 8-10. Here, as in *Hawaiian Moon*, Opposer's false use claims amount to fraud.

III. Opposer Acknowledges That Cancellation for Fraud Under Section 1064 Applies to Initial Procurement and Maintenance of a Registration

The Lanham Act authorizes cancellation at any time if a registration was "obtained fraudulently." 15 U.S.C. § 1064(3). Opposer acknowledges that "obtained fraudulently" in Section 1064 extends to conduct during initial procurement and maintenance of its registrations. Response, p. 10.

IV. Opposer Asserted Its Overbroad Registrations in Multiple Oppositions *After* Learning of Its False Use Claims

Although Opposer asserts that it acted in good-faith at all times in its dealings with the PTO, the objective evidence leads to the opposite conclusion.

In 1994, Opposer was notified in its applications underlying Reg. Nos. 1990695 and 1992385 that it must amend its broad identification of goods from "women's wearing apparel" (as originally filed) to claim specific goods. Likewise, in 1995, the PTO notified Opposer in response to its Section 8 and 15 declarations that asserted use on "men's wearing apparel" was unacceptable. Despite such notification, Opposer failed to investigate its actual use on specific goods and instead sought and maintained its registrations under a list of goods it now asserts to be "illustrative" of its actual use.

Until 2001, Opposer made no effort to correct any of its registrations to remove unsupported goods. It took its first corrective action in its September 2001 Section 8 and 15 Declarations for Reg. Nos. 1990695 and 1992385. From at least this point forward, Opposer cannot deny that it was aware of its obligation to remove goods unsupported by use from its registrations. Nonetheless, Opposer did not seek to amend Reg. Nos. 1519894 and 1527003, but rather retained the benefits of such registrations for goods it knew or should have known were not supported by actual use. Nor did Opposer seek to amend Reg. No. 2453062, which had registered only months earlier for many of the same goods deleted in the other registrations. *See Mister Leonard, Inc. v. Jacques Leonard Couture*, Inc., 23 USPQ2d 1064, 1066 (TTAB 1992) ("[A]n applicant or registrant is under a duty to correct material, false statements made to the PTO when their falsity becomes known.").

In the meantime, Opposer began asserting its overbroad registrations against third parties. Opposer filed Opposition No. 91153249 against the Saroyan Lumber Company in August 2002, Opposition No. 91168752 against Lani International Corporation in January 2006, and Opposition No.

91172949 against U.O.D., Inc. in September 2006. In each proceeding, Opposer asserted Reg. Nos. 1527003 and 2453062 that included goods unsupported by use. Even in the present proceeding, Opposer asserts Reg. No. 1527003 (including goods unsupported by use), which it now admits it has abandoned use of the mark and intends to let the registration lapse.

V. Opposer's Conduct Rises to the Level of Fraud on the PTO

Applicant does not dispute that, under appropriate circumstances, honest mistakes in the procurement of a registration may not rise to the level of fraud and therefore may be corrected without requiring cancellation of a registration in its entirety. However, when circumstances indicate that an applicant has proceeded with reckless disregard for the truth, then fraud should be found and the fraudulently obtained registration should be cancelled in its entirety. *See Medinol Ltd*, 67 USPQ2d at 1210 ("Respondent's knowledge that its mark was not in use on [all the identified goods] – or its reckless disregard for the truth – is all that is required to establish intent to commit fraud in the procurement of a registration.").

In its defense, Opposer cites multiple cases for the proposition that over-inclusion of goods may not be fraudulent and that the remedy in such cases is partial cancellation. All these cases are distinguishable from the facts of this case.

In *Grand Canyon West Ranch LLC v. Hualapai Tribe*, 78 USPQ2d 1696, the Board did not address the issue of fraud because the opposer in that case failed to plead fraud. In fact, the Board noted that deletion of non-used goods did not preclude opposer from amending its pleading and asserting fraud at a later date. *Id.* at 1698 n.5. Likewise in *E.I. du Pont de Nemours and Co. v. Sunlyra Intern. Inc.*, 35 USPQ2d 1787 (TTAB 1995), the issue was nonuse, not fraud. In *Space Base Inc. v. Stadis Corp.*, 17 USPQ2d 1216 (TTAB 1990), there was no finding of fraud because the identification of services encompassed those services actually used. In *Alcan Aluminum Corp. v. Alcar Metals Inc.*, 200 USPQ 742 (TTAB 1978), the applicant actually reviewed the identification of goods in his application and requested that his attorney take out things he had never sold (indicating a lack of reckless disregard for the truth). In *The Proctor & Gamble Co. v. Economics Laboratory, Inc.*, 175 USPQ 505 (TTAB 1972), the description of applicant's product that was to be sold under the mark was determined to be accurate, although perhaps broader than should have been allowed. Lastly, in *Rogers Corp. v. Fields Plastics & Chemicals Inc.*, 176 USPQ 280 (TTAB 1972), the description of goods was for a single product having a variety of

applications which the applicant included in its description in an attempt to indicate the general utility of its product. There was no claim in *Rogers* that the applicant actually failed to use its mark in connection with its claimed good – plastic material for general industrial use. Rather the issue was whether identifying possible uses of applicant's plastic material (e.g. upholstery, etc.) was appropriate without actual use in such industries. *Id.* at 293.

In this case, Opposer admits that it made numerous false statements in its use-based applications claiming use for a significant number of goods for which there was no use. Opposer does not deny that it knew what goods were actually in use, but rather tries to justify inaccurate goods as "illustrative" of those it sold or could sell. Opposer's cavalier attitude towards the clear and ambiguous requirement of actual use in commerce on all identified goods is the same attitude the Board has found to support a finding of fraud. *See First International Services Corp. v. Chuckles Inc.*, 5 USPQ2d 1628, 1636 (TTAB 1988).

Furthermore, Opposer did not make a single false use claim, but has demonstrated a history of false claims and delays in correcting spanning a number of years. Opposer did not attempt to correct its registrations until the "occasion arose" and in the meantime asserted its overbroad registrations against third parties in numerous oppositions. Furthermore, Opposer has not corrected, does not intend to correct and continues to assert one of its oldest registrations (Reg. No. 1527003) under the defense that it doesn't use the mark and intends to let the registration lapse.

In sum, Opposer's conduct during procurement <u>and</u> maintenance of its registrations transcends a simple oversight or mistake and evidences at the very least the same reckless disregard for the truth that the Board has repeatedly acknowledged as supporting a finding of fraud.

VI. Suspension Is Appropriate Pending Disposition of this Motion

Opposer has not moved for resumption of proceedings, but argues in its Response that the Board should rescind its order suspending this proceeding. Suspension is appropriate in this case as the present motion is potentially dispositive of the case with respect each and every registration Opposer identified as the basis for this opposition. *See* 37 C.F.R. § 2.127(d). Cancellation of Opposer's registrations will have a significant affect on the structuring of discovery, and thus, the discovery period should remain in suspension until the present motion is decided. *See* 37 C.F.R. § 2.117(c).

VII. Conclusion

Opposer admits making material, false representations to the PTO by claiming it was using each of its ZANELLA marks on a variety of clothing items when in fact it was not. Opposer also admits making material, false representations in a number of its Section 8 and 15 declarations as a result of not reviewing such declarations prior to submission. Furthermore, Opposer does not deny that it knew what goods were in use at the time of its false representations but rather simply asserts that it believed the goods to be illustrative of those it was selling or could sell. Opposer's cavalier attitude towards the most basic and unambiguous requirement of obtaining a registered trademark – use in commerce – compels a finding that it recklessly disregarded the truth and therefore committed fraud in obtaining each of its ZANELLA Registrations. Under the controlling law each of the ZANELLA Registrations should be deemed void *ab initio*. Summary judgment cancelling Reg. Nos. 1519894, 1527003, 1990695, 1992385 and 2453062 in their entireties is proper.

DATED this 10th day of March, 2008.

Respectfully submitted,
SEED IP Law Group PLLC

William O. Ferron, Jr.
Nathaniel E. Durrance
Jared M. Barrett
701 Fifth Avenue, Suite 5400
Seattle, Washington 98104
(206) 622-4900
Fax: (206) 682-6031
Attorneys for Applicant/Petitioner
NORDSTROM, INC.

1123080_2

CERTIFICATE OF SERVICE

I, Annette Baca, hereby certify that on this 10th day of March, 2008, the foregoing **APPLICANT'S REPLY IN SUPPORT OF MOTION FOR SUMMARY JUDGMENT** was served upon Opposer's counsel by depositing same with the U.S. Postal Service, first-class postage prepaid, on March 10, 2008, addressed as follows:

Stuart E. Benson, Esq.
Michael H. Selter, Esq.
Manelli Denison & Selter PLLC
2000 M Street, N.W.
Suite 700
Washington, D.C. 20036-3307

Annette Baca

Annette Baca