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

Serial No. 76/613881

mine design, a d.b.a. of Amal Flores
v.
Votivo, Ltd. And Votivo, LLC

Opposition No. 91178747

Plaintiff mine design's Response To Votivo's Motion For Reconsideration And mine design's Cross-Motion For Reconsideration

10-24-2008

U. S. Patent & TMOfc/TM Mail Rcpt Dt: #30

I. Introduction

On September 19, 2008, the Board issued an Opinion with decisions on Votivo's and mine design's motions for summary judgment. Despite the ruling in the Opinion that Votivo had improperly brought a motion for summary judgment on issues Votivo had not raised in its answer, without first moving to amend said answer (Opinion at 3-4), Votivo has filed a motion for reconsideration in which Votivo persists in its argument that summary judgment should be entered in its favor on the same basis – that mine design does not have standing to oppose.

Votivo's motion for reconsideration should be denied, and Votivo's claim that mine design has no standing to purse the present opposition should be dismissed with prejudice, for several additional reasons. First, as admitted by Votivo in their cross-motion for summary judgment, the Settlement Agreement entered into between the parties includes a waiver and release of all previous claims between the parties. In particular, Paragraph 6 of the Settlement Agreement is a waiver and release of "any and all claims and/or liabilities the Parties may have against each other . . . in law or in equity, in contract or tort or otherwise up until the EFFECTIVE DATE." The Effective Date of the Settlement Agreement is May 2006, which is several months after the Judgment and Permanent Injunction (which were entered on or about November 2005). Accordingly, as discussed in section II.A below, Votivo is barred by said waiver and release in the Settlement Agreement from asserting claims based, inter alia, on the collateral estoppel and other effects the Judgment and/or the Permanent Injunction may have carried had Votivo not waived and released said claims.

Votivo's motion for reconsideration should also be denied, and mine design should be considered to have standing to oppose, because Votivo's "lack of standing" argument is based on the false premise that standing to oppose requires mine design to have an intent to use the term being opposed. Basically, Votivo confuses the legal standard for standing to oppose set forth in 15 U.S.C. § 1063[1] with the legal standard for registering a trademark specified in 15 U.S.C. § 1051.[2] As discussed

[1] "(a) Any person who believes that he would be *damaged* by the registration of a mark upon the principal register, . . . may . . . file an opposition in the Patent and Trademark Office, stating the grounds therefor. . . ." 15 U.S.C. § 1063 (emphasis added).

in more detail in section II.B below, mine design's operating costs are greatly increased when generic and/or functional fragrance names are registered. These are costs mine design should not have to bear, and would not have to bear, if the law was being properly applied such that generic and/or functional fragrance names – like the one presently being opposed – were not allowed in either the Principal or the Supplemental Register. Accordingly, mine design has a "legitimate commercial interest" in the present opposition. *See Lipton Industries, Inc. v. Ralston Purina Co.*, 213 USPQ 185, 189 (CCPA 1982).

Further in cross-motion for reconsideration, mine design respectfully requests reconsideration of the Board's decision to *sua sponte* strike paragraphs 29-32 of mine design's notice of opposition. Opposer respectfully requests the Board reconsider the position apparently taken in the Opinion that a word or term cannot serve a utilitarian function. The involved paragraphs allege and claim that the term "mandarine" is not registrable in connection with scented bath salts and hand lotion because, *inter alia*, it is "de jure functional." Opposer uses the term "de jure functional" in the notice of opposition to mean "as a whole, functional" as the term is used in 15 U.S.C. § 1052(e)(5). When a word or a term is considered "as a whole" in connection with the sale of goods or services for which registration is sought, if the word or term is serving a utilitarian function – like providing information about a commercially significant and important characteristic of a product – as opposed to serving a source identification function required by the statute, the word or term is "functional" (as the term is used in the statute), and not registrable. *See, e.g., In re Boston Beer Co. L.P.,* 198 F.3d 1370, 53 USPQ2d 1056 (Fed. Cir. 1999) (terms that are considered to be merely informational in nature are not registrable); *see also*, TMEP 1202.04.

Accordingly, and as further developed in section II.C below, mine design should be permitted to offer evidence in support of these claims.

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[2] "(a)(1) The owner of a trademark *used* in commerce may request registration of its trademark on the principal register . . ." 15 U.S.C. § 1051 (emphasis added)

II. Argument

A. Votivo is barred from asserting claims of the alleged collateral estoppel effect of the Judgment and Permanent Injunction because in the Settlement Agreement between the parties Votivo waived and released any right it may have had to assert these claims.

Votivo continues to vigorously press the issue that by filing and prosecuting the present opposition mine design is in violation of the Permanent Injunction. Votivo's claim should be dismissed with prejudice because in accordance with Paragraph 6 of the Settlement Agreement between the parties Votivo waived and released any claims it may have had to enforce the Injunction, or to claim issue or claim preclusion from the Judgment.

Votivo has argued that although the Settlement Agreement led to the dismissal of the Mine Design I Appeal and Mine Design II District Court case, "the Settlement Agreement expressly does not effectively dissolve the injunction or modify its terms." Votivo's Reply Memorandum In Support of Cross-Motion for Summary Judgment, at pp. 2-3; *see also*, Votivo's Memorandum in Support of Motion for Reconsideration at 5 ("Section 1 of the Settlement Agreement provides that Mine Design and VOTIVO agreed 'respectively to dismiss their claims against the other in the Lawsuits.' [Citing to Settlement Agreement, p. 2.] Clearly, through the use of the term 'Lawsuits,' the Mine I lawsuit, and specifically, the Permanent Injunction, were not included with the dismissal language.").

Votivo's argument fails to take into account Paragraph 6 of the Settlement Agreement, which is a waiver and release of "any and all claims and/or liabilities the Parties may have against each other . . . in law or in equity, in contract or tort or otherwise up until the EFFECTIVE DATE."

The EFFECTIVE DATE of the Settlement Agreement is on or about May 2006.

Paragraph 10 of the Agreement states that each Party "covenants and agrees that they will forever refrain and forebear from bringing, commencing or prosecuting any action, lawsuit, claim, or

proceeding against the other Party hereto based on any claim, debt or obligation of any kind that is released or discharged herein."

Paragraph 15 of the Settlement Agreement states that "[t]his Agreement shall be binding upon and inure to the benefit of the Parties' successors and assigns."

Because the Judgment and Injunction now complained of by Votivo were entered on or about November of 2005, and thus predate the May 2006 effective date of the Settlement Agreement, Votivo, Ltd. forever waived and released in the Settlement Agreement any claims it may have had to enforce the Injunction, or to claim issue or claim preclusion from the Judgment entered in that case.[3] As a self-alleged successor in interest to Votivo, Ltd., Votivo, LLC, is bound by the terms of the Settlement Agreement.

Votivo's argument that the parties had to "dismiss the pending federal district court action in which the Permanent Injunction had been entered against Mine Design" for Mine Design to have standing in the present Opposition fails to address the proper legal standard for the effect of the dismissal of an appeal on the collateral effect of an underlying judgment and any remedy entered therein.[4] The law of the Ninth Circuit -- explained in *Ringsby Truck Lines, Inc. v. Western Conference of Teamsters*, 686 F.2d 720, 722 (9th Cir. 1982) -- is that the collateral effect of a judgment where an appellant takes an appeal and subsequently dismisses it or by settlement secures its dismissal "may be different in different cases as equities and hardships vary the balance between the right to relitigate and finality of judgment." *Rinsgby*, 686 F.2d at 722.

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[3] The argument by Votivo that "[p]erhaps most significantly, Section 11 of the Settlement Agreement provides for ongoing enforcement of the Permanent Injunction against Mine Design by expressly providing for the retention of jurisdiction of the Federal Court" is misleading, as Section 11 of the agreement in fact states, *inter alia*, "[t]he Central District of California will retain jurisdiction for the purpose of enforcing *this Agreement.*" (Emphasis added.)

[4] The cases cited by Votivo in support of its argument (*Daimler Chrysler Corp. v. Maydak* and *Nasalok Coating v. Nylok*; *see* Votivo's Reply Memorandum In Support of Cross-Motion for Summary Judgment, at p. 3-5) seem inapposite as they did not involve a dismissal of an appeal pursuant to a settlement agreement where all claims were waived and released, as in the present case.

According to *Ringsby*, the consequences and attendant hardships of dismissal or refusal to dismiss and the decision between the competing values of finality of judgment and right to relitigation of unreviewed disputes in these types of situations should be left to the court in which collateral estoppel is asserted. *Id.*

The equities of the present case would better be served if the terms of the Settlement Agreement are enforced. Votivo's claims regarding the collateral estoppel effect of the Judgment and Injunction should be dismissed, *inter alia*, because Votivo is barred from asserting these claims by the waiver and release in Paragraph 6 of the Settlement Agreement.

B. Votivo's argument that mine design lacks standing also confuses the "damage" requirement of 15 U.S.C. § 1063 with the "use" requirement of 15 U.S.C. § 1051(a)(1).

Mine design's opposition to Votivo's registration of the term Mandarine in connection with scented bath salts and hand lotion would not be in violation of the Injunction even if the Injunction was enforceable by Votivo. Importantly, the statutory requirements for opposing a mark and obtaining a mark are different. *Compare* 15 U.S.C. § 1063 ("(a) Any person who believes that he would be *damaged* by the registration of a mark upon the principal register, . . . may . . . file an opposition in the Patent and Trademark Office, stating the grounds therefor. . . .")(emphasis added) with 15 U.S.C. § 1051 ("(a)(1) The owner of a trademark *used* in commerce may request registration of its trademark on the principal register . . .")(emphasis added).

The Injunction, if enforceable by Votivo, enjoins and restrains mine design, etc., from "*using* any of the terms set forth in Exhibit 'A' [to the Injunction] . . . in connection with in connection with [sic] candles and taper, burning sticks and incense, scented room sprays, scented skin soaps, scented body sprays, and any other scented products for household or personal care use." Injunction paragraph d, 2:21-27 (emphasis added).

Votivo's lack of standing argument is based on the false premise that mine design's opposition of Votivo's application for registration of the term "mandarine" in connection with bath salts and hand lotion evidences an "intent to use"[5] a term set forth in the Injunction. According to Votivo, "[t]he sole purpose of filing such an action is the intent to use the Mark; indeed, Mine Design cannot have standing before the TTAB if it does not have (1) a 'real interest' in the proceedings and (2) a reasonable basis for the belief of damage." *See* Steve Edmiston Declaration in Support of Motion To Suspend Proceedings and to Extend Discovery Period, Exhibit 1, Votivo Application for and Order to Show Cause Why Defendant Should Not Be held In Contempt, Memorandum at 13:13-16 (citing *Ritchie v. Simpson*, 170 F.3d 1092, 1095-96 (Fed. Cir. 1999)); *see also* Votivo's Reply Memorandum In Support of Cross-Motion for Summary Judgment, at p. 2-3.

Courts have generally recognized that a party with a legitimate commercial interest detrimentally affected by registration has standing. *See Lipton Industries, Inc. v. Ralston Purina Co.*, 213 USPQ 185, 189 (CCPA 1982)("Congress . . . has specified a broad class who must be deemed proper litigants.").

As a producer of scented goods products, mine design can have, and does have, a "real interest" in the present Opposition and a reasonable basis for the belief of damage if the PTO allows the registration of the term "Mandarine" in connection with scented bath salts and hand lotion, other than mine design's alleged direct interest in using the term. Every time the PTO allows the registration of a generic and/or functional fragrance name in connection with scented goods, particularly scented goods mine design produces, mine design is damaged. As may be seen from the graphs below, the number of applications for federal registration of marks in connection with certain scented goods (including bath salts and candles) has skyrocketed in the past few years.

[5] mine design also respectfully submits that there is a significant difference between an intent to use and the actual use of a term, particularly in trademark law, and more particularly in the interpretation of a permanent injunction.

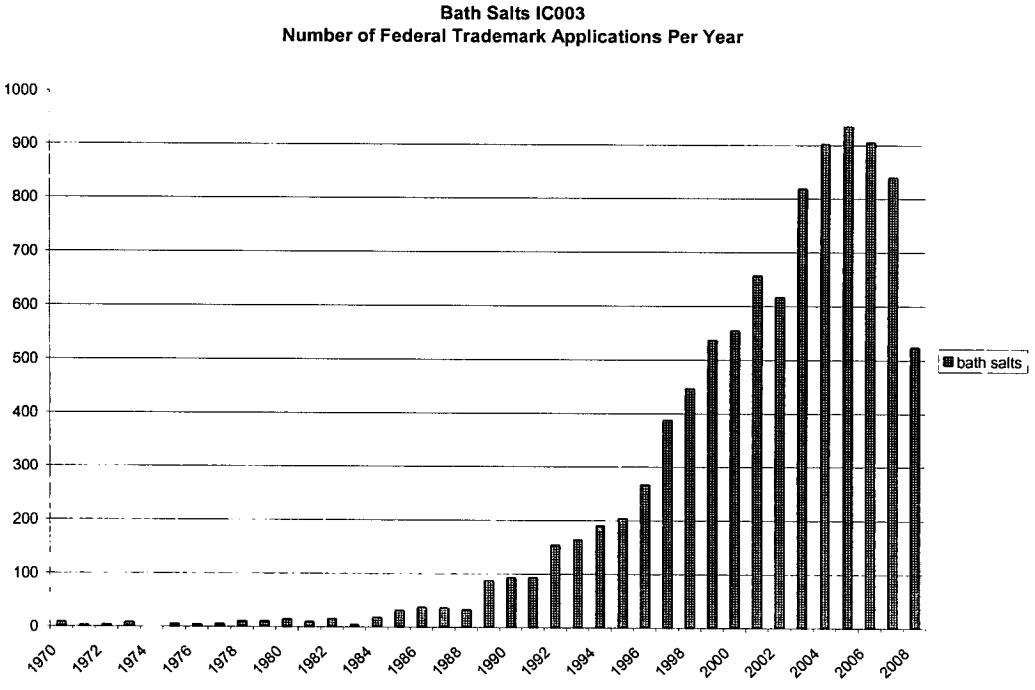

Figure 1

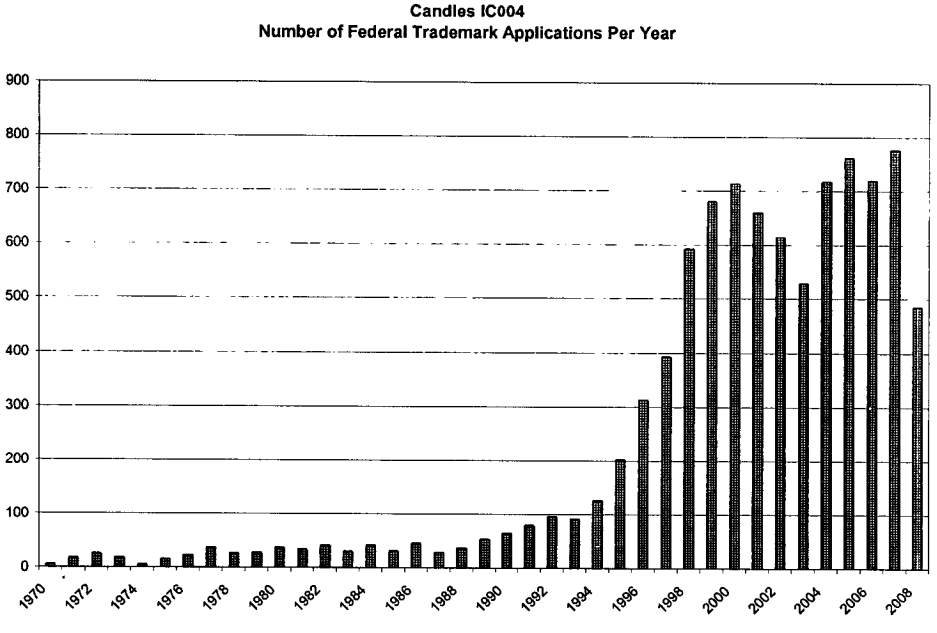

Figure 2

The exponential increase in applications combined with the PTO's incorrect stance of allowing registration of terms that are generic and/or functional has greatly increased the operating costs of producers like mine design. These increased operating costs arise, for example, from having to perform clearance searches before the adoption of generic or functional fragrance names, monitoring other's attempts to register generic and/or functional fragrance names, defending trademark infringement allegations, sometimes through costly litigation in federal court, made by certain producers asserting and threatening to assert these registrations.[6] In fact, more likely than not sufficient evidence has been made of record by Votivo[7] for the Board to take judicial notice that mine design has a real pecuniary interest in conducting the present opposition whether or not mine design intends to use the term mandarin in connection with scented bath salts if the term is held not registrable.

Allowing the registration of some generic and/or functional fragrance names in connection with scented goods provides an incentive for all producers to attempt to register said names, compounding the problem and the size of the stack of applications and registrations mine design has to search through. Accordingly, because mine design has increased operational costs when the PTO allows the registration of a generic and/or functional fragrance name, mine design should have standing to conduct the present opposition even if mine design has no intention of using the specific generic and/or functional fragrance name at issue in this particular case.

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[6] These are costs mine design should not have to bear in connection with fragrance names that are generic and/or functional, as these terms should not be registrable or protectible at all.

[7] In addition to the present opposition, the evidence includes, for example, the "Mine Design I and II" litigations, as Votivo likes to refer to them, involving the terms "red currant" and "tall grass," respectively, the contempt action just brought by Votivo, which apparently improbably alleges, inter alia, that the term "lavender" used by mine design is confusingly similar to Votivo's registration for "St. Germain-En-Laye Lavender" in which Votivo disclaimed "lavender" (Reg. No. 2720901), and the litigation between Votivo and another candle company (see mine design's Motion to Strike, Paper No. 13).

C. Mine design respectfully requests reconsideration of the Board's decision to *sua sponte* strike certain of mine design's allegations that the subject matter Votivo seeks to register is functional.

The Board struck paragraphs 29-32 of the notice of opposition stating that "the proposed claim that the mark is de jure functional is unavailable in this case." Opinion at 3. The Opinion notes that "the mark at issue in this case consists entirely of wording in standard characters and that only utilitarian product features can be refused registration on the ground that they are, as a whole, functional, under Trademark Act Section 2(e)(5), 15 U.S.C. Section 1052(e)(5)." Opinion at 2-3.

While it is true that the functionality doctrine is generally applied to utilitarian three-dimensional aspects of product design, and thus appears in the "trade dress" chapter of the TMEP, the functionality doctrine it is not limited to trade dress. The TMEP itself recognizes that "[f]unctional matter cannot be protected as trade dress *or a trademark.*" TMEP 1202.02(a)(iii)(A) (citing 15 U.S.C. §§1052(e)(5) and (f), 1091(c), 1064(3), and 1115(b))(emphasis added).

When a word or a term[8] is considered "as a whole" in connection with the sale of the goods and services for which registration is sought, if the word or term is serving a utilitarian function – like providing information about a commercially significant and important characteristic of a product – as opposed to the source identification function required by trademark law, the word or term is "functional" (as the term is used in the statute), and not registrable. *See, e.g., In re Boston Beer Co. L.P.*, 198 F.3d 1370, 53 USPQ2d 1056 (Fed. Cir. 1999) (terms that are considered to be merely

[8] Plaintiff notes that the functionality doctrine has also been applied to non-traditional proposed marks, such as color and flavor. *See, e.g., Brunswick Corp. v. British Seagull Ltd.*, 35 F.3d 1527, 1532, 32 USPQ2d 1120, 1123 (Fed. Cir. 1994), *cert. denied*, 514 U.S. 1050 (1995) (the color black for outboard motors deemed functional because it provided competitive advantages such as ease of coordination with a variety of boat colors and reduction in the apparent size of the engines); *In re N.V. Organon*, 79 USPQ2d 1639, 1645 (TTAB 2006) (the flavor orange deemed functional for pharmaceuticals, where the evidence showed that the flavor served to mask the otherwise unpleasant taste of the medicine flavor); *see also Qualitex Co. v. Jacobson Products Co., Inc.*, 514 U.S. 159, 165, 34 USPQ2d 1161, 1163-1164 (1995) (stating that a product color might be considered functional if its exclusive use "would put competitors at a significant non-reputation-related disadvantage," even where the color was not functional in the utilitarian sense).

informational in nature are not registrable); TMEP 1202.04; *In re Aerospace Optics, Inc.*, 78 USPQ2d 1861 (TTAB 2006) (SPECTRUM fails to function as a mark for illuminated pushbutton switches, where the mark is used in a manner that merely informs the potential purchaser of the multiple color feature of the goods, and the coloring and font in which the proposed mark is displayed are not sufficient to imbue the term with source-identifying significance or to set it apart from other informational wording); *In re Volvo Cars of North America Inc.*, 46 USPQ2d 1455 (TTAB 1998) (DRIVE SAFELY perceived as an everyday, commonplace safety admonition that does not function as mark); *In re Manco Inc.*, 24 USPQ2d 1938, 1942 (TTAB 1992) (THINK GREEN and design found unregistrable for weatherstripping and paper products, the Board stating, "[R]ather than being regarded as an indicator of source, the term 'THINK GREEN' would be regarded simply as a slogan of environmental awareness and/or ecological consciousness ...."); *In re Southbrook Entertainment Corp.*, 8 USPQ2d 1166 (TTAB 1988) (HI-YO-SILVER for videotapes and cassettes held to be a well known expression closely linked to a character that did not function as a trademark for the goods); *In re Remington Products Inc.*, 3 USPQ2d 1714 (TTAB 1987) (PROUDLY MADE IN USA, for electric shavers, held incapable of functioning as a mark, notwithstanding use of letters "TM" in connection with prominent display of slogan on packages for the goods and claim of acquired distinctiveness); *In re Tilcon Warren, Inc.*, 221 USPQ 86 (TTAB 1984) (WATCH THAT CHILD held not to function as a mark for construction material notwithstanding long use, where the only use was on the bumpers of construction vehicles in which the goods were transported); *In re Schwauss*, 217 USPQ 361 (TTAB 1983) (FRAGILE used on labels and bumper stickers does not function as a mark).

The evidence made of record with mine design's motion for summary judgment supports the position that it is customary in the industry to produce scented bath salts having a plant, fruit or flower fragrance and to use the name of the plant, fruit or flower to inform the purchasing public of the nature of the fragrance of the scented bath salts. In the present case, the term "mandarine," for example, would serve to inform the potential purchaser of the scent of the scented bath salts. In that regard, Paragraph 31 of the notice alleges and claims in relevant part that "the term serves the utilitarian

purpose of informing the public of the qualities, ingredients and characteristics of the product," thus properly raising the issue of utilitarian functionality of an informational nature. Because the determination of functionality is a question of fact, and depends on the totality of the evidence presented in each particular case,[9] mine design respectfully submits it should be permitted, if deemed necessary, to offer further evidence in support of the claims in Paragraphs 29-32 of the notice.

III. Conclusion

For the foregoing reasons, Votivo's motion for reconsideration should be denied and mine design's motion for reconsideration should be granted.

Dated: October 20, 2008

Respectfully submitted,

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[9] *See, e.g.*, *Valu Engineering, Inc. v. Rexnord Corp.*, 278 F.3d 1268, 1273, 61 USPQ2d 1422, 1424 (Fed. Cir. 2002); *In re Caterpillar Inc.*, 43 USPQ2d 1335, 1339 (TTAB 1997).

Certificate of Mailing

I hereby certify that a true and complete copy of the foregoing "Plaintiff mine design's Opposition to Votivo's Motion For Reconsideration And Cross Motion For Reconsideration" has been served on Votivo, Ltd. And Votivo LLC by mailing said copy on October 20, 2008, via Express Mail Label No. EB 892218935 US, postage prepaid, to counsel for Votivo, Ltd. and Votivo LLC at:

Mark V. Jordan
Invicta Law Group, PLLC
1000 Second Ave., Suite 3310
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The original has been filed on October 20, 2008, by mailing with the United States Postal Service with sufficient postage as First-Class Mail in an envelope addressed to:

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