

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

In the matter of Trademark Application Serial No. 76/613881
For the Mark MANDARINE
Published in the Official Gazette JUNE 5, 2007

MINE DESIGN D/B/A/ OF AMAL FLORES
(U.S.),

Opposer,

v.

VOTIVO, LTD., a Washington corporation,

Applicant,

VOTIVO, LLC, a South Carolina Limited
Liability Company,

Defendant

APPLICANT'S AND DEFENDANT'S (1)
REPLY MEMORANDUM IN SUPPORT
OF MOTION FOR RECONSIDERATION
AND (2) MEMORANDUM IN
OPPOSITION TO CROSS-MOTION FOR
RECONSIDERATION

Opposition No. 91178747

INTRODUCTION

VOTIVO, LLC, successor in interest to VOTIVO, Ltd., (hereafter, "VOTIVO"), seeks reconsideration of a single ruling by the Board:

[T]here are genuine issues of material fact regarding whether, under the doctrine of *res judicata* or claim preclusion, opposer lacks standing to pursue this opposition. *In particular, there are genuine issues of material fact as to whether the settlement agreement is effective to dismiss the claims in the first civil action; and, if it is not, as to the effect of that agreement on the earlier permanent injunction.*

VOTIVO's Reply Memorandum in Support of
Motion for Reconsideration and Memorandum in
Opposition to Cross-Motion for Reconsideration - 1



11-10-2008

See September 19, 2008 Order (“Order”), p. 5-6 (emphasis supplied; copy attached to VOTIVO’s Memorandum in Support of Motion for Reconsideration). VOTIVO requests that the Board consider a single, defined term contained within the Settlement Agreement between the parties: “*Lawsuits.*” When applied to the entire Settlement Agreement, this defined term provides clarity: the parties did not intend to dismiss the pending federal district court action in which the Permanent Injunction had been entered, and accordingly, they did not dismiss the action. As such, there is no question of fact, and Mine Design does not have standing to proceed with the Opposition as a matter of law.

Mine Design has filed “Plaintiff Mine Design’s Response to Votivo’s Motion for Reconsideration and Mine Design’s Cross-Motion for Reconsideration” (hereafter, “Mine Design’s Response and Cross-Motion”). In opposing VOTIVO’s Motion for Reconsideration, Mine Design fails to substantively address VOTIVO’s narrowly framed issue on reconsideration. Instead, Mine Design presents three flawed arguments: (1) the Board should deny reconsideration because VOTIVO’s summary judgment motion raises issues not asserted by VOTIVO in its Answer; (2) the release language in Section 6 of the Settlement Agreement supersedes all other terms and conditions of the Settlement Agreement and effectively voids the

Permanent Injunction; and (3) Mine Design has standing because it has a “legitimate commercial interest in the outcome.”¹

Further, Mine Design has filed its own Cross-Motion for Reconsideration of the Board’s Order striking paragraphs 29-32 of Mine Design’s Notice of Opposition. However, Mine Design fails to provide support for the novel proposition that a mark consisting of wording entirely in standard characters can, like utilitarian product features, be found *de jure* functional. Mine Design’s Cross-Motion for Reconsideration should be denied.²

ARGUMENT

A. VOTIVO’s Motion for Reconsideration Should Be Granted.

1. Mine Design’s Lack of Standing is Appropriate for Determination on Summary Judgment and Upon Reconsideration.

Mine Design’s first argument is that VOTIVO improperly seeks reconsideration based upon certain affirmative defenses not pled in VOTIVO’s Answer. *See* Mine Design’s Response and Cross-Motion, p. 1. The argument fails, factually and legally. While the Board did not consider certain “unpleaded defenses”

¹ Unlike VOTIVO’s narrowly drawn reconsideration motion, which asserts error and/or mistake based upon the existing record and arguments on summary judgment (appropriate per the reconsideration standards of Fed.R.Civ.P. 59 and Fed.R.Civ.P. 60), Mine Design response apparently seeks to present new “evidence,” as well as new legal arguments. Mine Design’s approach is unsupported by the case law. *See, e.g., Adidas America, Inc. v. Payless Shoesource, Inc., 540 F.Supp.2d 1176 (D.Or. 2008)* (reconsideration may not be used to present new arguments or evidence that could have been raised earlier).

² For convenience and economy, within the 25 page limit granted for a brief in opposition to a motion, VOTIVO combines herein both its reply memorandum in support of VOTIVO’s Motion for Reconsideration, and its Memorandum in Opposition to Mine Design’s Cross-Motion.

on summary judgment (collateral estoppel/issue preclusion), the Board properly acknowledged that the relevant affirmative defenses of *res judicata* and claim preclusion had been asserted by VOTIVO: “applicant asserted the following affirmative defenses... (2) the opposition is subject to the doctrines of *res judicata* and claim preclusion because the involved mark was previously registered.” *See* Order, p. 2. The Board accordingly addressed the merits of these defenses on summary judgment. Order, pp. 2-6. Accordingly, the basis of the Board’s ruling on summary judgment, and the subject matter of this motion for reconsideration falls precisely within the pleaded affirmative defenses: *res judicata* and claim preclusion. The issue is now appropriate for resolution.

2. The defined term “Lawsuits” clarifies as a matter of law that VOTIVO retained the right to enforce the Permanent Injunction.

In the Board’s September 19, 2008, Order, the Board considered “whether opposer’s standing is barred under the doctrine of *res judicata* or claim preclusion.”

Order, p. 4. The Board recited the facts as follows:

While the second civil action was in the discovery period and opposer’s appeal of the district court’s entry of default judgment and permanent injunction against him to the United States Court of Appeals for the Ninth Circuit was pending in the first civil action, the parties entered into a settlement agreement. Under the terms of that agreement, the parties agreed to “dismiss their claims against [each] other” and that opposer would not use the MANDARINE mark so long as that mark remains registered. Settlement Agreement at paragraphs 1 and 3. The parties filed a stipulation with the district court to dismiss “all claims and counterclaims” in the second civil action “with prejudice.” However, the stipulation that the parties filed with the court of

appeals in the first civil action sought dismissal of the appeal only and does not expressly ask that all claims in that case be dismissed.

Order, pp. 4-5. It appears the Board did not consider the parties' use of the Settlement Agreement's defined terms to interpret the scope of the dismissals contemplated by the Settlement Agreement. The term "Lawsuits" includes only (1) a separate action also pending in California Federal District Court, *VOTIVO, Ltd. v. Amal Flores, d/b/a Mine Design*, case number CV-05-2942 (hereafter, "Mine Design II"); and (2) the U.S Court of Appeals (9th Cir.) Docket No. 06-55147 (the appeal arising from in the first federal litigation between the parties, (hereafter "Mine Design I Appeal"). See Settlement Agreement, p. 12 (copy previously appended to VOTIVO's Memorandum in Support of Motion for Reconsideration). The Settlement Agreement *separately* addresses the entry of Judgment and the Permanent Injunction in *VOTIVO, Ltd. v. Mine Design*, Case No. CV 03-6017 (hereafter, "Mine Design I"). Id. Accordingly, Section 1 of the Settlement Agreement provides that Mine Design and VOTIVO agreed "respectively to dismiss their claims against the other in the *Lawsuit*." The Mine I action (and specifically, the Permanent Injunction) was not included with the dismissal language.

Mine Design does not address the core premise of VOTIVO's Motion for Reconsideration. Mine Design does not assert that VOTIVO's presentation, construction, and interpretation of the parties' mutual use of the term "the Lawsuits" is incorrect. Instead, Mine Design simply ignores the defined term entirely. The

approach fails; employing the term “Lawsuits” not only clarifies the parties’ intent to preserve the Permanent Injunction, but is also consistent with the remaining references in the Settlement Agreement to the Permanent Injunction. Section 3 of the Settlement Agreement confirms the broad prohibition against Mine Design’s use of all of VOTIVO’s federally registered trademarks, including MANDARINE. Settlement Agreement, p. 2. Similarly, in Section 5(b), Mine Design represents and warrants that it “has not used or infringed any of the trademarks set forth in Permanent Injunction up until the effective date.” *Id.*, p. 3. 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 by the Federal Court. *Id.*, p. 5. Plainly, any integrated reading of the Settlement Agreement that gives meaning to all of Settlement Agreement’s terms, requires a conclusion that the parties intended the preservation, application, and enforceability of claims under the Permanent Injunction.

a. The mutual releases in the Settlement Agreement do not dismiss the Mine I federal district court action, nor void the Permanent Injunction.

Mine Design’s wholesale reliance on Paragraph 6 of the Settlement Agreement is misplaced. There is no evidence that VOTIVO or Mine Design intended, by executing the Settlement Agreement, to waive any rights under the Permanent Injunction for violations arising after the effective date of the Settlement Agreement.

Mine Design's approach is essentially to argue that the Permanent Injunction has been "voided." The argument fails for numerous reasons.

First, there is nothing in the mutual releases that suggests an intent by the parties to void the Permanent Injunction, or to dismiss the Federal District Court action in which the Permanent Injunction was entered. Nonetheless, Mine Design argues that by settling a specific dispute, the otherwise enforceable Permanent Injunction is also automatically voided. Essentially, Mine Design confuses the breadth of the release (by seeking to void the entire Permanent Injunction) with the temporal scope the claims released (limited to claims arising under the Permanent Injunction through the effective date of the Settlement Agreement).

Second, a plain reading of Section 6 makes it clear that the parties intended to *preserve* new claims arising *after* the effective date of the Settlement Agreement. There is no language that suggests that violations of the Permanent Injunction after May 2006 were waived or released. Section 6 allows "claims and/or liabilities... of whatever kind, nature or description, direct or indirect, in law or in equity, in contract or tort or otherwise" as long as any such claim or liability arises after May of 2006.

Third, Mine Design's argument requires that the Board ignore the clarity with which the parties specifically determined which lawsuits were to be dismissed as part of the Settlement Agreement, and which lawsuit (in which the Permanent Injunction was entered) was *not* to be dismissed. Mine Design's interpretation makes the parties' actions and agreements meaningless – it requires the conclusion that although

the parties made the intentional choice to preserve the federal district court action in which the Permanent Injunction was entered, they did this *for no reason at all*.

Fourth, Mine Design argues that the retention of jurisdiction by the federal district court over the Settlement Agreement, explicit in Section 11, is meaningless because it does not expressly reference the Permanent Injunction. *See* Mine Design Response and Cross-Motion, p. 4, fn. 3. The argument is flawed for all of the reasons set forth above, and clearly fails to read the Settlement Agreement as a whole. No dismissal of Mine I, or the Permanent Injunction therein, was entered or contemplated by the parties.

Finally, Mine Design's reliance on Ringsby Truck Lines v. Western Conference of Teamsters, 686 F.2d 720 (Ninth Cir., 1982), is grossly misplaced. In Ringsby, the court of appeals determined that a trial court's determination *will stand* even where the appeal is dismissed by the parties: "[i]f the effect of post-judgment settlements were automatically to vacate the trial court's judgment, any litigant dissatisfied with a trial court's findings would be able to have them wiped from the books." Id. at 721. The court recognized that where an *appellant* (such as Mine Design) that has by his own act (such as the Settlement Agreement) caused the dismissal of the appeal, there is no duty by the appellate court to vacate the lower court judgment. Id., at 722. Here, there is no dispute that the parties did not intend to dismiss, nor dismissed, the federal district court action, and expressly agreed the federal district court should retain jurisdiction. Accordingly, Mine Design's further

attempt to distinguish Daimler Chrysler Corp. v. Maydak, Opp. No. 91153172 (April 4, 2008) (copy previously provided with VOTIVO's Reply Memorandum in Support of Cross-Motion), also fails. There, the Board concluded that a federal court's injunction was, as a matter of law, dispositive on the issue of standing: "because the injunction permanently prohibits applicant from using ... the mark, it is a legal impossibility for the applicant to obtain a registration." Id.

3. The damage requirement set forth in 15 U.S.C. §1063 applies, and Mine Design has failed to establish standing as a matter of law.

Mine Design presents a contorted argument to establish standing. First, Mine Design again tries to assert that it is not required to demonstrate standing with respect to its own Opposition. See Mine Design Response and Cross-Motion, p. 5. Mine Design appears to forget that this is an Opposition proceeding, and that Mine Design itself is the opposer. Mine Design's own Complaint acknowledged the point: "pursuant to 15 U.S.C. §1063 [Mine] opposes Votivo, Ltd.'s Application Serial No. 76/613881 for the term "mandarine" in connection with aromatic bath salts and hand lotion products." See Mine Design Notice of Opposition, p. 3. Without regard to the specific *basis* for an opposition, the statute governing the determination for standing for an opposition, 15 U.S.C. §1063, applies.³

³ Mine Design's argument that the Board should *not* consider Mine's present Opposition the equivalent of "an intent to use" is illogical and irrelevant. Mine Design *must* have standing to oppose. Therefore, Mine Design must have both a real interest in the proceedings and a reasonable basis for his belief in damage. The Permanent Injunction on its face precludes both. The Lanham Act, 15 U.S.C.A. § 1063(a) allows an entity to oppose a registration only if it is or will be damaged by the registration of a trademark. The opposer must have: (1) a "real interest" in the proceedings; and (2) a reasonable basis for the belief of damage. Ritchie v. Simpson, 170 F.3d 1092, 1095 (Fed. Cir. 1999). The purpose of requiring standing is to prevent such

Mine Design suggests that because other manufacturers could be injured by the registration of generic or functional marks, and because Mine Design is a manufacturer, it has standing. This “general public” approach has been repeatedly rejected. Ritchie v. Simpson, supra, 170 F.3d at 1096 (opposer must show that it is *among the subset* of the general public that *in fact among the injured*); Lipton Industries, Inc. v. Ralston Purina Co., 670 F.2d 1024, 213 U.S.P.Q. 185 (C.C.P.A. 1982) (purpose of standing to weed out “intermeddlers” from those with “a personal interest in the outcome beyond that of the general public”); 3 McCarthy on Trademarks and Unfair Competition, Sec. 20:10 (“Intermeddlers” with no “personal interest in the outcome beyond that of the general public” do not have standing and must be “weeded out”).

Ritchie also required that the opposer’s belief of damage have a “reasonable basis in fact.” Id., at 1098. The court discussed several ways the opposer could meet this second test, including showing that (a) opposer “possesses a trait or characteristic that is clearly and directly implicated by the opposed trademark;” and (b) that others share the same belief of harm from the proposed mark (i.e., the facts show “the belief is not simply the opposer’s point of view”) Id., at 1098. To meet this second showing the opposer must use surveys or public opinion or petition evidence, or affidavits from public interest groups, representing the people allegedly sharing the damage caused by the mark. Id.

proceedings from being brought by “mere intermeddlers” who “do not raise a real controversy from bringing oppositions... in the PTO.” Id.; See also Golden State Salami Co. V. Gulf States Paper Corp., 332 F.2d 184 (C.C.P.A. 1964) (opposer cannot be intermeddler).

Here, Mine Design remains only a textbook definition of an “intermeddler.” As a result of two prior federal lawsuits, the entry of the Permanent Injunction, and the Settlement Agreement with VOTIVO, Mine Design simply *does not* possess a “real interest in the proceedings.” Because Mine Design cannot market bath salts using the name “mandarin” without being *in direct violation of the terms of the Permanent Injunction*, Mine Design cannot in good faith demonstrate it is *among* the subset of the general public that conceivably could be among the allegedly “injured.”

Mine Design also fails to show that it reasonably believes it can somehow be damaged. Mine Design has failed to offer any evidence that its belief of damage “is not simply the opposer’s point of view.” *Id.* Mine Design presents no surveys or public opinion or petition evidence, nor affidavits from public interest groups representing the people allegedly sharing the damage caused by the mark. In fact, Mine Design has presented *no evidence at all* – no testimony by declaration or affidavit; no document or other admissible evidence of any kind or nature. The showing is insufficient to avoid summary judgment. *See Ritchie* 170 F.3d at 1098; *McDermott v. San Francisco Women’s Motorcycle Contingent*, 240 Fed.App. 865 (Fed. Cir. 2007) (affirmed dismissal on standing grounds; opposer did not meet any methods of establishing standing discussed in *Ritchie*, and specifically did not establish a trait or characteristic implicated by the proposed mark, nor established that

others share same belief of harm through surveys, petitions, or affidavits from public interest groups).⁴

Mine Design presents only a novel argument that “[E]very 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.” Mine Design provides no factual support for the assertion that (a) the USPTO has allowed the registration of a generic and/or functional fragrance name in connection with scented goods, or (b) that Mine Design has been damaged thereby. Mine Design provides two graphs with no evidentiary foundation and no clear relevance. One graph purports to show an increase and decrease, over time, in bath salt registrations; the other, an increase and decrease, over time, in candle registrations. Mine Design provides no source or foundation for these graphs; no evidentiary means by which to connect the graphs to its argument that the USPTO has improperly granted registration to generic and functional fragrance names; and no means by which to connect the USPTO’s alleged conduct to alleged damage to Mine Design. Mine Design is now intermeddling beyond VOTIVO’s registrations, and is launching a broad attack on “the PTO’s incorrect stance of allowing registration of terms that are generic and/or functional,” which leads to the “operating costs” for “producers like mine design” to be “greatly increased.” *See* Mine Design Response and Cross-Motion, p.8. These vague and self-serving accusations simply do not

⁴ Opinion previously appended to VOTIVO’s Memorandum in Support of Cross-Motion for Summary Judgment.

support Mine Design's request that the Board take "judicial notice" that Mine Design has been damaged.

Mine Design also suggests that it is "damaged" by (1) clearance search requirements, and (2) defending infringement allegations from registered trademark owners. Mine Design Response and Cross-Motion, p. 8. Again, these allegations are not evidence. However, even if the allegations are taken as true, it seems impossible to accept that an applicant's need to perform trademark clearance searches, or that an applicant could be forced to defend infringement actions *by actual trademark owners*, can ever be construed as *damage* within the meaning of the standing requirement. Not surprisingly, Mine Design offers no authority for the proposition.

In summary, Mine Design's arguments are not those of a plaintiff with standing in a legitimate opposition proceeding. They are the arguments of the classic intermeddler, and VOTIVO's Motion for Reconsideration should be granted.

B. The Board's Decision to Strike and Dismiss Mine Design's Claim that Mandarin is "de jure functional" was Correct; Mine Design's Cross-Motion for Reconsideration Should be Denied.

The Board's Order states with respect to Mine Design's functionality claim:

[T]he 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). See TMEP Section 1202.02(a) (5th ed. 2007). Accordingly, the proposed claim that the mark is *de jure* functional is unavailable in this case, and paragraphs 29-32 of the notice of opposition are hereby stricken.

Order, p. 2-3. The functionality doctrine prevents trademark law, which seeks to promote competition by protecting a firm's reputation, from instead inhibiting legitimate competition by allowing a producer to control a useful product *feature*. Qualitex Co. v. Jacobson Products Co., Inc., 115 S.Ct. 1300, 1304 (1995). The Board properly concluded that the functionality doctrine is not applicable in this case because Votivo's application is for a traditional, standard character mark. Simply put, Mine Design's argument ignores the fact that Votivo has not sought to register a non-traditional product feature or characteristic.

Further, Mine Design cites no authority for the proposition that the functionality doctrine applies to standard character marks. Mine Design cites a litany of irrelevant cases which do not address the Board's concerns with respect to application of the functionality doctrine. Rather, the cases state that the proposed marks at issue failed to function as a trademark due to the fact that they were merely descriptive, common laudatory phrases, or merely informational in nature. See, e.g., In re The Boston Beer Company Limited Partnership, 198 F.3d 1370, 53 USPQ2d 1056 (Fed. Cir. 1999) (Refusing registration of THE BEST BEER IN AMERICA on the grounds that it is a common, laudatory advertising phrase); In re Manco Inc., 24 USPQ2d 1938 (TTAB 1992) (Refusing registration of THINK GREEN on the grounds that it is merely an informational slogan devoid of trademark significance); In re Schwauss, 217 USPQ 361 (TTAB 1983) (Refusing registration of FRAGILE on

the grounds that it served as an informational statement rather than a source indicator). Thus, the Board's finding that Mine Design's functionality claim is unavailable in this case was correct and should be upheld.

RELIEF REQUESTED

WHEREFORE, VOTIVO requests that VOTIVO's Motion for Reconsideration be granted and Mine Design's Opposition be dismissed with prejudice.

Respectfully Submitted,

DATED: November 10, 2008.

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