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

Proceeding	91196926
Party	Defendant Dorfman-Pacific Co.
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**IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD**

GMA ACCESSORIES, INC.,)	
)	
Opposer,)	Opposition No.:91196926
)	
v.)	Application No.: 77/965,616
)	
DORFMAN-PACIFIC CO.,)	Mark: CAPPELLI STRAWORLD
)	
Applicant.)	
_____)	

**DORFMAN-PACIFIC'S MEMORANDUM IN OPPOSITION
TO MOTION TO DISMISS COUNTERCLAIM
[Fed. R. Civ. P. Rule 12(b)(6)]**

I. DESCRIPTION OF THE RECORD

Opposer GMA Accessories (“GMA”) filed its Notice of Opposition on October 14, 2010. Dorfman-Pacific Co. (“Dorfman”) thereafter filed its Answer and Counterclaims on November 23, 2010, and an Amended Counterclaim on December 10, 2010.

On December 7, 2010, opposer GMA Accessories (“GMA”) filed a “motion for summary judgment based on res judicata”. On December 17, 2010, the Board suspended any further proceedings in the matter pending resolution of opposer’s summary judgment motion.

The Board “DENIED” Opposer’s motion for summary judgment in an Order dated April 4, 2011, issued by Judges Walters, Cataldo and Wolfson. The Board’s April 4 Order also GRANTED, IN PART” applicant’s “motion to strike the Declaration of Conor F. Donnelly, Esq. in support of opposer’s motion”. Order, ft. nt. 7. Opposer improperly submitted its attorney’s declaration which included legal argument and factual material which was obviously beyond the declarant’s personal knowledge. The April 4 Order then reset “[d]isclosure, discovery, trial and other dates”, and required that opposer’s “Answer to Counterclaims [is] Due May 30, 2011”. Order, page 8.

On April 18, 2011, opposer filed a Request For Reconsideration of the Board’s Order Denying Summary Judgment. Applicant filed its opposition to opposer’s request on May 6, 2011. Opposer thereafter filed a reply to applicant’s opposition. The matter is presently fully briefed and pending before the Board.

Three days before opposer’s Answer to applicant’s Counterclaim was due, opposer filed its present motion to dismiss applicant’s Counterclaim “for failure to state a claim upon which relief can be granted”, presumably brought under Fed. R. Civ.P. Rule 12(b)(6), though the Rule is

nowhere mentioned in opposer's moving papers. To support the present motion, opposer filed a Notice of Motion, a Brief, and the Declaration of its litigation counsel, Jeffrey Scott, Esq., with exhibits.

II. STATEMENT OF THE ISSUES

1.) Whether the Board should deny opposer's Motion To Dismiss Applicant's Counterclaim where applicant is senior user and owner of a registered mark, CAPPELLI STRAWORLD, INC.® , which is substantially identical to applicant's trademark which is the subject of these proceedings, i.e. CAPPELLI STRAWORLD, and where applicant is senior user of the common law mark, CAPPELLI, such that any likelihood of confusion, as alleged by opposer, impairs applicant's rights, including its rights to registration.

2.) Whether the Board should deny opposer's Motion To Dismiss Applicant's Counterclaim where applicant's counterclaim is based upon statutory grounds, i.e 15 U.S.C. §1064, and where applicant has a real interest in the proceeding and there is a reasonable basis, including the present opposition proceeding, for applicant's belief in damage.

III. RECITATION OF FACTS

A. Applicant's Counterclaim Alleges That Applicant Is Senior User And That Its Trademark Use Predates Opposer's Alleged First Use Claimed In Opposer's Trademark Registrations

"Opposer's Notice of Opposition alleges that Opposer is 'current title owner' of the following United States Trademark Registration Nos.: 3,241,182; 3,241,184; 3,246,017; 3,248,875; 3,258,734; 3,273,451; 3,322,312, for the designation "CAPELLI". Counterclaim, ¶2. According to opposer, the word "capelli" is an Italian word meaning "hats" or "hair". The

earliest first use date alleged in these registrations dates back to the 1990's. *Id.*

Decades earlier, applicant's predecessor first used "the name and mark CAPPELLI, including its common law usages", as well as applicant's trademark CAPPELLI STRAWORLD, INC.®, which is the subject of applicant's incontestible U.S. Trademark Registration No. 2,326,188 ("First Use 1957"). Counterclaim ¶7.

As set forth in opposer's Counterclaim, "therefore, Opposer cannot be considered as having senior rights to the name and mark CAPPELLI, and any likelihood of confusion, as alleged by Opposer, impairs Applicant's right to registration, and Applicant's continued and legal use of its said mark and should result in the cancellation of Opposer's asserted U.S. Trademark Registrations." Counterclaim ¶7.

B. Applicant's Counterclaim Alleges Opposer's Alleged Registered Mark Is Merely Descriptive Of, Or The Generic Name For, Opposer's Alleged Goods

Applicant's Counterclaim alleges that "Opposer's alleged registered mark is merely descriptive in that said designation is an apt and common term used to describe goods of the nature described in said registrations." Counterclaim, ¶3. The Counterclaim further alleges that "Opposer is not entitled to exclusive use of the designation in Opposer's alleged trademark registrations, and Opposer's alleged mark does not function to identify Opposer's goods and distinguish them from those offered by others." Counterclaim, ¶4. As a result of "Opposer's alleged registrations" which "are for the common descriptive name of articles included in Opposer's description of goods", opposer's registered mark has become the generic name of such goods", including hair and hat products, such that its registration "is likely to ... damage[]" applicant "as this tends to impair Applicant's right to legal use of said term." *Id.* at ¶5.

C. Applicant's Counterclaim Alleges Opposer Abandoned Its Registered Mark

Applicant's Counterclaim further alleges that "Opposer abandoned [its alleged] registered marks by discontinuing use of said marks in connection with the goods recited therein which tends to impair Applicant's right to use and register its mark for such goods and related goods." Counterclaim, ¶6.

D. Applicant's Counterclaim Alleges Opposer's Alleged Trademark Registrations Were Fraudulently Obtained

Applicant's Counterclaim further alleges that "Opposer's registrations were obtained fraudulently in that the formal application papers filed by Opposer stated that the registered mark was being used in association with goods offered by Opposer when, in fact, upon information and belief, Opposer's registered marks were not being used in association with such goods." Counterclaim, ¶8. For example, opposer's present moving papers allege hundreds of very different types of goods which opposer claims in its alleged registrations. See, Opposer's Brief, pp. 4-8; U.S. Trademark Registration Nos.: 3,241,182; 3,241,184; 3,246,017; 3,248,875; 3,258,734; 3,273,451; 3,322,312. Thus, it appears highly implausible that opposer is actually using its alleged mark in association with each and every one of the goods described in the alleged registrations, and opposer either knew or reasonably should have known the falsity of its goods description at the time of filing its applications for registration and/or at the time of filing its Notice of Opposition in this matter.

Applicant's Counterclaim further alleges that "upon information and belief, said knowingly false representation was made by an authorized agent of Opposer with the intent to induce authorized agents of the U.S. Trademark Office to grant such registrations, and reasonably

relying upon the truth of said false statements, the U.S. Trademark Office did, in fact, grant said registrations. Counterclaim, ¶8. The Counterclaim therefore concludes that “Applicant was damaged by said false statements and the registrations issued in reliance thereon, and Applicant’s continued and legal use of its said mark will be impaired by the continued registrations of the alleged mark of Opposer.” Id.

IV. ARGUMENT

A. Legal Standard For The Grant Of A Motion To Dismiss

Under Fed. R. Civ. P. Rule 12(b)(6), a motion to dismiss for “failure to state a claim upon which relief can be granted” challenges “the legal theory of the complaint, not the sufficiency of any evidence that might be adduced.” *Advanced Cardiovascular Systems Inc. v. SciMed Life Systems Inc.*, 988 F.2d 1157, 26 USPQ2d 1038, 1041 (Fed. Cir. 1993). “The pleading must be examined in its entirety, construing the allegations therein liberally, as required by Fed. R. Civ. P. 8(f), to determine whether it contains any allegation which, if proved, would entitle [petitioner] to the relief sought.” *Cineplex Odeon Corp. v. Fred Wehrenberg Circuit of Theaters*, 56 USPQ2d 1538, 1539 (TTAB 2000).

The motion cuts a petitioner off at an early stage and, therefore, the motion must be denied so long as the pleading “state[s] a claim to relief that is plausible on its face.” *Bell Atlantic Corp. v. Twombly*, 550 U.S. 554, 570 (2007); See also *Ashcroft v. Iqbal*, 129 S.Ct. 1937 (2009) (plausibility standard applies to all federal civil claims); *U.S. v. Mississippi*, 380 U.S. 128, 143 (1965) (all disputed issues and reasonable inferences resolved in favor of non-moving party).

In order to withstand a motion to dismiss, the challenged pleading need only allege such facts as would, if proved, establish that the claimant is entitled to the relief sought, that is, that

(1) the claimant has standing to maintain the proceeding, and (2) a valid ground exists for canceling the subject registration. *Lipton Industries, Inc. v. Ralston Purina Co.*, 670 F.2d 1024, 213 USPQ 185 (CCPA 1982); *Cineplex v. Fred Wehrenberg*, *supra*, 56 USPQ2d at p. 1539; *Hartwell Co. v. Shane*, 17 USPQ2d 1569, 1570 (TTAB 1990).

In the present case, opposer's Motion To Dismiss should be denied because applicant has standing to maintain its counterclaim, and because applicant's counterclaim alleges valid, statutory grounds for canceling opposer's alleged trademark registrations which, when proved, will entitle opposer to the relief sought in opposer's counterclaim.

B. Opposer's Motion To Dismiss Should Be Denied Because Applicant Has Standing And Its Counterclaim Alleges Statutory Grounds For Canceling Opposer's Alleged Trademark Registrations

1. Applicant Has Standing To Maintain Its Counterclaim

Section 14 of the Lanham Act, 15 U.S.C. §1064, provides that "[a] petition to cancel a registration of a mark, stating the grounds relied upon, may, upon payment of the prescribed fee, be filed ... by any person who believes that he is or will be damaged"

This section establishes a broad class of persons. By its terms, the statute only requires a petitioner's belief that some kind of damage will result from the continued registration of a mark. However, in order to establish standing, the courts have required that a petitioner "must have a 'real interest' in the proceedings and must have a 'reasonable' basis for [its] belief in damage." *Ritchie v. Simpson*, 50 USPQ2d 1023, 1025 (Fed. Cir. 1999); *Cineplex*, 56 USPQ2d at p.1539.

In the present case, by virtue of opposer's own institution of these opposition proceedings, applicant has a real interest and personal stake in the outcome of these proceedings. Applicant is no mere intermeddler. Opposer has clearly placed applicant's trademark rights at

issue in this proceeding. The reasonableness of applicant's belief of damage is shown by the fact that applicant's predecessor continuously used "the name and mark CAPPELLI, including its common law usages", as well as applicant's incontestible registered trademark, CAPPELLI STRAWORLD, INC.®, decades before the first use dates alleged in opposer's registrations.

2. Applicant's Counterclaim Sets Forth Valid, Statutory Grounds For Canceling Opposer's Registrations

Section 14 of the Lanham Act, 15 U.S.C. §1064, sets forth the grounds upon which a petition to cancel a registration may be filed. These include: 1.) "[T]he registered mark is being used by, or with the permission of, the registrant so as to misrepresent the source of the goods or services on or in connection with which the mark is used"; 2.) The mark has become "the generic name of the goods ... for which it is registered"; 3.) The mark "is functional"; 4.) The mark "has been abandoned"; and 5.) The "registration was obtained fraudulently".

In the present case, Opposer's Notice of Opposition alleges opposer is "current title owner" of certain U.S. Trademark Registrations for the designation "CAPELLI", which according to opposer is an Italian word for "hair" or "hats". Counterclaim, ¶2. The earliest first use date alleged in these registrations dates back to the 1990's. *Id.*

Decades earlier, applicant's predecessor first used "the name and mark CAPPELLI, including its common law usages" and applicant's CAPPELLI STRAWORLD, INC.®, which is the subject of applicant's incontestible U.S. Registration No. 2,326,188. Counterclaim ¶7; see also, U.S. Trademark Registration No. 2,326,188 ("First Use 1957"). Thus, any likelihood of confusion, as alleged by Opposer, impairs Applicant's right to registration, and this is one of the grounds for cancellation set forth in 15 U.S.C. §1064, i.e. opposer's junior use of a confusingly

similar designation would establish that “the registered mark is being used by, or with the permission of, the registrant so as to misrepresent the source of the goods or services on or in connection with which the mark is used.” Counterclaim ¶7.

Applicant’s counterclaim further alleges that “Opposer’s alleged registered mark is merely descriptive in that said designation is an apt and common term used to describe goods of the nature described in said registrations.” Counterclaim, ¶3. Again, this is one of the statutory grounds for cancellation set forth in 15 U.S.C. §1064, i.e. The mark has become “the generic name of the goods ... for which it is registered” or “is functional” such that opposer’s alleged “mark does not function to identify Opposer’s goods and distinguish them from those offered by others.” Counterclaim, ¶4. Applicant’s counterclaim concludes that opposer’s continued registration “is likely to ... damage[]” applicant “as this tends to impair Applicant’s right to legal use of said term.” Counterclaim, ¶5.

Finally, applicant’s Counterclaim turns to the issue of the large number and vast array of goods described in opposer’s various alleged trademark registrations which do not presently appear to be in the marketplace. For example, opposer’s present moving papers allege hundreds of very different types of goods which opposer claims in its alleged registrations. Thus, it appears highly implausible that opposer has actually used its alleged mark in association with each and every one of the goods described in the alleged registrations, and opposer either knew or reasonably should have known the falsity of its goods description when it filed its applications for registration or when it file its Notice of Opposition in this matter.

Applicant’s counterclaim, therefore, alleges that “Opposer abandoned [its alleged] registered marks by discontinuing use of said marks in connection with the goods recited therein

which tends to impair Applicant's right to use and register its mark for such goods and related goods. Counterclaim, ¶6. Again, this is a valid statutory ground for canceling opposer's registrations under §1064, i.e. The mark "has been abandoned".

Applicant's Counterclaim further alleges that "Opposer's registrations were obtained fraudulently in that the formal application papers filed by Opposer stated that the registered mark was being used in association with goods offered by Opposer when, in fact, upon information and belief, Opposer's registered marks were not being used in association with such goods."

Counterclaim, ¶8. Applicant's counterclaim concluded that this knowingly false representation was made by an authorized agent of Opposer with the intent to induce the Trademark Office to grant such registrations and that "Applicant was damaged by said false statements and ... will be impaired by the continued registrations." Counterclaim, ¶8. This statutory ground for cancellation is also set forth in §1064, and contrary to opposer's Motion To Dismiss, applicant's fraud allegations are sufficiently specific to satisfy the pleading requirements under Fed. R. Civ. P. Rule 9(b), especially where, as here, opposer's various alleged trademark registrations describe a large number of goods and applicant's investigation indicates that some of the described goods may not presently be offered by opposer. *Meckatzer Lowenbrau Benedikt v. White Gold, LLC*, 95 USPQ2d 1185 (TTAB 2010).

B. The Board Should Strike And Disregard The Declaration Of Jeffrey Scott, Esq. Filed In Support Of Opposer's Motion To Dismiss

In the present case, GMA submits the Declaration of its litigation counsel, Jeffrey Scott, Esq., in support of its Motion To Dismiss. However, the Board should strike and disregard Mr. Scott's Declaration as entirely irrelevant to the present motion, which relates solely to the

sufficiency of the pleadings. See, TBMP §503.04 (“Matters Outside the Pleading”)

The Board should also strike and disregard Mr. Scott’s testimony because it relates to matters beyond his personal knowledge and comprises legal argument and factual speculation. See, Fed. R. Evid. Rule 602 (“witness may not testify to a matter unless evidence is introduced sufficient to support a finding that the witness has personal knowledge of the matter”). Mr. Scott only recently appeared in this matter, having filed his Notice of Appearance on May 12, 2011. It is apparent from Mr. Scott’s Declaration that he has no personal knowledge about the matters set forth therein. For example, at paragraph 2 of his Declaration, Mr. Scott states his testimony is “based on [his] review of the file maintained in this Firm’s office”. Mr. Scott also testifies without personal knowledge or evidentiary support that “Applicant lacks standing to bring any of its counterclaims”. Scott Dec., ¶15.

V. CONCLUSION

For the foregoing reasons the Board should deny GMA’s Motion To Dismiss under Fed. R. Civ. P. Rule 12(b)(6).

Respectfully submitted,

Dated: June 16, 2011

By: /s/ Michael James Cronen
Michael James Cronen

Opposition No.:91196926
Application No.: 77/965,616
Mark: CAPPELLI STRAWORLD

CERTIFICATE OF SERVICE

I, Michael J. Cronen, hereby certify that these paper: **DORFMAN-PACIFIC'S MEMORANDUM IN OPPOSITION TO MOTION TO DISMISS COUNTERCLAIM [Fed. R. Civ. P. Rule 12(b)(6)]** are being deposited with the United States Postal Service on June 16, 2011, postage pre-paid, addressed to the following:

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/s/Michael J. Cronen
Michael J. Cronen