

**UNITED STATES PATENT AND TRADEMARK OFFICE
Trademark Trial and Appeal Board
P.O. Box 1451
Alexandria, VA 22313-1451**

MBA

Mailed: August 26, 2011

Opposition No. 91196926

GMA Accessories, Inc.

v.

Dorfman-Pacific Co.

**Before Walters, Cataldo and Wolfson, Administrative
Trademark Judges**

By the Board:

This case now comes up for consideration of opposer's motions, filed April 18 and May 27, 2011 respectively: (1) for reconsideration of the Board's order of April 4, 2011 (the "Prior Order"), which denied opposer's motion for summary judgment based on res judicata; and (2) to dismiss applicant's counterclaims for cancellation of opposer's pleaded registrations on the grounds that opposer's mark is generic or merely descriptive, that it was abandoned, and that opposer's pleaded registrations were obtained by fraud. Both motions are fully briefed.

Background

Applicant seeks registration of CAPPELLI STRAWORLD, in standard characters and with CAPPELLI disclaimed, for

"Handbags; Tote bags" and "Hats."¹ In its notice of opposition, opposer alleges prior registration of CAPELLI for a wide variety of goods, including clothing, cosmetics, jewelry, linens, hair products and hat ornaments,² that it is the "senior user" of its mark on unspecified goods and that use of applicant's mark is likely to cause confusion with, and dilute, opposer's mark. Opposer appears to also allege fraud, claiming that applicant "had knowledge" of opposer's ownership of opposer's pleaded mark, that applicant "had a duty to include its awareness" of opposer's mark in the involved application and that applicant "was aware its failure to disclose [opposer's] prior ownership of CAPELLI would decrease the chances of refusal" of the involved application. Finally, opposer alleges that the Board's order entering judgment in Cancellation No. 92044972 (the "Prior Cancellation") "is *res judicata*" (emphasis in original). In its answer, applicant admits that it purchased Cappelli Strawworld, Inc., the respondent in the Prior Cancellation, "sometime after 2006," but otherwise denies the salient allegations in the notice of opposition. Applicant's Answer and Amended Counterclaim ¶ 22.

¹ Application Serial No. 77965616, filed March 23, 2010, based on claimed dates of first use of September 23, 2009. In the application, applicant claims ownership of Registration No. 2326188 and indicates that "[t]he English translation of 'CAPPELLI' in the mark is 'HAT.'"

In its amended counterclaims, applicant alleges that opposer's pleaded 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," that opposer's mark is "the common descriptive name of articles included in Opposer's description of goods and has become the generic name of such goods" and that opposer "abandoned said registered marks by discontinuing use of said marks in connection with the goods recited therein." Amended Counterclaims ¶¶ 3, 5 and 6. Finally, applicant alleges that opposer's pleaded 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. 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.

Id. ¶ 8.³

² Registration Nos. 3241182, 3241184, 3248875, 3258734 and 3322312, each of which issued in 2007 from applications filed in 2006.

³ Applicant contends in its opposition to the motion to dismiss that it has an additional counterclaim to cancel opposer's pleaded registrations on the ground of priority and likelihood of confusion. However, applicant does not allege that

In the Prior Cancellation, opposer was the petitioner, and applicant's predecessor Cappelli Strawworld, Inc. was the respondent. There, opposer sought to cancel Cappelli Strawworld's Supplemental Registration of CAPPELLI, in typed form, for "Handbags" and "Hats,"⁴ relying solely on prior use of CAPELLI for unspecified goods, and alleging that use of Cappelli Strawworld's mark would be likely to cause confusion with opposer's mark. Cappelli Strawworld filed an answer to the petition for cancellation, but failed to respond to opposer's motion to compel or subsequent motion for sanctions, and accordingly, opposer's motion for sanctions was granted as conceded in the Board's order of August 28, 2006, judgment was entered against Cappelli Strawold and Cappelli Strawworld's involved registration was cancelled.

The Prior Order

The Prior Order denied opposer's motion for summary judgment on the ground of res judicata. While opposer argued that it is entitled to judgment in this case based on the final decision in the Prior Cancellation, we found genuine disputes remaining for trial with respect to: (1)

it has priority, only that "the use of the name and mark CAPPELLI, including its common law usages, predates Opposer's alleged use." Amended Counterclaims ¶ 7. Therefore, we do not construe applicant's counterclaims as currently drafted as including a counterclaim based on priority and likelihood of confusion.

"whether CAPPELLI STRAWORLD, at issue in this proceeding, 'is the same mark, in terms of commercial impression,' as the mark CAPPELLI, which was at issue in the Prior Cancellation;" and (2) "whether this proceeding is based on the same set of transactional facts as the Prior Cancellation," given that "opposer did not specify any particular goods or services for which it alleged prior use of CAPELLI in the Prior Cancellation." Prior Order at p. 7.

Motion for Reconsideration

Opposer argues that the Board erred in finding genuine disputes of material fact as to whether this proceeding is based on the same set of transactional facts as the Prior Cancellation. Specifically, opposer argues that because "the proofs that governed cancellation of the mark in the first proceeding are the equivalent to the proofs needed here," this case is necessarily based on the same set of transactional facts as the prior proceeding. Opposer further argues that "it is well-settled that adding another word or name to a single word mark is not sufficient to overcome a likelihood of confusion between two separate marks," and that therefore applicant's mark in this proceeding is confusingly similar to the mark at issue in

⁴ Supplemental Registration No. 2670642, issued December 31, 2002 from an application filed April 23, 2002, based on dates of first use of April 10, 2002.

the Prior Cancellation, such that this proceeding is based on the same set of transactional facts as the earlier case.

A motion for reconsideration "may not properly be used to introduce additional evidence, nor should it be devoted simply to a reargument of the points presented in a brief on the original motion." TBMP § 518 (3d ed. rev. 2011).

Instead, a motion for reconsideration "should be limited to a demonstration that based on the facts before it and the applicable law, the Board's ruling is in error and requires appropriate change." Id.

For the reasons discussed below, opposer's motion for reconsideration of the Prior Order is hereby **DENIED**. First, opposer merely reargues the points presented in its brief on the original motion. Compare Opposer's Motion for Reconsideration at pp. 3-5 with Opposer's Reply Brief in Support of its Motion for Summary Judgment at pp. 3-8. Second, opposer's reliance on Jet, Inc. v. Sewage Aeration, 223 F.3d 1360, 55 USPQ2d 1854, 1856 (Fed. Cir. 2000) is misplaced, as that case establishes that the Prior Order was not in error. Indeed, Jet specifically points out that "courts have defined 'transaction' in terms of a 'core of operative facts,' the 'same operative facts,' or the 'same nucleus of operative facts,' and 'based on the same, or nearly the same, factual allegations.'" Id. (emphasis

added).⁵ Here, opposer did not specify the operative facts in the Prior Cancellation, i.e. opposer did not identify any specific goods or services for which it used its pleaded mark, which creates a genuine dispute of fact as to whether this proceeding is based on the same set of transactional facts as the Prior Cancellation and whether the evidence needed to prove the allegations in the Prior Cancellation is the same as the evidence which will be needed in this proceeding. Third, opposer simply ignores Institut National Des Appellations d'Origine v. Brown-Forman Corp., 47 USPQ2d 1875, 1894-95 (TTAB 1998), the case cited in the Prior Order to support the finding that there is a genuine dispute as to whether CAPPELLI STRAWORLD "is the same mark, in terms as commercial impression" as CAPPELLI. As held in that case

... applicant's MIST AND COGNAC mark, which was involved in Opposition No. 98,492, is a different mark, in terms of commercial impression, from CANADIAN MIST AND COGNAC, the mark involved in this proceeding, and that the evidence with respect to likelihood of confusion would not be the same in this case as it would have been in Opposition No. 98,492. One of the marks includes the word CANADIAN, with whatever connotations that term may have as applied to applicant's goods, while the other does not. That difference is at least as significant as the difference between the marks involved in the Chromalloy case, i.e., LADY GORDON versus GORDON or GORDON OF NEW ORLEANS
...

⁵ Of course, Jet also declined to apply claim preclusion.

Id. (citing Chromalloy American Corp. v. Kenneth Gordon, Ltd., 736 F.2d 694, 222 USPQ 187 (Fed. Cir. 1984)). In fact, none of the cases upon which opposer relies stand for the proposition cited, that, as a matter of law, "adding another word or name to a single word mark is not sufficient to overcome a likelihood of confusion." No such proposition exists, because each case must be decided on its own merits. Here, there is a genuine dispute of fact as to whether CAPPELLI STRAWORLD and CAPPELLI are "the same mark, in terms of commercial impression." Id.

Motion to Dismiss

Opposer argues that applicant has not adequately alleged its standing to seek cancellation of opposer's pleaded Registration No. 3322312, because it does not "indicate how it would be damaged by the registration and it also fails to plead any statutory ground that would afford it standing." Opposer further argues, based on the Declaration of Jeffrey Scott, its counsel, that "the dictionary translation of the word 'capelli' is 'hair,'" and that therefore its mark is neither generic nor merely descriptive. Opposer claims that applicant's abandonment counterclaims are not adequately pled because applicant "did not plead either 'cessation of commercial use' or 'an intent not to resume such use.'" Finally, opposer argues that the fraud counterclaims are inadequate because they are not pled

with particularity under Fed. R. Civ. P. 9(b), and because applicant failed to plead "causation and damages."

Before addressing the substantive merits of opposer's motion, applicant's motion to strike the Scott Declaration is hereby **GRANTED**, and we have not considered it or any of the exhibits submitted therewith. Indeed, as applicant points out, opposer's motion purports to seek dismissal under Fed. R. Civ. P. 12(b)(6), and therefore only the sufficiency of applicant's counterclaims as pleaded is at issue, rather than any particular facts or the ultimate merits of applicant's counterclaims. See e.g., *Compagnie Gervais Danone v. Precision Formulations LLC*, 89 USPQ2d 1251, 1255-56 (TTAB 2009) ("the Board generally will no longer exercise its discretion to convert motions to dismiss that refer to matters outside the pleadings into motions for summary judgment, if such motions are filed before the moving party serves initial disclosures"); *Wellcome Foundation Ltd. v. Merck & Co.*, 46 USPQ2d 1478, 1479 n. 2 (TTAB 1998); Fed. R. Civ. P. 12(d); Trademark Rule 2.127(e)(1) ("A party may not file a motion for summary judgment until the party has made its initial disclosures ...").

Indeed, because opposer's motion asserts that applicant has not stated counterclaims upon which relief may be

granted, we evaluate applicant's counterclaims under the following standard:

In order to withstand a motion to dismiss for failure to state a claim, a plaintiff need only allege such facts as would, if proved, establish that (1) the plaintiff has standing to maintain the proceedings, and (2) a valid ground exists for [petitioning to cancel] the [registration]. 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 allegations which, if proved, would entitle plaintiff to the relief sought. See Lipton Industries, Inc. v. Ralston Purina Co., 670 F.2d 1024, 213 USPQ 185 (CCPA 1982); Kelly Services Inc. v. Greene's Temporaries Inc., 25 USPQ2d 1460 (TTAB 1992); and TBMP §503.02 (2d ed. rev. 2004). For purposes of determining a motion to dismiss for failure to state a claim upon which relief can be granted, all of plaintiff's well-pleaded allegations must be accepted as true, and the complaint must be construed in the light most favorable to plaintiff. See Advanced Cardiovascular Systems Inc. v. SciMed Life Systems Inc., 988 F.2d 1157, 26 USPQ2d 1038 (Fed. Cir. 1993); see also 5A Wright & Miller, Federal Practice And Procedure: Civil 2d §1357 (1990).

Fair Indigo LLC v. Style Conscience, 85 USPQ2d 1536, 1538 (TTAB 2007); see also, Young v. AGB Corp., 152 F.3d 1377, 47 USPQ2d 1752, 1754 (Fed. Cir. 1998). However,

[i]n order to avoid dismissal for failure to state a claim, a complaint must allege facts "plausibly suggesting (not merely consistent with)" a showing of entitlement to relief. See, Bell Atl. Corp. v. Twombly, 550 U.S. 544,

557, 127 S.Ct. 1955, 167 L.Ed.2d 929 (2007); Cambridge v. United States, 558 F.3d 1331, 1335 (Fed. Cir. 2009). At the same time, a court is "not bound to accept as true a legal conclusion couched as a factual allegation." Twombly, 550 U.S. at 555, 127 S.Ct. 1955 (quoting Papasan v. Allain, 478 U.S. 265, 286, 106 S.Ct. 2932).

Acceptance Insurance Companies, Inc. v. United States, 583 F.3d 849, 854 (Fed. Cir. 2009). Furthermore, "[t]hreadbare recitals of the elements of a cause of action, supported by mere conclusory statements, do not suffice." Ashcroft v. Iqbal, ___ U.S. ___, 129 S.Ct. 1937, 1949 (2009) (citing Twombly, 550 U.S. at 555).

In this case, applicant "need not plead its standing to assert [counterclaims] to cancel" opposer's pleaded registrations, because applicant's standing "is inherent in its position as defendant to the complaint." TBMP § 313.03 (3d ed. rev. 2011); Finanz St. Honore B.V. v. Johnson & Johnson, 85 USPQ2d 1478, 1479 (TTAB 2007). Accordingly, opposer's motion to dismiss is **DENIED** with respect to applicant's standing to assert its counterclaims.

Turning to the specific counterclaims at issue, applicant has sufficiently alleged that opposer's pleaded mark is merely descriptive and generic. Indeed, applicant alleges that opposer's mark is "merely descriptive," that it is "generic," and, more specifically, that it "is an apt and common term used to describe goods of the nature described

in said registrations" and "the common descriptive name of articles included in Opposer's description of goods."

Counterclaims ¶¶ 3-5. This is sufficient. 15 U.S.C. § 1052(e)(1); In re Dial-A-Mattress Operating Corp., 240 F.3d 1341, 57 USPQ2d 1807 (Fed. Cir. 2001); In re American Fertility Society, 188 F.3d 1341, 1347, 51 USPQ2d 1832, 1836 (Fed. Cir. 1999); In re ICE Futures U.S., Inc., 85 USPQ2d 1664, 1665 (TTAB 2008). Opposer's arguments to the contrary are based on alleged facts outside the pleadings and essentially go to the merits of the claim. While those arguments may be made in a timely and otherwise appropriate motion for summary judgment or at trial, they cannot be considered in connection with opposer's motion to dismiss for failure to state a claim. Opposer's motion is therefore **DENIED** with respect to applicant's counterclaims alleging mere descriptiveness and genericness.

Applicant's abandonment counterclaim is inadequate, however. Under 15 U.S.C. § 1127, a mark is considered abandoned when "its use has been discontinued with intent not to resume such use," and "[n]onuse for 3 consecutive years shall be prima facie evidence of abandonment." Here, however, not only has applicant failed to allege when opposer ceased use of its mark in connection with any specific goods, but applicant also fails to allege that opposer has an "intent not to resume" use of its pleaded

mark. Accordingly, opposer's motion is **GRANTED** with respect to applicant's abandonment counterclaim, which is hereby **DISMISSED, WITHOUT PREJUDICE**.

Finally, applicant's fraud counterclaim is also insufficiently pled. In re Bose, 580 F.3d 1240, 91 USPQ2d 1938, 1939-40 (Fed. Cir. 2009). In fact, under Fed. R. Civ. P. 9(b), as well as Fed. R. Civ. P. 11 and USPTO Rule 11.18, "the pleadings [must] contain explicit rather than implied expression of the circumstances constituting fraud." King Automotive, Inc. v. Speedy Muffler King, Inc., 667 F.2d 1008, 212 USPQ 801, 803 (CCPA 1981). Here, however, applicant does not specify any particular goods in connection with which opposer was allegedly not using its mark, nor does applicant specify any of the "formal application papers" which are alleged to include the allegedly false statement(s). Furthermore, applicant's allegation that opposer's allegedly false statements were made "knowingly" and "with the intent to induce" the Office to grant opposer registrations to which it was not entitled is based solely "[u]pon information and belief." However, "pleadings of fraud made 'on information and belief,' when there is no allegation of 'specific facts upon which the belief is reasonably based' are insufficient." Asian and Western Classics B.V. v. Selkow, 92 USPQ2d 1478, 1479 (TTAB 2009) (quoting Exergen Corp. v. Wal-Mart Stores Inc., 575

F.3d 1312, 91 USPQ2d 1656, 1670 (Fed. Cir. 2009)).

Therefore, opposer's motion to dismiss is also **GRANTED** with respect to applicant's fraud counterclaim, which is also **DISMISSED, WITHOUT PREJUDICE**.

Conclusion

Opposer's motion for reconsideration is denied. Opposer's motion to dismiss is denied with respect to applicant's standing and counterclaims for descriptiveness and genericness, but granted with respect to applicant's counterclaims for abandonment and fraud. Applicant is allowed until **TWENTY DAYS** from the mailing date of this order to, if warranted, file amended counterclaims which sufficiently allege abandonment and/or fraud, failing which the abandonment and/or fraud counterclaims will be dismissed with prejudice. Proceedings herein are resumed. Answer, disclosure, conferencing, discovery, trial and other dates are hereby reset as follows:

Answer to Counterclaims Due	October 17, 2011
Deadline for Discovery Conference	November 16, 2011
Discovery Opens	November 16, 2011
Initial Disclosures Due	December 16, 2011
Expert Disclosures Due	April 14, 2012
Discovery Closes	May 14, 2012
Plaintiff's Pretrial Disclosures Due	June 28, 2012
30-day testimony period for plaintiff's testimony to close	August 12, 2012
Defendant/Counterclaim Plaintiff's Pretrial Disclosures Due	August 27, 2012

30-day testimony period for defendant and plaintiff in the counterclaim to close	October 11, 2012
Counterclaim Defendant's and Plaintiff's Rebuttal Disclosures Due	October 26, 2012
30-day testimony period for defendant in the counterclaim and rebuttal testimony for plaintiff to close	December 10, 2012
Counterclaim Plaintiff's Rebuttal Disclosures Due	December 25, 2012
15-day rebuttal period for plaintiff in the counterclaim to close	January 24, 2013
Brief for plaintiff due	March 25, 2013
Brief for defendant and plaintiff in the counterclaim due	April 24, 2013
Brief for defendant in the counterclaim and reply brief, if any, for plaintiff due	May 24, 2013
Reply brief, if any, for plaintiff in the counterclaim due	June 8, 2013

In each instance, a copy of the transcript of testimony, together with copies of documentary exhibits, must be served on the adverse party within thirty days after completion of the taking of testimony. Trademark Rule 2.125.

Briefs shall be filed in accordance with Trademark Rules 2.128(a) and (b). An oral hearing will be set only upon request filed as provided by Trademark Rule 2.129.
