

**THIS OPINION IS NOT A
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**UNITED STATES PATENT AND TRADEMARK OFFICE
Trademark Trial and Appeal Board
P.O. Box 1451
Alexandria, VA 22313-1451**

BUO

Mailed: June 7, 2013

Opposition No. 91196926

GMA Accessories, Inc.

v.

Dorfman-Pacific Co.

**Before Cataldo, Bergsman and Wolfson, Administrative
Trademark Judges.**

By the Board:

GMA Accessories, Inc. ("opposer") filed its notice of opposition against application Serial No. 77965616¹ for the mark CAPELLI STRAWORLD, in standard character form, for "handbags; tote bags," in Class 18, and "hats," in Class 25, on October 14, 2010, alleging: 1) likelihood of confusion under Trademark Act Section 2(d), 15 U.S.C. 1052(d); 2) dilution under Trademark Act Section 43(c), 15 U.S.C. 1125(c); 3) fraud, based upon applicant's failure to disclose opposer's prior ownership of its marks; and 4) that applicant is estopped from filing the application due to the *res judicata* effect of a judgment against

¹ Application Serial No. 77965616, filed March 23, 2010, based on use in commerce. Trademark Act Section 1(a), 15 U.S.C. 1051(a).

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applicant's predecessor-in-interest in a prior cancellation proceeding. Opposer pleaded ownership of five registrations for the mark CAPELLI, all in standard character form, for use in connection with clothing, jewelry, cosmetics, hair accessories, hair ornaments, and blankets and linens.²

Dorfman-Pacific Co. ("applicant") filed its answer, November 23, 2010, denying all of opposer's salient allegations, and asserting a counterclaim seeking cancellation of all of opposer's pleaded registrations on the grounds that: 1) opposer's marks are descriptive and generic under Trademark Act Section 2(e)(1), 15 U.S.C 1052(e)(1); 2) opposer has abandoned use of its marks in connection with the claimed goods; and 3) opposer committed fraud in the procurement of its registrations based upon its non-use of the mark at the time statements of use were filed in the underlying applications.

Opposer then filed a motion on December 7, 2010, for summary judgment on its *res judicata* claim. Opposer contended in its motion for summary judgment that the

² Registration Nos. 3241182, 3241184, 3248875, 3258734, and 3322312.

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cancellation of Reg. No. 2670642,³ owned by applicant's predecessor-in-interest, Cappelli Straworld, Inc.,⁴ compelled entry of judgment against applicant in this proceeding.⁵ The Board, in an order dated April 4, 2011, denied opposer's motion for summary judgment, citing genuine disputes of material fact as to the similarity of the marks, and relatedness of the goods at issue with regard to whether this proceeding is based on the same set of transactional facts as the prior cancellation.⁶

On June 28, 2011, opposer filed application Serial No. 85341679, for the mark CAPELLI, based upon use in commerce under Trademark Act Section 1(a), for various types of bags and pet clothing.⁷ Applicant filed a notice of opposition

³ Reg. No. 2670642 for the mark CAPPELLI for "handbags" in International Class 18 and "hats" in International Class 25; cancelled October 24, 2006.

⁴ Dorfman-Pacific Co. acquired the mark CAPPELLI STRAWORLD, INC. and the company's domain name on June 19, 2009. The Board also noted in its April 4, 2011 order that applicant has not attempted to withdraw the admission in its answer that it in fact acquired the company Cappelli Straworld, Inc.

⁵ Cancellation No. 92044972. In that case, the Board sustained the cancellation of Registration No. 2670642 based upon registrant, Cappelli Straworld, Inc.'s, failure to comply with a Board order granting petitioner, GMA Accessories, Inc.'s, motion to compel discovery responses.

⁶ Opposer's request for reconsideration, filed April 18, 2011, was also denied.

⁷ The identification of goods lists: "all purpose sport bags; all-purpose carrying bags; beach bags; dog apparel; dog clothing; dog coats; dog parkas; duffel bags; evening handbags; fashion

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against the application alleging that: 1) opposer's applied-for mark, if registered, would cause a likelihood of confusion with its pleaded registration for the mark CAPPELLI STRAWORLD, INC.;⁸ 2) opposer abandoned use of its mark in connection with the goods claimed in the application; and 3) opposer's mark was not in use when opposer filed its application claiming use of the mark in commerce.⁹ In lieu of filing an answer, opposer filed a motion to dismiss the opposition for failure to state a claim upon which relief may be granted under Fed. R. Civ. P. 12(b)(6), asserting that applicant could not in one proceeding assert that the term CAPPELLI is generic for opposer's goods, such as clothing, hair accessories, and hair ornaments, and in another claim exclusive rights to use the term as a trademark in connection with tote bags, handbags or hats.

The Board consolidated the two proceedings into the present opposition and subsequently suspended the

handbags; flight bags; garments for pets; luggage; multi-purpose purses; pet clothing; pocketbooks; pouches made from imitation leather; purses; travel bags."

⁸ Registration No. 2326188, for "tote bags and handbags made of straw and rayon" in International Class 018, and "women's hats made of straw, felt, velvet and cotton" in International Class 025.

⁹ Opposition Proceeding No. 91203351.

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consolidated proceeding, including consideration of opposer's motion to dismiss, pending the outcome of a related federal civil action filed by opposer against applicant and involving the same marks.¹⁰

Opposer's complaint in the civil action alleged: 1) infringement of its federally registered trademarks; 2) false designation of origin; 3) violation of the New York anti-dilution statute; 4) unfair competition; 5) an appeal of the Board's denial of opposer's motion for summary judgment on its *res judicata* claim; and 6) that applicant's registration for the mark CAPPELLI STRAWORLD, INC. should be cancelled based upon applicant's abandonment of the mark. Applicant denied those allegations, and in keeping with the parties' litigious practice during this proceeding, asserted a counterclaim alleging: 1) infringement of its federally registered trademark; 2) false designation of origin; 3) common law trademark infringement; 4) unfair competition; and 5) that GMA's registered marks should be cancelled based upon the descriptiveness and genericness of the marks, GMA's abandonment of those marks in connection with the claimed goods, and opposer's fraudulent statements in its

¹⁰ *GMA Accessories, Inc. v. Dorfman-Pacific Co., Inc.*, Case No. 1:11-cv-03731-KBF (SDNY 2012).

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application documents stating that the marks were in use, when in fact they were not in use on the dates the applications were filed or statements of use were submitted.

The parties filed cross-motions for summary judgment on all of opposer's claims, and on November 5, 2012, the district court issued its ruling finding that opposer failed "to raise a triable issue of fact as to whether Dorfman has abandoned the 'Cappelli Straworld, Inc.' mark." Memorandum & Order, p. 8. The court also noted that "the record is devoid of evidence that Dorfman ever abandoned the mark (i.e. there is uncontroverted evidence of uninterrupted usage)." *Id.* at 3 n.1. The court also found that "[a]s is clear from the record ... Dorfman is the senior user." *Id.* at 8. As to the infringement claim, the court found that "[t]he marks use different words that mean different things," and that "[t]he record is entirely devoid of any evidence of likelihood of confusion between the two marks." *Id.* at 9.

Ruling in favor of applicant on the parties' cross-motions for summary judgment, the court found that opposer's failure to prove likelihood of confusion meant that its infringement claim, false designation of origin claim, unfair competition claim, and anti-dilution claim

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must also fail.¹¹ See *Id.* at 10. The court granted applicant's motion on all grounds, including abandonment and denied opposer's motion on all grounds asserted. On December 6, 2012, the court issued a supplemental order, dismissing applicant's counterclaims without any discussion of the merits of those claims.

Now before the Board is opposer's motion, filed December 14, 2012, captioned as a "Request to Lift Stay and Dismiss Opposition Proceeding 91203351 as well as the Counterclaims in Consolidated Case 91196926." On December 28, 2012, applicant filed a paper captioned as a "Notice of Final Disposition of [the] Federal Case in Favor of Dorfman-Pacific and Request for Dismissal of Proceedings." Additionally, applicant filed on January 3, 2013, another paper captioned as a "Brief in Response to [opposer's] Motion to Reopen Discovery."¹² We construe applicant's argument that the "Board should ... dismiss the present consolidated proceedings in their entirety," as a

¹¹ In a previous order denying opposer's motion for summary judgment the court dismissed opposer's fourth cause of action, its appeal of the Board's denial of summary judgment, for lack of jurisdiction.

The court also determined that opposer was not entitled to a declaration canceling the CAPPELLI STRAWORLD, INC. registration.

¹² Inasmuch as applicant's submissions appear to present similar arguments, we will consider them as a single submission in response to opposer's motion.

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concession of its claims in Opposition No. 91203351 and its counterclaim in 91196926. Accordingly, opposer's motion to sever and dismiss Opposition No. 91203351 is **GRANTED** as conceded and that opposition is **DISMISSED**.¹³ Additionally, applicant's counterclaims in Opposition 91196926 are **DISMISSED**.

A. The Suspension

The parties finally appear to agree on at least one issue in this proceeding-the stay of the Board proceeding should be lifted and a determination should be rendered. Therefore, opposer's motion to lift the stay of the proceeding is **GRANTED**, and Opposition No. 91196926 is hereby resumed.

B. The Effect of the Federal Court Decision

Under the principles of issue preclusion or collateral estoppel a federal court determination of a trademark issue normally has a binding effect in subsequent proceedings before the Board involving the same parties and issues. *See Jet Inc. v. Sewage Aeration Sys.*, 55 USPQ2d 1854 (Fed. Cir. 2000); *Midland Cooperatives, Inc. v. Midland Int'l Corp.*, 421 F.2d 754, 164 USPQ 579 (CCPA 1970); *In re Alfred*

¹³ Accordingly, Opposition 91203351 is no longer consolidated with 91196926. No further filings for that proceeding should be filed in this proceeding. Judgment shall be entered in that proceeding separately pursuant to the Board's July 9, 2012, consolidation order. Consequently, opposer's motion to dismiss is moot and will be given no further consideration.

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Dunhill Ltd., 224 USPQ 501 (TTAB 1984); *Societe E. Blanchard Et Fils v. Blanchard Imp. & Distrib. Co., Inc.*, 150 USPQ 221 (TTAB 1966), *aff'd* 402 F.2d 797, 159 USPQ 520 (CCPA 1968); *De Costa v. Columbia Broad. Sys., Inc.*, 498 F.2d 1383, 182 USPQ 169 (CCPA 1974); *Whopper-Burger, Inc. v. Burger King Corp.*, 171 USPQ 805 (TTAB 1971). Court decisions held binding on the Board include findings regarding the likelihood of confusion between marks. See *Midland Cooperatives, Inc.*, 164 USPQ at 583; *Wella Corp. v. Cal. Concept Corp.*, 194 USPQ 419, 423 (CCPA 1977).

Collateral estoppel requires four factors: 1) identity of the issues in a prior proceeding; 2) the issues were actually litigated; 3) the determination of the issues was necessary to the resulting judgment; and 4) the party defending against preclusion had a full and fair opportunity to litigate the issues. See *Jet Inc.*, 55 USPQ2d at 1859.

The likelihood of confusion issue presented here is identical to that presented in the civil suit, involving the same marks and the same parties. The issue of likelihood of confusion was necessary in the determination of the infringement suit brought by opposer. Further, not only did opposer have a "full and fair" opportunity to litigate the issue, but opposer in fact brought the suit

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and filed the motion for summary judgment that led to the court's discussion and final judgment on the issue.

In its determination of the likelihood of confusion issue, the federal court took into account:

- 1) applicant's priority of use, finding that the record was clear that "Dorfman is the senior user." Memorandum & Order, p. 8;
- 2) the overall similarity and connotation of the marks, finding that "the marks use different words that mean different things." *Id.* at 9; and
- 3) actual confusion, finding, "[t]he record is entirely devoid of any evidence of likelihood of confusion between the two marks." *Id.* at 9.

While the federal court listed the eight factors considered under *Polaroid Corp. v. Polarad Elecs. Corp.*, 287 F.2d 492 (2d Cir. 1961), which includes elements outside the scope of a Board proceeding, the court concluded that there was no "need to review the individual factors," in view of its findings that applicant was the senior user, the marks are different and have different meanings, and that there was no evidence of actual confusion. Memorandum & Order, p. 9. Therefore, the court's analysis regarding likelihood of confusion and its ultimate determination that there was in fact no likelihood of confusion does not extend outside the scope of the thirteen *Du Pont* factors normally considered by this Board,

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which include the similarity of the marks, the connotation of the marks, the relatedness of the goods or services involved and any actual confusion. See *In re E. I. du Pont de Nemours & Co.*, 177 USPQ 563 (CCPA 1973); *Cf. Jet Inc.*, 55 USPQ2d 1854.

Where the findings of the federal court regarding likelihood of confusion are binding on the Board, the parties may not now relitigate the likelihood of confusion issue before the Board. Accordingly, opposer's claim of likelihood of confusion is **DISMISSED**.

In view of the court's determination regarding the similarity of the marks and priority, opposer's claims of dilution and fraud in this proceeding must also fail. Dilution fails because dilution cannot be proven where it has been determined that the marks are not similar. See 15 U.S.C. § 1125(c) ("arises from the similarity between a mark or trade name and a famous mark..."). See also *Citigroup Inc. v. Capital City Bank Group Inc.*, 94 USPQ2d 1645, 1667 (TTAB 2010) ("dilution is defined by identical or substantially similar marks."), *aff'd*, 98 USPQ2d 1253 (Fed. Cir. 2011); *Carefirst of Md. Inc. v. Firsthealth of the Carolinas Inc.*, 77 USPQ2d 1492 (TTAB 2005); *Toro Co. v. ToroHead, Inc.*, 61 USPQ2d 1164 (TTAB 2001). Fraud cannot lie because applicant has been found to be the senior user

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and was under no obligation to disclose opposer's junior use. See *Marshall Field & Co. v. Mrs. Fields Cookies*, 11 USPQ2d 1355 (TTAB 1989), citing *Rosso and Mastracco, Inc. v. Giant Food Inc.*, 219 USPQ 1052 (Fed. Cir. 1983) ("a senior user ordinarily need not identify junior users in the oath."). Accordingly opposer's claims of dilution and fraud are also **DISMISSED**.

C. Opposer's Res Judicata Claim

Left for consideration is opposer's claim that the subject application is barred by the doctrine of *res judicata*. Under the doctrine of *res judicata* or claim preclusion, "a judgment on the merits in a prior suit bars a second suit involving the same parties or their privies based on the same cause of action." *Jet, Inc.*, 55 USPQ2d at 1856 (quoting *Parklane Hosiery Co. v. Shore*, 439 U.S. 322, 326 n. 5 (1979)). "A default judgment can operate as *res judicata* in appropriate circumstances." *Id.* at 1378 (citing *Morris v. Jones*, 329 U.S. 545, 550-51 (1947)). However, "[f]or claim preclusion based on a judgment in which the claim was not litigated, there must be: 1) an identity of the parties or their privies, 2) a final judgment on the merits of the prior claim, and 3) the second claim must be based on the same transactional facts as the first and should have been litigated in the prior

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case." *Sharp Kabushiki Kaisha v. ThinkSharp, Inc.*, 79 USPQ2d 1376, 1378 (Fed. Cir. 2006).

Where, as here, the plaintiff raises claim preclusion in support of its own claim, rather than to preclude a claim against it, we must examine the use of *res judicata* "carefully to determine whether it would be unfair to the defendant." *Id.* at 1378-79.

When applying *res judicata* to bar causes of action that were not before the court in the prior action, due process of law and the interest of justice require cautious restraint. Restraint is particularly warranted when the prior action was dismissed on procedural grounds.

Id. at 1379.

Following the Federal Circuit's reasoning in *Sharp Kabushiki Kaisha*, we find that the dissimilarity of applicant's previously cancelled mark with its mark at issue herein, combined with the fact that the issues of likelihood of confusion and dilution were not litigated in the defaulted cancellation proceeding precludes barring the present application based upon *res judicata*. 79 USPQ2d at 1379-80.

Accordingly, opposer's motion for judgment on the ground of *res judicata* is **DENIED**. Inasmuch as we previously dismissed herein opposer's grounds for opposition alleging likelihood of confusion, dilution and

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fraud, no grounds remain for the opposition, the proceeding is **DISMISSED** and judgment is entered in favor of applicant.