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

Proceeding	91205093
Party	Plaintiff Productos Lacteos Tocumbo, S.A. DE C.V.
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Submission	Motion to Suspend for Civil Action
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Date	08/03/2012
Attachments	MOTION TO SUSPEND 093.pdf (12 pages)(111850 bytes) EX A - BOARD'S DECISION 92047438 Productos lacteos.pdf (42 pages)(216803 bytes) EX B - PLM's 2nd AMENDED COMPLAINT.pdf (18 pages)(228455 bytes) EX C - OPPOSER's ANSWER AND CROSS_COMPLAINT.pdf (46 pages)(187701 bytes) EX D PLMS ANSWER TO X_CO.pdf (18 pages)(99365 bytes)

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

PRODUCTOS LACTEOS TOCUMBO)	Opposition No. 91205093
S.A. DE C.V.,)	
)	MOTION TO SUPEND INTER
Petitioner,)	PARTES PROCEEDINGS
)	
vs.)	Mark: LA INDITA
)	
PALETERIA LA MICHOACANA, LLC,)	
)	
Applicant.)	

Opposer, Productos Lacteos Tocumbo S.A. de C.V., (“Opposer” or “Petitioner”) hereby moves to suspend the above-captioned proceeding pending disposition of Civil Action No. 1:11-cv-01623-RC filed by Applicant and its related company and alleged predecessor, Paleteria La Michoacana, Inc. against Opposer in the United States District Court for the District of Columbia.

This Motion is made on the grounds that the parties to each of such respective inter partes proceedings are also parties to the Civil Action which will certainly have a bearing on these TTAB proceedings and all such matters involve common questions of law and fact. Moreover, the Civil Action involves issues in common with the proceedings herein and the decision of the federal district court will likely be binding on the Board, while the Board’s decision would not be binding on the Court. Further, the Civil Action involves most, if not all, of the same allegations, issues, and defenses as have been raised before the Board in these proceedings, which, once determined, would likely minimize or otherwise eliminate the need to establish (or re-establish) such facts and allegations and retry such issues, as the district court decision would further likely serve as a complete bar the retrial of the facts addressed previously in TTAB Cancellation No. 92047438) which Applicant has appealed to the District Court.

Further, the District Court Civil Action includes prevailing claims of priority of use and related trademark infringement (concerning the very marks at issue in the TTAB matters) as have been raised by each of the parties, which simply cannot be addressed by the Board.

Certainly, suspension of these proceedings will result in significant savings in time, effort and expense for each of the parties and the TTAB. Moreover, suspension of these proceedings will reduce the likelihood of repetitively duplicative work and minimize the chance of the parties facing inconsistent rulings rendered among each of these closely related matters.

BRIEF IN SUPPORT OF MOTION

I. Background/History

A. THE BOARD’S DECISION TO CANCEL REGISTRATION NO. 3,210,304 AND APPLICANT’S ACTION ON APPEAL BEFORE THE U.S. DISTRICT COURT

On April 27, 2007, Opposer filed a cancellation action (Proceeding No. 92047438) against the mark shown in United States Registration No. 3,210,304 for the mark LA INDITA



MICHOACANA (and design) (shown here): for certain goods in Class 30, namely “ice cream and fruit products, namely fruit bars.”). Such mark had been registered in the name of Paleteria La Michoacana, Inc. during most of the proceedings, until it was apparently assigned to Paleteria La Michoacana, LLC on January 24, 2011, which assignment was recorded at the USPTO on February 08, 2011 under Reel/Frame 4471/0194.¹

¹ Notably, both of Paleteria La Michoacana, Inc. and Paleteria La Michoacana, LLC are “closely related companies” that each respectively share not only the same counsel, but also share the same address and same principal officers, namely: Ignacio and Patricia Gutierrez. It has been further sworn by Mrs. Gutierrez in the District Court that Paleteria La Michoacana, Inc. retains liability for Opposer’s claims of trademark infringement arising out of the use of the LA INDITA MICHOACANA (and design) mark prior to ownership by Paleteria La Michoacana, LLC. (Dkt. 31-1)

Soon thereafter, after more than four years of litigation between the parties, on May 20, 2011 the Board issued a 42-page precedential decision granting the petition and thus ordered that such registration No. 3210304 be cancelled on various grounds. Notably, in the statement of decision, attached hereto as Exhibit A), the Board made the following findings, among others:

“[W]e find that petitioner, through its licensee, Fernandez, used the marks LA MICHOACANA NATURAL and design, LA FLOR DE MICHOACAN, and LA MICHOACANA in connection with ice cream and retail ice cream store services since 2001.”²

“[T]hat petitioner is the owner of the marks LA MICHOACANA NATURAL and design, LA FLOR DE MICHOACAN, LA MICHOACANA and the Indian girl design in Mexico, has licensed the use of those marks in the United States, and that the use of the marks in the United States inures to the benefit of petitioner.”³

“Respondent’s registration identifies ‘ice cream and fruit products, namely fruit bars.’ Petitioner through its licensees, El Michoacana Natural, Inc. and Rigoberto Fernandez, uses petitioner’s Indian girl in connection with the sale of ice cream and ice cream bars, the mark LA MICHOACANA NATURAL and design for ice cream, ice cream bars and flavored waters, the mark LA FLOR DE MICHOACAN and design for ice cream bars, and the mark LA MICHOACANA for ice cream products. Accordingly, all the marks at issue are used in connection with ice cream.”⁴

“Petitioner’s Indian girl is shown below.



Respondent’s mark is shown below.



The Indian girl designs are virtually identical. In view of the identity of the products and the impulse nature of ice cream purchases, the word portion of respondent’s mark is not sufficient to distinguish the marks.”⁵

² Board’s Decision at 28

³ Id. at 29

⁴ Id. at 31-31

⁵ Id. at 36

“... Accordingly, we find that respondent’s mark is similar to petitioner’s Indian girl design mark.”⁶

“Although there are obvious differences between petitioner’s mark LA MICHOACANA and respondent’s mark LA INDITA MICHOACANA and design, the marks are similar in appearance and sound to the extent that they both include the word “Michoacana.” In addition, they have similar meanings in that LA MICHOACANA means the woman from Michoacán and LA INDITA MICHOACANA means the Indian woman from Michoacán. As noted above, the term LA INDITA MICHOACANA reinforces the design portion of the mark, and, thus, both the petitioner’s mark and respondent’s mark engender the same commercial impression (i.e., ice cream from a Michoacán woman). In view of the foregoing, we find that respondent’s mark LA INDITA MICHOACANA and design is similar to petitioner’s mark LA MICHOACANA.

For the same reasons, we find that respondent’s mark is similar to petitioner’s marks LA MICHOACANA NATURAL and LA MICHOACANA NATURAL and design.”⁷

“The goods at issue are identical. With respect to petitioner’s registered marks LA MICHOACANA NATURAL and LA MICHOACANA NATURAL and design, the channels of trade and classes of consumers are presumed to be the same. The evidence shows that the channels of trade and classes of consumers are the same with respect to petitioner’s mark LA MICHOACANA NATURAL and that the classes of consumers are the same with respect to petitioner’s mark LA MICHOACANA and its Indian girl design. In addition, because ice cream is a low cost impulse purchase, consumers do not exercise a high degree of care. Under these circumstances, respondent’s mark LA INDITA MICHOACANA and design is sufficiently similar to petitioner’s Indian girl and its marks LA MICHOACANA, LA MICHOACANA NATURAL and LA MICHOACANA NATURAL and design to cause confusion, but not to petitioner’s mark LA FLOR DE MICHOACANA and design. In view thereof, we find respondent’s mark LA INDITA MICHOACANA and design is likely to cause confusion with petitioner’s Indian girl and its marks LA MICHOACANA, LA MICHOACANA NATURAL and LA MICHOACANA NATURAL and design.

Decision: *The petition for cancellation is granted and Registration No. 3210304 will be cancelled in due course.”⁸*

After July 13, 2011 when the Board further denied Paleteria La Michoacana, Inc.’s Request for Reconsideration, (which was filed by such party on June 17, 2011, even after the mark had been assigned to Paleteria La Michoacana, LLC); on or about September 9, 2011, Paleteria La Michoacana, Inc. filed a Civil Action in the United States District Court for the

⁶ Id.

⁷ Id. at 39

District of Columbia (Case No. 1:11-cv-01623) seeking judicial review and reversal of the Board's Decision granting cancellation of Registration No. 3,210,304; seeking a declaratory judgment of non-infringement, and alleging Federal trademark infringement against Opposer (the "Civil Action").

Following several delays caused by the failure to join applicant Paleteria La Michoacana, LLC within the Civil Action, in the Second Amended Complaint recently filed on June 11, 2012, Applicant was ultimately joined in the action, and additional causes of action were also alleged against Opposer for cancellation of Opposer's Trademark Registrations Nos. 3,249,113 and 2,830,401 for the marks LA FLOR DE MICHOACAN and LA FLOR DE MICHOACAN (and design) on various alleged grounds including "abandonment."

A true copy of Applicant's and Paleteria La Michoacana, Inc.'s Second Amended Complaint is attached hereto as Exhibit B.

In response, Opposer filed its Answer to the Second Amended Complaint and Counterclaims against both Paleteria La Michoacana parties for Lanham Act violations, trademark infringement, dilution of its trademarks, and further seeking cancellation of Registrations Nos. 2,968,652 and 2,905,172 for fraud and/or abandonment. A true copy of Opposer's Answer and Counterclaim is attached hereto as Exhibit C.

In reply, the Plaintiffs in the Civil Action recently filed an Answer to Opposer's Counterclaims raising several affirmative defenses thereto. A true copy of Paleteria La Michoacana, Inc. and Paleteria La Michoacana, LLC's joint answer to cross-action and counterclaims is attached hereto as Exhibit D.

Disposition of the Civil Action will certainly have a bearing on the present action, as well as the other pending actions described below, will likely determine which party has superior

⁸ Id. at 41-42.

rights in the mark LA INDITA MICHOACANA (and Indian Girl design), and will further address various issues between the parties regarding such issues raised in the Civil Action, including, inter alia, priority, alleged mere descriptiveness, geographical misdescriptiveness, and abandonment.

B. THE PENDING INTER PARTES PROCEEDINGS

i. Opposer's Oppositions against Applicant's subsequent applications for the marks: LA INDITA MICHOACANA (and Indian Girl design) and LA INDITA

Shortly after the Board had rendered its decision to cancel the LA INDITA MICHOACANA and Indian Girl design mark, on July 22, 2011, Applicant applied for Federal registration of its alleged trademark LA INDITA for "frozen confections, ice cream, ice cream bars, ice cream sandwiches, fruit ices, freezer pops, and fruit ice bars" (Application Serial No. 85/378,387). On August 9, 2011, Applicant also applied for Federal registration of its alleged trademark LA INDITA MICHOACANA (and design) shown immediately below



(which mark is nearly identical to the mark that was ordered to be cancelled by the Board) also for "frozen confections, ice cream, ice cream bars, ice cream sandwiches, fruit ices, freezer pops, fruit ice bars." (Application Serial No. 85/393,112)

Opposer has filed a Notice of Opposition against application serial no. 85/3978387 (Proceeding No. 91205093) and application serial no. 85/393112 (Proceeding No. 91205049).

In the '093 Proceeding Opposer's grounds for opposition include: likelihood of confusion, likelihood of dilution, and fraud. In the '049 proceeding Opposer's grounds for opposition include: likelihood of confusion, likelihood of dilution, fraud in the application, and that such mark is primarily geographically deceptively misdescriptive when used by Applicant.

In both the '093 and '049 proceedings, Applicant raised counterclaims for cancellation of Opposer's (incontestable) registration No. 2,830,401 for the mark LA FLOR DE MICHOACAN And registration no 3,249,113 for the mark LA FLOR DE MICHOACAN and design shown here



alleging grounds that Opposer failed to exercise sufficient control and/or abandonment.

On July 3, 2012, and July 12, 2012, respectively, Opposer filed its answer to each of the counterclaims.

ii. Applicant's Oppositions against Opposer's marks: LA MICHOACANA and LA MICHOACANA NATURAL

Opposer had filed trademark application serial No. 85/405,347 for the mark LA MICHOACANA (words only) in connection with various goods and services related to its ice cream business which include, inter alia, "edible fruit ices, ice cream" among others. After such mark was published, Applicant filed opposition proceeding no. 91205466 against such mark. The grounds for opposition included that the opposed mark is allegedly "likely to be confused with its alleged prior rights in Registration No. 3,210,304 as well as its alleged rights certain marks including LA MICHOACANA, LA INDITA MICHOACANA and LA MICHOACANA ES NATURAL (App. No. 77/451,471); that Opposer had allegedly not used the LA MICHOACANA word mark prior the filing of the application; that Opposer committed "fraud in the application" and that the opposed mark is "generic or merely descriptive."

In addition, Opposer had filed application Serial No. 85/408,561 for the mark LA



MICHOACANA NATURAL (and design) in connection with various goods and services related to its ice cream business. After such mark was published, Applicant filed opposition proceeding no. 91205468 against such mark as based on substantially the same grounds as were filed in proceeding No. 91205466.

II. ARGUMENT

Legal Standard

TBMP Section 510.02(a) provides in relevant part:

“Whenever it comes to the attention of the Board that a party or parties to a case pending before it are involved in a civil action which **may have a bearing** on the Board case, proceedings before the Board may be suspended until final determination of the civil action. (emphasis added) 37 CFR § 2.117(a). *See General Motors Corp. v. Cadillac Club Fashions Inc.*, 22 USPQ2d 1933 (TTAB 1992); *Toro Co. v. Hardigg Industries, Inc.*, 187 USPQ 689 (TTAB 1975), *rev’d on other grounds*, 549 F.2d 785, 193 USPQ 149 (CCPA 1977); *Other Telephone Co. v. Connecticut National Telephone Co.*, 181 USPQ 125 (TTAB 1974); *petition denied*, 181 USPQ 779 (Comm’r 1974); *Tokaido v. Honda Associates Inc.*, 179 USPQ 861 (TTAB 1973); and *Whopper-Burger, Inc. v. Burger King Corp.*, 171 USPQ 805 (TTAB 1971).”

Such Section of the TBMP specifically acknowledges the precise situation presented here: “Most commonly, a request to suspend pending the outcome of another proceeding seeks suspension because of a civil action pending between the parties in a federal district court. To the extent that a civil action in a federal district court involves issues in common with those in a

proceeding before the Board, the decision of the federal district court is often binding upon the Board, while the decision of the Board is not binding upon the court.” *See, e.g., Goya Foods Inc. v. Tropicana Products Inc.*, 846 F.2d 848, 6 USPQ2d 1950, 1954 (2nd Cir. 1988) (doctrine of primary jurisdiction might be applicable if a district court action involved only the issue of registrability, but would not be applicable where court action concerns infringement where the interest in prompt adjudication far outweighs the value of having the views of the USPTO); *American Bakeries Co. v. Pan-O-Gold Baking Co.*, 650 F. Supp. 563, 2 USPQ2d 1208 (D. Minn. 1986) (primary jurisdiction should not be invoked where, inter alia, a stay of the district court action is more likely to prolong the dispute than lead to its economical disposition and where the district court action includes claims which cannot be raised before the Board); and *Toro Co. v. Hardigg Industries, Inc.*, 187 USPQ 689, 692 (TTAB 1975), *rev’d on other grounds*, 549 F.2d 785, 193 USPQ 149 (CCPA 1977). *Cf. Larami Corp. v. Talk To Me Programs Inc.*, 36 USPQ2d 1840, 1844-45 (TTAB 1995) (district court finding concerning priority of use not binding in view of differences in interpretation of Trademark Act § 7(c) by Board and court, and finding regarding priority of secondary meaning not binding because said issue was not involved in the Board proceeding).

As is further noted in TBMP Section 510.02(a): “Ordinarily, the Board will suspend proceedings in the case before it if the final determination of the other proceeding may have a bearing on the issues before the Board. 37 CFR § 2.117(a). *See, e.g., General Motors Corp v. Cadillac Club Fashions, Inc.*, 22 USPQ2d 1933 (TTAB 1992) (relief sought in federal district court included an order directing Office to cancel registration involved in cancellation proceeding); *Other Telephone Co. v. Connecticut National Telephone Co.*, 181 USPQ 125 (TTAB 1974) (decision in civil action for infringement and unfair competition would have bearing on outcome of Trademark Act § 2(d) claim before Board), *petition denied*, 181 USPQ

779 (Comm'r 1974). *See also Tokaido v. Honda Associates Inc.*, 179 USPQ 861 (TTAB 1973); and *Whopper-Burger, Inc. v. Burger King Corp.*, 171 USPQ 805 (TTAB 1971); and *Martin Beverage Co. v. Colita Beverage Corp.*, 169 USPQ 568 (TTAB 1971).”

In this case, there is more than sufficient commonality of factual and legal issues as are pending at the District Court and in each of the TTAB proceedings such that suspension of the pending inter partes cases is highly appropriate. Like the case now before the District Court, (appealing the Board’s cancellation of Registration No. 3,21,0304 for the mark LA INDITA MICHOACANA) all four opposition proceedings involve the same parties, involve marks that are highly similar to one another, and share the same meaning and connotation, and notably include the respective components LA INDITA MICHOACANA as well as related Indian Girl designs. Further, each of the matters contain very similar pleadings raising the same primary issues, including priority, descriptiveness and abandonment. These issues were raised and tried in a hotly contested matter which has already been decided by the Board. Unsatisfied with the Board’s Decision in Proceeding No. 92047438, Applicant has appealed the (nearly identical case) to the District Court and thus, the same issues and defenses (related to the parties’ rights in the LA INDITA MICHOACANA, LA INDITA, LA MICHOACANA, LA MICHOACANA NATURAL and the respective Indian girl design marks (each bearing a similar connotation) are once again being raised here in the above-styled Opposition. Accordingly, the Civil Action will certainly have a bearing on, and may be completely dispositive of this proceeding. Therefore, Opposer respectfully requests that the Board suspend this Opposition proceeding pending termination of the Civil Action.

Without a doubt, if handled separately, each of the matters will needlessly cause additional costs and delay. Certainly, there will be a significant, if not overwhelming savings of time, effort and expense gained by the parties and the Board from the proposed consolidation and

suspension of the four matters pending the District Court's disposition which will well outweigh any alleged prejudice or inconvenience that might be allegedly caused thereby.

Here, the respective pending opposition cases are each very early in the proceedings, the parties to the respective actions are the same, and no possible prejudice will result from such proposed action. Most importantly, suspension is appropriate inasmuch as the four proceedings involve the same parties, involve the same and closely related marks, involve the same basic "ice cream" goods and each share common questions of law and fact.

Since the LA INDITA and LA INDITA MICHOCANA (and Indian Girl Design) marks sought to be registered by Applicant in each of its applications are similar and inasmuch as Opposer has in each instance (again) challenged Applicant's right of registration on primarily the same grounds as were previously tried before the Board in its favor; that the same marks are involved in each of the pending inter partes proceedings mentioned herein; and since Applicant has countered by contending that it has superior rights in the similar and related LA MICHOCANA and Indian girl design marks as well as the mark LA MICHOCANA ES NATURAL mark, (which is identical to Opposer's asserted mark), Opposer believes that the parties issues may well be resolved by the District Court without appreciable inconvenience or confusion. To the contrary, separate proceedings would only cause additional and unwarranted costs, administrative confusion, delays and would present a substantial risk of inconsistent verdicts, leading to further appeals.

Thus, Opposer's Motion to Suspend these four pending matters is proper and should be granted. Undoubtedly, the Civil Action in the District Court (appealing and expanding on the Board's Decision to Cancel the LA INDITA MICHOCANA registration owned by Applicant may well be dispositive and certainly will have a lasting and direct bearing on the outcome of these newly pending cases, and thusly, many, if not all of the various affirmative defenses and

issues raised by Applicant in these inter partes proceedings will be mooted, if not otherwise directly affected by the District Court's decision rendered therein.

Accordingly, the Board should order these matters consolidated and then suspend same pending the outcome of the District Court action.

Respectfully submitted,

Anderson & Associates

Dated: August 3, 2012

by: /StephenLAnderson/
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Certificate of Service

I hereby certify that on the date set forth below, a true copy of the foregoing **MOTION TO SUPEND INTER PARTES PROCEEDINGS** was deposited in the United States mail with first-class postage prepaid, to:

Rosemary S. Tarlton
Morrison & Foerster LLP
425 Market Street
San Francisco, California 94105-2482
(Attorneys for for Opposer)

Dated: August 3, 2012

 /StephenLAnderson/

**THIS OPINION IS A PRECEDENT
OF THE T.T.A.B.**

Mailed:
May 20, 2011

UNITED STATES PATENT AND TRADEMARK OFFICE

—————
Trademark Trial and Appeal Board
—————

Productos Lacteos Tocumbo S.A. de C.V.

v.

Paleteria La Michoacana, Inc.

—————
Cancellation No. 92047438
—————

Stephen L. Anderson of Anderson & Associates for Productos Lacteos Tocumbo S.A. de C.V.

D. Greg Durbin of McCormick, Barstow, Sheppard, Wayte & Caruth LLP for Paleteria La Michoacana, Inc.

—————
Before Walters, Bergsman and Ritchie,
Administrative Trademark Judges.

Opinion by Bergsman, Administrative Trademark Judge:

Productos Lacteos Tocumbo S.A. de C.V. ("petitioner") filed a petition to cancel Registration No. 3210304 for the mark LA INDITA MICHOACANA and design, shown below, for "ice cream and fruit products, namely fruit bars," in International Class 30, owned by Paleteria La Michoacana, Inc. ("respondent").¹

—————
¹ Issued February 20, 2007.



As grounds for cancellation, petitioner alleged likelihood of confusion, fraud and dilution. Because petitioner presented no arguments in its brief regarding its fraud and dilution claims, we deem petitioner to have waived those claims, and we have given them no consideration.

With respect to its likelihood of confusion claim, petitioner alleged that prior to any use by respondent of its mark, petitioner and its related company or licensees have used the marks LA MICHOACANA NATURAL and design and LA FLOR DE MICHOACAN for, *inter alia*, ice cream, fruit ice bars and retail store services featuring ice cream and fruit ice bars and that respondent's mark so resembles petitioner's marks as to be likely to cause confusion. Specifically, petitioner claimed ownership of Registration No. 2830401 for the mark LA FLOR DE MICHOACAN, in typed drawing form, for "ice cream," in Class 30.² Also, petitioner claimed

² Issued April 6, 2004; Sections 8 and 15 affidavits accepted and acknowledged. Petitioner's registration states that "[t]he English translation for the word [sic] 'LA FLOR DE MICHOACAN' in the mark is 'The blossom of Michoacan.'"

Cancellation No. 92047438

ownership of application Serial No. 78954490 for the mark LA MICHOACANA NATURAL and design, shown below, for the following goods and services:

Cones for ice cream; flavored ices; frozen yoghurt; fruit ice; fruit ice bar; fruit ices; ice; ice candies; ice cream; ice cream drinks; ice cream mixes; ice cream powder; ice cubes; ice milk bars; ice-cream cakes, in Class 30; and

Retail shops featuring ice cream, fruit bars, drinks and snacks; retail stores featuring ice cream, fruit bars, drinks and snacks, in Class 35.³



Petitioner alleges that respondent's registration has been cited as a Section 2(d) bar to petitioner's above-noted application.

In its answer, respondent denied the salient allegations in the petition for cancellation.

The Record

By operation of Trademark Rule 2.122, 37 CFR §2.122, the record includes the pleadings and the registration file for respondent's mark. The record also includes the following testimony and evidence:

A. Petitioner's Evidence.

1. Notice of reliance on respondent's responses to petitioner's requests for admission Nos. 12, 21, 31 and 40.

2. Notice of reliance on respondent's responses to petitioner's interrogatory Nos. 7, 9, 14 and 26.

3. Deposition upon written questions, with attached exhibits, of Marco Antonio Andrade Malfavón, a director of petitioner.

4. Testimony deposition, with attached exhibits, of Jorge Andrade Malfavón, a director of petitioner, an officer of El Michoacana Natural, Inc., a licensee of petitioner. He is also Marco Antonio Andrade Malfavón's brother.

5. Testimony deposition, with attached exhibits, of Rigoberto Fernandez, an officer of El Michoacana Natural, Inc., licensee of petitioner.

6. Notice of reliance on respondent's response to petitioner's interrogatory No. 8.

7. Notice of reliance on a copy of application Serial No. 78954490 for the mark LA MICHOACANA NATURAL and design, shown below⁴

³ Filed August 17, 2006. Petitioner disclaimed the exclusive right to use the word "Natural."

⁴ The application includes the statement that "[t]he foreign wording in the mark translates into English as the natural woman from Michoacan."



and application Serial No. 78771243 for the mark comprising the design of an Indian girl, shown below



8. Rebuttal deposition, with attached exhibits, of Ruben Gutierrez, C.E.O. of Tropicale Foods. He is the brother and former partner of Ignacio Gutierrez, who is respondent's president.

B. Respondent's evidence.

1. Notice of reliance on petitioner's responses to respondent's requests for admission Nos. 1, 3 and 5.

2. Notice of reliance on petitioner's responses to respondent's interrogatory Nos. 16 and 20.

3. Notice of reliance on the following federally-registered marks:

- a. A certified copy of petitioner's Registration No. 3249113 for the mark LA FLOR DE MICHUACAN and design, shown below, for, *inter alia*, frozen fruits, ice cream, frozen yogurt and "retail shops featuring ice-cream," prepared

by the U.S. Patent and Trademark Office showing the current status of and title to the registration.⁵



- c. Three third-party registrations owned by different entities incorporating the term LA MICHOACANA: two for ice cream and one for tortillas.

4. Testimony deposition, with attached exhibits, of Patricia Gutierrez, respondent's Vice President, Secretary and Treasurer.

5. Testimony deposition, with attached exhibits, of Ignacio Gutierrez, respondent's President and husband of Patricia Gutierrez.

6. Testimony deposition, with attached exhibits, of Karl Jepsen, respondent's Chief Financial Officer.

7. Testimony deposition, with attached exhibits, of Angelita Morales, a graphic designer.

⁵ Issued June 5, 2007 based on an application filed December 8, 2005, and claiming first use anywhere and first use in commerce on April 20, 2001. The registration includes the statement that "[t]he foreign wording in the mark translates into English as THE BLOSSOM OF MICHOACAN."

8. Second testimony deposition, with attached exhibits, of Rigoberto Fernandez an officer of petitioner's licensee El Michoacana Natural, Inc.

Preliminary Issues

A. Whether likelihood of confusion based petitioner's use of the mark LA MICHOACANA and the mark comprising an Indian girl design was tried by implied consent?

In its brief, petitioner claimed rights to the mark LA MICHOACANA and the mark comprising the design of an Indian girl, shown below (hereinafter "petitioner's Indian girl").



In its brief, respondent objected to the evidence regarding petitioner's use of the mark LA MICHOACANA and petitioner's Indian girl on the grounds that they were not pleaded and that petitioner did not amend its petition for cancellation to assert rights in those marks.⁶

In its reply brief, petitioner acknowledged that it did not plead ownership of either mark but argued that throughout the proceeding it had asserted rights in those marks and now it seeks leave to amend the petition to conform to the evidence.⁷

⁶ Respondent's Brief, pp. 3-4.

⁷ Petitioner's Reply Brief, p. 22.

Because petitioner may not rely on unpleaded marks, we must determine whether petitioner's attempt to prove its use of the mark LA MICHOACANA and petitioner's Indian girl was tried by implied consent.

Implied consent to the trial of an unpleaded issue can be found only where the nonoffering party (1) raised no objection to the introduction of evidence on the issue, and (2) was fairly apprised that the evidence was being offered in support of the issue.

TBMP §507.03(b). See also *Morgan Creek Productions Inc. v. Foria International Inc.*, 91 USPQ2d 1134, 1138 (TTAB 2009); *H.D. Lee Co. v. Maidenform Inc.*, 87 USPQ2d 1715, 1720-1721 (TTAB 2008); *Long John Silver's Inc. v. Lou Scharf Inc.*, 213 USPQ 263, 266 n.6 (TTAB 1982) (applicant's objection to the introduction of evidence regarding an unpleaded issue obviated the need to determine whether the issue had been tried by implied consent); *Boise Cascade Corp. v. Cascade Coach Co.*, 168 USPQ 795, 797 (TTAB 1970) ("Generally speaking, there is an implied consent to contest an issue if there is no objection to the introduction of evidence on the unpleaded issue, as long as the adverse party was fairly informed that the evidence went to the unpleaded issue").

The question of whether an issue was tried by consent is basically one of fairness. The non-moving party must be aware that the issue is being tried, and therefore there should be no doubt on this matter.

Morgan Creek Productions Inc. v. Foria International Inc.,
91 USPQ2d at 1139.

On September 16, 2009, petitioner filed notices of reliance on respondent's responses to petitioner's requests for admission and responses to interrogatories. In the notices of reliance, petitioner expressly stated that respondent's responses were relevant to show petitioner's priority of numerous marks, including, *inter alia*, LA MICHOACANA and petitioner's Indian girl. Petitioner's Indian girl was identified as the subject of application Serial No. 78771243, claiming use in commerce as of April 20, 2001.

Marco Antonio Andrade Malfavón (hereinafter "Marco Malfavón"), a director of petitioner, testified upon written questions that petitioner has authorized the use of the marks LA MICHOACANA and "the design of a little Indian."⁸ The deposition was filed on November 11, 2009. He also testified that petitioner licensed the use of the marks LA MICHOACANA and "'Diseño Indita' (Design of an Indian Girl)" in the United States.⁹

On September 9, 2009, petitioner took the testimony deposition of Jorge Andrade Malfavón (hereinafter "Jorge Malfavón"), a director of petitioner, an officer of

⁸ Marco Malfavón Dep., pp. 22-23, questions 63 and 65.

⁹ *Id.* at pp. 29-30, 32-33 and 34-39, questions 83, 84, 86, 91, 93 and 95-108.

petitioner's licensee El Michoacana Natural, Inc., and the brother of Marco Malfavón. Jorge Malfavón corroborated petitioner's efforts to license the use of the marks LA MICHOACANA and petitioner's Indian girl in the United States.¹⁰ Jorge Malfavón also specifically testified regarding the use of the marks LA MICHOACANA and petitioner's Indian girl in the United States as of 2001.¹¹ Counsel for respondent attended the deposition. Counsel for respondent did not object to the testimony regarding the marks LA MICHOACANA or petitioner's Indian girl and he did not cross-examine the witness.

Also on September 9, 2009, petitioner took the testimony deposition of Rigoberto Fernandez, the owner of three LA MICHOACANA ice cream stores.¹² Mr. Fernandez opened his first store in 2001.¹³ Mr. Fernandez testified that he was licensed to use the marks LA MICHOACANA and petitioner's Indian girl by petitioner¹⁴ and he identified a menu from his store in West Palm Beach, Florida and cups, shirts, hats and water bottles displaying petitioner's Indian girl that he used since 2001.¹⁵ Counsel for

¹⁰ Jorge Malfavón Dep., pp. 15-17.

¹¹ Jorge Malfavón Dep., pp. 31-32, Exhibits 30 and 32.

¹² Fernandez Dep., p. 6.

Q. What stores do you own?

A. West Palm, Naples, and Fort Myers, La Michoacana.

¹³ *Id.* at pp. 6, 12.

¹⁴ *Id.* at pp. 8-10.

¹⁵ *Id.* at pp. 24-27, Exhibits 29 and 30.

respondent attended the deposition. Counsel for respondent did not object to the testimony regarding the marks LA MICHOACANA or petitioner's Indian girl design and he cross-examined the witness regarding petitioner's Indian girl design.¹⁶

Subsequently, on February 1, 2010, respondent deposed Mr. Fernandez regarding, *inter alia*, his license to use the marks LA MICHOACANA and petitioner's Indian girl¹⁷ as well as the witness's use of the Indian girl design.¹⁸

On March 12, 2010, petitioner filed a notice of reliance on respondent's response to petitioner's Interrogatory No. 8 to show that respondent "neither coined nor drew [respondent's Indian girl design], but rather knowingly intentionally infringed upon and misappropriated such marks of the petition with the specific intent to cause confusion and deception."¹⁹

On March 18, 2010, petitioner filed a notice of reliance on official records of the USPTO, including a copy of application Serial No. 78771243 for petitioner's Indian girl. Petitioner explained that the application was relevant to show that it had superior rights to the mark and that respondent filed its application in bad faith.

¹⁶ *Id.* at pp. 65-66.

¹⁷ Fernandez Dep. 2, pp. 17-24 and 57-58

¹⁸ *Id.* at pp. 66-69.

¹⁹ Notice of reliance, p. 2 (statement of relevance).

After reviewing the testimony and evidence introduced during the trial periods, we find that petitioner's rights in or likelihood of confusion based on petitioner's rights in the mark LA MICHOACANA and petitioner's Indian girl was tried by implied consent. When petitioner filed its notices of reliance in September 2009, it specifically stated that respondent's discovery responses were relevant to show petitioner's priority of numerous marks, including, *inter alia*, LA MICHOACANA and petitioner's Indian girl. Petitioner further emphasized its intention to rely on those marks through the testimony depositions of Jorge Malfavón and Rigoberto Fernandez. During the depositions, respondent did not object to that testimony and it had the opportunity to cross-examine the witnesses. In fact, in a separate deposition during its own testimony period, respondent deposed Mr. Fernandez regarding the use of those marks. In view of the foregoing, we find that respondent did not raise a timely objection to the introduction of any testimony or evidence regarding the marks LA MICHOACANA and petitioner's Indian girl and that respondent was fairly apprised that petitioner was claiming ownership of and prior use for those marks. Accordingly, respondent's objection to petitioner's testimony and evidence regarding the marks LA MICHOACANA and petitioner's Indian girl is overruled and we deem the

pleadings amended to conform to the evidence pursuant to Fed. R. Civ. P. 15(b).

B. Whether respondent's use of its Indian girl design as a stand alone mark or in connection with a term other than LA INDITA MICHOACANA was tried by implied consent?

Respondent did not plead as an affirmative defense that it would rely on its use and registration of marks comprising an Indian girl design (hereinafter "respondent's Indian girl") for ice cream and fruit bars to prove prior use of that mark or as the basis for the prior registration (or Morehouse) defense²⁰ (*i.e.*, the defense that a petitioner cannot suffer damage, within the meaning of Section 14 of the Trademark Act, by the maintenance of a registration if the registrant owns unchallenged registrations of that mark for the same goods). Mere denial by respondent of petitioner's allegation of priority of use is sufficient to put petitioner on notice that it must prove petitioner's pleaded priority, but it is not sufficient to put petitioner on notice that any priority petitioner will attempt to prove will have to predate the priority that respondent will attempt to prove through tacking, or that respondent is relying on the prior registration defense. *See H.D. Lee Co. v. Maidenform Inc.*, 87 USPQ2d 1715, 1720 (TTAB 2008). Nevertheless, respondent introduced evidence

²⁰ *Morehouse Mfg. Corp. v. J. Strickland & Co.*, 407 F.2d 881, 160 USPQ 715 (CCPA 1969).

and testimony regarding its use and registration of respondent's Indian girl as a stand-alone mark.

Accordingly, we must determine whether either respondent's attempt to tack the prior use of respondent's Indian girl or the prior registration defense was tried by implied consent.

On September 16, 2009, petitioner filed a notice of reliance on respondent's responses to petitioner's requests for admissions Nos. 12 and 40 wherein respondent admitted that it had not used its LA INDITA MICHOACANA and design mark at issue in this case prior to February 21, 2005.

Petitioner also submitted a notice of reliance on respondent's response to interrogatory No. 14 wherein respondent produced an invoice dated February 22, 2005 to identify a document supporting respondent's first use. There was no indication that respondent would be asserting priority based on its use of a mark comprising respondent's Indian girl or would be relying on any mark other than the mark in the registration sought to be cancelled.

In its first notice of reliance, respondent introduced certified copies prepared by the U.S. Patent and Trademark Office showing the current title and status of two federally-registered Indian girl marks, shown below, owned by respondent, both for "ice cream; fruit bars."

1. Registration No. 2905172, issued November 23, 2004.²¹



2. Registration No. 2968652, issued July 12, 2005.²²



Respondent explained that these registrations were made of record "to demonstrate among other things, the validity of the registration(s), Registrant's right to use the mark(s) on the identified goods, Registrant's exclusive right to use the mark(s), and Registrant's continuous use of the mark(s)."²³ Respondent did not state that it would be asserting the prior registration defense.

Subsequently, Patricia Gutierrez, Vice President, Secretary and Treasurer of respondent, authenticated the registrations during her testimony deposition.²⁴ Ms. Gutierrez also testified that respondent used respondent's

²¹ A section 8 affidavit has been accepted.

²² A section 8 affidavit has been accepted.

²³ Notice of reliance, p. 2.

²⁴ Patricia Gutierrez Dep., pp. 9-11, Exhibits 2 and 3.

Indian girl in connection with ice cream and fruit bars at least as early as 1999.²⁵

On cross examination, Ignacio Gutierrez, president of respondent, testified that he created respondent's Indian girl and that he was unaware that "as early as 2001 that identical mark was being used by [petitioner]."²⁶

Respondent also introduced the testimony of Angelita Morales, a graphic designer, who testified that in 2004, Ignacio Gutierrez gave her a drawing of respondent's Indian girl and the words LA MICHOACANA ES NATURAL, and that she transferred that drawing to an electronic file in order to edit it to create a more professional appearance.²⁷

Petitioner, in its brief, argued that well prior to 2005, the earliest date on which respondent purportedly may rely, petitioner had used its marks LA MICHOACANA and petitioner's Indian girl.²⁸ Petitioner did not reference any use or registration by respondent of respondent's Indian girl as a stand-alone mark.

Respondent, in its brief, referenced the evidence and testimony regarding its use of respondent's Indian girl at

²⁵ Patricia Gutierrez Dep., pp. 23-24.

²⁶ Ignacio Gutierrez Dep., pp. 49-50.

²⁷ Morales Dep.

²⁸ Petitioner's Brief, pp. 25-26. Respondent filed its application for registration on June 28, 2005 and, as discussed below, made its first sales of products bearing the registered mark on February 21, 2005.

least as early as 1999,²⁹ but did not argue for purposes of tacking that it had prior use of respondent's Indian girl or that petitioner was not damaged under a prior registration defense because of the existence of respondent's other two Indian girl registrations.

After reviewing the testimony and evidence introduced during the trial periods, as well as the briefs of the parties, we find that respondent's use and registration of its Indian girl for ice cream and fruit bars did not put petitioner on notice that the testimony and evidence would be used by respondent to tack the prior use of respondent's Indian girl to prove priority or, in the alternative, to assert the prior registration defense. For example, the testimony of Angelita Morales regarding when she created the mark at issue does not support the notion that respondent is claiming the use and registration of respondent's Indian girl as a stand-alone mark to demonstrate its priority. The Morales testimony creates the impression that respondent is attempting to establish 2004-2005 as its date of first use. In view of the foregoing, we find that the issues of tacking and the prior registration defense were not tried by implied consent. Thus, we only consider respondent's testimony and evidence regarding its use and registration of respondent's

²⁹ Respondent's Brief, p. 10.

Indian girl for whatever probative value they have vis-à-vis the mark sought to be cancelled.

C. Petitioner's family of marks argument.

In its brief, petitioner raised for the first time the claim that it is the owner of a "family of marks," presumably based on the word "Michoacana." Respondent objected to petitioner's claim. Petitioner's reference to a family of marks in its brief will not be considered because this claim was neither pleaded nor tried by the parties. *See Standard Knitting Ltd. v. Toyota Jidosha Kabushiki Kaisha*, 77 USPQ2d 1917, 1929 n. 17 (TTAB 2006); *Sunken Products Co. v. Sunex International Inc.*, 1 USPQ2d 1744, 1747 n. 12 (TTAB 1987).

D. The probative value of Spanish documents.

During the depositions of its witnesses, petitioner introduced several documents written in Spanish without providing English translations.³⁰ Respondent did not raise any objections to these documents during the depositions or in its brief and, in fact, treated them as being of record. Because the Board conducts its proceedings in English, these documents have no probative value. *See Hard Rock Cafe Licensing Corp. v. Elsea*, 48 USPQ2d 1400, 1405 (TTAB 1998) (holding that documents in a language other than

³⁰ See e.g., Marco Malfavón Dep., Exhibit 11 (petitioner's articles of incorporation, Exhibit 12 (petitioner's trademark

English are inadmissible). Nevertheless, because respondent did not raise any objections to the testimony regarding the documents and treated them as being of record, we have considered the testimony of the witnesses regarding the documents.

E. Objections raised for the first time in petitioner's reply brief are untimely.

Petitioner objected to the depositions of Karl Jepsen and Angelita Morales at the beginning of their respective depositions on the ground that the witnesses had not been previously identified as witnesses in response to written discovery or pretrial disclosures. In its main brief, petitioner did not discuss any evidentiary objections. However, in its reply brief, petitioner renewed objections to the testimony depositions of Karl Jepsen and Angelita Morales.

In order to preserve an objection that was seasonably raised at trial, a party must maintain the objection in its opening brief on the case. See *Hard Rock Café International (USA) Inc. v. Elsea*, 56 USPQ2d 1504, 1507 n.5 (TTAB 2000) (objection to exhibit raised during deposition but not maintained in brief is deemed waived); and *Reflange Inc. v. R-Con International*, 17 USPQ2d 1125, 1126 n.4 (TTAB 1990) (objections to testimony and exhibits made during

license with Jorge Malfavón), and Exhibit 13 (petitioner's trademark license with Rigoberto Fernandez).

depositions deemed waived where neither party raised any objection to specific evidence in its brief). *See also* TBMP §707.03(c) (2d. ed. rev. 2004).

Because petitioner did not maintain its objections in its opening brief on the case, we deem the objections to be waived. Petitioner cannot wait until its reply brief to maintain objections; to allow petitioner's objection in its reply brief would effectively foreclose respondent from responding to the objections. *Kohler Co. v. Baldwin Hardware Corp.*, 82 USPQ2d 1100, 1104 (TTAB 2007) (objection raised at trial waived when petitioner waited until its reply brief to renew objections). Accordingly, petitioner's objection is overruled and the depositions of Karl Jepsen and Angelita Morales have been considered.

F. Other objections.

With respect to the remaining evidentiary objections, we choose not to make specific rulings on each and every objection. In this regard, the Board is capable of weighing the relevance and strength or weakness of the objected-to testimony and evidence, including any inherent limitations on the value of particular items in evidence, and this precludes the need to strike the testimony and evidence. As necessary and appropriate, we will point out in this decision any limitations applied to the evidence or otherwise note that the evidence cannot be relied upon in

the manner sought. Finally, while we have considered all the evidence and arguments of the parties, we do not rely on evidence not discussed herein.

Standing

During the testimony of Jorge Malfavón, petitioner introduced into evidence Registration No. 2830401 for the mark LA FLOR DE MICHOACAN, in typed drawing form, for "ice cream," with Mr. Malfavón attesting to petitioner's ownership and the current status of the registration.³¹ Petitioner also attempted to introduce Registration No. 3249113 for the mark LA FLOR DE MICHOACAN and design (noted above in respondent's evidence) but failed to have Mr. Malfavón testify as to the current status of the registration. However, because respondent introduced a certified copy of the registration through a notice of reliance, the registration is of record.

Jorge Malfavón, a director of petitioner, testified that "[a]t the beginning of 2001, around March or April," he began using the trademarks LA MICHOACANA NATURAL, LA MICHOACANA NATURAL and design, LA MICHOACANA, LA FLOR DE MICHOACAN, and petitioner's Indian girl in the United States

³¹ Registered April 6, 2004 based on an application filed April 18, 2001. (Jorge Malfavón Dep. pp. 24-25, Exhibit 24).

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in connection with ice cream, flavored waters, and ice cream bars as a licensee of petitioner.³²

The registrations and testimony as discussed above are sufficient to demonstrate that petitioner has a real interest in this proceeding, and therefore has standing. *Lipton Industries, Inc. v. Ralston Purina Co.*, 670 F.2d 1024, 213 USPQ 185, 189 (CCPA 1982).

Priority

In order for petitioner to prevail on its Section 2(d) claim, it must prove that it has a proprietary interest in its marks and that such interest was obtained prior to either the filing date of respondent's application for registration or, if earlier, respondent's proven date of first use. *Herbko International Inc. v. Kappa Books Inc.*, 308 F.3d 1156, 64 USPQ2d 1375, 1378 (Fed. Cir. 2002); *Otto Roth & Co., Inc. v. Universal Corp.*, 640 F.2d 1317, 209 USPQ 40, 43 (CCPA 1981); *Miller Brewing Co. v. Anheuser-Busch Inc.*, 27 USPQ2d 1711, 1714 (TTAB 1993).

Respondent filed its application for registration on June 28, 2005, claiming first use anywhere and in commerce as of February 21, 2005. The evidence shows that respondent made its first sales of products bearing the registered mark

³² Jorge Malfavón Dep. pp. 16-17. See also Rigoberto Fernandez Dep., p. 10.

on February 21, 2005.³³ In view of the foregoing, petitioner must establish that it first used its marks prior to February 21, 2005.

A. The Indian girl design.

Petitioner is a family-run Mexican company that produces and sells ice cream and fruit bars.³⁴ Petitioner uses "the design of a little Indian" in connection with the sale of ice cream bars, fruit bars, ice cream pops and paletas (a type of ice cream bar).³⁵ On March 3, 2001, petitioner executed a trademark license agreement with El Michoacana Natural, Inc., a Florida corporation, signed by Jorge Malfavón on behalf of El Michoacana Natural, Inc. for the marks LA MICHOACANA NATURAL, LA MICHOACANA, LA FLOR DE MICHOACAN, and the "Diseño Indita" (petitioner's Indian girl) for use in the United States. As noted above, Jorge Malfavón is a director of petitioner and the brother of Marco Malfavón.³⁶ At the same time that petitioner licensed the marks to El Michoacana Natural, Inc., it also licensed those marks to Rigoberto Fernandez.³⁷ Mr. Fernandez is also

³³ Ignacio Gutierrez Dep., pp. 31-33; Patricia Gutierrez Dep. pp. 34 and 57-58; Respondent's response to petitioner's requests for admission Nos. 12 and 13.

³⁴ Marco Malfavón Dep., pp. 5 and 23-25, question Nos. 3, 4, 66 67 ("it is a family business"), 69, 72; Jorge Malfavón Dep., p. 6.

³⁵ Marco Malfavón Dep., pp. 22-23, question Nos. 64 and 65.

³⁶ Marco Malfavón Dep., pp. 27-34, question Nos. 77-89 and 91-95 and Exhibit 12; Jorge Andrade Malfavón Dep., pp. 6, 15-17.

³⁷ Marco Malfavón Dep., pp. 34-39, question Nos. 96-110 and Exhibit 13; Rigoberto Fernandez Dep., pp. 8-10.

an officer of El Michoacana Natural, Inc.³⁸ In 2001, El Michoacana Natural, Inc. sold various products for manufacturing ice cream to Rigoberto Fernandez on behalf of petitioner.³⁹

Rigoberto Fernandez owns three ice cream stores in Florida.⁴⁰ Petitioner, through its licensee, Rigoberto Fernandez and El Michoacana Natural, Inc., began using petitioner's Indian girl in connection with the sale of ice cream and ice cream bars in March or April 2001.⁴¹

Jorge Malfavón and Rigoberto Fernandez identified the menu, cup, hat and shirt, shown below, as representative of the use of the Indian girl design since 2001.⁴²

³⁸ Rigoberto Fernandez Dep., p. 6.

³⁹ Jorge Malfavón Dep., pp. 18-19.

⁴⁰ Fernandez Dep., p. 6; Fernandez Dep. 2, pp. 14-16.

⁴¹ Jorge Malfavón Dep., pp. 16-17 and 32, Exhibits 29 and 30; Rigoberto Fernandez Dep., p. 10. The relationship between Rigoberto Fernandez and El Michoacana Natural, Inc. was not fully developed and is not entirely clear.

⁴² Jorge Malfavón Dep., p. 32 and Rigoberto Fernandez Dep., pp. 26, Exhibits 29 and 30. Mr. Fernandez also identified petitioner's Indian girl used on a package for an ice cream bar in Exhibit 30, but the photograph is not clear as to the use of the mark. See also Rigoberto Fernandez Dep. 2, pp. 66-69.



In view of the foregoing, we find that petitioner, through its licensees, began using petitioner's Indian girl in connection with the sale of ice cream and ice cream bars in the United States in April 2001 as demonstrated by the display of the Indian girl in Fernandez's stores on menus, hats, cups and shirts.

B. Marks that include the word "Michoacana."

Marco Malfavón testified that petitioner began using the mark LA MICHOACANA NATURAL and design, shown below, for

ice cream products in Mexico in 1995⁴³ and in commerce with the United States on March 3, 2001.⁴⁴



Jorge Malfavón testified that his company began using LA MICHOCANA NATURAL and design in the United States in connection with the sale of ice cream, ice cream bars and flavored waters “[a]t the beginning of 2001, around March or April.”⁴⁵

Jorge Malfavón also testified that his company used the mark LA FLOR DE MICHOCAN and design, shown below, for ice cream bars prior to December 2003.⁴⁶



⁴³ Marco Antonio Andrade Malfavón Dep., p. 16, question No. 43. Mr. Malfavón also testified that petitioner used the mark LA MICHOCANA NATURAL, in typed drawing form, in Mexico as of 1995. (Marco Malfavón Dep., p. 19, question No. 54). Later, Mr. Malfavón testified that petitioner used the LA MICHOCANA NATURAL in connection with ice cream as early as 1992 (Marco Antonio Andrade Malfavón Dep., pp. 43-44, question Nos. 120 and 125).

⁴⁴ Marco Malfavón Dep., p. 43, question No. 121 and Exhibit 15.

⁴⁵ Jorge Malfavón Dep., pp. 16-19.

⁴⁶ Jorge Malfavón Dep., p. 25.

As indicated above, Jorge Malfavón introduced into evidence Registration No. 2830401 for the mark LA FLOR DE MICHOACAN, in typed drawing form, for "ice cream." The mark was registered April 6, 2004 based on an application filed April 18, 2001.⁴⁷

Rigoberto Fernandez testified that he has sold ice cream and related products under the marks LA MICHOACANA, LA MICHOACANA NATURAL, and LA FLOR DE MICHOACAN since March 2001.⁴⁸ Mr. Fernandez identified an October 28, 2003 invoice from petitioner featuring the mark LA MICHOACANA NATURAL and design for products used to make ice cream.⁴⁹

Q. Have you also obtained a number of other products like we've seen before earlier today from [petitioner] for the purpose of advertising and promoting the brand La Flor de Michoacan?

A. From [petitioner] was flavors, all the materials that I need for making the ice cream bars, ice cream, juices, equipment.⁵⁰

Mr. Fernandez also identified photographs displaying the marks LA FLOR DE MICHOACAN, LA MICHOACANA, and LA MICHOACANA NATURAL on store signs and freezers in the stores from the 2001 to 2002 time frame.⁵¹

⁴⁷ Jorge Malfavón Dep. pp. 24-25, Exhibit 24.

⁴⁸ Rigoberto Fernandez Dep., pp. 10, 17-23, 33, 35.

⁴⁹ Rigoberto Fernandez Dep., pp. 10-11, Exhibit 14. Marco Malfavón also identified this exhibit (Marco Malfavón Dep., pp. 40-41, question No. 112, Exhibit 14).

⁵⁰ Rigoberto Fernandez Dep., p. 21.

⁵¹ Rigoberto Fernandez Dep., pp. 28-36, Exhibit 32.

In view of the foregoing, we find that petitioner, through its licensee, Fernandez, used the marks LA MICHOACANA NATURAL and design, LA FLOR DE MICHOACAN, and LA MICHOACANA in connection with ice cream and retail ice cream store services since 2001.

Respondent argues that the testimony of petitioner's witnesses is unsubstantiated and whatever documentary evidence petitioner introduced to establish its priority is inconsistent.⁵² While it is certainly preferable for a party's testimony to be supported by corroborating documents, the lack of documentary evidence is not fatal. "Oral testimony, if sufficiently probative, is normally satisfactory to establish priority of use." *Powermatics, Inc. v. Globe Roofing Products Co.*, 341 F.2d 127, 144 USPQ 430, 432 (CCPA 1965). In this regard, oral testimony should be clear, consistent, convincing, and uncontradicted. See *National Bank Book Co. v. Leather Crafted Products, Inc.*, 218 USPQ 826, 828 (TTAB 1993) (oral testimony may be sufficient to prove the first use of a party's mark when it is based on personal knowledge, it is clear and convincing, and it has not been contradicted); *Liqwacon Corp. v. Browning-Ferris Industries, Inc.*, 203 USPQ 305, 316 (TTAB 1979) (oral testimony may be sufficient to establish both prior use and continuous use when the testimony is proffered

⁵² Respondent's Brief, pp. 19-28.

by a witness with knowledge of the facts and the testimony is clear, convincing, consistent, and sufficiently circumstantial to convince the Board of its probative value); *GAF Corp. v. Anatox Analytical Services, Inc.*, 192 USPQ 576, 577 (TTAB 1976) (oral testimony may establish prior use when the testimony is clear, consistent, convincing, and uncontradicted). The testimony of petitioner's witnesses is clear, convincing, consistent and uncontradicted.

Respondent also argues that petitioner has not proven ownership of its marks.⁵³ However, we are satisfied by the testimony of Marco Malfavón and Jorge Malfavón, as described above, that petitioner is the owner of the marks LA MICHOACANA NATURAL and design, LA FLOR DE MICHOACAN, LA MICHOACANA and the Indian girl design in Mexico, has licensed the use of those marks in the United States, and that the use of the marks in the United States inures to the benefit of petitioner. That the Mexican trademark registrations are in the name of Marco Malfavón rather than petitioner does not negate our finding that petitioner is the owner of the marks. We recognize that ownership of foreign registrations is not necessarily probative of ownership of the mark in the United States. However, the testimony of the witnesses demonstrates that petitioner is a

family-owned and run business and that there is a unity of control. In a similar situation the Board found that a family-owned and run business provided the requisite unity of control.

It is clear from the record that Mr. Guagenti has been the leading light or owner of what can be considered to be family enterprises or, if you will, corporate sales, and that, for purpose of convenience, he, at the advice of counsel or accountant, transferred ownership of his various interests to one or another of his corporations without disturbing, and that is the important fact, the continuance of operation of his different activities including that of the "FARMER'S DAUGHTER" restaurant. It is apparent that there was not nor is there any claim of adverse rights in the mark "FARMER'S DAUGHTER" by any corporation within Mr. Guagenti's organization and that, in essence, any use of the mark by any of the corporations was for the benefit of and inured to the benefit of Mr. Guagenti.

Airport Canteen Services, Inc. v. Farmer's Daughter, Inc., 184 USPQ 622, 627 (TTAB 1974). See also, *Automedx Inc. v. Artivent Corp.*, 95 USPQ2d 1976, 1984 (TTAB 2010) ("Dr. Wiesman has been the central figure of what can be characterized as a number of research and development projects that are ultimately marketed by separate entities. ... the mark points to a single source: that is, the use of the SAVE mark was for the benefit of and inured to the benefit of Dr. Wiesman through his conglomerate").

⁵³ Respondent's Brief, pp. 30-35.

In view of the foregoing, we find that petitioner has priority of use with respect to petitioner's Indian girl and the marks LA MICHOACANA NATURAL and design, LA FLOR DE MICHOACAN, and LA MICHOACANA.

Likelihood of Confusion

Our determination under Section 2(d) is based on an analysis of all of the probative facts in evidence that are relevant to the factors bearing on the issue of likelihood of confusion. *In re E. I. du Pont de Nemours & Co.*, 476 F.2d 1357, 177 USPQ 563, 567 (CCPA 1973). *See also, In re Majestic Distilling Company, Inc.*, 315 F.3d 1311, 65 USPQ2d 1201, 1203 (Fed. Cir. 2003). In any likelihood of confusion analysis, two key considerations are the similarities between the marks and the similarities between the goods and/or services. *See Federated Foods, Inc. v. Fort Howard Paper Co.*, 544 F.2d 1098, 192 USPQ 24, 29 (CCPA 1976) ("The fundamental inquiry mandated by §2(d) goes to the cumulative effect of differences in the essential characteristics of the goods and differences in the marks").

- A. The similarity or dissimilarity and nature of petitioner's goods and the goods described in the registration.

Respondent's registration identifies "ice cream and fruit products, namely fruit bars." Petitioner through its licensees, El Michoacana Natural, Inc. and Rigoberto Fernandez, uses petitioner's Indian girl in connection with

the sale of ice cream and ice cream bars,⁵⁴ the mark LA MICHOACANA NATURAL and design for ice cream, ice cream bars and flavored waters,⁵⁵ the mark LA FLOR DE MICHOACAN and design for ice cream bars,⁵⁶ and the mark LA MICHOACANA for ice cream products.⁵⁷ Accordingly, all the marks at issue are used in connection with ice cream.

B. The similarity of likely-to-continue channels of trade and classes of consumers.

With respect to respondent's products, because there are no restrictions as to channels of trade or classes of consumers in respondent's description of goods, we must assume that respondent's "ice cream and fruit products, namely, fruit bars," will be sold in all of the normal channels of trade to all of the normal purchasers for such goods, including retail ice cream stores. *Canadian Imperial Bank of Commerce v. Wells Fargo Bank*, 811 F.2d 1490, 1 USPQ2d 1813, 1815 (Fed. Cir. 1987); *Toys R Us v. Lamps R Us*, 219 USPQ 340, 343 (TTAB 1983). Petitioner's LA FLOR DE MICHOACANA registered marks are also unrestricted and, therefore, move in all of the normal channels of trade to all the normal purchasers for ice cream.

⁵⁴ Jorge Malfavón Dep., pp. 16-17 and 32, Exhibits 29 and 30; Rigoberto Fernandez Dep., p. 10.

⁵⁵ Jorge Malfavón Dep., pp. 16-19.

⁵⁶ Jorge Malfavón Dep., p. 25. See also petitioner's Registration Nos. 2830401 and 3249113.

⁵⁷ Rigoberto Fernandez Dep., pp. 10, 17, 18-23, 33, 35.

Rigoberto Fernandez testified that his use of the mark LA MICHOACANA NATURAL was not limited to his retail ice cream stores; rather, he sold ice cream in bulk for resale to a variety of retailers including grocery stores, convenience stores and gas stations.⁵⁸ As indicated above, because there are no restrictions in respondent's registration, the channels of trade and classes of consumers are presumptively the same with respect to petitioner's LA MICHOACANA NATURAL trademarks. In fact, respondent also sells its products for resale to a variety of retailers.⁵⁹

Petitioner offered no testimony regarding the channels of trade or classes of consumers with respect to the ice cream sold in connection with LA MICHOACANA or petitioner's Indian girl design. Because LA MICHOACANA and petitioner's Indian girl design are not registered, there are no presumptions regarding the channels of trade or classes of consumers. In this regard, petitioner cannot deliberately cause confusion by selling respondent's products in its stores. Moreover, if petitioner did sell respondent's products in its stores, such sales would raise the defense of acquiescence. On the other hand, the goods at issue are ice cream and ice cream is a consumer product sold to average consumers throughout society.

⁵⁸ Fernandez Dep., pp. 17-18.

⁵⁹ Patricia Gutierrez Dep., p. 17.

- C. The conditions under which and buyers to whom sales are made, i.e. "impulse" vs. careful, sophisticated purchasing.

Because there is no limitation or restriction as to price, we must presume that respondent's ice cream and fruit bars would be sold at all the usual prices for such goods. As displayed in the menu petitioner made of record, ice cream bars are sold for \$1.75 and fruit bars are sold for \$1.25. We find that ice cream bars and fruit bars are inexpensive products and by their very nature, are impulse purchase items. Accordingly we find that consumers will not exercise a high degree of care when purchasing these products.

- D. The similarity or dissimilarity of the marks in their entirety as to appearance, sound, connotation and commercial impression.

We now turn to the *du Pont* likelihood of confusion factor focusing on the similarity or dissimilarity of the marks in their entirety as to appearance, sound, connotation and commercial impression. *In re E. I. du Pont De Nemours & Co.*, 177 USPQ at 567. In a particular case, any one of these means of comparison may be critical in finding the marks to be similar. *In re White Swan Ltd.*, 8 USPQ2d 1534, 1535 (TTAB 1988); *In re Lamson Oil Co.*, 6 USPQ2d 1041, 1042 (TTAB 1988). In comparing the marks, we are mindful that where, as here, the goods are identical, the degree of similarity necessary to find likelihood of

confusion need not be as great as where there is a recognizable disparity between the goods. *Century 21 Real Estate Corp. v. Century Life of America*, 970 F.2d 874, 23 USPQ2d 1698, 1700 (Fed. Cir. 1992); *Jansen Enterprises Inc. v. Rind*, 85 USPQ2d 1104, 1108 (TTAB 2007); *Schering-Plough HealthCare Products Inc. v. Ing-Jing Huang*, 84 USPQ2d 1323, 1325 (TTAB 2007).

Also, it is well established that in comparing the marks, the test is not whether the marks can be distinguished when subjected to a side-by-side comparison, but rather whether the marks are sufficiently similar in terms of their overall commercial impression so that confusion as to the source of the goods offered under the respective marks is likely to result. *San Fernando Electric Mfg. Co. v. JFD Electronics Components Corp.*, 565 F.2d 683, 196 USPQ 1, 3 (CCPA 1977); *Spoons Restaurants Inc. v. Morrison Inc.*, 23 USPQ2d 1735, 1741 (TTAB 1991), *aff'd unpublished*, No. 92-1086 (Fed. Cir. June 5, 1992). The proper focus is on the recollection of the average customer, who retains a general rather than a specific impression of the marks. *Winnebago Industries, Inc. v. Oliver & Winston, Inc.*, 207 USPQ 335, 344 (TTAB 1980); *Sealed Air Corp. v. Scott Paper Co.*, 190 USPQ 106, 108 (TTAB 1975). In this case, the average customer is an average person who eats ice cream.

1. Indian girl design

Petitioner's Indian girl is shown below.



Respondent's mark is shown below.



The Indian girl designs are virtually identical. In view of the identity of the products and the impulse nature of ice cream purchases, the word portion of respondent's mark is not sufficient to distinguish the marks. We recognize that the word portions of composite word and design marks are normally accorded greater weight in the likelihood of confusion analysis because consumers use the words to call for the products. However, in this case, because the designs are remarkably similar and the word portion of respondent's marks reinforces the design, the differences in the marks do not distinguish them.⁶⁰ Accordingly, we find that respondent's mark is similar to petitioner's Indian girl design mark.

2. Marks that include the word "Michoacana."

To analyze the word marks, we must first determine the meaning of the word "Michoacana." Michoacán is a state in west-central Mexico.⁶¹ The term "La Michoacana" means "the woman from Michoacán."⁶² The word portion of respondent's mark LA INDITA MICHOCANA means the Indian girl or woman from Michoacán.

Neither party has introduced any evidence regarding the meaning or renown of the term "Michoacana" in the United States when used in connection with ice cream. Both Ignacio and Patricia Gutierrez testified that LA MICHOCANA is commonly used as the name for ice cream stores in Mexico, but neither provided any further testimony as how that might relate to its use in the United States.⁶³ Although Ms. Gutierrez said that the "paleta" (a fruit bar) "was supposed to be a tradition or something that was created in Michoacan,"⁶⁴ she did not explain whether that was known in the United States.

⁶⁰ Marco Malfavón Dep., p. 30, question No. 86 ("Diseño Indita" (Design of an Indian Girl)).

⁶¹ Encyclopedia Britannica (2011). The Board may take judicial notice of information in encyclopedias. *B.V.D. Licensing Corp. v. Body Action Design Inc.*, 846 F.2d 727, 6 USPQ2d 1719 (Fed. Cir. 1988) (encyclopedias may be consulted); *Sprague Electric Co. v. Electrical Utilities Co.*, 209 USPQ 88 (TTAB 1980) (standard reference works). See also respondent's responses to interrogatory Nos. 7, 9 and 26.

⁶² Registration Nos. 1552163 and 2145216 attached to respondent's notice of reliance.

⁶³ Ignacio Gutierrez Dep., pp. 10-11 and 48; Patricia Gutierrez Dep., pp. 13 and 68-69.

⁶⁴ Patricia Gutierrez Dep., p. 69.

Respondent also introduced by notice of reliance three third-party registrations with the word "Michoacana" or "Michoacan":

1. Registration No. 1552163 for the mark LA MICHOACANA for tortillas;
2. Registration No. 3623346 for the mark EL SABOR DE MICHOACAN for ice cream and sherbet; and
3. Registration No. 2145216 for the mark LA MICHOACANA PARADISIO SORBET and design for, *inter alia*, frozen fruit bars and ice cream.

While these registrations are probative of the meaning of the word "Michoacana," they do not prove that "Michoacana" is a commercially weak term. Absent evidence of actual use, third-party registrations have little probative value because they are not evidence that the marks are in use on a commercial scale or that the public has become familiar with them. *See Smith Bros. Mfg. Co. v. Stone Mfg. Co.*, 476 F.2d 1004, 177 USPQ 462, 463 (CCPA 1973) (the purchasing public is not aware of registrations reposing in the U.S. Patent and Trademark Office). *See also In re Hub Distributing, Inc.*, 218 USPQ 284, 285 (TTAB 1983).

Based on this record, we find that the term "Michoacana" when used in connection with ice cream and/or fruit bars has some significance suggesting a connection with "Michoacan" but it is not clear to what extent people

in the United States would understand or recognize that connection and there is no evidence demonstrating that the term "Michoacana" has been so commonly used in the United States that it is only entitled to a narrow scope of protection or exclusivity of use.

Although there are obvious differences between petitioner's mark LA MICHOACANA and respondent's mark LA INDITA MICHOACANA and design, the marks are similar in appearance and sound to the extent that they both include the word "Michoacana." In addition, they have similar meanings in that LA MICHOACANA means the woman from Michoacán and LA INDITA MICHOACANA means the Indian woman from Michoacán. As noted above, the term LA INDITA MICHOACANA reinforces the design portion of the mark, and, thus, both the petitioner's mark and respondent's mark engender the same commercial impression (*i.e.*, ice cream from a Michoacán woman). In view of the foregoing, we find that respondent's mark LA INDITA MICHOACANA and design is similar to petitioner's mark LA MICHOACANA.

For the same reasons, we find that respondent's mark is similar to petitioner's marks LA MICHOACANA NATURAL and LA MICHOACANA NATURAL and design.

However, we find that respondent's mark is not similar to petitioner's mark LA FLOR DE MICHOACAN and design because the differences in the meanings and commercial impressions

engendered by the marks outweigh any similarities caused by the inclusion of the word "Michoacana."

E. No reported instances of actual confusion.

Respondent argues that there is no likelihood of confusion as evidenced by the lack of any reported instances of actual confusion. However, the absence of any reported instances of confusion is meaningful only if the record indicates appreciable and continuous use by respondent of its mark for a significant period of time in the same markets as those served by petitioner under its marks.

Gillette Canada Inc. v. Ranir Corp., 23 USPQ2d 1768, 1774 (TTAB 1992). In other words, for the absence of actual confusion to be probative, there must have been a reasonable opportunity for confusion to have occurred. *Barbara's Bakery Inc. v. Landesman*, 82 USPQ2d 1283, 1287 (TTAB 2007) (the probative value of the absence of actual confusion depends upon there being a significant opportunity for actual confusion to have occurred); *Red Carpet Corp. v. Johnstown American Enterprises Inc.*, 7 USPQ2d 1404, 1406-1407 (TTAB 1988); *Central Soya Co., Inc. v. North American Plant Breeders*, 212 USPQ 37, 48 (TTAB 1981) ("the absence of actual confusion over a reasonable period of time might well suggest that the likelihood of confusion is only a remote possibility with little probability of occurring"). In this case, the record shows that respondent and petitioner do

business in discrete geographic regions on separate sides of the country.⁶⁵ Accordingly, the lack of any reported instances of actual confusion is a neutral factor in our analysis.

F. Balancing the factors.

The goods at issue are identical. With respect to petitioner's registered marks LA MICHOACANA NATURAL and LA MICHOACANA NATURAL and design, the channels of trade and classes of consumers are presumed to be the same. The evidence shows that the channels of trade and classes of consumers are the same with respect to petitioner's mark LA MICHOACANA NATURAL and that the classes of consumers are the same with respect to petitioner's mark LA MICHOACANA and its Indian girl design. In addition, because ice cream is a low cost impulse purchase, consumers do not exercise a high degree of care. Under these circumstances, respondent's mark LA INDITA MICHOACANA and design is sufficiently similar to petitioner's Indian girl and its marks LA MICHOACANA, LA MICHOACANA NATURAL and LA MICHOACANA NATURAL and design to cause confusion, but not to petitioner's mark LA FLOR DE MICHOACAN and design. In view thereof, we find respondent's mark LA INDITA MICHOACANA and design is likely to cause confusion with petitioner's Indian girl and its marks LA

⁶⁵ Respondent designated this information as confidential. Patricia Gutierrez Dep., pp. 17-19, 34 and 38.

Cancellation No. 92047438

MICHOACANA, LA MICHOACANA NATURAL and LA MICHOACANA NATURAL
and design.

Decision: The petition for cancellation is granted and
Registration No. 3210304 will be cancelled in due course.

**UNITED STATES DISTRICT COURT
DISTRICT FOR THE DISTRICT OF COLUMBIA**

PALETERIA LA MICHOACANA, INC., a
California corporation; PALETERIA LA
MICHOACANA, LLC., a California Limited
Liability Company

2068 Lapham Drive
Modesto, CA 95354

Plaintiffs,

v.

PRODUCTOS LACTEOS TOCUMBO S.A. DE
C.V., a Mexican corporation,

Defendant.

Case No. 1:11-cv-01623-RWR

JURY TRIAL DEMANDED

SECOND AMENDED COMPLAINT

Plaintiff Paleteria La Michoacana, Inc. (“PLM”), and Plaintiff Paleteria La Michoacana, LLC (“PLML”) (referred to collectively as “Plaintiffs”) as their complaint against Defendant Productos Lacteos Tocumbo S.A. de C.V. (“PLT” or “Defendant”), alleges as follows:

NATURE OF THE ACTION

1. This is an action seeking judicial review of a final decision of the Trademark Trial and Appeal Board (“TTAB”), an administrative agency of the United States Patent and Trademark Office (“USPTO”), under 15 U.S.C. § 1071(b)(1).

2. On May 20, 2011, a TTAB panel granted Defendant’s Petition for Cancellation of the registration for the LA INDITA MICHOACANA and Indian Girl Design trademark in conjunction with “ice cream and fruit ice products, namely, fruit bars,” in International Class 30, U.S. Registration No. 3,210,304 which issued to PLM and was assigned to PLML during the TTAB proceedings (“LA INDITA MICHOACANA and Indian Girl Design Mark”). The panel found that Defendant had priority of use of the following trademarks which each gave rise to a likelihood of confusion with the registered LA INDITA MICHOACANA and Indian Girl Design

Mark: (1) the terms LA MICHOACANA NATURAL; (2) the terms LA MICHOACANA NATURAL displayed with a Butterfly Design (“LA MICHOACANA NATURAL and Butterfly Design Mark”); (3) the design of an Indian girl in traditional clothing holding an ice cream (Defendant’s “Indian Girl Design Mark”); and (4) the word mark LA MICHOACANA. The TTAB panel denied PLM’s Motion for Reconsideration on July 13, 2011.

PARTIES

3. Plaintiff PLM is a corporation organized and existing under the laws of the state of California with its principal place of business at 2068 Lapham Drive, Modesto, California 95354. On January 24, 2011, pursuant to the terms of an Asset Contribution Agreement, PLM agreed to assign to PLML assets relating to its business of selling and distributing ice cream products. Pursuant to the Asset Contribution Agreement, PLM assigned the LA INDITA MICHOACANA and Indian Girl Design Mark, and other marks owned by PLM, to PLML. Under the terms of the Asset Contribution Agreement, PLML agreed to assume only specifically designated liabilities of PLM arising prior to the asset transfer date. None of the referenced designated liabilities included liability for trademark infringement arising out of the use of the LA INDITA MICHOACANA and Indian Girl Design Mark prior to the date of transfer to PLML. Thus, despite having transferred the LA INDITA MICHOACANA and Indian Girl Design Mark to PLML, PLM retained liability for any claim of trademark infringement regarding the use of the mark prior to the transfer to PLML. The cancellation of the registration created a concrete and particularized injury-in-fact to PLM because it eliminated the registration and associated benefits and defenses on which PLM could rely in defending its use of the LA INDITA MICHOACANA and Indian Girl Design Mark from 2005 to 2011. The decision further injured PLM because it included adverse findings regarding likelihood of confusion and priority that could potentially have preclusive effect in litigation concerning the use of the mark from 2005 to 2011. Such injuries were actual and imminent as the loss of the registration immediately denied to PLM the right to rely on the presumptions and advantages of a federal registration in defense of an infringement claim. The risk of such a challenge was imminent given that the Defendant had already sent a cease and desist letter challenging the use by PLM of

the LA INDITA MICHOACANA and Indian Girl Design mark and threatening to file suit for damages. The injuries were caused by the decision of the TTAB and the injuries are redressable through this appeal because it seeks to reverse the cancellation order and reverse the findings as to priority and likelihood of confusion. PLM was the party to the cancellation action throughout the TTAB proceedings and PLML was not joined or substituted in the proceedings following the assignment of the mark to PLML, as permitted by TTAB rules.

4. Plaintiff PLML is a limited liability company organized and existing under the laws of California with its principal place of business at 2608 Lapham Drive, Modesto, California 95354. PLML is the assignee of the LA INDITA MICHOACANA and Indian Girl Design Mark by assignment from PLM and also suffered an injury-in-fact when the TTAB cancelled the registration that it owned, an injury caused by the TTAB decision being appealed, and which will be redressed by the reversal of the TTAB cancellation ruling.

5. Upon information and belief, Defendant is a corporation organized and existing under the laws of Mexico with its principal place of business at Benito Juarez No. 37 Segunda Seccion Ampliacion Delegacion, Tlalpan, Mexico City, Mexico 14250.

JURISDICTION

6. This is an action for judicial review by civil action of a final decision of the TTAB under Section 21(b)(1) of the Lanham Act, 15 U.S.C. § 1071(b)(1).

7. This Court has subject matter jurisdiction over this action pursuant to 28 U.S.C. §§ 1331 and 1338 as it involves claims presenting federal questions under 15 U.S.C. §§ 1071(b)(1) and 1121.

8. Defendant is subject to personal jurisdiction in the District of Columbia under 15 U.S.C. § 1071(b)(4) because it is a foreign corporation that instituted the cancellation action before the TTAB to be reviewed in this action.

GENERAL ALLEGATIONS

Plaintiffs And Their Trademarks

9. For many years PLM produced and distributed ice cream bars known as “paletas” and other ice cream and frozen fruit products of a type originating from and made famous in the

state of Michoacan in Mexico. PLM continued this business until early 2011 when PLML, as assignee of the assets of PLM, took over this business. PLM was, and now PLML is, one of the leading providers of Hispanic-oriented ice cream and frozen treats in the United States, distributing products across California, the Pacific Northwest, the Intermountain West, and the Midwest. Plaintiffs and their predecessors-in-interest have produced and distributed paletas and other ice cream and frozen fruit treats in the United States since 1991. Drawing on the significance of the Michoacan region for its products, Plaintiffs and their predecessors-in-interest, have used the term MICHOCANA in trade names and trademarks in the United States since 1991.

10. Throughout Mexico, producers of paletas and related ice cream and frozen-fruit treats have used and continue to use various images of a little Indian girl, dressed in traditional clothing, and holding a paleta or other ice cream treat in connection with their ice cream and frozen treat products, and have done so for decades. Drawing on this tradition, PLM began using a stylization of a drawing of an Indian girl holding an ice-cream bar as a trademark in connection with its paletas and frozen treats in the United States in 1994, and PLM and its successor-in-interest, PLML, have used this design and various permutations of this design in this manner since that time.

11. In 1994 PLM launched its use of the following Indian girl design trademark (PLM's "1994 Indian Girl Design Mark") in connection with its paletas and frozen treat business:



12. PLM and its successor-in-interest, PLML, have used and PLML continues to use, the 1994 Indian Girl Design mark in connection with these products to date. PLML owns a valid and subsisting registration for the 1994 Indian Girl Design at USPTO, U.S. Registration No.

2905172, covering “[i]ce cream; fruit ices” in International Class 30, with a first-use date of April 1994.

13. In 1995 PLM began use of, and PLML continues to use to date, the following second Indian girl design mark (PLM’s “1995 Indian Girl Design Mark”) in connection with its paletas and frozen treat business in the United States:



PLML owns a valid and subsisting registration for its 1995 Indian Girl Design Mark, U.S. Registration No. 2,968,652, covering “[i]ce cream; fruit ices” in International Class 30, with a first-use date of January 1995. U.S. Registration No. 2,968,652 is incontestable.

14. In 2004, PLM revised its 1994 and 1995 Indian Girl Design Marks, again seeking to suggest the Hispanic-directed nature of its products by drawing on images being used on a widespread basis by various unrelated third parties in Mexico in connection with the sale of paletas and frozen fruit products. PLM incorporated the revised Indian girl design into the LA INDITA MICHOACANA and Indian Girl Design Mark at issue in these proceedings:



PLM began using the logo containing the revised girl design in connection with its paletas and frozen fruit treat business in the United States in February 2005.

15. On June 28, 2005, PLM applied to register the LA INDITA MICHOACANA and Indian Girl Design Mark incorporating this revised Indian girl design, in conjunction with “ice cream and fruit ice products, namely, fruit bars,” in International Class 30, citing a first-use date of February 21, 2005. On February 20, 2007, the USPTO registered the mark, U.S. Registration No. 3,210,304.

16. On or about January 2011, PLM assigned various trademarks, including the LA INDITA MICHOACANA and Indian Girl Design Mark, 1994 Indian Girl Design Mark and the 1995 Indian Girl Design Mark, to PLML.

17. PLML's trademarks, including the 1994 Indian Girl Design Mark, the 1995 Indian Girl Design Mark, and the LA INDITA MICHOACANA and Indian Girl Design Mark, together with its MICHOACANA-based marks and trade name are widely-recognized in the United States as source indicators of the ice cream and frozen fruit treats produced and distributed by Plaintiffs.

Defendant And Its Trademarks

18. Plaintiffs are informed and believe and on that basis allege that Defendant is a business located in Mexico, engaged in various activities in Mexico, including the distribution of products and machinery used in the production of ice cream.

19. Plaintiffs are further informed and believe and on that basis allege that Defendant does not own any trademark registration or application in Mexico covering any design of a girl holding an ice cream, popsicle, or any other frozen treat.

20. Defendant claims to have entered into licensing arrangements, dating to April 2001, with certain individuals for the licensing in the United States of its FLOR DE MICHOACAN, LA MICHOACANA NATURAL, and LA MICHOACANA marks, as well as an Indian Girl design, in connection with the production and sale of ice cream products.

21. During the proceedings below, Defendant identified one corporation and two individuals, one of whom was acknowledged to be the brother of one of Defendant's directors, as the only licensees of these marks in the United States and claimed that these parties had used the marks pursuant to this licensing arrangement in Florida since 2001.

22. On April 18, 2001, Defendant filed at the USPTO intent-to-use applications to register the LA FLOR DE MICHOACAN word mark and the LA MICHOACANA NATURAL and Design Mark purportedly licensed by Defendant at that time for use in the United States in conjunction with ice cream products. In December 2003, Defendant filed a statement of use in connection with the LA FLOR DE MICHOACAN mark, claiming a first-use date of April 20,

2001. The LA FLOR DE MICHOACAN word mark proceeded to registration, U.S. Registration No. 2,830,401 and the filing for LA MICHOACANA NATURAL and Design Mark was abandoned in 2002.

23. Defendant did not file any applications in 2001 for a design of a girl despite the fact that the purported license agreements included reference to a La Indita Design as one of the marks to be licensed.

24. Defendant made no further trademark filings in the United States until December 8, 2005, when it filed an application to register a mark consisting of the words LA FLOR DE MICHOACAN together with a swirling line and butterfly design (collectively with the previous LA FLOR DE MICHOACAN mark “LA FLOR DE MICHOACAN Marks”) in conjunction with various goods and services in International Classes 16, 21, 25, 29, 32, 35, and 43, U.S. Registration No. 3,249,113:



25. On December 12, 2005, six-months after PLM filed its own application for the LA INDITA MICHOACANA and Indian Girl Design Mark, and more than five-and-a-half years after allegedly entering into the purported licensing arrangement which Defendant claims to have included a license to use Defendant’s Indian Girl Design Mark in the United States, Defendant filed a trademark application with the USPTO seeking to register Defendant’s Indian Girl Design Mark in conjunction with “[c]ones for ice cream; [f]lavored ices; [f]rozen yoghurt; [f]ruit ice; [f]ruit ice bar; [f]ruit ices; [i]ce; [i]ce candies; [i]ce cream; [i]ce cream drinks; [i]ce cream mixes; [i]ce cream powder; [i]ce cubes; [i]ce milk bars; [i]ce-cream cakes” in International Class 30, as

well as various goods and services in International Classes 16, U.S. Serial No. 78,771,243:



Defendant claimed first use of the mark in commerce in April 2001. Defendant submitted specimens with this filing that it claimed under oath represent current use of the mark on such products in commerce in the United States.

26. During the prosecution of the application to register Defendant's Indian Girl Design Mark, on June 14, 2006, the USPTO cited the LA INDITA MICHOACANA and Indian Girl Design Mark then owned by PLM as a barrier to registration based on a likelihood of confusion between the two marks due to the similar girl designs. On December 13, 2006, Defendant responded to the citation of this mark by arguing that there was no risk of confusion between the marks due to the presence of the terms LA INDITA and MICHOACANA in the cited mark, and other visual differences between the marks. Defendant did not at this time alert the USPTO to any claimed priority in the use of the Indian Girl Design Mark, or seek to contact PLM to object to the use by PLM of the LA INDITA MICHOACANA and Indian Girl Design Mark based on Defendant's alleged priority in use of the mark.

27. On August 17, 2006, Defendant filed an application at the USPTO seeking to register its LA MICHOACANA NATURAL and Butterfly Design Mark in conjunction with “[c]ones for ice cream; [f]lavored ices; [f]rozen yoghurt; [f]ruit ice; [f]ruit ice bar; [f]ruit ices; [i]ce; [i]ce candies; [i]ce cream; [i]ce cream drinks; [i]ce cream mixes; [i]ce cream powder; [i]ce cubes; [i]ce milk bars; [i]ce-cream cakes” in International Class 30 and “[r]etail shops featuring ice cream, fruit bars, drinks and snacks; [r]etail stores featuring ice cream, fruit bars, drinks and

snacks” in International Class 35, claiming a first use of the mark in commerce in February 2002, U.S. Serial No. 78,954,490:



28. U.S. Registration No. 3,210,304 for the LA INDITA MICHOCACANA and Indian Girl Design Mark owned at that time by PLM, was again cited against Defendant’s later LA MICHOCACANA NATURAL and Butterfly Design Mark filing as a bar to registration. Rather than arguing that the marks should coexist as Defendant had done when the LA INDITA MICHOCACANA and Indian Girl Design Mark was cited against Defendant’s Indian Girl Design Mark filing, Defendant this time responded to the examiner with notice that it would be seeking to cancel PLM’s LA INDITA MICHOCACANA and Indian Girl Design Mark.

29. On April 27, 2007, Defendant filed the Petition to Cancel PLM’s registration for the LA INDITA MICHOCACANA and Indian Girl Design Mark, citing its prior use of the LA MICHOCACANA trademark, the LA MICHOCACANA NATURAL and Butterfly Design Mark, the LA FLOR DE MICHOCACAN Marks and a LA MICHOCACANA trademark, Cancellation No. 92047438 (“Cancellation Action”). Defendant did not cite any rights in, or make any reference to any use of or filing for, Defendant’s Indian Girl Design Mark in the Petition to Cancel.

30. Shortly after filing the Cancellation Action, Defendant also sent PLM a cease and desist letter, demanding that PLM cease use of the LA INDITA MICHOCACANA and Indian Girl Design Mark, citing only Defendant’s rights in the LA MICHOCACANA NATURAL trademark, the LA MICHOCACANA NATURAL and Butterfly Design Mark, the LA FLOR DE MICHOCACAN Marks, and the LA MICHOCACANA trademark, but again making no mention of Defendant’s use or filing for Defendant’s Indian Girl Design Mark.

TTAB Proceeding

31. To support its claim that it used Defendant's Indian Girl Design Mark and other marks in the United States in 2001, Defendant admitted that it had made no use of the marks itself and relied upon oral testimony from two individuals and one corporation whom it claimed were licensees of the various marks, who claimed to have used the marks in connection with their ice cream businesses in Florida continuously since 2001.

32. The details of the oral testimony of these licensees regarding use of the LA MICHOACANA NATURAL trademark, the LA MICHOACANA NATURAL and Butterfly Design Mark, the LA FLOR DE MICHOACAN Marks, the LA MICHOACANA trademark, and Defendant's Indian Girl Design Mark in the United States were contradicted by physical evidence presented by both Defendant and PLM in the proceedings below, and by Defendant's failure to introduce any physical evidence to corroborate the existence of the claimed licensing arrangement.

33. The evidence supporting Defendant's claim to have used Defendant's Indian Girl Design Mark via these licensees in the United States was notably weaker than the already weak evidence introduced to support the claimed licensing of the other marks. Defendants introduced no physical evidence demonstrating use of Defendant's Indian Girl Design by itself or its licensees prior to the date that PLM filed its application to register its LA INDITA MICHOACANA and Indian Girl Design Mark.

34. Despite the weak and uncorroborated nature of the oral testimony regarding the use of Defendant's Indian Girl Design Mark in the United States, the TTAB granted the Petition for Cancellation on May 20, 2011, finding that Defendant had established priority of use of Defendant's Indian Girl Design Mark and further concluding that there was a likelihood of confusion between the LA INDITA MICHOACANA and Indian Girl Design Mark and Defendant's Indian Girl Design Mark. Although the TTAB also found that Defendant had established priority in the use of its LA FLOR DE MICHOACAN Marks, it concluded that there was no likelihood of confusion between the LA FLOR DE MICHOACAN Marks and the LA INDITA MICHOACANA and Indian Girl Design Mark.

35. The TTAB further found that Defendant had established priority of use in the LA MICHOACANA NATURAL trademark, the LA MICHOACANA NATURAL and Butterfly Design Mark and the LA MICHOACANA trademark. It concluded that there was a likelihood of confusion between those marks and the LA INDITA MICHOACANA and Indian Girl Design Mark due to the overlap of the term “Michoacana,” despite the fact that PLM introduced evidence noting the meaning of the MICHOACANA term in the context of Hispanic ice cream products, and further presented evidence in the form of several trademark registrations coexisting at the USPTO for various food products directed to the Hispanic community that include the term MICHOACANA.

36. A copy of the TTAB decision in the Cancellation Action is attached hereto as Exhibit A. On July 13, 2011, the TTAB panel denied a Motion for Reconsideration filed by PLM. A copy of that decision is attached hereto as Exhibit B. Plaintiffs believe that the TTAB’s decisions are erroneous and hereby appeal.

Plaintiffs’ Challenges To The TTAB Ruling

37. Plaintiffs maintain that the decision of the TTAB granting the Petition for Cancellation is erroneous and not supported by substantial evidence because Defendant did not and cannot establish that it has priority of use of Defendant’s Indian Girl Design Mark in the United States because (1) there is insufficient evidence of any such use; (2) the oral evidence presented on this topic is weak and contradicted; (3) even if such use could be proven, Defendant subsequently abandoned the Indian Girl Design Mark prior to the filing of the Petition to Cancel; and (4) the purported use was via an uncontrolled licensing arrangement and therefore cannot be relied upon to establish priority.

38. The decision is further erroneous and not supported by substantial evidence to the extent it finds that Defendant established priority with respect to its LA FLOR DE MICHOACAN Marks, LA MICHOACANA NATURAL trademark, LA MICHOACANA NATURAL and Butterfly Design Mark, and LA MICHOACANA trademark because (1) there is insufficient evidence to establish such prior use; (2) Defendant’s oral evidence on this issue is weak and contradicted; (3) even if such use could be proven, Defendant subsequently abandoned

these marks prior to the filing of the Petition to Cancel; and (4) the purported use was via an uncontrolled licensing arrangement and therefore cannot be relied upon to establish priority.

39. The decision of the TTAB is further erroneous and not supported by substantial evidence to the extent it finds that the LA INDITA MICHOACANA and Indian Girl Design Mark is confusingly similar to Defendant's LA MICHOACANA NATURAL trademark, LA MICHOACANA NATURAL and Butterfly Design Mark, LA MICHOACANA word mark, or any LA MICHOACANA trademark allegedly owned or used by Defendant, given that the term MICHOACANA is descriptive and geographically descriptive of ice cream products directed to the Hispanic market of the type sold by Plaintiffs and is highly diluted and weak as a term used in connection with ice cream and ice cream-related products directed to the Hispanic community, due to the widespread use of the term by third parties throughout the United States, and is therefore not a source indicator for those goods.

40. Plaintiffs will present this court with substantial further evidence to support the conclusion that the term MICHOACAN is geographically descriptive and descriptive, and weak and dilute in connection with Hispanic-directed ice cream and related products and services, as well as further evidence to demonstrate the contradictions and inconsistencies surrounding Defendant's oral testimony regarding its licensing of its trademarks, including Defendant's Indian Girl Design Mark, in the United States prior to PLM's use and filing of the application to register the LA INDITA MICHOACANA and Indian Girl Design Mark.

41. Plaintiffs seek review of the TTAB findings of fact in the Cancellation Action as well as *de novo* review of the TTAB's findings of law, and the new evidence and claims to be presented by Plaintiffs pursuant to Section 21 of the Lanham Act, 15 U.S.C. § 1071.

CAUSES OF ACTION

COUNT 1

**REQUEST FOR REVERSAL OF TTAB DECISION AND DENIAL OF DEFENDANT'S
PETITION FOR CANCELLATION OF PLAINTIFFS' LA INDITA MICHOACANA
AND INDIAN GIRL DESIGN TRADEMARK, U.S. REGISTRATION NO 3,210,304**

42. Plaintiffs reallege and incorporate herein Paragraphs 1 through 41 of this Complaint.

43. Plaintiffs are dissatisfied with the decision of the TTAB and its erroneous conclusion that Defendant had priority of use in the LA MICHOACANA NATURAL and Butterfly Design Mark, LA FLOR DE MICHOACAN Marks, Defendant's Indian Girl Design Mark, and the LA MICHOACANA trademark, given that Defendant failed to introduce sufficient evidence to support its claim of priority with respect to each of these marks.

44. Even if Defendant has introduced sufficient evidence of its licensees' use of certain of these marks in the United States, there is insufficient evidence of its licensees' use of Defendant's Indian Girl Design Mark in the United States to support the TTAB's finding that Defendant had established priority with respect to the use of this mark.

45. Even if Defendant has introduced sufficient evidence of its licensees' use of certain of these marks in the United States, PLM is informed and believes and on that basis alleges that Defendant abandoned use of such marks prior to the filing of the cancellation action.

46. Defendant's licensing of the purportedly licensed marks in the United States constituted naked licensing and therefore does not give rise to a claim of use on behalf of Defendant.

47. There was and is no likelihood of confusion between the LA INDITA MICHOACANA and Indian Girl Design Mark and Defendant's LA MICHOACANA NATURAL trademark, LA MICHOACANA NATURAL and Butterfly Design Mark, LA MICHOACANA word mark, or any LA MICHOACANA trademark allegedly owned or used by Defendant given the descriptive and geographically descriptive nature of the term MICHOACANA when used in connection with ice cream of the type and style sold by Plaintiffs

in the United States, and the weak and diluted nature of the term resulting from the widespread use of the term by unrelated third parties in the United States in connection with ice cream products of this type and style.

48. Accordingly, the TTAB decision of May 20, 2011 should be reversed and vacated, and an order should be entered directing the USPTO to reverse its decision and deny Defendant's Petition for Cancellation of United States Registration No. 3,210,304 for the LA INDITA MICHOACANA and Indian Girl Design Mark, Cancellation No. 92047438.

COUNT 2

DECLARATORY JUDGMENT OF NONINFRINGEMENT (15 U.S.C. § 1051 et seq.)

49. Plaintiffs reallege and incorporate herein Paragraphs 1 through 48 of this Complaint.

50. There is an actual, present and justiciable controversy between the parties regarding whether the presence of the term MICHOACANA in the LA INDITA MICHOACANA and Indian Girl Design Mark in connection with Hispanic-directed ice cream products give rise to a risk of confusion.

51. Plaintiffs seeks a declaration from this Court that there is no likelihood of confusion between the LA INDITA MICHOACANA and Indian Girl Design Mark and the LA MICHOACANA trademark, the LA MICHOACANA NATURAL trademark, and the LA MICHOACANA NATURAL and Butterfly Design Mark allegedly owned and used by Defendant due to the overlap of the term MICHOACANA given that the term MICHOACANA is descriptive and geographically descriptive of the type of ice cream products sold by Plaintiffs and Defendant, and is further weak and diluted as a result of the widespread use of the marks by unrelated third parties in connection with the sale of ice cream.

COUNT 3

FEDERAL TRADEMARK INFRINGEMENT (15 U.S.C. § 1114)

52. Plaintiffs reallege and incorporate herein Paragraphs 1 through 51 of this Complaint.

53. PLML owns valid and subsisting registrations for the 1994 and 1995 Indian Girl Design Marks and Plaintiffs seek reversal in this action of the TTAB's decision to cancel the registration for the LA INDITA MICHOACANA and Indian Girl Design Mark, and thus PLML continues to have valid and subsisting rights in that registration as well. PLM continues to have an interest in the infringement of the 1994 and 1995 Indian Girl Design Marks and LA INDITA MICHOACANA and Indian Girl Design Mark as it was the owner of the mark during much of the alleged infringement.

54. Defendant and its licensees claim to be using Defendant's Indian Girl Design Mark in the United States in connection with ice cream products.

55. Defendant cannot establish continuous use of Defendant's Indian Girl Design Mark in the United States prior to the filing by PLM of the LA INDITA MICHOACANA and Indian Girl Design Mark and PLM's filings for the 1994 and 1995 Indian Girl Design Marks.

56. To the extent Defendant or anyone authorized by Defendant is using Defendant's Indian Girl Design Mark in the United States in connection with ice cream and/or related products, such use is likely to cause confusion, mistake, or deception as to the affiliation, connection or association of Defendant's Indian Girl Design Mark with the LA INDITA MICHOACANA and Indian Girl Design Mark and 1994 and 1995 Indian Girl Design Marks, and thereby constitutes infringement of a registered trademark under 15 U.S.C. § 1114, entitling Plaintiffs to injunctive relief and damages for such past and current infringement, and attorneys' fees.

COUNT 4

**CANCELLATION OF UNITED STATES REGISTRATION NOS. 3,249,113 and 2,830,401
(15 U.S.C. § 1119)(in response to infringement claims pursuant to 15 U.S.C. §1114 asserted
in Defendant's counterclaims)**

57. Plaintiffs reallege and incorporate herein Paragraphs 1 through 56 of this Complaint.

58. Defendant has alleged in its counterclaims filed in response to the original complaint in this action that the use of the term MICHOACANA in certain marks currently

owned and used by PLML and formerly owned by PLM infringes Defendant's rights in various marks, including the LA FLOR DE MICHOACAN and LA FLOR DE MICHOACAN and Design marks show in United States Registration Nos. 3,249,113 and 2,830,401. Should this court find a likelihood of confusion in connection with the marks in these registrations and Plaintiffs' use of marks containing the term MICHOACANA, Plaintiffs will be injured by the continued registration of these marks because such registrations would give Defendant a presumption of nationwide rights in the marks.

59. Plaintiffs and their predecessors in interest have used the term MICHOACANA in trademarks and trade names in connection with ice cream and related products in the United States use since at least as early as 1991.

60. To the extent there is any determination in this action that there is a likelihood of confusion between Defendant's LA FLOR DE MICHOACAN and LA FLOR DE MICHOACAN and Design marks shown in United States Registration Nos. 2,830,401 and 3,249,113 and any marks used by Plaintiffs and their predecessors in interest that include the term MICHOACANA, Plaintiffs seek to cancel United States Registration Nos. 3,249,113 on the ground that Plaintiffs and their predecessors in interest have made prior and continuous use of the term MICHOACANA that predates the filing of the application that resulted in United States Registration Nos. 3,249,113.

61. Plaintiffs are informed and believe, and on that basis allege, that Defendant has abandoned use of the LA FLOR DE MICHOACAN and LA FLOR DE MICHOACAN and Design marks shown in United States Registration Nos. 3,249,113 and 2,830,401 and in the event this court finds a likelihood of confusion between those marks and any used by Plaintiffs that include the term MICHOACANA, Plaintiffs seek to cancel cancel these registrations on the grounds of abandonment.

PRAYER FOR RELIEF

WHEREFORE, Plaintiffs pray for relief as follows:

- A. That the Court reverse the May 20, 2011 decision in the matter of *Productos Lacteos Tocumbo S.A. de C.V. v. Paeteria La Michoacana, Inc.*, Cancellation No. 92047438 referenced herein, pursuant to 15 U.S.C. § 1071(b);
- B. That the Court order the TTAB to deny Defendant's Petition for Cancellation;
- C. That the Court enjoin Defendant from using Defendant's Indian Girl Design Mark in conjunction with goods or services identical to or related to those offered by Plaintiffs;
- D. That the Court declare that there is no likelihood of confusion between PLML's LA INDITA MICHOACANA and Indian Girl Design Mark and Defendant's LA MICHOACANA trademark, LA MICHOACANA NATURAL trademark, and LA MICHOACANA NATURAL and Butterfly Design Mark given the descriptive and geographically descriptive and weak nature of the term MICHOACANA when used in connection with ice cream and related products;
- D. That the Court cancel United States Registration Nos. 3,249,113 and 2,830,401;
- E. That the Court grant Plaintiffs damages resulting from Defendant's infringing use of Defendant's Indian Girl Design Mark;
- F. That the Court grant Plaintiffs attorneys' fees; and
- G. That the Court grant any other such relief it deems appropriate.

JURY DEMAND

PLM AND PLML demand that this action be tried by a jury.

Dated: March 15, 2012

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**UNITED STATES DISTRICT COURT
DISTRICT OF COLUMBIA**

PALETERIA LA MICHOACANA, INC., a
California corporation; PALETERIA LA
MICHOACANA, LLC., a California Limited
Liability Company

Plaintiffs,

v.

PRODUCTOS LACTEOS TOCUMBO S.A. DE
C.V., A Mexican corporation,

Defendant.

Case No.1:11-cv-01623-RC

**ANSWER TO SECOND AMENDED
COMPLAINT AND COUNTERCLAIMS**

JURY TRIAL DEMANDED

Assigned to: Hon. Contreras, Rudolph

Defendant, Productos Lacteos Tocumbo S.A. De C.V., (“Defendant” or “PROLACTO”) hereby responds to the Second Amended Complaint filed in this action by Plaintiffs Paleteria La Michoacana, Inc. (“PLM, Inc.”) and Paleteria La Michoacana, LLC (“PLM, LLC”) (collectively “Plaintiffs” or “PLM”) seeking judicial review of the decision of the U.S. Trademark Trial and Appeal Board (the “TTAB” or “Board”) in Cancellation Proceeding No. 92047438 that was adverse to PLM, Inc.. The decision of the Board that is the subject of PLM's appeal should be affirmed.

Defendant also seeks as a defense against PLM, judicial review to cross-appeal all findings and decisions of the Board in Cancellation Proceeding No. 92047438 adverse to PROLACTO, or, not expressly decided in PROLACTO's favor, including, but not limited to, the Board's findings that: (a) PROLACTO “waived” its “fraud and dilution claims;” (b) that PLM’s (cancelled mark) is not similar to PROLACTO’s mark LA FLOR DE MICHOACAN and design; (c) the Board’s failure to mention in its statement of decision additional findings of fact favorable to Defendant and/or adverse to PLM, Inc.; and (d) the Board would not consider PROLACTO's arguments that it is the owner of a “family of marks” based on the word MICHOACAN(A) as

related to ice cream and related goods and services. Defendant PROLACTO also asserts counterclaims against PLM (i.e., PLM, Inc. and PLM, LLC), for federal trademark infringement in violation of Section 32(1) of the Lanham Act, 15 U.S.C. § 1114(1); federal unfair competition in violation of Section 43(a) of the Lanham Act, 15 U.S.C. § 1125(a); common law trademark infringement; federal dilution in violation of Section 43(C) of the Lanham Act, 15 U.S.C. § 1125(c); cancellation of Registration No. 2,968,652 for fraud under 15 U.S.C. § 1120; cancellation of Registration No. 2,905,172 for fraud under 15 U.S.C. § 1120; and cancellation of Registration Nos. 2,905,172 and 2,968,652 for abandonment under Lanham Act Section 45.

ANSWER TO THE SECOND AMENDED COMPLAINT

1. The first paragraph of the Second Amended Complaint (“Complaint”) is a conclusion of law, and, as such, requires no response. To the extent a response is required, PROLACTO admits the allegations set forth in paragraph 1 of the Complaint.

2. The second paragraph of the Complaint is a conclusion of law, and, as such, requires no response. To the extent a response is required, PROLACTO admits that “[o]n May 20, 2011, a TTAB panel granted Defendant’s Petition for Cancellation of the registration for the "LA INDITA MICHOACANA and Indian Girl Design" trademark in conjunction with “ice cream and fruit ice products, namely, fruit bars,” in International Class 30, U.S. Registration No. 3,210,304 which issued to” PLM, Inc.. However, PROLACTO lacks sufficient information to form a belief as to the truth of the allegation that such registration was assigned to PLM, LLC during the TTAB proceedings and therefore denies such allegation. PROLACTO further admits the remaining allegations in the second paragraph, subject to the clarification that the Board found that PROLACTO had priority of use of each of the following trademarks (“PROLACTO’S Marks):

(i) **LA MICHOACANA** (words only);

(ii) **LA MICHOACANA NATURAL** (words only);

(iii) **LA MICHOACANA NATURAL** (and design):

(iv) (design of an Indian girl doll holding an ice cream):



(v) **LA FLOR DE MICHOACAN** (words only);

(vi) **LA FLOR DE MICHOACAN** (and design):



That the Board made no mention of PROLACTO's priority of use of the alternative mark

(vii) **LA MICHOACANA NATURAL** (with butterfly design)



and that the Board found that PROLACTO had shown priority of use as to at

least the first four trademarks identified as (i) – (iv) above, which each gave rise to a likelihood of confusion with PLM's asserted mark **LA INDITA MICHOACANA** (and design):



Defendant further admits that the Board denied PLM, Inc.'s Motion for Reconsideration on July 13, 2011.

3. The majority of the third paragraph of the Complaint is a conclusion of law, and, as such, requires no response. To the extent a response is required, PROLACTO is informed and believes that "Plaintiff PLM, Inc. is a corporation organized and existing under the laws of the state of California with its principal place of business at 2068 Lapham Drive, Modesto, California 95354." PROLACTO further admits that "PLM [Inc.] was the party to the cancellation action throughout the TTAB proceedings and [PLM, LLC] was not joined or substituted in the proceedings." Defendant lacks sufficient information to form a belief as to the truth of the remaining allegations and conclusions of law set forth in paragraph 3 of the Complaint and therefore denies them on this basis. In addition, PROLACTO specifically denies that any assignment of all of the assets of a company without the corresponding liabilities as PLM, Inc.

and PLM, LLC. alleged occurred in this case, is unlawful and fails to constitute a bona fide arms length transaction.

4. PROLACTO is informed and believes that “Plaintiff [PLM, LLC] is a limited liability company organized and existing under the laws of the state of California with its principal place of business at 2068 Lapham Drive, Modesto, California 95354.” Defendant lacks sufficient information to form a belief as to the truth of the remaining allegations and conclusions of law set forth in paragraph 4 of the Complaint and therefore denies them on this basis.

5. Defendant admits the allegations set forth in paragraph 5 of the Complaint.

6. The sixth paragraph of the Complaint is a conclusion of law, and, as such, requires no response. To the extent a response is required, PROLACTO admits the allegations set forth in paragraph 6 of the Complaint.

7. The seventh paragraph of the Complaint is a conclusion of law, and, as such, requires no response. To the extent a response is required, PROLACTO admits the allegations set forth in paragraph 7 of the Complaint.

8. The eighth paragraph of the Complaint is a conclusion of law, and, as such, requires no response. To the extent a response is required, PROLACTO admits the allegations set forth in paragraph 8 of the Complaint.

9. Defendant admits only that “PLM [Inc.] produced and distributed ice cream bars known as ‘paletas’ and other ice cream and frozen fruit products.” Defendant admits that the type of products described have, when manufactured and sold by Defendant and their predecessors, subsidiaries, related companies and authorized licensees have originated from and been made famous by PROLACTO, and its predecessors in, *inter alia*, the state of Michoacán in Mexico and elsewhere. However, Defendant denies that the ice cream bars known as ‘paletas’ and other ice cream and frozen fruit products sold by PLM are of a type originating from and made famous in the state of Michoacán in Mexico. Defendant lacks sufficient information to form a belief as to the truth of the remaining allegations and conclusions of law set forth in paragraph 9 of the Complaint and therefore denies them on this basis. Defendant further specifically denies that

“PLM [Inc.] was, and now [PLM, LLC.] is, one of the leading providers of Hispanic-oriented ice cream and frozen treats in the United States, distributing products across California, the Pacific Northwest, the Intermountain West, and the Midwest. Plaintiffs and their predecessors-in-interest have produced and distributed paletas and other ice cream and frozen fruit treats in the United States since 1991.” PROLACTO denies that there is any such geographical location known as “the Michoacan” region or that there is any geographical significance as to any products related thereto. PROLACTO further denies that “Plaintiffs and their predecessors-in-interest, have used the term MICHOCANA in trade names and trademarks in the United States since 1991.”

10. Defendant admits only that PROLACTO and its predecessors, subsidiaries, related companies and authorized licensees, as “producers of paletas and related ice cream and frozen fruit treats have used and continue to use” the image of a little Indian girl doll, dressed in traditional clothing (e.g, folklorico clothing representative of that worn in the town of Tocumbo, State of Michoacán de Ocampo, Mexico) similar or identical to the one shown in PROLACTOS’s design mark, in connection with ice cream and have done so for decades. Defendant denies that PLM “began using a stylization of a drawing of an Indian girl holding an ice cream bar as a trademark in connection with its paletas and frozen treats in the United States in 1994,” and further denies that PLM, Inc. and its alleged successor-in-interest PLM, LLC had legally or properly used any such design(s) in any such manner such any such time.

11. Defendant denies the allegations contained in paragraph 11 of the Complaint.

12. Defendant denies the allegations contained in the first sentence of paragraph 12 of the Complaint. Defendant admits only that the available records of the United States Patent & Trademark Office indicate that Registration No. 2,905,172 which alleges a date of first use of April 01, 1994, in connection with “ice cream and fruit ices” in International Class 030 appears to have been owned by PLM, Inc. and appears to be currently registered in the name of PLM, LLC. PROLACTO denies the remaining allegations contained in paragraph 12 of the Complaint.

13. Defendant denies the first sentence of paragraph 13 of the Complaint. Defendant admits that the available records of the United States Patent & Trademark Office indicate that Registration No. 2,968,652, covering “ice cream; fruit ices” in International Class 30, which

alleges a first use date of January 01, 1995, further indicates that after the Board's Decision cancelling United States Registration No. 3,210,304, on July 27, 2011, the United States Patent & Trademark Office accepted PLM, LLC.'s Section 15 filing. Defendant denies the remaining allegations of paragraph 13 of the Complaint.

14. Defendant denies the allegations contained in paragraph 14 of the Complaint. Defendant is further informed and believes that PLM, Inc. and its alleged predecessors, if any, did not use the mark shown, or any other mark which is likely to be confused with the marks used by PROLACTO in connection with any "paletas and frozen fruit products" at any time prior to February 21, 2005.

15. Defendant admits only that the available records of the United States Patent & Trademark Office ("USPTO") indicate that on June 28, 2005, PLM, Inc. applied to register the LA INDITA MICHOACANA and Indian Girl Design Mark in connection with "ice cream and fruit ice fruit ice products, namely fruit bars" in International Class 30, citing a first use date of February 21, 2005. Defendant further admits that on February 20, 2007, the USPTO registered the mark, U.S. Registration No. 3,210,304, but that since such time, such Registration has been ordered to be cancelled by the United States Trademark Office Trademark Trial & Appeal Board in the underlying Administrative Action.

16. Defendant lacks sufficient information to form a belief as to the truth of the allegations and conclusions of law set forth in paragraph 16 of the Complaint and therefore denies such allegations. Defendant further denies that a bona fide, good faith, assignment or transfer of any particular trademark was made from PLM, Inc. to PLM, LLC.

17. Defendant denies the allegations contained in paragraph 17 of the Complaint.

18. Defendant admits the allegations contained in paragraph 18 of the Complaint.

19. Defendant admits the allegations contained in paragraph 19 of the Complaint. Defendant further admits that Defendant and one of its directors own trademark registrations in Mexico for a number of marks, including the words LA MICHOACANA NATURAL and the words LA MICHOACANA NATURAL coupled with a butterfly and paleta designs, all in connection with ice cream and related products.

20. Defendant admits that it has entered into licensing agreements with certain individuals for the licensing in the United States of several of its marks, specifically including its FLOR DE MICHOACAN, LA MICHOACANA NATURAL, LA MICHOACANA and its “INDIAN GIRL DESIGN” marks in connection with the production and sale of ice cream products, however, such licensing agreements date back to March 2001.

21. Defendant admits that during the proceedings below, Defendant identified one corporation and two individuals, one of whom was acknowledged to be the brother of one of Defendant’s directors, as licensees of these marks in the United States, and that these parties had used the marks pursuant to this licensing arrangement in Florida since 2001, however, Defendant denies that these “were the only licensees of these marks in the United States.”

22. Defendant admits that on April 18, 2001, Defendant filed at the USPTO, two Intent-to-use applications to register its respective marks LA FLOR DE MICHOACAN word mark and the LA MICHOACANA NATURAL and Design mark as were licensed by Defendant at that time for use in the United States in conjunction with ice cream products. Defendant admits that in December 2003, Defendant caused to be filed a statement of use in connection with the LA FLOR DE MICHOACAN mark claiming a date of first use of at least as early as April 20, 2001. Defendant admits that the LA FLOR DE MICHOACAN word mark proceeded to registration under U.S. Registration No. 2,830,401. Defendant admits that its initial filing for the LA MICHOACANA NATURAL and butterfly design mark (featuring an ice cream bar) as shown immediately below, was abandoned, however, Defendant denies that such abandonment occurred in 2002.



23. Defendant is unable to admit or deny the allegations contained in paragraph 23 of the Complaint because such allegations are vague, ambiguous, unintelligible and susceptible of several distinct meanings, without limitation. Accordingly Defendant denies the allegations contained in paragraph 23 of the Complaint.

24. Defendant admits only that it is the owner of United States Trademark Registration No. 3,249,113 for the Mark LA FLOR DE MICHOACAN (and design) in connection with

various goods and services in International Classes 16, 21, 25, 29, 32, 35, and 43, which was filed on December 8, 2005. Defendant is unable to admit or deny the remaining allegations contained in paragraph 24 of the Complaint because such allegations are vague, ambiguous, unintelligible and susceptible of several distinct meanings, without limitation. Accordingly Defendant denies the remaining allegations contained in paragraph 24 of the Complaint.

25. Defendant admits only that on or about December 12, 2005, it caused to be filed United States Trademark Application Serial No. 78,771,243 seeking to register its design mark featuring an Indian Girl doll (“Diseño Indita”), in connection with the ice cream goods in International Class 030 as are listed in paragraph 25 of the Complaint, as well as various goods and services as respectively listed within International Classes 16, 21, 25, 29, 32, 35 and 43. Defendant further admits that it claimed first use of the mark in commerce at least as early as April 20, 2001 and that in December 2005, Defendant caused to be filed specimens of use that its representative claimed under oath represent specimens of use of the mark, in commerce in connection with one or more of the goods stated in each class.

26. Defendant is either unable to, or without information or belief, and/or is otherwise unable to comprehend the allegations contained in paragraph 26 of the Complaint and accordingly denies such allegations. Defendant admits only that that in connection with its pending United States Trademark Application Serial No. 78,771,243, that it caused its outside counsel in Mexico to file a response to an office action on or about December 13, 2006.

27. Other than the reference to the words “and Butterfly Design Mark” Defendant admits the allegations contained in Paragraph 27 of the Complaint.

28. Defendant admits only that in connection with its United States Trademark Application Serial No. 78,954,490, that on or about January 20, 2007, that its outside counsel in the United States received an initial office action in which the USPTO examining attorney advised that she had located a “similar pending mark,” namely pending Application Serial No.78,660,166, and that having compared the respective marks that “there may be a likelihood of confusion between the applicant's mark and the mark in the above noted application under Section 2(d) of the Act. The filing date of the referenced application precedes the applicant's filing date.

If the earlier-filed application matures into a registration, the examining attorney may refuse registration under Section 2(d).” Defendant notes that PLM, Inc.’s application Serial No.78,660,166, was subsequently registered under U.S. Registration No. 3,210,304 (and has since been ordered cancelled in the underlying administrative action which PLM now appeals).

Defendant denies the remaining allegations contained in paragraph 28 of the Complaint.

29. Defendant admits the allegations contained in paragraph 29 of the Complaint.

30. Defendant admits the allegations contained in paragraph 30 of the Complaint with the clarification that the cease and desist letter was sent to PLM, Inc.

31. Defendant admits that in the underlying Administrative Action that it relied, in part on oral testimony from two individuals and one corporation who were licensees of PROLACTO’s Marks, both of whom testified to have used the marks in connection with their respective ice cream businesses in Florida, continuously since 2001. Defendant denies the remaining allegations contained in paragraph 31 of the Complaint.

32. Defendant denies the allegations contained in paragraph 32 of the Complaint.

33. Defendant denies the allegations contained in paragraph 33 of the Complaint.

34. Defendant denies the false and argumentative preface contained in the first sentence of paragraph 34 of the Complaint, but admits that the TTAB granted the Petition for Cancellation on May 20, 2011 and the subsequent allegations set forth in paragraph 34 of the Complaint, namely that the TTAB granted the Petition for Cancellation, finding that Defendant had established priority of use of Defendant's Indian Girl Design Mark and further concluding that there was a likelihood of confusion between Plaintiffs' LA INDITA MICHOACANA And Indian Girl Design Mark and Defendant's Indian Girl Design Mark. Although The TTAB also found that Defendant had established priority in the use of its LA FLOR DE MICHOACAN Marks, it concluded that there was no likelihood of confusion between the LA FLOR DE MICHOACAN Marks and Plaintiffs' LA INDITA MICHOACANA and Indian Girl Design Mark.

35. Defendant admits that “the TTAB further found that Defendant had established priority of use in the LA MICHOACANA NATURAL trademark, the LA MICHOACANA NATURAL and design trademark and the LA MICHOACANA trademark. It concluded

that there was a likelihood of confusion between those marks and Plaintiffs' (alleged) LA INDITA MICHOACANA and Indian Girl Design Mark. Defendant denies the remaining allegations contained in paragraph 35 of the Complaint.

36. Defendant denies that a copy of the TTAB decision in the Cancellation action was attached to the Plaintiffs' Second Amended Complaint. Defendant admits that on July 13, 2011 the TTAB denied a Motion for Reconsideration filed by PLM, Inc. Defendant denies that a copy of the TTAB decision denying PLM's Motion for Reconsideration was attached to the Plaintiffs' Second Amended Complaint. Defendants deny that any Exhibits were attached to the Second Amended Complaint. Defendant denies any knowledge or belief as to the Plaintiffs' remaining allegation or any basis for the Plaintiffs' contention that the TTAB decisions are erroneous.

37. Defendant denies the allegations contained in paragraph 37 of the Complaint.

38. Defendant denies the allegations contained in paragraph 38 of the Complaint.

39. Defendant denies the allegations contained in paragraph 39 of the Complaint.

40. Defendant denies the allegations contained in paragraph 40 of the Complaint.

41. The forty first paragraph of the Complaint is a conclusion of law, and, as such, requires no response. To the extent a response is required, PROLACTO denies such allegations.

42. Defendant realleges and incorporates its responses set forth above.

43. Defendant is either unable to, or without information or belief to respond to the allegations contained in the forty third paragraph and Defendant therefore denies the allegations contained in paragraph 43 of the Complaint.

44. Defendant denies the allegations contained in paragraph 44 of the Complaint.

45. Defendant denies the allegations contained in paragraph 45 of the Complaint.

46. Defendant denies the allegations contained in paragraph 46 of the Complaint.

47. Defendant denies the allegations contained in paragraph 47 of the Complaint.

Defendant particularly denies that the term "MICHOACANA" when used in connection with ice cream of the type and style sold by Plaintiffs is in any manner "descriptive," or "geographically descriptive." To the contrary, to the extent that the term MICHOACANA may, besides having brand significance and fame in favor of PROLACTO and its predecessors, affiliates, and

licensees; MICHOACANA may also refer to a female from the State of Michoacán, Mexico (as would the term “California Girl” apply to a female from California, or “New Yorker” would apply to a female from New York). Plaintiffs have no connection with the State of Michoacán de Ocampo in Mexico and its alleged goods have never been manufactured nor sold in the State of Michoacán de Ocampo. The term MICHOACANA as allegedly used by Plaintiffs fails to fairly describe, consist of, or otherwise materially represent any geographic properties of, or ingredients from the State of Michoacán de Ocampo, in Mexico. As such, Plaintiffs use of the term MICHOACANA is “geographically misdescriptive,” deceptive and likely to deceive or otherwise confuse consumers. Moreover, PLM’s own officers have admitted that prior to adopting any such mark either containing the term MICHOACANA or the design of and Indian Girl, that that they were aware of the brand of ice cream made famous by PROLACTO and its affiliates, and used in connection with the term MICHOACANA and PROLACTO’s Indian Girl Design throughout Mexico. PROLACTO further denies that the term MICHOACANA is weak or diluted, or that there is any widespread use of the term by unrelated parties in the United States in connection with ice cream products of any such particularized type and/or style.

48. Defendant denies the allegations contained in paragraph 48 of the Complaint.

49. Defendant realleges and incorporates its responses set forth above.

50. To the extent that a legal conclusion is required, Defendant admits only that there is an actual, present and justiciable controversy between the parties regarding a risk of confusion resulting from the Plaintiffs’ use of the term MICHOACANA and the Indian Girl Design, each of which were adopted by PLM with full knowledge of PROLACTO’s prior use of such marks in connection with ice cream and related products throughout Mexico.

51. Defendant only admits that Plaintiffs seek declarations from this Court contrary to the Board's decision, Defendant denies that Plaintiffs are entitled to any such declaration and Defendant denies the allegations contained in paragraph 51 of the Complaint. PROLACTO particularly denies that the term “MICHOACANA” when used in connection with ice cream of the type and style sold by Plaintiffs are in any manner “descriptive,” or “geographically descriptive.” PROLACTO further particularly denies that the term MICHOACANA is weak or

diluted, or that there is any widespread use of the term by unrelated parties in the United States in connection with ice cream products of any such particularized type and/or style.

52. Defendant realleges and incorporates its responses set forth above.

53. To the extent that the allegations contained in paragraph 53 of the Complaint are understood, Defendant denies such allegations.

54. Defendant admits the allegations contained in paragraph 54 of the Complaint.

55. To the extent that the allegations contained in paragraph 55 of the Complaint are understood, Defendant denies such allegations.

56. Defendant denies the allegations contained in paragraph 56 of the Complaint.

57. Defendant realleges and incorporates its responses set forth above.

58. Defendant admits that Plaintiffs' alleged use of the term MICHOACANA and PLM's use of a direct copy of PROLACTO's Indian Girl Design infringes PROLACTO's rights in certain marks, including the LA FLOR DE MICHOACAN and LA FLOR DE MICHOACAN and Design marks show in United States Registration Nos. 3,249,113 and 2,830,401 among its other rights. Defendant denies the remaining allegations contained in paragraph 58 of the Complaint.

59. Defendant denies the allegations contained in paragraph 59 of the Complaint.

60. Defendant denies the allegations contained in paragraph 60 of the Complaint.

61. Defendant denies the allegations contained in paragraph 61 of the Complaint.

Defendant denies that PLM is entitled to any of the relief requested in the Prayer for Relief.

AFFIRMATIVE AND GENERAL DEFENSES

Without admitting or acknowledging that it bears the burden of proof as to any of them, Defendant PROLACTO asserts and reserves the right to rely upon the following affirmative and general defenses and reserves the right to amend its Answer as additional information becomes available:

1. Plaintiffs' Complaint fails to set forth facts or allegations sufficient to state a claim

upon which relief can be granted.

2. Plaintiffs' claims are barred because Defendant has not, and does not, infringe any valid and enforceable trademark owned by the Plaintiffs.

3. Plaintiffs' claims of trademark infringement are barred because, on information and belief, Plaintiffs are not asserting any valid trademarks and that each of the trademarks asserted are invalid because they are confusingly similar to other marks and/or are geographically misdescriptive.

4. Plaintiffs' claims are barred by Plaintiffs' unclean hands. Specifically, it is averred, upon information and belief, that Plaintiffs are not asserting any valid trademarks and that any trademark applications submitted in connection with the marks asserted against PROLACTO in the Complaint contained knowingly false representations of material fact. Each of the marks asserted by PLM were known by PLM to be in use by PROLACTO prior to any adoption or use

5. Plaintiffs' claims are barred because any award to Plaintiffs would unjustly enrich Plaintiffs in light of their invalid trademarks and unclean hands.

6. Plaintiffs' claim of trademark infringement under 15 U.S.C. § 1114 is barred by estoppel. PLM, Inc. has had knowledge of prior PROLACTO's adoption and use of the asserted marks for many years. Despite this knowledge, PLM, Inc. has failed to accuse PROLACTO of trademark infringement at any time prior to the current lawsuit. If this Court finds that PLM had valid, enforceable trademarks, PROLACTO had no knowledge that PLM had valid/enforceable marks. Since PLM never asserted these trademarks against PROLACTO earlier, PROLACTO had the right to believe that PLM would not assert the trademarks against PROLACTO. Moreover, PROLACTO relied on PLM's conduct (i.e., PLM's failure to assert its trademarks) and grew its business and customer base in the United States to its detriment.

7. Plaintiffs' claim of trademark infringement under 15 U.S.C. § 1114 is barred by laches. PLM, Inc. has had knowledge of PROLACTO's adoption and use of the asserted marks for many years. Despite this knowledge, PLM has failed to accuse PROLACTO of trademark infringement at any time prior to the current lawsuit. If this Court finds that PLM has valid,

enforceable trademarks, and that PLM did not assert these trademarks against PROLACTO earlier, PLM's claims of trademark infringement are barred by laches because PROLACTO would suffer prejudice as a result of PLM's delay in enforcing its trademarks.

8. Plaintiffs have not been damaged in any amount, manner, or at all by reason of any act alleged against Defendant.

9. PROLACTO's wrongful conduct, if any, was innocent.

10. Plaintiffs have waived, in whole or in part, any rights they may have had to institute an action for the alleged wrongdoings of which PLM complains of occurred solely by reason of their own conduct, actions, omissions and communications.

11. Plaintiffs' request for equitable or injunctive relief is barred because they will not suffer irreparable harm.

12. Plaintiffs' request for equitable or injunctive relief is barred because they have an adequate remedy at law.

13. Plaintiffs' request for equitable or injunctive relief is barred and should be estopped because they have repeatedly asserted in the underlying action and in their related Applications and filings including Oppositions against PROLACTO, judicial admissions, and prior sworn statements are inconsistent with and are directly contradicted by the allegations of any trademark rights in favor of the Plaintiffs' assertions in their Second Amended Complaint.

14. Plaintiffs' request for equitable or injunctive relief is barred because PROLACTO's United States Registration for the mark LA FLOR DE MICHOACAN (Registration No. 2830401) has been deemed incontestable. Further, Plaintiffs' claims and allegations that such mark is descriptive are barred as the mark cannot be challenged on such basis. Further because such mark remains in use in U.S. commerce, Plaintiffs' allegations seeking cancellation of such registration and the related registration of Registration No 3,249,113 are barred, as a matter of law.

Defendant PROLACTO reserves the right to raise other and further affirmative and general defenses as may become apparent through the exchange of discovery or over the course of this litigation and reserves the right to amend its Answer accordingly.

WHEREFORE, having fully answered the Complaint filed by Plaintiffs, Defendant PROLACTO respectfully requests that this Court:

- A. Enter judgment in favor of PROLACTO and against Plaintiffs as to all claims set forth by Plaintiffs in this action;
- B. Enter judgment in favor of PROLACTO and against Plaintiffs for all costs and attorneys' fees incurred by PROLACTO in connection with this matter;
- C. Grant any such other and further relief to PROLACTO as this Court may deem proper.

CROSS APPEAL/CROSS ACTION

The Board's May 20, 2011 decision, Cancellation No. 92047438 granting PROLACTO's petition to cancel PLM's registration should be affirmed.

Defendant PROLACTO by way of this cross appeal/cross action seeks judicial review of the findings and decision of the Board in Cancellation No. 92047438 adverse to PROLACTO, or not expressly decided in PROLACTO's favor, including, but not limited to, the Board's findings that: (a) PROLACTO "waived" its "fraud and dilution claims;" (b) that PLM's (cancelled mark) is not similar to PROLACTO's mark LA FLOR DE MICHOACAN and design; (c) the Board's failure to mention in its statement of decision additional findings of fact favorable to Defendant and/or adverse to PLM, Inc.; and (d) the Board would not consider PROLACTO's arguments that it is the owner of a "family of marks" based on the word MICHOACAN(A) as related to ice cream and related goods and services. Defendant PROLACTO also asserts counterclaims against PLM, for federal trademark infringement in violation of Section 32(1) of the Lanham Act, 15 U.S.C. § 1114(1); federal unfair competition in violation of Section 43(a) of the Lanham Act, 15 U.S.C. §1125(a); common law trademark infringement; federal dilution in violation of Section 43(C) of the Lanham Act, 15 U.S.C. § 1125(c); cancellation of Registration No. 2,968,652 for fraud under 15 U.S.C. § 1120; cancellation of Registration No. 2,905,172 for fraud under 15 U.S.C. § 1120; and cancellation of Registration Nos. 2,905,172 and 2,968,652 for abandonment under Lanham Act Section 45.

GENERAL ALLEGATIONS

1. Counter-Plaintiff, PROLACTO is a corporation organized and existing under the laws of Mexico, located and doing business at Benito Juarez No. 37, Miguel Hidalgo 2da Seccion, Ampliacion Luis Echeverria y Adolfo Ruiz, Delegacion Tlalpan, Mexico City, Mexico. Since at least as early as 1995, PROLACTO has also maintained an ice cream manufacturing and distribution center in town of Tocumbo, in the State of Michoacán, Mexico. PROLACTO is a leading retailer/dealer/distributor of ice cream, flavored ices, and ice cream products, including

“paletas” and ice milk/fruit bars. PROLACTO and its authorized licensees own and operate retail stores and distributorships in the United States and Mexico featuring such dairy products, edible ices, ice cream, fruit bars, drinks and snacks.

2. The directors of PROLACTO, are the Andrade Malfavon family, who come from the town of Tocombo in the State of Michoacán, Mexico, and who have followed in their common ancestors’ footsteps by adopting the and continuously using the mark LA MICHOACANA since the 1940’s. Further, since at least as early as February 8, 1995, PROLACTO and its affiliate, related company or licensee(s) has/have also adopted and continuously used the marks: **LA MICHOACANA NATURAL**, (hereinafter “LA MICHOACANA NATURAL (and design) and variations thereof, including:



and the design of an Indian girl doll, in Mexico, and elsewhere, in connection with the sale and distribution of various goods and services, particularly including those within International Classes 29, 30, 32, 35 and 39, namely including, *inter alia*: eggs, milk and dairy products; cones for ice cream, ice cream cakes, flavored ices, frozen yogurts, fruit ices, fruit ice bars, ice, ice candies, ice cream, ice cream drinks, ice cream mixes, ice cream powder, ice cubes, ice milk bars; mineral waters, sodas, purified waters and other non-alcoholic beverages; beverages and fruit juices; syrup and other preparations to make beverages; retail stores and shops featuring ice cream, fruit bars, drinks and snacks; distribution, transport, packaging and storage services of goods, in particular dairy products, milk, edible ices, and lollipop sticks for edible ices. As a result of PROLACTO’s long-standing and extensive use of such marks, throughout Mexico, and elsewhere, PROLACTO’s: LA MICHOACANA; LA MICHOACANA NATURAL and its related Design and Indian Girl Design Mark have become well known and famous especially among the Hispanic market for ice cream in the United States.

3. Since at least as early as April 20, 2001, PROLACTO and its related company or licensee(s) has/have adopted and continuously used the marks LA FLOR DE MICHOACAN and LA FLOR DE MICHOACAN (and Design) in United States commerce in connection with “ice cream” in International Class 030. PROLACTO is the owner of the incontestable United States

Trademark Certificate of Registration No. 2,830,401 for the mark LA FLOR DE MICHOACAN, registered on April 06, 2004 and which remains valid and subsisting on the Principal Register. PROLACTO is also the owner of the mark LA FLOR DE MICHAOCAN (and design) which it and its licensees have used in United States commerce since at least as early as April 20, 2001. Such mark was registered by the USPTO under Registration No. 3,249,113 on June 05, 2007 in connection with a variety of goods and services, particularly including those within International Classes 16, 21, 25, 29, 32, 35, 39 and 43, including, *inter alia*: containers for ice made of paper or cardboard, drinking glasses; various items of clothing; frozen fruits, fruit pulps, milk based beverages containing fruit juice, drinking water, flavored waters, frozen fruit-based beverages, fruit drinks, fruit-flavored beverages; retail shops featuring ice-cream and flavoured waters; and serving food and drinks.

4. PROLACTO has applied for U.S. Registration for its marks, including its Indian Girl Design  (Application No. 78,771,243, filed on December 12, 2005) and its



LA MICHOACANA NATURAL (and design) mark

(Application No. 78,954,490 filed August 17, 2006). Such applications have been respectively suspended pending the outcome of this appeal of the TTAB's decision granting cancellation of PLM's Registration No. 3,210,304.

5. PROLACTO has also applied for U.S. Registration for its marks, including LA MICHOACANA, (words only) and LA MICHOACANA NATURAL (and design), which applications have been opposed for registration by PLM after such marks had been approved by the USPTO for publication.

6. Since at least at early as February 2001, and well prior to the alleged adoption of PLM's trademark Registration No. 3,210,304, which was ordered to be cancelled by the Board, PROLACTO adopted and has continually used its aforementioned family of trademarks, and service marks including: LA MICHOACANA, LA MICHOACANA NATURAL, LA MICHOACANA NATURAL (and design), its Indian Girl Design mark, the marks LA FLOR DE

MICHOACAN, and LA FLOR DE MICHOACAN (and design) in United States commerce. PROLACTO and its authorized licensees have extensively and continuously used such marks in connection with ice cream and related products and services and have invested substantial time, money and effort in advertising such marks. PROLACTO has sold and marketed its branded and authorized goods and services throughout the United States, Mexico and beyond, by various trade channels, including for example, through PROLACTO's and its licensees' retail stores, through PROLACTO's authorized distributors, and through resellers of PROLACTO's products, particularly, ice cream and fruit bars, commonly known as "paletas." As the result of PROLACTO's longstanding use of the PROLACTO marks, and particularly due to PROLACTO's unique style of ice cream, even before PROLACTO had established retail shops in the United States, PROLACTO's Marks had become well-known and famous within the market of Hispanic ice cream and are, were and remain associated with the history of PROLACTO and the Andrade Malfavon family's impact on the town of Tocumbo, State of Michoacan, Mexico.

7. PROLACTO and its director/shareholder/affiliate is/are the beneficial owner and licensee of the following valid and subsisting trademark registrations, *inter alia*, as were issued by the Mexican Institute of Intellectual Property:

Reg. No.	MARK	Goods/Services	Filing Date	Reg. Date
500870	LA MICHOACANA NATURAL (and design)	"edible ice-creams" Int'l Class: 030	February 8, 1995	08-11-1995 renewed 05-27-2005
682538	LA MICHOACANA NATURAL (and design)	"edible ice cream and paletas" IC 030	Sept. 12, 2000	12-20-2000
753731	LA MICHOACANA NATURAL UNA RICA TRADICION DE SABOR (and design)	"edible ice creams" IC 030	Feb. 20, 2002	06-28-2002
781733	LA MICHOACANA NATURAL	beer; mineral waters and sodas and other non-alcoholic beverages; beverages and fruit juices; syrup and other preparations to make beverages; especially purified water. IC 032	Sept. 4, 2002	02-28-2003
800777	LA MICHOACANA NATURAL	coffee, tea, cocoa, sugar, rice, tapioca, sago, coffee substitutes...edible ice cream and popsicles, ...ice. IC 030	Nov. 04, 2002	07-23-2003
800778	LA MICHOACANA NATURAL	beer; mineral waters and sodas and other non-alcoholic beverages;	Nov. 04, 2002	07-23-2003

		beverages and fruit juices; syrup and other preparations to make beverages; especially purified water IC 032		
845194	LA MICHOACANA NATURAL (and design) as used since February 8, 1995, in connection with ""	"distribution services of dairy products in general" IC 039	May 26, 2004	08-03-2004
845663	LA MICHOACANA NATURAL (and design)	(e.g., cups for drinks, beverage glassware; paper and plastic cups, thermal containers for beverages ice cream scoops, metal pitchers for making malts and milkshakes, etc.) IC 021	June 22, 2004 first use: February 8, 1995	08-06-2004
852057	LA MICHOACANA NATURAL (and design)	"meat, fish, poultry and hunt; meat extracts; preserved fruits and vegetables, dried or cooked; jellies, jams compotes; eggs, milk and dairy products; oils and fats" IC 029	Nov. 4, 2002, first use: February 8, 1995	09-22-2004
865481	LA MICHOACANA NATURAL	(e.g., beverage glassware, thermal containers for beverages cups for drinks, paper and plastic cups, thermal containers for beverages, ice cream scoops, metal pitchers for making malts and milkshakes, etc.) IC 021	Nov. 25, 2004	01-24-2005
906647	LA MICHOACANA NATURAL	(e.g., Meat, fish, poultry and game, preserved fruits and vegetables, jellies, jams and compotes, eggs, milk and milk products edible oils and fats, IC 029	Nov. 04, 2002	10-31-2005
992151	LA MICHOACANA NATURAL (and design)	Beers, mineral waters, non- alcoholic fruit drinks, juices and fruit juice concentrates, syrups and other preparations for making drinks, especially flavored waters.	Nov. 04, 2002	07-12-2007
1019784	LA MICHOACANA NATURAL (and design)	"coffee, tea, cocoa, sugar, rice, tapioca, sago, coffee substitutes...edible ice cream and popsicles, ...ice. IC 030	Nov. 04, 2002	01-18-2008
1031635	LA MICHOACANA NATURAL (and design)	Ice cream parlor and soda fountain services IC 042	Nov. 04, 2002 first use: February 8, 1995	03-24-2008
1032386	LA MICHOACANA NATURAL	Essential oils, concentrates, flavors and sweeteners for drinks, milkshakes and confections. IC 003	Feb. 24, 2008 first use: February 8, 1995	03-24-2008
1032387	LA MICHOACANA NATURAL	Food dyes, dyes for beverages and beers, food colorings. IC 002	Feb. 29, 2008	03-24-2008
1038704	LA MICHOACANA NATURAL (and design)	Food dyes, dyes for beverages and beers, food colorings.	Feb. 29, 2008	04-30-2008

		IC 002		
1045728	LA MICHOACANA NATURAL	Essential oils, concentrates, flavors and sweeteners for drinks, milkshakes and confections IC 003	Feb. 29, 2008	06-19-2008
1077522	LA MICHOACANA NATURAL (and design)	Publicity, business management, commercial administration, clerical services IC 035	August 12, 2002	12-15-2008
1077833	LA MICHOACANA NATURAL	Ice cream parlor and soda fountain services IC 043	Nov. 04, 2002	12-19-2008

8. Each of the Registrations issued in Mexico described immediately above are held and have been entrusted in the name of Marco Antonio Andrade Malfavon, one of PROLACTO's shareholder/directors, who is a direct family relative to the remaining directors of PROLACTO.

9. PROLACTO is the owner of Community Trade Mark Certificate of Registration No. 003095403 for the mark LA MICHOACANA NATURAL (and design) registered by the World Intellectual Property Organization on June 14, 2004 in connection with: "Meat, fish, poultry and game; meat extracts; preserved fruits and vegetables, dried or cooked; jellies, jams, fruit sauces, eggs milk and milk products, edible oils and fats;" "Coffee, tea, cocoa, sugar, rice, tapioca, sago, artificial coffee, flour and preparations made from cereals, bread, pastry and confectionery, edible ices, lollipop sticks for edible ices, thickeners and powders for edible ices, honey, treacle, yeast, baking powder, salt, mustard, vinegar, sauces (condiments), spices ice; "Distribution, transport, packaging and storage of goods, in particular dairy products, milk, edible ices, lollipop sticks for edible ices."

10. As the result of PROLACTO's continuous, widespread, and notorious interstate and international use of its LA MICHOACANA NATURAL, LA MICHOACANA NATURAL (and design), LA FLOR DE MICHOACAN and the design of an Indian Girl doll trade and service marks, and the maintenance of high quality standards for the goods and services sold under PROLACTO's marks, particularly with respect to "ice cream, fruit bars and edible ices," the purchasing public has come to know, rely upon, and recognize the products of PROLACTO by PROLACTO's marks. Such marks are distinctive of the goods and services of PROLACTO

are well known within the relevant industry and by the purchasing public and have become famous within the meaning of 15 U.S.C. § 1125(c)(1).

11. Since early 2001, and for well over the past ten years, in the United States, PROLACTO has acquired extensive goodwill and considerable fame in connection with PROLACTO's family of trade and service marks, including: LA MICHOACANA, LA MICHOACANA NATURAL, LA MICHOACANA NATURAL (and design), LA FLOR DE MICHOACAN and Indian Girl design, each as a distinctive indication of origin in PROLACTO, as a consequence of which PROLACTO has established valuable goodwill and exclusive rights in said marks at common law.

12. Notwithstanding PROLACTO's prior rights in and related to its trade and service marks mentioned above, and with knowledge of PROLACTO's prior use of such marks, on June 28, 2005, PLM filed an application to register the mark LA INDITA MICHOACANA (and design)



13. The filer of PLM's application claimed that PLM's first use of such mark occurred on February 21, 2005 and further, being warned that willful false statements and the like so made are punishable by fine or imprisonment, or both, under 18 U.S.C. Section 1001, and that such willful false statements, and the like, may jeopardize the validity of the application or any resulting registration, declared, *inter alia* that he/she believed the applicant to be the owner of the trademark/service mark sought to be registered, that he/she believes applicant to be entitled to use such mark in commerce; to the best of his/her knowledge and belief no other person, firm, corporation, or association has the right to use the mark in commerce, either in the identical form thereof or in such near resemblance thereto as to be likely, when used on or in connection with the goods/services of such other person, to cause confusion, or to cause mistake, or to deceive. PLM's application for such mark matured into Registration No. 3,210,304, covering ice cream and fruit ice products, namely fruit bars on February 20, 2007.

14. On April 27, 2007, PROLACTO commenced a cancellation proceeding before the Board requesting cancellation of the mark shown in Registration No. 3,210,304.

15. In its Petition for Cancellation, PROLACTO alleged *inter alia*, that it was being damaged by PLM's Registration because: such mark shown therein: (i) was likely to cause confusion with PROLACTO's marks, including, LA MICHOACANA, LA MICHOACANA NATURAL, LA MICHOACANA NATURAL (and design, LA FLOR DE MICHOACAN, and LA FLOR DE MICHOACAN (and design); (ii) that the mark shown in Registration No. 3,210,304 was fraudulently obtained by PLM; (iii) that PLM's alleged use of such mark was invalid; and (iv) that PLM's registration and use of such mark would, and if used does, does dilute PROLACTO's exclusive rights in its distinctive and famous trade and service marks mentioned herein.

16. PLM opposed the cancellation proceeding and denied the allegations made by PROLACTO. However, during the deposition of PLM's President, Ignacio Gutierrez, he testified that prior to 1986, while he was in Mexico, and "long before he had ever started making any ice cream" that he had observed the term "La Michoacana" used, in Mexico in relation to ice cream, that he had visited "various ice cream shops that had the words "La Michoacana" on the front", and that "[s]ome of them used the Indian girl (design) and some of them use(d) a different, you know, different version of the Indian girl." Similarly, during the deposition of Patricia Gutierrez, who had served as secretary and treasurer of PLM "since its incorporation in 2002" testified that she had been born in Mexico, where she had lived for 16 years prior to coming to the United States in 1999, that she had seen the term "La Michoacana" used at "[s]everal ice cream parlors throughout different cities in Mexico;" that [s]ome of them would have 'La Michoacana,' some of them would have 'La Michoacana es Natural,' some of them would have a little girl," which she later clarified to include "the little Indian girl design."

17. Both Ignacio Gutierrez and Patricia Gutierrez admitted, under oath, that none of the products that are manufactured by PLM come from Mexico, no goods imported from Mexico are used in the production of any of PLM's goods, and that PLM has never had any offices in Mexico, nor any business involvement in Mexico or connection to any business in Mexico.

18. In the underlying cancellation proceeding both PLM's President, Ignacio Gutierrez, and its Secretary/Treasurer, Patricia Gutierrez further testified that with their knowledge and approval, that although PLM had not been founded until 2002, that PLM had used a statement on packaging for PLM's ice cream products and on its website which incorrectly stated, in English and Spanish: "La Indita Michoacana is a family company founded in Tocombo, Michoacan in the 1940's. Since then we've continued to make premium ice cream, fruit bars and drinks that give the flavor and tradition of Mexico."

19. Upon information and belief, PLM has made false statements to prospective mass market purchasers and retail vendors of its goods that it is related to PROLACTO and that its goods are associated with or otherwise approved by PROLACTO. Upon information and belief, due to false and misleading statements and the use of photographs taken in Tocombo, Michoacán, as were and have been made, published and distributed by PLM in association with the sale and distribution of its goods, the purchasing public are, have been and were, likely confused and deceived about a goods/source and/or goods place association between the PLM's goods and PROLACTO, its manufacturing facilities, its location of operation, and its history.

20. PLM's LA INDITA MICHOACANA (and design) mark shown in Registration No. 3,210,304, is confusingly similar to PROLACTO's Marks, and its family of trade and service marks mentioned above, in all respects, and the continued registration and use of PLM's mark in connection with PLM is likely to cause confusion, mistake and deception as to the source and origin of PLM's goods and services, and otherwise suggests a false affiliation with PROLACTO, thereby misleading and deceiving consumers. PLM uses its mark in connection with essentially the same type of goods and services as PROLACTO and such goods and services are sold to the same class of purchasers.

21. PLM's Registration of its alleged "1994 Indian Girl Design Mark," registered under U.S. Registration No. 2,905,172, in connection with ice cream and fruit ices; and PLM's Registration of its alleged "1995 Indian Girl Design Mark" registered under U.S. Registration No. 2,968,652, in connection with ice cream and fruit ices, are respectively confusingly similar to PROLACTO's family of trade and service marks mentioned above, in all respects, and the

continued registration and use of such “Indian Girl Design Marks” in connection with PLM is likely to cause confusion, mistake and deception as to the source and origin of PLM’s goods and services, and otherwise suggests a false affiliation with PROLACTO, thereby misleading and deceiving consumers. PLM uses such marks in connection with essentially the same type of goods and services as PROLACTO and such goods and services are sold to the same class of purchasers.

22. PLM’s marks mentioned above as used in association with PLM’s goods and services are likely to cause confusion, mistake and deception on the part of the relevant purchasing public and within the ice cream industry. The consuming public, on seeing PLM’s marks is likely to believe, erroneously, that PLM’s goods and services originate from PROLACTO, or have some connection, affiliation or sponsorship with PROLACTO, and its place of business, history and operations which they do not. Such confusion, and the potential for reverse confusion, is a source of significant harm and damage to Defendant, Counter-Plaintiff, PROLACTO and its respective trademarks mentioned herein.

23. PLM’s activities and use and registration of the marks respectively shown in U.S. Registration Nos. 3,210,304, 2,905,172, and 2,968,652 has not been approved, authorized or otherwise consented to by PROLACTO.

24. PLM did not make any use of the mark shown in U.S. Registration No. 3,210,304 at any time prior to February 21, 2005, which is long after PROLACTO, its related company and its authorized licensees first used each of its marks, including: LA MICHOACANA (words only); LA MICHOACANA NATURAL (words only); LA MICHOACANA NATURAL (and design); LA MICHOACANA NATURAL (with butterfly design); the design of an Indian Girl; LA FLOR DE MICHOACAN (words only); and LA FLOR DE MICHOACAN (and design) (hereinafter “PROLACTO’s Marks”).

25. Upon information and belief, PLM did not make any valid use of its alleged “1994 Indian Girl Design Mark,” registered under U.S. Registration No. 2,905,172, in connection with ice cream and fruit ices; nor did PLM make any valid use of its alleged “1995 Indian Girl Design Mark” registered under U.S. Registration No. 2,968,652, in connection with ice cream and fruit ices, at any time until after PROLACTO, its related company and its authorized licensees first

used each of its marks, including: LA MICHOACANA (words only); LA MICHOACANA NATURAL (words only); LA MICHOACANA NATURAL (and design); LA MICHOACANA NATURAL (with butterfly design); the design of an Indian Girl; LA FLOR DE MICHOACAN (words only); and LA FLOR DE MICHOACAN (and design).

26. PLM and its officers were actually aware of PROLACTO's well-known and famous marks before they began use of their alleged marks as respectively shown in Registration Nos. 3,210,304; 2,905,172; 2,968,652, and despite such knowledge, nevertheless moved forward with the adoption and use of such respectively infringing marks in knowing disregard of PROLACTO's rights and interests in its respective family of marks, including: LA MICHOACANA (words only); LA MICHOACANA NATURAL (words only); LA MICHOACANA NATURAL (and design); LA MICHOACANA NATURAL (with butterfly design); the design of an Indian Girl; LA FLOR DE MICHOACAN (words only); and LA FLOR DE MICHOACAN (and design) and the goodwill respectively symbolized thereby. Further, PLM adopted and allegedly used the marks as are respectively shown in Registration Nos. 3,210,304; 2,905,172; 2,968,652, with the intent to confuse and deceive the public in connection therewith.

27. PLM's use of its alleged LA INDITA MICHOACANA (and design) mark shown in Registration No. 3,210,304 is primarily geographically misdescriptive and/or geographically deceptively misdescriptive in violation of 15 U.S.C. §1052(e) and accordingly should be cancelled by this reviewing Court. PLM's use of its alleged LA INDITA MICHOACANA (and design) mark shown in Registration No. 3,210,304 further dilutes PROLACTO's rights in PROLACTO's famous LA MICHOACANA and Indian Girl doll design marks.

28. On May 20, 2011 after extensive discovery, trial testimony and briefing the Board issued a decision granting PROLACTO's Petition for Cancellation and ordering the cancellation of PLM's Registration No. 3,210,304. In that decision, the Board found that PROLACTO had priority of use of each of the following trademarks:

- (i) **LA MICHOACANA** (words only);

(ii) **LA MICHOACANA NATURAL** (words only);



(iii) **LA MICHOACANA NATURAL** (and design):

(iv) (design of an “Indian Girl” (doll)):



(v) **LA FLOR DE MICHOACAN** (words only);

(vi) **LA FLOR DE MICHOACAN** (and design):



”; and

After weighing the likelihood of confusion factors, the Board concluded that PLM’s use and registration of the mark LA INDITA MICHOACANA (and design) for “ice cream and fruit ice products, namely fruit bars” so closely resembled Plaintiff’s LA MICHOACANA, LA MICHOACANA NATURAL, LA MICHOACANA (and design) and “virtually identical” Indian girl design, as used in connection with ice cream and related goods and services as to be likely to cause confusion.

29. On July 13, 2011, in response to PLM’s Motion for Reconsideration, the Board again addressed each of PLM’s arguments and denied PLM’s Motion for Reconsideration.

30. During the time in which PROLACTO’s Petition for Cancellation of PLM’s asserted mark LA INDITA MICHOACANA (and design) had been pending, on April 17, 2008, in bad faith and in knowing disregard of PROLACTO’s rights and interests in its respective marks mentioned above, PLM filed United States Trademark Application Serial No. 77,451,471 for the virtually identical mark LA MICHOACANA ES NATURAL (and design) in connection with “[f]rozen confections, ice cream, ice cream bars, ice cream sandwiches, fruit bars, fruit ices, freezer pops, fruit ice bars; Frozen yogurt and sorbets,” claiming a first use date of February 21, 2005.

31. After PROLACTO’s prior pending Trademark Application No. 78,954,490 for the

mark LA MICHOACANA NATURAL (and design) was cited as a bar to such Application, on or about April 01, 2009, PLM argued that its mark shown in Application Serial No. 77,451,471 was not similar to, nor likely to be confused with PROLACTO's mark shown in Application No. 78,954,490.

32. Soon after the Board ordered PLM's Registration No. 3,210,304 to be cancelled, on June 8, 2011, in bad faith and in knowing disregard of PROLACTO's rights and interests in its respective marks mentioned above, PLM filed United States Trademark Application Serial No. 85,341,601 for the virtually identical mark: LA INDITA MICHOACANA (and design) in connection with "[f]rozen confections, ice cream, ice cream bars, ice cream sandwiches, fruit bars, fruit ices, freezer pops, fruit ice bars" claiming a first use date of such mark as February 21, 2005.

33. On August 9, 2011, in bad faith and in knowing disregard of PROLACTO's rights and interests in its respective marks mentioned above, PLM filed United States Trademark Application Serial No. 85,393,112 for a closely related mark: LA INDITA MICHOACANA (and design) on the basis of an alleged bona fide intent to use such mark in commerce in connection with "[f]rozen confections, ice cream, ice cream bars, ice cream sandwiches, fruit ices, freezer pops, fruit ice bars."

34. Within each such trademark application, filed by PLM namely including Application Serial Nos. 77,451,471, 85,341,601 and 85,393,112, PLM falsely alleged and averred that it believed applicant to be entitled to use the mark shown in the respective applications in commerce; and that to the best of his/her knowledge and belief no other person, firm, corporation, or association has the right to use the mark in commerce, either in the identical form thereof or in such near resemblance thereto as to be likely, when used on or in connection with the goods/services of such other person, to cause confusion, or to cause mistake, or to deceive; and that all statements made of his/her own knowledge are true; and that all statements made on information and belief are believed to be true."

35. Through the sale of its ice cream products, PLM has created and perpetuated a false association with PROLACTO, its marks, its place of business. PROLACTO is the actual

institution (and the Andrade Malfavon family) that consumers have and will presumed a false association of a connection when confronted with PROLACTO's nearly identical LA MICHOACANA, LA MICHOACANA NATURAL, and Indian Girl doll design marks, and PROLACTO's Marks and its place of business and history are immediately implicated by that false suggestion.

COUNTERCLAIMS

For its counterclaims, Counter-Plaintiff PROLACTO alleges as follows:

36. This is an action for federal trademark infringement, false association, unfair competition and dilution in violation of the Lanham Act, 15 U.S.C. §§ 1114(1) and 1125(a) and 1125(d) for common law trademark infringement and unfair competition against Plaintiffs Paleteria La Michoacana, Inc. and Paleteria La Michoacana, LLC (collectively "PLM") and those authorized and working actively in concert with them.

37. PROLACTO is informed and believes that Paleteria La Michoacana, Inc. and Paleteria La Michoacana, LLC (collectively "PLM") have permitted other third parties to use to marks and to manufacture, sell and distribute infringing goods that are likely to be confused with the goods authorized, or sold by PROLACTO. PROLACTO reserves the right to amend its Counterclaims to add any additional Third-Party Defendants who have been authorized by or are otherwise working in concert with PLM as may be identified through discovery or otherwise.

38. This Court has original jurisdiction over the subject matter of this action pursuant to Section 21(b)(1) of the Lanham Act, 15, U.S.C. §§1071(b)(1), and 1121, and under 28 U.S.C. §1331 and 28 U.S.C. 1338(b) because this action arises under the Lanham Act, 15 U.S.C. §§ 1114(1), 1120 and 1125(a) et. seq. Counter-Defendant is subject to personal jurisdiction in the District of Columbia, in that *inter alia*, it filed a complaint against Counter-Plaintiff in this Court.

COUNT 1

(Violation of Section 32(1) of the Lanham Act - 15 U.S.C. § 1114(1))

39. PROLACTO hereby realleges and incorporates herein Paragraphs 1 through 38 of this Counterclaim.

40. PLM's unauthorized use of Registration Nos. 3,210,304; 2,905,172; 2,968,652; as

well as other closely related marks, including LA MICHOACANA ES NATURAL and LA MICHOACANA ES NATURAL (and design) on and in connection with goods and services identical or substantially identical to PROLACTO's Marks as were previously used in the United States, is likely to cause, and does cause, confusion, mistake and deception and thus infringes PROLACTO's rights in its federally registered marks under Section 32(1) of the Lanham Act, 15 U.S.C. §1114.

41. On information and belief, the misappropriation of the marks used by PLM on and in connection with goods and services identical or substantially identical to those of PROLACTO is part of a deliberate plan to trade on the history and valuable goodwill that PROLACTO and its predecessors, affiliates licenses and family have established in such marks. With knowledge of PROLACTO's ownership and prior use of its marks, and with the deliberate intention to unfairly benefit from the goodwill generated by PROLACTO, its related company and its authorized licensees, the actions of PLM have been carried out in willful disregard of PROLACTO's rights in violation of 15 U.S.C. §1114.

42. PLM's conduct is causing PROLACTO irreparable harm for which PROLACTO has no adequate remedy at law.

COUNT 2

(Violation of Section 43(a) of the Lanham Act - 15 U.S.C. § 1125(A))

43. PROLACTO hereby realleges and incorporates herein Paragraphs 1 through 42 of this Counterclaim.

44. As and for its second claim for relief, PROLACTO hereby alleges trademark infringement, federal unfair competition, passing off, false advertising, false association and false designation in violation of Section 43(a) of the Lanham Act, 15 U.S.C. §1125(a).

45. PLM's, its licensees and distributors' unauthorized use, in commerce of the marks as are respectively shown in Registration Nos. 3,210,304; 2,905,172; 2,968,652; on goods and services, including ice cream and fruit ice bars that are identical or substantially identical to that of PROLACTO is likely to cause and do cause the public to mistakenly believe that PLM's business activities and goods and services originate from, are sponsored by, or are in some way

associated related to PROLACTO, constitute false designations of origin or false descriptions and representations and is likely to cause PROLACTO's family of MICHOACAN(A) marks and its Indian Girl doll Design to lose their significance as indicators of origin.

46. PLM has further knowingly made false representations concerning the nature and origin of its company and of its goods and services, which have caused and are likely to cause the relevant consuming public to believe that that PLM's business activities and goods and services originate from, are sponsored by, or are in some way associated related to PROLACTO, which representations constitute false designations of origin or false descriptions and representations. Accordingly, PLM's aforesaid use of PROLACTO's family of MICHOACAN(A) marks and its Indian Girl Design in connection with ice cream and fruit bars falsely represents the goods of PLM as being legitimately connected with PROLACTO and its goods and services, thereby placing PROLACTO's reputation beyond its own control.

47. PLM has further falsely represented in connection with the promotion and sale of its ice cream goods that its company, designated: "La Indita Michoacana is a family company founded in Tocuambo, Michoacan in the 1940's. Since then we've continued to make premium ice cream, fruit bars and drinks that give the flavor and tradition of Mexico." PLM has further falsely implied or stated a connection with PROLACTO and Michoacán, Mexico, by posting, utilizing and depicting photographs in its advertising materials, of a statue located in Tocuambo, Michoacán de Ocampo, Mexico on its which is in no way related to its business or company. PLM also has in connection with the advertising and sale of ice cream, used and posted the phrase "more than 15,000 stores in Mexico" in a deliberate attempt to confuse the relevant consuming public about the source and origin of its goods and services.

48. PROLACTO is further informed and believes that PLM has falsely represented to retailers and consumers that it is directly related to PROLACTO, that PLM's goods and services originate in the State of Michoacán de Ocampo, Mexico and that it is related to PROLACTO, when it is not.

49. PLM has unfairly profited from the actions herein alleged and will continue to be unjustly enriched unless and until such conduct is enjoined.

50. By reason of PLM's acts and conduct, PROLACTO has and will continue to suffer damage to its business goodwill and has and will suffer irreparable harm unless such conduct is enjoined.

51. PLM's use of the terms "LA MICHOACANA" and "LA INDITA MICHOACANA" are geographically misdescriptive and geographically deceptively misdescriptive within the meaning of 15 U.S.C. 1052(a) and (e) and Article 1712 of the North American Free Trade Agreement.

52. PLM's its licensees and distributors' unauthorized use in commerce of the marks as are respectively shown in Registration Nos. 3,210,304; 2,905,172; 2,968,652 and other closely related marks including the terms LA and MICHOACANA as well as an Indian Girl Design on goods and services identical or substantially identical to those used by PROLACTO was and is being conducted with full knowledge of PROLACTO's rights. Thus, PLM and its licensees and distributors has willfully infringed and are infringing such rights in violation of 15 U.S.C. §1125(a).

COUNT 3

(District of Columbia Common Law Trademark Infringement)

53. PROLACTO hereby realleges and incorporates herein Paragraphs 1 through 52 of this Counterclaim.

54. PROLACTO's Marks, including LA MICHOACANA, LA MICHOACANA NATURAL, LA MICHOACANA NATURAL and its Indian Girl doll design each respectively function as a trademark, is/are distinctive and is protectable as a common law trademark as a result of PROLACTO's and its authorized licensees use in the United States distinguishing PROLACTO and its authorized licensees' goods and services from those of others.

55. In addition to the inherent distinctiveness of PROLACTO's Marks, including LA MICHOACANA, LA MICHOACANA NATURAL, LA MICHOACANA NATURAL and the design of an Indian Girl doll, such marks as used by PROLACTO and its authorized licensees have developed secondary meaning in the minds of the relevant consumers.

56. PLM's unauthorized use in commerce of the marks as are respectively shown in

Registration Nos. 3,210,304; 2,905,172; 2,968,652 and other closely related and confusingly similar marks including the terms LA and MICHOACANA as well the identical Indian Girl Design on goods and services is likely to cause confusion, mistake and deception as to an affiliation, connection or association of PLM with PROLACTO or as to the origin, sponsorship, or approval of PLM's goods, services and/or commercial activities with or by PROLACTO. Therefore PLM's use infringes PROLACTO's Marks in violation of the common law of the District of Columbia.

57. Upon information and belief, PLM's continued infringing conduct is knowing, intentional and willful.

58. PROLACTO has no adequate remedy at law and as the direct result of PLM's actions and conduct, PROLACTO has been, and unless restrained by this Court, will continue to be irreparably damaged.

59. PROLACTO believes and alleges that, in acting as alleged herein, PLM has acted intentionally and with fraud and malice toward PROLACTO. PROLACTO is therefore is entitled to an award of punitive damages.

COUNT 4

(Violation of Section 43(c) of the Lanham Act - 15 U.S.C. § 1125(c) Federal Dilution)

60. PROLACTO hereby realleges and incorporates herein Paragraphs 1 through 59 of this Counterclaim.

61. PROLACTO's Marks are respectively distinctive and famous according to a number of factors, including, but not limited to the degree of distinctiveness of PROLACTO's Marks, respectively; the duration and extent of use of PROLACTO's Marks in connection with ice cream fruit bars and other related and unrelated goods and services; the degree of recognition of PROLACTO's Marks, respectively, within the ice cream industry, the trading areas and channels of trade of PROLACTO and PLM; the nature and extent of use of the same or similar marks by third parties; and the existence of an incontestable federal registration and other registrations on the Principal Register for PROLACTO's Marks as well as its prior and subsisting Registrations as have been previously granted by the Mexican Institute of Intellectual Property

and the World Intellectual Property Organization.

62. PLM's use in commerce of PROLACTO's Marks and confusingly similar derivations of PROLACTO's Marks after such marks have been used in the United States, have been applied for in the United States and have become famous in connection with ice cream, "paletas" and fruit bars, has caused dilution of the distinctive quality of PROLACTO's Marks, and infringes PROLACTO's rights to its famous marks in violation of 15 U.S.C. 1125(c)(1).

63. PLM adopted, applied for federal registration of, and are displaying PROLACTO's Marks and confusingly similar derivations of PROLACTO's Marks with full knowledge of PROLACTO's rights to its famous marks and with the willful intention to trade on PROLACTO's reputation as embodied in PROLACTO's Marks or to cause dilution of such marks. Thus, PLM has willfully violated PROLACTO's rights under 15 U.S.C. §1125(c)(2).

COUNT 5

(Cancellation of Registration No. 2,968,652 for Fraud - 15 U.S.C §1120)

64. PROLACTO hereby realleges and incorporates herein Paragraphs 1 through 63 of this Counterclaim.

65. PROLACTO is informed and believes that PLM procured and maintained the continued registration of the mark shown in United States Trademark Registration No. 2,968,652, only by submitting a series of false and fraudulent declarations and representations by false means in violation of 15 U.S.C. §1120. PROLACTO has been and will continue to be damaged and irreparably harmed by such actions and conduct on the part of PLM.

66. Upon information and belief, on November 19, 2003, PLM, or its purported predecessor, allegedly known as "Paleterias La Michoacana, Inc.," through its authorized representative, filed at the USPTO an intent to use application, (Application Serial No. 78,330,419) for a design mark featuring an Indian girl doll holding an ice cream cone in conjunction with "[i]ce cream; fruit ices" in International Class 30.

67. Within such trademark application, the applicant being warned that willful false statements and the like so made are punishable by fine or imprisonment, or both, under 18 U.S.C. Section 1001, and that such willful false statements, and the like, may jeopardize the validity of the application or any resulting registration, declared *inter alia*, “that he/she is properly authorized to execute this application on behalf of the applicant; he/she believes the applicant to be the owner of the trademark/service mark sought to be registered, or, if the application is being filed under 15 U.S.C. Section 1051(b), he/she believes applicant to be entitled to use such mark in commerce; to the best of his/her knowledge and belief no other person, firm, corporation, or association has the right to use the mark in commerce, either in the identical form thereof or in such near resemblance thereto as to be likely, when used on or in connection with the goods/services of such other person, to cause confusion, or to cause mistake, or to deceive; and that all statements made of his/her own knowledge are true; and that all statements made on information and belief are believed to be true.”

68. Notwithstanding such declaration, PLM was aware on November 19, 2003 that PROLACTO had priority and seniority with respect to the mark, and that PROLACTO and its related company and authorized licensees had used a nearly identical mark in commerce, that PROLACTO had and maintains the right to use the mark in commerce, either in the identical form thereof or in such near resemblance thereto as to be likely, when used on or in connection with the goods/services of such other person, to cause confusion, or to cause mistake, or to deceive.

69. On March 30, 2005, PLM or its purported predecessor, allegedly known as “Paleterias La Michoacana, Inc.,” filed a declaration and statement of use in connection with such application, wherein it alleged, *inter alia* under 18 U.S.C. Section 1001: “[t]he applicant, residing at 2068 Lapham Drive, Modesto, CA US 95354, is using or is using through a related company or licensee the mark in commerce on or in connection with the goods and/or services as follows: For

International Class: 030, the applicant, or the applicant's related company or licensee, is using the mark in commerce on or in connection with all goods and/or services listed in the application or Notice of Allowance. The mark was first used by the applicant, or the applicant's related company, licensee, or predecessor in interest at least as early as 01/01/1995, and first used in commerce at least as early as 01/01/1995, and is now in use in such commerce. The applicant is submitting one specimen for the class showing the mark as used in commerce on or in connection with any item in the class, consisting of a(n) photos of product labels.” Said declaration was false, in that the mark shown therein was not then actually in use in commerce in conjunction with the goods, namely as “[i]ce cream; fruit ices” in International Class 30. Said statement was made by an authorized agent of the registrant with the knowledge and belief that the statement was false and at a time when the Registrant knew that said statement was false. Upon information and belief, such declaration was false and fraudulent inasmuch as the mark had not then, and has never been used in commerce in conjunction with the goods listed in the application at any time since prior to the date of the filing of the Subject Application, and PLM and its purported predecessor has never made any bona fide use of the mark in interstate commerce, in connection with any of the goods identified in the application at any time since the date of filing of the said trademark application. Upon information and belief, such declaration was further false and fraudulent inasmuch as the applicant, PLM and/or any related company or licensee of the applicant or PLM had not used the subject mark since at least as early as January 01, 1995, had not first used the subject mark in commerce since at least as early as January 1995, and such mark was not then in use in any such commerce. Upon information and belief, such declaration was further false and fraudulent inasmuch as the applicant did not submit one specimen for the class showing the mark as used in commerce on or in connection with any item in the class, “consisting of a(n) photos of product labels” nor did the applicant submit any specimen of use showing use of the subject mark in commerce. Said false and fraudulent declaration and statements was/were made with the intent to induce authorized agents of the U.S. Patent & Trademark Office (USPTO) to grant said registration, and reasonably relying on upon the truth of said false statements, the USPTO did, in fact, grant said registration.

70. The Subject Registration No. 2,968,652 was further obtained fraudulently and the registration is further void *ab initio* in that the declaration and statement of use filed on March 30, 2005, under notice of Section 1001 of Title 18 of the United States Code, failed to

show the mark as used in conjunction with any of the goods identified in the application. Said declaration and statement was false and the resulting registration is thusly void *ab initio* in that the specimen submitted did not, and does not actually show the subject mark whatsoever, but rather shows a screenshot from a third party, who may or may not be PLM's purported processor, which fails in any way to contain or otherwise refer to the subject mark shown in the application.

71. Upon information and belief, the Registrant knew or otherwise should have known that at the time that the declaration and statement of use was filed that the Registrant was not using the mark in commerce and that the specimen of use failed to show the subject mark as was applied for in the subject application. To the contrary, upon information and belief, the Registrant knew that the subject mark was not then being used in commerce.

72. Accordingly, the specimen filed on March 03, 2005 did not and does not relate to use of the mark in the United States by the Registrant in connection with the enumerated goods and Registrant knew that the mark was not in use in commerce at such time in connection therewith. Said false statements regarding the specimens and regarding use of the mark were made by an authorized agent of Registrant with the knowledge and belief that the statement was false and at a time when the Registrant knew that said statement was false. Said false statement was made with the intent to induce authorized agents of the U.S. Patent & Trademark Office (USPTO) to grant said registration, and reasonably relying on the truth of said false statements, the USPTO did, in fact, grant said registration.

73. On December 22, 2010, PLM caused to be filed a declaration of use under Section 8 of the Trademark Act. Upon information and belief, the subject registration was maintained falsely and fraudulently in that the declaration falsely and fraudulently stated that "The owner, Paleteria La Michoacana, Inc., AKA La Michoacana, a corporation of California, having an address of 2068 Lapham Drive Modesto, California 95354, United States is filing a Declaration of Use and/or Excusable Nonuse of Mark in Commerce under Section 8. For International Class 030, the mark is in use in commerce on or in connection with all goods or service listed in the existing registration for this specific class: Ice cream; fruit ices; or, the owner is making the listed excusable nonuse claim. The owner is submitting one specimen showing the mark as used in

commerce on or in connection with any item in this class, consisting of a(n) Digitally photographed containers.” Notwithstanding such declaration of continued use, PROLACTO is informed and believes that the subject mark shown in the Registration was not then being used in connection with any of the goods listed in the registration. Said false statement was made with the intent to induce authorized agents of the U.S. Patent & Trademark Office (USPTO) to maintain said registration, and reasonably relying on upon the truth of said false statements, the USPTO did, in fact, maintain said registration.

74. On July 20, 2011, PLM caused to be filed a declaration of incontestability under Section 15 of the Trademark Act. Upon information and belief, the subject registration was deemed by the USPTO as incontestable due only to the false and fraudulent declaration, which stated: “The owner, PALETERIA LA MICHOACANA, LLC, a limited liability company legally organized under the laws of California, having an address of 2068 Lapham Drive, Modesto, California 95354 United States is filing a Declaration of Incontestability of its mark under Section 15. For International Class 030, the owner, or its related company, has continuously used the mark in commerce for five (5) consecutive years after the date of registration, or the date of publication under Section 12(c), and is still using the mark in commerce on or in connection with all goods or services listed in the existing registration for this class: Ice cream; fruit ices. Also, there has been no final decision adverse to the owner's claim of ownership of such mark for those goods or services, or to the owner's right to register the same or to keep the same on the register; and, there is no proceeding involving said rights pending and not disposed of in either the U.S. Patent and Trademark Office or the courts.” Upon information and belief, such declaration and statement was false inasmuch as: (i) PALETERIA LA MICHOACANA, LLC, a limited liability company, is not and was not the owner of the subject registration; (ii) that the owner, or its related company, had not continuously used the mark in commerce for five (5) consecutive years after the date of registration, or the date of publication under Section 12(c), and was not still using the mark in commerce on or in connection with all goods listed in the existing registration, namely [i]ce cream and fruit ices;” and (iii) that the Registrant and PLM knew or should have known that there did exist a proceeding involving said rights pending and not disposed of in either

the U.S. Patent and Trademark Office or the courts.” Said false statements were made with the intent to induce authorized agents of the U.S. Patent & Trademark Office (USPTO) to accept the declaration of incontestability and reasonably relying on upon the truth of said false statements, the USPTO did, in fact, accept said statement of incontestability.

COUNT 6

(Cancellation of Registration No. 2,905,172 for Fraud - 15 U.S.C §1120)

75. PROLACTO hereby realleges and incorporates the foregoing allegations.

75. PROLACTO is informed and believes that PLM procured and maintained the continued registration of the mark shown in United States Trademark Registration No. 2,905,172, only by submitting one or more false and fraudulent declarations and representations by false means in violation of 15 U.S.C. §1120. PROLACTO has been and will continue to be damaged and irreparably harmed by such actions and conduct on the part of PLM.

76. Upon information and belief, on November 19, 2003, PLM, or its purported predecessor, allegedly known as “Paleterias La Michoacana, Inc.,” through its authorized representative, filed at the USPTO, trademark application Serial No. 78,330,432 for a design mark featuring an Indian girl doll holding an ice cream bar in conjunction with “[i]ce cream; fruit ices” in International Class 30.

77. Within such trademark application, the applicant being warned that willful false statements and the like so made are punishable by fine or imprisonment, or both, under 18 U.S.C. Section 1001, and that such willful false statements, and the like, may jeopardize the validity of the application or any resulting registration, declared inter alia, “that he/she is properly authorized to execute this application on behalf of the applicant; he/she believes the applicant to be the owner of the trademark/service mark sought to be registered, or, if the application is being filed under 15 U.S.C. Section 1051(b), he/she believes applicant to be entitled to use such mark in commerce; to the best of his/her knowledge and belief no other person, firm, corporation, or association has the right to use the mark in commerce, either in the identical form thereof or in such near resemblance thereto as to be likely, when used on or in connection with the goods/services of such other

person, to cause confusion, or to cause mistake, or to deceive; and that all statements made of his/her own knowledge are true; and that all statements made on information and belief are believed to be true.”

78. Notwithstanding such declaration, PLM was aware on November 19, 2003 that PROLACTO had priority and seniority with respect to the mark, and that PROLACTO and its related company and authorized licensees had used a nearly identical mark in commerce, that PROLACTO had and maintains the right to use the mark in commerce, either in the identical form thereof or in such near resemblance thereto as to be likely, when used on or in connection with the goods/services of such other person, to cause confusion, or to cause mistake, or to deceive.

79. Within trademark application Serial No. 78,330,432, PLM further alleged *inter alia* under 18 U.S.C. Section 1001: that the applicant, “Paleterias La Michoacana, Inc., a corporation of California,” “or the applicant's related company or licensee, is using the mark in commerce, and lists below the dates of use by the applicant, or the applicant's related company, licensee, or predecessor in interest, of the mark on or in connection with the identified goods and/or services,” namely “[i]ce cream and fruit ices” in International Class 30;” and that “the mark was first used at least as early” as April 1, 1994, and first used in commerce at least as early as April 01, 1994, “and is now in use in such commerce. The applicant is submitting or will submit one specimen for *each class* showing the mark as used in commerce on or in connection with any item in the class of listed goods and/or services.”

80. Upon information and belief, such declaration and statement was false and fraudulent inasmuch as the mark had not then, and has never been used in commerce in conjunction with all the goods listed in the application at any time since prior to the date of the filing of the Subject Application, and PLM and its purported predecessor has never made any bona fide use of the mark in interstate commerce, in connection with any or all of the goods identified in the application at any time since the date of filing of said trademark application. Upon information and belief, such declaration was further false and fraudulent inasmuch as the applicant, PLM and/or any related company or licensee of the applicant or PLM had not used the

subject mark since at least as early as April 01, 1994 had not first used the subject mark in commerce since at least as early as April 1994, and at the time the application was filed, such mark was not then in use in any such commerce. Upon information and belief, such declaration was further false and fraudulent inasmuch as the applicant did not submit one specimen for the class showing the mark as used in commerce on or in connection with any item in the class, “consisting of a(n) photos of product labels” nor did the applicant submit any specimen of use showing use of the subject mark in commerce. Said false and fraudulent declaration and statement was made with the intent to induce authorized agents of the U.S. Patent & Trademark Office (USPTO) to grant said registration, and reasonably relying on upon the truth of said false statements, the USPTO did, in fact, grant said registration.

81. Upon information and belief, the Subject Registration No. 2,905,172 was further obtained fraudulently and the registration is further void *ab initio* in that the application filed on November 19, 2003, under notice of Section 1001 of Title 18 of the United States Code, failed to show the mark as used in conjunction with any of the goods identified in the application. Said declaration and statement was false and the resulting registration is thusly void *ab initio* in that the specimen submitted did not, and does not actually show the subject mark whatsoever, but rather shows a screenshot from a third party, who may or may not be PLM’s purported processor, which fails in any way to contain or otherwise refer to the subject mark shown in the application.

82. Upon information and belief, the Registrant knew or otherwise should have known that at the time that the declaration and statement of use was filed that that the Registrant was not using the mark in commerce and that the specimen of use failed to show the subject mark as was applied for in the subject application. To the contrary, upon information and belief, the Registrant knew that the subject mark was not then being used in commerce. Accordingly, the specimen of use filed did not and does not relate to use of the mark in the United States by the Registrant in connection with the enumerated goods and Registrant knew that the mark was not in use in commerce at such time in connection therewith. Said false statements regarding the specimens and regarding use of the mark were made by an authorized agent of Registrant with the knowledge and belief that the statement was false and at a time when the Registrant knew that

said statement was false. Said false statement was made with the intent to induce authorized agents of the U.S. Patent & Trademark Office (USPTO) to grant said registration, and reasonably relying on upon the truth of said false statements, the USPTO did, in fact, grant said registration.

83. On December 22, 2010, PLM caused to be filed a declaration of use under Section 8 of the Trademark Act. Upon information and belief, the subject registration was maintained falsely and fraudulently in that the declaration falsely and fraudulently stated that “The owner, Paleteria La Michoacana, Inc., AKA La Michoacana, a corporation of California, having an address of 2068 Lapham Drive Modesto, California 95354, United States is filing a Declaration of Use and/or Excusable Nonuse of Mark in Commerce under Section 8. For International Class 030, the mark is in use in commerce on or in connection with all goods or service listed in the existing registration for this specific class: Ice cream; fruit ices; or, the owner is making the listed excusable nonuse claim. The owner is submitting one specimen showing the mark as used in commerce on or in connection with any item in this class, consisting of a(n) Digitally photographed containers.” Notwithstanding such declaration of continued use, PROLACTO is informed and believes that the subject mark shown in the Registration was not then being used in connection with any of the goods listed in the registration. Said false statement was made with the intent to induce authorized agents of the U.S. Patent & Trademark Office (USPTO) to maintain said registration, and reasonably relying on upon the truth of said false statements, the USPTO did, in fact, maintain said registration.

COUNT 7

(Cancellation of Registration Nos. 2,905,172 and 2,968,652 for Abandonment – Lanham Act Section 45)

84. PROLACTO hereby realleges and incorporates herein Paragraphs 1 through 83 of this Counterclaim.

85. PROLACTO is informed and believes that the owner of Registration Nos. 2,905,172 and 2,968,652 is not currently using the marks shown in such registration in commerce and is not offering or selling any of the goods enumerated in such registration in connection with the marks respectively shown therein. Upon information and belief, Registrant has not made any

“bona fide” use of the respective marks, in commerce, in connection with the goods in International Class 30 at any time during the past three years or more. Upon information and belief, the Registrant intends not to resume bona fide use of the mark in the ordinary course of trade. The Registrant has thusly abandoned the mark within the meaning of Section 45 of the Lanham Act.

86. PROLACTO is being damaged and will be damaged and injured by reason of such Registrations, inasmuch as endows the Registrant with at least the prima facie right to use the marks shown therein and to further its litigation against PROLACTO as based upon the color of authority thereon.

87. If the Registrant(s) is/are permitted to continue to maintain its void and invalid registrations, obtained by means of false and fraudulent statements, the continued registrations cast a cloud upon PROLACTO’s own respective rights to continue to use, develop, and expand the use of their own Indian Girl Design mark in the United States. Such registration is therefore and would remain as a source of damage and injury to the PROLACTO.

PRAYER FOR RELIEF

Wherefore, PROLACTO prays that:

1. Judgment be entered for PROLACTO on its claims;
2. PLM, their respective agents, officers, servants, employees, attorneys, distributors, manufacturers, and all others in active concert or participation with any of them, be enjoined and restrained permanently from:
 - a. Manufacturing, transporting, promoting, advertising, publicizing, distributing, offering for sale or selling any goods bearing any trade name, registered or common law trademark or service mark that is owned by, or confusingly similar to, PROLACTO's Marks;
 - b. Falsely implying PROLACTO's endorsement of PLM's goods or engaging in any act or series of acts which, either alone or in combination, constitutes unfair methods of competition with PROLACTO and from otherwise interfering with or injuring PROLACTO's Marks or the goodwill associated therewith;

- c. Engaging in any act which is likely to dilute the distinctive quality of PROLACTO's Marks and/or injure PROLACTO's reputation;
 - d. Representing or implying that PLM is in any way sponsored by, affiliated with, endorsed, or licensed by PROLACTO; and
 - e. Assisting, inducing, aiding or abetting any other person or business entity from engaging in, or performing any of, the activities referred to in paragraphs 2(a) through 2(d) above;
3. PLM be ordered to deliver to PROLACTO for destruction all Infringing Merchandise, with all shipping costs and destruction costs to be borne by PLM;
4. PLM be required to pay an award of damages suffered by PROLACTO according to proof at the time of trial;
5. An accounting be directed to determine any and all of PLM's profits resulting from PLM's acts of infringement in violation of PROLACTO's rights under the Lanham Act and the common law and that any such gains be paid to PROLACTO and increased as the Court finds to be just under the circumstances of this case;
6. PLM be required to pay an award of treble PROLACTO's actual damages and PLM's profits pursuant to 15 U.S.C. § 1117;
7. PLM be required to pay an award of punitive damages for the willful and wanton nature of PLM's conduct;
8. PLM be required to pay pre-judgment interests on any recovery by PROLACTO;
9. PLM be required to pay PROLACTO's costs, expenses, and reasonable attorneys' fees; and
10. PROLACTO be able to recover such other and further relief as the Court may deem just and proper.

JURY DEMAND

PROLACTO demands that this action be tried by a jury.

June 29, 2012

Respectfully submitted,

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Attorneys for Defendant
PRODUCTOS LACTEOS TOCUMBO S.A.
DE C.V.

**UNITED STATES DISTRICT COURT
DISTRICT OF COLUMBIA**

PALETERIA LA MICHOACANA, INC., a
California corporation; PALETERIA LA
MICHOACANA, LLC., a California Limited
Liability Company

Plaintiff,

v.

PRODUCTOS LACTEOS TOCUMBO S.A. DE
C.V., A Mexican corporation,

Defendant.

Case No.1:11-cv-01623-RC

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on this 29th day of June 2012, all parties who have entered their appearance and all of whom have e-mail addresses designated to receive notice of electronic filings in this case, will receive electronic notice of the filing of the foregoing

ANSWER TO SECOND AMENDED COMPLAINT AND COUNTERCLAIMS
via the Court's CM/ECF system.

/s/ Steven M. War
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**UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF COLUMBIA**

PALETERIA LA MICHOACANA, INC., and
PALETERIA LA MICHOACANA, LLC,

Plaintiffs,

v.

PRODUCTOS LACTEOS TOCUMBO S.A. DE
C.V.,

Defendant.

Case No. 1:11-cv-01623-RC

**PLAINTIFFS PALETERIA LA
MICHOACANA, INC. AND
PALETERIA LA MICHOACANA,
LLC'S ANSWER TO CROSS-
ACTION AND COUNTERCLAIMS**

PRODUCTOS LACTEOS TOCUMBO S.A. DE
C.V.,

Counterclaimant,

v.

PALETERIA LA MICHOACANA, INC., and
PALETERIA LA MICHOACANA, LLC,

Counterclaim-Defendants.

ANSWER TO DEFENDANT'S CROSS-ACTION

Plaintiffs Paleteria La Michoacana, Inc. ("PLM, Inc.") and Paleteria La Michoacana, LLC ("PLM, LLC") (collectively "PLM"), through counsel, make the following answers and statements to the Cross-Action of Productos Lacteos Tocumbo S.A. De C.V. ("PROLACTO" or "Counterclaimant"). Except as hereunder expressly admitted, qualified, or otherwise answered, Plaintiffs deny each and every allegation and assertion made in the Cross-Action.

Prolecto's Cross-Action appears to be limited to two unnumbered paragraphs under the heading "Cross Appeal/Cross-Action." See Dkt. No. 41 at 16.

The first unnumbered paragraph of the Cross-Action states legal conclusions for which no response is required. To the extent any further response is required, the allegations contained in the first unnumbered paragraph are denied.

The second unnumbered paragraph of the Cross-Action states legal conclusions for which no response is required. To the extent any further response is required, the allegations contained in the first unnumbered paragraph are denied.

ANSWER TO DEFENDANT'S COUNTERCLAIMS

PLM makes the following answers and statements to the Counterclaims of PROLACTO. Except as hereinunder expressly admitted, qualified, or otherwise answered, PLM denies each and every allegation and assertion made in the Counterclaims.

GENERAL ALLEGATIONS

1. In answer to paragraph 1 of the Counterclaims, PLM denies that Counterclaimant is a leading retailer, dealer and distributor of ice cream and related products. PLM denies that Counterclaimant owns and operates retail stores and distributorships in the United States featuring such products. PLM lacks sufficient information to form a belief as to the truth of the remaining allegations in paragraph 1, and denies them on this basis.

2. In answer to paragraph 2 of the Counterclaims, PLM denies that Counterclaimant, its related company and/or its alleged licensees have continuously used the marks LA MICHOACANA, LA MICHOACANA NATURAL, LA MICHOACANA NATURAL and design,s and an Indian girl design since as early as February 8, 1995 in the United States. PLM denies that the LA MICHOACANA, LA MICHOACANA NATURAL, LA MICHOACANA NATURAL and design, and Indian girl design marks have become well-known and famous in the Hispanic ice cream market in the United States as a result of Counterclaimant' use of such marks. PLM lacks sufficient information to form a belief as to the truth of the remaining allegations in paragraph 2, and denies them on this basis.

3. In answer to paragraph 3 of the Counterclaims, PLM admits that the records of the United States Patent and Trademark Office (“USPTO”) identify Counterclaimant as the owner of the marks in Registration Nos. 2,830,401 and 3,249,113. PLM lacks sufficient information to form a belief as to the truth of the remaining allegations in paragraph 3, and denies them on this basis.

4. In answer to paragraph 4 of the Counterclaims, PLM admits that the records of the USPTO indicate that Counterclaimant filed Application Serial Nos. 78/771,243 and 78/954,490, and that those filings have been suspended pending the outcome of PLM’s appeal of the Trademark Trial and Appeal Board’s decision in Cancellation Proceeding No. 92,047,438.

5. In answer to paragraph 5 of the Counterclaims, PLM admits that the records of the USPTO indicate that Counterclaimant filed Application Serial Nos. 85/408,561 and 85/405,347, and that those filings are awaiting publication at the USPTO for the purposes of opposition.

6. In answer to paragraph 6 of the Counterclaims, PLM admits that the Board granted Counterclaimant’s Petition for Cancellation of PLM’s Registration No. 3,210,304. PLM denies that Counterclaimant and/or its alleged licensees have continuously used and marketed an alleged “family” of trademarks that includes the Indian girl design mark in the United States since as early as February 2001. PLM denies that the LA MICHOACANA, LA MICHOACANA NATURAL, LA MICHOACANA NATURAL and design, LA FLOR DE MICHOACAN, LA FLOR DE MICHOACAN and design, and Indian girl design marks have become well-known and famous in the Hispanic ice cream market in the United States and are associated solely with PROLACTO due to PROLACTO’s use of such marks. PLM lacks sufficient information to form a belief as to the truth of the remaining allegations in paragraph 6, and denies them on this basis.

7. In answer to paragraph 7 of the Counterclaims, PLM denies that Counterclaimant is the owner of Mexican Registration Nos. 500870, 852057, 781733 and 845194. PLM lacks sufficient information to form a belief as to the truth of the remaining allegations in paragraph 7, and denies them on this basis.

8. In answer to paragraph 8 of the Counterclaims, PLM lacks sufficient information to form a belief as to the truth of the allegations therein and denies them on this basis.

9. In answer to paragraph 9 of the Counterclaims, PLM admits that the records of the Office for Harmonization in the Market (“OHIM”) identify Counterclaimant as the owner of CTM Registration No. 003095403, registered on June 14, 2004. PLM admits that the registration covers the goods and services alleged in paragraph 9 of the Counterclaims.

10. PLM denies the allegations in paragraph 10 of the Counterclaims.

11. PLM denies the allegations in paragraph 11 of the Counterclaims.

12. In answer to paragraph 12 of the Counterclaims, PLM admits that PLM, Inc. applied for and obtained registration of the LA INDITA MICHOACANA and Indian girl design mark, Registration No. 3,210,304, in connection with “ice cream and fruit ice products, namely fruit bars” and with a first-use-in-commerce date of February 21, 2005. PLM denies that Counterclaimant has prior rights in the United States based on its alleged prior use of any alleged family of trademarks that includes the Indian girl design mark.

13. In answer to paragraph 13 of the Counterclaims, PLM denies that PLM, Inc. made any false statements to the USPTO in connection with the application and registration of the LA INDITA MICHOACANA and Indian girl design mark. PLM denies the remaining allegations in paragraph 13.

14. PLM admits the allegations in paragraph 14 of the Counterclaims.

15. In answer to paragraph 15 of the Counterclaims, PLM admits that Counterclaimant made allegations relating to likelihood of confusion, fraud and dilution in its Petition for Cancellation, but clarifies that Counterclaimant subsequently waived its fraud and dilution claims.

16. In answer to paragraph 16 of the Counterclaims, PLM admits that deposition testimonies were offered by Ignacio Gutierrez and Patricia Gutierrez in the cancellation proceeding below, and PLM incorporates by reference the records of those testimonies. PLM denies the allegations of paragraph 16 to the extent that they are inconsistent with the content of these records.

17. In answer to paragraph 17 of the Counterclaims, PLM admits that deposition testimonies were offered by Ignacio Gutierrez and Patricia Gutierrez in the cancellation proceeding below, and PLM incorporates by reference the records of those testimonies. PLM denies the allegations of paragraph 17 to the extent that they are inconsistent with the content of these records.

18. In answer to paragraph 18 of the Counterclaims, PLM admits that deposition testimonies were offered by Ignacio Gutierrez and Patricia Gutierrez in the cancellation proceeding below, and PLM incorporates by reference the records of those testimonies. PLM denies the allegations of paragraph 18 to the extent that they are inconsistent with the content of these records.

19. PLM denies the allegations in paragraph 19 of the Counterclaims.

20. In answer to paragraph 20 of the Counterclaims, PLM admits that Counterclaimant's Indian girl design, as shown in Application Serial No. 78/771,243, is confusingly similar to the LA INDITA MICHOACANA and Indian girl design mark in Registration No. 3,210,304. PLM denies the remaining allegations in paragraph 20.

21. In answer to paragraph 21 of the Counterclaims, PLM admits that Counterclaimant's Indian girl design, as shown in Application Serial No. 78/771,243, is confusingly similar to the Indian girl designs in Registration Nos. 2,905,172 and 2,968,652. PLM denies the remaining allegations in paragraph 21.

22. In answer to paragraph 22 of the Counterclaims, PLM admits that Counterclaimant's Indian girl design, as shown in Application Serial No. 78/771,243, is confusingly similar to the Indian girl designs in Registration Nos. 3,210,304; 2,905,172; 2,968,652. PLM denies the remaining allegations in paragraph 22.

23. In answer to paragraph 23 of the Counterclaims, PLM states that the allegations are vague and denies them on this basis. Alternatively, PLM lacks sufficient information to form a belief as to the truth of the allegations in paragraph 23, and denies them on this basis.

24. In answer to paragraph 24 of the Counterclaims, PLM admits that it began use of the LA INDITA MICHOACANA and Indian girl design mark, Registration No. 3,210,304, on or

around February 21, 2005. PLM denies that Counterclaimant, its related company and/or its alleged licensees began use of Counterclaimant's Indian girl design, as shown in Application Serial No. 78/771,243, before PLM's first use of the LA INDITA MICHOACANA and Indian girl design mark. PLM lacks sufficient information to form a belief as to the truth of the remaining allegations in paragraph 24, and denies them on this basis.

25. PLM denies the allegations in paragraph 25 of the Counterclaims.

26. PLM denies the allegations in paragraph 26 of the Counterclaims.

27. PLM denies the allegations in paragraph 27 of the Counterclaims.

28. In answer to paragraph 28 of the Counterclaims, PLM admits that the Board granted Counterclaimant's Petition for Cancellation and ordered cancellation of Registration No. 3,210,204. PLM also admits that the Board found that Counterclaimant had established prior use of Counterclaimant's Indian girl design, LA MICHOACANA mark, LA MICHOACANA NATURAL mark, LA MICHOACANA NATURAL and design mark, LA FLOR DE MICHOACAN mark, and LA FLOR DE MICHOACAN and design mark. PLM also admits that the Board found that the LA INDITA MICHOACANA and Indian girl design mark gives rise to a likelihood of confusion with Counterclaimant's Indian girl design, LA MICHOACANA mark, LA MICHOACANA NATURAL mark, and LA MICHOACANA NATURAL and design mark. PLM lacks sufficient information to form a belief as to the truth of the remaining allegations in paragraph 28, and denies them on this basis.

29. In answer to paragraph 29 of the Counterclaims, PLM admits that the Board denied PLM, Inc.'s Motion for Reconsideration.

30. In answer to paragraph 30 of the Counterclaims, PLM admits that PLM, Inc. filed Application Serial No. 77/451,471 on April 17, 2008 for a LA MICHOACANA ES NATURAL and design mark in connection with "frozen confections, ice cream, ice cream bars, ice cream sandwiches, fruit bars, fruit ices, freezer pops, fruit ice bars; Frozen yogurt and sorbets." PLM denies the remaining allegations in paragraph 30.

31. PLM admits the allegations in paragraph 31 of the Counterclaims.

32. In answer to paragraph 32 of the Counterclaims, PLM admits that PLM, LLC filed Application Serial No. 85/341,601 on June 8, 2011 for a LA INDITA MICHOACANA and design mark in connection with “Frozen confections, ice cream, ice cream bars, ice cream sandwiches, fruit ices, freezer pops, fruit ice bars,” and with a first-use-in-commerce date of February 21, 2005. PLM denies the remaining allegations in paragraph 32.

33. In answer to paragraph 33 of the Counterclaims, PLM admits that PLM, LLC filed Application Serial No. 85/393,112 on August 9, 2011 for a mark comprised of the words LA INDITA MICHOACANA together with the design of a girl’s face, mountains, and greenery in connection with “Frozen confections, ice cream, ice cream bars, ice cream sandwiches, fruit ices, freezer pops, fruit ice bars.” PLM denies the remaining allegations in paragraph 33.

34. PLM denies the allegations in paragraph 34 of the Counterclaims.

35. PLM denies the allegations in paragraph 35 of the Counterclaims.

JURISDICTION AND VENUE

36. In answer to paragraph 36 of the Counterclaims, PLM admits that Counterclaimant purports to allege causes of action under 15 U.S.C. § 1114 and 1125. PLM also admits that Counterclaimant purports to allege common law trademark infringement and unfair competition. PLM denies that it has violated any of the trademark and unfair competition laws upon which Counterclaimant’s causes of action are purportedly based.

37. In answer to paragraph 37 of the Counterclaims, PLM denies that its goods are infringing or are likely to be confused with goods sold by Counterclaimant and/or its alleged licensees. PLM lacks sufficient information to form a belief as to the truth of the remaining allegations in paragraph 37, and denies them on this basis.

38. In answer to paragraph 38 of the Counterclaims, PLM admits that this Court has subject matter jurisdiction over the counterclaims purportedly alleged by Counterclaimant. PLM admits that this Court also has subject matter jurisdiction pursuant to 28 U.S.C. §§ 1331 and 1338 and 15 U.S.C. §§ 1071(b)(1) and 1121. PLM further admits that Counterclaimant is subject to personal jurisdiction in this Court under 15 U.S.C. § 1071(b)(4) as the party that

instituted the cancellation action to be reviewed and as the party that filed Counterclaims in this Court against PLM.

COUNT 1

(Violation of Section 32(1) of Lanham Act - 15 U.S.C. § 1114(1))

39. In answer to paragraph 39 of the Counterclaims, PLM incorporates by reference its responses to paragraphs 1 through 38 of the Counterclaims as if fully set forth herein.

40. In answer to paragraph 40 of the Counterclaims, PLM admits that Counterclaimant's Indian girl design, as shown in Application Serial No. 78/771,243, is confusingly similar to the Indian girl designs in Registration Nos. 3,210,304; 2,905,172; 2,968,652. PLM denies the remaining allegations in paragraph 40.

41. PLM denies the allegations in paragraph 41 of the Counterclaims.

42. PLM denies the allegations in paragraph 42 of the Counterclaims.

COUNT 2

(Violation of Section 43(a) of Lanham Act - 15 U.S.C. § 1125(a))

43. In answer to paragraph 43 of the Counterclaims, PLM incorporates by reference its responses to paragraphs 1 through 42 of the Counterclaims as if fully set forth herein.

44. In answer to paragraph 44 of the Counterclaims, PLM admits that Counterclaimant purports to allege a cause of action under 15 U.S.C. § 1125(a).

45. PLM denies the allegations in paragraph 45 of the Counterclaims.

46. PLM denies the allegations in paragraph 46 of the Counterclaims.

47. In answer to paragraph 47 of the Counterclaims, PLM admits that many years ago it used the statement "La Indita Michoacana is a family company founded in Tocumbo, Michoacan in the 1940's. Since then we've continued to make premium ice cream, fruit bars and drinks that give the flavor and tradition of Mexico." in connection with its products, and that such use of this statement ceased years ago. PLM also admits that it has used photographs pertaining to the region of Michoacan in Mexico to convey the association between the Michoacan region and the type of ice cream products offered by PLM PLM further admits that it has made reference in U.S. marketing materials to the more than 15,000 paletérias in Mexico

offering Michoacan-inspired frozen treats. PLM denies the remaining allegations in paragraph 47.

48. PLM denies the allegations in paragraph 48 of the Counterclaims.

49. PLM denies the allegations in paragraph 49 of the Counterclaims.

50. PLM denies the allegations in paragraph 50 of the Counterclaims.

51. PLM denies the allegations in paragraph 51 of the Counterclaims.

52. PLM denies the allegations in paragraph 52 of the Counterclaims.

COUNT 3

(District of Columbia common law trademark infringement)

53. In answer to paragraph 53 of the Counterclaims, PLM incorporates by reference its responses to paragraphs 1 through 52 of the Counterclaims as if fully set forth herein.

54. In answer to paragraph 54 of the Counterclaims, PLM admits that the design of an Indian girl is protectable as a common law trademark. PLM denies the remaining allegations in paragraph 54.

55. PLM denies the allegations in paragraph 55 of the Counterclaims.

56. In answer to paragraph 56 of the Counterclaims, PLM admits that Counterclaimant's Indian girl design, as shown in Application Serial No. 78/771,243, is confusingly similar to the Indian girl designs in Registration Nos. 3,210,304; 2,905,172; 2,968,652. PLM denies the remaining allegations in paragraph 56.

57. PLM denies the allegations in paragraph 57 of the Counterclaims.

58. PLM denies the allegations in paragraph 58 of the Counterclaims.

59. PLM denies the allegations in paragraph 59 of the Counterclaims.

COUNT 4

(Violation of Section 43(c) of Lanham Act - 15 U.S.C. § 1125(c))

60. In answer to paragraph 60 of the Counterclaims, PLM incorporates by reference its responses to paragraphs 1 through 59 of the Counterclaims as if fully set forth herein.

61. PLM denies the allegations in paragraph 61 of the Counterclaims.

62. PLM denies the allegations in paragraph 62 of the Counterclaims.

63. PLM denies the allegations in paragraph 63 of the Counterclaims.

COUNT 5

(Cancellation of Registration No. 2,968,652 for Fraud – 15 U.S.C. § 1120)

64. In answer to paragraph 64 of the Counterclaims, PLM incorporates by reference its responses to paragraphs 1 through 63 of the Counterclaims as if fully set forth herein.

65. PLM denies the allegations in paragraph 65 of the Counterclaims.

66. In answer to paragraph 66 of the Counterclaims, PLM admits that PLM, Inc. made a typographical error in filing Application Serial No. 78/330,419 in the name of “Paleterias La Michoacana, Inc.”, which should have correctly read “Paleteria La Michoacana, Inc.” PLM admits the remaining allegations in paragraph 66.

67. In answer to paragraph 67 of the Counterclaims, PLM admits that PLM, Inc. declared on November 19, 2003 “that he/she is properly authorized to execute this application on behalf of the applicant; he/she believes the applicant to be the owner of the trademark/service mark sought to be registered, or, if the application is being filed under 15 U.S.C. Section 1051(b), he/she believes applicant to be entitled to use such mark in commerce; to the best of his/her knowledge and belief no other person, firm, corporation, or association has the right to use the mark in commerce, either in the identical form thereof or in such near resemblance thereto as to be likely, when used on or in connection with the goods/services of such other person, to cause confusion, or to cause mistake, or to deceive; and that all statements made of his/her own knowledge are true; and that all statements made on information and belief are believed to be true.” PLM denies the remaining allegations in paragraph 67.

68. PLM denies the allegations in paragraph 68 of the Counterclaims.

69. In answer to paragraph 69 of the Counterclaims, PLM admits that PLM, Inc. made a typographical error in filing Application Serial No. 78/330,419 in the name of “Paleterias La Michoacana, Inc.”, which should have correctly read “Paleteria La Michoacana, Inc.” PLM further admits that this typographical error is reflected in the Statement of Use as of March 3, 2005, in which PLM, Inc. admits that it declared: “[t]he applicant, Paleterias La Michoacana, Inc., residing at 2068 Lapham Drive , Modesto, CA US 95354, is using or is using through a

related company or licensee the mark in commerce on or in connection with the goods and/or services as follows: For International Class: 030, the applicant, or the applicant's related company or licensee, is using the mark in commerce on or in connection with all goods and/or services listed in the application or Notice of Allowance. The mark was first used by the applicant, or the applicant's related company, licensee, or predecessor in interest at least as early as 01/01/1995, and first used in commerce at least as early as 01/01/1995, and is now in use in such commerce. The applicant is submitting one specimen for the class showing the mark as used in commerce on or in connection with any item in the class, consisting of a(n) photos of product labels.” PLM denies the remaining allegations in paragraph 69.

70. PLM denies the allegations of paragraph 70 of the Counterclaims.

71. PLM denies the allegations of paragraph 71 of the Counterclaims.

72. In answer to paragraph 72 of the Counterclaims, PLM admits that PLM, Inc. submitted the specimen of record filed on March 3, 2005. PLM denies that PLM, Inc. made any knowingly false statements to the USPTO. The remaining allegations in paragraph 72 state a legal conclusion to which no response is required. To the extent that a response is required, PLM denies the remaining allegations.

73. In answer to paragraph 73 of the Counterclaims, PLM admits that PLM, Inc. filed a Section 8 affidavit on December 22, 2010, in which PLM, Inc. declared: “[t]he owner, Paleteria La Michoacana, Inc., AKA La Michoacana, a corporation of California, having an address of 2068 Lapham Drive Modesto, California 95354 United States is filing a Declaration of Use and/or Excusable Nonuse of Mark in Commerce under Section 8. For International Class 030, the mark is in use in commerce on or in connection with all goods or services listed in the existing registration for this specific class: Ice cream; fruit ices; or, the owner is making the listed excusable nonuse claim. The owner is submitting one specimen showing the mark as used in commerce on or in connection with any item in this class, consisting of a(n) Digitally photographed containers.” PLM denies the remaining allegations in paragraph 73.

74. In answer to paragraph 74 of the Counterclaims, PLM admits that PLM, LLC filed a Section 15 affidavit on July 20, 2011 declaring that “[t]he owner, PALETERIA LA

MICHOACANA, LLC, a limited liability company legally organized under the laws of California, having an address of 2068 LAPHAM DRIVE MODESTO, California 95354 United States is filing a Declaration of Incontestability of its mark under Section 15. For International Class 030, the owner, or its related company, has continuously used the mark in commerce for five (5) consecutive years after the date of registration, or the date of publication under Section 12(c), and is still using the mark in commerce on or in connection with all goods or services listed in the existing registration for this class: Ice cream; fruit ices. Also, there has been no final decision adverse to the owner's claim of ownership of such mark for those goods or services, or to the owner's right to register the same or to keep the same on the register; and, there is no proceeding involving said rights pending and not disposed of in either the U.S. Patent and Trademark Office or the courts.” PLM denies the remaining allegations in paragraph 74.

COUNT 6

(Cancellation of Registration No. 2,905,172 for Fraud – 15 U.S.C. § 1120)

75. There are two paragraphs numbered 75 due to what appears to be a typographical error. In answer to the first paragraph 75 of the Counterclaims, PLM incorporates by reference its responses to paragraphs 1 through 74 of the Counterclaims as if fully set forth herein. PLM denies the allegations in the second paragraph 75 of the Counterclaims.

76. In answer to the paragraph 76 of the Counterclaims, PLM admits that PLM, Inc. made a typographical error in filing Application Serial No. 78/330,432 in the name of “Paleterias La Michoacana, Inc.”, which should have correctly read “Paleteria La Michoacana, Inc.” PLM admits the remaining allegations in paragraph 76.

77. In answer to paragraph 77 of the Counterclaims, PLM admits that PLM, Inc. declared on November 19, 2003 “that he/she is properly authorized to execute this application on behalf of the applicant; he/she believes the applicant to be the owner of the trademark/service mark sought to be registered, or, if the application is being filed under 15 U.S.C. Section 1051(b), he/she believes applicant to be entitled to use such mark in commerce; to the best of his/her knowledge and belief no other person, firm, corporation, or association has the right to use the mark in commerce, either in the identical form thereof or in such near resemblance

thereto as to be likely, when used on or in connection with the goods/services of such other person, to cause confusion, or to cause mistake, or to deceive; and that all statements made of his/her own knowledge are true; and that all statements made on information and belief are believed to be true.” PLM denies the remaining allegations in paragraph 77.

78. PLM denies the allegations in paragraph 78 of the Counterclaims.

79. In answer to paragraph 79 of the Counterclaims, PLM admits that PLM, Inc. made a typographical error in filing Application Serial No. 78/330,419 in the name of “Paleterias La Michoacana, Inc.”, which should have correctly read “Paleteria La Michoacana, Inc.” PLM further admits that this typographical error is reflected in the declaration submitted on November 19, 2003, in which PLM, Inc. declared: “Paleterias La Michoacana, Inc., a corporation of California, residing at 2068 Lapham Drive, Modesto, CA, USA, 95354, requests registration of the trademark/service mark identified above in the United States Patent and Trademark Office on the Principal Register established by the Act of July 5, 1946 (15 U.S.C. Section 1051 et seq.), as amended. The applicant, or the applicant's related company or licensee, is using the mark in commerce, and lists below the dates of use by the applicant, or the applicant's related company, licensee, or predecessor in interest, of the mark on or in connection with the identified goods and/or services. 15 U.S.C. Section 1051(a), as amended: International Class 030: Ice cream; fruit ices. In International Class 030, the mark was first used at least as early as 04/01/1994, and first used in commerce at least as early as 04/01/1994, and is now in use in such commerce. The applicant is submitting or will submit one specimen for each class showing the mark as used in commerce on or in connection with any item in the class of listed goods and/or services, consisting of a(n) Packaging material.” PLM denies the remaining allegations in paragraph 79.

80. PLM denies the allegations in paragraph 80 of the Counterclaims.

81. PLM denies the allegations in paragraph 81 of the Counterclaims.

82. In answer to paragraph 82 of the Counterclaims, PLM admits that PLM, Inc. submitted the specimen of record filed on November 19, 2003. PLM denies that it made any knowingly false statements to the USPTO. The remaining allegations in paragraph 82 state a

legal conclusion to which no response is required. To the extent that a response is required, PLM denies the remaining allegations.

83. In answer to paragraph 83 of the Counterclaims, PLM admits that PLM, Inc. filed a Section 8 affidavit on December 22, 2010, in which PLM declared: “[t]he owner, Paleteria La Michoacana, Inc., AKA La Michoacana, a corporation of California, having an address of 2068 Lapham Drive Modesto, California 95354 United States is filing a Declaration of Use and/or Excusable Nonuse of Mark in Commerce under Section 8. For International Class 030, the mark is in use in commerce on or in connection with all goods or services listed in the existing registration for this specific class: Ice cream; fruit ices ; or, the owner is making the listed excusable nonuse claim. The owner is submitting one specimen showing the mark as used in commerce on or in connection with any item in this class, consisting of a(n) Digitally photographed containers.” PLM denies the remaining allegations in paragraph 83.

COUNT 7

(Cancellation of Registration Nos. 2,905,172 and 2,968,652 for Abandonment)

84. In answer to paragraph 84 of the Counterclaims, PLM incorporates by reference its responses to paragraphs 1 through 83 of the Counterclaims as if fully set forth herein.

85. PLM denies the allegations in paragraph 85 of the Counterclaims.

86. PLM denies the allegations in paragraph 86 of the Counterclaims.

87. PLM denies the allegations in paragraph 87 of the Counterclaims.

PRAYER FOR RELIEF

PLM denies that Counterclaimant is entitled to any relief.

AFFIRMATIVE DEFENSES

Without admitting or acknowledging that it bears the burden of proof as to any of them, PLM asserts the following affirmative and other defenses and reserves the right to amend its Answer as additional information becomes available.

FIRST DEFENSE

Counterclaimant fails to state facts sufficient to constitute any cause of action.

SECOND DEFENSE

Counterclaimant has not been damaged in any amount, manner, or at all by reason of any act alleged against PLM in the Counterclaims.

THIRD DEFENSE

Counterclaimant's claims are barred, in whole or in part, by the doctrine of laches.

FOURTH DEFENSE

Counterclaimant's claims are barred, in whole or in part, by the doctrine of unclean hands.

FIFTH DEFENSE

Counterclaimant's claims are barred, in whole or in part, by the doctrine of acquiescence.

SIXTH DEFENSE

Counterclaimant is estopped, in whole or in part, from asserting the claims alleged, and obtaining the relief requested in the Counterclaims against PLM, by reason of its own conduct, actions, and communications to others, including but not limited to PLM

SEVENTH DEFENSE

Counterclaimant has waived, in whole or in part, any rights it may have had to institute an action for the alleged wrongdoings of which it complains by reason of its own conduct, actions, and communications to others, including but not limited to PLM

EIGHTH DEFENSE

Counterclaimant's recovery, if any, should be diminished to the extent that its damages were caused by its own intentional conduct or negligent conduct.

NINTH DEFENSE

Counterclaimant's request for injunctive or equitable relief is barred because it will not suffer irreparable harm.

TENTH DEFENSE

Counterclaimant's request for injunctive or equitable relief is barred because it has an adequate remedy at law.

ELEVENTH DEFENSE

Counterclaimant's claims and its recovery, if any, should be barred and/or limited because PLM's actions would constitute, if anything, innocent infringement.

TWELFTH DEFENSE

Counterclaimant has failed to plead with particularity the circumstances constituting fraud alleged in the Counterclaims.

THIRTEENTH DEFENSE

Counterclaimant's claims are barred in whole or in part by the prior use of the term MICHOACANA in trademarks and trade names by PLM, Inc., PLM, LLC, or their predecessors in interest in connection with ice cream and related products in the United States since at least as early as 1991.

JURY DEMAND

PLM demands a trial by jury as to all issues triable in this action.

Dated: July 23, 2012

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Defendants
PALETERIA LA MICHOACANA, INC.
PALETERIA LA MICHOACANA, LLC

**UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF COLUMBIA**

PALETERIA LA MICHOACANA, INC., and
PALETERIA LA MICHOACANA, LLC,

Plaintiffs,

v.

PRODUCTOS LACTEOS TOCUMBO S.A. DE
C.V.,

Defendant.

Case No. 1:11-cv-01623-RC

PRODUCTOS LACTEOS TOCUMBO S.A. DE
C.V.,

Counterclaimant,

v.

PALETERIA LA MICHOACANA, INC., and
PALETERIA LA MICHOACANA, LLC,

Counterclaim-Defendants.

CERTIFICATE OF SERVICE

I hereby certify that on July 23, 2012, I caused a true and correct copy of the foregoing PLAINTIFFS PALETERIA LA MICHOACANA, INC. AND PALETERIA LA MICHOACANA, LLC'S ANSWER TO CROSS-ACTION AND COUNTERCLAIMS to be electronically filed with the Clerk of the District Court using the CM/ECF system, which sent notification of such filing to all counsel of record.

/s/ Tim A. O'Brien

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