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

Proceeding	91207365
Party	Defendant Hatch Chile Company, Inc.
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Submission	Motion to Dismiss - Rule 12(b)
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Attachments	Reply to Motions to Dismiss and Reconsideration 85556144.pdf (6 pages) (68266 bytes)

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

EL ENCANTO, INC.
Opposer,

v.

HATCH CHILE COMPANY, INC.
Applicant.

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Opposition Proceeding No. 91207365

U.S. Trademark Application No. 85/556,144

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**REPLY TO APPLICANT HATCH CHILE COMPANY, INC.'S
MOTION TO DISMISS AND MOTION FOR RECONSIDERATION**

Hatch Chile Company ("HCC") herewith submits its Reply brief regarding its Motion to Dismiss (filed October 10, 2012) and Motion for Reconsideration (filed November 8, 2012).

I. Reply Introduction

The issue raised in HCC's Motion to Dismiss involves a very simple question - does the opposer El Encanto Inc. ("El Encanto") have a reasonable basis for succeeding in opposing HCC's stylized trademark application for the mark HATCH when:

- 1) The Agreement relied upon in El Encanto's Notice of Opposition to support the opposition proceeding expressly allows HCC to claim exclusive trademark rights to the mark HATCH for green chile if the claim is to a stylized design (Notice of Opposition, Ex. A); and
- 2) El Encanto admits that the present trademark application is for a stylized design (*See* Notice of Opposition, ¶ 7)?

The answer is also simple - no. El Encanto can never succeed in this Opposition proceeding because more than twenty years ago, El Encanto expressly agreed to allow HCC to claim

exclusive rights to the mark HATCH for green chile as long as the exclusive rights to the mark is claimed in combination with a stylized design. Under trademark law, this means that El Encanto cannot show that it has sufficient standing to pursue the present opposition proceeding.

The starting point for review of HCC's Motion to Dismiss begins with the Agreement attached as Exhibit A to the Notice of Opposition. There is no dispute that the Agreement is between El Encanto and HCC. There is also no dispute that this Agreement is more than twenty years old. In particular, Paragraph 2 of the Agreement states in part:

The parties agree that they, their subsidiaries, affiliates, successors and associate companies, and Steve Dawson ("Dawson"), acting directly or indirectly through any business enterprises, may use a combination of the word "HATCH" with a design or with another word or words or with both words and design as a trademark for chile [...] and may assert exclusive rights in the combination, so long as the combination is not likely to be confused with a prior trademark or trade name of the other party. The parties and Dawson will never use the word "HATCH," as a trademark for chile or trade name for a business that grows or deals in chile, except as part of such combination.

The Agreement is clear and unambiguous, and shows that El Encanto expressly agreed that:

- 1) HCC can use the mark HATCH with a design as a trademark for chile; and
- 2) HCC can assert exclusive rights to the mark HATCH with a design as a trademark for chile.

The arguments raised in El Encanto's Response to Applicant Hatch Chile Company, Inc.'s Motion for Reconsideration and Motion to Dismiss ("El Encanto's Response") are not reasonable, have no basis in fact, and are thus without merit. As a consequence, the Board should grant HCC's Motion for Reconsideration and Motion to Dismiss.

II. Motion for Reconsideration - Reply Argument

As identified in HCC's Motion for Reconsideration, the Motion for Reconsideration was filed under applicable Rules of Civil Procedure and Trademark Trial and Appeal Board guidelines. While the Board inadvertently re-characterized HCC's Motion for Reconsideration as a summary judgment motion, the Board correctly recognized that HCC's Motion for Reconsideration was merited, and asked the parties to brief the issues presented. The Board correctly recognized that the issue of standing has a long history with TTAB and Federal Circuit precedent, and that this issue, if raised, is an initial threshold inquiry as to whether the present opposition proceeding can continue forward. The Board likely also recognized that the issue of standing can be brought at any time during the opposition proceeding, and that this issue does not have to wait until motion practice opens. Certainly, El Encanto recognizes this as well, as it relies on the *Lipton* case in its response brief. See *Lipton Industries, Inc. v. Ralston Purina Co.*, 670 F.2d 1024, 1028 (CCPA 1982) ("That is not to say that standing cannot be tested at the pleadings stage.").

Without citation to any authority, El Encanto argues that the Motion to Dismiss is improper at this time because the issue of standing needs only to be sufficiently pled. But, El Encanto completely ignores the volume of case law cited by HCC in its Motion for Reconsideration that standing must first be established. In this case, standing can never be established by El Encanto for the reasons set forth in HCC's Motion to Dismiss and Motion for Reconsideration. If standing cannot be shown by El Encanto (even at the pleading stage), further litigation is unnecessary because there is no real controversy between the parties.

El Encanto also argues that HCC's position is directed towards El Encanto's allegations in the Notice of Opposition. See El Encanto's Response, *pp.* 4 – 6. Nothing is further from the

truth. A plain reading of the two HCC motions shows that HCC is adamantly arguing that the Agreement controls whether El Encanto can pursue the present opposition proceeding. There is no argument in either of HCC's motions which are directed towards any of the allegations found in El Encanto's Notice of Opposition. In particular, HCC has never made any argument about whether it is entitled to registration of the mark. The only argument raised by HCC is that El Encanto expressly allowed HCC to claim exclusive rights to the mark "HATCH" when it used at a stylized design. As a consequence, El Encanto can never prove standing because El Encanto can never have a reasonable basis in fact that it will be damaged by the registration of the present application. Stated differently, El Encanto agreed more than twenty years ago that it would not be damaged by HCC claiming exclusive rights to the mark HATCH for Chile when it is used in combination with a design.

As such, HCC submits that the Board correctly granted the Motion for Reconsideration, or to the extent that it did not, HCC respectfully requests that the Motion for Reconsideration be granted.

III. Motion to Dismiss - Reply Argument

If the Agreement did not exist, El Encanto's position would likely have merit. But, because El Encanto is a signatory party to the Agreement with HCC, El Encanto's position is completely without merit. Because of the clear language of the Agreement, HCC again submits that El Encanto can never meet the second standing prong of *Ritchie*, which requires proof from El Encanto that it has a reasonable basis in fact that it would be damaged by the present

application. *See Ritchie v. Simpson*, 170 F.3d 1092, 1095 (Fed. Cir. 1999)¹. Now, twenty-plus years later, El Encanto is alleging that the Agreement “prohibits HCC from seeking registration of the Mark” (*see* El Encanto Response, p. 5). Indeed, El Encanto readily admits that it is trying to “enforce the provisions of the Agreement” through the present opposition proceeding. *See* El Encanto Response, p. 7. Astoundingly, El Encanto argues that the main issue raised in HCC’s motions is the parties’ interpretation of the Agreement, which El Encanto argues gives it the necessary standing to pursue this opposition proceeding. El Encanto argues that if it cannot obtain remedy through the present opposition proceeding, it did not receive any of the Agreement’s benefits. *Id.*, pp. 7 – 8.

El Encanto’s arguments are not reasonable and have no basis in fact because the Agreement language is clear and unambiguous. El Encanto is only now having “buyer’s remorse” for an Agreement that it signed over twenty years ago, and for which HCC has exercised its rights under the Agreement. Moreover, an opposition proceeding is not the only venue for a contract dispute, so that El Encanto’s rhetoric about available remedies is unavailing. Tellingly, El Encanto fails to point to any evidence to show that the Agreement language is ambiguous or otherwise vague. And, El Encanto’s Response completely ignores the Agreement’s language that specifically allows HCC to pursue the present application. Clearly, the trademark appeal process is not the appropriate venue for El Encanto’s attempt to breach the Agreement. For this reason alone, the Board should grant HCC’s Motion to Dismiss.

HCC has provided the Board with more than ample case law to support a decision to grant HCC’s Motion to Dismiss. The only basis in fact that has been presented to the Board is

¹ As identified in HCC’s Motion to Dismiss, the Federal Circuit in *Ritchie* stated that there are several other ways to show the reasonableness of an opposer’s basis for his belief of damage. *See* HCC Motion to Dismiss, p. 4. In its response, El Encanto did not provide any additional evidence that would support a reasonable belief of damage.

that a binding Agreement was executed between El Encanto and Steve Dawson (as predecessor to HCC), and that the Agreement expressly allowed HCC to claim exclusive rights to use the mark HATCH with a design as a trademark for chile. Because El Encanto agreed to this arrangement, it cannot now reasonably claim that it will be damaged by the registration of HCC's present application. Under the binding Agreement, HCC has the right to claim exclusive rights to the combination of the word HATCH in a stylized design format as a trademark for chile. As a result, there is no real controversy between the El Encanto and HCC.

Accordingly, pursuant to the Agreement, the Trademark Trial and Appeal Board should find that El Encanto lacks standing to oppose the registration of the present trademark application, and find that the present trademark application is entitled to proceed to registration.

Dated: December 9, 2012

Respectfully submitted,

By: /s/ Kevin Lynn Wildenstein.

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CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing pleading was mailed by first class mail to the following counsel of record this 9th day of December, 2012:

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