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

Proceeding	91212133
Party	Plaintiff Mary Kay Inc.
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Submission	Motion to Suspend for Civil Action
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Date	08/22/2013
Attachments	Motion to Suspend Opposition.pdf(4176699 bytes)

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

MARY KAY INC.,	§	
	§	
Opposer,	§	Opposition No. 91212133
	§	
v.	§	
	§	Serial No. 85/622,261
	§	
MICHAEL KORS, L.L.C.,	§	
	§	
Applicant.	§	Mark: MK MICHAEL KORS & DESIGN
	§	
	§	

MOTION TO SUSPEND

Petitioner, Mary Kay Inc. (“Mary Kay”), hereby requests, pursuant to Trademark Rule 2.11(a), 37 C.F.R. § 2.117(a), suspension of the above-identified opposition proceeding (the “Opposition”) until such time as there is a final ruling in the civil case *Mary Kay Inc. v. Michael Kors LLC*, No. DC13-01663, filed February 8, 2013, and currently pending in the District Court of Dallas County, Texas, 68th Judicial District (“the Lawsuit”). A copy of the First Amended Petition is attached as Exhibit A. The court has entered a scheduling order, set the case for trial, and the parties are currently conducting discovery.

Mary Kay filed the Lawsuit against Applicant Michael Kors, L.L.C. (“Michael Kors”) requesting the court find that Michael Kors has breached the terms of the Settlement and Coexistence Agreement between the parties in numerous instances, including without limitation, by applying to the register the mark that is the subject of the Opposition. The interpretation of the Settlement and Coexistence Agreement is before the state court. The Lawsuit involves all of the parties, marks, and issues currently before the Board in the Opposition.

While the issue of suspension falls within the discretion of the Board, “ordinarily, the Board will suspend proceedings in the case before it if the final determination of the other proceeding will have a bearing on the issues before the Board.” TBMP § 510.02(a). Similarly, Trademark Rule 2.117(a) states that:

Whenever it shall come to the attention of the Trademark Trial and Appeal Board that a party or parties to a pending case are engaged in a civil action or another Board proceeding which may have a bearing on the case, proceedings before the Board may be suspended until termination of the civil action or the other Board proceeding.

37 CFR 2.117(a).

In this instance, not only does the pending civil action have a bearing on the issues before the Board, the decision in the civil action will be determinative of the issues before the Board.

For the foregoing reasons, Opposer requests that the Board suspend all proceedings in this Opposition pending final resolution of the Lawsuit.

Respectfully submitted,

Dated: August 22, 2013

By: /Richard J. Groos/
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Attorneys for Opposer, Mary Kay Inc.

CERTIFICATE OF SERVICE

I hereby certify that on August 22, 2013, a copy of the foregoing Motion to Suspend was served on Applicant via International First Class Mail to Applicant at the correspondence address of record, as follows:

NANCY DICONZA
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866 UNITED NATIONS PLZ
NEW YORK, NEW YORK 10017-1822

/Sheri M. Hunter/
Attorney for Opposer

EXHIBIT A

CAUSE NO. DC13-01663

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68th JUDICIAL DISTRICT CLERK
DALLAS CO., TEXAS
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MARY KAY INC.,

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IN THE DISTRICT COURT OF

Plaintiff,

68th JUDICIAL DISTRICT

vs.

MICHAEL KORS LLC,

Defendant.

DALLAS COUNTY, TEXAS

FIRST AMENDED PETITION

I. DISCOVERY LEVEL

1. Discovery in this lawsuit should proceed under Level 3.

II. PARTIES

2. Plaintiff Mary Kay Inc. is a Delaware corporation, licensed to do business in the State of Texas. Mary Kay maintains its principal place of business at 16251 Dallas Parkway, Addison, Texas 75001.

3. Defendant Michael Kors LLC is a Delaware limited liability company with its principal place of business at 11 West 42nd Street, Suite 1905, New York, New York, 10038, and may be served with process at this address. In addition, pursuant to the TEX. CIV. PRAC. & REM. CODE, §§17.041-17.045 *et seq.*, service of process may be obtained upon Michael Kors LLC by delivery of the citation, and service of process upon the Secretary of State for the State of Texas. Service of process upon the Secretary of State is proper because Michael Kors LLC is a foreign corporation doing business in Texas that has not designated, appointed, or maintained a registered or resident agent for service of process. In addition, service upon the Secretary of State is proper because Michael Kors LLC has engaged and is engaging in business in Texas but

does not maintain a regular place of business in the State of Texas and has not maintained a designated agent for service of process. Finally, service of process upon the Secretary of State is proper this lawsuit arises out of business done in this state.

III. JURISDICTION AND VENUE

4. This Court has jurisdiction over this matter. Michael Kors LLC transacts substantial business in the State of Texas. Furthermore, and as described in greater detail herein, Michael Kors negotiated and executed a contract in and/or with a Texas corporation relating to property located in and affecting Texas.

5. Venue is proper in Dallas County pursuant to TEX. CIV. PRAC. & REM. CODE § 15.002(a)(1) because a substantial part of the events or omissions giving rise to the claim occurred in Dallas County, Texas.

IV. RELEVANT BACKGROUND

A. Mary Kay

6. Mary Kay is a global manufacturer and wholesale distributor of cosmetics, toiletries, skin care, and related products. In 2012, Mary Kay's global sales surpassed \$3 billion and its number of independent beauty consultants grew to approximately 2.4 million worldwide. The worldwide success and recognition of the Mary Kay brand is undeniable as the Company's products are now sold in over thirty-five (35) markets around the world. Founded in 1963, Mary Kay has become one of the best known direct sellers of skin care products and color cosmetics in the United States. Moreover, its founder, Mary Kay Ash, has been widely recognized as one of the most influential businesswomen in history.

B. Michael Kors Agrees To Limit Michael Kors' Rights to MK Mark.

7. On July 24, 2003, Defendant Michael Kors filed Application Serial No. 78/278,276 seeking registration of the typed words "MK MICHAEL KORS" (the "Kors Original Application") for use in connection with a wide variety of men's and women's accessories. Given Mary Kay's prior registrations, use of, and rights to various "MK" marks (evidenced in part by U.S. Reg. Nos. 2559020 and 2186493), Mary Kay challenged the Kors Original Application, filing its Notice of Opposition with the United States Patent and Trademark Office on May 6, 2005 (No. 91165106).

8. On November 21, 2005, the parties executed a Settlement and Coexistence Agreement (the "Coexistence Agreement") to resolve the parties' dispute. Mary Kay agreed to withdraw its opposition to the Kors Original Application, but only in exchange for strict and specific limitations on Michael Kors' use and registration of certain "MK" marks.

9. Specifically, with respect to goods and services within International Class 3 and "all cosmetic products and services in any class," Michael Kors agreed it would: (a) "not use or register 'MK', standing alone, on or in connection with any products whatsoever in international class 3, or any cosmetic products or services[;]" (b) "not use or register 'MK', even in close proximity with 'Michael Kors', in connection with any class 3 products, or any cosmetics products or services[;]" and (c) "not seek to register any trademark that includes 'MK' in international class 3, or for any cosmetic products or services." (*See* Coexistence Agreement §§ 2.1-2.3.) Significantly, Section 2 of the Coexistence Agreement broadly prohibits Michael Kors from any *use* whatsoever of the mark "MK" standing alone, or even in close proximity with "Michael Kors," on or *in connection* with any cosmetic products or services.

10. Further, with respect to goods and services in all classes other than International Class 3 (and “other than cosmetic products and services in any class”), Mary Kay agreed that Michael Kors would have: (a) “the right to use ‘MK’, standing alone, *but only* on or in connection with products and services with a main label that includes the ‘Michael Kors’ trademark[;]” (b) “the unrestricted right to use ‘MK’ *in close proximity* with ‘Michael Kors[;]’” and (c) “the right to apply to register ‘MK’ *in combination* with ‘Michael Kors.’” (See Coexistence Agreement §§ 3.1-3.3 (emphasis added).) Michael Kors agreed, however, that it would “not seek to register ‘MK’ standing alone,” even in classes other than International Class 3. (*Id.* § 3.4.)

C. Michael Kors Breaches The Coexistence Agreement.

11. In August 2011 and again in October 2011, Michael Kors asked Mary Kay to agree to modify the Coexistence Agreement to allow Michael Kors to register an “MK Charm Logo” mark outside of International Class 3. Mary Kay did not agree to modify the terms of the Coexistence Agreement to allow the registration of the “MK Charm Logo.” Notwithstanding the restrictive covenants of the Coexistence Agreement and Mary Kay’s opposition, Michael Kors filed two unauthorized applications for trademark registration on May 12, 2012 without providing notice to Mary Kay. Mary Kay did not discover the existence of the “MK Charm Logo” filings until late November 2012.

12. The first unauthorized trademark filing, classified within International Classes 18 and 25, includes the typed words “MK” with a non-stylized circle around the letters (the “MK Charm Mark”), and it is exactly the same “MK Charm Logo” that Michael Kors contacted Mary Kay about in 2011. The second unauthorized filing, classified within International Classes 18 and 25, includes the same mark, but with the addition of the words “Michael Kors” written in a

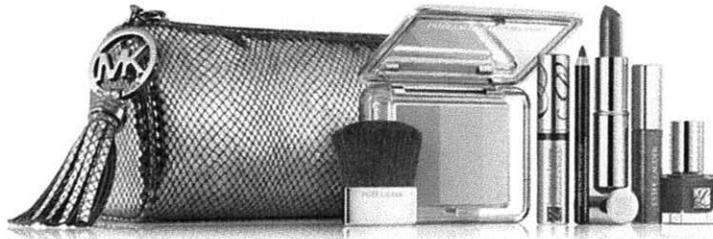
small font size within the bottom border of the circle (the “MK Charm With Michael Kors Mark”).

13. Michael Kors’ attempt to register the MK Charm Mark and the MK Charm With Michael Kors Mark constitutes a breach of Sections 2 and 3 of the Coexistence Agreement. With respect to the first unauthorized filing, Michael Kors has done nothing more than merely add a simple, non-stylized circle around the letters “MK.” The second unauthorized filing adds the words “Michael Kors” in small font to the bottom of the non-stylized circle. For both of these applications, Michael Kors’ inclusion of a general identification of bags in International Class 18 would include cosmetics bags, which places these applications squarely within the restrictions imposed on Michael Kors in Sections 2.1, 2.2., 2.3, 3.3 and 3.4 of the Coexistence Agreement. Pursuant to these provisions, Michael Kors is prohibited from applying to register either an “MK” mark standing alone or and “MK” mark with “Michael Kors” for use in connection with cosmetics products or services in any International Class.

14. Further, the filing of these applications violates Michael Kors’ agreement under Sections 2.5 and 3.5 of the Coexistence Agreement with respect to Mary Kay’s rights to use and register the “MK” mark. Section 2.5 provides that Michael Kors will not place any restrictions whatsoever on Mary Kay’s use or registration of “MK” in International Class 3 and in connection with all cosmetics products and services in any International Class. Section 3.5 states that Mary Kay shall have the unrestricted right to use and register “MK” consistent with Mary Kay’s past practice in any International Class. In contradiction to its agreement under these two provisions of the Coexistence Agreement, Michael Kors’ filing of these applications interferes with Mary Kay’s unrestricted use and registration rights in that these applications by their nature claim rights in “MK” superior to those of Mary Kay. Accordingly, both of these applications

violate the proscriptions imposed on Michael Kors in Sections 2 and 3 of the Coexistence Agreement.

15. In addition, Michael Kors and the Estee Lauder Companies Inc. ("Estee Lauder") have jointly marketed one or more "limited edition" Estee Lauder-Michael Kors cosmetics gift packages (the "Gift Package"). Estee Lauder's website describes it as "[a] collaboration...[i]ntroducing a signature Michael Kors chic, liquid mercury cosmetic case..."¹ The referenced Michael Kors cosmetic case bears the MK Charm With Michael Kors Mark, and it could be purchased via dozens of retailers, including Nordstrom and Macy's. The following image appears on Estee Lauder's official website:



16. Michael Kors' use of the MK Charm Mark and/or the MK Charm With Michael Kors Mark on or in connection with the Gift Package violates Sections 2.1 and 2.2 of the Coexistence Agreement. Those provisions prohibit Michael Kors from using "MK" standing alone – or even in close proximity with "Michael Kors" – on or in connection with "any products whatsoever" in international class 3 or any cosmetics products or services. Section 4.1 of the Coexistence Agreement provides that, "For the purpose of this Section 4, cosmetics products and

¹ See, e.g., <http://www.esteelauder.com/products/8332/Product-Catalog/Makeup/Collections/Estee-Lauder-Michael-Kors/index.tmpl>.

services outside of class 3 includes: the sale and distribution (retail, wholesale or direct) of cosmetic products and cosmetic services (including on-line sales); educational, consulting and marketing services related to cosmetics (including on-line services); cosmetics instruments, tools, cases, mirrors, compacts, bags and containers; cosmetic related publications, catalogues, magazines and informational materials.” Section 4 of the Coexistence Agreement provides additional detail about the rights and boundaries of the parties with respect to use of the “MK” mark and marks incorporating “MK.” In this regard, the definition of “cosmetics products and services” in Section 4.1 informs the parties’ rights and obligations under Sections 2 and 3, meaning that Michael Kors is prohibited from using “MK,” even in close proximity with “Michael Kors,” in connection with cosmetics cases, bags and containers.

17. In addition to the Gift Package, Michael Kors marketed and sold various other cosmetics bags and cases, including the Michael Kors Continental Cosmetics Bag, the Michael Kors Cosmetics Case, the Michael Kors Jet Set Cosmetics Case, the Michael Kors Large Logo Cosmetics Case, and the Michael Kors Kempton Cosmetics Bag, using the MK Charm Mark and/or the MK Charm With Michael Kors Mark. Michael Kors’ use of the MK Charm Mark and/or the MK Charm With Michael Kors Mark on or in connection with Gift Package and these various other cosmetics products violates Section 2 of the Coexistence Agreement. This provision prohibits Michael Kors from using “MK” – even in close proximity with “Michael Kors” – on advertising or packaging of items that include any cosmetics products.

18. Because these breaches concern the wrongful use of a valuable trademark that Michael Kors contractually agreed not to use in these ways, the damage to Mary Kay from Michael Kors’ breach is irreparable, immeasurable, and not solely compensable by monetary damages.

V. BREACH OF CONTRACT

19. Mary Kay re-alleges and incorporates the foregoing allegations as if fully set forth herein.

20. Mary Kay and Michael Kors are parties to the Coexistence Agreement, which is a binding and enforceable contract governed by Texas law.

21. Michael Kors breached Sections 2 and 3 of the Coexistence Agreement by using “MK” in connection with products in International Class 3 and with cosmetic products or services other than those in International Class 3, and by attempting to register the MK Charm Mark and the MK Charm With Michael Kors Mark.

22. Mary Kay pleads only state law breach of contract claims, and no federal claims.

23. Michael Kors’ breach of the Coexistence Agreement has caused Mary Kay to suffer both monetary damages and irreparable harm.

VI. REQUEST FOR PRELIMINARY AND PERMANENT INJUNCTIVE RELIEF

24. Mary Kay re-alleges and incorporates the foregoing allegations as it fully set forth herein.

25. Mary Kay’s Application for a Preliminary and Permanent Injunction is authorized by TEX. CIV. PRAC. & REM. CODE ANN. §65.011. Mary Kay is entitled to the relief demanded because all of part of the relief requires the restraint of acts prejudicial to Mary Kay and the present performance of Michael Kors’ obligations under the Coexistence Agreement. Michael Kors is performing and about to perform, or allowing the performance of an act relating to the subject of the pending litigation, in violation of the rights of Mary Kay, and those acts would render the judgment in this litigation ineffectual.

26. It is probable that Mary Kay will recover from Michael Kors after a trial on the merits. The harm that will result if the application is not granted is irreparable because the

conduct of Michael Kors is continuing and money damages are inadequate to correct the harm caused by the breach. Because the breach concerns Mary Kay's valuable trademark rights, the harm to Mary Kay from Michael Kors' breach of contract governing the use of trademarks is both difficult to calculate and cannot be compensated solely with money damages. The full extent of the harm to Mary Kay from Michael Kors' use of certain "MK" marks prohibited by the Coexistence Agreement cannot fully be measured. Absent the granting of the injunctive relief requested, Mary Kay will likely suffer irreparable harm for which Mary Kay could never be adequately or solely compensated in the form of damages. Mary Kay has no adequate remedy at law for the above-described injuries.

27. Mary Kay asks the Court to order Michael Kors to perform its contractual obligations. Specifically, Mary Kay asks the Court that it order Michael Kors to:

- a. withdraw immediately with prejudice its application to register the MK Charm With Michael Kors Mark (Application No. 85622261);
- b. enjoin Michael Kors from filing the MK Charm Mark and any additional trademark applications that violate the Coexistence Agreement;
- c. take all necessary measures to cease all use and sale—whether directly by Michael Kors or indirectly by others—of all products and services bearing or associated with an "MK" mark in a manner contrary to the provisions of the Coexistence Agreement;
- d. destroy all products bearing an "MK" mark in a manner contrary to the provisions of the Coexistence Agreement;
- e. provide an accounting to Mary Kay of all sales, licenses, and/or any money derived from the sale, license, or use of products and services, as well as

products and services sold in connection with or use associated with any such use or sale, whether directly by Michael Kors or indirectly by others, bearing an “MK” mark in a manner contrary to the provisions of the Coexistence Agreement.

28. Mary Kay asks the Court to set its Application for a Preliminary and Permanent Injunction for a full trial on the merits and, after the trial, issue a Preliminary and Permanent Injunction against Defendants.

VII. ATTORNEYS’ FEES

29. Plaintiff re-alleges and incorporates the foregoing allegations as if fully set forth herein.

30. Plaintiff seeks recovery of its reasonable and necessary attorneys’ fees, costs, and expenses through trial and all appeals pursuant to Texas Civil Practice and Remedies Code § 38.001(8).

VIII. JURY DEMAND

31. Plaintiff demands a trial by jury.

IX. CONDITIONS PRECEDENT

32. All conditions precedent to Plaintiff’s claims for relief have been performed or have occurred.

X. PRAYER FOR RELIEF

Considering the premises, Plaintiff requests that this Court, upon final hearing, enter judgment against Defendant for the following relief:

- (1) Damages in an amount to be determined at trial;
- (2) Specific performance of the Coexistence Agreement;

- (3) Preliminary and final injunctive relief as requested above;
- (4) Reasonable and necessary attorneys' fees in an amount to be determined at trial;
- (5) Costs of suit incurred herein; and
- (6) Such other and further relief in law or in equity to which Plaintiff may be justly entitled.

DATE: August 21, 2013

Respectfully submitted,

/s/ Christopher J. Schwegmann

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Texas Bar No. 24003722

Christopher J. Schwegmann

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**ATTORNEYS FOR PLAINTIFF
MARY KAY INC.**

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing document was served on the following counsel of record on August 21, 2013.

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/s/ Christopher J. Schwegmann

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