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

Proceeding	91214312
Party	Plaintiff Diageo Brands B.V.
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IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
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Diageo Brands B.V.,)
)
 Opposer,)
) Opposition No. 91214312
 v.)
)
 Midway Trading Corp.,)
)
 Applicant.)

**REPLY BRIEF IN SUPPORT OF OPPOSER’S
MOTION TO DISMISS COUNTERCLAIM FOR PARTIAL CANCELLATION FOR
FAILURE TO STATE A CLAIM**

Opposer Diageo Brands B.V. respectfully submits this reply brief in support of its motion to dismiss the counterclaim of Applicant Midway Trading Corp. for the partial cancellation of Opposer’s Reg. No. 3369110 under Section 18 of the Act, 15 U.S.C. § 1068.

As a threshold matter, and as pointed on page 2 of Opposer’s opening brief, Applicant’s counterclaim fails to allege that the partial cancellation of Opposer’s registration would in any way affect Opposer’s entitlement to relief under the Section 43(c)-based cause of action set forth in paragraph 16 of the notice of opposition. Applicant’s responsive brief reflects a similar omission. Even if the allegations underlying Opposer’s counterclaim are taken as true, there is thus no factual basis for any argument that restricting the goods set forth in Opposer’s registration will diminish the likelihood of dilution that will arise from the registration of Applicant’s mark.

More importantly, there is no legal basis for such an argument. Neither the statutory definition of dilution by blurring nor that of dilution by tarnishment identifies the competitive proximity of the parties’ goods and services as a relevant consideration. *See* 15 U.S.C. § 1125(c)(2)(B)(i)-(vi); *id.* § 1125(c)(2)(C). Consistent with Section 43(c)’s express recognition

that likely dilution can exist “regardless of the presence or absence . . . of competition,” *id.* § 1125(c)(1),¹ the Board has reached findings of likely dilution without express consideration of whether the parties’ goods or services are related. *See, e.g., Chanel, Inc. v. Makarczyk*, 110 U.S.P.Q.2d 2013, 2024-27 (T.T.A.B. 2014) (CHANEL for construction services likely to dilute distinctiveness of CHANEL for perfume and cosmetics, jewelry, clothing, handbags, sunglasses, watches, keychains, leather goods, and retail store services); *UMG Recordings, Inc. v. Mattel, Inc.*, 100 U.S.P.Q.2d 1868, 1888-90 (T.T.A.B. 2011) (MOTOWN METAL for toy vehicles and accessories likely to dilute distinctiveness of MOTOWN for musical entertainment and musical recordings). In the absence of any proffered reason to depart from Section 43(c)’s express terms, Opposer therefore is entitled as a matter of law to base its likelihood-of-dilution claim on the unrestricted identification of goods currently set forth in its registration.

Moreover, even where Opposer’s likelihood-of-confusion claim is concerned, Applicant fails to explain why the Supreme Court’s opinions in *Ashcroft v. Iqbal*, 556 U.S. 662 (2009), and *Bell Atl. Corp. v Twombly*, 550 U.S. 544 (2007), are not controlling authority in *inter partes* proceedings. For example, Page 2 of Applicant’s brief cites to *Zoba Int’l Corp. v. DVD Format/Logo Licensing Corp.*, 98 U.S.P.Q.2d 1106 (T.T.A.B. 2011), but the quote attributed to that opinion appears nowhere in it. And, contrary to Applicant’s reliance on *Covidien LP v. Masimo Corp.*, 109 U.S.P.Q.2d 1696 (T.T.A.B. 2014), that opinion did not involve a requested restriction of the goods recited in the senior party’s registration, *id.* at 1699 n.7; more

¹ Professor McCarthy has argued that likely dilution can exist *only* if the parties’ goods and services are unrelated. *See* J. Thomas McCarthy, *McCarthy on Trademarks and Unfair Competition* § 24:74 (4th ed.) (“The legal theory of dilution by blurring says that if customers or prospective customers see the plaintiff’s famous mark used by other persons in a non-confusing way to identify other sources for many different goods and services, then the ability of the famous mark to clearly identify and distinguish only one source might be ‘diluted’ or weakened. Therefore, to apply an antidilution law in a situation where the goods or services of the parties are competitive makes no sense.”).

importantly, the Board in *Covidien* held that the Section 18 counterclaim at issue was deficient at the pleadings stage for want of factual detail, *id.* at 1699-1700, precisely the same result that should hold here.

Likelihood of confusion is question of law. *In re Chatam Int'l, Inc.*, 380 F.3d 1340, 1342 (Fed. Cir. 2004). The bare assertion in paragraph 6 of Applicant's counterclaim that "likelihood of confusion will be avoided by a restriction of the goods claimed in Registration No. 3,369,110" therefore is just the sort of "legal conclusion couched as a factual allegation" prohibited by *Iqbal*. See 556 U.S. at 678; accord *Todd Const., L.P. v. United States*, 656 F.3d 1306, 1316 (Fed. Cir. 2011) ("[W]e are not required to assume that legal conclusions are true."). Applicant is welcome to argue that there is no *per se* rule that rum, gin, and vodka are related beverages and that differences between them render confusion between marks used in connection with those goods unlikely, but that theory is absent from the four corners of its counterclaim. Because "to avoid dismissal for failure to state a claim, a complaint must allege facts 'plausibly suggesting (not merely consistent with)' a showing of entitlement to relief," *Acceptance Ins. Co. v. United States*, 583 F.3d 849, 853 (Fed. Cir. 2009) (quoting *Twombly*, 550 U.S. at 557), Applicant's failure to allege *any* facts supporting its counterclaim, much less the required plausible ones, merits the grant of Opposer's motion.

Respectfully submitted,

/s/ Theodore H. Davis Jr.

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CERTIFICATE OF SERVICE

I certify that a copy of the attached pleading has been served on counsel of record via
first-class mail addressed to

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on October 15, 2014.

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