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

Proceeding	91219909
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IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD

In the matter of Application Serial No. 86/313,414

Filed: June 18, 2014

For the mark: PERSONAL COMFORT AN AIR ADJUSTABLE NUMBER BED & Design

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Select Comfort Corporation,

Opposition No. 91219909

Opposer,

v.

Dires, LLC d/b/a Personal Comfort Bed,

Applicant.

APPLICANT DIRES, LLC'S (d/b/a PERSONAL COMFORT BED) OPPOSITION
TO OPPOSER SELECT COMFORT CORPORATION'S MOTION TO SUSPEND
PROCEEDINGS

INTRODUCTION

Applicant Dires LLC's ("Dires") hereby opposes the Motion to Suspend Proceedings filed by Opposer Select Comfort Corporation ("Opposer"). There is simply no valid reason to stay these proceedings. The litigation pending in the District of Minnesota involves different issues, different parties, and a final outcome for that litigation is nowhere in sight. Further, the outcome of that litigation will have at most a tangential effect to this Opposition. It follows that Opposer's Motion to Suspend should be denied.

BACKGROUND

The District of Minnesota Litigation:

Opposer and a different entity, Select Comfort SC Corporation, filed a lawsuit on November 16, 2012 in the District of Minnesota. *See* Case 12-cv-2899, DWF-SER, (the

“Minnesota Litigation”). Opposer and Select Comfort SC Corporation have amended their initial complaint twice. The Second Amended Complaint, which is the operative pleading, was filed on November 8, 2013. Doc 6, Ex. 1. This Complaint brings ten counts against six defendants: (1) John Baxter; (2) Dires; (3) Digi Craft Agency, LLC; (4) Direct Commerce, LLC d/b/a Personal Touch Beds; (5) Scott Stenzel; and (6) Craig Miller. (the “Defendants”) *Id.* Specifically, the Second Amended Complaint brings the following Ten Counts:

Count One: Trademark Infringement.

Count Two: Unfair Competition.

Count Three: Federal Dilution of Trademark.

Count Four: False Advertising.

Count Five: Deceptive Practices Act.

Count Six: Unlawful Trade Practices.

Count Seven: False Statement in Advertising

Count Eight: Consumer Fraud

Count Nine: Unjust Enrichment.

Count Ten: “Federal Cyberpiracy.”

Even a quick glance at these Counts shows that a very significant portion of the Minnesota Litigation is largely unrelated to this Opposition. Opposer accuses Dires and other unrelated parties from making false and misleading statements, such as presenting false testimonials about the health benefits of Defendant’s products, Doc. 6, Ex. 1, at ¶ 113, falsely representing that Defendant’s products are “made in the USA,” *Id.* at ¶ 117, falsely representing that Opposer’s products do not “meet the federal manufacturing requirement standards set forth by the FDA,” *Id.* at ¶ 24, falsely representing that Defendant’s products are sold “tax free” outside of Florida, *Id.* at ¶ 116, and falsely representing that Defendant’s products are preferred 6 to 1 over another national brand. *Id.* at ¶ 105.¹ The list goes on. In other words, there are five other parties in the Minnesota Litigation that are not parties to this proceeding. There are also numerous other

¹ Not surprisingly, the Defendants in the Minnesota Litigation vehemently deny these accusations.

factual and legal allegations in the Minnesota Litigation that have little or no relation to this Opposition.

Further, as Opposer concedes in its Motion for Suspension, a “focus of the [Minnesota Litigation] is Dires’ use of the phrase ‘number bed’ in advertising of adjustable beds,” given that Opposer’s “allegations of infringement are based upon the fact that ‘number bed’ is [allegedly] likely to cause confusion with [Opposer’s Marks].” Doc. 6, at 5 & 9. However, the Minnesota Litigation is not focused on the entire mark that Dires is trying to register here: PERSONAL COMFORT AN AIR ADJUSTABLE NUMBER BED & Design. It is well established that a likelihood of confusion analysis must consider the mark as a whole, which is an even more important rule given that the disputed terms “number” and “bed” are merely descriptive and assertedly generic.

Dires’ Application and this Opposition Proceeding:

Dires filed Application Serial No. 86/313,414 on June 18, 2014, (the “Application”) to register the Mark PERSONAL COMFORT AN AIR ADJUSTABLE NUMBER BED (“Dires’ Mark”), and the following Logo (“Dires’ Logo”):



Doc. 1, at ¶ 2. Opposer is the holder U.S. Trademark Registration No. 2,753,633, 2,618,999 and 2,641,045 issued for the Mark SLEEP NUMBER, and of Registration No. 2,702,762 issued for the Mark WHAT’S YOUR SLEEP NUMBER? (“Opposer’s Marks”). Doc. 1, at ¶ 6. Opposer filed this Opposition to Dires’ Application claiming that the registration of Dires’ Mark and Dires’ Logo will cause confusion. Doc. 1, at ¶ 25. In this Opposition Dires’ Mark and Logo are challenged in their entirety. In the Minnesota Litigation the trademark claims are focused on the

generic phrase “Number Bed.” Doc. 6, at 5. Opposer’s other Minnesota claims are against Defendants that are not parties to this Opposition, and are based heavily on false advertisement or “consumer fraud.” Among many other differences, the most important are summarized below:

Issue	This Opposition	Minnesota Litigation
Trademark Issues	<p>In this Opposition Dires’ <u>entire</u> Mark is at issue:</p> <p>PERSONAL COMFORT AN AIR ADJUSTABLE NUMBER BED,</p> <p>as well as Dires’ <u>entire</u> logo:</p> 	<p>As Opposer concedes in its Motion for Suspension, a “focus of the [Minnesota Litigation] is Dires’ use of the phrase ‘number bed’ in advertising of adjustable beds.” Doc. 6, at 5, <u>not Dires entire Mark or Logo.</u></p>
Number of Parties	Only Opposer and Dires.	<ol style="list-style-type: none"> 1. John Baxter; 2. Dires; 3. Digi Craft Agency, LLC; 4. Direct Commerce, LLC d/b/a Personal Touch Beds; 5. Scott Stenzel; and 6. Craig Miller.
Number of Counts	<p>The only “Count” or issue in this proceedings is whether Dires’ Mark and Logo should be registered despite Opposer’s objections that such registration will cause confusion.</p>	<ol style="list-style-type: none"> 1. Trademark Infringement. 2. Unfair Competition. 3. Federal Dilution of Trademark. 4. False Advertising. 5. Deceptive Practices Act. 6. Unlawful Trade Practices. 7. False Statement in Advertising

		8. Consumer Fraud 9. Unjust Enrichment. 10. Federal Cyberpiracy.
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ARGUMENT

I. SUSPENSION SHOULD BE DENIED BECAUSE THE OUTCOME OF THE MINNESOTA LITIGATION WILL ONLY HAVE A MINIMAL EFFECT HERE.

Opposer’s Motion to Suspend should be denied because the outcome of the Minnesota Litigation will have a minimal and tangential effect on this Opposition. “Suspension of a Board proceeding is solely within the discretion of the Board.” *Am. Airlines, Inc., v. American Road Warriors, LLC*, Opposition No. 91203536, WL 5407295, at *1 (Trademark Tr. & App. Bd. June 14, 2013) (citations omitted). “All motions to suspend, regardless of circumstances . . . are subject to the ‘good cause’ standard.” *National Football League v. DNH Management LLC*, 85 U.S.P.Q. 2d 1852, 1855, n. 8 (Trademark Tr. & App. Bd. Jan. 28, 2008).

A. Dires’ entire Mark is not at issue in the Minnesota Litigation.

Opposer argues that “the primary issue before the Board is whether Dires’ use of the phrase ‘number bed’ in its proposed mark is likely to cause confusion with [Opposer’s Marks].” Doc. 6, at 4. This is utterly wrong. The primary issue here is whether Dires’ Mark and Logo, as a whole, are likely to create confusion with Opposer’s Marks. The Mark that Dires is trying to register is much more than just the phrase “Number Bed” and includes all of the following: PERSONAL COMFORT AN AIR ADJUSTABLE NUMBER BED. Additionally, Dires is also seeking registration of its Logo. The Minnesota Litigation will not analyze Dires’ entire Mark or Dires’ Logo. Instead, as Opposer concedes in its Motion to Suspend, a “focus of the [Minnesota Litigation] is Dires’ use of the phrase ‘number bed’ in advertising of adjustable beds.” Opposer further concedes that its “allegations of infringement are based upon the fact that ‘number bed’ is

likely to cause confusion with [Opposer's Marks],” and that it is seeking an injunction prohibiting Dires from using the phrase “number bed.” Doc. 6, at 5; 9. However, Opposer is not seeking an injunction prohibiting the use of Dires’ entire Mark or entire Logo.

The fact that Dires’ entire Mark is not at issue in the Minnesota Litigation shows that this Opposition should not be suspended. “[E]ach case requires consideration of the effect of the entire mark including any term in addition to that which closely resembles the opposing mark.” *In Re Hill-Behan Lumber Co.*, 201 U.S.P.Q. 246, 249 (Trademark Tr. & App. Bd. Oct. 26, 1978) (emphasis added). “All of this leads to the proposition that the question of likelihood of confusion must always be resolved on the basis of the marks as a whole since the commercial impact is generated by the whole mark rather than by its components.” *Guerlain, Inc. v. Richardson-Merrell Inc.*, 189 U.S.P.Q. 116, 119 (Trademark Tr. & App. Bd. Dec. 1 1975) (emphasis added). The same applies when analyzing descriptiveness of a mark. “It has often been held by this and other tribunals . . . that it does not follow as a matter of law that because the component words of a mark may be descriptive and therefore un-registrable, the combination thereof or unitary mark must necessarily be likewise descriptive and likewise incapable of functioning as a trademark.” *Nationwide Consumer Testing Inst., Inc., v. Consumer Testing Laboratories, Inc., et. al.* 159 U.S.P.Q. 304, 310 (Trademark Tr. & App. Bd. Aug. 28, 1968).

These decisions show that Dires’ Mark can still be registered, even if the District of Minnesota finds that the phrase “Number Bed,” is likely to cause confusion and even if an injunction is granted prohibiting Dires from using the phrase “Number Bed.”² After all, the Minnesota Litigation will not analyze Dires’ entire Mark, and this entire Mark “cannot be

² Only an overbroad injunction could prohibit the use of the generic terms “number” and “bed” in a descriptive way as they are used and presented in Dires’ Mark and Logo. Indeed, many registrations disclaim the term “Number.” See U.S. Trademark Registrations, 1974922, 3153173, 2249971, 3669008, & 4577447, all disclaiming “Number” in connection with other goods or services.

disregarded in determining the question of likelihood of confusion since the commercial impression is created by the entire mark.” *The Julep Co., v. Lipsey* 131 U.S.P.Q. 334, 335 (Trademark Tr. & App. Bd. Sept. 25, 1961). Thus, suspension should be denied.

B. Dires’ Logo is also not at issue in the Minnesota Litigation.

Further, Dires’ Logo is also not at issue in the Minnesota Litigation, but it is central to this Opposition. The Board must consider the effect of Dires’ Logo when determining whether Dires’ Mark will be confused with Opposer’s Marks. “When words which are merely descriptive, and hence unregistrable, are presented in a distinctive design, the design may render the mark as a whole registrable.” *In re Clutter Control Inc.*, 231 U.S.P.Q. 588, 589-90 (Trademark Tr. & App. Bd. Mar. 30, 1986). A decision in the Minnesota Litigation will not impact the effect of Dires’ Logo upon the registrability of Dires’ Mark, and will not help decide whether Dires’ Mark causes confusion with Opposer’s Marks. Thus, the outcome of this Litigation will have a minimal effect here, and suspending this Opposition is not warranted.

C. The Minnesota Litigation is substantively different from this Opposition.

Another reason that justifies denying suspension is the substantive differences between this Opposition and the Minnesota Litigation. “It is well established that, in contrast to an infringement action where the court examines the visual appearance of the marks in the context of actual use, in proceedings before the Board, actual use is not relevant.” *In Re B. Dazzle, Inc.*, Serial No. 76624697, 2007 WL 1276969, at *3-4 (Trademark Tr. & App. Bd. Apr. 25, 2007). “[C]ompany name,” or “trade dress appearing on applicant’s packaging, which is not part of the mark applicant seeks to register, are not relevant,” given that “[t]he right to register a mark must be determined on the basis of applicant’s mark ‘exactly as shown in the application’ regardless of the manner of actual use.” *Id* (citing *Jim Beam Brands Co. v. Beamish & Crawford Ltd.*, 937

F.2d 729, 734 (2d Cir. 1991)). Thus, if an injunction is granted in the Minnesota Litigation this injunction would be the result of very different rules, and therefore, it will provide little guidance as to whether Dires' Mark and Logo should be registered. Thus, suspension should be denied.

II. SUSPENSION IS NOT WARRANTED BECAUSE THE MINNESOTA LITIGATION INVOLVES MANY UNRELATED ISSUES AND PARTIES.

Opposer's Motion for Suspension should be denied because the Minnesota Litigation has many different claims and parties, and thus, trademark issues are a small piece of that litigation. First, the causes of action advanced by Opposer in the Minnesota Litigation are largely different from the trademark issues of this Opposition. As noted above, the Minnesota Litigation does not and cannot analyze Dires' Mark and Logo as whole. Adding to this significant difference is the fact that Opposer brings a total of ten counts against six defendants, many which are completely unrelated to this Opposition. Doc. 6, Ex. 1. Opposer claims that the defendants in the Minnesota Litigation have made several false representations that have harmed Opposer. For instance, Opposer accuses the defendants of presenting false testimonials about the health benefits of Defendant's products, Doc. 6, Ex. 1, at ¶ 113, of falsely representing that Defendant's products are "made in the USA," *Id.* at ¶ 117, of falsely representing that Opposer's products do not "meet the federal manufacturing requirement standards," *Id.* at ¶ 24, of falsely representing that Defendant's products are sold "tax free" outside of Florida, *Id.* at ¶ 116, and, among many other things, of falsely representing that Defendant's products are preferred 6 to 1 over another national brand. *Id.* at ¶ 105. Moreover, Opposer brings a total of ten counts, which include claims for Unlawful Trade Practices (Count Six), False Statement in Advertising (Count Seven), Consumer Fraud (Count Eight), Unjust Enrichment (Count Nine), and "Federal Cyberpiracy," (Count Ten). These Counts have nothing to do with the registration of Dires' Mark and Logo, and thus, the Minnesota Litigation will have little or no effect for this Opposition.

Second, the Minnesota Litigation also involves five parties which are not part of this Opposition. Opposer's Second Amended Complaint named the following defendants: (1) John Baxter; (2) Dires; (3) Digi Craft Agency, LLC; (4) Direct Commerce, LLC d/b/a Personal Touch Beds; (5) Scott Stenzel; and (6) Craig Miller. (the "Defendants"). Doc. 6; Ex. 1. While some of these parties are related to each other, Opposer is still required to conduct discovery to prove that each defendant is liable for each of the ten counts that Opposer has advanced. This discovery has little or no bearing on whether Dires' Mark and Logo should be registered.

Third, staying this Opposition will cause undue delay and inefficiency. Under the latest scheduling order in the Minnesota Litigation dispositive motions must be filed by September 15, 2015, and trial is scheduled for February 15, 2016, about a year from now. *See* case 12-cv-2899, DWF-SER. (Doc. 154). These dates will surely be postponed, as there have been multiple amendments to the first scheduling order, and each has postponed dates. *Id.* (Doc. 30, 79, 118). It is safe to say that the Minnesota Litigation will continue for another 18 months to two years. Finally, instead of requiring a crowded court to decide trademark issues, the Board should continue these proceedings and provide relief to the crowded federal system.³

This is especially true when one realizes that this Board is a specialized tribunal with specialized trademark expertise. Further, the Board considered implementing rules whereby a stay would be automatically required when a related litigation is pending, but declined this approach. The Board concluded that not suspending proceedings is desirable when, as here, suspension would cause undue delay and inefficiency. *See* 48 Fed. Reg. 23129 (May 23, 1983). Opposer seems to argue that suspension is required. However, "both the permissive language of Trademark Rule 2.117(a) . . . and the explicit provisions of Trademark Rule 2.117(b) make clear

³ It makes no sense to force criminal defendants in the District of Minnesota to wait longer in jail for their rights to be adjudicated simply because a party wants to fight about logos.

that suspension is not the necessary result in all cases.” *Boyd's Collection Ltd. v. Herrington & Co.*, 65 U.S.P.Q. 2d 2017, 2018 (Trademark Tr. & App. Bd. Jan. 16, 2003). Thus, suspension should be denied, and this proceeding should continue.

III. THE DECISIONS CITED BY OPPOSER DO NOT SUPPORT SUSPENSION AND FAVOR DENYING OPPOSER’S MOTION.

The decisions cited by Opposer in its Motion for Suspension are not only distinguishable, but they actually support denying suspension and continuing this Opposition.⁴ These decisions are significantly different in that the mark at issue in the parallel federal litigation was the same or largely the same as the mark that the applicant sought to register. That is not the case here.

Opposer cites *New Orleans Louisiana Saints LLC & NFL Properties LLC*, 99 U.S.P.Q.2d 1550, 1552 (Trademark Tr. & App. Bd., July 22, 2011) for the proposition that the parallel “civil action does not need to be dispositive of the Board proceedings to warrant suspension, it need only have a bearing on the issues before the Board.” Doc. 6, at 9. However, this statement must be read in the context of that decision, which is clearly distinguishable for two reasons. First, both parties in that Opposition agreed to stay Board proceedings; here Dires opposes suspension. Second, the parallel federal action in that Opposition analyzed the mark “WHO DAT,” which was largely the same mark that the applicant sought to register. Here, on the other hand, the Minnesota Litigation is dealing only with the phrase “Number Bed,” which does not constitute all or a significant part of the Mark Dires is trying to register, which includes all of the following: PERSONAL COMFORT AN AIR ADJUSTABLE NUMBER BED & Design.

Opposer also cites *Whopper-Burger, Inc., v. Burger King, Corp.*, 171 U.S.P.Q. 805, 806 (Trademark Tr. & App. Bd. Nov. 9, 1971), for the proposition that when “substantial overlap

⁴ Opposer relies heavily on comments from the TBMP; however, while practitioners should certainly pay close attention to the TBMP, it does not have the force of law.

exists, the Board suspends proceedings pending the outcome of the Lawsuit.” Doc. 6, at 10. However, that decision is clearly distinguishable in that the parallel federal case dealt with the mark WHOPPER, which was largely the entire mark that the applicant sought to register. Here, Dires’ Mark and Logo are not before the District of Minnesota in their entirety. The same occurs with *Tokaido v. Honda Associates, Inc.*, 179 U.S.P.Q. 861, 862 (Trademark Tr. & App. Bd. Nov. 14, 1973), where the mark TOKAIDO in its entirety was at issue in both the Board proceeding and the federal litigation. *See also, The John W. Carson Found., v. Toilets.Com., Inc.*, 94 U.S.P.Q.2d 1942, 1943-46 (Trademark Tr. & App. Bd. Mar. 25, 2010) (holding that applicant could not register HERE’S JOHNNY because Sixth Circuit issuing an injunction prohibiting applicant from using that exact same phrase). These decisions show that the outcome of a parallel federal litigation must have at least a substantial bearing upon the Opposition for a suspension to be granted. That is not the case here, and thus, suspension should be denied.

IV. A RECENT SUPREME COURT DECISION HELD THAT BOARD PROCEEDINGS CAN BE BINDING UPON DISTRICT COURTS.

On March 25, 2015, the Supreme Court held that the doctrine of collateral estoppel (also known as issue preclusion), which is designed to preserve resources and prevent forum shopping, can apply to Board likelihood of confusion determinations when the “ordinary elements of issue preclusion are met.” *See B&B Hardware, Inc. v. Hargis Industries, Inc. et al.*, No. 13-352, 575 U.S. ____ (2015) (Slip Op. at 2). At issue in *B&B Hardware* was a Board decision holding that an applicant’s mark was confusingly similar to the opposer’s mark so as to bar registration. Years later a jury held that the marks were not sufficiently confusing in a trademark infringement action, and the Eighth Circuit affirmed, holding that the Board’s decision could not form a basis for issue preclusion. *B&B Hardware, Inc. v. Hargis Industries, Inc.*, 716 F.3d 1020, 1024 (8th Cir. 2013). The Supreme Court reversed, holding that neither the Lanham Act’s text nor its

structure rebuts the “presumption” in favor of giving preclusive effect to Board decisions where the ordinary elements of issue preclusion are met. (Slip Op. at 12-14).

Here, this Opposition should continue because, after *B&B Hardware*, it may form the basis for a decision in the Minnesota Litigation. The Board is likely to issue a decision before the District Court, which can save judicial resources. Thus, suspension should be denied.

CONCLUSION

Opposer’s Motion to Suspend Proceedings should be denied and this Opposition should continue.

Respectfully submitted,
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CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing Opposition to Motion to Suspend Proceedings was served, this 30th day of March, on the following:

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