

UNITED STATES PATENT AND TRADEMARK OFFICE
Trademark Trial and Appeal Board
P.O. Box 1451
Alexandria, VA 22313-1451
General Contact Number: 571-272-8500

BUO

Mailed: January 22, 2016

Opposition No. 91220292

Swatch AG (Swatch SA) (Swatch Ltd)

v.

The Spark Agency, Inc.

Before Kuhlke, Gorowitz¹ and Goodman,
Administrative Trademark Judges.

By the Board:

Now before the Board is Opposer's request for partial reconsideration of the Board's September 9, 2015 order. By that order, the Board denied Opposer's motion for summary judgment against Applicant's counterclaim on the grounds that it was an untimely compulsory counterclaim. The Board found that Opposer failed to satisfy its burden of showing that Applicant's present abandonment claim should be precluded by Applicant's alleged awareness of the underlying facts that constitute the basis for its claim during a prior opposition proceeding – Opposition No. 91190380 (“the '380 opposition”). Opposer now avers that “[t]he Board's decision fails to distinguish that although the [*prima facie*] Presumption [of abandonment] is

¹ Due to Judge Bucher's retirement from the Trademark Trial and Appeal Board, Judge Gorowitz has been substituted on this panel.

not available until three years after a Section 44 registration issues, a party is entitled to bring a claim for abandonment even before three years has passed.” 12 TTABVUE 3. Opposer asserts that “[a]t minimum, the Board’s Order should be clarified to indicate that even if Applicant’s entire abandonment claim is not deemed waived, the Applicant did waive the ... grounds [asserted in the prior opposition proceeding] because it knew of these grounds in advance of the close of its testimony period but did not amend its pleading to assert th[e] claim.” *Id.* at 4.

Applicant contends that Opposer’s principal argument “only addresses the non-use aspect of an abandonment claim,” but “does not address the second half of an abandonment claim, which is intent not to resume use.” 13 TTABVUE 3. Inasmuch as Opposer failed to indicate that the evidentiary record of the prior opposition proceeding contained facts to support an allegation that Opposer did not intend to resume use, Applicant argues that Opposer has not shown that its abandonment claim was ripe during the disposition of the ’380 opposition. *Id.* This issue is fully briefed.²

Background

The parties to this opposition proceeding are the same as those involved in the ’380 opposition. That proceeding was instituted on May 26, 2009. During the pendency of that proceeding, on June 8, 2010, Opposer’s then-pending application Serial No. 78194325 matured into Registration No. 3799562 (“the ’562 registration”) under Section 44(e). Prior to the opening of the trial period, Applicant filed an amended answer to Opposer’s amended notice of opposition, which did not include

² Opposer’s reply brief is noted.

any affirmative defenses or counterclaims. Applicant's testimony period in that proceeding closed on June 5, 2013. However, despite not having advanced a counterclaim, in its trial brief Applicant alleged with respect to the '562 registration:

Opposer has no use of the SWATCH mark in the United States in connection with many of the products and services listed in the registration. Furlan Dep., 135:14 – 140:2. ... [T]he record is crystal clear that Opposer does not operate any advertising agencies in the United States under the SWATCH name. Furlan Dep., 124:20-25, 127:11-25. Opposer also does not provide marketing and advertising services to third-parties under the SWATCH name outside of the various companies and subsidiaries that operate under Opposer's umbrella. Furlan Dep., 131:7-12, 141:1 - 142:4.

The Board refused to consider Applicant's argument, noting in its October 1, 2014 decision that "Applicant may not collaterally attack the validity of Opposer's registration in the absence of a counterclaim for cancellation Accordingly, Applicant's argument relating to Opposer's use of the SWATCH mark for 'advertising agencies' is given no further consideration."

The present opposition proceeding was instituted on January 21, 2015. Opposer again asserted the '562 registration in support of its claims of likelihood of confusion and dilution. Applicant filed an answer denying the salient allegations of the notice of opposition, but also asserted a counterclaim for cancellation of the '562 registration. As grounds for cancellation Applicant advanced a *prima facie* claim of abandonment.

Opposer subsequently filed a motion to amend its notice of opposition, and on March 13, 2015, filed a motion for summary judgment on its likelihood of confusion claim, also seeking dismissal of Applicant's counterclaim as an untimely compulsory counterclaim, alleging that the counterclaim should have been asserted in the '380 opposition. Applicant then filed an amended answer and its response to the motion for summary judgment.³

Applying the standard for summary judgment, the Board found that under the circumstances presented, Opposer had not established that Applicant violated the compulsory counterclaim rule, inasmuch as a *prima facie* claim of abandonment was not ripe until after the close of Applicant's trial period. This request for reconsideration ensued.

Request for Reconsideration

Generally, the premise underlying a request for reconsideration, modification or clarification under Trademark Rule 2.127(b) is that, based on the facts before it and the prevailing authorities, the Board erred in reaching the order or decision it issued. Such a motion may not properly be used to introduce additional evidence, nor should it be devoted simply to a reargument of the points presented in a brief on the original motion. Rather, the motion should be limited to a demonstration that based on the facts before it and the applicable law, the Board's ruling is in error and requires appropriate change. *See Vignette Corp. v. Marino*, 77 USPQ2d 1408, 1411 (TTAB 2005).

³ Both Opposer's amended notice of opposition and Applicant's amended answer are accepted and are now the parties' operative pleadings in this proceeding.

Counterclaims for cancellation of pleaded registrations in Board proceedings are governed by Trademark Rule 2.106(b)(2)(i), which provides as follows:

A defense attacking the validity of any one or more of the registrations pleaded in the opposition shall be a compulsory counterclaim if grounds for such counterclaim exist at the time when the answer is filed. If grounds for a counterclaim are known to the applicant when the answer to the opposition is filed, the counterclaim shall be pleaded with or as part of the answer. If grounds for a counterclaim are learned during the course of the opposition proceeding, the counterclaim shall be pleaded promptly after the grounds therefor are learned.

A. Applicant's Previous Assertions in the '380 Opposition

Opposer alleges that Applicant was obliged to bring its abandonment claim against the '562 registration in the '380 opposition proceeding by way of compulsory counterclaim. Opposer's assertion is based on the premise that Applicant became aware of circumstances during that proceeding which indicated that Opposer does not provide its services to third-parties, but instead merely provides its "advertising agency" services in-house, *e.g.* to various companies and subsidiaries that operate under Opposer's umbrella. However, as Opposer states in its request for reconsideration, "[i]n the earlier proceeding, the Applicant did not base its abandonment argument on the fact that a specific amount of time had passed since Swatch had used the SWATCH mark." 12 TTABVUE 3 (emphasis in original). Indeed, Applicant's argument in the '380 opposition, though categorized by Opposer as an abandonment claim, is actually that the "advertising agency" services provided by Opposer are not registrable services as contemplated by the Trademark Act. *See* Trademark Act Sections 1, 3 and 45, 15 U.S.C. §§ 1051, 1053 and 1127; *In*

re Radio Corp. of Am., 205 F.2d 180, 98 USPQ 157 (CCPA 1953). A party would first need to provide an actual service before it can be said that the party has ceased using its mark in connection with that service.

The Board did not construe Applicant's allegations as forming an abandonment claim in its October 1, 2014 decision. Instead, the Board merely noted that Applicant's arguments constituted an impermissible collateral attack on Opposer's pleaded registration and would be given no consideration. Opposer, without justification or explanation, now describes Applicant's prior allegations as an abandonment claim, and thereby attempts to obstruct any claim that may also fall under the heading of "abandonment;" presumably seeking claim preclusion under the guise of the compulsory counterclaim rule.

B. Applicant's Abandonment Claim in the Current Proceeding

Applicant's current counterclaim alleges, *inter alia*:

...

7. Upon information and belief, Opposer has made no use of its SWATCH mark in the United States in connection with any of the services recited in International Class 35 for at least the three years preceding the filing of this Counterclaim for Cancellation.
8. Upon information and belief, Opposer has no current intent to resume use of its SWATCH mark in connection with any of the services recited in International Class 35, and had no intent to resume use of its SWATCH mark in connection with any of the services recited in International Class 35 at the time it discontinued use of its mark.

...

10. As a result of Opposer's failure to use its SWATCH mark in connection with any of the services recited in International Class 35, Opposer's intent not to resume use of its SWATCH mark in connection with any of the services recited in International Class 35, and Opposer's lack of intent to begin or commence use of its SWATCH mark in connection with any of the services recited in International Class 35 before and/or after applying to register its SWATCH mark, the SWATCH mark has become abandoned, both at common law and under the Lanham Act.

7 TTABVUE 5-6, ¶¶ 7-8 and 10.

Contrary to Opposer's position, Applicant's current claim arises out of allegations that amount to a *prima facie* claim of abandonment, *i.e.* Applicant now alleges that Opposer has ceased use of its mark "for at least the three years preceding the filing of this Counterclaim for Cancellation." As the Board stated in its previous order, at the close of Applicant's trial period in the '380 opposition the rebuttable presumption had not been triggered. Thus, at that time the facts to support such a *prima facie* abandonment claim did not yet exist. Opposer incorrectly focuses on the title of the claim (which Opposer inaccurately construed), rather than the content of the grounds for such a claim. As stated, a counterclaim will be considered compulsory where *the grounds* for that particular claim previously existed and were known by the party asserting the claim.

Moreover, Applicant's remaining allegations indicate that even if Opposer's abandonment has subsisted for less than three years, "Opposer has no ... intent to resume use of its SWATCH mark in connection with any of the services recited in International Class 35." *Id.* The Board agrees that Opposer failed to indicate that

the evidentiary record of the '380 opposition contained facts to support an allegation that Opposer did not intend to resume use of its mark. Therefore, it cannot be said that "it is clear as a matter of law" that Applicant was aware of the grounds that make up its current abandonment claim during the '380 opposition, and thus should be precluded from asserting an abandonment claim in the present proceeding.

Applicant's current claim of abandonment rests on the passage of time with no use of the mark by Opposer or alternatively on Opposer's cessation of use with no intent to resume. As Opposer points out, Applicant's allegations in the '380 opposition were "not base[d] ... on the fact that a specific amount of time had passed," or on any allegation that Opposer had abandoned the mark without intent to resume its use.

Inasmuch as Opposer has failed to demonstrate that the Board erred in its application of the relevant law to the facts presented by its motion for summary judgment, reconsideration of the findings of the Board's September 9, 2015 order would be inappropriate, and would simply encourage reargument of issues already decided.

Accordingly, Opposer's request for reconsideration is **DENIED**.

Schedule

Opposer is directed to file its answer to the amended counterclaim within **FIFTEEN DAYS** of the issuance of this order. If Opposer fails to file its answer to the counterclaim within the time allowed, a notice of default will issue against

Opposer. The remaining conferencing, disclosure, discovery and trial dates are reset as follows:

Deadline for Discovery Conference	2/19/2016
Discovery Opens	2/19/2016
Initial Disclosures Due	3/20/2016
Expert Disclosures Due	7/18/2016
Discovery Closes	8/17/2016
Plaintiff's Pretrial Disclosures	10/1/2016
Plaintiff's 30-day Trial Period Ends	11/15/2016
Defendant's Pretrial Disclosures	11/30/2016
Defendant's 30-day Trial Period Ends	1/14/2017
Plaintiff's Rebuttal Disclosures	1/29/2017
Plaintiff's 15-day Rebuttal Period Ends	2/28/2017

In each instance, a copy of the transcript of testimony together with copies of documentary exhibits, must be served on the adverse party within thirty days after completion of taking of testimony. Trademark Rule 2.125.

Briefs shall be filed in accordance with Trademark Rules 2.128(a) and (b). An oral hearing will be set only upon request filed as provided by Trademark Rule 2.129.