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

|                        |   |
|------------------------|---|
| Proceeding             | 91229149  |
| Party                  | Plaintiff<br>Los Angeles Rag House, Inc.  |
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| Attachments            | Opposition to Motion to Dismiss.pdf(34152 bytes )   |

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|------------------------------------|---|--------------------------|
| <b>Los Angeles Rag House, Inc.</b> | ) |                          |
|                                    | ) |                          |
|                                    | ) |                          |
| Opposer,                           | ) | Opposition No.: 91229149 |
|                                    | ) |                          |
| <b>v.</b>                          | ) | Serial No.: 86855859     |
|                                    | ) | Mark: MAGIC CLOTH        |
| <b>The Rag Place, Inc.</b>         | ) |                          |
|                                    | ) |                          |
| Applicant.                         | ) |                          |
| _____                              | ) |                          |

**OPPOSITION TO DEFENDANT’S MOTION TO DISMISS FOR FAILURE TO  
STATE A CLAIM**

Plaintiff/Opposer Los Angeles Rag House, Inc. (LARH) hereby opposes the Motion to Dismiss for Opposer’s Failure to State a Claim (“Motion”), filed by Defendant/Applicant The Rag Place, Inc. (TRP).

## MEMORANDUM OF POINTS AND AUTHORITIES

### **I. OPPOSER’S PLEADING OF PRIOR USE IN COMMERCE IS SUFFICIENT**

In its Notice of Opposition (or “Complaint”), LARH pleads prior use in commerce (Notice of Opposition, ¶ 6) and use prior to any date that defendant can claim (*id.* at ¶ 5), of an identical mark (*id.*, ¶ 7), on identical or nearly identical goods (*id.*, ¶ 8), and thus that LARH enjoys superior rights in the subject mark (*id.*, ¶ 9), and that confusion is likely (*id.* ¶ 10).

Defendant TRP argues in conclusory fashion that those allegations fail to meet the *Twombly/Iqbal* pleading standard for opposing an application and therefore fail to state a claim upon which relief can be granted.

TRP does not cite a single case that stands for the proposition that such pleadings are insufficient. Nor does TRP cite the applicable rules from the Trademark Trial and Appeal Board Manual of Procedure (TBMP). Nor does TRP give any hint as to what facts are missing from the complaint in order to state a valid case. Is TRP demanding that LARH attach evidence to the complaint? TRP does not say.

In *Bell Atlantic Corp. v. Twombly*, 550 U.S. 544 (2007), the Supreme Court held that a claimant is required to plead “enough facts to state a claim to relief that is plausible on its face.” *Id.* at 570. The Supreme Court, however, expressly stated that it was not requiring “heightened fact pleading of specifics,” *id.* , and reaffirmed that Fed. R. Civ. P. 8 only requires a short plain statement of the claim, *id.* at 555. In *Ashcroft v. Iqbal*, 556 U.S. 662, 29 S. Ct. 1937 (2009), the Supreme Court noted that, “[A] plausible claim for relief survives a motion to dismiss.” 29 S. Ct. at 1950. TRP does not claim that any of the factual allegations in the Complaint are implausible.

In *Nike, Inc. v. Palm Beach Crossfit Inc.*, 116 U.S.P.Q.2d 1025 (TTAB 2015), the TTAB reviewed the *Twombly/Iqbal* standard as it applies to TTAB proceedings. The

Board stated:

Fed. R. Civ. P. 8(a), as made applicable by Trademark Rule 2.116(a), in relevant part requires only, “a short and plain statement of the claim showing that the pleader is entitled to relief.” The elements of a claim should be stated precisely and directly, and include enough detail to give the defendant fair notice. For purposes of evaluating the sufficiency of the pleadings, all disputed issues, and all reasonable inferences, are construed in the light most favorable to the pleading party.

*Id.* at 1030 (citations omitted). Thus, post-*Twombly/Iqbal*, an Opposer need only allege it has valid proprietary rights that are prior to those of Applicant and that Applicant's mark so resembles Opposer's mark as to be likely to cause confusion. *Id.* (denying Applicant's motion to dismiss for failure to state a claim).

The current version of the TBMP, also written after *Twombly/Iqbal* and with those cases in mind, provides in relevant part:

## 503 MOTION TO DISMISS FOR FAILURE TO STATE A CLAIM

### **503.02 Nature of Motion**

A motion to dismiss for failure to state a claim upon which relief can be granted is a test solely of the legal sufficiency of a complaint. In order to withstand such a motion, a complaint need only allege such facts as would, if proved, establish that the plaintiff is entitled to the relief sought, that is, that (1) the plaintiff has standing to maintain the proceeding, and (2) a valid ground exists for denying the registration sought (in the case of an opposition), or for canceling the subject registration (in the case of a cancellation proceeding). To survive a motion to dismiss, a complaint must “state a claim to relief that is plausible on its face.” (citing *Twombly*, 550 U.S. 554, 570 (2007) and *Iqbal*, 556 U.S.662, 129 S. Ct. 1937 (2009)).

Therefore, a plaintiff served with a motion to dismiss for failure to state a claim upon which relief can be granted need not, and should not respond by submitting proofs in support of its complaint. Whether a plaintiff can actually prove its allegations is a matter to be determined not upon motion to dismiss, but

rather at final hearing or upon summary judgment, after the parties have had an opportunity to submit evidence in support of their respective positions.

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Whenever the sufficiency of any complaint has been challenged by a motion to dismiss, it is the duty of the Board to examine the complaint in its entirety, construing the allegations therein so as to do justice, as required by Fed. R. Civ. P. 8(e), to determine whether it contains any allegations, which, if proved, would entitle the plaintiff to the relief sought.

TBMP § 503.02 (footnotes omitted).

In *Watch Tower Bible and Tract Society of Pennsylvania v. LongTail Ad Solutions, Inc.* (Cancellation No. 92059779), the Board was faced with a motion to dismiss that is highly similar to the instant Motion. After citing *Twombly* and *Iqbal*, the Board stated:

In its pleading, Petitioner asserts that it has earlier use and its rights in its pleaded marks predate any rights that Respondent can assert in its mark. Para. No. 14. Hence, *Petitioner has pleaded priority of use*. Moreover, the Board finds that this allegation coupled with the others made in the petition are sufficient to assert a hypothetical pleading of likelihood of confusion. Petitioner asserts that Applicant's registration should be cancelled because it has been unable to secure a registration of its marks, even though it is the senior user, due to the fact that Applicant's registered mark has been cited as a reference by the Examining Attorney. *See Home Juice Co. v. Runclin Cos.*, 231 USPQ 897, 899 (TTAB 1986); *see also* TBMP Section 309.03(c)(2014).

Cancellation No. 92059779, Paper 8 entered 10/28/2014, at p. 3 (emphasis added). Accordingly, the Board denied the motion to dismiss.

Here, just as in *Watch Tower Bible*, Opposer has pled earlier use and that its rights in the pleaded mark predate any rights that Respondent can assert, and a likelihood of confusion. Here, just as in *Watch Tower Bible*, Opposer has met the current pleading

standard, and has pled a claim upon which relief can be granted.

Respondent next claims that because LARH filed an application under §1(b) claiming an intent to use the mark, that such an application contradicts LARH's claim in its pleading to have used the mark in commerce prior to any date that TRP can establish.

There are two glaring problems with TRP's argument. First, by relying on evidence outside of the pleadings, TRP's argument is in the nature of a motion for summary judgment, which is generally inappropriate at the pleading stage. See *Nike, Inc. v. Palm Beach Crossfit Inc.*, 116 U.S.P.Q.2d 1025, 1028 (TTAB 2015).

Second -- and more importantly -- an applicant is entitled to file an application under §1(b) even if the applicant is already using the mark. See, e.g., Trademark Manual of Examining Procedure (TMEP) § 806.01(c) ("If an applicant is not certain whether or not use in commerce has occurred, it may be desirable to file an application . . . based on a bona fide intent to use the mark in commerce."). Clearly, filing an intent-to-use application does not constitute an admission (much less a binding admission) that the applicant has not yet used the mark, and TRP cites no authority for reading such an admission into a §1(b) application.

In any event, as alleged in the Complaint LARH has used the mark in commerce since before TRP's claimed date of first use. LARH continues to use the mark today. LARH has a bona fide intention to continue doing so. All of those things are true. Thus, it is completely true that LARH has an intent to use the mark in the future, and also that LARH has been using the mark for several years. LARH's application under §1(b) in no way "contradicts" its claim of prior use, as asserted by TRP (see Motion at p. 2, last paragraph).

LARH filed its application as an intent-to-use application while it searches its records for the earliest use that it can document. LARH chose to do so in order to avoid stating a date of first use that was not actually the first use date that it can support after it completes its search of its records.

In sum, LARH has stated a valid claim for opposition based on prior use and confusing similarity. TRP's Motion should be denied.

## **II. OPPOSER'S PLEADING OF GENERICNESS IS SUFFICIENT**

TRP next argues that LARH's Complaint fails to state a claim of genericness. (Motion at p. 3).

In this case, Opposer has pled that it uses the identical term ("MAGIC CLOTH") for identical or virtually identical goods since before Applicant's claimed date of use (i.e., since prior to April 26, 2011, which necessarily means for more than five years), and that others have used the term as well for their goods, and that the term has become generic of the goods. (Notice of Opposition at ¶¶ 8-9 and 13-15).

### **A. TRP CITES NO RELEVANT AUTHORITY**

Once again, TRP cites no rules or authority on point for its claim that the pleadings in this particular case are insufficient. Instead, TRP cites *Magic Wand, Inc. v. RDB, Inc.*, 940 F.2d 638, 19 U.S.P.Q.2d 1551 (Fed. Cir. 1991) in which the Federal Circuit merely upheld the TTAB's final decision that the Petitioner had *failed to prove its case at trial*. TRP further cites *H. Marvin Ginn Corp. v. Int'l Ass'n of Fire Chiefs, Inc.*, 782 F.2d 987, 990, 228 U.S.P.Q. 528, 530 (Fed. Cir. 1986) in which the Federal Circuit reversed the board's final decision that the petitioner had *proved its case at trial*. Whether a party has produced enough evidence at trial to sustain its burden of persuasion is irrelevant to whether a party has sufficiently pled a cause of action. TRP's cases, therefore, are entirely inapposite.

### **B. THE COMPLAINT MEETS THE CONTROLLING PLEADING STANDARDS IN THE TBMP**

TRP fails to cite the controlling provisions of the TBMP relating to the elements of a complaint. The TBMP provides in relevant part:

### 309.02(a)(2) Elements of Complaint - in General

A notice of opposition must include (1) a short and plain statement of the reason(s) why opposer believes it would be damaged by the registration of the opposed mark (i.e., opposer's standing to maintain the proceeding -- *see* TBMP § 303.03 and TBMP § 309.03(b)), and (2) a short and plain statement of one or more grounds for opposition.

\* \* \*

A pleading should include enough detail to give the defendant fair notice of the basis for each claim. The elements of each claim should be stated simply, concisely, and directly, and taken together "state a claim to relief that is plausible on its face." See TBMP §503.02.

\* \* \*

Evidentiary matters (such as, for example, lists of publications or articles in which a term sought to be registered by an applicant is alleged to be used descriptively) should not be pleaded in a complaint. They are matters for proof, not for pleading.

TBMP §309.02(a)(2) (footnotes omitted).

LARH pleads in its Complaint that it has used the term MAGIC CLOTH in commerce to refer to its products since before TRP, that others have used the same term to refer to their similar products, and that the mark has become generic of such products. That is sufficient to satisfy the pleading standards of *Twombly/Iqbal* and TBMP § 309.02(a)(2).

#### C. TRP CANNOT RIDE THE COATTAILS OF AN UNRELATED AND CANCELLED REGISTRATION

TRP next points to an unrelated third party registration by Ringer Enterprises, Inc. Reg. No. 1,795,044 for the stylized mark<sup>1</sup>



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<sup>1</sup> TRP's representation to the Board that this registration is for the mark MAGIC CLOTH without mentioning that the registration is actually for the *stylized mark* depicted above, rather than in standard characters, is misleading.

for the goods of polishing cloths<sup>2</sup> in International Class 24, which registration is now DEAD. As well as the undersigned can decipher, TRP is arguing that because there once existed a registration granted to an unrelated third party for a stylized mark for different goods, that somehow TRP's application can hitch a ride on that registration and that the Board should grant to the present application some kind of presumption of registrability, and thus the Board should hold LARH to a heightened pleading standard. To say the least, TRP's conclusions do not logically follow from a now-dead registration by a third party for a stylized mark for entirely different goods.

### **III. OPPOSER'S PLEADING OF ABANDONMENT FOR FAILURE TO POLICE IS SUFFICIENT**

TRP next argues that the allegations in the complaint fail to state a cause of action for abandonment for failure to police.

LARH alleges in its Complaint that: it has used the term MAGIC CLOTH for identical or substantially identical goods since prior to Applicant's claimed date of first use (i.e., for at least five years) (Complaint at ¶¶ 5); both LARH and others have used the term "magic cloth" for identically or substantially identical goods (*id.* at ¶ 13); the mark is now in widespread use by others (¶ 19); and TRP has failed to police its supposed rights to that term (*id.* at ¶ 19); with the result that the mark has now become generic (*id.* at ¶ 14).

TRP cites to no TBMP rules and no case law that establishes that such factual allegations are insufficient. Indeed, the post-*Twombly/Iqbal* case law is directly on point and against TRP. In *Milacron LLC v. Stough Tool Sales*, 104 U.S.P.Q.2d 1153 (S.D. Ohio 2012) the court was faced with a nearly identical motion to dismiss a counterclaim

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<sup>2</sup> TRP states that "MAGIC CLOTH has been registered for polishing and absorbent cloths in International Class 21 in U.S. Trademark Registration No. 1,795,044." Motion at p. 4, first paragraph. (emphasis added). That is incorrect. That registration (in stylized characters, not in standard characters) listed only the goods of polishing cloths. Absorbent cloths were not included.

of abandonment for failure to police. The court stated:

Plaintiffs argue that [counterclaimant] SGI failed to allege facts to support Counterclaim II [abandonment for failure to police]. Again, the Court finds that SGI has stated a claim for which relief can be granted. SGI stated in its Affirmative Defenses to Plaintiffs' Complaint that "Plaintiffs have abandoned its trademark(s) by failing to adequately police its marks." (Doc. 6 at 6.) SGI also stated in Counterclaim II that Plaintiffs "allow[ed] numerous other competitors to use the color pink in selling industrial products." (Doc. 6 at 9.) Plaintiffs fault SGI for failing to identify by name any other competitor or industrial product using the color pink, but they do not cite any case law requiring that level of particularity to be pleaded in a trademark abandonment claim. The Court will not dismiss Counterclaim II pursuant to Rule 12(b)(6).

104 U.S.P.Q.2d at 1156.

The allegations in the instant Complaint that the mark is abandoned for TRP's failure to police are similarly adequate. The Board should deny TRP's Motion.

#### **IV. CONCLUSION**

Opposer LARH has adequately pled all of its causes of action. The Motion to Dismiss should be denied in its entirety.

In the event that the Board determines that the motion should be granted either in whole or in part, Opposer LARH respectfully requests leave to amend its Complaint.

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Respectfully submitted,

Dated: September 15, 2016

/s/ Joel D. Voelzke  
Joel D. Voelzke (Reg. No. 37,957)

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**CERTIFICATE OF SERVICE**

I hereby certify that, pursuant to the written agreement reached between counsel on September 14, 2016 that, except for voluminous documents, service by email will be deemed to be acceptable service in this action, the above and foregoing:

**OPPOSITION TO DEFENDANT’S MOTION TO DISMISS  
FOR FAILURE TO STATE A CLAIM**

was served upon Applicant by email on this 15<sup>th</sup> day of September, 2016 addressed to:

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/s/ Joel D. Voelzke

Joel D. Voelzke