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

Proceeding	92047433
Party	Plaintiff Gado S.r.l.
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Re: Gado S. R.L. v. Jay-Y Enterprise Co., Inc.;
Cancellation No. 92047433

To Whom It May Concern:

Enclosed, please find a redacted version of Petitioner's Principal Brief In Support Of The Petition For Cancellation submitted for filing by Petitioner Gado S.R.L. in the above-captioned proceeding. Petitioner has also enclosed for filing Petitioner's Evidentiary Objections to Evidence Introduced By Respondent.

The enclosed is redacted to protect certain confidential information exchanged by the parties and is suitable for public filing. An un-redacted confidential version of the brief has been submitted in hard copy for filing under seal pursuant to the applicable protective order by way of the TTAB's "Express Mail" procedure.

Very truly yours,

Robert Carrillo
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1240411_1

CERTIFICATE OF SERVICE

I hereby certify, under penalty of perjury, that a copy of the foregoing Petitioner's Principal Brief In Support Of The Petition For Cancellation (REDACTED), along with Petitioner's Evidentiary Objections to Evidence Introduced By Respondent was served on this 15th day of September 2011, by Federal Express Overnight Mail, addressed to Kenneth L. Wilton:

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CERTIFICATE OF ESTTA FILING

I hereby certify, under penalty of perjury, that this Petitioner's Principal Brief In Support Of The Petition For Cancellation (REDACTED) along with Petitioner's Evidentiary Objections to Evidence Introduced By Respondent is being filed on September 15, 2011, by way of the USPTO'S ESTTA ONLINE FILING SYSTEM.

Robert C. Carrillo

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

GADO S.R.L	)	
	)	
Petitioner,	)	
	)	Cancellation No. 92047433
v.	)	
	)	
	)	
JAY-Y ENTERPRISES CO., INC.	)	
	)	
Respondent.	)	

PETITIONER'S PRINCIPAL BRIEF
IN SUPPORT OF THE PETITION FOR CANCELLATION

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Petitioner Gado S.R.L. ("Gado"), by and through undersigned counsel, Satterlee Stephens Burke & Burke LLP, submits the following memorandum of law in support of its claims brought in the Notice of Cancellation filed April 26, 2007. This memorandum is supported by the exhibits filed by way of Petitioner's Notices of Reliance, and the testimony and exhibits filed by Petitioner during its initial testimony period.

INTRODUCTION AND OVERVIEW OF ISSUES

In this proceeding, Gado seeks cancellation of two DG marks registered by Jay-Y Enterprises Co., Inc. ("Jay-Y") for sunglasses on the grounds that Gado's marks DOLCE & GABBANA, D&G DOLCE & GABBANA, D&G and DG are the senior marks and Jay-Y's marks are likely to be confused with Gado's marks.

The designers Domenico Dolce and Stefano Gabbana launched the DOLCE & GABBANA brand in Italy in 1985 and it quickly rose to international fame. The Dolce & Gabbana group has since become one of the leading international groups in the clothing and luxury goods business.[1] Their flagship DOLCE & GABBANA line is a combination of their names.

Since launching the clothing brand in 1989 in the United States, Dolce & Gabbana has spent millions of dollars developing and growing an elite brand of clothing lines and accessories in the United States. Hollywood and the population at large have taken notice. The DOLCE & GABBANA brand has been closely associated with such international superstars as Madonna, Linda Evangelista and Isabella Rossellini and their clothing has been worn at the Academy Awards by a list of who's who in Hollywood. In short, the designers and the marks DOLCE &

[1] The Dolce & Gabbana marks at issue in this proceeding are owned by Gado, which is a part of the Dolce & Gabbana group. Gado licenses the trademarks in question to Dolce & Gabbana businesses. For ease of reference, the group as a whole may be referred to herein as Dolce & Gabbana.

GABBANA, and D&G DOLCE & GABBANA, as well as D&G and DG are well-known in the world of fashion and beyond.

Like other designers such as Calvin Klein, Yves Saint Laurent, Coco Channel and Donna Karen, to name a few, Dolce & Gabbana incorporated the initials of its designers into trademarks appearing on and in connection with their merchandise. Jay-Y adopted marks that are both comprised of the initials "DG" – the first letters of the last names of the well-known designers which are reflected in the mark DOLCE & GABBANA. Jay-Y unabashedly asserts it selected "DG" due to the success and trend towards the use of designer initials in the fashion industry. Jay-Y uses its "DG" marks for eyewear, some of which is strikingly similar in overall style to eyewear sold by Dolce & Gabbana. Given the fame of the designers, Gado's own marks DOLCE & GABBANA, D&G DOLCE & GABBANA and Jay-Y's acknowledged adoption of its "DG" marks to tap into the trend of using designers' initials as trademarks in the fashion industry, the record suggests that Jay-Y intended to trade on the good will of Gado's marks.

Gado's registered DOLCE & GABBANA and D&G DOLCE & GABBANA marks, as well as its common law mark DG, have priority over the marks registered by Jay-Y. As set forth herein, not only is there a likelihood of confusion between the nearly identical DG and D&G marks owned by Gado and Jay-Y's marks, but between the mark DOLCE & GABBANA and Jay-Y's marks as well. The fame of Dolce & Gabbana's marks and the industry practice of designers employing their initials as trademarks on a wide variety of merchandise are among the reasons why consumers looking for Dolce & Gabbana's clothing and accessories are likely to be confused as to the origin of Jay-Y's "DG" branded glasses.

Moreover, given Jay-Y's obvious attempt to benefit from Dolce & Gabbana's reputation, fame, and goodwill, it should be assumed that Jay-Y has succeeded and that there is indeed a

likelihood of confusion between Gado's marks and Jay-Y's registered marks. Jay-Y's registrations should therefore be cancelled.

OVERVIEW OF EVIDENCE

The following is a summary of the evidence introduced by Petitioner during its initial testimony period[2]:

1. The Deposition of Gabriella Forte (October 20, 2009) (with exhibits) (Docket No. 40; Confidential Docket No. 38) ("Forte Dep.");

2. The Deposition of Paolo Vannucchi (October 21, 2009) (with exhibits) (Docket No. 39; Confidential Docket No. 41) ("Vannucchi Dep.");

3. The Deposition of Lou Zollo (November 16, 2009) (with exhibits) (Docket No. 43; Confidential Docket No. 44) ("Zollo Dep.");

4. The Deposition of James Chen (November 3, 2009) (with exhibits) (Docket No. 46) ("J. Chen Dep.");

5. Petitioner's Deposition of Ward Chen (November 3, 2009) (with exhibits) (Docket No. 45) ("W. Chen Dep.");

6. The Affidavit of Michael K. Koran of the Audit Bureau of Circulations (with exhibits) (Docket No. 33) (Koran Aff.);

7. Documents Introduced by Way of Petitioner's First Notice of Reliance ("Petitioner's NOR") (Docket Nos. 34-36) and Second Supplemental Notice of Reliance (Docket Nos 49) ("Petitioner's Sec. Sup. NOR"):

    a. Federal Registrations and Trademark Applications (Exhs. 1-22);
    b. Relevant Portions of Printed Publications (Exhs. 23-76, 78-83);
    c. Respondent's Responses to Petitioner's Interrogatories (Exh. 77, 84).

In addition to the above evidence, the record also includes testimony and exhibits introduced by Jay-Y, including Respondent's deposition of Ward Chen ("Resp. W. Chen Dep."), Michael Ou ("M. Ou Dep."), and Teresa Chen ("T. Chen Dep.") and exhibits introduced during her deposition. Respondent did not file a Notice of Reliance.

[2] Documents submitted by way of depositions and notices of reliance were filed in both confidential and non-confidential format via hard copy submissions to the board, and non-confidential versions were scanned into TTAB VUE by the Board. Additional copies of exhibits will be provided to the Board upon request if needed.

STATEMENT OF FACTS

I. THE GADO "DG" MARKS

Gado is the owner of the following three marks registered with the USPTO:

- DOLCE & GABBANA (Registration No. 1,742,622) (Petitioner's NOR Exh. No. 2),
- D&G DOLCE & GABBANA (Registration No. 2,096,500) (Petitioner's NOR Exh. 3),

D&G
DOLCE & GABBANA , and

- D&G (Registration No. 3,108,433) (Petitioner's NOR Exh. 1),

D&G

and is also the owner of the mark DG used by Gado and its licensees at common law (collectively, the "Gado DG Marks").[3] Petitioner registered the Gado DG Marks with the United States Patent and Trademark Office ("PTO") in December 1992 (Registration No. 1,742,622), September 1997 (Registration No. 2,096,500) and June 2006 (Registration No. 3,108,433). The DOLCE & GABBANA mark has a priority date of June 1990.

II. THE DOLCE & GABBANA BRAND

Dolce & Gabbana sells clothing and accessories under two merchandise lines: DOLCE & GABBANA and D&G DOLCE & GABBANA (also known as "D&G"). Vannucchi Dep. Exh. A (2001 Dolce & Gabbana Annual Review) DG00591-00592. Both lines are high-end fashion lines sold at elite boutiques, specialty retailers, and high end department stores such as Saks Fifth

[3] Each of the Gado DG Marks was assigned to petitioner, Gado S.R.L. (previously known as Gado S.A.R.L), an Italian Limited Liability Corporation. See Vannucchi Dep. at 12:6 - 15:20; Petitioner's NOR Exhs 1, 2, 3. Each of the Gado DG Marks is licensed by Gado to Dolce & Gabbana S.R.L. See Vannucchi Dep. at 14:21 - 15:20; Forte Dep. at 19:3 - 21:2. Dolce & Gabbana S.R.L. wholly owns a family of businesses that sell DOLCE & GABBANA branded clothing and accessories, including eyewear, in the United States and abroad. Vannucchi Dep. at 12:6 - 15:20.

Avenue and Barney's, as well as Dolce & Gabbana owned company stores. Forte Dep. at 94:14-24. The DOLCE & GABBANA line is Dolce & Gabbana's luxury clothing and accessory line and the D&G DOLCE & GABBANA line is the company's more "youthful" contemporary line. See Forte Dep. at 20:6-16.

A. The Launch of Dolce & Gabbana in The United States

"The Dolce & Gabbana brand [...] is now one of the leading international merchandise groups in the clothing and luxury goods sector." Vannucchi Dep. Exh. A., DG 00582. "The style of the [Dolce & Gabbana] products, whether produced in-house or under license, stems directly from the creativity of the two founders, Domenico Dolce and Stefano Gabbana." Vannucchi Dep. Exh. A., DG 00582. The two founders opened their first studio in 1982 and debuted the "Dolce & Gabbana" brand in 1985 in Milan Italy. Vannucchi Dep. Exh. A., page DG00588; see Forte Dep. at 31:4 – 37:2. The company initially consisted of four people, and sold a women's wear line under the DOLCE & GABBANA mark. See Forte Dep. at 31:7 - 32:21. The company has grown to over 1,200 employees world-wide. Vannucchi Dep. Exh. A., page 026 (DG00604).

Dolce & Gabbana broke into the United States market in the late 1980's (see Forte Dep. at 30:22 - 37:1) and opened a showroom featuring its first offering of men's and women's wear in New York City in 1990. Vannucchi Dep. Exh. A., at DG00588. The company's initial line was well received and garnered Dolce & Gabbana instant recognition when one of the company's designs was featured on the cover of "W" magazine. Forte Dep. at 31:7 - 34:20. Almost immediately, the company had success with its women's wear line in the United States. The line was sold in upscale retailers and boutiques such as Charivari in major cities around the United States (Forte Dep. at 35:22 - 37:2), as well as company-owned boutiques in cities like New York, Los Angeles, and Las Vegas (Forte Dep. at 94:24 - 96:19).

The company garnered extensive press coverage for its collections in 1992, with stories appearing in the Daily News Record and the New York Times, among other respected media outlets. Petitioner's NOR Exhs. 52 (June 26, 1992 Daily News Record), 53 (April 29, 1992 Daily News Record), and 54 (October 11, 1992 New York Times). The success of the DOLCE & GABBANA line was further highlighted by press coverage the company received when the company was selected to provide wardrobe for Madonna's 1993 "Girlie Show" United States tour. Petitioner's NOR Exhs. 50 (September 30, 1993 Houston Chronicle); Petitioner's Sec. Sup. NOR Exh. 78 (Girlie Show Concert Tour Book, Published by Callaway Editions), Exh. 83 (September 1993 USA Today). Dolce & Gabbana ultimately provided more than 1,500 pieces of costume for Madonna, whose relationship with Dolce & Gabbana began "many years" prior to the launching of the "Girlie Show" tour. See id.

B. Dolce & Gabbana's Sale of Merchandise Bearing the Gado DG Marks

1. DOLCE & GABBANA

Dolce & Gabbana employed its eponymous DOLCE & GABBANA mark since the inception of its fashion line in 1985. Forte Dep. at 31:7 - 32:21. The sales and renown of the brand enjoyed a steady upward climb. Vannucchi Dep. Exh. C., page DG00579. By the 1996-1997 fiscal year, the DOLCE & GABBANA line had yearly ready-to-wear sales in the United States in excess of 9 million Euros. Id. This figure exceeded 16 million Euros in the next fiscal year and has steadily increased since then. Id. For the 2008 fiscal year, ready-to-wear sales in the United States exceeded 75 million Euros. Id.

The popularity and success of the brand led to the expansion into related goods and licensing the mark. See Forte Dep. at 43:16 to 46:16; Vannucchi Dep. Exh. C., page DG00579. Among the early licensed products were perfumes and related goods. Vannucchi Dep. Exh. C.,

page DG00579. As early as 1994, fragrances bearing the DOLCE & GABBANA mark had nearly 1 million Euros in sales during the 1993-1994 fiscal year. Id.

2. D&G DOLCE & GABBANA

The company first launched its "younger" D&G DOLCE & GABBANA collection in 1994. Vannucchi Dep. Exh. A., page DG00589. Dolce & Gabbana had its first New York show for its "D&G" line in 1996, and launched its D&G eyewear collection in 1998. Vannucchi Dep. Exh. A., page DG00589; see Forte Dep. at 41:15 -42:5. The "D&G Dolce & Gabbana" line of business steadily grew as well, from more than 7 million Euros in yearly ready-to-wear revenue in the United States during the 1997-1998 fiscal year to more than 24 million Euros in revenue in 2005. Vannucchi Dep. Exh. C., page DG00579.

The company's launching of clothing with the "D&G" or "D&G Dolce & Gabbana" mark occurred at the time that other prominent designers, such as Calvin Klein, were also developing marks featuring their initials. Forte Dep. at 39:21 – 41:14. Dolce & Gabbana's New York shows for the "D&G Dolce & Gabbana" line prominently featured the "D&G" initials for the company's designers. See Forte Dep. at 41:15 – 42:5.

3. DG

Early on, Dolce & Gabbana has used the initials "DG" for the DOLCE & GABBANA line as accents and on accessories. Forte Dep. at 24:9 - 25:25; 82:20 – 88:6 (testimony regarding "DG" on purse in runway shows in 1994). The use of accessories and accents on clothing that utilized DG appeared in editorial coverage for print magazines at least as early as 1995. Id.; see also Forte Dep. Exh. 17, Page 16 (September 1995 Interview Magazine Excerpt showing "DG" tiepin and including editorial coverage for "D&G" line). Dolce & Gabbana employed the DG mark, in an advertising campaign launched in the United States in the early 1990's which incorporated the "DG" initials in accessories such as purses and featured model Linda

Evangelista. Forte Dep. at 159:2 – 161:20. The DG mark is used on everything from purses and eyewear to store displays and door handles. Forte Dep. Page 153:5 - Page 156:9. The designers Dolce and Gabbana liberally use the DG mark in jacket linings, eyewear, belts and bags as a shorthand way to identify their name. Forte Dep. 24:9 - 25:25.

C. The Expansion of Accessories Under the Dolce & Gabbana Lines

Generally, designers at elite houses such as Dolce & Gabbana and its competitors such as Gucci, Prada, Yves Saint Laurent, Ralph Lauren, and Calvin Klein strive to create a total "look" when designing and marketing their apparel. These goods are included in runway shows for the lines, "even if [the designers] don't immediately" offer the accessories for sale. Ultimately the goal is to offer the complete line for sale and thus expansion from clothing to accessories – such as sunglasses, belts, shoes, purses – and beyond is natural in this industry. Forte Dep. at 51:16 - 66:13.

In keeping with the industry norm, soon after its launch, the DOLCE & GABBANA contemporary line expanded into accessories and related goods such as belts, purses, underwear, fragrances and ultimately, eyewear. Forte Dep. at 43:16 to 44:24. By 1992, Dolce & Gabbana's accessory offerings had received press coverage. See Petitioner's NOR Exhs. 52 (June 26, 1992 Daily News Record), 53 (April 29, 1992 Daily News Record), and 54 (October 11, 1992 New York Times). In 1994, fragrances sold under the DOLCE & GABBANA mark had nearly 1 million Euros in sales. Vannucchi Dep. Exh. C, page DG00579.

Similarly, the D&G DOLCE & GABBANA line features "apparel, bags, shoes, small leather goods, belts, eyewear," "children's wear" and other similar accessories and apparel. Forte Dep. at 44:25 to 45:22.

These accessories are important to maintaining and expanding Dolce & Gabbana's customer base since accessories such as sunglasses and fragrances often serve as an entry point

for consumers who otherwise would not be able to afford luxury clothing under the Dolce & Gabbana brand but who want entrée into the "world of Dolce & Gabbana." Forte Dep. at 89:25 – 92:9; 104:10 - 105:12.

D. Dolce & Gabbana's Sale of Eyewear Bearing the Gado DG Marks

Dolce & Gabbana began offering eyewear for sale in late 1997. See Vannucchi Dep. Exh. C, page DG00579. Eyewear under the luxury DOLCE & GABBANA line ranges from around $295 to $400 per item, with some items priced in excess of $900. Forte Dep. at 105:20 - 106:5. Eyewear under the contemporary D&G DOLCE & GABBANA line is typically priced around 20% less than that in the luxury line. See Forte Dep. at 105:13-19. Dolce & Gabbana's annual sales of eyewear in the United States broke the million Euro mark in 1998, when eyewear sold under the DOLCE & GABBANA line accumulated more than 2.7 million Euros in US sales. Vannucchi Dep. Exh. C, page DG00579. US eyewear sales for the D&G DOLCE & GABBANA line exceeded the million Euro mark in 1999, with 2.1 million Euros in sales. Id. In total, from 1997 to 2008, US eyewear sales for both lines have exceeded more than 120 million Euros in sales. Id.

III. ADVERTISING OF GOODS BEARING THE GADO DG MARKS

Dolce & Gabbana began advertising its goods in the United States as early as October 1989 – soon after launching its first line here. See Petitioner's NOR Exh. 23 (Details Magazine, October 1989) pages 1-7. Throughout the early 1990's, Dolce & Gabbana advertised in print magazines with nation-wide circulations. Petitioner's NOR Exhs. 24-41, 46-47. Presently, Dolce & Gabbana takes out about 150 pages of advertisements in magazines with nation-wide circulation a year. Forte Dep. at 122:6 – 25. In selecting which magazines to advertise in, the company has aligned itself with high-circulation magazines in the fashion field that use the best photographers and are recognized amongst fashion consumers. Forte Dep. at 115:19 - 122:4.

These magazines included publications such as Harper's Bazaar (Petitioner's NOR Exhs. 24 & 26 (March 1990 & September 1990)), Gentleman's Quarterly (Petitioner's NOR Exhs. 25, 27, 29 (September 1990, March 1991, February 1992)), Interview (Petitioner's NOR Exh. 28 (December 1991)), and Vogue (Petitioner's NOR Exhs. 30, 32, 34 (March 1992, September 1992, & July 1993)).

From October 1989 to August 1993, the DOLCE & GABBANA mark appeared in advertisements and editorial coverage in more than 13 national print magazines. Petitioner's NOR Exhs. 23-35. The mark was prominently featured in advertising published in October 1989 (Details Magazine, Petitioner's NOR Exh. 23), March 1990 (Harper's Bazaar, Petitioner's NOR Exh. 24), September 1990 (GQ, Petitioner's NOR Exh. 25, Harper's Bazaar, Petitioner's NOR Exh. 26), and March 1991 (GQ, Petitioner's NOR Exh. 27), among other advertising pre-dating December 1993.

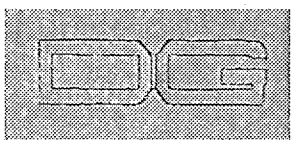
The unregistered DG mark and the D&G mark, which respectively are used in connection with the Dolce & Gabbana luxury and contemporary lines, appeared in editorial coverage as early as September 1995. Petitioner's NOR Exh. 39 (DG tiepin), page 238, 242 (editorial regarding Dolce & Gabbana and D&G lines and featuring D&G and D&G Dolce & Gabbana marks).

The magazine issues that included advertising for the DOLCE & GABBANA mark were purchased by more than 15,000,000 readers (including subscription and single-issue sales). See Petitioner's NOR Exhs. 24-41, 46-47; Aff. of Michael K. Koran of the Audit Bureau of Circulations, pages ABC 005, 009, 019, 021, 022, 024, 025, 026, 028, 030, 031, 032, 035, 037, 039, 045, 046, 047, 048, 053 (selected circulation reports).

In addition to magazine advertisements, Dolce & Gabbana's promotional strategy has involved hiring well-known fashion photographers to shoot their advertisements (Forte Dep. at 159:2 - 161:6) and enlisting famous models and actresses such as Isabella Rossellini and Linda Evangelista to promote their brand. Forte Dep. at 159:8 – 161:20; 82:20 – 85:3; 125:5 – 126:6. The company sponsored concert tours by Madonna and Whitney Houston, and dressed celebrities such as Demi Moore and Susan Sarandon for the Academy Awards and other high profile events. Forte Dep. at 107:22 – 108:25. The brand gained further exposure in the early 1990's when the founders, Domenico Dolce and Stefano Gabbana, appeared on *Oprah*. Forte Dep. at 109:2 - 4.

IV. THE JAY-Y MARKS

Each of the Jay-Y Marks consists of the initials "DG." Jay-Y's Registration No. 2,663,337 includes the "DG" letters:



(Petitioner's NOR Exh. 5). Jay-Y's Registration No. 2,582,314 features an intertwined "DG":

(Petitioner's NOR Exh. 4). Jay-Y registered the Jay-Y Marks in June 2002 (Registration No. 2,582,314) and December 2002 (Registration No. 2,663,337).

Jay-Y claims that the "DG" initials that comprise the Jay-Y Marks stand for "Designer Glasses" to emulate the practice used in the marketplace by designers such like "Calvin Klein, Giorgio Armani, and Armani Exchange." Petitioner's NOR Exh. 77, Response No. 23.

Both registrations list the dates of first use for the Jay-Y marks as December 1999. Petitioner's NOR Exhs. 4-5. The December 1999 date identified as the date of first use on the applications for the marks by Teresa Chen following consultation with Jay-Y's attorney. T. Chen Dep. at 38:1 – 23. December 1999 was the time when Jay-Y began using hangtags and bag packaging as a means of identifying DG branded sunglasses. T. Chen Dep. 38:11 – 23. Nonetheless, Jay-Y has subsequently alleged that it used the Jay-Y Marks as early as 1993.[4]

V. JAY-Y'S USE OF ITS MARKS

Jay-Y sells eyewear featuring the Jay-Y Marks to wholesale customers by way of the internet, mail-order sales, and trade shows. See W. Chen Dep. at 21:4 - 30:8; W. Chen Dep. Exh. 38 (Jay-Y Marks on sunglasses sold by Jay-Y); T. Chen Dep. at 31:4-9. The eyewear is imported by Jay-Y and sold by its wholesale customers at "swap meets, gas stations, and miscellaneous goods stores." J. Chen Dep. at 10:1-4. Jay-Y sells its eyewear by the dozen, and offers models branded with the Jay-Y Marks at prices in the range of [redacted] per dozen sunglasses. See T. Chen Dep. at 99:7-21; T. Chen Dep. Exh. 134 (purporting to show wholesale of Jay-Y 252A model by dozen).

Jay-Y has not advertised the Jay-Y Marks in any print publications and the marks are not the subject of any editorial coverage for the Jay-Y Marks. Petitioner's NOR Exh. 77, Response No. 2; NOR Exh. 84, Response No. 4. Jay-Y has received comments from its customers inquiring as to whether the Jay-Y eyewear bearing the Jay-Y Marks originated from Dolce & Gabbana. Petitioner's NOR Exh. 77, Response No. 27.

[4] Jay-Y alleged 1993 as the date of first use for the Jay-Y Marks more than two and a half years after this proceeding began despite the fact that information on which it now purports to rely on for the date was available both at the time that it filed its applications for the registration of the Jay-Y Marks and when it first appeared in this case. Docket No. 29, Ward Aff. ¶¶ 5-7 (discussing circumstances of production of sales invoices in January 2009); see T. Chen Dep. at 148:14 – 149:8 (discussing availability of pre-1999 sales records in 2007 and before).

ARGUMENT

The Jay-Y Marks should be canceled, since Gado's marks have priority and there is a likelihood of confusion between the marks. 15 U.S.C. § 1052(d).

I. THE CANCELLATION STANDARD

"[A]ny ground that would have prevented registration in the first place qualifies as a valid ground for cancellation." Cunningham v. Laser Golf Corp., 222 F.3d 943, 55 USPQ2d 1842, 1844 (Fed. Cir. 2000). One such ground is § 2(d) of the Lanham Act, "relating to a likelihood of confusion between the mark sought to be canceled and a mark for which the party seeking cancellation can establish prior use" Id. Section 2 of the Lanham Act (15 U.S.C. § 1052), in pertinent part reads:

> No trademark by which the goods of the applicant may be distinguished from the goods of others shall be refused registration on the principal register on account of its nature unless it [...] (d) Consists of or comprises a mark which so resembles a mark registered in the Patent Office or a mark or trade name previously used in the United States by another and not abandoned, as to be likely, when applied to the goods of the applicant to cause confusion, or to cause mistake or to deceive: * * *

15 USC 1052(2).

The PTO may thus cancel the registration of a trademark that so resembles a previously used registered mark when the use of the newer mark is "likely, when used on or in connection with the goods of the applicant, to cause confusion, or to cause mistake, or to deceive." 15 U.S.C. § 1052(d).

II. THE GADO DG MARKS HAVE PRIORITY

To determine whether petitioner is entitled to cancellation of the registrant's marks, the Panel must first determine whether the petitioner seeking cancellation employed its mark in commerce prior to the respondent's use of its mark. 15 USC 1052(2); Herbko Int'l, Inc. v. Kappa

Books, Inc., 308 F.3d 1156, 1162 (9th Cir. 2002). Importantly, "in contrast to patent and copyright law, the concept of priority in the law of trade-marks is applied 'not in its calendar sense' but on the basis of 'the equities involved.'" Chandon Champagne Corp. v. San Marino Wine Corp., 335 F.2d 531, 534 (2nd Cir. 1964) (citing 3 Callmann, Unfair Competition and Trade-Marks, 1189, 1198-99 (2d ed.1950)); Planetary Motion v. Techsplosion, 2000 WL 34015863, *12 (S.D. Fla. 2000).

A. The Date of First Use for the DOLCE & GABBANA Mark Is No Later Than June 1990

Unquestionably, the most senior mark in this case is Gado's principal DOLCE & GABBANA mark, which, under Section 44(d) of the Lanham Act and pursuant to Gado's Italian registration, has a priority date no later than June 1990. 15 U.S.C. 1126(d) (establishing when foreign registration is "accorded the same force and effect as would be accorded to the same application if filed in the United States on the same date on which the application was first filed in such foreign country," and is probative on the issue of priority and first use); see also, In re Compagnie Generale Maritime, 993 F.2d 841, 854 (9th Cir. 1993); Petitioner's NOR Exh. 2 (sets forth June 1990 as date of filing of Italian application for Italian registration). By operation of Section 44(d), the DOLCE & GABBANA mark is entitled to a priority date no later than the date of the filing of the Italian registration. Rocket Trademarks Pty Ltd. v. Phard S.p.A., 2011 WL 810221, *13 (T.T.A.B. 2011) (Opposition No. 91172486) (according a priority date to an opposer's mark "under Section 44(d), based on the date of filing of the application for the Italian registration").

Dolce & Gabbana entered the United States market in the late 1980's (Forte Dep. at 31:4) and opened a showroom featuring its first offering of men's and women's wear in New York City in 1990. Vannucchi Dep. Exh. A., page DG00588. Shortly after Dolce & Gabbana entered

the U.S. market, it found commercial success. Items sold under the DOLCE & GABBANA line had U.S. annual sales of almost 1 million Euros during the 1993-1994 fiscal year, and exceeded that figure during the 1994-1995 fiscal year. Vannucchi Dep. Exh. C., page DG00579. The evidence of sales and advertising of the Dolce & Gabbana mark before the Board shows that the DOLCE & GABBANA mark was used in commerce from at least as early as June 1990. Vannucchi Dep. Exh. A., page DG00588; Petitioner's NOR Exh. 23 (October 1989 Details Magazine); Petitioner's NOR Exh. 2.

B. The Date of First Use for the DG Mark Is No Later Than 1995

Dolce & Gabbana employs the initials "DG" to identify merchandise in the luxury DOLCE & GABBANA line. Forte Dep. at 20:6 - 21:2. Dolce & Gabbana employed its unregistered "DG" mark, in an advertising campaign launched in the United States in the early 1990's which incorporated the "DG" initials in accessories such as purses and featured model Linda Evangelista. Forte Dep. at 159:2 - 161:20. Additionally, the initials "DG" were used in fashion shows to demarcate the DOLCE & GABBANA line accessories in 1994 and appeared in print magazines at least as early as September 1995. Forte Dep. at 24:9 - 25:25, 82:20 - 88:6, Forte Dep. Exh. 17 (September 1995 Interview Magazine Excerpt). Thus, Gado should be found to have used DG no later than 1995.

C. The Date of First Use for the D&G DOLCE & GABBANA and the D&G Marks Is No Later Than September 1995

The D&G DOLCE & GABBANA mark and the D&G mark have the same dates of first use. The company has employed D&G both separately from and together with DOLCE & GABBANA as marks for the D&G DOLCE & GABBANA line. For example, the D&G DOLCE & GABBANA mark appeared in advertising and editorial coverage as early as September 1995. Forte Dep. Exh. 17. Page 0030 (September 1995 Interview Magazine showing

D&G Dolce & Gabbana sponsored Brazil soccer jersey and white tee). At the same time, editorial coverage referred to the D&G Dolce & Gabbana line as simply "D&G." Forte Dep. Exh. 17. Page 0020. Dolce & Gabbana had its first New York show for its "D&G" line in 1996, and launched its D&G eyewear collection in 1998. Vannucchi Dep. Exh. A., page DG00589; see Forte Dep. at 41:15 – 42:5. Dolce & Gabbana's New York shows for the "D&G Dolce & Gabbana" line prominently featured the "D&G" initials for the company's designers. See Forte Dep. at 41:15 – 42:5. Dolce & Gabbana frequently employed the D&G logo in D&G DOLCE & GABBANA eyewear. Forte Dep. Exh. 18 Pages 036-037, 040. The dates of first use for the D&G DOLCE & GABBANA mark and the D&G mark are thus no later than September 1995.

D. The Jay-Y Marks

In determining the date of first use for the Jay-Y Marks, the Board should apply the December 1999 first use dates set forth in the registrations of the Jay-Y Marks. "It is well settled that in the absence of any evidence of earlier use, the earliest date upon which respondent may rely is the filing date of the underlying application that matured into the subject registration." Weatherford/Lamb, Inc. v. C&J Energy Services, Inc., 2010 WL 4502073, *5 (T.T.A.B. 2010) (Cancellation No. 92050101) (citing Trademark Act Section 7(c), 15 U.S.C. §1057(c), Larami Corp. v. Talk to Me Programs, Inc., 36 USPQ2d 1840 (T.T.A.B. 1995)). Thus, the presumptive date of first use for the Jay-Y Marks is December 1999. See Petitioner's NOR Exhs. 4 and 5. This was the date that Jay-Y, after receiving advice of counsel on the need to identify a first use date, identified as when the use of the mark commenced in earnest. T. Chen Dep. at 38:1 – 23.

Jay-Y's subsequent claims as to sales of eyewear bearing the Jay-Y Marks in 1993 should be given little weight. Jay-Y did not advertise eyewear bearing the Jay-Y Marks. Petitioner's NOR Exh. 77, Response No. 2; Sec. Sup. NOR Exh. 84, Response No. 4. Even if the Board finds Jay-Y's purported evidence of sales from 1993-1999 to wholesalers admissible, the sales

activity purportedly demonstrated therein is exceedingly limited.[5] These records suggest that Jay-Y sold [redacted] pairs of eyewear to wholesalers in 1993 (T. Chen Dep. Exh. 134), and sold [redacted] in 1994 (T. Chen Dep. Exh. 137). Even assuming that all pairs sold to wholesalers were ultimately sold at retail, the addresses for Jay-Y's wholesalers suggests that there were exceedingly limited sales in a handful of discrete territories, not the type of sales that would support nationwide priority. In 1993, Jay-Y's wholesalers purchased [redacted] sunglasses and were located in [redacted] (an average of about [redacted] pairs of sunglasses per state). See T. Chen Dep. Exh. 134 - 135. In 1994, the figures grew to approximately [redacted] pairs of sunglasses bought by wholesalers in [redacted] (or approximately [redacted] pairs per state). See T. Chen Dep. Exhs. 137 to 138. Sales volume which is "small, sporadic, and inconsequential" is considered *de minimis* for priority purposes Sweetarts v. Sunline, Inc., 380 F.2d 923, 929 (8th Cir.1967); Dogloo, Inc. v. Doskocil Mfg. Co., Inc. 893 F.Supp. 911, 921 (C.D.Cal., 1995), and Jay-Y's sales history, even if admissible thus does not serve to establish priority dating to 1993.

Moreover, despite the sales, the evidence by no means establishes that the particular stylized versions of the Jay-Y marks that were registered by Jay-Y were employed at that time. In fact, the evidence suggests that Jay-Y did not start using "DG" as a brand until the December 1999, when Jay-Y began using tags and packaging material bearing the initials "DG" in conjunction with its goods. T. Chen Dep. 38:11 – 23 (December 1999 first use date selected because that was the date when Jay-Y began using hangtags showing Jay-Y marks); T. Chen Dep. 33:22 to 34:9 ("in the beginning" Jay-Y did not use initials as trademark, and poly bag packaging and hangtags employing the mark and identifying the DG branded goods were not

[5] Petitioner addresses the admissibility of the sales evidence provided by Jay-Y in Petitioner's Objections To Evidence Offered By Respondent, which is filed concurrently with this brief.

used). Since Jay-Y did not advertise goods bearing the Jay-Y Marks, and since the Jay-Y Marks were not visible in the catalogs Jay-Y used to sell its eyewear (Respondent's Exhs. 174-177), there is no evidence that sunglasses offered for sale by Jay-Y were marketed or offered for sale to customers as "DG" branded eyewear prior to the use of "DG" hangtags and poly-bags in 1999. Thus, 1999 is the proper date of first use to be considered.

III. THE DUPONT FACTORS SUPPORT A FINDING OF LIKELIHOOD OF CONFUSION

Having established priority, the Board must next turn to the issue of likelihood of confusion. "Whether a likelihood of confusion exists is a question of law, based on underlying factual determinations." Recot Inc. v. Becton, 214 F.3d 132, at 1326 (Fed. Cir. 2000). The Board should determine likelihood of confusion based on the factors set forth in In re E.I. DuPont DeNemours & Co., 476 F.2d 1357, 1361, 177 USPQ 563, 567 (CCPA 1973); Recot, 214 F.3d at 1326. The likelihood of confusion analysis considers all DuPont factors for which there is record evidence but "may focus ... on dispositive factors, such as similarity of the marks and relatedness of the goods." Han Beauty, Inc. v. Alberto–Culver Co., 236 F.3d 1333, 1336, 57 USPQ2d 1557, 1559 (Fed. Cir. 2001) (citing In re Dixie Restaurants, Inc., 105 F.3d 1405, 1406–07, 41 USPQ2d 1531, 1533 (Fed. Cir. 1997)). While evidence of actual confusion factors into the DuPont analysis and is compelling evidence, a showing of actual confusion is not necessary to establish a likelihood of confusion. Giant Food, Inc. v. Nation's Foodservice, Inc., 710 F.2d 1565, 1571, 218 USPQ 390, 396 (Fed. Cir. 1983).

The thirteen DuPont likelihood of confusion factors are as follows:

(1) the similarity or dissimilarity of the marks in their entireties as to appearance, sound, connotation and commercial impression;
(2) the similarity or dissimilarity and nature of the goods or services as described in an application or registration or in connection with which a prior mark is in use;
(3) the similarity or dissimilarity of established, likely-to-continue trade channels;

(4) the conditions under which and buyers to whom sales are made, i.e., "impulse" vs. careful, sophisticated purchasing;
(5) the fame of the prior mark (sales, advertising, length of use);
(6) the number and nature of similar marks in use on similar goods;
(7) the nature and extent of any actual confusion;
(8) the length of time during and conditions under which there has been concurrent use without evidence of actual confusion;
(9) the variety of goods on which a mark is or is not used (house mark, "family" mark, product mark);
(10) the market interface between applicant and the owner of a prior mark;
(11) the extent to which applicant has a right to exclude others from use of its mark on its goods;
(12) the extent of potential confusion, i.e., whether de minimis or substantial; and
(13) any other established fact probative of the effect of use.

Cunningham v. Laser Golf Corp., 222 F.3d at 946 (citing DuPont, 476 F.2d at 1361). Although the Board may consider each of the above factors, it is only obligated to consider a factor if evidence pertaining to that factor is before the Board. Id. (citing Olde Tyme Foods, Inc. v. Roundy's, Inc., 961 F.2d 200, 202, 22 USPQ2d 1542, 1544 (Fed. Cir. 1992) (factors must be considered "when relevant evidence is of record"); Giant Food, Inc., 710 F.2d at 1569, 218 USPQ at 393 (factors must be considered "when of record"))). Not all of the DuPont factors are necessarily "relevant or of equal weight in a given case, and any one of the factors may control a particular case." In re Majestic Distilling Co., 315 F.3d 1311, 1315 (Fed. Cir. 2003).

The record herein addresses the fame and distinctiveness of the Gado DG Marks, the similarity of the marks as to appearance, sound, connotation, commercial impression and the nature of the goods bearing the marks as described in their registrations, the similarity or dissimilarity between the class and sophistication of customers, likely-to-continue trade channels and conditions of purchase, the variety of goods on which a mark is or is not used, the number and nature of similar marks in use on similar goods, the extent to which the parties have a right to exclude others from use of its mark on its goods, and the extent to which there has been any confusion or there is potential confusion. Each of these factors is considered below.

A. The Gado DG Marks Are Famous

At the outset, in assessing the DuPont factors, the Board must determine the level of fame of the Gado DG Marks. "Fame, if it exists, plays a dominant role in the likelihood of confusion analysis because famous marks enjoy a broad scope of protection or exclusivity of use." Coach Services, Inc. v. Triumph Learning, LLC, 2010 WL 3798519, *5 (2010 T.T.A.B) (Opposition No. 91170112). A famous mark has extensive public recognition and renown. Bose Corp. v. QSC Audio Products Inc., 293 F.3d 1367, 63 USPQ2d 1303, 1305 (Fed. Cir. 2002); Recot, 214 F.3d at 1322; Kenner Parker Toys, Inc. v. Rose Art Indus., Inc., 963 F.2d 350, 22 USPQ2d 1453, 1456 (Fed. Cir. 1992). The determination of fame, distinctiveness or strength of the mark is not "a binary factor, but varies along a spectrum from very strong to very weak." In re Coors Brewing Co., 343 F.3d 1340, 1345 (C.A. Fed. 2003). Where a mark is famous (the distinctiveness of the mark is strong), the "fame" DuPont factor will favor a finding of likelihood of confusion. See id.

The record supports the finding that the Gado DG Marks are famous and distinctive. "Fame may be measured indirectly by the volume of sales and advertising expenditures of the goods and services identified by the marks at issue, 'by the length of time those indicia of commercial awareness have been evident,' widespread critical assessments and through notice by independent sources of the products identified by the marks, as well as the general reputation of the products and services." Coach Services, 2010 WL 3798519 at *5 (citing Bose Corp, 63 USPQ2d at 1305-1306 and 1309).

1. The DOLCE & GABBANA Mark

The evidence before the Board shows that the DOLCE & GABBANA mark has appeared in advertisements and editorial coverage for Dolce & Gabbana since 1989. See Petitioner's NOR Exh. 23 (Details Magazine, October 1989) pages 1-7. The Dolce & Gabbana brand name

has received editorial coverage in publications such as Vogue, Harper's Bazaar, GQ, Interview, and Vanity Fair. See Petitioner's NOR Exhs. 23-48. From 1989 to 1995 alone, the issues featuring editorial coverage for Dolce & Gabbana have reached more than 15,000,000 readers (based on the subscription and single copy purchase figures provided by the Audited Bureau of Circulations). See Aff. of Michael K. Koran of the Audit Bureau of Circulations, pages ABC 005, 009, 019, 021, 022, 024, 025, 026, 028, 030, 031, 032, 035, 037, 039, 045, 046, 047, 048, 053 (selected circulation reports). Further, the DOLCE & GABBANA brand has been covered extensively by newspapers such as the New York Times, the Daily News Record, the Cleveland Plain Dealer, and the Houston Chronicle. See Petitioner's NOR Exhs 50 - 76. The DOLCE & GABBANA mark appeared in published books regarding Dolce & Gabbana's company history (Petitioner's NOR Exh. 79) and celebrities such as Isabella Rossellini and Madonna have promoted the brand. See Forte Dep. Exh. 1 (October 1989 Details Magazine); Petitioner's NOR Exh. 50.

Dolce & Gabbana's sales figures also demonstrate the fame and renown associated with the DOLCE & GABBANA mark. In 1992, Dolce & Gabbana had more than 23 million Euros world-wide in annual sales. Vannucchi Dep. at 35-40, Exh. A page DG00608. Dolce & Gabbana had more than 36 million Euros in annual sales in 1994. Id. Approximately 7-11% of these sales came from the United States. Vannucchi Dep. at 50:23 - 52:5. By the 1996-1997 fiscal year, Dolce & Gabbana's yearly U.S. revenues from its wholesale ready-to-wear business for the "Dolce & Gabbana" line were in excess of 9 million Euros. Vannucchi Dep. at 135:20 - 136:20; Exh. C. By the year 2000, revenues had grown to over 25 million Euros in U.S. sales. Id.

2. The D&G DOLCE & GABBANA and D&G Marks

Like the DOLCE & GABBANA mark, the D&G DOLCE & GABBANA and D&G marks are famous and distinctive. The fame of these marks is demonstrated by the advertising of

these marks and sales of merchandise under the D&G Dolce & Gabbana line of clothing and accessories. The company first launched its "younger" D&G DOLCE & GABBANA collection in 1994. Vannucchi Dep. Exh. A., page DG00589. Dolce & Gabbana had its first New York show for its "D&G" line in 1996, and launched its D&G eyewear collection in 1998. Vannucchi Dep. Exh. A., page DG00589; see Forte Dep. at 41:15 -42:5. The D&G DOLCE & GABBANA mark appeared in editorial coverage in the United States as early as September 1995. Forte Dep. Exh. 17. Page 0030 (D&G Dolce & Gabbana sponsored Brazil soccer jersey and white tee). Starting in 1999, Dolce & Gabbana's advertising investment in the United States for the D&G line has totaled over 1 million dollars per year (in 2009 the company spent more than 5 million dollars). Vannucchi Dep. Exh. E, DG00577.

The "D&G Dolce & Gabbana" line of business had over 7 million Euros in yearly revenue in the 1998-1999 fiscal year. Vannucchi Dep. at 135:20 - 136:20; Exh. C. That same year, U.S. sales of eyewear and fragrances in the "D&G Dolce & Gabbana" line exceeded 3.4 million Euros. Vannucchi Dep. Exh. C. Since 1998, the D&G Dolce & Gabbana ready-to-wear business has steadily grown in the United States. Id. Sales exceeded 33 million Euros in the 2008 fiscal year. Id. Sales of eyewear and other accessories in the D&G Dolce & Gabbana line have also grown dramatically, totaling more than 37 million Euros in 2007. Id.

Fame for likelihood of confusion purposes arises "as long as a significant portion of the relevant consuming public [...] recognizes the mark as a source indicator." Palm Bay Imports, Inc. v. Veuve Clicquot Ponsardin Maison Fondee En 1772, 396 F.3d 1369, 73 USPQ2d 1689, 1694 (Fed. Cir. 2005). The sales and advertising history in the record establishes the fame of the Gado DG Marks.

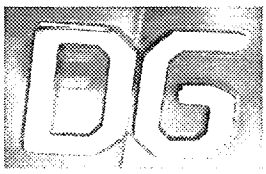
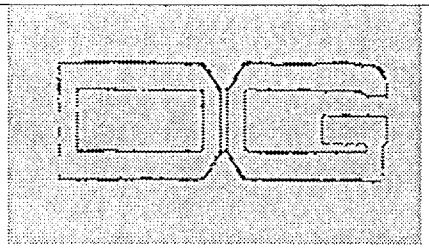
B. The Gado DG Marks and the Jay-Y Marks Are Similar in Appearance

Turning to the next relevant DuPont factor, the "similarity or dissimilarity of the marks in their entireties" is a predominant inquiry. DuPont, 476 F.2d at 1361. Evaluating the similarity between marks "requires examination of the appearance, sound, connotation, and commercial impression of the two marks." In re Coors Brewing Co., 343 F.3d at 1343 (citing In re Martin's Famous Pastry Shoppe, Inc., 748 F.2d 1565, 1566 (Fed. Cir. 1984)). The "test of likelihood of confusion is not whether the marks can be distinguished when subjected to a side-by-side comparison [..] the issue is whether the marks create substantially the same overall commercial impression." In re Kohl's Department Stores, Inc., 1997 WL 777680, *2 (T.T.A.B. 1997) (non-binding precedent) (citing Visual Information Institute, Inc. v. Vicon Industries Inc., 209 USPQ 179 (T.T.A.B. 1980)). All of the marks at issue create the similar commercial impressions, and demonstrate a likelihood of confusion amongst the marks.[6]

1. The Unregistered "DG" Mark Is Identical to the Jay-Y Marks

Dolce & Gabbana employs the unregistered DG mark to identify merchandise under its DOLCE & GABBANA line. Forte Dep. at 20:6 to 21:2. The unregistered "DG" mark is effectively identical to the Jay-Y Marks since the stylization does not alter the primary impression of the Jay-Y marks as "DG." Nonetheless, as shown below, even in the stylized formats, the marks used by each party are nearly identical.

[6] In an infringement context, a party seeking to adopt the mark of another is presumed to have accomplished its purpose of deceiving the public, Friend v. H.A. Friend & Co., 416 F.2d 526, 163 USPQ 159 (9th Cir.1969), and thus evidence of bad faith is indicative of likelihood of confusion. Bandag, Inc. v. Al Bolser's Tire Stores, Inc., 750 F.2d 903, 915 (C.A.Fed., 1984). As discussed pages 31 to 33 *supra*, the Jay-Y marks are a blatant attempt to trade off the goodwill of the Gado DG Marks, and as such the Board should find that Jay-Y succeeded in registering marks that are deceptively similar to the Gado DG Marks, including the DOLCE & GABBANA mark.

DG Logo used in the DOLCE&GABBANA collection  Forte Dep. Exh. 18 Page 044.	 Petitioner's NOR Exh. 4
DG Logo used in the DOLCE&GABBANA collection Forte Dep. Exh. 18 Page 041.	Petitioner's NOR Exh. 5

The side-by-side and intertwining "DG" logos shown above were used by Dolce & Gabbana on clothing, bags, belts, and eyewear, as well as on hardware and other furnishings. See Forte Dep. Exh. at 147:20 – 153:19. The similarity between these marks and the Jay-Y marks is obvious. Clearly, this factor favors a finding of likelihood of confusion as to the DG mark.

2. The DOLCE & GABBANA Mark Is Similar to the Jay-Y Marks

Though they only consist of the letters "DG," the Jay-Y Marks are also highly similar to the DOLCE & GABBANA mark in terms of their commercial impression because of the common use of initials by designers. As is customary in the fashion industry, Dolce & Gabbana employs initials in connection with its different clothing lines. Forte Dep. at 60:21 - 66:13. In the fashion industry the designer's name is typically used as the primary mark for a brand.

Designers, including Domenico Dolce and Stefano Gabbana, also use the initials of the brand in order to "graphically make a quick impact" which communicates their brand name without requiring the full brand name to be spelled out. Forte Dep. at 24:9 - 25:25. Dolce & Gabbana has used the "DG" initials in everything from buckles, purses, door handles and even sales floor fixtures used to display merchandise. Forte Dep. at 151:21 - 156:5. Other, high-end fashion designers such as Calvin Klein, Georgio Armani, and CoCo Chanel also use initials in this manner. Forte Dep. at 60:21 - 66:13 (discussing Dolce & Gabbana competitors who use initials in branding their goods). Jay-Y itself acknowledged this industry practice and stated that the Jay-Y Marks were selected due to the success of brands that had adopted designers' initials. See Petitioner's NOR Exh. 77, Response No. 23. Further, the Board should note that the initials "DG" necessarily create the consumer impression that they are initials for fashion designers. The letters "DG" "can only represent initials of some sort, and one seeing or hearing the mark would probably presume that that is what [the mark] indicates." See Gulf States Paper Corp. v. Crown Zellerbach Corp., 57 C.C.P.A. 720, 722, 417 F.2d 795, 797 - 798 (Cust. & Pat.App. 1969) (finding that "CZ" could only represent initials in consumer's minds, so the mark was ultimately viewed as distinguishable from EZ).

Due to common industry practice, and Dolce & Gabbana's use of the "DG" initials, which emphasizes in consumers' minds the connection between DG and DOLCE & GABBANA and causes an inextricable linking of the marks, the Jay-Y's DG marks must be considered highly similar in impression to the DOLCE & GABBANA mark and as to DOLCE & GABBANA, this factor thus weighs in favor of Petitioner.

3. D&G DOLCE & GABBANA and "D&G" Are Similar to the Jay-Y Marks.

Like Dolce & Gabbana's unregistered "DG" mark, the D&G Dolce & Gabbana mark and the "D&G" mark employ the initials of designers Domenico Dolce and Stefano Gabbana. These same initials appear in the Jay-Y marks. Petitioner's NOR Exhs. 4, 5.

D&G differs from DG only by the inclusion of an ampersand. In Vitamin Corp. of America, the Court of Customs and Patent Appeals found that the marks "VCA" and "I.C.V." were likely to confuse consumers because they were both used in packaging for vitamins and shared similar letters (a "C" and a "V"). Vitamin Corp. of America v. American Home Products Corp., 166 F.2d 203, 204 (Cust. & Pat. App. 1948); see also Cluett, Peabody & Co. v. J. H. Bonck Co., 55 C.C.P.A. 873, 873, 390 F.2d 754, 754 (Cust. & Pat. App., 1968) (finding TTM and T.M.T. sufficiently similar to find likelihood of confusion). In Vitamin Corp. the combination of letters used by the marks, "in view of the practical identity of the goods to which the parties apply their marks," were found to be "so closely similar that confusion as to origin is likely." 166 F.2d at 204. Here, there is even closer identity of marks as between D&G and DG than there was in Vitamin Corp. and Cluett and thus, with regard to the marks D&G and D&G DOLCE & GABBANA this factor must weigh in favor of Petitioner.

C. The Gado DG Marks and the Jay-Y Marks Are Used on Similar Goods

The next relevant DuPont factor, the "the similarity or dissimilarity and nature of the goods or services" used in tandem with the marks, also supports a finding of likelihood of confusion. In order for the similarity of goods to weigh in favor of a finding of likelihood of confusion, the goods bearing the respective marks do not have to be identical. In re Majestic Distilling Co., Inc. 315 F.3d 1311, 1316 (C.A.Fed., 2003) (beer and tequila were found to be sufficiently similar to support a finding of likelihood of confusion). Nonetheless, the Board's

analysis will note that the Gado DG Marks and the Jay-Y Marks are used on the same merchandise – namely, sunglasses.

The Board should note that although Dolce & Gabbana used the DOLCE & GABBANA mark on clothing and other accessories prior to using the mark on sunglasses, the DOLCE & GABBANA registration covers "eyeglasses" under International Class 9 (Petitioner's NOR Exh. 2) and is otherwise applicable to sunglasses pursuant to the doctrine of reasonable expansion.

It is "well settled that the prior user and owner of a registered trademark is entitled to prevent subsequent registration by another of his mark, or one confusingly similar thereto, for any product which might reasonably be expected to be produced by the registrant in the normal expansion of his trade." American Cyanamid Co. v. Humble Oil & Refining Co., 54 C.C.P.A. 794, 797, 370 F.2d 598, 600 (Cust. & Pat.App.,1966) (citing American Drill Bushing Co. v. Rockwell Mfg. Co., 342 F.2d 1019, 52 CCPA 1173 (Cust. & Pat.App.,1965)). The fact that a registrant may not have used his mark for any given class of merchandise "is not controlling" since "within the orbit of a reasonable expansion, the registrant could at any time enlarge his product line." Application of Fisher Scientific Co., 58 C.C.P.A. 1097, 1099, 440 F.2d 434, 436 (Cust. & Pat. App. 1971).

In J. C. Hall Co. v. Hallmark Cards, Inc., 52 C.C.P.A. 981, 985, 340 F.2d 960, 963 (Cust. & Pat.App. 1965), the Court considered whether stationery products were within the realm of expansion for gift cards and found that they were because "purchasers would generally expect them to emanate from the same source." Despite the fact that the "DOLCE & GABBANA registration did not indicate sunglasses within the covered classes, as in the Hallmark case, consumers here would generally expect sunglasses to emanate from a designer apparel company and thus, those goods should be considered the "natural realm of expansion" for the DOLCE &

GABBANA mark, and indeed, for all of the other Gado marks.[7] See also Contour Chair-Lounge Co. v. Englander Co., 324 F.2d 186, 51 CCPA 833. In the fashion industry, Dolce & Gabbana and its competitors (brands such as Gucci, Prada, Yves Saint Laurent, Ralph Lauren, and Calvin Klein) strive to create a total "look" when designing and marketing their apparel, "even if [the designers] don't immediately" offer the accessories for sale. Forte Dep. at 51:16 to 60:20. Thus, it is commonplace for elite fashion houses to branch out into accessories, including eyewear. Forte Dep. at 51:16 to 60:20 (discussing Dolce & Gabbana peer companies that branched out into accessories, including eyewear). Virtually all of the elite fashion houses now sell accessories and eyewear because "its big business." Forte Dep. at 59:17 to 60:20. The fact that sunglasses are within the natural realm of expansion for the DOLCE & GABBANA mark is buttressed by the fact that Dolce & Gabbana's competitors, and indeed Dolce & Gabbana itself, ultimately expanded to the field of sunglasses.

The record clearly shows that Dolce & Gabbana and Jay-Y both sell sunglasses that employ the marks at issue. Thus, the marks at issue are used in the same merchandise. Where the marks at issue "appear on virtually identical goods or services, the degree of similarity necessary to support a conclusion of likely confusion declines." Citigroup Inc. v. Capital City Bank Group, Inc. 637 F.3d 1344, 1355 (C.A. Fed. 2011) (citing Century 21 Real Estate Corp. v. Century Life of Am., 970 F.2d 874, 877 (Fed. Cir. 1992)). In the case at hand, the similarity of the goods at issue supports a finding that the Jay-Y Marks are likely to confuse consumers as to the origin of their goods.

[7] The D&G registration, which lists "spectacles" among its covered classes of goods (Petitioner's NOR Exh. 3) also expanded to sunglasses. The D&G registration explicitly covers sunglasses. Petitioner's NOR Exh. 1.

D. The Variety of Goods on Which Gado's Marks Are Used Supports a Finding of Likelihood of Confusion.

The next relevant DuPont factor focuses on the extent to which the DG Gado Marks at issue have been used on an extensive variety of goods prior to the registration of the Jay-Y Marks. A finding that the Gado DG Marks were used extensively on a variety of goods favors a finding of likelihood of confusion. Owens-Illinois Glass Co. v. Clevite Corp., 51 C.C.P.A. 815, 817, 324 F.2d 1010, 1011 (Cust. & Pat. App. 1963).

In the instant case, the evidence clearly shows that Dolce & Gabbana employed the Gado DG Marks extensively on a wide variety of goods. After offering ready-to-wear clothing in 1989 the company offered belts and purses as well. Forte Dep. at 42:19 - 43:14; See also Petitioner's NOR Exh. 52 (Daily News Record Story dated June 1992 discussing launch of new Dolce & Gabbana accessories); Exh. 53 (Daily News Record story dated April 1992). Presently, the luxury brand features men's and women's outerwear and "anything that has to do with outerwear" including "nylon jackets, duffle coats, sweaters, shirts, blouses, skirts, all apparel [...] scarves, shawls, [...] handbags, small leather goods, change purses, shoes, sneakers, slippers [...] fragrance, eyewear," beachwear and even cell phones. Forte Dep. at 42:19 - 47:20. The company also sold a wide variety of goods ranging from watches, perfumes, eyewear and jewelry bearing the D&G Dolce & Gabbana and Dolce & Gabbana marks as early as the period from 1994-1998. Vannucchi Dep. Exh. C. The variety of goods bearing the Gado DG Marks supports a finding of likelihood of confusion since the large dispersion of goods bearing Dolce & Gabbana's marks, including licensed goods, raises the likelihood that consumers encountering the Jay-Y Marks will associate Jay-Y's goods with Dolce & Gabbana.

E. The Lack of Evidence of Third-Party Use of Similar Marks Weighs in Favor of a Likelihood of Confusion

Evidence of the use of similar marks by third parties on similar goods or merchandise shows that a mark is relatively weak and that consumers are educated to distinguish among similar brands. Miguel Torres, S.A. v. Bodegas Muga, S.A., 176 Fed.Appx. 124, 128, 2006 WL 925279, *3 (9th Cir. 2006); Palm Bay Imports, Inc. v. Veuve Clicquot Ponsardin Maison Fondée en 1772, 396 F.3d 1369, 1373 (Fed. Cir. 2005) ("Evidence of third-party use of similar marks on similar goods is relevant to show that a mark is relatively weak and entitled to only a narrow scope of protection."). Conversely, the lack of evidence showing similar marks among similar brands favors the party opposing or seeking cancellation of the mark. See Chantelle v. De Millus Comercio E Industria De Roupas S.A., 2004 WL 73227, *5 (T.T.A.B. 1993) (Opposition No. 91094834) (non-binding precedent). As there is no evidence of third party use of marks similar to the Gado DG Marks (excluding of course use by Jay-Y), this factor favors a finding of likelihood of confusion.

F. There Is a High Level of Potential Confusion in the Consuming Public as to Eyewear Bearing the Gado DG Marks and Eyewear Bearing the Jay-Y Marks and There Have Been Instances of Actual Confusion

The next set of relevant DuPont factors focuses on the extent to which there has been any confusion and whether the "extent" of potential confusion is "*de minimis* or substantial." "One of the better ways to prove likelihood of confusion in the future is to prove it existed in the past." Plough, Inc. v. Kreis Lab., 314 F.2d 635, 640 (9th Cir. 1963). "As a general proposition, 'a showing of actual confusion among significant numbers of consumers provides strong support for likelihood of confusion.'" Nautilus Group, Inc. v. ICON Health and Fitness, Inc., 372 F.3d 1330, 1338 (C.A. Fed. 2004) (citing Playboy Enters., Inc. v. Netscape Communications Corp., 354 F.3d 1020, 1026 (9th Cir. 2004)).

The record shows that there is evidence of actual confusion. According to Jay-Y, in "2005 to 2006," when Jay-Y began employing the interlocking DG in its eyewear designs, it received comments from customers inquiring as to whether Jay-Y was selling Dolce & Gabbana merchandise. See Petitioner's NOR, Exh. 77 (Response to Interrogatory Nos. 26 and 27). These incidents underscore the high potential for confusion amongst the consuming public and demonstrate the close association already developed in the minds of consumers between the DOLCE & GABBANA mark and the initials "DG."

Further, Jay-Y's own business practices demonstrate bad faith and are probative of the substantial possibility of actual confusion. Where a party has adopted the mark of another intending to copy the plaintiff's mark and benefit from the owner's reputation, the Board may infer that there is in fact confusing similarity between the marks. See Nora Veverages, Inc. v. Perrier Group of Am., Inc., 269 F.3d 114, 124 (2nd Cir. 2001); Bandag, Inc. v. Al Bolser's Tire Stores, Inc., 750 F.2d 903, 915 (C.A. Fed. 1984). Incredible explanations from parties seeking to rebut allegations of bad faith are probative that the party indeed had bad faith in adopting the mark in question. See Perfumania, Inc. v. Perfulandia, Inc., 279 F. Supp.2d 86 (D.P.R. 2003); Tisch Hotels, Inc. v. Americana Inn, Inc., 350 F.2d 609, 613 (7th Cir. 1965). As shown below, Jay-Y's pattern of attempting to register marks which are nearly identical to marks used by fashion designers makes their "designer glasses" explanation of the Jay-Y Marks simply incredible.

Jay-Y admittedly attempted to capitalize on the common industry use of initials by selling eyewear to its customers incorporating the initials "DG", to emulate the practice used in the marketplace by designers such like "Calvin Klein, Georgio Armani, and Armani Exchange,"

which are peer brands to the Dolce & Gabbana brand.[8] Petitioner's NOR Exh. 77, Response No. 23. Jay-Y suggested that the "DG" initials stood for "designer glasses" but there is no evidence that it advertised that fact to prospective buyers. Rather, the evidence suggests that it took the initials derived from the DOLCE & GABBANA mark, which was already well known in 1993 (Petitioner's NOR Exhs. 23-34), and attempted to take advantage of the success of well-known designers by selling sunglasses with the initials for DOLCE & GABBANA at price points that were well below that of Dolce & Gabbana. See T. Chen Dep. at 99:7-21 (Jay-Y sells its eyewear by the dozen, and offers models branded with the Jay-Y Marks at prices [redacted] per dozen sunglasses). In several instances customers purchased eyewear without actually seeing the logo employed by Jay-Y after being told, by Jay-Y staff, that they had "designer glasses, and it's got a DG logo." T. Chen Dep. at 135:6 - 136:2.

Other applications filed by Jay-Y are probative of Jay-Y's bad faith business model. Jay-Y attempted to register two marks which look almost identical to marks owned by Gucci and Giorgio Armani:

USPTO Serial No. 76122651 (filed by Jay-Y) (J. Chen Dep. Exh. 34)	USPTO Serial No. 73281391 (filed by Giorgio Armani S.p.A) (Petitioner's NOR Exh. 15)

[8] Georgio Armani has a second or "diffusion" line called Emporio Armani. Forte Dep. at 56:4-24. Calvin Klein also has a second line called "CK." Forte Dep. at 58:6-10. It is common industry practice for designers to use initials to denote their brands and apparel lines. Forte Dep. at 25:15 to 25:25. Channel, Yves Saint Laurent, Giorgio Armani, Donna Karen, Ralph Lauren, Fendi, and Calvin Klein all employed initials as a means of identifying their merchandise and frequently used them on accessories such as purses and eyewear. Forte Dep. at 61:64.

USPTO Serial No. 76106466 (filed by Jay-Y) (J. Chen Dep. Exh. 29)	USPTO Serial No. 74709786 (filed by Gucci America, Inc.) (Petitioner's NOR Exh. No. 12)

The applications filed by Jay-Y plainly mirror those filed by two of Dolce & Gabbana's competitors- Gucci and Giorgio Armani.

Jay-Y undertook a similar course of conduct with respect to the mark "WEST COAST CHOPPERS" owned by Jesse James. Jesse James obtained a registration for WEST COAST CHOPPERS (Stylized) (Petitioner's NOR Exh. 19). Jay-Y subsequently filed an application to register CHOPPERS (Stylized) appearing across the middle of an iron cross with a typeface *identical* to that employed by West Coast Choppers. Cf. W. Chen Dep. Exh. 40; Petitioner's NOR Exh. 19.

Even a cursory review of the foregoing application history reveals that Jay-Y's practice is to attempt to register marks that are similar or identical to marks employed by international designers and others in order to profit from the designers' goodwill and investments in their brand. Given Jay-Y's admitted goal of tapping into the success of designer initials used by major design houses, the Board should find that there is a high-likelihood of confusion.

G. The Right to Exclude Others From Using the DOLCE & GABBANA and D&G DOLCE & GABBANA Marks Indicates a Likelihood of Confusion

The next factor in the DuPont likelihood of confusion analysis concerns the right to exclude others from use of the mark on goods (Dupont Factor 11). The presence of a strong

mark owned by the senior user, which is afforded greater protection and ability to exclude others, favors a finding of likelihood of confusion. See Cunningham, 222 F.3d at 949. In the instant case, this factor favors a finding of likelihood of confusion because the DOLCE & GABBANA and D&G DOLCE & GABBANA marks are more distinctive than any of the Jay-Y Marks and are thus afforded the greatest amount of protection under trademark law.

"The scope of the trademark protection that we give marks depends upon the strength of the mark, with stronger marks receiving greater protection than weak ones." Entrepreneur Media v. Smith, 279 F.3d 1135, 1141 (citing Miss World (UK) Ltd. v. Mrs. Am. Pageants, Inc., 856 F.2d 1445, 1448 (9th Cir. 1988)). Marks that are descriptive are amongst the weakest marks and are afforded less protection than suggestive, arbitrary or fanciful marks. In re Chippendales USA, Inc., 622 F.3d 1346, 1350 (C.A. Fed. 2010) ("Word marks that are arbitrary, fanciful, or suggestive are inherently distinctive"). A mark is "merely descriptive if it immediately conveys to one seeing or hearing it knowledge of the ingredients, qualities, or characteristics of the goods or services with which it is used; whereas, a mark is suggestive if imagination, thought, or perception is required to reach a conclusion on the nature of the goods or services." In re Abcor Dev. Corp., 588 F.2d 811, 813-14, 200 USPQ 215, 217-18 (CCPA 1978).

The DOLCE & GABBANA and D&G DOLCE & GABBANA marks consists of the surnames of the creators of the Dolce & Gabbana brand, and do not inherently provide any description of the company's clothing and accessories. As such they are suggestive or arbitrary marks entitled to wide protection.[9] Id. The Jay-Y Marks consist of the initials "DG," which Jay-

[9] "Generally, a surname combined with additional distinctive matter, such as a merely descriptive term, **another surname**, a given name, and/or a design element, is not considered to be primarily merely a surname under §2(e)(4)." In re Anheuser-Busch, Inc., 2001 WL 817795, *4 (T.T.A.B. 2001) (non-binding precedent) (citing TMEP §1211.01(b)) (emphasis added).

Y claims it created to stand for "designer glasses."[10] Petitioner's NOR Exh. 77, Response No. 23. Given Jay-Y's past pattern of conduct and the fact that the record is devoid of any publication of the "Designer Glasses" brand, this explanation is simply not credible. But putting aside the issue of credibility, since the purported explanation for the Jay-Y marks "conveys knowledge" of the "characteristics of the goods or services with which" they are used, the marks are at best merely descriptive and not entitled to as much protection as the DOLCE & GABBANA and D&G DOLCE & GABBANA marks. In re Chippendales USA, Inc., 622 F.3d at 1350.

H. The Sophistication of Customers, the Channels of Trade, and the Conditions of Purchase All Weigh in Favor of a Finding of Likelihood of Confusion

The similarity or dissimilarity between the class and sophistication of customers, channels of trade and conditions of purchase support a finding of likelihood of confusion. Jay-Y sells eyewear featuring the Jay-Y Marks to wholesalers for ultimate sales at "swap meets, gas stations, and miscellaneous goods stores." W. Chen Dep. at 21: 4 - 30:8; W. Chen Dep. Exh. 38 (Jay-Y Marks on sunglasses sold by Jay-Y); J. Chen Dep. at 10:1-4. Jay-Y sells its eyewear by the dozen, and offers models branded with the Jay-Y Marks at prices in the range of [redacted] per dozen sunglasses. See T. Chen Dep. at 99:7-21; Respondents' Dep. Exh. 134 (purporting to show wholesale of Jay-Y 252A model by dozen).

Although Jay-Y has not provided any direct evidence of retail sales, the low wholesale price and identified outlets for the sales for the Jay-Y branded eyewear (e.g., gas stations) suggest that Jay-Y sunglasses bearing the Jay-Y Marks are sold to impulse customers at inexpensive prices. Customers who purchase goods under these circumstances are not

[10] Of course, due to the fame of the Gado DG Marks, consumers encountering the "DG" initials in the Jay-Y mark are likely to conclude they actually stand for DOLCE & GABBANA.

discerning and may easily mistake Jay-Y eyewear for Dolce & Gabbana eyewear. See Recot, 214 F.3d 1322 ("When products are relatively low-priced and subject to impulse buying, the risk of likelihood of confusion is increased because purchasers of such products are held to a lesser standard of purchasing care") (citations omitted). As Professor McCarthy notes, "the price level of the goods ... is an important factor in determining the amount of care the reasonably prudent buyer will use. If the goods...are relatively expensive, more care is taken and buyers are less likely to be confused as to source or affiliation." 3 McCarthy on Trademarks and Unfair Competition, § 23:95 (4th ed. 1998).

The likelihood of confusion is augmented by the strong possibility of post-sale confusion which could seriously damage Dolce & Gabbana's reputation. Post-sale confusion is appropriately considered when evaluating the channels of trade and sophistication of customers because source confusion occurring after the point-of-sale is "encompassed within the confusion proscriptions of Section 2(d)." In re Artic Elec. Co., Ltd., 220 USPQ 836 (T.T.A.B. 1983). Just as it seeks to prevent confusion at the point-of-sale, the Lanham Act seeks to prevent source confusion among potential consumers who encounter the marks in question after the time of sale. In re Star Pharm., Inc., 221 USPQ 84 (T.T.A.B. 1984) ("STAR" and design and "STARR" and design for pharmaceutical products is likely to cause confusion; in evaluating likelihood of confusion under Section 2(d), events that may happen subsequent to the sale of the product are relevant).

Both of Dolce & Gabbana's lines are high-end fashion lines sold at elite boutiques and specialty retailers such as Saks Fifth Avenue and Barney's, as well as Dolce & Gabbana owned company stores. Forte Dep. at 94:14 - 24. Eyewear and other accessories which are priced lower than ready to wear clothing serve as an aspirational point of entry for consumers who may

not be able to afford the luxury clothing offered in the DOLCE & GABBANA and D&G DOLCE & GABBANA lines. See Forte Dep. at 89:15 to 92:25. Given that both Jay-Y and Dolce & Gabbana sell sunglasses bearing DG marks and given that the Gado DG Marks and the Jay-Y Marks are highly similar there is a large potential that Dolce & Gabbana's customers and potential will mistakenly attribute Jay-Y eyewear to Dolce & Gabbana, whether at the point of sale or when encountering the glasses in the post-sale environment. "Hence, any purported sophistication of [Dolce & Gabbana's customers] does not dispel the likelihood of confusion in this particular post-sale confusion context." See Lois Sportswear, U.S.A., Inc. v. Levi Strauss & Co., 799 F.2d 867, 875, 230 USPQ 831, 837-38 (2d Cir. 1986) (applying post-sale confusion analysis to sophistication of customers factor). Given that the evidence in the record suggests that Jay-Y adopted the Jay-Y Marks to exploit and take advantage of Dolce & Gabbana's fame, this type of post-sale confusion is particularly relevant and these factors weigh in favor of the Petitioner.

I. The Balance of Factors Supports the Board's Finding a Likelihood of Confusion.

The striking similarities between the marks, the similarity of the products (including the similarity of the designs of the sunglasses themselves) sold by Jay-Y and Dolce & Gabbana together with the clear bad faith attempt to capitalize on up-and-coming designers' fame by employing their initials demonstrates the likelihood of confusion between the marks in question. In determining whether a likelihood of confusion exists under Section 2(d), the Panel must assess all of the facts in evidence that are relevant to the factors bearing on the likelihood of confusion issue, and should not be guided by the fact that not all of the factors suggest a likelihood of confusion. See DuPont, 476 F.2d at1357. The principle issue is whether

> the purchasing public would mistakenly assume that the [applicant's goods and services] originate from the same source as, or are associated with," opposer's goods and services.

Panda Security, S.L. v. Panda Core Tech., Inc., 2011 WL 2161070, *5 (Opposition No. 91191921) (T.T.A.B. 2011) (non-binding precedent) (citing In re Majestic Distilling Co., Inc., 65 USPQ2d at 1203)). Any consumer encountering merchandise with the Jay-Y Marks is highly likely to believe Jay-Y's goods are related to Dolce & Gabbana's goods or somehow originate with Dolce & Gabbana. In fact, as demonstrated by Jay-Y's pattern and practice of registering marks that are suspiciously similar to marks registered by well-known designers, Jay-Y's business model is dependent on creating confusion between the marks.

IV. THE JAY-Y MARKS SHOULD ALSO BE CANCELLED PURSUANT TO PETITIONER'S DILUTION CLAIM

The Trademark Act provides for a cause of action for the dilution of famous marks. Sections 13 and 43(c) of the Trademark Act of 1946, 15 U.S.C. §§1063 and 1125(c). The Trademark Act provides as follows:

> Subject to the principles of equity, the owner of a famous mark that is distinctive, Inherently or through acquired distinctiveness, shall be entitled to an injunction against another person who, at any time after the owner's mark has become famous, commences use of a mark or trade name in commerce that is likely to cause dilution by blurring or dilution by tarnishment of the famous mark, regardless of the presence or absence of actual or likely confusion, of competition, or of actual economic injury.

Coach Services, Inc. v. Triumph Learning LLC, 2010 WL 3798519, *10 (Opposition No. 91170112) (T.T.A.B. 2010). When a mark is challenged on grounds of dilution, the Board looks to three "elements: (1) whether the opposer's mark is famous; (2) whether the opposer's mark became famous prior to the date of the application to register the applicant's mark; and (3) whether the applicant's mark is likely to blur the distinctiveness of the opposer's famous mark." National Pork v. Supreme Lobster and Seafood Co., 96 USPQ2d 1479, 1494-5 (T.T.A.B. 2010).

A. The Gado DG Marks Are Famous for Dilution Purposes

As to the fame of a mark, a famous mark is one with extensive public recognition and renown. Palm Bay Imports Inc. v. Veuve Clicquot Ponsardin Maison Fondee En 1772, 396 F.3d 1369, 73 USPQ2d 1689, 1694 (Fed. Cir. 2005). As was the case in the likelihood of confusion analysis, "in determining whether a mark is famous, [the Board] may consider relevant factors such as sales and revenue." Bose Corp. v. QSC Audio Products Inc., 293 F.3d 1367, 63 USPQ2d 1303, 1309 (Fed. Cir. 2002).

As set forth above, the evidence before the Board shows that the DOLCE & GABBANA mark is famous.

B. The Gado DG Marks Became Famous Prior to Jay-Y's First Use of the Jay-Y Marks

In order to cancel a registration based on dilution, Petitioner must demonstrate that its marks became famous prior to the first use of the challenged marks by the respondent. See Coach Services, Inc. v. Triumph Learning, LLC, 2010 WL 3798519 at *12 (citing Section 43(c)(1) of the Trademark Act of 1946 which provides that "the owner of a famous mark ... shall be entitled to an injunction against another who, at any time after the owner's mark has become famous, commences use of a mark or trade name in commerce that is likely to cause dilution."

As discussed in the context of the likelihood of confusion analysis, the applicable date of first use for the Jay-Y Marks should be the date included in its registrations: December 1999. See pages 20 to 22, *supra*. Even if the Board were to accept Jay-Y's proffered date of first use of 1993, Gado's marks would still have had the requisite level of fame by the time Jay-Y commenced use, as demonstrated above via sales figures and advertising, together with Dolce & Gabbana's association with Madonna's tour. Indeed, the very fact that Jay-Y sought to trade on the good will associated with DOLCE & GABBANA by adopting the DG initials indicates that

the mark had reached the requisite level of fame. Cf. Bandag, Inc., 750 F.2d at 915 (user with bad faith should be determined to have succeeded in attempt to misappropriate senior user's goodwill).

C. The Jay-Y Marks Blur the Distinctiveness of the Gado DG Marks

The final element evaluated by the Board in connection with Petitioner's dilution claim is whether the challenged marks "blur" the distinctiveness of the Gado DG Marks. National Pork, 96 USPQ2d at 1494-5. The Trademark Act defines dilution by blurring as follows:

> "dilution by blurring" is association arising from the similarity between a mark or trade name and a famous mark that impairs the distinctiveness of the famous mark.

Section 43(c)(2)(B) of the Trademark Act of 1946, 15 U.S.C. §1125(c)(2)(B). As discussed in the context of the Board's likelihood of confusion analysis, page 18 to 38 *supra*, the Jay-Y Marks and Gado DG Marks are not only similar, they are nearly identical and are employed on merchandise which appears nearly identical. Cf. D&G Dolce & Gabbana Model 523S (Forte Dep. Exh. 19), Jay-Y model 252-A (T. Chen Dep. Exhs. 100, 102); Dolce & Gabbana Model DG 6008 (Forte Dep. Exh. 18, page 37), Jay-Y Model NK 6345FM (T. Chen Dep. Exh. 114). "To support an action for dilution by blurring, 'the marks must be similar enough that a significant segment of the target group sees the two marks as essentially the same.'" Toro Co. v. ToroHead Inc., 2001 WL 1734485, *23 (T.T.A.B. 2001) (quoting 2 McCarthy on Trademarks and Unfair Competition, § 24:90.1 (4th ed. 1998)) (additional citation omitted). In the instant case, there is evidence that Gado's marks Jay-Y's marks are so similar that it resulted in actual confusion. Jay-Y has admitted that from 2005 to 2006, it received comments from customers inquiring as to whether Jay-Y was selling Dolce & Gabbana merchandise. See Petitioner's NOR, Exh. 77 (Response to Interrogatory No. 26). Jay-Y's sale of nearly identical merchandise, which trades off of the initials of Dolce & Gabbana's founders and is significantly less expensive than that

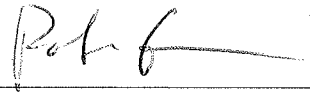
sold by Dolce & Gabbana, thus diminishes the selling power engendered for the Dolce & Gabbana and D&G Dolce & Gabbana brand lines.

CONCLUSION

For all the reasons discussed herein and in Petitioner's Objections to Evidence Introduced By Respondent, and based on all of the evidence submitted in the record, the Board should find in favor of Petitioner Gado on each of the claims raised in the Petition for Cancellation and cancel the registrations of the Jay-Y Marks.

Dated: September 15, 2011

Respectfully submitted,



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

GADO S.R.L. Petitioner, v. JAY-Y ENTERPRISES CO., INC., Respondent.	)))))))))	Cancellation No. 92047433

PETITIONER'S EVIDENTIARY
OBJECTIONS TO EVIDENCE OFFERED BY RESPONDENT

Petitioner Gado S.R.L. ("Gado"), by and through undersigned counsel, Satterlee Stephens Burke & Burke LLP, submits the following objections to evidence offered by Respondent Jay-Y Enterprises Co. Inc. ("Jay-Y"). Pursuant to the objections, the objectionable evidence below should be stricken.

Summary of Respondent's Evidence

Respondent has submitted evidence in the form of three depositions and the exhibits attached thereto:

1. The Deposition of Teresa Chen, Volume 1 (February 8, 2011) and Volume II (March 23, 2011) (with exhibits);
2. The Deposition of Ward Chen (March 23, 2011);
3. The Deposition of Michael Ou (March 23, 2011).

The documentary exhibits submitted by way of Ms. Chen's deposition can be broken down into the following categories:

1. Photographs of Jay-Y Merchandise Selected by Ms. Chen (T. Chen Dep. Exhs. 100-130;
2. Purchase and Sale Summary Reports (T. Chen Dep. Exhs. 131, 133, 134, 136, 137, 139, 140, 142, 143, 145, 148, 150, 152, 154, 156, 158, 160, 162, 164, 166, 168, 170, 172.
3. Purchase Invoices (T. Chen Dep. Exhs. 132, 159).
4. "Reprinted" Sale Invoices (T. Chen Dep. Exhs. 135, 138, 141, 144, 146, 147, 149, 151, 153, 155, 157, 161, 163, 165, 167, 169, 171, 173).
5. Jay-Y 1995 Catalogs (T. Chen Dep. Exh. 174).
6. Jay-Y 1996 Catalog (T. Chen Dep. Exh. 175).
7. Jay-Y 1997 Catalog (T. Chen Dep. Exh. 176).
8. Jay-Y 1998 Catalog (T. Chen Dep. Exh. 177).

Summary of Objections to Respondent's Evidence

Several of the documents submitted as exhibits to the deposition of Teresa Chen are objectionable. First, Jay-Y's purchase and sale "reports" are summaries prepared for litigation and are objectionable as hearsay pursuant to Rule 803 of the Federal Rules of Evidence ("FRE"). The hearsay exception under FRE Rule 803(6) for business records is inapplicable because the testimony regarding the records brings into question whether the records are trustworthy. Jay-Y's "re-printed" sale invoices are also objectionable as hearsay for the same reason. The Jay-Y witness who testified regarding the admissibility of these records did not provide a foundation sufficient to meet the requirements of FRE Rule 803(6). Further, the admission of the sales invoices should be denied under the "best evidence" rule.

Jay-Y's Purchase and Sale Summaries Are Inadmissible Hearsay

FRE Rule 802 prohibits the admission of evidence which contains hearsay, which is defined as "a statement, other than one made by the declarant while testifying at the trial or hearing, offered in evidence to prove the truth of the matter asserted." FRE 801(c); 802. FRE Rule 803(6) provides an exception to the hearsay rule for business records under the following circumstances:

> A memorandum, report, record, or data compilation, in any form, of acts, events, conditions, opinions, or diagnoses, made at or near the time by, or from information transmitted by, a person with knowledge, if kept in the course of a regularly conducted business activity, and if it was the regular practice of that business activity to make the memorandum, report, record or data compilation, all as shown by the testimony of the custodian or other qualified witness, or by certification that complies with Rule 902(11), Rule 902(12), or a statute permitting certification, unless the source of information or the method or circumstances of preparation indicate lack of trustworthiness.

Federal Rules of Evidence Rule 803. Key to the FRE 803(6) exception is the requirement that a qualified witness be able to credibly testify that the records were kept contemporaneously for a business purposes, were relied on in the regular course of business, and that there is no indication of "lack of trustworthiness" as to the methods by which the records were prepared. Palmer v. Hoffman, 318 U.S. 109 (US 1943). When considering hearsay objections, it is imperative that the Board focus on whether "indicia of reliability" exist sufficient to assure the Board that the hearsay seeking to be admitted by way of the FRE 803(6) exception is trustworthy. See Munoz v. Strahm Farms, Inc., 69 F.3d 501, 503 (C.A. Fed. 1995) ("Reliability is the basis for admitting evidence under the business records exception").

Respondent's "purchase reports" and "sales reports" were created by Jay-Y to summarize the purchase and sale of sunglasses which Jay-Y alleges included the Jay-Y Marks. T. Chen Dep. 91:25 – 92:19; See Respondent's Dep. Exhs. Nos. 131, 133, 134, 136, 137, 139, 140, 142,

143, 145. The reports were created by a consultant, and not by Theresa Chen, the primary Jay-Y witness who testified regarding their admissibility. T. Chen Dep. 76:21 – 77:8 (consultant was hired by Jay-Y to create spreadsheet). They were created expressly for the purpose of this litigation. See T. Chen Dep. 185:2 – 23. Plainly the spreadsheet summaries were not relied on by Jay-Y as part of their regular business and on that basis alone do not qualify or the business records hearsay exception.

Further, the testimony provided regarding the manner in which the summaries were created is bereft of the "indicia" of reliability required in order to take advantage of the business record hearsay objection. Jay-Y's Theresa Chen, who professed knowledge as to how the data underlying the summaries was entered into Jay-Y's "SBT" system, could not provide any testimony as to the manner in which the summaries were created, except of course to state that Jay-Y hired a consultant to create the summaries. T. Chen Dep. 76:14 – 76:20; 76:21 – 77:8. Jay-Y's consultant did not use hard copy documents to create his spreadsheet. Before creating the summary spreadsheets, Jay-Y's consultant used a program called "FoxPro" to access Jay-Y's "SBT" database (M. Ou Dep. 91:9 – 15), and then used the "FoxPro" files to create the Excel spreadsheets reflected in Jay-Y's summary purchase and sale reports (M. Ou Dep. 91:16 – 23). At that point, the spreadsheets were provided to Jay-Y. M. Ou Dep. 91:24 – 92:7. The data extracted from the "SBT" database could have been changed at the point it was extracted with "FoxPro." M. Ou Dep. 91:16 – 23. Further, once the data was provided in spreadsheet form, it could easily be manipulated. M. Ou Dep. 91:21 – 92:7. Indeed, the spreadsheets produced by Jay-Y include information which was not originally found in the spreadsheets provided by its

consultant. See M. Ou Dep. 91:24 – 92:7. This inconsistency calls into question whether the data on the summaries accurately reflects the information in Jay-Y's "SBT" system.

Jay-Y's "Reprinted" Sales Invoices Are Inadmissible Hearsay

In addition to sale summaries, Jay-Y offers sale invoices for proof of sales activity prior to 1999. T. Chen Dep. Exhs. 135, 138, 141, 144, 146, 147, 149, 150, 151, 153, 155, 157, 159, 161, 163, 165, 167, 169, 171, 173. As is the case with Jay-Y's sale summaries, these documents are inadmissible hearsay and do not qualify for the business records exception.

At the outset, the witness who testified regarding the manner in which the records were kept, Ms. Teresa Chen, testified that the "invoices" produced by Jay-Y were in fact printouts from 2009 of invoice data kept in Jay-Y's "SBT" system. T. Chen Dep. 97:4 – 122:22 (discussing printing of invoice data). Thus, the invoices produced by Jay-Y are at best reprints of invoice data. The "re-printed" invoices themselves were created for litigation and were not relied on by Jay-Y during the ordinary course of business. Further, there are indicators which suggest that the invoices do not reliably represent the original invoices sent to Jay-Y's customers. For instance, some of the invoices have data which could not have existed at the time of the original invoices. Some invoices indicate "INVALID CUSTOMER NUMBER" where the identity of a customer should be included and Jay-Y's witness confirmed that this most likely was not reflected on the original invoice. T. Chen Dep. 208:6 – 209:2 (discussing printing of invoice data). Similarly, other invoices include the term "INACTIVE" in the customer fields. T. Chen Dep. 209:13 – 210:12 (testimony discussing "INACTIVE" reference and stating that original invoice would "definitely" not reflect that information). Still, on other invoices, notes such as "No Catalog," and "No More Business," appear in fields within the invoices where they

don't belong. T. Chen Dep. 210:20 – 212:2 ("these problems arise because this is printed in 2009"). These incongruities demonstrate that the database which created the printouts in 2009 was malleable and in fact was altered from its original state. The malleability of the database necessarily brings into question the reliability of the records produced and forecloses the availability of the business record hearsay exception. U.S. v. Smart, 1998 WL 833605, *2 (9th Cir. 1998) (objections to application of hearsay exception based on indicia of reliability well taken).

Jay-Y's "Reprinted" Sales Invoices Are Also Further Inadmissible Under The Best Evidence Rule

Jay-Y's reprinted sales invoices are inadmissible under the "best evidence rule." The "best evidence rule" is a common law proposition that has been codified in Rule 1002 of the Federal Rules of Evidence, which states: "To prove the content of a writing, recording, or photograph, the original writing, recording, or photograph is required, except as otherwise provided in these rules or by Act of Congress." FRE 1002; see also, Mag Instrument, Inc. v. The Brinkmann Corporation, 2010 WL 3253200, *3 (T.T.A.B. 2010) (Opposition Nos. 91163534, 91164169). The "best evidence rule" requires the production of the original document when the contents of that document are at issue, as they are in this case.

Jay-Y admits that it did not search for and produce the original copies of invoices originally sent to its customers "because [Ms. Chen] didn't know that was necessary." T. Chen Dep. 200:23 – 201:4. Jay-Y elected to print invoices from their compromised database because "it would just be easier" then physically searching for and finding the invoices in question. T. Chen Dep. 94:25 – 95:14. Since Jay-Y could have pre-empted the best evidence objection by simply searching for and producing the invoices in question, the reprinted invoices should not be

admitted. Cake Divas v. Charmaine Jones, 2011 WL 810224, 2 -3 (T.T.A.B. 2011) (non-binding precedent of T.T.A.B.) (Opposition No. 91177301) (best evidence objection well-taken and sustained because of failure to even search for documents subject to rule).

Conclusion

For the reasons discussed herein and within Petitioner's Principle Brief in Support of the Petition For Cancellation, the Board should deny the admissibility of the Jay-Y evidence subject to Gado's objections.

Dated: September 15, 2011

Respectfully submitted,

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CERTIFICATE OF SERVICE

I hereby certify, under penalty of perjury, that a copy of the foregoing **Objections to Respondent's Evidence** was served on this 15th day of September 2011, by Federal Express Overnight Mail, addressed to Kenneth L. Wilton:

Seyfarth Shaw LLP
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2029 Century Park East
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Attorney for the Respondent.

Robert Carrillo

CERTIFICATE OF ESTTA FILING

I hereby certify, under penalty of perjury, that this **Objections to Respondent's Evidence** is being filed on September 15, 2011, by way of the USPTO'S ESTTA ONLINE FILING SYSTEM.

Robert C. Carrillo

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