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

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| 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 for filing via the Board's ESTTA system, please find a redacted version of Petitioner's Brief In Opposition to the Counterclaim By Respondent and in Reply To Respondent's Opposition Brief submitted for filing by Petitioner Gado S.R.L. in the above-captioned proceeding.

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.

A copy of Petitioner's Brief in Opposition to Respondent's Evidentiary Objections And In Further Support of Its Evidentiary Objections is also submitted for filing via ESTTA.

December 2, 2011
Page 2

Very truly yours,

A handwritten signature in blue ink, appearing to read "Rob Carrillo", with a long horizontal flourish extending to the right.

Robert Carrillo
Satterlee Stephens Burke & Burke LLP

December 2, 2011

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CERTIFICATE OF SERVICE

I hereby certify, under penalty of perjury, that a copy of the foregoing Petitioner's Brief In Opposition to the Counterclaim By Respondent and in Reply To Respondent's Opposition Brief (REDACTED), and a copy of Petitioner's Brief in Opposition to Respondent's Evidentiary Objections And In Further Support of Its Evidentiary Objections was served on this 2nd day of December, 2011, by email and by US Regular Mail, addressed to Kenneth L. Wilton:

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CERTIFICATE OF ESTTA FILING

I hereby certify, under penalty of perjury, that the foregoing Petitioner's Brief In Opposition to the Counterclaim By Respondent and in Reply To Respondent's Opposition Brief (REDACTED), and a copy of Petitioner's Brief in Opposition to Respondent's Evidentiary Objections And In Further Support of Its Evidentiary Objections is being filed on December 2, 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

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

PETITIONER'S BRIEF IN OPPOSITION TO THE COUNTERCLAIM BY RESPONDENT
AND IN REPLY TO RESPONDENT'S OPPOSITION BRIEF

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STATUTES

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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 response to the Principal Brief filed by Jay-Y Enterprises Co., Inc. (“Jay-Y”). 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 and reply testimony period.

INTRODUCTION AND OVERVIEW OF ISSUES

Jay-Y’s arguments cannot obscure one basic fact: it began selling eyewear bearing the initials “DG” years after Gado licensees began selling DOLCE & GABBANA branded merchandise in the United States and years after Dolce & Gabbana invested significant resources in cultivating and growing a designer brand image. Indeed, Jay-Y acknowledges the industry practice of designers employing their initials in order to identify their goods. Jay-Y allegedly created its “DG” marks as shorthand for “Designer Glasses” as it sought to benefit from what it saw as industry success with initials, and gain the cache of designer-type classes. However, it never publicly linked “Designer Glasses” to its “DG” marks. The incredible nature of Jay-Y’s story of selecting DG and the fact that DOLCE & GABBANA is the senior mark in this case necessarily color all of the arguments raised in Jay-Y’s opposition papers and should not be forgotten by the Board.

Jay-Y casts itself as an innocent senior user, seeking to protect itself against a junior user with limited sales. The record shows otherwise. Jay-Y never advertised its marks; it never sold its goods directly to consumers; and it did not publicly link its marks with its goods until 1999, when it started using the marks on packaging. Further, Jay-Y’s records reflecting purported sales from 1993 to 1994 reflect only sporadic wholesale activity in a limited geographic area. For this period, sales activity is *de minimus* and insufficient to create an impression in the consuming public’s minds from analogous use. In contrast, there is evidence

of significant sales and marketing activity by Dolce & Gabbana prior to 1993 for the DOLCE & GABBANA Mark. Moreover, the consuming public became aware of the D&G DOLCE & GABBANA Marks and the D&G Mark no later than 1995.¹ In light of the overall record, the Panel should find that Gado's marks have priority, are strong, and that the likelihood of confusion factors as a whole favor Gado.

STATEMENT OF FACTS

The facts were previously set forth by Petitioner in Petitioner's Principal Brief. However, the issues raised in Jay-Y's papers warrants the recitation of further facts.

Dolce & Gabbana's Entry Into The US Market

Despite Jay-Y's efforts to raise question as to the emergence of the DOLCE & GABBANA mark in the United States market, the record clearly shows that merchandise bearing the DOLCE & GABBANA mark has been the subject of extensive commercial and advertising activity since before 1990. Dolce & Gabbana had U.S. sales of almost ■ million Euros during the 1993-1994 fiscal year, and more than ■ million Euros during the 1994-1995 fiscal year. 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 ■ million Euros. See id.; Vannucchi Dep. at 83:14 – 84:8. This figure exceeded ■ million Euros in the next fiscal year and has grown overall since then. Id. For the 2008 fiscal year, ready-to-wear sales in the United States exceeded ■ million Euros. Id.

Dolce & Gabbana advertised in the U.S. as early as 1989 (see eg. NOR 23 (1989 Details Magazine)), and continuously advertised goods under its DOLCE & GABBANA Mark

¹ Jay-Y attempts to poke holes in the quality of proofs submitted by Gado and is left with such absurdities as trying to minimized dozens of magazine advertisements and extensive advertisement expenditures by claiming such advertising was "scattered" because not every single advertisement was introduced at trial. Similarly, Jay-Y attempts to minimize the strength of Gados's marks by claiming its sales are only in the millions and not billions of dollars.

in the United States since 1992. Lupano Dep. Exh. 49 (summary of US advertising expenditures from 1992 to 2009). The company spent more than ██████ advertising in the United States in 1992, more than \$ ██████ in 1993, and more than \$ ██████ in 1994. Id. Dolce & Gabbana broke the \$ ██████ mark in 1996 (spending \$ ██████) and spent more than \$ ██████ in advertising in 2001. Id. Altogether, from 1992 to 2009, Dolce & Gabbana spent more than \$ ██████ in advertising expenditures marketing the DOLCE & GABBANA line. Id.

Print advertising constitutes a major component of Dolce & Gabbana's advertising strategy. Lupano Dep. at 16:4-17:12; 52:8-57:8. Dolce & Gabbana selects print magazines with large nation-wide circulations that are widely-recognized in the fashion field and use prominent photographers. Forte Dep. at 115:19 - 122:4; (see eg. Pet. NOR Exh. 23-48)². For example, the March 1992 edition of Vogue that included an advertisement by Dolce & Gabbana (Pet. NOR Exh. 30) reached more than 1.3 million subscribers and single-issue purchasers. Aff. of Michael K. Koran of the Audit Bureau of Circulations, pages ABC 048. The September 1992 issue of Vogue which also featured a Dolce & Gabbana advertisement (Pet. NOR Exhs. 32), reached 1.5 million subscribers and single issue purchasers. Id. Indeed, for the period from 1989 to August 1995 alone, 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 Pet. 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).

² Jay-Y's attempt to portray Gado's advertising as "scattered" due to the "mere" 25 examples in the record is belied by the testimony and evidence of advertising expenditures.

**The Sale and Advertising of Merchandise Bearing The
D&G DOLCE & GABBANA and D&G Marks in the US Market**

The company first launched its “younger” D&G DOLCE & GABBANA collection in 1994. Lupano Dep. at 13:19 – 24. The D&G DOLCE & GABBANA mark appeared in advertising and editorial coverage as early as September 1995. Forte Dep. Exh. 17; Pet. NOR 51, 55, 57, 58. At the same time, editorial coverage by newspapers and fashion magazines referred to the D&G DOLCE & GABBANA line as simply “D&G.” Forte Dep. Exh. 17. Page 0020; NOR 51, 55.

Dolce & Gabbana continuously advertised the D&G DOLCE & GABBANA line from 1995 to 2009, spending more than \$ [REDACTED] during that period. Lupano Dep. Exh. 49. Dolce & Gabbana’s advertising records show expenditures for the D&G DOLCE & GABBANA line in excess of \$ [REDACTED] in the United States in 1995.³ Lupano Dep. Exh. 49. In 1997 these expenditures totaled \$ [REDACTED] and grew to exceed \$ [REDACTED] a year in 1999. Id.

The “D&G DOLCE & GABBANA” line of business was immediately successful. Merchandise sold under the D&G DOLCE & GABBANA mark had annual ready-to-wear sales of more than € [REDACTED] in the United States during the 1997-1998 fiscal year. Vannucchi Dep. Exh. C., page DG00579. Ready to wear sales from the 1998-1999 fiscal year to the 2007-2008 fiscal year totaled more than € [REDACTED] Id. In the 1998 fiscal year, eyewear marketed under the D&G DOLCE & GABBANA line had more than € [REDACTED] in U.S. sales. Id. From the 1999 fiscal year to the 2007 fiscal year, sales exceeded € [REDACTED]

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).

³ Not coincidentally, Jay-Y’s revenue grew from 1995 to 1996 by more than 400% despite Jay-Y’s failure to advertise or promote the marks. See Respondents’ Principle Brf. page 6 (table depicting growth of Jay-Y sales).

I. THE CANCELLATION STANDARD

The parties agree on the standard before the Court. Pursuant to § 2(d) of the Lanham Act, the Board should cancel any mark where there is a “likelihood of confusion between the mark sought to be canceled and a mark for which the party seeking cancellation can establish prior use.” Cunningham v. Laser Golf Corp., 222 F.3d 943, 55 USPQ2d 1842, 1844 (Fed. Cir. 2000).

As discussed in Petitioner’s Principal Brief and elaborated on below, the GADO DG Marks have priority over the Jay-Y Marks, and because a likelihood of confusion exists between Gado’s marks and the Jay-Y Marks, the Board should cancel the Jay-Y Marks.

II. THE GADO DG MARKS HAVE PRIORITY

In determining priority, the Board can consider actual use or use analogous to trademark use. Corporate Document Services Inc. v. I.C.E.D. Management Inc., 1998 WL 766713, 3 (T.T.A.B. 1998); Herbko Intern., Inc. v. Kappa Books, Inc., 308 F.3d 1156, 1162 (C.A. Fed. 2002) (proprietary rights rise from prior trademark use or “prior use analogous to trademark or service mark use”). The Board may find analogous use sufficient to create propriety marks where a user shows use “use sufficient to create an association in the minds of the purchasing public between the mark and the petitioner's goods.” Herbko Intern., 308 F.3d at 1162 (emphasis added) (citing Malcolm Nicol & Co. v. Witco Corp., 881 F.2d 1063, 1065, 11 USPQ2d 1638, 1639 (Fed. Cir. 1989)). Contrary to Jay-Y’s arguments on priority, the Board may “infer the fact of identification of the mark with the party on the basis of indirect evidence regarding the party's use of the word or phrase in advertising brochures, catalogs, newspaper ads, and articles in newspapers and trade publications.” T.A.B. Systems v. PacTel Teletrac, 77 F.3d 1372, 37 USPQ2d 1879, 1882 (Fed. Cir. 1996); see New West Corp. v. Nym Co., 595 F.2d 1194, 1200 (9th Cir. 1979).

Equitable considerations may also play a role in the Board's analysis of actual or analogous use. Chandon Champagne Corp. v. San Marino Wine Corp., 335 F.2d 531, 534 (2d Cir. 1964) (citing 3 Callmann, Unfair Competition and Trade-Marks, 1189, 1198-99 (2d ed. 1950)). Jay-Y argues that Chandon Champagne is distinguishable because the senior user in Chandon Champagne did not continuously use the mark in question. See Respondent's Brf. page 25. However, the plaintiff in Chandon Champagne did not lose the priority battle simple because its use (which was first in time) was interrupted by a war. Chandon Champagne, 335 F.2d at 535 ("plaintiff's forced wartime withdrawal from the American market was not an abandonment of the mark"). The Plaintiff in Chandon Champagne lost priority based on the balance of the equities. Id. at 536. Thus, a party selling "a few hundred cases" of product first in time may not be entitled to priority. Id. As discussed below, Gado's analogous use of the Gado DG Marks trumps Jay-Y's use of the Jay-Y Marks, and the equities favor Gado over Jay-Y.

A. Jay-Y Does Not Contest That The Date of First Use For The DOLCE & GABBANA Mark Is No Later Than June 1990 And Is The Most Senior Mark In The Case

Respondent's papers do not refute that the most senior mark in this case is Gado's principal DOLCE & GABBANA mark, which has a priority date no later than June 1990. See generally Respondent's Brf. pages 13-21. Thus, Gado's arguments as to the priority of this trademark should be deemed admitted. As discussed below, this is a significant fact, given the industry practice of fashion designers using their initials to denote their merchandise and the fact that all of the other marks at issue in this case are derivatives of the DOLCE & GABBANA mark. See Pet. NOR Exh. 77, Response No. 23.

B. The Date Of First Use for the D&G DOLCE & GABBANA Mark and the “D&G” Mark Is No Later Than September 1995

Jay-Y’s opposition papers aver that Petitioner’s use of the D&G DOLCE & GABBANA mark and the D&G mark is not sufficient enough to establish priority. However, it is uncontested that the marks, which both include Dolce & Gabbana’s designer initials in the “D&G” format, appeared in advertising and editorial coverage as early as the Fall of 1995, if not earlier. Forte Dep. Exh. 17. Pg. 0030; Lupano. Dep. Exh. 49; Pet. NOR 51, 55, 57, 58. Dolce & Gabbana then advertised the D&G DOLCE & GABBANA line continuously and has spent more than \$ [REDACTED] promoting the brand. Lupano. Dep. Exh. 49. In addition to print advertising, Dolce & Gabbana promoted the brand by way of in-store advertising and the distribution of catalogs. See Lupano Dep. ln. 73:20 to 82.

Respondent claims that the record doesn’t establish sales and that the advertising in question does not constitute sufficient “bona fide” use for purposes of priority. However, priority may be established by “promotional material connected with the publicizing and/or offering for sale of goods or services, [provided] that this use has been of such nature and extent as to create an association of the goods or services and the mark with the user thereof.” New West Corp. v. NYM Co. of California, Inc., 595 F.2d 1194, 1200 (C.A.Cal., 1979). The evidence cited above demonstrates that Petitioner publicized D&G DOLCE & GABBANA for the purpose of offering goods under that line for sale.

C. 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. Ms. Gabriella Forte, testified in vivid fashion that a series of advertising images featuring model Linda Evangelista and accessories such as a DG tiepin and a purse including the “DG” initials were used in advertising around 1995

or 1996. Forte Dep. at 159:2 - 164. Mr. Lupano testified that the Linda Evangelista campaign referred to by Ms. Forte indeed took place in the fall of 1995. Lupano Dep. ln. 80:10 to 85; Exh. 54 (Evangelista advertising image). 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).

Jay-Y again argues that the promotional use by Dolce & Gabbana is not sufficient for the purpose of establishing priority. However, as previously discussed, priority may be established by promotional material connected with the offering for sale of goods or services, so long as “this use has been of such nature and extent as to create an association of the goods or services and the mark with the user thereof.” New West Corp., 595 F.2d at 1200. In addition to print advertisements which employed famous celebrities, Gado incorporated the DG mark in everything from buckles, purses, and even sales floor fixtures used to display merchandise. Forte Dep. at 151:21 - 156:5. This use was designed to reinforce the natural association existing between Dolce & Gabbana and the initials for the designers which comprised the DG mark.

D. The Jay-Y Marks Do Not Have A First Use Date Before 1995

Despite the presumption that Jay-Y’s date of first use is December 1999 as recited in its registrations, 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)), Jay-Y asserts its sales of eyewear date back to [REDACTED]. It bears repeating that Jay-Y provided the 1999 date to the USPTO, after receiving advice of counsel and pursuant to its duty to make an accurate representation to the USPTO. See T. Chen Dep. at 38:1 – 23.

Jay-Y claims that it had actual bona-fide use prior to 1999, but this argument is belied by the fact that Jay-Y did not begin using hangtags and packaging to identify its sunglasses as “DG” mark glasses until December 1999. T. Chen Dep. 38:11 – 23. Further, the Jay-Y DG Marks were not visible in the catalogs Jay-Y used to sell its eyewear (Respondent’s Exhs. 174-177). The “DG” was thus arguably ornamental or decorative not likely to serve as an indicator of origin and for that reason does not qualify for the purpose of establishing use. See In re Pro-Line Corp., 1993 WL 398575, *2 (T.T.A.B. 1993). Jay-Y’s sale of merchandise amounts to potential analogous trademark use. However since Jay-Y did not advertise (Pet. NOR Exh. 77, Response No. 2; Sec. Sup. NOR Exh. 84, Response No. 4) and there is no evidence in the record regarding customers’ association of the Jay-Y DG Marks with Jay-Y, Respondent cannot establish rights by way of analogous use. See Lever Brothers Co. v. Nobio Products, Inc., 103 F.2d 917, 919, 41 USPQ 677, 678 (CCPA 1939) (association in consuming public’s mind key to analogous use).

Even if the board considers Jay-Y’s early sales as actual, and not analogous use, the sales activity purportedly demonstrated by its invoices and sale summaries is exceedingly limited and is not substantial enough to warrant a finding of nationwide priority in this proceeding.⁴ Sweetarts v. Sunline, Inc., 380 F.2d 923, 929 (8th Cir.1967) (sporadic use insufficient to establish priority). Jay-Y sold [REDACTED] of eyewear to wholesalers in [REDACTED] (T. Chen Dep. Exh. 134). [REDACTED] simply does not constitute sufficient use to establish nationwide priority. Jay-Y s [REDACTED] across [REDACTED] (T. Chen Dep. Exh. 137). According to Jay-Y’s records, Jay-Y’s total wholesales in [REDACTED] for DG-marked merchandise was [REDACTED] In 1994 the

⁴ Petitioner addresses the admissibility of the sales evidence provided by Jay-Y in Petitioner’s Objections To Evidence Offered By Respondent and in Petitioner’s Brief in Opposition to Respondent’s Evidentiary Objections And In Further Support Of Its Evidentiary Objections.

total was \$ [REDACTED] and in [REDACTED] the total was [REDACTED] Respondent's Brf. pgs 18-21. Not coincidentally, Jay-Y did not [REDACTED] (\$) [REDACTED] after Gado began advertising the Jay-Y line in 1995 (Lupano Dep. ln. 80:10 to 85; Exh. 49). Sales volume which is "small, sporadic, and inconsequential" is considered *de minimis* for priority purposes. Sweetarts, 380 F.2d at 929; Dogloo, Inc. v. Doskocil Mfg. Co., Inc., 893 F. Supp. 911, 921 (C.D. Cal. 1995). Jay-Y's sales history, even if admissible thus does not serve to establish priority dating to 1993, and certainly not throughout the country. Moreover, given Gado's significant advertising expenditures in promoting the D&G DOLCE & GABBANA line, the equities favor a finding that Gado has priority in the D&G DOLCE & GABBANA and D&G Marks.

III. A LIKELIHOOD OF CONFUSION EXISTS BETWEEN THE JAY-Y DG MARKS AND GADO'S DOLCE & GABBANA MARK AND DG MARK

Having established priority, the Board should next turn to the issue of likelihood of confusion. Jay-Y's opposition papers do not address the majority of the *Dupont* likelihood of confusion factors with regard to the DOLCE & GABBANA and DG marks. With regard to Gado's DOLCE & GABBANA mark, Jay-Y only avers that the DOLCE & GABBANA mark is not famous, and that the DOLCE & GABBANA mark is dissimilar in sound, connotation, and commercial impression.⁵ Jay-Y concedes Petitioner's positions with regard to all other *Dupont* factors. Further, Jay-Y's arguments regarding the fame and dissimilar impressions of the DOLCE & GABBANA mark are unavailing.

A. The DOLCE & GABBANA And DG Marks Are Strong And Famous

As Jay-Y's opposition papers admit, "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

⁵ Jay-Y does not argue that Jay-Y's "DG" mark is dissimilar to Gado's own "DG" mark or "D&G" mark.

(2010 T.T.A.B) (Opposition No. 91170112). Respondent's Principal Brf. at 13. Jay-Y simplistically argues that the Gado DG Marks are not famous because Dolce & Gabbana has not amassed enough sales for the GADO DG Marks to be famous, Dolce & Gabbana has not sufficiently advertised the GADO DG Marks, and/or Dolce & Gabbana has not sold its goods long enough.

Unlike the case under a dilution analysis, the determination of fame, distinctiveness or strength of the mark is not an all or nothing proposition, but is "a binary factor" that "varies along a spectrum from very strong to very weak." Palm Bay Imports, Inc. v. Veuve Clicquot Ponsardin Maison Fondée En 1772, 396 F.3d 1369, 1374 (C.A. Fed. 2005) (citing In re Coors Brewing Co., 343 F.3d 1344); UMG Recordings, Inc. v. Mattel, Inc., 2011 WL 5014005, *17 (T.T.A.B. 2001) (discussing "spectrum of distinctiveness").⁶

In the likelihood of confusion context, a "mark's commercial strength or 'fame' is determined based on the 'public recognition and renown' of the mark as evidenced by the extent of advertising, sales volume, features and reviews in publications, and survey evidence." Roederer v. J. Garcia Carrion, S.A., 732 F. Supp. 2d 836, 867 (D. Minn. 2010) (citing Palm Bay Imports, 396 F.3d at 1374–76 (considering evidence of advertising expenditures, sales volume, articles and reviews in general in commercial strength analysis)); ConAgra, Inc. v. George A. Hormel & Co., 990 F.2d 368, 369 (8th Cir. 1993) (including "marketplace recognition value" in assessment of trademark's strength)). "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,

⁶ Jay-Y has not challenged the conceptual strength of Gado's 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); Citigroup Inc. v. Capital City Bank Group, Inc., 637 F.3d 1344, 1355 (C.A. Fed. 2011).

Despite Jay-Y’s attempts to belittle the evidence before the Board, the record includes both sales and advertising information sufficient to demonstrate the strength and fame of the DOLCE & GABBANA mark and Gado’s “DG” mark. Both marks were employed in connection with the DOLCE & GABBANA line. Forte Dep. Page 24:9 - 25:25; 153:5 -156:9. The DOLCE & GABBANA line has been heavily and continuously promoted within the United States since 1989. The DOLCE & GABBANA brand name has received editorial coverage in publications such as Vogue, Harper’s Bazaar, GQ, Interview, and Vanity Fair. See Pet. NOR Exhs. 23-48. As Jay-Y admits, 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). Jay-Y seeks to suggest that Gado only advertised in 19 individual issues of publications from 1989 to 1993 because these are the representative samples provided in the record. Respondent’s Principal Brf. at pg. 15. However, Gado’s records show that the company spent more than [REDACTED] in United States advertising expenditures during that time period. Lupano Dep. Exh. 49. In addition, Gado spent more than \$ [REDACTED] promoting the DOLCE & GABBANA line from 1994 to the present. Lupano Dep. Exh. 49. Gado’s print advertisements

were placed in the most prominent magazines in order to bolster the Dolce & Gabbana brand. Forte Dep. Pg. 109:10 - 109:15.⁷

Jay-Y attempts to convince the Board that the record does not include sales figures for the DOLCE & GABBANA line in the early 1990's. In fact, the record shows that U.S. sales of almost [REDACTED] Euros during the 1993-1994 fiscal year, and more than [REDACTED] Euros during the 1994-1995 fiscal year. Vannucchi Dep. Exh. C. p. DG00579. By the 1996-1997 fiscal year, the DOLCE & GABBANA line had yearly ready-to-wear sales in the United States in excess of [REDACTED] Euros. See id.; Vannucchi Dep. at 83:14 – 84:8. This figure exceeded [REDACTED] in the next fiscal year and had an average upward trajectory since then. For the 2008 fiscal year, ready-to-wear sales in the United States exceeded [REDACTED] Euros. Id. The strength of the DOLCE & GABBANA line is clearly evident in the overall sales revenue trend for DOLCE & GABBANA, which exhibits overall dramatic growth from 1993 to 2008. Vannucchi Dep. Exh. C.

Jay-Y suggests that Gado's sales and advertisement expenditures are not sufficiently large to find the DOLCE & GABBANA and DG marks famous. In support of this argument, Jay-Y cites Nestle Foods Corp. v. Kellogg Co., 6 USPQed 1145 (T.T.A.B. 1988), Autozone Parts Inc. v. Dent Zone Cos., Cancellation No. 92044502 (T.T.A.B. August 30, 2011), and Eveready Battery Co. v. Green Planet, Inc., 91 USPQ2D 1511 (T.T.A.B. 2009). However, none of these cases provide a "minimum" sales amount necessary to be substantial enough for a finding of fame in likelihood of confusion analysis. In fact, the self-serving nature of Jay-Y's selection of cases is obvious in light of cases such as Planters Nut & Chocolate Co. v. Crown Nut

⁷ Jay-Y cites cases for the proposition that advertisements placed in magazines alone are only admissible on their face and can only show that an advertisement was published. However, advertisements, together with editorial coverage and evidence as to advertising expenditure can plainly prove fame or strength of mark. See Nintendo of America, Inc. v. Adar Golad, 2011 WL 2360099, *4 (T.T.A.B. 2011) (non-precedential) (finding fame of GAME BOY mark).

Co., 305 F.2d 916, 917-18, 134 USPQ 504, 506 (CCPA 1962), where the MR. PEANUT DESIGN for nuts and nut products was found famous in light of \$350 million in sales and \$10 million in advertising over 10 years – sales figures below Dolce & Gabbana’s sales from 1994 to 2003. Vannucchi Dep. Exh. C. During that decade the company spent over \$ [REDACTED] million in promoting the DOLCE & GABBANA line. Lupano Dep. Exh. 49. These sums plainly exceed the quantum held sufficient for fame in Planters. Further, there is no requirement for market surveys or market information regarding owners of competing marks. See Bose Corp. v. QSC Audio Products, Inc., 63 U.S.P.Q.2d 1303, 1308 (C.A. Fed. 2002) (absence of direct market information does not establish lack of fame).

Jay-Y complains that Gado has not provided “context” for its sale and advertising information. The “context” called for by Jay-Y is not necessary in order to establish fame. As the Board itself noted, the Board’s “primary reviewing Court has accepted sales and advertising figures as indicia of the fame and strength of a mark even in the absence of the context for such figures.” AutoZone Parts, Inc. v. Dent Zone Companies, Inc., 2011 WL 4090452, *6 (non-citable disposition) (citing Bose Corp., 63 U.S.P.Q.2d at 1306). Further, Gado has provided information beyond just advertising and sales figures. The records provided demonstrate that the company hired well-known fashion photographers to shoot their advertisements (Forte Dep. at 159:2 - 161:6), enlisted famous models and actresses such as Isabella Rossellini and Linda Evangelista to promote their brand, and partnered with recording artists such as Madonna. Forte Dep. at 159:8 – 161:20; 82:20 – 85:3; 125:5 – 126:6; Pet. NOR. 50, 78 (pg. 476), 81.

B. The Jay-Y DG Marks And The DOLCE & GABBANA And DG Marks Are Similar In Appearance, Sound, And Commercial Impression

Jay-Y asserts that even if the DOLCE & GABBANA mark and Gado’s DG mark are found famous, the Board should not find a likelihood of confusion between these marks and

the Jay-Y Marks because the marks do not sound or physically look the same. Respondent's Principal Brf. pgs 19-21. 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)). The similar commercial impression between the DOLCE & GABBANA, and DG marks and the Jay-Y DG Marks is evident in that the Jay-Y Marks repeat the initials for DOLCE & GABBANA and the marks appear on very similar goods.

Jay-Y argues that "the record contains no admissible evidence as to whether it was common for designers to use their initials in connection with the sale of clothing in the United States at the time that Jay-Y adopted its DG mark." Respondent's Principal Brf. pg. 20. This argument is puzzling in light of Jay-Y's own admission that the Jay-Y Marks were selected due to the success of brands that adopted designers' initials. See Pet. NOR Exh. 77, Response No. 23. In creating the Jay-Y DG Marks "[r]espondent recognized that companies like Calvin Klein, Giorgio Armani, and Armani Exchange had success in putting two letters together to create their respective logos." See Pet. NOR Exh. 77, Response No. 23. Jay-Y blatantly admits that it emulated Calvin Klein and Christian Dior – high-end designers which are peer brands to the Dolce & Gabbana brand – in creating initials marks for Jay-Y. T. Chen Dep. 27:20–28:9. Jay-Y's testimony supports testimony by Gado that in the fashion industry the designer's name is typically used as the primary mark for a brand, with initials used for related lines and/or merchandise that do not support the full designer name, such as purses and eyewear. See Forte

Dep. at 24:13-25:25; 58:6-10; 60:21-66:13;⁸ Dolce & Gabbana uses 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, Giorgio Armani, and CoCo Chanel also use initials in this manner as well. Forte Dep. at 60:21-66:13. 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,” particularly with regard to clothing. 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).

In this context and given the stated reasons for Jay-Y’s selection of its DG marks, this factor must weigh in favor of Gado since consumers will draw a link between initials and designer names and expect marks comprised of initials to denote goods emanating from the same source, particularly when used with glasses which are an entry point for an aspirational brand like DOLCE & GABBANA. Forte Dep. 91:7-8. Since strength of mark and similarity of the marks are the only factors contested by Jay-Y, and both should be weighed in favor of Gado, the Panel should rule in favor of Gado on the issue of likelihood of confusion as between Gado’s DOLCE & GABBANA mark and Gado’s DG mark, and the Jay-Y Marks.

IV. A LIKELIHOOD OF CONFUSION ALSO EXISTS BETWEEN THE JAY-Y DG MARKS AND GADO’S D&G DOLCE & GABBANA MARK AND D&G MARK

Jay-Y’s argues that the D&G DOLCE & GABBANA and D&G marks are not famous. Further, Jay-Y argues that the D&G DOLCE & GABBANA mark is not confusingly

⁸ Jay-Y’s objections regarding this evidence are addressed in Petitioner’s Brief in Opposition to Respondent’s Evidentiary Objections And In Further Support Of Its Evidentiary Objections.

similar to the Jay-Y marks. Similar to the truncated argument Jay-Y makes with regard to the likelihood of confusion of the DOLCE & GABBANA mark, Jay-Y does not address the majority of the *Dupont* likelihood of confusion factors which should thus be deemed admitted and weigh in favor of Gado. See Petitioner's Principal Brf. pgs. 27 to 31.

A. The D&G DOLCE & GABBANA And D&G Marks Are Famous

Gado's D&G mark was used to denote merchandise marketed under the D&G DOLCE & GABBANA line. Forte Dep. Exh. 18 Pages 036-037, 040. 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 launched the D&G DOLCE & GABBANA collection in 1994. Lupano Dep. at 13:19 - 24. The company continuously advertised the D&G DOLCE & GABBANA line from 1995 to 2009, spending a total of \$45,639,177 during that period. Lupano Dep. Exh. 49. Dolce & Gabbana's advertising records show expenditures for the D&G DOLCE & GABBANA line in excess of \$ [REDACTED] in the United States in 1995. Lupano Dep. Exh. 49. In 1997 these expenditures totaled \$ [REDACTED] and grew to exceed [REDACTED] per year in 1999. Id. Dolce & Gabbana spent more than \$ [REDACTED] annually in United States advertising expenditures from 2001 to 2006 and spent more than \$1 [REDACTED] in 2007. Id. In addition to print advertisements, the D&G DOLCE & GABBANA and the sister "D&G" mark appeared in editorial coverage as early as September 1995. Forte Dep. Exh. 17. Page 0030. At the same time, editorial coverage by newspapers and fashion magazines referred to the D&G DOLCE & GABBANA line as

simply “D&G.” Forte Dep. Exh. 17. Page 0020. The link between the D&G Mark and the D&G DOLCE & GABBANA line was evident since the launch of the line.⁹

The sales for the “D&G DOLCE & GABBANA” line further support a determination of fame. Merchandise sold under the D&G DOLCE & GABBANA line had annual ready-to-wear sales of more than € [REDACTED] in the United States during the 1997-1998 fiscal year. Vannucchi Dep. Exh. C., page DG00579. Ready to wear sales from the 1998-1999 fiscal year to the 2007-2008 fiscal year totaled more than € [REDACTED]. Id. In the 1997-1998 fiscal year, eyewear marketed under the D&G DOLCE & GABBANA line had more than [REDACTED] in U.S. sales. Id. Thereafter, from the 1998-1999 fiscal year to the 2007-1008 fiscal year, sales exceeded € [REDACTED].

Fame or strength of a mark is not an “all or nothing” proposition in likelihood of confusion analysis. Palm Bay Imports, Inc., 396 F.3d at 1374. The record before the Board shows that the D&G DOLCE & GABBANA and D&G Marks are strong marks and should be considered famous in the Board’s likelihood of confusion analysis.

B. The Jay-Y DG Marks Are Similar To The D&G DOLCE & GABBANA And D&G 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. Of course, these same initials appear in the Jay-Y Gado Marks.

Jay-Y concedes that the Jay-Y DG Marks are similar to Gado’s “D&G” mark. See Petitioner’s Principal Brf. pgs. 27-31. The D&G mark is used for goods marketed under the D&G DOLCE & GABBANA line. Forte Dep. at 24:9 - 25:25; 82:20 – 88:6. D&G differs from

⁹ Jay-Y attempts to minimize the import of the editorial shorthand used from time to time, but it only serves to emphasize the connection between D&G and DOLCE & GABBANA.

DG only by the inclusion of an ampersand. In Vitamin Corp. of America v. American Home Products Corp., 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”). 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. Plainly, the D&G mark is similar in sight and commercial impression to the Jay-Y Marks. The addition of the designers’ names (Dolce and Gabbana) to the end of the D&G mark does not detract from this similarity. See Presto Products, Inc. v. Nice-Pak Products Inc., 9 USPQ2d 1895, 1897 (T.T.A.B. 1988)(“... it is often the first part of a mark which is most likely to be impressed upon the mind of a purchaser and remembered.”); see also Palm Bay Imports Inc., 396 F.3d 1369 (“Veuve” is the most prominent part of the mark VEUVE CLICQUOT because “veuve” is the first word in the mark and the first word to appear on the label). Thus, the Jay-Y DG Marks are similar in sight, sound and commercial impression to D&G and D&G DOLCE & GABBANA.

Since the only contested factors weigh in favor of Gado, the likelihood of confusion as between DG and D&G DOLCE & GABBANA and D&G also favors cancellation.

V. JAY-Y’S LACHES AFFIRMATIVE DEFENSE IS WITHOUT MERIT

Jay-Y’s claims that a delay of four years in initiating this cancellation proceeding constitutes laches is meritless. To prevail on the affirmative defense of laches, respondent must show undue or unreasonable delay by petitioner in asserting its rights, and prejudice resulting

from the delay. Bridgestone/Firestone Research Inc. v. Automobile Club de l'Ouest de la France, 245 F.3d 1359, 58 USPQ2d 1460 (Fed. Cir. 2001). Jay-Y can show neither.

While it is true that the Board may consider a petitioner's constructive knowledge of the respondent's filing, the Board may nonetheless consider absence of actual knowledge by respondent in determining whether laches exists. Black Bear Bottling Group v. Black Bear Spring Water LLC, 2011 WL 3871951, *4(T.T.A.B. 2011) (non-precedential) (finding laches did not exist where "the registration date is only constructive notice of respondent's registration" and evidence did not suggest awareness of petitioner's marks until after registration). In the instant action, Jay-Y has not submitted any evidence at all regarding Gado's knowledge of the Jay-Y Marks. At any rate, a delay of less than five years "cannot be viewed as unreasonable, inasmuch as the Trademark Act provides that a cancellation action may be brought on the ground of likelihood of confusion up until the point that a registration is five years old." Id. at *4. In the instant case, there has been no undue delay on the part of Gado. Likewise, Jay-Y cannot demonstrate any prejudice since the record is devoid of any evidence showing expenditures related to the development of the Jay-Y Marks such that Jay-Y would suffer from the delay.

VI. GADO'S DILUTION CLAIM SHOULD BE GRANTED

Jay-Y's opposition to Gado's dilution claim is based on two unavailing arguments: (1) that the Gado DG Marks were not famous as of the time of first use of the Jay-Y Marks, and (2) that Gado has not shown a likelihood of dilution with regard to the Gado DG Marks. First, previously discussed herein, pages 5 to 10 *supra*, the Gado DG Marks have priority over the Jay-Y DG Marks and the date of first use by Jay-Y should be established as 1999. The evidence shows that Gado's fame was established by 1999. See pages, 11-14, 17-19, *supra*. Second, as discussed in Petitioner's Principal Brief, Gado has established a case of "dilution by blurring." Toro Co. v. ToroHead Inc., 2001 WL 1734485, *23 (T.T.A.B. 2001).

Contrary to Jay-Y's argument that direct evidence of dilution is absent, there is evidence that Gado's marks Jay-Y's marks are so similar that actual confusion resulted. 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 Pet. NOR, Exh. 77 (Resp. Rog. No. 26).

VII. JAY-Y'S COUNTERCLAIM TO CANCEL THE D&G MARK SHOULD BE DENIED

In its principal brief Jay-Y argues that in the event "Gado is successful in proving that its D&G mark [...] is confusingly similar" to the Jay-Y DG Marks, "then Jay-Y is entitled to cancellation because Jay-Y, not Gado, has the priority of use." Respondent's Principal Brf. page 39. This argument is flawed for two reasons.

First, as previously discussed herein, pages 5 to 10 *supra*, the Gado DG Marks have priority over the Jay-Y DG Marks. Even if Jay-Y is the senior user, its argument is still flawed, since the Board's analysis would consist of determining whether there is a likelihood of "reverse confusion" in light of Dolce & Gabbana's marks undisputed greater fame. Reverse confusion cases involve consumers dealing with a senior trademark-holder believing all the while that they are doing business with a junior user who has a larger market presence. See Survivor Media, Inc. v. Survivor Productions, 406 F.3d 625, 630 (9th Cir. 2005). In Dreamwerks Production Group, Inc. v. SKG Studio, 142 F.3d 1127, 1130 (9th Cir. 1998), a science fiction based entertainment business sued Dreamworks SKG alleging reverse confusion ("Dreamwerks" was the senior mark). The 9th Circuit found that "in so-called 'reverse confusion' cases, like the one here, '[t]he question ... is whether consumers doing business with the senior user might mistakenly believe that they are dealing with the junior user.'" Dreamwerks Prod. Group, 142 F.3d at 1130. See also Matrix Motor Co., Inc. v. Toyota Jidosha Kabushiki Kaisha, 290 F. Supp. 2d 1083, 1090 (C.D. Cal. 2003) (The relevant inquiry focuses on

whether the consumers believe “they are dealing” with the junior user.); M2 Software, Inc. v. M2 Communications, L.L.C., 281 F. Supp. 2d 1166, 1176 (C.D. Cal. 2003) (The question in [reverse confusion] cases is whether consumers doing business with the senior user might mistakenly believe that they are dealing with the junior user”).

This standard is subtly different than the common likelihood of confusion standard, which focuses on confusion as to origin of goods. In reverse confusion, the above precedence shows that Jay-Y would have to prove that its customers thought they were dealing with Dolce & Gabbana when in fact they were dealing with Jay-Y. The focus is on three factors in particular: (1) the strength or arbitrariness of the mark, (2) the relatedness (or proximity) of the parties' goods, and (3) the similarity of the marks. Matrix Motor, 290 F. Supp. 2d at 1090 (citations omitted). The record is bereft of any evidence that Jay-Y could use to support a reverse confusion argument. Thus, even if the Court found Dolce & Gabbana to be the junior user with regard to the D&G Mark and deemed D&G Mark and the Jay-Y DG Marks similar, Gado would not prevail on its counterclaim.

CONCLUSION

For all the reasons discussed herein and in Petitioner’s Principal Brief, 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 dismiss Jay-Y’s counterclaim.

Dated: December 2, 2011

Respectfully submitted,



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Petitioner Gado S.R.L. (“Gado”), by and through undersigned counsel, Satterlee Stephens Burke & Burke LLP, submits the following brief in opposition to the evidentiary objections raised by Respondent Jay-Y Enterprises Co. Inc. (“Jay-Y”), both in its Evidentiary Objections to Evidence Offered In Gado S.R.L.’s Principal Brief (Resp. Evid. Objects.), and in its Principal Brief As Defendant In The Cancellation And As Plaintiff In The Counterclaim (Petitioner’s Principal Brf.), and in further support of the objections raised by Gado to evidence introduced by Jay-Y.

I. The Objections Raised Against Gado’s Evidence Are Meritless

Jay-Y’s objections found in its evidentiary brief are primarily directed towards (1) The 2001 Annual Review introduced during the deposition of Paolo Vannucchi (“Vannucchi”) and (2) testimony provided by Ms. Gabrielle Forte (“Forte”) as to Gado matters occurring prior to 2002 (when she joined Gado). See Pet. Evid. Objects. pgs 1-2. These objections are primarily based on the hearsay rule and the alleged lack of foundation by the witnesses. As discussed below, Jay-Y’s arguments are without merit as the evidence in question should not be excluded as hearsay and was introduced with the required testimonial foundation. The 2001 Annual Review complained of by Jay-Y qualifies as a business record. Further, the testimony subject to Jay-Y’s objections of hearsay and personal knowledge is admissible because a witness’ personal knowledge “includes inferences and opinions, so long as they are grounded in personal observation and experience,” and all of Gado’s witnesses gained the relevant personal knowledge through their job functions. U.S. v. Doe, 960 F.2d 221, 223 (1st Cir. 1992) (citing Visser v. Packer Engineering Associates, Inc., 924 F.2d 655, 659 (7th Cir. 1991)).¹

¹ Jay-Y also attempts to limit the articles and publications introduced in Petitioner’s Notice of Reliance as “only admissible to show what is on their face.” These documents are plainly admissible as examples of Gado’s advertising and the editorial coverage Gado received, and together with the evidence submitted regarding circulation

Jay-Y's principal brief also raises objections against evidence of Jay-Y's prior registrations submitted by Gado, specifically, USPTO Serial No. 76/122,651 (J. Chen Dep. Exh. 34) and USPTO Serial No. 76/106,466 (J. Chen Dep. Exh. 29); see Respondent's Principal Brf. pages 31-33 ("this evidence [...] is inadmissible and irrelevant"). As discussed below, these objections should be overruled as the evidence in question is plainly relevant to Gado's intent in creating and using the Jay-Y Marks.

A. The 2001 Annual Review Introduced During The Vannucchi Deposition Is Not Inadmissible Hearsay And Should Be Admitted Into Evidence

Gado objects to the 2001 Annual Review introduced during Mr. Vannucchi's deposition as inadmissible hearsay. However, the review is not objectionable as hearsay because it is admissible pursuant to the "business record" exception codified in Rule 803(6).

As Mr. Vannucchi's deposition testimony sets forth, the 2001 Annual Review was customarily kept and produced by Gado. Vannucchi testified that he was "fully involved in the first edition" of the annual review. Vannucchi Dep. 35:13 – 35:15. The report was published on a yearly basis. See Vannucchi Dep. 87:7 – 89:16 (discussing 2002 Annual Review). Vannucchi testified how the report was created by Gado's Department of General Affairs based on information and records provided by a variety of Gado departments. Vannucchi Dep. 36:22 – 37:15. Vannucchi himself contributed to the annual review, and personally testified as to the accuracy of the information included in the document. Vannucchi Dep. 37:16 – 37:15, 36:16-17 ("All the numbers are audited").

The 2001 Annual Review is thus admissible under the "business record" hearsay exception, which provides that "a memorandum, report, record, or data compilation, in any form,

of the magazines involved, demonstrate the national scope of Gado's efforts to publicize the Dolce & Gabbana brand.

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” will not be excluded by the hearsay rule. FRE 803(6) (emphasis added). Yearly data summaries such as the Annual Review at issue here are admissible under the business record exception. See Ford Motor Co. v. Auto Supply Co., Inc., 661 F.2d 1171, 1176 (C.A. Neb. 1981) (yearly summaries kept in the course of regularly conducted business are admissible as business records). The fact that Vannucchi contributed to the review and serves as Gado’s Worldwide Director of Planning and Control (Vannucchi Dep. 7:12 – 7:13) makes him a “qualified witness” as required by FRE 803(6). See Ford Motor Co., 661 F.2d 1176 (Manager of financial analysis department is “qualified witness” for purposes of admitting yearly financial data compilation).

Jay-Y’s objections do not question the authenticity or accuracy of the information reflected in the annual review. As the data underlying the review was audited and publically available, Gado created the report under an obligation to provide accurate information. Vannucchi Dep. 138:19 – 139:3. Thus, there is no indicia of untrustworthiness which prevents the annual review from being accepted into evidence. Where circumstances indicate that the records are trustworthy, the party seeking to introduce them does not have to present the testimony of the party who kept the record or supervised its preparation. See U.S. v. Veytia-Bravo, 603 F.2d 1187, 1192 (5th Cir. 1979). To the contrary, the evidence supports the trustworthiness of the document. A business record is sufficiently authenticated so as to be admissible into evidence so long as direct testimony and/or circumstantial evidence sufficiently suggest its trustworthiness. U.S. v. Kail, 804 F.2d 441, 21 Fed. R. Evid. Serv. 1219 (8th Cir.

1986). Under these circumstances, the 2001 Annual Review is admissible under the business record exception.

Jay-Y's citations to the contrary are easily distinguishable. In Midwest Plastic Fabricators Inc. v. Underwriters Laboratories Inc., the annual reports in question were submitted under a notice of reliance, and were not submitted in connection with witness testimony. 12 USPQ2d 1267, 1270 n.5 (T.T.A.B. 1989). The report in question was actually admitted into evidence though held to have limited probative value because no witnesses provided testimony in support of the report. Id. 7-Eleven, Inc. v. Lawrence I. Wechsler, which is also cited by Jay-Y, also deals only with printed materials admitted only by way of notice of reliance. 83 U.S.P.Q.2d 1715, 1730 (T.T.A.B. 2007). Research in Motion Limited v. Fashionberry, Inc., which Jay-Y also relies on, is a non-precedential decision, and like the other decisions discussed, the annual report that was excluded was introduced by way of notice of reliance. 2011 WL 5014006, *1 (T.T.A.B.) (Non-Precedential).

B. The Forte Testimony Complained Of By Jay-Y Is Not Inadmissible Hearsay, Does Not Lack Foundation, And Should Be Admitted Into Evidence

Jay-Y also alleges that certain testimony provided by Ms. Forte is inadmissible hearsay and lacks foundation, despite the fact that the testimony in question is based on personal knowledge and was provided with adequate foundation. For example, Jay-Y takes issue with the following testimony:

Q. Let's put this aside for the moment. Let's go back. I want to talk about the launch of the Dolce & Gabbana line, the Premier line. Can you take me back? Do you know when the designers began -- when they launched the Premier line?

A. I do, because I was there when they did the 20th anniversary, which was in 2005. So it's 1985.

Forte Dep. 30:23 – 31:6. Jay-Y claims this testimony constitutes hearsay despite the fact that it is based on the witnesses' personal knowledge of an event held in 2005. Id. Similarly, Jay-Y takes issue with the following testimony:

Q. Can you tell me, do you know the history of how the designers began working together?

MR. WILTON: Objection. Hearsay.

THE WITNESS: Do I answer?

BY MR. LERNER:

Q. You may answer.

A. I know that they met through a design company that they worked together. They decided to start their own line, which they called Dolce & Gabbana. They began as a women's line. It was a very small operation. I think there were four people. They made the clothes. I think Domenico's father, who had a tailoring shop in Sicily, made some of the production for them. They sold them directly. They worked with the accounts of the stores, they did the PR. They used to call the journalist. In the meantime, they used to design for other lines in order to make money to pay for the operation.

Q. Do you know when clothing was first introduced into the marketplace under the Dolce & Gabbana mark?

MR. WILTON: Objection. Lack of foundation, and hearsay.

THE WITNESS: The collection was sold immediately when they created the collection. There was stores that bought it, small stores in Italy. I'm not sure if 1985 they sold to the United States, but I do know that in the late '80s, Dolce & Gabbana was present in the market.

BY MR. LERNER:

Q. How do you know that?

A. I know because I work in a competitive industry. It's my job to know what's going on.

Q. Where were you working at the time?

A. I was at Giorgio Armani.

Forte Dep. 31:7 – 32:24. Jay-Y characterizes the source for this testimony as Forte’s interactions with “journalists.” Pet. Evid. Objects. pg 3. However, Forte clearly indicates that her knowledge as to the early history of Dolce & Gabbana stems from her employment in the fashion industry. Since it was Forte’s “job to know what’s going on,” Forte became a “knowledgeable person about the American market” and interacted with market actors, such as journalists and designers, in order to keep abreast of developments in the fashion market. Forte Dep. 32:22 – 35:21. Statements made by a witness based on her own personal knowledge do not constitute hearsay.² Florida Engineered Construction Products Corp. v. Cast-Crete, Inc., 2006 WL 1087855, *5 (2006 T.T.A.B.) (Non-Precedential).

Jay-Y attempts to mischaracterize Forte’s testimony regarding Gado’s initial use of the D&G Mark. Forte testified that she was invited to a fashion show for the D&G line sometime in the period from 1995 to 1997 when she was employed by Calvin Klein. Forte Dep. 41:15 – 42:5. Forte testified that she was invited to attend but could not do so, but that her employer Calvin Klein did in fact attend. Id. Apart from being personally invited to attend, Forte’s knowledge of the event is based on the fact that she served as “the president and chief operating officer of Calvin Klein, Inc,” Forte Dep. 11:15-17, and thus was required to maintain knowledge as to the fashion industry. Importantly, Forte’s testimony is not offered to prove the details of what happened at the fashion show. It is offered to show that Forte was aware that a show for the D&G DOLCE & GABBANA line was planned and took place in New York. “Although firsthand observation is obviously the most common form of personal knowledge,

² As a general matter, Forte and Vannucchi both had the foundation to testify regarding company matters (including company history) and Jay-Y’s objections as to their testimony regarding matters that occurred prior to their date of hiring should be denied. Tele Atlas N.V. v. NAVTEQ Corp., 2008 WL 4809441 (N.D. Cal. Oct. 28, 2008)

that is not the only basis for it.” U.S. v. Christie, 624 F.3d 558, 568 (3d Cir. 2010) (citing 3 Jack B. Weinstein & Margaret A. Berger Weinstein's Federal Evidence § 602.03 [1][a] (2d ed.2010)). Forte did not attend the event, but knows it took place. See United States v. Neal, 36 F.3d 1190, 1206 (1st Cir. 1994) (bank employee could testify as to bank's federally insured status because, even though she was not employed until after bank robbery at issue, her job exposed her to records indicating that the bank was federally insured). Thus, her testimony based on personal knowledge gleaned as part of her job responsibilities is not hearsay.³

Jay-Y also mischaracterizes testimony regarding Forte's knowledge of industry practices as hearsay. Jay-Y avers that Forte's testimony that high-end designers such as Calvin Klein, Giorgio Armani and CoCo Chanel used initials as marks to denote accessories and goods constitutes inadmissible hearsay. See Forte Dep. 60:21 – 66:13. Jay-Y rather conveniently ignores testimony by Forte providing over 20 years of her employment history, and detailing her employment with Giorgio Armani (where she was responsible for running operations in the United States), and Calvin Klein (president and chief operating officer). Forte Dep. 9:8 – 11:20. Forte's responsibilities necessitated monitoring market trends and her testimony regarding the use of initials is founded on her personal knowledge. Jay-Y's objection is especially curious given its own admission that in creating the Jay-Y DG Marks “[r]espondent recognized that companies like Calvin Klein, Giorgio Armani, and Armani Exchange had success in putting two letters together to create their respective logos.” See Petitioner's NOR Exh. 77, Response No. 23.

(reasonable inference that employee had knowledge to testify about corporate matters that occurred prior to his date of hire based on his current employment).

³ Jay-Y's foundation and hearsay objections as to Vannucchi are similarly flawed. Jay-Y objects to Vannucchi's testimony regarding the opening of “Dolce & Gabbana Madison Avenue and D&G SoHo” in 1997. Vannucchi Dep. 25:10–18. However, Vannucchi plainly learned of this information through his employment as “Director of Planning and Control Worldwide” which required him to review revenue and expense information for Gado's worldwide operations. Vannucchi Dep. 7:16– 10:9.

**C. Jay-Y's Prior Applications To The USPTO
Are Not "Irrelevant and Inadmissible"**

Jay-Y provides a curious response to Petitioner's argument that its attempt to register marks which appear to be obvious copies of marks registered by Giorgio Armani S.p.A., Gucci, and Jesse James. See Petitioner's Principal Brf. pgs. 30-33. Instead of addressing Gado's arguments, Jay-Y claims that the prior applications are inadmissible pursuant to Rule 404(b) of the Federal Rules of Evidence ("FRE"). Respondent's Principle Brf. pgs. 31-33. However, Jay-Y concedes that FRE Rule 404(b) does not apply to evidence offered to prove intent. See id. In fact, the exception provided under FRE Rule 404(b) is much larger in scope than suggested by Jay-Y. FRE Rule 404(b) provides that evidence of prior bad or wrongful acts "may, [...] be admissible for [purposes], such as proof of motive, opportunity, intent, preparation, plan, knowledge, identity, or absence of mistake or accident." FRE Rule 404(b).

Further, contrary to Jay-Y's assertion, prior applications submitted to the USPTO are relevant as to the filer's mindset. In Racine Industries Inc. v. Bane-Clene Corp., 35 U.S.P.Q.2d 1832 (T.T.A.B. 1995), the Board overruled objections as to the relevance of prior applications by an opposer when considering the opposer's arguments against the registration of a mark. Id. The applications were found "relevant and competent" as to the "total picture confronting the decision maker [the opposer]." The evidence cited by Petitioner demonstrates Jay-Y's mindset and business intent in registered and using the Jay-Y Marks. It is thus relevant and may be properly considered by the Board. The relevance of this evidence is buttressed by the fact that Jay-Y's business model bore fruit as Gado increased its advertisement expenditures when its revenue for "DG" initialed merchandise grew dramatically despite Jay-Y's failure to advertise or promote the marks. See Respondents' Principle Brf. page 6 (table depicting growth of Jay-Y sales); see Petitioner's Brief in Opposition to the Counterclaim by Respondent and in

Reply to Respondent's Opposition Brief, page 10. 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 Beverages, Inc. v. Perrier Group of Am., Inc., 269 F.3d 114, 124 (2d Cir. 2001); Bandag, Inc. v. Al Bolser's Tire Stores, Inc., 750 F.2d 903, 915 (C.A. Fed. 1984). That is why the evidence sought to be excluded by Jay-Y should be admitted.

II. The Objections Raised Against Jay-Y's Evidence Should Be Sustained

As set forth in Petitioner's Evidentiary Objections, 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 FRE Rule 803. 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.

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

Jay-Y's purchase and sale summaries do not fall under the business records hearsay exception because they are plagued by indicia of lack of trustworthiness. As Gado made clear in its initial evidentiary objections, 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). Business records should not be admitted where there are

indicators of unreliability and the documents in question may have been tampered. 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. Jay-Y cannot refute the fact that 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. Despite Jay-Y’s statement to the contrary, the testimony shows that the data used by Jay-Y’s consultant was vulnerable to editing at the time of its conversion into the spreadsheet format. M. Ou Dep. 91:16 – 23. Moreover, once in spreadsheet format, it was again subject to change. 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; 92:8-18. In response, Jay-Y avers that all of the data in the original “SBT” program was “locked down years ago.” However, Jay-Y’s consultant explicitly stated that the “FoxPro” program could edit the “SBT” files that were allegedly “locked down”:

Q. I think you testified earlier that you used FoxPro in order to open the SBT database; is that right?

A. Yes.

Q. You also indicated earlier that the SBT program wouldn’t allow you to change certain data in the Detail file right?

A. Yes.

Q. Is it possible to use the FoxPro program to on a data file and change it?

A. Yes.

M. Ou Dep. 91:16 – 23. The “Detail file” includes vital sales information such as the item purchased, the date of a sale, and the quantity of the merchandise sold. M. Ou Dep. 40:19 – 41:5. The fact that the information in question is so readily malleable calls into question whether the data on the summaries accurately reflects the information in Jay-Y’s “SBT” system. For that reason, the summaries should be excluded as hearsay.

B. 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. Jay-Y avers that these are admissible because they are simply printouts from Jay-Y’s SBT system. See Pet. Resp. to Pet. Evid. Objects. pg 7. Jay-Y’s defense of the printouts misses the point. The invoice printouts are inadmissible hearsay and do not qualify for the business records exception not because they are simply printouts, but because they contain inaccuracies and defects which bring the accuracy of the printouts into question.

There is no question the “invoices” produced by Jay-Y are 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). The “re-printed” invoices themselves were created for litigation and were not relied on by Jay-Y during the ordinary course of business. They are riddled with confusing defects which reveals problems in the creation or printing of the invoice data kept by Jay-Y. As discussed by Gado in its objections, 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). Still 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). In 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 discussed call into question the genuine character of the evidence offered by Jay-Y and on that basis the records do not qualify for the “business record” exception under FRE 803(6).

C. Jay-Y’s “Reprinted” Sales Invoices Are Also Inadmissible Under The Best Evidence Rule

The defects discussed with relation to Gado’s hearsay objection highlight the applicability of the “best evidence” rule to Jay-Y’s reprinted sales invoices. FRE Rule 1002 of the Federal Rules of Evidence provides that: “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’s sole response to this objection is that the best evidence rule does not apply where a printout or data output from a computer or database is “shown to reflect the data accurately.” FRE Rule 1001(3). The problem for Jay-Y is that the invoices are not accurate printouts. The defects noted above are unexplained and call into question the accuracy of the reprinted invoices, especially given the testimony that the “Detail” and other files which created the invoices may be changed. M. Ou Dep. 91:16 – 23; 40:19 – 41:5; 34:9-38:7. Jay-Y does not rebut the inaccuracies set forth in Gado’s evidentiary objections and 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" than physically searching for and finding the invoices in question. T. Chen Dep. 94:25 – 95:14. Unfortunately, the fact that the printouts in question do not "reflect the data accurately" as required by FRE 1001 and 1002 makes the sales printouts inadmissible.

III. Conclusion

For the reasons discussed herein and within Petitioner's prior evidentiary objections, the Board should overrule the evidentiary objections raised by Jay-Y and deny the admissibility of the Jay-Y evidence subject to Gado's objections.

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Respectfully submitted,



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