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

Proceeding	92047581
Party	Plaintiff Actibiol, S.A.
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IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
TRADEMARK TRIAL AND APPEAL BOARD

ACTIBIOL, S.A. Petitioner, v. MOR-NUTECH, INC. Registrant.	Cancellation No. 92047581 T.M. : CAPSOL-T R.N. : 3,149,821 **OPPOSITION AGAINST REGISTRANT'S CROSS-MOTION FOR SUMMARY JUDGMENT**

PETITIONER ACTIBIOL, S.A.'S OPPOSITION AGAINST REGISTRANT MOR-NUTECH'S MOTION FOR SUMMARY JUDGMENT

I. INTRODUCTION

Petitioner Actibiol, S.A. ("Actibiol") alleges that it has rights to the trademark CAPSIBIOL-T based on Actibiol's use of this trademark in the U.S., and that Actibiol's rights to CAPSIBIOL-T precede Registrant Mor-Nutech Inc.'s ("Mor-Nutech") rights to CAPSOL-T. Because CAPSOL-T is likely to cause confusion with Actibiol's CAPSIBIOL-T trademark, Actibiol brought the present petition to cancel the CAPSOL-T registration ("the '821 Registration"). At this stage in the proceeding, these allegations are more than sufficient to support Actibiol's standing. As a result, Mor-Nutech's cross-motion for summary judgment should be denied.

Mor-Nutech's cross-motion misapplies the law of standing and attempts to resolve this case on the merits by determining which party has superior trademark rights. But the issue on this motion is not whether Mor-Nutech or Actibiol has superior rights to the trademark CAPSIBIOL-T. The issue here is only the limited question of whether Actibiol has standing to bring this cancellation proceeding. The facts alleged in Actibiol's petition clearly show that Actibiol has standing.

II. LEGAL STANDARD FOR STANDING TO BRING A PETITION TO CANCEL

A person may seek cancellation of an existing trademark registration if the person (1) has standing, and (2) states the statutory grounds relied on for the petition. *Young v. AGB Corp.*, 152 F.3d 1377, 1379 (Fed. Cir. 1998) ("Section 14 has been interpreted as requiring a cancellation petitioner to 'show (1) that it possesses standing to challenge the continued presence on the register of the subject registration and (2) that there is a valid ground why the registrant is not entitled under law to maintain the registration'."); citing *Lipton Industries, Inc. v. Ralston Purina Co.*, 670 F.2d 1024, 1026 (C.C.P.A. 1982) (same). The term "person" includes corporations. 15 U.S.C. §1127.

The first part of this test, standing, is established where a petitioner has a real interest in the proceeding and a reasonable basis for his or her belief of damage. *Ritchie v. Simpson*, 170 F.3d 1092, 1095 (Fed. Cir. 1999). A person has a "real interest" in the proceeding if he or she has a legitimate personal interest in the proceeding, meaning he or she has a direct and personal stake in the outcome. *Id.*

A person has a reasonable basis for his belief of damage if the belief of damage has a reasonable basis in fact. *Id.* at 1098. "For standing purposes, the facts asserted by an opposer need not prove his case on the merits, but should be sufficient to show that the opposer is not alone in his belief of damage, i.e., the belief is not simply the opposer's subjective view." *Id.* (emphasis added); see also TBMP §303.03 (no requirement that a petitioner prove actual damage in order to establish standing in a cancellation proceeding).[1] Thus, a petitioner must show some basis in fact for his belief in damage, but need not prove those facts on the merits.

The second part of the above test requires a cancellation petitioner to state valid grounds for canceling the registrant's mark. "The 'valid ground' that must be alleged and ultimately proved by a cancellation petitioner must be 'a *statutory* ground which negates the appellant's right to the subject registration.' Although cancellation is most often premised on the grounds listed in Section 2 of the Lanham Act, *see* 15 U.S.C. § 1052 (1994), other grounds which negate entitlement to maintain a registration also exist in the Lanham Act." *Young*, 152 F.3d at 1380 (citation omitted) (underline added).

Furthermore, "[f]or purposes of ruling on a motion to dismiss for want of standing, a reviewing court must accept as true all well-pled and material allegations of the complaint, and must construe the complaint in favor of the complaining party." *Ritchie*, 170 F.3d at 1097. Thus, all of the facts stated in Actibiol's petition for cancellation must be accepted as true for the purposes of this motion.

Mor-Nutech's cross-motion for summary judgment must be denied because Actibiol

[1] Actibiol notes that the requirements for standing are the same for an opposition or cancellation proceeding. *Ritchie*, 170 F.3d at 1095 n.2.

states a valid ground for cancellation, has a real interest in the proceeding, and has a reasonable basis for its belief of damage.

III. FACTS THAT MUST BE ACCEPTED AS TRUE

The following facts alleged in Actibiol's petition for cancellation must be accepted as true for the purposes of Mor-Nutech's cross-motion:

1. Actibiol is run by its Managing Director, Georges Manoukian. Petition for Cancellation ("Petition") ¶3.
2. Actibiol has been using the trademark CAPSIBIOL-T in the United States through its licensee Portola Sciences, Inc. ("Portola") and Portola's sub-licensee Scientific Motive Systems ("SMS") since at least as early as September 2000. Petition ¶5.
3. Mor-Nutech's CAPSOL-T mark is highly similar to Actibiol's CAPSIBIOL-T trademark. Petition ¶12.
4. Continued registration of the '821 Registration is likely to cause injury to Actibiol and is likely to cause confusion among the consuming public. Petition ¶¶15-16.
5. The applicants of the application from which the '821 Registration issued ("the '700 Application") committed fraud on the Trademark Office due to their prior knowledge of Actibiol's rights in CAPSIBIOL-T as well as their lack of a bona fide intent to use the CAPSOL-T mark. Petition ¶¶18-22.
6. A valid Statement of Use was never filed, as the party who filed a statement of use was not the owner of the '700 Application when the statement was filed. Petition ¶¶23-24.
7. The '700 Application is invalid due to an improper assignment of a 1(b) application. Petition ¶¶25-26.

In addition, the following facts raised in Mor-Nutech's motion are disputed, and as a result they preclude summary judgment in Mor-Nutech's favor:

1. When Georges Manoukian signed the license agreement authorizing Portola to use the CAPSIBIOL-T trademark, he did so on behalf of Actibiol. Declaration of

Georges Manoukian ("Manoukian Decl.") ¶3; Cross-Motion Exhibit F. Portola was recommended to Mr. Manoukian by Dr. Morré (the president of Mor-Nutech) to represent Actibiol in the USA, particularly as it concerns the request for the registration of the trademark. Since Actibiol and Mr. Manoukian were of Swiss nationality, Mr. Manoukian understood that they needed to be represented in the USA by a natural or legal person of US nationality. Manoukian Decl. ¶3.

2. Portola sub-licensed the CAPSIBIOL-T trademark to SMS, and as a result, the use of CAPSIBIOL-T in the United States by SMS inured to Actibiol's benefit. Manoukian Decl. ¶4, Cross-Motion Exhibit G.
3. The royalty payments from SMS were royalties paid to Actibiol for sales of the Capsibiol-T product and use of the CAPSIBIOL-T trademark. Manoukian Decl. ¶5; Cross-Motion Exhibit I.
4. Actibiol always maintained strict quality control over SMS's sales of Capsibiol-T by supplying the key ingredient for the product. Manoukian Decl. ¶6.
5. When Georges Manoukian cancelled the license from Actibiol to Portola by letter dated September 6, 2002, he did so on behalf of Actibiol. Manoukian Decl. ¶7; Cross-Motion Exhibit K.

Finally, Actibiol notes that the facts stated in Mor-Nutech's Statement of Undisputed Facts do not defeat Actibiol's standing. Mor-Nutech's Statement of Undisputed Facts asserts that Actibiol owns foreign and international registrations for CAPSIBIOL-T as well as a U.S. application, and that Actibiol claims use in the U.S. through SMS. Cross-motion p.10. These facts actually support Actibiol's standing, rather than defeating it.

IV. THE FACTS SHOW THAT ACTIBIOL HAS STANDING TO SEEK CANCELLATION OF MOR-NUTECH'S MARK

A. ACTIBIOL HAS STANDING

Actibiol has standing to bring this cancellation proceeding because Actibiol has a real interest in the outcome and has a reasonable basis for a belief of damage.

1. Actibiol Has a Real Interest

As explained above, a real interest is a legitimate personal interest in the proceeding, meaning the petitioner has a direct and personal stake in the outcome. *Ritchie*, 170 F.3d at 1095. Actibiol has a direct and personal stake in the outcome of this proceeding. The facts presented in Actibiol's petition, which must be taken as true, show that Actibiol is the owner of the CAPSIBIOL-T trademark for nutritional supplements, and that Mor-Nutech's registration of CAPSOL-T is likely to cause confusion with Actibiol's prior rights to CAPSIBIOL-T. A claim of likelihood of confusion is sufficient to establish a real interest in the proceeding.

The Board has upheld standing on similar facts in the past. In one particular case, an applicant applied for a trademark for restaurant services, and an opposer filed an opposition based on prior rights to similar marks. *Metromedia Steakhouses, Inc. v. Pondco II Inc.*, 28 USPQ2d 1205, 1206 (TTAB 1993). In fact, the applicant was the opposer's former licensee, who began using the mark after the license terminated. *Id.* The applicant alleged that the licensor/opposer lacked standing, but the Board disagreed. "Opposer asserts a genuine interest in the outcome of the proceeding by alleging that it is a competitor of applicant in the restaurant business, and that the mark sought to be registered by applicant is likely to cause confusion with opposer's marks. Because the claim of likelihood of confusion is not wholly without merit under the circumstances set forth by opposer, we must consider opposer's pleading to be a sufficient allegation of its standing." *Id.* at 1209.

Accordingly, an allegation of likely confusion that "is not wholly without merit" is sufficient to establish a real interest in the outcome of the proceeding. Actibiol's allegation that CAPSOL-T for nutritional supplements is likely to cause confusion with CAPSIBIOL-T for nutritional supplements clearly has some merit. Actibiol has far exceeded the low threshold to establish its personal interest in this cancellation action based on Actibiol's prior rights in the trademark CAPSIBIOL-T.

2. Actibiol Has a Reasonable Belief of Damage

As explained previously, a person has a "reasonable basis for his belief of damage" if the

belief of damage has a reasonable basis in fact. *Ritchie*, 170 F.3d at 1098 (Fed. Cir. 1999). "For standing purposes, the facts asserted by an opposer need not prove his case on the merits, but should be sufficient to show that the opposer is not alone in his belief of damage, i.e., the belief is not simply the opposer's subjective view." *Id.*

Actibiol's belief of damage is not simply a subjective view lacking factual support. The documents submitted by Mor-Nutech with its cross-motion actually show factual support for Actibiol's belief. Actibiol licensed Portola to use the CAPSIBIOL-T trademark in the U.S. Cross-Motion Exhibit F. Portola sub-licensed the trademark to SMS. Cross-Motion Exhibit G. SMS paid Actibiol royalties for sales of the Capsibiol-T product and use of the CAPSIBIOL-T trademark in the U.S. Cross-Motion Exhibit I. Mor-Nutech has now registered CAPSOL-T, a highly similar mark, for identical goods. These facts clearly establish the minimal showing that Actibiol's belief of damage is rooted in fact, as they show that Actibiol's belief is not simply a subjective view. Actibiol's allegations in its prior rights to CAPSIBIOL-T and the likely confusion caused by CAPSOL-T are actually supported by documentary evidence.

Mor-Nutech's cross-motion tries to resolve substantive factual disputes and attempts to require Actibiol to prove its case on the merits. Mor-Nutech misunderstands the law of standing. Instead of testing the allegations in Actibiol's petition to determine whether Actibiol has asserted a real interest and a reasonable belief of damage, Mor-Nutech addresses the merits of the parties' dispute. For example, Mor-Nutech's cross-motion argues that use of the CAPSIBIOL-T trademark by SMS inured to Mor-Nutech's benefit rather than Actibiol's. Cross-Motion p.11. Mor-Nutech states: "The issue is therefore whether or not the use of the CAPSIBIOL-T mark by SMS inured to the benefit of Petitioner or to the benefit of Registrant herein." Cross-Motion p.11. This may be one of the ultimate issues on the merits of this case, but it is not the issue on a motion regarding standing. On a motion regarding standing, the issue stated by Mor-Nutech must actually be resolved in Actibiol's favor, based on the allegations in Actibiol's petition. *Ritchie*, 170 F.3d at 1097.

Mor-Nutech's brief raises substantive factual issues, rather than testing Actibiol's

allegations for standing. Mor-Nutech's cross-motion is full of instances where it attempts to resolve the ultimate disputes in this proceeding rather than simply testing the sufficiency of Actibiol's pleading. E.g., Cross-Motion p.12 (arguing that royalty payments from SMS were not addressed to Actibiol), p.13 (arguing that Actibiol did not retain quality control over SMS). Mor-Nutech's motion states that "the fact that royalty payments were being made by SMS does not **prove** that these royalty payments were being made to Actibiol nor does it **prove** that the royalty payments were being made for the use of the CAPSIBIOL-T trademark." Cross-Motion p.15 (emphasis added). But Actibiol need not prove its claims at this early stage. *Ritchie*, 170 F.3d at 1098 ("For standing purposes, **the facts asserted by an opposer need not prove his case on the merits**, but should be sufficient to show that the opposer is not alone in his belief of damage, i.e., the belief is not simply the opposer's subjective view.") (emphasis added).

Mor-Nutech's motion rests on an improper application of the law of standing, and it fails to show that Actibiol lacks standing. As set out above, Actibiol has a real and personal interest in the proceeding and a reasonable belief of damage. Accordingly, Actibiol has standing to bring this petition to cancel the CAPSOL-T registration.

B. ACTIBIOL HAS STATED STATUTORY GROUNDS FOR CANCELLATION

The second part of the test requires a petitioner to state a valid ground supporting the cancellation of the mark. Actibiol raised five separate statutory grounds for cancellation of Mor-Nutech's mark, identified as grounds one through five in the petition to cancel. The first ground states that Mor-Nutech's CAPSOL-T mark is likely to cause confusion with Actibiol's CAPSIBIOL-T trademark, and that Actibiol has prior rights to CAPSIBIOL-T. The second ground asserts fraud on the Trademark Office due to Mor-Nutech's knowledge of Actibiol's prior rights in CAPSIBIOL-T. The third ground asserts fraud on the Trademark Office due to the original applicants' lack of a bona fide intent to use the CAPSOL-T mark. The fourth and fifth grounds of cancellation are discussed in more detail in Actibiol's pending motion for summary judgment, which explains that the owner of the CAPSOL-T application never filed a statement of

use, and that the CAPSOL-T application was improperly assigned. Every one of these five grounds raises a statutory ground supporting the cancellation of the CAPSOL-T registration. Accordingly, Actibiol properly stated a valid ground for cancellation of Mor-Nutech's mark.

V. CONCLUSION

For the reasons give above, Actibiol has standing to seek cancellation of Mor-Nutech's registration. Actibiol respectfully requests that Mor-Nutech's cross-motion for summary judgment be denied.

Respectfully submitted,

DATED: February 28, 2008

By Gary J. Nelson
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Docket No. 110.2*2/A902

CERTIFICATE OF MAILING AND SERVICE

I certify that on February 28, 2008, the foregoing **OPPOSITION AGAINST REGISTRANT'S CROSS-MOTION FOR SUMMARY JUDGMENT** is being electronically filed with:

Commissioner for Trademarks
P.O. Box 1451
Alexandria, VA 22313-1451

It is further certified that on February 28, 2008, the foregoing **OPPOSITION AGAINST REGISTRANT'S CROSS-MOTION FOR SUMMARY JUDGMENT** is being served by mailing a copy thereof by first-class mail addressed to:

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TRADEMARK
Docket No. 110.2*2/A902
Cancellation No. 92047581

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

ACTIBIOL, S.A. Petitioner, v. MOR-NUTECH, INC. Registrant.	Cancellation No. 92047581 T.M. : CAPSOL-T R.N. : 3,149,821 **DECLARATION OF GEORGES MANOUKIAN IN SUPPORT OF PETITIONER'S OPPOSITION AGAINST REGISTRANT'S CROSS-MOTION FOR SUMMARY JUDGMENT**

I, Georges Manoukian, declare as follows:

1. I am the Managing Director of Actibiol, S.A. ("Actibiol"), a corporation formed in Switzerland.
2. My work at Actibiol includes the development and testing of various nutritional supplements. Through my work at Actibiol, I have developed a proprietary process and formula for a nutritional supplement that Actibiol markets and sells under the trademark CAPSIBIOL-T.
3. It was in response to the request for registration of the mark CAPSIBIOL-T filed on December 31, 1999 at the USPTO under the names Guy Auderset, In vitro Vegetal, Switzerland; Georges Manoukian, Actibiol SA, Switzerland; Donald Lee, Portola Sciences, USA, that I granted Portola Sciences ("Portola") a license to use the CAPSIBIOL-T trademark in the United States, I signed an authorization granting this license on February 14, 2000 in my capacity as Managing Director of Actibiol, signing on behalf of Actibiol. I add that Portola Sciences, Inc. was recommended to us by Dr. Morré to represent us in the USA, particularly as it concerns the request for the registration of the trademark. Since Actibiol and myself are of Swiss nationality, I understood that we had to be represented in the USA by a natural or legal person of US nationality.
4. Portola sub-licensed its right to use the CAPSIBIOL-T trademark to Scientific Motive

Systems ("SMS"), which began selling the Capsibiol-T product in the United States. SMS used the CAPSIBIOL-T trademark as a licensee, and not as an owner. It was always my understanding that Actibiol was the owner of the mark and that Portola and SMS were acting only as licensees, with Actibiol's authorization. It is still my understanding that a licensee does not gain ownership rights, and as a result Actibiol is still the owner of the CAPSIBIOL-T trademark.

5. SMS paid royalties to Actibiol for use of the CAPSIBIOL-T trademark. These royalties were often routed through my family members (Menukian and Mesrobian) in the United States, simply for convenience in transferring the payments from the U.S. to Actibiol in Switzerland. The payments, even when documented or summarized as payments to Menukian or Mesrobian, constituted royalties paid to Actibiol for sales of the Capsibiol-T product under the CAPSIBIOL-T trademark.
6. Actibiol exercised quality control over SMS's sales of Capsibiol-T in the United States by supplying the key ingredient of and the formula for the Capsibiol-T product to SMS. Actibiol produced chili pepper extract through its proprietary process and provided it to SMS. Actibiol was always able to maintain strict quality control over the Capsibiol-T product by controlling the process for creating the chili pepper and providing the chili pepper to SMS.
7. When I cancelled the license authorization to Portola in my letter to Donald Lee, once again I signed my name on behalf of my company, Actibiol. SMS continued to use the CAPSIBIOL-T trademark under license from Actibiol, and continued to pay royalties to Actibiol.

I declare under penalty of perjury under the laws of the United States that the foregoing is true and correct.

Executed this 26 day of February 2008.

Georges Manoukian

Docket No. 110.2*2/A902

CERTIFICATE OF MAILING AND SERVICE

I certify that on February 28, 2008, the foregoing **DECLARATION OF GEORGES MANOUKIAN IN SUPPORT OF PETITION'S OPPOSITION AGAINST REGISTRANT'S CROSS-MOTION FOR SUMMARY JUDGMENT** is being electronically filed with:

Commissioner for Trademarks
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It is further certified that on February 28, 2008, the foregoing **DECLARATION OF GEORGES MANOUKIAN IN SUPPORT OF PETITION'S OPPOSITION AGAINST REGISTRANT'S CROSS-MOTION FOR SUMMARY JUDGMENT** is being served by mailing a copy thereof by first-class mail addressed to:

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