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

Proceeding	92052197
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IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD

In the Matter of United States Trademark Registration No. 2,049,847

Terri Yenko Gould, Executor	)	
	)	Cancellation No.:92052197
Petitioner,	)	
	)	
vs.	)	
	)	
General Marketing Capital, Inc./Supercar Collectables Limited	)	
	)	
	)	
Respondents.	)	
	)	

RESPONDENTS' TRIAL BRIEF

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I. INTRODUCTION

This brief is filed by Respondents General Marketing Capital, Inc. (GMCI) and Supercar Collectables Limited (SCL). Respondent SCL was the owner of the subject United States Trademark Registration No. 2,049,857 for the mark YENKO for "toy cars" (hereinafter referred to as "the '857 Registration) at the time this cancellation proceeding was initiated. The '857 Registration was subsequently assigned to Respondent GMCI. The '857 Registration was published for opposition on March 5, 1996, issued on April 1, 1997 and became incontestable in 2002. Thus, Petitioner seeks cancellation *solely* on the basis of alleged misrepresentation under Section 14 of the Lanham Act and False Association under Section 2(a) of the Lanham Act.

II. STATEMENT OF ISSUES

The issues to be decided by the Board are as follows:

A. Has Petitioner met her burden to plead and prove that SCL has used the YENKO trademark of the '857 Registration in a manner that deliberately misrepresents that SCL's model cars have originated from a manufacturer or source other than SCL in violation of Section 14 of the Lanham Act.

B. Has Petitioner met her burden to plead and prove that SCL's use of the YENKO trademark of the '857 Registration has created a false association with the deceased Donald Yenko in violation of Section 2(a) of the Lanham Act?

C. Is Petitioner's claim barred by the equitable doctrine of laches?

D. Is Petitioner's claim barred by the Morehouse defense?

III. DESCRIPTION OF THE RECORD

The evidence proffered by Petitioner consists of the following:

- Expired United States Trademark Registration No. 0930794 in the name of Yenko Sportscars, Inc. for the mark YENKO PLUS DESIGN, Registered March 14, 1972, Cancelled due to nonrenewal in 1992 (pleaded at Paragraph 2 of the Petition for Cancellation)
- Testimonial deposition of Terri Yenko Gould, July 13, 2011 (Paper # 44)
- Testimonial deposition of Tom Clary, July 15, 2011, (Paper # 45)
- Testimonial deposition of Lester Quam, July 18, 2011 (Paper # 46)
- Testimonial deposition of George E. Bullwinkel, July 18, 2011 (Paper # 47)
- Testimonial deposition of John Latella, December 20, 2011 (Paper # 96)
- Petitioner's Exhibits 1 - 36

It is to be noted that a number of the exhibits proffered by Petitioner consist of testimonial declarations that were previously ordered stricken and portions of the testimony proffered by Petitioner consist of improper expert opinion testimony that violates the Board's prior Order dated June 17, 2011 (Paper # 40). Filed herewith is *Respondents' Objections and Motion to Re-Strike*. Respondents respectfully requests that these objections be considered and the objected-to testimony/documents be stricken prior to the Board's review of the proffered evidence.

Respondents' evidence of record consists of the following:

- The '857 Registration (as the subject of this cancellation proceeding)

- Testimonial deposition of Scott D. Dahlberg (including confidential excerpts), August 30, 2010 (Papers # 50, 53, 54)
- Testimonial deposition of James R. Sullivan, August 30, 2010 (Paper # 55)
- Respondents' Notice of Reliance and accompanying documents filed October 31, 2011 (Paper # 57)
- Testimonial deposition of Jeffrey Leonard, October 25, 2011 (Paper # 58, contains confidential portions-filed under seal)
- Respondents' Exhibits 1-100

IV. STATEMENT OF FACTS

Between about 1965 and about 1981, a Pennsylvania corporation named Yenko Sportscars, Inc. produced and sold high-performance modified Chevrolet automobiles. On that basis, the word "Yenko" acquired secondary meaning as a trademark for high performance modified Chevrolet automobiles. Based on that secondary meaning, Yenko Sportscars, Inc. was able to obtain United States Trademark Registration No. 0930794 for the mark YENKO (plus design) for sportscars.

In the 1980's, Yenko Sportscars, Inc. ceased manufacturing and selling Yenko Chevrolets and made no effort to support the ongoing market for replacement parts or memorabilia associated with Yenko Chevrolets. In 1987, the founder of Yenko Sportscars, Inc., Donald Yenko, died. Yenko Sportscars, Inc. and a number of other businesses that he owned were closed and liquidated. Mr. Yenko's estate documents filed with the probate court in Pennsylvania listed no trademarks as assets and claimed that the corporate entity of Yenko Sportscars, Inc. had no value (i.e., $0.00). **[Latella P. 8-10; Notice of Reliance- RX-95-97]**

Consistent with the fact that Yenko Sportscars, Inc. was out of business and its Yenko trademark had been abandoned, no renewal application was filed and United States Trademark Registration No. 0930794 for the mark YENKO (plus design) became cancelled in 1992.

Following the demise of Yenko Sportscars, Inc., it was generally recognized that the YENKO trademarks had become abandoned and that no one was servicing the market for parts or memorabilia associated with Yenko Chevrolets. As a result, others including David Heth, Jeffrey Leonard and the founders of SCL stepped in and began to make and sell various goods under Yenko trademarks with absolutely no interference, opposition, objection or communication from Petitioner (until late 2009). For example, in the early 1980's, Jeffrey Leonard, an automobile collector, entrepreneur and owner of GMCI and affiliated companies, began to sell YENKO items through his automotive restoration catalogs. **[Leonard P.14]** In the mid 1990's Mr. Leonard entered into a business partnership with David Heth. Mr. Heth was operating a business named YENKO MOTORSPORTS in southern California and had filed several applications for registration of YENKO trademarks in his own name. One of those applications issued as a registration. Mr. Heth's applications and registration are listed in the following Table A **[Dahlberg P.12-13 (confidential); RX-36 (confidential); Leonard P.26; RX 80, 81]**:

TABLE A

Registration or Serial No.	Mark	Filing Date	Registration Date	Goods
S.N. 75165573	YENKO	09/13/96	N/A	Automobiles
S.N. 75165572	YENKO	09/13/96	N/A	cooperative advertising and marketing in the telephone, gasoline and bank debit and credit card industries
Reg. 1929383	YENKO	05/25/94	10/24/95	clothing, namely shirts, caps, and sweatshirts

A business dispute arose and Mr. Leonard's company filed suit against Mr. Heth. The lawsuit proceeded to trial. Mr. Leonard's company prevailed and judgment was entered against Mr. Heth. On the basis of that judgment, Mr. Leonard's counsel recorded a security interest against Mr. Heth's United States Trademark applications. Also, in the fallout following that dispute, Mr. Leonard acquired personal ownership of an original 1968 Yenko Chevrolet that had previously been owned by Mr. Heth. Mr. Leonard continues to own that Yenko Chevrolet today. Also, after prevailing in the litigation against Mr. Heth, Mr. Leonard filed for and obtained his first of many trademark registrations for Yenko trademarks for automotive goods and memorabilia. All of these events occurred without any objection, opposition, contact or communication from Petitioner. **[Leonard P. 16-27; RX 37-58, 82-85]**

Through the 1990's and until the fall of 2009, Mr. Leonard and his companies continued to

invest substantial amounts of time, effort, resources and money in the development and marketing (e.g., design, tooling, manufacture, packaging, advertising, promotion, etc.) of a full line of Yenko restoration parts and memorabilia products. These products, including Yenko decals, emblems, stripe kits, wheel caps, hoods and headrest logos, to name a few, were and are openly sold to the public though Mr. Leonard's internet websites and widely distributed catalogs **[Leonard P. 12-17, 22-24]** Also, GMCI owns numerous registrations for Yenko trademarks as shown in Table B below: **[Leonard P. 12; RX 59-70]**

TABLE B

Registration No.	Mark	Filing Date	Registration Date	Goods
3161668	YENKO	02/17/05	10/24/06	Clothing and headwear assessories, namely shirts, jackets and caps
3097652	YENKO	02/17/05	05/30/06	Automobiles and Automotive parts and accessories, namely, wheel caps, spoilers and emblems
3779462	YENKO	04/24/08	04/20/10	Automotive vehicle parts, namely, ornamentation in the nature of decorative metal emblems, hoods, exterior trim, rear spoilers, body panels, badges and engine valve covers; Automotive vehicle interior parts, namely, steering wheels, Drinking glasses and mugs, Clothing, namely, shirts and hats
3812169	YENKO	04/04/07	06/29/10	Motor vehicle accessories, namely, automobile body emblems and license plate frames
3585627	YENKO	01/3/08	03/10/09	Metal parts for motor vehicles, namely, decorative metal automotive emblems, Decals, Glass mugs, Clothing, namely, t-shirts and caps
2314585	YENKO	02/08/99	02/01/00	Mail order catalogue services featuring parts and accessories for the restoration of classic automobiles; wholesale distributorships featuring parts and accessories for the restoration of classic automobiles
2049857	YENKO	07/26/95	04/01/97	Toy cars
4063536	YENKO	04/04/07	11/09/2011	Motor land vehicles; motor vehicle accessories, namely, license plates
3607796	SYC	04/14/09	04/14/09	Automotive parts and accessories, namely, seat upholstery
3083835	SYC	12/09/04	04/18/06	Vinyl decals
3842228	SYC	10/22/08	08/31/10	Wearable garments and clothing, namely, shirts

All of these activities occurred during the 1990's and/or up until late 2009 without any objection, opposition, complaint or other contact from Petitioner or anyone else associated with the Yenko family. **[Leonard P. 70-71]**

Also in the mid-1990's, the founders of SCL recognized that there was an unserved market for scale models of Yenko Chevrolets. James R. Sullivan, another muscle car enthusiast and owner of a restored Yenko Chevrolet, is a co-founder of SCL. Mr. Sullivan originally filed, and subsequently assigned to SCL, the application that matured into the '857 Registration. Before filing this trademark application, Mr. Sullivan retained trademark counsel and determined that Yenko Sportscars, Inc. had gone out of business and its Yenko trademark had become abandoned. On that basis, SCL deemed it appropriate to begin to use and register for itself the Yenko mark for model cars. Indeed, if the Yenko Sportscars' trademark registration had not been abandoned and cancelled, SCL would have opted to seek a license under that existing trademark but since there was no existing trademark to be licensed, SCL filed its own application which matured into the '857 Registration. No opposition to the '857 Registration was filed by Petitioner or anyone else. **[Dahlberg P. 42; '852 Registration Prosecution History]**

Over the years, SCL invested substantial time, effort, money and other resources in the design, development, manufacture/procurement, and sale of more than 20 different scale models of Yenko Chevrolets. **[Dahlberg P. 6-9; RX 4-29]** These Yenko Chevrolet models were widely advertised and promoted between the mid 1990's and 2009. **[Dahlberg P. 6-9, 28; Sullivan P.9-10; RX 4029]** SCL also invested substantial amounts in defending its Yenko trademark. In about 1996 SCL was sued in the United States District Court for the Central District of California for

infringement of Mr. Heth's Yenko trademark Registration No. 1,929,383. SCL filed its own complaint for declaratory judgment of non-infringement against Mr. Heth in United States District Court for the District of Minnesota. These lawsuits were settled by way of a confidential settlement and license agreement at significant expense to SCL. **[Dahlberg P.12-13 (confidential); RX-36 (confidential)]** Petitioner did not intervene or initiate any contact in relation to these lawsuits. If Petitioner were somehow permitted to cancel the '857 Registration at this late date, the substantial investment that SCL's made in defending and settling those lawsuits will also be lost.

SCL has developed substantial goodwill around the mark as evidenced by the large number of different Yenko Chevrolet models developed by SCL **[Dahlberg P. 6-9; RX 4-29]** as well as the fact that companies such as Revell and RC2-Ertel/The Learning Curve have sought and paid for licenses from SCL under the'857 Registration. **[Dahlberg P. 10-12; RX 31; Bullwinkel P. 6-7; PX 27, 28]**. This goodwill will be lost if SCL's '857 Registration is now cancelled after so many years of non-objection. SCL's Yenko Chevrolet models could easily have been discovered by Petitioner long before 2009 had she made even a modest effort to police her alleged rights in the name and likeness of Donald Yenko. Petitioner actually admits to having been aware that models were being sold under the YENKO trademark but also admits that she did not retain trademark counsel, did not initiate any trademark watch service, and did not even investigate the Yenko models or other information she had received about others making purportedly unauthorized use of the YENKO trademark, until late 2009. **[Yenko P. 40; 44-45; RX 98-Answer to Interrogatory Nos. 1-3]**

GMCI has also developed substantial goodwill around its entire portfolio of Yenko trademarks, including the '857 Registration which it acquired by assignment from SCL and which

has been licensed back to SCL. GMCI's founder, Jeff Leonard, has a long standing business relationship with, and his companies are licensed by, large, well known automotive manufacturers. Mr. Leonard has used his contacts as well as the substantial goodwill associated with GMCI's portfolio of Yenko trademark registrations to cultivate new business opportunities, including in particular one confidential opportunity attested to in the confidential portion of Mr. Leonard's testimony. Mr. Leonard's name has already been damaged by allegations made on Mr. Clary's website and in the present record. GMCI's goodwill and future business opportunity will likely be seriously damaged or lost if Petitioner is permitted to proceed with her efforts to interfere with GMCI's business after so many years of utter silence. **[Leonard P. 32-39 (confidential); RX 86 (confidential); Leonard P. 44-45; RX 90]**

The evidence shows that Petitioner certainly should have been aware of SCL's use and registration of the Yenko trademark long before 2009. In 1998, a representative of the Yenko family named John Connolly sent a one page letter to Thomas Clary authorizing Mr. Clary to maintain a registry of Yenko Chevrolets and to operate a club. In the present petition for cancellation, Petitioner characterizes this letter as a "license." Based on this license, Mr. Clary proceeded to establish the Yenko Sportscar Club and to hold annual "Supercar Reunions" attended by owners of Yenko Chevrolets and other collectable muscle cars. The first of these reunions, held in Tennessee in September 1998, was attended by Donald Yenko's first wife Hope Yenko (Petitioner's mother) and John Connolly (Petitioner's "representative"). **[Dahlberg P. 16-22; Sullivan P. 5-12; RX 30; 32-34; Clary P. 22-27]**. Mr. Clary testified that he subsequently kept in touch with Hope Yenko and

that Hope Yenko would relay information to her daughters, one of whom is Petitoner. In this manner, Mr. Clary became directly acquainted with Petitoner and her sister **[Clary P.5]**.

Petitioner's licensee, Mr. Clary, was well aware of SCL's line of Yenko Chevrolet models in the 1990's. Mr. Clary purchased large quantities of SCL's Yenko Chevrolet models (which were available on the open market) for use as commemorative items several of his annual Supercar Reunions. For the first of such reunion, in 1998, Mr. Clary purchased about 150 new Yenko Chevrolet models from SCL. These same models were available for purchase by the public on the open market. However, SCL agreed to put special reunion stickers on the boxes of the 150 models purchased for Mr. Clary's first reunion. SCL personnel actually drove these Yenko Chevrolet models to the reunion location in Hendersonville, Tennessee and set up a table display at that reunion. They also gave one of the Yenko Chevrolet models away as an award in front of the attentive crowd of reunion attendees. Included among those attendees in 1998 were Mr. Clary (Petitioner's "Licensee"), Hope Yenko (Petitioner's mother) and John Connolly (the Petitioner's "representative"). Thus, it is clear that numerous people who were very close to Petitioner were aware that SCL was selling new Yenko Chevrolet models at least as early as 1998. **[Dahlberg P. 16-22; Sullivan P. 5-12; RX 30; 32-34; Clary P. 22-27]**. Additionally, Mr. Clary purchased Yenko products from GMCI as early as 1997, so he also had actual knowledge of GMCI's use of the Yenko mark. **[Leonard P.40-44, RX 87, 88, 89].**

It is also axiomatic that the value of Yenko Chevrolets today is due, at least in part, to the prior availability of Yenko promotional items and memorabilia, such as models, clothing, glasses and mugs, etc. It was GMCI, SCL and others (e.g., David Heth in the early 1990's) who serviced the

unmet market demand for these Yenko promotional items and memorabilia over many years while Petitioner chose to sit it out.

V. ARGUMENT

A. Petitioner Has Failed To Prove Any Misrepresentation or False Association That Would Support Cancellation under Sections 2(a) or 14 of the Lanham Act

Petitioner's brief does not present specific arguments to support her generally-pleaded misrepresentation claim under Section 14 and the record is devoid of any evidence that would even arguably support such a claim. The term misrepresentation as used in Section 14(c) refer to situations where a party is proven to have deliberately misrepresented that its goods and/or services originated from a manufacturer or entity other than the manufacturer or entity from whom the goods actually originated. In essence, Petitioner must plead and prove that there has been a blatant misuse of the Yenko mark in a manner calculated to trade on the goodwill and reputation of Petitioner. *Otto International, Inc. v. Otto Kern GmbH*, 83 USPQ2d 1861 (TTAB 2007). However, what the record proves is that SCL and CMCI have marketed their goods in a clearly labeled fashion under their own corporate names and that they took reasonable steps to search and confirm that the prior rights in the Yenko mark had been abandoned and then proceeded with (unopposed) federal registration of their own Yenko. There simply are no acts of misrepresentation in this case, deliberate or otherwise. Petitioner's claim for cancellation under Section 14 is unfounded and must be denied.

In her brief, Petitioner cites *Buffett v. Chi- Chi's, Inc.*, 226 USPQ 428 (TTAB 1985), which makes it clear that in order to prevail on her false association claim under Section 2(a), Petitioner has the burden to prove that (1) the mark is the same as, or a close approximation of, the name or identity

previously used by another person or institution; (2) the mark would be recognized as such, in that it points uniquely and unmistakably to that person or institution; (3) the person or institution named by the mark is not connected with the activities performed by the registrant under the mark; and (4) the fame or reputation of the person or institution is such that, when the mark is used with the registrant's goods or services, a connection with that person or institution would be presumed.

The present record is devoid of any credible evidence that the Yenko trademark, as used by SCL, is recognized by anyone as "uniquely and unmistakably" pointing to the deceased individual Donald Yenko. Nor does the present record contain evidence to prove that Donald Yenko is of sufficient fame or reputation to raise any presumption of such recognition.

Petitioner argues that the only possible reason Yenko Chevrolets have value in today's collectable car market is because of the personal fame of Donald Yenko, who passed away in 1987. This argument is unsupported by evidence and contrary to reason. First, Petitioner's conclusions in this regard are based solely on impermissible expert testimony which was taken over Respondents' objections and in violation of the Board's prior order of June 17, 2011 (Paper # 40) (see *Respondents' Objections and Motion to Re-Strike* filed herewith). Furthermore, it is axiomatic that the current value of a Yenko Chevrolet (or any other collectable car originally manufactured back in the 1960's and 1970's) is dependent on market factors, such as the number of vehicles originally produced (supply vs. demand), as well as the degree to which remaining vehicles have been maintained and restored. In the case of Yenko Chevrolets, a relatively small number were originally produced and the one's that are properly restored (i.e., the most valuable ones) would clearly not have their present value if they hadn't been properly restored. It was GMCI, not Petitoner, who

provided the Yenko restoration parts needed to restore these vehicles. Thus, the value of a Yenko Chevrolet in today's market is due largely to the fact that GMCI stepped in and serviced the parts and accessories market after Yenko Sportscars, Inc. had gone out of business and abandoned its trademark rights. Even Mr. Clary, Petitioner's licensee, purchased Yenko restoration parts and accessories from GMCI and used them in restoring his own Yenko Chevrolets. **[Leonard P.40-44, RX 87, 88, 89]**

Petitioner also argues that Donald Yenko is so famous today that the public would perceive SCL's use of the word Yenko as pointing Donald Yenko, the man, rather than Yenko Chevrolets, the cars. However, the law requires Petitioner to prove more than a mere association. Petitoner must prove that Donald Yenko is, today, so famous that SCL's use of the Yenko trademark will "uniquely and unmistakably" point to Donald Yenko's name or likeness rather than to the goods (i.e., muscle cars) that were actually manufactured and sold for years under the Yenko mark. Petitioner's arguments in this regard are unsupported by any survey or other credible evidence and are contradicted by the testimony of their own witness, John Latella. Mr. Latella was Don Yenko's attorney. When asked who Don Yenko was, Mr. Latella made no mention of race car driving or fame. Rather, Mr. Latella characterized his client as "a gentleman who owned a couple of automobile agencies." Specifically, Mr. Latella's testimony on the topic is as follows:

> Q. Alright now. Could you tell us who Donald Frank Yenko was when you knew him?
>
> A. That is who he was. I don't understand the question. Don Yenko was a gentleman who owned a couple of automobile agencies in Western Pennsylvania. I knew him from doing some legal work there, and he unfortunately got involved

in a coal deal, which is how I became familiar with him, and he was a businessman. He lived in Washington County, which is a county immediately south of Allegheny County, where I'm sitting now.

Q. And did he own a Chevrolet dealership and any other automobile dealerships that you knew about?

A. Well, you mean -- the answer is yes, but that varies depending upon what point in time you are talking about. His father owned a Chevrolet dealership, and I believe Don owned a part of that with his dad. His dad's name was Frank Yenko. Don owned a Honda dealership down in Washington County. He owned a Honda dealership in Steubenville, Ohio. He had another dealership, too, and I think it was like a –he had a Subaru dealership, and then he had another one of those -- one of these cult car things. I can't even remember the name of the car. **[Latella P. 5-7]**

Thus, Respondents respectfully submit that the evidence fails to prove that Donald Yenko is so famous that it should be presumed that the public would perceive SCL's registered Yenko trademark as pointing "uniquely and unmistakably" to the name or likeness of Donald Yenko.

The overriding fact that must be recognized is that the word Yenko is not merely a surname. If it were, it couldn't possibly have functioned or been registered as Yenko Sportscars, Inc.'s trademark for automobiles. Yenko Chevrolets are automobiles, not people. Petitioner has a few publications that refer to Yenko, the *man*. But both parties have introduced many more publications that refer to Yenko, the *automobile*. Petitioners have provided no survey evidence or other data to prove that anyone is more likely to associate the word Yenko with the name or likeness of Donald

Yenko than with a Yenko Chevrolet automobile. On the other hand, the large portfolio of unopposed registrations for Yenko trademarks that GMCI now owns coupled with the fact that those trademarks have not been challenged or given rise to any actual confusion over so may years, evidences that consumers accept and recognize the word Yenko as a trademark for goods and not as the name or likeness of any particular person living or dead.

When one considers the SCL's Yenko Chevrolet models, one does not perceive the word "Yenko" as referring to the name or likeness of Donald Yenko any more so than one would perceive the word "Chevrolet" as referring to the name or likeness of Louis-Joseph Chevrolet, who was also a famous race car driver and founder of the Chevrolet Motor Car Company. In both instances, the surnames have acquired secondary meaning as trademarks for cars and they are indeed recognized as such.

When the founders of SCL became interested in creating and selling scale models of Yenko Chevrolet automobiles, they knew that they would have to label their models with the word "Yenko" in order for people to know that they were purchasing models of Yenko Chevrolets. This is because the name Yenko had previously been established by Yenko Sportscars, Inc. as a trademark for cars…not merely as a man's name. The founders of SCL retained trademark counsel who determined that the trademark registration that had previously been owned by Yenko Sportscars, Inc. was cancelled due to non-renewal and that the associated mark was abandoned. On that basis, they filed for, prosecuted and issued the '857 Registration. No surname refusal was raised by the examining attorney in relation to the '857 Registration and nobody opposed that registration.

Accordingly, the evidence of record fails to prove the elements for cancellation under either

Section 14 or Section 2(a).

B. The Equitable Doctrine of Laches Bars this Cancellation Petition

The Laches defense is available in cases such as this. To prevail on the Laches defense, Respondents must establish that (1) there has been an unreasonable delay in Petitioner's assertion of her alleged rights and (2) material prejudice will be suffered by Respondents as a result of the delay. *Bridgestone/Firestone Research Inc. v. Automobile Club de l'Ouest de la France*, 245 F.3d 1359, 58 USPQ2d 1460, 1462 (Fed. Cir. 2001). In the context of this trademark cancellation proceeding, the Laches defense is tied to Respondents' registration of a mark rather than to its actual use of the mark. Thus, the Laches period runs from the time from which action could have been taken against the '857 Registration despite the fact that Respondent's actual use of the trademark commenced prior to the registration date. *Christian Broadcasting Network, Inc. v. ABS-CBN* International, 84 U.S.P.Q.2d 1560 (TTAB 2007).

1. Petitioner's Delay of More Than Twelve (12) Years and Eight (8) Months is Clearly Unreasonable and Inexcusable

With respect to constructive notice, Section 1072 of the Lanham Act provides as follows:

> §1072. *Registration as constructive notice of claim of ownership*--Registration of a mark on the principal register provided by this Act or under the Act of March 3, 1981, or the Act of February 20, 1905, shall be constructive notice of the registrant's claim of ownership thereof.

Thus, as a matter of law, petitioner has been on constructive notice of the '857 Registration since its issue date of April 1, 1997. However, Petitioner failed to assert her alleged rights against the '857 Registration until the sending of a letter dated December 11, 2009 from Petitioner's counsel to SCL. Thus, based solely on these uncontroverted facts, Petitioner's delay in taking action in this case was

at least twelve (12) years and eight (8) months. This extensive period of delay is unreasonable for a number of very good reasons, as set forth below.

a. The sheer length of the delay is, in itself, unreasonable.

Petitioner's uncontroverted twelve (12) year and eight (8) month period of delay is so long that it most be viewed as *per se* unreasonable. Indeed, in other cases, the Board has found periods of delay much shorter than twelve (12) years and eight (8) months to be unreasonable, even where (unlike the present case) the petitioner was actually using the same trademark, the subject registration had not yet reached incontestable status and a likelihood of confusion was established. For example, in *Teledyne Technologies, Inc. v. Western Skyways, Inc.*, 78 USPQ2d 1203 (TTAB 2006), the Board denied cancellation of the respondent's registration due to Laches on the basis of a 44 month delay, despite the fact that the petitioner had proven priority of use of the identical mark and likelihood of confusion.

b. Petitioner admits to having been aware of model cars being sold under the YENKO trademark and that others were using the YENKO mark but failed to investigate or take appropriate action.

The unreasonableness of Petitioner's delay is compounded by the fact that she had earlier actual knowledge of Yenko Chevrolet models being sold and had heard "rumors" of other goods being sold under the Yenko name without her authorization, but neglected to take appropriate action. Petitioner admits that, although she knew of Yenko Chevrolet models being sold and "rumors" that others were using the Yenko name without her permission, she failed to initiate any investigation, failed to perform searching to locate possible infringers, failed to retain trademark counsel, failed to initiate a trademark watch service and made no effort to police or enforce her alleged rights in the

Yenko name until late 2009 (i.e., after Chevrolet had introduce its new 2010 Camaro and after interest in making a 2010 "Yenko Camaro" had developed). **[Yenko-Gould P. 38-40; 44-45; Notice of Reliance RX-98 (Answers to Interrogatory Nos. 1-3)]**

c. Petitioner made no effort to sell goods under the mark and allowed U.S. Trademark Registration No. 0930794 to become cancelled, thereby indicating to the public that the YENKO trademark had been abandoned.

The unreasonableness of Petitioner's delay is further compounded by the fact that Petitioner made no effort to service the market for replacement or restoration parts or memorabilia for the Yenko Chevrolets that Yenko Sportscars, Inc. had produced. The corporate entity Yenko Sportscars, Inc. was listed as a worthless asset by Donald Yenko's estate. **[Latella P. 9; Notice of Reliance-RX-95-97]** John Latella, the attorney who handled Donald Yenko's estate confirmed that Yenko Sportscars, Inc. had become inactive *prior to* Donald Yenko's death and that the estate held no intangibles such as trademarks. **[Latella P. 9-10]** Because the Yenko trademark was abandoned and the registration was cancelled, SCL determined (accurately) that the rights that mark had lapsed, and SCL filed its own application to register the Yenko trademark for its model cars. Petitioner did not oppose that application (or any of the many other applications that have been filed and prosecuted in the past two decades. Instead of working to rebuild her father's inactive company following his death, Petitioner did virtually nothing for decades and, then, in late 2009 commenced a flurry of activity and name calling against SCL and GMCI who were lawfully selling goods under the previously abandoned Yenko mark.

d. During the entire period of delay, Respondents and others were openly using and enforcing their Yenko trademarks.

The unreasonableness of Petitioner's delay is still further compounded by the fact that, throughout the period of that delay, Respondents products were being publicly and openly advertised and sold and could easily have been discovered by Petitioner if she had made even a minimal effort to do so. SCL had offered more than 20 different scale models of Yenko Chevrolets. **[Dahlberg P. 6-9; RX 4-29]** These Yenko Chevrolet models were widely advertised and promoted between the mid 1990's and 2009. **[Dahlberg P. 6-9, 28; Sullivan P.9-10; RX 4029]** SCL's Yenko Chevrolet models could easily have been discovered by Petitioner long before 2009. However, until later 2009, Petitioner admittedly did not retain trademark counsel, did not initiate any trademark watch service and made no effort to investigate or monitor the marketplace even though she was aware that Yenko models were being sold and she had heard "rumors" about others making purportedly unauthorized use of the YENKO name. **[Yenko P. 40; 44-45; Notice of Reliance--RX 98-Answers to Interrogatory Nos. 1-3]**

e. Petitioner's Licensee, Petitioner's Representative and Petitioner's Mother Had Knowledge of SCL's Yenko Chevrolet Models as Early as 1998 but Petitioner Took No Action

The unreasonableness of Petitoner's delay is compounded further yet by the fact that Mr. Clary (Petitioner's licensee), Mr. Connolly (Petitioner's representative) and Hope Yenko (Petitioner's Mother/Donald Yenko's first wife) were all aware of SCL's line of Yenko Chevrolet models as early as 1998. As explained above, starting in 1998, Mr. Clary purchased quantities of SCL's Yenko Chevrolet models as commemorative items for his Supercar Reunions. At the first reunion in 1998, SCL set up a table display of the models and presented one of the Yenko Chevrolet

models as an award in the presence of Mr. Clary, Mr. Connolly and Ms. Hope Yenko. **[Dahlberg P. 16-22; Sullivan P. 5-12; RX 30; 32-34; Clary P. 22-27]**. Additionally, Mr. Clary purchased Yenko products from GMCI as early as the 1990's. **[Leonard P.40-44, RX 87, 88, 89]** Given the relationship of these persons to Petitioner, it is reasonable to impute to Petitioner their actual knowledge of SCL's and GMCI's use of the Yenko mark in the 1990's. This makes Petitioner's extended period of delay all the more unreasonable.

In summary, the period of delay in this cases is excessive and unreasonable. Petitioner admits to having made no effort to police the mark or to investigate information that she had received indicating that the YENKO name was being used as a trademark by others. In essence, she offers no excuse for her lengthy delay. Thus, Petitioner's delay of more than 12 years and 8 months must be fund to be unreasonable.

2. Respondents Have Been Severely Prejudiced By Petitioner's Delay

Prejudice to support a Laches defense is found in cases, such as the present, where a respondent has, in reliance on petitioner's silence, built up a valuable business and goodwill around the mark during the period of delay. However, sufficient prejudice can also be found simply on the basis of the fact that Respondents have developed goodwill around the mark during Petitioner's delay. Economic prejudice resulting from investment in and development of the trademark, and the continued commercial use and economic promotion of a mark over a prolonged period, adds weight to the evidence of prejudice. *The Christian Broadcasting Network, Inc. v. ABS-CBN International, Cancellation No. 92044366, (TTAB 2007).*

Economic prejudice supporting a Laches defense may ensue irrespective of whether or not

Petitioner took any affirmative steps to lull Respondents into believing that Petitioner would not act and irrespective of whether or not Respondents believed that Petitioner would have grounds for action. Accordingly, in determining economic prejudice, the essential inquiry is whether there was a change in the economic position Respondent during the period of Petitioner's delay. *Teledyne Technologies, Inc. v. Western Skyways, Inc.*, 78 USPQ2d 1203 (TTAB 2006).

a. Respondent SCL Will Suffer Substantial Economic Prejudice and Will Lose Goodwill That Has Been Established with Licensees, Customers and the Trade

There is simply no doubt that SLC has been prejudiced by Petitioner's extensive period of delay. As established by the testimony of Messrs. Sullivan and Dahlberg, SCL invested substantial money, time and resources in designing, developing, advertising and promoting over 20 different Yenko Chevrolet models during the more than 12 year and 8 month period during which Petitioner took no action whatsoever. If SCL's Yenko registration were to now be cancelled, in addition to undeserved reputational damage to SCL, its investment in designing, manufacturing/procuring, advertising and promoting its line of approximately twenty Yenko Chevrolet models will be lost, its investment in defending and settling (by license) the Heth lawsuits will be lost and SCL will be left holding many thousands of dollars worth of inventory of its Yenko Chevrolet models. **[Dahlberg P. 12 (confidential) and 23-24; RX 4-29; 36 (confidential)]**

b. Respondent GMCI Will Suffer Substantial Economic Prejudice, Loss of Goodwill and Impairment of Long-Cultivated New Business Opportunities

Since the 1980's GMCI has made significant investments in the design, manufacture, development, advertising and promotion of its extensive line of Yenko products with not a word of objection from Petitioner until the new Camaro came on the scene in 2009. Additionally, GMCI invested significant

money and resources developing goodwill in the mark and new business opportunities relating to the mark. GMCI fended off unwanted advancements from another company that wished to acquire the Yenko trademarks and forged ahead with negotiations intended to advance the Yenko product line and its reputation. GMCI's founder, Mr. Leonard, has staked his long standing reputation in the automotive restoration parts industry on careful development of the Yenko product line and the cultivation of business opportunities relating to that product line. All of this occurred over decades without any objection, opposition, contact from or involvement by Petitioner. If Petitioner is now permitted to cancel the present registration after so many years of doing noting, GMCI will suffer sever economic and reputational prejudice not to mention the loss of new business opportunities that could only have been cultivated by GMCI and its founder. **[Leonard P. 32-39 (confidential); RX 86 (confidential); Leonard P. 44-45; RX 90]**

C. The Morehouse Defense Militates Against Cancellation

The *Morehouse* defense, also known as the prior registration defense, "is an equitable doctrine that applies where an applicant owns a prior registration for essentially the same mark identifying essentially the same goods (or services) that are the subject mark and goods of the proposed application." *Morehouse Mfg. Corp. v. J. Strickland & Co.*, 160 USPQ 715 (CCPA 1969). The theory behind the Morehouse defense is that cancellation of the because other equally injurious registrations, the additional registration does not add to the injury.

GMCI has lawfully issued or acquired all of the registrations listed in Table B above. **[Leonard P. 12; RX 59-70]** Petitioner has not filed any opposition or cancellation action against any of the registrations listed in Table B, except for the present petition seeking to cancel the '857

Registration. Cancellation of the '857 Registration in this case would still leave in tact all of the other registrations listed in Table B and therefore would fail to substantially change Petitioner's current state. While Respondents acknowledge that the Morehouse defense is subject to may exceptions, Respondents respectfully submit that it does apply in the present situation.

D. Conclusion

Based on all of the testimony and evidentiary exhibits filed by Respondents as well as the arguments and authorities set forth above, Respondents respectfully request that present petition for cancellation be denied.

March 30, 2012

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CERTIFICATE OF SERVICE

I hereby certify that a true and complete copy of the foregoing RESPONDENTS' TRIAL BRIEF has been served on George E. Bullwinkel, Esq. by mailing said copy on March 30, 2012, via first Class Mail, postage prepaid to:

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