

UNITED STATES PATENT AND TRADEMARK OFFICE
Trademark Trial and Appeal Board
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General Contact Number: 571-272-8500

DUNN

Mailed: July 28, 2015

Cancellation No. 92059301

Grange Insurance Association

v.

Grange Mutual Casualty Company

Elizabeth A. Dunn, Attorney (571-272-4267):

This case comes up on Respondent's motion, filed March 6, 2015, to amend its answer to plead the additional affirmative defenses that Petitioner is barred from bringing its claims for lack of standing, and by the doctrines of res judicata and collateral estoppel.¹ Plaintiff contests the motion with an unserved and untimely response, later supplemented without explanation. Proceedings are considered to have been suspended with the March 6, 2015 filing of the motion

Because Respondent served Petitioner with its motion to amend by email on March 6, 2015, Petitioner's response was due fifteen days later. See Trademark Rules 2.119(b)(6) and 2.127(a). Petitioner's response was not filed on March 23, 2015 (March 21, 2015 being a Saturday), but on March 27, 2015, and did not include

¹ In view of the retroactive suspension, the parties' stipulations filed March 12, 2015, April 27, 2015, and June 26, 2015 to extend discovery are denied as moot.

a certificate of service.² Because the response is unserved and untimely, it has been given no consideration. However, because the motion to amend comes just before the close of discovery, the Board will not grant the motion as conceded but address the merits.

Petitioner's App. Serial No. 86080560	Respondent's Reg. No. 3723315	Respondent's Reg. No. 3821201
 (INSURANCE ASSOCIATION disclaimed)	 (INSURANCE disclaimed)	GRANGE INSURANCE (INSURANCE disclaimed)
insurance services, namely, writing property and casualty insurance; insurance services, namely, property and casualty insurance underwriting	insurance services, namely, insurance underwriting in the field of auto, home, farm, business, life, property, casualty, accident, health, disability, annuities	insurance services, namely, insurance underwriting in the field of auto, home, farm, business, life, property, casualty, accident, health, disability, annuities

On May 29, 2014, Grange Insurance Association filed a petition to cancel Respondent's two registrations (shown above) on the ground of priority of use and likelihood of confusion with Petitioner's common law marks GRANGE and GRANGE INSURANCE ASSOCIATION used in connection with related insurance services, also the subject of a pending application (also shown above).³ On July 11,

² On April 6, 2015, Petitioner filed what appears to be a copy of the same response, but including an additional page of the exhibit. Because the filing was accompanied by neither motion nor explanation, and also lacks a certificate of service, it has been given no consideration.

³ Inasmuch as the ESTTA petition to cancel indicates the additional claims of false suggestion of a connection and fraud, those claims are legally insufficient. There are no supporting allegations for the false suggestion claim. See *Embarcadero Technologies Inc. v. RStudio Inc.*, 105 USPQ2d 1825, 1827 n2 (TTAB 2013) ("We further note that although the terms 'false suggestion of a connection' and 'Section 2(a)' are listed in the cover sheet

2014, Respondent filed its answer denying the salient allegations of the petition to cancel and pleading various affirmative defenses. Pursuant to the Board's March 3, 2015 order granting Respondent's consented motion to extend discovery, discovery was extended to close April 11, 2015.

On March 6, 2015, Respondent filed the instant motion to amend its answer to add the affirmative defenses that Petitioner is barred from bringing its claims for lack of standing, and by the doctrines of res judicata and collateral estoppel. In support of its motion Respondent alleges that in the course of discovery Respondent learned of facts which support the three defenses, namely that Respondent learned of the Board's November 25, 2003 order affirming the ex parte refusal to register Petitioner's mark THE DAWNING OF A NEW GRANGE GRANGE INSURANCE GROUP for "property and casualty insurance underwriting services" (application Serial Number 76/272,754) based on a likelihood of confusion with Respondent's Registrations Nos. 1535724, 1604932, 1636326, and 1663622 for GRANGE INSURANCE marks applied to insurance services.

generated by the Office's online filing electronic database (ESTTA) as 'grounds for opposition,' the ground was not sufficiently pleaded or otherwise elaborated upon in the attached notice of opposition. Although the content of the ESTTA cover sheet is read in conjunction with the notice of opposition as an integral component, the mere mention of a ground therein is insufficient.") (citations omitted).

With respect to the fraud claim based on Respondent's alleged misrepresentation that no other party had a right to use the mark, Petitioner pleads only Respondent's knowledge of Petitioner's use, and does not include the necessary allegations that Respondent was aware of clearly superior rights to the mark. *Intellimedia Sports Inc. v. Intellimedia Corp.*, 43 USPQ2d 1203, 1207 (TTAB 1997) ("if the other person's rights in the mark, vis-a-vis the respondent's rights, are not known by respondent to be superior or clearly established, e.g., by court decree or prior agreement of the parties, then the respondent has a reasonable basis for believing that no one else has the right to use the mark in commerce, and the respondent's averment of that reasonable belief in its application declaration or oath is not fraudulent.")

DISCUSSION

Trademark Rule 2.115 and Fed. R. Civ. P. 15(a) encourage the Board to look favorably on motions to amend, stating that “leave shall be freely given when justice so requires.” In deciding whether to grant leave to amend, the Board may consider undue delay, prejudice to the opposing party, bad faith or dilatory motive, futility of the amendment, and whether the party has previously amended its pleadings. *Foman v. Davis*, 371 U.S. 178, 182 (1962); *American Express Marketing & Development Corp. v. Gilad Development Corp.*, 94 USPQ2d 1294, 1297 (TTAB 2010).

The Board addresses first the timing of the motion to amend. “Any party who delays filing a motion for leave to amend its pleading and, in so delaying, causes prejudice to its adversary, is acting contrary to the spirit of Rule 15(a) and risks denial of that motion.” *Trek Bicycle Corporation v. StyleTrek Limited*, 64 USPQ2d 1540, 1541 (TTAB 2001). While the Board’s 2003 order has been a matter of public record since it issued, the order issued in an ex parte appeal involving Petitioner and not Respondent, and so Respondent had no reason to know that its registrations were cited as a bar to registration of Petitioner’s application at the time Respondent filed its answer in this proceeding. Inasmuch as Respondent moved to amend its answer after learning of the Board’s order, the motion to amend is timely.

Turning to the sufficiency of the proposed new affirmative defenses, the Board notes that “lack of standing” is not an affirmative defense. Standing is an

element of Petitioner's claim. Petitioner must prove standing as part of its case. *Blackhorse v. Pro Football Inc.*, 98 USPQ2d 1633, 1637 (TTAB 2011). In addition, the petition to cancel pleads that Petitioner's application was refused registration on the ground of likelihood of confusion with Respondent's registered marks. This is a sufficient pleading of Petitioner's standing. *See Toufigh v. Persona Parfum, Inc.*, 95 USPQ2d 1872, 1874 (TTAB 2010).

The Board turns to the legal sufficiency of the proposed affirmative defenses that Petitioner is barred from bringing its claims by the doctrines of res judicata and collateral estoppel. More specifically, the Board must address whether, as Respondent contends, the Board's order affirming the ex parte refusal to register Petitioner's mark THE DAWNING OF A NEW GRANGE GRANGE INSURANCE GROUP for "property and casualty insurance underwriting services" based on a likelihood of confusion with Respondent's Registration Nos. 1535724, 1604932, 1636326, and 1663622 for GRANGE INSURANCE marks applied to insurance services bars Petitioner bringing the instant claim of likelihood of confusion between the parties' marks shown earlier in this order.

The term res judicata includes two related concepts: claim preclusion and issue preclusion (collateral estoppel). *See Sharp Kabushiki Kaisha v. ThinkSharp Inc.*, 448 F.3d 1368, 79 USPQ2d 1376, 1378 (Fed. Cir. 2006). An affirmative defense of claim preclusion is pleaded when (1) there is an identity of parties or their privies; (2) there was an earlier final judgment on the merits of a claim; and (3) the second claim is based on the same set of transactional facts as the first. *See Jet, Inc.*

v. Sewage Aeration Systems, 223 F.3d 1360, 55 USPQ2d 1855, 1856 (Fed. Cir. 2000). An affirmative defense of collateral estoppel requires (1) identity of an issue in the current and a prior proceeding, (2) actual litigation of that issue in the prior proceeding, (3) necessity of a determination of the issue in entering judgment in the prior proceeding, and (4) a full and fair opportunity existed, for the party with the burden of proof on that issue in the second proceeding, to have litigated the issue in the prior proceeding. See *Mayer/Berkshire Corp. v. Berkshire Fashions Inc.*, 424 F.3d 1229, 76 USPQ2d 1310, 1313 (Fed. Cir. 2005).

The Board does not accord preclusive effect to an ex parte decision under the doctrines of res judicata and collateral estoppel in an inter partes proceeding unless there was an opportunity for applicant to introduce additional evidence in a de novo hearing before a district court.⁴ See *Polaroid Corp. v. C & E Vision Services Inc.*, 52 USPQ2d 1954, 1954 (TTAB 1999) (no preclusion because “there was no opportunity for applicant to introduce additional evidence in a de novo hearing before a district court because applicant had not sought judicial review of the Board's ex parte decision”); *In re Honeywell Inc.*, 8 USPQ2d 1600, 1602 (TTAB 1988) (no preclusion because “applicant did not have an opportunity to introduce additional evidence, and the determination on appeal was limited to the record adduced during the ex

⁴ The Board may give preclusive effect to an ex parte decision in an ex parte proceeding where an applicant had already been refused registration for the same mark and goods in a prior ex parte proceeding, and applicant did not demonstrate a change of circumstances such as to justify not applying preclusion based on the prior judgment. *In re Bose*, 476 F.3d 1331, 81 USPQ2d 1748, 1752 (Fed. Cir. 2007) (cautioning that Board must be judicious in applying res judicata, but noting, “[in] this case, however, there is no dispute that the same applicant, Bose, is involved in the prior and present proceedings and that there was a prior final judgment on the merits, i.e., the functionality of the identical design. Thus, the general prerequisites of res judicata have been satisfied.”).

parte examination”); *Flowers Industries, Inc. v. Interstate Brands Corp.*, 5 USPQ2d 1580, 1584 (TTAB 1987) (no preclusion because “The predecessor of the applicant in the present case, on the other hand, did not seek judicial review of the Commissioner's decision by way of a civil action before federal district court.”); *Lukens Inc. v. Vesper Corp.*, 1 USQP2d 1299, 1302 (TTAB 1986) *aff'd*, 831 F.2d 306 (Fed. Cir. 1987) (preclusion because “We see no procedural limitations in the earlier judicial review by civil action that impaired applicant's presentation of its case.”). Accord 3 J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION (“MCCARTHY”) § 32:103 (4th ed. 2015) (“the preclusive effect of ex parte determinations will be restricted to cases where the unsuccessful applicant in the first application also unsuccessfully appealed ‘de novo’ to a U.S. district court.”).

As Respondent contends, the Board’s primary reviewing court has held that “The doctrine of [] preclusion is premised on principles of fairness. Thus, a court is not without some discretion to decide whether a particular case is appropriate for application of the doctrine.” *In re Freeman*, 30 F.3d 1459, 31 USPQ2d 1444, 1467 (Fed. Cir. 1994) (citations omitted). However, the Board disagrees that there is any unfairness in finding preclusion inapplicable here. Petitioner refuted the refusal of registration of its prior application with an ex parte record, and did not appeal the Board’s affirmance to the district court, where Petitioner would have been able to submit additional evidence. Accordingly, Petitioner has not previously been afforded the opportunity to present the evidence which it can present in this cancellation.⁵

⁵ Even if preclusion was not barred by the ex parte nature of the prior judgment, preclusion would be barred by the different facts. Petitioner pleads a different mark in its claim of likelihood of confusion and brings the claim against different marks of Respondent. *See Institut National Des Appellations*

In sum, because the proposed affirmative defenses are legally insufficient, Respondent's motion to amend its answer to plead the additional affirmative defenses that Petitioner is barred from bringing its claims for lack of standing and by the doctrines of res judicata and collateral estoppel is DENIED.

Proceedings herein are resumed, and dates are reset below.

Expert Disclosures Due	8/19/2015
Discovery Closes	9/18/2015
Plaintiff's Pretrial Disclosures	11/2/2015
Plaintiff's 30-day Trial Period Ends	12/17/2015
Defendant's Pretrial Disclosures	1/1/2016
Defendant's 30-day Trial Period Ends	2/15/2016
Plaintiff's Rebuttal Disclosures	3/1/2016
Plaintiff's 15-day Rebuttal Period Ends	3/31/2016

In each instance, a copy of the transcript of testimony together with copies of documentary exhibits, must be served on the adverse party within thirty days after completion of the taking of testimony. Trademark Rule 2.125.

Briefs shall be filed in accordance with Trademark Rules 2.128(a) and (b). An oral hearing will be set only upon request filed as provided by Trademark Rule 2.129.

d'Origine v. Brown-Forman Corp., 47 USPQ2d 1875, 1894-95 (TTAB 1998) (in comparing the two marks involved to determine if the same claim arose in both cases, the Board would determine whether the previous mark and the present mark are so much alike that they create a continuing commercial impression This generally requires that the marks be almost identical.).