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

Proceeding	92060707
Party	Plaintiff Guess? IP Holder L.P.
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TRADEMARK
Docket No. 110.2*139/G440

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

In the matter of **Trademark Registration No. 4624401**

For the Mark
Registration Date of October 21, 2014

Guess? IP Holder L.P. Petitioner, v. Knowluxe LLC Registrant.	Cancellation No. 92060707 **OPPOSITION TO REGISTRANT'S MOTION FOR RECONSIDERATION**

Petitioner, Guess? IP Holder L.P. (hereinafter "Guess" or "Petitioner"), opposes Registrant Knowluxe LLC's (hereinafter "Knowluxe" or "Registrant") Motion For Reconsideration of the Board's denial of its motion to dismiss the above-identified Petition to Cancel under Federal Rule of Civil Procedure 12(b)(6) and Section 503 of the Trademark Trial and Appeal Board Manual of Procedure ("TBMP"). For the reasons set forth below, the Board's sound reasoning was correct: Guess's Petition to Cancel sufficiently sets forth grounds for cancellation of Registrant's [INVERTED TRIANGLE DESIGN] mark, and therefore Registrant's Motion to Dismiss was properly denied in its entirety.

I. LEGAL STANDARD OF REVIEW

Under 37 CFR § 2.127(b) the Board shall grant a motion for reconsideration if, based on the facts before it and the prevailing authorities, the Board erred in reaching the order or decision it issued. Such a motion may not properly be used to introduce additional evidence, nor should it be devoted simply to reargument of the points presented in a brief on the original motion.

Rather, the motion normally should be limited to a demonstration that, based on the facts before it and applicable law, the Board's ruling is in error and requires appropriate change. TBMP §544.

Rule 8 of the Federal Rules of Civil Procedure ("FRCP") requires that pleadings setting forth claims for relief must include only "a short and plain statement of the claim showing the pleader is entitled to relief." Fed. R. Civ. P. 8(a). In order to withstand a Motion to Dismiss based on Fed. R. Civ. P. 12(b)(6), the complaint need only allege such facts as would, if proved, establish that the Petitioner is entitled to the relief sought. Specifically, Petitioner need only establish that it has standing to maintain the proceeding and that a valid ground exists for cancelling the registration owned by the Registrant. *Young v. AGB Corp.*, 152 F.3d 1377, 47 USPQ2d 1752, 1754 (Fed. Cir. 1998). To survive a Motion to Dismiss, a complaint must only "state a claim to relief that is plausible on its face." *Bell Atlantic Corp. v. Twombly*, 550 U.S. 554, 570 (2007). *See also Ashcroft v. Iqbal*, 556 U.S. 662, 678 (2009) (plausibility standard applies to all federal civil claims); *Doyle v. Al Johnson's Swedish Restaurant & Butik Inc.*, 101 USPQ2d 1780, 1782 (TTAB 2012) (citing *Ashcroft v. Iqbal* for the standard to determine whether a claim has been properly pleaded).

The motion to dismiss under FRCP 12(b)(6) may be granted only if, after accepting all well-pleaded allegations in the Petition to Cancel as true and drawing all reasonable inferences in favor of Guess, the Board finds that Guess has failed to set forth fair notice of its claim and the grounds upon which it rests. *Bell Atlantic Corp. v. Twombly*, 127 S.Ct. 1955, 1964 (2007). In this case, the Petition to Cancel will survive a motion to dismiss if it states plausible grounds for Guess's entitlement to the relief sought. *Id.* at 1965-66. The Petition to Cancel must merely contain sufficient factual allegations "to raise a right to relief above the speculative level." *Id.* at 1965. Accordingly, the issue before the Board upon consideration of the pending motion to dismiss is not whether Guess "will ultimately prevail but whether the claimant is entitled to offer evidence in support of the claims." *McDowell v. N. Shore-Long Island Jewish Health Sys., Inc.*,

839 F. Supp. 2d 562, 565 (E.D.N.Y.2012) (citing *Todd v. Exxon Corp.*, 275 F.3d 191, 198 (2d Cir.2001)). Whether Petitioner "can actually prove its allegations is a matter to be determined not upon motion to dismiss, but rather at final hearing or upon summary judgment after the parties have had an opportunity to submit evidence in support of their respective positions. *Cent. Mfg. Co. v. Outdoor Innovations, L.L.C.*, 1999 TTAB LEXIS 235 (TTAB 1999) (citing *Caron Corp. v. Helena Rubinstein, Inc.*, 193 USPQ 113 (TTAB 1976)). For this reason, a motion to dismiss for failure to state a claim "is viewed with disfavor and is rarely granted." *Phonometrics, Inc. v. Hospitality Franchise Sys.*, 203 F.3d 790, 794 (Fed. Cir. 2000).

II. THE CASES KNOWLUXE CITES ARE IRRELEVANT TO THE BOARD'S DECISION TO DENY ITS 12(B)(6) MOTION.

There is a substantive difference in arguing for reconsideration of a *grant* of a motion to dismiss for failure to state a claim, versus arguing for reconsideration of a *refusal* to grant a motion to dismiss for failure to state a claim. In the first instance the case is over without the petitioner having the opportunity to put on any evidence. The case is, after all, dismissed at the pleading stage before any evidence beyond the four corners of the complaint are considered. In these instances, the Board needs to provide a detailed explanation as to why it is granting the motion and terminating the case at such an early stage. This is exactly what *Selva & Sons, Inc. v. Nina Footwear, Inc.*, 705 F.2d 1316 (Fed. Cir. 1983) and *Maui Visitors Bureau v. Moreland*, Opposition No. 91123641, 2003 TTAB LEXIS 592 (T.T.A.B. Dec. 18, 2003) was concerned about. The "appellant had the right to know on what procedural theory the Board was acting." *Selva*, 705 F.2d at 1322.

Here the Board *denied* Knowluxe's motion to deprive Guess of its right to have its case heard before the Board. As the Board properly concluded Guess *plead* all of the elements of a cancellation cause of action. (Dkt. No. 8 at 4) It *plead* that it was the owner of several triangular marks. (*Id.*) It *plead* the right of priority, and that Knowluxe's use of the marks would cause a

likelihood of confusion with its own marks. (*Id.*) Taken as true, as is required by the standards of FRCP 12(b)(6), this was sufficient to plead trademark infringement and request the cancelation of Knowluxe's mark.

The same is true for Guess's dilution cause of action. As the Board properly pointed out, Guess *plead* that its triangle marks were famous, and had become famous prior to Knowluxe's use of a similar mark. (Dkt. No. 8 at 4-5) Guess *plead* that Knowluxe's use of the mark is likely to lessen the capacity of its mark to identify and distinguish goods or services.

II. KNOWLUXE'S ARGUMENTS ARE PROPERLY RESERVED FOR SUMMARY JUDGMENT

Knowluxe makes significant arguments about the sufficiency of Guess's proof. It goes through each of Guess's marks, compares them to its own use of a triangle and attempts to distinguish the uses. (Dkt. No. 4 at 9-11) All of this is argument about the sufficiency of the evidence that should be held until after discovery. Whether Petitioner "can actually prove its allegations is a matter to be determined not upon motion to dismiss, but rather at final hearing or upon summary judgment after the parties have had an opportunity to submit evidence in support of their respective positions." *Cent. Mfg. Co. v. Outdoor Innovations, L.L.C.*, 1999 TTAB LEXIS 235 (TTAB 1999) (citing *Caron Corp. v. Helena Rubinstein, Inc.*, 193 USPQ 113 (TTAB 1976)).

The same is true for Knowluxe's novel and completely irrelevant "aesthetic functionality" and "right in gross" arguments which form a significant part of its motion for reconsideration. (Dkt. No. 10 at 4) ("the Board was entirely silent as to Respondent's arguments that Petitioner's purported trademark rights amount to an impermissible right in gross or an impermissible conflict with the doctrine of aesthetic functionality.") As to its aesthetic functionality doctrine argument, it is proper for summary judgment. Facts, such as the effect that the registration would have on the market must be analyzed when making a determination as to the validity of the affirmative defense. This is because the aesthetic functionality doctrine, to the

extent it exists at all at the TTAB,[1] requires a determination as to whether enforcing Guess's mark would place competitors at a "significant non-reputation related disadvantage." *In re Florists' Transworld Delivery, Inc.*, 106 U.S.P.Q.2D 1784, 1787 (T.T.A.B. 2013). Aesthetic functionality is an affirmative defense and has nothing to do with the sufficiency of Guess's pleading. Nor does such a defense "plainly apply to facts clear on the face of the complaint." *Curtis v. U.S.*, 212 Fed. Appx. 991, 992 (Fed. Cir. 2007).[2] It was proper for the Board not to opine on the validity of this affirmative defense, as the focus is on the content of the *pleading* not whether the pleading will be able to withstand a given defense after all of the evidence has been introduced.

Knowluxe's "right in gross" affirmative defense suffers the same infirmities. Knowluxe argues that finding dilution would create an impermissible "right in gross" for the use of a triangle on its goods and services. (Dkt. No. 4 at 11-12) But again, significant factual questions dominate the dilution analysis and are missing at the 12(b)(6) stage. Nowhere does Guess claim that has a right to exclude every possible use of the inverted triangle mark everywhere. But when it comes to the use of an inverted triangle that contains no house marks or labels, and is used on the exact same international class of goods, indeed, even on the same *categories* of goods, it is not unreasonable for Guess to claim that if the mark does not dilute the alleged fame of its marks, it at the very least is likely to confuse the relevant consumers. Nowhere in Guess's pleadings does it say that it has an exclusive right to use inverted triangles in all forms on all class of goods, yet this is exactly what Knowluxe alleges in its affirmative defense. Since the

[1] The Federal Circuit has consistently rejected the theory that "functionality" extends beyond its utilitarian origins to include "aesthetic functionality" 1 McCarthy On Trademarks and Unfair Competition § 7:80 (4th Ed). In fact the *Brunswick Corp. v. British Seagull*, 35 F.3d 1527, 1532 (Fed. Cir. 1994) case that Knowluxe cites for its *aesthetic* functionality argument actually speaks of the color black as having a *utilitarian* function. The color black makes the boat motors look smaller and ensured that the motor matched all other boat colors. *Id.* No such argument can legitimately be made for an inverted triangle as it applies to clothing.

[2] The Federal Circuit was referring to various preclusion doctrines such as statutes of limitations when discussing the *Curtis* case. Topics such as the statute of limitations can often easily be determined without resorting to evidentiary findings.

defense is not "clear on the face of the complaint," the Board was proper in ignoring the defense and reserving it for summary judgment. *Curtis*, 212 Fed. Appx. at 992.

III. KNOWLUXE'S AFFIRMATIVE DEFENSES WOULD INVALIDATE ITS OWN MARK

Because Knowluxe's affirmative defenses are so grossly overbroad and improper, if they applied to Guess's claims, they would also invalidate Knowluxe's registration. If an inverted triangle is somehow aesthetically functional, it is functional, and is unregisterable as to anyone. Especially when, as here, both the Guess mark and Knowluxe's mark are in international class 25, and are for the same goods; caps and t-shirts. *Jay Franco & Sons, Inc. v. Franek*, 615 F.3d 855, 861 (7th Cir. 2010) (declining to recognize a purported trademark consisting of a circular shape for a towel).

IV. CONCLUSION

For the foregoing reasons, Petitioner respectfully requests that the TTAB deny Registrant's Motion for Reconsideration.

Respectfully submitted,

CHRISTIE, PARKER & HALE, LLP

Date 8/4/2015

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CERTIFICATE OF ELECTRONIC TRANSMISSION AND SERVICE

I certify that on August 4, 2015, the foregoing **OPPOSITION TO REGISTRANT'S MOTION FOR RECONSIDERATION** is being electronically filed with the following:

United States Patent and Trademark Office
Trademark Trial and Appeal Board
P.O. Box 1451
Alexandria, VA 22313-1451

It is further certified that on August 4, 2015, the foregoing **OPPOSITION TO REGISTRANT'S MOTION FOR RECONSIDERATION** is being served by mailing a copy thereof by United Parcel Service addressed to:

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