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

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| Proceeding | 92061951 |
| Party | Plaintiff Chutter, Inc. |
| Correspondence Address | BRUCE W BABER KING & SPALDING LLP 1180 PEACHTREE STREET ATLANTA, GA 30309 UNITED STATES bbaber@kslaw.com, kmccarthy@kslaw.com, nytrademarks@kslaw.com |
| Submission | Opposition/Response to Motion |
| Filer's Name | Bruce W. Baber |
| Filer's e-mail | bbaber@kslaw.com, kmccarthy@kslaw.com, nytrademarks@kslaw.com |
| Signature | /Bruce W. Baber/ |
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| CHUTTER, INC., |) | |
| |) | |
| Petitioner, |) | CANCELLATION |
| |) | |
| v. |) | NO. 92061951 |
| |) | |
| GREAT CONCEPTS, LLC, |) | |
| |) | |
| Registrant. |) | |

PETITIONER'S BRIEF IN OPPOSITION
TO REGISTRANT'S MOTION FOR SUMMARY JUDGMENT

Petitioner Chutter, Inc. ("Chutter" or "Petitioner"), by and through its undersigned counsel and in accordance with Rule 2.127 of the Trademark Rules of Practice, 37 C.F.R. § 2.127, and the Board's Order dated December 30, 2015,¹ submits this brief in opposition to "Great Concepts, LLC's Motion For Summary Judgment Under Fed.R.Civ.P. 56 Regarding Chutter, Inc.'s Petition To Cancel" ("Motion"), filed on January 25, 2016, by registrant Great Concepts, LLC ("Great Concepts" or "Registrant").

¹ In its December 30 Order, the Board ruled that Chutter has adequately pleaded a claim of fraud and that fraud in a Section 15 declaration can serve as the basis for cancellation. The Board elected to treat the portion of Great Concepts' motion relating to res judicata as an early motion for summary judgment, and permitted Great Concepts to submit additional evidence or briefing in support of its motion. Great Concepts filed Registrant's Motion pursuant to the Board's December 30 Order.

INTRODUCTION

Registrant's Motion seeks to dismiss Chutter's Petition to Cancel based on a default judgment entered against a predecessor of Chutter in a separate proceeding involving a different claim and a different cause of action that was based on completely different operative facts. The facts that give rise to Chutter's fraud claim in this proceeding occurred almost four years after the earlier proceeding was filed, were not pleaded, involved or at issue in the earlier proceeding, and are wholly separate from the operative facts that were at issue in the earlier likelihood-of-confusion-based petition. The Federal Circuit and the Board have both recognized that infringement and/or likelihood of confusion claims, on the one hand, and fraud claims, on the other hand, typically raise different issues, are supported by different evidence, and therefore do not arise out of the same transaction or occurrence or the same transactional facts. Under well-settled *res judicata* and claim preclusion doctrines, Chutter's fraud claim is therefore not barred.

It appears, moreover, that Great Concepts in effect has conceded that it is not entitled to summary judgment. Great Concepts' arguments in support of its motion address only Chutter's claims that rely, for purposes of standing, on Application Serial No. 86/452,290 for the mark DAN TANA'S for "restaurant services" (the "290 Application"). Chutter has also, however, pleaded its ownership of Application Serial No. 86/452,328, for the DAN TANA'S mark for "marinara sauce" (the "328 Application"), which has been refused based on the registration that is the subject of this proceeding. Chutter is not in privity with its predecessor Dan Tana with respect to the 328 Application, and these facts establish Chutter's standing to assert its fraud claims that

have not been previously asserted by any party. Chutter's fraud claim is therefore not precluded for this additional reason.

With respect to Chutter's standing based on the 290 Application, Great Concepts cannot demonstrate that it is entitled to prevail as a matter of law. Great Concepts presents no evidence that Chutter or its predecessor had actual notice of the facts on which Chutter's fraud cause of action is based, and therefore relies on conclusory analysis in a case involving Leo Stoller and the inapplicable legal fictions of "constructive notice" and "inquiry notice" to argue that the two proceedings are somehow based on the same transaction, series of transactions or operative facts. As a matter of law, however, the current petition for cancellation is not based on the same set of transactional facts as the prior cancellation petition, and there is no basis for any claim of either constructive or imputed "inquiry notice." It therefore cannot be barred by res judicata or claim preclusion.

ARGUMENT AND CITATION OF AUTHORITIES

I. Petitioner Has Standing Based On The 328 Application.

At the outset, Great Concepts appears to concede that it has no basis for obtaining summary judgment to the extent that Chutter's Petition to Cancel is based on Chutter's 328 Application to register DAN TANA'S for "marinara sauce."² Registrant's Motion specifically references only the 290 Application and the "restaurant services"

² The Petition to Cancel contains a typographical error, referring to Application Serial No. 86/452,382, rather than 86/452,328. Petition to Cancel (TTABVUE 1) ¶ 6. The reference in the Petition to Cancel is unambiguous, however, as it specifically refers to the DAN TANA'S mark, the goods ("marinara sauce in International Class 30"), and the owner (Petitioner).

identified therein in its Section IV heading. See Motion at 5. Great Concepts makes only one brief mention, on page 8 of Registrant's Motion, of the 328 Application or the "marinara sauce" identified therein, and does not argue that its assertion of claim preclusion extends to Chutter's claim based on this application.

This is not a surprise, since Chutter's rights in the 328 Application and the DAN TANA'S mark in connection with "marinara sauce" do not stem from Dan Tana, the party to the prior opposition proceeding. Dan Tana assigned his rights in the DAN TANA'S mark to Chutter effective as of February 1, 2009. Declaration of Bruce W. Baber, filed concurrently herewith ("Baber Decl."), ¶ 3 & Ex. A. Chutter filed the 328 Application to register DAN TANA'S for marinara sauce on November 12, 2014, claiming first use on January 5, 2012, and first use in commerce on August 12, 2013. Baber Decl. ¶ 4 & Ex. B. Because all three of these priority dates occurred well after both the February 1, 2009 effective date of the assignment and the May 8, 2011 execution date of the assignment, Chutter's rights in the DAN TANA'S mark for marinara sauce are not connected to Dan Tana and Chutter is not Mr. Tana's successor with respect to those rights.

Chutter has standing based on the 328 Application for marinara sauce, as the application has been refused based on the registration that is the subject of this proceeding. See *ShutEmDown Sports Inc. v. Lacy*, 102 U.S.P.Q.2d 1036, 1041 (T.T.A.B. 2012) (pending application refused registration based on a likelihood of confusion with mark in respondent's registration shows petitioner has real interest in proceeding, and has standing); *DaimlerChrysler Corp. v. American Motors Corp.*, 94 U.S.P.Q.2d 1086, 1087 (T.T.A.B. 2010); *Continental Grain Co. v. Strongheart Products*

Inc., 9 U.S.P.Q.2d 1238, 1239 (T.T.A.B. 1988) (“There is no question that petitioner . . . whose applications have been refused registration by virtue of respondent’s registrations, has standing to be heard on the question of cancellation of that registration.”).

Since Chutter is not in privity with Dan Tana and is not Mr. Tana’s successor in interest with respect to the 328 Application and the identified goods, the first requirement for claim preclusion has not been met. *See Jet, Inc. v. Sewage Aeration Sys.*, 223 F.3d 1360, 1362 (Fed. Cir. 2000); *see also Int’l Nutrition Co. v. Horphag Research, Ltd.*, 220 F.3d 1325, 1329 (Fed. Cir. 2000) (“when one party is a successor in interest to another with respect to particular property, the parties are in privity only with respect to an adjudication of rights in the property that was transferred; they are not in privity for other purposes, such as an adjudication of rights in other property that was never transferred between the two”; vacating Board decision dismissing cancellation on res judicata grounds).

For this reason alone, the Board should deny Registrant’s Motion.³

³ Like Great Concepts’ motion to dismiss (TTABVUE 4), Great Concepts’ Motion for Summary Judgment also contains numerous irrelevant and incorrect assertions. Great Concepts, for example, takes issue with Chutter’s filing of an application to register its DAN TANA’S mark for restaurant services “despite the fact” that Great Concepts prevailed in the prior litigation. Motion at 4. Nothing in that prior litigation precludes Chutter’s application; if anything, the results of the litigation – in which Great Concepts prevailed on the grounds that there was no likelihood of confusion between the parties’ marks – estop Great Concepts from challenging Chutter’s right to use and register its mark for restaurant services.

II. Chutter's Fraud Claim Is Based on Transactional Facts That Were Not at Issue in the Prior Cancellation Proceeding.

Neither the claim of fraud pleaded in Chutter's petition nor the facts on which that claim is based has ever been the subject of any prior proceedings between Chutter (or any predecessor of Chutter) and Great Concepts. Great Concepts does not contend to the contrary, and Great Concepts' arguments make clear that the prior proceedings between Chutter's predecessor and Great Concepts were based on different operative facts. Under these circumstances, there can be no plausible claim of res judicata or claim preclusion.

Great Concepts asserts that the present petition to cancel is based on the "same set of transactional facts" as Cancellation No. 92045947, which was filed in June of 2006 – nearly four years before the facts on which the present petition is based. Great Concepts' argues that Chutter's predecessor should have **amended** his prior petition to include the current claim and the facts on which it is based. Motion at 3. This argument effectively concedes that the facts on which the current claim is based were **not** alleged or at issue in the prior proceeding.

Under Federal Circuit precedent, a subsequent claim will be barred by claim preclusion only if: (1) there is identity of parties (or their privies); (2) there has been 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. *Jet, Inc.*, 223 F.3d at 1362 (emphasis added). For the purposes of this motion, Chutter does not contest that it is in privity with Dan Tana with respect to the "restaurant services" identified in the 290 Application, or that there was a "final judgment on the merits" in the prior proceeding, despite the fact

that there was no actual consideration of the merits.⁴ Thus, Chutter's arguments below focus on the third element, namely whether Chutter's current fraud claim is based on the same set of transactional facts as Mr. Tana's Section 2(a) claim in the prior cancellation proceeding.

Even a cursory review of the petition for cancellation in the prior proceeding demonstrates that the factual basis for that petition was completely different from the factual basis for the present petition. The first petition was based on a claim under Section 2(a) of the Lanham Act, premised on an alleged false connection with Dan Tana, Chutter's predecessor, and a claim of fraud in the original prosecution of the application on which the Registration is based. See Baber Decl. ¶ 6 & Ex. C.⁵ The Board characterized the fraud claim in that first petition as based on an assertion that Registrant should have volunteered an explanation of the meaning of the mark and whether it identified any living individual. Cancellation No. 92045947, Order dated September 7, 2010, TTABVue No. 42 (Baber Decl. ¶ 5 & Ex. D) at 4-6. What is clear, however, is that the 2006 petition did not contain – and could not contain – any references whatsoever to the Section 8 and 15 declaration filed in March of 2010.

⁴ The fact is noteworthy because, as discussed below, the Federal Circuit has cautioned against barring claims in instances where there is a valid "judgment on the merits," but where the prior tribunal did not actually consider the substantive issues in the case.

⁵ Great Concepts supports its Motion with a Declaration from Frederick K. Taylor, the same counsel who filed the fraudulent declaration at issue in this proceeding. Mr. Taylor's declaration improperly asserts as "facts" (of which he claims to have personal knowledge) legal conclusions, most notably his parroting of Great Concepts' flawed legal assertion that Chutter's predecessor in interest Mr. Tana had "at least constructive or inquiry notice" of Mr. Taylor's fraudulent declaration. Taylor Decl. ¶ 12. The Board should give no weight to this assertion by Mr. Taylor or Great Concepts' reliance on it. Motion at 8.

Under the doctrine of claim preclusion, a plaintiff is barred from a “subsequent assertion **of the same transactional facts** in the form of a different cause of action or theory of relief.” *Vitaline Corp. v. General Mills Inc.*, 891 F.2d 273, 275, 13 U.S.P.Q.2d 1172, 1173 (Fed. Cir. 1989) (emphasis added). The Federal Circuit has stated that it is guided by the Restatement of Judgments in determining whether a claim in a particular case is barred by claim preclusion. *Young Engineers, Inc. v. U.S. Int’l Trade Comm’n*, 721 F.2d 1305, 1314 (Fed. Cir. 1983). Accordingly, the Board must consider whether Chutter’s fraud claim is based on the same “core [or nucleus] of operative facts” or is “on the same, or nearly the same, factual allegations” as those asserted in the prior proceeding. *Jet, Inc. v. Sewage Aeration Sys.*, 223 F.3d 1360, 1363 (Fed. Cir. 2000); *see also United States v. Haytian Rep.*, 154 U.S. 118, 125 (1894) (“One of the tests laid down for the purpose of determining whether or not the causes of action should have been joined in one suit is whether the evidence necessary to prove one cause of action would establish the other.”).

The prior cancellation proceeding contained no claims based on Registrant’s counsel’s signing and filing with the USPTO a false combined Section 8 and 15 declaration. *See* Baber Decl. Ex. C. The facts alleged in the prior cancellation proceeding were distinct in time and space from those alleged in the instant proceeding. *See id.* None of the facts necessary to establish the substantive claims in the prior proceeding would establish any elements of Chutter’s fraud claim in this proceeding. *See id.* Great Concepts therefore cannot establish the third element necessary for claim preclusion, namely that Chutter’s claim is based on the same set of transactional facts as the claim asserted in the prior proceeding.

Federal Circuit precedent is especially instructive regarding how the Board should analyze, for purposes of res judicata or preclusion, the causes of action in two separate proceedings. In *Nasalok Coating Corp. v. Nylok Corp.*, 522 F.3d 1320, 1326 (2008), the court considered an attempt to apply claim preclusion to a defendant from the prior proceeding, and addressed whether the two proceedings involved the same transaction or occurrence. In determining whether a cancellation petition (which included a fraud claim) should be precluded, the court recognized that the prior infringement claim and the cancellation claims “raise different legal and factual issues, will not be supported or refuted by substantially the same evidence, and are not ‘logically related’” – and that “[t]herefore, the claims do not arise out of the same ‘transaction or occurrence.’” *Nasalok Coating Corp.* at 1326.⁶ The Board has similarly determined that fraud and likelihood of confusion claims involve “different legal theor[ies] and different transactional facts.” *World Lebanese Cultural Union of New York, Inc. v. World Lebanese Cultural Union, Inc.*, 2013 WL 11247706, at *3 (T.T.A.B. Sept. 27, 2013) (non-precedential). These precedents confirm that requirements for preclusion are not met, as the two claims at issue here similarly do not arise from the same transaction or series of transactions.⁷

⁶ The court in *Nasalok* found the cancellation petition barred based on a doctrine that is inapplicable here – the doctrine prohibiting a collateral attack on a prior judgment. 522 F.3d at 1328-30.

⁷ Great Concepts relies heavily on *S Industries, Inc. and Central Mfg. Co. v. Covington Industries, Inc.*, an apparently unpublished Board decision involving the infamous Leo Stoller and his STEALTH trademarks. 2002 WL 31651761 (T.T.A.B. 2002). In *S Industries*, the Board found that the likelihood of confusion claim in the earlier opposition could have been brought together with claims asserting “fraud and abandonment during the application process.” *S Indus.* at *5 (emphasis added). In other words, unlike in the instant situation, the precluded claims were based on facts

In addition, the prior cancellation proceeding was never adjudicated on the merits; it was dismissed following the conclusion of the federal court litigation between the parties, after the petitioner chose not to re-plead its claims following entry of the Board's September 7, 2010 order. Cancellation No. 92045947, Order dated December 14, 2010, TTABVUE No. 45 (Baber Decl. ¶ 6 & Ex. E). As the Federal Circuit has stated:

When applying res judicata to bar causes of action that were not before the court in the prior action, due process of law and the interest of justice require cautious restraint. Restraint is particularly warranted when the prior action was dismissed on procedural grounds.

. . . .

Precedent cautions that res judicata is not readily extended to claims that were not before the court, and precedent weighs heavily against denying litigants a day in court unless there is a clear and persuasive basis for that denial.

Kearns v. Gen. Motors Corp., 94 F.3d 1553, 1556, 1557 (Fed. Cir. 1996) (vacating dismissal as to sixteen patents not involved in prior action).

The claim of fraud asserted in Chutter's petition was not before the Board in the prior cancellation proceeding, and, as Great Concepts acknowledges, the petition in the prior proceeding pleaded none of the facts on which that claim is based. There is no

that occurred well before the first proceeding was instituted. The Board allowed a separate fraud claim, based on facts that occurred after the cancellation proceeding, to proceed. *Id.* at 6.

As the discussion above makes clear, the *S Industries* language regarding whether certain claims were "the same" cannot be reconciled with the governing authorities cited above. The Federal Circuit's standard unequivocally requires that a claim must be "based on the same set of transactional facts as the first" in order to be precluded. *S Industries* is further distinguishable because, as discussed in section I above, Petitioner Chutter's standing is predicated, at least in part, on a newly-filed application.

basis for denying Chutter an opportunity to pursue its fraud claim, especially in view of the blatant misconduct of Great Concepts' counsel. Neither the claim asserted by Chutter nor any portion of it was included – let alone adjudicated – in the prior proceeding.

III. Registrant's Arguments Regarding Constructive Or Notice Inquiry Are Unsupported.

In Chutter's opposition to Registrant's Motion to Dismiss (TTABVUE 6), Chutter noted that Great Concepts had no support whatsoever for its assertion that Chutter's predecessor had notice of the fraudulent section 8 and 15 declaration at the time of the prior proceeding on which Great Concepts relies. Great Concepts has still produced no evidence that Chutter's predecessor had notice of Great Concepts' counsel's fraudulent declaration during the pendency of the prior proceeding. Instead, Great Concepts relies on incorrect and inapplicable legal fictions to try to impute notice to Chutter's predecessor.⁸

Great Concepts first attempts to establish notice by invoking the concept of constructive notice from Section 22 of the Lanham Act, 15 U.S.C. § 1072. On its face, however, Section 22 is limited and provides for constructive notice only of a federal "registrant's claim of ownership [of a mark on the principal register]." The *Teledyne* case cited by Great Concepts further spells this out, noting that (for example) publication in the Official Gazette does not provide constructive notice of a registrant's

⁸ Chutter notes that the "notice" / "knowledge" issue is a red herring and is irrelevant. Even if Mr. Tana had knowledge of the fraudulent declaration – which he did not – the controlling test for claim preclusion purposes is whether the same set of transactional or operative facts are at issue. As the discussion above demonstrates, they are not.

claim of ownership. *Teledyne Technologies, Inc. v. Western Skyways, Inc.*, 78 U.S.P.Q.2d 1203, at *9, n.9 (T.T.A.B. 2006). There simply is no basis for an assertion that Great Concepts' filing of a false declaration gave "constructive notice" of anything to Chutter's predecessor, under Section 22 or otherwise.

Great Concepts next attempts to pull from statute of limitations jurisprudence and invoke the concept of "inquiry notice." Even the *Merck* case cited by Great Concepts downplays the importance of "inquiry notice," finding that the limitations period does not begin running until the plaintiff actually discovers, or a reasonably diligent plaintiff would have discovered, the necessary facts for the claim at issue. *Merck & Co., Inc. v. Reynolds*, 559 U.S. 633, 650-653 (2010). Great Concepts also cites *Carlisle v. Matson Lumber Co.*, 18 F. App'x 219, 224 (3rd Cir. 2006), for the broad proposition that claim preclusion can be based on "constructive or inquiry notice" of publicly recorded documents, but fails to mention that the case involved a real property transaction, and the "publicly recorded documents" about which the plaintiff claimed to have no notice were deeds that were recorded in the chain of title to plaintiff's property. *Carlisle* at 223-24. That case is inapposite here.

Finally, Great Concepts cites in *In re Shell Co.* for the proposition that "the Board may take judicial notice of agency action relating to declarations under Sections 8 and 15 since it is an adjudicative fact of a 'public record.'" Motion at 12. In fact, it was the Federal Circuit, not the Board, that stated in a footnote that "[a]lthough we do not rely on it, the record also contains declarations under sections 8 and 15 of the Lanham Act..." *In re Shell Co.*, 992 F.2d 1204, 1207 n.3 (Fed. Cir. 1993). The Federal Circuit did not say that it was taking judicial notice of the declarations – it instead stated that it did not

rely on the declarations. Moreover, in the words of the Board, “it is well settled that the Board does not take judicial notice of USPTO records.” *UMG Recordings Inc. v. O'Rourke*, 92 U.S.P.Q.2d 1042 (T.T.A.B. 2009) (citing *Corporate Fitness Programs Inc. v. Weider Health and Fitness Inc.*, 2 U.S.P.Q.2d 1682, 1683-84, n.3 (T.T.A.B. 1987)). There is simply no precedent for Registrant’s arguments regarding constructive and inquiry notice in this context.

The “inquiry notice” claimed by Great Concepts is, moreover, wholly inconsistent with the facts of this case. Petitioner’s fraud claim is based on the improper filing by Registrant’s counsel of a knowingly false declaration under section 15, at a time when no such declaration could have been properly filed because of the then-pending legal proceedings. Great Concepts’ suggestion that Chutter’s predecessor in interest should have anticipated the filing of such an improper declaration and searched the USPTO records to see if one had been filed is, to say the least, surprising. There would have been no reason to have suspected that any person, let alone an attorney, would have signed and filed such a declaration as improper and false as the one signed by Great Concepts’ counsel. For Great Concepts to now suggest that Chutter should be penalized for its predecessor’s failure to suspect such an egregious act of impropriety demonstrates the extent to which Great Concepts is willing to go to avoid the consequences of its counsel’s blatant fraud on the Trademark Office.

CONCLUSION

For the foregoing reasons, Petitioner Chutter, Inc. respectfully requests that Registrant's Motion for Summary Judgment be denied, that proceedings herein be resumed, and that Registrant be required to answer Petitioner's Petition to Cancel.

This 25th day of February, 2016.

Respectfully submitted,

KING & SPALDING LLP

/Bruce W. Baber/

Bruce W. Baber
Kathleen E. McCarthy

1180 Peachtree Street
Atlanta, Georgia 30309
Telephone: 404-572-4600
Facsimile: 404-572-5100

1185 Avenue of the Americas
New York, NY 10036-4003
Telephone: 212-556-2100
Facsimile: 212-556-2222

Attorneys for Petitioner
CHUTTER, INC.

CERTIFICATE OF SERVICE

This is to certify that I have this day served the foregoing Petitioner's Brief In Opposition To Registrant's Motion For Summary Judgment upon Registrant, by causing a true and correct copy thereof to be deposited in the United States mail, postage prepaid, addressed to Registrant's counsel of record as follows:

Ms. Lisel M. Ferguson
Ms. Jamie D. Quiant
Procopio, Cory, Hargreaves & Savitch LLP
525 B Street, Suite 2200
San Diego, California 92101

This 25th day of February, 2015.

/Bruce W. Baber/
Bruce W. Baber