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

Proceeding	91115198
Party	Plaintiff THE VERMONT TEDDY BEAR COMPANY, INC. ,
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Submission	Request For Reconsideration of TTAB Order Granting Applicant's Motion for Summary Judgment
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Attachments	vtb.build.a.bear.req.recon.all.together.pdf (12 pages)

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January 18, 2005

Clerk, Trademark Trial and
Appeal Board
U.S. Patent & Trademark Office
P.O. Box 1451
Alexandria, VA 22313-1451

Re: Opposition No. 115,198
The Vermont Teddy Bear Company, Inc.
v. Build-A-Bear Workshop, Inc.

Dear Clerk:

Kindly accept for filing, in the above-referenced Opposition proceeding, Opposer's REQUEST FOR RECONSIDERATION of the Board's Order of December 17, 2004, granting Applicant's Motion for Summary Judgment. Also submitted herewith is Opposer's Certificate of Service.

Respectfully submitted,

H. JAY SPIEGEL & ASSOCIATES

H. Jay Spiegel
Counsel to The Vermont Teddy
Bear Company, Inc.

HJS:tg
Enclosure

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

THE VERMONT TEDDY BEAR)	
COMPANY, INC.,)	
)	
Opposer,)	
)	
v.)	Opposition No. 115,198
)	
BUILD-A-BEAR WORKSHOP, INC.,)	
)	
Applicant.)	

REQUEST FOR RECONSIDERATION

I. INTRODUCTION

Opposer, The Vermont Teddy Bear Company, Inc. (Vermont), herewith requests reconsideration of the decision of the Trademark Trial and Appeal Board (the Board), dated December 17, 2004, granting the Motion for Summary Judgment of Applicant, Build-A-Bear Workshop, Inc. (Build-A-Bear), and directing that the application “be forwarded for the issuance of a Notice of Allowance.”

In summarizing its decision, the Board stated the following:

“In view of the above, we find that opposer’s use of a heart does not constitute trademark use and is not protectable under the Trademark Act. Drawing all factual inferences tending to show triable issues in the light most favorable to opposer, we find no genuine issue of material fact exists as to whether opposer can demonstrate its priority.”

This Request for Reconsideration (Vermont’s Request) is filed because even if the Board’s decision is correct that Vermont’s use of a heart does not constitute trademark use

protectable under the Trademark Act, that decision should not result in dismissal of the Opposition.¹ Vermont is entitled to judgment on other grounds including (1) fraud with regard to a declaration signed by the Chief Executive Officer of Build-A-Bear, the facts in support of which were only developed after the Board's Suspension Order of June 18, 2004, and (2) that Build-A-Bear's purported mark, that is the subject of this Opposition proceeding, is not registrable since it is (a) equally ornamental as is Vermont's mark, and (b) in the nature of product design for which no evidence of acquired distinctiveness has been presented.

37 C.F.R. § 2.127 requires a Request for Reconsideration to be filed within one (1) month from the date of the Order from which the Request is lodged. Accordingly, this Request is timely filed.

II. ARGUMENT

A. Vermont's Notice of Opposition Encompasses Other Grounds of Opposition

Paragraphs 13 and 14 of Opposer's Notice of Opposition (Vermont's Notice) set forth Vermont's allegation that it is the first user of the trademark and service mark "that are the subject of Applicant's trademark/service mark application ...". Vermont's Notice at 13. Vermont's Notice goes on to quote the Declaration of Maxine Clark, founder and Chief Executive Officer of Build-A-Bear, submitted when the opposed application was filed.

Quoting from the declaration signed by Ms. Clark:

"To the best of ... her knowledge and belief, no other person, firm, corporation, or association has the right to use the above identified mark in commerce, either in the identical form or in such near resemblance thereto as may be likely, when applied to the goods

¹Vermont reserves the right to appeal the Board's decision that Vermont's use of a heart does not constitute trademark use protectable under the Trademark Act.

and services of such other person, to cause confusion, or to cause mistake, or to deceive.”

Ms. Clark’s declaration was signed on February 10, 1998. Vermont’s Notice at 13. Paragraph 14 of Vermont’s Notice states the following:

“On information and belief, when the declaration including the averments set forth in paragraph 13 above was signed, Applicant was aware of Opposer’s prior use of the mark.”

In this regard, during the subsequent deposition of Maxine Clark, Ms. Clark admitted ordering Vermont’s MAKE A FRIEND FOR LIFE kit.² Clark Depo. Transcript at 30:15-24.³ Ms. Clark testified that she “probably” purchased the MAKE A FRIEND FOR LIFE kit before the barbeque of July 4, 1997. Clark Depo. Transcript at 30:24. This is over nineteen (19) months prior to February 10, 1998, when Ms. Clark signed the above-described declaration. Thus, there is a significant question as to whether Build-A-Bear perpetrated a fraud on the Patent and Trademark Office when Ms. Clark signed the declaration claiming no knowledge of prior rights on the part of anyone where it is clear that she was personally aware of Vermont’s use of placement of a heart in the chest of a teddy bear during the assembly thereof well before the declaration was signed. Vermont submits that even if Vermont’s use of the heart in the bear mark is not trademark use, that conclusion (which Vermont disputes) would not foreclose Vermont’s right to continue to prosecute the Opposition proceeding on the basis of a fraud count.

²Exhibit 1 to Vermont’s Response consists of a copy of an instruction sheet forming a part of the MAKE A FRIEND FOR LIFE kit instructing the purchaser to place the heart within the stuffed teddy bear (see Step 4).

³The deposition transcript of Maxine Clark is Exhibit 9 to Opposer’s Response to Applicant’s Motion for Summary Judgment (Vermont’s Response).

It is noted that upon the filing of Build-A-Bear's Motion for Summary Judgment (Build-A-Bear's Motion), the Board issued an Order dated June 18, 2004 (Paper No. 38) suspending the proceedings pending a decision on Build-A-Bear's Motion. Vermont's deposition of Maxine Clark occurred on June 22, 2004, after the Board's Suspension Order was issued. Thus, Vermont had no opportunity, prior to the Board's decision of December 17, 2004, to move for leave to amend the Notice of Opposition, based upon the new information that came to light during Maxine Clark's deposition, to add a claim for fraud. When the Board grants this Request for Reconsideration, such a Motion will promptly be filed.⁴

B. Even if Vermont's Use of the Heart is not Trademark Use, Vermont Still Has Grounds for Opposition because it May be Damaged if Build-A-Bear Obtains Registration of its Heart Mark

Paragraph 16 of Vermont's Notice states the following:

“Opposer will be damaged if Applicant obtains registration for Applicant's mark because such registration would be prima-facie evidence of the validity of the registration, Applicant's ownership of Applicant's mark, and Applicant's exclusive right to use Applicant's mark in commerce, when in fact Applicant is not entitled to such rights by virtue of Opposer's prior continuous use throughout the United States.”

Whether or not Vermont's use of the heart in the bear mark is trademark use, Vermont will still be damaged should Build-A-Bear obtain registration of its purported heart mark, in the ways identified in paragraph 16 of the Notice of Opposition. As stated therein, Build-A-Bear's registration would be prima-facie evidence of the validity of the registration, of Build-A-Bear's ownership of the purported mark, and of Build-A-Bear's exclusive right to use the purported

⁴Of course, the Board may grant leave to amend Vermont's Notice in deciding this Motion.

mark in commerce. Thus, Vermont should be entitled to continue the Opposition proceeding for the reasons explained in more detail below.

Vermont takes careful note of footnote 8 on page 15 of the Board's decision which states the following:

“Although the opposition is being dismissed, we note that this does not mean the subject application will ultimately mature into a registration. Should applicant file a statement of use and specimens of use in support thereof (which is required for the mark in the intent-to-use based application to be registered), the USPTO examining attorney may at that point refuse registration on various grounds, including failure to function as a trademark under Sections 1, 2, 3 and 45 of the Trademark Act.”

Based upon the decision the Board rendered on December 17, 2004, it is clear that Build-A-Bear will be unable to register its alleged heart in the bear mark. This is because although Build-A-Bear's application was based upon an alleged bona fide “intent to use” Build-A-Bear's purported mark, in fact, Build-A-Bear began using its so-called mark prior to the date of filing of its application and the manner of use by Build-A-Bear is well established and documented. Build-A-Bear's manner of use of the heart in the bear is identical to the manner in which Vermont uses the very same alleged mark. This is demonstrated by Exhibit 12 to Vermont's Response to the Motion for Summary Judgment, a letter dated October 27, 1998, from Build-A-Bear's Counsel, Alan S. Nemes, Esquire, to Thomas Vellios, President of Children's Concept, Inc., an entity that was operating Zany Brainy stores including a department licensed by Vermont where stuffed teddy bears were assembled including the step of placement of the heart within the chest of the bear. In that letter, the following was stated by Build-A-Bear's Counsel:

“Long prior to your adoption of same, our client has continuously promoted in its stores, in promotional materials and publicity, and

throughout the world on its website, its exclusive rights to such toy hearts placed inside teddy bears and other plush and stuffed toy animals. As you have seen in our client's stores, our client has adopted logos showing a heart being placed inside bears, store fixtures showing hearts inside bears, store departments utilizing the service mark "Heart Stuff" and design, and references on its website that Build-A-Bear Workshop uniquely provides a heart inside every bear, etc. ...

Consequently, our client is quite concerned that adoption of such identical trademarks and trade dress in your Vermont Teddy Bear Company departments appropriates the intellectual property of our client and constitutes trademark infringement and unfair competition, being violative of property rights which our client has established with considerable effort and expense."

Discovery documents produced by Build-A-Bear prior to Build-A-Bear's filing of its Motion for Summary Judgment confirm that Build-A-Bear's use of the heart placed in the bear is identical to that use by Vermont.⁵ Moreover, the description of the purported mark in the opposed application is identical to that used by Vermont in applying for its trademark:

"Consists of a Three Dimensional Heart Shaped Object. The Outline of a Teddy Bear is used To signify the placement of a heart shaped Object inside a stuffed or plush toy animal; The teddy bear design itself is not claimed As part of the mark, as the heart shaped Object may be placed in any stuffed or plush Toy animal."

Even if Build-A-Bear is able to overcome the strong inference that its use of the heart in the bear mark is merely ornamental and not registrable for the same reasons set forth in the Board's decision, the next burden Build-A-Bear will have to surmount will be to attempt to establish the distinctiveness of its so-called mark. It is clear that the heart in the bear concept,

⁵In keeping with TBMP § 518, Vermont will not use this Request to attempt to introduce evidence not already before the Board. However, the Board's Order terminating the Opposition proceeding if not overturned in part, as requested herein, will preclude the Board from considering evidence already produced that will have a strong bearing on whether Build-A-Bear will be able to register its alleged heart in the bear mark.

assuming arguendo that it is not ornamental and is registrable, is in the nature of product configuration trade dress and not product packaging. Trade dress that falls within the product design category can never be inherently distinctive as a matter of law. *Wal-Mart Stores, Inc. v. Samara Brothers, Inc.*, 529 US 205, 212 (2000).⁶

The features of a product's design can never be inherently distinctive and are registrable only upon a showing of secondary meaning. *Id.* at 213-14. An Examining Attorney is required to issue a refusal to register a product configuration unless the application is filed under the provisions of § 2(f) and sufficient evidence is submitted to demonstrate that the mark has secondary meaning. TMEP § 1202.02(b)(i). The ground for refusal is "that the proposed mark consists of a nondistinctive product design, and thus does not function as a mark under §§ 1, 2 and 45 of the Trademark Act, 15 USC §§ 1051, 1052 and 1127." *Id.* In order to demonstrate acquired distinctiveness to secure registration under § 2(f) of the Lanham Act, 15 USC § 1052(f), the proponent must provide "proof of substantially exclusive and continuous use thereof as a mark by the applicant in commerce for the five years before the date on which the claim of distinctiveness is made." Given the ample proof, already of record in this Opposition proceeding, that Vermont was the first to adopt placement of a heart in the chest of a stuffed teddy bear, and that Vermont has been doing so in one form or the other, continuously from its date of first use, at least through the date of Vermont's Response to Build-A-Bear's Motion for

⁶This is not believed to be a close case, however, where it is difficult to determine whether the trade dress at issue is product packaging or product design, "courts should err on the side of caution and classify ambiguous trade dress as product design, thereby requiring secondary meaning." *Id.* at 215.

Summary Judgment, it will be impossible for Build-A-Bear to demonstrate the exclusivity of use necessary to prove acquired distinctiveness.

If the product design is not functional, the mark may be registered on the Supplemental Register or if the applicant shows that the product design has acquired distinctiveness on the Principal Register under § 2(f). TMEP § 1202.02(b)(i). For applications based on § 1(b) of the Trademark Act, 15 USC § 1051(b), the Examining Attorney must issue the refusal even if the applicant has not filed an Amendment to Allege Use or a Statement of Use. (Emphasis added.) *Id.*⁷ It appears that the Examining Attorney inadvertently failed to refuse registration on this basis. Continuation of the Opposition proceeding will permit the Board to correct this error.

Because Build-A-Bear is not the exclusive user of its purported mark, it is ineligible for registration on the Supplemental Register. For a mark to be eligible for Supplemental Registration, it must be “in lawful use in commerce by the owner thereof...” § 23(a) of the Lanham Act, 15 USC § 1091(a). “Lawful” use means “exclusive” use. *Kwik-Copy Franchise Corp. v. Dimensional Lithographers*, 173 USPQ 378 (TTAB 1972). See *McCarthy on Trademarks and Unfair Competition*, § 19:33, page 19-126 and the cases cited therein. Even if Vermont’s use of the heart in the bear is ornamental and thus nonregistrable, as the Board found, that use is still a sufficient basis to deny Build-A-Bear the right to register its so-called heart in the bear mark. As stated in *Kwik-Copy*:

“The term ‘lawful use’ as used in Section 23 ... has little or no meaning unless it encompasses the meaning of ‘exclusive use.’ It would seem to be contrary to law to grant an owner of a Supplemental Register

registration the right to sue a person for infringement when the person

⁷Build-A-Bear’s application to register its so-called heart in the bear mark was filed under § 1(b), 15 USC § 1051(b). No Statement of Use or Amendment to Allege Use was ever filed and the application was never amended to seek registration under § 2(f), 15 USC § 1052(f).

had a lawful right to use the merely descriptive term at the time the application for such registration was filed. 173 USPQ at 381.”

As pointed out in *McCarthy on Trademarks and Unfair Competition*, § 20:80, page 20-138, “a Supplemental Registration’s claim of exclusive use can be defeated not only by descriptive use by Petitioner, but also use by third parties.”⁸ Thus, Professor McCarthy makes it clear that descriptive use by a Petitioner or even third party use is sufficient to defeat the required claim of exclusive use. In *Perma Ceram Enterprises Inc. v. Preco Industries Ltd.*, 23 USPQ 2d 1134, 1136 (TTAB 1992), the Opposer had owned a Supplemental Registration for the mark in dispute and that registration had been canceled because Opposer did not have exclusive use of the mark due to Applicant’s use of the same mark on competitive goods. Here, the goods are identical.

Although all of the discovery produced by Build-A-Bear during the course of this Opposition proceeding to date has not been before the Board as of yet, the evidence before the Board makes it clear that prior to Build-A-Bear’s actual date of first use of its so-called “heart in the bear mark,” Vermont began placing a heart in the chest of teddy bears and has been continuously doing so from its date of first use through at least the date of Vermont’s Response to Build-A-Bear’s Motion for Summary Judgment.

As such, it is respectfully submitted that it is irrelevant to continuation of the Opposition proceeding whether Vermont’s use of the heart in the bear mark is trademark use or merely ornamental use not susceptible of trademark registration. In either case, Vermont continues to have standing to oppose registration of Build-A-Bear’s heart in the bear mark given the damage

⁸Citing *Moore Business Forms, Inc. v. Continu-Forms, Inc.*, 9 USPQ 2d 1907 (TTAB 1988).

to Vermont that will occur should Build-A-Bear's purported mark be registered as clearly explained in paragraph 16 of Vermont's Notice of Opposition. If the Board believes that paragraph 16 of Vermont's Notice is not sufficiently clear enough to state this specific ground of opposition, Vermont requests that the Board vacate its outright dismissal of the Opposition proceeding and grant Vermont leave to amend the Notice of Opposition to clearly state this ground.

III. CONCLUSION

For the reasons set forth above, Vermont believes that even if Vermont's use of the heart in the bear is merely ornamental and not susceptible of trademark registration, the Opposition proceeding should continue so that the Board may adjudicate the other issues raised by Vermont in the Notice of Opposition.

Respectfully submitted,

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

THE VERMONT TEDDY BEAR)

COMPANY, INC.,)
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Opposer,)
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v.) Opposition No. 115,198
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BUILD-A-BEAR WORKSHOP, INC.,)
)
Applicant.)

CERTIFICATE OF SERVICE

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

Sir:

I hereby certify that a true copy of the foregoing REQUEST FOR RECONSIDERATION was served by First Class Mail, postage prepaid, this 18th day of January, 2005, on the following Attorney for Applicant:

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DATED: January 18, 2005

Respectfully submitted,

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