

Exhibits ^{TAB}

UNITED STATES PATENT AND TRADEMARK OFFICE
TRADEMARK TRIAL AND APPEAL BOARD



03-19-2002

U.S. Patent & TMO/TM Mail Rpt Dt. #26

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Yves Saint Laurent Fashion, B.V.,	x	
Yves Saint Laurent Couture,	x	
and	x	Opposition no. 119,265
Yves Saint Laurent International, B.V.,	x	Serial no. 75/646,369
Opposer,	x	
v.	x	
	x	
Y&S Handbags, Inc.	x	
Applicant.	x	
	x	
-----X		

MAR 25 AM 6:00

OPPOSERS RESPONSE TO MOTION FOR SUMMARY JUDGMENT

The Applicant's Motion for Summary Judgment must be denied on all grounds. The Applicant has failed to establish any defense as a matter of law. The Defendant also fails to provide any basis for its conclusory claim that confusion, as a matter of law, is not likely. Confusion is indeed likely to arise, as the Applicant will show at trial. The facts as now known show that, or in the alternative at least raise, serious issues of fact.

STATEMENT OF FACTS

Opposers are the owners of the following U.S. Trademark Registrations for the mark YSL in word and stylized form:

Reg. No.: 766,417
Registered: March 10, 1964
Renewed: March 10, 1984
Mark: YSL

Reg. No.: 1,712,999
Registered: September 8, 1992
Mark: YSL

Reg. No.: 1,208,578
Registered: September 14, 1982
Mark: YSL (STYLIZED)

Reg. No.: 1,425,063
Registered: January 13, 1987
Mark: YSL (STYLIZED)

Reg. No.: 1,711,127
Registered: September 1, 1992
Mark: YSL (STYLIZED)

Attached as Exhibit A.

Registrations 766,417, 1,208,578, and 1,425,063 are incontestible, pursuant to the provisions of Section 15 of the Trademark Act. The registrations include a variety of leather goods, for instance, Registration No. 1,712,999, includes the following goods, among others: handbags, luggage, tote bags, briefcases, wallets, billfolds, change purses, keyfobs, keyholders, and pillboxes. Registration No. 1,711,127, includes the following goods, among others: handbags, luggage, tote bags, briefcases, wallets, billfolds, change purses, keyfobs, keyholders, and pillboxes.

The Applicant Y&S Handbags, Inc., (“Applicant”), filed an application for the mark Y&S on February 2, 1999 for use on, leather goods and related articles in the nature of key cases, brief cases, handbags, purses, waist packs, and cosmetic cases sold empty. The mark was put forward for publication on November 30, 1999. Opposers filed the present opposition against the application on May 30, 2000.

On January 12, 2001, Opposer served Applicant with two Notices of Deposition. On January 16, 2001, Applicant filed a Motion for a Protective Order regarding these Notices. This motion is currently pending before the Board. On March 15, 2001, Applicant filed a motion for Summary Judgment. On April 20, 2001, Opposers filed a motion for leave to conclude discovery

in order to allow it to respond to the Applicant's summary judgment motion. This motion was granted by the Board in its Order of July 20, 2001. Pursuant to this Order, Opposers noticed depositions of two of Applicant's employees on August 10, 2001. The subject matter to be addressed at those depositions was limited by the Board to the subjects of the lapse of Applicant's prior registration and instances of actual confusion. Although Opposers initially had great difficulty in securing the attendance of the deponents, the depositions of Mr. Lawrence Rand, and Mr. Pincus Rand were eventually taken on August 29, 2001, and November 13, 2001, respectively.

DISCUSSION

Summary Judgment is appropriate when the evidence before the Board shows that "there is no genuine issue as to material fact and that the moving party is entitled to judgment as a matter of law." TBMP 528.01. The burden for demonstrating this absence of genuine issue of material fact falls on the moving party. *Citing Copeland's Enterprises Inc. v. CNV Inc.*, 945 F.2d 1563, 20 USPQ2d 1295 (Fed. Cir. 1991). In the present motion, Applicant argues that it is entitled to Summary Judgment based on both a defense of laches and a likelihood of confusion analysis. However, on both these bases, Applicant has failed to meet its burden of showing of a lack of any genuine issue as to material fact.

A. THE MOREHOUSE DEFENSE

The Applicant's Morehouse defense can be dealt with expeditiously. The Applicant has cited *Morehouse Mfg. Corp. v. J. Strickland & Co.*, 160 USPQ 715 (C.C.P.A. 1969) in support of its claim that the fact that it had registered its mark and then allowed the mark to become cancelled under Section 8 of the Trademark Act prevents Opposers from objecting to its current application. The Court in Morehouse adopted the sensible position that if an Applicant already

owns an existing trademark registration for the same or virtually identical goods and the same or virtually identical marks, they will not be heard to oppose a subsequent filing by the Applicant. The rationale in such cases has been that when a subsisting registration has not been challenged by an Applicant, after a significant period of use or registration, an Applicant may not avoid the various protections granted to the owner of a registered trademark by attacking a collateral mark which, for all purposes related to a likelihood of confusion analysis, is indistinguishable.

However, the applicant in *Morehouse* had owned its previous registration for an unbroken period of ten years prior to the filing of the cancellation. Here, the Applicant holds no registration for the mark being opposed. The existence of a registration which is cancelled by the Trademark Office for failure by the applicant to prove continuing use cannot be placed in the same procedural posture as a co-existing registration of some 10 years.

Unlike the circumstances existing before the Court in *Morehouse*, there is no on-going, valid trademark right in the cancelled registration from which the Applicant may tack its prior use. This factual difference from the circumstances addressed by the Court in *Morehouse* renders the rationale of the Court in that case simply inapplicable to the facts of this opposition. However, even putting aside this fundamental difference from the circumstances of the parties in *Morehouse*, the Applicant has failed to meet its burden in raising this defense.

A *Morehouse* defense is essentially an equitable defense in the nature of laches. McCarthy on Trademarks and Unfair Competition, § 20:38 (4th ed. 2001). A prima facie defense of laches requires a showing of both unreasonable delay in asserting one's rights against another, and material prejudice to the one asserting the defense as a result of the delay. *Aquion Partners Limited Partnership v. Envirogard Products Limited*, 43 U.S.P.Q.2d 1371, 1375 (1997). This defense usually requires factual development beyond the pleadings. Facts evidencing

unreasonable delay and material prejudice cannot be based solely on presumptions the mere passage of time does not constitute laches. *Id.* at 1376. Additionally, in assessing unreasonable delay in the context of an opposition, the defense must be tied to a party's registration of a mark rather than its use of the mark. *Id.* As the Court in *Aquion Partners L.P.* points out, "laches begins to run from the time action could be taken against the acquisition by another of set of rights to which objection is later made." Citing *National Cable Television*, 19 U.S.P.Q.2d at 1432.

Even regardless of the determination on that issue, the Applicant has failed to provide any evidence of material prejudice that took place during the time it possessed a registration for the mark Y&S resulting from Opposers' disregard of taking action against it. A party must show circumstances compelling enough to give rise to estoppel, and the party asserting the defense must have relied upon the delay to its detriment. *Id.* at 1379. In *Aquion Partners L.P.*, a case cited by Applicant in its motion as being "on all fours," the Court denied the applicant's motion for Summary Judgment on the grounds that it had not submitted sufficient evidence to show that it had been materially prejudiced. The Applicant here has made no factual showing that it was materially prejudiced; this remains a genuine issue of material fact to be resolved at trial. It is difficult to imagine any credible proof of prejudice in light of Applicant's testimony indicating that it was wholly negligent in maintaining its registration to the point of admitting that it had no system to track deadlines and claiming no knowledge of the "new" application until it had been opposed. (See Deposition of Pinney Rand, P. 32-56, Exhibit B; Deposition of Lawrence Rand, P. 15-19, Exhibit C)

These facts call into serious doubt not only the equities, but even the disturbing issue of how the Applicant could have re-filed its application without knowledge of the existence of said

application until after publication. That is, did the Applicant properly and in good faith sign a declaration at the time of filing? The equitable laches defense must be weighed against the equitable issues which call into question (a) the Applicant's actions in filing its application, and (b) the Applicant's own diligence and effort in protecting its trademark rights.

B. LIKELIHOOD OF CONFUSION

Applicant argues that Opposers have failed "to meet its burden as a matter of law of proving a likelihood of confusion." The Applicant misunderstands its burden. For summary judgment to be appropriate, the burden is on the moving party, the Applicant, to show that there are no genuine issues of fact material to the determination of likelihood of confusion. The Applicant has failed to meet this burden.

One of the factors in *DuPont* is whether there have been any instances of actual confusion between the marks. *In re E.I. DuPont DeNemours & Co.*, 177 USPQ2d 563 (C.C.P.A. 1973). Applicant in its motion states that it knows of no such actual confusion and in doing so cites the Applicant's Responses to Opposers First Set of Interrogatories, signed by an officer of the Applicant company, and which state that Applicant is "unaware of any confusion between its Y&S mark and Opposers' YSL mark. However, when employees of the Applicant company were deposed, both deponents related an instance of confusion that took place in its Florida location. (See Deposition of Pinney Rand, P. 67-85, Exhibit B; Deposition of Lawrence Rand, P. 90-99, Exhibit C). These facts are, at a minimum, in dispute and viewed in a light most favorable to the Opposers (the non-moving party) serious likelihood of (actual) confusion is present.

Other *DuPont* factors to be considered are: the similarity or dissimilarity and nature of the goods or services as described in an application or registration or in connection with which a prior mark is in use; the similarity or dissimilarity of established, likely-to-continue trade

channels; and, the conditions under which and buyers to whom sales are made. In its responses to Opposers' Interrogatories, Applicant admitted that it engages in the wholesale and retail sales of handbags and related accessories. (See Applicant's Exhibit D, Applicant's answer to Interrogatory no. 1). In Opposers' responses to Applicant's interrogatories Opposers indicated that it sells its goods through retail outlets, including major department stores, specialty retailers, and boutiques. (See Applicant's Exhibit E). Additionally, Opposers' registrations Nos. 1,712,999, and 1,711,127, contain, among other goods, handbags, luggage, tote bags, briefcases, wallets, billfolds, change purses, keyfobs, keyholders, and pillboxes. (See Exhibit A), and it has been using its YSL mark in the United States since 1962 and on leather goods in the United States since 1989. (See Exhibit D, Declaration of Valérie Dellinger dated July 5, 2001, Paragraph 3). Given the similarity and identity of the goods sold under the respective marks, the essential similarity of the channels of trade through which the goods travel, and therefore the similarity of the conditions under which they are purchased, an analysis of the facts under these *DuPont* factors weighs in favor of finding a likelihood of confusion between the marks. If the Applicant is to contend these factors indicate no likelihood of confusion, despite the fact that both it and Opposers claim to sell the identical goods through retail channels of trade, then further facts are needed in order to show this. It is clear that the Applicant has not met its burden of showing that there are no issues of material fact.

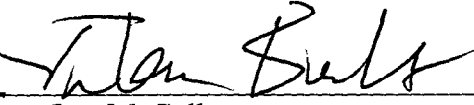
Under the *DuPont* factors, all possible issues of confusion must be explored. There is no lockstep analysis in determining likelihood of confusion. Confusion must be analyzed and understood in the context of all of the many relevant factors, as well as any additional factors which may enter into an appropriate examination of confusion. Without any other proof, and without supporting evidence, the Applicant would have this Board decide the issue of likelihood

of confusion on its face. While the Opposer strongly believes that based upon decades of precedent at the Board, it is likely that use of a mark on clothing and accessories, including handbags, would be found to be confusingly similar to identical goods sold by the Applicant, to the extent the Board were to rule on this issue at the summary judgment stage, the facts would compel judgment in the Opposers' favor. However, the Opposers are entitled to bolster their case by evidence of its use over the years on an array of goods including articles of women's clothing and accessories, supported by a widespread if not global recognition of the Opposers brands and the inextricable association between the Opposers' mark and ladies fashion accessories, as well as articles and accessories, including clothing, for men. The issue of Applicant's first date of alleged use on identical articles does not solve the equation, as the standard is not one of prior use on identical goods but is rather one of likelihood of confusion, mistake, or of deception. Applicant has alleged, without more, that as a matter of law the mark Y&S cannot be confused with the mark YSL as applied to identical or confusingly similar goods.

The fame of Opposers' mark and the widespread recognition create genuine issues of material fact going to at least one of the issues. The question of the nature of the Applicant's goods, compared with the nature of Opposer's goods and registration, also raises genuine issues of material fact. The Applicant has offered no evidence to go forward to support its summary judgment motion on the issue of confusion. Viewing all facts of record in a light most favorable to the non-moving Opposers, certainly no case can be made in favor of the Applicant.

Because the Applicant has not pleaded sustainable defense under the *Morehouse* line of cases, and because the factual issues remain, or in the alternative, factual issues must be resolved in favor of the Opposer, the Opposer moves the Board to deny the Motion for Summary Judgment.

Respectfully submitted for Opposers,
Yves Saint Laurent Fashion B.V.,
Yves Saint Laurent Couture, and
Yves Saint Laurent International B.V.

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DATED: March 15, 2002

JMC:JPB

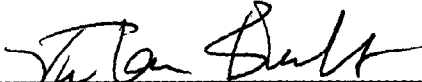
I HEREBY CERTIFY THAT THIS CORRESPONDENCE IS BEING DEPOSITED WITH THE UNITED STATES POSTAL SERVICE AS FIRST CLASS MAIL IN AN ENVELOPE ADDRESSED TO: ASSISTANT COMMISSIONER FOR TRADEMARKS, 2900 CRYSTAL DRIVE, ARLINGTON, VIRGINIA 22202 ON March 15, 2002.

COLLEN LAW ASSOCIATES, P.C., THE HOLYOKE-MANHATTAN BUILDING, 80 SOUTH HIGHLAND AVENUE, OSSINING, NEW YORK 10562

By:  Date: March 15, 2002

CERTIFICATE OF SERVICE

I hereby certify that Opposers' Response to Motion for Summary Judgment has been served upon Harris A. Wolin, and Rosenman & Colin LLP, 575 Madison Avenue, New York, NY 10022, by First Class Mail, Postage Prepaid, this 15th day of March, 2002.



Julian P. Burke