UNITED STATES PATENT AND TRADEMARK OFFICE
Trademark Trial and Appeal Board
P.O. Box 1451
Alexandria, VA 22313-1451

DUNN
Mailed: March 30, 2006

Opposition No. 91158276
Opposition No. 91158552
Opposition No. 91158568
Opposition No. 91158696
Opposition No. 91158816
Opposition No. 91158978
Opposition No. 91158980
Opposition No. 91158981
Opposition No. 91159360

Cancellation No. 92042927
Cancellation No. 92042928
Cancellation No. 92043031

North Atlantic Operating Company, Inc.; North Atlantic Trading Company; and National Tobacco Company, L.P.

v.

DRL Enterprises, Inc.

Before Quinn, Bucher, and Kuhlke, Administrative Trademark Judges.

By the Board:

These proceedings come up on DRL Enterprises, Inc.'s (DEI) motions to dismiss for failure to state a claim in each of the three cancellations listed above, and North Atlantic Operating Company, Inc., North Atlantic Trading Company, and National Tobacco Company, L.P.'s (NNN companies) response to the Board's show cause order issued in the previously consolidated

oppositions. As the parties were earlier advised, the Board generally prefers issue to be joined in each related proceeding before taking up the issue of consolidation. However, because the multiplicity of proceedings has already resulted in some inconsistencies, the Board will no longer defer the issue of consolidation. The delay in acting upon this matter is regretted.

Proceedings Consolidated

In the nine oppositions, NNN companies have alleged that the designations 1.0, 1.25, 1.5, and 2.0 are merely descriptive or generic, deceptively misdescriptive, and, in some instances, that registration should be refused because DEI committed fraud in its attempt to procure registration of the involved marks by misrepresenting its rights to those marks. Each opposed application claims one or more of the prior registrations which are the subject of the cancellation proceedings. On February 11, 2004, the Board consolidated the oppositions. In Cancellation Nos. 92042927, 92042928, and 92043031, NNN companies filed amended petitions to cancel DEI's registered marks for the stylized numeric designations 1.0, 1.5, and 1.25, alleging that DEI's marks in stylized form are generic when used on "cigarette papers."[1]

Because the parties are the same, and the consolidated opposition and the three cancellations proceedings involve common issues of law and fact, the Board believes that in the interest of judicial economy Opposition Nos. 91158276, 91158552, 91158568, 91158696, 91158816, 91158978, 9115980, 91158981, and 91159360; and Cancellation Nos. 92042927, 92042928, and 92043031 should be consolidated. *See* Fed. R. Civ. P. 42(a) and TBMP §511 (2nd ed. rev. 2004). Accordingly, Opposition Nos. 91158276, 91158552, 91158568, 91158696, 91158816, 91158978, 9115980, 91158981, and 91159360; and Cancellation Nos. 92042927, 92042928, and 92043031 are consolidated, and may be presented on the same record and briefs.[2]

Show Cause Order Set Aside

On August 15, 2005, the Board ordered NNN companies to show cause why its failure to file a brief on the case should not be taken as a lack of interest in pursuing the consolidated opposition. In response, NNN companies contend that they reasonably relied on the Board's orders issued in the cancellations which stated that consolidation of all proceedings would be considered once an answer was filed, and that, if consolidated, all proceedings would be subject to a joint

---

[1] The sufficiency of the pleadings is discussed below in connection with DEI's motions to dismiss.

[2] The Board file will be maintained in Opposition No. 91158276 as the "parent" case, but all papers filed herein must include the proceeding numbers of the consolidated cases in ascending order.

discovery and trial order; that NNN companies believed all proceedings to be suspended; and that NNN companies have not lost interest in going forward with their case. Accordingly, NNN companies have shown good cause for their failure to file their brief, and the Board's show cause order is set aside.

Motions To Dismiss Amended Petitions to Cancel Denied

In each of the three cancellation proceedings, the Board earlier granted DEI's motion to dismiss because the petitions to cancel the registered marks shown below addressed only the generic meaning of the numeric designations and made no allegations regarding the remainder of the mark.

		
Canc. No. 92042927 Reg. No. 1481006[3] ("1.0" disclaimed)	Canc. No. 92042928 Reg. No. 1331207[4] (Section 2(f))	Canc. No. 92043031 Reg. No. 1328866[5] (Section 2(f))

[3] Registration No. 1481006 issued March 15, 1988 for "cigarette papers", alleging use and use in commerce since December 30, 1985, Sec. 8 accepted and Sec. 15 acknowledged.

[4] Registration No. 1331207 issued April 16, 1985 pursuant to Trademark Act Section 2(f), for "cigarette papers" alleging use and use in commerce since April 9, 1976, renewed.

[5] Registration No. 1328866 issued April 2, 1985 pursuant to Trademark Act Section 2(f), for "cigarette papers", alleging use and use in commerce since May 20, 1977, renewed.

NNN companies were allowed time to file an amended pleading.

In each case, NNN companies filed amended petitions to cancel which include allegations that NNN companies are competitors in the tobacco products industry, and that the numeric designations "1.0", "1.5" and "1.25" are used generically within the industry to describe the size of cigarette papers. The amended petitions in Cancellation Nos. 92042928 and 92043031 (marks registered pursuant to Section 2(f)) are identical except when listing the different numeric designations. Those petitions state (¶9):

> Petitioners claim herein the numerical portion of the instant mark is and was generic (and, therefore, should have required a disclaimer), but also that the "stylized" version thereof cannot be seen by the Patent and Trademark Office or by any consumers differently – that is, simply as a "blown up" version of the generic, (including also the obvious generic word "point" designating a decimal point.)

The amended petition in Cancellation No. 92042927 (mark in which "1.0" is disclaimed) states (¶8):

> Therefore, since the numerical portion of the instant mark was disclaimed, the only remaining "elements" of the mark are the word "point," which is located within the decimal "point" of the numerical designation; and the stylized representation of the number itself. This cannot be seen by the Patent and Trademark Office or by any consumers differently – that is, simply as a "blown up" version of the generic, (including also the obvious generic word "point" designating a decimal point.)

All three amended petitions include the following paragraph (Cancellation No. 92042928 and 92043031 ¶9, Cancellation No. 92042927 ¶8):

> Indeed Registrant should never have obtained a registration. Registrant's "mark" simply consists of the size designation [] made larger and printed in a stylized manner and incorporating the word point in much smaller letters (about 30 times smaller than the size of the numerals []) within the decimal point. However, merely "inflating" the appearance of a generic term does not remove it from that category and should not have made registrant's "mark" registrable. The word "point" appearing as it does within a decimal point merely designates that which it is, namely, a decimal point. Consequently, neither the word "point" nor the fat font, add any registrable elements to the number, which is merely a size designation.

In lieu of filing answers, DEI filed motions to dismiss the amended petitions to cancel for failure to state a claim, alleging that the amended petitions to cancel fail to allege that the registered marks in their stylized form are generic; that the exhibits submitted therewith fail to support the petitions; and that the petitions are an improper collateral attack on DEI's incontestable registrations.

A motion to dismiss for failure to state a claim upon which relief may be granted is a test solely of the legal sufficiency of the complaint. *See Libertyville Saddle Shop Inc. v. E. Jeffries & Sons Ltd.*, 22 USPQ2d 1594 (TTAB 1992). In order to withstand such a motion, a pleading need only allege such facts

as would, if proved, establish that the plaintiff is entitled to the relief sought, that is, (1) the plaintiff has standing to maintain the proceeding, and (2) a valid ground exists for denying the registration sought therein. *See Lipton Industries, Inc., v. Ralston Purina Company*, 670 F.2d 1024, 213 USPQ 185 (CCPA 1982).

Here, there is no dispute as to NNN companies' standing, and the motions to dismiss turn solely on whether the petitions state a valid ground for cancellation. Where, as here, each mark is over five years old, the registration can only be challenged on the grounds stated in Section 14 of the Trademark Act, such as, "if the registered mark becomes the generic name for the goods or services…" 15 U.S.C. § 1064(3). The law is clear that a generic claim is not limited to word marks, but may be pleaded against marks comprising stylized terms. The Board's primary reviewing court has held that "[T]he term 'generic name' as used in 15 U.S.C. §1064(3), must be read expansively to encompass anything that has the potential but fails to serve as an indicator of source, such as names, words, symbols, devices, or trade dress. Any narrower interpretation of 'generic name' would allow incontestable trademarks other than names that become generic to retain incontestable status despite their inability to serve as source designators." *Sunrise Jewelry Mfg. Corp. v. Fred S.A.*, 175 F.3d 1322, 50 USPQ2d 1532 (Fed. Cir. 1999).

Here, we disagree that the amended petitions fail to state a claim, and find that the paragraphs set out above allege that DEI's marks in stylized form, including the word POINT, are generic. The cases cited by DEI are not to the contrary inasmuch as they do not address how to plead a generic claim against a stylized mark, but rather address the ultimate issue of the registrability of such stylized marks. *See Orto Conserviera Cameranese d Giacchetti Marino & C. s.n.c. v. Bioconserve, s.r.l.*, 49 USPQ2d 2013, (S.D.N.Y. 1999), *judgment aff'd*, 205 F.3d 1324 (2d Cir. 2000); *Gruner + Jahr USA Publishing v. Meredith Corp.*, 991 F.2d 1072 (2d Cir. 1993)(While a generic word or phrase cannot be used for a trademark standing alone, it may be used as a trademark if presented in a particular stylized manner or in a distinctive combination of elements.).

DEI's additional arguments are also unpersuasive. Because the motions to dismiss go strictly to the sufficiency of the pleadings, and not to the merits, the motions were not converted to motions for summary judgment, and the exhibits have not been considered in making our decision on the motion to dismiss.[6] Similarly, NNN companies' allegation in each petition that

[6] Except as provided in paragraph (d)(1) of Trademark Rule 2.122, an exhibit attached to a party's pleading is not evidence on behalf of that party unless identified and introduced in evidence as an exhibit during the period for the taking of testimony. *See* Trademark Rule 2.122(c). Thus, the exhibits attached to the petition to cancel are not evidence.

"Registrant should never have obtained a registration" is not an "impermissible collateral attack" on DEI's incontestable registrations. The presumption of validity arising from federal registration is appropriately challenged in a cancellation proceeding, and, as set forth above, the claim of genericness remains available against incontestable registrations. To the extent DEI argues that this is a separate claim which is legally deficient, we disagree. The cited paragraph is not a separate claim but an amplification of NNN companies' claim that the marks are generic.

Accordingly, DEI's motions to dismiss for failure to state a claim are denied.

Proceedings Resumed

DEI is allowed thirty days from the mailing date of this order to file its answer to each of the three petitions to cancel.

Proceedings herein are resumed in this consolidated case, and discovery and trial periods reset as follows:

DISCOVERY PERIOD TO CLOSE:	**September 30, 2006**
Thirty-day testimony period for party in position of plaintiff to close:	**December 29, 2006**
Thirty-day testimony period for party in position of defendant to close:	**February 27, 2007**
Fifteen-day rebuttal testimony period to close:	**April 13, 2007**