

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

WINTER

Mailed: June 4, 2009

Opposition No. 91185766

C.F.M. Distributing Company,  
Inc.

v.

Theresa Costantine, as  
Personal Representative of  
the Estate of Richard Costantine

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

By the Board:

This case now comes up for consideration of applicant's separately filed motions to dismiss<sup>1</sup> for failure to state a claim pursuant to Federal Rule 12(b)(6) including lack of standing, which motions were filed in lieu of an answer.

By way of background, on February 21, 2008, the original applicant, Richard Costantine, deceased, now represented by Theresa Costantine, his designated personal

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<sup>1</sup> The first and second motions to dismiss were filed, respectively, on September 19, 2008 and on October 10, 2008. Consideration of these motions by the Board was delayed, in part, by the notice of applicant's death and the substitution of the party defendant ordered by the Board on February 9, 2009.

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representative (hereafter "applicant"), applied to register the following mark for use in connection with "restaurant services, including sit-down service of food and take-out restaurant services."<sup>2</sup>



C.F.M. Distributing Company, Inc. ("opposer") opposes registration of the mark "either together or in the alternative" (amended notice ¶7) on the grounds of (i) priority and likelihood of confusion; (ii) lack of ownership of the involved mark; (iii) fraud in the filing of the involved application; and to the extent that applicant ever had any rights in the involved mark, opposer alleges that applicant (iv) abandoned the involved mark; (v) lost any proprietary rights as a result of naked licensing and

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<sup>2</sup> Application serial no. 77402411 for the mark "MARYLAND FRIED CHICKEN COMPLETE DINNERS TO GO!" (and design), based on applicant's

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absence of quality control; and (vi) that the mark "no longer signifies a single source" and cannot act as a trademark for applicant's services (§§ 7(f), 27-28). In regard to its fraud claim, opposer also specifically alleges that in filing the involved application and executing the declaration therein, applicant knew or should have known that he did not have exclusive rights to the involved mark and that opposer had superior rights in said mark based on, *inter alia*, a long since terminated cancellation proceeding involving applicant's brother, which had resulted in the cancellation of another MARYLAND FRIED CHICKEN (and design) mark<sup>3</sup> (§§ 23-26).

Applicant, in lieu of answering the notice of opposition, filed his first motion to dismiss on the grounds that "CFM has failed to state a claim for which relief can be granted" and "CFM has no standing to maintain the Opposition." In response to that motion, opposer filed its "notice of filing amended opposition in lieu of memorandum in opposition to motion to dismiss" to which was attached opposer's amended notice of opposition.

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alleged use in commerce, claiming January 1, 1980 as the dates of first use anywhere and first use in commerce.

<sup>3</sup> The Board notes Cancellation No. 92025732, captioned CFM DISTRIBUTING COMPANY, INC. v. ALBERT C. CONSTANTINE, in regard to Reg. No. 798190, which proceeding was terminated on August 8, 1997 and the registration was cancelled under Section 18 of the Trademark Act on August 8, 1997.

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A plaintiff may amend its complaint once as a matter of course at any time before an answer thereto is served. Fed. R. Civ. P. 15(a). Thus, a plaintiff in a proceeding before the Board ordinarily can respond to a motion to dismiss by filing, *inter alia*, an amended complaint. If the amended complaint corrects the defects noted by the defendant in its motion to dismiss, and states a claim upon which relief can be granted, the motion to dismiss normally will be moot. See TBMP § 503.03 (2d. ed. rev. 2004) and cases cited therein.

Insofar as opposer could amend its notice of opposition as of right, we accept the amended notice as the operative pleading, and now consider the second motion to dismiss with respect to the amended notice of opposition, and determine whether the amended complaint asserts a claim or claims upon which relief can be granted. In view thereof, the first motion to dismiss is moot and will be given no further consideration. We turn now to the second motion to dismiss, which is fully briefed.

Applicant essentially argues that the amended pleading fails to state a claim because opposer "cannot prevail." Specifically, applicant asserts that opposer has not alleged facts as would, if proved, establish that opposer is entitled to the relief sought "because it does not have a prior and proprietary right in the Mark, [and] the Mark has

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not lost its significance as an indication of origin and is not abandoned" (motion, pp. 1-2). Applicant contends further that as a distributor of goods, opposer "cannot acquire a proprietary right in a trademark simply by delivering goods and materials bearing that trademark" (motion, p. 2); that the involved mark serves to identify applicant's restaurant services, not opposer's distribution services (motion, p. 3); that opposer's acknowledgement that it distributes goods to applicant who uses the involved mark in connection with restaurant services contradicts opposer's allegation of abandonment (motion, p. 4); and that opposer has not alleged a reasonable basis in fact for its damage, but instead relies on a "subjective belief" that it may lose customers or clients and that other users, *i.e.* the owners of the other restaurants that use the involved mark, will be harmed by issuance of a registration to applicant (motion, pp. 3-4). Thus, applicant also argues that opposer does not have standing.

In opposition, opposer argues, *inter alia*, that the allegations in its amended notice of opposition must be accepted as true and all reasonable inferences should be construed in its favor; that as the exclusive distributor of the paper and food products, it may own a trademark in said goods, even if it does not manufacture said goods; that opposer has been using the involved mark since the 1970's

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(prior to applicant's alleged date of first use); that an allegation of actual confusion is not necessary to support its claims; that whether it can prove applicant's abandonment, if necessary, is a matter for trial not for a motion to dismiss; and that it has a real interest in this matter.

In reply, applicant reiterates that opposer cannot have either a prior or a proprietary right in the involved mark because it is not used in connection with distribution services and because opposer cannot show that it is the exclusive distributor of the paper and food products. Applicant also asserts that the pleading contains contradictions. For instance, applicant questions how opposer can assert that it owns the involved mark but also allege that the franchise system involving the other restaurants and the licensing agreement involving opposer no longer exist.

The purpose of a motion to dismiss under Fed. R. Civ. P. 12(b)(6) is to test the formal sufficiency of the statement of the claim for relief. 5B Wright & Miller, Federal Practice and Procedure Civ.3d § 1356 (2008). In order to withstand a motion to dismiss for failure to state a claim, a plaintiff need only allege such facts as would, if proved, establish that (1) the plaintiff has standing to maintain the proceedings, and (2) a valid ground exists for

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opposing the mark. The pleading must be examined in its entirety, construing the allegations therein liberally, as required by Fed. R. Civ. P. 8(f), to determine whether it contains any allegations which, if proved, would entitle plaintiff to the relief sought. See *Cunningham v. Laser Golf Corp.*, 222 F.3d 943, 55 USPQ2d 1842 (Fed. Cir. 2000); *Lipton Industries, Inc. v. Ralston Purina Co.*, 670 F.2d 1024, 213 USPQ 185 (CCPA 1982); and TBMP § 503.02 (2d. ed. rev. 2004).

For purposes of determining a motion to dismiss for failure to state a claim upon which relief can be granted, all of plaintiff's well-pleaded allegations must be accepted as true, and the complaint must be construed in the light most favorable to plaintiff. See *Advanced Cardiovascular Systems Inc. v. SciMed Life Systems Inc.*, 988 F.2d 1157, 26 USPQ2d 1038 (Fed. Cir. 1993). Further, under the simplified notice pleading of the Federal Rules of Civil Procedure, the allegations of a complaint should be construed liberally so as to do substantial justice. *Scotch Whisky Assoc. v. United States Distilled Products Co.*, 952 F.2d 1317, 21 USPQ2d 1145, 1147 (Fed. Cir. 1991). Dismissal for insufficiency is appropriate only if it appears certain that opposer is entitled to no relief under any set of facts which could be proved in support of its claim. See *Stanspec*

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*Co. v. American Chain & Cable Company, Inc.*, 531 F.2d 563, 189 USPQ 420 (CCPA 1976).

Standing, at the pleading stage, is reviewed by determining whether opposer has alleged facts, which if later proven, would establish that opposer has a real interest in the proceeding. The facts so pled must be sufficient to show a personal interest in the outcome of the case beyond that of the general public. See *Jewelers Vigilance Committee Inc. v. Ullenberg Corp.*, 823 F.2d 490, 2 USPQ2d 2021 (Fed Cir. 1987); *International Order of Job's Daughters v. Lindeburg and Company*, 727 F.2d 1087, 220 USPQ 1017 (Fed. Cir. 1984); and *Lipton Industries, supra*.

In this case, we view applicant's arguments as primarily relating to the merits of opposer's claims rather than to the sufficiency of the claims.<sup>4</sup> Contrary to applicant's arguments, in accepting all of opposer's allegations in the amended notice of opposition as true, we conclude that opposer's allegations demonstrate that it has a legitimate commercial interest in the outcome of the proceeding. Specifically, opposer alleges, *inter alia*, that it is the exclusive distributor and licensee of paper products, coleslaw and breeding mix for the Maryland Fried

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<sup>4</sup> Insofar as applicant has argued the merits of some of the issues involved in this proceeding, the proper method for requesting consideration thereof at the pre-trial stage is to file a motion for summary judgment pursuant to Federal Rule 56.

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Chicken restaurants in Florida (¶¶ 4-6 and 10); that well prior to applicant's use of and filing of the involved application, opposer has used said mark in connection with its distribution of said paper and food products (¶¶ 3 and 16); that opposer has continued to use the involved mark in connection with its distribution services even after the license ceased to exist and that it has not abandoned the involved mark (¶¶ 7, 12-13); and that applicant's use of the involved mark is likely to cause confusion, which will damage opposer's business (¶¶ 18-21, 29). Thus, opposer has alleged prior use of a mark that is identical to applicant's alleged mark for services which are arguably related to opposer's goods and services.

By asserting that issuance of a registration for the involved mark to applicant will likely cause confusion and harm its business that uses the same mark, opposer has set forth a reasonable basis for its belief that it will be damaged by said registration, has demonstrated that it has a real interest in the proceeding and thus, if proved at trial, it would establish its standing. *See Liberty Trouser Co. v. Liberty & Co.*, 222 USPQ 357, 358 (TTAB 1983) ("averments of likelihood of confusion between the respective marks and damage resulting therefrom will be accepted as proper allegations of the standing of the petitioner with respect to the pleaded grounds of fraud and

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abandonment"). See also *William & Scott Co. v. Earl's Restaurants Ltd.*, 30 USPQ2d 1870, 1872 n.2 (TTAB 1994) ("so even if [opposer's] use of the two pleaded marks is as a licensee or distributor ... a plaintiff may have standing in a case brought under Section 2(d) of the Trademark Act even if it does not claim ownership of the assertedly similar mark, or the right to control its use"); and *J.L. Prescott Co. v. Blue Cross Laboratories (Inc.)*, 216 USPQ 1127, 1128 (TTAB 1982) (an exclusive licensee has standing to bring an opposition).

Turning now to the issue of whether opposer has asserted valid grounds in the amended notice for opposing the registration, although the grounds remain to be proven at trial, we find that opposer has sufficiently pleaded likelihood of confusion, fraud, lack of ownership, and abandonment based on naked licensing and/or on the failure of the alleged mark to function as a source identifier for applicant's services. As to the claim of likelihood of confusion, we note in particular that opposer has alleged ownership of and priority in the involved mark, that the parties' marks are confusingly similar in that they are "identical in sight, sound and meaning," that applicant's services are related to the goods and services sold and provided by opposer, and that applicant's mark will damage opposer in violation of Section 2(d) if a registration for

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the involved mark issues (§§ 3-6, 7(a), 7(b), 16-22, and 29). In regard to the assertions regarding opposer's fraud claim, if proved, they would establish (1) that there was another use of the same mark as applicant's mark at the time the oath in the involved application was signed, (2) that opposer had and still has legal rights superior to applicant's, (3) that applicant knew of opposer's superior rights and believed that there would be a likelihood of confusion if the marks were used contemporaneously or had no reasonable basis for believing otherwise, and (4) that applicant, in failing to disclose these facts to the Office, intended to procure a registration to which it was not entitled (§§ 7(c), 16, and 23-26). See *Intellimedia Sports Inc. v. Intellimedia Corp.*, 43 USPQ2d 1203, 1206 (TTAB 1997). As to opposer's claim that applicant does not own the involved mark, it alleges that "applicant is not (and was not, at the time of filing its application for registration) the rightful owner of the Mark" (§7(b)) and that "Applicant is not the true and rightful owner of the Mark and therefore is not entitled to a trademark registration or a licensing fee" (§21). These allegations are sufficient.

Regarding opposer's allegation of abandonment based on "naked licensing," Section 45 of the Trademark Act provides, *inter alia*, that "a mark shall be deemed to be 'abandoned' ...

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when any course of conduct of the owner, including acts of omission as well as commission, causes the mark to ... lose its significance as a mark." It is well settled that, in order to set forth a claim on this ground, an opposer must allege ultimate facts pertaining to the alleged abandonment. *See Clubman's Club Corporation v. Martin*, 188 USPQ 455 (TTAB 1975). Opposer has alleged the ultimate facts pertaining to abandonment by asserting that (i) applicant has permitted others (*i.e.*, 34 other independent Maryland Fried Chicken restaurants) to use the involved mark for restaurant services without any control by applicant over the nature and quality of the goods and services sold in connection with the involved mark and (ii) applicant has failed to "prosecute and police" applicant's alleged mark (§§ 12-15, 27-28). Additionally, opposer has asserted that applicant's failure to prosecute and police its alleged mark has "caused the Mark to lose *all* of its strength to the point of being abandoned ... [and the mark] no longer signif[ies] a single source ..." (emphasis added) (§28). *See Leatherwood Scopes International, Inc. v. Leatherwood*, 63 USPQ2d 1699, 1702 (TTAB 2002) (finding a legally insufficient pleading of abandonment where opposer failed to include an allegation that the mark had lost *all* capacity as a source-indicator for applicant's goods), *citing Woodstock's Enterprises Inc. (California) v. Woodstock's Enterprises Inc. (Oregon)*, 43

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USPQ2d 1440, 1446 (TTAB 1997), *aff'd* 152 F.3d 942 (Table, Text in WESTLAW), Unpublished Disposition, 1998 WL 93984, Fed. Cir., March 5, 1998 (NO. 97-1580). Based on opposer's assertions, we believe that the pleading of abandonment sufficiently tracks the language of Section 45 of the Trademark Act to be acceptable for notice pleading purposes.

In view of the foregoing, we find that the amended notice of opposition is legally sufficient. Accordingly, applicant's second motion to dismiss is denied and applicant is allowed until **THIRTY DAYS** from the mailing date of this order to submit an answer.

Proceeding Resumed; Dates Reset

This proceeding is resumed. Disclosure dates, the discovery period and trial dates are reset as shown in the following schedule:

Time to Answer	7/4/2009
Deadline for Discovery Conference	8/3/2009
Discovery Opens	8/3/2009
Initial Disclosures Due	9/2/2009
Expert Disclosures Due	12/31/2009
Discovery Closes	1/30/2010
Plaintiff's Pretrial Disclosures	3/16/2010
Plaintiff's 30-day Trial Period Ends	4/30/2010
Defendant's Pretrial Disclosures	5/15/2010
Defendant's 30-day Trial Period Ends	6/29/2010
Plaintiff's Rebuttal Disclosures	7/14/2010
Plaintiff's 15-day Rebuttal Period Ends	8/13/2010

**IN EACH INSTANCE**, a copy of the transcript of testimony, together with copies of documentary exhibits, must be served on the adverse party **WITHIN THIRTY DAYS** after completion of the

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taking of testimony. See Trademark Rule 2.125, 37 C.F.R. § 2.125.

Briefs shall be filed in accordance with Trademark Rules 2.128(a) and (b), 37 C.F.R. §§ 2.128(a) and (b). An oral hearing will be set only upon request filed as provided by Trademark Rule 2.129, 37 C.F.R. § 2.129.

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**NEWS FROM THE TTAB:**

The USPTO published a notice of final rulemaking in the Federal Register on August 1, 2007, at 72 F.R. 42242. By this notice, various rules governing Trademark Trial and Appeal Board inter partes proceedings are amended. Certain amendments have an effective date of August 31, 2007, while most have an effective date of November 1, 2007. For further information, the parties are referred to a reprint of the final rule and a chart summarizing the affected rules, their changes, and effective dates, both viewable on the USPTO website via these web addresses:  
<http://www.uspto.gov/web/offices/com/sol/notices/72fr42242.pdf>  
[http://www.uspto.gov/web/offices/com/sol/notices/72fr42242\\_FinalRuleChart.pdf](http://www.uspto.gov/web/offices/com/sol/notices/72fr42242_FinalRuleChart.pdf)

By one rule change effective August 31, 2007, the Board's standard protective order is made applicable to all TTAB inter partes cases, whether already pending or commenced on or after that date. However, as explained in the final rule and chart, this change will not affect any case in which any protective order has already been approved or imposed by the Board. Further, as explained in the final rule, parties are free to agree to a substitute protective order or to supplement or amend the standard order even after August 31, 2007, subject to Board approval. The standard protective order can be viewed using the following web address:  
<http://www.uspto.gov/web/offices/dcom/ttab/tbmp/stndagmnt.htm>