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

Proceeding	91219162
Party	Defendant Adirondack Pub & Brewery, Inc.
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IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD

_____ X
GREAT ADIRONDACK STEAK & :
SEAFOOD CAFÉ, INC., :
a New York corporation, : Opposition No. 91219162
: (Parent Case)
: :
Opposer/Counterclaim Defendant, :
: :
vs. :
: :
ADIRONDACK PUB & BREWERY, INC., :
a New York corporation, :
Applicant/Counterclaim Plaintiff. :
_____ X

_____ X
ADIRONDACK PUB & BREWERY, INC., :
a New York corporation, :
: :
Applicant/Counterclaim Plaintiff, : Cancellation No. 92058318
: :
vs. :
: :
GREAT ADIRONDACK STEAK & :
SEAFOOD CAFE RESTAURANT, INC., :
a New York corporation, :
Opposer/Counterclaim Defendant. :
_____ X

**APPLICANT/COUNTERCLAIM PLAINTIFF'S MEMORANDUM
IN OPPOSITION TO MOTION TO DISMISS SECOND AMENDED PETITION
FOR CANCELLATION**

Introduction

Opposer ignores common sense and conflates the spirit of the statutes and regulations cited by Applicant, and purposefully misconstrues to its own favor Trademark Trial and Appeal Board case law history in a desperate attempt to force through its Motion

to Dismiss, so that it may continue to avoid providing any factual information or documents supporting its feeble argument.

Legal Standard

To withstand a Rule 12(b)(6) motion, the "complaint must contain sufficient factual matter, accepted as true, to state a claim to relief that is plausible on its face." *See Ashcroft v. Iqbal*, 556 U.S. 662 (2009), *quoting Bell Atlantic Corp. v. Twombly*, 550 U.S. 544, 570 (2007). Plaintiff must allege sufficient facts to allege their claims across the line from conceivable to plausible. *See Ritani v. Aghjayan*, 880 F. Supp.2d 425, 439 (S.D.N.Y. 2012), *quoting Twombly*, *supra*, 550 U.S. at 570. "The plausibility standard is not akin to a 'probability requirement,' but it asks for more than a sheer possibility that a defendant has acted unlawfully." *Ritani*, *supra*, 880 F. Supp.2d at 439, *quoting Twombly*, *supra*, 550 U.S. at 570.

Further, the pleading must allege facts that, if proved, would establish that the Applicant has standing in the current proceeding, and that a valid ground exists for cancelling the registration in question. *See* §TBMP 503.02; *See Lipton Industries, Inc. v. Ralston Purina Co.*, 670 F.2d 1024, 213 USPQ 185 (CCPA 1982); *Kelly Services Inc. v. Greene's Temporaries Inc.*, 25 USPQ2d 1460 (TTAB 1992); *Hartwell Co. v. Shane*, 17 USPQ2d 1569 (TTAB 1990). Though the court must accept the factual allegations of the Amended Petition as true, it is "not bound to accept as true a legal conclusion couched as a factual allegation." *Iqbal*, *supra*, 556 U.S. at 678, *quoting Twombly*, *supra*, 550 U.S. at 555; and *Ritani*, *supra*, 880 F. Supp.2d at 439. "Furthermore, allegations in a complaint

must be complete enough to enable a reader to understand how each defendant was personally involved in the wrongdoing plaintiff is alleging.” *Id.*, 88 F. Supp.2d at 439-40.

Therefore, Opposer must show that Applicant’s Second Amended Petition does not state a claim upon which relief can be granted, which essentially means that Opposer must show that Applicant’s Amended Petition does not plead the elements of a per se violation adequately.

Applicant’s Second Amended Petition pleads allegations of a per se violation with particularity, specifying and listing in totality the statutes of which Opposer is in violation. Applicant’s Second Amended Petition provides no ambiguity or confusion as to which statutes Opposer is violating. Applicant’s Second Amended Petition is not vague, as Applicant provides valid citations and includes the full text of the statutes and regulations at issue. (Applicant’s second Count and allegation need not be addressed herein, as Opposer has not challenged that pleading.) Therefore, Opposer’s Motion to Dismiss should be denied with prejudice.

I – Applicant Properly and Adequately Pled *Per Se* Violation

As the Board noted in its Orders, it is largely its practice “to find use of a mark unlawful only where: (1) non-compliance has been previously determined by a court or agency with competent jurisdiction under the involved statute; or (2) there has been a per se violation of a statute regulating the sale of the defendant’s goods.” (Orders entered March 30, 2015 and October 1, 2015) *citing Kellogg Co. v. New Generation Foods, Inc.*, 6 USPQ2d 2045, 2047 (TTAB 1988); *see also General Mills*, 24 USPQ2d at 1273-74; *Santinine Societa v. P.A.B. Produits*, 209 USPQ 958, 964 (TTAB 1981). A per se violation falls under, 37 C.F.R. 2.69, which states: “When the sale or transportation of any

product for which registration of a trademark is sought is regulated under an Act of Congress, the Patent and Trademark Office may make appropriate inquiry as to compliance with such Act for the sole purpose of determining lawfulness of the commerce recited in the application. *Use of a mark in commerce must be lawful use to be the basis for federal registration of the mark.*” (emphasis added).

As noted in Satinine Societa in Nome Collettivo di S.A. e M. Usellini v. P.A.B. Produits et Appareils de Beaute, the Board can and should “hold that a use in commerce is unlawful only when . . . there has been a per se violation of a statute regulating the sale of a party’s goods or the rendering of his services, in commerce, as, for example, when a regulatory statute requires that a party’s labels must be registered with or approved by [a] regulatory agency.” Satinine, 209 U.S.P.Q. 958, 964 (T.T.A.B.1981).

Opposer claims that Applicant’s detailed citations of relevant statutes and regulations regarding beer and alcohol laws are “impermissibly vague and ambiguous.” Opposer’s Motion, Pg. 6. Opposer attempts to claim that because “Certificate of Label Authority” does not appear in the statute, that the statute does not govern labeling for alcohol in commerce. As an initial matter, the spirit and meaning of the statute is clear and concise, that is, the requirement of labels on sales and distribution of alcohol; Opposer is deliberately splitting hairs in an attempt to force through its argument.

Opposer further attempts to discredit Applicant’s Petition by claiming that, as the words “trademark” and “mark” do not appear in the cited statutes and regulations, they cannot possibly have any legal bearing on the instant matter. Opposer’s attempt is an exercise in circular logic and verbal gymnastics: by claiming that because the statute does not mention “trademarks” in any way, Opposer is stating that the relevant Title 27 statutes

cannot possibly be used to say that Opposer has committed a *per se* violation of same. The violation lies in Opposer's own recitation of its alleged use of its trademark – that is, the mark is used in interstate commerce, and is used on the alleged variety of beers and ales it produces. Title 27 mandates labeling requirements for beers and ales sold in interstate commerce. A Certificate of Label Authority, or a COLA, must contain certain information, including the name of the product, among other things. Opposer does not have a valid COLA for its alleged trademark. Opposer cannot sell beers and ales with its alleged trademark in interstate commerce without a valid COLA. Opposer is therefore in violation of various label requirement statutes for not having a valid COLA for its products it alleges are sold in interstate commerce.

Further, as cited by Applicant and Opposer, 27 U.S.C. §205(e) states that “It shall be unlawful . . . [t]o sell or ship or delivery for sale or shipment, or otherwise introduce in interstate or foreign commerce . . . unless such products are bottled, packaged and *labeled in conformity* with such regulations, to be prescribed by the Secretary of the Treasury, with respect to packaging, marking, branding, and labeling and size and fill of container.” Applicant's Petition, Paras. 6, 12. (*emphasis added.*) As Opposer should be aware – given its multiple assertions of the validity of its existing COLAs (none of which carry the mark in the Registration) – the Alcohol and Tobacco Tax and Trade Bureau (a.k.a. the TTB) operates as a part of the Department of Treasury. Therefore, the TTB labeling requirements of a Certificate of Label Authority is a function of the Secretary of the Treasury. Thus, Opposer has committed a *per se* violation of 27 U.S.C. §205(e) for engaging in business involving alcohol production without a conforming, regulated label.

Opposer deliberately closes its eyes to the spirit and meaning of 27 C.F.R. §7.22. It is clear from Applicant's Petition and the wording of the regulation that it is spelling out the requirements for a Certificate of Label Approval. Opposer, as it claims it has valid and existing COLAs that carry other trademarks, should be aware of the requirements of same.

Lastly, Opposer attempts to sidestep Applicant's allegations of a *per se* violation of 27 C.F.R. §§7.41(a), 25.141(c), and 25.142(e) by claiming that because it has some COLAs, the statutes must mean that *any* COLA will suffice for labeling requirements. This is fallacious and ridiculous for many reasons. The COLA labeling requirements are in place to authorize legal sales of alcoholic beverages using the approved label. To allow *any* COLA label to authorize the sale of any beverage is nonsense. To authorize the legal sale of an alcoholic beverage under the purported mark GREAT ADIRONDACK BREWING COMPANY, Applicant needs a COLA authorizing use of that term on the alcoholic beverage.

Importantly, 27 C.F.R. §§7.41(a), 25.141(c), and 25.142(e) specifically reference TTB Form 5100.31, which is the Application for a Certificate of Label Authority. *See* Exhibit A of Applicant's Second Amended Petition dated October 19, 2015. TTB Form 5100.31 provides for many opportunities for the applicant to specify its name, the product name, and a fanciful name (if any). TTB Form 5100.31 – and by extension, the TTB – would not condone Opposer's view of the regulations and broad reach of the COLA.

Applicant does admit that Opposer has had COLAs for various beer brands, and might still possess some. However, those COLAs did not and do not carry the GREAT ADIRONDACK BREWING COMPANY mark which Opposer purports to sell legally in commerce in this current action. Therefore, the mere possession of a COLA that has some

brand name does not give Opposer a free pass on these alcohol regulations regarding labeling.

As seen in prior motion practice, Opposer is being willfully obtuse regarding Applicant's clear and concise allegations in order to further its insufficient argument. For example, contrary to Opposer's purposefully misstated allegations, Applicant is not "challenging the validity" of Opposer's existing COLAs. Applicant, as previously stated numerous times, is stating that Opposer did not and currently does not have a COLA which carries the mark in the Registration for the beer it purports to sell and distribute and use in commerce, which label and name is at issue in this present matter. The existence of other COLAs that carry other brand names or marks has nothing to do with the fact that Opposer has never, ever had a COLA that carries the trademark in the Registration.

II – Opposer's *Per Se* Violation is not a Mere Technical Non-compliance

Opposer next attempts to claim that even if there is a *per se* violation, the violations would be considered merely technical, and would not rise to the level needed for a cancellation. Opposer attempts to use General Mills in its favor for this argument, neglecting to mention that the "technical noncompliance" present in General Mills was a result of pre-Trademark Law Revision Act of 1988 (which set out the regulations for an Intent to Use 1(b) application) and that the product that did not contain the appropriate labeling information was insignificant due to plaintiff General Mills rectifying the labeling error within four months. General Mills, Inc. v. Health Valley Foods, 24 U.S.P.Q.2d 1270 (1992).

The Court there ultimately held that plaintiff's omission was "purely collateral," and the non-compliance with federal regulations was insignificant. This was due to not only the plaintiff rectifying the non-compliance within four months of the initial token use sample, but also because the Court determined that "there [was] nothing in the record to indicate that FDA would view inadvertent noncompliance with a single technical requirement" to render the initial application unlawful. General Mills, Pg. 6.

Opposer's noncompliance is neither inadvertent – having been aware of the need for a COLA carrying the mark in its Registration since at least the inception of this Cancellation – nor is it "purely collateral" or technical. While the Court in General Mills determined that the plaintiff's non-compliance was insignificant, in the instant case, Great Adirondack's lack of a registered Certificate of Label Authority (hereinafter, "COLA") for its product means sales of beer under that mark are illegal. Indeed, in order for a beer or ale to be lawfully sold in commerce in the United States, the beverage sold under the mark must have an active and registered COLA carrying the mark. Opposer, as a licensed brewery, should be well versed and aware of the intricacies and paperwork involved in registering a beer or ale for a Certification of Label Approval (hereinafter, "COLA") with the Alcohol and Tobacco Tax and Trade Bureau (hereinafter, the "TTB"). This is not simply inadvertence noncompliance; Great Adirondack is well aware of the requirements to sell beer and ale in this country, and its attempt to trademark a mark for beers and ales without a valid COLA is "so tainted that as a matter of law" it cannot create a trademark right in a mark that it so flagrantly refused to register with the TTB. See General Mills, Id. If indeed Great Adirondack used its mark, its use is not in compliance with the beer and

ale regulations as set forth with the federal government, and the use is thus tainted in a way that it attempts to create a trademark right where no valid product exists.

Next, Opposer attempts to use a non-precedential TTAB decision to support its claims of technical noncompliance. Churchill Cellars, Inc. v. Graham, a non-precedential Opposition decided by the TTAB in 2012, somewhat involves wine label regulations, but is largely a decision regarding priority of use. Opposition No. 91193930 (TTAB October 19, 2012). In that instance, the applicant had claimed a first use date of February 13, 2009, but did not apply for a COLA until June of 2009, which was approved on July 9, 2009 (and thus had a period of some four months of unlawful use without a valid COLA). Opposer blithely uses the phrase “period of time” in an attempt to analogize Churchill Cellars to its own situation. Opposer Motion, P. 11. In fact, Opposer’s “period of time” of unlawful use is far, far longer than four months. Opposer has *never* had a COLA for the beer it purportedly makes and distributes under U.S. Registration No. 4,425,098 since at least its date of first use, December 30, 1997. That is nearly 20 years of unlawful use; hardly a “period of time” analogous to Churchill Cellars.

Conclusion

Opposer, of course, never alleges that it *does*, in fact, hold a valid, existing COLA for the mark at issue. And instead of doing the right thing--abandoning its faulty registration, actually applying for a COLA that has the Mark on it, and then using that mark lawfully in commerce at which time it could reapply for registration, it continues to try to drive camels through a very small hole in a needle.

Opposer has done nothing more than cherry-pick individual sentences and split hairs in violation of the spirit of the statutes and regulations, all in an attempt to support its claim that Applicant pleadings must fail. Short of writing an entire memorandum of law, Applicant could not have pled a *per se* violation with any more particularity. As discussed by this Board and many, many cases involving motions to dismiss, it must be merely plausible that Applicant's claims are valid in order for the motion to fail. Applicant has pled with specificity and plausibility Opposer's *per se* violation; therefore, Opposer's motion must fail.

Opposer has not shown that Applicant has failed to plead with particularity in regards to a *per se* violation. Opposer's use of circular logic and conclusory statements has failed to show that Applicant does not have standing in the instant matter.

December 15, 2015
Cooperstown, New York

Respectfully submitted,

KNULL P.C.

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CERTIFICATE OF SERVICE

It is also certified that a copy of the foregoing Applicant/Counterclaim-Plaintiff's Memorandum in Response to Motion to Dismiss Amended Petition for Cancellation has been sent using first class mail on this December 15, 2015, to the attorneys for Opposer/Counterclaim-Defendant.

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