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

Proceeding	91221493
Party	Defendant Mannatech, Incorporated
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Attachments	Applicant's Opposition to Motion to Dismiss Cancellation Counter-claim.pdf(32568 bytes)

**IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
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SHAKLEE CORPORATION	:	Opposition No. 91221493
	:	
	:	Serial No.: 86/128,507
Opposer,	:	
	:	Mark: UTH
v.	:	
	:	CounterClaim
MANNATECH, INCORPORATED	:	
	:	Registration No.: 3,347,631
Applicant.	:	
	:	Mark: YOUTH

**APPLICANT’S RESPONSE TO OPPOSER’S
MOTION TO DISMISS APPLICANT’S CANCELLATION COUNTERCLAIM**

Mannatech, Incorporated (“Applicant”), by its undersigned counsel, responds and opposes Shaklee Corporation’s (“Opposer’s”) Motion to Dismiss Applicant’s Cancellation Counterclaim as follows:

INTRODUCTION

Applicant filed a Counterclaim for Cancellation of Registration No. 3,347,631 (hereafter the “‘631 Registration”) for YOUTH pursuant to §15 of the Trademark Act, 15 U.S.C. § 1064, on the grounds that Opposer has (1) abandoned the ‘631 Registration by no longer using the term YOUTH as a trademark and (2) misrepresentation of the source of goods. Opposer filed a Motion to Dismiss Applicant’s Cancellation Counterclaim. Opposer’s motion is not persuasive and should be denied. Applicant has provided more than adequate notice to Opposer. Applicant’s claims of abandonment and misrepresentation specifically allege that Opposer has ceased use of the term YOUTH as a trademark and misrepresents the source of goods offered by

Opposer. At this stage of the Cancellation proceeding, Applicant need only plead facts sufficient to state a prima facie case of abandonment and misrepresentation, which Applicant has done.

LEGAL STANDARD

In order to withstand a motion to dismiss under Fed. R. Civ. P. 12(b)(6) 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 opposing the mark. *Cunningham v. Laser Golf Corp.*, 222 F.3d 943, 55 USPQ2d 1842 (Fed. Cir. 2000); *Fair Indigo LLC v. Style Conscience*, 85 USPQ2d 1536, 1538 (TTAB 2007); *Young v. AGB Corp.*, 47 USPQ2d 1752, 1755 (Fed. Cir. 1998); *Lipton Industries, Inc. v. Ralston Purina Co.*, 670 F.2d 1024, 213 USPQ 185 (CCPA 1982).

For purposes of determining a Rule 12(b)(6) motion to dismiss, 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); Wright & Miller, Federal Practice And Procedure: Civil 2d § 1357 (1990); *Walker v. Shult*, 717 F.3d 119, 124 (2d Cir. 2013); *Cleveland v. Caplaw Enters.*, 448 F.3d 518, 521 (2d Cir. 2006); *Reed v. Garden City Unit Free School Dist.*, 987 F. Supp. 2D 260, 263 (E.D.N.Y. 2013); *Camlin Ltd. v. CMB Additives LLC*, No. 07-CV-4364, 2012 U. S. Dist. (E.D.N.Y. 2012) “[O]nce a claim has been stated adequately it may be supported by showing any set of facts consistent with the allegations in the complaint.” *Bell Atl. Corp. v. Twombly*, 550 U.S. 544, 546, 127 S. Ct. 1955, 1959, 167 L. Ed. 2d 929 (2007). The Court, therefore, does not require “heightened fact pleading of

specifics, but only enough facts to state a claim to refer that it is plausible on its face. *Id.* at 570.

The purpose of a Rule 12(b)(6) motion is to allow for elimination of "actions that are fatally flawed in their legal premises and destined to fail, and thus to spare litigants the burdens of unnecessary pretrial and trial activity." *Advanced Cardiovascular Systems*, 26 USPQ2d at 1041. Evidentiary matters should not be pleaded in or with a complaint or filed at any time other than the petitioner's assigned time for submitting evidence in a cancellation proceeding. *See The Equine Touch Foundation, Inc. v. Equinology, Inc.*, Cancellation No. 92050044 (TTAB 2009).

SUMMARY OF ARGUMENT

At this stage of the Cancellation proceeding, all of the facts, both expressed and implied, that are set forth in Applicant's Cancellation Counterclaim must be accepted as true and accurate. The Counterclaim and exhibits attached thereto clearly and demonstrably set forth more than sufficient evidence to support the Applicant's Cancellation Counterclaim for abandonment and misrepresentation as to the source of goods. Indeed, as the Trademark Trial and Appeal Board ("TTAB") has stated, evidentiary matters are not allowed at any time other than the assigned testimony period of the proceeding. *Id.*

FIRST CLAIM FOR CANCELLATION

Abandonment of Trademark **15 U.S.C. §1064(3)**

In its Motion to Dismiss, Opposer erroneously argues that Applicant's Cancellation Counterclaim is flawed because (1) Applicant admits use of the term YOUTH with Shaklee's

ENFUSELLE trademarked product; (2) the United States Trademark Office has accepted evidence of Opposer's use of the '631 Registration in its Section 8 & 15 filed November 7, 2013; and (3) Applicant fails to sufficiently plead abandonment by not demonstrating facts showing that the mark has not been used in commerce for three consecutive years, or that use has been discontinued without the intent to resume use.

As a preliminary matter, Opposer's first two arguments are fundamentally flawed in that Opposer argues about what the facts and evidence included in Applicant's Counterclaim disclose, not that there are no facts and evidence. Arguing about what the evidence and facts disclose is not the purpose of a Fed. R. Civ. P. 12(b)(6) Motion to Dismiss. The law is unambiguous in that all facts, pleadings and evidence are "to be construed in a light most favorable to Plaintiff". See *Advanced Cardiovascular Systems, Inc. v. SciMed Lefe Systems, Inc.*, 988 F.2d 1157 (Fed. Cir. 1993).

Opposer's last argument seems to depend on the semantic argument that Applicant did not specifically state that Opposer had abandoned the mark "for at least three years." Opposer's argument is merely much ado about nothing. There are no magic words required for putting the Opposer on notice of the Applicant's claim of abandonment. Indeed, the statute itself, 15 U.S.C. §1127, states that non-use for three (3) consecutive years is *prima facie* evidence for abandonment and Applicant specifically set forth the statute in its Counterclaim. Non-use for three consecutive years is not required for abandonment under the rule and is therefore, not a necessary element to be pled. Additionally, the Applicant attached exhibits detailing that the Opposer acquired the mark in 2009 and promptly stopped using the "YOUTH" mark on the identified goods. 2009 is more than three (3) years ago. Such evidence is more than sufficient to place Opposer on notice of the abandonment claim.

Applicant's Cancellation Counterclaim alleges that "[t]he term, YOUTH, for which registration had been obtained, **is not being used as a trademark**" and that the Opposer's ENFUSELLE mark is actually the mark being used with the "Anti-aging cream; Anti-wrinkle cream products." As the term YOUTH is **no longer being used as a trademark**, the '631 Registration is clearly abandoned.

In order to set forth a cause of action to cancel the registration of a mark, plaintiff need only allege facts pertaining to the alleged abandonment. See *Clubman's Club Corporation v. Martin*, 188 USPQ 455, 456 (TTAB 1975). Applicant's facts to support grounds for Cancellation based on abandonment are clearly outlined in Counterclaim paragraphs 1-12 and 17-20.

A trademark registration may be cancelled if the mark has become "abandoned." See Trademark Act §45, 15 U.S.C. §1127:

A mark shall be deemed to be "abandoned" if either of the following occurs:

(1) **When its use has been discontinued with intent not to resume such use. Intent not to resume may be inferred from circumstances.** Nonuse for 3 consecutive years shall be prima facie evidence of abandonment. "Use" of a mark means the bona fide use of such mark made in the ordinary course of trade, and not made merely to reserve a right in a mark.

(2) **When any course of conduct of the owner, including acts of omission as well as commission, causes the mark to become the generic name for the goods or services on or in connection with which it is used or otherwise to lose its significance as a mark.** Purchaser motivation shall not be a test for determining abandonment under this paragraph.

Opposer has abandoned its '631 Registration, by not using the term YOUTH to indicate the source of its goods.

Although Opposer filed Section 8 & 15 Affidavits on November 7, 2013 ("2013 Affidavits") for the '631 Registration, Applicant demonstrates that the specimen submitted to

support a Sections 8 & 15 filing was a website printout that does not demonstrate bona fide use of the YOUTH mark in connection with “Anti-aging cream; Anti-wrinkle cream products.” The website merely uses the term YOUTH, as a point of sale document for Opposer’s goods using the mark ENFUSELLE (Applicant’s EXHIBITS A, B, and C of Counterclaim). More importantly, those are facts that when construed most favorably to the Applicant are more than sufficient to defeat a 12(b)(6) motion to dismiss.

Finally, Applicant’s Cancellation Counterclaim outlines that the ‘631 Registration was formerly owned by Reverta Health Solutions, LLC (hereafter “Reverta”) (See Counterclaim 14) and that the mark was used directly on the packaging for “anti-aging cream and anti-wrinkle cream” products (Counterclaims 16 and 22). As stated earlier, Opposer is using the trademark ENFUSELLE for an anti-aging serum, not the YOUTH trademark. Opposer does not use the term YOUTH in connection with any goods, let alone the “Anti-aging cream; Anti-wrinkle cream products.” Public records at the United States Trademark Office demonstrate that the assignment between Reverta Health Solutions and Shaklee occurred June 1, 2009. This transaction occurred over six (6) years ago. Therefore, it is plain that Applicant has pled facts that demonstrate the mark has not been used in commerce for three consecutive years and has been discontinued without the intent to resume use.

SECOND CLAIM FOR CANCELLATION
Misrepresentation of Source of Goods
15 U.S.C. §1064(3)

In its Motion to Dismiss, Opposer erroneously argues that Applicant has not pled a valid claim of misrepresentation of the source of goods as “Mannatech must allege that Shaklee’s use

of YOUTH is aimed at deceiving the public into thinking Shaklee's goods actually emanate from Mannatech."

15 U.S.C. §1064(3) reads:

"At any time if the registered mark becomes the generic name for the goods or services, or a portion thereof, for which it is registered, or is functional, or has been abandoned, or its registration was obtained fraudulently or contrary to the provisions of section 1054 of this title or of subsection (a), (b), or (c) of section 1052 of this title for a registration under this chapter, or contrary to similar prohibitory provisions of such prior Acts for a registration under such Acts, or **if the registered mark is being used by, or with the permission of, the registrant so as to misrepresent the source of the goods or services on or in connection with which the mark is used.** If the registered mark becomes the generic name for less than all of the goods or services for which it is registered, a petition to cancel the registration for only those goods or services may be filed. A registered mark shall not be deemed to be the generic name of goods or services solely because such mark is also used as a name of or to identify a unique product or service. The primary significance of the registered mark to the relevant public rather than purchaser motivation shall be the test for determining whether the registered mark has become the generic name of goods or services on or in connection with which it has been used.

Contrary to Opposer's claims, Applicant has not claimed that Opposer is "passing off" Applicant's goods, but instead demonstrated a claim of false advertising in the pleadings of the Counterclaim (See 12-16 and 21-25). Opposer is using the term YOUTH to lure customers of the former product for YOUTH by Reverta Health Solutions. The products are clearly not the same. This is false advertising under the Lanham Act §43(a).

15 U.S. Code §1125 states:

"(a) Civil action

(1) Any person who, on or in connection with any goods or services, or any container for goods, uses in commerce any word, term, name, symbol, or device, or any combination thereof, or any false designation of origin, false or misleading description of fact, or false or misleading representation of fact, which—

(A) is likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, connection, or association of such person with another person, or as to the origin,

sponsorship, or approval of his or her goods, services, or commercial activities by another person, or

(B) in commercial advertising or promotion, misrepresents the nature, characteristics, qualities, or geographic origin of his or her or another person's goods, services, or commercial activities,

shall be liable in a civil action by any person who believes that he or she is or is likely to be damaged by such act.

(2) As used in this subsection, the term "any person" includes any State, instrumentality of a State or employee of a State or instrumentality of a State acting in his or her official capacity. Any State, and any such instrumentality, officer, or employee, shall be subject to the provisions of this chapter in the same manner and to the same extent as any nongovernmental entity.

(3) In a civil action for trade dress infringement under this chapter for trade dress not registered on the principal register, the person who asserts trade dress protection has the burden of proving that the matter sought to be protected is not functional."

As Shaklee and Mannatech are competitors who sell "anti-aging" and "anti-wrinkle" products through a multi-level marketing program, this falls under unfair competition. Shaklee not only ceased to use YOUTH as a mark, but uses the term YOUTH to pass off its ENFUSELLE products using the goodwill of the previous owner, Reverta. This deception is likely to result in injury to the Applicant. See *Ely-Norris Safe Co. v. Mosler Safe Co.*, 7 F.2d 603 (2d Cir. 1925), *rev'd on other grounds*, 273 U.S. 132 (1927), where the defendant was sued for falsely representing to customers that its safes had explosion chambers, when in fact they did not. There were no allegations that the defendant's misrepresentations led to a likelihood of consumer confusion about the source of its goods, but the court found that the complaint stated a cause for action.

CONCLUSION

In conclusion, the TTAB should deny Opposer's Motion to Dismiss under Fed. R. Civ. P. 12(b)(6) as all of the facts and evidence before the TTAB are more than sufficient to satisfy the

Notice Requirements of the Cancellation Proceeding and establish a *prima facie* case for cancellation of the Opposer's mark.

Alternatively, in the event that the Board finds that Applicant's Counterclaim for Cancellation of the '631 Registration is insufficient, Applicant respectfully requests leave to file an amended Answer and Counterclaim to correct any material deficiencies found by the Board. *See Eurostar Inc. v. "Euro-Star" Reitmoden GmbH & Co. KG*, 34 USPQ2d 1266 (TTAB 1995) ("Respondent's motion to dismiss is granted, but petitioner is allowed until 30 days from the date of this decision in which to file an amended pleading, failing which the petition will be dismissed.").

WHEREFORE, Applicant respectfully requests that Opposer's Motion to Dismiss Applicant's Counterclaim Cancellation be DENIED or, in the alternative, Applicant requests leave to file an amended Answer and Counterclaim to correct any insufficiencies found by the Board.

Dated: July 21, 2015

Respectfully submitted,

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ATTORNEYS FOR APPLICANT

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Applicant.	:	
	:	Mark: YOUTH

CERTIFICATE OF SERVICE

The undersigned hereby certifies that on the 21 day of July, 2015 service of **APPLICANT'S RESPONSE TO OPPOSER'S MOTION TO DISMISS APPLICANT'S CANCELLATION COUNTERCLAIM** was made to the following attorney for Opposer *via* First Class Mail:

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By: /Sanford E. Warren, Jr./
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