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

Proceeding	91221493
Party	Plaintiff Shaklee Corporation
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IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
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Shaklee Corporation, Opposer, v. Mannatech, Incorporated, Applicant.	)	**SHAKLEE'S REPLY TO MANNATECH'S RESPONSE TO SHAKLEE'S 12(b)(6) MOTION** Opposition No. 91221493 (Application Ser. No. 86/128507)

REPLY TO MANNATECH'S RESPONSE TO SHAKLEE'S 12(b)(6) MOTION

Mannatech responded to Shaklee's Motion to Dismiss Mannatech's Cancellation Counterclaim for Failure to State a Claim arguing:

1. Mannatech has adequately pled alleged abandonment because it has alleged "'YOUTH is not being used as a trademark.'" (Mannatech's Response, p. 5); and

2. Mannatech has adequately pled alleged misrepresentation of source because it has alleged "a claim of false advertising in the pleadings of the Counterclaim." (Mannatech's Response, p. 7).

Not only is Mannatech wrong, but its Response also admits that the required elements of its claims are not present. In this regard, Mannatech's Response admits Shaklee's use of YOUTH® (so Shaklee could not have abandoned the mark) and that Shaklee is not passing off its goods as those of Mannatech (which is a required element of a misrepresentation of source claim). As discussed in more detail below: A) Mannatech's admission of Shaklee's use of its mark forecloses its abandonment counterclaim; B) Mannatech's Response does not change the fact that it has failed to plead facts making out the elements of abandonment; C) Mannatech's

admission that Shaklee is not passing off its goods as those of Mannatech forecloses Mannatech's allegation of misrepresentation of source; and D) Mannatech's Response alleging that it has pleaded false advertising does not change the fact that it has failed to plead facts making out the elements of misrepresentation of source.

Mannatech's Response raises no issues that change the conclusion that the Board should dismiss the counterclaim for cancellation for failure to state a claim. Rather, Mannatech's Response makes Shaklee's case for dismissal of Mannatech's counterclaim even stronger.

A. Mannatech's Admission Of Shaklee's Use Of YOUTH® Forecloses Its Claim Of Abandonment

Use of a mark in point of sale documents is trademark use. TMEP § 904.03(g) & (i). Mannatech **admits** in its Response that Shaklee is using YOUTH® on "a point of sale document" for goods that Mannatech has also admitted are "an 'anti-age' and 'anti-wrinkle' product" (the goods of Shaklee's registration are of course: "Anti-aging cream; Anti-wrinkle cream"). (Response p. 6 (Shaklee's specimen demonstrates that Shaklee "uses the tem YOUTH, as a point of sale document for [Shaklee's] goods using the mark ENFUSELLE."); Counterclaim, ¶¶ 7 and 12 ("ENFUSELLE is an 'anti-age' and 'anti-wrinkle' product"; "Registrant uses YOUTH with their trademark and products for ENFUSELLE")).

In light of Mannatech's statements, the Board should consider Mannatech to have conceded that Shaklee uses its mark YOUTH® on point of sale documents for an anti-age and anti-wrinkle product. *Schatz v. Republican State Leadership Comm.*, 669 F. 3d 50, 55 (1st Cir., 2012) (noting that a court can consider "'concessions' in plaintiff's 'response to the motion to dismiss.'") (citation omitted). The Patent and Trademark Office agreed that Shaklee is using its mark YOUTH® on its goods when it accepted Shaklee's evidence of use on November 21, 2013. (Exhibit B to Shaklee's 12(b)(6) Motion).

As Mannatech admits Shaklee's use, Mannatech fails to state a claim for abandonment and its counterclaim for abandonment should be dismissed.

B. Mannatech's Response Fails To Explain How Mannatech Adequately Plead Abandonment – Because It Has Not

Not only did Mannatech admit Shaklee's use in its Response, but it also did not originally adequately plead abandonment and its Response offers nothing that demonstrates that it did adequately plead abandonment. Mannatech's counterclaim failed to allege facts showing that: (i) that the mark has not been in use in commerce for three consecutive years, or (ii) use has been discontinued without the intent to resume use. It must do so to sufficiently plead abandonment. 15 U.S.C. § 1127; *Otto Int'l Inc. v. Otto Kern GmbH*, 83 U.S.P.Q.2d 1861, 1863 (TTAB 2007) ("The facts alleged must set forth a *prima facie* case of abandonment by a pleading of at least three consecutive years of non-use or must set forth facts that show a period of non-use less than three years coupled with an intent not to resume use.") (citations omitted). Mannatech's failure to allege the facts making out abandonment means that it has failed to state a claim.

Instead of making the factual allegations required to state a claim, Mannatech alleged in conclusory fashion (reproduced in total below) that:

> 17. The term, YOUTH, for which registration has been obtained, is not being used as a trademark.
> 18. The term, YOUTH, **is being used** in connection with its actual mark ENFUSELLE and not as a trademark.
> 19. Registrant uses the term YOUTH as a slogan, at best.
> 20. Registrant does not use YOUTH as a trademark on packaging for products sold under the ENFUSELLE trademark." (Counterclaim ¶¶ 17-20) (emphasis added).

Mannatech's allegation, repeated in its Response, can most favorably be considered an allegation that Shaklee is not currently using YOUTH as a trademark as it is in the present tense. Alleging in a conclusory fashion that a mark is not currently used as a trademark is not the same

as alleging facts indicating that: (i) the mark has not been in use in commerce for three consecutive years, or (ii) use has been discontinued without the intent to resume use.

Moreover, simply alleging that a term is not used as a trademark, as Mannatech does in its Response and in its Counterclaim, is a legal conclusion, not a fact. *Ft. Howard Paper Co. v. Critics Associated*, 108 U.S.P.Q. 91, 92 (Com'r, 1956) ("Proper trademark use and abandonment are legal, and not fact, questions."). Making a legal conclusion without facts docs not plead a claim. *Id.* ("A pleading of nonuse or abandonment, or both, either in a complaint or by way of defense, must affirmatively state ultimate facts and not abstract legal conclusions without more."). The Board is "'not bound to accept as true a legal conclusion couched as a factual allegation.'" *See Bell Atl. Corp. v. Twombly*, 550 U.S. 544, 555 (2007) (quoting *Papasan v. Allain*, 478 U.S. 265, 286 (1986)). "A pleading that offers 'labels and conclusions' or a 'formulaic recitation of the elements of a cause of action will not do.' Nor does a complaint suffice if it tenders 'naked assertion[s]' devoid of 'further factual enhancement.'" *Ashcroft v. Iqbal*, 556 U.S. 662, 663 (2009) (quoting *Twombly*, 550 U.S. at 555, 557).[1]

As Mannatech's counterclaim alleges no facts that amount to abandonment, and instead just makes a legal conclusion, Mannatech fails to allege abandonment. Mannatech's failure to allege facts making out the elements of abandonment is enough to dismiss its counterclaim. In this case, however, Mannatech has not only failed to allege facts making out the elements required for abandonment, but it has also admitted that Shaklee has not abandoned its mark as discussed above (and the Trademark Office has agreed that Shaklee is using its mark). Since

[1] In addition, any facts alleged by Mannatech must be plausible in order to make out its claim. *Acceptance Ins. Companies, Inc. v. U.S.*, 583 F.3d 849, 853 (Fed. Cir. 2009) ("In order to avoid dismissal for failure to state a claim, a complaint must allege facts 'plausibly suggesting (not merely consistent with)' a showing of entitlement to relief.") (citing *Twombly*, 550 U.S. at 557).

Mannatech has failed to properly allege abandonment and also admitted a lack of abandonment (by admitting Shaklee's use), its counterclaim for abandonment should be dismissed.

C. Mannatech's Admission that Shaklee Is Not Passing Off Its Goods As Mannatech's Forecloses Mannatech's Claim For Misrepresentation of Source

The cases require Mannatech to plead that Shaklee took steps to deliberately pass off its goods as those of Mannatech to make out a claim of misrepresentation of source. *See e.g., NSM Resources Corp. and Huck Doll LLC, v. Microsoft Corp.*, 113 U.S.P.Q.2d 1029, 1035 (TTAB 2014) (granting a motion to dismiss and explaining that "'a pleading of misrepresentation of source 'must be supported by allegations of blatant misuse of the [subject] mark by respondent in a manner calculated to trade on the goodwill and reputation of petitioner.'") (citations omitted). Despite this requirement, Mannatech **admits** in its Response that "[Mannatech] has not claimed that [Shaklee] is 'passing off' …"; (Response, p. 7). As Mannatech's Response admits that Mannatech has failed to state an element of a claim of misrepresentation of source, the Board should dismiss Mannatech's counterclaim for alleged misrepresentation of source.

D. Alleging False Advertising Does Not Make Out Mannatech's Claim Of Misrepresentation Of Source

Rather than allege passing off of Mannatech's goods as required, Mannatech argues in its Response that Shaklee has allegedly engaged in false advertising by using YOUTH® to allegedly pass of its goods as those of its Reverta Health Solutions - and that this alleges a claim of misrepresentation of source. (Response, p. 7). Of course, in addition to such an allegation not being sufficient to plead misrepresentation of source, Shaklee is not passing off its goods because the mark YOUTH® was assigned to it by Reverta Health Solutions. (The assignment was recorded by the Patent and Trademark Office at Reel 4012/Frame 0258).

Shaklee also notes that Mannatech's counterclaim for cancellation did not identify false advertising as a ground for cancellation. Shaklee doubts that false advertising is a cognizable

ground for cancellation, especially by Mannatech - a third party to any dealings between Reverta Health Solutions and Shaklee. In any event, Mannatech's argument that Shaklee is allegedly falsely advertising its goods at emanating from Reverta fails to plead a claim of misrepresentation of source. *See e.g., NSM Resources Corp.; and Huck Doll LLC, v. Microsoft Corp.*, 113 U.S.P.Q.2d 1029, 1035 (TTAB 2014) (requiring a pleading that registrant is passing off its goods as those of Petitioner to make out a claim of misrepresentation of source).

In view of Shaklee's motion, the admissions in Mannatech's Response, and the foregoing Reply, it is clear that Mannatech has failed to state a claim for cancellation. The Board should accordingly dismiss Mannatech's cancellation under Fed. R. Civ. Pro. §12(b)(6).

Respectfully submitted,

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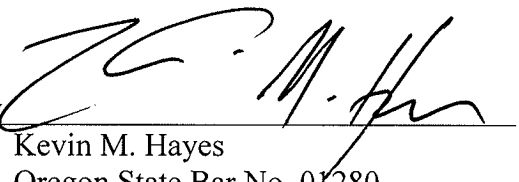
By 

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CERTIFICATE OF SERVICE

The undersigned hereby certifies that on August 10, 2015, a true copy of the foregoing **SHAKLEE'S REPLY TO MANNATECH'S RESPONSE TO SHAKLEE'S 12(b)(6) MOTION** was served on Applicant by first class mail, postage prepaid, to:

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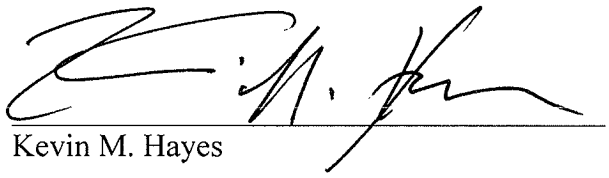

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