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

Proceeding	91222434
Party	Defendant Invicta S.p.A.
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IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD

INVICTA WATCH COMPANY OF AMERICA, INC.,

Opposer,

vs.

INVICTA S.P.A.,

Applicant.

Opposition No. 91222434 (Parent Case)
Opposition No. 91224325

**APPLICANT’S REPLY IN FURTHER SUPPORT OF ITS
MOTION FOR SUMMARY JUDGMENT**

By its undersigned attorneys, Applicant Invicta S.p.A. (“Applicant”) submits this reply in further support of its summary judgment motion to dismiss these proceedings. Within the time permitted by TBMP § 502.02(b), Applicant will separately respond to Opposer Invicta Watch Company of America, Inc.’s (“Opposer’s”) cross motion for summary judgment.

PRELIMINARY STATEMENT

In its opposition to Applicant’s motion, Opposer fails to address the terms of *all* the settlement agreements entered into between the parties, wrongly contends certain documents presented by Applicant are inadmissible, and relies upon inapposite case law in arguing that the *Morehouse* doctrine does not apply. Applicant has sufficiently alleged grounds for dismissing these consolidated proceedings and the Board should grant Applicant’s motion for summary judgment.

I. Absent Dismissal On the Grounds of Contractual Estoppel, the Parties’ Settlement Agreements will Be Rendered Null and Void

In opposing Applicant’s motion for summary judgment, Opposer focuses on only a *single clause* of *one out of three* of the Settlement Agreements entered into between the parties. However, when all three Settlement Agreements between the parties are considered, it is clear the consolidated proceedings should be dismissed on the grounds of contractual estoppel.

As noted in its moving brief, the parties entered into three Settlement Agreements regarding prior Board proceedings and a civil action in the Southern District of New York (the “Civil Action”) (*see* Applicant’s Moving Brief at p. 2). Indeed, Applicant specifically states that “[i]t is the terms of the three agreements that ***collectively*** preclude Opposer from prosecuting these consolidated agreements.” (Applicant’s Moving Brief at p. 2 (emphasis added)). Nonetheless, Opposer ignores the other Agreements and focuses exclusively on a single term in one of the Agreements. On page 5 of its brief, Opposer includes a chart with the headings “List of goods that [Opposer] agreed not to use mark as ***per ¶2 of 2011 consent agreement***” (emphasis added) and “List of goods of the opposed application Ser. No. 86/301,552” in Classes 18 and 25. Applicant’s chart (and analysis) fails to consider the 2009 Settlement Agreements as well as *all* the terms of the 2011 Settlement Agreement.

The 2009 Settlement Agreement, which resolved the Civil Action, allows for the parties’ concurrent use of the INVICTA mark (the “Mark”) ***on the condition that Opposer refrain from use and registration of the Mark for all goods Classes 18 and 25.*** See Hamburg Dec. Ex. C at ¶¶ 1, 3, 5, 6. The 2011 Settlement Agreement restates this prohibition and adds a further specific prohibition against Opposer’s institution of oppositions against Applicant’s applications for the Mark pursuant to the above conditions set forth in that agreement. Hamburg Dec. Ex. E at ¶ 3. Moreover, unlike the 2010 Settlement Agreement, with respect to which the parties agree to coexist in using the Mark for respective goods in Classes 9 and 16, the 2009 and 2011 Settlement Agreements when read together make it clear that Opposer is contractually estopped from claiming *any* rights in the Mark for *any* goods in Classes 18 and 25. Allowing the opposition against the application in Classes 18 and 25 (Opposition No. 91224325) to proceed expressly contradicts the terms of the Agreements. The 2009 and 2011 Settlement Agreements were intended to be construed as a unified whole dealing with, *inter alia*, all trademark issues between the parties in Classes 18 and 25, and as such the Board must consider and enforce the terms of *both*

agreements between the parties in adjudicating Applicant's contractual estoppel defense.¹ See *TVT Records v. Is. Def Jam Music Group*, 412 F.3d 82, 89-90 (2d Cir. 2005) ("Under New York law, 'all writings which form part of a single transaction and are designed to effectuate the same purpose [must] be read together, even though they were executed on different dates"). In *TVT Records*, the Second Circuit determined two agreements were to be read as an integrated whole based, *inter alia*, on the fact that the documents were intended to effect the same result and the later agreement would have been rendered meaningless without reference to the earlier agreement. *Id.* at 89. The fact that the documents were "negotiated and signed at different times, memorialized in different documents and [even] involved different parties" did not dictate a contrary result. *Id.* at 90 (citations omitted). Enforcing only some terms of one agreement instead of all terms of all agreements will lead to a result that strips some or all of the terms of their meaning. See *Phoenix Racing, Ltd. v. Lebanon Val. Auto Racing Corp.*, 53 F. Supp. 2d 199, 214 (N.D.N.Y. 1999) ("it is a 'well settled rule of contract construction that an agreement should be interpreted ... to give meaning to all of its terms and provisions.'"); *Two Guys from Harrison-N.Y., Inc. v. S.F.R. Realty Assocs.*, 472 N.E. 2d 315, 318 (N.Y. 1984) ("[i]n construing a contract, one of a court's goals is to avoid an interpretation that would leave contractual clauses meaningless.").

Additionally, the terms of the Settlement Agreements themselves militate in favor of the Board adopting a holistic approach when interpreting and enforcing the terms of the Settlement Agreements. The 2009 and 2010 Settlement Agreements each deal with different classes of goods from each other, and contain an integration or merger clause (Hamburg Dec. Ex. C at ¶ 12 and Ex. D at ¶ 8). By contrast, the 2011 Settlement Agreement, which, *inter alia*, refers to the same classes of goods in both the 2009 and 2010 Settlement Agreements, has no such merger or integration clause. Where no integration or merger clause is included in an agreement a determination must be made as a matter of law as to whether that

¹ The 2009 and 2010 Settlement Agreements each contain a provision stating that they will be "governed by and construed in accordance with the laws of the State of New York" though the less comprehensive 2011 Settlement Agreement does not contain a choice of law clause. Hamburg Dec Ex. C at ¶ 12; and Ex. D at ¶ 8. Hamburg Dec. Ex. E. To the extent that general principles of law and contract interpretation arise, Applicant will address them under the law of New York.

agreement must be read together with any prior agreements. *See Wayland Inv. Fund, LLC v. Millennium Seacarriers, Inc.*, 111 F. Supp. 2d 450, 454 (S.D.N.Y. 2000) (“Where, as here, a party points to another agreement beyond the four corners of the contract, and the contract itself lacks a merger clause, the court must determine whether or not there is an integration by reading the writing in the light of surrounding circumstances, and by determining whether or not the [other] agreement was one which the parties would ordinarily be expected to embody in the writing.” (internal citations and punctuation omitted)). The Settlement Agreements’ common subject matter and the 2011 Settlement Agreement’s lack of an integration clause indicate the Agreements must be read together.

The 2011 Settlement Agreement augments the 2009 Agreement but together the Agreements function as a single agreement as to Classes 18 and 25. The 2011 Settlement Agreement non-exhaustively lists goods in Classes 18 and 25 as to which Opposer is already not permitted to use the Mark. *Compare* Hamburg Dec. Ex. E ¶ 2 with Hamburg Dec. Ex. C ¶¶ 1, 3, 5. Clearly, the 2009 Settlement Agreement, which contains a prohibition on Opposer’s use or registration of the Mark on *all goods* in those Classes, must be given full weight by the Board. Hamburg Dec. Ex. C, ¶¶1, 3, 5. With respect to Classes 18 and 25, then, the 2011 Settlement Agreement adds only a further explicit prohibition against Opposer instituting oppositions against Applicant’s use and registration of the Mark in those classes (Hamburg Dec., Ex. E ¶ 3). This interpretation is also consistent with the 2012 declaration of Opposer’s CEO, who concedes to a joint violation of both the 2009 and 2011 Settlement Agreements, showing that they exist coextensively and jointly with each other (*See* Hamburg Dec. Ex. F). Thus the 2009 and 2011 Settlement Agreements not only preclude all use by Opposer of goods in Classes 18 and 25 but also preclude Opposer from opposing Applicant’s use and registration of marks in those classes. Opposer, lacking any right to register any marks in those classes of goods, also naturally lacks any basis to oppose Applicant’s applications therefor.

Should the Board fail to give weight to all of the Settlement Agreements and allow Opposer to proceed, the Board will render null and void the 2009 Settlement Agreement. Specifically, if Opposer is

allowed to sustain its oppositions on the grounds of likelihood of confusion or dilution, then any decision of the Board in Opposer's favor will have preclusive effect in any federal court challenge by Applicant to Opposer's use of the Mark on goods in Classes 18 and 25. *See B & B Hardware, Inc. v Hargis Indus., Inc.*, 135 S. Ct. 1293, 1310, 191 L. Ed. 2d 222 (2015) ("So long as the other ordinary elements of issue preclusion are met, when the usages adjudicated by the TTAB are materially the same as those before the district court, issue preclusion should apply."); *see also Ashe v. PNC Financial Services Group, Inc.*, No. 15-2566, 2016 WL 3230703, at *1-2 (4th Cir. June 13, 2016). This would render meaningless the 2009 Settlement Agreement's prohibition against Opposer's use of the Mark in Classes 18 and 25.

Furthermore, Opposer cannot establish likelihood of confusion or dilution as a matter of law as it has already consented to Applicant's registration of goods highly related to those covered by the opposed applications in Classes 18 and 25. *In Re Smartmoney*, 2002 WL 31191981, at *1 (T.T.A.B. Sept. 30, 2002) (relying upon "the implied consent to registration arising from the detailed provisions of a prior settlement agreement"); *In re N.A.D. Inc.*, 224 U.S.P.Q. 969, 970 (Fed. Cir. 1985) ("[T]hese competitors clearly thought out their commercial interests with care. We think it highly unlikely that they would have deliberately created a situation in which the sources of their respective products would be confused by their customers."). Were the Board to accept the incomplete analysis set forth by Opposer (*see e.g.*, Opposer's Brief p. 5), then Opposer would thereafter be allowed to oppose Applicant's application for "handbags" even though it has already consented to Applicant's registration of "shoulder bags". Likewise, accepting Opposer's flawed reasoning, Opposer would be allowed to oppose Applicant's application for "tank tops" but not for "t-shirts". That is clearly contrary to the express provisions of the 2009 Settlement Agreement which precludes *any* use or registration by Opposer for *any* goods in Classes 18 and 25. Hamburg Dec. Ex. C ¶¶ 1, 3, 5.

Additionally and as noted in Applicant's motion, Opposition No. 91222434 should also be dismissed because the Applicant's retail store services identified in the opposed Class 35 application

feature goods as to which Opposer is prohibited from using the Mark.² See Applicant's Brief, p. 8 ("By way of the three Settlement Agreements, the Applicant has been allowed to 'live' within the retail, clothing and related items space free of threat of opposition by Opposer."); p. 9 (comparing Application Serial No. 79/146,181 for Class 35 services with terms of Settlement Agreements at Hamburg Dec. Ex. C ¶¶ 1, 5; D at ¶ 4; E at ¶ 2 allowing use and registration of goods which are featured in Class 35 application's retail store services). Allowing the Class 35 opposition to proceed will once again ignore the terms of the parties' Settlement Agreements by permitting Opposer to use the Mark on Class 18 and 25 goods in its Class 35 stores.

II. Opposer's Prior Breach of the Settlement Agreements Are Probative of the Issues on this Motion and Are Admissible

Opposer contends that a Declaration by its CEO admitting to improper sales in violation of the 2009 and 2011 Settlement Agreements should not be considered by the Board because it represents a "compromise offer and negotiations wherein it was indicated that it was being made pursuant to Federal Rules of Evidence Rule 408." In fact, the Declaration in question is not an offer of compromise but evidence of Applicant's breach of the clear terms of the Settlement Agreement. The Declaration is also an admission that the Settlement Agreements were meant to be read together and that Opposer cannot use the Mark or oppose Applicant's use or registration of the Mark for Classes 18 and 25.³ See Hamburg Dec. Ex. F. The Declaration followed Applicant's transmission of a demand letter, testimony as to which is also admissible (See Hamburg Dec. ¶¶ 13-15). See, e.g., *Big O Tire Dealers, Inc. v. Goodyear Tire & Rubber Co.*, 561 F.2d 1365, 1372 (10th Cir. 1977) (holding that it was not an abuse of discretion to admit into evidence business communications between the parties concerning the permissible use of a trademark that took place before litigation commenced); *Steinberg v. Obstetrics-Gynecological & Infertility Group*,

² Contrary to Opposer's contentions, Applicant's motion *does* seek summary judgment dismissing the opposition to the Class 35 application.

³ Moreover, the Declaration is evidence that Opposer's institution of these oppositions is a continuation of Opposer's violations of the Settlement Agreements, and of Opposer's intent to undo those Agreements so that it may sell clothing in Class 25 and/or feature clothing in its Class 35 retail stores.

P.C., 260 F. Supp. 2d 492, 498 (D. Conn. 2003) (communications directed at an opposing party attempting to press the party to submit to a certain position are not covered by *F.R.E.* 408). Even were the Declaration to be considered an offer of compromise, it would still be admissible to show both Opposer’s breach and to demonstrate estoppel. *See Bad Boys Bail Bonds, Inc.*, 115 U.S.P.Q.2d 1925 (T.T.A.B. Aug. 21, 2015) (“As explained in the notes to Rule 408, ‘evidence, such as documents, is not rendered inadmissible merely because it is presented in the course of compromise negotiations if the evidence is otherwise discoverable. A party should not be able to immunize from admissibility documents otherwise discoverable merely by offering them in a compromise negotiation.’”); *PRL USA Holdings, Inc. v. U.S. Polo Ass’n, Inc.*, 520 F.3d 109 (2d Cir. 2008) (trademark holder estopped from claiming infringement after it led alleged infringer to believe no infringement claim would be brought during settlement discussions); *Starter Corp. v. Converse, Inc.*, 170 F.3d 286, 293 (2d Cir. 1999) (evidence of settlement agreement and negotiations admissible to prove estoppel on trademark infringement claims because “evidence of a settlement agreement and its surrounding circumstances though otherwise barred by Rule 408, can fall outside the Rule if it is offered for another purpose, i.e., for a purpose other than to prove or disprove the validity of the claims that the agreement was meant to settle.” (internal citations and punctuation omitted)).

III. The Goods In the Opposed Applications are “Essentially Identical” to the Goods in Registrant’s Prior Registrations Under the *Morehouse* Doctrine

Opposer wrongly asserts that the *Morehouse* doctrine does not apply to this case because the “scope of the opposed class . . . [of goods] has been expanded from those goods of the pre-existing registrations.” (Opposer’s Brief at 7).

The goods identified in a pre-existing registration need only be “substantially identical”—not exactly the same—for the *Morehouse* doctrine to apply and here the new applications do not represent a substantial expansion of those for which the Mark was previously registered. *See S & L Acquisition Co. v. Helene Arpels Inc.*, 9 U.S.P.Q. 2d 1221, 1987 WL 123899 at *6 (T.T.A.B. 1988) (“Where, as here, the

goods represented by the prior registration and those represented by the challenged registration are, in part, identical and otherwise substantially the same or so related as to represent in law a distinction without difference, it is entirely proper to conclude that applicant is estopped to challenge the validity of the second registration since applicant could not possibly suffer any added damage by reason of its continued existence” (internal citations and punctuation omitted)). The cases cited by Opposer do not lead to a different conclusion. Thus, in *La Fara* (cited in Opposer’s Brief at p. 9) a registration for “alimentary paste” is clearly not substantially identical to one which also includes “rice, coffee, flour”. *La Fara Importing Co. v. F. Lli De Cecco Di Filippo Fara S. Martino S.P.A.*, 8 U.S.P.Q. 2d 1143, 1988 WL 252404 at *4-5 (T.T.A.B. 1988). Likewise, in *DC Comics* (cited in Opposer’s Brief at p. 9) a registration for printed teaching materials is not substantially identical to a registration that includes records and cassettes. *DC Comics Inc. v. Scholastic Magazines, Inc.*, 210 U.S.P.Q. 299, 1980 WL 39357 at *3 (T.T.A.B. 1980). The degree of difference between the goods contained in the original registrations in those cases was simply too great in type and degree to ever be considered substantially similar. By contrast, here all of the items listed in the old and new registrations are either identical, substantially the same or so related such that any distinction between them is without a difference. Further, both cases cited by Opposer rest upon the holding in *Key Chemicals* (*See La Fara*, 1988 WL 252404 at *5; and *DC Comics*, 1980 WL 39357 at *2) which found the *Morehouse* doctrine did not preclude an opposition against an application for a much broader and more general registration than a registration already owned by the applicant for a single product. *See Key Chemicals, Inc. v. Kelite Chemicals Corp.*, 464 F.2d 1040, 1043 (C.C.P.A. 1972) (“[T]he registration presently sought is for ‘cleaning compounds’ broadly, whereas the registration already owned by appellant includes but a single, specific cleaner.”). Here Applicant already has broadly worded registrations (including Registration No. 2,151,279 for “clothes”) and is merely seeking to add substantially identical goods or subsets of those goods which are otherwise indistinguishable or subsumed within the more general pre-existing registrations. Accordingly, the

rationale behind *Key Chemicals* does not apply and the cases cited by Opposer which rely upon it also do not apply.

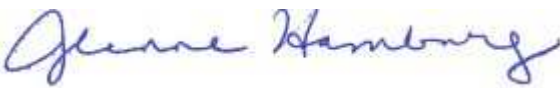
Opposer's charts are nothing more than a smokescreen. The charts show that any additional descriptions of goods are not an expansion of those for which Applicant already owns registrations but are either identical or at substantially identical. Opposer cannot seriously expect the Board to credit its assertion that there is somehow a qualitative difference between the pre-existing registration for "luggage" in Registration Nos. 2,109,407 and 1,031,461 and the inclusion of "overnight suitcases", "vanity cases sold empty" or "wheeled suitcases" in the opposed application (*See* Opposer's Brief at p. 7). Moreover, where "suitcases" are pre-existing goods under Registration No. 3,976,519 it is again hard to credit "overnight suitcases" or "wheeled suitcases" as expanding that much broader term of "luggage" (*Id.*). Further the Opposer cannot maintain that Registration No. 2,151,279, which includes the broadest possible description "clothes", does not include all of the much more general items of clothing included in the opposed application. Let alone that: "trousers" in Registration No. 2,151,279 does not include the "trousers" in the new application; or that there is a meaningful difference between "short pants" in Registration No. 3,976,519 and "shorts" in the new application, or between "sports shoes" in Registration No. 3,976,519 and "athletic shoes" in the opposed application. The absurdity in Opposer's position is too great to go into in further detail given the page limitations on this brief but Applicant is confident that a review of the existing registrations and the opposed application will show that the goods fall within the bounds of the *Morehouse* doctrine.

CONCLUSION

For all of the reasons set forth above, and in Applicant's Moving Brief, Applicant respectfully requests that the Board grant its Motion for Summary Judgment, dismissing Opposer's oppositions to Application 79/146,181 and Serial No. 86/301,552.

Dated: New York, NY
July 5, 2016

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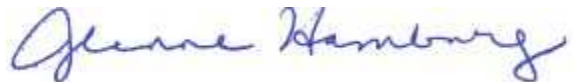
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CERTIFICATE OF SERVICE

I hereby certify that on July 5, 2016 a copy of the foregoing Applicant's Reply in Further Support of Its Motion for Summary Judgment is being deposited with the United States Postal Service with sufficient postage as first class mail in an envelope addressed as follows:

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