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**UNITED STATES PATENT AND TRADEMARK OFFICE**
**Trademark Trial and Appeal Board**
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August 22, 2018

Opposition No. 91224191

*Muwafak H. Kaki and Kaki Inc.*

*v.*

*Whole Foods Market IP, L.P.*

Before Lykos, Pologeorgis, and Coggins,
Administrative Trademark Judges.

By the Board:

Now before the Board is Whole Foods Market IP, L.P.'s ("Applicant") November 21, 2017, motion for summary judgment on the issue of priority of use as an essential element of the asserted claim of likelihood of confusion. The motion is fully briefed.[1]

[1] Five days before Applicant filed the motion for summary judgment, Muwafak H. Kaki and Kaki Inc.'s ("Opposers") prior attorney filed a request to withdraw as counsel. The request was granted on January 2, 2018, and proceedings were suspended for thirty days to allow Opposers time to appoint new counsel or notify the Board that they would represent themselves. When Opposers' new counsel did not file their notice of appearance by the deadline set by the Board, Applicant filed a motion for default judgment. The Board denied the motion on March 29, 2018, and reset the deadlines for further briefing of the summary judgement motion.

## I. Background

Applicant seeks registration of the mark IDEAL MARKET (in standard characters; MARKET disclaimed) on the Principal Register for "Retail bakery shops; Retail delicatessen services; Retail grocery stores," in International Class 35.[2]

Opposers jointly oppose registration of Applicant's mark on the ground of likelihood of confusion under Trademark Act Section 2(d), 15 U.S.C. § 1052(d). In support of their claim, Opposers allege that they are joint owners of the mark IDEAL MARKET for grocery services, bakery services, delicatessen services, confectionary services, and related food items; and that Opposers and their predecessors-in-interest have continuously used their pleaded mark prior to the filing date of the opposed application, and prior to the 1940 dates of first use alleged in the subject application. Notice of Opposition. ¶¶ 1–11 (1 TTABVUE 3–6).

Applicant answered by denying the salient allegations in the notice of opposition and asserting affirmative defenses.

Prior to the day of the deadline for Opposers' pretrial disclosures, Applicant timely filed the current motion for summary judgment.

## II. The Pleadings

As an initial matter, a decision on summary judgment necessarily requires a review of the operative pleadings to determine the legal sufficiency of the claims and

[2] Application Serial No. 86457431, filed on November 18, 2014, based on an allegation of use of the mark in commerce under Trademark Act Section 1(a), 15 U.S.C. § 1051(a), claiming 1940 as both the date of first use and the date of first use in commerce.

defenses. *See* Fed. R. Civ. P. 56(a); *Asian & W. Classics B.V. v. Selkow*, 92 USPQ2d 1478, 1478 (TTAB 2009).

A. Notice of Opposition

In the notice of opposition, Opposers allege prior use of the mark IDEAL MARKET for grocery services, bakery services, delicatessen services, confectionary services, and related food items, and likelihood of confusion between their pleaded mark and Applicant's IDEAL MARKET mark for "Retail bakery shops; Retail delicatessen services; Retail grocery stores." Notice of Opposition ¶¶ 1–11 (1 TTABVUE 3–6).

In response to Applicant's motion for summary judgment, Opposers attempt to establish priority through the doctrine of "tacking," by which a trademark owner may make modification to its marks over time but is still able to "clothe [the] new mark with the priority position of an older mark." *Hana Fin., Inc. v. Hana Bank*, __ U.S. __, 135 S. Ct. 907, 113 USPQ2d 1365, 1366 (2015); *see also Jimlar Corp. v. the Army and Air Force Exchange Serv.*, 24 USPQ2d 1216, 1221 (TTAB 1992) (plaintiff's tacking permitted); *Allentown, Inc. v. Nat'l Bellas Hess, Inc.*, 169 USPQ 673, 677 (TTAB 1971) (same). Specifically, Opposers attempt to establish priority of their pleaded IDEAL MARKET mark by tacking on prior use by their alleged predecessors-in-interest of various marks containing the term IDEAL, such as "Ideal Savings," "Ideal Confectionary," "Ideal Food Store," "Ideal Bakery," "Ideal Grocery and Confectionary," and "Ideal Super Market." Opposers' Br. pp. 2–4 (40 TTABVUE 3–5). Although Opposers did not expressly plead priority through tacking in the notice of opposition, solely for purposes of deciding Applicant's motion for summary judgment

we deem the notice of opposition to have been amended by agreement of the parties to claim priority based on tacking. *See* TBMP § 528.07(b) (June 2018) (Board may deem pleadings amended if party defends against summary judgment by asserting genuine disputes of material fact regarding an unpleaded claim, and the moving party treats the matter on its merits and does not object thereto on ground that it is unpleaded).

B. Affirmative Defenses

In its answer, Applicant has asserted the affirmative defenses of abandonment, laches, and acquiescence. Affirmative Defenses ¶¶ 1–2 (12 TTABVUE 3).

1. Abandonment

Applicant has the burden of pleading and ultimately establishing a prima facie defense of abandonment. *See, e.g.*, *Crash Dummy Movie, LLC v. Mattel, Inc.*, 601 F.3d 1387, 94 USPQ2d 1315, 1316 (Fed. Cir. 2010); *Azeka Bldg. Corp. v. Azeka*, 122 USPQ2d 1477, 1485 (TTAB 2017). In this regard, Applicant's allegation of "significant gaps" in the use of the pleaded mark over the years is legally insufficient because a defense of abandonment must allege facts which, if proven, would establish at least three consecutive years of nonuse, or a period of nonuse less than three years coupled with proof of intent not to resume use. Trademark Act § 45, 15 U.S.C. § 1127; *Dragon Bleu (SARL) v. VENM, LLC*, 112 USPQ2d 1925, 1930 (TTAB 2014); *Otto Int'l Inc. v. Otto Kern GmbH*, 83 USPQ2d 1861, 1863 (TTAB 2007); *see also Giersch v. Scripps Networks, Inc.*, 90 USPQ2d 1020, 1024 (TTAB 2009) ("The statutory presumption of

abandonment after three years non-use does apply to marks established via common-law usage.").

Accordingly, we sua sponte strike Applicant's abandonment defense. Fed. R. Civ. P. 12(f)(1). At the end of this order we afford Applicant an opportunity to re-plead the abandonment defense, with sufficient factual support, to the extent warranted.

2. Laches and Acquiescence

Applicant's affirmative defenses of laches and acquiescence are merely bald, conclusory allegations that are not supported by any facts upon which the defenses might plausibly be based. Additionally, the affirmative defenses of laches and acquiescence generally are not applicable in opposition proceedings because these defenses start to run from the time the mark is published for opposition, not from the time of knowledge of use. *See Nat'l Cable Television Ass'n Inc. v. Am. Cinema Editors Inc.*, 937 F.2d 1572, 19 USPQ2d 1424, 1432 (Fed. Cir. 1991); *Barbara's Bakery Inc. v. Landesman*, 82 USPQ2d 1283, 1292 n.14 (TTAB 2007); *Bausch & Lomb Inc. v. Karl Storz GmbH & Co. KG*, 87 USPQ2d 1526, 1531 (TTAB 2008). Accordingly, amendment of these defenses would be futile. *Barbara's Bakery*, 82 USPQ2d at 1292 n.14. We therefore sua sponte strike the affirmative defenses of laches and acquiescence. Fed. R. Civ. P. 12(f)(1).

III. Applicant's Motion for Summary Judgment

We now turn to Applicant's motion for summary judgment on Opposers' asserted Section 2(d) claim and more specifically the essential element of priority.

A. Standard for Summary Judgment

Summary judgment is appropriate only when there are no genuine disputes as to any material facts and the moving party is entitled to judgment as a matter of law. Fed. R. Civ. P. 56(a). The party seeking summary judgment bears the initial burden of demonstrating the absence of any genuine dispute of material fact, and that it is entitled to judgment under the applicable law. *See Celotex Corp. v. Catrett*, 477 U.S. 317, 323 (1986); *Sweats Fashions, Inc. v. Pannill Knitting,* 833 F.2d 1560, 4 USPQ2d 1793, 1796 (Fed. Cir. 1987). A factual dispute is genuine if, on the evidence of record, a reasonable fact finder could resolve the matter in favor of the non-movant. *See Opryland USA Inc. v. Great Am. Music Show Inc.*, 970 F.2d 847, 23 USPQ2d 1471, 1472 (Fed. Cir. 1992); *Olde Tyme Foods, Inc. v. Roundy's, Inc.*, 961 F.2d 200, 22 USPQ2d 1542, 1544 (Fed. Cir. 1992). Evidence on summary judgment must be viewed in a light most favorable to the non-movant, and all justifiable inferences are to be drawn in the non-movant's favor. *Lloyd's Food Prods., Inc. v. Eli's, Inc.*, 987 F.2d 766, 25 USPQ2d 2027, 2029 (Fed. Cir. 1993); *Opryland USA,* 23 USPQ2d at 1472. The Board may not resolve genuine disputes as to material facts; it may only ascertain whether such disputes exist. *See Lloyd's Food Prods.*, 25 USPQ2d at 2029; *Olde Tyme Foods*, 22 USPQ2d at 1544.

B. Analysis and Determination

The majority of Applicant's evidence[3] relates to the history of Applicant's IDEAL MARKET grocery store, beginning in 1940 with Clark Chapman, Applicant's purported ultimate predecessor-in-interest, and continuing through various other predecessors until 2007, when Applicant merged with its immediate predecessor. *See* Declaration of Red Elks Banks ("Banks Decl.") ¶¶ 3–5 (32 TTABVUE 18–19); Declaration of Diana Rausa (32 TTABVUE 21– 252); Declaration of Wendy Hall (32 TTABVUE 254–323).[4]

Regarding the chain of title by which Applicant claims to have acquired the IDEAL MARKET grocery store and mark, however, Applicant relies solely on the declaration of Red Elk Banks, the Rocky Mountain Region Vice President of Operations at Whole Foods Market.[5] Mr. Banks avers in his declaration, inter alia, that in 1989 Clark Chapman sold the IDEAL MARKET grocery store to Steve LeBlang; in 1998 Mr. LeBlang sold the IDEAL MARKET grocery store to Wild Oats Market, Inc. ("Wild Oats"); and in 2007 Wild Oats merged with Whole Foods Market ("Whole Foods"). Banks Decl. ¶¶ 3–5 (32 TTABVUE 18–19).

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[3] We address the record only to the extent necessary to set forth our analysis and findings. We do not repeat or address all of the parties' arguments and evidence. *Guess? IP Holder LP v. Knowluxe LLC*, 116 USPQ2d 2018, 2019 (TTAB 2015).

[4] Ms. Rausa is a paralegal employed by Applicant's counsel, and Ms. Hall is the Library Manager at the Carnegie Branch Library for Local History in Boulder, Colorado. 32 TTABVUE 21 & 254. Their respective declarations have been submitted to authenticate exhibits. With Ms. Rausa's declaration, Applicant also has submitted various discovery materials.

[5] In his declaration, Mr. Banks has not explained the relationship between Whole Foods Market and Applicant Whole Foods Market IP, L.P. For purposes of deciding Applicant's motion for summary judgment, we have presumed a relationship between these two entities. At trial, however, Applicant must establish the relationship between these two entities.

Regarding Mr. Banks' declaration, Federal Rule of Evidence 602 provides, in relevant part, that "[a] witness may testify to a matter only if evidence is introduced sufficient to support a finding that the witness has personal knowledge of the matter." *See also City Nat'l Bank v. OPGI Mgmt. GP Inc./Gestion OPGI Inc.*, 106 USPQ2d 1668, 1673 (TTAB 2013) ("[T]he Board has held that a witness may not offer testimony regarding company history unless said witness has personal knowledge thereof[.]").

While Fed. R. Evid. 803(6), made applicable to Board inter partes proceedings by operation of Trademark Rule 2.116(a), allows for the introduction into evidence of qualifying business records, as an exception to the hearsay rule, there is a distinction between the admissibility of business records, and witnesses testifying in their personal capacity. Testimony from such individuals based on a review of business records is inadmissible hearsay if the witness lacks personal knowledge:

> [T]he [business record hearsay exception] rule does not provide for the admission into evidence of the testimony of a person who lacks personal knowledge of the facts, who is unable to testify to the fulfillment of the conditions specified within the rule, and who is testifying only about what he has read or has been allowed to review.

*City Nat'l Bank*, 106 USPQ2d at 1673 (quoting *Olin Corp. v. Hydrotreat, Inc.*, 210 USPQ 63, 67 (TTAB 1981)); *see also Am. Express Co. v. Darcon Travel Corp.*, 215 USPQ 529, 531 (TTAB 1982).

Here, Mr. Banks states in his declaration that he has been employed by Whole Foods since February 1995. Banks Decl. ¶ 1. Mr. Banks further states that his declaration is "based on [his] own personal; knowledge **or** based on business records

made available to [him] during [his] career at Whole Foods[.]" *Id*. at ¶ 2 (emphasis added). However, Mr. Banks does not indicate which statements in his declaration are based on his personal knowledge and which statements are based on his review of business records. Additionally, Mr. Banks has not attached any business records as exhibits to his declaration.

Mr. Banks has provided no basis for establishing that he has personal knowledge regarding the sale of the IDEAL MARKET grocery store from Mr. Chapman to Mr. LeBlang in 1989. The sale occurred six years prior to Mr. Banks' employment with Whole Foods, and was between two parties unrelated to Whole Foods at the time.

Although the sale of the IDEAL MARKET grocery store from Mr. LeBlang to Wild Oats occurred in 1998, at a time when Mr. Banks was employed by Whole Foods, Wild Oats and Whole Foods were separate entities until their merger in 2007, and Mr. Banks has not established the basis for his personal knowledge of the 1998 acquisition of the IDEAL MARKET grocery store by Wild Oats.

Mr. Banks' therefore has failed to establish that he has personal knowledge regarding the chain of ownership of the IDEAL MARKET grocery store and mark for any of the alleged transactions from Clark Chapman, to Steve LeBlang, to Wild Oats, to Whole Foods. To the extent that Mr. Banks' declaration statements regarding the chain of title are based solely on his review of unspecified business records, the statements are inadmissible hearsay for the reasons explained above. Moreover, Applicant has not submitted any qualifying business records evidencing the chain of ownership of the IDEAL MARKET grocery store or mark.

Accordingly, Applicant has failed to meet its initial burden on summary judgment of establishing that there is no genuine dispute of material fact regarding the chain of title and ownership necessary to establish Applicant's priority. *See, e.g.*, *City Nat'l Bank*, 106 USPQ2d at 1673 (respondent failed to demonstrate that witness had personal knowledge regarding respondent's history, or its use of disputed mark, before his employment with respondent); *Coach Servs. Inc. v. Triumph Learning LLC*, 96 USPQ2d 1600, 1603 (TTAB 2010), *aff'd in relevant part*, 668 F.3d 1356, 101 USPQ2d 1713, 1730 (Fed. Cir. 2012) (sustaining opposer's objection by limiting testimony from applicant's witness to "authenticating documents kept by applicant in the ordinary course of business" and excluding testimony regarding events that pre-dated the witness' employment and for which the witness did not otherwise have personal knowledge); *Olin Corp.*, 210 USPQ at 67 ("the earliest year for which [opposer's witness] could have personal knowledge of [sales volume and advertising expenditures]" was "the year [the witness] joined opposer"); *cf. Airport Canteen Servs., Inc., v. Farmer's Daughter, Inc.*, 184 USPQ 622, 627 (TTAB 1974) ("[A]n assignment or transfer of interest in a trade designation may be established by clear and uncontradicted testimony **by a person or persons in a position to have knowledge of the transactions affecting said designation** and the common law rights in a mark will be presumed to have passed, absent contrary evidence, with the sale and transfer of the business with which the mark has been identified.") (emphasis added).

In view of the forgoing, Applicant's motion for summary judgment is denied.[6]

The record on summary judgment indicates that in this case the issues of priority and tacking, spanning several decades and multiple predecessors-in-interest, are particularly fact-intensive. The Board therefore will not consider any further motions for summary judgment.

Additionally, the fact that we have identified and discussed certain genuine disputes of material fact as sufficient bases for denying Applicant's motion for summary judgment should not be construed as a finding that these are necessarily the only disputes that remain for trial.[7]

IV. Resumption and Trial Schedule

Proceedings are resumed.

If, at trial, Opposers intend to assert the doctrine of tacking as a basis for priority, then to avoid any uncertainly regarding whether the notice of opposition provides Applicant with sufficient notice that Opposers' allegation of priority is based on tacking, Opposers must amend their notice of opposition to expressly plead priority through tacking. *Cf. H.D. Lee Co. v. Maidenform Inc.*, 87 USPQ2d 1715, 1720 (TTAB 2008) (applicant's mere denial of opposer's allegation of priority not sufficient to put opposer on notice that applicant will attempt to prove priority through tacking);

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[6] In view of our determination that Applicant has not met its initial burden on summary judgment, we need not, and do not, address Applicant's objections to certain evidence submitted by Opposers with their response to Applicant's motion for summary judgment.

[7] The parties are reminded that the evidence submitted in connection with the motion for summary judgment or opposition thereto is of record only for consideration of the motion. For such evidence to be considered at final hearing it must be properly introduced into evidence during the appropriate trial period. *See Yazhong Investing Ltd. v. Multi-Media Tech. Ventures, Ltd.*, 126 USPQ2d 1526, 1531 n.12 (TTAB 2018).

*accord Anthony's Pizza & Pasta Int'l Inc. v. Anthony's Pizza Holding Co.,* 95 USPQ2d 1271,1276 (TTAB 2009); *Standard Knitting, Ltd. v. Toyota Jidosha Kabushiki Kaisha*, 77 USPQ2d 1917, 1929 n.18 (TTAB 2006) (opposer may not rely on unpleaded marks or registrations). Opposers are allowed until **September 5, 2018**, by which to file and serve an amended notice of opposition in which they expressly plead tacking, including the prior marks they seek to rely upon for purpose of priority through tacking, failing which Opposers' likelihood of confusion claim will go forward solely on Opposers' allegation of prior use of the pleaded IDEAL MARKET mark.

In turn, Applicant is allowed until **September 25, 2018** by which to file and serve its answer to the amended notice of opposition, if filed. In its answer, Applicant may re-plead its abandonment defense in accordance with this order.

In anticipation of an amended notice of opposition, and in order to mitigate any potential prejudice to Applicant, discovery will be reopened for Applicant only, on the following schedule, for the sole purpose of allowing Applicant to take written discovery of Opposers regarding the prior marks that form the basis of Opposers' potential tacking claim.[8] If no amended notice of opposition is filed, Opposers should so notify the Board so that dates may be reset accordingly, to avoid the passing of unnecessary time. Additionally, if no amended notice of opposition is filed, but Applicant intends to amend its answer to attempt to re-plead the affirmative defense of abandonment, Applicant should promptly file an amended answer by no later than

[8] Applicant is reminded that written discovery requests must be served early enough in the discovery period, as reset by the Board, so that responses will be due no later than the close of the discovery period. Trademark Rule 2.120(a)(3), 37 C.F.R. § 2.120(a)(3)

the date shown below. In the absence of an amended notice of opposition, however, limited discovery for Applicant will not be necessary.

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| Amended Notice of Opposition Due, if filed | 9/5/2018 |
| Applicant's Answer to Amended Notice Due | 9/25/2018 |
| Applicant's Limited Discovery Period Opens | 10/9/2018 |
| Limited Discovery Closes | 11/19/2018 |
| Plaintiff's Pretrial Disclosures Due | 1/3/2019 |
| Plaintiff's 30-day Trial Period Ends | 2/17/2019 |
| Defendant's Pretrial Disclosures Due | 3/4/2019 |
| Defendant's 30-day Trial Period Ends | 4/18/2019 |
| Plaintiff's Rebuttal Disclosures Due | 5/3/2019 |
| Plaintiff's 15-day Rebuttal Period Ends | 6/2/2019 |
| Plaintiff's Opening Brief Due | 8/1/2019 |
| Defendant's Brief Due | 8/31/2019 |
| Plaintiff's Reply Brief Due | 9/15/2019 |
| Request for Oral Hearing (optional) Due | 9/25/2019 |

The Federal Rules of Evidence generally apply to Board trials. Trial testimony is taken and introduced out of the presence of the Board during the assigned testimony periods. The parties may stipulate to a wide variety of matters, and many requirements relevant to the trial phase of Board proceedings are set forth in Trademark Rules 2.121 through 2.125. These include pretrial disclosures, the manner and timing of taking testimony, matters in evidence, and the procedures for submitting and serving testimony and other evidence, including affidavits, declarations, deposition transcripts and stipulated evidence. Trial briefs shall be submitted in accordance with Trademark Rules 2.128(a) and (b). Oral argument at final hearing will be scheduled only upon the timely submission of a separate notice as allowed by Trademark Rule 2.129(a).