

ESTTA Tracking number: **ESTTA751663**

Filing date: **06/10/2016**

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

Proceeding	91225185
Party	Defendant Don Sebastiani & Sons International Wine Negotiants
Correspondence Address	WARREN L DRANIT SPAULDING MCCULLOUGH & TANSIL LLP 90 SOUTH E STREET SUITE 200 SANTA ROSA, CA 95404-6500 UNITED STATES dranit@smlaw.com
Submission	Motion to Dismiss - Rule 12(b)
Filer's Name	Warren L. Dranit
Filer's e-mail	dranit@smlaw.com
Signature	/wld/
Date	06/10/2016
Attachments	Motion to Dismiss Amended NOO v01 .pdf(49014 bytes)

II. STANDARD OF REVIEW

In lieu of filing an answer, an applicant may file a motion to dismiss for failure to state a claim upon which relief can be granted, pursuant to Fed. R. Civ. P. 12(b)(6). Nike Inc. v. Palm Beach Crossfit Inc. DBA Crossfit Cityplace, 116 USPQ2d 1025 (TTAB 2015).

To withstand such a motion to dismiss, "a plaintiff need only allege sufficient factual matter that, if proved, would allow the Board to conclude, or to draw a reasonable inference, that (1) the plaintiff has standing to maintain the proceeding, and (2) a valid ground exists for opposing or cancelling the mark. Doyle v. Al Johnson's Swed. Rest. & Butik Inc., 101 USPQ2d 1780, 1782 (TTAB 2012) (*citing* Young v. AGB Corp., 152 F.3d 1377, 47 USPQ2d 1752, 1754 (Fed. Cir. 1998)); see also TBMP § 503.02 (2015). Specifically, a complaint "must contain sufficient factual matter, accepted as true, to 'state a claim to relief that is plausible on its face.'" Doyle, 101 USPQ2d at 1782 (*quoting* Ashcroft v. Iqbal, 556 U.S. 662, 678 (2009)). In particular, the claimant must allege well pleaded factual matter and more than "[t]hreadbare recitals of the elements of a cause of action, supported by mere conclusory statements." Iqbal, 556 U.S. at 678 (*citing* Bell Atlantic Corp. v. Twombly, 550 U.S. 544, 555 (2007))." *Id.*

III. FACTUAL BACKGROUND

On May 28, 2015, DSS filed its application to register VINEAU on the Principal Register based on its intent to use the mark on "flavored waters" and other "water beverages" (the "**Application**").¹ The Application has been assigned Serial No. 86-643,989. On initial examination, the Application was approved for publication on September 11, 2015. The Application was published for opposition on October 20, 2015.

¹ DSS currently has nearly 30 marks registered on the Principal Register for use in connection with wine. It also has nearly 20 applications pending for a variety of goods including nuts, water beverages and alcoholic beverages.

NouvEau owns U.S. patent rights in a product consisting of potable water extracted from the residual biomass of a fermentation process. (Amended NOO ¶2, 12 TTABVUE 2-3.) Such a fermentation process includes the production of wine. NouvEau claims exclusive rights in potable water extracted from mass remaining in the bottom of barrels and tanks used to produce wine. It also owns patent rights in France for the method to make this potable water product. (Amended NOO ¶3, 12 TTABVUE 3.)

NouvEau has filed to register EAU DE VIN; its application has been assigned Serial No. 86-810,563. (Amended NOO ¶3, 12 TTABVUE 3.)

NouvEau's Amended NOO was filed on May 20, 2016 (12 TTABVUE). Pursuant to the Board's order granting DSS's initial Motion to Dismiss, the deadline for DSS to respond to NouvEau's Amended NOO is June 10, 2016. 11 TTABVUE 8.

IV. LEGAL DISCUSSION

For the purposes of this Motion to Dismiss, DSS does not dispute that NouvEau has standing to maintain the proceeding. Rather, NouvEau's opposition proceeding fails because it has not set forth a valid ground for opposing the VINEAU mark. 15 U.S.C. §1063.

A. Opposer Has Not Established A Valid Claim Under Lanham Act §2(d)

"To allege a valid ground for opposition under Section 2(d), Opposer need only allege it has valid proprietary rights that are prior to those of Applicant, or that it owns a registration which Applicant has not counterclaimed to cancel, and that Applicant's mark so resembles Opposer's mark as to be likely to cause confusion." *Nike, supra* (citing Lanham Act § 2(d), 15 U.S.C. § 1052(d); Otto Roth & Co. v. Universal Foods Corp., 640 F.2d 1317, 209 U.S.P.Q. 40 (CCPA 1981)).

"Rights in a trademark are determined by the date of the mark's first use in commerce. The party who first uses a mark in commerce is said to have priority over other users." Hana Fin., Inc. v. Hana Bank, 135 S. Ct. 907, 909, 190 L. Ed. 2d 800 (2015). Contingent on the registration of a mark on the principal register, the filing of an application to register a trademark constitutes constructive use of the mark, conferring a right of priority, nationwide in effect, on the goods specified in the registration against any other person except someone who has prior use of their mark. Lanham Act §7(c), 15 U.S.C. §1057(c).

NouvEau does not assert that it has a prior registration of EAU DE VIN. Moreover, it fails to allege facts which support a claim that it has priority rights in EAU DE VIN.

NouvEau's Amended NOO sets out the support for its opposition in nine numbered paragraphs that reference eight exhibits. Only paragraphs 1 through 4 of the Amended NOO offer any allegations that reflect on establishing priority rights. 12 TTABVUE 2-3. However, a review of those paragraphs confirms that NouvEau has not established such priority:

- Paragraph 1 asserts NouvEau's rights in French trademarks. Trademark rights in France do not establish priority trademark rights in the United States. Foreign use has no effect on U.S. commerce and cannot form the basis for a holding that Opposer has priority. Person's Co., Ltd. v. Christman, 900 F.2d 1565, 1568-69 (Fed. Cir. 1990) (relying on use of the mark in Japan is not sufficient to support a claim for priority in the United States). The concept of territoriality is basic to trademark law; trademark rights exist in each country solely according to that country's statutory scheme. *Id.*
- Paragraph 2 asserts NouvEau's rights in U.S. Patent 7,569,146. However, rights in a U.S. patent do not establish priority rights for a trademark in the U.S. A patent is by definition not a trademark or trademark use.

- Paragraph 3 asserts NouvEau's rights in French Patent 1,748,835. However, rights in a French patent do not establish priority rights for a trademark in the U.S.
- Paragraph 3 also alleges the sale of product on November 4, 2015. The allegation is supported by Exhibit 6 which sets forth images of the product and a copy of an invoice dated November 4, 2015. 12 TTABVUE 10. However, the November 4, 2015 date of sale is after May 28, 2015, the filing date for DSS's Application. Accordingly, the allegation in paragraph 3 does not establish priority rights in EAU DE VIN. Automedx, Inc. v. Artivent Corporation, 95 U.S.P.Q.2d 1976 (TTAB 2010) (for purposes of determining priority of use, applicant's date of first use is the filing date of its intent-to-use application); *see also* Lanham Act §7(c), 15 U.S.C. §1057(c).
- Paragraph 4 alleges that NouvEau has engaged in research and development of its patented product since 2007. The allegation is supported by Exhibits 7 and 8 which are presumably intended to show the product "referred" to as EAU DE VIN. 12 TTABVUE 11-12. However, Exhibit 7 is an email message and a brochure of some kind. Exhibit 8 is also an email. Neither shows EAU DE VIN affixed to a product. Neither is trademark use. See, e.g., 15 U.S.C. §1127 (definition of "use in commerce" on goods). Neither is sufficient to establish trademark rights, let alone rights that have priority over the subject Application.
- Paragraph 4 also alleges the "water from wine product" was sold in commerce in 2008. This allegation is supported by a reference to Exhibits 5 and 9. 12 TTABVUE 9, 12. But the nature of the allegation, as supported by these exhibits, is not of trademark use of EAU DE VIN. Rather, to the extent there may be trademark use it

is "Aqua Vin Naturale" and "NouvEau". Neither provides NouvEau with priority rights in EAU DE VIN.

Because NouvEau has not established priority rights in EAU DE VIN, it has failed to state a claim upon which relief may be granted under Lanham Act §2(d).

B. Opposer Has Not Established A Valid Claim Under Lanham Act §2(e)(1)

In its order granting the initial Motion to Dismiss, the Board suggested that NouvEau appeared to be asserting a claim under Lanham Act §2(e)(1). 11 TTABVUE 3. The Board also provided a roadmap of how to properly plead such a claim. 11 TTABVUE 4-5. However, a review of the supporting paragraphs in the Amended NOO confirms that this is not the case. Rather, NouvEau's complaint is that DSS's mark may describe some aspects of NouvEau's patented product. Similarly, NouvEau's reference to genericness is in relation to its own product. Its complaint is intended to protect its patent rights. It is not a valid basis for opposing a trademark application including asserting a claim under §2(e)(1).

Paragraphs 5 through 9 of the Amended NOO offer the allegations that seem to reflect on what the Board suggested was a claim under §2(e)(1). 12 TTABVUE 3-4. However, a review of those paragraphs confirms that NouvEau's concern is focused on its patent rights and that NouvEau is concerned that DSS's mark describes some aspect of the product protected by the patent:

- The first sentence in paragraph 5 is telling. It begins "Applicant's proposed VINEAU (wine water) mark is an imitation and willful attempt to appropriate by trademark Opposer's patented water of wine product...." That is, NouvEau is alleging that DSS's mark infringes NouvEau's patent rights by describing some aspect of the product protected by its patent.

- Paragraph 5 also cites to U.S. Supreme Court precedent. Regardless of whether NouvEau's interpretation of the decision is correct, the key point is that NouvEau alleges that "a product name made generic by a patent is carried with the patented product that manufactures it until off-patent when it comes into the public domain." That is, NouvEau appears to be claiming exclusive rights in the generic name of the product covered by its patent.
- Paragraph 6 confirms this interpretation by citing to precedent of the Third Circuit Court of Appeals for a "nexus between trademark law and patent protection." This case law has no relevance to a claim under Lanham Act §2(e)(1).
- Paragraph 7 continues NouvEau's reliance on its patent rights as the basis for opposing the subject trademark Application. That paragraph concludes by asserting that "Applicant has no right to copy Opposer's unique singular product made by patent which, in effect, constitutes a patent infringement of Opposer's unique patented product by trademark." The alleged infringement of NouvEau's patent rights is not a valid basis for an opposition proceeding including a claim under §2(e)(1).
- In paragraph 8, NouvEau alleges that DSS has other choices for a trademark for its product rather than the subject trademark. That is always true but it's not a valid basis for opposing an application to register.
- In paragraph 9, NouvEau continues with its reliance on its patent rights. It alleges that the subject trademark "is confusingly similar to Opposer's unique singular patented product, brand and statement of identity..." The reference in this sentence to its "patented product" and the "statement of identity" for its patented product further confirms that NouvEau is seeking to protect its patent rights. The reference to

brand is presumably to EAU DE VIN. But as established in the prior section, NouvEau has not established priority rights in this designation.

These paragraphs confirm that NouvEau is seeking to protect its patent rights through this opposition proceeding. It is not alleging a claim under Lanham Act §2(e)(1). NouvEau's allegations do not assert a valid ground for opposing a trademark application. 15 U.S.C. §1063. As a result, here again, NouvEau fails to state a claim upon which relief may be granted.

C. Leave To Amend Should Not Be Granted

The Board, in its discretion, may refuse to allow an opportunity for amendment of a Notice of Opposition. Dragon Bleu (SARL) v. VENM, LLC, 112 USPQ2d 1925, 1929 n.10 (TTAB 2014). No opportunity to correct a defective pleading is needed when it would serve no useful purpose. *Id.* (citing Pure Gold, Inc. v. Syntex (U.S.A.) Inc., 221 USPQ 151, 154 (TTAB 1983), *aff'd*, 739 F.2d 624, 222 USPQ 741 (Fed. Cir. 1984)). Here, the Board's order granting the initial Motion to Dismiss provided NouvEau with a roadmap on how to properly plead a valid claim in a notice of opposition. 11 TTABVUE 4-5. However, even with that guidance, NouvEau has not established a valid basis for opposing DSS's mark. NouvEau has not established priority rights in its EAU DE VIN mark. Instead, it has alleged the sale of one bottle of the product which occurred after the filing date of the subject Application. It has not established priority rights. Moreover, NouvEau's allegations also make clear that it is **not** seeking to establish a valid claim under Lanham Act §2(e)(1). Rather, NouvEau is concerned that DSS is invading its patent rights because DSS's mark arguably describes the product set forth in the NouvEau patent. This is not a valid ground for opposing a trademark application. 15 U.S.C. §1063. Having failed to establish a valid basis for its opposition proceeding, the motion to dismiss should be granted without leave to amend.

V. CONCLUSION

NouvEau cannot state a claim under Lanham Act §2(d) because it does not have priority rights in EAU DE VIN. Furthermore, its other allegations are not directed to a valid basis for opposition of a trademark application. Accordingly, NouvEau has not alleged a valid ground for opposing DSS's application to register VINEAU. DSS requests the Board dismiss all of NouvEau's claims for failure to state a claim upon which relief can be granted under Fed. R. Civ. P. §12(b)(6). Because NouvEau cannot re-plead the asserted facts to create a viable claim, the motion should be granted without leave to amend.

Respectfully submitted,

Dated: June 10, 2016

SPAULDING MCCULLOUGH & TANSIL LLP

By: /wld/

Warren L. Dranit
Spaulding McCullough & Tansil LLP
90 South E Street, Suite 200
Santa Rosa, CA 95402
t: (707) 524-1900
f: (707) 524-1906
e: dranit@smlaw.com
Attorneys for Applicant
Don Sebastiani & Son International Wine Negotiants

