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

Proceeding	91242551
Party	Plaintiff E. & J. Gallo Winery
Correspondence Address	MICHAEL J SALVATORE HOLMES WEINBERG PC 30765 PACIFIC COAST HWY MALIBU, CA 90265-3646 UNITED STATES msalvatore@holmesweinberg.com, hwtrademarks@gmail.com 310-457-6100
Submission	Motion to Dismiss - Rule 12(b)
Filer's Name	Michael J. Salvatore
Filer's email	msalvatore@holmesweinberg.com
Signature	/MJSalvatore/
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**IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD**

In re Serial No. 87/203,359

E. & J. Gallo Winery,

Opposer,

v.

Russell Distillers Limited,

Applicant.

Opposition No. 91242551

**OPPOSER’S MOTION TO DISMISS
APPLICANT’S COUNTERCLAIMS FOR
FAILURE TO STATE A CLAIM**

TO: ASSISTANT COMMISSIONER FOR TRADEMARKS
BOX TTAB –FEE
2900 Crystal Drive
Arlington, VA 22202-3513

Opposer E. & J. Gallo Winery (“Opposer”) respectfully submits this Motion to Dismiss Applicant Russell Distillers Limited’s (“Applicant”) Counterclaims in this Opposition. Each of Applicant’s Counterclaims fails to state a claim for which relief can be granted and for the following reasons, each should be dismissed.

LEGAL STANDARD

The United States Supreme Court has held that in order to survive a motion to dismiss, a pleading must allege that a claim is “plausible,” not just “possible” under the prevailing law. *Ashcroft v. Iqbal*, 556 U.S. 662, 678, 129 S. Ct. 1937, 1949-1951 (2009); *see also* Fed. R. Civ. Proc. 8(a). The Board specifically has held that an allegation is “plausible” only if facts are pleaded which would allow the Board “to conclude, or draw a reasonable inference, that the plaintiff has standing and that a valid ground for refusing exists.” *Wise F&I, LLC v. Allstate*

Insurance Company, 120 U.S.P.Q.2d 1103, 1107 (T.T.A.B. 2016) (Opposition dismissed on Rule 12(b)(6) motion). Here, Applicant, as the party in the position of a plaintiff with respect to the Counterclaims, bears the burden of proof and must overcome the presumption of validity of Opposer's pleaded Registration Nos. 4976469 and 4976470 by a preponderance of evidence. *Cold War Museum, Inc. v. Cold War Air Museum, Inc.*, 586 F.3d 1352, 92 U.S.P.Q.2d 1626 (Fed. Cir. 2009). As shown below, Applicant has failed to meet its burdens on each of its Counterclaims. The Counterclaims are therefore subject to dismissal with prejudice.

ARGUMENT

A. Applicant's First and Second Counterclaims Fail As a Matter of Law Because Applicant Admits Opposer's Pleaded VELLA VINEYARDS Registrations Pass the Board's "Separate Commercial Impression Test."

Applicant's First and Second Counterclaims in essence argue that Opposer mutilated the mark PETER VELLA VINEYARDS in obtaining registration of VELLA VINEYARDS under Registration Nos. 4976469 and 4976470, thereby subjecting these registrations to cancellation. Under well-settled law, Applicant's Counterclaims fail. Under that law, the question of whether a trademark has been "mutilated" is resolved by the "separate commercial impression test," namely whether the registered mark creates a commercial impression separate from other material appearing with it. If so, the mark has *not* been mutilated. *In re Berg Electronics, Inc.*, 163 U.S.P.Q. 487 (T.T.A.B. 1969) ("It is well established that one may use a composite mark in connection with a product and register separately its several elements if each element is used in such a manner as to create a separate and distinct commercial impression from the other elements and does in fact, per se, identify and distinguish this product from the products of others.").

The USPTO Trademark Manual of Examining Procedure provides that:

[I]n a § 1 application, an applicant has some latitude in selecting the mark it wants to register. The mere fact that two or more elements form a composite mark does not necessarily mean that those elements are inseparable for registration purposes. An applicant may apply to register any element of a composite mark if that element presents, or will present, a separate and distinct commercial impression apart from any other matter with which the mark is or will be used on the specimen. T.M.E.P. § 807.12(d) (8th ed. 2012).

Moreover, the Board consistently has held that individual elements having a separate commercial impression are registrable apart from the composite marks with which they appear. See, e.g., *In re Royal BodyCare Inc.*, 83 USPQ.2d 1564 (T.T.A.B. 2007) (reversing refusal to register NANOCEUTICAL, finding that the term is actually used in a manner that creates a commercial impression separate and apart from the house mark or trade name "RBC's"); *In re Big Pig, Inc.*, 81 USPQ.2d 1436 (T.T.A.B. 2006) (PSYCHO creates a separate commercial impression apart from additional wording and background design that appears on the specimen, where the word "PSYCHO" is displayed in a different color, type style and size, such that it stands out); *In re Emco, Inc.*, 158 USPQ 622 (T.T.A.B. 1968) (reversing the refusal and concluding that the law and the record supported applicant's position that RESPONSER is registrable without addition of the surname "MEYER").

Applicant's own admissions in its Answer and Counterclaim establish that the registered mark VELLA VINEYARDS has the separate commercial impression necessary to defeat the Counterclaims. Specifically, Applicant in its Counterclaim Paragraph 4 pleads that "[t]he VELLA VINEYARDS Mark [Reg. No. 4976469] is materially different from, and creates a different commercial impression than, the mark PETER VELLA VINEYARDS."

Applicant in its Counterclaim Paragraph 6 pleads that “[t]he VELLA VINEYARDS (Stylized) Mark [Reg. No. 4976470] is materially different from, and creates a different commercial impression than, the mark PETER VELLA VINEYARDS.”

Thus, Applicant admits that the registered marks VELLA VINEYARDS (Reg. No. 4976469) and VELLA VINEYARDS (Stylized) (Reg. No. 4976470) in fact create separate and distinct commercial impressions apart from the composite marks in which they appear and accordingly do not constitute mutilated marks. As such, the mark VELLA VINEYARDS continuously has been used and not abandoned and was appropriately registered. Given these admissions, Applicant’s First and Second Counterclaims must be dismissed with prejudice.

B. Applicant Cannot Prove That Opposer Made False Statements to the USPTO and Thus Applicant’s Fraud Counterclaim Must be Dismissed with Prejudice.

In its Third Counterclaim, Applicant alleges that Opposer’s specification of goods in Reg. Nos. 4976469 and 4976470 as “alcoholic beverages except beers,” as opposed to “wines” constitute willful, false, material representations with the intent to deceive the USPTO. These allegations fail to state a claim, and should be dismissed with prejudice, for the following reasons.

The Board and the Federal Circuit consistently have held that “a trademark is obtained fraudulently under the Lanham Act *only* if the applicant or registrant knowingly makes a false, material representation with the intent to deceive the PTO.” *In re Bose Corp.*, 580 F.3d 1240, 1245, 91 U.S.P.Q.2d 1938 (Fed. Cir. 2009) (emphasis supplied). Further, one who alleges fraud bears a “heavy burden of proof,” under the standard of “clear and convincing evidence.” *Id.* at 1243-1245 (an allegation of fraud “should not be taken lightly”); *see also Daniel J. Quirk, Inc. v.*

Village Car Co., 120 U.S.P.Q.2d 1146, 1148 (T.T.A.B. 2016) (Fraud must be proven “to the hilt” with clear and convincing evidence. Fraud claim dismissed).

Moreover, the T.M.E.P. and this Board have held that an “examining attorney has discretion in determining the degree of particularity that is needed to clearly identify the goods and to classify them.” *In re Faucher Industries Inc.*, 107 U.S.P.Q.2d 1355 (T.T.A.B. 2013); T.M.E.P. § 1402.03 (2012).

Under the law and these rules, Opposer made no false statement to the USPTO in the prosecution of its applications that resulted in Reg. Nos. 4976469 and 4976470. This is because Opposer accurately specified its goods as “alcoholic beverages except beers,” specifications which were accepted by the respective examining attorneys. As these examining attorneys no doubt understood, wines are alcoholic beverages other than beers. Accordingly, no false statements were made to the PTO at all, let alone material false statements with the intent to deceive as required to state a claim for fraud. *See In re Bose Corp.*, 580 F.3d at 1243 (“[A]bsent the requisite intent to mislead the PTO, even a material misrepresentation would not qualify as fraud under the Lanham Act warranting cancellation.”).

It is at once evident from the myriad third party registrations and allowed applications in the files of the USPTO listing “alcoholic beverages except beers,” including the applications and registrations owned by Opposer, that this phrase is commonly used and understood as being an accurate and acceptable specification of goods in International Class 033. Accordingly, no intent to deceive the USPTO has been, or plausibly could be pleaded. Accordingly, Applicant’s Third Counterclaim must be dismissed with prejudice for failure to state a claim.

Opposer notes that Applicant’s own specification of goods of “distilled spirits” for its vodka product is analogous to Opposer’s specification of “alcoholic beverages except beers.” In

the event the Board does not dismiss Applicant's Third Counterclaim for failure to state a claim, Opposer reserves its right to assert the affirmative defense of unclean hands as to this claim. Indeed, if the Board does not dismiss this Counterclaim, then Applicant admittedly is engaged in fraud on the PTO by using the phrase "distilled spirits," and the Board should enter an order requiring Applicant to withdraw its application.

C. Applicant's Fourth Counterclaim, If Granted, Would Not Avoid a Likelihood of Confusion, and Thus Must Be Dismissed Under the *Eurostar* Rule.

Applicant's Fourth Counterclaim seeks to restrict Opposer's goods for its VELLA VINEYARDS registrations to "wine." However, under the Board's *Eurostar* Rule, such a restriction could not be granted because (1) it would not avoid a finding of a likelihood of confusion due to the commercial relatedness between wines and spirits, and (2) Opposer is using the VELLA VINEYARDS marks for alcoholic beverages other than beer.

The *Eurostar* Rule provides that the Board will not grant a restriction or partial cancellation of a registration in a case involving likelihood of confusion unless it is pleaded and proved that (1) the restriction will avoid a finding of a likelihood of confusion, and (2) the registrant is not using its mark on the goods sought to be excluded from the registration.

Eurostar v. "Euro-Star" Reitmoden GmbH & Co. KG, 34 U.S.P.Q.2d 1266 (T.T.A.B. 1994).

Applicant has failed to plausibly plead that its requested restriction will avoid a finding of a likelihood of confusion. Indeed, this Board regularly has found wines and spirits to be commercially related for purposes of *finding* a likelihood of confusion. *See, e.g., In re Maestro Tequilero, S.A. de C.V.*, Serial No. 77904774 (November 29, 2012) [not precedential]; *Miguel Torres, S.A. v. Complejo Industrial RM, S.A. de C.V.*, Opposition No. 91188401 (May 17, 2011) [not precedential]; *In re Sugarlands Distilling Company, LLC*, Serial No. 85818277 (November

20, 2015) [not precedential] (wine and moonshine related; registration refused); *In re Millbrook Distillery, LLC*, Serial Nos. 85924732 and 8595455 (February 5, 2015) [not precedential]. Thus, Applicant's claim is not plausibly pleaded in light of *Eurostar*.

Moreover, as discussed above, Opposer's VELLA VINEYARDS marks are in use for alcoholic beverages other than beers. Thus, Applicant's Fourth Counterclaim also fails under the second prong of the *Eurostar* analysis. For these reasons, Applicant's Fourth Counterclaim also must be dismissed with prejudice for failure to state a claim.

CONCLUSION

For the reasons set forth above, each of Applicant's Counterclaims fail to state a claim for which relief may be granted. Accordingly, each of Applicant's Counterclaims must be dismissed with prejudice. Opposer respectfully requests that its time to answer Applicant's Counterclaims be tolled pursuant to TBMP § 503.01.

DATED: October 3, 2018

Respectfully submitted,

By: /Michael J. Salvatore/
Michael J. Salvatore
Steven M. Weinberg
Holmes Weinberg, PC
30765 Pacific Coast Highway, Suite 411
Malibu, CA 90265
(310) 457-6100
msalvatore@holmesweinberg.com

Attorneys for Opposer E. & J. Gallo Winery

CERTIFICATE OF SERVICE

The undersigned hereby certifies that a true copy of the foregoing **OPPOSER’S
MOTION TO DISMISS APPLICANT’S COUNTERCLAIMS FOR FAILURE TO STATE**

A CLAIM was served by email to Applicant’s counsel at the following email addresses:

DEMETRA MERIKAS
PATTISHALL MCAULIFFE NEWBURY HILLIARD ET AL
dmerikas@pattishall.com, sxs@pattishall.com, docket@pattishall.com, dm@pattishall.com,
jae@pattishall.com

DATED: October 3, 2018

By: /s/ Michael J. Salvatore
Michael J. Salvatore