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

Proceeding	91269584
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**IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD**

REPUBLIC BRANDS L.P.

Opposer/Respondent,

v.

KRETEK INTERNATIONAL, INC.
Applicant.

Opposition No. 91269584

Mark: VENTURA CIGAR

Serial No.: 88/499,702

MOTION TO DISMISS COUNTERCLAIM

Pursuant to Fed. R. Civ. P. 12(b)(6), Opposer, Republic Brands L.P., hereby moves to dismiss Applicant's counterclaim on the basis that it fails to state a cognizable legal claim upon which relief can be granted. As set forth below, Applicant indulges in colorful speculation based on a routine example of co-branding between affiliated companies that distribute complementary products, but fails to adequately allege that Opposer has abandoned its VENTURA WHITES mark, nor any other valid basis for cancellation of a registration under Section 14 of the Lanham Act (15 USC §1064).

I. Introduction

As the Trademark Office records reflect, Republic Brands' predecessor¹ registered its VENTURA WHITES mark for cigarette papers, which are used by adult smokers to roll loose tobacco into cigarettes, in 1998. Its specimen submitted with its 2017 renewal reflects the papers' compatibility with a well-known brand of smoking tobacco, namely GAMBLER tobacco, which is distributed by an affiliated company, Top Tobacco L.P.²

¹ Republic Tobacco L.P. changed its name to Republic Brands L.P. in June 2021. Both entities will be referred to hereafter as "Republic."

² See U.S. Trademark Registration Nos. 2947537, 2578598 and 4972872.

The specimen bears both marks, which is an example of the routine co-branding common in the marketplace today. It was reviewed by the Trademark Office and properly accepted as showing Republic's use of the VENTURA WHITES mark in commerce, and the registration was renewed. Now, in an effort to create litigation leverage out of thin air, Applicant attempts to characterize this use of a co-branded specimen as somehow revealing that Republic does not actually own the VENTURA WHITES mark. In doing so, Applicant cobbles together multiple layers of speculative and conclusory allegations that fall far short of stating a statutory claim for abandonment, which is its only expressly alleged legal basis for cancellation. Further, even if it attempts to reframe its speculation that Republic is not the proper owner of the mark as a *de facto* allegation of fraud with respect to the 2017 renewal, Applicant fails to plead sufficient facts to satisfy both the heightened standard for pleading fraud pursuant to Fed. R. Civ. P. 9(b) and the Federal Circuit's requirements as set forth in *In re Bose Corp.*, 580 F.3d 1240 (Fed. Cir. 2009). Thus, Applicant's guesswork and conclusory allegations fail to state a valid claim for cancellation under § 15 USC 1064 and should be dismissed.

II. Applicant Fails to State a Claim of Abandonment.

“To survive a motion to dismiss, a complaint must contain sufficient factual matter, accepted as true, to ‘state a claim to relief that is plausible on its face’” with respect to each required element of the claim. *Ashcroft v. Iqbal*, 556 U.S. 662, 678 (2009) (quoting *Bell Atl. Corp. v. Twombly*, 550 U.S. 544, 570 (2007)). It is not sufficient merely to allege “naked assertion[s] ... devoid of further factual enhancement,” nor “labels and conclusions.” *Id.* (internal quotation marks omitted). When considering the sufficiency of a complaint (or counterclaim), unsupported conclusions are not entitled to a presumption of truth. *Id.* at 681. Accordingly, the Board is not bound to accept as true “a legal conclusion couched as a factual allegation.” *Vartan Khazadian v.*

Triple B Construction Inc., Cancellation No. 92063123, 2017 BL 73770 (TTAB Feb. 16, 2017) (citing *Twombly* at 555). After all conclusory allegations are discounted, “[f]actual allegations must be enough to raise a right to relief above the speculative level[.]” *Twombly* at 555 (citing 5 C. Wright & A. Miller, *Federal Practice and Procedure* § 1216, pp. 235-236 (3d ed. 2004) (“[T]he pleading must contain something more . . . than . . . a statement of facts that merely creates a suspicion [of] a legally cognizable right of action.”)).

Applicant requests that Republic’s registration for its VENTURA WHITES mark be canceled “based on abandonment[.]” Counterclaim at ¶ 3. Under the Lanham Act, a mark is deemed to be abandoned “when its use has been discontinued with the intent not to resume such use”. 15 U.S.C. § 1127. Non-use for three consecutive years constitutes *prima facie* evidence of abandonment. *Id.* Accordingly, to state a claim for abandonment, Applicant must allege either (i) sufficient facts to set forth a *prima facie* case that the mark has been abandoned through at least three consecutive years of nonuse, or (ii) facts that show a period of non-use for less than three years coupled with an intent not to resume use. *Otto International, Inc. v. Otto Kern GMBH*, 83 USPQ2d 1861, 1863 (TTAB 2007).

Here, Applicant does not (and cannot) allege that the VENTURA WHITES mark is not in use in commerce or was not in use at any relevant time. To the contrary, it concedes that the mark has been in continuous use. Counterclaim at ¶¶ 7-18. Rather than allege that use of the mark has been discontinued, Applicant argues that because “cigarette papers bearing the mark VENTURA WHITES continue to be advertised as ‘by GAMBLER’ more than three years after April 21, 2017, Opposer has abandoned the VENTURA WHITES mark.” Counterclaim at ¶ 22. However, this assertion fails for several reasons. First, it is drawn from a single example of co-branded product packaging, which actually demonstrates use of the mark. Second, it falsely assumes, and then

alleges in a conclusory manner, that the specimen is being used by Top Tobacco, and not Republic, but yet Applicant concedes that Republic filed the specimen together with a declaration attesting to its use of the specimen. Third, Applicant makes no allegation (and has no basis to allege) that, even if the co-branded packaging does not constitute use of the mark by Republic, Republic did not make other uses of the mark in commerce.

Equally fatal to Applicant's counterclaim, Applicant makes no allegations whatsoever with respect to Republic's intent (or lack of intent) to resume use of the mark.

In an effort to withstand scrutiny, Applicant bundles its speculation into a series of baseless and conclusory allegations. For example (emphasis added):

- “The statement ‘VENTURA WHITES *by* GAMBLER’ on the current use specimen packaging submitted April 21, 2017, *is an admission* that the source of VENTURA WHITES cigarette rolling papers on April 21, 2017 is GAMBLER.” *Id.* at ¶ 10.
- “The packaging shown in the VENTURA WHITES specimen submitted April 21, 2017, *is similar in appearance* to the packaging of goods shown in Exhibit ‘A.’ Due to this similarity, at the time the combined Section 8 & 9 was filed on April 21, 2017, *consumers would likely have believed* that the VENTURA WHITES cigarette rolling papers shown in the specimen submitted April 21, 2017 were offered by GAMBLER brand and not Republic Tobacco L.P.” *Id.* at ¶ 15.
- “Likewise, *consumers today would also believe* that the VENTURA WHITES cigarette rolling papers were offered by GAMBLER brand and not Republic Tobacco L.P. because they are advertised as ‘Ventura Whites Rolling Papers by Gambler’ on the web page https://www.rollyourown.com/index.php?main_page=popup_image&pID=2727.” *Id.* at ¶ 16.
- “Upon information and belief, any current use of VENTURA WHITES by Top Tobacco L.P. *does not inure to the benefit* of Republic Tobacco L.P.” *Id.* at ¶ 18.

These allegations are plainly not facts, and they fall far short of the *Iqbal/Twombly* pleading standard. Indeed, they are exactly the type of naked assertions, devoid of further factual enhancement, that are expressly condemned in those cases.

Finally, Applicant’s entire counterclaim rests on its speculation, apparently based on the single word “by” that appears on the product packaging, that Republic has somehow made an “admission that the source of VENTURA WHITES cigarette rolling papers ... is GAMBLER.” Counterclaim at ¶ 10; *see also id.* at ¶ 22. Of course, Republic has “admitted” no such thing. The packaging is routine co-branding, as courts and the Board repeatedly have acknowledged (as discussed at greater length below). *See, e.g., In re Polar Music Intern. AB*, 714 F.2d 1567, 1571 n.3 (Fed. Cir. 1983) (“The marks of different entities may, of course, appear on a single product where they serve separate functions; for example, manufacturer/distributor[.]”); *In re MBNA American Bank, N.A.*, Ser. No. 74/417,538 at n.6 (TTAB June 11, 2002) (“Co-branding makes use of the brand strength of both partners, and is based on the logic that if a customer is loyal to one brand, he/she will want to purchase the other.”); *see also, e.g., Gallo v. Proximo Spirits, Inc.*, No. CV-F-10-411 LJO JLT, 2012 U.S. Dist. LEXIS 10629, at *33 (E.D. Cal. Jan. 27, 2012) (co-branding is a “well-settled and acceptable” practice under trademark law). Nonetheless, Applicant proceeds with further unfounded speculation as to consumer perception and the proposition that the “actual” user of the VENTURA WHITES mark is Opposer’s co-branding partner and affiliate. Such speculation, devoid of underlying factual allegations, is precisely what the *Iqbal/Twombly* pleading standards aim to prevent. Accordingly, Applicant’s counterclaim on the basis of abandonment should be dismissed.

IV. Applicant Fails to State a Claim of Fraud.

Applicant’s counterclaim also alleges that “Republic Tobacco L.P. was not the owner of the mark at the time the combined Section 8 & 9 was filed on April 21, 2017 for Reg. No. 2,146,739.” Counterclaim at ¶ 3. This allegation, taken by itself, does not establish a legally cognizable basis for cancellation. *See* 15 U.S.C. § 1064(3) (grounds for cancellation of a

reservation after more than five years are genericness, functionality, abandonment, fraud, or misrepresentative use of the mark). However, to the extent that Applicant attempts to cast its allegations with respect to Republic's Section 8 & 9 declaration as an implicit allegation of fraud in renewing Republic's registration, they fall far short of stating a claim on such a basis as well.

To properly plead a claim of fraud in the maintenance of a registration, a claimant must sufficiently allege that (i) the respondent made a false representation to the USPTO; (ii) the false representation was material to the determination of maintenance of a mark; (iii) the respondent had knowledge of the falsity of the representation; and (iv) the respondent made the representation with the intent to deceive the USPTO to maintain the registration. *DrDisabilityQuotes.com, LLC v. Charles Krugh*, 2021 USPQ2d 262 at *7 (TTAB 2021) (citing *In re Bose Corp.*, 580 F.3d 1240 (Fed. Cir. 2009)). The circumstances constituting fraud must be alleged "with particularity" pursuant to Fed. R. Civ. P. 9(b).

Here, Applicant implies (but does not expressly allege) that Republic's Executive Vice President made a false representation by representing that "[t]he owner is submitting one (or more) specimen(s) showing the mark as used in commerce[.]" Counterclaim at ¶ 5-7. Applicant then speculates that that "[u]pon information and belief, and based on the specimen of use, Opposer was not owner of the VENTURA WHITES and Design mark on April 21, 2017." *Id.* at ¶ 7. As discussed above, Applicant needs more than speculation and belief to fulfill the *Iqbal/Twombly* pleading standards, particularly if Applicant is attempting to allege fraud. The implication of a false representation is merely one more layer of assumption, based on Applicant's conjecture that a single co-branded specimen somehow indicates that Republic did not actually own the mark.

Moreover, any implicit claim of fraud fails because Applicant has made no allegations that Republic, or the signatory of the declaration, intended to deceive the USPTO. In addition, as set

forth above, the allegations purporting to support Applicant's theory that Republic is not the actual owner of the VENTURA WHITES mark are nothing more than conjecture and conclusions. These allegations plainly do not fulfill the heightened standard imposed by Rule 9(b).

Moreover, Applicant cannot possibly succeed in alleging fraud based on the statements in Republic's Section 8 and 9 declaration because Republic simply represented that it was the owner of the mark, and it is well settled that multiple parties can own marks that appear on the same product. The District Court for the Eastern District of California addressed this issue squarely and thoroughly in *Gallo v. Proximo Spirits, Inc.*, 103 USPQ2d 1656 (E.D. Cal. Jan. 27, 2012). Although not binding on the Board, the case is instructive. Proximo filed a counterclaim for cancellation of certain of Gallo's federal trademark registrations, alleging that Gallo had committed fraud in the procurement in declaring that it owned and intended to use the bottle-design trademarks in connection with tequila. *Id.* at 1661-63. The designs were used for tequila bottles that also bore word marks owned by a Mexican supplier (Tequila Supremo), with whom Gallo had partnered to manufacture the tequila for Gallo to import and distribute in the United States. *Id.* at 1658-59.

The court rejected Proximo's argument that "[b]oth Tequila Supremo and Gallo cannot own trademarks and trade dress that designate a single source of, and responsibility for quality control over Familia Camarena Tequila. One or both, in representing to the PTO that they own such marks, made fraudulent and material misrepresentations." *Id.* at 1662. Describing Proximo's theory as "based on outdated trademark law," the court noted that "it is not uncommon to see marks of more than one company appearing on or denominating a single product or service." *Id.* at 1663. The court acknowledged that where co-branding partners work together to exercise joint control over the quality of the product, both parties may properly own marks used in connection with the

product. *Id.* at 1664-65. Nothing in the trademark applications signed by Gallo (or Tequila Supremo) was contrary to such a scenario, and therefore Gallo made no false representations. *Id.* at 1665.

Here, the representations in the Section 8 & 9 declaration executed by Republic are materially similar to those in the applications at issue in *Gallo*. Republic stated nothing more than that it was the owner of the VENTURA WHITES mark and that it was filing a specimen of its use of the mark. As in *Gallo*, the specimen was co-branded, in this case with marks owned by Republic's affiliate, Top Tobacco, which distributes smoking tobacco to be used with Republic's VENTURA WHITES cigarette papers. As the court acknowledged, both entities can legitimately own marks under such circumstances. These facts therefore cannot support Applicant's assertion that Republic did not actually own the VENTURA WHITES mark when it executed the declaration, nor the implication that Republic therefore committed fraud. Applicant's attempt to "connect the dots" with speculation and conclusory allegations cannot substitute for particular factual allegations of fraud, and Applicant's counterclaim fails on this basis as well.

V. Conclusion

The Lanham Act sets forth explicitly the bases upon which an incontestable registration may be cancelled. The Federal Rules of Civil Procedure, and the Supreme Court's decisions in *Iqbal* and *Twombly*, set forth with particularity what is required of a litigant in asserting a claim worthy of the expenditure of the Board's and the parties' resources. Applicant's failure to meet

these standards should have a consequence. Its counterclaim should be dismissed.

Date: September 20, 2021

Respectfully submitted,

/Antony J. McShane/

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CERTIFICATE OF SERVICE

I, Antony J. McShane, an attorney, state that I served a copy of the foregoing **MOTION**

TO DISMISS COUNTERCLAIM upon:

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by email on September 20, 2021

/Antony J. McShane/
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