ESTTA Tracking number:	**ESTTA1219642**
Filing date:	**07/06/2022**

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

Proceeding no.	91269953
Party	Defendant Save Max Real Estate Inc.
Correspondence address	FRANK J BONINI JR BONINI IP LAW LLC 150 N RADNOR CHESTER RD SUITE F200 RADNOR, PA 19087 UNITED STATES Primary email: fbonini@boninilaw.com Secondary email(s): darryl@legaladvicenow.ca 484-382-3060
Submission	Motion to Amend/Amended Answer or Counterclaim
Filer's name	Frank J. Bonini, Jr.
Filer's email	fbonini@boninilaw.com
Signature	/Frank J. Bonini, Jr./
Date	07/06/2022
Attachments	Motion for Leave to Amend 070622_FFvF.pdf(1871623 bytes)

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

In re Application No. 79,295,387 for the mark SAVE MAX filed on June 26, 2020, and published on April 13, 2021.

RE/MAX LLC., a Delaware Limited Liability Company	)	
	)	Opposition No. 91269953
Opposer	)	
	)	Applicant's Mark:
v.	)	SAVE MAX
	)	
SAVE MAX REAL ESTATE INC., a Canadian Corporation	)	
	)	
Applicant.	)	

APPLICANT'S MOTION FOR LEAVE TO AMEND ITS ANSWER AND COUNTERCLAIMS FOR CANCELLATION

MEMORANDUM OF POINTS AND AUTHORITIES

Applicant moves for leave to amend its Amended Answer and Counterclaims to Opposer's Notice of Opposition to assert the affirmative defense of collateral estoppel (i.e., the defensive use of non-mutual issue preclusion). Applicant's amendment would not materially change the scope of this proceeding or the evidence to be adduced in discovery. Given the early stage of these proceedings, the total lack of prejudice to Opposer, and the Board's broad authority to grant amendments at any time, leave to amend is warranted.

I. FACTUAL BACKGROUND

On June 11, 2021, Opposer filed its Notice of Opposition to oppose Applicant's application to register Applicant's SAVE MAX mark. The Board instituted this proceeding on the same date, and Applicant filed its answer and counterclaims on June 27, 2021. On September 3, 2021, Opposer moved to dismiss Applicant's counterclaim, and the Board subsequently granted Applicant leave to amend its counterclaim on December 21, 2021. On January 20, 2022, Applicant filed its Amended Answer and Counterclaims to Opposer's Notice of Opposition, in which Applicant amended its pleading of genericness and fraud. Opposer again moved to dismiss, and on June 3, 2022, the Board denied Opposer's motion to dismiss Applicant's amended counterclaim and found Applicant's counterclaims to be sufficiently plead. 16 TTABVUE 14. The parties have not yet engaged in discovery. The Board has ordered Opposer to file an Answer to Applicant's Amended Counterclaim by July 6, 2022. A copy of Applicant's proposed amended Answer, including a redlined version reflecting the proposed changes to the pleading, is attached hereto.

II. ARGUMENT

Trademark Rule 2.115, 37 C.F.R. § 2.107, and Fed. R. Civ. P. 15(a) encourage the Board to look favorably on motions to amend pleadings, stating that "leave shall be freely given when justice so requires." See also Embarcadero Technologies, Inc. v. Delphix Corp., 117 U.S.P.Q.2d 1518, 1523 (TTAB 2016). In deciding whether to grant leave to amend, the Board may consider undue delay, prejudice to the opposing party, bad faith or dilatory motive, futility of the amendment, and whether the party has previously amended its pleadings. Foman v. Davis, 371 U.S. 178, 182 (1962); ChaCha Search Inc. v. Grape Technology Group Inc., 105 U.S.P.Q.2d 1298, 1300 (TTAB 2012).

A. There Has Been No Undue Delay By Applicant Or Prejudice To Opposer.

There has been no undue delay by Applicant, or any prejudice to Opposer, from Applicant amending its Answer since this proceeding is still at its initial stages before the parties have engaged in any substantial discovery. In determining whether the other party would be prejudiced by allowance of the proposed amendment, the timing of the motion for leave to amend plays a large role. Black & Decker Corp. v. Emerson Electric Co., 84 U.S.P.Q.2d 1482, 1486 (TTAB 2007). The Board routinely grants such motions for proceedings in the "pre-trial phase." See, e.g., United States Olympic Comm. v. O-M Bread Inc., 26 U.S.P.Q.2d 1221, 1223 (TTAB 1993) (granting a party's motion to amend and explaining that the other party would not be prejudiced).

In fact, the Board has allowed amendments to pleadings at much later stages than that requested by Applicant. See Metromedia Steakhouses Inc. v. Pondco II Inc., 28 U.S.P.Q.2d 1205, 1206-07 (TTAB 1993) (permitting motion to amend after close of discovery as additional discovery would not be necessary); Focus 21 Int'l Inc. v. Pola Kasei Kogyo Kabushiki Kaisha, 22 U.S.P.Q.2d 1316, 1318 (TTAB 1992) (permitting motion to amend filed prior to opening of petitioner's testimony period). The Board has even found there to be no prejudice to the non-moving party where the moving party requested leave to amend ten months after filing its initial answer to the notice of opposition. Am. Express Mktg. & Dev. Corp. v. Gilad Dev. Corp., 2010 TTAB LEXIS 69, *7-8 (TTAB 2010) ("While applicant waited until approximately ten months after the filing of its answer in Opposition No. 91183362 … before filing its motion for leave to amend, the delay, while substantial, is not prejudicial to opposer, inasmuch as these consolidated proceedings are still in the discovery stage and opposer could be afforded time in which to take discovery on the newly asserted defense if it chooses to do so").

The concept of "undue delay" is inextricably linked with the concept of prejudice to the nonmoving party. See Marshall Field & Co. v. Mrs. Field Cookies, 11 U.S.P.Q.2d 1355, 1359 (TTAB 1989). There is no conceivable prejudice to Opposer in allowing Applicant to amend its Answer to assert its affirmative defense. Furthermore, this proceeding is still at its initial states, the discovery period has only just commenced, and trial has not yet begun. Opposer will have the full opportunity to present facts and evidence to support its claims at trial, as well as to argue against the proposed affirmative defense.

B. Applicant's Amendment is Not Made in Bad Faith

Applicant does not have any dilatory motive or bad faith in seeking to amend its Answer to include its affirmative defense. Applicant simply seeks to add the affirmative defense of collateral estoppel after its initial Answer.

C. Applicant's Proposed Amendment Is Not Futile.

Applicant's proposed amendment is not futile. Applicant requests leave to amend its answer to include the affirmative defense of issue preclusion. A proposed amendment is "futile" if it is clear that the proposed amendment would not survive a motion to dismiss for failure to state a claim (or, in this case, a motion to strike) and the determination ultimately depends upon a test of the legal sufficiency of the proposed defense. 27A Fed. Proc., L. Ed. § 62:274 ("Leave to amend a pleading need not be granted if there is no set of facts that would constitute a valid and sufficient claim or defense if proved under the amendment. The futility ground for denying leave to amend a complaint challenges the legal sufficiency of the proposed amendment."). Applicant's proposed amendment not only constitutes a valid affirmative defense, but is also cable of withstanding a motion to strike as Applicant's pleaded affirmative defense is legally sufficient.

Here, Applicant's proposed amendment is not futile because the U.S. Supreme Court deems issue preclusion to be applicable in the context of Trademark law, where all the ordinary elements of issue preclusion are met. <u>B&B Hardware, Inc. v. Hargis Indus</u>., 575 U.S. 138, 141-42, 135 S. Ct. 1293, 1299, 191 L.Ed.2d 222, 232 (2015) ("[C]onsistent with principles of law that apply in innumerable contexts, we hold that a court should give preclusive effect to TTAB decisions if the ordinary elements of issue preclusion are met."). Likewise, Applicant's proposed defense of issue preclusion is not futile because the Board has also previously held that issue preclusion may apply in *inter partes* trademark proceedings and even gave preclusive effect to the prior determination of descriptiveness, and/or a limited scope of protection for that mark, made in an earlier civil action. <u>Domino's Pizza Inc. v. Little Caesar Enterprises Inc</u>., 1988 WL 252360, at *6 (TTAB 1988) ("[W]e conclude that the final determination in the prior civil action between the parties, wherein the term 'DOUBLE' was found to be descriptive of applicant's goods and not to have become distinctive thereof, is entitled to preclusive effect herein on the issues of the descriptiveness and acquired distinctiveness of that same term…"). Moreover, the

Court in B&B Hardware[1] ruled that "[n]othing in the Lanham Act, 15 U.S.C.S. § 1051 et seq., barred the application of issue preclusion in cases in which the ordinary elements of issue preclusion were met as its text did not forbid issue preclusion", and issue preclusion ("estoppel" or "collateral estoppel") is listed as an affirmative defense under TBMP § 311.02(b) and Fed.R.Civ.P. 8(c)(1). As such, Applicant has proposed a valid affirmative defense.

Applicant's proposed defense is also legally sufficient and not futile because all the ordinary elements of issue preclusion have been met in this case. In B&B Hardware, the Court provided issue preclusion generally applies, when:

> '[A]n issue of fact or law is actually litigated and determined by a valid and final judgment, and the determination is essential to the judgment, the determination is conclusive in a subsequent action between the parties, whether on the same or a different claim.' … Both this Court's cases and the Restatement make clear that issue preclusion is not limited to those situations in which the same issue is before two courts. Rather, where a single issue is before a court and an administrative agency, preclusion also often applies.

B&B Hardware, Inc. v. Hargis Indus., 575 U.S. at 148 (quoting Restatement (Second) of Judgments §27, p. 250 (1980)).

From this general rule, McCarthy[2] provides that the Federal Circuit has established the following elements for issue preclusion in Mayer/Berkshire Corp. v. Berkshire Fashions, Inc., 424 F.3d 1229, 1232, 76 U.S.P.Q.2d 1310 (Fed. Cir. 2005):

(1) identity of an issue in a prior proceeding,

(2) the identical issue was actually litigated,

(3) determination of the issue was necessary to the judgment in the prior proceeding, and

[1] B&B Hardware, Inc., 575 U.S. at 138.

[2] 6 McCarthy on Trademarks and Unfair Competition § 32:84 at n. 7 (5th ed.) (applied in: Stephen Slesinger, Inc. v. Disney Enterprises, Inc., 702 F.3d 640, 644, 105 U.S.P.Q.2d 1472 (Fed. Cir. 2012), cert. denied, 134 S. Ct. 125 (2013)); See also 6 McCarthy on Trademarks and Unfair Competition § 32:104 (5th ed.).

(4) the party defending against preclusion had a full and fair opportunity to litigate the issue in the prior proceeding.

Applicant's proposed amendment is not futile because the elements of issue preclusion apply in this proceeding. The first element requires the answering in the affirmative to the question of whether the issue in the prior adjudication identical with the one presented in the action in question. Here, Applicant requests that the Board give preclusive effect to the decision made in RE/MAX Int'l Inc. v. Singh, 2008 TTAB LEXIS 485 (TTAB 2008), which included a determination on an issue identical to the issue presented (and/or will be presented, after amending) in this proceeding.

Specifically, Applicant requests that the Board gives preclusive effect to the Board's prior determination that the mark SAVEMAX (or SAVE MAX) is not likely to cause confusion with REMAX (RE/MAX, REMAX.COM). The issue of likelihood of confusion was actually litigated and determined in RE/MAX Int'l Inc. v. Singh, with the Board making the following determinations: (1) "the only similarity between applicant's mark and opposer's marks is the suffix "max" in SAVEMAX and REMAX"; (2) "'Max' is an abbreviation for the descriptive or highly suggestive word 'maximum'"; (3) and "accordingly, when … consider[ing] the marks in their entireties, [the Board is] of the opinion that [the marks] differ substantially in appearance, sound, meaning, and commercial impression". RE/MAX Int'l Inc. v. Singh, 2008 TTAB LEXIS 485, *9-10 (TTAB 2008). Applicant's affirmative defense also seeks that the Board give preclusive effect to the following issues: (1) Opposer's mark means "'the maximum in real estate' to broker/owners and sales associates and that to consumers it means the most experienced people in real estate", according to the testimony of Opposer's President, Vincent Tracey"; (2) "that the testimony of Mr. Tracey and applicant illustrate that the meanings and commercial impressions of the marks are different"; (3) "the marks are also obviously different in appearance and pronunciation because of the differences in the initial portions of the marks"; (4) "[t]o the extent that consumers would place more emphasis on one part of applicant's mark, we believe that they would be more likely to put that emphasis on the word "save" because it is the first part of the word portion of the mark". RE/MAX Int'l Inc. v. Singh , 2008 TTAB LEXIS 485, *11-13 (TTAB 2008). Lastly, Applicant requests in its affirmative defense that the Board give preclusive effect to the Board's ultimate ruling in the prior proceeding: "Because applicant's SAVEMAX REALTY and design mark is so different from opposer's RE/MAX marks, we find that there is no likelihood of confusion by the contemporary use of the marks. We reach this conclusion despite the fame of opposer's RE/MAX marks, the fact that the services rendered by the parties are identical and the presumption that the services are rendered in the same channels of trade and to the same classes of consumers. In other words, the dissimilarity of the marks simply outweighs the other factors. RE/MAX Int'l Inc. v. Singh, 2008 TTAB LEXIS 485, *16-17 (TTAB 2008).

All elements of issue preclusion have been met:

(1) identity of an issue in a prior proceeding,

(2) the identical issue was actually litigated,

(3) determination of the issue was necessary to the judgment in the prior proceeding, and

(4) the party defending against preclusion had a full and fair opportunity to litigate the issue in the prior proceeding.

In Singh, the issues litigated were identical to the issues in the present case because Opposer filed a notice of opposition against the Singh's application to register SAVEMAX REALTY and design on the same basis that Opposer has opposed Applicant in this case.[3] Additionally, the first element of issue preclusion is met because, in Singh, the Board utilized the same standards and tests which it will implement here in its likelihood of confusion analysis, i.e. namely, the Du Pont factors. Singh, 2008 TTAB LEXIS at *3-4 ("Our determination under Section 2(d) is based on an analysis of all of the probative facts in evidence that are relevant to the factors bearing on the issue of likelihood of confusion. In re E. I. du Pont de Nemours & Co., 476 F.2d 1357, 177 USPQ 563, 567 (CCPA 1973)…"). Moreover, the issues are identical in this case as the Board, in comparing the marks in their entirety, properly gave more weight to the SAVEMAX portion of Singh's mark and, as such, the Board was comparing nearly identical marks at the time the issue of confusion was actually litigated and determined. Id. at *9-10.

The issue of likelihood of confusion was actually litigated. McCarthy on Trademarks and Unfair Competition, the Restatement (Second) Judgments § 27 provides that "[w]hen an issue is properly raised, by the pleadings or otherwise, and is submitted for determination, and is determined, the issue is actually litigated within the meaning of this Section." 6 McCarthy on Trademarks and Unfair Competition § 32:84 (5th ed.). Here, the issues of priority and whether a likelihood of confusion exists between SAVE MAX and REMAX was actually litigated and determined because Opposer (RE/MAX Int'l Inc.) raised the issue of likelihood of confusion in its pleading for its Notice of Opposition against Singh's mark, that issue was fully tried, and the Board ultimately decided there was no likelihood of confusion, resulting in the Board's dismissal of Opposer's opposition with prejudice. The claims made and issues to be determined in these two cases are essentially the same, but Applicant further points out that any differences are only

[3] See Singh, 2008 TTAB LEXIS at *1 ("RE/MAX International, Inc. ("opposer") filed a notice of opposition against the registration of applicant's mark on the ground of priority of use and likelihood of confusion pursuant to Section 2(d) of the Trademark Act of 1946, 15 U.S.C. § 1052(d)."); and 1 TTABVUE.

slight and do not prevent the Board from applying issue preclusion in this case. 6 McCarthy on Trademarks and Unfair Competition § 32:85 (5th ed.) ("A party cannot defeat the application of issue preclusion by raising new legal arguments or by offering new evidence: the entire 'issue' has been conclusively determined regardless of new arguments or new evidence.").

The determinations made were essential to the finding that there was no likelihood of confusion between Singh's SAVEMAX mark and Opposer's REMAX mark because they were made in applying the du Pont factors considered for likelihood of confusion determinations. In re Anderson, 2012 TTAB LEXIS 42, *18 (TTAB 2012) (finding the determination of the issue necessary to the judgment in the prior proceeding, where likelihood of confusion was the basis on which opposer brought prior oppositions).

Lastly, the party defending against preclusion had a full and fair opportunity to litigate the issue in the prior proceeding because, in Singh, the Board noted that the parties conducted discovery prior to the Board's decision and Opposer had the full and fair opportunity to (and, in fact, did) litigate the issue of likelihood of confusion in the prior proceeding, by present arguments, testimony, and other evidence in connection with their claim. Id. at *2-3.

Opposer will argue that the prior decision cannot be given preclusive effect because it was vacated on appeal pursuant to a consent judgment, in which Opposer entered into a settlement with the applicant in that case to have the applicant consent to vacatur of the earlier Board determination made in favor of the applicant. However, the decision was not vacated due to an error by the Board and the determination should be given preclusive effect as a matter of law. Numerous circuit courts have ruled that such vacated judgments may be given preclusive effect with regard to the issues determined therein, when vacated pursuant to a consent judgment or settlement on appeal, rather than due to an error made by the court or tribunal in the earlier proceeding. See, e.g., Watermark Senior Living Ret. Cmtys., Inc. v. Morrison Mgmt. Specialists, 905 F.3d 421, 426-29 (6th Cir. 2018); Sentinel Tr. Co. v. Universal Bonding Ins. Co., 316 F.3d 213, 218-23 (3d Cir. 2003); Bates v. Union Oil Co., 944 F.2d 647, 649-52 (9th Cir. 1991); Chemetron Corp. v. Bus. Funds, Inc., 682 F.2d 1149, 1187-92 (5th Cir. 1982), vacated on other grounds, 460 U.S. 1007, 103 S. Ct. 1245, 75 L. Ed. 2d 476 (1983).

Such courts have reasoned that the decision to give preclusive effect to the issues actually litigated and determined in a prior proceeding, despite being vacated on appeal pursuant to a consent judgment, is supported by the Restatement (Second) of Judgments, as well as policy and equitable considerations regarding the specific purposes of collateral estoppel. For example, in Watermark, the court provided as follows:

> [T]he general rule that vacatur deprives a judgment of its preclusive force is not without exceptions. In fact, several courts have recognized that judgments may retain their finality and preclusive effect when they are set aside or vacated upon settlement… We are persuaded that … the teaching of Sentinel Trust and other courts that have held that judgments can support issue preclusion even though they are set aside or vacated upon settlement. In reaching this conclusion in Sentinel Trust, the Third Circuit observed that 'for purposes of issue preclusion . . . "final judgment" includes any prior adjudication of an issue in another action that is determined to be sufficiently firm to be given preclusive effect.' 316 F.3d at 221-22 (alteration in original) (quoting Restatement (Second) of Judgments § 13, cmt. g)….
>
> Policy considerations reinforce our conclusion that the Michigan Supreme Court would apply issue preclusion to a judgment that is set aside or vacated upon settlement. In Monat, the Michigan Supreme Court decided that mutuality of estoppel is not required when collateral estoppel is asserted defensively. 677 N.W.2d at 844-45. A ruling to the contrary, the court reasoned, would conflict with the purposes undergirding the doctrine of collateral estoppel. [It] would require defendants to relitigate previously adjudicated issues; it would require the judicial system to employ scarce resources repeatedly adjudicating the same issue; it would increase the likelihood of inconsistent decisions being rendered by the judicial process; it would promote opportunities for parties to use the judicial process in a vexatious manner; and it would require defendants to expend resources relitigating issues. Each of these effects would only weaken our judicial process. Id. at 851 (footnotes omitted).
>
> A decision that issue preclusion does not apply in the present circumstances similarly would be at odds with the purposes of the doctrine. It would incentivize losing parties

> to pay to settle adverse judgments in order to avoid their issue-preclusive effects. While such a rule might encourage settlement of the first action, it also would authorize losing parties to take another stab at litigating their claims, in the hope that they might garner a more favorable result the second time around. Permitting this litigation strategy therefore would increase the probability of inconsistent decisions and require the judicial system to expend its scarce resources rejudicating these issues. See ChriMar Sys., Inc. v. Foundry Networks, Inc., No. 06-13936, 2010 U.S. Dist. LEXIS 89335, at *7-8, 2010 WL 3431606, at *2, (E.D. Mich. Apr. 23, 2010) (Special Master Mark A. Lemley) ("The subsequent settlement of a dispute after the entry of a dispositive order does not defeat finality. . . . If settlement revoked the preclusive effect of an earlier judgment, this would have the effect of allowing losing parties to pay money for the option to not have the doctrine of collateral estoppel applied to them. The purpose of the doctrine—to improve the procedural efficiency of the legal system and avoid repetitive litigation of decided issues—counsels against plaintiff's argument.").
>
> Equitable considerations also help to explain why a principled distinction can be drawn between the potential preclusive effects of different kinds of vacated judgments. When a judgment is vacated because a court has decided that the ruling was faulty, see Erebia, 891 F.2d at 1215, it obviously makes no sense to treat the vacated judgment's determination of that issue as conclusive. It is similarly inappropriate to give preclusive effect to the judgment in a case that becomes moot through no fault of the party against whom issue preclusion is asserted. See Munsingwear, 340 U.S. at 39-40. Because "happenstance," id. at 40, or the unilateral actions of the opposing party, see Azar v. Garza, 138 S. Ct. 1790, 1792-93, 201 L. Ed. 2d 118 (2018) (per curiam), have deprived the losing party of the opportunity to contest the underlying judgment, fairness counsels against barring that party from having a second chance to litigate the relevant issue. But the equities are otherwise when a litigant elects to settle rather than appeal after receiving an adverse judgment. In such circumstances, the losing party acquiesces in the court's decision, even if he disagrees with it. The party has had his day in court and waived his right to an appeal. See Monat, 677 N.W.2d at 847 (applying issue preclusion when party negotiated away its right to appeal prior to judgment in first action). That is all that fairness requires: "One bite at the apple is enough." Emps. Own Fed. Credit Union, 752 F.2d at 245.
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> Watermark Senior Living Ret. Cmtys., Inc. v. Morrison Mgmt. Specialists, 905 F.3d 421, 426-29 (6th Cir. 2018).

In Sentinel, the Third Circuit Court of Appeals also reasoned that the application of issue preclusion in such cases is appropriate under similar criteria. Specifically, the court determined that the application of issue preclusion is generally supported by Section 13 of the Restatement of Judgment (Second) and found that refusing to apply issue preclusion in such cases would promote forum shopping, as well as create unnecessary duplicative litigation:

> Section 13 of the Restatement of Judgment (Second) provides that ". . . for purposes of issue preclusion . . ., 'final judgment' includes any prior adjudication of an issue in another action that is determined to be sufficiently firm to be given preclusive effect." Any other interpretation could lead to "needless duplication of effort and expense in the second action to decide the same issue."…"We will not permit a plaintiff to abandon his failing state court suit and file a virtually identical suit in federal court in hopes of achieving a more favorable result." Id. at 952.
>
> Other courts have also adopted this position on finality in the collateral estoppel context. In Chemetron Corp. v. Business Funds, Inc., 682 F.2d 1149 (5th Cir. 1983), vacated on other grounds, 460 U.S. 1007 (1983), the Court applied issue preclusion even though the trial court had vacated a judgment as a condition of settlement… Taking guidance from these general principles, we first observe that the Chancery Court's order did not purport to expunge the findings of fact and conclusions of law. Contrast the silence of the Tennessee Court's order on that point with that in Harris Trust & Sav. Bank v. John Hancock Mut. Life Ins., 970 F.2d 1138 (2d Cir. 1992), where preclusion was denied. In that case, the first court's order directed that "the order, together with the findings and conclusions embodied therein, is . . . vacated, and shall be of no force or effect against the defendant by . . . third parties for collateral estoppel or other preclusive purposes." Id. at 1146. The Chancery order in this case contains no such language, but merely states that the "judgment" is vacated.
> Next, we note that the judgment and findings of fact against Sentinel were entered by the Chancery Court during the time when Universal was a third-party defendant. This being so, Sentinel could and should have litigated its claims in the Chancery Court. Consequently, whatever force the arguments against non-mutual estoppel might have is not implicated here. Although not specified as applicable to the third-party proceedings, the findings of fact were of obvious benefit to Universal in its defense of Sentinel's complaint against it.
>
> No doubt because of the disadvantageous position in which the findings had placed it, Sentinel unilaterally took a voluntary non-suit without prejudice against Universal, an action to which it did not consent. Tennessee Rules of Civil Procedure 41.01 provides that a plaintiff may take a voluntary non-suit "at any time before the trial of a cause . . . or by oral notice 'in open court during the trial of a cause; or in jury trials at any time before the jury retires to consider its verdict and prior to the ruling of the court sustaining a motion for a directed verdict.' " Rule 41.03 extends that rule to cover the "dismissal of . . . third-party claims."
>
> Our reading of the Tennessee procedural rules leads us to question whether Sentinel had the right to dismiss without prejudice when the Chancellor had already entered findings of fact and judgment against it. We may not review the validity of the non-suit because at this point it is not subject to reversal by federal courts. However, the

> dismissal of the third-party complaint at that stage and subsequent filing of essentially the same document in the New Jersey District Court is a flagrant instance of forum shopping.
>
> Based on the proceedings to that point, Sentinel apparently believed its chances of success in the third party action against Universal in the Chancery Court were dim and decided to try another forum. This is an example of the unnecessary duplication of litigation that the doctrine of issue preclusion is designed to prevent. The circumstances are quite similar to those in Employees Own Fed. Credit Union v. City of Defiance, 752 F.2d 243 (6th Cir. 1985), where the Court applied res judicata to findings of fact that were entered before the plaintiff took a voluntary dismissal. According to the Court, "we see no reason to allow a party to get an adverse judgment in state court and turn around and sue on the same claim in federal court. One bite at the apple is enough." Id. at 245.
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> Moreover, as noted above, concepts of equity and fair dealing come into play. Sentinel's tactics were carefully timed. When it presented the motion to vacate the judgment, Universal was no longer a party to the Chancery suit, and the vacatur was thus unopposed. It is also interesting that Sentinel filed the action in the federal court in New Jersey before the vacation order was entered by the Chancery Court. At the time the litigation was commenced in New Jersey, therefore, a final judgment had been entered against Sentinel and findings of fact underlying that judgment were in full force and effect.
>
> We are persuaded that in view of all the circumstances here, if the case were submitted to the Supreme Court of Tennessee, it would apply issue preclusion.

Sentinel Tr. Co. v. Universal Bonding Ins. Co., 316 F.3d 213, 221-23 (3d Cir. 2003)

The defensive use of collateral estoppel in this case is also supported by the Court's rational in the Parklane Hosiery Co. and Blonder-Tongue, both of which generally favor the defensive use of issue preclusion. More importantly, Parklane establishes that lower courts and tribunals have been granted broad discretion to determine when collateral estoppel should be applied and provides considerations for making such determinations:

> The Blonder-Tongue case involved defensive use of collateral estoppel -- a plaintiff was estopped from asserting a claim that the plaintiff had previously litigated and lost against another defendant. The present case, by contrast, involves offensive use of collateral estoppel -- a plaintiff is seeking to estop a defendant from relitigating the issues which the defendant previously litigated and lost against another plaintiff. In both the offensive and defensive use situations, the party against whom estoppel is asserted has litigated and lost in an earlier action. Nevertheless, several reasons have been advanced why the two situations should be treated differently.

First, offensive use of collateral estoppel does not promote judicial economy in the same manner as defensive use does. Defensive use of collateral estoppel precludes a plaintiff from relitigating identical issues by merely "switching adversaries." Bernhard v. Bank of America Nat. Trust & Savings Assn., 19 Cal. 2d, at 813, 122 P. 2d, at 895. Thus defensive collateral estoppel gives a plaintiff a strong incentive to join all potential defendants in the first action if possible. Offensive use of collateral estoppel, on the other hand, creates precisely the opposite incentive. Since a plaintiff will be able to rely on a previous judgment against a defendant but will not be bound by that judgment if the defendant wins, the plaintiff has every incentive to adopt a "wait and see" attitude, in the hope that the first action by another plaintiff will result in a favorable judgment. E. g., Nevarov v. Caldwell, 161 Cal. App. 2d 762, 767-768, 327 P. 2d 111, 115; Reardon v. Allen, 88 N. J. Super. 560, 571-572, 213 A. 2d 26, 32. Thus offensive use of collateral estoppel will likely increase rather than decrease the total amount of litigation, since potential plaintiffs will have everything to gain and nothing to lose by not intervening in the first action.

A second argument against offensive use of collateral estoppel is that it may be unfair to a defendant. If a defendant in the first action is sued for small or nominal damages, he may have little incentive to defend vigorously, particularly if future suits are not foreseeable. The Evergreens v. Nunan, 141 F.2d 927, 929 (CA2); cf. Berner v. British Commonwealth Pac. Airlines, 346 F.2d 532 (CA2) (application of offensive collateral estoppel denied where defendant did not appeal an adverse judgment awarding damages of $ 35,000 and defendant was later sued for over $ 7 million). Allowing offensive collateral estoppel may also be unfair to a defendant if the judgment relied upon as a basis for the estoppel is itself inconsistent with one or more previous judgments in favor of the defendant. Still another situation where it might be unfair to apply offensive estoppel is where the second action affords the defendant procedural opportunities unavailable in the first action that could readily cause a different result.

We have concluded that the preferable approach for dealing with these problems in the federal courts is not to preclude the use of offensive collateral estoppel, but to grant trial courts broad discretion to determine when it should be applied. The general rule should be that in cases where a plaintiff could easily have joined in the earlier action or where, either for the reasons discussed above or for other reasons, the application of offensive estoppel would be unfair to a defendant, a trial judge should not allow the use of offensive collateral estoppel.

In the present case, however, none of the circumstances that might justify reluctance to allow the offensive use of collateral estoppel is present. The application of offensive collateral estoppel will not here reward a private plaintiff who could have joined in the previous action, since the respondent probably could not have joined in the injunctive action brought by the SEC even had he so desired. Similarly, there is no unfairness to the petitioners in applying offensive collateral estoppel in this case. First, in light of the serious allegations made in the SEC's complaint against the petitioners, as well as the foreseeability of subsequent private suits that typically follow a successful

> Government judgment, the petitioners had every incentive to litigate the SEC lawsuit fully and vigorously. Second, the judgment in the SEC action was not inconsistent with any previous decision. Finally, there will in the respondent's action be no procedural opportunities available to the petitioners that were unavailable in the first action of a kind that might be likely to cause a different result.
>
> We conclude, therefore, that none of the considerations that would justify a refusal to allow the use of offensive collateral estoppel is present in this case. Since the petitioners received a "full and fair" opportunity to litigate their claims in the SEC action, the contemporary law of collateral estoppel leads inescapably to the conclusion that the petitioners are collaterally estopped from relitigating the question of whether the proxy statement was materially false and misleading.
>
> Parklane Hosiery Co. v. Shore, 439 U.S. 322, 329-33, 99 S. Ct. 645, 650-52, 58 L.Ed.2d 552, 561-63 (1979)

In Parklane, the Court reasoned that offensive use of issue preclusion is generally not supported in two scenarios: (1) where it does not promote judicial economy; and (2) where the application of collateral estoppel would be unfair to the opposing party. Neither of which can justify the refusal to apply defensive collateral estoppel in this case. Opposer had every reason to zealously pursue its claims in Singh, since Opposer was ultimately defending its purported rights to enforce the REMAX mark and the scope of the marks' protection. Applying issue preclusion in this case is also appropriate as it promotes judicial economy. Opposer should not be permitted to file oppositions and cancellations against parties whom it has previously lost against or parties with nearly identical marks involving the same issue, as Opposer has already had one bite at the apple. Similarly, Opposer should not be allowed to fashion a belated consent judgment to avoid the potential adverse preclusive effect of a prior valid determination.

D. The Principles of Justice, Public Policy, and Tribunal Efficacy Require that Leave to Amend Be Freely Given to Applicant.

Moreover, justice requires that leave to amend be granted, as denial of Applicant's request would prevent Applicant from asserting an affirmative defense to claims pleaded and would allow Opposer to enforce its purported rights to marks, which have been narrowed or otherwise eliminated by Board decisions. In effect, not granting Applicant this grace would allow Opposer to continually harass Applicant, as well as numerous other third parties, simply because they possess a mark bearing either "RE" or "MAX", based upon purported scope of protection which Opposer does not have.

Adding additional applications in support of its Notice, as Opposer seeks to do, also is far from the type of "futile" change to a pleading that would bar amendment. See, e.g., Be Sport, Inc. v. Al-Jazeera Satellite Channel, 115 U.S.P.Q.2d 1765 (TTAB 2015) (amendment was futile where it sought to add a proposed defense barred by res judicata).

III. CONCLUSION

Accordingly, Applicant's proposed amendment to its Answer and Counterclaims to include the affirmative defense of collateral estoppel is not futile and should be granted as all the elements of issue preclusion are met in this case.

Respectfully Submitted,

SAVE MAX REAL ESTATE, INC.

Dated: July 6, 2022

/Frank J. Bonini, Jr./
Frank J. Bonini, Jr., Esq.
Bonini IP Law, LLC
150 N. Radnor Chester Road
Suite F200
Radnor, PA 19087
fbonini@boninilaw.com

Attorney for Applicant
SAVE MAX REAL ESTATE, INC.

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

In re Application No. 79,295,387 for the mark SAVE MAX filed on June 26, 2020, and published on April 13, 2021.

RE/MAX LLC., a Delaware Limited Liability Company Opposer v. SAVE MAX REAL ESTATE INC., a Canadian Corporation Applicant.	)	Opposition No. 91269953 Applicant's Mark: SAVE MAX

CERTIFICATE OF SERVICE

I hereby certify that true and correct copies of the following:

APPLICANT'S MOTION FOR LEAVE TO AMEND ITS ANSWER AND COUNTERCLAIMS FOR CANCELLATION, and
CERTIFICATE OF SERVICE,

were served on the following, via Email on July 6, 2022:

Ashley Krause, Esquire
RE/MAX, LLC
5075 South Syracuse Street
Denver, Colorado 80237
(303) 796-3507
tmcorrespondence@remax.com
303-796-3507
Attorney for Opposer
RE/MAX, LLC

John R. Posthumus
Polsinelli PC

1401 Lawrence Street, Suite 2300
Denver, CO 80202
D: 720.931.1191
F: 720.528.7880
jposthumus@polsinelli.com
Attorney for Opposer
RE/MAX, LLC

Hillary E. Maynard
Polsinelli PC
150 N. Riverside Plaza, Suite 3000
Chicago, IL 60606
D: 312.463.6255
F: 312.602.3971
hmaynard@polsinelli.com
Attorney for Opposer
RE/MAX, LLC

Dated: July 6, 2022 /Frank J. Bonini, Jr./

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

In re Application No. 79,295,387 for the mark SAVE MAX filed on June 26, 2020, and published on April 13, 2021.

RE/MAX LLC., a Delaware Limited Liability Company Opposer v. SAVE MAX REAL ESTATE INC., a Canadian Corporation Applicant.	)	Opposition No. 91269953 Applicant's Mark: SAVE MAX

APPLICANT'S SECOND AMENDED ANSWER AND COUNTERCLAIMS TO OPPOSER'S NOTICE OF OPPOSITION

Applicant SAVE MAX REAL ESTATE INC. ("Applicant" or "Save Max"), by and through its counsel, hereby answers the Notice of Opposition (the "Notice") filed by RE/MAX, LLC ("RE/MAX" or "Opposer") as follows. To the extent not explicitly admitted, all allegations in the Opposition are denied.

ANSWER

1. Applicant lacks sufficient knowledge or information to form a belief as to the truth of the allegations set forth in paragraph 1 of the Notice, and, therefore, denies said allegations.

2. Applicant lacks sufficient knowledge or information to form a belief as to the truth of the allegations set forth in paragraph 2 of the Notice and, therefore, denies said allegations.

3. Applicant lacks sufficient knowledge or information to form a belief as to the truth of the allegations set forth in paragraph 3 of the Notice and, therefore, denies said allegations.

4. Applicant admits the allegations set forth in paragraph 4 to the extent that Opposer's alleged purported marks listed therein appear to be registered with United States Patent and Trademark Office ("USPTO") and that Exhibit A to the Notice contains records of the USPTO identifying those registrations listed in paragraph 4 of the Notice. Applicant denies any and all other allegations.

5. Applicant admits that the USPTO appears to have acknowledged the §15 incontestability for the listed registrations based on a submission of the Opposer (any alleged incontestability being limited to the form registered and for the goods or services claims therein. TMEP § 1216.02, and being further limited by 15 U.S.C. §1065 and 15 U.S.C. §1115). Applicant denies the remaining allegations. Applicant further denies that the registrations contained in paragraph 5 cannot be contested on any grounds which would invalidate an otherwise "incontestable" registration, such as facts establishing that the registrations were fraudulently procured through the proper filling of a counterclaim for cancellation and/or the assertion of the affirmative defense of unclean hands based upon fraud. 3 McCarthy on Trademarks and Unfair Competition § 20:65 (5th ed.) (2021); 6 McCarthy on Trademarks and Unfair Competition § 32:147 (5th ed.) (2021) (Eco Mfg. LLC. v. Honeywell Intern., Inc., 357 F.3d 649, 69 U.S.P.Q.2d 1296 (7th Cir. 2003) ("The words 'incontestable' and 'exclusive' sound more impressive than

the legal rights that the Lanham Act actually conveys.”)); and 15 U.S.C. §1065; 15 U.S.C. §1115 (the "mark" can be contested as being generic for the services).

6. Denied. Opposer's alleged RE/MAX Trademarks are generic terms.

7. Denied. Opposer's alleged RE/MAX Trademarks are generic terms. As to the remaining allegations in paragraph 7, Applicant lacks sufficient knowledge or information to form a belief as to the truth of the allegations, and, therefore, denies said allegations.

8. Denied. Opposer's alleged RE/MAX Trademarks are generic terms. As to the remaining allegations in paragraph 8, Applicant lacks sufficient knowledge or information to form a belief as to the truth of the allegations, and, therefore, denies said allegations.

9. Denied. Opposer's alleged RE/MAX Trademarks are generic terms. As to the remaining allegations in paragraph 9, Applicant lacks sufficient knowledge or information to form a belief as to the truth of the allegations, and, therefore, denies said allegations.

10. Admitted.

11. Applicant admits that Applicant filed an application to register “SAVE MAX” for “Real estate services, namely, real estate agency services; consulting services in the area of real estate; management services in the field of real estate; providing information in the field of real estate” in International Class 36. As to the remaining allegations, Applicant lacks sufficient knowledge or information to form a belief as to the truth of the allegations set forth in this paragraph, and therefore they are denied.

12. Applicant admits the allegations set forth in paragraph 12 to the extent that Applicant’s mark was published in the Trademark Official Gazette on April 13, 2021; that Opposer requested, and was granted, a 30-day extension of time in which to oppose Applicant’s mark on May 11, 2021; and that Opposer filed its Notice of Opposition on June 12, 2021, one

day before the expiration of the 30-day extension, which ended on June 12, 2021. Applicant further admits that the Opposition appears to have been timely filed. Applicant denies any and all other allegations.

13. Denied. Applicant admits that the listed filing dates for some of the US Trademark registrations identified by Opposer in paragraph 5 of the Notice (Registration Nos. 1,139,014, 2,106,387, 2,054,698, 2,403,626, 2,850,996, 3,287,530 and 3,296,461) appear to predate Applicant's filing date for Applicant's Section 66(a)-basis application for the SAVE MAX mark. Applicant denies that Opposer's filing date for Opposer's alleged RE/MAX mark (of Reg. no. 6,288,394) predates the filing date for Applicant's SAVE MAX mark on the basis that the filing date of Applicant's application to register "SAVE MAX" is June 26, 2020, and Opposer filed Opposer's application that resulted in US Trademark Reg. No. 6,288,394 on July 29, 2020. As for any remaining allegations, Applicant lacks sufficient knowledge of information to form a belief as to the truth of those allegations and, therefore, denies said allegations.

14. Denied. Opposer's alleged RE/MAX Trademarks are generic terms. As to the remaining allegations in paragraph 14, Applicant lacks sufficient knowledge or information to form a belief as to the truth of the allegations, and, therefore, denies said allegations.

15. Denied.

16. Denied.

17. Denied. Applicant does not need authorization from Opposer.

18. Denied.

AFFIRMATIVE DEFENSES

Pursuant to Fed. R. Civ. P. 15(a)(1), Applicant has requested leave to amend its Answer via its Motion[1], as justice so requires, and asserts its First Amended Affirmative Defense of Non-Mutual Defensive Issue Preclusion (or Collateral Estoppel). TBMP §§ 311.02(b)(1) ("[a]n answer may also include a short and plain statement of any defenses, including affirmative defenses that the defendant may have to the claim[s] asserted by the plaintiff. … [including] estoppel, …, prior judgment, or any other matter constituting an avoidance or affirmative defense"). Specifically, Applicant asserts non-mutual defensive issue preclusion (or collateral estoppel) as the basis for its First Amended Affirmative Defense, under which Opposer is barred from relitigating issue of likelihood of confusion that was already actually litigated and determined by the Board in RE/MAX Int'l Inc. v. Singh , 2008 TTAB LEXIS 485 (TTAB 2008).

FIRST AFFIRMATIVE DEFENSE

Applicant asserts the affirmative defense of collateral estoppel. In Singh, the Board considered whether a likelihood of confusion exists between Opposer's REMAX and design marks (including the same Registrations Opposer asserts, here) and Singh's SAVEMAX REALTY and design mark as a whole. In doing so, the Board gave more weight to the particular feature of the marks, comparing primarily SAVEMAX and REMAX. RE/MAX Int'l Inc. v. Singh, 2008 TTAB LEXIS 485, *9-10 (TTAB 2008). In Singh, the issue of likelihood of confusion was actually litigated and determined using the Du Pont factor analysis, resulting in a favorable judgment for the applicant that there is no likelihood of confusion, "despite the fame of opposer's RE/MAX marks, the fact that the services rendered by the parties are identical and the

[1] i.e. "Applicant's Motion for Leave to Amend its Answer and Counterclaims for Cancellation".

presumption that the services are rendered in the same channels of trade and to the same classes of consumers." Id., at *16. Additionally, Opposer had a full and fair opportunity to litigate the issue in the prior proceeding.

Opposer is estopped from prevailing on its claim for likelihood of confusion because of the preclusive effect to the Board's prior determination that the mark SAVEMAX (or SAVE MAX) is not likely to cause confusion with REMAX (RE/MAX, REMAX.COM). The issue of likelihood of confusion was actually litigated and determined in RE/MAX Int'l Inc. v. Singh, with the Board making the following determinations: (1) "the only similarity between applicant's mark and opposer's marks is the suffix "max" in SAVEMAX and REMAX"; (2) "'Max' is an abbreviation for the descriptive or highly suggestive word 'maximum'"; (3) and "accordingly, when … consider[ing] the marks in their entireties, [the Board is] of the opinion that [the marks] differ substantially in appearance, sound, meaning, and commercial impression". RE/MAX Int'l Inc. v. Singh, 2008 TTAB LEXIS 485, *9-10 (TTAB 2008). The likelihood of confusion issue has already been determine, and Opposer is estopped by the prior decision.

Opposer also is estopped and preclusion applies to the following issues: the meanings and commercial impressions of the marks are different; the marks are also different in appearance and pronunciation because of the differences in the initial portions of the marks; to the extent that consumers would place more emphasis on one part of applicant's mark, they would be more likely to put that emphasis on the word "save" because it is the first part of the word portion of the mark. RE/MAX Int'l Inc. v. Singh , 2008 TTAB LEXIS 485, *11-13 (TTAB 2008).

Opposer is precluded by the Board's ruling in Singh because the Board has determined that there is no likelihood of confusion between Opposer's marks and the mark SAVEMAX (or SAVE MAX). See RE/MAX Int'l Inc. v. Singh, 2008 TTAB LEXIS 485, *16-17 (TTAB 2008).

Opposer's asserts the same REMAX marks and Section 2(d), likelihood of confusion, as the basis for its Opposition against Applicant's application to register Applicant's SAVE MAX mark. Therefore, the marks are the same and the issue of the prior proceeding (likelihood of confusion) is identical to the issue present in this case. Since the determination of whether a likelihood of confusion exists is necessary for determining whether an opposition will be sustained or dismissed, the Board's prior determination that there was no likelihood of confusion was necessary to the judgment in the prior proceeding. Therefore, the issue in the prior proceeding is identical to the issue before the Board now, the issue was actually litigated, Opposer had a full and fair opportunity to litigate that issue, and the determination of the issue was necessary to the judgment in the prior proceeding. Accordingly, all the elements of issue preclusion have been met, and collateral estoppel prevents Opposer from relitigating the issue of likelihood of confusion between Opposer's marks and Applicant's SAVE MAX mark, and, accordingly, the Opposition should be dismissed.

COUNTERCLAIMS

19. In response to allegations set forth in the Opposition, Applicant realleges its answers provided above, as if fully set forth herein, and further asserts the following counterclaims.

20. Applicant's realleges the answers set out above as if fully set forth herein, and requests that the Board cancel all variations of Opposer's REMAX marks featuring "RE" and "MAX" for genericness. Opposer's alleged marks are generic for the Opposer's services. Section 14 of the Trademark Act provides that a mark may be cancelled "at any time if the mark 'becomes the generic name for the goods or services, or a portion thereof, for which it is registered....' 15 U.S.C. §1064(3)". TMEP § 1209.01(c)(ii). As such, Applicant counterclaims

that REMAX is generic for the phrase "Real Estate Maximums". Additionally, Applicant counterclaims that the word "MAX" is also generic and Opposer cannot claim exclusive rights to the term or oppose Applicant's application based upon Applicant's use of the term "MAX", as it is too common of a term to be protectable. Amerimax Real Estate Partners, Inc. v. RE/MAX Intern., Inc., 05 C 5300, 2006 U.S. Dist. LEXIS 73762, 2006 WL 2794934, at *12-13 (N.D. Ill. Sept. 26, 2006) (granting plaintiff's request for declaratory judgment that its use of "max" does not infringe upon RE/MAX's trademark because "[m]any companies use 'max' a prefix or suffix to their business names, trademarks, products, or services… [e.g.] Business-max, Office Max, Car Max, Travel Max, TJ Maxx, StorageMax, Max Real Estate Network…").

21. "REMAX" was and is an abbreviation for "real estate maximums", both of which were and are commonly used in the real estate industry for a category of real estate services:

> Take control of your financial future. RE/MAX was founded under the concept of maximizing the returns for individual brokers and agents, hence the name Real Estate Maximum - RE/MAX.

22. Attached hereto, as **Exhibit A**, is a true and correct copy of a webpage for one of Opposer's "REMAX" offices in the State of Massachusetts. (http://www.seethecenter.com/commission-plans). REMAX and RE/MAX are generic terms that the public primarily regards as generic for the services of the Opposer that are listed in each of Opposer's asserted registrations. REMAX is an abbreviation for "real estate maximums" and this is further evidenced by Opposer's History and About pages on its website, both of which were published on Remax.com in September of 1976, three months before Opposer executed its declaration in support of its earliest registration.

23. For example, Opposer's "About RE/MAX" page, published on September 19, 1996, provides as follows:

> RE/MAX – “Real Estate Maximums” was established in 1973 as the real estate organization especially designed for experienced, full-time professional Realtors.

24. Attached hereto, as **Exhibit B**, is a true and correct copy of the January 17, 1997, wayback machine archive for REMAX.com “About RE/MAX” page, showing that even Opposer regards “RE/MAX” as a generic term for its services -- that "RE/MAX" is an abbreviation for “real estate maximums” (even as early as its publication date of September 19, 1996).

25. In another example, Opposer, on Opposer’s “History of RE/MAX” page, published on September 9, 1996, stated as follows:

> David Liniger… wanted a company where home buyers and sellers could walk into any office in any market, confident they would receive the level of professional service that a transaction of such magnitude demands [and] [t]hat basic concept enabled RE/MAX (Real Estate Maximums) to grow into the most productive organization… [as] [o]nly the most experienced, competent and successful agents saw the benefits to the RE/MAX system… and [that] today there are [also] many imitators [of that system].

Attached hereto, as **Exhibit C**, is a true and correct copy of the January 17, 1997, wayback machine screen capture of the REMAX.com “History of RE/MAX” page showing its contents on that date and its publication date of September 9, 1996.

26. Applicant alleges that Opposer’s mark was generic at the time Opposer filed its applications and is now generic, because the relevant public understood then and understands now, the designation as primarily referring to the services offered by Opposer and others in the field of real estate, i.e., “REMAX” is an abbreviation for “Real Estate Maximums”, which are names for a category of real estate services that "maximiz[e] the returns for individual brokers and agents, hence the name Real Estate Maximum - RE/MAX.” (**Exhibit A** hereto).

27. Opposer’s alleged marks are generic because they consists of generic terms (“RE”, an abbreviation for “Real Estate”, and “MAX”, a common abbreviation for “Maximum”)

and is simply "'joined to form a compound word that has a meaning identical to the meaning common meaning would ascribe to those words as a compound'." TMEP § 1209.01(c)(1) (quoting In re Northland Aluminum Products, Inc., 777 F.2d 1556, 227 USPQ 961 (Fed. Cir. 1985) ("BUNDT, a term that designates a type of cake, held generic for ring cake mix, where the examining attorney cited cookbooks and food-related news articles"); and In re Analog Devices Inc., 6 USPQ2d 1808 (TTAB 1988), aff'd, 871 F.2d 1097, 10 USPQ2d 1879 (Fed. Cir. 1989) ("ANALOG DEVICES held generic for devices having analog capabilities, where the examining attorney cited dictionaries and Nexis® articles"); and see In re Reckitt & Colman, N. Am. Inc., 18 USPQ2d 1389 (TTAB 1991)("generic name for the goods or services" includes "generic adjectives," that is, adjectives that refer to a genus, species, category, or class of goods or services, e.g., PERMA PRESS generic for soil and stain removers for use on permanent press products).

28. The genericness of Opposer's marks is further evidenced by one of the Opposer's own websites, in which Opposer states "RE/MAX was founded under the concept of maximizing the returns for individual brokers and agents, hence the name Real Estate Maximums – RE/MAX". REMAX, therefore, generally refers to the name of a common class or category of services offered by Opposer and many other businesses. See **Exhibit A** hereto. Attached hereto, as **Exhibit D**, is a true and correct copy of Opposer's history page, which admits that REMAX comes from the founder's previous experience of utilizing a "maximum-commission model" which he believed would "appeal to full-time, serious professionals would rather contribute collectively… than settle for a traditional commission split". Attached hereto, as **Exhibits E and F**, are true and correct copies of online dictionaries stating that "REMAX" is also a commonly used abbreviation for "Real Estate Maximums". Attached hereto, as **Exhibit G**, is a true and

correct copy of an archived New York Times article from October 30, 1998, in which the New York Times states that "REMAX" is an abbreviation for "Real Estate Maximums" and explains how the company is modeled around real estate services offered by committed agents as the result of the maximum commission model used by Opposer. Opposer's alleged use of REMAX is also generic as the Court of Appeals for Federal Circuit, in Gould, found such marks to be generic when the "joining of such individual terms into one compound word lends 'no additional meaning to the term.'". TMEP § 1209.01(c)(i), (iii); See also Cont'l Airlines Inc. v. United Airlines Inc., 53 USPQ2d 1385 (TTAB 1999) (E-TICKET generic for computerized reservation and ticketing of transportation services).

29. Opposer's alleged REMAX and RE/MAX marks are generic as an abbreviated form of "real estate maximums", which generally refers to the genus of real estate services offered by Opposer and many other businesses under the concept of maximizing returns for real estate agents and brokers. The meaning of "real estate maximums" (and its alternative form, "REMAX") is a common name for the class of services offered by Opposer. "REMAX" and/or "RE/MAX" is used generically to identify or describe the genus of goods or services identified in each registration sought to be cancelled (Opposer's pleaded U.S. Trademark Registration Nos. 1139014, 2054698, 2106387, 2403626, 2850996, 3287350, 3296461 and 6288394) and consumers primarily understand the wording to be the generic name or identifier of the genus of goods or services in each registration sought to be cancelled. "REMAX" and/or "RE/MAX" are primarily understood by consumers to be the generic name or identifier of the genus of the recited services in each of Opposer's pleaded registrations (U.S. Trademark Registration Nos. 1139014, 2054698, 2106387, 2403626, 2850996, 3287350, 3296461 and 6288394).

30. Specifically, Applicant alleges that “REMAX” and “RE/MAX” is generic for Opposer’s services identified in each of Opposer’s U.S. Trademark Registration Nos. 1139014, 2054698, 2106387, 2403626, 2850996, 3287350, 3296461 and 6288394. “REMAX” and/or “RE/MAX” is used generically to identify or describe the genus of services identified in each said registration sought to be cancelled, and consumers primarily understand the wording “REMAX” and/or “RE/MAX” to be the generic name or identifier of the genus of services in each said registration sought to be cancelled. “REMAX” and “RE/MAX” are generic words used within the real estate services industry and the public understands those words to refer to services offered by Opposer and others in the real estate industry. “REMAX” and/or “RE/MAX” are primarily understood by consumers to be the generic name or identifier of the genus of the recited services in each of Opposer’s pleaded registrations (U.S. Trademark Registration Nos. 1139014, 2054698, 2106387, 2403626, 2850996, 3287350, 3296461 and 6288394).

31. “Remax” is an abbreviated form of “real estate maximums” and that the term or phrase is commonly used in the real estate industry to refer to the class of services being offered – namely, real estate services offered under the concept of maximizing returns for real estate agents and brokers. See **Exhibit A** hereto.

32. As supported by Opposer’s own history pages, “REMAX” is clearly understood by the public as referring to the services being offered, and, including to refer to maximum commission models. Because Opposer’s asserted registrations generic and are thus invalid, they do not provide a valid basis for opposing Applicant’s application to register Applicant’s SAVE MAX mark.

33. Opposer claims all but one of its asserted registrations are incontestable. Section 14 of the Trademark Act provides that a mark may be cancelled “at any time if the mark ‘becomes the generic name for the goods or services, or a portion thereof, for which it is registered....’ 15 U.S.C. §1064(3)”. TMEP § 1209.01(c)(ii).

34. Opposer’s marks are generic, and, therefore, Opposer’s asserted registrations for the alleged REMAX (and RE/MAX) marks are invalid, and Opposer's has no valid claim to common law rights in REMAX (and RE/MAX) which are generic for Opposer's services.

35. Opposer’s alleged mark “REMAX” of Opposer’s U.S. Registration Nos. 2106387 is generic for the services of the registration.

36. Opposer’s alleged mark “RE/MAX” of Opposer’s U.S. Registration No. 2054698 is generic for the services of the registrations.

37. Opposer’s alleged mark “RE/MAX” is generic for the services identified in Opposer’s U.S. Registration No. 1139014.

38. Opposer’s alleged mark “REMAX” is generic for the services identified in Opposer’s U.S. Registration No. 2403626.

39. Opposer’s alleged mark “RE/MAX” is generic for the services identified in Opposer’s U.S. Registration No. 2850996.

40. Opposer’s alleged mark “REMAX” is generic for the services identified in Opposer’s U.S. Registration No. 3287350.

41. Opposer’s alleged mark “RE/MAX” is generic for the services identified in Opposer’s U.S. Registration No. 3296461.

42. Opposer’s alleged mark “RE/MAX” is generic for the services identified in Opposer's U.S. Registration No. 6288394.

43. As stated, a registration for a mark may be cancelled at any time if the mark is or becomes generic for any of the goods or services for which it is registered. TMEP § 1209.01(c)(ii). If not already generic at the time of Opposer's filing dates of Opposer's US trademark applications, the REMAX (or RE/MAX) marks of Opposer's US Trademark Registrations identified in paras. 35-42 herein have since become generic because the abbreviation is now commonly used to describe a maximum commission model employed by many other businesses in the real estate industry. Specifically, "REMAX" is merely the abbreviated form of "real estate maximums". These terms "REMAX" (and "RE/MAX") generally refer to real estate services offered by agents who benefit from a "maximum-commission model", or real estate services offered under the "concept of maximizing the returns for individual brokers and agents, hence the name Real Estate Maximum". See **Exhibit A** hereto. "REMAX" and/or "RE/MAX" are used generically to identify or describe the genus of services identified in each of said registrations sought to be cancelled, and consumers primarily understand the wording "REMAX" and/or "RE/MAX" to be the generic name or identifier of the genus of services in said registrations sought to be cancelled. "REMAX" and "RE/MAX" are generic words used within the real estate services industry and the public understands those words to refer to services offered by Opposer and others in the real estate industry. "REMAX" and/or "RE/MAX" are primarily understood by consumers to be the generic name or identifier of the genus of the recited services in Opposer's pleaded registration.

44. "REMAX" (or "RE/MAX") is generic for the services described in Class 35 and Class 36 of Opposer's registrations because the public primarily understands these terms as a common or class name for the goods or services described therein. TMEP § 1209.01. Specifically, "REMAX", an abbreviated form of "real estate maximums", is generic because it

simply refers to a general class of real estate services offered by agents receiving maximum commission. It is generic for the services described in Class 35 and Class 36 of Opposer's asserted registrations. TMEP § 1209.01 ("A mark is generic if its primary significance to the relevant public is the class or category of goods or services on or in connection with which it is used… Any term that the relevant public understands to refer to the genus is generic.").

45. "REMAX" and "RE/MAX" are generic for Opposer's services, and therefore Opposer has no common law rights to "REMAX" and "RE/MAX" for use in connection with Opposer's services.

46. Applicant alleges that "REMAX" and "RE/MAX" are generic for Opposer's services, and therefore Opposer has no common law rights to "REMAX" and "RE/MAX" for use in connection with Opposer's services.

47. WHEREFORE, Applicant SAVE MAX REAL ESTATE INC. believes it will be damaged by the continued registration of RE/MAX, LLC's generic RE/MAX marks and its variations (REMAX and REMAX.COM) because of Opposer's opposition to the registration of SAVE MAX, as well as potential infringement claims, and respectfully prays that US Trademark Registration Nos. 1,139,014, 2,106,387, 2,054,698, 2,403,626, 2,850,996, 3,287,530, 3,296,461, and 6,288,394 be cancelled for genericness.

Respectfully Submitted,

SAVE MAX REAL ESTATE, INC.

Dated: July 6, 2022

/Frank J. Bonini, Jr./
Frank J. Bonini, Jr., Reg. No. 35,452
Bonini IP Law, LLC
150 N. Radnor Chester Road
Suite F200
Radnor, PA 19087
fbonini@boninilaw.com

Attorney for Applicant
SAVE MAX REAL ESTATE, INC.

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

In re Application No. 79,295,387 for the mark SAVE MAX filed on June 26, 2020, and published on April 13, 2021.

RE/MAX LLC., a Delaware Limited Liability Company Opposer v. SAVE MAX REAL ESTATE INC., a Canadian Corporation Applicant.	Opposition No. 91269953 Applicant's Mark: SAVE MAX

CERTIFICATE OF SERVICE

I hereby certify that true and correct copies of the following:

APPLICANT'S SECOND AMENDED ANSWER AND COUNTERCLAIMS TO OPPOSER'S NOTICE OF OPPOSITION, and

CERTIFICATE OF SERVICE,

were served on the following, via Email on July 6, 2022:

Ashley Krause, Esquire
RE/MAX, LLC
5075 South Syracuse Street
Denver, Colorado 80237
(303) 796-3507
tmcorrespondence@remax.com
303-796-3507
Attorney for Opposer
RE/MAX, LLC

John R. Posthumus
Polsinelli PC
1401 Lawrence Street, Suite 2300

Denver, CO 80202
D: 720.931.1191
F: 720.528.7880
jposthumus@polsinelli.com
Attorney for Opposer
RE/MAX, LLC

Hillary E. Maynard
Polsinelli PC
150 N. Riverside Plaza, Suite 3000
Chicago, IL 60606
D: 312.463.6255
F: 312.602.3971
hmaynard@polsinelli.com
Attorney for Opposer
RE/MAX, LLC

Dated: July 6, 2022 /Frank J. Bonini, Jr./

Opposition No. 91269953

Applicant's Second Amended Answer And Counterclaims to Opposer's Notice of Opposition

EXHIBIT A

Competitive Commission Plans

Take control of your financial future. RE/MAX was founded under the concept of maximizing the returns for individual brokers and agents, hence the name Real Estate Maximum - RE/MAX.

BROKEROWNER)
TOP MARKET SHARE (/DOMINANT-MARKET-SHARE)
TECHNOLOGY (/TECHNOLOGY)
TRAINING (/TRAINING)
WINNING CULTURE (/WINNING-CULTURE)
GORGEOUS OFFICES (/GORGEOUS-OFFICES)
HISTORY OF RESULTS AND SUCCESS (/HISTORY-OF-RESULTS-AND-SUCCESS)
OUTSTANDING SERVICE (/OUTSTANDING-SERVICE)

Here at RE/MAX Real Estate Center, our two main commission plans provide varying flexibility and competitive payout. Every Agent has the opportunity to earn a 95/5 commission split no matter what plan they choose.

95/5

The 95/5 Agent is one who doesn't mind paying a monthly Desk Fee, as they have budgeted accordingly, and recognize the advantage of a high payout with a monthly fee.

This is the commission plan that RE/MAX became famous for. Enjoy the highest split available, with a monthly Desk Fee. On this plan you will receive the largest commission payouts for each closing.

RAPP

The RAPP is perfect for an Agent who doesn't want to pay monthly fees. All Office costs are built into a CAP that is paid off through commissions throughout the year. The only monthly expenses an Agent has to pay are personal expenses, such as individual print or online marketing.

Our RAPP commission plan offers three different split levels depending on prior year's gross commissions. There is a Soft CAP in place, with Agents moving to a 95/5 Commission Split upon reaching the CAP.

80/20

80/20 Split until they reach a $23,000 CAP

70/30

70/30 Split until they reach a $23,000 CAP

60/40

60/40 Split until they reach a $23,000 CAP. This level is the starting split for the Agent grossing less than $25,000 and is just beginning their journey to being a successful Agent.

Once the CAP is reached, Agents are moved to a 95/5 Split for the remained of the year.

HAVE QUESTIONS OR WANT TO LEARN MORE? ASK US OR REACH OUT. (/TAKE-ACTION)

RE/MAX REAL ESTATE CENTER, 30 MECHANIC ST, FOXBOROUGH, MA, 02035, UNITED STATES

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EXHIBIT B

About RE/MAX

RE/MAX - "Real Estate Maximums" was established in 1973 as the real estate organization especially designed for experienced, full-time professional Realtors.

RE/MAX Sales Associates average nearly 11 years of full-time, professional experience. That's more than double the national average. They also lead the industry average in advanced designations and closed transactions.

RE/MAX has offices in every state of the United States and in every province of Canada. In recent years, it has expanded into Mexico and the Caribbean, Spain, Israel, South Africa and Germany. With more than 44,000 Sales Associates in more than 2,700 offices, RE/MAX is one of the world's largest real estate organizations.

Each RE/MAX office is independently owned and operated. RE/MAX has its own relocation company, RE/MAX International Relocation Services, helping corporations to move their employees and families.

RE/MAX has grown every month of its history.

The RE/MAX Hot Air Balloon is one of the most recognized corporate logos in North America. Although the balloons are independently owned and operated, the corporate "fleet" is approaching 100, the largest in the world.

While individual RE/MAX offices and regions have distinguished themselves in various community projects and charities, the official charity of the RE/MAX organization is the Children's Miracle Network (CMN). RE/MAX Sales Associates have raised millions of dollars for CMN hospitals worldwide.

History of RE/MAX
About Hot Air Balloons
Business Opportunities

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EXHIBIT C

History of RE/MAX

Upset with the bad name that poorly trained novices and casual part-timers were giving the real estate profession, Dave Liniger in 1973 started a real estate company in Denver that would limit itself to hiring only full-time, experienced professionals.

He wanted a company where home buyers and sellers could walk into any office in any market, confident they would receive the level of professional service that a transaction of such magnitude demands.

RE/MAX agents most productive
That basic concept enabled RE/MAX (Real Estate Maximums) to grow into the most productive organization the industry has seen. RE/MAX agents on average have more experience and sell more homes than other agents in the industry.

A former top agent himself, Liniger set up RE/MAX offices so that agents would equally share expenses of the operation. That meant each agent had to be skilled enough to generate the income needed to pay a set fee every month. Traditionally, office owners required agents to pay the office half their earnings to cover operating expenses.

The traditional structure was a great deal for beginners, part-timers and marginal producers. They could go months without selling a house and not be out any of their own dollars. For these agents, the thought of facing a monthly bill for office expenses was terrifying. Only the most experienced, competent and successful agents saw benefits to the RE/MAX system.

Success breeds success
And interestingly enough, once true professionals started working together in the same office, their skills improved even more. It was a classic case of improving your golf game by playing with better golfers.

The RE/MAX approach had a profound impact on the industry, and today there are many imitators. But none has yet been able to match the level of professionalism held by RE/MAX agents. Indeed, both consumers and others in the industry continue to perceive RE/MAX as the ultimate organization with which top real estate professionals affiliate.

RE/MAX agents average 12 years of experience, far exceeding the industry average. They also surpass their peers in professional designations - a sign of advanced education in real estate sales and marketing.

Continuous growth
Although RE/MAX growth in the early years wasn't exactly stellar, the company has grown every month since its founding. The concept that seemed so logical and powerful to Dave Liniger, was extremely threatening to the industry status quo. Concerted efforts were made to impede the company's growth. At the close of 1973, there were just 21 agents and eight offices.

By 1976 there were 100 agents and by 1977, with 480 agents in the system, RE/MAX gained No. 1 market share in its headquarters city of Denver. That same year, the company expanded into Canada.

In 1978, RE/MAX added its 100th office and 1,000th agent - and the hot air balloon became the company's official corporate logo. By 1980, the organization had 3,000 agents.

No. 1 in Canada
By 1984, there were 5,000 agents. In the following year, nearly 3,000 agents joined the system. By 1986, RE/MAX was at 1,000 offices and 10,000 agents. By 1987, there was just one larger real estate company in the United States. In 1988, RE/MAX became the largest real estate company in Canada; and there were 20,000 RE/MAX agents across North America.

In 1990, RE/MAX agents closed 636,366 transactions, representing $63.96 billion in sales. The following year, RE/MAX expanded into the Caribbean, where today it's the region's largest real estate operation. In 1992, RE/MAX expanded into Mexico.

In 1994, the RE/MAX Satellite Network was launched, broadcasting continuing education programming six hours a day to RE/MAX offices across North America. No other real estate company operates an equivalent system of advanced training.

Pioneering buyer representation
Also in 1994, RE/MAX endorsed the Accredited Buyer Representative professional designation, conferred by the Real Estate Buyer's Agent Council. The designation confirms an agent's expertise in the emerging field of buyer representation - yet another radical change to the status quo championed by RE/MAX. Today, out of the 3,510 agents with ABR designations, 1,983 are RE/MAX Associates.

RE/MAX agents also dominate the ranks of Certified Relocation Professionals. That designation, conferred by the Employee Relocation Council, is considered one of the toughest designations to earn in residential real estate. It confirms an agent's experience and expertise in working with relocating corporate employees. Nearly 70 percent of all Certified Relocation Professionals are with RE/MAX.

International expansion
In 1995, RE/MAX expanded into Southern Africa, Spain, Israel, Italy, Greece and Germany. This Web site was established, with a link to RE/MAX property listings and agent profiles from across North America. And the 40,000-agent milestone was passed.

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EXHIBIT D

About RE/MAX

The Early Years

As a young REALTOR® in the late 1960s and early ’70s, Dave Liniger looked around with discontent, unsatisfied with the state of the real estate industry. Agents worked hard to make sales, only to see their commissions building their broker’s business, not their own. The brokerage’s rules, regulations and bureaucracy tied them down. Agents were the experts in their markets, but worked in environments that stifled creative and entrepreneurial freedom.

Dave believed there was a better way to conduct real estate.

In 1973, accompanied by friend and colleague Gail Main (who later became Gail Liniger), he set forth to revolutionize the industry. In Denver, Colo., RE/MAX was born.

Dave decided on the name as a shortened version of “Real Estate Maximums” and, inspired by his time in the U.S. Air Force, established the brand’s red, white and blue color scheme. Through RE/MAX, the Linigers offered real estate professionals maximum compensation, advanced support services and the freedom to succeed.

RE/MAX grew. One agent at a time. One listing at a time. One office at a time.

From the onset, commercial practitioners were drawn to the RE/MAX network’s entrepreneurial environment and maximum commission concept. Two full-time commercial agents joined in the first year of the network's founding, and the first Certified Commercial Investment Member (CCIM) came aboard in 1977.

The relatively stable real estate market of the early- and mid-1970s gave way to high interest rates and the tumultuous investment market of the '80s. Commercial practitioners, working that much harder to close deals, became increasingly frustrated with the restrictions and large commission splits of their offices.

Commercial agents had to be smart, flexible and innovative to survive. Working with RE/MAX allowed them to keep more of what they earned, while also tying them to the most progressive name in real estate. An increasing base of residential agents – which grew 900 percent through the decade – generated a stream of quality commercial leads, furthering the advantages of RE/MAX for commercial practitioners.

More Training. More Resources. More Focus.

The influx of commercial practitioners prompted an increasing need for commercial-specific training and resources. The RE/MAX Commercial brand was officially established in 1990, leveraging the influence of the RE/MAX name and reflecting a commitment and expertise specific to commercial real estate.

The early 1990s also brought about the launch of the groundbreaking RE/MAX Satellite Network (which later evolved into RE/MAX University). The timing was perfect for commercial agents capitalizing on a rebounding market.

The CCIM designation was among the first designation courses available through RSN, and one of the first to be offered anywhere outside of a classroom.

The network's pioneering approach to education gave commercial practitioners even more reason to join RE/MAX.

Through the 1990s, the number of commercial agents and CCIM designees grew at an exponential rate. RE/MAX grew internationally, and RE/MAX Commercial followed. Throughout the RE/MAX network, entrepreneurs established commercial-specific and residential/commercial "hybrid" offices in increasing numbers.

Into the 2000s, RE/MAX Commercial continued adding tools and strategic alliances, along with the annual RE/MAX Commercial World Symposium, more online training, and commercial-specific networking and educational tracks at the annual RE/MAX R4 Convention.

The RE/MAX Commercial commitment to education has resulted in widespread industry respect, with three RE/MAX Commercial brokers serving as President of the CCIM Institute. In 2013, yet another RE/MAX broker will be appointed to the position.

Increasing Growth

Today, some 40 years after the first commercial agent walked through the doors, RE/MAX is still owned and operated by Dave and Gail Liniger at RE/MAX World Headquarters in Denver.

RE/MAX Commercial is in more than 45 countries, with 3,000 agents in 380 commercial offices and divisions. Commercial practitioners additionally benefit from the industry's most productive residential referral base, comprising more than 85,000 RE/MAX residential agents in over 80 countries.

Supported by unparalleled technology, intensive resources and the competitive advantages of a global brand and referral network, RE/MAX

Commercial brokers are among the most productive entrepreneurs in the business.

On average, RE/MAX agents close more than $8.3 Billion in commercial volume annually. RE/MAX Commercial has also been named one of the "Top 25 Brokerage Networks" according to Real Estate Investor magazine.

Looking Ahead

Since the beginning, commercial specialists have been drawn to entrepreneurial, agent-focused RE/MAX business model, and the brand's future has never been brighter. RE/MAX continually evaluates its business approach and services to help ensure the success of RE/MAX Commercial Practitioners and the clients they serve.

Whatever the property, whatever the transaction, RE/MAX Commercial delivers a level of awareness, trust and confidence that the competition simply can't match. Looking forward, RE/MAX Commercial aims to build upon this advantage and become an even more attractive destination for top commercial practitioners and clients alike.

RE/MAX Commercial. A Better Way in Commercial Real Estate.

RE/MAX 1st Commercial

RE/MAX 1st COMMERCIAL

Contact Info

RE/MAX 1st Commercial
10 Grove St
Pittsford, NY 14534

Phone Numbers
Office: 585-248-0250

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EXHIBIT E

Real Estate Maximums - How is Real Estate Maximums abbreviated?

https://acronyms.thefreedictionary.com/Real+Estate+Maximums

RE/MAX (redirected from *Real Estate Maximums*)

Acronym	Definition
RE/MAX	Real Estate Maximums *(Canada)*

Suggest new definition

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EXHIBIT F

Real Estate Maximums - How is Real Estate Maximums abbreviated?

https://acronyms.thefreedictionary.com/Real+Estate+Maximums

RE/MAX (redirected from *Real Estate Maximums*)

Acronym	Definition
RE/MAX	Real Estate Maximums *(Canada)*

Suggest new definition

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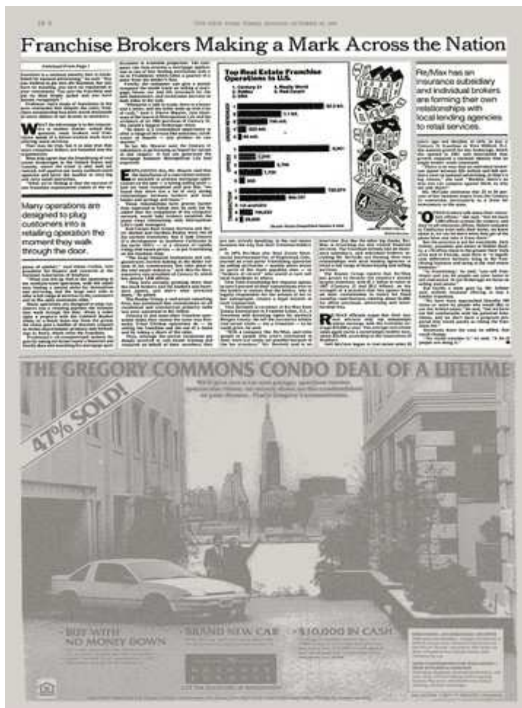
EXHIBIT G

The New York Times | https://www.nytimes.com/1988/10/30/realestate/franchise-brokers-making-their-mark.html

Franchise Brokers Making Their Mark

By Iver Peterson

Oct. 30, 1988


Franchise Brokers Making a Mark Across the Nation

Many operations are designed to plug customers into a retailing operation the moment they walk through the door.

Re/Max has an insurance subsidiary and individual brokers are forming their own relationships with local lending agencies to retail services.

THE GREGORY COMMONS CONDO DEAL OF A LIFETIME

47% SOLD!

See the article in its original context from
October 30, 1988, Section 10, Page 1 Buy Reprints

About the Archive

For years, people thought that picking a real estate broker was a little like choosing a new car: You asked friends and watched the ads.

But as Americans become more mobile and deregulated financial markets more competitive, the friendly local agent is increasingly likely to be working for an immense banking, insurance or retailing company on the other side of the country.

Searching for new outlets for their cash, these giants are turning to the real estate franchise brokerage, itself a fairly recent addition to the scene. Among them in the last few years have been the Prudential Insurance Company of America, Merrill Lynch & Company, Sears, Roebuck & Company and the Metropolitan Life Insurance Company.

In becoming real estate franchisers, they joined a dozen other operations whose ''House For Sale'' signs have become familiar symbols of American mobility around the country.

The newcomers to a field that used to be dominated by small private agencies found in real estate a chance to tie their traditional services in banking, retailing and insurance in with the sale of new homes, which for most Americans means finding new banks, buying insurance and myriad other chores.

The real estate office of the future, these new franchisers believe, will offer customers the convenience of one-stop shopping. Buyers will have their incomes and tastes matched by computer with available properties, mortgages will be arranged and approved in one afternoon and insurance policies drawn up with the push of a button.

The franchisers insist that the trend benefits consumers by bringing more professionalism and a higher level of training and by opening up more choices to buyers and sellers through networks of computer-linked mortgage, insurance and investment information systems.

The big newcomers to franchising are arriving at an uncertain time for the business. The franchises peaked at 21 percent of all concerns and 36 percent of all salespeople in 1981, and have since dropped to 15 percent of concerns and 30 percent of agents, according to the National Association of Realtors. No reliable figures are available about the distribution of commission-earning among franchise and nonfranchise concerns.

The big companies buying into franchising these days predict that the growth in their side of the business will resume as the computerized and interconnected ''full service'' franchise offices, now being installed, become fully operational.

The 6 percent of gross commissions the parent franchise concern collects is only part of the picture.

''The point of sale of a home generates a remarkable number of opportunities, not only for mortgages but for insurance and other services, and it's a foot in the door for later on,'' said Jerry Cole, president of Prudential Real Estate Associates, a subsidiary started 18 months ago by the insurance conglomerate.

For the real estate brokerage that decides to spend $100,000 or more for a franchise, one advantage outweighs all others: recognition. With 20 percent of all home sales going to people arriving from out of state, the presence of a Century 21 sign in front pulls weight, said Donald Jud, chairman of the finance department of the University of North Carolina at Raleigh.

''Basically what you are buying when you buy into a franchise is a national identity that is established by national advertising,'' he said. ''Say you wanted to get into the business, but you have no standing, you have no reputation in your community. You join the franchise and put on their bright jacket and you have instant recognition.''

Professor Jud's study of franchises in his area concluded that despite the costs, franchise membership has been worth thousands of extra dollars in net income to members.

What the advantage is to the consumers is another matter. Asked this question, most brokers and franchises speak of a better-trained work force offering more services.

That may be true, but it is also true that more consumer dollars are funneled into the organization.

Most also agree that the franchising of real estate brokerages in the United States and Canada, where the trend is also well advanced, will squeeze out many medium-sized agencies and leave the market to very big and very small operations.

''What we're finding is that the success of one franchise organization comes at the expense of another,'' said Glenn Crellin, vice president for finance and research at the National Association of Realtors.

''What you end up with is the squeezing of the medium-sized operation, with the small ones finding a special niche for themselves and surviving, and the large ones able to offer a full range of services to the customers and to the sales associates alike.''

Many operations are designed to plug customers into a retailing pipeline the moment they walk through the door. When a seller signs a property with the Coldwell Banker chain, or a buyer buys one from the group, the client gets a booklet of discount coupons on home-improvement products and furnishings at Sears, which owns the franchise.

Prudential's all-computerized system begins by taking the home buyer's financial and family data and matching his mortgage qualifications to available properties. The computer can then process a mortgage application to one of four lending institutions with a tie to Prudential, which takes a quarter of a point from the lender's fees.

Finally, the computer can give a parent company the inside track on selling a mortgage, house, car and life insurance for the new homeowner, and investment services to both sides of the sale.

''Whenever a sale is made, there is a buyer and a seller, and the seller ends up with a lot of cash,'' said J. Pierre Maurer, vice chairman of the board of Metropolitan Life and the architect of its 1985 purchase of Century 21, the nation's biggest brokerage chain.

''So there is a tremendous opportunity to offer a range of services like annuities, certificates of deposit - any product we can market.''

So far, Mr. Maurer said, the Century 21 subsidiary is performing as hoped for except in one respect: It has not generated the mortgage business Metropolitan Life had expected.

Explaining this, Mr. Maurer said that the installation of a centralized computer network to process mortgage applications on the spot - a strong selling point - had not been completed and also that ''we found that there are a lot of very strong relationships between brokers and local banks and savings and loans.''

Those relationships have proven harder than expected to break into, he said, but he added that the completion of the computer network would help brokers establish the same close relationship with Metropolitan Life's cash managers.

Red Carpet Real Estate Services and Better Homes and Gardens Realty were two of the earliest franchises. But it took Century 21's development in Southern California in the early 1970's - in a climate of rapidly rising real estate prices - to put franchising on the business map.

''The large financial institutions and conglomerates started looking at the dollar volume of the commissions that take place in the real estate industry,'' said Marvin Hart, executive vice president of Century 21, which has nearly 7,000 offices.

''They were actually grossing more than the stock brokers and the bankers and insurance agents, and that's what attracted them,'' he added.

The Roulac Group, a real estate consulting firm, has estimated that commissions on all residential and commercial property sales last year amounted to $31 billion.

Century 21 and most other franchise operations make their money the same way Kentucky Fried Chicken operations do - by selling the franchise and the use of a name and by taking a share of the sales.

Thus, although the parent companies get deeply involved in real estate training and research on behalf of their members, they are not, strictly speaking, in the real estate business the way that their franchise holders are.

In 1973, Re/Max (for Real Estate Maximum) International Inc. of Englewood, Colo., started an even purer franchising operation by selling territories - usually entire states or parts of the more populous ones - to ''brokers of record'' who would in turn sell local franchises to others.

New York franchising law requires agents to turn 5 percent of their commissions over to the broker to assure that the broker, who is legally responsible for the actions of his or her salespeople, retains a legal interest in each transaction.

Tom Beretelli is co-owner of Re/Max Real Estate Enterprises in Franklin Lakes, N.J., a franchise with licensing rights for northern Bergen County. He left the successful Schlott real estate chain - not a franchise - so he could grow, he said.

''With a company like Re/Max, part-time people or people who aren't committed to their work are really not possible because of the fee structure,'' Mr. Beritelli said in an interview. But like the other big chains, Re/Max is branching out into related financial services. The franchise already has an insurance subsidiary, and individual brokers, including Mr. Beritelli, are forming their own relationships with local lending agencies to retail a full range of home-buying and selling services.

The Roulac Group reports that Re/Max has grown to become the country's second largest franchise, with $1.1 billion in sales in 1987 (Century 21 had $2.2 billion), on the strength of a practice that lets agents keep all their commissions in return for fixed monthly contributions, totaling about $1,800, for office overhead, advertising and membership fees.

RE/MAX officials argue that their system attracts only top salespeople whose earnings with the franchise average $75,000 a year. The average real estate sales agent earns a surprisingly modest sum, about $18,000, according to the Association of Realtors.

Nell McCann began in real estate sales 25 years ago and decided, in 1976, to buy a Century 21 franchise in West Milford, N.J. She wanted growth for her brokerage, which she opened in 1967, and determined that growth required a national identity that no single broker could command.

''There is no way that an individual broker can spend between $35 million and $40 million a year on national advertising, so that's a big reason,'' she said. ''Besides, there's no way you can compete against them, so why not join them?''

Ms. McCann estimates that 25 to 30 percent of her business stems from the Century 21 connection, particularly as a draw for newcomers to the state.

''Other brokers talk about their relocation offices,'' she said, ''but we have 7,000 offices around the country, and they're all relocation offices. Before someone in California even sells their home, we know about it, we can be there when they get of the plane here and take it from there.''

But the practice is not for everybody. Dick Schlott, president and owner of Schlott Realty, a 170-office chain in the greater New York area and in Florida, said there is ''a significant difference between being in the franchising business and being in the real estate business.''

''In franchising,'' he said, ''you sell franchises and you let people use your name to sell real estate. In our brokerage we focus on selling real estate.''

But hardly a week goes by, Mr. Schlott said, without someone offering to buy a Schlott franchise.

''We have been approached literally 100 times or more by people who would like to use the Schlott name,'' he said, ''but we have not felt comfortable with the potential franchisee, and we don't have a program prepared that would justify us taking the franchise fee.'' Sometime down the road, he added, that could change. ''We would consider it,'' he said. ''A lot of people are doing it.''

A version of this article appears in print on , Section 10, Page 1 of the National edition with the headline: Franchise Brokers Making Their Mark