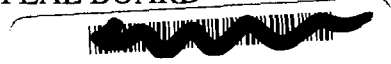


TTAB

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



02-10-2003

U.S. Patent & TMO/c/TM Mail Rcpt Dt. #01

HIGH SIERRA FOOD SERVICES, INC.,

Petitioner,

v.

LAKE TAHOE BREWING COMPANY, INC.,

Respondent/Respondent.

Cancellation No. 29,933

Mark: LAKE TAHOE
BREWING COMPANY
& Design

FILED 14 OCT 2003

PETITIONER'S REPLY BRIEF

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I. INTRODUCTION

Respondent, in its trial brief, confirms all the essential facts supporting Petitioner's request for cancellation of Respondent's mark. In trying to explain away the fundamental flaws in its registration of the LAKE TAHOE BREWING COMPANY mark, Respondent puts forth two inherently conflicting rationales: On the one hand, says Respondent, the Trademark Trial and Appeal Board (the "TTAB") should bless Respondent's ongoing ownership and use of the mark it registered, not because the circumstances in which Respondent used the mark at the time of registration were consistent with the marks' obvious geographic connotations, but rather because Respondent *intended* to change those circumstances at some point in the future when everything finally came together to consummate its business plan. In other words, Respondent would have the TTAB disregard well established rules of trademark registration in which registrations do not issue until actual use and supporting specimens are consistent with the mark applied for, raising troubling policy implications.

On the other hand, effectively eviscerating its own position, Respondent proceeds to downplay the importance of the LAKE TAHOE mark's geographic connotation, asserting that its customers do not purchase its beer because of its mark, but rather based solely on the quality of its beer. In either case, Respondent's arguments are its undoing and provide further support for cancellation of its registration and rebuttal of the registration's prima facie weight.

Respondent's effort to avoid liability for geographically deceptive misdescriptiveness is also unavailing. When read in light of federal liberal pleadings standards, Petitioner's cancellation petition is sufficient to put Respondent on notice of the misdescriptiveness claim.

Respondent's laches defense also fails because a careful review of the record shows that Petitioner moved diligently, and well within applicable statutes of limitation, once it was on

notice of the claims raised in this action. Moreover, there is no evidence in the record to support the second element of laches, namely Respondent's reliance on Petitioner's alleged delay with resulting prejudice. Indeed, taking Respondent at its word, that its business success is based fundamentally on the quality of its beer and not its mark, it cannot have suffered the kind of damage required for a laches defense to succeed.

II. REPLY ARGUMENT

A. Respondent's Trial Brief Serves To Confirm The Essential Undisputed Facts Required To Grant The Petition For Cancellation.

Because it has no choice, Respondent in its trial brief confirms the admissions that are a matter of record and that doom Respondent's case. In an effort to avoid cancellation, and as predicted in Petitioner's Opening Brief, Pet'r's Opening Brief at 12-13, Respondent tries to put the best spin on the facts, protesting that it always intended to live up to the geographic significance of its LAKE TAHOE BREWING COMPANY mark. Against the factual record, however, Respondent's protestations of good faith intentions are feeble and insufficient to justify the after-the-fact forgiveness Respondent now seeks.

1. Misdescriptiveness Shown.

In fact, Respondent's trademark misdescribed Respondent's beer as of the date of its registration challenged here, satisfying the first element of both Petitioner's 2(a) and its 2(e) claim. Respondent was not brewing its beer in Lake Tahoe, let alone brewing beer at all, until at least three – or more accurately five -- years after its registration issued. See Resp't's Trial Brief at 7 (“Respondent intended to brew beer . . . in the [] vicinity of Lake Tahoe.”), 8 (at times relevant to its registration, Respondent “store[d] beer for distribution” and obtained a wholesaler's license for use in the Lake Tahoe area), 9 (“Respondent initially had to brew somewhere out of the immediately [sic] Lake Tahoe region.”) and 11 (not until December 22, 1999 was Respondent able to purchase a former brew pub); cf. Pet'r's Supp. Notice of Reliance, Exs. X-Y (copy of brew pub license and beer manufacturer certificate dated July 1, 2001); West Florida Seafood, Inc. v. Jet Restaurants, Inc., 31 F.3d 1122, 1127 (Fed. Cir. 1994) (regulatory licenses accorded evidentiary value, and can become “quite probative” in corroborating other

evidence in record).¹ Based on Respondent's own evidence, for its mark not to have been misdescriptive, the mark should have been styled as LAKE TAHOE BEER DISTRIBUTORS or LAKE TAHOE BEER WHOLESALERS or something similar.

While Respondent argues that it did not mislead the Patent and Trademark Office as to misdescriptiveness in its application, the record as a whole suggests otherwise.² For example, as noted in Petitioner's Opening Brief, Respondent listed its address as "Tahoe City, California." Pet'r's Brief at 7 (Factual Recitation B). Additionally, while Respondent says it submitted a "table tent" specimen that disclosed to the PTO its brewing arrangements outside of Lake Tahoe, Resp't's Brief at 10, the fine print regarding brewing arrangements is not contained in the copy of Respondent's registration file that Petitioner obtained from the PTO. Pet'r's Notice of Reliance, Ex. F (showing a specimen that looks like a beer label). Even if Respondent did submit the table tent specimen, Petitioner renews its observation that such a specimen is improper to show actual use. Pet'r's Opening Brief at 17 n.9; TMEP 904.04(a). In light of the conflicting record regarding Respondent's use allegation and supporting specimen, at the very least Respondent's application should be remanded to the PTO for re-examination regarding misdescriptiveness.

¹ At one point, Respondent tries to imply that it had been "brewing" beer at Donner Lake, near Lake Tahoe, prior to issuance of its registration. Resp't's Brief at 9. As even Respondent must concede, however, at most its Donner Lake activities consisted of "tests" conducted well before actual beer sales began, that do not qualify as use in commerce. *Id.* at 7 (individuals who later formed Respondent's corporate entity "experimented" with beer recipes at a private home). Moreover, Respondent could not have actually brewed beer until obtaining the required brewing license as of July 1, 2001. In a similar sleight of hand, Respondent suggests that it is "well known" that the water source for its contract-brewed beer is "Sierra snow pack," based on Respondent's declaration alone. Resp't's Brief at 12. Tellingly, Respondent does not ask the TTAB to take judicial notice of such fact. Petitioner respectfully submits that if judicial notice were taken, it would be of the fact that East Bay MUD's primary water source is a foothills reservoir at Pardee, California at an altitude far below that of the Lake Tahoe area's Sierra range.

² Respondent also intimates that Petitioner's cancellation action is merely a matter of casting aspersions, when in fact Petitioner is simply asking that Respondent be held to the same standards that all applicants for trademark registration, including Petitioner, are held.

2. Purchasers Shown Likely To Believe Misrepresentation.

Respondent's briefing also demonstrates that Petitioner has satisfied the required element of purchasers being likely to believe Respondent's misrepresentation. That a journalist alone, trained to report the facts, "treated Respondent as the producer of the [sic] its beer," Resp't's Brief at 9, is a fatal admission. Potential customers scanning the journalist's report, or Respondent's labeling, inevitably will follow suit, and as set forth in Petitioner's Opening Brief, Respondent hopes they will.

3. Material Effect Of Misdescriptiveness Also Established.

In an effort to undermine the factual support for an element of Petitioner's geographically deceptive misdescriptiveness claim, Respondent ignores the independent evidence in the record supporting the determination that its misrepresentation materially affects the purchasing decisions of its customers and potential customers. Attempting to erase the "goods-place association" that exists as to beer and the Lake Tahoe area, Respondent simply asserts that the area "has not established itself as an area known for microbreweries and/or brew pubs." Resp't's Brief at 11. Looking to the record, however, independent evidence exists to the contrary -- in addition to Respondent's admissions during discovery and Petitioner's own verified testimony³ -- in the form of information assembled by the examining attorney in the PTO charged with reviewing Petitioner's trademark application cited by Respondent in its Answer. The examining attorney, in summarizing the news articles and other information he assembled, concluded that "Lake Tahoe is known for California's smaller breweries." See Convenience Copies of Excerpts

³ In addition to Petitioner's Testimonial Declaration cited in its Opening Brief, Petitioner's representative also testified under oath at his trial deposition regarding the Tahoe area's historical reputation for brewing. See Deposition of Steven Charles Downing (Aug. 9, 2002), at 20:19-21 (noting "Tahoe [Beer] was one of the historic beers of the area") and 30:5-9 (noting historic sign for Tahoe Beer "used back in the old days" and antique bottle bearing Tahoe label).

of Pet'r's Application (filed previously); cf. In re House of Windsor, Inc., 221 U.S.P.Q. 53, 57 (TTAB 1983) (observing that "if the record contains a reliable gazetteer entry (or the like) to the effect that applicant's goods (or sufficiently related goods) are a principal product of the geographic area named by the mark, such evidence is sufficient to establish the materiality of deception.").

In light of the strong evidence supporting Petitioner's claims, any prima facie presumption of validity arising from Respondent's registration, is effectively rebutted. Wincharger Corp. v. Georator Corp., 157 U.S.P.Q. 212, 214 (TTAB 1968) (presumption rebuttable if application obtained by fraud, registrant estopped from sole use or mark is merely descriptive without secondary meaning as to source of product); cf. St. Louis Janitor Supply Co. v. Amerace Corp., 165 U.S.P.Q. 212 (TTAB 1970) (in action based on likelihood of confusion, unlike here, granting petition to cancel despite presumption accorded registration).

B. When Properly Viewed In Light of Federal Pleading Standards, The Petition For Cancellation Gives Adequate Notice of Petitioner's Claim Of Geographic Deceptiveness In Addition to Geographically Deceptive Misdescriptiveness.

A fundamental tenet of federal practice is that "technical niceties of pleading should not be exalted but that instead the sufficiency of the complaint should be tested by whether it gives fair notice of the complainant's claim to the opposing party." Watsco, Inc. v. Henry Valve Co., 232 F. Supp. 38, 44 (S.D.N.Y. 1964) (referencing the Federal Rules of Civil Procedure, applicable here). Consistent with this guiding principle, a complaint – and its equivalent, here the petition to cancel – are to be construed liberally to determine whether an offered proof may be made under its allegations. Id. A fair application of the liberal pleading rules to the Petition to Cancel that initiated this action must conclude that, despite its claims to the contrary, Resp't's Brief at 15-18, Respondent has been on notice from the beginning of Petitioner's geographically

deceptive misdescriptiveness claim.⁴ Specifically, the third unnumbered "bullet" of the petition sets forth, in Petitioner's lay language, the elements of such a claim:

The first use in commerce was by others and deceptive. The use does not inure to the owner. When a Mark is merely the name of the owner of the Mark the use of the Mark on products not made by the owner is deceptive.

Cf. Section 2(e) of the federal Lanham Act, providing grounds for cancellation if (1) mark misdescribes the goods with which it is used, and (2) purchasers are likely to believe the misrepresentation. Stabilisierungsfonds fur Wein v. Peter Meyer Winery GmbH, 9 U.S.P.Q. 2d 1073, 1076 (TTAB 1988); cf. Midland Intern. Corp. v. Midland Cooperatives, Inc., 58 C.C.P.A. 756, 759, 434 F.2d 1399, 1402 (C.C.P.A. 1970) (in determining scope of pleadings, focusing not on whether section 2(e) specifically was cited but rather on whether "issue relating to section 2(e) was raised").⁵

C. Because Respondent Has Not Demonstrated Prejudicial Reliance Or Any Damages Whatsoever, Its Laches Defense Must Fail.

As one of the cases cited by Respondent explains, "[l]aches consists of two elements, inexcusable delay in instituting suit and prejudice resulting to the defendant from such delay. Its existence depends upon the equities of the case, and not merely upon the lapse of time." Loma Linda Food Co. v. Thomson & Taylor Spice Co., 47 C.C.P.A. 1071, 1074, 279 F.2d 522, 524-25 (C.C.P.A. 1960). Here, neither element is satisfied.

⁴ Moreover, because Petitioner filed an opening brief before the TTAB later reset testimonial periods, Respondent had access to the bulk of Petitioner's opening arguments before all testimony and well before writing its brief.

⁵ Although the petition to cancel provides sufficient notice, to the extent the TTAB determines clarification is required, Petitioner requests amendment of the Petition to Cancel to specifically reference Section 2(e), as provided by Fed. R. Civ. P. 15(b) (providing for amendment to conform to evidence at trial).

Regarding timeliness, Petitioner moved diligently once it became aware of its claims against Respondent based on deceptiveness. Petitioner's sworn testimony shows that Petitioner objected to Respondent's mark within a relatively short period of time following Petitioner's first learning that the LAKE TAHOE BREWING COMPANY name qualified as a mark, and that as a result it was subject to trademark regulations requiring accuracy in geographic significance. Cf. Downing Depo. at 18:7-24, 19:12-15 (as of the mid-1990s, Petitioner "didn't know [Respondent's name] was a mark.") with Rebuttal Testimonial Decl. Of Stephen C. Downing, ¶¶ 1-3 (only some time after receipt of Office Action in December 1997, in response to its own trademark application, did Petitioner conclude that Respondent had obtained its mark by "fraud and deception"). As the diligence of Petitioner's initiating action is measured from the first time it became aware of its rights, Loma Linda Food, 279 F.2d at 525 ("Of course, if the party against whom the [laches] defense is raised had no knowledge that his rights were being invaded and was not chargeable with such knowledge, it is a good excuse."), Petitioner did not delay in this case.⁶

Moreover, Respondent has not provided any evidence to demonstrate that it has been prejudiced by the timing of the filing of Petitioner's action. See Application of Myers, 40 C.C.P.A. 747, 754 (C.C.P.A. 1953) (noting policy concern regarding potential destruction of business); Willson v. Graphol Prods. Co., 38 C.C.P.A. 1030, 188 F.3d 498, 500 (C.C.P.A. 1951) (particularized itemization of thousands of dollars that would be lost in case involving 10 year delay ultimately supported laches determination). Although Petitioner makes very generalized references to its "goodwill," the record is devoid of any particularized statement as

⁶ Moreover, to the extent Petitioner can only be charged with having received constructive notice of the information contained in Respondent's trademark registration, see, e.g., Willson v. Graphol Prods Co., 38 C.C.P.A. 1030, 1037, 188 F.2d 498, 504 (C.C.P.A. 1951) (notice is of "claims of the owner affecting his

to financial damage or loss of business that it will suffer if its mark is cancelled. Rather, Petitioner claims to “not regard Lake Tahoe as having any influence on consumer purchasing decisions; rather it is the quality of [Respondent’s] beer that influences purchasers’ decisions.” Resp’t’s Brief at 20 (quoting Testimonial Decl. Of Eric Bledsoe).

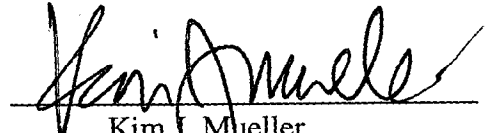
Because Petitioner did not delay in filing this action once it was on notice of the geographic deception represented by Respondent’s use of its mark, and because Respondent by its own admission does not derive substantial business success from its use of a mark incorporating the words LAKE TAHOE, Respondent’s defense of laches must be rejected.

mark”), it should be noted that the record of Respondent’s registration identifies its mark in connection with a Tahoe City address, suggesting that Tahoe City was the origin of its goods.

III. CONCLUSION

For the foregoing reasons, in addition to those set forth in Petitioner's Opening Brief, Petitioner's petition to cancel Registration No. 1,948,700, covering LAKE TAHOE BREWING COMPANY and design, should be granted.

This the 10th day of February 2003.



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02-10-2003

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1 Case Name: *High Sierra Food Services, Inc. v. Lake Tahoe Brewing Company, Inc.*

2
3 Case No: TTAB Cancellation No. 29,933

4 **PROOF OF SERVICE BY MAIL**

5 I declare as follows:

6 I am employed in the County of Sacramento, California; I am over the age of 18 years, and not a party to
7 the within action; my business address is: 451 Arden Way, Sacramento, California 95815. I am readily
8 familiar with my office's business practice for collection and processing of correspondence for mailing
with the United States Postal Service, including when I am out of town on business.

9 On February 10, 2003, I served a copy, with all exhibits, if any, of the following document:


10 **PETITIONER'S REPLY BRIEF**

11 on the interested parties named below, in Case No. TTAB Cancellation No. 29,933 by following
12 ordinary business practice, placing a true copy thereof enclosed in a sealed envelope, for collection and
13 mailing with the United States Postal Service where it would be deposited for first class delivery,
14 postage fully prepaid, in the United States Postal Service that same day in the ordinary course of
business, addressed as follows:

15 **Craig M. Stainbrook, Esq.**
16 **Johnson & Stainbrook**
17 **3550 Round Barn Blvd., Suite 203**
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Telephone: 707-578-9333
Facsimile: 707-578-3133

18
19 I declare under the penalty of perjury under the laws of the State of California that the foregoing is true
20 and correct and that this declaration was executed on February 10, 2003, at San Antonio, Texas.

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Kim J. Mueller

CERTIFICATE OF MAILING BY EXPRESS MAIL UNDER CFR 1.10

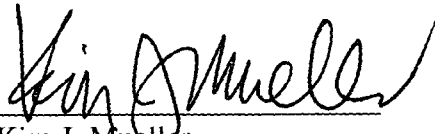
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I hereby certify that the enclosed PETITIONER'S REPLY BRIEF; PROOF OF SERVICE; CERTIFICATE OF MAILING BY U.S. EXPRESS MAIL and POSTCARD RECEIPT are being deposited with the United States Postal Service "Express Mail Post Office to Addressee" service under 37 CFR section 1.10 on the date indicated above and is addressed to Assistant Commissioner for Trademarks, Box TTAB No Fee, 2900 Crystal Drive, Arlington, VA 22202-3513.



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