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

Proceeding	92042289
Party	Plaintiff LOUIS E. KEMP LOUIS E. KEMP 3990 RUFFIN ROAD SAN DIEGO, CA 92186
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IN THE UNITED STATES PATENT AND TRADEMARK OFFICE  
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD

LOUIS E. KEMP, ) OPPOSITION NO. 91-159912  
)  
Opposer, )  
)  
v. )  
)  
TRIDENT SEAFOODS )  
CORPORATION, )  
)  
Applicant. )

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LOUIS E. KEMP, ) CANCELLATION NO. 92-042289  
)  
Petitioner, )  
)  
v. )  
)  
TRIDENT SEAFOODS )  
CORPORATION, )  
)  
Registrant. )

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LOUIS E. KEMP, ) OPPOSITION NO. 91-162015  
)  
Opposer, )  
)  
v. )  
)  
TRIDENT SEAFOODS )  
CORPORATION, )  
)  
Applicant. )

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**MEMORANDUM OF LOUIS E. KEMP IN OPPOSITION TO  
TRIDENT'S MOTION FOR SUMMARY JUDGMENT**

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**INTRODUCTION**

Louis E. Kemp (Kemp) is the petitioner in the cancellation proceedings and the opposer in the two opposition proceedings. He opposes the motion for summary judgment made by Trident Seafoods Corporation (Trident) in these three proceedings.

**FACTS**

The facts recited by Trident are accurate, but omit certain undisputed facts that are material to the motion for summary judgment. These additional facts are:

1. The trademark applications that Kemp opposes were filed on October 2, 2002. (Wallace Aff. Exs. A, B) This is after the consent judgment, which was entered on May 22, 2001. (Stephenson Dec. Ex. C)

2. In ruling on motions the trial court in the Minnesota federal district court action stated: “It is clear that the defendants acquired only a limited right to use and register LOUIS KEMP and LOUIS KEMP SEAFOOD COMPANY in connection with surimi-based seafood and related products.” This ruling was dated March 21, 2001. (Wallace Aff. Ex. D at 9)

3. The trial court in the Minnesota federal district court action found the 1987 Stock Purchase Agreement as amended by the 1989 amendment ambiguous and allowed parol evidence about it at trial. (Wallace Aff Ex. D at 8-13; Stephenson Dec. Ex. D at 7-8) It allowed the intellectual property attorney who was involved in negotiating the amendment for Kemp to testify as to the negotiations and what various terms were intended to mean. (Wallace Aff. Ex. E)

4. Among other things, that attorney, David Fairbairn, testified that the phrase “and such other seafood and fish accessory products within the natural zone of product line expansion” was intended to allow Tyson to package tartar sauce and cocktail sauce with its surimi products in order to compete with another company who was packaging those sauces with its surimi. (Wallace Aff. Ex. E at 268-271)

5. The consent judgment was intended to only be housekeeping. It was only supposed to clean up issues that had been decided by related litigation in California. It was not supposed to extend Tyson’s contractual rights to the trademarks beyond surimi and accessory products. Kemp, who had authority to speak for Quality Finer Foods, Inc., (Quality) and Superior Seafoods, Inc. (Superior) never gave counsel authority to transfer any additional rights to Tyson. (Wallace Aff. Ex. H)

6. Quality and Superior have brought an action in the federal district court for the District of Minnesota to vacate the consent judgment for fraud upon the court, or in the alternative for mistake. The complaint generally alleges that Tyson, through its counsel, affirmatively misrepresented to the court, in written filings and in statements made in open court under questioning by the court, the contents and effect of the consent judgment. Specifically, Tyson’s counsel led the court and counsel for the other parties to believe that the consent judgment would only resolve those issues already resolved in California and would leave the limitation to surimi and related product on the scope of Tyson’s use of the marks. (Wallace Aff Ex. F)

7. This new litigation is still in its early stages. The defendants have made a motion to dismiss for failure to state a claim under Rule 12(b)(6) of the Federal Rules of Civil Procedure. That motion is to be argued on October 6, 2006. (Wallace Aff. Ex. G)

## ARGUMENT

Trident claims that the respective rights to the LOUIS KEMP and LOUIS KEMP SEAFOOD COMPANY trademarks have been “repeatedly adjudicated.” It claims that this gives it the right to summary judgment. The premise is not accurate. The trial court in the Minnesota district court action did determine that the rights of Trident’s predecessors in the mark were limited to surimi and accessory products, but before the nature of the accessory products could be determined, the consent judgment intervened. As is noted above, it purported to give Trident’s predecessors all rights to the marks for all purposes, resulting in all contract claims being eliminated from the Minnesota federal district court action.

### **I. Trident Is Not Entitled to Summary Judgment Based upon the 1989 Amendment.**

Trident argues that the phrase “and such other seafood and fish accessory products within the natural zone of product line expansion” includes all of the products listed in the four trademarks that have been registered and the two pending applications. Thus, it claims, Kemp has consented to their registration and use within the meaning of Section 2 (c) of the Trademark Act by signing the amendment.

Trident offers no basis of any kind for these assertions. The four-registered trade marks cover, in addition to surimi seafood, “processed fish” and “imitation seafood.” Trident does not explain how these could be accessory products to surimi. An accessory product suggests that one will eat it as an accompaniment to the main product. Surimi seafood is a low-fat processed fish product used to make artificial shellfish products. (Stephenson Dec. Ex. D at 2) One would not expect a consumer to accessorize his or her artificial crab with a helping of some different processed fish or imitation seafood.

The applications cover even a broader array of products: “frozen, prepared and refrigerated meals and entrees consisting primarily of seafood or imitation seafood; shellfish; seafood-based dips and seafood-based cocktails.” Again, none of these products sound like something that would be used to accessorize artificial crab. One would hardly accessorize any food with a meal or entrée. Nor would one want to accessorize surimi seafood with more seafood. It is similarly hard to imagine dipping one’s artificial crab into seafood-based dip.

Tyson offers no support for its reading of the contract language. It offers no case law, no definitions recognized in the food industry, nor even any explanation of how these products might accessorize surimi.

Issues of contract interpretation were partially litigated in the Minnesota federal district court case. On March 21, 2001 the trial court, in ruling on summary judgment motions, stated: “It is clear that the defendants acquired only a limited right to use and register LOUIS KEMP and LOUIS KEMP SEAFOOD COMPANY in connection with surimi-based seafood and related products.” (Wallace Aff. Ex. D at 9)

Kemp, in defense of this motion, has offered the sworn testimony of David Fairbairn, the intellectual property attorney who negotiated the 1989 Amendment for Kemp. (Wallace Aff. Ex. E) He testified that Kemp refused during the negotiations to allow the use of his name on any foods other than surimi, despite requests that he authorize the use for all purposes. (Wallace Aff. Ex. E. at 264-68) After both parties had agreed that the use would be limited to surimi, counsel for Kraft made a specific request of Fairbairn that language be added to allow Tyson to package tartar sauce and cocktail sauce with its surimi products in order to compete with another company who was packaging those sauces with its surimi. The phrase “and such other seafood

and fish accessory products within the natural zone of product line expansion” was crafted to address these accessory sauces. (Wallace Aff. Ex. E at 268-271)

The Court allowed this parol evidence because it found the contract as amended to be ambiguous. (Wallace Aff Ex. D at 8-13; Stephenson Dec. Ex. D at 7-8) The Court made findings of fact about Fairbairn’s testimony. (Stephenson Dec. Ex. D at 2-5) It did not, however, interpret the scope of usage granted Tyson under the contract because it concluded that the consent judgment removed all contract issues from the case. (Stephenson Dec. Ex. D at 7-8)

Whether Trident is unable to contest Judge Tunheim’s finding of ambiguity and his finding that Trident’s predecessor acquired only limited rights to use the marks on surimi and “accessory” products under the contract because of the doctrine of issue preclusion turns on what will happen in the future in the independent action Superior and Quality have brought to set aside the consent judgment. Generally, issue preclusion requires that the issue actually decided in the first case be necessary to the outcome in that case. E.g., *Parklane Hosiery Co. v. Shore*, 439 U.S. 322 n. 5 (1979); Restatement (Second) Judgments § 27.

When Judge Tunheim ruled that the consent judgment had removed all contract issues from the case, these findings were no longer essential to the case’s outcome. However, Superior and Quality have now brought an action to set the consent judgment aside for fraud or mistake. (Wallace Aff. Ex. F) Should that happen, the contract issues would then be ripe for resolution in the Minnesota federal district court. In that event, the decisions made by Judge Tunheim would be necessary to the eventual outcome of that case.

Thus, it is inappropriate for Trident to ask this body to rule as a matter of law that the contract is not ambiguous and that it gives Trident a broad right to use the trademarks until it is

known what will happen in the new action. Kemp intends to make a motion to stay this case, pending its outcome. Alternatively, this Board could stay these proceedings *sua sponte*.

Even if the action to set aside the consent judgment were not a factor, this Board should at least find Judge Tunheim's findings highly persuasive. It is clear from the evidence Kemp has presented in opposition to this motion that Judge Tunheim was intimately familiar with the contract issues in this case and gave them thoughtful consideration. This Board should similarly find Tyson received only a limited right to use the marks on products that are accessories to surimi and conclude that it is susceptible of more than one interpretation as to what those exact products are.

Trident is not entitled to summary judgment based on the contract language. It has offered nothing but conclusory argument to sustain its interpretation of that language. The language is ambiguous and genuine issues of fact as to its meaning remain for trial.

## **II. Trident Is Not Entitled to Summary Judgment Based on Res Judicata.**

Trident uses the phrase "res judicata" throughout. It is apparently using this term in the sense of "claim preclusion," which now seems to be the more commonly used term. The claim preclusive effect of a federal court judgment is determined by federal common law. When the federal court rendering the judgment is sitting in diversity, that federal common law provides that the substantive state law of claim preclusion in the state where the federal court is sitting must be applied. *Semtek International Inc. v. Lockheed Martin Corp.* 531 U.S. 497 (2001). Tyson pled both diversity and federal question jurisdiction, after removing the case to federal court. (Stephenson Dec. Ex. B at ¶ 20) Thus it seems appropriate to turn both to Minnesota and federal cases in analyzing the issues.

### **The Doctrine of Claim Preclusion Cannot Apply to the Oppositions.**

There were claims in the Minnesota action related to the ownership of the trademarks at issue in the cancellations proceeding. Those pleadings did not reference the two applications that Kemp has opposed. (Stephenson Dec. Exs. A, B; Wallace Aff. Ex. C) They could not have done so as those applications were filed after the pleadings were closed. The applications were filed October 2, 2002. (Wallace Aff. Exs. A, B) Thus, the applications were also filed after the consent judgment was entered in May 2001. (Stephenson Dec. Ex. C)

Regardless of whether Minnesota law or federal common law is applied, the fact that the applications were not in existence at the time the pleadings were filed in the Minnesota suit means that claim preclusion is inapplicable. Under Minnesota law, a party is not required to amend this complaint to prevent claim preclusion. Minnesota only applies res judicata to claims that were in existence where the original action was brought. *Drewitz v. Motorwerks, Inc.*, 706 N.W. 2d 773, 780-82 (Minn. App. 2005) .The overwhelming majority of federal courts to consider the issue have reached the same conclusion. These cases were collected and analyzed in *Drewitz*:

Some courts have ruled that claim preclusion extends only to claims in existence when the original complaint was initiated, even if the new claims share the same nucleus of operative facts as the original claim. *See, e.g., Lundquist v. Rice Mem'l Hosp.*, 238 F.3d 975, 978 (8th Cir. 2001) (stating failure to amend complaint to include claim not in existence at initiation of original action does not preclude claim); *Spiegel v. Cont'l Ill. Nat'l Bank*, 790 F.2d 638, 644-46 (7th Cir. 1986) (concluding that res judicata does not bar claim that arises after commencement of initial action). According to this line of cases, the operative date for purposes of determining whether a claim was in existence is the date the original action was brought. *See, e.g., Apotex, Inc. v. Food & Drug Admin.*, 393 F.3d 210, 218 (D.C. Cir. 2004) (“Res judicata does not bar parties from bringing claims based on material facts that were not in existence when they brought the original suit.”); *Curtis v. Citibank*, 226 F.3d 133, 139 (2d Cir. 2000) (stating that “[t]he crucial date [for res judicata purposes] is the date the complaint was filed” and that “plaintiff has no continuing obligation to file amendments to the complaint to stay abreast of subsequent events”); *Manning v. City of Auburn*, 953 F.2d 1355, 1360 (11th Cir. 1992) (“We do not believe that the res judicata preclusion of claims that

‘could have been brought’ in earlier litigation includes claims which arise after the original pleading is filed in the earlier litigation.” (quotation omitted)).

These courts based their determinations, in part, on the lack of a procedural obligation to expand the scope of the first action to assert new claims. According to this line of reasoning, the *opportunity* to file a supplemental pleading to raise events occurring after an action is brought does not concomitantly impose an *obligation* enforceable by res judicata. *See, e.g., Baker Group, L.C. v. Burlington N. & Santa Fe Ry.*, 228 F.3d 883, 886 (8th Cir. 2000) (stating that filing of supplemental complaint to raise events occurring after commencement of action is “permissive for the parties and discretionary for the court”); *Mitchell v. City of Moore*, 218 F.3d 1190, 1202 (10th Cir. 2000) (stating that no obligation exists to expand action to add claim that party could not have asserted when action was commenced); *Pleming v. Universal-Rundle Corp.*, 142 F.3d 1354, 1356-59 (11th Cir. 1998) (stating that plaintiff has opportunity, not obligation, to add later events to action by supplemental pleading); *Maharaj*, 128 F.3d at 97 (“If, after the first suit is underway, a defendant engages in actionable conduct, plaintiff may—but is not required to—file a supplemental pleading setting forth defendant’s subsequent conduct. Plaintiff’s failure to supplement the pleadings of his already commenced lawsuit will not result in a res judicata bar when he alleges defendant’s later conduct as a cause of action in a second suit.”). These courts have reasoned that this position “avoids the potentially unworkable requirement that every claim arising prior to entry of a final decree must be brought into the pending litigation or lost.” *Manning*, 953 F.2d at 1360 (quotation omitted).

Id. at 780-81.<sup>1</sup>

Only the Ninth Circuit Court of Appeals disagrees. *See Monterey Plaza Hotel Ltd. P’ship v. Local 483 of the Hotel Employees & Rest. Employees Union*, 215 F.3d 923, 927-28 (9<sup>th</sup> Cir. 2000). That circuit follows the rule that any claim that arises prior to the first judgment must be added to the original case or will be barred.

Regardless of whether one follows the majority rule or the California rule, the consent judgment cannot have a claim preclusive effect upon the oppositions. The applications did not exist at the time the action was commenced and they still did not exist when the consent

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<sup>1</sup> The Minnesota Supreme Court has granted review of *Drewitz*. It is unclear what issues are being reviewed. No decision has issued and there is no reason to believe that the point for which Kemp is citing the case will be reversed. Even if it were, however, the majority rule among the federal circuits would remain.

judgment was entered. Kemp and his privies thus had no obligation to raise them in the Minnesota federal court action or risk claim preclusion.

Trident also seems to argue that Judge Tunheim's denial of Superior and Quality's motion for a preliminary injunction has a claim preclusive effect. It is true that Judge Tunheim did rule that if the surimi limitation were to be retained it should have been included in the consent judgment and that he read the judgment as giving Tyson's successors the right to use the marks on all food products. (Stephenson Dec. Ex. E at 11)

This decision cannot be a basis for claim preclusion, however. There are two reasons why this is so. First, there was no separate injunction action; rather, the motion was made in the action that was already pending. (Stephenson Dec. Ex. E at 6-8) Thus, as is discussed above, the rule that only claims in existence when the action is commenced are barred applies. Second, the granting or denying of a motion for a preliminary injunction is not considered to be a final judgment on the merits for these purposes. *Medtronic, Inc. v. Gibbons*, 684 F.2d 565, 569 (8<sup>th</sup> Cir. 1982) (applying federal common law); *Starbuck v. City & County of San Francisco*, 556 F.2d 450, 457 n. 13 (9<sup>th</sup> Cir. 1977) (applying federal common law).<sup>2</sup>

Thus, Trident's motion for summary judgment as to the two oppositions must be denied. Claim preclusion cannot apply to these two proceedings.

### **The Doctrine of Issue Preclusion Cannot Apply to the Oppositions**

Trident may try to change its position and argue that issue preclusion prevents litigation before this Board of the issue as to whether Trident has the right to use the marks for products beyond surimi and its accessories. Such an attempt would be to no avail.

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<sup>2</sup> While both of these cases deal with issue preclusion, their holdings should extend to claim preclusion as well. It is axiomatic that claim preclusion also requires a final judgment on the merits. E.g., *Parklane, supra*, 439 U.S.322, 326, n.5; *Dorso Trailer Sales, Inc. v. Am. Body & Trailer, Inc.*, 482 N.W. 2d 771, 774 (Minn. 1992).

The consent judgment cannot have an issue preclusive effect. Under Minnesota law, a consent judgment does not have a claim preclusive effect except in the rare case where it may be fairly said that the parties intended this effect. *Hentschel v. Smith*, 278 N.W. 2d 199, 205 (Minn. 1967); *GAW v. D.M.W.*, 596 N.W.2d 284, 287 (Minn. App. 1999) This is consistent with the Restatement (Second) Judgments § 27, comment e (a subject is not actually litigated if it is the subject of a stipulation unless the parties have manifested an intent that the stipulation be binding in a subsequent action.)

Here the parties could not have manifested such intent at the time of the consent judgment. The applications that Kemp now opposes did not then exist. Moreover, Kemp has submitted his affidavit from the Minnesota district court action in which he denies that he ever had any intent to expand Tyson's right to use and register the marks beyond surimi. (Wallace Aff. Ex. H)

**Even as to the Cancellation Proceeding, Trident Is Not Entitled to Summary Judgment Based on Claim Preclusion.**

It is a waste of time and resources for Trident to raise the issue preclusive effect of the consent judgment at the very time that Superior and Quality are attempting to have it vacated. If they succeed, there will be no judgment to have any kind of a preclusive effect. Were this Board to grant summary judgment and the consent judgment were later reversed, it would be necessary to then attempt to try to cancel any resultant registration. This would result in unnecessary proceedings. Common sense dictates that unless and until the outcome of the action to vacate the judgment is known, that this body refrain from granting even a partial summary judgment based upon it.

Certainly, a judgment cannot be said to be final for claim preclusion or issue preclusion purposes when it is currently the subject of an action to vacate it. That alone should be sufficient basis to deny Trident's motion for summary judgment.

Again, this case should be stayed during the pendency of the action to vacate the consent judgment. If this body does not do so *sua sponte*, Kemp intends to bring a formal motion for a stay.

**III. Trident Is Not Entitled to Summary Judgment on the Grounds that the Consent Judgment Constitutes Kemp's Consent to Register His Name.**

Trident has anticipated the argument that the consent judgment does not amount to a consent to register Kemp's name. Kemp is a living person and thus his consent to register is required under Section 2(c) of the Trademark Act.

Trident relies on *In re D.B. Kaplan Delicatessen*, 225 U.S.P.Q.342 (TTAB 1985) to argue that the consent judgment does amount to Kemp's personal consent. Its reliance on this case is misplaced.

In *Kaplan*, two founding shareholders entered into a "buy out" agreement whereby one of the shareholders would continue the business using the personal name of his former co-owner, Kaplan. In that agreement, Kaplan agreed that he would not use his name, D.B. Kaplan, in any subsequent business. *Id.* at 342-33. The Board found that Kaplan's agreement that his former owner owned the name and mark and that Kaplan would not use it in any business sufficient to constitute a consent by a living individual to the use and registration of a mark comprised of his name. *Id.* at 344.

Here, Kemp entered into no agreement at all. His counsel, not him, signed the stipulation for the consent judgment. (Stephenson Dec. Ex. C at 4) Kemp had not authorized counsel to

transfer any substantive rights or to grant Tyson any rights to use the marks beyond surimi seafood and accessory products. (Wallace Aff. Ex. H.)

*Kaplan* offers no authority for Trident's argument that Kemp has given Trident's predecessor's consent to use his personal name for products beyond surimi. Regardless of what happens with the new action to set the consent judgment aside, the scope of the consent given by Kemp to the use of his personal name remains a genuine issue of material fact for trial. Trident's motion for summary judgment on this ground must be denied.

### CONCLUSION

Kemp respectfully requests that the Board deny Trident's motion for summary judgment in its entirety. He also respectfully requests the Board to stay in whole or in part this action pending resolution of the pending Minnesota federal district court action to vacate the consent judgment for fraud on the court or in the alternative mistake.

Cox, Goudy, McNulty & Wallace, P.L.L.P.

Dated: September 29, 2006

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