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

In the matter of Registration No. 1,328,866 for "**1.25 point (Stylized)**"
Registered: April 2, 1985
Registrant: DRL Enterprises, Inc.

NORTH ATLANTIC OPERATING COMPANY, INC.; NORTH ATLANTIC TRADING COMPANY; and NATIONAL TOBACCO COMPANY, L.P.,	)	
Petitioners,	)	Cancellation No. 92043031
DRL ENTERPRISES, INC.,	)	
Registrant.	)	

OPPOSITION TO REGISTRANT'S MOTION TO DISMISS
SECOND AMENDED PETITION TO CANCEL STYLIZED 1.25 MARK

Petitioners North Atlantic Operating Company, Inc., North Atlantic Trading Company and National Tobacco Company, L.P. (hereinafter collectively referred to as "Petitioners") by their attorneys, Cowan, Liebowitz & Latman, P.C., hereby respond to Registrant DRL Enterprises, Inc.'s (hereinafter referred to as "Registrant") Motion to Dismiss Second Amended Petition to Cancel Stylized 1.25 Mark as follows:

INTRODUCTION

As Petitioners will show in these related cancellation and opposition proceedings, Registrant is attempting to "have it both ways." Here, it claims that the stylization of the numerical designation comprising its mark is separable from the number itself. However, in other cases, it has claimed just the opposite.

In its Brief in Support of Summary Judgment and in Opposition to Opposer's Cross-Motion for Summary Judgment submitted in a related matter, *Robert Burton Associates, Ltd. v. DRL Enterprises, Inc.*, Opposition No. 91158,493, Applicant stated:

> BECAUSE the marks at issue (the non-stylized versions of 1.0, 1.25 and 1.5) are the legal equivalents for which Applicant owns incontestable federal registrations, Applicant's marks are distinctive of Applicant and are thus registrable."

Here, we too claim the "design" is inseperable from the numerals themselves. However, here, Registrant discusses at length (and indeed did so in its application to register the instant mark) the separability of the design from the number. As Registrant has admitted as such, it should not be allowed to forestall any further, the consequences of its actions. That is, by bootstrapping the non-stylized marks onto the stylized marks in one instance, and claiming here, just the opposite, both its applications and its registrations should not be registered.

ARGUMENT

A. Petitioners Have Properly Alleged Genericism

In its motion, Registrant has asserted that Petitioners have not "adequately alleged" that Registrant's Stylized 1.25 Mark is generic. Further, they allege that Petitioners have not properly couched their allegations. Simply put, Registrant is incorrect.

In paragraph 6 to the Second Amended Petition to Cancel, Petitioners assert that "**the designation "1.25" and its alleged "stylized" version herein was**, at least as early as the filing date of the Registrant's Mark, **and/or has become and is generic** within the meaning of 15 U.S.C. § 1052(e)(1) by reason of the fact that it is understood by the consuming public primarily as the common or class name for a size of cigarette paper that is one and one-quarter times the "normal" size of cigarette rolling papers. As such, it has been, is and will continue to be a generic term with respect to said cigarette paper products (regardless of the alleged stylization)." While Registrant has attempted to impugn the allegation by calling it "blurred and imprecise," clearly that is not the case.

Further, Registrant attempts to argue the merits of whether its registration is in fact generic. It does so under the guise of attacking the language used by Petitioners in the Petition. For example, the statement on page 5 of the Motion, "[T]hese deficiencies remain for the simple fact that the Stylized 1.25 Mark is distinctive and not used by any others in the cigarette market." Similarly, "[E]ven if that was true [that Registrant's mark is generic] (which it is not), that fact would be irrelevant to the continued registration of DRL's distinctive, stylized configuration of the term '1.25.'" Registrant's Motion to Dismiss, pg. 6. Again, they cannot have it both ways.

Whether Registrant's statements here prove to be true is an issue for the Board to decide after it has seen all the evidence in the case. Moreover, in a Motion to Dismiss, all allegations contained in the Complaint are to be deemed as factually true. *Hartford Fire Ins.*

v. California, 509 U.S. 764, 113 S.Ct. 2891, 2895, 125 L. Ed. 2d 612 (1993). Using this as a benchmark, Petitioners have met the pleading standard of Federal Rule 8(a).[1]

B. Petitioners Need Not Submit Substantive Evidence With Their Petition

As it did in its first motion to dismiss, Registrant has attacked the validity of Petitioners' Petition by attacking the Exhibits annexed to the Petition. Once again, Registrant is attempting to argue the merits of the dispute, rather than attacking the sufficiency of the Petition itself. As Petitioners noted in their first response, and which bears repeating now, at the proper time (during the testimony period), Petitioners will provide ample evidence to prove their case. Nevertheless, such an assertion is insufficient to sustain a motion to dismiss under Rule 12(b) (6). *See Young v. AGB Corp.*, 47 U.S.P.Q. 2d 1752, 1754 (Fed. Cir. 1998). Registrant's assertions are premature and its motion should be dismissed.

C. Registrant Has Misquoted Petitioners' Petition Thereby Skewing The Statements Contained Therein

In its effort to avoid allowing this case (and the other two cancellation actions) to proceed to the merits, Registrant has, in addition to attempting to argue the merits of the case, misquoted and misread Petitioners' statements in the Petition. This has been done in an

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[1] Petitioners believe that ultimately they will succeed on the merits of this action. However, they need not allege anything more than what they have already done so in the Amended Petition. *Scheuer v. Rhodes*, 416 U.S. 232, 236, 94 S.Ct. 1683, 40 L. Ed. 2d 90 (1974)(issue is not whether plaintiff will prevail but whether claimant is entitled to offer evidence to support claims).

effort to paint the allegations contained therein as insufficient. Specifically, Registrant points to paragraphs 3, 16 and 17 as "examples" of insufficiency.

In paragraph 3, they use Petitioners' reference to products bearing the designation 1 25 (and its fractional equivalent) as a specific statement about Registrant's "trademark." In actuality, Petitioners' statement simply notes that manufacturers of cigarette rolling papers use the designation 1.25. There is no reference at all here to Registrant's "trademark."

Next, Registrant attacks paragraph 17. There, Registrant has capsulized a 9 line paragraph into "Petitioners and others . . . use . . . the designation 1.25." In fact, the entire paragraph reads:

> For the foregoing reasons, continued registration of Registration No. 1,328,866 is causing Petitioner and the trade and industry in general damage on a continuing basis by, *inter alia,* inhibiting competition in the sale of both the particular goods at issue and related products and endangers the freedom of the public, the trade and industry to use the designation at issue. Therefore, to preserve competitive needs and avoid the erroneous claim of exclusive right by way of continued registration or otherwise to the use of the generic term by Registrant, albeit in "stylized" format, Petitioners therefore request that this Petition for Cancellation be sustained and that the registration of the generic designation "1.25 point (Stylized)" be cancelled.

There is no question that Petitioners refer to more than the numerical designation of Registrant's "trademark" in this paragraph; that is, the "stylized" trademark.

Finally, and most egregiously, Registrant has simply taken out that portion of paragraph 16 which refers to the stylized "portion" of Registrant's "trademark." Specifically, Registrant's quote reads, "DRL's 'continued registration as a trademark of the generic term 1.25 . . . has created the erroneous, misleading and false impression that only [DRL's] goods may be sold bearing the numeric designation.'"

In fact, the relevant portion of that paragraph reads,

> Furthermore, continued registration as a trademark of the generic term 1.25 **(even as depicted in a large, stylized version with the word POINT in a font 30 times smaller within the decimal point)** has created the erroneous, misleading and false impression that only Registrant's goods may be sold bearing that designation, **where, as here, the design is inseparable from the generic designation**. (emphasis added).

By conveniently omitting Petitioners' references to the design "portion" of Registrant's "trademark," Registrant again attempts to argue the merits of its position in this action. In its Decision concerning Registrant's first Motion to Dismiss the instant proceeding, the Board merely ordered Petitioners to "submit an amended pleading which asserts a valid ground for cancellation of the respondent's mark." TTAB Order, pg. 6. It is clear Petitioners have done so. Registrant's motion should be denied in its entirety.

D. Petitioners' Allegations Concerning Registrant's Obtaining Of The Instant Registration Are Pertinent

Registrant asserts that since Petitioners have alleged that the instant trademark should never have been registered in the first place, the entire Petition should be dismissed. Registrant is incorrect.

The case cited by Registrant (and in fact quoted by the Registrant, *Coca-Cola Company v. Overland, Inc.*, 692 F.2d 1250 (9th Cir. 1982) provides for a presumption of validity. The presumption is not absolute. Petitioners has asserted in its Petition, and will further support in the prosecution of this Petition, that in fact, in this instance, the presumption should be overturned, and Registrant's registration cancelled. While they need

not provide substantive evidence at the present time, the Board need only look at the statements made by Petitioners, and under the legal standard when judging a motion to dismiss (that those statements are taken as factually true), Petitioners have made the necessary showing to avoid a dismissal. Once the case proceeds, Petitioners will be able to sufficiently show that its assertions are, in fact, truthful, and that Registrant's registration should be cancelled.

E. Petitioners' Amendments Have Complied With The Board's Order

In its Conclusion, Registrant asserts that allowing the instant Cancellation proceeding to go forward would be futile. However, the cases cited by Registrant in support of this assertion are distinguishable from the instant dispute.

In *Brunt v. Service Employees International Union*, 284 F.3d 715 (7th Cir. 2002), the plaintiff attempted to add an additional claim. The court ruled that even with the additional claim, plaintiff would still not have made sufficient allegations to survive a motion to dismiss. Here, the changes made to the original Petition bring the Second Amended Petition squarely within the bounds set forth by the Board in its decision dismissing the original Petition to Cancel.

Similarly, in *Coyne v. City of Somerville*, 972 F.2d 440 (1st Cir. 1992), the additions to the original complaint appeared to be mere window dressing which did not add substantively to the complaint. In this case, the changes made by Petitioners are exactly the substantive changes sought by the Board. Registrant's reliance on these cases is misplaced.

CONCLUSION

By seeking to dismiss the Second Amended Petition primarily by prematurely stating Petitioners' have not proven its case, by selectively editing Petitioners' Petition and making other off-base assertions, Registrant is trying sidestep the facts in this case. Registrant appears reluctant to engage Petitioners and litigate Petitioners' allegations before this tribunal. Simply put, the Board requested that certain more particular statements be made in an amended petition to cancel, and Petitioners have done so. For that and the foregoing reasons, Registrant's Motion should be denied in its entirety, and the Board should provide Registrant with a date by which an Answer must be submitted as well the other relevant discovery and trial dates.

Dated: December 13, 2004

Respectfully submitted,

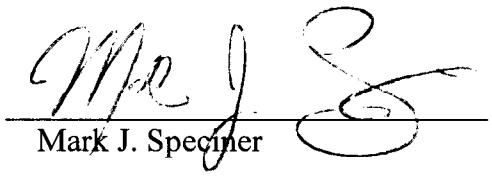
COWAN, LIEBOWITZ & LATMAN, P.C.
Attorneys for Petitioners

By: _____
Arlana S. Cohen
Eugene L. Flanagan III
Mark J. Speciner
1133 Avenue of the Americas
New York, NY 10036
Tel: (212) 790-9200
Fax: (212) 575-0671

CERTIFICATE OF SERVICE

This is to certify that a true and correct copy of the foregoing Registrant's Motion To Dismiss Second Amended Petition To Cancel Stylized 1.25 Mark was served via first class mail, postage prepaid on the following counsel on December 13, 2004:

Antony J. McShane, Esq.
Neal, Gerber & Eisenberg LLP
2 North LaSalle Street, Suite 2300
Chicago, IL 60602



Mark J. Specimer