ESTTA Tracking number: **ESTTA88409**

Filing date: **07/05/2006**

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

Proceeding	92043398
Party	Plaintiff Levi Strauss & Co. Levi Strauss & Co. 1155 BATTERY ST. San Francisco, CA 94111
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Date	07/05/2006
Attachments	Petitioner's Motion for Summary Judgment.pdf (8 pages)(327153 bytes)

Attorney Docket No. 031010-005000US

TRADEMARK

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

LEVI STRAUSS & CO., Petitioner v. ABSOLUTELY RUSSIAN, INC., Respondent.	Cancellation No.: 92043398 Registration No.: 2,770,805 **PETITIONER'S MOTION FOR SUMMARY JUDGMENT**

Commissioner for Trademarks
P.O. Box 1451
Alexandria, VA 22313-1451

I. INTRODUCTION

This summary judgment motion has become necessary because Petitioner Levi Strauss & Co. ("LS&CO." or "Petitioner") has apparently lost contact with Respondent, Absolutely Russian, Inc. ("Absolutely Russian" or "Respondent"), with whom it had been negotiating a resolution. As detailed in the accompanying Declaration of Holly Gaudreau ("Gaudreau Decl."), LS&CO. opposed one of Absolutely Russian's trademark applications and filed the instant petition to cancel this nearly identical trademark registration. When Absolutely Russian elected to resolve these disputes rather than litigate, it defaulted on the opposition proceeding and failed to respond to discovery in this petition to cancel. Despite assuring LS&CO. repeatedly that the matters would be resolved, Absolutely Russian has stopped making any response to LS&CO.'s inquiries, has ignored orders of this Board to complete discovery and has -- in the course of deflecting LS&CO.'s attempts to resolve this matter or obtain discovery -- stated that Absolutely Russian is not selling any products.

This motion is based on two grounds. First, when Absolutely Russian defaulted on the virtually identical application (entirely identical with respect to the points of similarity with LS&CO.'s two horse trademark), the issues in both proceedings were effectively adjudicated upon entry of that default. Nonetheless, Absolutely Russian has failed to follow through by stipulating to judgment against it or by otherwise resolving this proceeding. As the earlier default was res judicata of this petition to cancel, summary judgment should now be granted in LS&CO.'s favor. Second, there is no evidence that Absolutely Russian ever has sold any products as it must have done in order to sustain a registration. In connection with resetting the schedule to allow the parties to conclude their negotiations, the Board ordered the parties to complete their discovery. When LS&CO. was unable to provoke a substantive response from Absolutely Russian, it issued reminders of the discovery obligations. Although Absolutely Russian ignored these entreaties, it informally responded that Absolutely Russian was not selling products. Consistent with this representation, LS&CO. has found no evidence that Absolutely Russian has ever sold any products.

II. BACKGROUND OF PROCEEDINGS

On June 3, 2004, LS&CO. filed this petition to cancel Registration No. 2,770,805 ("Absolutely Russian Design Mark"). Gaudreau Decl., ¶ 3, Exh. B. Approximately six months later, on November 12, 2004, LS&CO. filed a Notice of Opposition in response to Absolutely Russian's application for registration of its Classic Russian & Design Mark, Serial No. 76/532, 234 ("Classic Russian Design Mark"), a design mark virtually identical to the Absolutely Russian Mark. Gaudreau Decl., ¶ 4, Exh. C. LS&CO. later served Requests for Production and Interrogatories in the instant cancellation proceeding. Gaudreau Decl., ¶5, Exh. D. Included in LS&CO.'s discovery are requests for information on Respondent's use of the Absolutely Russian Mark. *Id.* LS&CO. subsequently communicated with counsel for Respondent, during which

time counsel for Respondent consistently maintained that his client was interested in resolving the matter and willing to modify its Absolutely Russian Design Mark. Gaudreau Decl., ¶6. Counsel also informed LS&CO. that Absolutely Russian was more interested in protecting the name "Absolutely Russian" than the design itself. *Id.* Based on this settlement posture, the parties requested, and the Board granted, an extension of the discovery period. Gaudreau Decl., ¶7.

Thereafter, on April 20, 2005, the Board entered default judgment against Absolutely Russian in the opposition proceedings with respect to the Classic Russian Design Mark. Gaudreau Decl, ¶10, Exh. E. Since that time, LS&CO.'s numerous telephone calls and correspondence to Respondent's counsel regarding discovery and settlement have, for the most part, been ignored. Gaudreau Decl., ¶¶ 9-24.

III. ABSOLUTELY RUSSIAN'S DEFAULT OPERATES AS RES JUDICATA IN THIS PROCEEDING

When two proceedings raise the same claims between the same parties, resolution of the first also disposes of the second. Parties are not required to relitigate issues once they are decided. *Parklane Hosiery Co. v. Shore*, 439 U.S. 322 (1979). A default judgment is no different for these purposes than any other judgment. *See, e.g., Morris v. Jones,* 329 U.S. 545, 550-51 (1947); *Int'l Nutrition Co. v. Horphag Research, Ltd.,* 220 F. 3d 1325, 1329 (Fed Cir. 2000). The doctrine of claim preclusion promotes judicial economy and protects parties from the burden of re-litigating the same claim with the same party in subsequent proceedings. *See Blonder-Tongue Laboratories, Inc. v. University of Illinois Foundation*, 402 U.S. 313, 328-29 (1971). Claim preclusion will bar a second proceeding if (1) there is identity of parties; (2) there has been an earlier final judgment on the merits of the claim; and (3) the second claim is based on the same set of transactional facts as the first. *Parklane*, 439 U.S. at 326. *See also Polaroid*

Corp. v. C&E Vision Services, Inc., 52 U.S.P.Q. 2d 1954, 1957 (1999) (describing the "transactional facts" analysis as "whether the mark involved in the second proceeding is the same mark, in terms of commercial impression, as the mark involved in the first proceeding."). Each of these conditions is met here.

There can be no dispute that the parties are the same in both proceedings, and there was an earlier final judgment in the opposition proceeding. It is also true that the opposition and cancellation proceedings are based upon the same set of transactional facts. LS&CO. raised identical claims against Application Serial No. 76,532,234 as it did against Registration No. 2,770,805, based on its belief that it would be damaged as a result of likelihood of confusion, dilution, and improper indication of statutory rights. *See* Exhibits B and C. In addition, the designation of goods ("jeans, dungarees, overalls, pants and slacks") is identical for both marks, as are the claimed dates of first use and first use in commerce. *Id.* Further, the marks themselves are virtually identical and are exactly the same with respect to the points of similarity with LS&CO.'s Two Horse logo, the object of Trademark Registration Nos. 1,030,033; 1,140,853 and 523,665, among others. Gaudreau Decl., ¶ 4.

As in other contexts, identical claims before the Board only need to be litigated once between identical parties. *See, e.g., Int'l Nutrition Co. v. Horphag Research, Ltd.*, 220 F. 3d 1325 (Fed Cir. 2000) (for purposes of res judicata, cancellation and opposition proceedings in this action found to involve the same claim); *Toro Co. v. Hardigg Industries, Inc.*, 549 F. 2d 785, 789-90 (C.C.P.A. 1977) (res judicata applied where "[n]either the goods nor their description being effectively changed, the issue remained unchanged."). Accordingly, when Absolutely Russian allowed default judgment to be entered against it on Application Serial No. 76,532,234, it became obliged to follow through on its promises to resolve this petition and make alterations to its design to eliminate confusion with LS&CO.' Two Horse Patch.

The minor differences between the designs do not change this outcome. As the Board in *Polaroid Corp. v. C&E Vision Services, Inc.* made clear, an essential determination is whether the marks involved in the present and prior proceedings are the same in terms of commercial impression. *Polaroid Corp.*, 52 U.S.P.Q. 2d at 1957. The marks at issue meet this requirement as every important feature in Respondent's trademark appears in the proposed mark that was the subject of the defaulted application. A finding of res judicata in this case is also warranted because the goods and purported dates of use with respect to Respondent's trademark and its proposed mark are the same. *See Toro Co. v. Hardigg Industries, Inc.*, 549 F. 2d 785, 789-90 (C.C.P.A. 1977).

IV. THERE IS NO EVIDENCE OF RESPONDENT'S USE OF THE MARK IN INTERSTATE COMMERCE

LS&CO. has attempted to locate Absolutely Russian's products for sale in the United States, but to no avail. Gaudreau Decl.¶ 23. LS&CO. served discovery asking for data to support Respondent's claims that it has made sales (Gaudreau Decl., ¶ 5 Exh. D), but Absolutely Russian has refused to respond to these discovery requests. Gaudreau Decl., ¶¶ 16-21. Even after the Board ordered that the parties had thirty days from resumption of the proceedings in which to serve responses to outstanding discovery requests, Absolutely Russian has failed to respond. The only information it has provided was counsel's statement that Absolutely Russian is not selling products bearing the trademark. Gaudreau Decl.,¶22, Exh. K.

The trademark, Registration No. 2,770,805 that is the subject of this petition, is based upon Respondent's claims to have used the mark in commerce. When applying for the mark, Respondent declared that it was used as of October 1, 2001 -- a requirement for Absolutely Russian to obtain the use-based registration. *See* 15 U.S.C. § 1051 (a). Without proper use in

interstate commerce, Respondent is not entitled to a registration. *See* 15 U.S.C. § 1127. There is no evidence whatsoever that Respondent actually made such use.

In addition to the lack of any evidence that the trademark was used, and counsel's denial that it is being used now, it would be improper at this point for Respondent to offer any contrary evidence. The Board explicitly ordered the parties to complete outstanding discovery. Despite having put LS&CO. off in its discovery demands, having defaulted in the companion proceeding and promising to resolve this matter, Respondent has failed to comply with the Board's order. Under Rule 37, an appropriate sanction for refusing discovery and failing to abide by an order requiring discovery is an order sustaining the petition or, barring that, at least precluding evidence on issues covered by the discovery. *See* 37 CFR §§ 2.120 (g) (1) (2); TBMP 527.02

LS&CO.'s inability to identify any sales of Absolutely Russian products, much less any that bear the contested trademark, coupled with Respondent's refusal to respond to discovery suggests, at most, that there were token sales at some point in the past. Token sales, however, are insufficient to sustain a trademark registration. *See, e.g., General Healthcare Ltd. v. Qashat*, 364 F. 3d 332 (1st Cir. 2004); *Jaffe v. Simon & Schuster, Inc.*, 3 U.S.P.Q. 2d 1047 (S.D.N.Y.1987). Accordingly, even if Respondent is permitted to introduce evidence, it will be insufficient to defeat this motion.[1]

[1] LS&CO. recognizes that it is later than optimal in the proceedings to be bringing a summary judgment motion. 37 CFR § 2.127 (e) (1); TBMP 528.02. In fairness, however, LS&CO. had been led to believe that no motion would be necessary to resolve the matter. Gaudreau Decl., ¶6 Moreover, when a motion involves issues of res judicata, there is no deadline for a summary judgment motion. TBMP 528.02. Accordingly, there should be no reason not to address these basic legal issues now.

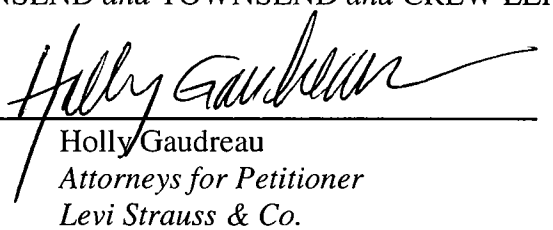
V. CONCLUSION

After filing a perfunctory denial, Respondent has essentially refused to participate in these companion proceedings. It allowed a default to be entered, then promised but refused to resolve this matter or to participate in discovery. It may well be that there is an insufficient operation to justify paying counsel to take any actions. The absence of sales, however, is merely an independent reason to sustain the petition to cancel Registration No. 2,770,805.

Respectfully submitted,

TOWNSEND *and* TOWNSEND *and* CREW LLP

Dated: July 5, 2006

By: 

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CERTIFICATE OF SERVICE

I hereby certify that a copy of **PETITIONER'S MOTION FOR SUMMARY JUDGMENT** was served on Registrant by overnight Federal Express on July 5, 2006 in an envelope addressed to:

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Counsel for Respondent

DATED: July 5, 2006

By: Carol L. Petrich
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