

ESTTA Tracking number: **ESTTA187316**

Filing date: **01/17/2008**

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

Proceeding	92047963
Party	Defendant Spinrite Limited Partnership
Correspondence Address	Spinrite Limited Partnership Box 40 Listowel, Ontario, N4W 3H3 CANADA ssmith@ngelaw.com,leulgen@ngelaw.com,ipdocket@ngelaw.com
Submission	Reply in Support of Motion
Filer's Name	Sarah E. Smith
Filer's e-mail	ssmith@ngelaw.com,leulgen@ngelaw.com,lbailey@ngelaw.com
Signature	/Sarah E. Smith/
Date	01/17/2008
Attachments	Respondent's Reply in Support of Motion to Dismiss.pdf (9 pages)(1613298 bytes)

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

In the Matter of)	
Registration No. 3,167,823)	
)	
LILY CHIN,)	
)	Cancellation No. 92047963
Petitioner,)	
v.)	
)	
SPINRITE LIMITED PARTNERSHIP,)	
)	
Respondent.)	

**RESPONDENT’S REPLY IN SUPPORT OF
MOTION TO DISMISS PETITION TO CANCEL**

Respondent Spinrite Limited Partnership (together with its predecessors, “Spinrite”), by its attorneys, Neal, Gerber & Eisenberg LLP, hereby submits the following as its Reply in support of its previously-filed Motion to Dismiss Petition to Cancel Registration No. 3,167,823 pursuant to Rule 12(b)(6) of the Federal Rules of Civil Procedure (respectively, the “Reply” and the “Motion”):

In its Motion, Spinrite argued that the Petition seeking to cancel Registration No. 3,167,823 (the “Registration”) pursuant to 15 U.S.C. § 1052(d) is fundamentally deficient as a matter of law because petitioner Lily Chin (“Petitioner”) (i) does not and cannot allege facts sufficient to establish her priority of use, and (ii) fails to allege, even in summary fashion, that the continued registration of the subject LILY mark is likely to cause confusion, cause mistake or to deceive consumers. Petitioner’s untimely response to the Motion (the “Response”) utterly fails to meet Spinrite’s well-founded arguments and evidence, and in so doing, validates Spinrite’s argument that Petitioner’s allegations fail to state a claim for cancellation under Section 2(d). Instead, Petitioner’s response relies on (a) misplaced concurrent use arguments

that cannot be considered in these cancellation proceedings, and (b) the conclusory assertion that the Registration was fraudulently procured, even though Petitioner does not and cannot allege the essential elements to support such a claim in her Petition. For these reasons as well as those set forth in Spinrite's previously-filed Memorandum in Support of its Motion (the "Memorandum"), the Petition fails to state a claim as a matter of law, and these proceedings accordingly must be dismissed with prejudice.

ARGUMENT

I. The Response Fails to Refute the Well-Founded Argument That Petitioner Has Not and Cannot Allege Facts Sufficient to Sustain a Claim Pursuant to Section 2(d).

As set forth more fully in the Memorandum, because Petitioner seeks to cancel the Registration pursuant to 15 U.S.C. §1052(d), she must allege and prove (i) her priority of use, and (ii) a likelihood of confusion between the mark in the Registration and the Petitioner's purported mark. *See* 15 U.S.C. §1052(d); *see also* TBMP §503.03(c); *Herbko Intern., Inc. v. Kappa Books, Inc.*, 308 F.3d 1156, 1162 (Fed. Cir. 2002); Memorandum at pp. 3-4. Because Petitioner's response fails to counter *any* of Spinrite's well-founded arguments and evidence establishing that Petitioner's allegations cannot support a cancellation action pursuant to Section 2(d) as a matter of law, the Petition should be dismissed with prejudice. *See* Memorandum at pp. 4-8; *see also* *Abbott Labs. v. Brennan*, 952 F.2d 1346, 1353 (Fed. Cir. 1991).

A. The Response concedes that Petitioner has not alleged and cannot prove priority of use as a matter of law.

Spinrite argued in its Motion and Memorandum that, because Petitioner does not and cannot allege facts establishing her priority of use, her allegations do not satisfy the pleading standard under Section 2(d). *See* Memorandum at pp. 4-7; *see also, e.g., Herbko Intern., Inc.*, 308 F. 3d at 1162 (petitioner must allege priority which "arise[s] from a *prior* registration, *prior* trademark or service mark use, *prior* use as a trade name, *prior* use analogous to trademark or

service mark use, or any other use sufficient to establish proprietary rights”) (emphasis added); *see also* 15 U.S.C. §1052(d) (emphasis added) (registration to be refused where a mark “[c]onsists of or comprises a mark which so resembles a mark *registered* in the Patent and Trademark Office, or a mark or trade name *previously used* in the United States by another and not abandoned” that is likely to cause consumer confusion) (emphasis added).

Petitioner’s Response does not even reference, let alone attempt to refute by counter-affidavit or other evidence, Mr. Newell’s affidavit establishing that the LILY mark has been used with the goods covered by the Registration since at least as early as 1927. *See, generally, Response; see also* Memorandum, at Ex. 2, ¶2. Similarly, Petitioner points to no allegations in the Petition to refute her sworn interrogatory answer conceding that she did not commence use of the LILY CHIN designation with knitting yarn and crocheting yarn until June 11, 2005 – nearly 78 years after Spinrite commenced use of the LILY mark with yarns and threads in commerce – nor does she submit a counter-affidavit to refute that fact.¹ *Id.*; *see also* Memorandum, at Ex. 4, p. 3-4. Furthermore, the Response does not rely upon any of the allegations in the Petition or otherwise contest Spinrite’s assertion that Petitioner was not even born until more than 30 years after Spinrite first used the LILY mark with threads and yarns. *See, generally, Response; see also* Memorandum, at Ex. 2, ¶2, and at Ex. 5.

Thus, it is evident that Petitioner concedes that Spinrite’s use of its LILY mark with threads and yarns predates her first use of the LILY CHIN designation with knitting yarn and

¹ Furthermore, because Petitioner’s purported LILY CHIN designation is her name, and thus a descriptive mark, it would only be protectable, if at all, upon a showing of secondary meaning. The Petition is devoid of any allegations that the LILY CHIN designation achieved secondary meaning prior to the date of Spinrite’s first use of its LILY mark. In fact, Petitioner’s concessions confirm that it would have been impossible for her to have achieved such secondary meaning given that she was not born until more than 30 years after Spinrite’s first use of its LILY mark with yarns and threads. *See* Memorandum at Ex. 2, 4, 5; *see also Towers v. Advent Software, Inc.*, 913 F.2d 942 (Fed. Cir. 1990) (affirming denial of petition to cancel where petitioner failed to establish secondary meaning before the date of the registrant’s first use).

crocheting yarn by nearly 78 years. *Id.* In view of these unrefuted facts firmly establishing Spinrite's priority, Petitioner cannot sustain these proceedings, and for this reason alone, the Petition should be dismissed with prejudice. *See, e.g., Towers*, 913 F.2d at 947 (affirming denial of the petition to cancel where the petitioner failed to establish priority).

B. The Response does not refute that Petitioner failed to allege a likelihood of confusion.

Spinrite argued in its Memorandum that the Petition must be dismissed because Petitioner failed to allege that Spinrite's LILY mark used with threads and yarns so resembles Petitioner's purported LILY CHIN designation used with knitting yarn and crocheting yarn as to be likely to cause confusion or mistake, or to deceive consumers. *See* Memorandum at pp. 7-8; *see also* 15 U.S.C. §1052(d); *Herbko Intern., Inc.*, 308 F.3d at 1162 ("a party petitioning for cancellation under Section 2(d) must show that ... registration of the mark creates a likelihood of confusion"). Petitioner does not even attempt to argue in her Response that she has met this fundamental pleading requirement. Instead, Petitioner incorrectly conflates the requirement for alleging *standing* with the requirement that a petitioner allege a likelihood of confusion.² *See* Response, at ¶1 ("Petitioner did allege that Respondent's registration of 'LILY' for yarns and threads would harm her in Paragraph 7 of her [Petition], contrary to the statements in [the Motion]"). Even if Paragraph 7 of the Petition alleged that Petitioner would be "harmed" by Spinrite's Registration (which it does not), such an allegation would speak only to Petitioner's *standing*, and would not satisfy the requirement that a party petitioning for cancellation under Section 2(d) allege and prove that registration of the subject mark creates a likelihood of confusion. *See, e.g., Cunningham*, 55 U.S.P.Q.2d 1842; *Rosso and Mastracco Inc. v. Giant Food Inc.*, 219 U.S.P.Q.

² As the Board is well-aware, a petitioner must plead and prove both that (i) it has standing to petition to cancel in that it will be damaged by the registration, and (ii) there are valid statutory grounds why the registration should not continue to be registered. *Cunningham v. Laser Golf Corp.*, 55 U.S.P.Q.2d 1842 (Fed. Cir. 2000).

1050, 1052 (Fed. Cir 1983). Because Petitioner's failure to allege a likelihood of confusion is fatal, the Petition must be dismissed. *See Id.*; *see also Abbott Labs.*, 952 F.2d at 1353.

C. The scant "arguments" advanced in the Response cannot rescue Petitioner's fundamentally deficient pleading.

In the Response, Petitioner raises two arguments in conclusory fashion in an attempt to salvage her Petition, namely, that (i) there is "a substantive issue of whether the parties and other entities enjoyed concurrent use prior to ... the date on which Respondent filed its application," and (ii) "Respondent's declaration is inaccurate and the instant registration subject to cancellation because Respondent was not entitled to exclusive use of the mark on the goods in question..." Response, at ¶ 6. For the reasons set forth below, each of these "arguments" is misplaced, and neither can rescue Petitioner's baseless pleading as a matter of law.

I. Petitioner's concurrent rights argument cannot be considered in these proceedings.

Petitioner seeks to rescue her pleading by arguing that there is "a substantive issue of whether the parties and other entities enjoyed concurrent use prior to ... the date on which Respondent filed its application" Response, at ¶ 6. It is well-established, however, that "[c]oncurrent rights are considered and determined by the Board only in the context of a concurrent use proceeding." TBMP § 1101.01; *Selfway, Inc. v. Travelers Petroleum, Inc.*, 198 U.S.P.Q. 271, 273-74 (C.C.P.A. 1978) (the rights of the parties to concurrent use registrations were not properly at issue in cancellation proceeding, such issues being resolved only in concurrent use proceeding"); *Rosso*, 219 U.S.P.Q. at 1053 ("common law rights cannot be used as a basis for the denial of nationwide registration [to a senior user] except by way of a concurrent use proceeding"). Furthermore, "the registrant, if the senior user, must be entitled to maintain his registration in unrestricted form" *Selfway*, 198 U.S.P.Q. at 276; *see also Rosso*, 219 U.S.P.Q. at 1053.

Since these are not concurrent use proceedings, Petitioner's purported argument cannot be considered here. TBMP § 1101.01; *Selfway*, 198 U.S.P.Q. at 273-74; *Rosso*, 219 U.S.P.Q. at 1053. Furthermore, as discussed above, Petitioner has not alleged that any third party's use of the LILY designation is prior to Spinrite's first use of its LILY mark with threads and yarns, nor does Petitioner contest that Spinrite's use of its LILY mark with threads and yarns occurred 78 years before Petitioner's purported use of the LILY CHIN designation with knitting yarns and crocheting yarns. *See, generally*, Response; *see also* Memorandum, at Ex. 2, ¶2, and at Ex. 4, pp. 3-4. Therefore, as the senior user of the LILY mark with threads and yarns, Spinrite is entitled to maintain its Registration, and as a junior user (at best), Petitioner could only make her claims, if at all, in a concurrent use proceeding. *See Rosso*, 219 U.S.P.Q. at 1053 (where applicant's first use in commerce was senior to opposer's first use, but opposer's first use in commerce was before the applicant's application filing date, applicant's registration could only be restricted, if at all, through concurrent use proceedings). For these reasons as well, the Response cannot rescue Petitioner's fatally deficient pleading.

2. Petitioner has not alleged fraud as grounds for these proceedings.

Finally, Petitioner attempts in the Response to recast her deficient allegations into a cause of action for fraudulent procurement of the Registration. *See* Response, at ¶ 6 (“[Spinrite Limited Partnership’s] declaration is inaccurate and the instant registration subject to cancellation because [Spinrite Limited Partnership] was not entitled to exclusive use of the mark on the goods in question ...”). As an initial matter, Petitioner fails to allege the elements necessary to support a claim of fraudulent procurement,³ let alone plead them with the

³ In *Ohio State University v. Ohio University*, 51 U.S.P.Q.2d 1289 (TTAB 1999), the Board held that, when a petitioner claims that a registrant's oath was signed fraudulently and there was another legitimate use of the mark at the time of the signing, the petitioner must plead and prove that: (i) there is in fact another use of the same or confusingly similar mark at the time the oath was signed; (ii) the other use had legal rights superior to the applicant's rights; (iii) the applicant

particularity required by Rule 9(b) of the Federal Rules of Civil Procedure. *See, generally,* Petition; *see also King Automotive v. Speedy Muffler King*, 667 F.2d 1008 (C.P.P.A. 1981) (affirming dismissal of petition to cancel) (parties that plead fraud in the procurement in *inter partes* proceedings must adhere to the heightened pleading requirements of Fed. R. Civ. P. 9(b)).

Furthermore, it is well-established that applicants are not required to disclose a third party who, in fact, may be using the mark in question, but who does not, to applicant's belief, have a *right* to use that mark. *See, e.g., Marshak v. Sheppard*, 3 U.S.P.Q.2d 1829 (S.D.N.Y. 1987) (no fraud found) (applicant's belief that other users of the mark were infringers "is entirely consistent with the declaration to the PTO that no other person had the right to use the mark for which he applied"). Moreover, if an applicant has a good faith belief that it is the senior user, then the oath cannot be fraudulent. *See, e.g., Money Store v. Harriscorp Finance, Inc.*, 216 U.S.P.Q. 11 (7th Cir. 1982) (a senior user need not identify junior users of the mark).

Petitioner does not refute that Spinrite's use of its LILY mark with threads and yarns predates her alleged use of the LILY CHIN designation with knitting yarns and crocheting yarns by nearly 78 years. *See, generally,* Response; *see also* Memorandum, at Ex. 2, ¶2, and at Ex. 4, pp. 3-4. Nor does she allege that any third party's use of the LILY designation predate Spinrite's use of its LILY mark with threads and yarns. *See, generally,* Response. Thus, not only does Petitioner fail to allege in the Petition that *any* third party has rights in the LILY mark with threads and yarns that are superior to Spinrite's rights, Petitioner concedes Spinrite's priority by

knew that the other use had rights in the mark superior to applicant's, and either believed that a likelihood of confusion would result from applicant's use of its mark or had no reasonable basis for believing otherwise; and (iv) in failing to disclose these facts to the Patent and Trademark Office, the applicant intended to procure a registration to which applicant knew it was not entitled. Having failed to plead the elements of fraudulent procurement, Petitioner cannot rely on that theory in her Response to rescue her deficient pleading. *See* TBMP § 314 (a petitioner may not rely on an unpleaded claim in cancellation proceedings).

failing to refute the affidavit of Mr. Newell and her own sworn interrogatory answers. Petitioner therefore does not allege and cannot prove the elements required to establish fraudulent procurement of the Registration, and for these reasons as well, the Motion should be granted.


CONCLUSION

The true impetus for these proceedings is Petitioner's discontent that Spinrite has enjoyed strong, senior rights in its LILY mark with threads and yarns since long prior to Petitioner's alleged first use of her name with knitting yarns and crocheting yarns. However fiercely felt, however, such upset does not give rise to the statutory grounds required to sustain a petition to cancel. Furthermore, Petitioner's true guiding rationale only serves to reinforce the fact that Spinrite's rights in the LILY mark with threads and yarns are senior to any rights that Petitioner might have in the designation LILY CHIN with knitting yarn and crocheting yarn, thereby further undercutting Petitioner's asserted grounds for cancellation pursuant to Section 2(d) of the Trademark Act.

WHEREFORE, for the foregoing reasons, as well as those set forth in its previously-filed Motion and Memorandum, Spinrite Limited Partnership respectfully requests that the Board enter an order (i) dismissing with prejudice the Petition to Cancel, and (ii) granting such other and further relief as the Board deems appropriate.

Date: January 17, 2008

Respectfully submitted,



One of the Attorneys for Respondent,
Spinrite Limited Partnership

Lee J. Eulgen
Sarah E. Smith
Neal, Gerber & Eisenberg LLP
2 North LaSalle Street, Suite 2200
Chicago, Illinois 60602
312.269.8000

CERTIFICATE OF SERVICE

I, Lee J. Eulgen, an attorney state that I served a copy of the foregoing, Respondent's Reply in Support of Motion to Dismiss Petition to Cancel, upon:

Margo Lynn Hablutzal, Esq.
Hablutzal & Associates
19 S. LaSalle Street
Suite 1300
Chicago, Illinois 60603

via First Class U.S. Mail, postage prepaid, on this 17th day of January, 2008.


Sarah E. Smith