

**THIS DISPOSITION
IS NOT A PRECEDENT
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**UNITED STATES PATENT AND TRADEMARK OFFICE
Trademark Trial and Appeal Board
P.O. Box 1451
Alexandria, VA 22313-1451**

WINTER

Mailed: May 12, 2009

Cancellation No. 92048086

Commonwealth Soap & Toiletries, Inc.

v.

Lee John Williamson

**Before Bucher, Zervas, and Wellington,
Administrative Trademark Judges.**

By the Board:

Commonwealth Soap & Toiletries, Inc. ("petitioner") seeks to cancel the registration of Lee John Williamson ("respondent") for the mark SAN FRANCISCO BATH SALT COMPANY and design (shown below) for "non-medicated bath salts."¹



In its petition to cancel, petitioner alleges, *inter alia*, common law use of the mark SAN FRANCISCO SOAP COMPANY by petitioner and its predecessors in title and interest since

¹ Registration No. 3067372, issued March 14, 2006. The color blue is claimed as a feature of the mark and the wording "Bath Salt Company" is disclaimed.

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as early as July 1990 in connection with cosmetics, bath and body soap, bath and shower gel, lotions, cleansers, facial and body scrubs, non-medicated bath salts, facial masks and skin toner products; that its mark has acquired distinctiveness; and that registration of its mark² has been refused under Trademark Act Section 2(d), 15 U.S.C. § 1052(d), based upon an assertion of a likelihood of confusion with respondent's mark.

Respondent, in his answer,³ has denied petitioner's essential allegations in the petition for cancellation, but has admitted that petitioner's mark "so closely resembles Respondent's SAN FRANCISCO BATH SALT COMPANY [mark] so as [to be] likely to cause confusion" (answer ¶11); that the parties' marks are "virtually identical in appearance and sound and create the same commercial impression" (answer ¶9); and that "Petitioner's SAN FRANCISCO SOAP COMPANY cosmetics, bath and body soap ... and Respondent's SAN FRANCISCO BATH SALT COMPANY non-medicated bath salt products ... are closely related and include identical goods" (answer ¶10). Respondent has also asserted several affirmative defenses including abandonment, unclean hands and laches.

² Application Serial No. 78915311, filed June 23, 2006.

³ The exhibits attached to respondent's answer do not constitute evidence of record and will not be considered. See *McCormick & Company, Inc. v. Hygrade Food Products Corp.*, 124 USPQ 16, 17 (TTAB 1959); and TBMP § 311.02 (2d ed. rev. 2004).

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This case now comes up on respondent's motion (filed May 20, 2008) for summary judgment on his pleaded affirmative defenses of abandonment and laches and on the unpleaded⁴ "defense" that petitioner's mark is geographically deceptively misdescriptive, and on petitioner's cross-motion (filed June 27, 2008) for summary judgment on the grounds of priority and likelihood of confusion.⁵ The motions have been fully briefed.

Summary judgment is an appropriate method of disposing of cases in which there are no genuine issues of material fact in dispute, thus leaving the case to be resolved as a matter of law. See Fed. R. Civ. P. 56(c). A factual dispute is genuine if, on the evidence of record, a reasonable fact finder could resolve the matter in favor of the non-moving party. See *Opryland USA Inc. v. Great American Music Show Inc.*, 970 F.2d 847, 23 USPQ2d 1471 (Fed.

⁴ As discussed, *infra*, respondent has essentially argued an "Otto Roth defense" and an affirmative defense under the doctrine of unclean hands, which are, together, different from the unclean hands defense pleaded in his answer. Because petitioner has not objected to respondent's motion as being based, in part, on unpleaded issues, but rather, petitioner has treated the issues on the merits, we deem respondent's pleading to be amended, by agreement of the parties, to assert these issues for purposes of our consideration of respondent's motion. See *Medtronic, Inc. v. Pacesetter Systems, Inc.*, 222 USPQ 80 (TTAB 1984); and *Intermed Communications v. Chaney*, 197 USPQ 501 (TTAB 1977).

⁵ The Board notes petitioner's motion (filed May 15, 2008) to reopen its time to respond to respondent's discovery requests or, in the alternative, to withdraw or amend admissions, and respondent's response thereto in which he accepted as timely petitioner's responses to his discovery. In view thereof, said motion is moot and will be given no further consideration.

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Cir. 1992); *Olde Tyme Foods Inc. v. Roundy's Inc.*, 961 F.2d 200, 22 USPQ2d 1542 (Fed. Cir. 1992). In considering the propriety of summary judgment, the evidence must be viewed in a light most favorable to the non-movant, and all justifiable inferences are to be drawn in the non-movant's favor. Further, the Board may only ascertain whether issues of material fact are present, and may not resolve factual issues against the non-moving party. *Lloyd's Food Products Inc. v. Eli's Inc.*, 987 F.2d 766, 25 USPQ2d 2027 (Fed. Cir. 1993); and *Opryland USA*, 23 USPQ2d at 1472.

The fact that the parties filed cross-motions for summary judgment does not mean that there are no genuine issues of material fact and that trial is unnecessary. Each party has the initial burden of demonstrating the absence of any genuine issue of material fact with respect to its own motion. See *Celotex Corp. v. Catrett*, 477 U.S. 317 (1986); *Sweats Fashions Inc. v. Pannill Knitting Co. Inc.*, 833 F.2d 1560, 4 USPQ2d 1793 (Fed. Cir. 1987); and *University Book Store v. University of Wisconsin Board of Regents*, 33 USPQ2d 1385 (TTAB 1994). That is particularly true in the present case, where the motions are based on different grounds.

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RESPONDENT'S MOTION FOR SUMMARY JUDGMENT

Introduction

The issues argued explicitly in respondent's motion, namely, abandonment, the alleged geographically deceptively misdescriptive nature of petitioner's mark and laches, are, in fact, only a few of the issues addressed by the Board in this order. The pleadings, motions and evidence of record collectively raise other legal issues, some of which are complex and one of which (respondent's unclean hands defense) raises a question of first impression for the Board. Additionally, we find that logically, there exists a series of genuine issues of material fact. Whether the Board, at trial, even needs to reach some of the most perplexing issues herein will be determined by how the earlier factual issues are ultimately resolved. We therefore have structured this order to decide the pending motions, but also to inform the parties of the principal legal issues that may well need to be addressed at trial.

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ABANDONMENT DEFENSE: A QUESTION OF PRIORITY

As mentioned earlier in this order, petitioner has asserted common law rights in the mark SAN FRANCISCO SOAP COMPANY in its petition to cancel. Priority is, thus, an issue in this case. See *Benjamin J. Giersch v. Scripps Networks, Inc.*, 90 USPQ2d 1020, 1023 (TTAB 2009) ("Inasmuch

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as petitioner has not pleaded ownership of any registered trademark, petitioner must rely on his common-law use of DESIGNED2SELL as a trademark to prove priority"). See also *Brewski Beer Co. v. Brewski Brothers Inc.*, 47 USPQ2d 1281, 1284 (TTAB 1998) ("it is the Board's practice "to hold that [as a practical matter] a petitioner, whether a registrant or not, must, in the first instance, establish prior rights in the same or a similar mark and the respondent in turn can defeat the petitioner's claim of damage by establishing that, as between the parties, it possesses [prior] superior rights in the mark sought to be cancelled" [internal citations omitted]). To establish priority on a likelihood of confusion claim, a plaintiff must prove that, vis-à-vis the other party, it owns "a mark or trade name previously used in the United States ... and not abandoned" Trademark Act Section 2(d), 15 U.S.C. § 1052(d) [*emphasis added*].

Respondent essentially contends that he has established *prima facie* that petitioner has abandoned its alleged SAN FRANCISCO SOAP COMPANY mark with intent not to resume by virtue of petitioner's failure to use the mark from October 2003 until 2007, and, in the absence of evidence from petitioner to the contrary, there are no genuine issues of

material fact regarding petitioner's abandonment of the alleged SAN FRANCISCO SOAP COMPANY mark.⁶

Based on our review of the evidence and arguments submitted by the parties, we find that respondent, as the party moving for summary judgment, has not met his burden of proof on the issue of abandonment. At a minimum, there exist **genuine issues of material fact** as to whether petitioner's alleged non-use was excusable, and whether its activities after said purchase support continued use or rather constitute a revival of its alleged mark. See *Rivard v. Linville*, 133 F.3d 1446, 1449, 45 USPQ2d 1374, 1376 (Fed. Cir. 1998); and *Societe des Produits Marnier Lapostolle v. Distillerie Moccia S.R.L.*, 10 USPQ2d 1241, 1245 (TTAB 1989) (applicant's declaration regarding the efforts applicant took to resume use was sufficient to demonstrate that there was a genuine issue of material fact relative to applicant's intent to resume use). Accordingly, respondent's motion for summary judgment on the issue of abandonment is denied.

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⁶ Respondent's arguments that petitioner is estopped from introducing any additional evidence at trial as to its sales of goods during the period from 2001 to 2008 or as to its intent to resume use of petitioner's alleged mark will not be considered herein inasmuch as respondent did not file a motion to compel.

**Respondent's "defense" based upon his claim that
petitioner's mark is geographically deceptively
misdescriptive**

- ***The Rule of Otto Roth***

"Under section 2(d), as utilized in an opposition, confusion, or a likelihood thereof, is not recognized where one claiming to be aggrieved by that confusion does not have a right superior to his opponent's, or where he has not proved that that which he claims identifies him as the source of goods or services actually does so." *Otto Roth & Co. v. Universal Foods Corp.*, 640 F.2d 1317, 209 USPQ 40, 44-45 (CCPA 1981). In asserting a mark, the mark therefore must be inherently distinctive or must have acquired distinctiveness. Here, because respondent contends that petitioner's alleged mark is not distinctive, but is geographically deceptively misdescriptive, petitioner must establish that its designation identifies it as the source of its alleged goods. *Id.* at 45 ("Even if appellee adopted and used BRIE NOUVEAU with the intent 'to identify its goods and distinguish them from those manufactured or sold by others' -- i.e., adopted and intended to use BRIE NOUVEAU as a trademark -- BRIE NOUVEAU must be distinctive if it is to enable its user to successfully oppose registration of a mark so similar as to be likely to cause confusion. Hence, if BRIE NOUVEAU is 'merely descriptive or deceptively misdescriptive' of brie cheese, appellee must show that BRIE

NOUVEAU has acquired a secondary meaning identifying it as the source.").

- ***The Parties' Arguments***

Respondent argues that there is "no genuine dispute" that petitioner's claimed mark SAN FRANCISCO SOAP COMPANY, originally applied-for by a California company, is geographically deceptively misdescriptive of the goods sold in connection therewith. Specifically, respondent contends that there is no genuine issue of material fact that petitioner is located in Fall River, Massachusetts; that petitioner's goods do not emanate from San Francisco; that "San Francisco" is a well known geographic location; that consumers would reasonably believe that petitioner's goods are connected or affiliated with the city of San Francisco; and that the geographic location in the mark is material to consumers' decision to purchase the goods sold in connection with the mark. Accordingly, respondent asserts that petitioner's claimed mark is "incapable of being distinctive," and that petitioner's likelihood of confusion claim must fail as a matter of law.

In support of these arguments, respondent has submitted his own declaration, to which are attached various exhibits including, *inter alia*, copies of pages from petitioner's website, which state that petitioner is located in Fall River, Massachusetts and which show the SAN FRANCISCO SOAP

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COMPANY mark superimposed on a photograph of a suspension bridge "common to the type found in the city of San Francisco" (declaration of Lee John Williamson, ¶5 and Exh. D). Respondent also submitted copies of certain assignment documents regarding the underlying application for petitioner's now cancelled Registration No. 2227143 for the mark SAN FRANCISCO SOAP COMPANY.⁷ The assignment was from the original applicant, Avalon Natural Cosmetics, Inc., to J.B. Williams Company, Inc., petitioner's predecessor-in-interest. The documents identify Avalon Natural Cosmetics, Inc. as a California corporation⁸ (Williamson dec. ¶6 and Exh. E).

In opposition, petitioner argues that its mark is not geographically deceptively misdescriptive inasmuch as respondent has not provided "one scintilla of evidence" that there is a goods/place association between its goods and San Francisco such that the public is likely to believe that

⁷ Application Serial No. 75250868 matured into U.S. Reg. No. 2227143, which issued on March 2, 1999 for the mark SAN FRANCISCO SOAP COMPANY in typed drawing format for "cosmetics sold in retail stores but not through mail order or wholesale distributorships, namely, skin soap, bath and shower gel, skin lotion, moisturizing lotion, skin cleansers, facial and body scrubs, non-medicated bath salts, facial masks, and skin toner." The original applicant claimed acquired distinctiveness of the term "SAN FRANCISCO" under Trademark Act Section 2(f), and disclaimed the wording "SOAP COMPANY". The Office cancelled said registration on October 25, 2005 under Section 8 of the Trademark Act.

⁸ We note that petitioner states that its predecessor-in-interest was located in San Francisco (petitioner's reply brief to cross-motion for summary judgment, p. 6).

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petitioner's soap and other personal care products originate from San Francisco. Petitioner also contends that while "San Francisco is known for chocolate (Ghirardelli Square), coffee shops and seafood (Fisherman's Wharf)," there is no evidence that San Francisco is known for soap or any other personal care products. To support its position, petitioner provided printouts from a news database and from a Wikipedia article on San Francisco (Exh. 15 to opposition brief).

Petitioner also asserts that its SAN FRANCISCO SOAP COMPANY mark has acquired distinctiveness (petition for cancellation, ¶17; opp. brief, p. 11). To support that claim, petitioner has provided, *inter alia*, the declarations of Edward N. Layne (respondent's president) and Linda Lisenby (vice president of Carmine Capital Corp d/b/a The Perfumery & Gift Shop [hereafter "The Perfumery"]), and a copy of the declaration used in connection with the first trademark application for the SAN FRANCISCO SOAP COMPANY mark, discussed *supra*, which were provided to show the date of first use of petitioner's mark (Layne dec., ¶2), continued use of the mark in connection with the involved goods by petitioner's predecessors-in-interest and by petitioner between July 1990 and 2008 (Layne dec., ¶¶4, 13, 16, 18-29 and 33; and Lisenby dec. ¶¶6-8), and significant and nationwide sales of said goods in connection with the

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SAN FRANCISCO SOAP COMPANY mark (Exh. 2 to opposition brief).

In reply, respondent argues that there is a strong goods/place association between soap products and the city of San Francisco inasmuch as petitioner's products are sold in connection with the representation of the Golden Gate suspension bridge, SAN FRANCISCO SOAP COMPANY brand products are advertised in San Francisco Internet location searches, the original owner of said mark was a company located in the San Francisco Bay area, San Francisco has a significant number of soap stores, and San Francisco has a "rich historical association with soap due to the unique presence of indigenous soap root plants." In support of these arguments, respondent submitted another declaration with exhibits in order to establish that a connection exists between soap products and the San Francisco geographic area, including a listing of numerous stores in San Francisco that sell soap and related products, and information on plants that are indigenous to California, which are used in the manufacture of soap (second declaration of Lee J. Williamson, ¶¶7, 8, 10, 12 and 13, and Exh. F, G, I, K and L).

• ***Respondent's Claims: Otto Roth and Unclean Hands Defenses***

As noted, respondent contends that "Petitioner is unable to prove its Section 2(d) claim ... because there is no

genuine dispute that Petitioner's Mark is geographically deceptively misdescriptive and [is] incapable of being distinctive." Respondent also asserts that "[g]eographically deceptively misdescriptive marks cannot acquire distinctiveness." In support thereof, respondent cites only to *In re Budge Manufacturing Co. Inc.*, 857 F.2d 773, 8 USPQ2d 1259, 1262 (Fed. Cir. 1988), a Federal Circuit case in which the court stated "a mark which includes deceptive matter is barred from registration and cannot acquire distinctiveness." (Respondent's motion, p. 4. See also respondent's fn. 9.) Based upon both of these assertions, respondent argues that petitioner's claim of likelihood of confusion must fail on its merits.

We construe respondent's contentions as raising two different defenses, namely: (i) whether petitioner has proprietary rights in its alleged mark under *Otto Roth* and its progeny; and (ii) whether the alleged geographically deceptively misdescriptive nature of petitioner's alleged mark otherwise impacts its ability to pursue its claim of likelihood of confusion in this proceeding. Each defense is discussed in turn below.

- ***Respondent's Otto Roth Defense***

As noted earlier in this decision, under the rule of *Otto Roth*, a plaintiff asserting a common law mark in the context of a likelihood of confusion claim must prove that

it has proprietary rights in its alleged mark and, if such mark is not inherently distinctive, the plaintiff must prove that its common law mark functions as a source identifier for the involved goods or services. See *Otto Roth*, 209 USPQ at 45. See also *Towers v. Advent Software Inc.*, 913 F.2d 942, 16 USPQ2d 1039, 1041 (Fed. Cir. 1990) (the rule in *Otto Roth* is also applicable to cancellation proceedings).

Respondent, by asserting that petitioner's alleged mark is geographically deceptively misdescriptive and cannot acquire distinctiveness, essentially contends that petitioner does not have any proprietary rights in its alleged mark under *Otto Roth*.

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***IS THERE A GOODS-PLACE ASSOCIATION BETWEEN
THE RELEVANT GOODS AND "SAN FRANCISCO"?***

Before considering whether petitioner has proprietary rights in the SAN FRANCISCO SOAP COMPANY mark, we must first determine if a genuine issue of material fact even exists as to whether petitioner's mark is primarily geographically deceptively misdescriptive. To do so, we must consider, *inter alia*, whether the primary significance of the mark is a generally known geographic location; and whether the consuming public is likely to believe the place identified by the mark, that is, San Francisco, indicates the origin of the goods bearing the mark (*i.e.*, that a goods/place

association exists), when in fact the goods do not come from that place.⁹ See *In re California Innovations Inc.*, 329 F.3d 1334, 1341, 66 USPQ2d 1853, 1858 (Fed. Cir. 2003); and *Corporacion Habanos, S.A. v. Anncas, Inc.*, 88 USPQ2d 1785 (TTAB 2008).

The parties agree that "San Francisco" is a well-known geographic location; thus, there is no genuine issue as to the primary geographic significance of "San Francisco." Further, there is no genuine issue of material fact that petitioner's goods do not come from San Francisco. Petitioner states in its opposition brief that "the goods do not originate from San Francisco, as they are manufactured in Fall River, Massachusetts" (opposition brief, p. 14).

However, as to whether there is a goods/place association between petitioner's alleged goods and the city of San Francisco, based upon our review of the evidence and arguments submitted by the parties, and drawing all inferences in favor of petitioner as the non-movant on such motion, we find that respondent has not established that no ***genuine issues of material fact*** exist as to whether the **consuming public is likely to believe that "San Francisco" indicates the origin of the goods**. Specifically, there is conflicting evidence in the record as to whether soap products are actually from the city of San Francisco as

⁹ We will address the third, materiality element, *infra*.

opposed to nearby localities or even further removed regions in California. Accordingly, respondent's summary judgment motion on its (unpleaded) claim that petitioner's asserted mark is not distinctive is denied.

If at trial the Board finds that a goods/place association does not exist and, thus, that the mark is inherently distinctive, then respondent's *Otto Roth* defense and his unclean hands defense, discussed *infra*, will both fail. On the other hand, should the Board find at trial that there indeed exists a goods/place association, then the Board will need to address the following issues related to *Otto Roth*.

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***PETITIONER'S TRADEMARK RIGHTS
UNDER THE RULE OF OTTO ROTH.***

It appears to us that the case law is unclear as to whether petitioner has trademark rights under the rule of *Otto Roth*. The Federal Circuit has stated that a plaintiff may assert a term that is distinctive of its goods, "whether inherently or through the acquisition of secondary meaning or through 'whatever other type of use may have developed a trade identity'." *Towers*, 16 USPQ2d at 1041, quoting *Otto Roth*. In a later case, the Federal Circuit characterized the proprietary rights that a plaintiff may assert just as expansively in stating that "proprietary rights may arise

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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". *Herbko International Inc v. Kappa Books Inc.*, 308 F.3d 1156, 64 USPQ2d 1375, 1378 (Fed. Cir. 2002). *See also Giersch*, 90 USPQ2d at 1022 ("a party may establish its own prior proprietary rights in a mark through ... actual use or through use analogous to trademark use, such as use in advertising brochures, trade publications, catalogues, newspaper advertisements and Internet websites *which create a public awareness of the designation as a trademark identifying the party as a source*") [emphasis added].

We note also that the Board has previously been consistent with the Federal Circuit's statements in *Towers* and in *Herbko* in the context of a deceptively misdescriptive mark. Specifically, in *Perma Ceram Enterprises Inc. v. Preco Industries Ltd.*, 23 USPQ2d 1134 (TTAB 1992), wherein the Board reviewed the issue of priority in regard to two identical unregistered marks, it stated that "opposer must plead (and later prove) that the merely descriptive (or *deceptively misdescriptive*, as the case may be) term PORCELAINCOTE, as applied to opposer's goods, had acquired distinctiveness or secondary meaning prior to any establishment by applicant of acquired distinctiveness or

secondary meaning for the term PORCELAINCOTE for its goods." *Id.* at 1139 [*emphasis added*]. Implicitly, this statement indicates that a deceptively misdescriptive mark may acquire distinctiveness. Nonetheless, the Board has not previously determined whether a plaintiff who asserts an unregistered mark in support of a likelihood of confusion claim may establish proprietary rights in a *geographically* deceptively misdescriptive mark.

As noted, respondent cited *In re Budge* in support of his position that petitioner's alleged mark cannot acquire distinctiveness. However, *Budge* is distinguishable from the present case. There, the Federal Circuit considered the registrability of LOVEE LAMB for automotive seat covers made from synthetic fibers and, *inter alia*, noted the evidence of Budge's extensive sales under the mark, but stated that "it is too well established for argument that a mark which includes deceptive matter is barred from registration and cannot acquire distinctiveness." *In re Budge*, 8 USPQ2d at 1262. However, the Court's comment was not made in the context of establishing proprietary rights and priority. Rather, the comment appeared in the context of considering the registrability of a mark and, specifically, in the context of a Section 2(a) refusal. This is not the situation we face herein.

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Whether petitioner's allegedly primarily geographically deceptively misdescriptive mark may acquire distinctiveness may ultimately depend on whether The North American Free Trade Agreement¹⁰ [hereinafter "NAFTA"] affects petitioner's proprietary rights in its unregistered mark. Petitioner has alleged that its date of first use of the SAN FRANCISCO SOAP COMPANY mark, through its predecessors-in-interest, is on or around July 1990 (opp. brief, p. 2) and we have determined above that there is a genuine issue of material fact as to whether petitioner has continuously used its mark. If petitioner can establish that it did not abandon the SAN FRANCISCO SOAP COMPANY mark and that its alleged mark acquired distinctiveness prior to December 8, 1993, the implementation date of NAFTA, the parties will have to address whether the "grandfather clause" in Section 2(f), as amended, allows petitioner to claim that its mark has acquired distinctiveness and, thus, rely on its alleged unregistered mark to establish proprietary rights in the SAN FRANCISCO SOAP COMPANY mark. *See In re Spirits International, N.V., Slip Op.* 2008-1369 at 8, n.1 (citing *California Innovations*, the Federal Circuit stated that "[i]t should be noted that rejections under both the pre-

¹⁰ See North American Free Trade Agreement, Dec. 17, 1992, art. 1712, 32 I.L.M. 605, 698, as implemented by the NAFTA Implementation Act in 1993, see NAFTA Implementation Act, Pub. L. No. 103-182, 107 Stat. 2057 (1993).

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NAFTA Act (e) (2) and the current (e) (2) are not permanent, but can be overcome upon a showing of acquired distinctiveness/secondary meaning. On the other hand, post-NAFTA Act (e) (3) rejections are permanent, and so cannot be overcome by acquired distinctiveness"). See also *United States Playing Card Co. v. Harbro, LLC*, 81 USPQ2d 1537, 1540 n.5 (TTAB 2006) ("If a primarily geographically deceptively misdescriptive mark has been in lawful use in commerce since before December 8, 1993 ... , it may be registered on the Supplemental Register or it may be registered on the Principal Register under the provisions of Section 2(f) upon a showing of acquired distinctiveness"); and *In re Beaverton Foods, Inc.*, 84 USPQ2d 1253, 1257 (TTAB 2007) (the grandfather clause provides a means for registering marks that, prior to NAFTA implementation, could have been registrable under Section 2(f), i.e., primarily geographically deceptively misdescriptive marks where the geographic misdescriptiveness was not material to the purchasing decision). Cf. *Fred Hayman Beverly Hills Inc. v. Jacques Bernier Inc.*, 38 USPQ2d 1691, 1692 (TTAB 1996) ("Inasmuch as applicant does not seek registration under Section 2(f), and has not sought to prove acquired distinctiveness, these [NAFTA] amendments to the Trademark Act have no bearing on this case") [emphasis added]. Thus, although it is possible that a plaintiff in a cancellation

proceeding involving a likelihood of confusion claim may rely upon an unregistered geographically deceptively misdescriptive mark to establish proprietary rights, we will not answer that question at this time in light of our concerns about the impacts of the implementation of NAFTA on a policy question of first impression, which the parties have not briefed.

In view of the foregoing, based on our review of the evidence and arguments submitted by the parties, and drawing all inferences in favor of petitioner as the non-movant on the subject motion, respondent has failed to demonstrate an absence of **genuine issues of material fact** as to whether petitioner's alleged mark is geographically deceptively misdescriptive and he has failed to show that he is entitled to judgment as a matter of law on the issue of whether petitioner's alleged mark may not and/or has not acquired distinctiveness for purposes of establishing petitioner's proprietary rights under *Otto Roth*. Accordingly, respondent's summary judgment motion on these issues is denied.

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UNCLEAN HANDS

As to respondent's defensive argument about petitioner's unclean hands, neither party has recited any authority demonstrating that the Board has in the past

specifically considered unclean hands as an affirmative defense or determined the elements necessary to prevail on such a defense in a proceeding before the Board.¹¹

Therefore, we consider whether respondent's contention, viz., that petitioner's likelihood of confusion claim is barred because its alleged mark is geographically deceptively misdescriptive is a legally cognizable defense. For the reasons explained below, we hold that respondent's second defense, which is distinct from the *Otto Roth* defense, lies in the doctrine of unclean hands and that such defense may be asserted in a cancellation proceeding.

- ***Deceptive Marks***

Courts have recognized that when a designation used as a trademark or trade name is deceptive, if its use is otherwise in violation of public policy, or if the owner of the designation has engaged in other substantial misconduct directly related to the owner's assertion of rights in the trademark or trade name, the owner may be barred in whole or in part from the relief that would otherwise be available. See Restatement (Third) of Unfair Competition § 32 (2008) and Comment c thereto (while Sections 1052 (a)-(c) of the

¹¹ We note, however, that the Board in *Coldwater Seafood Corp. v. Magnusson*, 188 USPQ 522, 524 (TTAB 1975), determined that the argument that a party was estopped by "unclean hands" from using the mark ICELANDIC was "without force" because labels for the products did not indicate that they came from Iceland, nor was there evidence that anyone had been deceived as to the true origin of the goods.

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Lanham Act merely prohibit the registration of certain marks, "a court may conclude in a particular case that the adoption and use of such a mark also subjects the user to a claim of unclean hands"). See also *Morton Salt Co. v. G.S. Suppiger Co.*, 314 U.S. 488, 52 USPQ 30 (1942) ("equity will deny relief for infringement of a trademark where the plaintiff is misrepresenting to the public the nature of his product either by the trademark itself or by his label"); and *Worden & Company v. California Fig Syrup Company*, 187 U.S. 516 (1903), wherein the Supreme Court ordered that plaintiff's bill in equity be dismissed because "[t]he name 'Syrup of Figs' does not, in fact, properly designate or describe the preparation made and sold by the California Fig Syrup Company, so as to be susceptible of appropriation as a trade-mark, ... [and] the marks ... are so plainly deceptive as to deprive the complainant company of a right to a remedy by way of an injunction by a court of equity."

The Federal Circuit has recently noted that "before the Lanham Act, deceptive common law trademarks were unenforceable ... under the rubric of the doctrine of 'unclean hands,' an equitable defense under the common law." *In re Spirits International, N.V.*, Slip Op. 2008-1369 at 10, citing *Worden v. Cal. Fig Syrup Co.* Similarly, the Federal Circuit has previously stated that "it is too well established for argument that a mark which includes

deceptive matter is barred from registration" *In re Budge*, 8 USPQ2d at 1262, citing, *R. Neumann & Co v. Overseas Shipments, Inc.*, 326 F.2d 786, 788, 140 USPQ 276, 278 (CCPA 1964) ("It is well settled by the decisions of this court and other courts of competent jurisdiction that no trademark rights can be acquired in a trademark that is deceptive or deceptively misdescriptive"), and cases cited therein, principally *Worden v. Cal. Fig Syrup Co.*

- ***Unclean Hands and Geographically Deceptive or Geographically Deceptively Misdescriptive Marks***

Courts have also considered whether a plaintiff's rights may be affected by the misrepresentation of the geographic origin of its goods. For instance, in *Manhattan Medicine Co. v. Wood and another*, 108 U.S. 218 (1883), the U.S. Supreme Court discussed the effect of the plaintiff's use of the mark "ATWOOD'S GENUINE PHYSICAL JAUNDICE BITTERS, GEORGETOWN, MASS." when the medicine to which the words were applied was no longer manufactured in Georgetown, Massachusetts, but was in fact manufactured by the Manhattan Medicine Company in the city of New York. In finding that the district court's order dismissing the bill in equity should be affirmed, the Court held as follows:

A court of equity will extend no aid to sustain a claim to a trade-mark of an article which is put forth with a misrepresentation to the public as to the manufacturer of the article, and as to the place where it is manufactured, both of which particulars were originally circumstances to guide

the purchaser of the medicine.

Id. at 222. Similarly, in *Allan B. Wrisley Co. v. Iowa Soap Co.*, 104 F. 548 (S.D. Iowa 1900), *aff'd* 122 F. 796 (8th Cir. 1903), the district court denied plaintiff's request for a temporary writ of injunction against defendant's use of the mark OUR COUNTRY SOAP. In that case, while finding that "a person of ordinary intelligence [would not] be misled into buying defendant's soap when wanting the soap of plaintiff," the court also determined that plaintiff was selling its soap under the mark OLD COUNTRY SOAP with the intent that the soap should be perceived as emanating from the "old country" when it was actually made in Chicago, Illinois.¹² Based on that finding, the district court concluded that "Plaintiff does not come into court with the right to maintain its action in thus practicing this deception." *Wrisley*, 104 F. at 552. Likewise, equitable relief was denied the plaintiff in *American Thermos Bottle Co. v. W.T. Grant Co.*, 282 F. 426 (1st Cir. 1922), wherein the appellate court reviewed defendant's ground of defense "to wit, that the plaintiff does not come into court with clean hands." *Id.* at 429. In *American Thermos*, the plaintiff was found to

¹² Notably, the court emphasized that it "had no doubt whatever that the purpose of plaintiff is to make the people in a German community believe that its soap is manufactured in Germany, or at least from a recipe coming from that country; and in an English community that it is a soap manufactured in England, or at least from a recipe coming from England; and so on in all other communities having a foreign population." *Id.* at 551-552.

have misrepresented the origin of its goods as having been made in the United States when they had actually been made in Germany. The Court of Appeals affirmed the district court's decree dissolving a preliminary injunction, stating that "[t]he trade-mark as used on these foreign goods was calculated and intended to lead purchasers into believing that the goods put out by plaintiff were of American origin, when they were not." *Id.* at 431.

- ***Recent Trademark Infringement Cases***

Other, more recent trademark infringement cases also indicate that use of a geographically misdescriptive or deceptive mark may constitute inequitable conduct barring any relief sought by the user as a plaintiff. *See, e.g., DS Waters Of America, Inc. v. Princess Abita Water, L.L.C.*, 539 F.Supp.2d 853, 859 (E.D.La. 2008) (defendants challenged plaintiff's incontestable marks as invalid, unenforceable and unprotectable on the basis that they were deceptive or "primarily geographically deceptively misdescriptive"); *Worthington v. Anderson*, 386 F.3d 1314, 1320, 72 USPQ2d 1808 (10th Cir. 2004), *citing Worden v. Cal. Fig Syrup, supra* ("Historically, [the] ... 'related conduct' that will permit application of the unclean hands doctrine in a trademark case ... involves inequitable conduct toward the public, such as deception in or misuse of the trademark itself, resulting in harm to the public such that it would be wrong for a

court of equity to reward the plaintiff's conduct by granting relief"); *Japan Telecom, Inc. v. Japan Telecom America Inc.*, 287 F.3d 866, 871, 62 USPQ2d 1593 (9th Cir. 2002) (recognizing a defense of unclean hands due to use of the "primarily geographically deceptively misdescriptive" trade name "Japan Telecomm"); and *Havana Club Holding S.A. v. Galleon S.A.*, 49 USPQ2d 1296, 1301 (S.D.N.Y. 1998) (stating "this is precisely the situation in which the doctrine of unclean hands is called into play," and that defendant's allegation that plaintiff who used HAVANA CLUB mark for rum, but in fact sold Panamanian rum under that mark, was found to be a sufficient pleading of unclean hands as to mislabeling rum).

- ***Application of Unclean Hands Defense in Board Proceedings***

Clearly, federal courts have long recognized an unclean hands defense based on an alleged deception contained within an asserted trademark. We see no reason why such a defense should not be available to a defendant in a Board proceeding in regard to an unregistered trademark.¹³ Further, we note that the Board has similarly determined that a registered mark that becomes geographically deceptive after

¹³ In contrast, if the involved mark that is allegedly geographically deceptive or primarily geographically deceptively misdescriptive is registered, the unclean hands defense could not be asserted. Instead, the defending party would need to file a compulsory counterclaim. See, e.g., *K-Swiss Inc. v. Swiss Army Brands, Inc.*, 58 USPQ2d 1540, 1541 (TTAB 2001).

registration may be cancelled. See *K-Swiss Inc. v. Swiss Army Brands, Inc.*, 58 USPQ2d 1540, 1541 (TTAB 2001) (holding that a registration which is more than five years old may be cancelled if, subsequent to the issuance of the registration, the registrant itself causes the mark to become geographically deceptive). In view of the foregoing, respondent's affirmative defense of unclean hands, that is, that petitioner's unregistered mark is geographically deceptively misdescriptive and cannot be used to support its claim of likelihood of confusion, is a legally cognizable defense in a cancellation proceeding at the Board.

- ***Elements of the Unclean Hands Defense***

We next consider the elements that a defendant must plead and prove to support a defense of unclean hands based upon an allegedly geographically deceptively misdescriptive mark.

In view of the longstanding public policy in common law against the use of deceptive and geographically deceptive or geographically deceptively misdescriptive marks, we find guidance for determining the elements of an unclean hands affirmative defense raising such issue in the similar public policy underlying the amendments to the Trademark Act which resulted from the enactment of NAFTA, the amendments to the Trademark Act, and in case law which interpreted the impact of those changes on the Trademark Act. Cf. *In re Spirits*

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International, N.V., Slip Op. 2008-1369 at 10 (“The Supreme Court has recognized the appropriateness of construing the Lanham Act provisions dealing with federal trademark registration together with provisions codifying the law concerning the infringement of common law trademarks” [citations omitted]).

Notably, the Federal Circuit has stated that “[t]he NAFTA and its implementing legislation obliterated the distinction between geographically deceptive marks and primarily geographically deceptively misdescriptive marks.” *In re California Innovations Inc.*, 329 F.3d 1334, 66 USPQ2d 1853, 1856 (Fed. Cir. 2003). Specifically, and relevant to the case at bar, in accordance with the NAFTA’s “emphasis on prevention of public deception,” Sections 2(e) and 2(f) of the Trademark Act were amended so that marks which are primarily geographically deceptively misdescriptive may no longer acquire distinctiveness under Section 2(f) and such marks are permanently denied registration, as are deceptive marks under Section 2(a) of the Trademark Act, 15 U.S.C. § 1052(a).¹⁴ See Sections 2(e)-(f) of the Trademark Act, 15 U.S.C. §§ 1052(e)-(f) (2000). Further, since those amendments, the tests for whether a particular mark is

¹⁴ The Federal Circuit has noted that although not expressly addressing geographical marks, Section 2(a) has traditionally been used to reject geographic marks that materially deceive the public. See *California Innovations*, 66 USPQ2d at 1854.

geographically deceptive or is primarily geographically deceptively misdescriptive are the same. See *California Innovations Inc.*, 66 USPQ2d at 1857 ("by placing geographically deceptively misdescriptive marks under subsection (e)(3) in the same fatal circumstances as deceptive marks under subsection (a), the NAFTA Act also elevated the standards for identifying those deceptive marks"). Both provisions focus on deception of, or fraud on, the consumer and the "central point of analysis is materiality because that finding shows that the misdescription deceived the consumer." *Id.* at 1854. In view of the NAFTA policy against public deception implemented by the amendments to the Trademark Act¹⁵ and the alignment of Sections 2(a) and 2(e)(3), we find it appropriate to apply to respondent's unclean hands defense the legal standard that was adopted by the Federal Circuit in *In re California Innovations* after said changes in the Trademark Act were implemented and, more recently, in *In re Spirits International*.

¹⁵ Article 1712 of the NAFTA provides in part that "Each party shall provide, in respect to geographical indications, the legal means for interested persons to prevent: (a) the use by any means in the designation ... of a good that indicates or suggests that the good in question originates in a ... locality other than the true place of origin, in a manner that misleads the public as to the geographical origin of the good" See NAFTA, Dec. 17, 1992, art. 1712, 32 I.L.M. 605, 698.

Specifically, we hold that a defendant can defeat a plaintiff's claim of likelihood of confusion if it pleads and then proves the affirmative defense that the plaintiff's unregistered mark is geographically deceptively misdescriptive and cannot support the claim of likelihood of confusion because (1) the primary significance of the mark is a generally known geographic location, (2) the consuming public is likely to believe the place identified by the mark indicates the origin of the goods bearing the mark, when in fact the goods do not come from that place, and (3) "a substantial portion of the relevant consumers would be materially influenced in the decision to purchase the product or service by the geographic meaning of the mark." *In re Spirits International, N.V., Slip Op.* 2008-1369 at 9; and *California Innovations*, 66 USPQ2d at 1858. See also *Coldwater Seafood Corp.*, 188 USPQ at 524 (no unclean hands found where there were no misleading labels and no evidence of public deception as to the true geographical origin of goods).

- ***Materiality Issue***

With the foregoing in mind, we now consider whether there are genuine issues of material fact as to the final element of the *California Innovations* test, which also goes to the heart of respondent's unclean hands defense. We have already determined, *supra*, that there exists a genuine issue

of material fact as to whether a goods/place association exists. Therefore, provided that at trial a goods/place association is ultimately deemed to exist between soap and "San Francisco," the remaining issue to review on summary judgment as to this motion is whether a substantial portion of the relevant consumers would be materially influenced in the decision to purchase the product or service by the geographic meaning of the mark. See *In re Spirits International, N.V., Slip Op.* 2008-1369 at 9.

Based on our review of the evidence and arguments submitted by the parties, and drawing all inferences in favor of petitioner as the non-movant on this motion, we find that respondent has not shown that there is no **genuine issue of material fact** that the alleged misrepresentation is a material factor in a substantial portion of the relevant consumers' decision to purchase petitioner's products and that he is entitled to judgment as a matter of law. See *Id.* Accordingly, respondent's motion for summary judgment on the unclean hands defense is denied.

. . . ● . . .

LACHES DEFENSE

We turn finally to respondent's motion for summary judgment based on the defense of laches. Based on our review of the arguments and exhibits submitted by the parties, and drawing all inferences in favor of the non-

movant, we find that respondent's evidence, without more, is insufficient to show the absence of a genuine issue of material fact as to whether respondent suffered material prejudice as a result of petitioner's alleged eighteen-month delay in objecting to respondent's registration. We note, in particular, that respondent did not submit with its motion specific data on his sales and promotional activities from the registration date of the involved registration until the filing of the petition to cancel; rather, he provided only gross sales, products sold and customer figures from August 2002 until 2007. In view thereof, we find that, at a minimum, there is a **genuine issue of material fact** as to whether petitioner's delay (if unreasonable delay is established) materially prejudiced respondent. Accordingly, respondent's motion for summary judgment is denied in regard to his laches defense.

. . . ● . . .

PETITIONER'S CROSS-MOTION FOR SUMMARY JUDGMENT

On consideration of petitioner's cross-motion and respondent's opposition thereto, we note that the parties rely largely on the same arguments contained in and evidence attached to respondent's motion for summary judgment and petitioner's opposition to said motion. Based on our findings discussed *supra* in connection with respondent's defenses regarding the asserted geographically deceptively

misdescriptive nature of petitioner's mark and respondent's abandonment defense, and based on our review of the evidence and arguments submitted by the parties, we find that petitioner has not met its burden to show that there are no genuine issues of material fact in dispute and that it is entitled to judgment as a matter of law. Drawing all inferences in favor of the respondent as the non-movant on such motion, we find that, at a minimum, there are **genuine issues of material fact** as to the sufficiency of petitioner's common law rights in the mark SAN FRANCISCO SOAP COMPANY and as to petitioner's priority.¹⁶ In short, as long as respondent's affirmative defenses remain viable, petitioner is unable to obtain entry of summary judgment on its main claim on the ground of likelihood of confusion.

Accordingly, petitioner's cross-motion for summary judgment is denied.

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SUMMARY; PROCEEDINGS RESUMED; DATES RESET

Respondent's motion for summary judgment on his claim under *Otto Roth* and on three of his affirmative defenses is

¹⁶ Inasmuch as respondent states in paragraph 18 of his answer that his SAN FRANCISCO BATH SALT COMPANY mark is confusingly similar to petitioner's SAN FRANCISCO SOAP COMPANY mark in appearance, sound and in commercial impression, there is no genuine issue as to those material facts.

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denied for the reasons discussed herein.¹⁷ Likewise, petitioner's cross-motion for summary judgment on the issues of priority and likelihood of confusion is also denied.¹⁸

Proceedings are resumed. Respondent is allowed until **THIRTY DAYS** from the mailing date of this order to file an amended answer to the petition for cancellation to include the particular unclean hands affirmative defense which he has raised in his motion. Trial dates are reset as shown below:

DISCOVERY PERIOD TO CLOSE:	CLOSED
Thirty-day testimony period for party in the position of plaintiff to close:	August 1, 2009
Thirty-day testimony period for party in the position of defendant to close:	September 30, 2009
Fifteen-day rebuttal testimony period to close:	November 14, 2009

IN EACH INSTANCE, a copy of the transcript of testimony, together with copies of documentary exhibits, must be served on the adverse party **WITHIN THIRTY DAYS** after

¹⁷ Although we have mentioned only particular genuine issues of material fact in regard to respondent's defenses and petitioner's claim, that is not to say that these are the only issues of material fact in dispute.

¹⁸ The parties should note that evidence submitted in support of or in opposition to the motion for summary judgment and cross-motion for summary judgment is of record only for consideration of those motions. Any such evidence to be considered at final hearing must be properly introduced in evidence during the appropriate trial period. See, e.g., *Levi Strauss & Co. v. R. Joseph Sportswear Inc.*, 28 USPQ2d 1464 (TTAB 1993).

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completion of the taking of testimony. See Trademark Rule 2.125, 37 C.F.R. § 2.125.

Briefs shall be filed in accordance with Trademark Rules 2.128(a) and (b), 37 C.F.R. §§ 2.128(a) and (b). An oral hearing will be set only upon request filed as provided by Trademark Rule 2.129, 37 C.F.R. § 2.129.

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