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UNITED STATES PATENT AND TRADEMARK OFFICE
Trademark Trial and Appeal Board
P.O. Box 1451
Alexandria, VA 22313-1451

Mailed: June 25, 2010

Cancellation No. 92051832

MERZ PHARMACEUTICALS, LLC and
MERZ INCORPORATED

v.

MONTANI COSMETICS INC

Before Grendel, Walsh and Mermelstein, Administrative
Trademark Judges.

By the Board:

This case now comes up on respondent's motion (filed May 22, 2010) for summary judgment, or alternatively, for judgment on the pleadings on the pleaded affirmative defense of "stare decisis" and respondent's motion (filed May 21, 2010) to strike paragraph 9 of petitioners' amended petition to cancel.¹ Petitioners oppose both motions.

Respondent submits that if the file history of the subject registration is automatically part of the record and considered part of the pleadings, then the Board can consider the motion as one for judgment on the pleadings but if the file history is considered as matter outside the

¹ Petitioners filed an amended petition to cancel on February 8, 2010, to include omitted exhibit A from the original petition to cancel.

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pleadings, then the motion should be considered as one for summary judgment.

While the record in a Board case automatically includes the pleadings and the file of the involved registration, Trademark Rule 2.122(b), the registration file is not considered part of the pleadings. See Trademark Rule 2.122(c) (the only exhibit to a pleading which will be considered of record is a copy of the plaintiff's pleaded registration). Therefore, the exhibits (i.e., registration file) attached to respondent's motion are matters outside the pleadings which can only be considered on a motion for summary judgment. However, in inter partes proceedings commenced after November 1, 2007, a party may not file a motion for summary judgment under Trademark Rule 2.127(e)(1) until the party has made its initial disclosures, except for a motion asserting claim or issue preclusion or lack of jurisdiction by the Board. Respondent has not stated that initial disclosures have been made or are not required because it seeks judgment on claim or issue preclusion or on a jurisdictional issue. Therefore, the Board will exclude the matters outside the pleadings from consideration, and consider the motion for whatever merits it may present as a motion for judgment on the pleadings. *Cf. Compagnie Gervais Danone v. Precision Formulations LLC*, 89 USPQ2d 1251, 1256 (TTAB 2009) (the Board may exclude matters outside the

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pleadings and consider the motion for whatever merits it may have as a motion to dismiss).

Respondent's affirmative defense of stare decisis is based on the Office (i.e., Trademark Examining Attorney) previously considering whether petitioners' MEDERMA registrations were a bar to respondent's registration and "ultimately determin[ing] there was no likelihood of confusion between Registrant's MEDERMIS mark and Petitioners' various MEDERMA registrations, and grant[ing] to Registrant the MEDERMIS registration."

The doctrine of stare decisis may be defined as the policy of courts to stand by precedent and not to disturb a settled point of law. See Black's Law Dictionary (Westlaw 8th edition).

Essentially, this doctrine provides that, when a court has once laid down a principle of law as applicable to a certain set of facts, it will adhere to that principle, and apply it to all future cases, where the facts are substantially the same, regardless of whether the parties and properties are the same.

In order for stare decisis to be applicable, it must be based on a "*judicial determination . . . [of a party's] right to registration, in an ex parte proceeding not involving an appeal by way of a civil action before a federal district court.*" (emphasis added). *Flowers Indus. Inc. v. Interstate Brands Corp.*, 5 USPQ2d 1580, 1584 (TTAB

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1987). See also *In re Honeywell Inc.*, 8 USPQ2d 1600 (TTAB 1988) (discussing preclusive effect of prior final judgments which arise out of ex parte proceedings).

An examining attorney's decision in allowing a registration is considered "non-adjudicatory, and non-precedential." *In re Wilson*, 57 USPQ2d 1863, 1871 (TTAB 2001). Moreover, it has long been held that the Board is not bound by prior decisions of Trademark Examining Attorneys and that an inter partes case must be decided on its own merits and on the basis of its own record, in accordance with relevant statutory, regulatory and decisional authority. See e.g., *Miss Universe, Inc. v. Drost*, 189 USPQ 212, 213 (TTAB 1975); cf. *In re Davey Products Pty Ltd.*, 92 USPQ2d 1198, 1206 (TTAB 2009) (Board not bound by decision of Trademark Examining Attorney and must decide case based on evidence before us now); *In re Perez*, 21 USPQ2d 1075, 1077 (TTAB 1991) (Board "not bound by Examining Attorney's prior determination as to registrability.") Lastly, the purpose of trademark examination is for the Office to determine the issue of registrability in ex parte proceedings with the applicant. Ex parte examination is not a substitute for inter partes proceedings which are intended to remedy oversight or error in the ex parte examination process. See 2 J. Thomas McCarthy, *McCarthy on Trademarks and Unfair Competition* §

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20:2 (4th ed.) (opposition and cancellation proceedings are a "backstop to purely ex parte examination of trademark applications").

There has been no adjudicated final decision with regard to the involved registration and even if there was an adjudicated final decision in an ex parte context, it would not preclude an opposition or cancellation, which is a new proceeding, based on new evidence. As stated above, the inter partes proceeding is a backstop to the ex parte examination process. Therefore, we find that the legal principle of stare decisis is inapplicable to this case. *Cf. In re Wilson*, 57 USPQ2d 1863 (TTAB 2001) (finding that the "reasoned decision making doctrine" which prohibits federal agency from creating conflicting lines of precedent governing identical situations, inapplicable to trademark examiner's non-adjudicatory and non-precedential decision to issue registration).

Inasmuch as stare decisis is a legal principle and not an affirmative defense, the motion for judgment on the pleadings is denied and the "defense" of stare decisis is hereby stricken from the answer. *Cf. Bausch & Lomb Inc. v. Leupold & Stevens Inc.*, 1 USPQ2d 1497, 1500 (TTAB 1986) (denying cross-motion for summary judgment based on

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unavailable affirmative defense and striking unavailable defense from answer).²

The Board now turns to respondent's motion to strike. Respondent seeks to strike paragraph 9 of the petition to cancel which contains allegations of fraud as "inflammatory and prejudicial to Registrant" and "unrelated and immaterial" to the issue of likelihood of confusion.³

In response, petitioners argue that the motion to strike should be denied. They contend that they have alleged respondent's bad faith in securing the registration by referencing respondent's President's letter of July 22, 2008, which "acknowledged its awareness of 'close similarities' of the parties' marks" and indicated that respondent would not be pursuing registration of the MEDERMIS mark. Petitioners contend that the letter is "a powerful admission against interest voluntarily made" and

² We note that even if we had considered the motion as one for summary judgment, the result would be the same because stare decisis is a legal principle that - all else being equal - a court will stick to its previous legal determinations, and not an affirmative defense.

³ Petitioners also acknowledged that they were not alleging fraud in a February 8, 2010 filing. The allegations in paragraph 9 are as follows: "Registrant falsely represented to Petitioner [sic] in writing in July 2008 that Registrant would not be pursuing registration of its MEDERMIS & Design mark based on the close similarities between this mark and existing marks, namely, Petitioner's [sic] MEDERMA mark. Registrant's aforesaid letter to Petitioner [sic] is annexed hereto as Exhibit A and made a part hereof. Contrary to Registrant's representation that it would not pursue registration of "MEDERMIS," Registrant did, in fact, pursue such registration. As a consequence, Registrant obtained its registration in bad faith by employing fraudulent pretenses, and making false representations to Petitioner [sic], and Petitioner [sic] has been damaged thereby."

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that petitioners' reliance on respondent's representations in the letter "is relevant to show why Petitioner [sic] has objected to registration of the mark at the cancellation . . . stage."

Although petitioners have explained in their response to the motion to strike what is meant by the allegations in paragraph 9, we find that these allegations require amendment as it is not at all clear from the pleading whether petitioners are alleging fraud in procuring the registration, or that respondent is somehow bound by its previous representations relating to registration of the MERDERMIS mark, and that respondent's letter of July 22, 2008, constitutes an admission against interest. In any event, since petitioners have previously stated that they are not claiming fraud as a ground for cancellation, allegations of fraud in this context do not appear relevant or appropriate.

While the motion to strike appears well taken with regard to the assertions in paragraph 9, leave to amend is granted. In view thereof, petitioners are allowed until TWENTY DAYS from the mailing date of this order to amend the allegations in paragraph 9 of the amended petition to cancel to clarify their claims as set forth in its response to the motion to strike.

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Although no suspension order issued, proceedings are considered to have been suspended retroactive to the date of filing the motion for summary judgment, alternative motion for judgment on the pleadings.

Dates are reset as follows:

Initial Disclosures Due	7/24/10
Expert Disclosures Due	11/21/10
Discovery Closes	12/21/10
Plaintiff's Pretrial Disclosures	2/4/11
Plaintiff's 30-day Trial Period Ends	3/21/11
Defendant's Pretrial Disclosures	4/5/11
Defendant's 30-day Trial Period Ends	5/20/11
Plaintiff's Rebuttal Disclosures	6/4/11
Plaintiff's 15-day Rebuttal Period Ends	7/4/11

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 completion of the taking of testimony. Trademark Rule 2.125.

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