

ESTTA Tracking number: **ESTTA701978**

Filing date: **10/13/2015**

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

Proceeding	92056703
Party	Defendant San Pasqual Casino Development Group, Inc.
Correspondence Address	HILLARY A BROOKS MARGER JOHNSON & MCCOLLOM PC 210 SW MORRISON ST, SUITE 400 PORTLAND, OR 97204 UNITED STATES hillary.brooks@techlaw.com, amanda.bernardy@techlaw.com, kelly.lusk@techlaw.com, litigationdocketing@techlaw.com, delfina.homen@techlaw.com
Submission	Reply in Support of Motion
Filer's Name	Hillary A. Brooks
Filer's e-mail	litigationdocketing@techlaw.com, hillary-brooks@techlaw.com, delfina.homen@techlaw.com, dejenetaye@techlaw.com
Signature	/Hillary A. Brooks/
Date	10/13/2015
Attachments	00227951.PDF(135171 bytes)

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

3 SQUARE, INC.)	
)	Cancellation No. 92056703
Petitioner,)	
)	
v.)	
)	
SAN PASQUAL CASINO)	
DEVELOPMENT GROUP, INC.)	
)	
Registrant.)	

**REGISTRANT’S REPLY IN SUPPORT OF REGISTRANT’S
CROSS-MOTION FOR SUMMARY JUDGMENT ON LACHES**

In its Cross-Motion for Summary Judgment, Registrant San Pasqual Casino Development Group, Inc. (“Registrant”) asked the Board to dismiss Petitioner’s likelihood of confusion claim as barred by laches. Laches requires a showing of 1) undue or unreasonable delay by the petitioner in asserting its rights, and 2) prejudice to the registrant resulting from the petitioner’s delay. *Bridgestone/ Firestone Research Inc. v. Auto. Club de l’Ouest de la France*, 58 USPQ2d 1460, 1462 (Fed. Cir. 2001). Registrant demonstrated both elements in its Cross-Motion, as well as a lack of inevitable confusion. Petitioner’s “challenge” consists of a brief that misapplies and misconstrues the law and ignores Registrant’s evidence. Registrant presents the following reply in support of its Cross-Motion to clarify issues raised by Petitioner’s brief.¹

A. Petitioner Presents No Reasonable Excuse for Its Undue Delay

The period of delay for laches begins when the petitioner has actual or constructive notice of the registrant’s trademark use, whichever is first. *Ava Ruha Corp. v. Mother’s Nutritional Ctr., Inc.*, 113 USPQ2d 1575, 1580 (TTAB 2015). Where there is no pre-registration actual knowledge,

¹ Part A(2), found at pages 9-14 of Petitioner’s brief (41 TTABVUE at 9-14), appears to be the only portion of Petitioner’s brief that is directly responsive to Registrant’s Cross-Motion on laches.

the date of registration is the operative date, “as it provides constructive notice to petitioner of registrant’s claim of ownership.” *Id.* (citing *Teledyne Tech. v. W. Skyways, Inc.*, 78 USPQ2d 1203, 1210 n.10 (TTAB 2006), *aff’d*, 208 F. App’x 886 (Fed. Cir. 2006)).

Here, it is not subject to genuine dispute that the period of delay is over three years for both challenged registrations. U.S. Registration No. 3,726,776 for BLD issued on December 15, 2009, and U.S. Registration No. 3,736,766 for BLD’S issued on January 12, 2010. Petitioner did not institute this proceeding until January 22, 2013, more than three years later. Similar periods of delay have been found to support laches. *See, e.g., Ava Ruha*, 113 USPQ2d at 1581 (three years and two months); *Teledyne*, 78 USPQ2d at 1203 (three years and eight months); *Trans Union Corp. v. Trans Leasing Int’l, Inc.*, 200 USPQ 748, 756 (TTAB 1978) (two and a half years); *Bose Corp. v. Custom Elec. Design & Installation Assoc.*, Canc. No. 92042327, at 36 (TTAB Apr. 30, 2007) (non-precedential) (four years).²

Petitioner argues delay should be measured from when Petitioner claims it first had actual knowledge of the registrations. (See 41 TTABVUE at 10-11.) “[A]ctual knowledge is not the appropriate measure.” *Turner v. Hops Grill & Bar Inc.*, 52 USPQ2d 1310, 1312 (TTAB 1999). Indeed, the Board rejected this exact argument more than 15 years ago in *Turner*. *See id.* at n.3. To require actual knowledge would not only fly in the face of long-established precedent, it would ignore 15 U.S.C. § 1072, which “specifically provides that registration of a mark on the principal register shall be constructive notice of the registrant’s claim of ownership thereof.” *Id.*

Petitioner’s only excuse for its delay is its claimed lack of actual knowledge.³ (See 41

² While *Bose* is not precedential, it may be cited and considered for whatever persuasive value it may hold. *In re Fiat Group Mktng. & Corporate Commc’ns S.p.A.*, 109 USPQ2d 1593 (TTAB 2014). *Bose* is available through the Board’s TTABVUE public database. *See* TBMP 101.03.

³ Indeed, Petitioner even states that progressive encroachment, one potential excuse for a challenger’s delay, “is not at issue here.” (41 TTABVUE at 12.)

TTABVUE at 10-11.) Lack of actual knowledge is not a reasonable excuse. *Turner*, 52 USPQ2d at 1312; *see also Pro-Football Inc. v. Harjo*, 68 USPQ2d 1225, 1259 (D.D.C. 2003) (“[I]gnorance of one’s legal rights is not a reasonable excuse in a laches case.”).

Undue delay is found where a challenger presents no reasonable excuse for its delay. For example, in *Teledyne*, the petitioner was “conspicuously silent regarding its reasons for the delay.” *Teledyne*, 78 USPQ2d at 1211. Finding the petitioner’s silence to be “very problematic for its position,” the Board held that a three-and-a-half year delay, coupled with “the complete absence of any reasonable excuse for its inaction,” constituted undue delay. *Id.* In *Bose*, the petitioner was “completely silent” as to the reason for its delay. *Bose*, No. 92042327, at 36. Finding the petitioner to be “charged with the knowledge of the registrations as of the registration dates,” the Board held that the petitioner’s four year delay, coupled with “the complete absence of any reasonable excuse for its inaction,” constituted undue delay. *Id.* at 37.

A petitioner “is usually expected to give some reason for delay which appears to cause prejudice. It is dangerous to simply stand mute and take the position that there is no obligation to explain apparent lethargy.” MCCARTHY § 31:14, *quoted with approval by Teledyne*, 78 USPQ2d at 1211, *and Bose*, No. 92042327, at 36; *see also Procter & Gamble Co. v. J.L. Prescott Co.*, 40 USPQ 434, 442 (3d Cir. 1939), *cert. denied*, 308 U.S. 557 (1939) (stating that unexplained delay “must weigh heavily in the balance against” a challenger). Here, Petitioner’s only “explanation” is a lack of actual knowledge, which is not a reasonable excuse. Petitioner’s more than three year delay and lack of any reasonable excuse constitute undue delay, supporting laches.

B. Petitioner Presents No Credible Challenge to Registrant’s Showing of Prejudice

“Economic prejudice arises from investment in and development of the trademark, and the continued commercial use and economic promotion of a mark over a prolonged period adds weight

to the evidence of prejudice.” *Teledyne*, 78 USPQ2d at 1211 (citing *Bridgestone*).

Petitioner claims Registrant “submitted no evidence of prejudice.” (41 TTABVUE at 12.) To the contrary, Registrant submitted the declaration of Joe Navarro, President and CEO of Registrant, in which Mr. Navarro gave specific information concerning Registrant’s marketing and advertising expenditures,⁴ and explained that Registrant has made significant investment in and development of its marks during the period of delay, building up significant goodwill in the process. (Navarro Decl. ¶¶ 16-18, 38 TTABVUE.)

Petitioner apparently faults Registrant for not offering the same type of evidence as seen in *Ava Ruha*. (See 41 TTABVUE at 12.) But there is no requirement for any specific type of evidence to support economic prejudice; economic prejudice “may be as simple as the development of goodwill built around a mark during petitioner’s delay.” *Christian Broad. Network Inc. v. ABS-CBN Int’l*, 84 USPQ2d 1560, 1573 (TTAB 2007).

In *Bose* the petitioner similarly argued that the registrant did not substantiate its claim of prejudice, but the Board rejected that argument. The registrant’s executive director testified as to the registrant’s development and maintenance of its operations and goodwill in the mark during the period of delay, and therefore sufficiently testified as to prejudice. See *Bose*, No. 92042327 at 37-38. Unlike Registrant here, the *Bose* registrant did not provide specific figures regarding its investment in building its brand, but the Board still found that it was “clear” that during the petitioner’s silence, the registrant invested in and promoted its brand, establishing economic prejudice. See *id.* at 38; see also *Teledyne*, 78 USPQ2d at 1211 (noting that while the registrant “did not provide precise sales and advertising figures,” it was still clear that the registrant invested in and promoted its brand during the period of silence; economic prejudice found).

⁴ The specific information was filed under seal pursuant to the protective order in place in this proceeding. (See 40 TTABVUE, ¶¶ 16-18.) Petitioner was served with an unredacted copy of the declaration.

Here, not only did Mr. Navarro describe Registrant's development and maintenance of its goodwill in the mark during the period of delay, evidence found sufficient to establish economic prejudice in *Bose* and *Teledyne*, Registrant also gave specific details of its investment in its brand. Registrant's investment in and development of its marks, and continued commercial use and economic promotion of the marks for nearly eight years, establishes economic prejudice. *See Teledyne*, 78 USPQ2d at 1211; *see also Pro-Football*, 68 USPQ2d at 1262 (“[A]n economic cost exists when a trademark is cancelled that adversely affects prior investment in the brand.”).

Petitioner also argues that Registrant is not prejudiced by Petitioner's delay because, according to Petitioner, Registrant had “an awareness” predating Petitioner's first contact with Registrant. (*See* 41 TTABVUE at 11.) Aside from being factually incorrect,⁵ this argument is irrelevant. “When there has been an unreasonable period of delay by a plaintiff, economic prejudice to the defendant may ensue whether or not the plaintiff overtly lulled the defendant into believing that the plaintiff would not act, or whether or not the defendant believed that the plaintiff would have grounds for action.” *Teledyne*, 78 USPQ2d at 1211 (citing *Bridgestone*). Registrant's “awareness” or, as in this case, lack of awareness, of Petitioner and Petitioner's claimed first use of the mark has nothing to do with whether or not Registrant suffered economic prejudice.

Finally, Petitioner flippantly concludes that Registrant can simply select a new mark “with no financial effect on its small print campaign, which is for the casino.” (*See* 41 TTABVUE at 12.) This, too, is factually incorrect. Numerous examples of advertising for Registrant's restaurant,

⁵ Petitioner apparently is suggesting that Registrant actually knew of Petitioner and/or Petitioner's use of the mark prior to Petitioner's first contact with Registrant in December 2012. However, as explained in the interrogatory response, Registrant merely heard a rumor after it applied for federal registration of BLD that there was potentially an entity using BLD in the Los Angeles area, but was not aware at the time of the identity of the rumored entity nor any details concerning the entity's purported use, including when the entity had commence use of BLD. It was not until Petitioner's counsel's December 14, 2012 letter claiming that Petitioner had used BLD prior to Registrant's dates of first use that Registrant learned of Petitioner's alleged prior use of BLD. (*See* 41 TTABVUE, Hitt Decl., Ex. 1, response to Interrogatory No. 3-4.)

both in traditional and social media, were produced during discovery, none of which made their way into the cherry-picked examples Petitioner submitted to the Board. (*See* Homen Decl. Ex. 1; *see also id.*, Ex. 2 (more current examples).) Registrant’s advertising campaign is anything but “small” (*see* Navarro Decl. ¶¶ 16-18), and it is not limited to Registrant’s casino.⁶

But perhaps more importantly, Petitioner’s claim that Registrant can financially absorb a switch to a new mark completely misses the point. Regardless of what it might cost Registrant *financially* to switch to a new mark, the loss of goodwill built up in the brand during the period of delay would prejudice Registrant. *Christian Broad.*, 84 USPQ2d at 1573. There is no requirement for a showing of expansion, like in *Ava Ruha*: “[L]ong acquiescence in the use of a trademark by a successful business, even without expansion of trade, may provide a basis for a valid inference of prejudice.” *Ralston Purina Co. v. Midwest Cordage Co., Inc.*, 153 USPQ 73, 76 (CCPA 167).

Registrant has shown economic prejudice caused to it by Petitioner’s delay. Petitioner has not rebutted this showing. Economic prejudice supporting laches exists in this case.

C. There is No Inevitable Confusion Barring Application of the Laches Doctrine

Inevitable confusion, where it exists, acts as a bar to laches. *Ava Ruha*, 113 USPQ2d at 1584. However, inevitable confusion “is an increment higher than that required for a finding of a likelihood of confusion.” *Turner*, 52 USPQ2d at 1313 n.4 (citing *Coach House Rest., Inc. v. Coach & Six Rests., Inc.*, 19 USPQ2d 1401 (11th Cir. 1991)). In other words, even where a likelihood of confusion exists, there must be *inevitable* confusion to bar laches, not merely debatable confusion. *See Christian Broad.*, 84 USPQ2d at 1573 (finding that despite a likelihood of confusion, confusion was not inevitable; laches found, likelihood of confusion claim dismissed).

⁶ Petitioner also insinuates no prejudice to Registrant because “it has a single restaurant in a gambling casino.” (41 TTABVUE at 12.) Mr. Navarro’s declaration directly undermines this argument. (*See* 40 TTABVUE ¶¶ 16-18.)

To determine whether confusion is inevitable, all of the *DuPont* factors must be examined; it is not enough to base inevitable confusion on the similarity of the marks and the goods or services alone. *Turner*, 52 USPQ2d at 1313 (citing *Coach House*). Accordingly, the Board can and has found no inevitable confusion in cases where, like here, there is significant concurrent use without any actual confusion. *See, e.g., Teledyne*, 78 USPQ2d at 1212; *Christian Broad.*, 84 USPQ2d at 1574. Significant concurrent use without actual confusion supports a conclusion that confusion is not inevitable because “if confusion were inevitable, there were many opportunities for there to be known instances of actual confusion.” *Teledyne*, 78 USPQ2d at 1212.

Petitioner’s only apparent argument in support of its assertion that confusion is inevitable is that the facts in *Christian Broadcasting* are somewhat different than the facts here. (*See* 41 TTABVUE at 13.) No two cases have the same exact facts; if they did, litigation would not arise. Each case must be determined on its own merits, and an examination of the pertinent *DuPont* factors in *this* case demonstrates that confusion is not inevitable.

First, the marks are not identical. Petitioner’s only actual trademark use has been of the highly stylized design form shown in U.S. Appl. Ser. No. 85/588,233, which is significantly different from any form ever used by Registrant. (*See* 37 TTABVUE at 7-9.) The fact that the marks are not identical supports a finding of no inevitable confusion. *See Jansen Enters. Inc. v. Rind*, 85 USPQ2d 1104, 1118 (TTAB 2007) (finding no inevitable confusion where, though the services were partially identical, the marks were not identical).

The services also are not identical. Petitioner’s services include catering services, which are not included in either challenged registration, and Registrant’s registration for BLD’S includes bar services, which are not included in either of Petitioner’s applications. The fact that the services are not identical also supports a finding of no inevitable confusion. *See Jansen*, 85 USPQ2d at

1118 (restaurant services not identical to franchising services; no inevitable confusion); *see also Teledyne*, 78 USPQ2d at 1212 (while ignition harnesses for aircraft engines were “commercially related” to aircraft engines, “they are hardly identical”; no inevitable confusion).

Turning to other pertinent *DuPont* factors, while Petitioner claims its mark is “famous” and entitled to broad protection, Petitioner failed to provide sufficient evidence to support that claim, either in its original brief or its reply. It is also indisputable that Petitioner’s mark is suggestive and entitled to less protection than an arbitrary mark. In fact, Petitioner appears to have backpedaled from its original claim that its mark is arbitrary. (*See* 41 TTABVUE at 16.)

Finally, Petitioner does not dispute that the parties have used their respective marks for the same services⁷ offered to the same consumers through presumptively the same trade channels, both in Southern California, for nearly eight years, without any actual confusion. Myriad cases have found a lack of actual confusion over a significant period of time to support no likelihood of confusion—a lower standard than inevitable confusion. *See, e.g., Citigroup Inc. v. Capital City Bank Group, Inc.*, 94 USPQ2d 1645, 1664 (TTAB 2010), *aff’d*, 98 USPQ2d 1253 (Fed. Cir. 2011) (lack of actual confusion weighed against a likelihood of confusion); *Greentree Labs., Inc. v. G.G. Bean, Inc.*, 13 USPQ2d 1161, 1165 (D. Me. 1989) (4 years of coexistence without confusion “strongly indicates” confusion is unlikely); *Starbucks Corp. v. Wolfe’s Borough Coffee, Inc.*, 92 USPQ2d 1769, 1782 (2d Cir. 2009) (11 years of coexistence without confusion is “powerful indication” confusion is not likely); *CareFirst of Md., Inc. v. First Care, P.C.*, 77 USPQ2d 1577, 1581 (4th Cir. 2009) (9 years of coexistence without confusion “creates a strong inference that there is no likelihood of confusion”). And, of course, the Board has found a lack of actual confusion over a significant period of time to support a finding of no inevitable confusion. *See*,

⁷ While the services can be considered the “same” in that they are commercially related, this does not mean they are identical for purposes of the inevitable confusion analysis. *See Teledyne*, 78 USPQ2d at 1212.

e.g., Teledyne, 78 USPQ2d at 1212; *Christian Broad.*, 84 USPQ2d at 1574.

In *Klise Manufacturing Co. v. Braided Accents, L.L.C.*, No. 92045607 (TTAB July 3, 2008) (non-precedential),⁸ the Board held that confusion was not inevitable, despite that the goods were identical in part, because “[t]he marks are somewhat suggestive and may be entitled to a narrower scope of protection than purely arbitrary coined marks. In addition, there has been over nine years of concurrent use of the marks without any reported instances of actual confusion.” *Id.* at 21-22. These reasons alone were enough for the Board to find no inevitable confusion. *Id.*

As in *Klise*, Petitioner’s marks are suggestive and entitled to a narrower scope of protection than an arbitrary mark. In addition, there has been nearly eight years of concurrent use of the parties’ respective marks for the same services to the same consumers through the same trade channels, in the same geographic region of the same state, with no reported instances of actual confusion. Under these circumstances, it is appropriate to conclude, as in *Klise*, that confusion is not inevitable. Petitioner’s likelihood of confusion claim should be dismissed as barred by laches.⁹

Dated this 13th day of October, 2015.

Respectfully submitted,

/Hillary A. Brooks/
Hillary A. Brooks
Registration No. 45,815
Attorney for Opposer

MARGER JOHNSON & McCOLLOM, P.C.
888 SW Fifth Avenue, Suite 1050
Portland, OR 97204
(503) 222-3613

⁸ While *Klise* is not precedential, it may be cited and considered for whatever persuasive value it may hold. *In re Fiat Group*, 109 USPQ2d 1593. *Klise* is available through the Board’s TTABVue public database. *See* TBMP 101.03.

⁹ Laches is not an available defense on Petitioner’s abandonment/void ab initio claim. However, that claim must fail for the reasons set forth in Registrant’s opposition to Petitioner’s Motion for Summary Judgment (*see* 37 TTABVue at 3-5).

CERTIFICATE OF ELECTRONIC FILING

The undersigned hereby certifies that the **REGISTRANT'S REPLY IN SUPPORT OF REGISTRANT'S CROSS-MOTION FOR SUMMARY JUDGMENT ON LACHES** was electronically filed with the Trademark Trial and Appeal Board on October 13, 2015.

CERTIFICATE OF SERVICE

The undersigned hereby certifies that a true and correct copy of the **REGISTRANT'S REPLY IN SUPPORT OF REGISTRANT'S CROSS-MOTION FOR SUMMARY JUDGMENT ON LACHES** was served upon Petitioner on October 13, 2015, by forwarding said copy via first class mail to counsel for Petitioner at the following addresses:

Michael A. Grow
Laure Hadas-Lebel
Arent Fox LLP
1717 K Street NW
Washington, DC 20036

Mark Robertson
Funsten & Franzen
9595 Wilshire Boulevard
Beverly Hills, CA 90212

By: /Dejene Taye/
Dejene Taye