

THIS ORDER IS A
PRECEDENT OF
THE TTAB

UNITED STATES PATENT AND TRADEMARK OFFICE
Trademark Trial and Appeal Board
P.O. Box 1451
Alexandria, VA 22313-1451
General Contact Number: 571-272-8500

coggins

Mailed: August 30, 2016

Cancellation No. 92061951

Chutter, Inc.

v.

Great Concepts, LLC

Before Ritchie, Lykos, and Masiello,
Administrative Trademark Judges.

By the Board:

Now before the Board is Great Concepts, LLC's ("Respondent") fully briefed motion for summary judgment on the issue of *res judicata*.

Relevant Background

On July 29, 2015, Chutter, Inc. ("Petitioner") filed a petition to cancel Respondent's Registration No. 2929764 for the mark DANTANNA'S (in typed format¹) for "steak and seafood restaurant."² As the sole ground for cancellation, Petitioner pleaded fraud in Respondent's filing of a Section 15 declaration on March

¹ Prior to November 2, 2003, "standard character" marks were known as "typed" marks. A typed mark is the legal equivalent of a standard character mark. *In re Vittera Inc.*, 671 F.3d 1358, 101 USPQ2d 1905, 1909 n.2 (Fed. Cir. 2012); TMEP § 807.03(i) (April 2016).

² Registration No. 2929764, issued March 1, 2005, from an application filed June 9, 2003. Respondent's combined Declaration of Use and Application for Renewal under Trademark Act Sections 8 and 9 was accepted on November 21, 2014.

8, 2010, while both a Board cancellation proceeding and civil action involving the subject registration were pending.

In lieu of an answer, Respondent filed what the Board construed as a combined motion to dismiss under Fed. R. Civ. P. 12(b)(6) for failure to state a claim of fraud and for summary judgment under Fed. R. Civ. P. 56 based on *res judicata*. On December 30, 2015, the Board denied the motion to dismiss on its merits, but allowed the parties time to submit additional briefing and evidence relevant to the issue of *res judicata*. See 8 TTABVUE.

Standing

The Board's December 30, 2015 order did not address whether Petitioner had sufficiently alleged its standing to bring this proceeding. Instead, the Board noted that Respondent had presented arguments in its motion to dismiss that Petitioner lacks standing to bring this proceeding under the doctrine of *res judicata*.

To complete the analysis under Fed. R. Civ. P. 12(b)(6) and eliminate any misunderstanding, we find that Petitioner has sufficiently alleged its standing by alleging at paragraph 7 of the petition that the Office has refused Petitioner's pleaded applications under Section 2(d) of the Trademark Act based on an alleged likelihood of confusion with the subject registration.³ See *Lipton Indus., Inc. v. Ralston Purina*

³ Petitioner alleges that it is the owner of two applications for the mark DAN TANA'S, Serial No. 86452290 for "bar services; restaurant services" and Serial No. 86452328 for "marinara sauce," both filed on November 12, 2014. Petition, para. 6. Although Petitioner mistakenly pleaded the second serial number as 86452382 instead of 86452328, it is clear from the parties' briefs that they understand the serial number to be 86452328. Moreover, Petitioner specifically addressed this issue in its brief in opposition (see Brief, p.3, n.2 (10 TTABVUE 5)). In view thereof, the electronic record for this cancellation proceeding has been updated to reflect the correct serial number. Because the standing question is addressed in the Rule

Co., 670 F.2d 1024, 213 USPQ 185, 189 (CCPA 1982) (“Thus, to have standing in this case, it would be sufficient that [plaintiff] prove that it filed an application and that a rejection was made because of [defendant’s] registration.”); *Weatherford/Lamb Inc. v. C&J Energy Servs. Inc.*, 96 USPQ2d 1834, 1837 (TTAB 2010).

Motion for Summary Judgment

Respondent moves for summary judgment under the doctrine of *res judicata*. Specifically, Respondent asserts that the actions on which the current ground for cancellation is based occurred during the pendency of a prior proceeding – Cancellation No. 92045947 (“the Prior Proceeding”) – which involved Petitioner’s predecessor in interest Dan Tana (“Tana”), and Respondent. Respondent further asserts that the currently alleged ground of fraud could have been raised in the earlier action, but that Tana allowed the Prior Proceeding to be dismissed with prejudice due to Tana’s apparent loss of interest in the proceeding.

On June 6, 2006, Tana commenced the Prior Proceeding by filing a petition for cancellation against Registration No. 2929764 on the grounds of (1) false suggestion of a connection, and (2) fraud based on a claim that Respondent (as an applicant) failed, during *ex parte* prosecution of the application which resulted in its registration, to inform the examining attorney that the mark identified a living individual. In September 2007, the Board suspended proceedings in the Prior Proceeding pending disposition of a civil action between the parties in federal district

12(b)(6) context on the pleadings, we note that this finding of proper pleading does not remove Petitioner’s obligation to prove the facts demonstrating standing at trial. The mere listing of an application number in the electronic record does not make that application of record. *See Melwani v. Allegiance Corp.*, 97 USPQ2d 1537, 1540 (TTAB 2010).

court.⁴ In March 2010, while the Prior Proceeding was suspended for the civil action, Respondent filed a Combined Declaration of Use and Incontestability under Sections 8 & 15 with respect to the subject registration, in which Respondent incorrectly stated that there was “no proceeding involving said rights [to register the same or keep the same on the register] pending and not disposed of either in the U.S. Patent and Trademark Office or in the courts.” In September 2010, after Respondent alerted the Board that the civil action had been finally determined, the Board, in view of the *In re Bose Corp.*⁵ decision which issued while the Prior Proceeding was suspended, *sua sponte* reviewed Tana’s petition for cancellation and found that both of Tana’s claims were insufficiently pleaded. The Board allowed Tana until October 7, 2010, in which to file an amended petition, and noted that if Tana did not file an amended petition the Board would issue an order to show cause why the original petition should not be dismissed with prejudice based on Tana’s loss of interest in the case. *See* 42 TTABVUE 6 (in 92045947). As no response was received from Tana, the Board, on October 26, 2010, issued such an order to show cause. *See* 44 TTABVUE (in 92045947). Tana again failed to respond, and the Prior Proceeding was dismissed with prejudice on December 14, 2010. *See* 45 TTABVUE (in 92045947). The dismissal was not appealed.

⁴ First filed in the United States District Court for the Central District of California as *Dan Tana v. Dantanna’s, et al.*, Case No. 2:07-CV-05532-ABC-JW; subsequently pursued in the United States District Court for the Northern District of Georgia as *Dan Tana v. Dantanna’s, et al.*, Case No. 1:08-CV-00975-TWT. Respondent does not look to the civil action (involving infringement) for application of *res judicata*.

⁵ *In re Bose Corp.*, 580 F.3d 1240, 91 USPQ2d 1938 (Fed. Cir. 2009).

Respondent argues that Petitioner, as Tana's successor in interest, is now barred from raising a ground of fraud based on Respondent's filing of a Section 15 declaration during the pendency of the Prior Proceeding because such claim could have been raised in the Prior Proceeding but was not; and argues that Tana's loss of interest and the Board's consequent dismissal with prejudice of the Prior Proceeding now prevents Petitioner from bringing a claim that could have been raised by Tana.

Summary judgment is appropriate when there are no genuine disputes as to any material facts, thus allowing the case to be resolved as a matter of law. Fed. R. Civ. P. 56(a). 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 Am. Music Show Inc.*, 970 F.2d 847, 23 USPQ2d 1471, 1472 (Fed. Cir. 1992); *Olde Tyme Foods, Inc. v. Roundy's, Inc.*, 961 F.2d 200, 22 USPQ2d 1542, 1544 (Fed. Cir. 1992). Evidence on summary judgment 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. *Lloyd's Food Prods., Inc. v. Eli's, Inc.*, 987 F.2d 766, 25 USPQ2d 2027, 2029 (Fed. Cir. 1993); *Opryland USA*, 23 USPQ2d at 1472. The Board may not resolve genuine disputes as to material facts on summary judgment; we may only ascertain whether genuine disputes as to material facts exist. *See Lloyd's Food Prods.*, 25 USPQ2d at 2029; *Olde Tyme Foods*, 22 USPQ2d at 1542. Thus, in the case at hand, Respondent, as the party moving for summary judgment, has the initial burden of showing that there are no disputes as to the facts that establish a basis for preclusion

of Petitioner's claim and that Respondent is entitled to judgment as a matter of law on the undisputed facts.

Claim preclusion

Res judicata is the earlier name for the judicial doctrine now generally known as claim preclusion. See *Urock Network, LLC v. Sulpasso*, 115 USPQ2d 1409, 1410 n.4 (TTAB 2015) (citing *Senju Pharm. Co. v. Apotex Inc.*, 746 F.3d 1344, 110 USPQ2d 1261, 1263 (Fed. Cir. 2014)). Broadly stated, under the doctrine of claim preclusion, “a judgment on the merits in a prior suit bars a second suit involving the same parties or their privies based on the same cause of action.” *Jet Inc. v. Sewage Aeration Sys.*, 223 F.3d 1360, 55 USPQ2d 1854, 1856 (Fed. Cir. 2000) (quoting *Parklane Hosiery Co. v. Shore*, 439 U.S. 322, 326 n.5 (1979)). More specifically, in the circumstances presented by the case at hand, “[c]laim preclusion refers to the effect of a judgment in foreclosing litigation of a matter that never has been litigated, because of a determination that it should have been advanced in an earlier suit. Claim preclusion therefore encompasses the law of merger and bar.” *Migra v. Warren City School Dist. Bd. of Educ.*, 465 U.S. 75, 77 n.1 (1984); *Nasalok Coating Corp. v. Nylok Corp.*, 522 F.2d 1320, 86 USPQ2d 1369, 1371 (Fed. Cir. 2008). A valid and final judgment rendered in favor of the defendant bars another action by the plaintiff on the same claim and encompasses claims that were raised or could have been raised in the earlier action. See *Urock Network*, 115 USPQ2d at 1409 (citing *Allen v. McCurry*, 449 U.S. 90, 94 (1980)). However, “[i]f the claim did not exist at the time of the earlier action, it could not have been asserted in that action and is not barred by *res*

judicata.” *Aspex Eyewear Inc. v. Marchon Eyewear Inc.*, 672 F.3d 1335, 101 USPQ2d 2015, 2021 (Fed. Cir. 2012). In view of the foregoing, a second suit will be barred by claim preclusion if:

- (1) there is identity of parties (or their privies);
- (2) there has been an earlier final judgment on the merits of a claim; and
- (3) the second claim is based on the same set of transactional facts as the first.

See Parklane Hosiery, 439 U.S. at 326 n.5.

First factor: Identity of parties

There is no dispute that Respondent is the same defendant in both the current proceeding and the Prior Proceeding, and Petitioner concedes that it is in privity with Tana with respect to the right to use the mark DAN TANA in the field of “restaurant services,” which was pleaded by Tana in the Prior Proceeding. Brief in Opp., p. 6 (10 TTABVUE 7). The first factor of claim preclusion is satisfied.

Second factor: An earlier final judgment on the merits of a claim

The parties do not dispute that the Board dismissed the Prior Proceeding with prejudice based on Tana’s loss of interest, and that the Board’s dismissal order on such a procedural ground operates as a final judgment on the merits of the Prior Proceeding. *See* Fed. R. Civ. P. 41(b) (“Unless the [involuntary] dismissal order states otherwise, a dismissal ... except one for lack of jurisdiction, improper venue, or failure to join a party ... operates as an adjudication on the merits.”).⁶ Unquestionably, the

⁶ Rule 41(b) is applicable to this and the prior proceedings pursuant to Trademark Rule 2.116(a), 37 C.F.R. § 2.116(a), which provides that “[e]xcept as otherwise provided, and wherever applicable and appropriate, procedure and practice in *inter partes* proceedings shall be governed by the Federal Rules of Civil Procedure.”

Board's order dismissing the Prior Proceeding with prejudice was a final judgment that may give rise to claim preclusion.⁷ The second factor of claim preclusion is satisfied.

Third factor: Second action based on same set of transactional facts as the first

Respondent's motion for summary judgment implicates the defensive doctrine of "bar," wherein the Board must analyze whether a plaintiff can bring a subsequent action against a defendant. *See Jet Inc.*, 55 USPQ2d at 1856. As noted above, "[t]his bar extends to relitigation of 'claims that were raised *or could have been raised*' in an earlier action." *Urock Network, LLC*, 115 USPQ2d at 1412 (citing *Allen v. McCurry*, 449 U.S. at 94) (emphasis provided in *Urock*). Thus, under claim preclusion, a plaintiff is barred from a "subsequent assertion of the same transactional facts in the form of a different cause of action or theory of relief." *Vitaline Corp. v. General Mills Inc.*, 891 F.2d 273, 13 USPQ2d 1172, 1173 (Fed. Cir. 1989).

Respondent argues that any claim that "could have been raised" in the prior proceeding is now barred, and specifically that inasmuch as the fraud claim based on Respondent's filing of a Section 15 declaration could have been raised before the Prior

⁷ Although Petitioner concedes this factor, Petitioner nonetheless argues that it is "noteworthy" that there was no "actual" consideration of the merits of the prior proceeding. *See* Brief in Opp., p. 7, n.4 (10 TTABVUE 8). However, this attempted distinction is not worthy of note. Whether the judgment in a prior proceeding was the result of a dismissal on the merits or by default, claim preclusion may still apply. *See, e.g., Sharp Kabushiki Kaisha v. ThinkSharp Inc.*, 448 F.3d 1368, 79 USPQ2d 1376, 1379 (Fed. Cir. 2006) ("A default judgment can operate as *res judicata* in appropriate circumstances") (citations omitted); *Orouba Agrifoods Processing Co. v. United Food Import*, 97 USPQ2d 1310 (TTAB 2010) (granting summary judgment to registrant on claim preclusion where petitioner's earlier opposition had been dismissed with prejudice after petitioner (then an opposer) failed to respond to show cause order issued after petitioner failed to file a brief on the case).

Proceeding was dismissed, but was not raised, such a claim is now barred. Respondent misconstrues the meaning of the “could have been raised” language in *Allen*. This wording does not refer to *any* claim whatsoever that was ripe when an earlier proceeding was filed or became ripe during the pendency of an earlier proceeding. Instead, it refers to the assertion “of a different cause of action or theory of relief” based on “the same transactional facts” as earlier asserted. *Vitaline*, 13 USPQ2d at 1173. It does not preclude a different cause of action based on a different set of transactional facts. In *Allen*, the Supreme Court cited to *Cromwell v. County of Sac*, 94 U.S. 351, 352 (1876), in support of the “could have been raised” wording. The *Cromwell* case explains:

[W]here the second action between the same parties is upon a different claim or demand, the judgment in the prior action operates as an estoppel only as to those matters in issue or points controverted, upon the determination of which the finding or verdict was rendered. In all cases, therefore, where it is sought to apply the estoppel of a judgment rendered upon one cause of action to matters arising in a suit upon a different cause of action, the inquiry must always be as to the point or question actually litigated and determined in the original action, not what might have been thus litigated and determined. Only upon such matters is the judgment conclusive in another action.

Id. at 353. Similarly, the Court held in *Commissioner v. Sunnen*, 333 U.S. 591, 597-598 (1948) that:

[W]here the second action between the same parties is upon a different cause or demand, the principle of *res judicata* is applied much more narrowly. ... Since the cause of action involved in the second proceeding is not swallowed by the judgment in the prior suit, the parties are free to litigate points which were not at issue in the first proceeding, even though such points might have been tendered and decided at that time.

Indeed, the *Rivet v. Regions Bank of La.* case⁸ cited (at Motion, p. 8 (9 TTABVue 9)) by Respondent in support of the proposition that *res judicata* bars claims that “could have been raised” in the Prior Proceeding is in accord with these decisions and does not support Respondent’s position, as the *Rivet* decision cites to *Federated Dep’t Stores, Inc. v. Moitie*, 452 U.S. 394, 398 (1981), which in turn cites to *Cromwell and Sunnen*.

When, as here, the Board analyzes the defensive doctrine of bar, we must determine whether the proceedings arise from the same transactional facts. *See, e.g., Sharp*, 79 USPQ2d at 1378-79; *Chromalloy Am. Corp. v. Kenneth Gordon (New Orleans), Ltd.*, 736 F.2d 694, 222 USPQ 187, 189-90 (Fed. Cir. 1984). We must, therefore, analyze whether Petitioner’s new claim of fraud arises out of the same set of transactional facts at issue in the Prior Proceeding.

The Court of Appeals for the Federal Circuit has stated that it is guided by the analysis set forth in the Restatement of Judgments in determining whether a plaintiff’s claim in a particular case is barred by claim preclusion. *See Jet Inc.*, 55 USPQ2d at 1856; *Chromalloy Am. Corp.*, 222 USPQ at 189-90. Section 24 of the Restatement, which addresses splitting claims, provides that:

(1) When a valid and final judgment rendered in an action extinguishes the plaintiff’s claim pursuant to the rules of merger or bar . . . the claim extinguished includes all rights of the plaintiff to remedies against the defendant with respect to all or any part of the transaction, or series of connected transactions, out of which the action arose.

(2) What factual grouping constitutes a “transaction”, and what grouping constitutes a “series”, are to be determined pragmatically, giving weight to such considerations as whether the facts are related in

⁸ 522 U.S. 470, 476 (1998).

time, space, origin or motivation, whether they form a convenient trial unit, and whether their treatment as a unit conforms to the parties' expectations or business understanding or usage.

Restatement (Second) of Judgments § 24 (1982).

To assess whether the claims are based on the same set of transactional facts, comment b to Section 24 of the Restatement considers whether there is a common nucleus of operative facts. As noted, relevant factors include whether the facts are so woven together as to constitute a single claim in their relatedness in time, space, origin, or motivation, and whether, taken together, they form a convenient unit for trial purposes. *Id.* Courts have defined “transaction” in terms of a “core of operative facts,” the “same operative facts,” the “same nucleus of operative facts,” and “the same, or nearly the same, factual allegations.” *Jet Inc.*, 55 USPQ2d at 1856 (quoting *Herrmann v. Cencom Cable Assoc., Inc.*, 999 F.2d 223, 226 (7th Cir. 1993)); *see also United States v. Haytian Rep.*, 154 U.S. 118, 125 (1894) (“One of the tests laid down for the purpose of determining whether or not the causes of action should have been joined in one suit is whether the evidence necessary to prove one cause of action would establish the other.”). “Precedent cautions that [claim preclusion] is not readily extended to claims that were not before the court, and precedent weighs heavily against denying litigants a day in court unless there is a clear and persuasive basis for that denial.” *Sharp*, 79 USPQ2d at 1379 (quoting *Kearns v. Gen. Motors Corp.*, 94 F.3d 1553, 39 USPQ2d 1949, 1952 (Fed. Cir. 1996)). “Restraint is particularly warranted when the prior action was dismissed on procedural grounds.” *Id.*

Applying this analysis, we note that the petition for cancellation in the Prior Proceeding sought to cancel Registration No. 2929764 on the grounds of false suggestion of a connection and fraud based on failure to reveal during *ex parte* examination of the underlying application that the mark identified a living individual. In contrast, the current proceeding involves a claim of fraud involving a different representation made to the USPTO at a time removed from the *ex parte* prosecution at issue in the Prior Proceeding.

Considering the factual allegations in each petition for cancellation, it is clear that Petitioner's claim of fraud in the current proceeding is based on Respondent's execution of a Section 15 declaration, whereas the claim of fraud in the Prior Proceeding was based on Respondent's failure to reveal during *ex parte* examination of the underlying application that the mark identified a living individual. Inasmuch as the claim in the current proceeding "is upon a different cause or demand, the principle of res judicata is applied much more narrowly." *Commissioner v. Sunnen*, 333 U.S. at 597. The claims in the Prior Proceeding involved statements made in prosecution of the underlying application, while the claim in the current proceeding involves statements made in maintenance of the registration. The events and statements giving rise to the prior and current claims are separated by more than six years. One "transaction" consists of representations made by Respondent (as an applicant) to, and dialogue or lack thereof with, the examining attorney; the other "transaction" consists of Respondent's representations to, and dialogue with, the Post Registration Section of the Office. These are very different fact sets, and the

transactions are unrelated; they are not “so woven together as to constitute a single claim in their relatedness in time, space, origin, or motivation....” Restatement (Second) of Judgments § 24, comment b. Therefore, the current claim is not based on the same set of transactional facts as of the claim in the Prior Proceeding.

In view of the above analysis, Respondent’s motion for summary judgment is **denied** as to Petitioner’s fraud claim based on Respondent’s filing of a Section 15 declaration. Moreover, we find that there is no genuine dispute of material fact as to the applicability of *res judicata* to Petitioner’s fraud claim and that as a matter of law the defense of *res judicata* does not apply to it; accordingly, we *sua sponte* **enter summary judgment** on the issue of *res judicata* in favor of Petitioner. Fed. R. Civ. P. 56(f)(1).⁹

Schedule

Proceedings are **resumed**. Respondent is allowed until September 30, 2016, to file an answer to the petition. Dates are reset on the following schedule:

Time to Answer	9/30/2016
Deadline for Discovery Conference	10/30/2016
Discovery Opens	10/30/2016
Initial Disclosures Due	11/29/2016
Expert Disclosures Due	3/29/2017
Discovery Closes	4/28/2017

⁹ The parties were notified by the Board’s December 30, 2015 order that we would entertain the question of whether the doctrine of *res judicata* is applicable to this proceeding pursuant to Fed. R. Civ. P. 56 and Trademark Rule 2.127(e), 37 C.F.R. § 2.127(e), *see* 8 TTABVue 5, and the parties were given – and fully took – the opportunity to present additional evidence and argument relevant to that question. *See* 10A Charles Alan Wright et al., *Federal Practice and Procedure* §2720 (3d ed. 2016); *The Clorox Co. v. Chem. Bank*, 40 USPQ2d 1098, 1106 (TTAB 1996) (Board may *sua sponte* enter summary judgment for non-moving party if there are no material facts in dispute and judgment is appropriate as a matter of law); *Tonka Corp. v. Tonka Tools, Inc.*, 229 USPQ 857, 858-59 (TTAB 1986) (summary judgment granted to nonmovant as to its standing).

Plaintiff's Pretrial Disclosures	6/12/2017
Plaintiff's 30-day Trial Period Ends	7/27/2017
Defendant's Pretrial Disclosures	8/11/2017
Defendant's 30-day Trial Period Ends	9/25/2017
Plaintiff's Rebuttal Disclosures	10/10/2017
Plaintiff's 15-day Rebuttal Period Ends	11/9/2017

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.