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

Proceeding	92067247
Party	Defendant Daesang Corporation
Correspondence Address	SUNG JOO LUCAS & MERCANTI, LLP 30 BROAD ST FL 21 NEW YORK, NY 10004 UNITED STATES sjoo@lmiplaw.com, ychoe@lmiplaw.com, info@lmiplaw.com, eld@lmiplaw.com 212-661-8000
Submission	Opposition/Response to Motion
Filer's Name	Sung Joo
Filer's email	sjoo@lmiplaw.com, ychoe@lmiplaw.com, info@lmiplaw.com, eld@lmiplaw.com
Signature	/SJ/
Date	12/07/2018
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**IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD**

CHEF ONE CORPORATION,

Petitioner,

v.

DAESANG CORPORATION,

Respondent.

Proceeding no. 92067247

RESPONDENT’S OPPOSITION TO PETITIONER’S MOTION TO DISMISS

Respondent, Daesang Corporation (hereinafter “Respondent”), opposes Petitioner, Chef One Corporation’s (hereinafter “Petitioner”) Motion to Dismiss Respondent’s Counterclaims under Federal Rule of Civil Procedure 12(b)(6) and Section 503.02 of the Trademark Trial and Appeal Board Manual (“TBMP”). For the reasons set forth below, Respondent disagrees.

Petitioner has failed to demonstrate that Respondent’s Counterclaims should be dismissed for failure to state a claim. Respondent has standing to assert its Counterclaims and they sufficiently allege a claim for relief under the appropriate standard.

STANDARD OF REVIEW

Rule 8 of the Federal Rules of Civil Procedure ("FRCP") requires that pleadings setting forth claims for relief must include only "a short and plain statement of the claim showing the pleader is entitled to relief." Fed. R. Civ. P. 8(a). To survive a motion to dismiss, a complaint

must only "state a claim to relief that is plausible on its face." *See Bell Atlantic Corp. v. Twombly*, 550 U.S. 554, 570 (2007); *see also Ashcroft v. Iqbal*, 556 U.S. 662, 678 (2009) (plausibility standard applies to all federal civil claims); *Doyle v. Al Johnson's Swedish Restaurant & Butik Inc.*, 101 USPQ2d 1780, 1782 (TTAB 2012) (citing *Ashcroft v. Iqbal* for the standard to determine whether a claim has been properly pleaded). In the context of cancellation proceedings before the Board, a claim is plausible on its face when the claimant pleads factual content that if proved, would allow the Board to conclude, or draw a reasonable inference that, the claimant has standing and that a valid ground for cancellation exists. *Twombly*, at 570. In particular, a claimant need only allege enough factual matter to suggest its claim is plausible and "raise a right to relief above the speculative level." *Id.* at 555-56.

In assessing the Petitioner's motion to dismiss, the Board must accept as true all of the Respondent's well-pleaded allegations in the counterclaims, and construe the counterclaims in the light most favorable to the Respondent. *See Advanced Cardiovascular Sys. Inc. v. SciMed Life Sys. Inc.*, 988 F.2d 1157, 26 USPQ2d 1038, 1041 (Fed. Cir. 1993); *McDermott v. San Francisco Women's Motorcycle Contingent*, 81 USPQ2d 1212 (TTAB 2006), *aff'd*, unpublished No. 07-110 (Fed. Cir. July 11, 2007).

The motion to dismiss under FRCP 12(b)(6) may be granted only if, after accepting all well-pleaded allegations in the counterclaims as true and drawing all reasonable inferences in favor of Respondent, the Board finds that Respondent has failed to set forth fair notice of its claim and the grounds upon which it rests. *Bell Atlantic Corp. v. Twombly*, 127 S.Ct. 1955, 1964 (2007). The counterclaims will survive a motion to dismiss if it states plausible grounds for Respondent's entitlement to the relief sought. *Id.* at 1965-66.

Accordingly, the issue before the Board upon consideration of a motion to dismiss is not whether Respondent "will ultimately prevail but whether the claimant is entitled to offer evidence in support of the claims." *McDowell v. N Shore-Long Island Jewish Health Sys., Inc.*, 839 F. Supp. 2d 562, 565 (E.D.N.Y.2012) (citing *Todd v. Exxon Corp.*, 275 F.3d 191, 198 (2d Cir.2001)). Whether claimant "can actually prove its allegations is a matter to be determined not upon motion to dismiss, but rather at final hearing or upon summary judgment after the parties have had an opportunity to submit evidence in support of their respective positions. *Cent. Mfg. Co. v. Outdoor Innovations, L.L.C.*, 1999 TTAB LEXIS 235 (TTAB 1999) (citing *Caron Corp. v. Helena Rubinstein, Inc.*, 193 USPQ 113 (TTAB 1976)). For this reason, a motion to dismiss for failure to state a claim" is viewed with disfavor and is rarely granted." *Phonometrics, Inc. v. Hospitality Franchise Sys.*, 203 F.3d 790, 794 (Fed. Cir. 2000).

ARGUMENTS

I. Respondent has Standing in the Counterclaims

If, prior to the determination of a counterclaim, the parties stipulate to the disposition of the claim against which the counterclaim was brought, or the original claim is withdrawn, or disposed of, the counterclaim will nevertheless go forward, unless the parties stipulate to its disposition, or it is withdrawn by the counterclaimant, or one party consents to entry of judgment against itself on the counterclaim etc. TBMP § 606; *see e.g., Syntex (U.S.A.) Inc. v. E.R. Squibb & Sons Inc.*, 14 USPQ2d 1879, 1880 (TTAB 1990) (opposition dismissed with prejudice; applicant elected to go forward with counterclaim to cancel opposer's registration and had standing to do so); *Cf. Delaware Quarries, Inc. v. PlayCore IP Sub, Inc.*, 108 USPQ2d 1331, 1332 (TTAB 2013)

(dismissal of likelihood of confusion claim did not implicate applicant's standing to have asserted its cancellation counterclaim, nor did it moot the proceeding).

A dismissal of a cancellation does not make the counterclaim inoperative or lack standing; standing is assessed at the time the counterclaim is filed. *See, e.g., Friends of the Earth, Inc. v. Laidlaw Envir. Servs. (TOC), Inc.*, 528 U.S. 167, 189 (2000); *Wheaton College v. Sebelius*, 703 F.3d 551, 552 (D.C. Cir. 2012); *Delaware Quarries*, at 1331. The general rule is that a counterclaimant, as a defendant in an opposition, has inherent standing to assert its counterclaims. *See Finanz St. Honore B.V. v. Johnson & Johnson*, 85 USPQ2d 1478, 1479 (TTAB 2007); *Carefirst of Maryland, Inc. v. FirstHealth of the Carolinas Inc.*, 77 USPQ2d 1492, 1502 (TTAB 2005); TBMP § 309.03(b) (3d. ed. rev.2 2013).

Even if the previously pleaded registration in the cancellation is later withdrawn, the fact that at the time Respondent brought its counterclaim against the previously pleaded registration, Petitioner had asserted the previously pleaded registration against Respondent in order to cancel the Respondent's registration, is sufficient to show and indeed prove a personal interest of Respondent in the outcome of the counterclaim beyond that of the general public. *Syntex (U.S.A.)*, at 1879. It would be unfair to a Respondent who has expended time, effort and money in prosecuting a counterclaim to be denied a resolution of his counterclaim based on withdrawal or dismissal of the claim in the pleading. *Id.* "The unfairness is manifest when one considers that the [Petitioner] was the party who originally brought the proceeding and put the validity of his registration[s] into issue, and who now wishes to again in effect by his own actions, to deprive [Respondent] of standing." *Id.*

If Petitioner were able to avoid Respondent's standing by non-prosecution of the cancellation, this would defeat the policy in serving the public interest in broadly interpreting the

class of persons Congress intended to be allowed to institute cancellation proceedings based on the fact that there is no procedure for the Commissioner of Patents and Trademarks to initiate action against “defunct” marks which appear in registrations. *Id.* The public interest is also served by allowing standing in counterclaims against previously pleaded but withdrawn registrations in inter partes proceedings because Petitioner must remain concerned about the risk of charges similar to that in the counterclaim if it develops and markets similar products in the future. *See Delaware Quarries, Inc. v. Playcore IP Sub, Inc.*, 108 U.S.P.Q.2d 1331 (T.T.A.B. Sept. 27, 2013).

In Petitioner’s Motion to Dismiss, Petitioner incorrectly asserts Respondent has failed to plead facts sufficient to show standing. Notwithstanding this erroneous assertion, Respondent’s Counterclaims assert Respondent has a real interest in the outcome of the Counterclaims and a reasonable basis for its belief that it would suffer some kind of damage if the Registration Nos. 5283788 and 5146262 are not cancelled.

First, the Board, in its decision on Petitioner’s Motion to Amend Pleading expressly stated that Respondent’s counterclaims may be *maintained as is* instead of holding that the counterclaims were no longer valid because Respondent lacked standing, nor require that the Respondent amend the counterclaims or allege facts sufficient to show Respondent had standing in order to maintain the counterclaims. The Board stated in relevant part, “Petitioner’s withdrawal of previously-pleaded Registration Nos. 5283788 and 5146262 which are the subject of Respondent’s counterclaim (altogether “Subject Registrations”), will not render the counterclaims moot. A party may pursue a permissive counterclaim to cancel a registration which is owned, but not pleaded, by the adverse party. *See* Fed. R. Civ. Pr. 13(b); TBMP § 313.05 (2018); *cf.* Trademark Rule 2.114(b)(3)(i), 37 C.F.R. § 2.114(b)(3)(i).” 20 TTABVUE 7.

A counterclaim against a pleaded registration in the cancellation that was withdrawn or otherwise disposed of from the proceeding can be maintained and the claimant has standing to proceed with the counterclaim. The fact that Petitioner has brought an action against Respondent using the Subject Registrations in this proceeding at the time the Counterclaims were brought, is enough to demonstrate Respondent's interest in ensuring that the same registrations will not be asserted against it in the future or that Respondent has a real interest in the outcome of the proceeding. The rationale for the Board to provide standing in the Counterclaim against registrations disposed of from the cancellation is that Respondent is far from being an intermeddler because it has been forced into a litigation as the result of Petitioner's action of threatening Respondent with Petitioner's Registration '788 and Registration '262 at the time the cancellation proceeding was initiated and it would be unfair to the Respondent who has expended time, effort and money in prosecuting a counterclaim to be denied a resolution of his counterclaim. For the reasons set forth above, Respondent has standing in the counterclaims.

II. The Board Should Maintain Registrant's Counterclaims Because They Arise Out of the Same Transaction or Occurrence as the Amended Petition

Any person who believes it is or will be damaged by registration of a mark has standing to file a complaint. *See* Trademark Act § 13 and Trademark Act § 14, 15 U.S.C. § 1063 and 15 U.S.C. § 1064. The purpose of requiring standing is to prevent litigation where there is no real controversy between the parties, where a plaintiff, petitioner or opposer is no more than an intermeddler. *Lipton Industries, Inc. v. Ralston Purina Co.*, 670 F.2d 1024, 1028-29, 213 U.S.P.Q. 185 (C.C.P.A. 1982); *Ritchie v. Simpson*, 170 F.3d 1092, 1095, 50 U.S.P.Q.2d 1023 (Fed. Cir. 1999).

Respondent's counterclaims must be maintained because they arise out of the same transactions or occurrence as the Amended Petition for Cancellation (hereinafter "Petition") and

the validity of Registration ‘788 and Registration ‘262 directly affects the Petition against Respondent’s Registration No. 4787760. Petitioner’s main claim is that Registrant’s composite mark in Registration No. 4787760, of which “CHEF ONE” is a part, should be cancelled based on alleged prior common law use by Petitioner of the marks, CHEF ONE in combination with Chinese characters and design claiming a date of first use of November 1999 (hereinafter “First Pleaded Mark”) and CHEF ONE in combination of a fan design claiming a date of first use of May 2001 (hererinafter “Second Pleaded Mark”). Registration ‘788 is allegedly for only the design element of the First Pleaded Mark and claims a similar date of first use to that of the First Pleaded Mark, November 19, 1999. Petitioner’s Registration ‘262 is allegedly for only the design element of the Second Pleaded Mark and claims a similar date of first use to that of the Second Pleaded Mark, May 1, 2001. Accordingly, the common law use date of November 1999 which Petitioner claims for the First Pleaded Mark and the common law use date of May 2001 which the Petitioner claims for the Second Pleaded Mark will be at issue for Registration ‘788 and Registration ‘262 respectively.

Further, the specimen in Registration ‘788 show a mark identical to the First Pleaded Mark and the specimen in Registration ‘262 show a mark identical to the Second Pleaded Mark. The validity of Registration ‘788 and Registration ‘262 reflects the validity of the specimens of record therein as showing use of the marks in commerce as of the date of first use in commerce claimed in those registrations. If these specimens are considered valid proof of use of the marks shown therein in commerce dating back to the dates of first use of the marks in commerce claimed in the registrations, then this could weigh in on the issue of the Petition that the pleaded marks have been used as early as claimed in the Petition. Therefore, if Registration ‘788 and Registration ‘262 are

not invalidated or cancelled, then this directly affects the outcome of the cancellation proceeding and accordingly Respondent's ownership of its Registration '760.

An issue in the Petition and Respondent's Counterclaims is to what extent the public associates the term CHEF ONE alone with Petitioner, or whether the public associates the alleged combined CHEF ONE with the design elements, the First Pleaded Mark and Second Pleaded Mark, with Petitioner. Further, the public may associate the design elements of the marks in Registration '788 and Registration '262 more strongly with Petitioner than the First Pleaded Mark and Second Pleaded Mark or the term CHEF ONE alone. Therefore, all of these uses are related and arise out of the same transactions or occurrence.

Accordingly, the use of the pleaded marks in the Petition and the use of the mark in its Registration '788 and Registration '262 will arise out of the "same transaction or occurrence" and Respondent's Counterclaims and the Petition is part of the same case or controversy. The Board should maintain Respondent's counterclaim to cancel Petitioner's Registration '262 and Registration '788 for reasons of judicial economy, and because Respondent has a direct commercial interest in the outcome of the Counterclaims. As part of the same case or controversy, Respondent's Counterclaims may be brought in this cancellation proceeding. *Liebzig v. A16 Life Ins. Co.*, 362 F.3d 406, 410 (7th Cir. 2004) ("Even a permissive counterclaim, if part of the same case or controversy, ... may be brought under the supplemental jurisdiction statute, 28 U.S.C. 1367(a), without an independent basis of jurisdiction."); *See also Crosby Yacht Yard, Inc. v. Yacht Chardonnay*, 164 F.R.D. 135 (D. Mass. 1996) (permissive counterclaim arising from same case or controversy – but not compulsory for unrelated reasons – may nevertheless satisfy requirements for supplemental jurisdiction.).

Petitioner has alleged in its main claim for the Petition that it will allegedly suffer harm if Registrant's Registration '760 is not cancelled. This claim is based upon its alleged use of the First Pleaded Mark and the Second Pleaded Mark as well as Petitioner's allegation that Petitioner and Registrant sells the same or similar goods, allegedly likely to cause confusion. Thus, Petitioner has itself already alleged sufficient facts to allege a competitive relationship between Petitioner and Registrant. This competitive relationship is sufficient to constitute standing, when combined with Petitioner's allegation of a date of first use of November 1999 of the First Pleaded Mark and May 2001 of the Second Pleaded Mark. All of these registrations are alleged to be used on goods which Petitioner itself has alleged are likely to cause confusion if the mark in Registration '760



() is used by Registrant. Accordingly, by Petitioner's own pleadings, Registrant has standing to cancel the Subject Registrations.

In the pleading stage, Respondent only need to allege facts sufficient to show a real interest in the proceeding and a reasonable basis for its belief that it would suffer some kind of damage if the Subject Registrations are not cancelled. It is not required that Respondent prove actual damage, but merely allege enough facts to show that it would be reasonable for Respondent to believe that the existence on the register of Petitioners' marks may hinder the Respondent in using or registering its mark, which Respondent has done in this case. The facts in the pleadings show that Respondent is not merely an intermeddler and the Counterclaims are not where there is no real controversies between parties.

III. Respondent's Counterclaims Sufficiently Allege Lack of Bona Fide Use as a Ground for Cancellation

In the Motion to Dismiss, Petitioner contends that Respondent does not set forth any allegation that, even if found to be true, would provide a basis for cancellation of Petitioner's Subject Registrations, stating that holding an application to be void ab initio is an appropriate remedy when the pleaded ground either is fraud or that the applicant has not used the applied for mark on any of the goods or services identified in the application prior the filing of the application. Despite Petitioner's claim to the contrary, Respondent's Counterclaims do sufficiently allege a valid ground for cancellation of Subject Registrations and for these registrations to be void ab initio therefor.

To survive a Motion to Dismiss, a complaint must only state a claim to relief that is plausible on its face and a claim is plausible on its face when the claimant pleads factual content that if proved, would allow the Board to conclude, or draw a reasonable inference that, the claimant has standing and that a valid ground for cancellation exists. In assessing the Petitioner's Motion to Dismiss, the Board must accept as true all of the Respondent's well-pleaded allegations in the Counterclaims, and construe the Counterclaims in the light most favorable to the Respondent.

In this case, Respondent challenges all the goods listed in the Subject Registrations based on lack of bona fide use. Despite the fact that Respondent's arguments focus on lack of proof of use as to some of the goods listed in the applications underlying the subject registrations, the Board can dismiss the registrations in their entirety if the Petitioner does not show valid bona fide use as to all the goods challenged in the Counterclaims. If the opposing party filed the opposition against all goods in the Classes contained in the application but the arguments focused on some of the goods in the Classes, the opposition against all Classes in their entirety would be sustained if applicant fails to successfully prove by rebuttal evidence bona fide use as to *any* of the goods listed. *Spirits International, B.V. v. S.S. Taris Zeytin Ve Zeytinyagi Tarim Satis Kooperatifleri Birliigi*, 99

U.S.P.Q.2d 1545, 2011 WL 2909909 (T.T.A.B. 2011), at *3–4 (citing *Bos. Red Sox*, 2008 WL 4149008, at *6, and *Commodore Elecs.*, 26 U.S.P.Q.2d at 1507); *Kelly Servs., Inc. v. Creative Harbor, LLC*, 846 F.3d 857, 869 (6th Cir. 2017).

As the Petitioner has stated, Respondent has challenged all the goods listed in the registrations and the case law is clear that Respondent is entitled to do so and the Board can then void the registration in its entirety if Petitioner is unable to successfully show bona fide use as to all the goods that have been challenged in the proceeding. Respondent has asserted in the Counterclaims Petitioner did not have bona fide use at the time of filing the applications underlying the Subject Registrations as to “any” of the goods listed in the applications. 2 TTAB 6, ¶ 6. Therefore, Respondent has alleged facts that, if proven to be true, would successfully make a case for lack of bona fide use as to all the goods listed in the registrations and pleaded a valid ground for cancellation of the Subject Registrations.

IV. In the Alternative, Respondent Requests Leave to Amend its Counterclaims

To the extent that the Board believes that Petitioner has not alleged sufficient facts to constitute standing or may have failed to state a claim, Respondent seeks leave to amend.

V. Conclusion

Respondent respectfully requests that the Board deny Petitioner’s Motion to Dismiss Respondent’s Counterclaims so that Respondent can proceed with its Counterclaims.

Respectfully submitted,

Dated: December 7, 2018

/Sung Joo/
Sung Joo
Elizabeth Lee
LUCAS & MERCANTI, LLP
30 Broad Street, 21st Floor
New York, NY 10004
(212) 661-8000
sjoo@lmiplaw.com
eld@lmiplaw.com
info@lmiplaw.com

Attorneys for Defendant

CERTIFICATE OF SERVICE

I hereby certify that a true and complete copy of the foregoing RESPONDENT'S OPPOSITION TO PETITIONER'S MOTION TO DISMISS was served on the Petitioner's attorneys via email at acarroll@mayerbrown.com and ipdocket@mayerbrown.com.

/Sung Joo/ _____

Sung Joo
LUCAS & MERCANTI LLP
30 Broad Street
New York, NY 10004
(212) 661-8000
info@lmiplaw.com
eld@lmiplaw.com
sjoo@lmiplaw.com