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AD

UNITED STATES PATENT AND TRADEMARK OFFICE

Trademark Trial and Appeal Board

I.B.E. Inc.
v.
Janet Seed Balekjian

Cancellation No. 92041076

Donald L. Dennison of Dennison, Schultz, Dougherty &
MacDonald for I.B.E. Inc.

Edward D. Vaisbort of Vaisbort & Associates, P.C. for Janet
Seed Balekjian.

Before Quinn, Bucher, and Drost, Administrative Trademark
Judges.

Opinion by Drost, Administrative Trademark Judge:

Janet Seed Balekjian (respondent) is identified as the
owner of Registration No. 2,498,708, which issued on the
Principal Register on October 16, 2001 for the mark shown
below:

dermaclear

The goods in the registration are identified as "skin care preparations in the form of a lotion for cleaning, clearing and rejuvenating skin" in International Class 3. The application that issued as this registration was filed as an intent-to-use application on December 18, 1998, and it now contains an allegation of a date of first use and a date of first use in commerce of January 1, 1999.

On September 18, 2002, I.B.E. Inc.¹ (petitioner) filed a petition to cancel this registration. In the petition (pp. 2-3), petitioner alleges that "long prior to the filing date" of respondent's application, petitioner has been engaged in the sale of "cosmetic products, namely skin bleaching creams, skin creams and lotions, liquid hand and body soap and bar soaps for the body under the trademark DERMACLAIR." Petitioner also alleges that it was the owner of Registration No. 1,867,903 for the mark DERMACLAIR that issued on December 20, 1994, but which was cancelled when a Section 8 affidavit was not filed. Respondent denied most

¹ I.B.E. stands for "International Beauty Exchange." J. Aini dep. at 5.

of the salient allegations of the petition to cancel but her answer did not address paragraph 12 of the petition.

Paragraph 12 of the petition to cancel reads as follows:

Petitioner and its predecessor have over the past 13 years built up valuable good will in the trademark "DERMACLAIR" and as a result the trade has come to know, recognize and identify said goods bearing the trademark "DERMACLAIR" as the goods of Petitioner. If Registrant were permitted to retain its registration for its mark "DERMACLEAR" for its cosmetic products as set forth in its certificate of registration, confusion in the trade would result by reason of the marks being nearly identical and goods being related. Purchasers familiar with Petitioner's "DERMACLAIR" brand of cosmetic creams, lotions and soaps would believe that Registrant's "DERMACLEAR" skin care preparations were the goods of the Petitioner. Any defects or faults in the quality of Registrant's "DERMACLEAR" brand of skin care products would reflect upon and seriously injure the reputation which Petitioner has established for its goods over a thirteen year time period. This confusion would result in loss of sales to Petitioner and damage to its reputation.

Respondent's answer does not address paragraph 12 of the complaint. In its brief at 5, petitioner argues that "the substance of Paragraph 12 must be considered admitted." Respondent then filed a motion to amend her answer arguing that the failure to respond to Paragraph 12 "was the result of inadvertence and mistake on the part of Registrant's counsel who prepared the Answer." Motion to Amend at 3. In addition, respondent seeks "to add one affirmative defense, Unclean Hands." Id. Petitioner has opposed the motion to amend.

[A] party may amend its pleading only by written consent of every adverse party or by leave of the Board; leave must be freely given when justice so requires. In view thereof, the Board liberally grants leave to amend pleadings at any stage of a proceeding when justice so requires, unless entry of the proposed amendment would violate or be prejudicial to the rights of the adverse party or parties.

TBMP § 507.01 (2d ed. June 11, 2003). Furthermore, the "timing of a motion for leave to amend under Fed. R. Civ. P. 15(a) plays a large role in the Board's determination of whether the adverse party would be prejudiced by allowance of the proposed amendment." TBMP § 507.02(a). We grant the motion to the extent that respondent seeks to amend its answer to assert that: "Respondent responds to Paragraph 12 of the Petition and states that she has insufficient information and belief thereon and therefore denies said Paragraph." It is hard to see that petitioner could be prejudiced by this amendment because it appears that the case was litigated fully and this amendment seems to accord with the way the case was tried. Regarding respondent's request to amend her answer to add a defense of unclean hands, we arrive at the opposite conclusion. To add a defense of unclean hands after the discovery and testimony periods have closed and petitioner's opening brief has been filed is untimely and it would prejudice petitioner to allow respondent to assert this defense at this late hour. In any event, the defense was not tried by the parties under Fed.

R. Civ. P. 15(b). Therefore, respondent's motion to amend her answer is granted in part and denied in part.²

The Record

The record consists of the following items: the pleadings, the file of the involved registration; the trial testimony deposition of Jacob Aini, petitioner's consultant and representative, with accompanying exhibits; the trial testimony deposition of Michael Aini, a shareholder and former president of petitioner, with accompanying exhibits; and the trial testimony deposition of respondent with accompanying exhibits.³

Preliminary Matters

Respondent's registration is presumed valid, and a petitioner seeking to cancel a registration must rebut this presumption by a preponderance of the evidence. Cerveceria Centroamericana S.A. v. Cerveceria India Inc., 892 F.2d 1021, 13 USPQ2d 1307, 1309 (Fed. Cir. 1989) ("[I]n a [trademark registration] cancellation for abandonment, as for any other ground, the petitioner bears the burden of proof. Moreover, the petitioner's burden is to establish the case for cancellation by a preponderance of the

² We also address respondent's motion to dismiss for petitioner's alleged failure to file its brief. Petitioner responded to this motion by pointing out that the parties had stipulated to an extension of time that was granted by the board and, therefore, the time for filing its brief had not expired. There is no indication in the record that respondent has withdrawn this

evidence"). See also Martahus v. Video Duplication Services Inc., 3 F.3d 417, 27 USPQ2d 1846, 1850 (Fed. Cir. 1993).

motion or that the board has acted on the motion. Inasmuch as petitioner's brief was not untimely, we deny respondent's motion.

³ An oral hearing was held on August 25, 2004.

Initially, a party seeking to cancel a federally registered trademark must plead and prove that it has standing and that there is a valid ground for the cancellation of the registration. Young v. AGB Corp., 152 F.3d 1377, 47 USPQ2d 1752, 1754 (Fed. Cir. 1998) ("Section 14 has been interpreted as requiring a cancellation petitioner to show (1) that it possesses standing to challenge the continued presence on the register of the subject registration and (2) that there is a valid ground why the registrant is not entitled under law to maintain the registration") (internal quotation marks omitted).

For standing, petitioner asserts its ownership of rights in the mark DERMACLAIR for various cosmetic creams, lotions, and soaps that it asserts are related to registrant's skin preparations.⁴ The record supports petitioner's assertions and we determine that petitioner has standing to bring this cancellation proceeding.

Priority

The critical issue in this case, as is often the case in board proceedings involving a likelihood of confusion, is the question of priority. Petitioner must show that it has priority in addition to showing that there is a likelihood

⁴ In addition, petitioner asserts that if it was the owner of an expired registration for the mark DERMACLAIR and that when it applied for the same mark, it was refused registration on the ground that its mark was confusingly similar to the mark in respondent's registration.

of confusion. Herbko International Inc. v. Kappa Books Inc., 308 F.3d 1156, 64 USPQ2d 1375, 1378 (Fed. Cir. 2002) ("Hence, a party petitioning for cancellation under section 2(d) must show that it had priority and that registration of the mark creates a likelihood of confusion").

Respondent's registration is based on an intent-to-use application that was filed on December 18, 1998. Respondent can rely on this constructive use date for its priority date. 15 U.S.C. § 1057(c). See Zirco Corp. v. American Telephone and Telegraph Co., 21 USPQ2d 1542, 1544 (TTAB 1991) ("[T]here can be no doubt but that the right to rely upon the constructive use date comes into existence with the filing of the intent-to-use application and that an intent-to-use applicant can rely upon this date in an opposition brought by a third party asserting common law rights"). Respondent does not attempt to establish a date of priority earlier than this date.⁵

Petitioner, on the other hand, maintains that the first shipment of DERMACLAIR products to the United States occurred on October 18, 1989. Petitioner also alleges other

⁵ Subsequently, the application was amended to indicate a date of first use anywhere and in commerce of January 1, 1999. While respondent refers to some initial use by her father-in-law in the 1970's, she does not rely on this as a date of first use. Balekjian dep. at 9 ("He marketed it briefly in the late 1970's ... [T]he saleswoman passed away, and he had a job relocation in Arizona, and that was the end of his time trying to market and sell the product"). Respondent maintains she has been continuously using the DERMACLEAR mark since January of 1999. Id.

uses of the mark on its products prior to the filing date of respondent's application.

Petitioner's witness, Jacob Aini, testified that he was associated with ABCE Wholesale Co., Inc.,⁶ and he identified an invoice (J. Aini Ex. 5) dated from Cosmebel S.P.R.L.⁷ dated October 18, 1989, that, inter alia, billed ABCE for the shipment of 50,000 units of DERMACLAIR soap at \$.72 each (\$36,000) and 5,000 units of DERMACLAIR gel at \$1.12 each (\$5,600). The witness agreed that these products were shipped. J. Aini dep. at 14. The witness also identified other shipments in 1990 and 1991 of DERMACLAIR products to ABCE and another of his companies, Zuri International.⁸

⁶ The witness (p. 5) explained his relationship with petitioner as follows: "I do consult with them, I am a representative of them in manufacturing and purchasing various products."

Petitioner's other witness, Michael Aini, former president of petitioner, current 50% shareholder, and brother of Jacob Aini, identified Jacob Aini as the "individual that has the greatest amount of knowledge with regard to advertising, marketing and sales of the Dermaclair product in the United States." M. Aini dep. at 11 and 19. We overrule respondent's objection made for the first time in her brief that both of petitioner's witnesses are incompetent because neither has direct knowledge of the issues. The record indicates the opposite.

⁷ Cosmebel S.P.R.L. was a predecessor to petitioner. See J. Aini dep. at 12 and Ex. 2.

⁸ The witness described these invoices as "representative." J. Aini dep. at 16. Respondent argues (brief at 6 n.1) that in its brief, petitioner refers to the "invoices as 'samples' and Registrant objects to the produced exhibits on this basis and moves that each be stricken. Representative samples of requested discovery documents are permitted only if the number of documents involved is such that it would place an undue burden on the answering party to provide every requested document." Respondent relies on Bison Corp. v. Perfecta Chemie B.V., 4 USPQ2d 1718 (TTAB 1987). However, the cited case involved a discovery dispute, which is not the case here. There is no requirement that a litigant must introduce all its invoices into evidence at

Other invoices reflect the sale of DERMACLAIR products from 1996 through 2003. J. Aini dep. at 20-22 and Exhibits 7 and 8.⁹ Petitioner's DERMACLAIR mark is still in use on cosmetic products. See, e.g., J. Aini dep. at 36 (Referring to Exhibit 17 concerning a DERMACLAIR soap with avocado, the witness responded in the affirmative when asked if it was still in use noting that "I saw some invoices of that today"); dep. at 34-35 (Exhibit 16 for DERMACLAIR beauty cream still in use); dep. at 27-28 (Witness answered in the negative when asked if there has "ever been a time to your knowledge when sales of Dermaclair ceased?"). See also M. Aini dep. at 14 ("Q. Has there ever been a time since this registration [DERMACLAIR] was issued in 1994 that use of the mark ceased?" A. No").

trial. Therefore, respondent's request to strike, even if were timely, is denied.

⁹ Respondent objects to Exhibits 7 to 23 on the ground of hearsay and lack of foundation. We overrule these objections. Regarding the lack of foundation objection, we note that respondent's counsel at the deposition only reserved the right to object to Exhibits 5 through 10 "until I have had the opportunity to examine this witness." J. Aini dep. at 50. Respondent's counsel did cross-examine the witness (pp. 96 - 97). Respondent did not subsequently object, so respondent is deemed to have waived this objection. Chase Manhattan Bank, N.A. v. Life Care Services Corp., 227 USPQ 389, 391 (TTAB 1985) ("Timeliness is obviously important where an objection is based on an inadequate foundation in order that the other party may have a fair opportunity to meet the foundation objections by evidentiary submissions during the periods set for trial"). Inasmuch as respondent never objected to Exhibits 11-23 for lack of foundation at the time of trial and in her brief she does not object to Exhibits 4-6, any lack of foundation objection to these exhibits have been waived. The hearsay objection is also overruled. Peopleware Systems, Inc. v. Peopleware, Inc., 226 USPQ 320, 322 (TTAB 1985) ("[T]estimony as to the invoices and summary of sales and advertising expenditures

The above evidence as well as the other evidence of record convinces us that petitioner has priority of use and respondent can only prevail if petitioner is unable to establish that there is a likelihood of confusion in this case.

Likelihood of Confusion

Therefore, we now consider whether there is a likelihood of confusion between petitioner's DERMACLAIR and respondent's DERMACLEAR marks when they are used on the parties' goods. The Federal Circuit and its predecessor have set out thirteen factors that are relevant in these cases to the extent that there is evidence of record. In re Majestic Distilling Co., 315 F.3d 1311, 65 USPQ2d 1201, 1203 (Fed. Cir. 2003); Recot, Inc. v. Becton, 214 F.3d 1322, 54 USPQ2d 1894, 1896 (Fed. Cir. 2000); In re E. I. du Pont de Nemours & Co., 476 F.2d 1357, 177 USPQ 563, 567 (CCPA 1973).

The first factor, which is often critical, concerns the similarities or dissimilarities of the marks. In this case, respondent's mark is for the word DERMACLEAR in lowercase letters and underlining (see below).

and the documents pertaining to that testimony are admissible under the business records exception of FED. R. EVID. 803(8)").

dermaclear

Petitioner's mark DERMACLAIR is shown with a simple block stylization. The minor differences in the stylization of the marks would not significantly differentiate the two marks.¹⁰ Potential purchasers are unlikely to view the differences between upper or lower case letters and the presence or absence of underlining to distinguish the marks to the extent that they would notice and remember these differences. CBS Inc. v. Morrow, 708 F.2d 1579, 218 USPQ 198, 200 (Fed. Cir. 1983) ("[M]inor design features do not necessarily obviate likelihood of confusion arising from consideration of the marks in their entireties. Moreover, in a composite mark comprising a design and words, the verbal position of the mark is the one most likely to indicate the origin of the goods to which it is affixed").

The words themselves, DERMACLAIR and DERMACLEAR, are striking similar. The only differences are the

¹⁰ While the term DERMACLAIR is used on packaging with the phrase "of Belgium," the same packaging also shows use of the term DERMACLAIR alone. See J. Aini Exhibits 12, 13, and 16-18. The witness identified six times the term DERMACLAIR was used on Ex. 13 alone and three times it was used with the phrase "of Belgium." J. Aini dep. at 125-26. Even when this phrase "of Belgium" is used, it is usually displayed in smaller type in a

transposition of the last "A" as the eight or ninth letters and the difference in one letter, "E" and "I." Many consumers would likely not notice or remember the slight difference at the end of the marks (-AIR and -EAR).

Certainly, whether the marks can be distinguished in a side-by-side comparison is not the test. Grandpa Pigeon's of Missouri, Inc. Borgsmiller, 477 F.2d 586, 177 USPQ 573, 574 (CCPA 1973). "Human memories ... are not infallible." In re Research and Trading Corp., 793 F.2d 1276, 230 USPQ 49, 50 (Fed. Cir. 1986), quoting, Carlisle Chemical Works, Inc. v. Hardman & Holden Ltd., 434 F.2d 1403, 168 USPQ 110, 112 (CCPA 1970). Regarding the pronunciation of the marks, it is likely that many purchasers would pronounce the marks very similarly and perhaps identically. Even if they were pronounced differently, the differences between DERMACLAIR and DERMACLEAR would be slight.

As to the meaning of the marks, petitioner has submitted testimony that "clair" is French for "clear." J. Aini dep. at 8-9 and Exhibit 3.¹¹ Therefore, at least among French speakers the marks would likely have the same

different style that would not prevent potential purchasers from recognizing petitioner's mark as simply DERMACLAIR.

¹¹ The parties agree that "Derma" apparently means "skin." J. Aini dep. at 9-10 and Respondent's Br. at 14. See also Merriam-Webster The Unabridged Dictionary, "DERM-" and its variants "DERMA-" and "DERMO-" defined as "skin." We take judicial notice of this definition. University of Notre Dame du Lac v. J.C. Gourmet Food Imports Co., 213 USPQ 594, 596 (TTAB 1982), aff'd, 703 F.2d 1372, 217 USPQ 505 (Fed. Cir. 1983).

meaning, i.e., "clear skin." For many purchasers, the terms DERMACLEAR and DERMACLAIR, however, may have no particular meaning, which would provide even less basis to distinguish the marks. Finally, we conclude that the commercial impressions created by the marks DERMACLEAR (stylized) and DERMACLAIR would be very similar, if not identical. The marks look and sound similar and their meanings would not be noticeably different. Therefore, this factor favors petitioner.

Next, we consider the goods of petitioner and respondent. As set out in the registration, respondent's goods are "skin care preparations in the form of a lotion for cleaning, clearing and rejuvenating skin." Petitioner alleges that it uses its mark on cosmetic products, namely skin bleaching creams, skin creams and lotions, liquid hand and body soap and bar soaps for the body. The evidence shows that petitioner's products include, inter alia, "soap with PURE GLYCERINE and VITAMIN-E, [that] stimulates, hydrates and deep cleans the skin and provides a gentle treatment for minor irritation of the skin" (J. Aini dep. Ex. 18) and "a gel which has the essential action to clear the skin of unsightly spots to give it a blemish-free complexion" (J. Aini dep. Ex. 13). Petitioner's witness maintains that all DERMACLAIR products are intended to "[c]lean, clear and rejuvenate skin, [and] they do it in

some form, but the products vary from product to product.” J. Aini dep. at 110. While the parties argue about the ingredients in their products, we must consider respondent’s goods as they are described in the identification of goods in the registration. Octocom Systems, Inc. v. Houston Computers Services Inc., 918 F.2d 937, 16 USPQ2d 1783, 1787 (Fed. Cir. 1990). The differences between a lotion for cleaning, clearing and rejuvenating skin and a soap that cleans and treats the skin and a gel that clears the skin are slight. Therefore, we conclude that the goods are at least related and therefore this factor favors petitioner.

We also note that there are no limitations in respondent’s identification of goods so we must presume that her goods move through all reasonable channels of trade. Schieffelin & Co. v. Molson Companies Ltd., 9 USPQ2d 2069, 2073 (TTAB 1989); In re Sawyer of Napa Inc., 222 USPQ 923, 924 (TTAB 1983); Morton-Norwich Products, Inc. v. N. Siperstein, Inc., 222 USPQ 735, 736 (TTAB 1984). Similarly, prospective purchasers of respondent’s skin lotion must be considered to overlap with the purchasers of petitioner’s soaps, lotions, and gels. In re Elbaum, 211 USPQ 639, 640 (TTAB 1981)(“[W]here the goods in a cited registration are broadly described and there are no limitations in the identification of goods as to their nature, type, channels of trade or classes of purchasers, it is presumed that the

scope of the registration encompasses all goods of the nature and type described, that the identified goods move in all channels of trade that would be normal for such goods, and that the goods would be purchased by all potential customers").

Respondent also argues that there has been no actual confusion, but the evidence of sales and marketing does not convince us that there has been much chance for actual confusion to occur.¹² Even if respondent had a substantial Internet and mail order presence, the lack of evidence of actual confusion does not, by itself, normally lead to a conclusion that there is no likelihood of confusion. J & J Snack Foods Corp. v. McDonald's Corp., 932 F.2d 1460, 18 USPQ2d 1889, 1892 (Fed. Cir. 1991); Giant Food, Inc. v. Nation's Foodservice, Inc., 710 F.2d 1565, 218 USPQ 390, 396 (Fed. Cir. 1983).

When we balance the evidence on the issue of likelihood of confusion, we also take into consideration the suggestiveness of the "Derma-" portion of the marks and the fact that "Clear" and its French equivalent "Clair" would

¹² Respondent testified about yearly sales of approximately 4300 bottles. Balekjian dep. at 11. Petitioner has objected on the ground that this material was not produced in discovery in response to petitioner's Interrogatory No. 11. Balekjian dep. at 10; petitioner's brief at 12-13. Respondent argues (brief at 19) that she "does not rely on information german (sic) to Interrogatory 11 alluded to by Petitioner for the purposes of this Brief." Therefore, we sustain petitioner's objection to this evidence but we add that even if we considered the evidence it would not change the outcome in this case.

also have a suggestive connotation when applied to the skin care products. However, we also have no evidence that these terms are weak and that, while the marks may have a suggestive connotation, the evidence does not indicate, nor do the parties argue, that the marks are descriptive. Therefore, when we consider the similarity of the marks and the goods as well as the other factors, we are persuaded that there is a likelihood of confusion in this case.

Other Issues

In addition to the evidentiary issues already discussed, the parties have made several additional objections. Regarding these objections, we have considered them and we have given all this evidence its appropriate weight.

We also respond to several other issues raised by respondent. First, respondent argues in the alternative that if the board determines that there is a likelihood of confusion requiring the cancellation of her mark, respondent requests that "the Board covert this mater into a concurrent use proceeding." Respondent's Brief at 18. Inasmuch as the request is untimely and it fails to even set out how the registration and application should be restricted, it cannot be granted. See, generally, TBMP Chapter 1100. Respondent also argues that the "Board should consider the examining attorney's decision to reverse its prior determination and

grant approval of registrant's mark while registration of petitioner's mark was still in force." However, the "Trademark Board reviews with a clean slate and is not bound or restricted in any sense by the action of the Examining Attorney." McCarthy's, *Trademarks and Unfair Competition*, (4th ed. § 20.2). See also McDonald's Corp. v. McClain, 37 USPQ2d 1274, 1277 (TTAB 1995). Therefore, the fact that the examining attorney allowed respondent's application is not a factor in respondent's favor. Also, respondent argues that petitioner has abandoned its mark by failure to file a statement of use in its prior registration. However, the failure to maintain a registration does not prove that petitioner has abandoned its mark. Abandonment of a mark occurs when a party fails to use its mark, and there is no evidence here that petitioner has ceased using its mark for any legally significant period. Lastly, respondent argues that "[l]aches generally applies in a trademark infringement action to preclude relief for an owner of a mark who has unreasonably slept on its rights." Respondent's Brief at 11. Respondent points to petitioner's "inexplicable delay of almost fifteen months between the time of cancellation and the filing of a new registration application in February 2002." Respondent's Brief at 12. "To prevail on its affirmative defense [of laches, respondent] was required to establish that there was undue or unreasonable delay by

[petitioner] in asserting its rights, and prejudice to [respondent] resulting from the delay."

Bridgestone/Firestone Research Inc. v. Automobile Club de l'Ouest de la France, 245 F.3d 1359, 58 USPQ2d 1460, 1462

(Fed. Cir. 2001). We have held that a five-year period without a significant explanation is an unreasonably long period to wait prior to filing a petition to cancel. Turner v. Hops Grill & Bar Inc., 52 USPQ2d 1310, 1312 (TTAB 1999).

Here, a fifteen-month delay is not unreasonable particularly inasmuch as the evidence does not support a conclusion that petitioner was aware of either respondent's use of her mark or respondent's registration for much of this period.

Furthermore, respondent's argument she has been prejudiced because of "approximately \$4,500 in expenses incurred to change her product in reliance of and to reflect receipt of the trademark registration, as well as the worry and inconvenience and cost of the instant petition" is not persuasive. Respondent's situation is common to many respondents in cancellation proceedings who changed their labels to reflect their newly received registration. If these factors established laches, it would be difficult for many parties to take advantage of their statutory right to cancel a conflicting registration. Therefore, respondent has not shown that it should prevail on the ground of laches.

Cancellation No. 92041076

Decision: The petition to cancel Registration No. 2,498,708 is granted, and the registration will be cancelled in due course.