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AS A PRECEDENT OF THE
TRADEMARK TRIAL AND
APPEAL BOARD.

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

Baxley

Mailed: September 14, 2005

Cancellation No. 92043680

Trade Specialties, Inc. (d/b/a
Yacht Boutique)

v.

Bugatti International S.A.

Before Quinn, Walsh and Kuhlke,
Administrative Trademark Judges

By the Board:

Bugatti International S.A., a Luxembourg corporation, ("respondent") registered the mark VEYRON in standard character form for "vehicles, namely automobiles and structural parts thereof" in International Class 12 and "games and playthings, namely toy model cars" in International Class 28.¹ Trade Specialties, Inc. ("petitioner") seeks to cancel respondent's registration on several grounds.

Previously, petitioner opposed registration of respondent's mark in Opposition No. 91157373. However, the Board, in a January 29, 2004 order, granted as conceded

¹ Registration No. 2829102, issued April 6, 2004, based on its Benelux Registration No. 0699547 under Trademark Act Section 44(e), 15 U.S.C. Section 1126(e), with a claim of priority under Trademark Act Section 44(d), 15 U.S.C. Section 1126(d), based on its Benelux application Serial No. 0997455.

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respondent's motion (filed October 16, 2003) to dismiss the opposition proceeding under Fed. R. Civ. P. 12(b)(6) for failure to state a claim upon which relief can be granted. See Trademark Rule 2.127(a). Petitioner did not request that the Board reconsider such dismissal and did not file an appeal of the dismissal with the United States Court of Appeals for the Federal Circuit or a United States District Court.² See Trademark Act Sections 21(a) and (b), 15 U.S.C. Sections 1071(a) and (b); Trademark Rule 2.127(b) and 2.145; TBMP Sections 518 and 901 (2d ed. rev. 2004). Thereafter, the opposed application matured into the registration that is the subject of this proceeding. On January 27, 2005, petitioner filed a motion to vacate judgment under Fed. R. Civ. P. 60(b) in the opposition proceeding, which the Board denied in an April 9, 2005 decision.

This case now comes up for consideration of respondent's motion (filed October 15, 2004) for summary judgment in the above-captioned cancellation proceeding on

² The Board, in a January 4, 2005 order in this proceeding, noted that petitioner's brief in response raised issues with regard to the dismissal of Opposition No. 91157373 and that petitioner's time to file a motion to vacate judgment under Fed. R. Civ. P. 60(b) in the opposition proceeding had not lapsed. Accordingly, the Board deferred consideration of respondent's motion for summary judgment in this case until after petitioner's time to file a motion to vacate judgment in the opposition proceeding had expired and the Board had issued a decision on such motion, if filed.

On April 19, 2005, respondent filed a paper notifying the Board of the denial of petitioner's Rule 60(b) motion in Opposition No. 91157373 and asking that its motion for summary judgment in this proceeding be considered.

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the ground of claim preclusion, or *res judicata*, which respondent filed in lieu of an answer. The motion has been fully briefed.

In support of that motion, respondent contends that the petition to cancel herein tracks the allegations raised in notice of opposition in Opposition No. 91157373 line-by-line. Accordingly, respondent contends that the petition to cancel should be denied under principles of claim preclusion, or *res judicata*.

In opposition thereto, petitioner contends that the petition to cancel contains substantial allegations that were not alleged in the notice of opposition in Opposition No. 91157373; that the Board erred in dismissing with prejudice Opposition No. 91157373 because petitioner did not receive respondent's motion to dismiss for failure to state a claim upon which relief can be granted and thus could not respond thereto; and that the parties are engaged in two civil actions in the United States District Court for the Southern District of Florida. Accordingly, petitioner asks that the Board deny respondent's motion for summary judgment.

Notwithstanding the parties' engagement in two civil actions in the United States District Court for the Southern District of Florida, the Board, in its discretion, elects to

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decide respondent's motion for summary judgment at this time. See Trademark Rule 2.117(b); TBMP Section 510.02(a).

We note initially, with regard to petitioner's allegation that it did not receive respondent's motion to dismiss for failure to state a claim upon which relief can be granted and thus could not respond thereto, that the Board, in the April 9, 2005 decision dismissing Opposition No. 91157373, rejected that allegation, stating as follows:

[W]e do not find credible [petitioner's] allegation that it never received [respondent's] combined motion to extend and to dismiss. In this regard, we direct [petitioner's] attention to its own motion for default judgment [which it filed on October 27, 2003 in the opposition proceeding], wherein [petitioner] clearly referenced [respondent's] combined motion as follows: "on October 16th, 2003 [respondent] filed the referenced motion for extension of time and motion to dismiss falsely alleging that Plaintiff has failed to state a claim for which relief may be granted." ... [Petitioner] simply did not respond to both portions of [respondent's] combined motion.

We find that petitioner's allegation in this proceeding that it did not receive the motion to dismiss lacks credibility for the same reason set forth in the April 9, 2005 decision in Opposition No. 91157373. Moreover, this allegation is in the nature of a request for reconsideration of a final decision in a different proceeding and, as such, is not relevant.

In determining whether petitioner's claims in the above-captioned cancellation proceeding are barred by the doctrine of claim preclusion, or *res judicata*, our primary

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reviewing court, the United States Court of Appeals for the Federal Circuit, has stated that it is guided by the analysis set forth in the Restatement (Second) of Judgments, Section 24 (1982) in so determining. See *Chromalloy American Corp. v. Kenneth Gordon (New Orleans), Ltd.*, 736 F.2d 694, 222 USPQ 187 (Fed. Cir. 1984). Section 24 of the Restatement describes the concept of a claim as follows:

(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 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.

The Board, in applying the Restatement's analysis, has stated that such application "requires a prior final judgment on the merits by a court or other tribunal of competent jurisdiction; identity of the parties or those in privity with the parties; and a subsequent action based on the same claims that were raised, or could have been raised, in the prior action." *Polaroid Corp. v. C & E Vision Services Inc.*, 52 USPQ2d 1954, 1957 (TTAB 1999). A dismissal under Fed. R. Civ. P. 12(b)(6) operates as a

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judgment on the merits. See *Federated Department Stores, Inc. v. Moitie*, 452 U.S. 394, 399 n.3 (1981); Fed. R. Civ. P. 41(b).

After reviewing the notice of opposition in Opposition No. 91157373 and the petition to cancel herein, we find that the doctrine of claim preclusion, or *res judicata*, is applicable in this proceeding. A final judgment on the merits was issued in the opposition proceeding in the January 29, 2004 order dismissing the opposition with prejudice. Further, the same parties have been involved in the respective proceedings.

In addition, though worded slightly differently and set forth in a somewhat different order, the petition to cancel herein sets forth essentially the same claims that were raised in the notice of opposition in Opposition No. 91157373 and claims that could have been raised therein. A review of the notice of opposition in Opposition No. 91157373 and the petition to cancel herein indicates that, in both pleadings, petitioner has attempted to set forth the following grounds for opposition to, or cancellation of, respondent's VEYRON mark: (1) that respondent's underlying application for the VEYRON mark is fraudulent (petition paragraphs 3, 4, 6, 9 and 16; opposition paragraphs 5 and 9); (2) that respondent is not known as the source for the

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VEYRON mark (petition paragraph 5; opposition paragraph 4);³ (3) that respondent does not own the VEYRON mark (petition paragraph 6; opposition paragraphs 5 and 15); (4) that the VEYRON mark is primarily merely a surname (petition paragraph 8; opposition paragraph 8); (5) that respondent has made no *bona fide* use of any of its marks in commerce (petition paragraphs 3, 4, 12 and 16; opposition paragraphs 11 and 12);⁴ (6) that registrant's alleged participation in marine events constitutes trademark infringement and unfair competition (petition paragraphs 13 and 14; opposition paragraph 14);⁵ and (7) that denial or cancellation of respondent's registration is appropriate under Trademark Act Section 2(d) because the mark VEYRON is allegedly "weak and ordinary" (petition paragraph 17; opposition paragraph 19).⁶

³ This allegation is not a basis for denial or cancellation of a registration.

⁴ This proceeding is concerned solely with the registrability of respondent's mark VEYRON in standard character form for "vehicles, namely automobiles and structural parts thereof" and "games and playthings, namely toy model cars." The registrability of respondent's other marks is not at issue in this proceeding.

⁵ The Board is empowered only to determine the right to register; questions of trademark infringement and unfair competition are outside of its jurisdiction. See *Paramount Pictures Corp. v. White*, 31 USPQ2d 1768, 1771 n.5 (TTAB 1994); TBMP Section 102.01 (2d ed. rev. 2004).

⁶ This allegation is not a basis for denial of a registration under Section 2(d). Rather, a Section 2(d) claim requires a pleading that (1) defendant's mark, as applied to its goods or services, so resembles plaintiff's mark or trade name as to be likely to cause confusion, mistake, or deception; and (2) priority of use. See *King Candy Co., Inc. v. Eunice King's Kitchen, Inc.*, 496 F.2d 1400, 182 USPQ 108 (CCPA 1974).

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Accordingly, petitioner is not entitled to relitigate those claims.⁷ To the extent that the claims raised in the petition to cancel herein differ from those set forth in the notice of opposition in Opposition No. 91157373, there is nothing in the record to suggest that they could not have been raised in the notice of opposition.

In view thereof, petitioner's motion for summary judgment on the ground of claim preclusion, or *res judicata*, is hereby granted. The petition to cancel is denied with prejudice, and judgment in respondent's favor is hereby entered.

⁷ Moreover, we note petitioner's request in paragraph 16 of the petition to cancel that the Board investigate "all of [respondent's] marks in all [c]lasses for fraud, lack of use in commerce as required by law and to CANCEL [sic] all such marks with prejudice ... [and] to stop the further registration of any marks of [respondent] before it can prove use in commerce." The Board is not authorized to so investigate and cannot, *sua sponte*, commence cancellation proceedings. See Trademark Act Sections 14 and 24, 15 U.S.C. Sections 1064 and 1092; TBMP Sections 102.01 and 303 (2d ed. rev. 2004). Further, pursuant to various treaties and international agreements, foreign entities, such as respondent, may receive United States trademark registrations prior to their having shown use of their applied-for marks in commerce, so long as they comply with the requirements of Trademark Act Sections 44 or 66, 15 U.S.C. Sections 1126 or 1141f; TMEP Chapter 1000 (4th ed. 2005).