

# **Appellee's Brief**

BRIEF FOR APPELLEE CNV, INC.

FILED  
U.S. COURT OF APPEALS FOR  
THE FEDERAL CIRCUIT

APR 12 1989

UNITED STATES COURT OF APPEALS  
FOR THE FEDERAL CIRCUIT

FRANCIS X. GINDHART  
CLERK

89-1053  
89-1079

COPELANDS' ENTERPRISES, INC.  
d/b/a Copelands' Sports,

Appellant,

v.

CNV, INC.,

Appellee.

Appeal From the Trademark Trial  
and Appeal Board

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April 12, 1989

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UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

89-1053

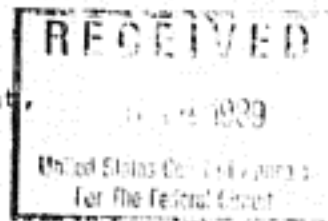
COPELANDS' ENTERPRISES, INC.  
d/b/a COPELANDS' SPORTS,

Appellant,

v.

CNV, INC.,

Appellee.



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89-1079

COPELANDS' ENTERPRISES, INC.  
d/b/a COPELANDS' SPORTS

Appellant,

v.

CNV, INC.,

Appellee.

AMENDED CERTIFICATE OF INTEREST

Counsel for the appellee, CNV, Inc.\*/, certifies the following:

1. The full name of every party represented by me is:

CNV, Inc.

\*/ Please note CNV, Inc. changed its corporate name to Allegra, Inc. on July 6, 1988, pursuant to the laws of Nevada. The corporation remains the real party in interest and for convenience is referred to as "CNV".

2. The name of the real party in interest represented by me is:

CNV, INC.


3. The corporate party represented by me has no publicly held affiliates.

4. The names of all law firms and the partners or associates that appeared for the party now represented by me in the agency below or are expected to appear in this court are:

G. Hamilton Loeb  
Michael K. Lindsey  
Allen S. Resnick  
Karen E. Silverman

Dated:

2/17/09

  
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Counsel for Appellee CNV, Inc.

STATEMENT OF RELATED CASES

These appeals arise from decisions of the Trademark Trial and Appeal Board ("Board") in related cancellation and opposition proceedings initiated by appellant Copelands' Enterprises ("Copelands"). In Cancellation proceeding No. 16,128, Copelands seeks cancellation of the mark VUARNET, which has been registered by CNV and its predecessors since May 1984. The Board granted partial summary judgment in CNV's favor on one of Copelands' asserted grounds for cancellation: that CNV had misused the registration symbol in connection with the VUARNET mark. Copelands appeals this decision in Appeal No. 89-1053. In Opposition proceeding No. 75,373, Copelands opposes registration of the mark VUARNET FRANCE in V-logo design. The Board granted partial summary judgment in CNV's favor on Copelands' misuse allegations in this proceeding as well. Copelands' appeals this decision in Appeal No. 89-1079.

Counsel for appellee CNV is not aware of any other related proceeding pending before the Trademark Trial and Appeal Board or of any other related appeal pending before this Court. Additionally, counsel knows of no other case pending in this or any other court which will directly affect or be affected by the Court's decision in these appeals.

STATEMENT OF JURISDICTION

For reasons explained fully in CNV's Motion to Dismiss (still pending before this Court) and on pages 16-23 of this Brief, the Court has no jurisdiction over these appeals. The decisions Appellant seeks to review are partial summary judgments issued by the Trademark Trial and Appeal Board. These partial summary judgments are not final decisions, as required for appeal to lie pursuant to 28 U.S.C. § 1295(a)(4)(B) and 15 U.S.C. § 1071(a).

### STATEMENT OF ISSUES PRESENTED

The following issues are presented for the Court's determination in these appeals:

I. Whether this Court has jurisdiction over an interlocutory appeal of a grant of partial summary judgment by the Trademark Trial and Appeal Board, by which the Board dismissed Copelands' claims that CNV misused the trademark registration symbol but did not resolve Copelands' other pending claims.

II. Whether Copelands' assertion of misuse of the registration symbol in the cancellation petition is barred by laches arising from its failure to assert the alleged misuse in the registration proceeding for the VUARNET mark nearly four years earlier, where Copelands had actual knowledge both of the pendency of the registration proceeding and of the purported misuse.

III. Whether the Board properly granted CNV's motion for partial summary judgment on Copelands' claims that CNV misused the registration symbol in connection with the VUARNET and VUARNET FRANCE marks.

### STATEMENT OF THE CASE

#### These Appeals

These appeals arise from decisions of the Trademark Trial and Appeal Board ("Board") in two proceedings

initiated by Copelands Enterprises ("Copelands") concerning marks owned by CNV for VUARNET-brand sunglasses and eyewear.

Appeal No. 89-1053 arises from the Board's grant of partial summary judgment in a cancellation proceeding by which Copelands seeks to cancel the registration of the mark VUARNET. The VUARNET mark was registered by the Patent and Trademark Office ("PTO") in May 1984. In its cancellation petition, Copelands alleges that CNV improperly used the trademark registration symbol on the VUARNET mark prior to the registration. The Board granted partial summary judgment in CNV's favor with respect to the misuse claim, and denied summary judgment on Copelands' additional claims that CNV did not own the mark at the time of the application and that the requisite consent from the individual Jean Vuarnet had not been filed. Copelands now seeks interlocutory review of this aspect of the Board's ruling below.

Appeal No. 89-1079 arises from an opposition proceeding by which Copelands opposes registration of CNV's mark VUARNET FRANCE V AND DESIGN ("VUARNET FRANCE"), depicted below:



CNV applied to register this mark in May 1985. After publication, Copelands filed a notice of opposition. Copelands asserted, inter alia, that CNV's use of the registration symbol within this mark was improper prior to the May 1984 VUARNET registration. The opposition also stated Copelands' claims regarding lack of ownership and consent. The Board granted partial summary judgment to CNV with respect to this misuse allegation, but did not resolve the remaining claims. Copelands now seeks interlocutory review.

#### The Parties

##### CNV and The VUARNET Marks

Since 1981, CNV has been the exclusive United States importer and distributor of VUARNET-brand sunglasses. The sunglasses are manufactured by Sporoptic Pouilloux, S.A. ("Pouilloux"), a French firm founded by the optician who originally developed the lenses used in all VUARNET sunglasses. The lenses effectively block ultraviolet light and are particularly suited to skiers. Since 1960, Pouilloux has marketed the sunglasses worldwide in conjunction with Jean Vuarnet, the 1960 Olympic gold medalist in downhill skiing. A245-46.

CNV acquired the exclusive rights to import and distribute Pouilloux's VUARNET-brand sunglasses in April

1981. Since that time, CNV has promoted the VUARNET name and marks aggressively. In the first five years after CNV's acquisition of the rights to import and distribute VUARNET-brand sunglasses in the United States, its substantial efforts and expenditures for marketing and advertising resulted in an increase in sales of VUARNET-brand products in excess of 2000 percent. A237-38; A246-47.

CNV owns the U.S. rights to three marks that comprise the VUARNET family, all of which are registered or used primarily in connection with sunglasses and eyewear:

\* VUARNET. CNV is the registrant by assignment of the VUARNET mark. Pouilloux applied to register the mark in November 1982. Registration was issued on May 8, 1984. It was assigned to CNV in December 1984 and recorded with the PTO the following month. A264-65. The mark VUARNET is registered by Pouilloux in at least 22 countries, and is the subject of an international registration pursuant to the Madrid Agreement. A6; A250; A783.

\* VUARNET FRANCE. The VUARNET FRANCE logo was developed by CNV. A238. CNV applied for registration in May 1985.

\* JEAN VUARNET. CNV is also the registrant by assignment of the mark JEAN VUARNET. The mark was registered by the PTO in May 1979 to Mr. Jean Vuarnet,



the original applicant. Jean Vuarnet assigned the mark to Pouilloux, which reassigned it to CNV, as recorded with the PTO in May 1986. A261-63. The mark JEAN VUARNET is registered in a number of countries in addition to the United States. A250. No attack has been made by Copelands on the registration of the JEAN VUARNET mark.

#### Copelands

Copelands is a discount retail sporting goods operation with stores in California. As Copelands' petitions admit, Copelands engaged in the unauthorized, grey market importation of VUARNET-brand sunglasses prior to April 1986. A585; A597. In April 1986, acting under Lanham Act § 42, the U.S. Customs Service detained a shipment of VUARNET-brand sunglasses Copelands had sought to import.<sup>1/</sup> Several months later, on December 31, 1986, Copelands

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<sup>1/</sup> In recording and enforcing the VUARNET mark under 19 C.F.R. §§ 133.21-133.24, Customs necessarily (and correctly) concluded that CNV was not affiliated with Pouilloux and thus was entitled to enforce the mark against unauthorized imports. See Customs Notice of Recordation (A529). CNV in fact shares no officers, directors, shareholders, or other indicia of common control. Thus, the Court need not be distracted by Copelands' contention that its imports were legal, or its misstatement of the holding in K-Mart Corp. v. Cartier, Inc., 108 S. Ct. 1811 (1988), or the clever omission in its footnote 1 to discuss the illegality of its grey market imports under Lanham Act § 42. See Copelands Brief at 13 n.1.

initiated the proceedings challenging the VUARNET and VUARNET FRANCE marks.

### The Proceedings Below

#### The Board's Issuance of Partial Summary Judgment

Before the Board, CNV moved for summary judgment on Copelands' claims on various grounds. Characterizing Copelands' petitions as a "broadly drawn collection" of "less than precise" allegations (A576-77), the Board granted provisional summary judgment, although it allowed Copelands leave to amend. With respect to Copelands' allegations that CNV had misused the registration symbol prior to the registration of the VUARNET mark in May 1984, the Board specifically found no evidence of fraudulent intent on CNV's part and awarded partial summary judgment on that claim.<sup>2/</sup>

Copelands filed amended petitions. The Board found that the amended pleadings stated two potentially cognizable claims. A623-27; A628-32. First, it read the pleadings to allege that CNV never received valid assignments of the VUARNET or JEAN VUARNET registrations from Pouilloux, and thus was not the exclusive owner of the U.S. rights to the VUARNET or VUARNET FRANCE marks. If proven, according to the Board, these allegations might entitle

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<sup>2/</sup> A570; A577-78. The Board's rulings on the misuse issue are more fully described below.

Copelands to relief. Second, the Board found that a claim was stated by Copelands' allegation that the marks were unregistrable under Section 2(c) of the Lanham Act because no consent was of record from Jean Vuarnet himself. The Board denied CNV's request for summary judgment on these issues, which remain to be litigated. On Copelands' registration symbol misuse claims, however, the Board reaffirmed its earlier ruling and entered partial summary judgment in both proceedings. A627; A631-32.

Copelands then requested reconsideration of the partial summary judgment on the misuse claims. The Board denied the request, finding no evidence to create a genuine dispute that CNV's use of the registration symbol was intended to mislead. The Board thus left the partial summary judgments intact, struck the misuse allegations, and instructed that "[t]he case[s] will go forward on the ground under Section 2(c) and the ground that respondent lacks ownership of the registered mark." A10; A19-20.

From this third failed attempt to press its misuse theory, Copelands noticed these appeals. Before briefing began on the merits, CNV moved to dismiss both appeals on the ground that the grants of partial summary judgment were not appealable. Upon the Court's invitation, the Commissioner of Patents and Trademarks ("Commissioner") filed an "Amicus Brief Urging Dismissal" based on the

Court's lack of subject matter jurisdiction. By order of January 31, 1989, the Court deferred consideration of the jurisdictional issues for consideration before this merits panel. CNV's Motion to Dismiss remains pending.

The Board's Disposition of the Misuse Claims

As part of its initial motion for summary judgment below, CNV requested summary judgment on Copelands' allegations of misuse of the registration symbol. Copelands' summary judgment brief defended its misuse allegations on the basis of a declaration from Copelands' secretary/treasurer, letters exchanged between counsel for the parties in February 1983, and the affidavits CNV had filed.<sup>3/</sup>

In granting CNV's motion in the cancellation proceeding, the Board ruled as follows on the misuse issue:

The claims relating to alleged misuse of the registration symbol, even if they were proved, would have no bearing on the right to maintain the registration. "VUARNET" is and has been a registered trademark, both here and in other countries. Respondent is the record owner of the U.S. registration. There is no indication of fraudulent use of the registration symbol or even intent to

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<sup>3/</sup> A346-476; A476AA-547. Copelands also filed a declaration from another California retailer describing his purchases of VUARNET sunglasses. Nothing in this declaration bears on the misuse issue. A404-06.

commit fraud on the part of respondent or its predecessors in interest.

A570. In the opposition proceeding, the Board ruled:

Opposer's claim that registration should be denied to applicant because the registration symbol was used improperly is similarly without support. . . . Even prior to issuance of the United States registration, the name "VUARNET" was registered in other countries, according to the declaration of Mr. Mentges [CNV's chairman]. Use of the registration symbol to indicate this is acceptable. Moreover, even if applicant had misused the symbol it would have been up to the Examining Attorney to inform applicant of the incorrect use and publication of the mark would then have been appropriate if applicant had acknowledged the mistake and had indicated its intent to cease such improper use. There is neither a statutory nor a case law basis for contending that applicant's use of the registration symbol as it did in this case is the proper basis for an opposer to have the Board deny registration at this point in the prosecution of the application.

A577-78.4/

After Copelands filed amended pleadings, the Board again took up the misuse issue. Copelands presented no new argument or evidence; it relied on the brief and declarations submitted in support of the original petitions. The

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4/ The Board found that the registration symbol used within the VUARNET FRANCE logo was adjacent and related to the word VUARNET, not to the entire design. A577. Copelands does not contest this finding.

Board again awarded summary judgment to CNV on misuse.  
A627; A631-32.

Copelands then requested reconsideration on its misuse claims. In support of this request, it filed a new brief reiterating the arguments made in its initial brief nine months earlier, together with the same letters and declaration of its secretary/treasurer. A633-86; A705-59. Copelands submitted no new evidentiary material. It made no mention of Rule 56(f), nor did it state that it was unable to present facts to justify its misuse claim for want of additional discovery.

After reviewing for the third time the evidence before it bearing on the misuse claim, the Board again ruled that Copelands had not raised genuine issues of material fact regarding CNV's use of the registration symbol prior to the May 1984 registration of the VUARNET mark. It pointed to CNV's affidavits, which established that both CNV and Pouilloux had mistakenly believed the use of the registration symbol was proper and that neither intended to mislead the PTO or the public; that CNV had believed Pouilloux had registered the VUARNET mark until it received Copelands' February 1983 letter explaining otherwise; that CNV was subsequently informed and believed, upon inquiring with its licensor Pouilloux, that the "R" symbol was both proper and necessary to protect Pouilloux's registrations of

the VUARNET and JEAN VUARNET marks in several countries; and that CNV's continued use of the symbol until the registration issued the following year was based on this belief and not intended to mislead.

The Board concluded that these affidavits "regarding [CNV's] mistaken belief and that it had no intent to deceive stand unrebutted." A8; A18. It specifically rejected Copelands' assertion that the CNV affidavits were internally conflicting on material issues: "[w]e disagree with [Copelands] that [the CNV] evidence leaves doubt as to the facts surrounding [CNV's] use of the registration symbol." A9; A19. It also emphasized that Copelands presented no specific evidence of its own to suggest that CNV's factual account could be successfully contradicted, and that

[Copelands] would rather have us speculate as to what it might be able to show regarding [CNV's] intent at trial. Such speculation, without supporting evidence, will not suffice to withstand a motion for summary judgment.

Id.

#### SUMMARY OF ARGUMENT

In these appeals, Copelands seeks the extraordinary review of an interlocutory decision of the Trademark Trial and Appeal Board granting partial summary judgment on

a portion of Copelands' claims before the Board prior to the continuation of ongoing proceedings. In so doing, moreover, Copelands seeks to overturn a plainly correct Board decision applying well settled legal principles and properly exercising its discretion to grant summary judgment where no genuine issues of material fact exist.

The Board correctly rejected Copelands' claims that CNV's alleged misuse of the trademark registration symbol justifies cancellation and precludes registration of marks owned by CNV. Copelands utterly failed to meet the heavy burden on parties seeking to impose such draconian sanctions on trademark owners. Copelands fails to demonstrate any basis for reviewing, much less disturbing, this interlocutory ruling.

#### I.

Grants of partial summary judgment, such as those Copelands seeks to appeal, are not final or dispositive of the litigation below. They are, therefore, not appealable. No exigent circumstances are present in this case that call for an exception to the finality rule. Copelands will not be prejudiced if the Court requires it to pursue the remainder of its case below before obtaining appellate review. By contrast, the interests of judicial economy, including the Board's control of its docket and the wise use of this Court's limited resources for judicial review,



would be undermined if piecemeal appeals such as these are permitted.

The Court should use this opportunity to reaffirm forcefully, as advocated by the Commissioner's amicus brief, that partial summary judgment orders are not appealable except in the rarest of circumstances -- none of which are present here.

## II.

In the event the Court were to exercise jurisdiction over these appeals, the Court should affirm the partial summary judgment in the cancellation case (Appeal No. 89-1053) on the ground that Copelands' misuse claims are barred by the doctrine of laches. Copelands delayed for nearly four years after it became aware of all of the salient facts regarding CNV's use of the registration symbol -- and for some 2-1/2 years after the mark was registered -- before seeking cancellation of the VUARNET mark. Copelands learned of the alleged misuse not later than February 1983, when it became aware that an application to register the VUARNET mark was pending. Yet it did not file an opposition or complain to the Examiner, nor did it raise any of its misuse claims until December 31, 1986. Under these circumstances, laches bars Copelands from asserting misuse as a ground for cancellation.

### III.

The Board properly granted summary judgment on Copelands' misuse claims, applying the settled misuse law which requires the opposer to present conclusive evidence that the use of the registration symbol was intended to deceive or mislead in fact. The burden on the opposer in misuse cases is a heavy one, which reflects the Board's proper reluctance to divest legitimate trademark rights absent clear proof of deliberate improper use of the "R" symbol. CNV established without contradiction that it used the symbol initially in the belief that the mark was U.S.-registered and, after it learned otherwise, in the belief that use of the symbol was proper and necessary to protect its licensor's foreign registrations. The Board correctly ruled that these good faith beliefs would be sufficient to excuse CNV's use of the symbol.

Neither factual issue Copelands asserts to be in dispute was sufficient to defeat summary judgment. There was no inconsistency as to CNV's reasons for its belief that use of the "R" symbol was permitted, since CNV never claimed to have relied on the VUARNET foreign registrations prior to the time it learned that the mark was not federally registered. Copelands' surmises about additional steps CNV might have taken upon receiving notice that the VUARNET mark was not registered do nothing to carry its burden of showing

conclusively that CNV acted with actual fraudulent intent. Applying its summary judgment standards in light of Copelands' heavy burden, the Board properly ruled that Copelands' speculations were insufficient to sustain a genuine dispute.

The Board correctly recognized that continued use of the registration symbol is not fraudulent where it is based on a continued good faith belief that the use is proper. It does not become fraudulent as a matter of law, as Copelands contends, solely because the user has been notified that the mark is not federally registered. In this case, the Board properly found that reliance on foreign registrations may provide the necessary good faith belief that use of the "R" symbol is permitted.

The Board also properly relied on Copelands' failure to submit evidence sufficient to prevail at trial in granting summary judgment. The Board rightly found that the evidence CNV presented created no inconsistencies on the material facts. Moreover, this Circuit's summary judgment standards required Copelands, who bore the opposer's heavy evidentiary burden in challenging registrations on misuse grounds, to do more than to rest on perceived inconsistencies and strained readings of CNV's evidence.

Finally, Copelands' Rule 56(f) argument is without merit. Copelands made no mention of Rule 56(f) in its

lengthy request for reconsideration of summary judgment on the misuse issue. The Board was not required to divine that Copelands might wish for additional discovery opportunities in order to support its reconsideration request. Moreover, Copelands' conclusory one-sentence reference to the rule in its original brief was not by affidavit and did not comply with the specificity requirement of Rule 56(f). Copelands merely indicated that it "does not presently have all the evidence at its disposal which it intends to have at trial" -- a showing that this Circuit deems wholly inadequate to warrant a Rule 56(f) continuance.

#### ARGUMENT

- I. THE GRANT OF PARTIAL SUMMARY JUDGMENT IS NOT AN APPEALABLE FINAL DECISION, AND THIS COURT HAS NO JURISDICTION OVER THE APPEALS.

Neither the Court's jurisdictional statute nor its prudent policy of rejecting piecemeal appeals allows Copelands to obtain interlocutory review of the Board's partial summary judgment grants. CNV's pending Motion to Dismiss so demonstrates, and the Commissioner's amicus brief urges dismissal of the appeals for precisely the same reasons. Permitting these interlocutory appeals would undermine the expeditious conduct of Board proceedings and would leave little standing of the finality rule. The point

can hardly be made more succinctly than in the  
Commissioner's brief:

Traditionally, this type of action [a partial grant of summary judgment] does not result in an appealable decision. We are unable to determine how judicial economy would be served by hearing this appeal at this time. And, if this appeal is heard we see no basis for declining to hear other appeals from interlocutory orders granting partial summary judgment.

Amicus Brief for the Commissioner of Patents and Trademarks  
Urging Dismissal ("Comm'r Br.") at 10.

Thus, Copelands' effort to appeal the interim Board decisions below raises, first and foremost, the fundamental question of the Court's jurisdiction over the appeals. The Court's decisions in this area establish readily discernable groundrules that, when applied to Copelands' appeals, firmly mandate dismissal. While not every decision squares fully with the prevailing cases, as the Commissioner points out (Comm'r Br. at 4, 15), the clearly predominant and plainly more persuasive line of authorities makes clear that interlocutory review -- though often attempted -- is seldom justified and rarely permitted.

Faced with its heavy burden of demonstrating why its case calls for an exception to the finality rule, Copelands' brief is silent, except to refer to its papers opposing CNV's motion. The appealability issue, however,

cannot be so easily ignored. Copelands' attempt to appeal at this stage strikes at the heart of the Board's ability to manage its docket, the Court's role and use of its limited resources in overseeing the conduct of proceedings below, and "the public interest in prompt resolution of all judicial and administrative proceedings, including cases before the TTAB." (Comm'r Br. at 15.) Yet Copelands expends 48 pages arguing its misuse claim -- all of which can be fully argued on appeal from a final Board ruling -- without a breath on its right to be here at all.

CNV reemphasizes that no final decision, and no facts to fit the narrow exception to the finality rule, are present here. "[A]ppellate jurisdiction does not extend to decisions of the board which are not final," i.e., "a final dispositive ruling that ends litigation on the merits." International Order of Job's Daughters v. Lindeburg & Co., 687 F.2d 436, 437 (C.C.P.A. 1982); Champion Products, Inc. v. Ohio State Univ., 614 F.2d 763, 765 (C.C.P.A. 1980). Decisions by the Board granting partial summary judgment, by their nature, are not final or dispositive of the full case on the merits. Material issues are left for discovery and trial before the Board. Job's Daughters, 687 F.2d at 437-38. The rulings for which Copelands seeks review here thus are neither "final" nor "dispositive," nor do they "end litigation on the merits."



Otherwise interlocutory decisions may be considered appealable only if two requirements are met: the issues to be reviewed must be "separate and distinct from the remaining issues in the case," and it must be clear that "a decision by this court would advance the goal of judicial economy." Job's Daughters, 687 F.2d at 437. This exception to the finality rule is narrowly construed and is available "only in exigent circumstances." Champion Products, 614 F.2d at 765.5/

No exigent circumstances are present -- or even claimed -- for Copelands. Its sole urgency is that it may be required to develop additional evidence on its misuse claim if it loses before the Board on its remaining theories and then obtains reversal of the partial summary judgment on appeal. Such burdens are an ordinary consequence of litiga-

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5/ See also SCOA Industries v. Kennedy & Cohen, Inc., 530 F.2d 953, 955 (C.C.P.A. 1976) ("circumstances [must be] sufficiently exigent to justify suspending the final judgment rule and the policy against piecemeal review which it implements").

Copelands relies primarily on Gillespie v. United States Steel, 379 U.S. 148, 85 S. Ct. 308 (1964), which this Court has recognized as representing "the sharpest departure from traditional notions of finality" that govern appellate jurisdiction. Aerco Int'l, Inc. v. Vapor Corp., 608 F.2d 518, 520 (C.C.P.A. 1979), quoting C. Wright, Law of Federal Courts § 101 at 511 (3d ed. 1976). See also Jeannette Sheet Glass Corp. v. United States, 803 F.2d 1576, 1583 (Fed. Cir. 1986) ("Gillespie . . . is to be very rarely used").

tion. There is nothing exigent about them. No prejudice will result to Copelands from requiring it to pursue its misuse theory when and if the remainder of the case reaches this Court. The partial summary judgment in no way precludes it from developing the rest of its case or, according to the Board, from obtaining all the relief it seeks. As this Court's predecessor ruled in similar circumstances:

[D]eparture from the final judgment rule [is justified] in cases where there is a danger of denying justice by delay. In this case, we see no such danger. The fact that [appellant] will have to wait until the final outcome of the opposition, if it loses in the TTAB, to appeal the [partial summary judgment] does not present a potential for denial of justice through delay. We can see no turn of events over the passage of time which will work to deny justice to [appellant]. The parties, the marks, the issues, the evidence, in short, all of the circumstances surrounding [appellant's] proposed [misuse] claim will remain unchanged and may be presented at an appropriate time in the normal course of the appeal process. The mere fact of delay is not a sufficient reason to interrupt the orderly flow of the opposition proceedings.

Aerco Int'l, Inc. v. Vapor Corp., 608 F.2d 518, 521

(C.C.P.A. 1979) (emphasis in original). Copelands makes no showing that would justify a contrary result here.

By contrast, judicial resources and judicial economy will be strained, not conserved, by permitting these appeals. The Board's ability to resolve this case, and



others like it, in an efficient and timely fashion is undermined by piecemeal review. As the Commissioner notes, "[p]iecemeal appeals also mean the TTAB loses control over the conduct of the proceeding." Comm'r Br. at 6. Moreover, depending on how the remainder of the proceedings unfold below, the resources of this Court may never be called on to review the claim on which the partial summary judgment rests. In any event, this Court should be called on only once in connection with that claim. Accordingly, the interests of judicial economy will not be served by interlocutory review here.<sup>6/</sup>

Moreover, apart from showing a significant advance for judicial economy, Copelands must also show that the issues raised in this appeal are separate and distinct from those remaining before the Board. Job's Daughters, supra. Copelands cannot do so. The misuse issue turns on essentially the same overall web of facts and allegations as the claims still to be litigated. As a practical matter,

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<sup>6/</sup> For this reason, this case -- like Job's Daughters, Champion Products, and other decisions of this Circuit rejecting interlocutory review -- is easily distinguishable from Toro Co. v. Hardigg Indus., Inc., 549 F.2d 785, 788 (C.C.P.A. 1977). There the Court allowed review of a decision striking a defense of res judicata, which would have required the parties to retry issues already disposed of in the earlier case. Judicial resources had already been spent in trying the issues, and thus the denial of the res judicata claim posed an obvious danger to the integrity of the court and to judicial economy. No such dangers are present here.

the material witnesses and evidentiary sources on misuse are not separate or distinct from those on ownership and consent.<sup>7/</sup> As was the case in Job's Daughters, the orders challenged on these interlocutory appeals are "inextricably intertwined with the resolution of the remaining issues of the proceeding" on which summary judgment was not granted. 687 F.2d at 437. Similarly, in SCOA Industries, 530 F.2d at 955, the Court held that a stricken fraud claim was "inextricably bound to the [remaining] determination of which party first used its mark and whether the concurrent use of the marks would be likely to cause confusion or mistake or to deceive." Copelands' claim of fraudulent misuse, like the fraud claims in SCOA, cannot be separated from the predicate issues still to be tried below.

If accepted, Copelands' position would mean that any grant of partial summary judgment would be appealable. The Board issues partial summary judgments with great fre-

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<sup>7/</sup> There is no issue here that is outside the purview of the Board or the Examiner of Trademarks. Thus, this case is not like Knickerbocker Toy Co. v. Faultless Starch Co., 467 F.2d 501, 507 (C.C.P.A. 1972), one of the rare cases in which interlocutory appeal has been permitted. There the court allowed appeal from an order by the Board striking copyright infringement allegations. Knickerbocker dealt with appeal of a non-trademark issue that was "not within the jurisdiction of the board," Champion Products, 614 F.2d at 765, and in any event the continuing authority of Knickerbocker has been questioned as involving circumstances that "would not normally warrant immediate appeal." Id.

quency to dispose of portions of the proceedings before it; such interim judgments are an essential method of narrowing cases and managing the docket. There are no unusual aspects to the partial summary judgment here. (Indeed, nowhere does Copelands claim this is anything but garden-variety partial summary judgment award.) Neither the Board nor this Court could function effectively if any party, upon suffering a partial summary judgment or a dismissal of a claim, can pursue an interlocutory appeal simply because additional evidence may have to be presented below if and when the partial summary judgment is ultimately overturned and the case remanded on review of the final Board decision.

Consequently, the decisions Copelands seeks to appeal are not final or appealable, and the Court has no jurisdiction over the appeals.

II. COPELANDS' ASSERTION OF MISUSE IN THE CANCELLATION PROCEEDING IS BARRED BY LACHES.

The Board's partial summary judgment in the cancellation proceeding can and should be sustained on grounds that Copelands' delay before seeking cancellation -- nearly four years after it became fully aware of the alleged

misuse -- bars it from obtaining cancellation on misuse grounds.<sup>B/</sup>

Copelands' cancellation petition on the VUARNET mark was not filed until December 31, 1986. Yet Copelands was undeniably aware as of February 1983, as a result of its inquiry after receiving a cease-and-desist letter from CNV, of all three of the salient facts of its misuse claim: (i) that CNV was using the registration symbol in connection with the VUARNET mark, (ii) that an application to register the VUARNET mark had been filed with the PTO in November 1982 and was pending; and (iii) that the mark was not federally registered. These facts were memorialized in the February 1983 exchange of correspondence between the attorneys for the parties. A589-92. By that time, Copelands had begun trading in grey market VUARNET imports and shortly (in July 1983) was to commence importing unauthorized VUARNET sunglasses itself. A581. It was concededly aware then that successful registration of the VUARNET mark would expose Copelands to a Customs order blocking further unauthorized imports. A401. Yet it filed no opposition in the VUARNET registration proceeding, made no complaint to the Examiner's office, and took no other

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<sup>B/</sup> CNV raised this argument in its motion for summary judgment (A231-34), but the Board did not rule on it.

step to respond to the "misuse" it now so fervently protests.

Over the nearly four years that intervened from the February 1983 exchange regarding the registration symbol until Copelands' petition for cancellation, CNV made substantial investments and efforts to advance the VUARNET mark and the distinctive eyewear to which it relates. The resulting popularity of the VUARNET sunglasses, reflected in the twenty-fold increase in sales between 1981 and 1986 (A238), is well known and not controverted below.<sup>9/</sup>

Having failed to oppose registration of the VUARNET mark or otherwise to contest the alleged misuse, despite its actual knowledge of the pendency of the application and of all of the salient facts it now alleges in support of its misuse claim, Copelands cannot now equitably seek to cancel the mark on misuse grounds. Under the doctrine of laches, its unreasonable delay in raising this issue bars it from obtaining cancellation. 15 U.S.C. § 1069; Georgia-Pacific Corp. v. Great Plains Bag Co., 614 F.2d 757, 759 (C.C.P.A. 1980).

Under Georgia-Pacific, this Circuit's leading decision on laches in the trademark setting, the party

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<sup>9/</sup> Indeed, Copelands' concerted efforts to obtain a supply of the sunglasses, as described in its petition (A581), confirm the success of CNV's investment in the mark.

asserting laches must show (1) that the opposing party had actual or constructive notice of the basis for its claim and (2) that the asserting party has been prejudiced as a result of the opposing party's inaction. Georgia-Pacific, 614 F.2d at 761-63. That Copelands had actual notice of the CNV's use of the registration symbol is not disputed. Nor can it be disputed that Copelands had an opportunity to intervene to oppose the VUARNET registration, or to complain to the Examiner, to voice its objections.

As for prejudice to CNV from Copelands' inaction, the record before the Board establishes without contradiction that CNV made substantial efforts to promote the VUARNET mark between the date of the actual notice (no later than February 1983) and the filing of the petition nearly four years later, and that these efforts gave rise to a successful business premised on the VUARNET mark. Cf. Georgia-Pacific, 614 F.2d at 763 (business of party relying on challenged mark had grown from \$372,000 to \$28 million in twelve years; laches barred cancellation). In this process, and particularly after the VUARNET mark was registered without opposition in May 1984, CNV relied on Copelands' inaction with respect to its misuse allegation.

Laches therefore bars Copelands from asserting its misuse theory as a basis for cancelling the VUARNET mark after such unreasonable delay. The Board's partial summary

judgment in the cancellation proceeding can be affirmed fully on this ground, and the Court should so affirm.

III. THE BOARD PROPERLY GRANTED SUMMARY JUDGMENT ON COPELANDS' MISUSE CLAIMS.

A. The Board Correctly Applied the Governing Legal Principles on Misuse Claims.

The law applied by the Board<sup>10/</sup> to instances of alleged misuse is clear. It also bears no resemblance to the law Copelands purports to describe in its Brief. Copelands misapprehends the guiding principles that the Board and courts have fashioned for registration symbol misuse claims, and that the Board properly applied here. Those principles lead inexorably to the conclusion that the Board acted properly in granting partial summary judgment in favor of CNV.

The governing law on misuse, as stated in the Board's most recent decision in the area, is as follows:

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<sup>10/</sup> CNV argued below that the Commissioner, not the Board, has cognizance over allegations of registration symbol misuse, and that misuse cannot defeat registration in an inter partes proceeding. See A217-18. The Board has so stated on occasion, and the issue is not settled. See, e.g., Scovill Mfg. Co. v. Stocko Metallwarenfabriken Henkels und Sohn KG, 191 USPQ 124, 125 (Comm'r 1976); Dunleavy Co. v. Koepfel Metal Furniture Corp., 134 USPQ 450, 453 (T.T.A.B. 1962). For purposes of review of the partial summary judgments on appeal here, however, CNV need not argue, and the Court need not decide, this issue. Should the partial summary judgments be vacated, CNV reserves the right to argue this point in any appeal of further proceedings on misuse below.



The improper use of the registration symbol by an applicant will defeat applicant's right to registration only in those cases where it is conclusively established that the misuse of the symbol was occasioned by an intent to deceive the purchasing public or others in the trade into believing that the mark was registered.

Johnson Controls, Inc. v. Concorde Battery Corp., 228 USPQ 39, 44 (T.T.A.B. 1985) (emphasis added). Similarly, in Winnebago Indus., Inc. v. Oliver & Winston, Inc., 207 USPQ 335, 342 (T.T.A.B. 1980) (emphasis added), the Board stated the "well settled" rule that, "it is incumbent upon opposer to show an intent to mislead or deceive in fact" to prevail on registration symbol misuse claims. See also Knorr-Nahrungsmittel Akg. v. Havland Int'l, Inc., 206 USPQ 827, 833 (T.T.A.B. 1980) (emphasis added):

It is settled that the intentional use of the registration legend in connection with a mark that has not been registered in an attempt, actual or implied, to mislead those in the trade or the general public can serve to defeat the applicant's right of registration. But it has been the practice of the Office to accept explanations that demonstrate that such use was inadvertent or without any intent to deceive or mislead and that there has been an effort to discontinue the offending use.

Thus, the Board requires "conclusive" evidence that the misuse was "intend[ed] to mislead or deceive in fact"; it readily accepts explanations that the misuse was the result



of a mistake or inadvertence without intent to defraud; and it places the burden of showing intent to mislead directly on the opposer.

These principles are followed not only by the Board, but throughout the trademark review process within the PTO. As the Trademark Manual of Examining Procedures ("TMEP") notes, "[m]isunderstandings about use of federal registration symbols are more frequent than are occurrences of actual fraudulent intent." TMEP § 902.04. Accord, Shatel Corp. v. Mao Ta Lumber and Yacht Corp., 697 F.2d 1352, 1355 (11th Cir. 1983). As a result, "the Trademark Office has leaned over backwards to find a lack of intent to defraud," and "the PTO and the courts have been extremely reluctant to divest trademark rights simply because of misuse of the statutory notice." 1 T. McCarthy, Trademarks and Unfair Competition § 19.53 (1984).

These principles have special force where the mark at issue is registered in foreign countries. The TMEP advises that:

Some countries other than the United States informally recognize the use of the R in a circle to designate registration in their respective countries. When a foreign applicant's use of such symbol on the specimens is based on a registration in a foreign country, such use will not be regarded as improper.

TMEP § 902.05 (reproduced at A266). Because other countries recognize trademark rights as of the date of application rather than after U.S.-style examination, marks may frequently be registered abroad well before a parallel U.S. application is acted upon. Consequently, it may be common for internationally-traded goods to bear an "R" symbol affixed to signify foreign registrations. The PTO procedures appropriately recognize that such uses of the registration symbol "will not be regarded as improper."

Id.11/

Viewed against this established body of principles for misuse cases, Copelands' formulation of the law (Copelands Br. at 19-24) is erroneous in several respects. First, Copelands asserts that use of the registration symbol on unregistered marks gives rise to a presumption that the user acted with intent to deceive, thereby shifting the burden to the user to disprove fraudulent intent. Copelands Br. at 19. No such presumption is visible in the numerous

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11/ The TMEP further instructs Examining Attorneys that, in the case of specimens with "R" symbols that appear to designate foreign registrations, the Attorney is not expected even to inquire of the applicant as to its use. For other improper uses, but not for foreign-registered marks, the Attorney is to advise the applicant that the symbol is not to be used until registration. TMEP § 902.02 (A266).

misuse cases decided by the Board.<sup>12/</sup> Nor does the misuser incur a burden of negating all possible inferences of fraud. The misuser's burden is only to come forward with a credible innocent explanation. As the cases show, and as the Board noted here (A-5, A15), the Board's practice is to accept such explanations, absent a persuasive showing by the opposer that the explanation is a subterfuge.

The case on which Copelands relies for its "presumption" argument, the 1931 C.C.P.A. decision in Sauquoit Paper Co. v. Weistock, 46 F.2d 586 (C.C.P.A. 1931), is not to the contrary. Indeed, it reinforces the Board's practice of crediting the symbol user's account of innocent intent absent convincing contrary evidence from the opposer. There the court reversed a decision of the Commissioner

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<sup>12/</sup> See the following Board decisions, each of which finds no intentional misuse of the "R" symbol: Johnson Controls, Inc. v. Concorde Battery Corp., 228 USPQ 39, 44 (T.T.A.B. 1985); Winnebago Indus., Inc. v. Oliver & Winston, Inc., 207 USPQ 335, 342 (T.T.A.B. 1980); Shoe Factory Supplies v. Thermal Eng'g. Co., 207 USPQ 517, 523 n.5 (T.T.A.B. 1980); Knorr-Nahrmittel Akg. v. Havland Int'l. Inc., 206 USPQ 827, 833-34 (T.T.A.B. 1980); United States National Bank of Oregon v. Midwest Savings and Loan Association, 194 USPQ 232, 234-35 n.4 (T.T.A.B. 1977); Dow Corning Corp. v. Doric Corp., 192 USPQ 106, 112 (T.T.A.B. 1976); Vantage Mercantile v. New Trends, Inc., 183 USPQ 304, 308 (T.T.A.B. 1974); In re Cramore Products, Inc., 149 USPQ 707-08 (T.T.A.B. 1966); Du-Dad Lure Co. v. Creme Lure Co., 143 USPQ 358, 359 (T.T.A.B. 1964); Arkansas Co. v. Newport Finishing Corp., 135 USPQ 278, 280 (T.T.A.B. 1962); Wagner v. Ballantyne Instruments & Electronics, Inc., 139 USPQ 391, 392-93 (T.T.A.B. 1963); Reiser Co. v. Munsingwear, Inc., 128 USPQ 452, 453 (T.T.A.B. 1961).

denying the alleged misuser an opportunity to explain its use of a registration legend ("Trade Mark Registered U.S. Patent Office") on an unregistered mark. The court emphasized that, while use of such a false legend "standing alone" would justify finding fraud, the Commissioner had erred in failing to look at the misuser's explanation. Id. at 587. Upon reviewing that explanation, the court accepted it as "satisfactory evidence" of no fraudulent intent. Id. at 588. Far from erecting a presumption of fraudulent intent, the Sauquoit court's approach exhibits the same antipathy as the Board cases toward making draconian trademark consequences -- such as inability to register a mark to which legitimate trademark rights have attached -- turn on registration symbol misuse.

Second, Copelands' discussion omits to note that in no case cited has the Board, the Commissioner, or a court denied or cancelled a registration on grounds of misuse of the "R" trademark symbol. Copelands cites, and the annals of misuse litigation appear to reveal, only five cases -- all between 1928 and 1949 -- in which a court or the Commissioner has rejected a registration on grounds of misuse.<sup>13/</sup> In each, the notation "Reg. U.S. Pat. Off." or a

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13/ Four Roses Prods. Co. v. Small Grain Distilling & Drug Co., 29 F.2d 959 (D.C. Cir. 1928); Libbey-Owens-Ford Glass Co. v. Plastron, Inc., 80 USPQ 591 (Comm'r 1949); Weil (continued...)

variant thereof was used on marks that in fact were not registered with the Patent Office. Where such unambiguous falsehoods appear with the mark, it is not difficult to find fraudulent intent. The "R" symbol, by contrast, is capable of meanings other than federal registration, as the Board recognized. It is widely recognized informally as the international symbol designating trademark protection. TMEP § 902.05. Use of the "R" symbol frequently originates in such innocent, good faith misunderstandings. It is hardly surprising, therefore, that no cases exist in which the Board has awarded the severe relief Copelands asks here.<sup>14/</sup>

Third, Copelands asserts that the alleged misuser must prove that it discontinued the offending misuse promptly, and cannot prevail as a matter of law if it fails to do so. Copelands Br. at 40-42. This is not the law. Discontinuance may be expected where the user knows there is no basis for continuing to use the registration symbol. But where the user maintains a good faith belief that continued

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<sup>13/</sup>(...continued)  
& Durrse v. United Piece Dye Works, 70 USPQ 36 (Comm'r 1946); Gillette Safety Razor Co. v. Standard Safety Razor Corp. 27 USPQ 46 (Comm'r 1935); Ohio Hydrant & Supply Co. v. John Herzog & Son, 2 USPQ 62 (Comm'r 1929). CNV is aware of no inter partes case in which the Board has granted cancellation or denied registration relief on the basis of a misuse allegation.

<sup>14/</sup> See cases cited in note 12, supra.



use of the mark is proper, discontinuance can neither be expected nor required. See Coca-Cola Co. v. Victor Syrup Corp., 218 F.2d 596, 599 (C.C.P.A. 1954); Du-Dad Lure Co. v. Creme Lure Co., 143 USPQ 358, 359 (T.T.A.B. 1964) (use of symbol continued on belief that state registration permitted it); S.C. Johnson & Son, Inc. v. Gold Seal Co., 90 USPQ 373, 378 (Comm'r 1951) (use continued in belief that notice referred to a different, registered mark).<sup>15/</sup> It is axiomatic that the user who is unaware that an offense is occurring cannot be acting fraudulently by failing to discontinue.

With the law of misuse thus properly formulated, Copelands' objections to the Board's award of summary judgment on the misuse claims dissolve.

B. Copelands Points to No Genuine Issues of Material Fact that Preclude Summary Judgment.

In its effort to overturn the Board's decision, Copelands seeks to raise two spurious issues of disputed material fact: (1) whether CNV intended the symbol to designate U.S. registration or foreign registration, and (2)

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<sup>15/</sup> In each of the cases Copelands cites for its contrary proposition (Copelands Br. at 41-42), continued use of the notation "Reg. U.S. Pat. Off." would have been false on its face, and the user could not have mistakenly thought it permissible. This is by no means the case where the internationally recognized "R" symbol is involved.

whether CNV had an honest mistaken belief that the symbol designated the foreign VUARNET registrations after it learned that the mark was not federally registered. In neither case has Copelands raised a genuine dispute as to any issue material to its misuse claims.

1. There Was No Conflict Between, or Issue of Fact Regarding, CNV's Reasons for Believing Use of the Registration Symbol Was Proper.

Copelands first asserts that CNV's reason for using the registration symbol is in doubt. Copelands Br. at 29-34. Copelands appears to divide this argument into two parts.<sup>16/</sup> First, it takes issue with the Board's legal conclusions that CNV's proffered reasons for the use -- its mistaken beliefs that the VUARNET mark was registered in the U.S. or abroad -- would be acceptable to preclude a finding of fraud. Second, it asserts that CNV's explanation of its reasons for using the symbol was irreconcilable or internally conflicting.

As to the first point (Copelands Br. at 28-31), there is little doubt that reliance on foreign registrations is sufficient to negate an intent to defraud. PTO practice, as reflected in TMEP §§ 902.02 and 902.05 (supra), recognizes the practical reality of global trade in

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<sup>16/</sup> CNV has some difficulty following the structure of this portion of Copelands' brief, but attempts here to respond to the arguments as made.

trademarked goods: for a variety of innocent or inadvertent reasons, "R" notations may be used with articles in U.S. commerce on the understanding that foreign registrations are being designated. The Board itself initially opined in this case that "use of the registration symbol to indicate [foreign registrations] is acceptable." A577. If the Board could think this is the rule, surely ordinary businessmen like CNV could as well.

Nor is there doubt that a mistaken belief about the U.S. registration status of a mark can be a defense to an allegation of fraudulent misuse. Where, as here, a U.S. distributor adopts a mark it believes its supplier has registered, its use of the registration symbol is not fraudulent.

Next, Copelands makes much (Brief at 31-34) of the fact that CNV had different reasons for using the symbol at different times, which Copelands sees as inconsistent. The Board correctly saw that there was no conflict, despite Copelands' best efforts to manufacture one. CNV never maintained that it relied on foreign registrations of the VUARNET mark in using the symbol during 1982. Copelands strains mightily to twist such a reading from CNV's affidavits, but the affidavits make clear (see A239) that CNV's use of the symbol prior to February 1983 was based on its mistaken belief that Pouilloux already had a U.S.



registration on the mark.<sup>17/</sup> Thus, there is no internal inconsistency in the CNV evidence on this point, and Copelands' evidence showing use of the symbol before the dates of the foreign registrations was immaterial.

2. The Board Properly Found That Copelands' Speculation About CNV's Post-Notice Conduct Was Not Sufficient to Withstand Summary Judgment.

The essential facts concerning CNV's conduct after it received Copelands' February 1983 letter are not genuinely disputed by Copelands. CNV's evidence established that CNV's attorney transmitted a copy of the letter to CNV; that CNV contacted Pouilloux and was advised that Pouilloux had international registrations that should properly be protected through use of the registration symbol; and that

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<sup>17/</sup> CNV's evidence, as the Board accurately recounted, explained that, prior to receipt of Copelands' February 1983 letter, CNV was under the impression that its French supplier (Pouilloux) had registered the VUARNET mark in the U.S. Relying on that impression, it wrote Copelands a cease-and-desist letter. Upon learning from Copelands that the mark was not U.S. registered, CNV so advised Pouilloux. Pouilloux responded that it understood the symbol to be the international designation that identified and protected the VUARNET and JEAN VUARNET registrations in several countries (which included, with respect to JEAN VUARNET, the United States), and that its use was necessary to protect Pouilloux's rights in those marks. (CNV was expressly obligated under its agreement with Pouilloux to protect and defend Pouilloux's "various international marks and registrations" from misappropriation or unlawful business practices by others in the U.S. A255.) From that point and until the VUARNET registration was issued, CNV believed that continued use of the symbol was proper in connection with Pouilloux's international registrations. A238-40.

CNV continued to use the registration symbol following those conversations.<sup>18/</sup>

Notwithstanding these undisputed facts, Copelands attempts to extract an unsettled issue to defeat summary judgment by surmising about what more CNV or its attorney might have done after they received notice that the VUARNET mark was not registered. Copelands Br. at 34-40. Such surmises are not sufficient to shield Copelands against summary judgment.

In ruling on CNV's summary judgment motion, the Board correctly viewed Copelands' speculations "through the prism of the substantive evidentiary burden" an opposer bears in registration symbol cases. Anderson v. Liberty Lobby, Inc., 106 S. Ct. 2505, 2513 (1986). That burden requires the opposer to produce evidence that will "conclusively establish" that the misuse of the symbol was occasioned by "an intent to mislead or deceive in fact." See Johnson Controls, 228 USPQ at 44; Winnebago Indus., 207 USPQ at 342. As with any allegation to the Board of fraud,

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<sup>18/</sup> Copelands alleges that CNV did not ask its attorney for advice on the propriety of continued use of the symbol or reliance on Pouilloux's foreign registrations, and that CNV's attorney did not advise it one way or another on this point after forwarding the Copelands' letter. A380, A390-91; A649-50; Copelands Br. at 25-26. CNV has not disputed these allegations, and in any event they must be taken as true for the purpose of summary judgment.

facts to support the allegation "must be established by 'clear, unequivocal evidence' and therefore cannot be predicated on supposition, inference, or surmise. It necessarily follows therefrom that any doubt must be resolved in favor of the applicant." Knorr-Nahrmittel, 206 USPQ at 834, quoting Schnadig Corp. v. Gaines Mfg. Co., Inc., 494 F.2d 383 (6th Cir. 1974). To withstand summary judgment in the face of this heavy burden, consequently, Copelands was required to show sufficient disagreement to sustain the possibility that a jury would find convincingly, clearly, and unequivocally -- without relying on supposition or surmise -- that CNV had intended in fact to defraud by continuing to use the registration symbol. Anderson v. Liberty Lobby, 106 S. Ct. at 2512.

Copelands does not satisfy this heavy burden by merely speculating about CNV's intent; nor would a lingering doubt about whether CNV could have done more be sufficient to sustain a ruling in Copelands' favor. Despite two opportunities to refine and advance the factual basis for its misuse claim after the Board originally granted summary judgment on that claim, Copelands produced no evidence of its own to call into question CNV's post-notice conduct, and it presented no new argument or materials on this issue in its reconsideration request. Even accepting at face value Copelands' premise that CNV or its attorney could have done

more, Copelands nevertheless would fail by a substantial measure to demonstrate conclusively that CNV intended to deceive in fact in continuing to use the registration symbol.<sup>19/</sup>

The Board thus was justified in concluding that, on Copelands' own best case, its speculations would not be sufficient to survive a directed verdict, and that the evidence as viewed under the strict misuse standard of proof was "so one-sided that [CNV] must prevail as a matter of law." Anderson v. Liberty Lobby, *id.* Accordingly, no genuine issues of material fact with respect to CNV's post-notice conduct remained that were sufficient to produce a verdict for Copelands, and summary judgment was proper.<sup>20/</sup>

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<sup>19/</sup> The dated cases Copelands cites (Brief at 35-37) all involve "Reg. U.S. Pat. Off." notations, see n.13 supra, for which continued use would clearly have been knowingly misleading. Such is not the case here.

<sup>20/</sup> Copelands further argues that CNV's fraudulent intent was established as a matter of law by the fact that CNV did not discontinue use of the registration symbol after receiving Copelands' letter. In support of this position, Copelands contends that immediate cessation is mandatory once the user learns that the mark is not federally registered, regardless of the user's reasons for believing the use was permitted on other grounds. Copelands Br. at 40-43.

As noted above, no such rule appears in the misuse cases. Du-Dad Lure Co., 143 USPQ at 359; S.C. Johnson & Son, 90 USPQ at 378. Nor would an ironclad discontinuation rule make sense. The touchstone in misuse cases is the registrant's intent in using the symbol, and the Board will not divest a trademark without clear evidence of ill intent.  
(continued...)

C. The Board Properly Required Copelands to Come Forward With Evidence To Support Its Misuse Claim.

Copelands complains that, in granting summary judgment, the Board relied in part on Copelands' own failure to produce specific evidence to suggest that it could carry its misuse burden at trial. Copelands Br. at 43-45. In so doing, the Board did no more than to apply settled summary judgment law to the limited evidence Copelands had put before it.

In this Circuit, summary judgment is no longer [to] be regarded as a disfavored procedural shortcut . . . [but rather as] a salutary method of disposition "designed 'to secure the just, speedy and inexpensive determination of every action.'"

Sweats Fashions v. Pannill Knitting Co., 833 F.2d 1560, 1562

(Fed. Cir. 1987). To this end,

[t]he moving party need not "produce evidence showing the absence of a genuine issue of material fact"; rather, the burden on the moving party may be discharged by "showing" -- that is pointing out to the District Court -- that "there is an absence of evidence to support the nonmoving party's case."

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20/(...continued)

Here, CNV established that its continued use of the symbol was in response to instructions of its supplier as to protection of the VUARNET and JEAN VUARNET registrations, and that it genuinely believed the use to be permitted. The Board did not err in rejecting Copelands' theory that continuing the use, regardless of the circumstances or explanations, irretrievably establishes fraudulent intent.



Avia Group Int'l v. L.A. Gear California, 853 F.2d 1557, 1560 (Fed. Cir. 1988), quoting Celotex Corp. v. Catrett, 477 U.S. 317, 325, 106 S. Ct. 2548, 2554 (1986). "[A] nonmovant must do more than merely raise some doubt as to the existence of a fact; evidence must be forthcoming from the nonmovant which would be sufficient to require submission to the jury of the dispute over the fact." Id.

CNV's summary judgment motion laid out for the Board the basis for CNV's use of the registration symbol. It presented specific, concrete evidence as to each material fact, including the intent of CNV and Pouilloux in using the symbol. Copelands' entire responding evidentiary presentation on misuse consisted of the February 1983 letters between counsel and a declaration of Copelands' secretary/treasurer. The Board found this showing insufficient to withstand summary judgment as to misuse.<sup>21/</sup>

Copelands seeks comfort in the argument that it was not obligated to respond if CNV presented no evidence or if its evidence was conflicting on a material fact. Because

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<sup>21/</sup> In amending its petitions following this ruling, Copelands added nothing new to overcome the original shortcomings of its misuse evidence. Moreover, to support its ensuing reconsideration request, Copelands once again submitted the same material on which it had relied -- and which the Board had already declared insufficient in the initial ruling. Once again the Board found this unimproved showing insufficient to overcome CNV's presentation, pointing to the absence of evidence to support Copelands' misuse case.

the burden to show misuse remained on Copelands (see pages 27-32, supra), it could not rely simply on alleged inconsistencies in CNV's evidence to withstand summary judgment, as Copelands elected to do. It was required to "do more than merely to raise some doubt as to the existence of" facts that support CNV's case; it had to make a showing of its own "sufficient to require submission to the jury" of its allegation of fraudulent intent. Avia Group, 853 F.2d at 1560. Moreover, such a showing would have had to be conclusive, not merely persuasive, as the misuse law requires. To survive on summary judgment in light of this evidentiary standard, Anderson v. Liberty Lobby, supra, mere reliance on trained readings of CNV's affidavits hardly sufficed.<sup>22/</sup>

Nor did the Board ignore Copelands' letter notifying CNV of the non-registration, as Copelands complains. Copelands Br. at 45. The Board found that Copelands failed to present "specific facts" showing that Copelands "could prevail on a complete record at trial." A9; A19. The Copelands letter, without more and in light of CNV's evidence, was not an evidentiary basis on which an

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<sup>22/</sup> In any event, as the foregoing discussion illustrates (pages 35-37, supra), CNV's account of its use of the "R" symbol was, in fact, consistent, notwithstanding Copelands' contorted reading. CNV's evidence created no issues on its own. Moreover, Copelands does not, and could not, contend that CNV's evidence failed to address each material fact necessary to a determination that its use of the "R" symbol was not intended to deceive.

entire misuse claim could rest at trial. Copelands offered no more. The Board thus properly applied the Avia Group and Sweats summary judgment standards to dispose of the claim.

D. Copelands Did Not Make or Attempt the Showing Required for a Rule 56(f) Continuance.

Copelands' Rule 56(f) argument fails for two separate and independent reasons.

First, Copelands made no Rule 56(f) request in connection with the Board decision it now appeals, the denial of Copelands' request for reconsideration of the summary judgment on misuse. Nowhere in its lengthy brief in support of reconsideration does Copelands mention Rule 56(f). Nowhere does it state that Copelands needed further discovery to respond to CNV's motion. While it reargues Copelands' misuse position at even greater length than Copelands' original summary judgment brief,<sup>23/</sup> the request for reconsideration did nothing to inform the Board that Copelands wanted Rule 56(f) consideration. The Board was therefore entitled to assume that Copelands felt no need for more discovery to defend its misuse position. If it felt obligated at all to consider Copelands' one-sentence reference to Rule 56(f) at the end of its original summary judgment brief (A352-53), the Board was warranted to assume

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<sup>23/</sup> Compare A633-52 (reconsideration brief) (20 pages) with A346-92 (summary judgment opposition brief) (approximately 13 pages on misuse).



that the reference had been directed to the non-misuse issues.

Second, even if the bare mention of Rule 56(f) in Copelands' original brief was sufficient to preserve the point in the reconsideration phase, Copelands fell short of complying with the rule's requirements. Rule 56(f) provides:

Should it appear from the affidavits of a party opposing the motion that the party cannot for reasons stated present by affidavit facts essential to justify the party's opposition, the court may refuse the application for judgment or may order a continuance to permit affidavits to be obtained or depositions to be taken or discovery to be had or may make such other order as is just.

It thus requires the nonmoving party to show by affidavit that additional discovery is necessary, and to specify in the affidavits the "facts essential to justify the party's opposition" toward which the discovery will be directed. Keebler Co. v. Murray Bakery Products, to be reported at 866 F.2d 1386, 1389 (Fed. Cir. 1989); Avia Group, 853 F.2d at 1561.

Copelands' Rule 56(f) reference in its original brief makes no mention of the specific facts to which the desired discovery would relate; indeed, it does not identify even the general issues to be addressed, and it would be

impossible from this sentence for the Board to know if the misuse issues were within its scope or not. A352-53. Similarly, the declaration of Copelands' secretary/treasurer, while noting in two sentences that Copelands had not had discovery of CNV or others, makes no reference to Rule 56(f) and identifies no specific factual issues for which discovery was necessary in order to respond to CNV's motion. A402-03.

These bare references do not suffice. Mere recitation that Copelands "does not presently have all the evidence at its disposal which it intends to have at trial" (A353) is inadequate. As this Court has emphasized:

If all one had to do to obtain a grant of a Rule 56(f) motion were to allege possession by movant of "certain information" and "other evidence," every summary judgment decision would have to be delayed while the non-movant goes fishing in the movant's files.

As this court said in Sweats Fashions, Inc. v. Pannill Knitting Co., 833 F.2d 1560, 1566-67, 4 USPQ2d 1793, 1799 (Fed. Cir. 1987):

Summary judgment need not be denied merely to satisfy a litigant's speculative hope of finding some evidence [through discovery] that might tend to support a complaint. [Citations omitted.] Further litigation in this case not only would put the parties to unnecessary expense but also, equally important, would be wasteful of judicial resources. [Citation omitted.]

A party may not simply assert that discovery is necessary and thereby overturn summary judgment when it failed to comply with the requirement of Rule 56(f) to set out reasons for the need for discovery in an affidavit.

Keebler Co., 866 F.2d at 1389. See also Wallace v. Brownell

Pontiac-GMC Co., 703 F.2d 525, 528 (11th Cir. 1983)

(emphasis added):

[T]he nonmovant 'may not simply rely on vague assertions that additional discovery will produce needed, but unspecified facts,' but rather he must specifically demonstrate 'how postponement of a ruling on the motion will enable him, by discovery or other means, to rebut the movant's showing of the absence of a genuine issue of fact.'

Review of Board rulings on Rule 56(f) requests is governed by an abuse of discretion standard, Keebler Co., 866 F.2d at 1390, and the Board did not abuse its discretion by failing to resurrect or to grant Copelands' Rule 56(f) request.

IV. CONCLUSION

For the reasons set forth above, CNV respectfully requests that the Court dismiss Copelands' appeals for lack of jurisdiction or, alternatively, affirm the Board's decisions to grant partial summary judgment on Copelands' misuse claims.

Respectfully submitted,

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Dated: April 12, 1989

CERTIFICATE OF SERVICE

I, Hamilton Loeb, hereby certify that on this 12th day of April, 1989, I caused to be served by first-class mail, postage prepaid, two copies of the foregoing Brief for Appellee CNV, Inc. on each of the following:

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