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UNITED STATES PATENT AND TRADEMARK OFFICE
Trademark Trial and Appeal Board
2900 Crystal Drive
Arlington, Virginia 22202-3513

KSK

Mailed: May 13, 2003

Opposition No. 110,672

S Industries, Inc. and
Central Mfg. Co. joined
as party plaintiff

v.

JL Audio, Inc.

Before Chapman, Holtzman and Rogers, Administrative
Trademark Judges.

By the Board:

This case now comes before the Board for consideration of the following major motions: applicant's motion (filed November 4, 2002) for summary judgment; opposers' motion (filed December 9, 2002) to extend their time to respond to the motion for summary judgment; opposers' cross-motion (filed January 13, 2003) for summary judgment; and opposers' motion (filed March 10, 2003) to amend the notice of opposition.¹

¹ Opposers' request under Trademark Rule 2.127(a) for an oral hearing on opposers' motion for summary judgment is denied. See *The Scotch Whisky Association v. United States Distilled Products Co.*, 18 USPQ2d 1391 (TTAB 1991). See also *Giant Foods, Inc. v. Standard Terry Mills, Inc.*, 229 USPQ 955, 957 (TTAB 1986), and cases cited therein. (note continued...)

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As a preliminary matter, opposers' motion (filed December 9, 2002) to extend their time to respond to applicant's motion for summary judgment is granted. Although a prior order, issued on July 29, 2002, required opposers to obtain applicant's written consent for any extension requests, and opposers' motion to extend is, in fact, in violation of that order. Nonetheless, because opposers here seek an extension of time to respond to a motion which could result in judgment, the Board will consider opposers' briefs and evidence filed in opposition to applicant's motion for summary judgment and in support of opposers' cross-motion for summary judgment.

Background/Pleadings

By way of background, opposers brought this opposition on May 26, 1998 against applicant's application for registration of the mark STEALTHBOX for use in connection

Further, opposers' motion (filed November 7, 2002) for discovery sanctions is denied. Opposers improperly based this motion on the faulty premise that the Board order which merely reset the time for serving discovery responses was a proper basis upon which to file a motion under Trademark Rule 2.120(g). The proper procedure would have been to file a motion to compel; we note that opposers, in referencing their prior motion to compel, fail to mention that the Board, in the April 24, 2001 order, denied that motion for lack of a good faith effort. In view thereof, applicant's motion (filed November 18, 2002) to strike opposers' motion for discovery sanctions is moot. We note, however, that applicant indicated that it had already served complete discovery responses prior to the Board order. In addition, in view of opposers' response and cross-motion for summary judgment, lack of discovery was not an impediment for opposers nor was the motion germane to the summary judgment motion.

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with "speaker boxes and enclosures,"² on the following grounds: (1) likelihood of confusion under Section 2(d) of the Trademark Act; (2) fraud in the procurement of a registration; (3) descriptiveness under Section 2(e)(1) of the Trademark Act; (4) non-use; and (5) non-ownership. Applicant, in its answer, denied the salient allegations.

On July 17, 2000, the Board joined Central Mfg. Co. as a party plaintiff in view of the assignment of the pleaded registrations and, applying the doctrine of collateral estoppel, entered judgment against opposers as to their claim of likelihood of confusion under Section 2(d), and resumed proceedings as to the remaining claims.³

Opposers' Motion to Amend the Notice of Opposition

By this motion, which first appears in opposers' reply brief in support of its cross-motion for summary judgment, opposers seek to amend the notice of opposition by including allegations that applicant's mark STEALTHBOX is merely a model designation in view of applicant's use of its mark in its catalogs, and to add opposers' Registration No. 2,439,735 issued on April 3, 2001.

² Application Serial No. 75/075,194, filed on March 19, 1996 and claiming first use and use in commerce in June 1991.

³ The Board based its finding of no likelihood of confusion on the decision issued in a civil proceeding between the parties. *S Industries, Inc. v. JL Audio, Inc.*, 29 F.Supp.2d 878 (N.D. Ill. 1998).

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In support of the latter aspect of their motion, opposers state that Registration No. 2,439,735 "was not passed to allowance and published for opposition purposes until after the present opposition proceeding was instituted." Further, opposers argue that the United States District Court decision, which precipitated the Board's decision to dismiss the Section 2(d) claim, may no longer be relevant to this proceeding in view of the issuance of opposers' registration, inasmuch as the judge in that case found "that Plaintiff [S Industries, Inc.] had no valid trademark."⁴

In response, applicant states that opposers' motion is untimely and fails "to allege any new claim that is legally sufficient." Further, applicant argues that "opposer[s'] bad faith and dilatory motives and actions in this opposition and during the prosecution of opposer[s'] application which matured into U.S. Registration No. 2,439,735 also warrants denial of opposer[s'] motion to amend." Applicant states that opposers' underlying application for its registration was suspended in view of applicant's prior filed application; and that during the prosecution of opposers' application, opposers filed selected excerpts of the Board's July 17, 2000 order with

⁴ Opposers' theory, it would appear, is that their registration is presumptively valid and its issuance overcomes the District Court judge's decision.

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the examining attorney, arguing that the Board had found no likelihood of confusion and their application should be approved for publication.

First, the motion is untimely, inasmuch as opposers were aware of applicants' catalogs prior to the filing of this notice of opposition, and opposers' registration issued on April 3, 2001, two years prior to the filing of the motion. Second, the motion is denied inasmuch as the amendments are futile. With regard to the model designation allegations, the Board has determined, as fully explained below, that opposers have no evidence to support such allegations.⁵ With regard to opposers' attempt to introduce their registration, this is an ineffectual attempt to resurrect their Section 2(d) claim and, in essence, a request for reconsideration of the order dismissing their Section 2(d) claim in July 2000.⁶

⁵ While we deny opposers leave to add a distinct claim that applicant's mark is a model designation, we note that we have considered arguments opposers have made on this theory in an attempt to support their descriptiveness and fraud claims on summary judgment.

⁶ Moreover, insofar as opposers are arguing that the United States District Court decision found that opposer, S Industries, Inc., did not have valid trademark rights and opposer's registration now supersedes that decision, Judge Coar, in the District Court decision, made a finding of no likelihood of confusion under the assumption that S Industries, Inc. had valid trademark rights in the mark STEALTH. Thus, any attempt by opposers now to prove its trademark rights would not overcome the finding of the court that there is no likelihood of confusion or alter the preclusive effect that the Board has already accorded that finding.

Finally, opposers' tactics in securing their registration and in now trying to capitalize on it are opprobrious. As pointed out by applicant, opposers used selected excerpts from the July 17, 2000 Board order finding no likelihood of confusion between the parties' marks to convince the examining attorney to take opposers' application out of suspension.⁷ The examining attorney did just that and now opposers seek to attack the same order that they used to aid them in securing their registration. Opposers' Motion to Strike the Manville D. Smith Declaration

In connection with applicant's motion for summary judgment, opposers have moved to strike the declaration of Manville D. Smith, vice president of marketing for applicant. Opposers contend that the declaration is not credible due to prior inconsistent statements, namely, that on one occasion Mr. Smith stated that the STEALTH mark is used on "packaging" and on another occasion Mr. Smith stated the mark was not used on "the boxes used for shipping." Inasmuch as these statements are not inconsistent, opposer's motion is denied. Moreover, any inconsistency would go only to the probative value of the declaration and would not warrant striking the declaration.

⁷ The earlier Board order was not final but interlocutory in nature.

The Parties' Cross-Motions for Summary Judgment

Both parties have moved for summary judgment on the remaining claims of descriptiveness, fraud, non-use and non-ownership. Applicant essentially argues that opposers have no evidence to support any of the remaining allegations. In addition, applicant states that it has continuously used the mark in commerce since 1991. In support of this statement, applicant submitted the declaration of Manville D. Smith, with accompanying exhibits consisting of marketing materials and labels. Mr. Smith presents, inter alia, the following attestations: (1) applicant has sold speaker boxes under the trademark STEALTHBOX since at least June 1991; (2) cumulative sales proceeds of speaker boxes under the mark STEALTHBOX have exceeded seven million dollars since 1991; (3) the mark STEALTHBOX is displayed by applicant on labels, packaging and advertising as shown by the attached marketing materials and labels; and (4) since 1991, Mr. Smith has attended nearly every trade show where applicant has displayed its products and has never seen any STEALTH brand audio products sold by any other companies including opposers'. Applicant also submitted the declaration of Daniel S. Polley, applicant's outside counsel, attesting to attached printouts from the USPTO electronic database of various applications and registrations that contain the word STEALTH in class 9 where the term STEALTH is not disclaimed.

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In the response and cross-motion, opposers argue that "the Board must deny applicant's motion for summary judgment, which is based solely on the fact that the Opposer has not as of the date of applicant's motion for summary judgment presented its evidence in support thereof... [h]owever, the opposer has presented its evidence in its cross-motion for summary judgment which is sufficient for the Board to now deny applicant's motion for summary judgment and to grant opposer's cross motion for summary judgment." In support of the response and cross-motion, opposers submitted: (1) a copy of one of applicant's catalogs; (2) a copy of one of applicant's filings (Defendant's Local General Rule 12(N) Response to Movant's Rule 12(M) Statement) in the prior civil proceeding between the parties (*S Industries, Inc. v. JL Audio*, 29 F.Supp.2d 878 (N.D. Ill. 1998)); (3) the subject application file; and (4) excerpts from Mr. Manville Smith's affidavit filed in the civil proceeding.

Opposers essentially argue that applicant's own catalogs use the "alleged" mark descriptively and "define its mark descriptively." Opposers further argue that the alleged mark is actually used as a model designation. With regard to the claims of fraud and non-use, opposers' essentially argue that applicant's mark is merely a model designation, is used descriptively, and has never been used

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as a source identifying trademark, and applicant withheld that information from the examining attorney which resulted in the approval of the application for publication.

A party is entitled to summary judgment when it has demonstrated that there are no genuine issues as to any material facts, and that it is entitled to judgment as a matter of law. Fed. R. Civ. P. 56(c). The evidence must be viewed in a light favorable to the nonmoving party, and all justifiable inferences are to be drawn in the nonmovant's favor. See *Opryland USA Inc. v. The Great American Music Show, Inc.*, 970 F.2d 847, 23 USPQ2d 1471 (Fed. Cir. 1992).

The burden of the moving party may be met by showing that there is an absence of evidence to support the nonmoving party's case. *Celotex Corporation v. Catrett*, 477 US 317 (1986). See also *Anderson v. Liberty Lobby, Inc.*, 477 US 242 (1985). The summary judgment movant has the initial responsibility of identifying the legal basis of its motion, and of pointing to those portions of the record that it believes demonstrate the absence of a genuine issue of material fact. *Celotex* at 323. It not necessary for the moving party to submit materials "negating the opponent's claim." One purpose of the summary judgment rule "is to isolate and dispose of factually unsupported claims." *Celotex* at 323. Once the movant has made this showing, the burden shifts to the nonmovant to designate specific facts

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showing that there is a genuine issue for trial. *Celotex* at 324. See also *Novartis Corp. v. Ben Venue Laboratories, Inc.*, 271 F.3d 1043, 1046, 60 USPQ2d 1836, 1838 (Fed. Cir. 2001); *Biotec Biologische Naturverpackungen GmbH & Co. KG v. Biocorp, Inc.*, 249 F.3d 1341, 58 USPQ2d 1737 (Fed. Cir. 2001). If a party "fails to make a showing sufficient to establish the existence of an element essential to that party's case, and on which that party will bear the burden of proof at trial," entry of summary judgment is warranted. *Celotex* at 322.

In determining whether there is any genuine issue of material fact relating to the legal questions of descriptiveness, fraud, non-use and non-ownership, the Board must consider all of the probative facts in evidence which are relevant thereto.

After a careful review of the record in this case, we find that the evidence of record clearly establishes the lack of support for opposers' claims and opposers have not established genuine issues of material fact relating to the claims of descriptiveness, fraud, non-use and non-ownership.

With regard to opposers' descriptiveness claim there is no evidence that applicant's mark is a model designation or is merely descriptive. The catalog submitted by opposers shows a listing of car models in which applicant's product is used, but applicant's use of STEALTHBOX is as a

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trademark. Further, the "definition" used in applicant's advertising does not render the mark descriptive, rather it is an advertising tool that points to applicant as the source of a subwoofer system marketed under the trademark STEALTHBOX.

As to the opposers' various contrived theories of fraud, we find no merit to opposers' arguments and applicant is entitled to judgment as a matter of law. First, as noted above, there is no evidence that applicant's mark is a model designation or is descriptive. Second, and also in regard to the non-use claim, applicant has presented unrebutted evidence of continuous use since 1991.

With regard to the non-ownership claim, whether as part of the fraud claim, non-use claim, or as a separate claim, opposers have not come forward with any evidence to support such a claim.

Finally, opposers' reference⁸ to Sir Walter Scott has not gone unnoticed nor unappreciated; in fact, it serves well as a description of opposers' own statements and arguments. Without recreating the pretzel logic presented by opposers in their various papers, we find that opposers' arguments are, without exception, completely devoid of merit.

⁸ "Oh what a tangled web we weave, When first we practise to deceive!" Sir Walter Scott, Marmion. Canto vi. Stanza 17.

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In summary, we find that applicant has shown the lack of merit in opposers' claims and lack of evidence to support those claims. In response, opposers have failed to make a showing sufficient to establish the existence of any genuine issues of material fact for trial. There is a "complete failure of proof" for any of the remaining claims. *Celotex* at 323. In view thereof, applicant's motion for summary judgment is granted and opposers' cross-motion for summary judgment is denied.

Accordingly, judgment is hereby entered against opposers, and the opposition is dismissed with prejudice.⁹

Applicant's Request for Equitable Relief

Although we are not entering judgment against opposers on equitable grounds in this case, we would be remiss if we did not comment on opposers' behavior in this proceeding which was commenced by opposers in May of 1998. Opposers most recent proliferation of filings follows a pattern of voluminous and piece-meal motion practice against which opposers were warned on April 24, 2001. Moreover, opposers have consistently employed an inappropriate tone¹⁰ in their

Opposers' response brief and cross-motion, p. 11 (filed January 13, 2003).

⁹ In view of the above, all other pending motions are denied as moot.

¹⁰ For example, "The duplicity contained in Applicant's Brief, reeks with such a pungent odor of misrepresentation that it is very hard to touch applicant's brief." Opposers' Brief at p. 11 (January 13, 2003).

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papers about which they were warned in the March 4, 2002 Board order.¹¹

This behavior is not due to opposers' lack of experience as a pro se party. Leo Stoller, opposers' representative (signing papers as president of the parties), and his various corporations are regularly before the Board and courts. Mr. Stoller's and opposers' litigation strategy of delay, harassment and even falsifying documents in other cases is well documented. See, e.g., *S Industries Inc. v. Lamb-Weston Inc.*, 45 USPQ2d 1293 (TTAB 1997) (opposer's certificate of mailing on a motion to extend found to be fraudulent). Leo Stoller, has also been sanctioned, individually, for making material misrepresentations to the Board regarding an applicant's alleged consent to extensions of time. See *Central Mfg. Inc. v. Third Millennium Technology, Inc.*, 61 USPQ2d 1210 (TTAB 2001). See also the following United States Appellate and District Court cases: *S Industries Inc. v. Centra 2000 Inc.*, 249 F.3d 625, 58 USPQ2d 1635 (7th Cir. 2001) (affirming award of attorney's fees against S Industries Inc. noting a pattern of abusive and improper litigation, specifically citing S Industries

¹¹ "We note the tone of opposers' paper...and advise Mr. Stoller, opposers' representative, that those who practice before the Board must conduct themselves with decorum. [citation omitted] Opposers are further warned that personal attacks whether it be directed towards counsel, a party, or Board employee will not be tolerated." Board Order at 2 (March 4, 2002).

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Inc.'s officer, Leo Stoller); *S Industries Inc. v. Stone Age Equipment Inc.*, 12 F.Supp.2d 796, 49 USPQ2d 1071 (N.D. Ill. 1998) (awarding attorneys fees and costs for oppressive suit where plaintiff offered "highly questionable (and perhaps fabricated) documents" and testimony from its principal that was "inconsistent, uncorroborated, and in some cases, demonstrably false"); *S Industries Inc. v. Diamond Multimedia Systems, Inc.*, 991 F. Supp. 1012, 45 USPQ2d 1705 (N.D. Ill. 1998) (awarding attorneys fees and costs based on plaintiff's frivolous claims); and *S Industries, Inc. v. Hobbico, Inc.*, 940 F. Supp. 210 (N.D. Ill. 1996) (directing plaintiff's counsel "to address some plainly questionable aspects of [S Industries, Inc.'s] lawsuit," and noting that "S Industries, Inc. ('S') appears to have entered into a new industry - that of instituting federal litigation ... [A]nd this court has had occasion to note a proliferation of other actions brought by S...").

While we find compelling support for applicant's argument that, in essence, Leo Stoller and his companies have perpetuated their misdeeds in this case, we need not base our dismissal of the opposition on equitable concerns. As opposers' claims have been shown lacking in theory and evidentiary support, the remaining claims in the opposition are dismissed on this basis alone.

* * *