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

WINTER

Mailed: June 12, 2008

Opposition No. 91179748

Schering Corporation

v.

Diagnostic Test Group LLC

**Before Quinn, Rogers, and Mermelstein,
Administrative Trademark Judges.**

By the Board:

Diagnostic Test Group LLC¹ (hereafter "applicant")
seeks to register the mark CLARITY and Design (shown below)



¹ The involved application was published in the name of "Diagnostic Test Group, Inc." and the opposition was thus correctly filed against applicant in that name. The declaration (¶7) of Rick Simpson, Chief Executive Officer of applicant (attached to applicant's brief in opposition to opposer's pending motion for summary judgment) clarifies that applicant's correct name is Diagnostic Test Group LLC. Accordingly, the caption of this proceeding has been changed as shown above. TBMP § 512.04 (2d ed. rev. 2004).

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for goods identified as "diagnostic agents, preparations and substances for medical purposes; diagnostic preparations for clinical or medical laboratory use; medical diagnostic reagents and assays for testing of body fluids; medical diagnostic test strips for use in the field of monitoring and detecting infection, hormone levels, and chemistry in blood, urine, and stool samples; and medical test kits for diabetes monitoring for home use."²

Schering Corporation (hereafter "opposer") opposes the registration of the applied-for mark on the ground of likelihood of confusion. In support of its claim, opposer essentially alleges priority based on common law rights accruing from "continuous and uninterrupted" use of the marks CLARITIN and CLARINEX (and marks "dominated by CLARITIN and CLARINEX") since the dates of first use of those marks, and pleads ownership of thirteen trademark registrations for the marks CLARITIN, CLARINEX, and CLARITIN and CLARINEX formative marks for, *inter alia*, antihistamines, decongestants, anti-allergy preparations, downloadable electronic newsletters and newsletters on the subject of allergies, and for providing medical information on the subject of allergies.³ An answer has not yet been filed in this proceeding.

² Application Serial No. 77094617, filed January 30, 2007 based on applicant's claimed use of the mark in commerce. Applicant has claimed the colors white, red, black and gray as features of the mark.

³ The pleaded registrations for the CLARITIN, CLARINEX, and CLARITIN and CLARINEX formative marks are: Reg. No. 1498292,

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This case now comes up on opposer's fully briefed motion (filed October 24, 2007) for summary judgment in its favor on the basis that applicant's mark is barred from registration by the doctrine of *res judicata*.

Preliminary Matters

The Board notes applicant's alternative motion for discovery under Federal Rule 56(f). Because the motion was filed more than thirty days after the date of service of opposer's motion for summary judgment, applicant's alternative motion is untimely and will not be considered. See Trademark Rule 2.127(e)(1).

We also note that opposer does not plead in the notice of opposition that applicant's registration is barred by the doctrine of *res judicata*. A party may not obtain summary judgment on an issue that has not been pleaded. See Fed. R. Civ. P. 56(a) and 56(b); *S. Industries Inc. v. Lamb-Weston Inc.*, 45 USPQ2d 1293, 1297 (TTAB 1997). However, inasmuch as the parties, in briefing opposer's motion, have addressed the issue of *res judicata* on its merits, and applicant did not object to the motion on the ground that it is based on an unpleaded issue, the Board hereby deems opposer's

issued August 2, 1988; Reg. No. 1912214, issued August 5, 1995; Reg. No. 2816780, issued February 24, 2004; Reg. No. 2819388, issued March 2, 2004; Reg. No. 2824753, issued March 23, 2004; Reg. No. 2862382, issued July 13, 2004; Reg. No. 3096051, issued May 23, 2006; Reg. No. 3140850, issued September 12, 2006; Reg. No. 2455742, issued on May 29, 2001; Reg. No. 2595718, issued July 16, 2002; Reg. No. 2660350, issued December 10, 2002; Reg. No. 2705267, issued April 8, 2003; and Reg. No. 2805613, issued January 13, 2004.

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pleading to have been amended, by agreement of the parties, to allege a claim based on the doctrine of *res judicata*.

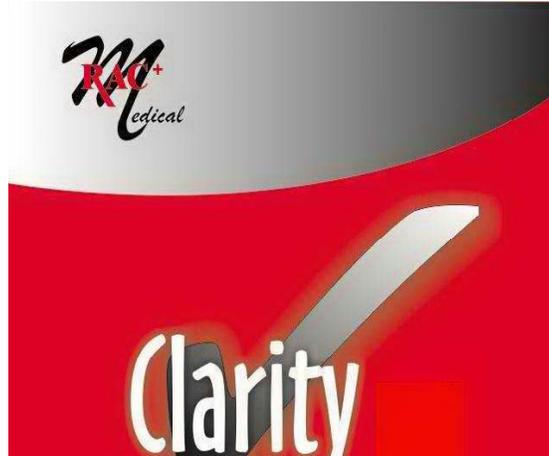
See Paramount Pictures Corp. v. White, 31 USPQ2d 1768, 1772 (TTAB 1994); TBMP § 528.07(a) (2d ed. rev. 2004).

Background

Before turning to the merits of the motion for summary judgment, we note the following facts, which in part provide the basis for opposer's motion.

Applicant's predecessor, R.A.C. Medical Group, Inc. (hereafter may be referred to as RAC), previously filed an application for registration of the mark MEDICAL RAC⁺ CLARITY and Design (shown below) for use in connection with "medical diagnostic point-of-care test kits and supplies, namely diagnostic test strips for testing urine, blood and stool samples."⁴

⁴ Application Serial No. 78369843, filed February 18, 2004 based on claimed use of the mark in commerce. RAC claimed the colors white, red, black and gray as features of the mark. In June 2005, applicant acquired RAC, causing applicant to become the interested party. (see ¶¶ 3-4 of the Simpson declaration, *supra*, footnote 1)



Opposer and its sister corporation, Schering-Plough HealthCare Products, Inc., opposed said application in Opposition No. 91168189 also on the ground of likelihood of confusion and, in support thereof, pleaded, *inter alia*, the same thirteen CLARITIN, CLARINEX, and CLARITIN and CLARINEX formative marks that opposer pleads in the present opposition. The due date for RAC's answer was reset to accommodate settlement discussions, however, RAC never filed an answer.

On January 25, 2007, because RAC had not filed an answer or another request for an extension of time to file its answer, the Board issued a notice of default judgment in Opposition No. 91168189.⁵

On January 30, 2007, applicant filed its new application for the mark CLARITY and Design.

⁵ Nor had applicant stepped forward in RAC's place to file an answer or request for extension, despite being represented by the same counsel as RAC.

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On February 23, 2007, because neither RAC nor applicant responded to the notice of default, the Board entered a default judgment against RAC in Opposition No. 91168189 and refused registration. The judgment was not appealed and is final.

We reiterate that RAC was represented in the prior opposition proceeding by the same counsel that currently represents applicant. We note further that, prior to the issuance of the notice of default in the prior case, RAC sought and was granted two extensions of time to file its answer and a six-month suspension of the proceeding to pursue settlement discussions between the parties.

Summary Judgment Motion

Opposer contends that as a consequence of the default judgment entered against RAC in the prior opposition, applicant's current mark is barred from registration under the doctrine of *res judicata* and offers two reasons therefor. First, opposer argues that the transactional facts of the proceedings are the same, *i.e.* the mark involved in the present opposition creates substantially the same commercial impression as the mark involved in the prior opposition, the goods in the prior application include the goods set forth in the later-filed application, and the involved parties are legally the same. Opposer also argues that the doctrine of *res judicata* should be applied in this case to achieve judicial economy and to protect opposer from

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having to relitigate issues settled by the default judgment in the prior opposition.

Applicant argues in opposition that summary judgment is not proper in this case because applicant's new application was not filed in order to avoid the *res judicata* effect of a prior adverse ruling against it. Specifically, applicant claims that it abandoned its prior mark because it did not use the tradename "MEDICAL RAC" after its purchase of R.A.C. Medical Group, Inc. in June 2005, and that it filed the second application before the entry of default judgment in the earlier proceeding. Applicant also argues that the transactional facts of the two proceedings are dissimilar because the marks and the goods in the respective applications are not the same. In support of its arguments, applicant has provided the declaration of its Chief Executive Officer, Rick Simpson.

Summary judgment is an appropriate method of disposing of a case in which there are no genuine issues of material fact in dispute, thus leaving the case to be resolved as a matter of law. See Fed. R. Civ. P. 56(c). The party moving for summary judgment has the burden of demonstrating the absence of any genuine issue of material fact, and that it is entitled to judgment as a matter of law. See *Celotex Corp. v. Catrett*, 477 U.S. 317 (1986); and *Sweats Fashions Inc. v. Pannill Knitting Co.*, 833 F.2d 1560, 4 USPQ2d 1793 (Fed. Cir. 1987). A factual dispute is genuine, if, on the evidence of record, a reasonable finder of fact could

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resolve the matter in favor of the non-moving party. See *Opryland USA Inc. v. Great American Music Show Inc.*, 970 F.2d 847, 23 USPQ2d 1471 (Fed. Cir. 1992); and *Olde Tyme Foods Inc. v. Roundy's Inc.*, 961 F.2d 200, 22 USPQ2d 1542 (Fed. Cir. 1992). Further, the evidence must be viewed in a light most favorable to the non-movant, and all justifiable inferences are to be drawn in the non-movant's favor. See *Lloyd's Food Products Inc. v. Eli's Inc.*, 987 F.2d 766, 25 USPQ2d 2027 (Fed. Cir. 1993); and *Opryland USA, supra*.

The form of *res judicata* involved in this proceeding is claim preclusion because the pleaded ground of likelihood of confusion was not litigated and decided in the prior opposition, and issue preclusion cannot arise when issues are not tried and necessary to a final decision. See *Sharp Kabushiki Kaisha v. ThinkSharp, Inc.*, 448 F.3d 1368, 79 USPQ2d 1376, 1378 (Fed. Cir. 2006). Under the doctrine of claim preclusion, the entry of a final judgment "on the merits" of a claim in a proceeding serves to preclude the relitigation of the same claim in a subsequent proceeding between the parties or their privies, even in those cases where the prior judgment was the result of a default or consent. See *Lawlor v. National Screen Service Corp.*, 349 U.S. 322 (1955); *Chromalloy American Corp. v. Kenneth Gordon, Ltd.*, 736 F.2d 694, 222 USPQ 187 (Fed. Cir. 1984); and *Flowers Industries, Inc. Interstate Brands Corp.*, 5 USPQ2d 1580 (TTAB 1987). Thus, it is well established that

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"a default judgment can operate as *res judicata* in appropriate circumstances." *ThinkSharp*, 79 USPQ2d at 1371, citing *Morris v. Jones*, 329 U.S. 545, 550-551 (1947) (internal quotations and citations omitted). See also *International Nutrition Co. v. Horphag Research Ltd.*, 55 USPQ2d 1492, 1494 (Fed. Cir. 2000).

Further, for claim preclusion to apply, there must be (1) an identity of parties or their privies, (2) a final judgment on the merits of the prior claim, and (3) the second claim must be based on the same transactional facts as the first and should have been litigated in the prior case. *Parklane Hosiery Co. v. Shore*, 439 U.S. 322, 327 n.5 (1979); *Jet Inc. v. Sewage Aeration Systems*, 223 F.3d 1360, 55 USPQ2d 1854, 1856 (Fed. Cir. 2000). Stated otherwise, "so long as opposing parties had an adequate opportunity to litigate disputed issues of fact, *res judicata* is properly applied." *ThinkSharp*, 79 USPQ2d at 1379, citing *Kremer v. Chemical Construction Corporation*, 456 U.S. 461, 485 n.26 (1982).

With respect to the current Board proceeding, the parties do not dispute the identity of the parties⁶ or

⁶ In support of opposer's allegation that the prior applicant, R.A.C. Medical Group, Inc., and the present applicant are the same party, opposer provided a copy of a letter dated May 8, 2006 written to opposer's counsel by applicant's counsel, which confirmed that Diagnostic Test Group and R.A.C. Medical Group, Inc. are the same company. (see Exhibit 6 to opposer's motion) Applicant's statements regarding the identity of the parties are set forth at page 3 of its brief and in ¶¶ 3-4 of the Simpson declaration, *supra*, footnote 1.

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whether there was a final judgment on the merits of the prior claim. Accordingly, no genuine issues of material fact exist regarding the first two factors of the *res judicata* analysis. Rather, the parties dispute whether the present claim, *i.e.*, applicant's entitlement to registration of the mark CLARITY and Design, is based on the same set of transactional facts as RAC's claim of right to registration in the prior opposition. Specifically, the parties disagree whether the marks are the same and whether the goods identified in the application that was the subject of the prior opposition are the same as the goods identified in the current application. Thus, the issue for the Board to consider is whether genuine issues of material fact exist regarding the third claim preclusion factor, *viz.*, whether the mark in this proceeding evokes the same commercial impression as the mark involved in the prior opposition and whether the goods in the involved application are identical to or could be encompassed by the goods in the prior application.

To determine whether the two particular opposition proceedings involve the same mark for purposes of claim preclusion, the Board applies the analysis adopted by the U.S. Court of Appeals for the Federal Circuit in *Chromalloy, supra*, specifically, Section 24 of the Restatement [Second]

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of Judgments (1982). In view thereof, we must consider whether the involved marks are the same or are legally equivalent in terms of commercial impression. See *Institut National Des Appellations d'Origine v. Brown-Forman Corp.*, 47 USPQ2d 1875, 1894 (TTAB 1998).

Applying this analysis to the present case, we find that the mark in the application that was the subject of the prior opposition proceeding, MEDICAL RAC⁺ CLARITY and Design, is the same mark in terms of commercial impression, as CLARITY and Design, the mark involved in this proceeding. Clearly, the mark CLARITY and Design evolved out of the mark MEDICAL RAC⁺ CLARITY and Design. Both marks contain the same dominant term CLARITY shown in the color white on a red background in front of a checkmark. In addition, each checkmark design fades from black to gray to white at the top of the checkmark design. As a result of these common elements, each mark projects virtually identical commercial impressions. Further, we find the deletion of the small MEDICAL RAC⁺ and design shown in the top left corner of the earlier mark is a minor alteration. As such, the mark shown in the second application does not rise to the level of a new mark with a different commercial impression, sufficient to allow applicant to seek registration herein and avoid the judgment in the prior case. See *Miller Brewing Co. v. Coy Int'l Corp.*, 230 USPQ 675 (TTAB 1986) (finding claim

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preclusion with respect to a design mark which evolved out of an earlier design mark which had been the subject of an opposition proceeding between the parties, finding any changes to the mark were minor and did not change the commercial impression); *Aromatique Inc. v. Langu*, 25 USPQ2d 1359 (TTAB 1992) (finding claim preclusion with respect to a mark which had minor alternations in typeface and capitalization to an earlier mark that was the subject of an opposition between the parties, finding the commercial impression the same).

In regard to the goods described in the prior and current applications, applicant's argument that the goods are different is unavailing. The identification of goods described in the first application, namely, "*diagnostic test strips for testing urine, blood and stool samples*" encompasses "*medical diagnostic test strips for ... blood, urine, and stool samples*" (in the involved application) inasmuch as both goods are instruments for testing body fluids and "*medical diagnostic test strips*" are a type of "diagnostic test strip." See *General Electric Company v. Raychem Corporation*, 204 USPQ 148, 150 (TTAB 1979) (the doctrine of *res judicata* is applicable not only with respect to an identical description of goods as had been previously litigated, but with respect to all goods that could be said to be encompassed by that [prior] description), *citing Toro*

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Co. v. Hardigg Industries, Inc., 549 F.2d 785, 193 USPQ 149 (CCPA 1977). *Cf. J.I. Case Co. v. F.L. Indus., Inc.*, 229 USPQ 697 (TTAB 1986) (finding issue preclusion with respect to a stylized mark wherein the mark in the earlier proceeding was typed and the goods covered in the present application were encompassed within the broad designation of goods in the prior application).

Further, "diagnostic agents, preparations and substances for medical purposes," "diagnostic preparations for clinical or medical laboratory use" and "medical test kits for diabetes monitoring for home use" are also instruments for testing body fluids. While these goods are not *per se* identical to "diagnostic test strips for testing urine, blood and stool samples" (described in the first application) and these items may present a new question, because these goods are embedded in the identification of goods in the second application that lists the above-referenced items within the first application, the refusal must apply to the entire identification of goods. Moreover, an applicant cannot avoid the estoppel effect of the decision of a prior disposition by insignificantly changing its identification of goods. *See J.I. Case Co.*, 229 USPQ at 697; and *Domino's Pizza Inc. v. Little Caesar Enterprises Inc.*, 7 USPQ2d 1359, 1365 n.10 (TTAB 1988). In view

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thereof, there is no genuine issue of fact regarding the third factor of the *res judicata* analysis.

Inasmuch as there are no genuine issues of fact as to whether *res judicata* (claim preclusion) applies to this proceeding, we now turn to whether any facts of record would preclude entry of summary judgment in opposer's favor on the claim of *res judicata* as a matter of law. See, e.g., *ThinkSharp*, 79 USPQ2d at 1379 (in denying the preclusive effect of the other proceeding, the Board gave weight to the undisputed fact that the separate applications, filed within four months of each other, were not filed in order to evade a prior adverse judgment); and *Metromedia Steakhouses Inc. v. Pondco II Inc.*, 28 USPQ2d 1205, 1208 (TTAB 1993) (summary judgment on *res judicata* denied because, *inter alia*, "both applications had been filed long before opposer objected to registration of the first mark [and] ... when the second application was filed, the opposition to the first had not yet even been instituted"). Specifically, we review applicant's arguments concerning its rationale for "abandoning the prior mark and filing a new application." (Brief, page 7)

As noted *supra*, applicant contends that claim preclusion is inapplicable to the involved application because applicant filed the second application before the entry of default judgment against RAC in the prior proceeding. Applicant also asserts that it stopped using

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the tradename "RAC MEDICAL" and the trademark "MEDICAL RAC CLARITY and design" in commerce after its purchase of R.A.C. Medical in June 2005. (Brief page 3; Simpson dec., ¶¶ 3-4) These facts allegedly show that applicant had no intent to avoid the preclusive effect of the default judgment against RAC. Further, because removal of the "MEDICAL RAC" portion of the prior mark would have been considered a material alteration, applicant contends that it "had no choice but to proceed in that fashion." (Brief, page 6) In short, applicant argues that, because it could not have amended the prior application, "this left Diagnostic Test with the choice of committing a fraud on the Board by continuing to pursue a trademark that it no longer used or planned to use in commerce, or abandoning the prior mark and filing a new application." (Brief, page 7)

Contrary to applicant's arguments, the facts of record show that claim preclusion is properly applied here. We are also not persuaded by applicant's explanation that it had limited choices. As noted *supra*, applicant's counsel represented RAC in the prior proceeding, filed two extensions of time to file an answer, and should have known the consequences of not filing an answer to the notice of opposition after the notice of default was issued. Moreover, applicant waited more than eighteen months after it had changed its tradename (*i.e.* from June 2005 to January

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2007), and waited until after the suspension period had expired in the prior proceeding and after the apparent failure of the parties to reach a settlement, to file the application for its new mark. These facts weigh against a finding that the filing of the new application just days after the notice of default issued was not an attempt to circumvent what would become the preclusive effect of the default judgment entered in the prior opposition proceeding. Furthermore, neither the record of the prior opposition proceeding,⁷ nor any assertion in the briefs or evidence now before us, indicate that RAC or applicant was deprived of or lacked full opportunity to defend the prior proceeding. In short, applicant clearly allowed judgment on the merits to be entered, and such judgment was final. In view thereof, we find that no circumstances exist that would support a finding that opposer is not entitled to judgment on the issue of *res judicata* as a matter of law.

In sum, there exist no genuine issues of material fact regarding the requisite elements for claim preclusion (*res judicata*) and we find that opposer is entitled to judgment as a matter of law.

Accordingly, opposer's motion for summary judgment is granted on the ground of *res judicata*, judgment is hereby

⁷ See Exhibits 2, 3 and 4 to opposer's motion.

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entered against applicant, the opposition is sustained, and registration of applicant's mark is refused.

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