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TTAB

UNITED STATES PATENT AND TRADEMARK OFFICE
Trademark Trial and Appeal Board
P.O. Box 1451
Alexandria, VA 22313-1451
General Contact Number: 571-272-8500
General Email: TTABInfo@uspto.gov

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August 31, 2023

Cancellation No. 92079978

Jaime Moreno

v.

Hugo Moreno Olvera

**Before Bergsman, Pologeorgis and English,
Administrative Trademark Judges.**

By the Board:

This proceeding is before the Board for consideration of the parties' responses to the Board's May 1, 2023 order.

The background to this proceeding was set forth in the May 1, 2023 order. Also in that order, the Board allowed Respondent ("Olvera") time to file a supplemental brief on his motion for summary judgment with respect to claim preclusion, and a copy of the original notice of opposition which Petitioner ("Moreno") filed in Opposition No. 91233735 ("the Opposition"). 16 TTABVUE 8. On May 17, 2023, Olvera filed a supplemental brief. Thereafter, on June 13, 2023, he filed the notice of opposition stating that he had inadvertently omitted it from his supplemental brief. 19 TTABVUE 2. The filing of the notice of opposition, however, did not include proof of service as required by Trademark Rule 2.119(a)-(b). For the purpose of advancing this

proceeding, the Board has exercised its discretion to consider Olvera's June 13, 2023 filing.

Also in the May 1, 2023 order, the Board allowed Moreno twenty days from service of Olvera's supplemental brief to file 1) his supplemental brief, and 2) notice of whether the civil action referenced in his petition to cancel remains pending, and if so to file a copy of the operative pleadings.¹ Moreno made his submission to the Board on June 7, 2023. Moreno's submission has two defects. First, inasmuch as Olvera's supplemental brief certifies proof of service on May 16, 2023 (17 TTABVUE 12), Moreno's June 7, 2023 supplemental brief is two days late. For the purpose of advancing this proceeding, the Board has exercised its discretion to consider Moreno's untimely supplemental brief.

Second, with his supplemental brief, Moreno submitted only the first three pages of the second amended cross-complaint filed in the State of California civil action between the parties. 18 TTABVUE 7. Thus, the operative pleadings are not in this proceeding record as the Board ordered.

Olvera's Motion for Summary Judgment on Claim Preclusion

Summary judgment is appropriate only where the movant demonstrates that there is no genuine dispute as to any material fact, and that it is entitled to judgment as a matter of law. Fed. R. Civ. P. 56(a). A factual dispute is genuine if, on the

¹ The civil action is *Jaime Moreno; LA CBD, LLC; LA CBD, LLC dba American Cannabis Company; and Venice Kush v. Hugo Moreno; Hugo Moreno dba Venicekush Collective; Venice Ganja; and Does 1-10*, filed in the Superior Court of the State of California for the County of Los Angeles-Central District, Case. No. 21STCV32310.

evidence of record, a reasonable fact finder could resolve the matter in favor of the non-moving party. *Opryland USA Inc. v. Great Am. Music Show Inc.*, 970 F.2d 847, 23 USPQ2d 1471, 1472 (Fed. Cir. 1992); *Olde Tyme Foods, Inc. v. Roundy's, Inc.*, 961 F.2d 200, 22 USPQ2d 1542, 1544 (Fed. Cir. 1992).

A party asserting that a fact cannot be true or is genuinely disputed must support its assertion by either: 1) citing to materials in the record, or 2) showing that the materials cited do not establish the absence or presence of a genuine dispute, or that an adverse party cannot produce admissible evidence to support the fact. Fed. R. Civ. P. 56(c). Evidence on summary judgment must be viewed in the light most favorable to the non-movant, and all justifiable inferences are to be drawn in the non-movant's favor. *Lloyd's Food Prods., Inc. v. Eli's, Inc.*, 987 F.2d 766, 25 USPQ2d 2027, 2029 (Fed. Cir. 1993); *Opryland USA*, 23 USPQ2d at 1472. The Board may not resolve genuine disputes as to material facts; it may only ascertain whether genuine disputes as to material facts exist. *Lloyd's Food Prods.*, 25 USPQ2d at 2029; *Olde Tyme Foods*, 22 USPQ2d at 1544. *See also* TBMP § 528.01 and cases cited therein.

To prevail on summary judgment with respect to defensive claim preclusion that any or all of Moreno's claims in the petition to cancel Registration No. 6430744 (non-ownership; fraud; likelihood of confusion) are barred, Olvera must demonstrate that there is no genuine dispute of material fact that:

- 1) the same parties or their privies were involved in an earlier action;
- 2) that earlier action concluded in a final judgment on the merits of a claim; and
- 3) the second (instant) claim is based on the same set of transactional facts as the first (prior) claim.

Empresa Cubana Del Tabaco v. Gen. Cigar Co., 753 F.3d 1270, 111 USPQ2d 1058, 1065 (Fed. Cir. 2014); *Levi Strauss & Co. v. Abercrombie & Fitch Trading Co.*, 719 F.3d 1367, 107 USPQ2d 1167, 1171 (Fed. Cir. 2013); *Jet, Inc. v. Sewage Aeration Sys.*, 223 F.3d 1360, 55 USPQ2d 1854, 1856 (Fed. Cir. 2000). TBMP § 311.02(b)(2).

The requirement in the first prong is met. In the Opposition, Moreno was Opposer, and is now Petitioner, and Olvera was Applicant, and is now Respondent. There is no genuine dispute of material fact that the parties herein were the identical parties in the Opposition.

The requirement in the second prong is also met. In the Opposition, Moreno's non-ownership claim was dismissed pursuant to Trademark Rule 2.132(a). As the Board noted in the prior order, dismissal of an opposition for failure to prosecute can give rise to res judicata by claim preclusion. *Int'l. Nutrition Co. v. Horphag Research, Ltd.*, 220 F.3d 1325, 55 USPQ2d 1492, 1494 (Fed. Cir. 2000). 16 TTABVUE 5.

Regarding the third prong, “[C]ourts have defined ‘transaction’ in terms of a ‘core of operative facts,’ the ‘same operative facts,’ or the ‘same nucleus of operative facts,’ and ‘based on the same, or nearly the same, factual allegations.’” *Jet*, 55 USPQ2d at 1856 (quoting *Herrmann v. Cencom Cable Assoc., Inc.*, 999 F.2d 223, 226 (7th Cir. 1993)). See also *Flame & Wax, Inc. v. Laguna Candles, LLC*, 2022 USPQ2d 714, at *35 (TTAB 2022); *Chutter, Inc. v. Great Concepts, LLC*, 119 USPQ2d 1865, 1870 (TTAB 2016).

The doctrine of claim preclusion incorporates the common law concepts of merger and bar which “extends to relitigation of ‘claims that were raised or could have been

raised in the earlier action.” *Urock Network, LLC v. Sulpasso*, 115 USPQ2d 1409, 1412 (TTAB 2015) (citing *Allen v. McCurry*, 449 U.S. 90, 94 (1980)). Thus, under claim preclusion the “subsequent assertion of the same transactional facts in the form of a ... different theory of relief” is barred. *Urock Network*, 115 USPQ2d at 1412 (citing *Vitaline Corp. v. Gen. Mills, Inc.*, 891 F.2d 273, 13 USPQ2d 1172, 1173 (Fed. Cir. 1989)).

Non-ownership

In the Opposition, Moreno’s non-ownership claim was based on the following allegations:

1. Applicant not (sic) rightful owner of mark for identified goods and services.
2. Opposer, JAIME MORENO D/B/A AMERICAN CANNABIS COMPANY in conjunction with VENICE KUSH a California Corporation are the rightful owners of the mark by common-Law right with bona fide first use in commerce using mark on hats, shirts, and other products.
3. JAIME MORENO D/B/A AMERICAN CANNABIS COMPANY first used the mark on hats in April of 2015 by instructing a manufacturer to print the mark on the hats, then gave permission to VENICE KUSH to sell in commerce at Public event in 2015.
4. JAIME MORENO D/B/A AMERICAN CANNABIS COMPANY first used the mark in bona fide commerce on shirts in 2015.
5. JAIME MORENO an individual and the sole officer and director of VENICE KUSH a California Corporation brought the mark to commerce and gained it secondary meaning in May of 2015 at a public event entitled HIGHFI 2015 by putting the mark venicekush on hats, shirts, and other products.
8. Applicant was only at one time allowed to distribute products with the mark on such products with the consent of JAIME MORENO.

19 TTABVUE 8-9.

In this cancellation, Moreno's non-ownership claim is based on the allegations set forth below:

21. Petitioner Moreno is the creator of and at all times has been the rightful owner of the Mark "Venicekush."

23. At the time of filing his application, Respondent was not the rightful owner of the State Mark or the Mark for the identified goods and instead had only been granted limited use of the Mark by Petitioner Moreno for the purpose of distributing products such as e-books and promotional items such as T-shirts, hats and banners, bearing the Mark to advertise and promote Respondent's business.

26. Respondent falsely claims ownership in the Mark and State Mark when he is clearly aware that he is not and never was the creator and owner of the Mark or State Mark.

1 TTABVUE 6-7.

In this petition to cancel (§§ 20-27), the non-ownership claim is based on the same or nearly same factual allegations as the claim in the Opposition, namely, that Olvera is not the owner of the mark because his use of the mark was only in connection with Moreno having granted Olvera limited use of the mark for the purpose of distributing products. The petition to cancel sets forth a re-wording of the same operative and transactional facts that Moreno alleged in the Opposition.

There is no genuine dispute of material fact that the non-ownership claim asserted in this cancellation proceeding is based on the same set of transactional facts as the non-ownership claim pleaded in the prior opposition proceeding. Therefore, the doctrine of claim preclusion attaches in this case and Moreno's non-ownership claim is barred.

Fraud on the USPTO

In this cancellation, ¶¶ 38-45 of Moreno's fraud claim set forth allegations that when Olvera signed the application declaration he knew Moreno owned and had superior rights in the mark VENICEKUSH, and thus made a material misrepresentation as to his ownership of the mark when he filed the application. This fraud claim is based on virtually the same transactional facts as the non-ownership claim in the Opposition, that is, that Moreno, not Olvera, is the owner of the mark. Also, ¶¶ 46-50 set forth allegations that Olvera 1) "did not have bona fide first of (sic) use of the Mark as of his application date;" and 2) was not using the mark on the identified clothing goods on the September 15, 2010 claimed date of first use because the actual first use date was May 30, 2015 at a particular event (a matter Moreno also alleged in ¶¶ 3-6 of his notice of opposition).²

There is no genuine dispute of material fact that Moreno's fraud claim in this cancellation arises from the same set of transactional facts as the non-ownership claim in the Opposition, which was dismissed for failure to prosecute under Trademark Rule 2.132(a).

Therefore, the doctrine of claim preclusion attaches in this case and Moreno's fraud claim is barred.

² As the Board noted in the May 1, 2023 order, any attempted fraud claim grounded in an allegation that a claimed date of first use is false does not form a cognizable basis for a fraud claim, and thus is futile. 16 TTABVBUE 3; note 2. The claimed dates of first use, even if incorrect, cannot constitute fraud because the first use dates are not material to the USPTO's decision to approve a mark. *Hiraga v. Arena*, 90 USPQ2d 1102, 1107 (TTAB 2009).

Likelihood of Confusion

A pleading must provide fair notice of the basis for each claim. *Bell's Brewery, Inc. v. Innovation Brewing*, 125 USPQ2d 1340, 1349 (TTAB 2017) (likelihood of confusion claim based on the claimant's use of two marks conjointly must be pleaded clearly enough to provide fair notice of the claim to the defendant); *Fair Indigo LLC v. Style Conscience*, 85 USPQ2d 1536, 1538 (TTAB 2007) (elements of each claim should be stated concisely and directly, and include enough detail to give the defendant fair notice). TBMP § 309.03(a)(2). Pleading a claim under Trademark Act Section 2(d) required proper allegations of priority and likelihood of confusion. *Giersch v. Scripps*, 90 USPQ2d 1020, 1023 (TTAB 2009) (petitioner who did not plead ownership of any registered mark must rely on common law use of a distinctive mark as of a date certain for identified goods or services).

In the notice of opposition, Moreno did not plead ownership of a registration, and alleged common law rights only in clothing products.

In his petition to cancel, Moreno again does not plead ownership of a registration, and with respect to likelihood of confusion under Section 2(d), alleges:

21. Petitioner Moreno is the creator of and at all times has been the rightful owner of the Mark "Venice Kush."

23. At the time of filing his application, Respondent was not the rightful owner of the State Mark or the Mark for the identified goods and instead had only been granted limited use of the Mark by Petitioner Moreno for the purpose of distributing products such as e-books and promotional items such as T-shirts, hats and banners, bearing the Mark to advertise and promote Respondent's business.

26. Respondent falsely claims ownership in the Mark and State Mark when he is clearly aware that he is not and never was the creator and owner of the Mark or State Mark.³

54. Petitioner Moreno seeks to cancel the Registration on the grounds that it so resembles Petitioner Moreno's existing Venice Kush trademark protected under Common Law trademark jurisprudence such that it is likely to cause and is causing consumer confusion and the Mark is therefore ineligible for continued Registration.

55. Registration of Respondent's Mark was limited to apparel, but he has sought to improperly expand its reach to a category of products Petitioner has invested significant time, money, and energy into creating Venice Kush CBD items.

56. Petitioner Moreno's Venice Kush store is registered with the California Secretary of State.

57. Petitioner Moreno successfully markets his Venice Kush lifestyle brand and has successfully sold CBD products, such as tobacco substitutes, salves, body cream and other merchandise for years.

58. Petitioner Moreno's dates of common law use of Venice Kush as his trademark are prior to the date of Respondent's application and the Respondent's date of first use.

59. Petitioner Moreno's State Mark was valid and existing until Respondent submitted his letter and fraudulently represented the actions of the USPTO and misrepresented the date of his first use of the Mark based on a domain name.

60. In view of the similarity of the respective marks, identical channels of trade and Respondent's attempt to copy Petitioner Moreno's goods to offer for sale Respondent's Mark so resembles Petitioner Moreno's State Mark, previously used in California and the United States, not abandoned, so as to purposely cause confusion, or to cause mistake, or to deceive as to source by suggesting Respondent's goods are associated with, approved, endorsed, affiliated, authorized or sponsored by Petitioner Moreno.

1 TTABVUE 6-7, 10-11.

³ [T]he element of ownership [is] inherent in every *inter partes* proceeding under Section 2(d).

In the Opposition, Moreno’s non-ownership claim – that Olvera was not the owner of the mark VENICEKUSH for “clothing, namely, hats, shirts, socks, jackets, sweaters, and gloves” – was dismissed for failure to prosecute under Trademark Rule 2.132(a). Claim preclusion operates to bar a petition to cancel the registration based on the same set of transactional facts as the non-ownership claim, and thus bars Moreno’s claim of likelihood of confusion based on an allegation of priority in and ownership of the mark for clothing or apparel.

Therefore, the doctrine of claim preclusion attaches in this case and Moreno’s likelihood of confusion claim based on priority in clothing or apparel is barred.

As for the goods other than clothing in which Moreno appears to allege priority through common law rights, we note that in ¶30, he alleges:

Petitioner Moreno, in addition to creating and owning the Mark, has priority of use in commerce for the identified goods based on his April 2015 first use date.

1 TTABVUE 7. Furthermore, in ¶10 Moreno sets forth the goods listed in “[T]he State Mark registered as No. 02014397:

Tobacco substitutes, particularly, CBD distillate cartridges and CBD oil concentrates for electronic oral vaporizers; herbs for smoking, particularly, pre-rolled hemp joints and packaged hemp flower; all of the foregoing containing hemp and only naturally occurring amounts of CBD solely derived from hemp with a total tetrahydrocannabinol (THC) concentration of not more than 0.3 percent on a dry weight basis; apparel, specifically, t-shirts and sweatshirts.

1 TTABVUE 4-5. Additionally, in ¶12 Moreno alleges:

Petitioner Moreno’s use of “Venice Kush” to identify and distinguish his tobacco substitutes, CBD body products and salves, trays and other products in his store Venice Kush located on the boardwalk in Venice

Beach, California and through his website Venice Kush has been pervasive and continuous.

1 TTABVUE 5.

As best we can discern, Moreno alleges likelihood of confusion based on a claim of priority, since April 2015, in the products identified in his state registration.

Claim preclusion does not bar a claim of likelihood of confusion based on reliance on common law rights in goods other than clothing. Accordingly, inasmuch as Moreno has sufficiently pleaded likelihood of confusion based on common law use of the mark on goods other than clothing, he may proceed solely on that claim, as restricted by this order.

Decision

Based on the findings set forth herein, Olvera's motion for summary judgment is **granted** with respect to Moreno's claims of non-ownership, fraud on the USPTO, and likelihood of confusion based on priority in and ownership of the VENICE KUSH mark for clothing or apparel goods. Fed. R. Civ. P. 56(a). The petition to cancel is **denied with prejudice** with respect to these claims.

Olvera's motion for summary judgment is **denied** with respect to Moreno's claim of likelihood of confusion based on priority in the goods in which he alleges common law rights other than clothing or apparel.

Suspension

Flowing from the Board's inherent power to schedule disposition of the cases on its docket is the power to suspend proceedings pursuant to Trademark Rule 2.117(a), which the Board may exercise upon its own initiative.

As noted above, Moreno failed to comply with the May 1, 2023 order because he submitted only the first three pages of the second amended cross-complaint filed in the civil action between the parties. 18 TTABVUE 7. Said action is referenced in Footnote 1 above.

Accordingly, proceedings in this cancellation **remain suspended** pending Moreno's compliance with the following: Moreno is allowed until **twenty days from the date of this order** to file herein a copy of the operative pleadings which were filed in the civil action referenced in the petition to cancel. 1 TTABVUE 2.

Inasmuch as determining the appropriateness of suspension pending the disposition of the civil action lies within the sole discretion of the Board, the parties are instructed not to brief the issue and not to file any submissions, except the operative pleadings from the civil action, as required above.

Proceedings in this cancellation will resume only by Board order.⁴

⁴ At this point the parties are likely aware that the governing practices and procedures in proceedings before the Board are quite technical and highly specialized. The Board does not provide legal advice or guidance. It is each party's responsibility to participate in discovery and trial in full and timely compliance with all applicable rules of procedure. In the event this proceeding moves to discovery and trial, each party is strongly urged to secure legal representation. TBMP 114.01. *Hole In 1 Drinks, Inc. v. Lajtay*, 2020 USPQ2d 10020, at *1 (TTAB 2020) (quoting TBMP Section 114.01, and noting that compliance with the Trademark Rules of Practice, and where applicable, the Federal Rules of Civil Procedure and the Federal Rules of Evidence, is required of all parties even those who assume the responsibility and risk of representing themselves).