

UNITED STATES DISTRICT COURT  
EASTERN DISTRICT OF LOUISIANA

SNOWIZARD, INC.

v.

David KAPPOS, Director of the  
UNITED STATES PATENT AND  
TRADEMARK OFFICE

CIVIL ACTION

CASE No. 11-0880

SEC. I, JUDGE LANCE M. AFRICK

MAG. 1, MAG. JUDGE SALLY SHUSHAN

JURY DEMANDED

MEMORANDUM IN SUPPORT OF MOTION TO INTERVENE

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MEMORANDUM

MAY IT PLEASE THE COURT, Southern Snow has moved to intervene in this civil action filed by SnoWizard, Inc., seeking review of decisions by the United States Patent & Trademark Office (USPTO) Trademark Trial and Appeal Board (TTAB) for trademark applications for WHITE CHOCOLATE & CHIPS and CAJUN RED HOT.

Argument and Law

**The questions here are already at issue in already-pending litigation.**

This Case No. 11-0880 is for judicial review and a jury trial on whether the USPTO and TTAB should have granted principal registration to SnoWizard for the purported trademarks WHITE CHOCOLATE & CHIPS and CAJUN RED HOT

for flavor concentrates for snowball shaved ice confections. Whether to register is dependent on the questions (1) whether those terms can serve as trademarks at all, and (2) whether SnoWizard owns those terms as trademarks. The whole point of bringing the action in district court is because the case becomes an ordinary, unrestricted case. Intervenor Southern Snow is a business competitor of SnoWizard who sells flavor concentrates under both of those flavor names. Southern Snow already has pending litigation against those flavor names and over 20 other bogus trademarks asserted by SnoWizard. Also, Southern Snow is defending against counterclaims in the same pending litigation for infringement of those same 2 purported trademarks.

**This case is in a weird procedural posture.**

The underlying question of whether SnoWizard has any trademark rights in WHITE CHOCOLATE & CHIPS has always been at issue in litigation filed by Southern Snow in Louisiana state court in March 2006 and removed by SnoWizard to federal court as EDLA Case No. 06-9170-JCZ-SS. The underlying question of whether SnoWizard has any trademark rights in CAJUN RED HOT has always been at issue in EDLA Case No. 10-0791, which has been transferred and consolidated with Case No. 06-9170 and 09-3394. Southern Snow has been counter-sued by SnoWizard for infringement of WHITE CHOCOLATE & CHIPS and CAJUN RED HOT in the pending litigation.

Under its own policy found at 37 CFR §2.117 and TBMP §510.02(a) & §1213, the USPTO and the TTAB could have suspended consideration of the trademark applications and the appeals of the refusals in light of the pending district court actions. The stated reason for the policy is because district court dispositions are binding on the USPTO and the TTAB, but USPTO and TTAB dispositions are not binding on district courts. Here, the TTAB did not suspend, which set up the situation here where this district-court case co-exists with the already-pending cases.

Generally, civil actions against the Director of the USPTO should be filed in the Eastern District of Virginia, in Alexandria, near the USPTO. But having these issues heard outside of Louisiana, where the issues have already been pending for some

time, would be even *more* prejudicial to the Intervenor here, who would certainly intervene in Virginia and then move to transfer the litigation, or at the very least stay it under *lis pendens*. Therefore, even though Louisiana was the wrong venue for the initial filing of this action, it is the proper venue for the determination of this action.

In filing this Case No. 11-0880 for review of the TTAB appeals, SnoWizard met its obligation to identify to the Court the related collateral Case No. 06-9170 c/w 09-3394 & 10-0791. Although SnoWizard seems to anticipate that this case will be transferred and consolidated, SnoWizard has not filed such a motion.

**Lanham Act §21(b) contemplates Intervenor's participation here.**

This action was filed by Petitioner SnoWizard against the Defendant Director of the USPTO under Lanham Act §21(b) (15 USC §1071(b)).

§ 21 (15 U.S.C. § 1071). Appeal to courts

(a) [...] Court of Appeals for the Federal Circuit [...]

(b) *Civil action; persons entitled to; jurisdiction of court; status of Director; procedure.*

(1) Whenever a person authorized by subsection (a) of this section to appeal to the United States Court of Appeals for the Federal Circuit is dissatisfied with the decision of the Director or Trademark Trial and Appeal Board, said person may, unless appeal has been taken to said United States Court of Appeals for the Federal Circuit, have remedy by a civil action if commenced within such time after such decision, not less than sixty days, as the Director appoints or as provided in subsection (a) of this section. The court may adjudge that an applicant is entitled to a registration upon the application involved, that a registration involved should be canceled, or such other matter as the issues in the proceeding require, as the facts in the case may appear. Such adjudication shall authorize the Director to take any necessary action, upon compliance with the requirements of law. However, no final judgment shall be entered in favor of an applicant under section 1051(b) of this title before the mark is registered, if such applicant cannot prevail without establishing constructive use pursuant to section 1057(c) of this title.

(2) The Director shall not be made a party to an inter partes proceeding under this subsection, but he shall be notified of the filing of the complaint by the clerk of the court in which it is filed and shall have the right to intervene in the action.

(3) In any case where there is no adverse party, a copy of the complaint shall be served on the Director, and, unless the court finds the expenses to be unreasonable, all the expenses of the proceeding shall be paid by the party bringing the case, whether the final decision is in favor of such party or not. In suits brought hereunder, the record in the United States Patent and Trademark Office shall be admitted on motion of any party, upon such terms and conditions as to costs, expenses, and the further cross-examination of the witnesses as the court imposes, without prejudice to the right of any party to take further testimony. The testimony and exhibits of the record in the United States Patent and Trademark Office, when admitted, shall have the same effect as if originally taken and produced in the suit.

(4) Where there is an adverse party, such suit may be instituted against the party in interest as shown by the records of the United States Patent and Trademark Office at the time of the decision complained of, but any party in interest may become a party to the action. If there are adverse parties residing in a plurality of districts not embraced within the same State, or an adverse party residing in a foreign country, the United States District Court for the District of Columbia shall have jurisdiction and may issue summons against the adverse parties directed to the marshal of any district in which any adverse party resides. Summons against adverse parties residing in foreign countries may be served by publication or otherwise as the court directs.

The statute provides at §21(b)(4) that “any party in interest may become a party to the action”, which arguably grants a statutory right to intervene, mirroring the Director’s right to intervene granted in §21(b)(2), although it is not clear whether the language applies to a suit against the Director under §21(b)(3). The Intervenor’s counsel here is not aware of any helpful Article-III caselaw on that question.

Section 21(b) clearly provides that district-court civil actions are not confined to a review of the underlying USPTO decision, but also reach “such other matter as the issues in the proceeding require, as the facts in the case may appear”. And §21(b) also clearly provides that *inter-partes* issues such as the ones urged here by the Intervenor may be heard in a suit brought under §21(b). A previous action by SnoWizard under §21(b), regarding an earlier TTAB decision on ORCHID CREAM VANILLA, is already a part of Case No. 06-9170.

**An inconsistent decision in 11-0880 will impair Intervenor's already-pending litigation, and the judicial efforts in all cases will be duplicative.**

At minimum, any finding in 11-0880 of the existence of trademark rights will affect the burdens of proof in the already-pending litigation. More likely, whichever case proceeds to judgment first will have an issue-preclusion effect on the other. Without intervention, the trier in 11-0880 will not have access to evidence that SnoWizard's use of both terms was *non-exclusive* for several years, and therefore no trademark rights were ever acquired. No matter the outcomes, separate consideration of the 11-0880 and the 06-9170 consolidated cases require duplicative judicial efforts.

**Intervenor Southern Snow meets the criteria of Rule 24.**

Federal Rules of Civil Procedure Rule 24 provides, in pertinent part:

Rule 24. Intervention

(a) INTERVENTION OF RIGHT. On timely motion, the court must permit anyone to intervene who:

- (1) is given an unconditional right to intervene by a federal statute; or
- (2) claims an interest relating to the property or transaction that is the subject of the action, and is so situated that disposing of the action may as a practical matter impair or impede the movant's ability to protect its interest, unless existing parties adequately represent that interest.

(b) PERMISSIVE INTERVENTION.

(1) In General. On timely motion, the court may permit anyone to intervene who:

- (A) is given a conditional right to intervene by a federal statute; or
- (B) has a claim or defense that shares with the main action a common question of law or fact.

[...]

The language of Lanham Act §21(b)(4), as discussed, arguably grants an unconditional right to intervene under Rule 24(a)(1). The Intervenor here asserts that right with an acknowledgement that the question is not completely clear.

Intervention is also appropriate under Rule 24(a)(2). Southern Snow has made supported allegations in the 06-9170 cases that SnoWizard never owned trademark rights in CAJUN RED HOT or WHITE CHOCOLATE & CHIPS because, among other

reasons, SnoWizard's use of the terms for many years was not *exclusive*, and therefore never created any trademark rights. This information is not in the TTAB record, and any judicial review lacking that information—and any ultimate determination of the validity of the trademarks made without considering that information—would impair Southern Snow's ability to protect its own interests in continuing to sell CAJUN RED HOT and WHITE CHOCOLATE & CHIPS flavor concentrates. Southern Snow is also defending against counterclaims of infringement of those purported marks. Therefore Southern Snow "claims an interest relating to the property or transaction that is the subject of the action, and is so situated that disposing of the action may as a practical matter impair or impede the movant's ability to protect its interest". As a matter of policy, the USPTO would not adopt, argue or otherwise represent Southern Snow's interests even if the USPTO had the evidence in its possession, and therefore the USPTO cannot adequately represent Southern Snow's interests under Rule 24(a)(2).

Permissive intervention under Rule 24(b)(1)(B) is also appropriate here because Southern Snow has (1) claims against trademark validity and (2) defenses against trademark infringement that share common questions of law and fact with Case No. 11-0880.

### Conclusion

Southern Snow should be allowed to intervene in this action.

#### Certificate of Service

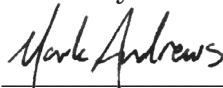
I certify that this document is electronically filed and is therefore served on all counsel via the CM/ECF system, this 31 May 2011.

An additional copy will be served on the Office of the General Counsel & Solicitor of the USPTO by email on this same date.



RESPECTFULLY SUBMITTED:

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