

**UNITED STATES COURT OF APPEALS
FOR THE FOURTH CIRCUIT**

SNYDER’S-LANCE, INC.; PRINCETON VANGUARD, LLC,

Plaintiffs-Appellants,

v.

FRITO-LAY NORTH AMERICA, INC.,

Defendant-Appellee.

On Appeal from the United States District Court for the
Western District of North Carolina,
No. 3:17-cv-00652-KDB-DSC

BRIEF FOR PLAINTIFFS-APPELLANTS

DAVID H. BERNSTEIN
JAMES J. PASTORE
DEBEVOISE & PLIMPTON LLP
919 Third Avenue
New York, NY 10022
(212) 909-6696

PAUL D. CLEMENT
Counsel of Record
GEORGE W. HICKS, JR.
JULIE M.K. SIEGAL
KIRKLAND & ELLIS LLP
1301 Pennsylvania Avenue, NW
Washington, DC 20004
(202) 389-5000
paul.clement@kirkland.com

Counsel for Plaintiffs-Appellants

January 27, 2020

CORPORATE DISCLOSURE STATEMENT

Pursuant to Federal Rule of Appellate Procedure 26.1(a), Princeton Vanguard, LLC certifies that it is a wholly-owned subsidiary of S-L Snacks National, LLC, which is in turn an indirect wholly-owned subsidiary of Campbell Soup Company, which is publicly held. Snyder's-Lance, Inc. certifies that it a wholly-owned subsidiary of Pepperidge Farm, Inc., which is in turn an indirect wholly-owned subsidiary of Campbell Soup Company, which is publicly held.

TABLE OF CONTENTS

CORPORATE DISCLOSURE STATEMENT	i
TABLE OF AUTHORITIES.....	iv
INTRODUCTION	1
JURISDICTIONAL STATEMENT	4
STATEMENT OF THE ISSUE.....	4
STATEMENT OF THE CASE.....	4
A. Legal Background	4
B. The 2014 TTAB Decision and Princeton Vanguard’s §1071(a) Appeal.....	10
C. The 2017 TTAB Decision and Princeton Vanguard’s §1071(b) District Court Action.	12
SUMMARY OF ARGUMENT.....	17
STANDARD OF REVIEW	20
ARGUMENT	20
I. Election Of Federal Circuit Review After A First TTAB Decision Does Not Foreclose A Party From Filing A District Court Action Challenging A Second TTAB Decision On Remand.....	20
A. The Plain Text of Section 1071 Demonstrates that a Party Is Not Forever Bound By Its Initial Election of Federal Circuit Review But Instead Can Elect a New Option After Each TTAB Decision.....	21
B. Legislative History Reinforces that §1071’s Waiver Language is Intended Only to Limit a Dissatisfied Party to One Review Per TTAB Decision, Not to Forever Bind a Party to Its Election After a First TTAB Decision.....	28

C.	Sound Policy Supports Allowing a Dissatisfied Party to Challenge a Second TTAB Decision in District Court, Rather Than Limiting It to Its Initial Federal Circuit Election.....	31
D.	Caselaw and Commentary Support Allowing a Party to Seek Review of a Second TTAB Decision in District Court After Appealing a First TTAB Decision to the Federal Circuit.	39
CONCLUSION		51
STATEMENT REGARDING ORAL ARGUMENT.....		i
CERTIFICATE OF COMPLIANCE		ii
CERTIFICATE OF SERVICE		iii

TABLE OF AUTHORITIES

Cases

<i>B & B Hardware, Inc. v. Hargis Indus., Inc.</i> , 575 U.S. 138 (2015).....	7, 9, 29
<i>Beaudet v. Quigg</i> , 1987 WL 16329 (D.D.C. Aug. 14, 1987)	<i>passim</i>
<i>Bowles v. Russell</i> , 551 U.S. 205 (2007).....	35
<i>CAE, Inc. v. Clean Air Eng’g, Inc.</i> , 267 F.3d 660 (7th Cir. 2001).....	10
<i>Christianson v. Colt Indus. Operating Corp.</i> , 486 U.S. 800 (1988).....	38
<i>Clark v. Martinez</i> , 543 U.S. 371 (2005).....	26
<i>Elliott v. Am. States Ins. Co.</i> , 883 F.3d 384 (4th Cir. 2018).....	20
<i>Frito-Lay N. Am., Inc. v. Princeton Vanguard, LLC</i> , 109 U.S.P.Q.2d (BNA) 1949 (TTAB 2014).....	11
<i>Frito-Lay N. Am., Inc. v. Princeton Vanguard, LLC</i> , 124 U.S.P.Q.2d 1184, 2017 WL 3948367 (TTAB 2017).....	13
<i>George & Co. LLC v. Imagination Entm’t Ltd.</i> , 575 F.3d 383 (4th Cir. 2009).....	5, 6, 33
<i>Gillette Company v. ‘42’ Products Limited</i> , 435 F.2d 1114 (9th Cir. 1970)	<i>passim</i>
<i>Glover v. Ampak, Inc.</i> , 74 F.3d 57 (4th Cir. 1996).....	6
<i>Hoover Co. v. Coe</i> , 325 U.S. 79 (1945).....	29, 30, 41

<i>IBP, Inc. v. Alvarez</i> , 546 U.S. 21 (2005).....	26
<i>In re Pacer Tech.</i> , 338 F.3d 1348 (Fed. Cir. 2003).....	8
<i>Inwood Labs., Inc. v. Ives Labs., Inc.</i> , 456 U.S. 844 (1982).....	6
<i>Kappos v. Hyatt</i> , 566 U.S. 431 (2012).....	<i>passim</i>
<i>Lee v. Norfolk S. Ry. Co.</i> , 802 F.3d 626 (4th Cir. 2015).....	28
<i>Matal v. Tam</i> , 137 S. Ct. 1744 (2017).....	4, 5
<i>OBX-Stock, Inc. v. Bicast, Inc.</i> , 558 F.3d 334 (4th Cir. 2009).....	5
<i>Park 'N Fly, Inc. v. Dollar Park & Fly, Inc.</i> , 469 U.S. 189 (1985).....	5
<i>Permanent Mission of India to the United Nations</i> <i>v. City of New York</i> , 551 U.S. 193 (2007).....	21
<i>Princeton Vanguard, LLC v. Frito-Lay N. Am., Inc.</i> , 786 F.3d 960 (Fed. Cir. 2015).....	10, 12, 38
<i>Sara Lee Corp. v. Kayser-Roth Corp.</i> , 81 F.3d 455 (4th Cir. 1996).....	5, 6
<i>Swatch AG v. Beehive Wholesale, LLC</i> , 739 F.3d 150 (4th Cir. 2014).....	<i>passim</i>
<i>TFWS, Inc. v. Franchot</i> , 572 F.3d 186 (4th Cir. 2009).....	37
<i>Tibbetts Indus., Inc. v. Knowles Elecs., Inc.</i> , 263 F. Supp. 275 (N.D. Ill. 1966)	30

<i>Tibbetts Indus., Inc. v. Knowles Elecs., Inc.</i> , 386 F.2d 209 (7th Cir. 1967).....	<i>passim</i>
<i>Two Pesos, Inc. v. Taco Cabana, Inc.</i> , 505 U.S. 763 (1992).....	6
<i>United States v. Taylor</i> , 975 F.2d 402 (7th Cir. 1992).....	35
Statutes	
15 U.S.C. §1051	4
15 U.S.C. §1052	6, 10
15 U.S.C. §1071	<i>passim</i>
15 U.S.C. §1091	4
35 U.S.C. §141	29
35 U.S.C. §145	29
Other Authorities	
3 Thomas McCarthy, <i>McCarthy on Trademarks and Unfair Competition</i> (5th ed. 2019).....	<i>passim</i>

INTRODUCTION

In 2004, the husband-and-wife team of Warren and Sara Wilson of Princeton, New Jersey, developed a new snack food product: the pretzel cracker, which takes the middle slice of a pretzel and produces it in a flat, cracker form. The Wilsons coined their innovative creation “Pretzel Crisps” and, through their company, Princeton Vanguard, applied to the United States Patent and Trademark Office to register the mark PRETZEL CRISPS. A PTO trademark examiner denied registration on the Principal Register but permitted registration on the Supplemental Register, reflecting the PTO’s conclusion that the PRETZEL CRISPS mark was not generic. Several years later, when the PRETZEL CRISPS mark had become distinctive for Princeton Vanguard’s brand, Princeton Vanguard applied to register the mark on the Principal Register. It submitted over 200 pages of evidence demonstrating that, in the ensuing years, the term PRETZEL CRISPS had acquired secondary meaning—*i.e.*, the public perceived PRETZEL CRISPS as identifying the Wilsons’ specific product. The trademark examiner agreed.

Princeton Vanguard’s registration effort then faced a new obstacle. The snack giant Frito-Lay, which was developing a competing product, opposed registration, arguing that PRETZEL CRISPS not only lacked secondary meaning but was generic, thus warranting no trademark protection at all. The dispute went to the Trademark Trial and Appeal Board (TTAB), which found PRETZEL CRISPS generic.

Section 1071 of Title 15 gives a party dissatisfied with a TTAB decision two review options: it can appeal to the Federal Circuit under §1071(a), or it can file a district court action under §1071(b). The former route limits the appellant to the TTAB record, while the latter route allows the plaintiff to develop an expanded factual record. Princeton Vanguard believed the TTAB committed legal error in deeming PRETZEL CRISPS generic and so chose the Federal Circuit/§1071(a) route. Frito-Lay was a party to that appeal and did not assert its statutory right to have the appeal dismissed and force a district court filing. The Federal Circuit agreed with Princeton Vanguard about the legal error and vacated the TTAB's decision and remanded. In 2017, the TTAB issued a new decision, concluding that PRETZEL CRISPS is generic and, alternatively, lacks secondary meaning. This time, perceiving the TTAB's errors to encompass factual and legal errors, and recognizing the usefulness of additional evidence concerning secondary meaning, Princeton Vanguard filed a district court action pursuant to §1071(b), with the aim of submitting additional evidence. Accordingly, Princeton Vanguard submitted six more years of evidence underscoring the public's connection of PRETZEL CRISPS to the Wilsons' product. Both parties moved for summary judgment.

At this point, Princeton Vanguard encountered an even more unforeseen obstacle to enforcing its trademark rights. The District Court concluded *sua sponte* that it lacked subject-matter jurisdiction over Princeton Vanguard's §1071(b) action.

Despite the textual promise of a choice between pursuing a Federal Circuit appeal or filing a district court action, the District Court held that because Princeton Vanguard had chosen to appeal the 2014 TTAB decision under §1071(a), it was precluded from seeking district court review of the 2017 TTAB decision under §1071(b). In the District Court’s view, election of appellate review of a first TTAB decision forever binds a party to that option for all future TTAB decisions in a case.

The District Court’s decision cannot stand. The statutory text provides two options for review of a TTAB decision and does not dictate that the choice of review routes for the first TTAB decision is a once-and-forever choice. A party that perceives a purely legal error in a TTAB decision, appeals, and wins, is not foreclosed from filing a district court action challenging a second TTAB decision on remand when it believes augmentation of the record would make the TTAB’s error manifest. Rather, as the leading trademark treatise puts it, the “choice of the forum on review need only be made per decision, not per case.” 3 Thomas McCarthy, *McCarthy on Trademarks and Unfair Competition* §21:20 (5th ed. 2019). That rule is compelled by the statutory text, the relevant legislative history, and sound policy. Furthermore, it is consistent with the decisions of the two other courts of appeals that have addressed this issue; both allow a civil action challenging a second decision to proceed in district court after a first decision was previously appealed to the court of appeals. This Court should join those circuits in permitting this action to proceed.

JURISDICTIONAL STATEMENT

The District Court entered final judgment on October 21, 2019. Princeton Vanguard timely appealed on November 20, 2019. The District Court had jurisdiction over Princeton Vanguard's challenge to a final TTAB decision under 15 U.S.C. §1071(b) and 28 U.S.C. §1331. This Court has jurisdiction under 28 U.S.C. §1291.

STATEMENT OF THE ISSUE

Whether, after appealing an initial decision of the TTAB to the Federal Circuit under 15 U.S.C. §1071(a) and obtaining a vacatur and remand, a party may seek review of a second, subsequent decision of the Board by filing a civil action in district court under §1071(b).

STATEMENT OF THE CASE

A. Legal Background

Under the Lanham Act, a party may apply to the United States Patent and Trademark Office to register a trademark on either the "Principal Register" or "Supplemental Register." *See* 15 U.S.C. §§1051, 1091; *Matal v. Tam*, 137 S. Ct. 1744, 1752 (2017). Federal trademark registration "confers important legal rights and benefits on trademark owners." *Matal*, 137 S. Ct. at 1753. Registration on the Principal Register "(1) serves as constructive notice of the registrant's claim of ownership of the mark; (2) is prima facie evidence of the validity of the registered mark and of the registration of the mark, of the owner's ownership of the mark, and

The balance of this brief has been omitted for this sample.
For a complete version of this brief, please contact our office.

Thank you.