

ESTTA Tracking number: **ESTTA496465**

Filing date: **09/25/2012**

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD

Proceeding	91206266
Party	Plaintiff Glen Raven, Inc.
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Date	09/25/2012
Attachments	COMBINED OPP MOTION TO STRIKE.pdf (5 pages)(165408 bytes)

**IN THE UNITED STATES PATENT AND TRADEMARK OFFICE BEFORE THE
TRADEMARK TRIAL AND APPEAL BOARD**

Glen Raven, Inc.

Opposer,

v.

Stacey Berland

Applicant.

Opposition No. 91206266

**COMBINED OPPOSITION TO MOTION TO SUBSTITUTE OR JOIN
AND MOTION TO STRIKE AFFIRMATIVE DEFENSES NOS. 2 AND 7**

Applicant's moves to substitute or join Wells Fargo Bank, N.A., ("Wells Fargo") the holder of a security interest in Opposer's pleaded marks, as an opposer in this action (hereinafter "Motion"), and pleads affirmative defenses (nos. 2 and 7) based on the faulty premise that Wells Fargo, not Applicant, is the owner by assignment of the pleaded marks. In so doing, Applicant misunderstands the nature of a security interest. Opposer respectfully requests that Applicant's Motion be denied and that the Board strike Applicant's Affirmative Defenses Nos. 2 and 7.

An "assignment" of a trademark is an absolute transfer of the entire right, title and interest of the trademark. In this case, Glen Raven has not granted an assignment of its marks to Wells Fargo – instead, it clearly granted a security interest in the marks to guarantee indebtedness:

The Grantor hereby grants, pledges and collaterally assigns to the Agent, a continuing security interest in all of the Grantor's right, title and interest in, to and under the following, whether presently existing or hereafter arising or acquired: (i) each Trademark, Trademark registration and Trademark application, and all of the goodwill of the business connected with the use of, and symbolized by, each

Trademark, Trademark registration and Trademark application of the Grantor, including, without limitation, each Trademark, Trademark registration and Trademark application described on Schedule A....”)

Supplemental Trademark Security Agreement ¶ 1 (Oct. 12, 2011) (Applicant’s Motion, Exhibit “A”).

Each of the Assignors hereby pledges, mortgages, and grants a security interest in and to the Collateral Agent, for the equal and ratable benefit of the Secured Parties (as defined in the Security Agreement), all of its respective right, title and interest in and to the Trademark Collateral, together with all monies and claims for monies now or hereafter due or payable thereon or in respect thereof, to secure the Secured Obligations (as defined in the Security Agreement).

Trademark Security Agreement ¶ 1 (May 22, 2007) (Applicant’s Motion, Exhibit “B”).

A security interest is **not** an assignment. “The grant of a security interest is not such a transfer. It is merely what the term suggests – a device to secure an indebtedness. It is a mere agreement to assign in the event of a default by the debtor.” *Li'l Red Barn, Inc. v. Red Barn System, Inc.*, 322 F. Supp. 98, 107, 167 U.S.P.Q. 741 (N.D. Ind. 1970), *aff'd per curiam*, 174 U.S.P.Q. 193 (7th Cir. 1972). Thus, a security interest is a conditional assignment, not a present transfer of a mark. *See* Restatement Third, Unfair Competition §34, comment e (1995) (“The creation of a security interest in a trademark is not an assignment of the mark under the rule stated in this Section, and thus does not affect the debtor's ownership or priority in the use of the mark.”). It is well-established that a mere agreement for the future assignment of a trademark is not an assignment of either the mark itself or the goodwill attached to it. *Li'l Red Barn, supra.*; *In re Roman Cleanser Co.*, 802 F.2d 207, 210 (6th Cir. Mich. 1986).

Therefore, a mere holder of a conditional security interest does not have standing to act as a party in an opposition proceeding or assert the marks of the security grantor. *NewAge Industries, Inc. v. Jet Spray Corporation*, 2002 TTAB LEXIS 510, *2-4 (T.T.A.B. Aug. 6, 2002) (Exhibit “A”) (mere holder of security interest in mark is not a sufficient change in ownership to

permit holder to act in behalf of applicant). The proper party with standing to assert the pleaded marks against the subject application is the Opposer, Glen Raven. *See Marcon, Ltd. v. Helena Rubenstein, Inc.*, 1983 U.S. Dist. LEXIS 15704, 2-3 (E.D. Va. July 5, 1983) (Exhibit “B”) (assignments of defendant’s marks were no more than a grant of a security interest in the trademarks and “actual ownership of the trademarks is and has been since registration in the defendant”, therefore, defendant could assert marks against plaintiff’s claims).

Applicant also asserts that Wells Fargo, as the holder of a security interest, is a necessary party to the proceeding and should be joined.¹ Federal Rule of Civil Procedure 19 provides for the joinder of “required” parties whose interests are central to the suit when feasible:

A person who is subject to service of process and whose joinder will not deprive the court of subject-matter jurisdiction must be joined as a party if: (A) in that person's absence, the court cannot accord complete relief among existing parties; or (B) that person claims an interest relating to the subject of the action and is so situated that disposing of the action in the person's absence may: (i) as a practical matter impair or impede the person's ability to protect the interest; or (ii) leave an existing party subject to a substantial risk of incurring double, multiple, or otherwise inconsistent obligations because of the interest.

Even if Rule 19 applies to Board proceedings, Wells Fargo does not fit into any of the categories set forth in the rule. The holder of a contingent security interest is not necessary to determine whether marks are confusingly similar, and disposing of the action without a secured party’s presence will not as a practical matter impair or impede its ability to protect the interest of or expose the current parties to inconsistent obligations. In fact, determining that secured parties are required parties in all Board proceedings would, as a practical matter, turn Board practice on its head and impose costly burdens on the parties and the Board.

In conclusion, the so-called “assignments” granted to Wells Fargo in this case are clearly security interests. Wells Fargo does not have standing to act as opposer in this proceeding and is

¹ The 2007 revisions to the Federal Rules of Civil Procedure changed the terminology of “necessary parties” to “required parties”; this was a stylistic change.

not a necessary party. Therefore, Applicant's Motion must be denied and Affirmative Defenses Nos. 2 and 7 stricken from Applicant's Answer.

Respectfully submitted,

GLEN RAVEN, INC.

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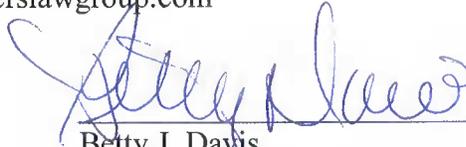
Attorneys for Opposer

Dated: September 25, 2012

CERTIFICATE OF SERVICE

I hereby certify that on this 25th day of September, 2012, I caused a copy of the foregoing COMBINED OPPOSITION TO MOTION TO SUBSTITUTE OR JOIN AND MOTION TO STRIKE AFFIRMATIVE DEFENSES NOS. 2 AND 7 upon Applicant by causing a copy thereof to be sent via e-mail, copy by U.S. Mail, postage prepaid, to the following address:

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