

ESTTA Tracking number: **ESTTA672650**

Filing date: **05/15/2015**

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

Proceeding	91220652
Party	Plaintiff Blue Cross and Blue Shield Association
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Date	05/15/2015
Attachments	BCBSA v. Sisters of Charity - Motion to Dismiss Counterclaims (Opp No 91220652).pdf(44275 bytes)

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

IN RE: APPLICATION SERIAL NO. 86/233,170

BLUE CROSS AND BLUE SHIELD
ASSOCIATION,

Opposer,

v.

SISTERS OF CHARITY OF
LEAVENWORTH HEALTH SYSTEM,
INC.,

Applicant.

Opposition No. 91220652

**MOTION TO DISMISS APPLICANT'S
COUNTERCLAIMS FOR FAILURE TO
STATE A CLAIM (FED. R. CIV. P.
12(b)(6))**

I. INTRODUCTION

Applicant and Counterclaimant's five counterclaims for cancellation of registrations asserted by Opposer should be dismissed because all five solely allege supposed issues with trademark maintenance filings. Controlling Federal Circuit precedent confirms that this is insufficient as a matter of law to state a claim for abandonment.

The Federal Circuit and the Board have held that an abandonment counterclaimant must plead facts that would establish at least three consecutive years of nonuse of the mark at issue or, alternatively, a period of less than three years coupled with proof of intent not to resume use of the mark. Applicant and Counterclaimant Sisters of Charity of Leavenworth Health System, Inc. ("Applicant") has not pled any such facts. Instead, it relies on allegations regarding documentation that Opposer and Counterclaim Defendant Blue Cross and Blue Shield Association ("BCBSA") has or has not submitted in connection with the maintenance of registrations, such as whether a specimen was acceptable when it was filed years ago and whether Section 8 filings were made. These are not facts that state a claim for abandonment, as the Board has held.

Applicant does not allege facts regarding BCBSA's use of the subject marks, or its intent to abandon those marks, and Applicant's counterclaims should therefore be dismissed with prejudice as a matter of law.

II. LEGAL STANDARDS

A. Fed. R. Civ. P. 12(b)(6)

To overcome a motion to dismiss for failure to state a claim for cancellation under Rule 12(b)(6) of the Federal Rules of Civil Procedure, Applicant "must allege facts which

would, if proved, establish that: (1) [Applicant] has standing to maintain the proceeding; and (2) there is a valid ground for cancelling the registrations."¹ To allege a valid ground for cancellation, the Board has applied Supreme Court precedent and held that counterclaims "must contain sufficient factual matter, accepted as true, to 'state a claim for relief that is plausible on its face.'"² The pleading must show an entitlement to relief.³ "Threadbare recitals...supported by mere conclusory statements" are insufficient to withstand a motion to dismiss.⁴

B. Cancellation Based on Alleged Abandonment

The standards for properly pleading abandonment have long been settled: "[i]n order to set forth a cause of action to cancel the registration of a mark which assertedly has been abandoned, plaintiff must allege ultimate facts pertaining to the alleged abandonment."⁵ The Lanham Act states that a mark is deemed to be "abandoned" if "its use has been discontinued with intent not to resume such use" or if it becomes the generic name for the goods or services on or in connection with which it is used.⁶ Accordingly, an abandonment counterclaim "must set forth a *prima facie* case of abandonment by a pleading of at least three consecutive years of non-use or must set

¹ *Doyle v. Al Johnson's Swedish Rest. & Butik, Inc.*, 101 USPQ2d 1780, 1782 (TTAB 2012) (citing *Young v. AGB Corp.*, 152 F.3d 1377, 47 USPQ2d 1752, 1754 (Fed. Cir. 1998); TBMP § 503.02 (3d ed. 2011)).

² *Id.* (quoting *Ashcroft v. Iqbal*, 556 U.S. 662 (2009) and *Bell Atlantic Corp. v. Twombly*, 550 U.S. 544, 570 (2007)).

³ *Iqbal*, 556 U.S. at 679-681; Fed. R. Civ. P. 8(a)(2).

⁴ *Id.* at 679.

⁵ *Otto Int'l, Inc. v. Otto Kern GmbH*, 83 USPQ2d 1861, 1863 (TTAB 2007) (citing *Clubman's Club Corporation v. Martin*, 188 USPQ 455, 456 (TTAB 1975)).

⁶ 15 U.S.C. § 1127.

forth facts that show a period of non-use less than three years coupled with an intent not to resume use."⁷ Applicant's own counsel of record has written on this very topic, and in his published writings, he agrees with this statement of the law; indeed, he states that abandonment requires *both* of these prima facie elements of three-years of non-use *and* an intent not to resume use.⁸

III. ARGUMENT

A. Applicant has not stated a claim for abandonment of BCBSA's Registration No. 554817 because Applicant only points to an alleged discrepancy between the Greek cross design that is the subject of the registration and the specimen of use BCBSA most recently submitted, which was accepted by the USPTO.

Applicant alleges that BCBSA's Registration No. 554817 should be cancelled because it "has abandoned its rights in and to the '817 Registration."⁹ By way of facts to support this claim, Applicant alleges as follows:

The specimen submitted in connection with [BCBSA's] Section 8 and 9 Declaration filed in connection with the '817 Registration does not depict [BCBSA's] Greek Cross design mark anywhere on the specimen as used in association with the registered services.¹⁰

⁷ *Otto Int'l*, 83 USPQ2d at 1863 (citing *Imperial Tobacco Ltd. v. Philip Morris Inc.*, 899 F.2d 1575, 14 USPQ2d 1390 (Fed. Cir. 1990)).

⁸ See James Hastings, *Petition for Cancellation Grounds: Trademark Abandonment*, Trademark Opposition Lawyer (Aug. 30, 2011), <http://www.trademarklitigationguide.com/petition-for-cancellation-grounds-abandonment> ("In order to successfully bring a case for trademark abandonment, a plaintiff (petitioner) needs to prove the following elements by a preponderance of the evidence: 1. non-use of the trademark for at least 3 consecutive years by the trademark owner; and 2. an intent not to resume use of the trademark by the owner").

⁹ March 27, 2015 Answer, Affirmative Defenses, and Counterclaims ("Counterclaims") at 5 ¶ 16.

¹⁰ *Id.* at 5 ¶ 14.

Applicant goes on to aver that, at the time BCBSA filed its most recent Sections 8 and 9 paperwork, the mark that is the subject of this registration was not being used in commerce.¹¹ These are the entirety of Applicant's factual allegations regarding BCBSA's supposed abandonment of Registration No. 554817, and they are insufficient, as a matter of law, to state a claim upon which relief can be granted.

First, alleging, without explanation, that a specimen was insufficient evidence of use when it was filed does not equate to stating a claim of abandonment because it does not allege more than three years of nonuse, or less than three years of nonuse with an intent not to resume.¹² The Board has previously rejected similarly pled claims.¹³ Indeed, Applicant makes no allegation that BCBSA has discontinued using its mark for more than three years, and Applicant's allegations are silent as to any of BCBSA's intentions. Accordingly, even if Applicant were correct that the specimen submitted in connection with BCBSA's maintenance of Registration No. 554817 were improper, it would still not have stated a claim for abandonment.

Second, Applicant's claim appears to be nothing more than second-guessing of the USPTO's January 13, 2012 Notice of Acceptance of § 8 Declaration and § 9

¹¹ *Id.* at 5 ¶ 15.

¹² *See, e.g., Otto Int'l*, 83 USPQ2d at 1863 (dismissing petition for cancellation claiming abandonment because allegations did not contain any averment that respondent had failed to use its mark for more than three years or that it had discontinued use with an intent not to resume).

¹³ *Domond v. 37.37, Inc.*, 113 USPQ2d 1264, 1265 n.2 (TTAB 2015) ("To the extent Petitioner intends to assert only the insufficiency of Respondent's specimens, the claim would be futile.") (citing *Marshall Field & Co. v. Mrs. Fields Cookies*, 11 USPQ2d 1355, 1359 (TTAB 1989)).

Renewal.¹⁴ Applicant may not raise such a claim because, as the Board has stated, "fairness dictates that the ex parte question of the sufficiency of the specimens not be the basis for sustaining a petition for cancellation."¹⁵ The USPTO had the option of rejecting BCBSA's specimen—but it did not. If it had, BCBSA would have been given the chance to submit an acceptable substitute, which it would have done in order to maintain this registration that has been in force since the early 1950s. BCBSA cannot be penalized now for submitting a specimen that was reviewed and accepted.¹⁶

Third, BCBSA's filing of a Declaration of Use demonstrates its intent to continue using the mark in question, regardless of the sufficiency of the specimen that accompanied it. Abandonment, pursuant to its statutory definition, must involve an intent of the mark owner not to resume use.¹⁷ Applicant does not and cannot make such a claim here.

In light of all the foregoing, Applicant has not stated a claim for cancellation of Registration No. 554817, nor will it be able to do so through any amendment, and the counterclaim should therefore be dismissed with prejudice.

B. Applicant has not stated a claim for abandonment of BCBSA's Registration Nos. 1632320, 1639079, 3506616, and 3506617 because it only points to a lack of Section 8 filings, and makes no allegations

¹⁴ See Exhibit A, a true and correct copy of the USPTO's statement that the paperwork submitted by BCBSA to maintain Registration No. 554817 met the requirements of the Trademark Act and noting that the registration remains in force.

¹⁵ *Marshall Field & Co.*, 11 USPQ2d at 1358.

¹⁶ See *id.* ("Assuming, arguendo, that registrant's specimens are unacceptable, it would be unfair to penalize registrant for not submitting substitute specimens when that requirement was never made by the Examining Attorney.").

¹⁷ 15 U.S.C. § 1127 (a mark is "abandoned" if "its use has been discontinued with intent not to resume such use").

concerning BCBSA's use of the marks in question, or intention to abandon.

The Federal Circuit has previously held that allowing a trademark registration to lapse is not evidence of abandonment of the mark in question,¹⁸ and the Board has followed that position.¹⁹

The alleged ground for Applicant's counterclaims directed at Registration Nos. 1632320, 1639079, 3506616, and 3506617 is that BCBSA has abandoned the subject marks.²⁰ By way of facts to support these claims, Applicant alleges only that BCBSA "failed to file a Section 8 and 9 combined declaration" with respect to each registration within the allowed time.²¹ This allegation is insufficient, and Applicant makes none of the necessary allegations regarding BCBSA's use of the subject marks or of an intent to discontinue using them. Accordingly, Applicant's counterclaims seeking to cancel these

¹⁸ *The Crash Test Dummy Movie, LLC v. Mattel, Inc.*, 601 F.3d 1387, 1391, 94 USPQ2d 1315 (Fed. Cir. 2010) ("...cancellation of a trademark registration does not necessarily translate into abandonment of common law trademark rights. Nor does it establish its owner's lack of intent to use the mark.") (citing *Miller Brewing Co. v. Oland's Breweries (1971) Ltd.*, 548 F.2d 349, 352 n.4 (CCPA 1976)).

¹⁹ See *Nirvana, Inc. v. Nirvana for Health, Inc.*, Cancellation No. 92042878, 2010 TTAB LEXIS 432 at *23 (TTAB 2010) ("We find that the Section 8 cancellation of Nirvana Restaurant Inc.'s registration of the mark NIRVANA for "restaurant and nightclub services" does not establish that Nirvana Restaurant Inc. ceased using or abandoned its rights in the mark for those services."); *I.B.E. Inc. v. Balekjian*, Cancellation No. 92041076 (TTAB 2004) ("...the failure to maintain a registration does not prove that petitioner has abandoned its mark. Abandonment of a mark occurs when a party fails to use its mark....").

²⁰ See Counterclaims at pp. 6-10 ¶¶ 25, 34, 43, and 52.

²¹ *Id.* at 7-10 ¶¶ 24, 33, 42, and 51.

registrations fail to state a claim as a matter of law, and they should be dismissed with prejudice.²²

Alternatively, the Board may dismiss as moot Applicant's counterclaims regarding these registrations.²³ As noted in the Board's April 15, 2015 order in this matter, Registration Nos. 1632320 and 1639079 "were cancelled under Section 8 on April 14, 2015." And, Registration Nos. 3506616 and 3506617 were cancelled on or about April 24, 2015. These cancellations occurred irrespective of Applicant's filing of counterclaims for abandonment. Accordingly, the counterclaims may be dismissed as moot as an alternative to being dismissed for failure to state a claim.

IV. CONCLUSION

The law is clear that alleged trademark maintenance issues are insufficient to state a claim for abandonment. None of Applicant's counterclaims make any allegations concerning BCBSA's use of the marks in question or intent to abandon those marks, and there is nothing to support that Applicant would be able to amend its pleading to make such allegations. Accordingly, each of the five counterclaims should be dismissed with prejudice.

Respectfully submitted,

BLUE CROSS AND BLUE SHIELD
ASSOCIATION

By /s/ Christopher S. Walters

²² See *The Crash Test Dummy Movie, LLC*, 601 F.3d at 1391 (failure to file Section 8 declaration did not demonstrate abandonment of mark).

²³ See e.g., *Harry Winston, Inc. v. Bruce Winston Gem Corp.*, 111 USPQ2d 1419, 1435 (TTAB 2013) (dismissing as moot counterclaim for partial cancellation of registration that was cancelled for failure to file a declaration of use under Section 8).

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Date: May 15, 2015

EXHIBIT A

Side - 1



**NOTICE OF ACCEPTANCE OF §8
DECLARATION AND §9 RENEWAL
MAILING DATE: Jan 13, 2012**

The declaration and renewal application filed in connection with the registration identified below meets the requirements of Sections 8 and 9 of the Trademark Act, 15 U.S.C. §§1058 and 1059. The declaration is accepted and renewal is granted. The registration remains in force.

For further information about this notice, visit our website at: <http://www.uspto.gov>. To review information regarding the referenced registration, go to <http://tarr.uspto.gov>.

REG NUMBER: 0554817
MARK: MISCELLANEOUS DESIGN
OWNER: BLUE CROSS AND BLUE SHIELD ASSOCIATION

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