

UNITED STATES PATENT AND TRADEMARK OFFICE  
Trademark Trial and Appeal Board  
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Mailed: November 3, 2015

Opposition No. 91221038

*Abercrombie & Fitch Trading Co.*

*v.*

*Western Rise, LLC*

***By the Trademark Trial and Appeal Board:***

This case comes up on Opposer's motion for sanctions pursuant to Fed. R. Civ. P. 11 following the filing of an alleged deficient counterclaim against Opposer's pleaded registrations. The motion has been fully briefed.

Western Rise, LLC	Abercrombie & Fitch Trading Co.
	

Western Rise, LLC seeks to register the design set forth above alone (application Serial No. 86293112) and in conjunction with the term Western Rise (application Serial No. 86292364), both applications based on an allegation of a

bona fide intent to use the mark on “clothing, namely, shirts, pants, shorts, coats, jackets, t-shirts, hats, socks, fishing waders, footwear, underwear, bandanas, belts, scarves, gloves, ear muffs.”

On March 12, 2015, Abercrombie & Fitch Trading Co. filed a notice of opposition pleading 14 marks incorporating the design set forth above, alone or in connection with the letters A&F for clothing, footwear, handbags, jewelry, fragrances, personal care products, bath and bedding products, and retail store services featuring clothing and fashion accessories, and claims of dilution and likelihood of confusion.

On April 21, 2015, Applicant filed its answer and counterclaim to cancel pleaded Registration Nos. 2889083, 3065016, 3212644, 3383434, 3574198, 3713436, 3964371, 4070209, and 4168384 pleading that “Upon information and belief, Opposer no longer uses the Moose Marks in the United States in Classes 18, 25, or 35 or otherwise in connection with goods related to those identified in Applicant’s trademark applications, or has immediate plans to abandon such use”, and that the marks have been abandoned. In lieu of an answer, Opposer filed a motion to dismiss the counterclaim for failure to state a claim for relief, contending that Applicant failed to plead the necessary factual support for its abandonment claim.

On June 15, 2015, in lieu of responding to the motion, Applicant served an amended counterclaim which pleads that 2014 reports that Opposer’s CEO had announced that Opposer was ceasing use of its logos in the United States effective spring 2015 appeared in different newspapers, magazines, news websites, and

television news programs; that Opposer had not refuted the reports; that to the extent that goods with the mark are still sold in stores, this constitutes token use and not use in the ordinary course of trade; that Opposer ceased use of the mark on the listed goods in spring 2015 with no intent to resume use; and that Opposer's marks have been abandoned.

## DISCUSSION

Where a paper filed in an inter partes proceeding before the Board violates the provisions of Fed. R. Civ. P. 11, any party to the proceeding may file a motion for the imposition of an appropriate sanction. Fed. R. Civ. P. 11 states, in part:

(b) By presenting to the court a pleading, written motion, or other paper--whether by signing, filing, submitting, or later advocating it--an attorney or unrepresented party certifies that to the best of the person's knowledge, information, and belief, formed after an inquiry reasonable under the circumstances:

(1) it is not being presented for any improper purpose, such as to harass, cause unnecessary delay, or needlessly increase the cost of litigation;

(2) the claims, defenses, and other legal contentions are warranted by existing law or by a nonfrivolous argument for extending, modifying, or reversing existing law or for establishing new law;

(3) the factual contentions have evidentiary support or, if specifically so identified, will likely have evidentiary support after a reasonable opportunity for further investigation or discovery; and

(4) the denials of factual contentions are warranted on the evidence or, if specifically so identified, are reasonably based on belief or a lack of information.

(c) (1) If, after notice and a reasonable opportunity to respond, the court determines that Rule 11(b) has been violated, the court may impose an appropriate sanction on any attorney, law firm, or party that violated the rule or is responsible for the violation.

"A formal order of sanction of any kind imposed by a court necessarily tarnishes an attorney's professional reputation [and so] it is the duty of the court

imposing sanctions to do so only when truly warranted.” *1–10 Indust. Assocs. v. United States*, 528 F.3d 859, 867 (Fed.Cir.2008). A motion for sanctions under Fed. R. Civ. P. 11(c) is governed by, and should not be filed in violation of, Fed. R. Civ. P. 11(b). If the Board finds that a motion for Fed. R. Civ. P. 11(c) sanctions itself violates the provisions of Fed. R. Civ. P. 11(b), an appropriate Fed. R. Civ. P. 11(c) sanction may be entered against the party that filed the motion. *See Trademark Trial and Appeal Board Manual of Procedure (TBMP) §527.02 (October 2015)*.

The Advisory Committee Note accompanying the 1993 amendment Fed. R. Civ. P. 11 lists the factors the court should consider in deciding whether to impose a sanction for a Rule 11 violation, or what sanction to impose:

Whether the improper conduct was willful, or negligent; whether it was part of a pattern of activity, or an isolated event; whether it infected the entire pleading, or only one particular count or defense; whether the person has engaged in similar conduct in other litigation; whether it was intended to injure; what effect it had on the litigation process in time or expense; whether the responsible person is trained in the law; what amount, given the financial resources of the responsible person, is needed to deter that person from repetition in the same case; what amount is needed to deter similar activity by other litigants.

The Board’s imposition of judgment as a sanction under Rule 11 generally has been limited to those cases in which a party has demonstrated a pattern of misconduct.

*See NSM Res. Corp. v. Microsoft Corp.*, 113 USPQ2d 1029, 1037 (TTAB 2014)

(“Despite being instructed, cautioned, and reprimanded regarding the dubious basis of its asserted standing and the grounds asserted in its previously filed complaints, petitioners have not relented, but indeed have initiated additional proceedings before the Board, advancing similarly meritless complaints against various

registrants and applicants.”); *Central Mfg. Inc. v. Third Millennium Tech. Inc.*, 61 USPQ2d 1210, 1215 (TTAB 2001) (“We find that Leo Stoller has, in this case, twice filed papers based on false statements and material misrepresentations and, moreover, that he has engaged in a pattern of submitting such filings to this Board.”); *Giant Food, Inc. v. Standard Terry Mills, Inc.*, 231 USPQ 626, 634 (TTAB 1986) (“applicant has engaged in a continued course of conduct involving the filing of baseless, unnecessary and frivolous motions and other papers which, by their many meritless arguments and piecemeal submission, have unnecessarily delayed this proceeding and needlessly raised the cost of this litigation.”).

Here, Opposer seeks sanctions on the ground that, if Applicant had made the required inquiry by viewing Opposer’s website or visiting one of its stores, Applicant would have realized that Opposer’s mark remains in use, and thus Applicant’s counterclaim lacks the necessary factual basis and was filed for an improper purpose.<sup>1</sup> Opposer submits the declaration of in-house counsel averring that the mark remains in use and hundreds of pages of exhibits comprising screenshots from its websites showing items bearing the mark.

Applicant opposes the motion, contending that its amended counterclaim pleads a legally sufficient claim of abandonment; that Opposer served Applicant with the identical motion for sanctions following service of Applicant’s original counterclaim; that Applicant amended the counterclaim to address Opposer’s

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<sup>1</sup> Opposer’s motion for sanctions was filed more than twenty-one days after its service upon Applicant, was presented as a distinct and separate motion, and details Applicant’s allegedly offensive filings. Accordingly, the motion satisfies the requirements of the “safe harbor” provision of Fed. R. Civ. P. 11(c)(2).

complaint that the counterclaim lacked factual allegations and added details regarding the statement by Opposer's CEO regarding Opposer's abandonment of its mark and token use to maintain the registration; that Opposer then filed the identical motion including a transmittal sheet stating that the amended counterclaim "continues to lack any plausible factual allegations demonstrating any period of nonuse"; that there is no support for a finding that the counterclaim was filed for improper purpose, that the counterclaim will not prolong a proceeding initiated by Opposer, that Applicant paid more than \$3,000 in filing fees to bring its counterclaim in order to defend its applications against Opposer's claims; and that Opposer improperly uses its sanction motion to present evidence which is irrelevant to whether the abandonment claim is sufficient.

To adequately plead abandonment, a plaintiff may recite facts which, if proven, would establish a period of nonuse less than three years coupled with proof of intent not to resume use. *Imperial Tobacco Ltd. v. Philip Morris Inc.*, 899 F.2d 1575, 14 USPQ2d 1390, 1393 (Fed. Cir. 1990). "A public announcement of intention to discontinue the sale of a product may be a circumstance from which an intent not to resume may be inferred." 3 J. Thomas McCarthy, *MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION*, 17:11 (4<sup>th</sup> ed. 2015). The Board agrees with Applicant that its amended counterclaim of abandonment is legally sufficient.

The Board rejects Opposer's contention that the facts upon which Applicant relies (the 2014 public announcement by Opposer's CEO regarding cessation of use in 2015) would have been refuted if Applicant made the necessary inquiry before

filing its counterclaim.<sup>2</sup> The counterclaim indicates that “Opposer has not addressed, clarified, or refuted the aforementioned media reports and has not sought any correction or retraction of those reports” and notes that continued sales were not in the ordinary course of business. These are current facts supporting Applicant’s assertion that the mark is not in use, and indicate that Applicant undertook the necessary Fed. R. Civ. P. 11 inquiry. It is neither a deficiency in pleading nor A VIOLATION OF Rule 11 to rely on different facts than one’s adversary.<sup>3</sup> Opposer’s motion for Rule 11 sanctions is DENIED.

In addition to finding the counterclaim of abandonment to be properly pleaded, the Board finds that Opposer presented no evidence that the counterclaim was filed for improper purpose. Opposer is advised that overreaching litigation tactics such as exaggerating a difference in views of the facts to sanctionable misconduct will not be tolerated.

Proceedings are resumed, and Opposer is ordered to file its answer to the counterclaim within TWENTY DAYS OF THE mailing date of this order.

Deadline for Discovery Conference	December 27, 2015
Discovery Opens	December 27, 2015
Initial Disclosures Due	January 26, 2016
Expert Disclosures Due	May 25, 2016
Discovery Closes	June 24, 2016
Plaintiff’s Pretrial Disclosures	August 8, 2016
30-day testimony period for plaintiff’s testimony to close	September 22, 2016

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<sup>2</sup> The cases cited by Opposer are inapposite inasmuch as they do not address the sufficiency of abandonment claims but the sufficiency of abandonment evidence, largely in infringement cases.

<sup>3</sup> Of course, whether either party will be able to prove their version of the facts regarding abandonment of Opposer’s pleaded marks is a matter for summary judgment or trial.

Defendant/Counterclaim Plaintiff's Pretrial Disclosures	October 7, 2016
30-day testimony period for defendant and plaintiff in the counterclaim to close	November 21, 2016
Counterclaim Defendant's and Plaintiff's Rebuttal Disclosures Due	December 6, 2016
30-day testimony period for defendant in the counterclaim and rebuttal testimony for plaintiff to close	January 20, 2017
Counterclaim Plaintiff's Rebuttal Disclosures Due	February 4, 2017
15-day rebuttal period for plaintiff in the counterclaim to close	March 6, 2017
Brief for plaintiff due	May 5, 2017
Brief for defendant and plaintiff in the counterclaim due	June 4, 2017
Brief for defendant in the counterclaim and reply brief, if any, for plaintiff due	July 4, 2017
Reply brief, if any, for plaintiff in the counterclaim due	July 19, 2017

In each instance, a copy of the transcript of testimony together with copies of documentary exhibits, must be served on the adverse party within thirty days after completion of the taking of testimony. Trademark Rule 2.125.

Briefs shall be filed in accordance with Trademark Rules 2.128(a) and (b). An oral hearing will be set only upon request filed as provided by Trademark Rule 2.129.