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

Proceeding	92044780
Party	Plaintiff Crossport Mocean
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IN THE UNITED STATES PATENT AND TRADEMARK OFFICE BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD

CROSSPORT MOCEAN, INC.,	
Petitioner,	Cancellation No. 92044780
	Respondents: Donn and Kimberley Pierson
v.	Reg Subject to Cancellation No.: 2009440
	Mark: MOCEAN
	International Class: 25
DONN L. PIERSON and KIMBERLEY L. PIERSON	
Respondents.	

PETITIONER CROSSPORT MOCEAN, INC.'S TRIAL BRIEF

Crossport Mocean, Inc. hereby submits its Trial Brief in support of its Petition to Cancel Trademark Registration

TABLE OF CONTENTS

I. DESCRIPTION OF THE RECORD 1

II. BACKGROUND FACTS 1

III. RESPONDENTS OBTAINED THE REGISTRATION FRAUDULENTLY 2

A. The Bill of Sale Confirms that Respondents Did Not Own the Mark When They Applied for Registration 2

B. Respondents' Own Conduct Confirms They Did Not Own the Mark When They Applied for Registration 5

IV. RESPONDENTS HAVE ABANDONED THE MARK 7

V. CONCLUSION 10

TABLE OF AUTHORITIES

Cases

American Photographic Pub. Co. v. Ziff-Davis Pub. Co., 135 F.2d 569 (7th Cir. 1943), 57 U.S.P.Q. 362 7

Barcamerica Intern. USA Trust v. Tyfield Importers, Inc., 289 F. 3d 589, 595-596 (9th Cir. 2002), ... 9

Berni v. International Gourmet Restaurants of America, Inc., 838 F. 2d 642 2nd Cir. 1988), 5 U.S.P.Q.2nd 1723 6

Conwood Corp. v. Loew's Theatres, Inc., 173 U.S.P.Q. 829 (TTAB, 1972), 173 U.S.P.Q. 829 (TTAB, 1972) 7

Exxon Corp. v. Humble Exploration Co., Inc., 695 F.2d 96, 99 (5th Cir. 1983), 217 U.S.P.Q. 1200 7

Handyspot Co. of Northern California v. Buegeleisen, 128 Cal. App. 2d 191 (1954) 3

Hi-Lo Mfg. Corp. v. Winegard Co., 167 U.S.P.Q. 295 (TTAB 1970) 3

Lipton Industries, Inc. v. Ralston Purina Co., 670 F.2d 1024 (1982), 213 U.S.P.Q 185 6

President Suspender Co. v. MacWilliam, 238 F. 159 (2nd Cir. 1916), cert denied. 243 U.S. 636 3

Sterling Brewers, Inc. v. Schenley Industries, Inc., 441 F.2d 675 (1971), 169 U.S.P.Q. 590 6

Sun Valley Co. v. Sun Valley Mfg. Co., 167 U.S.P.Q. 304 (TTAB 1970) 3

United Drug Co. v. Theodore Rectanus Co., 248 U.S. 90, 97 (1918) 5

Statutes

15 U.S.C. Section 1054 2

15 U.S.C. Section 1064 . . . . . 2, 6

Lanham Act, §45, 15 U.S.C. § 1127. 5

This case may be summed up in the following axiom: "No trade, no trademark." CrosSport Mocean, Inc.'s (hereinafter "Petitioner") Petition to Cancel is based on two primary grounds. First, Donn Pierson and Kimberley Pierson (hereinafter "Respondents") did not own the subject Mocean trademark (the "Mark") when they applied for registration. Second, even if Respondents maintained ownership of the Mark following sale of the business to Petitioner, Respondents have abandoned the Mark.

Respondents provide unsupported and in places frivolous and irrelevant testimony in an effort to preserve registration in their names. However, the facts in this case reveal that Respondents no longer use or own the Mark. Accordingly, the Trademark Trial and Appeal Board should grant CrosSport Mocean, Inc.'s Petition to Cancel.

I. DESCRIPTION OF THE RECORD

The evidence of record in this matter includes the testimony depositions of Donn Pierson and Kimberley Pierson; the declaration of CrosSport Mocean, Inc.'s President Bill Levitt; the declarations of Petitioners Donn Pierson and Kimberley Pierson; and the rebuttal declaration of Bill Levitt.

II. BACKGROUND FACTS

Sometime in 1991, Respondents started a California General Partnership which according to Kimberley Pierson was called "Mocean." K. Pierson Depo., p. 10:1-8. The partnership initially sold "outdoor" apparel, but gradually focused its business on the sale of apparel for use by law enforcement agencies. The partnership sold its products under the name "Mocean." D. Pierson Depo., p. 12:3-22.

On or about December 31, 1993, Respondents sold all of the partnership assets and liabilities to Petitioner CrosSport Mocean, Inc., as reflected in the Bill of Sale. See Exh. "C" to B. Levitt Decl., Exh. "A" to K. Pierson Decl. By this transaction, the Mocean partnership transferred all of its assets, including the Mark identifying its products, to

Petitioner without any exclusion. They did not continue in business under the prior partnership or otherwise continue using the Mocean trademark. Petitioner however carried on the apparel business with its newly acquired assets, including the production, marketing, and sale of goods under the Mocean Mark. B. Levitt Decl., ¶¶6-9.

On or about November 29, 1994, Respondents filed an application to register the Mark in their individual names. D. Pierson Depo, p. 24:9-26:1 and Exhibit 2 thereto; K. Pierson Decl., ¶5. In their application, they swore under penalty of perjury that they were selling goods under the Mark, and declared that no other corporation has the right to use the Mark in commerce. They never informed Petitioner of this application to register. K. Pierson Depo, p. 16:3-17:16; D. Pierson Depo, p. 62:19-63:13. They never informed Petitioner that they had obtained registration of the Mark in their individual names.

Petitioner continues to sell Mocean apparel today. Petitioner's products are not subject to any quality control inspections by Respondents. Respondents have not sold Mocean apparel or otherwise used the Mark in their individual capacity since 1993.

III. RESPONDENTS OBTAINED THE REGISTRATION FRAUDULENTLY

A. The Bill of Sale Confirms that Respondents Did Not Own the Mark When They Applied for Registration

Pursuant to 15 U.S.C. Section 1064, a petition to cancel a registration of a mark may be filed at any time if the "registration was obtained fraudulently or contrary to the provisions of section 1054 of this title or of subsection (a), (b), or (c) of section 1052 of this title...." As explained herein, Respondents obtained the subject registration, Registration No. 2009440, through misrepresentations to the Commissioner of Patents and Trademarks. Accordingly, the Board should now cancel the registration.

Respondents sought registration of the Mark in November 1994, almost a full year after their partnership sold its assets and the Mark to Petitioner. They knew they did not own the Mark when they filed the application to register it, and they thus obtained the registration fraudulently. They now conveniently contend, without any

factual basis, that the sale of the business to Petitioner did not include the Mark because the Mark was not listed as an asset in the Bill of Sale. This contention lacks merit.

As a general rule, when a business is sold as a going concern, the intent to transfer good will and trademarks to the buyer is presumed. Good will and trademarks are transferred even though not specifically itemized in the sale contract. President Suspender Co. v. MacWilliam, 238 F. 159 (2nd Cir. 1916), cert. denied 243 U.S. 636. In other words, unless otherwise specified, it will be presumed that the sale of a business includes the sales and transfer of the trademarks and corresponding good will which identify the business. Handyspot Co. of Northern California v. Buegeleisen, 128 Cal. App. 2d 191 (1954); Sun Valley Co. v. Sun Valley Mfg. Co., 167 U.S.P.Q. 304 (TTAB 1970); Hi-Lo Mfg. Corp. v. Winegard Co., 167 U.S.P.Q. 295 (TTAB 1970).

In this case, Petitioner purchased all of the business of the predecessor partnership, including all inventory, equipment, and supplies. Pursuant to the Bill of Sale, the seller "has sold, transferred, assigned, and delivered, and by these presents does sell, transfer, assign and deliver unto Buyer all of Seller's right, title and interest in and to all of the Seller's business, including all assets and liabilities, if any, as more fully identified on Exhibit 'A' attached hereto and fully incorporated herein ('Assets')." Respondents did not carve out any exclusion for the Mark in the contract. As a matter of law, this sale necessarily included the goodwill of the company and all trademarks including the Mark. Respondents have no factual basis for their attempt to now undo the transfer of the Mark to Petitioner.

The minutes of the first meeting of Petitioner's Board of Directors further confirms the complete purchase of the business of the CrosSport Mocean partnership. The minutes read in part, "The Chairman stated that the corporation had received a offer (sic) to transfer to this corporation the entire business, including all assets and liabilities, if any, of that certain California general partnership known as CrosSport Mocean...." P. 7-8 of Exh. "C" to K. Pierson Decl. The minutes continue, "That it is in the best interest

of the corporation to accept said offer to obtain on January 1, 1994 the entire business, including all assets and liabilities, of the General Partnership, specifically including, without limitation, the assets described in Exhibit "A" attached to these Minutes and incorporated herein...." Registrants signed the minutes without objection. D. Pierson Depo., p. 37:22-40:3.

Respondents now contend that they retained the Mark, which was not assigned to Petitioner through the Bill of Sale. They rely solely on a letter allegedly dated February 10, 1994 as evidencing an "agreement" that the Mark was not assigned to Petitioner. This document, which purports to grant a license to Petitioner, surfaced for the first time in 2007 during this *inter partes* proceeding and is suspicious and ineffective for multiple reasons.

First, the document is not referenced in or made a part of the Bill of Sale. It further conveniently mischaracterizes the terms of the Bill of Sale which does not in any way exclude any specific assets, trademarks or other property from the transaction. Second, the document is plainly self-serving insofar as it is both written by and addressed to Donn and Kimberley Pierson. Unexplainably, Petitioner's third Director at the time, Robert Hindman, did not review, sign, or approve the document. According to D. Pierson, Mr. Hindman acted as the Board Chairman and "represented and oversaw and checked all of the transactions that occurred" in connection with the asset purchase by Petitioner. D. Pierson Depo., p. 34:17-35:7. However, Mr. Hindman's name is not on the document, and he apparently had no involvement in negotiating this document. D. Pierson Depo., p. 56:12-20. Third, no one from Petitioner's company has ever seen or heard of this document. B. Levitt Rebuttal Decl., ¶5. As officers and directors of the company, Registrants owed a duty to loyalty and trust and candor to Petitioner. Unexplainably, they never informed Petitioner of this document purporting to reserve ownership of the Mark in their names until months after Petitioner filed this proceeding.

This letter addressed from Respondents to themselves is suspicious for other reasons. Respondents curiously misspelled their own name in addressing themselves

in the letter, which calls into doubt who really authored the document and when. It is further doubtful that this document was created on February 10, 1994. Respondents offer no sworn testimony that they prepared the document, that it is a true and correct copy of the original, or that they signed the letter in February 2004. The circumstances of this document, on which Respondents largely pin their defense, suggest Respondents only recently created it and backdated it 1994 in a desperate effort to find some support for their cause in this case.

B. Respondents' Own Conduct Confirms They Did Not Own the Mark When They Applied for Registration

Regardless of their attempt to re-write history, Respondents' own conduct from the time of sale of the business to Petitioner in 1994 through the present illustrates an admission that they did not and do not own the Mark.

A trademark is defined as "any word, name, symbol or device or any combination thereof" adopted and used by a person "to identify and distinguish his or her goods, including a unique product, from those manufactured or sold by others and to indicate the source of the goods...." Lanham Act, §45, 15 U.S.C. §1127. Trademark ownership is obtained by actual use of the business symbol, not its mere adoption. United Drug Co. v. Theodore Rectanus Co., 248 U.S. 90, 97 (1918). Registrants purport to own the Mark as individuals separate and apart from the company with which the Mark was and is now identified. Prior to the Bill of Sale, the Mark belonged to Registrant's partnership rather than to the Respondents individually. After the Bill of Sale, the Mark belonged to Petitioner.

After selling the Mark to Petitioner, Respondents stopped selling products under the Mocean Mark and stopped using the Mark to identify their goods and services, whether through the prior partnership or individually. Indeed, they ceased being a manufacturer or merchant for trademark purposes. Registrants went to work for Petitioner (D. Pierson Depo, p. 13:1-14:19; K. Pierson Depo, p. 14:10-15:16), which thereafter carried on the business of selling "Mocean" products under the Mark. B.

Levitt Decl., ¶¶6-9. Thus, they had no basis for stating in their application for registration that they owned the Mark or sold goods using the Mark in their individual capacity. Despite any self-serving letters to themselves and despite misrepresentations made in their registration application, Respondents' own conduct reveals that Respondents did not retain ownership in the Mark.

This case resembles the trademark ownership issue confronted in Berni v. International Gourmet Restaurants of America, Inc., 838 F. 2d 642 (2nd Cir. 1988), 5 U.S.P.Q.2nd 1723. In Berni, the court found that plaintiff's lacked standing to pursue their trademark infringement claim because they had no ownership interest in the mark in dispute. Plaintiffs had previously sold the assets of their business, though the mark was not listed as one of the assets transferred. The court explained that "in order for the owner of a mark to retain, upon sale of the business associated with the mark, the right to resume using the mark in a new enterprise, the owner's intent to resume producing substantially the same product or service must be manifest, some portion of the goodwill of the previous business must remain with the owner, and resumption of operations must occur within a reasonable time." Id. at 647. The court found no evidence that Plaintiffs intended to retain an interest in the mark and resume business after the asset transfer. Id.

As in Berni, Respondents did not retain an ownership interest in the Mark. After selling the business to Petitioner, they reserved no goodwill of the previous business and certainly did not resume or prepare to resume operations using the Mocean Mark. Their only explanation for their misrepresentations in their application is that the Mark was not listed as an asset in the Bill of Sale. As in Bernini, this contention must fail.

The undisputed evidence, including the Bill of Sale and Respondents' own conduct, confirms that Respondents did not own the Mark when they sought to register it in their names. Rather, they made misrepresentations to the Commissioner and obtained the registration fraudulently. They have not owned or used the Mark for almost fourteen (14) years, if not longer. Petitioner on the other hand has continued to

use and control the Mark to the present day. Equity demands that registration of the Mark be cancelled so that the company which uses and controls the Mark and whose products are identified by the Mark can register the Mark in its own name –CrosSport Mocean, Inc. The Board should grant the Petition to Cancel.

IV. RESPONDENTS HAVE ABANDONED THE MARK

A trademark registration can be cancelled for a variety of reasons including abandonment. 15 U.S.C. §1064; Lipton Industries, Inc. v. Ralston Purina Co., 670 F.2d 1024 (1982), 213 U.S.P.Q 185; Sterling Brewers, Inc. v. Schenley Industries, Inc., 441 F.2d 675 (1971), 169 U.S.P.Q. 590. Under the Lanham Act, a trademark shall be deemed to be abandoned

> when its use has been discontinued with intent not to resume such use. Intent not to resume may be inferred from circumstances. Nonuse for 3 consecutive years shall be prima facie evidence of abandonment. "Use" of a mark means the bona fide use of such mark made in the ordinary course of trade, and not made merely to reserve a right in a mark.

Lanham Act, §45, 15 U.S.C. §1127.[1] Where a prima facie case of abandonment through non-use has been made, the "owner has the burden to demonstrate that circumstances do not justify the inference of intent not to resume use." Exxon Corp. v. Humble Exploration Co., Inc., 695 F.2d 96, 99 (5th Cir. 1983), 217 U.S.P.Q. 1200. "Intent to resume" requires the trademark owner to have plans to resume commercial use of the mark. Id. at 102. Importantly, a party's testimony that he or she did not intend to abandon a mark or intends to resume use may be outweighed by the party's actions, which are often the most telling evidence. See American Photographic Pub. Co. v. Ziff-Davis Pub. Co., 135 F.2d 569 (7th Cir. 1943), 57 U.S.P.Q. 362 ("actions frequently speak louder than words."); Conwood Corp. v. Loew's Theatres, Inc., 173 U.S.P.Q. 829 (TTAB, 1972).

Donn Pierson's employment with the company ended on March 28, 1998, and Kimberley Pierson left the company in November 2002.[2] From November, 2002 at the

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[1] The period of non-use required for the presumption of abandonment was increased from two to three years effective January 1, 1996.

[2] Respondents also stepped down from the Board of Directors in March 1998. K. Pierson Decl, ¶14.

latest to the present, Respondents have not used the Mark, whether in their individual capacity or otherwise, in a manner consistent with an ownership in the Mark.

The Respondents' own testimony confirms that they have made essentially no sales of Mocean products in their individual capacity. Registrant Donn Pierson himself did not sell any Mocean products. D. Pierson Depo, p. 46:5-10. Registrant Kimberley Pierson did not sell any Mocean products in her individual capacity, other than the sale of nine (9) pairs of Mocean shorts in November and December of 2004. K. Pierson Decl., ¶29 and Exh. "G" thereto; K. Pierson Depo, p. 23:25-24:3. Thus, for a two-year period from November 2002 to November 2004, Respondents made no sales or other use of the Mark. The de minimus or "token" sales activity by Ms. Pierson cannot overcome the presumption of abandonment in this case. Respondents have abandoned the Mark and, with their full knowledge, allowed it to be used by the Petitioner in carrying on the Mocean business.

The Board should also note the circumstances surrounding these miscellaneous sales by Respondents. The impetus for these random sales was Mocean President Bill Levitt giving Respondents a box of Mocean sport shorts which were excess inventory that the company no longer sold. K. Pierson Depo, p. 22:6-24. Mr. Levitt gave these leftover units to Respondents to do with as they wished. B. Levitt Rebuttal Decl., ¶8. Respondents did not ask for these items to sell on their own, did not pay the cost of these items, and essentially took these units as a gift. Without this gesture by Mr. Levitt, Respondents would not have sold *any* Mocean apparel whatsoever. Given the small number of units sold (nine documented) and the circumstances surrounding these sales, the Board should look past Respondents self-serving testimony and attempt to mischaracterize these sales.

Regardless of whether or not Respondents assigned the Mark to Petitioner in 1994, they have not made bona fide commercial use of the Mark since 2002 at the latest and 1993 at the earliest. That is, they have failed to use the mark for a minimum of almost five consecutive years. Accordingly, they carry the burden of rebutting the

Lanham Act's presumption of abandonment.

Respondents cannot overcome this presumption of abandonment. No where do they indicate plans to resume use of the Mark, to start a new company, develop marketing proposals, or sell Mocean products. At best, they hope to extract some measure of royalties from Petitioner. D. Pierson Depo, p. 71:17-25. Because Registrants cannot meet their burden of showing an intent to resume bona fide use of the Mark, they have abandoned the Mark, and the registration of the Mark in their names must be cancelled.

Finally, even if Respondents can show that they maintained ownership of the Mark and licensed it to Petitioner, they abandoned the Mark through their failure to maintain quality control. Where a licensor fails to exercise sufficient quality control over a licensee, a court may find that the owner has abandoned the trademark. Barcamerica Intern. USA Trust v. Tyfield Importers, Inc., 289 F. 3d 589, 595-596 (9th Cir. 2002), 62 U.S.P.Q.2nd 1673. In Barcamerica, the Ninth Circuit upheld the lower court's finding of abandonment where the licensor sole evidence of quality control was random wine tastings and reliance on the licensee's reputation. The court noted the lack of a close working relationship between the licensor and licensee, and the licensee's testimony to the effect that the licensor had no involvement whatsoever in the quality of the wine or maintaining it at any level. Id. at 597. In its analysis, the court stated, "What matters is that Barcamerica played no meaningful role in holding the wine to a standard of quality – good, bad, or otherwise." Id. at 597-598.

As in Barcamerica, Respondents here maintained no quality control over Petitioner or the quality of the Mocean products after Respondents left the company. In attempting to show an ongoing use or control of the Mark, Respondent Donn Pierson claims that he makes occasional phone calls to Mocean President Bill Levitt, receives mail from Petitioner, occasionally enters CrosSport Mocean's offices through the back door to inspect products, or sometimes stops a police officer to ask how he likes his uniform. See D. Pierson Decl, ¶¶23-33. He conspicuously fails to describe any direct

implementation of quality control or communication to Petitioner regarding its product, and fails to identify anyone at Petitioner or elsewhere who can confirm these purported quality control measures. Furthermore, his testimony as to reqular inspections is directly controverted by Mocean President Bill Levitt. B. Levitt Rebuttal Decl., ¶9. Respondents' alleged quality control efforts, even if true, do not amount to the type and nature of activity sufficient to overcome a finding of abandonment.

V. CONCLUSION

Registrants do not own or use the Mark and have not used the Mark for many years. Petitioner on the other hand continues to use the Mark to identify and distinguish its products. Maintaining registration in Respondents' name is inaccurate, deceiving, and inequitable. Based on the foregoing, Petitioner CrosSport Mocean, Inc. respectfully requests that the Board grant its Petition to Cancel Trademark Registration.

Dated: August 21, 2007. FRIEDMAN STROFFE & GERARD, P.C.

By: _____

Darren P. Johnson
Attorneys for Petitioner
CROSSPORT MOCEAN, INC.

PROOF OF SERVICE

Crossport Mocean, Inc. v. Donn L. Pierson, et al.
Petition to Cancel No.: 92044780

I am employed in the County of Orange, State of California. I am over the age of 18 and not a party to the within action; my business address is 19800 MacArthur Boulevard, Suite 1100, Irvine, California 92612-1086.

On August 21, 2007, I served the foregoing document(s) described as follows:

PETITIONER CROSSPORT MOCEAN, INC.'S TRIAL BRIEF

on the interested parties in this action by placing **[x]** a true copy **[ ]** the original thereof enclosed in a sealed envelope and addressed as follows:

Donn L. Pierson
Kimberley L. Pierson
330 Paseo Marguerita
Vista, California 92084-2559

[x] (MAIL) I am readily familiar with Friedman Stroffe & Gerard's ordinary business practice of collection and processing correspondence for mailing. Under the practice it would be deposited with the U.S. Postal Service on the same day with postage thereof fully prepaid at Irvine, California in the ordinary course of business. I followed this business practice and I placed the envelope for collection and mailing on the date identified above. I am aware that on motion of the party served, service is presumed invalid if postage cancellation date or postage date is more than one day after date of deposit for mailing in affidavit.

[x] (FEDERAL) I declare under the laws of the United States of America that I am employed in the office of a member of the Bar of this Court at whose direction the service was made and that the foregoing is true and correct.

Executed on August 21, 2007, at Irvine, California.

Regina Meyer
Regina F. Meyer