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THE TTAB**

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UNITED STATES PATENT AND TRADEMARK OFFICE

Trademark Trial and Appeal Board

CrossSport Mocean, Inc.
v.
Donn L. Pierson and Kimberley L. Pierson

Cancellation No. 92044780

Christa D. Perez of Friedman, Peterson, Stroffe & Gerard for
CrossSport Mocean, Inc.

Donn L. Pierson and Kimberley L. Pierson, *pro se*.

Before Hairston, Walters and Wellington, Administrative
Trademark Judges.

Opinion by Wellington, Administrative Trademark Judge:

CrossSport Mocean, Inc. ("petitioner") filed a petition to cancel the registration of Donn L. Pierson and Kimberley L. Pierson ("respondents") for the mark MOCEAN [in standard character format] for "men's, women's clothing, namely, technically and functionally designed active sportswear specifically created to facilitate the sports of sailing, paddling, climbing, mountain biking, snowboarding, alpine and nordic skiing, camping and hiking, consisting of

jackets, coats, shirts, pants and shorts," in International Class 46.¹

As grounds for cancellation, petitioner has asserted that respondents have abandoned their mark and that the registration was obtained fraudulently.

Respondents, in their answer, denied petitioner's allegations.²

The evidence of record includes the pleadings; the file of the subject registration; the testimony declaration of petitioner's president and CEO, Bill Levitt, and exhibits thereto; the testimony depositions of respondents Donn and Kimberley Pierson, and exhibits thereto;³ the testimony declarations of respondents Donn and Kimberley Pierson, and exhibits thereto; and the rebuttal testimony declaration of Bill Levitt, and exhibits thereto.⁴

¹ Registration No. 2009440, issued October 22, 1996, and renewed in 2007 for a period of ten years. The registration states a date of first use anywhere and in commerce of February 23, 1990.

² Respondents also asserted nineteen affirmative defenses in their answer. However, respondents did not pursue these defenses at trial and, because respondents did not file a trial brief, they were not argued. Accordingly, we consider them to have been waived and they are not given consideration in our decision.

³ The deposition transcript copies filed with the Board were not certified by the court reporter nor do they have the deponents' (respondents') signatures. However, respondents were served with copies of the deposition transcripts and allowed time to make corrections or changes to their responses. In the absence of any such corrections/ changes, or any objections by respondents to the copies of the deposition transcripts filed by petitioner, we accept the copies as filed on March 23, 2007.

⁴ The parties' stipulation (filed on March 7, 2007) to allow testimony in the form of sworn declaration is noted and approved. TBMP § 705 (2d ed. rev. 2004).

Only petitioner filed a trial brief in this case.

By way of background, we note the following facts which are not in dispute. Beginning around 1990, respondents started designing and selling clothing under the mark MOCEAN and formed a California general partnership named CrossSport Mocean. Effective January 1, 1994, the partnership CrossSport Mocean sold all assets and liabilities to petitioner (a newly incorporated California Corporation). Thus respondents essentially changed their business entity type status from a general partnership to a corporation and, as sole shareholders, respondents initially served as President (Donn Pierson) and Treasurer (Kimberley Pierson) of petitioner corporation.

On March 1, 1998, petitioner entered into a "Management Services Agreement," with W. James Hindman & Management, Inc. (WJHM). Pursuant to the agreement, WJHM was to provide management services for petitioner, but it also acquired a controlling interest (by way of common stock and a voting trust agreement) in petitioner.

Approximately one month after WJHM assumed operations control of petitioner, respondent Donn Pierson was replaced as President (and Chief Executive Officer) and ceased being employed by petitioner. In November 1998, Bill Levitt became petitioner's President and CEO, and currently serves in these capacities.

Kimberley Pierson remained an employee of petitioner until 2001.

Initially, insofar as standing is concerned, the record clearly establishes that petitioner is not an intermeddler and has standing to bring this cancellation proceeding. Petitioner alleges in the complaint that it has "continuously used the mark with the full knowledge of [respondents]." Petitioner's president Bill Levitt clarifies in his testimony declaration by averring that petitioner's purchase of "all assets and liabilities" of the respondents' partnership "included the MOCEAN trademark at issue in this case, which [petitioner] considered and still considers to be an important asset to the operation and success of [petitioner]." B. Levitt declaration, p. 2. Accordingly, petitioner has a legitimate personal interest in the cancellation, and a reasonable basis for its belief of damage. *Ritchie v. Simpson*, 170 F.3d 1092, 50 USPQ2d 1023 (Fed. Cir. 1999).

We turn first to petitioner's abandonment ground for cancellation.

The Trademark Act provides for the cancellation of a registration if the registered mark has been abandoned. See Section 14 of the Trademark Act, 15 U.S.C. §1064. Under Section 45 of the Trademark Act, 15 U.S.C. §1127, a mark is considered abandoned when "its use has been discontinued

with intent not to resume such use." The definition of abandonment is found in this provision, as follows:

A mark shall be deemed to be "abandoned" if either of the following occurs:

(1) 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.

...

See 15 U.S.C. §1127.

Because registrations are presumed valid under the law, the party seeking to cancel a registration on the ground of abandonment bears the burden of proof to establish the case by a preponderance of the evidence. See *On-Line Careline Inc. v. America Online Inc.*, 229 F.3d 1080, 56 USPQ2d 1471 (Fed. Cir. 2000); and *Cerveceria Centroamericana S.A. v. Cerveceria India Inc.*, 892 F.2d 1021, 13 USPQ2d 1307 (Fed. Cir. 1989). If petitioner makes a prima facie case of abandonment, the burden of production, i.e., going forward, then shifts to the registration holder to rebut the prima facie showing with evidence. *Cerveceria v. Cerveceria, supra*.

Abandonment is a question of fact. See *Stock Pot Restaurant, Inc. v. Stockpot, Inc.*, 737 F.2d 1576, 1579, 222 USPQ 665, 667 (Fed.Cir.1984). Thus, any inference of abandonment must be based in proven fact. A party claiming

that a mark has been abandoned must show "non-use of the mark by the legal owner and no intent by that person or entity to resume use in the reasonably foreseeable future." See *Stetson v. Howard D. Wolf & Associates*, 955 F.2d 847, 850 (2d Cir 1992). Non-use for three consecutive years alone, however, constitutes prima facie evidence of abandonment. See *supra*, 15 U.S.C. §1127. See also *Emergency One, Inc. v. American FireEagle, Ltd.*, 228 F.3d 531, 56 USPQ2d 1343 (4th Cir. 2000).

Based on the record before us, we find that respondents have not used their registered mark MOCEAN since 1994 and, accordingly, a prima facie case of abandonment of the trademark has been established. More specifically, after the 1994 sale of the business from respondents' partnership to petitioner, respondents ceased using the MOCEAN mark in commerce. Instead, from that date forward petitioner carried on the business of selling apparel under the mark MOCEAN.

Respondents have not rebutted the prima facie showing of abandonment with credible and persuasive evidence. While we do not have a trial brief from respondents, we are able to discern from their testimony that their main contention is that they have always owned the MOCEAN trademark and that said mark was actually being licensed to petitioner since

1994.⁵ As discussed further below, we do not find that a licensing agreement existed between respondents and petitioner.

Again, respondents contend that a licensing arrangement between themselves and petitioner has been in place since 1994. At trial, respondents produced a letter that purportedly was executed in February 1994 and sets forth an agreement whereby respondents, as individuals, agree to license the MOCEAN trademark to petitioner. Exhibit 7 of D. Pierson deposition. The signatures on the document are those of respondents, once in their capacity as individuals and again in their capacity as officers of petitioner corporation. By the terms of the document, respondents agree to grant petitioner "an exclusive and non-transferable world-wide license" to use the MOCEAN trademark on apparel without any "fee, royalty or other monetary charge of whatsoever kind."

For several reasons, the aforementioned licensing document lacks credibility. First, petitioner's president, Bill Levitt, who has been managing petitioner since 1998 has stated unequivocally that he has "never heard of or seen

⁵ Respondents also rely on the sale of a small number of sports shorts that were given to respondent K. Pierson by petitioner's president in 2004. Even if we were to find that said sale constituted bona fide use of the mark in trade, it occurred long after the three consecutive-year period (beginning in 1998) resulting in a prima facie case of abandonment. In other words, any use of the MOCEAN mark by respondents in 2004 does not negate or somehow overcome their prior abandonment of the mark.

this letter...before [respondents] submitted this document in this proceeding." He goes on to state that "[d]uring all my years of actively participating in the management of the company, and using and referencing our corporate files, I never once saw this 'Grant of License' letter." B. Levitt rebuttal declaration, p. 2. Mr. Levitt also states that respondents never mentioned or presented a copy of the purported licensing agreement document during their discussions regarding ownership of the trademark preceding this action. B. Levitt rebuttal declaration, p. 2.

The existence of any licensing agreement is also inconsistent with the substance of respondents' November 2004 email letter to Bill Levitt. A copy of the email is attached as Exhibit 8 to the deposition of D. Pierson. In the email letter, respondents actually propose a licensing agreement to Mr. Levitt, but do not mention an existing agreement. Specifically, respondents suggest:

What we are proposing is that the company [petitioner] pay Kimberley and I interest on the loan of our asset, or pay a royalty based on a licensing agreement for the use of our trademark 'MOCEAN'. Pretty simple isn't it? A licensing agreement would be satisfactory to Kimberley and I if; sales targets and product quality standards were set, the specific market is included and the royalty is paid monthly. We have reached a dollar/royalty value of 3% of gross monthly sales and agreement renewal increments would need to be agreed upon.

Certainly, if a licensing agreement between respondents and petitioner was already in existence since 1994, it would

have behooved respondents to reference the agreement in the above-referenced email communication. Moreover, Mr. Levitt has stated that "at no time during my discussions with the Piersons regarding ownership of the trademark did either of them ever mention or show me a copy of this letter addressed to themselves, purportedly dated February 10, 1994." Levitt rebuttal declaration, p. 3. Finally, respondents have not produced any documentary evidence or testimony from third parties that corroborates the existence of the licensing agreement.

Even if we were to find the licensing agreement to be credible and that it was actually executed between respondents and petitioner in 1994, there is insufficient evidence for us to conclude that a licensing arrangement was actually enforced or that respondents exercised sufficient control over the use of the MOCEAN mark since that date. The Board has long held that a certain amount of quality control is necessary to preclude a holding of abandonment by a licensor. See *Woodstock's Enterprises Inc. (California) v. Woodstock's Enterprises Inc. (Oregon)*, 43 USPQ2d 1440 (TTAB 1997), aff'd, No. 97-1580 (Fed. Cir. Mar. 5, 1998).

Respondents stated in their declarations that they have been monitoring petitioner's use of the MOCEAN mark pursuant to the license agreement. These statements, however, are not supported by any documentary evidence and are directly

contradicted by petitioner's president. Specifically, respondent D. Pierson has stated that "since 1998 and with keys given to me by [petitioner], I have on an almost bi-monthly basis" visited petitioner's offices and inspected the quality of the goods and have otherwise "maintained the trademark MOCEAN by keeping my eye on how the [mark] is being utilized." Respondent D. Pierson declaration, pp. 15-16. Petitioner's president Bill Levitt has stated that he spends "on average 6 days a week, all month long" at petitioner's offices and has seen respondent D. Pierson "maybe 5 or 6 times in the last 5 years, and during none of these visits did I ever see Mr. Pierson inspecting the Mocean products." B. Levitt rebuttal declaration, pp. 3-4. Mr. Levitt further states that respondent D. Pierson has "asked me more than once for a key to [petitioner's offices] and each time I declined to give him one. To my knowledge, no one else at [petitioner] has given Mr. Pierson a key to the front door, back door or any other entrance to the building."

In summary, we find that a prima facie case of abandonment has been established inasmuch as respondents did not use the trademark for three consecutive years following 1994. Thus, the burden of going forward and rebutting the prima facie showing, with evidence, shifted to respondents. Respondent has not met its burden. As explained, we have

found the purported license agreement lacking in credibility. Moreover, even if we were to lend credence to the document, there is simply insufficient evidence to establish that the licensing agreement was actually enforced.

Therefore, we conclude that respondent has abandoned the mark in the subject registration.⁶

Decision: The petition to cancel on the ground of abandonment is granted.

⁶ Because we find that respondents have abandoned their mark and are granting the petition to cancel on this ground, we need not reach a decision on the ground of fraud.