

THIS OPINION IS NOT
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UNITED STATES PATENT AND TRADEMARK OFFICE
Trademark Trial and Appeal Board
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Mailed: July 12, 2010

Cancellation No. 92050965

Dallas C. Brown Jr.

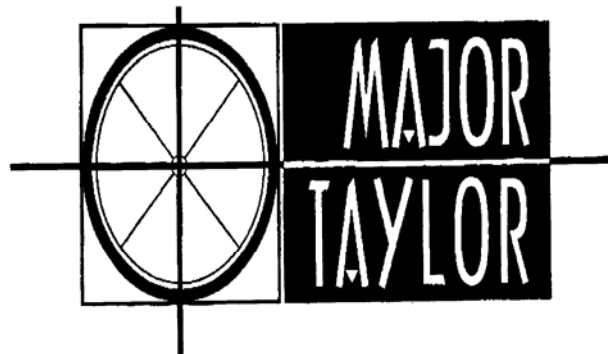
v.

Courtney L. Bishop

**Before Bucher, Taylor, and Mermelstein,
Administrative Trademark Judges.**

By the Board:

On May 14, 2009, Dallas C. Brown, Jr. ("petitioner") filed a petition for cancellation that seeks to cancel two registrations owned by Courtney L. Bishop ("respondent") both for the mark "MAJOR TAYLOR" and design, as displayed below, for the following services:



1. "retail store and/or on-line computerized ordering services featuring bicycles, bicycle equipment, bicycle clothing, shoes, and apparel; Promoting bicycle sports, bicycle competitions and/or events of other" in International Class 35;¹ and
2. "financial and insurance underwriting services pertaining to Fund Raising Associations, Foundations, Charitable not for profit organizations Covering activities held within the normal scope of operations for these organizations, namely, fundraisers" in International Class 36.²

As grounds for cancellation, petitioner alleges that respondent committed fraud during the prosecution of his applications for registration by attesting that "no other person, firm, corporation, or association has the right to use the above identified mark in commerce," when at the time he signed the declarations, respondent knew that the statement was false inasmuch as respondent knew at the time he filed his declarations that others were using the name MAJOR TAYLOR in commerce and the family members of Major Taylor were alive. In addition, petitioner has asserted

¹ Reg. No. 2791896, issued on December 9, 2003, on the Principal Register, alleging September 1, 1991, as the first date of use anywhere, and May 15, 1992, as the first date of use in commerce. Respondent stated that "Major Taylor" does not represent a living individual.

² Reg. No. 2701247, issued on March 25, 2003, on the Principal Register, alleging June 1, 2000, as the first date of use anywhere, and June 1, 2002, as the first date of use in commerce. Respondent stated that "Major Taylor" does not represent a living individual.

that the Indiana State Code relating to the right of publicity prohibits the commercial use of the name of a deceased individual without the written consent of the estate of the deceased person; that respondent is an Indiana resident; and that because respondent did not obtain the written consent of Major Taylor's estate, respondent's use of his mark is in violation of the Indiana State Code, and therefore the mark is not used in lawful commerce.

Finally, petitioner alleges that respondent's use of the subject marks falsely suggests a connection with petitioner under Section 2(a) of the Trademark Act.

Respondent, in his answer, has denied the essential allegations of the petition to cancel.

This case now comes before the Board for consideration of respondent's motion for summary judgment (filed May 12, 2010) on the grounds that the petition to cancel is barred by the doctrines of *res judicata* and issue preclusion.

In support of his motion, respondent contends that a prior Board proceeding, i.e., Cancellation No. 92047757, styled *Karen B. Donovan. v. Courtney L. Bishop*, (hereinafter referred to as the "Prior Action"), provides the basis for respondent's contention that the current proceeding is barred by the doctrines of *res judicata* and issue preclusion. According to respondent, the Board in the Prior Action dismissed the cancellation proceeding with prejudice on the ground that petitioner lacked standing to pursue the case.

Respondent maintains that the Prior Action involved a party in privity with the petitioner in this case inasmuch as the plaintiff in the Prior Action is purportedly the niece of the petitioner herein. Moreover, respondent maintains that a final judgment was entered in the Prior action and that Prior Action and the current case concern the same transactional facts.

Additionally, respondent contends that the issues involved in this proceeding are identical to those raised and actually litigated in the Prior Action and, therefore, petitioner is collaterally estopped from pursuing the current case.

For purposes of this order, we presume the parties' familiarity with the pleadings, the history of the proceeding and the arguments and evidence submitted with respect to the motion.

A party is entitled to summary judgment when it has demonstrated that there are no genuine issues as to any material facts, and that it is entitled to judgment as a matter of law. Fed. R. Civ. P. 56(c). The evidence must be viewed in a light favorable to the nonmoving party, and all justifiable inferences are to be drawn in the nonmovant's favor. *Opryland USA Inc. v. The Great American Music Show, Inc.*, 970 F.2d 847, 23 USPQ2d 1471, 1472 (Fed. Cir. 1992).

Res Judicata

The application of *res judicata* [claim preclusion] requires the following: (1) the identity of the parties or their privies, (2) a final judgment on the merits of the prior claim, and (3) the claim in the later-filed case must be based on the same transactional facts as the first case and should have been litigated in the prior case. *Parklane Hosiery Co. v. Shore*, 439 U.S. 322, 327 n. 5 (1979); *Jet Inc. v. Sewage Aeration Sys.*, 223 F.3d 1360, 55 USPQ2d 1854, 1856 (Fed. Cri. 2000).

After a careful review of the record, we find that the doctrine of *res judicata* or claim preclusion is not applicable in this proceeding.

The final decision of the Board in a cancellation proceeding may be appealed to the Court of Appeals for the Federal Circuit or to a U.S. District Court with appropriate jurisdiction. See Trademark Act Sections 21(a)(1) and 21(b)(1), 15 U.S.C. §§ 1071(a)(1) and 1071(b)(1); Trademark Rule 2.145, 37 C.F.R. § 2.145; and TBMP § 901.01 (2d ed. rev. 2004).

Generally, a final judgment retains all of its *res judicata* consequences pending decision of the appeal of the final judgment, unless the appeal actually involves a full trial de novo. See Wright, Miller and Cooper, 18A Fed. Prac. &

Proc. Juris. § 4433 (2nd ed. 2010 update), and cases cited therein at fn. 11-12 (emphasis added).

In this instance, the "appeal" of the final judgment in the Prior Action falls within the exception noted above. Specifically, the petitioner in the Prior Action, namely, Karen B. Donovan, sought a remedy from the Board's decision in the Prior Action by way of a civil action in the United States District Court for the Southern District of Indiana (Case No. 1:09-cv-0275-WTL-TAB). Such a proceeding involves (at least potentially) a full trial *de novo* on the merits of the case, including consideration of any additional claims or evidence brought before the District Court. Trademark Act Section 21(b).³ Respondent does not deny this since respondent advised the Board of the appeal in his motion for summary judgment. In view of the fact that the Prior Action is currently before the district court for a new trial, the Board's judgment in the Prior Action does not retain its *res judicata* preclusive effect. Therefore, respondent's motion for summary judgment on the basis of *res judicata* is denied as premature.

We note, however, that even if the Board's decision in the Prior Action could be considered a "final decision" for the purposes of determining claim preclusion - we would deny respondent's motion for summary judgment because, at a minimum,

³The Board has taken judicial notice of the pleadings in the appeal pending in the United States District Court of the Southern District of Indiana.

there exists a genuine issue of material fact on this record as to whether the plaintiff in the Prior Action is in privity with the petitioner in the current proceeding.

Issue Preclusion

We now turn to respondent's alternative argument that petitioner is collaterally estopped from pursuing this cancellation proceeding.

Under the doctrine of collateral estoppel or issue preclusion, if an issue is actually litigated and necessarily determined against a party by a court of competent jurisdiction, that determination is conclusive in a subsequent suit involving the same issue and party. *Mother's Rest. Inc. v. Mama's Pizza, Inc.*, 723 F.2d 1566, 221 USPQ 394, 397 (Fed. Cir. 1993).

The requirements which must be met for issue preclusion are as follows:

1. the issue to be determined must be identical to the issue involved in the prior action;
2. the issue must have been raised, litigated and actually adjudged in the prior action;
3. the determination of the issue must have been necessary and essential to the resulting judgment; and
4. the party precluded must have been fully represented in the prior action.

Mother's Rest., *supra*.

We first note that the underlying claims asserted in the Prior Action were never actually litigated or adjudicated

inasmuch as the Prior Action was dismissed on the ground that the petitioner in the Prior Action lacked standing to pursue the case. Moreover, we find that the only issue actually decided in the Prior Action, whether Karen B. Donovan had standing to file a petition to cancel, is a different issue than whether the petitioner in the current proceeding, namely, Dallas C. Brown, has standing to pursue the instant case.

In view thereof, respondent's motion for summary judgment on the basis of issue preclusion is also denied.

Suspension of the Current Proceeding

As noted above, the Prior Action upon which respondent bases its motion for summary judgment is currently before the United States District Court for the Southern District of Indiana (Case No. 1:09-cv-0275-WTL-TAB). It is the policy of the Board to suspend proceedings when the parties are involved in a civil action which may be dispositive of or have a bearing on the Board case.⁴ See Trademark Rule 2.117(a). As noted above, the Board has taken judicial notice of the pleadings in the civil action which indicate

⁴Moreover, to the extent that a civil action in a Federal district court involves issues in common with those in a Board proceeding, the district court's decision would be binding on the Board, whereas the Board decision is merely advisory to the district court. See *American Bakeries Co. v. Pan-O-Gold Baking Co.*, 2 USPQ2d 1208 (D.C. Minn. 1986). Further, Board decisions are appealable to the district court. See Trademark Act Section 21, and *Goya Foods, Inc. v. Tropicana Prods. Inc.*, 846 F.2d 848, 6 USPQ2d 1950, at 1953 (2d Cir. 1988).

that a decision by the district court could be dispositive of, or have a bearing on, the issues in this cancellation proceeding especially since the relief requested in the civil action includes, *inter alia*, a request to cancel the registrations subject to this proceeding and the fact that the petitioner herein has been named as third-party defendant in the civil action.

Accordingly, proceedings herein are suspended pending final disposition of the civil action in the Prior Action.

Within twenty days after the final determination of the civil action (including the resolution of any appeal or request for reconsideration), the interested party shall notify the Board so that this case may be called up for appropriate action. During the suspension period the Board should be notified of any address changes for the parties or their attorneys.

Deficient Claims

As a final matter, the Board notes that petitioner's pleading, which includes a claim of fraud, was filed and served prior to our reviewing court's decision in *In re Bose Corp.*, 580 F.3d 1240, 91 USPQ2d 1938 (Fed. Cir. 2009).

Accordingly, the parties are advised that any determination of the merits of a fraud claim will now be made in accordance

with the holding in *In re Bose Corp.*, and the Board's decisions following it.

A party must allege the elements of fraud with particularity in accordance with Fed. R. Civ. P. 9(b), made applicable to Board proceedings by Trademark Rule 2.116(a). Under Rule 9(b), together with Fed. R. Civ. P. 11 and USPTO Rule 11.18, "the pleadings [must] contain explicit rather than implied expression of the circumstances constituting fraud." *King Auto., Inc. v. Speedy Muffler King., Inc.*, 667 F.2d 1008, 212 USPQ 801, 803 (CCPA 1981). See also Wright & Miller, 5A Federal Practice and Procedure § 1296 n. 11 (updated 2010) (citing cases that discuss purposes of the Rule 9(b) heightened pleading standard to include providing notice, weeding out baseless claims, preventing fishing expeditions and fraud actions in which all facts are learned after discovery, and serving the goals of Rule 11).

Pleadings of fraud made "on information and belief," when there is no allegation of "specific facts upon which the belief is reasonably based" are insufficient. *In re Bose Corp.*, 91 USPQ2d at 1938. Additionally, under USPTO Rule 11.18, 37 CFR § 11.18, the factual basis for a pleading requires either that the pleader know of facts that support the pleading or that evidence showing the factual basis is "likely" to be obtained after a reasonable opportunity for discovery or investigation. Allegations based solely on

information and belief raise only the mere possibility that such evidence may be uncovered and do not constitute pleading of fraud with particularity. Thus, to satisfy Rule 9(b), any allegations based on "information and belief" must be accompanied by a statement of facts upon which the belief is founded. See *Exergen Corp. v. Wal-Mart Stores, Inc.*, 575 F.3d 1312, 91 USPQ2d 1656, 1670 n. 7 (Fed. Cir. 2009), citing *Kowal v. MCI Communications Corp.*, 16 F.3d 1271, 1279 n. 3 (D.C. Cir. 1994) ("[P]leadings on information and belief [under Rule 9(b)] require an allegation that the necessary information lies within the defendant's control, and ... such allegations must also be accompanied by a statement of the facts upon which the allegations are based" (citation omitted)).

A pleading of fraud on the USPTO must also include an allegation of intent. *In re Bose*, 91 USPQ2d at 1939-40. Moreover, although Rule 9(b) allows that intent may be alleged generally, the pleadings must allege sufficient underlying facts from which a court may reasonably infer that a party acted with the requisite state of mind. *Exergen Corp.*, 91 USPQ2d at 1667, n. 4. A pleading of fraud which rests solely on allegations that the trademark applicant or registrant made material representations of fact in connection with its application or registration which it "knew or should have known" to be false or misleading is an insufficient pleading of fraud because it implies mere negligence and negligence is

not sufficient to infer fraud or dishonesty. *In re Bose*, 91 USPQ2d at 1940, quoting *Symbol Techs., Inc. v. Opticon, Inc.*, 935 F.2d 1569, 1582, 19 USPQ2d 1241 (Fed. Cir. 1991). Thus under *Bose*, intent is a specific element of a fraud claim and a bald allegation that a declarant "should have known" a material statement was false does not make out a proper pleading. See also *Media Online Inc. v. El Casificado, Inc.*, 88 USPQ2d 1285, 1287 (TTAB 2008) (finding proposed amended pleading insufficient in part because the pleading lacked allegations of scienter); *Crown Wallcovering Corp. v. Wall Paper Mfrs. Ltd.*, 188 USPQ 141, 144 (TTAB 1975), and cases cited therein ("in order to state a claim upon which relief can be granted on the ground of fraud, it must be asserted that the false statements complained of were made willfully in bad faith with the intent to obtain that to which the party making the statements would not otherwise have been entitled").

In this case, petitioner alleges the following in regard to his fraud claim:

Paragraph 4

Major Taylor is the well known alternative name by which the deceased individual Marshall W. Taylor was known. Major Taylor was born on November 26, 1878 and he died on June 21, 1932. Major Taylor has living descendants to the present day.

Paragraph 5

In the application filed by Registrant for registration of the MAJOR TAYLOR trademark which resulted in the issuance of Trademark Registration No. 2791896 and in the application filed by Registrant for registration of the MAJOR TAYLOR trademark which resulted in the issuance of Trademark Registration No. 2701247, Registrant filed a Declaration that "to the best of his/her knowledge and belief no other person, firm, corporation, or association has the right to use the above identified mark in commerce, either in the identical form thereof or in such near resemblance thereto as to be likely, when used on or in connection with the goods/services of such other person, to cause confusion, or to cause mistake, or to deceive." Upon information and belief, at the time that Registrant made this declaration and filed same with the U.S. Trademark Office, Registrant knew or believed such statement to be false. Registrant knew at the time that he filed this Declaration that others were using the name MAJOR TAYLOR in commerce and that family members of MAJOR TAYLOR were alive.

Petitioner's allegations in Paragraphs 4-5 regarding respondent's alleged false statements to the Office are based "upon information and belief." In their totality, these allegations fail to meet the Fed. R. Civ. P. 9(b) requirements as they are unsupported by any statement of facts providing the information upon which petitioner relies or the belief upon which the allegation is founded (i.e., known information giving rise to petitioner's stated belief, or a statement regarding evidence that is likely to be discovered that would support a claim of fraud). *Media Online*, 88 USPQ2d at 1287 (finding the proposed amended pleading insufficient in part under Fed. R. Civ. P. 9(b) because the false statements that purportedly induced the Office to allow registration were not set forth with particularity). See also Wright & Miller,

supra, § 1298 (discussing particularity requirement of Fed. R. Civ. P. 9(b)). By merely stating that his allegation is based "upon information and belief," petitioner has failed to set forth particular facts to reasonably support petitioner's allegation of "upon information and belief" that respondent made false material misrepresentations of fact during the prosecution of respondent's marks that respondent knew to be false.

In view of the foregoing, the Board finds that petitioner's fraud claim is not properly pleaded and is insufficient to state a claim. At a minimum, petitioner has failed to allege (1) respondent's intent to deceive or scienter with any particularity, (2) whether such intent to deceive was made knowingly for purposes of deceiving the USPTO, (3) whether respondent's Declaration was a false and material misrepresentation and (4) specific facts upon which petitioner's allegation of "upon information and belief" is reasonably based.

Similarly, we find petitioner's claim of false suggestion of a connection to be insufficiently pleaded. In order to state a proper claim of false suggestion of a connection under Section 2(a) of the Trademark Act, a plaintiff must allege facts from which it may be inferred that the defendant's mark points uniquely to plaintiff, as an entity - i.e., that defendant's mark is plaintiff's identity or "persona" - and

that purchasers would assume that goods and/or services bearing defendant's mark are connected with plaintiff. See *Univ. of Notre Dame du Lac v. J.C. Gourmet Food, Imports Co., Inc.*, 703 F.2d 1371, 217 USPQ 505 (Fed. Cir. 1983). Also, a properly pleaded claim of false suggestion of a connection must clearly assert either plaintiff's prior use of defendant's mark, or the equivalent thereof, as a designation of its identity or "persona," or an association of the same with the plaintiff prior in time to the defendant's use. See e.g., *In re Nuclear Research Corp.*, 16 USPQ2d 1316 (TTAB 1990); and *Ala. Bd. of Trs. v. BAMA-Werke Curt Baumann*, 231 USPQ 408 (TTAB 1986)

Here, petitioner has merely alleged that respondent's use and registration of its MAJOR TAYLOR trademarks marks falsely suggests a connection with petitioner. As originally pleaded, we find petitioner's false suggestion of a connection claim deficient.

Finally, petitioner has alleged that respondent's use of its MAJOR TAYLOR marks is in violation of Indiana state law and, therefore, respondent's use is unlawful. The Board notes that is empowered to determine only the right to register under federal law. See Trademark Act Sections 17, 18, 20 and 24. The Board is therefore not authorized to determine the right to use, nor may it decide broader questions of infringement or unfair competition. Accordingly, it is not

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within the province of this Board to determine whether use of respondent's marks is in violation of Indiana state law. See *Enterprise Rent-A-Car Co. v. Advantage Rent-A-Car Inc.*, 62 USPQ2d 1857, 1858 (TTAB 2002), *aff'd*, 300 F.3d 1333, 66 USPQ2d 1811 (Fed. Cir. 2003) (no jurisdiction to decide issues arising under state dilution laws); *cf. American-International Travel Service, Inc. v. Aits, Inc.*, 174 USPQ 175 (TTAB 1972) (Board held that it was without jurisdiction to determine whether the acts of an opposer constituted a violation of a criminal statute). In view thereof, petitioner's Count 2, based on an asserted violation of Indiana state law, is hereby stricken and will be given no further consideration.

Accordingly, upon resumption of this proceeding, if necessary and appropriate, petitioner will be allowed time in which to file and serve an amended pleading properly alleging fraud, as well as a proper claim of false suggestion of a connection, if petitioner has a sound basis for doing so, failing which the petition for cancellation will be dismissed with prejudice.

Proceedings herein are SUSPENDED pending the final disposition of the proceedings before the United States District Court for the Southern District of Indiana.