

UNITED STATES PATENT AND TRADEMARK OFFICE
Trademark Trial and Appeal Board
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Alexandria, VA 22313-1451

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THIS OPINION IS NOT
A PRECEDENT OF THE
T.T.A.B.

Mailed: June 28, 2012

Cancellation No. 92054069

Marc Hogue

v.

Skydive Arizona, Inc.

**Before, Kuhlke, Wellington, and Lykos,
Administrative Trademark Judges.**

By the Board:

This case comes up on respondent's (1) combined motion to dismiss for failure to state a claim upon which relief can be granted under Fed. R. Civ. P. 12(b)(6) and for summary judgment under Fed. R. Civ. P. 12(d) based on claim and issue preclusion and (2) motion for judicial notice (each filed July 13, 2011); and petitioner's motion (filed September 22, 2011) to strike portions of respondent's reply brief in support of the motion for summary judgment.

Background

Petitioner seeks to cancel respondent's registration for the mark SKYDIVE ARIZONA for "educational services, namely, providing instructions and training in parachuting

and skydiving."¹ The registration issued on the Principal Register pursuant to a claim of acquired distinctiveness under Section 2(f). As grounds for cancellation, petitioner alleges that the mark is merely descriptive under Trademark Act Section 2(e)(1) and primarily geographically descriptive under Trademark Act Section 2(e)(2).

Technical Default

Answer was due in this case on July 12, 2011. On July 13, 2011, respondent filed, in lieu of an answer, a combined motion to dismiss for failure to state a claim and motion for summary judgment via ESTTA. Although the motion includes a certificate of transmission dated July 12, 2011, such certificates are appropriate only for filings by electronic mail or facsimile -neither of which is available in Board *inter partes* proceedings. See TBMP § 107 (3d ed. rev. 2012), and TMEP §§ 303.01, 304.05 and 306.05(c). Respondent's motion does not appear to have been actually filed (i.e., successfully transmitted) until July 13, 2011. Respondent is reminded that Eastern time controls the filing date accorded by ESTTA. See TBMP § 108 (3d ed. rev. 2012). In view the late filing, respondent is in technical default. However, given the minimal delay and the nature of the

¹Registration No. 3099847, issued June 6, 2006, claiming a date of first use anywhere and a date of first use in commerce of 1986. A disclaimer of the word SKYDIVE is of record. A Section 8 Affidavit has been accepted.

combined motion, we find good cause to set aside respondent's technical default and will consider the merits of the outstanding motions. See Fed. R. Civ. P. 55(c).

Motion for Judicial Notice

By way of its motion respondent requests that we take judicial notice of Exhibits A, B, C, D, E, and F submitted with the motion for summary judgment, as court records from Civil Action No. CIV-01-1854-PHX-SMM, styled *Skydive Arizona LLC v. Mike Mullins d/b/a Arizona Skydiving*, in the United States District Court for the District of Arizona. Petitioner does not object to Exhibits A, B, and C, but argues that respondent has not authenticated Exhibit D or sufficiently established that Exhibits E and F are court records. In its reply brief in support of the motion for judicial notice, respondent requests that we also take judicial notice of Exhibits G, H, and I submitted with respondent's reply brief in support of summary judgment.

Although petitioner does not object to Exhibits A, B, and C, we need not admit them under judicial notice. They are official records, and petitioner treats Exhibits A and B as being of record for the purpose of summary judgment. See Trademark Rule 2.122(e). Cf. TBMP § 704.07 (3d ed. rev. 2012) (Board may consider materials where adverse party does not object or itself treats the materials as being of record). In view thereof, we may consider these exhibits

without taking judicial notice, and the motion is moot as to Exhibits A, B, and C.

Although petitioner disputes the authenticity of the agreement attached as Exhibit D "because there is more than [one] version of the" agreement (Brief in opposition to summary judgment, p. 3, fn.1), petitioner cites to Exhibit D in support of his own brief and did not offer an affidavit authenticating a different version of the agreement. Moreover, the declaration of Sid Leach (Exhibit J) is sufficient to authenticate the agreement submitted as Exhibit D. In view thereof, we may consider this exhibit without taking judicial notice, and the motion is moot as to Exhibit D.

Similarly, inasmuch as Exhibits E and F have been identified and authenticated by the declaration of Sid Leach (Exhibit I), Exhibits E and F are properly of record for purposes of the motion for summary judgment, and we may consider these exhibits without taking judicial notice. Accordingly, the motion is moot as to Exhibits E and F.

Exhibit G was introduced for the purpose of supporting Exhibit D and portions of Exhibit F, and Exhibits H and I were introduced for the purpose of supporting portions of Exhibit F. Inasmuch as Exhibits D and F are properly of record, as discussed above, the motion for judicial notice is moot as to Exhibits G, H, and I.

Motion to Strike

By way of his motion petitioner moves to strike "Section II" (discussing the issue of secondary meaning) of respondent's reply brief in support of summary judgment. Petitioner argues that respondent's motion for summary judgment raised the issues of claim preclusion, issue preclusion, and failure to state a claim upon which relief can be granted, and, for the first time in the reply, respondent argues the merits of whether its mark has obtained secondary meaning. In determining the motion for summary judgment based on claim and issue preclusion we find respondent's arguments regarding secondary meaning, brought up for the first time in the reply brief, to be improper rebuttal and they have not been considered. Because the Board generally will not strike arguments from a brief and the objected-to section has not been considered, petitioner's motion is moot.

Motion for Summary Judgment

In a motion for summary judgment, the moving party has the burden of establishing the absence of any genuine disputes of material fact and that it is entitled to judgment as a matter of law. See Fed. R. Civ. P. 56(a). 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. *Lloyd's Food Products Inc.*

v. Eli's Inc., 987 F.2d 766, 25 USPQ2d 2027, 2029 (Fed. Cir. 1993).

By way of its motion, respondent moves for summary judgment on claim and issue preclusion based on an order entered by the United States District Court for the District of Arizona in *Skydive Arizona LLC v. Mike Mullins d/b/a Arizona Skydiving*. Application of the doctrine of claim preclusion requires an identity of the parties or their privies, and application of the doctrine of issue preclusion requires that the party defending against preclusion had a full and fair opportunity to litigate the issues. *Jet Inc. v. Sewage Aeration Sys.*, 55 USPQ2d 1854, 1856 and 1859 (Fed. Cir. 2000); and *Zachry Infrastructure, LLC v. American Infrastructure, Inc.*, 101 USPQ2d 1249, 1253 (TTAB 2011).

Petitioner was not a party to the civil action in question; therefore, for claim preclusion to apply, respondent must show that petitioner is in privity with the civil action defendant. In support of its argument that petitioner in the Board proceeding and defendant in the civil action are in privity, respondent states that it filed a trademark infringement action against Mike Mullins in 2001; that the controversy in the civil action arose from Mullins' operation of a competing skydiving business; that Mullins' business was sold to petitioner during the pendency of the civil action; that petitioner purchased Mullins'

business with knowledge of the civil action; and that petitioner is the successor-in-interest to Mullins. Petitioner counters that the civil action arose from a personal interest against Mullins and did not involve the business interest purchased by petitioner; that, during the course of the civil action, petitioner and respondent entered into a settlement agreement, the purpose of which was to settle potential claims that respondent might have in connection with the civil action against petitioner but not resolve any claims respondent had against Mullins; that, by the terms of the agreement, respondent promised not to add petitioner as a party to the civil action and promised not to sue petitioner for a claim of trademark infringement arising from the business interest purchased from Mullins; and, that, in view of the agreement between the parties, petitioner cannot be in privity with Mullins for the purpose of claim preclusion based on the civil action.

There is no question that petitioner purchased the skydiving business operations previously conducted by Mullins. See Order, Ex. A., p. 2; Settlement Agreement, Ex. D., para. 2; Order, Ex. C, p. 2; and Hogue Deposition, Ex. F, pp. 18-20. While this would normally put petitioner in privity with Mullins (*see, e.g., Golden State Bottling Co. v. NLRB*, 414 U.S. 168, 94 S.Ct. 414, 38 L.Ed.2d 388 (1973) (purchaser in privity with seller where business

acquired with knowledge of unresolved litigation)), we note that respondent forestalled that possibility by executing the settlement agreement between the parties. The agreement recites that "[petitioner] has entered into an agreement to purchase the skydiving operations previously conducted by Mike Mullins..." and states that its purpose is "to settle potential claims that [respondent] may have against [petitioner] in connection with [the civil action], but does not resolve any of the claims that [respondent] may have against [Mullins]." (Agreement, Ex. D., paras. 2 and 3.) Further, respondent "promise[d] that it [would] not seek to add [petitioner] as a party to the [civil action], and [would] not sue [petitioner] for ... any claim of trademark infringement ... based upon the use of the "Arizona Skydiving" name in connection with the business purchased by [petitioner] from Mike Mullins." (Para. 4.) It would be inequitable to now allow respondent to attach privity between Mullins and petitioner for purposes of this Board proceeding based on petitioner's purchase of Mullins' business when respondent, at the very time it should have been most sensitive to the issue, clearly separated petitioner from any trademark claims arising out of Mullins' business and the civil action related thereto. In other words, respondent is now contractually estopped from

applying the doctrine of claim preclusion to petitioner.²
See M-5 Steel Mfg. Inc. v. O'Hagin's Inc., 61 USPQ2d 1086, 1095 (TTAB 2001) and cases cited therein.

Similarly, inasmuch as petitioner was not a party to the civil action and was separated, by operation of the settlement agreement, from any trademark claims arising out of Mullins' business and the civil action related thereto, the doctrine of issue preclusion cannot apply. Petitioner was not part of the civil action and had no opportunity to litigate any issues therein. *See Sharp Kabushiki Kaisha v. ThinkSharp, Inc.*, 448 F.3d 1368, 79 USPQ2d 1376, 1378 (Fed. Cir. 2006), *citing Kremer v. Chemical Constr. Corp.*, 456 U.S. 461, 485 n.26 (1982). *See also, RF Delaware, Inc. v. Pacific Keystone Technologies, Inc.*, 326 F.3d 1255, 66 USPQ2d 1593 (Fed. Cir. 2003) (no issue preclusion where parties entered into settlement agreement).

Inasmuch as respondent has not shown that petitioner is in privity with Mullins for purposes of the civil action, and petitioner has not shown that petitioner had an opportunity to litigate the issues in the civil action,

² Although it was not raised by petitioner, we note that respondent in this cancellation proceeding is Skydive Arizona, Inc., an Arizona corporation, while the plaintiff in the civil action was Skydive Arizona LLC, an Arizona limited liability company. *See* District Court Order, Ex. A, p. 2. Respondent has not explained the discrepancy between these different entities, and we cannot determine on the current record that Skydive Arizona LLC and Skydive Arizona, Inc. are in fact the same party.

neither the doctrine of claim preclusion nor issue preclusion from the civil action can be applied to this Board proceeding. In view thereof, the motion for summary judgment is denied.

Motion to Dismiss

Respondent also seeks to dismiss the petition for cancellation for failure to state a claim upon which relief can be granted. Such a motion is a test solely of the legal sufficiency of the complaint. To withstand a motion to dismiss for failure to state a claim in a Board cancellation proceeding, the plaintiff need only allege such facts as would, if proved, establish that (1) it has standing, and (2) a valid ground exists for cancellation of the subject registration. *Petróleos Mexicanos v. Intermix SA*, 97 USPQ2d 1403, 1404 (TTAB 2010), citing *Fair Indigo LLC v. Style Conscience*, 85 USPQ2d 1536, 1538 (TTAB 2007), and *Young v. AGB Corp.*, 152 F.3d 1377, 47 USPQ2d 1752, 1755 (Fed. Cir. 1998). Specifically, "a complaint must contain sufficient factual matter, accepted as true, to state a claim to relief that is plausible on its face." *Ashcroft v. Iqbal*, 556 U.S. 662, 129 S.Ct. 1937, 1949-50 (2009), quoting *Bell Atlantic Corp. v. Twombly*, 550 U.S. 544, 570 (2007). In particular, a plaintiff need only allege "enough factual matter ... to suggest that [a claim is plausible]" and "raise a right to relief above the speculative level." *Totes-Isotoner Corp.*

v. U.S., 594 F.3d 1346 (Fed. Cir. 2010). For purposes of determining respondent's motion, all of petitioner's well-pleaded allegations must be accepted as true, and the amended petition must be construed in the light most favorable to petitioner. In accordance with Fed. R. Civ. P. 8(e), the pleading must be construed so as to do justice. *Intermix SA*, 97 USPQ2d at 1405.

The petition alleges facts that demonstrate petitioner has a real interest, that is, a personal stake, in seeking to cancel respondent's registration. *Ritchie v. Simpson*, 170 F.3d 1092, 50 USPQ2d 1023, 1025 (Fed. Cir. 1999). Petitioner alleges that he provides skydiving instruction services within the State of Arizona (petition para. 1); and that the subject registration prevents petitioner from describing (paras. 11 and 18) or offering (para. 12) his services without facing a challenge from respondent. Standing to assert that a term is descriptive, for example, may be shown where a plaintiff has a real interest in the proceeding because it is one who has a present or prospective right to use the term descriptively in its business.³ See *Nobell.com LLC v. Qwest Communications Int'l, Inc.*, 66 USPQ2d 1300, 1304 (TTAB 2003).

³ While the parties' settlement agreement prohibits petitioner from using the name "Arizona Skydiving," or any name that includes the word "Arizona" in combination with any form of the word "Skydive" or "Skydiving," the agreement does not prohibit petitioner from using similar terms to describe his services.

As for the grounds for cancellation, petitioner alleges that the mark is merely descriptive under Trademark Act Section 2(e)(1) and primarily geographically descriptive under Trademark Act Section 2(e)(2). We note that the subject registration issued under Section 2(f), which is a concession that the mark was merely descriptive or primarily geographically descriptive of the identified services, at least at the time of application. 15 U.S.C. § 1052(f). Where a respondent owns a registration based on acquired distinctiveness, the statute accepts a lack of distinctiveness as an established fact. *Yamaha International Corp. v. Hoshino Gakki Co.*, 840 F.2d 1571, 6 USPQ2d 1001, 1005 (Fed. Cir. 1988). Thus, when pleading that the mark is merely descriptive or primarily geographically descriptive, petitioner is required to allege that the mark has not acquired distinctiveness. The petition does not, however, include an allegation that the mark has not acquired distinctiveness under Section 2(f) for the identified services. In view thereof, the pleading is deficient, petitioner has failed to state a claim upon which relief can be granted, and respondent's motion to dismiss is accordingly granted.

The Board freely grants leave to amend pleadings found, upon challenge under Fed. R. Civ. P. 12(b)(6), to be insufficient. *IdeasOne Inc. v. Nationwide Better Health*

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Inc., 89 USPQ2d 1952, 1955 (TTAB 2009). In view thereof, petitioner is allowed until July 27, 2012, to file an amended petition; failing which, this proceeding will be dismissed with prejudice. Respondent is allowed until August 24, 2012, to file an answer to the amended petition, if an amended petition is filed.

Schedule

Proceedings are resumed. Dates are reset on the following schedule.

Amended Petition Due	7/27/2012
Time to Answer	8/24/2012
Deadline for Discovery Conference	9/23/2012
Discovery Opens	9/23/2012
Initial Disclosures Due	10/23/2012
Expert Disclosures Due	2/20/2013
Discovery Closes	3/22/2013
Plaintiff's Pretrial Disclosures	5/6/2013
Plaintiff's 30-day Trial Period Ends	6/20/2013
Defendant's Pretrial Disclosures	7/5/2013
Defendant's 30-day Trial Period Ends	8/19/2013
Plaintiff's Rebuttal Disclosures	9/3/2013
Plaintiff's 15-day Rebuttal Period Ends	10/3/2013

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)

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and (b). An oral hearing will be set only upon request filed as provided by Trademark Rule 2.129.