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

Proceeding	92058315
Party	Defendant M22, LLC
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IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD

State of Michigan

Petitioner,

Proceeding No: 92058315

v.

M22, LLC,

Registrant.

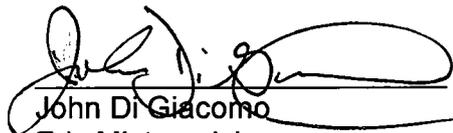
SECOND PARTIAL MOTION TO DISMISS

NOW COMES Registrant, M22, LLC, by and through its attorneys Revision Legal, PLLC, and for its Second Partial Motion to Dismiss Petitioner's Petition to Cancel states the following:

1. On June 30, 2014, Petitioner filed its Second Amended Consolidated Petition to Cancel.
2. Pursuant to Fed. R. Civ. P. 12(b)(6) and Trademark Trial and Appeal Board Manual of Procedure Rule 503, a motion to dismiss is proper where Petitioner has failed to state a claim on which relief can be granted.
3. To survive a motion to dismiss, Petitioner must allege facts that establish that (1) the Petitioner has standing to bring the proceeding; and (2) the Petitioner has a valid statutory ground for cancelling the registration.
4. Petitioner has failed to state a claim upon which relief can be granted, or a claim that is plausible on its face, as to its causes of action for unlawful use in commerce,

abandonment, misrepresentation of source, fraud on the USPTO, and geographic descriptiveness.

5. Consequently, Petitioner's causes of action for unlawful use in commerce, abandonment, misrepresentation of source, fraud on the USPTO, and geographic descriptiveness must be dismissed.
6. Registrant relies on the attached Brief in support of its Motion.



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

State of Michigan

Petitioner,

Proceeding No: 92058315

v.

M22, LLC,

Registrant.

**BRIEF IN SUPPORT OF REGISTRANT'S SECOND PARTIAL MOTION TO DISMISS
PETITIONER'S SECOND AMENDED CONSOLIDATED PETITION TO CANCEL**

I. INTRODUCTION

Registrant hereby moves to dismiss Petitioner's Second Amended Consolidated Petition to Cancel in part for failure to state a claim upon which relief can be granted.

II. FACTS

Registrant is M22, LLC ("M22"), a limited liability company organized under the laws of the State of Michigan, which was registered with the State of Michigan on May 19, 2003. M22, LLC is the owner of several registered trademarks¹. At issue in this matter are the following two marks:



Mark: M 22 M22ONLINE.COM

International Class 025: Apparel specifically hats, t-shirts, long sleeve shirts, sweat shirts, pants, shorts, underwear, tank tops.

¹ M22 for use in association with wine (Reg. No. 3427900), M22 for use in association with retail store services (Reg Nos. 3992151 and 3992159), M 22 M22ONLINE.COM for use in association with apparel (Reg. No. 3348635), and THE M-22 CHALLENGE for use in association with athletic competitions (Reg No. 3996410).

First Use In Commerce: January 1, 2004 ("M22 Apparel Mark")



Mark: M22

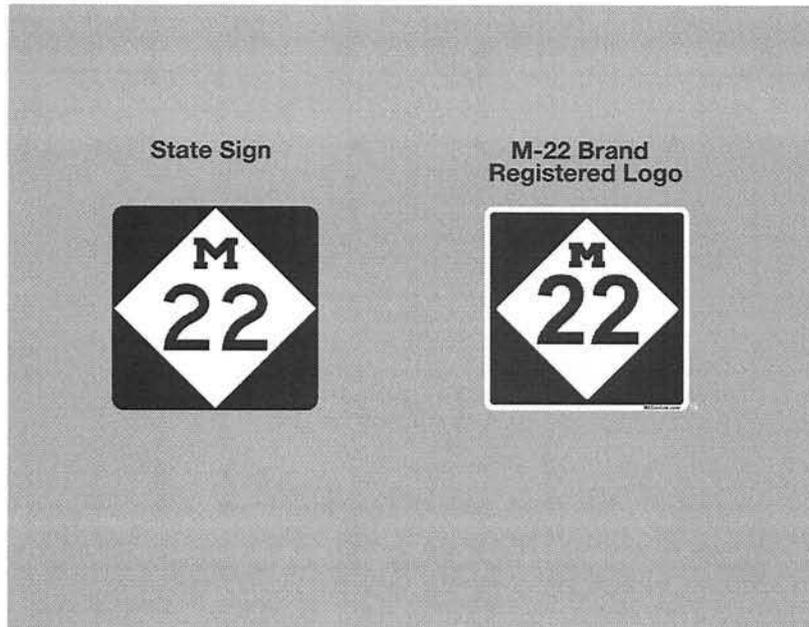
International Class 035: Retail store services featuring clothing, sporting goods, and novelty items.

First Use In Commerce: November 21, 2007 ("M22 Retail Mark")

(collectively, "M22 Marks").

M-22 is a Michigan state trunkline highway that originates in the resort community of Traverse City, Michigan and travels the Lake Michigan coastline, including west Grand Traverse Bay and the Sleeping Bear Dunes National Lakeshore, until its termination 3 miles north of Manistee, Michigan. This area of Michigan has long served as a coastal retreat for Chicago and Detroit residents and was recently named "Most Beautiful Place in America" by ABC News. See "Sleeping Bear Dunes Voted 'Most Beautiful Place in America,'" ABC News (2011), available at http://abcnews.go.com/Travel/best_places_USA/sleeping-bear-dunes-michigan-voted-good-morning-americas/story?id=14319616. Additionally, this area is home to a variety of cultural and recreational activities, including sailing, surfing, fly-fishing, kayaking, skiing, kiteboarding, numerous wineries and microbreweries, Michael Moore's Traverse City Film Festival, and the National Cherry Festival.

Registrant's M22 Marks are creatively dissimilar from the M-22 road sign.



Specifically, Registrant's M22 Marks consist of a modified M-22 road sign, which has been modified by Registrant to increase its aesthetic appeal and suitability for a brand. Registrant rounded the corners of the white diamond located in the middle of the sign, increased the thickness of both the "M" and "22" located in the white diamond, and added a white border around the outside of the mark for emphasis. Thus, Registrant's M22 Marks are not, in fact, a direct representation of the M-22 sign, but, rather, a derivative work of that sign.

Since as early as 2003, Registrant M22, through its predecessor in interest Broneah, Inc., has sold a variety of goods, including apparel and wine, bearing the M22 Marks. Registrant has become widely known across the United States for its M22 brand, which has achieved wide popularity and notoriety within the kiteboarding industry and with millions of tourists from across the world who have visited northwestern Michigan and consider the area one of scenic beauty and relaxation. In short, M22 is not just a road, it is a way of life².

² As expressed by Registrant's own website,

From 2003 to 2007, Registrant primarily sold its goods through retailers within the State of Michigan. In November of 2007, however, Registrant opened its first retail store located at 125 E. Front Street in the primary tourist-shopping district of Traverse City, Michigan. Since opening its retail store in 2007, Registrant has expanded the sale of its apparel to over 50 distributors in major Michigan cities, including in college towns such as East Lansing, Michigan, home of Michigan State University. Registrant has become so well known and respected within the State of Michigan that it was recently awarded the coveted “Michigan 50 Companies to Watch” award by Governor Rick Snyder. See “Michigan Celebrates Small Business,” Michigan Small Business and Technology Development Center (2013), available at <http://www.michigancelebrates.biz/past-winners/2013-mcsb-award-winners/>. And, as of the filing of this Brief, Registrant has been recognized by the State of Michigan on its “Pure Michigan” website, which is a campaign intended to tout the benefits of doing business in the State of Michigan. See “Featured Michigan Businesses,” Pure Michigan (2013), available at <http://www.michiganbusiness.org/#why-intro> and <http://www.michiganbusiness.org/why-michigan/success-stories/#m22>.

Despite this recognition by the State of Michigan, the Attorney General issued an advisory opinion on May 29, 2012, which stated that no entity could lawfully obtain trademark rights in or to the M-22 sign under trademark law. See Michigan Highway Route Marker Design As Trademark, Mich. Att’y Gen. Op. No. 7265, available at <http://www.ag.state.mi.us/opinion/datafiles/2010s/op10344.htm>. State Representative Frank

M-22 was created to express a common passion for Northern Michigan. It is marked by the simplicity and appreciation for natural wonders such as bays, beaches, and bonfires, dunes and vineyards, cottages, friends and family everywhere.

See “About Us,” M22.com (2013), available at <http://www.m22.com/about-us>.

D. Foster initiated the political process leading to this opinion, which began after Registrant discovered that a company within Mr. Foster's jurisdiction was producing counterfeit M22 products and selling them to tourists at her retail store. Subsequent to this discovery, Registrant sent the retail store a notice of infringement, and the retail store subsequently contacted Representative Foster, which ultimately led to the involvement of the Attorney General of Michigan. On December 3, 2013, Petitioner filed its original Petition to Cancel with the Trademark Trial and Appeal Board. On December 23, 2013, Registrant filed a Motion to Dismiss. In response, and on January 13, 2014, Petitioner responded to Registrant's Motion and filed a First Amended Consolidated Petition to Cancel. On January 22, 2014, Registrant filed its reply, which was deemed as a motion to dismiss by this Board. Petitioner failed to timely respond. On May 31, 2014, this Board granted in part and denied in part Registrant's Motion to Dismiss, which largely dismissed Petitioner's claims. This Board took the step to warn Petitioner that "all grounds for relief and allegation in support thereof must have a basis in law or fact...." Dkt. 13 at p. 16-17. On June 30, 2014, Petitioner filed its Second Amended Consolidated Petition to Cancel. This latest filing continues to further meritless legal arguments and factually insufficient allegations and even repeats claims already dismissed.

Registrant now moves to dismiss Petitioner's Second Amended Consolidated Petition to Cancel in part for Petitioner's failure to state a claim on which relief can be granted.

III. STANDARD OF REVIEW

To withstand a Motion to Dismiss pursuant to Fed. R. Civ. P. 12(b)(6), a petitioner must allege facts that, if proven, would establish that the petitioner is entitled to the relief sought. *See Fair Indigo, LLC v. Style Conscience*, 85 U.S.P.Q.2d 1536, 1538 (TTAB 2007). Specifically, the petitioner must allege facts that establish that: (1) the petitioner has

standing to bring the proceeding; and (2) the petitioner has a valid statutory ground for cancelling the registration. *Id.* 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*, 129 S. Ct. 1937, 1949 (2009), quoting *Bell Atlantic Corp. v. Twombly*, 550 U.S. 544, 570 (2007). “In the context of cancellation proceedings before the Board, a claim is plausible on its face when the petitioner pleads factual content that if proved, would allow the Board to conclude, or draw a reasonable inference that, the petitioner has standing and that a valid ground for cancellation exists.” *Corporacion Habanos, S.A. & Empresa Cubana Del Tabaco, D.B.A. Cubatabaco*, 92052146, 2011 WL 3871952 (TTAB Aug. 1, 2011), citing *Twombly*, 550 U.S. at 556. The purpose of a Rule 12(b)(6) motion is to “eliminate actions that are fatally flawed in their legal premises and destined to fail....” *Meckatzer Lowenbrau Benedikt Weib Kg*, 95 U.S.P.Q.2d 1185 (TTAB May 13, 2010).

IV. ARGUMENT

Petitioner has failed to state a claim upon which relief can be granted because it has failed to allege sufficient factual matter when, accepted as true, would state a claim that is plausible on its face. Since Petitioner has failed to allege such facts, and because Petitioner’s claims are both factually and legally deficient, Petitioner’s causes of action for unlawful use in commerce, abandonment, misrepresentation of source, fraud on the USPTO, and geographic descriptiveness must be dismissed.

a. Petitioner has failed to state a claim for unlawful use in commerce

Petitioner contends that Registrant has failed to make a lawful use in commerce of the M22 Marks. If the use of a mark upon which an application for registration is based is not a lawful use in commerce, including a violation of a federal statute, registration must be refused under Sections 1 and 45 of the Lanham Act. See *In re Kayser-Roth Corp.*, 29 USPQ2d 1379, 1381 (TTAB 1993). Refusal of a registration based on an unlawful use of a

mark is proper “when the issue of compliance [with the pertinent statute] has previously been determined (with a finding of non-compliance) by a court or government agency having competent jurisdiction under the statute involved, or where there has been a per se violation of a statute regarding the sale of the parties’ goods.” *Kellogg Co. v. New Generation Foods, Inc.*, 6 USPQ2d 2045, 2047 (TTAB 1988). The prior determination or per se violation requirement arises out of the fact that the Trademark Trial and Appeal Board is a body of an administrative agency of limited jurisdiction, which lacks the familiarity with most acts necessary to deem a use an “unlawful use” as a matter of law. See *Satinine Societa in Nome Collecttivo Di S.A. E.M. Usellini*, 209 U.S.P.Q. (BNA) 958 ¶ 958 (TTAB Feb. 23, 1981) (“Inasmuch as we have little or no familiarity with most of these acts, there is a serious question as to the advisability of our attempting to adjudicate whether a party’s use in commerce is in compliance with the particular regulatory act or acts which may be applicable thereto.”). A party alleging unlawful use must establish that the non-compliance “was material, that is, was of such gravity and significance that the usage must be considered unlawful – so tainted that, as a matter of law, it could create no trademark rights – warranting cancellation of the registration of the mark involved.” *Churchill Cellars, Inc.*, 91193930, 2012 WL 5493578 (TTAB Oct. 19, 2012).

Petitioner’s claim of unlawful use fails to state a claim that is plausible on its face. Petitioner asserts that Registrant has failed to make a lawful use in commerce of the M22 Marks because, in adopting and using the M22 Marks in commerce, Registrant has violated the federal Highway Safety Act of 1966 regulations. See Second Amended Petition to Cancel ¶ 24. Specifically, Petitioner contends that Registrant violated the federal Highway Safety Act of 1966 regulations by creating a derivative work of the M-22 sign and utilizing that sign as a mark in association with clothing goods and retail store services. Petitioner asserts by implication that Registrant’s use of the M22 Marks violates the Manual on

Uniform Traffic Control Devices, a manual of national standards for traffic control devices promulgated by the Federal Highway Administration. Since Petitioner has failed to allege that a previous court or administrative body has held that Registrant's use of the M22 Marks is unlawful, and because Petitioner has failed to allege a per se violation of the Highway Safety Act of 1966, Petitioner's claim of unlawful use must be dismissed.

Petitioner broadly and inaccurately construes an administrative promulgation as its sole support for its unlawful use claim. Petitioner bases its claim of unlawful use on a violation of 23 U.S.C. § 109(d), 23 U.S.C. § 402(a), 23 CFR 655.603(a), and 23 CFR Part 655, Subpart F³. The implementing language of the Highway Safety Act of 1966 states, "[e]ach state shall have a highway safety program, approved by the Secretary [of Transportation], that is designed to reduce traffic accidents and the resulting deaths, injuries, and property damage." 23 U.S.C. § 402(a)(1). Highway safety programs that are required under the Highway Safety Act must "comply with uniform guidelines, promulgated by the Secretary and expressed in terms of performance criteria...." 23 U.S.C. § 402(a)(2). These criteria include the reduction of injuries and deaths due to excess motor vehicle speed, the proper use of seat belts, the reduction of injuries and deaths due to impairment by alcohol or drugs, and the improvement of driver performance through driving tests and education. See 23 U.S.C. § 402(a)(2)(A)-(E). In its declaration of policy, the Highway Safety Act of 1966 makes clear that its provisions are intended to "accelerate the construction of Federal-aid highway systems." 23 U.S.C. § 101(b)(1). To obtain federal participation in highway funding, "the location, form and character of informational... signs... shall be subject to the approval of the State transportation department with the concurrence of the Secretary, who is directed to concur only in such installations as will promote the safe and

³ Since Petitioner has failed to allege that a previous court or administrative determination has found the M22 Marks to be an unlawful use, Petitioner's claim cannot survive on this basis.

efficient utilization of the highways.” 23 U.S.C. 109(d). The Manual on Uniform Traffic Control Devices (“Manual”) is intended to implement these policies, see 23 CFR 655.603, and Petitioner contends that the Manual, which states that all traffic control devices within the Manual are in the “public domain” and that “[t]raffic control devices contained in [the] Manual shall not be protected by a patent, trademark, or copyright, except for the Interstate Shield and any items owned by FHWA,” serves to prohibit Registrant from making a lawful use of the M22 Marks. See Manual on Uniform Traffic Control Devices 2009, pg. I-1.

While the Highway Safety Act of 1966 may condition a state’s receipt of federal highway funds on adoption of the Manual, the Highway Safety Act does not prohibit states from rejecting federal funds and the Manual. See 23 U.S.C. 402(c) (discussing the conditions on federal highway funds); see also 23 U.S.C. § 145 (“The authorization of the appropriation of Federal funds or their availability for expenditure under this chapter shall in no way infringe on the sovereign rights of the States to determine which projects shall be federally financed.”); 23 CFR 655.603(b)(2) (“States and other Federal agencies are encouraged to adopt the National MUTCD in its entirety as their official Manual on Uniform Traffic Control Devices.”). Nor does the Highway Safety Act of 1966 provide the Secretary of Transportation with the congressional authority to promulgate rules concerning, or to regulate the creation of, intellectual property rights. In fact, the stated purpose of the Highway Safety Act is to “reduce traffic accidents and deaths and injuries to persons resulting from traffic accidents.” National Traffic and Motor Vehicle Safety Act of 1966, Pub. L. No. 89-563 (1966). Simply put, the Highway Safety Act, and its implementing regulations, is a federal law intended to condition the disbursement of federal highway funds on the adoption of a federal safety manual to aid in the reduction of deaths on United States highways, not to regulate the creation of trademark rights.

Petitioner's allegations concerning unlawful use request that the Board not only recognize the Manual as a regulation applicable to the formation of trademark rights, but also find that the Manual, a document promulgated by an administrative body with a limited authority to create rules related to highway safety, supervenes the Lanham Act, an act of Congress. "It is axiomatic that where there is a conflict between a statute enacted by the legislature and a rule or administrative regulation promulgated by an administrative agency... the statute must prevail." *Melamine Chemicals, Inc. v. United States*, 732 F.2d 924, 927 (Fed. Cir. 1984). It is a basic principal of American government that "[a]ll legislative Powers... shall be vested in a Congress of the United States...." U.S. Const. Art. I § 1. Thus, where Congress' intent, clearly stated within a duly enacted statute, comes into conflict with a regulation promulgated by an administrative body of the executive branch, Congress' intent controls. See *United States v. Maxwell*, 278 F.2d 206, 210-11 (8th Cir. 1960) ("It is established law that legislative power rests in Congress and that the will of Congress as unambiguously expressed in a properly enacted statute cannot be amended or altered by regulation. Regulations are entitled to consideration in construing an ambiguous statute. However, a regulation to the extent it is in direct variance with an unambiguous statutory provision is clearly void."). Here, even accepting Petitioner's interpretation of the Manual as true, Petitioner's claim of unlawful use must fail because the Manual cannot supervene the Lanham Act, which states that "[n]o trademark... shall be refused registration" except as specified in 15 U.S.C. § 1052.

But Petitioner's interpretation of the Manual is inaccurate. The Manual's audience is state and local government, not the general public⁴. The Manual advises both state and

⁴ Specifically, the Department of Transportation's website states:

Who Uses the MUTCD? And How?

local transportation planners that they cannot obtain intellectual property rights in the traffic control devices contained in the Manual, and the reasons for this mandate are twofold.

First, the Manual is created by a federal department, and the federal government, by statute, cannot obtain copyright protection for its works. See 17 U.S.C. § 105 (“Copyright protection under this title is not available for any work of the United States Government....”). Since the federal government cannot obtain copyright rights to its works, the federal government in turn would rightfully require states adopting those works to refrain from obtaining copyright rights in them as well. Second, the Manual provides numerous graphical examples of traffic control devices to be adopted by states as their own traffic control devices. If a state were to obtain copyright or patent rights in or to these graphical examples, it could preclude all other states from adopting them, which would render the national standards contained in the Manual, the very purpose of the Manual, useless. Thus, the Department of Transportation rightfully instructs the states that they cannot obtain intellectual property rights in any traffic control device design or application provision contained within the Manual.

This interpretation is echoed by the previous versions of the Manual. Specifically, in December 2000, the Manual was updated to its modern form. In this updated form, the Manual began using text headings to explain the effect of certain sections of its text. Those sections labeled “standards” concern statements “of required, mandatory, or specifically prohibitive practice regarding a traffic control device.” See Manual on Uniform Traffic

In the public sector, the most obvious MUTCD users are the State and local transportation planners and traffic engineers who design our roads and locate the traffic control devices that help drivers navigate them safely.

See Department of Transportation, Federal Highway Administration: Who Uses the MUTCD? (2013), available at <http://mutcd.fhwa.dot.gov/kno-users.htm>.

Control Devices 2000, pg. I-3. Those sections labeled “support” concern informational statements that do “not convey any degree of mandate, recommendation, authorization, prohibition, or enforceable condition.” See Manual on Uniform Traffic Control Devices 2000, pg. I-4. In its 2000 form, the Manual stated:

Standard:

Any traffic control device design or application provision contained in this Manual shall be considered to be in the public domain. Traffic control devices contained in this Manual shall not be protected by a patent or copyright, except for the Interstate Shield.⁵

Support:

The need for uniform standards was recognized long ago. In the early years, the necessity for unification of the standards applicable to the different classes of road and street systems was obvious. To meet this need, a joint committee of [organizations] developed and published the original edition of this Manual of Uniform Traffic Control Devices (MUTCD) in 1935.

See Manual on Uniform Traffic Control Devices 2000, pg. I-1. Thus, since its 2000 revision, the Manual’s “support” of the “standard” prohibiting states from obtaining intellectual property rights in traffic control devices makes clear that the purpose underlying this mandate is to prohibit states from upsetting the national standards by exercising exclusive rights over the designs contained within the Manual.

In summary, Petitioner’s unlawful use cause of action must fail because 1) Petitioner failed to plead a prior determination of an unlawful use; 2) Petitioner failed to plead a per se violation of a federal statute; 3) even if plead, a violation of a federal statute cannot be established because this body of limited jurisdiction lacks experience with transportation

⁵ The term “trademark” was added to this section in subsequent versions of the Manual.

laws to render a determination of an unlawful use; 4) the Manual is not capable of producing a “lawful” or “unlawful” determination as it relates to private parties, rather, it is a condition precedent for a state to receive federal highway funding; 5) the Manual’s prohibition on obtaining intellectual property rights in a traffic control device clearly only applies to states; and, 6) even if all of the above reasons are incorrect, the Manual, an administrative regulation, cannot possibly preempt the clear Congressional intent found at 15 U.S.C. § 1052 that provides the standard for what marks can achieve federal trademark registration.

b. Petitioner has failed to state a claim for abandonment.

Petitioner has also failed to state a claim for abandonment because Petitioner has failed to plead facts supporting such a claim. “It is well settled that one who seeks to cancel the registration of a mark which assertedly has been abandoned, in order to set forth a cause of action, must allege ultimate facts pertaining to the alleged abandonment and that he is using the same or a similar mark for related goods and that confusion in trade is likely to occur. *Clubman’s Club Corp.*, 188 U.S.P.Q. (BNA) ¶ 455 (TTAB July 31, 1975). A pleading of abandonment must set forth a prima facie case by pleading at least three consecutive years of non-use or facts that show a period of non-use of less than three years coupled with a pleading of defendant’s intent not to resume use. *See Otto International, Inc. v. Otto Kern GmbH*, 83 USPQ2d 1861, 1863 (TTAB 2007). Alternatively, petitioner must plead that the mark has been abandoned because it has been so commonly used by others so as to have lost its significance as an indication of origin due to third-party use that has been made with the registrant’s knowledge and acquiescence. *See Garri Publication Assoc., Inc. v. Dabora, Inc.*, 10 USPQ2d 1694, 1698 (TTAB 1988).

Here, Petitioner baldly alleges that the “mark in use by Registrant is not the mark in the M22 Online Registration” without pleading any facts to support its allegation. Second Amended Petition to Cancel ¶ 29. Additionally, Petitioner alleges, “[o]n information and

belief, [that] Registrant stopped use of the mark in the M22 Online Registration in association with the goods identified in the M22 Online Registration with no intent to resume such use.” Second Amended Petition to Cancel ¶ 30. And Petitioner alleges that “Registrant abandoned the mark in the M22 Online Registration for apparel and any goods in Class 25....” Second Amended Petition to Cancel ¶ 31. Petitioner has failed to allege any ultimate facts pertaining to its claim of abandonment or that Petitioner has used the same or similar mark for related goods. Petitioner has alleged nothing more than the rudimentary elements of a cause of action for abandonment and, therefore, its claim must be dismissed.

Petitioner will assert that Registrant has abandoned the M22 Goods Mark because it has made a material alteration with respect to that mark when it is used in association with the sticker goods cited in Registrant’s M22 Goods Mark registration. Specifically, Petitioner contends that “[t]he mark registered in the M22 Online Registration consists of an unmounted square street sign with a centered diamond containing M 22 and with ‘M22online’ in the bottom border of the square. ‘M22online.com’ is a material part of the mark registered in the M22 Online Registration⁶.” Second Amended Petition to Cancel ¶ 3. A material alteration exists if the old and new formats do not create the same general commercial impression. See J. Thomas McCarthy, 3 *McCarthy on Trademarks and Unfair Competition* §§ 19:58:50 and 19:113 (4th ed. 2007). “In contrast, a change in the form of a mark does not constitute abandonment or a break in continuous use if the change neither creates a new mark nor changes the commercial impression of the old mark.” *Paris Glove of Canada, Ltd.*, 84 U.S.P.Q.2d 1856 (TTAB Aug. 22, 2007). The primary questions are whether the amendment retains “the essence of the original mark” and whether it creates

⁶ As stated above, the M22 Goods Mark is not an exact replica of the M-22 sign; it has been modified to make the sign more brandable and aesthetically pleasing.

“the impression of being essentially the same mark.” *In re Who? Vision Systems, Inc.*, 57 USPQ2d 1211, 1218 (TTAB 2000).

Registrant has not abandoned the M22 Goods Mark, has no intention of doing so, and has not made a material alteration of that mark. Petitioner’s claim that Registrant has abandoned the M22 Goods Mark because Registrant’s sticker goods omit the “m22online.com” portion of the mark borders on frivolous. Registrant has been unable to print the “m22online.com” portion of the mark on its stickers due to the size of the ink heads used to print Registrant’s stickers—printing the “m22online.com” portion of the mark would result in a sticker with aesthetically displeasing blurry black text in the white border that surrounds the sticker. It cannot be reasonably said that the commercial impression of the M22 Goods Mark has been changed by the omission of this domain name, as the removal of this text does not “change the essential nature” of the M22 Goods Mark. *See Paris Glove of Canada, Ltd.*, 84 U.S.P.Q.2d 1856 (TTAB Aug. 22, 2007) (finding no material alteration where the design of the mark was substantially modified); *see also Visa Int’l Serv. Ass’n*, 220 U.S.P.Q. (BNA) ¶ 740 (TTAB Dec. 6, 1983) (finding no material alteration, and no fraud on the USPTO, where design was entirely inverted); *New Millennium Sports, S.L.U.*, 91195604, 2014 WL 2997637 (TTAB June 10, 2014) (finding no material alteration where the commercial impression of mark was “not materially affected by a change in the style of the letters.”). For this reason, Petitioner fails to assert a claim of abandonment that is plausible on its face.

Petitioner also asserts “on information and belief” that “Registrant has sold thousands of stickers consisting solely of the M-22 Sign, allowing purchasers to display the alleged mark on and in connection with vehicles and other property, without restriction, in any manner.” Second Amended Petition to Cancel ¶ 34. Petitioner alleges “on information and belief” that “Registrant has sold thousands of souvenirs bearing the M-22 Sign, such

that the sign's placement on goods as ornamentation has caused the M-22 Sign to lose any significance it may have had as a mark and source identifier..." Second Amended Petition to Cancel ¶ 35.

In short, the only facts that Petitioner has pled are that Registrant has sold stickers and souvenirs bearing the M22 Goods Mark to consumers who have placed those stickers on cars and other property and have worn goods bearing that mark⁷. Petitioner has failed to plead, however, that Registrant has abandoned its mark because third parties have used the M22 Goods Mark in a similar manner and in association with similar goods or services with registrant's knowledge and acquiescence. See *Garri Publ'n Assoc., Inc.*, 10 U.S.P.Q.2d 1694 (TTAB Dec. 16, 1988) ("[T]he pleading is still defective because petitioner has not pleaded abandonment as a result of such third-party use, nor that such third-party use has been made with registrant's knowledge and acquiescence."). In fact, Petitioner pleads just the opposite—that Registrant has sold thousands of stickers and clothing goods bearing its mark and brand to third parties, who have placed those stickers on their cars and worn Registrant's clothing goods. Not only has Petitioner failed to state a claim for abandonment, its own allegations support dismissal of its claim.

c. Petitioner has failed to state a claim for misrepresentation of source.

Petitioner has failed to state a claim for misrepresentation of source because Petitioner has failed to support its claims with factual allegations of blatant misuse of the M22 Marks by Registrant. "A pleading of misrepresentation of source 'must be supported by allegations of blatant misuse of the mark by respondent in a manner calculated to trade on the goodwill and reputation of petitioner.'" *Otto International Inc. v. Otto Kern GmbH*, 83 USPQ2d 1861, 1863 (TTAB 2007) (quoting *McDonnell Douglas Corporation v. National*

⁷ Though Petitioner alleges that Registrant's M22 Retail Mark has been abandoned, Petitioner has failed to assert any facts to support that claim and, therefore, cannot sustain a cause of action for abandonment as to the M22 Retail Mark.

Data Corporation, 228 USPQ 45, 47 (TTAB 1985)). A petitioner must “do more than make a bald allegation in the language of the statute,” and the claim must go beyond the allegations “that typically support a claim of likelihood of confusion under Section 2(d).” *Id.* at 1864 (“If it were otherwise, Congress’ exclusion of claims under the Trademark Act Section 2(d) after five years would be rendered meaningless.”).

Once again, Petitioner’s not-quite-a-trademark theory rears its ugly head.⁸ Petitioner alleges, “[o]n information and belief, Registrant adopted and used Petitioner’s M-22 Sign as its own, because of the goodwill associated with Petitioner’s M-22 Sign.” Second Amended Petition to Cancel ¶ 48. Petitioner alleges that Registrant’s M22 marks were “deliberately designed to trade on consumers’ association of the M-22 Sign with Petitioner and with the goodwill created by Petitioner in the M-22 Sign.” Second Amended Petition to Cancel ¶ 53. And Petitioner asserts that the M-22 sign “is being blatantly misused by Registrant to misrepresent the source of the goods or services on or in connection with which the mark is used...” Second Amended Petition to Cancel ¶ 56.

First, it is notable that Petitioner is attempting to recast its likelihood of confusion claim, which is barred as to the M22 Goods Mark, as one of misrepresentation of source. The TTAB has found, on numerous occasions, that such a recasting fails to constitute grounds for relief:

The nature of these allegations is of the type that typically support a claim of likelihood of confusion under Section 2(d), but as we have noted, such ground is no longer available to petitioner. In interpreting Trademark Action Section 14, because Congress barred a likelihood of confusion claim after five years, we cannot conclude that the same facts recast as a

⁸ As previously argued, Petitioner’s not-quite-a-trademark theory is the theory that Petitioner should obtain trademark-like rights without ever having made a trademark use, or any use other than a functional one, of the M-22 sign.

misrepresentation of source claim would constitute a cognizable ground for relief. If it were otherwise, Congress' exclusion of claims under Trademark Act Section 2(d) after five years would be rendered meaningless.

Otto Int'l, Inc., 83 U.S.P.Q.2d 1861 (TTAB May 30, 2007). Here, Petitioner has simply realleged that Registrant has attempted to trade off of Petitioner's purported not-quite-a-trademark "goodwill" in selling goods under the M22 Goods Mark. Since Petitioner's claim of likelihood of confusion is barred as to the M22 Goods Mark, it cannot recast its claim as one of misrepresentation of source under the same factual allegations.

Additionally, Petitioner has failed to allege any specific facts supporting its allegations that Registrant has used the M22 Marks to create the impression in the mind of the consuming public that Registrant's goods or retail store services originate from Petitioner. While Petitioner has broadly alleged that Registrant has sold goods bearing the M22 Marks, it has failed to state how, exactly, consumers would come to believe Registrant's goods or retail store services originate from Petitioner. Petitioner cannot allege such facts because doing so would be absurd: no consumer believes that the State of Michigan sells clothing bearing the M22 Goods Mark or operates a retail store bearing the M22 Retail Mark, and Petitioner can never provide a factual basis for such an allegation.

This case is similar to *McDonnell Douglas*, wherein the TTAB dismissed the petitioner's claim for failure to allege specific acts of the respondent supporting a misrepresentation of source. Specifically, the Board stated,

As argued by respondent, petitioner does not allege facts reflecting activity by respondent aimed at deceiving the public into thinking respondent's services actually originate from petitioner. Although not a case involving the sufficiency of the pleadings, the cancellation of a registered mark on the ground of misrepresentation of source under Section 14(c) in *Cuban Cigar Brands N.V.*

v. Upmann International, Inc. (citation omitted) rested on the defendant's deliberate efforts to confuse the public and to encourage the public to recognize its products for those of the plaintiff. Petitioner here has alleged no specific acts by respondent in the use of its registered mark that, if proved, would amount to an attempt to create the impression that petitioner is the source of respondent's services, only willful adoption of a colorable imitation of a mark previously used by petitioner. Allegations of this nature support only a claim of likelihood of confusion under Section 2(d), a ground no longer available to petitioner, not misrepresentation of the source of services under Section 14(c).

McDonnell Douglas Corp. at ¶ 45. Similarly, Petitioner has failed to allege anything more than Registrant's adoption and use of the M-22 sign as a trademark, which, as the Board has already ruled, would support a claim for likelihood of confusion. It has, however, alleged no specific acts by respondent that supports its claim of misrepresentation of source and, therefore, Petitioner's claim must be dismissed.

d. Petitioner has failed to state a claim for fraud on the USPTO.

Petitioner has again failed to state a claim for fraud on the USPTO. "Fraud in procuring a trademark registration or renewal occurs when an applicant knowingly makes false, material representations of fact in connection with his application." *In re Bose Corp.*, 580 F.3d 1240 (Fed. Cir. 2009). "In petitioning to cancel on the ground of fraud, a petitioner 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)." *E. & J. Gallo Winery*, 9204428, 2010 WL 2783899 (TTAB June 30, 2010) citing *Asian and Western Classics B.V. v. Selkow*, 92 USPQ2d 1478 (TTAB 2009). A petitioner asserting fraud must allege:

1. That there was in fact another use of the same or a confusingly similar mark at the time the oath was signed;
2. That the other user had legal rights superior to respondent's;
3. That respondent knew that the other use had rights in the mark superior to respondent's, and either believed that a likelihood of confusion would result from respondent's use of its mark or had no reasonable basis for believing otherwise; and
4. Respondent, in failing to disclose these facts to the U.S. Patent and Trademark Office, intended to procure a registration to which it was not entitled.

Qualcomm, Inc., 93 USPQ2d 1768 (TTAB Feb. 25, 2010). "Because intent is a required element to be pleaded for a claim of fraud, allegations that a party made material representations of fact that it 'knew or should have known' were false or misleading are insufficient." *Id.* 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 to support a claim for fraud. *Exergen Corp. v. Wal-Mart Stores, Inc.*, 91 USPQ2d 1656, 1670 (Fed. Cir. 2009) (discussing when pleading on information and belief is permitted under Fed. R. Civ. P. 9(b)).

Under USPTO Rule 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., 91 USPQ2d at 1670 n.7, citing Kowal v. MCI Commc'n 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 about which the allegations are based’).”

Asian & W. Classics B.V., CANCELLATION 9204882, 2009 WL 4081699 (TTAB Oct. 22, 2009) (emphasis added).

Petitioner again pleads, “on information and belief,” that Registrant “knowingly falsely declared, with the intent to deceive the USPTO, that to the best of Registrant’s knowledge and belief no other person, firm, corporation, or association had the right to use the [M22 Marks]....” Second Amended Petition to Cancel ¶ 62. Petitioner asserts that “Registrant knew of Petitioner’s prior rights in the M-22 Sign, knew of Petitioner’s prior and extensive use of the M-22 Sign, and knew the extent to which the M-22 Sign pointed to the State of Michigan.” Second Amended Petition to Cancel ¶ 62. And Petitioner pleads that Registrant, with knowledge of Petitioner’s prior use, signed a trademark application under oath, stating that, to the best of its knowledge and belief, no one else had the right to use the mark. Second Amended Petition to Cancel ¶ 6.

Petitioner’s consistent attempts to fabricate a basis for its fraud claim on “information and belief,” and without any allegation of specific facts upon which its belief is reasonably based, constitutes sanctionable behavior. It should be plainly evident from the pleadings submitted to this Board that Petitioner has never made a use of the M-22 sign in association with the sale or offering for sale of any goods or services; Petitioner has not, will not, and cannot allege that it has ever used the M-22 sign as a trademark and, therefore, could

never meet the first element of a fraud claim, namely, that there was another use of the same or a confusingly similar mark at the time the oath was signed. Petitioner's assertion that its use of the M-22 sign as a road sign in the State of Michigan served to provide Registrant with notice of a third party use as a trademark so as to support a claim that Registrant knowingly committed perjury in signing its applications for registration (or had no reasonable basis for believing otherwise) is patently absurd and Petitioner's case should be dismissed as an appropriate sanction for Petitioner's bad faith conduct. See *Cent. Mfg. Inc.*, 61 USPQ2d 1210 (TTAB Dec. 7, 2001) ("[T]he Board has authority to enter other appropriate sanctions, up to and including the entry of judgment.").

Petitioner also argues that Registrant procured its M22 Goods Mark registration through fraud because, again on "information and belief," "Registrant was not using the mark M 22 M22ONLINE.COM on all the goods identified in [the] application...." Second Amended Petition to Cancel ¶ 6. As discussed at length above, Petitioner has omitted the "m22online.com" from the M22 Goods Mark where, due to the size of the logo displayed, printing that component of the mark would cause the "m22online.com" to appear as a black smudge. The removal of this component of the mark where aesthetically necessary does not constitute a material alteration of the mark and, since Registrant has not abandoned its mark, Registrant did not commit fraud upon the USPTO by continuing to prosecute an application to register the M22 Goods Mark. See *Visa Int'l Serv. Ass'n*, 220 U.S.P.Q. (BNA) ¶ 740 (TTAB Dec. 6, 1983). For this reason, Petitioner's claim of abandonment must be dismissed.

e. Petitioner has failed to state a claim for geographic descriptiveness

Petitioner has failed to state a claim for geographic descriptiveness as to Registrant's M22 Retail Mark because the primary significance of Applicant's mark is the M22 brand and its associated retail goods and because the retail store services listed in the

M22 Retail Mark registration are not provided on the M-22 highway. To plead a claim that a mark is primarily geographically descriptive, Petitioner must sufficiently allege that:

1. The primary significance of the mark is a generally known geographic place or location;
2. The identified services originate in the geographic place identified in the mark; and
3. Purchasers would be likely to make a services-place association; that is, purchasers would be likely to believe that the services originate in the geographic place identified in the mark.

See In re Societe Generale des Eaux Minerales de Vittel S.A., 824 F.2d 957, 959 (Fed. Cir. 1987); *see also In re Joint-Stock Co. "Baik,"* 80 USPQ2d 1305, 1309 (TTAB 2006).

Petitioner's geographic descriptiveness argument is contradictory, meritless, and a product of its imagination. Petitioner alleges that "[t]he primary significance of the M-22 Sign is the generally known region of Northern Michigan, the location of Petitioner's M-22 highway." Second Amended Petition to Cancel ¶¶ 83. Petitioner asserts that Registrant's goods and services originate in the "Northern Michigan region, the place identified in the M-22 Sign." Second Amended Petition to Cancel ¶¶ 85. And that Registrant's "offices and retail shop are located within the M-22 region of Michigan." Second Amended Petition to Cancel ¶¶ 85. In other words, the Petitioner claims both the location of the M-22 highway and the Northern Michigan region are the primary significance of the M22 Goods Mark. Second Amended Petition to Cancel ¶¶ 83, 85.

Petitioner's very argument admits that the region is referred to as Northern Michigan, not M-22, and Petitioner's contention that the M22 Goods Mark's primary significance when used in association with retail store services serves as anything other than an indicator of Registrant's brand defies logic. If the primary significance of the M22 Goods Mark when

applied to retail store services was to function as a signifier of a geographic region, then the sign would fail to direct consumers to Registrant's storefront. And, if the primary significance of the M-22 road sign was the Northern Michigan region, the sign would also fail to function as a traffic control device.

Further, Applicant is the owner of the M22 family of marks, including USPTO registrations for M22 for use in association with wine (Reg. No. 3427900), M22 for use in association with hats, t-shirts, long sleeve shirts, sweat shirts, pants, shorts, underwear, and tank tops (Reg. No. 3348635), retail store services (Reg. Nos. 3992151 and 3992159), and M22 Challenge for use in association with athletic events (Reg. No. 3996410). Through this family of registrations, Registrant's M22 marks have become widely and favorably known throughout the world as a designator of the origin of Registrant's brand. Consequently, the primary significance of the M22 Retail Mark is Registrant's brand, not the amorphous "Northern Michigan region" as alleged by Petitioner. See *Nike, Inc.*, Opposition 91178960, 2009 WL 4086583 (TTAB Sept. 30, 2009) ("Indeed, the test is whether the mark is primarily geographically descriptive, not solely a geographic designation.").

Petitioner also pleads that "Registrant's goods and service originate in the Northern Michigan region, the place identified in the M-22 Sign." Second Amended Petition to Cancel ¶ 83. Registrant's retail store is located at 121 East Front Street in Traverse City, Michigan. Traverse City, Michigan, in turn, is located in Grand Traverse County, Michigan. In contrast, M-22 originates *outside* of Traverse City, Michigan and Grand Traverse County, Michigan. In fact, the highway's only connection to Registrant's county of residence is that a few hundred feet of the highway are located within Grand Traverse County—far from Registrant's retail store. The majority of the highway is located in Leelanau and Benzie Counties, and M-22 ultimately terminates in Manistee County, approximately 116 miles from

its meager origin in Grand Traverse County⁹. Consequently, the retail store services rendered under Registrant's M22 Retail Mark are rendered on Front Street, which is Traverse City, Michigan's commercial thoroughfare. Registrant's M22 mark does not primarily denote a geographical place to reasonable purchasers and, therefore, Petitioner has failed to state a plausible claim for relief. See *In re Pebble Beach Co.*, 19 U.S.P.Q. 2d 1687 (TTAB April 29, 1991) ("The mere fact that a term may be the name of a place that has a physical location does not necessarily make that term primarily geographically descriptive under Section 2(e)(2). If that were so, the name of literally every retail store or restaurant would be primarily geographically descriptive, since the public would associate the name with the physical place where the services were rendered or the goods sold."). As cited by Petitioner, M22 "is not just a road; it is a way of life." The primary significance of the M22 Retail Mark is not a geographical region; it is the M22 brand. Petitioner's "[t]hreadbare recitals of the elements of a cause of action," and its factual statements, even if taken as true, fail to state a claim that is plausible on its face.

V. CONCLUSION

For the foregoing reasons, Petitioner has failed to state a claim upon which relief can be granted. Petitioner has failed to plead facts that, if later proved, would establish that Petitioner has asserted a claim that is plausible on its face. Consequently, Petitioner's causes of action for unlawful use in commerce, abandonment, misrepresentation of source, fraud on the USPTO, and geographic descriptiveness must be dismissed.

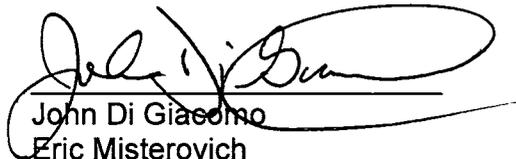

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⁹ See [http://en.wikipedia.org/wiki/M-22_\(Michigan_highway\)](http://en.wikipedia.org/wiki/M-22_(Michigan_highway)).

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CERTIFICATE OF SERVICE

I, John Di Giacomo, an attorney, hereby certify that I served a true and correct copy of this Second Motion for Partial Dismissal and Brief in Support on counsel of record via First Class Mail and electronic filing on July 25, 2014.



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