

UNITED STATES PATENT AND TRADEMARK OFFICE  
Trademark Trial and Appeal Board  
P.O. Box 1451  
Alexandria, VA 22313-1451  
General Contact Number: 571-272-8500

WINTER

Mailed: July 29, 2014

Cancellation No. 92058411

Luxco, Inc.

v.

Opici IP Holdings, LLC

**Before Kuhlke, Ritchie, and Adlin,  
Administrative Trademark Judges.**

**By the Board:**

This case now comes up for consideration of Petitioner's fully briefed motion (filed March 28, 2014) to dismiss two of Respondent's three counterclaims for failure to state a claim upon which relief can be granted under Fed. R. Civ. P. 12(b)(6).

For purposes of this order, we presume the parties' familiarity with the parties' arguments in connection with the referenced motion.

By way of background, Petitioner seeks to cancel Respondent's registration of the mark REBELLION<sup>1</sup> on the ground of priority and likelihood of confusion. In support thereof, Petitioner pleads, *inter alia*,

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<sup>1</sup> U.S. Reg. No. 4407601, issued September 24, 2013, for "Distilled Spirits; Liquor; Whiskey."

ownership of two trademark registrations for the marks REBEL YELL<sup>2</sup> and REBEL RESERVE.<sup>3</sup> By its counterclaims, Respondent seeks to cancel both of Petitioner's pleaded registrations on the following grounds:

“26. As and for a first counterclaim, the Petitioner has abandoned its use of Petitioner's Alleged Mark in the United States by engaging in naked licensing of REBEL and/or REBELLION marks used by other parties.

27. As and for a second counterclaim, the Petitioner and/or its alleged predecessor-in-interest have failed to police the use [*sic*] Petitioner's Alleged Mark by unrelated third parties.

28. As and for a third counterclaim, the Petitioner and/or its alleged predecessor-in-interest have failed to police the use [*sic*] REBELLION by unrelated third parties.”

Petitioner requests that the Board dismiss the counterclaims set forth in paragraphs 27 and 28 on the grounds that they fail to set forth claims upon which relief can be granted. In particular, Petitioner argues that “failure to police use” is not a ground for cancellation. Further, Petitioner contends that, even if the Board finds that “failure to police use” is a proper ground for cancellation, because U.S. Reg. No. 727786 is over five years old, it is not subject to cancellation on that ground. In the alternative, Petitioner requests

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<sup>2</sup> U.S. Reg. No. 727786, issued February 20, 1962, for “Straight Bourbon Whiskey.” Sections 8 & 15 affidavits accepted; renewed February 20, 2012.

<sup>3</sup> U.S. Reg. No. 3633812, issued June 2, 2009, for “liquors and distilled spirits.”

that the Board require Respondent to replead its second and third counterclaims with sufficient factual allegations rather than mere conclusory statements so as to allow Petitioner to understand and respond to the counterclaims.

To withstand a motion to dismiss for failure to state a claim upon which relief can be granted, a plaintiff (here, Respondent as the counterclaim-plaintiff) need only allege sufficient factual content that, if proved, would allow the Board to conclude, or to draw a reasonable inference, that (1) the plaintiff has standing to maintain the proceeding, and (2) a valid ground exists for opposing or cancelling the registration. *Doyle v. Al Johnson's Swedish Restaurant & Butik Inc.*, 101 USPQ2d 1780 (TTAB 2012), *citing Young v. AGB Corp.*, 152 F.3d 1377, 47 USPQ2d 1752, 1754 (Fed. Cir. 1998); *Order of Sons of Italy in Am. v. Profumi Fratelli Nostra AG*, 36 USPQ2d 1221, 1222 (TTAB 1995); and TBMP § 503.02 (2014). 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, 678 (2009), *quoting Bell Atlantic Corp. v. Twombly*, 550 U.S. 544, 570 (2007). In particular, the claimant must allege well-pleaded factual matter and more than “[t]hreadbare recitals of the elements of a cause of action, supported by mere conclusory statements.” *Iqbal*, 556 U.S. 662, *citing Twombly*, 550 U.S. at 555.

- *Standing*

Although standing is not a basis for the motion to dismiss, we note that inasmuch as Respondent is the defendant in the involved cancellation, it has inherent standing to bring counterclaims to cancel Petitioner's pleaded registrations. See *Board of Regents, The University of Texas System v. Southern Illinois Miners, LLC*, 110 USPQ 1182 (TTAB 2014); *Johnson & Johnson v. Obschestvo s Ogranitchennoy*, 104 USPQ2d 2037, 2038 (TTAB 2012); *Doyle v. Al Johnson's Swedish Restaurant & Butik Inc.*, 101 USPQ2d 1780, 1782 (TTAB 2012); and *Ohio State University v. Ohio University*, 51 USPQ2d 1289, 1293 (TTAB 1999).

- *Failure to Police Use*

Under Trademark Act Section 45(2), 15 U.S.C. § 1127, a mark is deemed to be abandoned when the course of conduct of the owner of the mark causes the mark to lose its significance as an indication of origin. See *Woodstock's Enterprises Inc. (California) v. Woodstock's Enterprises Inc. (Oregon)*, 43 USPQ2d 1440, 1445-46 (TTAB 1997). Cf. *University Book Store v. University of Wisconsin Board of Regents*, 33 USPQ2d 1385, 1393 (TTAB 1994), citing *Wallpaper Manufacturers, Ltd. v. Crown Wallcovering Corp.*, 680 F.2d 755, 214 USPQ 327, 336 (CCPA 1982) ("If there are numerous products in the marketplace bearing the alleged mark, purchasers may learn to ignore the 'mark' as a source indication. When that occurs, the conduct of the former owner, by failing to police its mark, can be said to have caused the mark to

lose its significance as a mark.”) (emphasis added). Thus, “failure to police” one’s mark is a type of abandonment of a mark. In view thereof, we construe applicant’s second and third counterclaims as being claims of abandonment. The question remains, however, whether applicant has sufficiently pleaded those abandonment claims.

To properly plead an abandonment claim, the plaintiff must allege the underlying facts pertaining to the alleged abandonment. *Cf. Clubman’s Club Corp. v. Martin*, 188 USPQ 455, 456 (TTAB 1975). With regard to an abandonment claim based on “failure to police,” in order to state a claim upon which relief can be granted, the plaintiff must plead facts which show a course of conduct by the owner of the mark which has caused its mark to lose its trademark significance. *Tbc Corp. v. Grand Prix Ltd.*, 12 USPQ2d 1311, 1314 (TTAB 1989), *citing Colgate-Palmolive Company v. Colton Razor Blade Company*, 153 USPQ 370 (TTAB 1966). *See also Wallpaper Manufacturers, Ltd. v. Crown Wallcovering Corp.*, 214 USPQ at 332 and 334.

As regards the second counterclaim, there are no allegations that Petitioner failed to properly police its marks *by allowing numerous, much less specified third parties to use its marks without objection* or that Petitioner’s marks *have as a result lost their significance as indications of origin*. Further, Respondent’s allegation only refers to a single unidentified mark, not to both of Petitioner’s pleaded marks, and we are therefore left to guess as to which mark Respondent refers to in its pleading. In view of the foregoing, we find

that Respondent's second counterclaim fails to state a claim upon which relief can be granted and accordingly Petitioner's motion is **granted** with respect to this counterclaim, which is dismissed, without prejudice. An abandonment counterclaim should provide significantly more detail as to the circumstances giving rise to the claim, such as by identifying the third parties allegedly using the mark(s) at issue, when Petitioner discovered these uses and how Respondent is aware that Petitioner failed to challenge those uses.

With respect to Respondent's third counterclaim, Respondent has alleged that "the Petitioner and/or its alleged predecessor-in-interest have failed to police the use [sic] REBELLION by unrelated third parties." Insofar as Petitioner did not plead that it owns a registration for the mark REBELLION in support of its likelihood of confusion claim, we find that the third counterclaim fails on its face.<sup>4</sup> However, to the extent Respondent seeks to allege that Petitioner's pleaded marks are weak because there exists numerous REBEL-formative marks, such as REBELLION (see Respondent's fourth affirmative defense which states in part that "the petition is barred by Petitioner's failure to challenge the use of REBEL ... marks on related goods and services by unrelated third parties"), we find Respondent's third "counterclaim" to in fact be a mere amplification of Respondent's denial of Petitioner's likelihood of confusion claim. As such, Petitioner's motion is

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<sup>4</sup> Likewise, Respondent's fourth affirmative defense, to the extent Respondent alleges that the petition is barred by "Petitioner's failure to challenge the use of ... REBELLION marks on related goods and services by unrelated third parties," is insufficient and is hereby stricken. See Fed. R. Civ. P. 12(f).

**granted** with respect to the third counterclaim, which is dismissed, without prejudice.

- *Naked Licensing*

Although Petitioner did not move to dismiss the first counterclaim, to be complete, we also find *sua sponte* that Respondent's first counterclaim is insufficient. Specifically, Respondent has failed to allege how "naked licensing" occurred or the identity of the "licensee(s)." Instead, Respondent only alleges in conclusory fashion that "Petitioner has abandoned its use of Petitioner's Alleged Mark in the United States by engaging in naked licensing." In addition, the wording "used by other parties" creates an ambiguity in that it appears to reference the use by third parties not licensees, which goes to the issue of failure to police rather than naked licensing. In view thereof, Respondent's first counterclaim also fails to state a claim upon which relief can be granted, and is also, *sua sponte, dismissed, without prejudice*.

Accordingly, Petitioner's motion to dismiss Respondent's second and third counterclaims is granted; and Respondent's first counterclaim is also dismissed. It is the Board's policy, however, to allow amendment of pleadings found to be insufficient upon challenge under Fed. R. Civ. P. 12(b)(6), particularly where the challenged pleading is the initial pleading. *See Intellimedia Sports Inc. v. Intellimedia Corp.*, 43 USPQ2d 1203, 1208 (TTAB 1997). In view thereof, Respondent is allowed until **THIRTY DAYS** from the

mailing date of this order to submit amended counterclaims, if possible, justified and appropriate. Petitioner is allowed until **September 27, 2014**, to file an answer thereto.

Trial dates are reset as shown in the following schedule:

<b>Answer to Amended Counterclaim Due</b>	<b>September 27, 2014</b>
<b>Deadline for Discovery Conference</b>	<b>October 27, 2014</b>
<b>Discovery Opens</b>	<b>October 27, 2014</b>
<b>Initial Disclosures Due</b>	<b>November 26, 2014</b>
<b>Expert Disclosures Due</b>	<b>March 26, 2015</b>
<b>Discovery Closes</b>	<b>April 25, 2015</b>
<b>Plaintiff's Pretrial Disclosures Due</b>	<b>June 9, 2015</b>
<b>30-day testimony period for plaintiff's testimony to close</b>	<b>July 24, 2015</b>
<b>Defendant/Counterclaim Plaintiff's Pretrial Disclosures</b>	<b>August 8, 2015</b>
<b>30-day testimony period for defendant and plaintiff in the counterclaim to close</b>	<b>September 22, 2015</b>
<b>Counterclaim Defendant's and Plaintiff's Rebuttal Disclosures Due</b>	<b>October 7, 2015</b>
<b>30-day testimony period for defendant in the counterclaim and rebuttal testimony for plaintiff to close</b>	<b>November 21, 2015</b>
<b>Counterclaim Plaintiff's Rebuttal Disclosures Due</b>	<b>December 6, 2015</b>
<b>15-day rebuttal period for plaintiff in the counterclaim to close</b>	<b>January 5, 2016</b>
<b>Brief for plaintiff due</b>	<b>March 5, 2016</b>
<b>Brief for defendant and plaintiff in the counterclaim due</b>	<b>April 4, 2016</b>
<b>Brief for defendant in the counterclaim and reply brief, if any, for plaintiff due</b>	<b>May 4, 2016</b>

<b>Reply brief, if any, for plaintiff in the counterclaim due</b>	<b>May 19, 2016</b>
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**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. *See* Trademark Rule 2.125, 37 C.F.R. § 2.125.

Briefs shall be filed in accordance with Trademark Rules 2.128(a) and (b), 37 C.F.R. §§ 2.128(a) and (b). An oral hearing will be set only upon request filed as provided by Trademark Rule 2.129, 37 C.F.R. § 2.129.

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