

UNITED STATES PATENT AND TRADEMARK OFFICE
Trademark Trial and Appeal Board
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coggins

Mailed: April 30, 2015

Cancellation No. 92060308

SFM, LLC

v.

Corcamore, LLC

By the Board:

Now before the Board are (1) Respondent's motion, filed November 14, 2014, to dismiss the petition for cancellation for failure to state a claim upon which relief can be granted; (2) Petitioner's amended petition for cancellation, filed December 1, 2014; and (3) Respondent's combined motion, filed December 12, 2014, to dismiss the amended petition for cancellation and for summary judgment.

First Motion to Dismiss and Amended Petition

Inasmuch as Fed. R. Civ. P. 15(a)(1)(B) allows Petitioner to amend its petition for cancellation once as a matter of course within twenty-one days after service of a motion under Rule 12(b), the amended petition for cancellation is accepted as a matter of course. In view thereof, the amended petition for cancellation is Petitioner's operative pleading and Respondent's first motion to dismiss is **moot**. See TBMP § 503.03 (2014).

Second Motion to Dismiss

A motion to dismiss for failure to state a claim 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 opposition 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 cancelling the registration of the subject mark. *Lipton Industries, Inc. v. Ralston Purina Co.*, 670 F.2d 1024, 213 USPQ 185, 187 (CCPA 1982). 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, the amended petition for cancellation must be examined in its entirety, construing the allegations therein liberally, as required by Fed. R. Civ. P. 8(e). All of Petitioner’s well-pleaded allegations must be accepted as true, and the claims must be construed in the light most favorable to Petitioner. See *Advanced Cardiovascular Sys. Inc. v. SciMed Life Sys. Inc.*, 988 F.2d 1157, 26 USPQ2d 1038 (Fed. Cir. 1993).

1. Relation back

Respondent argues that the amended petition does not relate back to the original. However, Fed. R. Civ. P. 15(c)(1)(B) provides that an amendment to a

pleading relates back to the date of the original pleading when the amendment asserts a claim that arose out of the conduct, transaction, or occurrence set out—or attempted to be set out—in the original pleading. Rule 15(c)(1)(B) is applicable to this Board proceeding pursuant to Trademark Rule 2.116(a). Respondent's reliance on Fed. R. Civ. P. 15(c)(1)(A) alone (i.e., whether the Lanham Act allows relation back) fails to recognize the structure of Rule 15(c)(1) which provides for circumstances in sub-part (A), (B), or (C).

The subject registration issued November 10, 2009, and the original petition for cancellation was filed November 4, 2014, six days shy of the registration's fifth anniversary.¹ The ESTTA cover sheet for the original petition identified Petitioner's grounds for cancellation as priority and likelihood of confusion, and dilution. *See PPG Industries Inc. v. Guardian Industries Corp.*, 73 USPQ2d 1926, 1928 (TTAB 2005) (the ESTTA cover sheet is read in conjunction with the notice of opposition as an integral component). Indeed, the substance of the first petition appears to be based on those two grounds. An amended petition was filed on December 1, 2014, after the five-year anniversary of the subject registration, and alleges only one ground for cancellation, namely, priority and likelihood of confusion. Inasmuch as Petitioner alleges one of the same grounds (i.e., priority and likelihood of confusion) based on the same pleaded registrations and substantially the same facts, although with more specificity, there is no question that the amended petition is timely. Contrary to Respondent's assertions, the

¹ Under Section 14 of the Lanham Act, 15 U.S.C. 1064, a registration which is more than five years old may be cancelled only on certain specified, limited, grounds which do not include likelihood of confusion or dilution.

amended petition is not widely divergent from the original, nor does it change the party in interest. Petitioner continues to allege that it is the owner of the pleaded registrations. It is well settled that ownership rights in a service mark may be acquired and maintained through the use of the mark by a controlled licensee even when the only use of the mark has been made by the licensee. *See Turner v. HMH Publ'g Co.*, 380 F.2d 224, 229, 154 USPQ 330, 334 (5th Cir. 1967), *cert. denied*, 389 U.S. 1006, 156 USPQ 720 (1967); *Central Fidelity Banks, Inc. v. First Bankers Corporation of Florida*, 225 USPQ 438, 439-440 (TTAB 1984); *In re Raven Marine, Inc.*, 217 USPQ 68, 69 (TTAB 1983); *Warner Bros. Inc. v. Road Runner Car Wash, Inc.*, 189 USPQ 430, 431 (TTAB 1976); *Basic Incorporated v. Rex*, 167 USPQ 696, 697 (TTAB 1970). *See also* TMEP § 1201.03(e) (USPTO accepts applications by parties who claim to be owners of marks through use by controlled licensees, pursuant to a contract or agreement.). Petitioner's clarification of how its marks are used (i.e., by an exclusive licensee) does not make the amended petition widely divergent from the original. Indeed, the likelihood of confusion ground as amended arises from the same conduct as the original claim; in view thereof, Respondent had adequate notice of Petitioner's objection to the subject registration, and the amended claim relates back to the date of the original pleading. *See Bayer Consumer Care AG v. Belmora LLC*, 110 USPQ2d 1623, 1636 (TTAB 2014), *citing Korody-Colyer Corp. v. Gen. Motors Corp.*, 828 F.2d 1572, 4 USPQ2d 1203, 1205 (Fed. Cir. 1987) (under Fed. R. Civ. P. 15(c), "an amendment may relate back when the earlier complaint gave adequate notice of the new claim"), *aff'd in part and rev'd*

in part on other grounds, Belmora LLC v. Bayer Consumer Care AG __ USPQ2d __ (E.D. Va. 2015) (1:14-cv-00847-GBL-JFA, decided February 6, 2015).

2. Standing

Petitioner alleges that it is the owner of three registrations which contain or are comprised in whole of the word SPROUTS for retail grocery store services. Petitioner also alleges that its exclusive licensee has used the marks for over twelve years for retail grocery store services, that the exclusive licensee uses the pleaded marks in connection with various food products that are often found in vending machines, that Respondent sells through its vending machine services under the mark SPROUT the same or similar goods that are offered under Petitioner's services, that Respondent's vending machine services are analogous to Petitioner's retail grocery store services, and that both parties focus on the sale of "healthy options." *See* Amend. Pet., paras. 4, 6, 11, 13 and 14. These allegations, while they remain to be proven at trial, are sufficient to allege Petitioner's standing. "To establish a reasonable basis for a belief that one is damaged by the registration sought to be cancelled, a petition may assert a likelihood of confusion which is not wholly without merit" *Lipton Indus.*, 213 USPQ at 189.

Respondent cites to *Lexmark Int'l, Inc. v. Static Control Components, Inc.*, 572 U.S. __, 134 S. Ct. 1377, 109 USPQ2d 2061 (2014) in its motion in argument for a "modern standard" of standing. However, *Lexmark* involved a case of false advertising in a civil action arising under § 43(a) of the Lanham Act, 15 U.S.C. § 1125(a); that is not the statutory provision(s) at issue in this Board cancellation

proceeding. Indeed, in a decision issued after *Lexmark*, the Court of Appeals for the Federal Circuit reiterated that “[a] petitioner is authorized by statute to seek cancellation of a mark [at the Board] where it has ‘both a “real interest” in the proceedings as well as a “reasonable” basis for its belief of damage.’” *Empresa Cubana Del Tabaco v. Gen. Cigar Co.*, 111 USPQ2d 1058, 1062 (Fed. Cir. 2014), citing *ShutEmDown Sports, Inc. v. Lacy*, 102 U.S.P.Q.2d 1036, 1041 (TTAB 2012) (citing *Ritchie v. Simpson*, 170 F.3d 1092 (Fed.Cir.1999)). In view thereof, Respondent’s motion to dismiss is **denied** with respect to Petitioner’s allegations of standing.

To the extent Respondent’s motion contains matters outside the pleadings that relate to the issue of standing, such matters have be excluded from consideration. The Board notes that Respondent’s motion seeks dismissal as to standing under Fed. R. Civ. P. 12(b)(6), and therefore only the sufficiency of Petitioner’s allegations of standing is at issue, rather than any particular facts or the ultimate merits of those allegations. *See Caymus Vineyards v. Caymus Medical Inc.*, 107 USPQ2d 1519, 1522 (TTAB 2013); *see also Compagnie Gervais Danone v. Precision Formulations LLC*, 89 USPQ2d 1251, 1256 (TTAB 2009) (“...if a motion to dismiss is filed that references matters outside the pleadings, the Board may exclude from consideration the matters outside the pleadings and may consider the motion for whatever merits it may present as a motion to dismiss.”).

3. Valid ground

Petitioner pleads priority and likelihood of confusion as its sole ground for cancellation. Indeed, petitioner affirmatively states in its brief in opposition to the second motion to dismiss that it relies on § 2(d) of the Lanham Act, and that it has not pleaded any claim under § 43(a) of the Lanham Act. In view thereof, to the extent Respondent seeks to dismiss any § 43(a) averments, the motion is **moot**.

Section 2(d) serves as a basis for cancellation if there is a likelihood of confusion as to source. The Board finds that the amended petition sufficiently sets forth a claim of priority and likelihood of confusion (which claim, of course, remains to be proven at trial). Specifically, as noted above, Petitioner has alleged that it has used a similar mark for similar services for over twelve years, that its use pre-dates both the filing date of the underlying application which matured into the subject registration and the actual date of first use by Respondent of the subject mark, and that Respondent's mark is likely to cause confusion with Petitioner. In view thereof, Respondent's motion to dismiss is **denied** with respect to the ground of priority and likelihood of confusion under § 2(d).

Motion for Summary Judgment

On pages 14-17 of the second motion to dismiss, Respondent also moves for summary judgment under the doctrine of issue preclusion, and Respondent included with its motion matter outside the pleading. In general a party may not file a motion for summary judgment until the party has made its initial disclosures. Trademark Rule 2.127(e)(1); *Qualcomm, Inc. v. FLO Corp.*, 93USPQ2d 1768, 1769-

70 (TTAB 2010). However, this general rule has two exceptions: 1) a motion asserting lack of jurisdiction by the Trademark Trial and Appeal Board; or 2) a motion asserting claim or issue preclusion. Trademark Rule 2.127(e)(1); *Zoba Int'l Corp. v. DVD Format/LOGO Licensing Corp.*, 98 USPQ2d 1106, 1108 n.4 (TTAB 2011) (motion to dismiss considered as one for summary judgment where it asserts claim preclusion). In view thereof, to the extent that Respondent argues in the second motion to dismiss that issue preclusion applies, the motion may be considered as one, in part, for summary judgment.

The Board notes that Petitioner did not respond to the arguments for issue preclusion in its brief in opposition to the motion to dismiss. Petitioner did, however, embed a request that “if the Board will consider [Respondent’s] extra-pleading material, [Petitioner] respectfully requests an opportunity to conduct discovery and respond pursuant to Fed. R. Civ. P 56(d).” Brief in Opp., p. 13. Petitioner also briefly discusses discovery under Rule 56(d) on page 11 of its brief.

A motion for Fed. R. Civ. P. 56(d) discovery must be supported by an affidavit or declaration showing that the non-moving party cannot, for the reasons stated therein, present facts essential to justify its opposition to the motion. *See* Fed. R. Civ. P. 56(d). Petitioner failed to support its request in any form, let alone by way of an affidavit or declaration, and specified no reason why it cannot present facts essential to its opposition to summary judgment on the basis of issue preclusion. In view thereof, the embedded motion for Rule 56(d) discovery is **denied**. The Board also notes that the motion is not well-taken because the Board does not consider

“motions” embedded in other filings. *See* TBMP § 528.06 (2014) (“A request for Fed. R. Civ. P. 56(d) discovery should be clearly made, and certainly not buried somewhere in a responsive brief or other paper, and should not be filed as a ‘throw away’ alternative accompanying a response to the motion for summary judgment on the merits.”).

In view thereof, to the extent that Respondent moves for summary judgment, consideration of such motion is **deferred** until the issue is fully briefed. Petitioner is allowed until **thirty days** from the mailing date of this order in which to file a brief in opposition (or other response) to that portion of Respondent’s motion which seeks summary judgment on the basis of issue preclusion. Inasmuch as Petitioner should have included this response within its brief in opposition to the motion to dismiss, and Petitioner’s previously filed brief comprises, in part, thirteen pages of substance, Petitioner’s prospective brief in opposition to the motion for summary judgment must be **limited** to twelve pages. *See* Trademark Rule 2.127(a) (briefs in opposition limited to twenty-five pages).

Suspension Maintained

Proceedings remain suspended pending disposition of that portion of the motion which seeks summary judgment. Any paper filed during the continued pendency of this motion which is not relevant thereto will be given no consideration. *See* Trademark Rule 2.127(d).