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

Proceeding	92063225
Party	Defendant DNC Parks & Resorts at Yosemite, Inc.
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June 29, 2016

VIA FACSIMILE (571.273.8950) AND HAND DELIVERY

Office of the Director
U.S. Patent and Trademark Office
600 Dulany Street
Alexandria, VA 22313

Attention: Office of the Deputy Commissioner for Trademarks

Re: Response to Petition to Director for Review of Interlocutory Order in
United States Department of the Interior, National Park Service v.
DNC Parks and Resorts at Yosemite, Inc. (Cancellation No. 92063225)

Dear Sir/Madam:

DNC Parks and Resorts at Yosemite, Inc. (“DNCY”), respondent in the above-referenced cancellation proceeding before the Trademark Trial and Appeal Board, through its undersigned counsel, hereby responds to the Petition to the Director (“Petition”) submitted by cancellation petitioner, United States Department of the Interior, National Park Service (“NPS”) on June 10, 2016. The Board neither committed clear error nor abused its discretion in suspending the cancellation proceeding in light of a pending lawsuit between the same parties and involving the same marks. *See J & G Grant v. Sven Brassat*, 2013 WL 11247282 (USPTO Dir. October 11,

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2013) (Director will vacate an interlocutory order of the Board only if there is clear error or abuse of discretion). Accordingly, NPS's Petition should be denied.

Relevant Facts

The Parties' Motions to Suspend the Cancellation Proceeding and the Litigation

On May 18, 2016, the Trademark Trial and Appeal Board ("Board") granted DNCY's motion to suspend Cancellation No. 92063225 in light of a pending lawsuit filed by DNCY against the United States government for breach of contract by NPS, the resolution of which could entirely moot the cancellation proceeding. DNCY filed the lawsuit over nine months ago, on September 17, 2015, in the U.S. Court of Federal Claims, *DNC Parks & Resorts & Yosemite, Inc. v. The United States of America*, No. 15-1034C ("the Litigation").

At about the same time DNCY moved to suspend the cancellation proceeding, the United States moved the Court to stay the Litigation in light of the cancellation proceeding. The Court denied the government's motion and the Litigation is proceeding. NPS's next maneuver, after its failed attempt to stay the Litigation, was to file the instant Petition seeking review of the Board's suspension order on the ground of abuse of discretion (Dkt. 14).

The petition has no merit for the reasons set forth herein.

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The Board's May 18, 2016 Order

The Board's decision on DNCY's motion to suspend properly sets forth the Board's authority to suspend proceedings in a pending case when the parties are involved in a civil action, which action may be dispositive of or have a bearing on the Board case. 37 C.F.R. §2.117(a). (Dkt. 14 at 2).

The factual bases for the Board's decision are also set forth in detail in the Board's opinion. Specifically, the Board notes that the Litigation involves the same parties and the same marks at issue in the cancellation proceeding. The decision further notes that DNC's breach of contract claims in the Litigation seek to establish the fair market value of registered trademarks at issue in the Board proceeding. The Board's decision quotes salient provisions of the parties' contract being litigated which obligates the government to require the new concessioner, as a condition to the granting of a contract to operate the concession, to purchase from DNCY "other property" (among other identified assets) and to pay DNCY the fair value thereof. *Id.* Significantly, the Board notes the undisputed fact that the term "other property" as referenced in the contract, includes the marks at issue in the Board proceeding. *Id.* and fn.2. In short, the contract requires that the new concessioner purchase the marks at issue for fair value.

The Board concluded, "In considering the contract alleged to have been breached and whether it has been breached, the court may consider and even reach a determination of

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ownership rights in the marks at issue. In view thereof, the civil action may be dispositive of or have a bearing on this proceeding.” (Dkt. 14 at 2). The Board’s reference to “ownership rights,” read in the context of the entire decision and particularly footnote 2 noting that both parties allege that DNCY’s “other property” involves the marks at issue, logically acknowledges that the marks that are currently the property of DNCY may be purchased, and thus owned by a different entity - the new concessioner – through the Court’s resolution of the Litigation, and that such resolution may be dispositive of, or at least have a bearing on, the cancellation proceeding.

Based on the facts found by the Board, it is hardly surprising that the Board exercised its discretion to suspend the proceeding. The potential impact of the Litigation on the cancellation proceeding and the judicial economy achieved by the suspension could not be clearer. In particular, the Court’s resolution of the Litigation will almost certainly result in the transfer of the marks at issue from DNCY to a different owner upon payment of “fair value” as determined by the Court. This will moot the cancellation proceeding and obviate the need for the Board to address it.

Statement of Law and Argument

NPS requests the Director to exercise supervisory authority to reverse the Board’s suspension order for abuse of discretion, but NPS does not argue that the outcome of the Litigation will have no bearing on the cancellation proceeding. The Litigation clearly will have

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an impact, and will most likely moot the entire case. Rather, NPS argues that the Board's "cursory reasoning is unsound" and that the Board "abused its discretion by suggesting that the ownership and invalidity dispute could proceed solely in the Court of Federal Claims" when the Court's limited jurisdiction does not permit cancellation of trademark registrations. Pet. at 8.¹ Neither of these arguments has any merit, and the Board's decision should stand.

Standard of Review

The Director will vacate an action of the Board only where the Board has committed a clear error or abuse of discretion. See *Community Trust Bancorp, Inc. v. Community Trust Bank*, 2012 WL 12517285 (USPTO Dir. Feb. 7, 2012); *In re Societe Des Produits Nestle, S.A.*, 17 U.S.P.Q.2d 1093 (Comm. Pat. 1990).

Whether to suspend a Board proceeding pending the final determination of another proceeding is within the discretion of the Board. *Community Trust Bancorp*, at *2. The regulation governing suspension states in relevant part:

Whenever it shall come to the attention of the Trademark Trial and Appeal Board that a party or parties to a pending case are engaged in a civil action or another Board proceeding which may have a bearing on the case, proceedings before the Board may be suspended until determination of the civil action or the other Board proceeding.

¹ NPS mischaracterizes the Board's decision. The Board never stated that "the ownership and invalidity dispute could proceed *solely* in the Court of Federal Claims." NPS Pet. at 8 (emphasis supplied).

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37 C.F.R. §2.117(a); T.B.M.P. §510.02(a) (April 2016).

The Board Did not Abuse its Discretion by Suspending the Proceeding

1. The Board Articulated a Reasonable, Sound Basis for its Decision

If the parties to an opposition or cancellation are involved in a federal court action involving the same mark or registrations, the Board will examine the pleadings in the civil action to determine if the issues before the court may have a bearing on the Board's decision in the opposition or cancellation. *See Forest Laboratories Inc. v. G.D. Searle & Co.*, 52 USPQ2d 1058, 1061 (TTAB 1999). The civil action does not have to be dispositive of the Board proceeding to warrant suspension; it need only have a bearing on the issues before the Board. 37 C.F.R. §2.117(a). *Accord McCarthy on Trademarks and Unfair Competition*, §32:47, at 32-147 (4th ed. 2010) (“It is standard procedure for the Trademark Board to stay administrative proceedings pending the outcome of court litigation between the same parties involving related issues.”).

NPS argues that DNCY’s motion to suspend “presented a unique issue of first impression to the Board,” requiring analysis of the jurisdiction of the Court of Federal Claims. Pet. at 8. Not so. The Board was confronted with a routine question – whether to suspend a cancellation proceeding in light of a related case in a federal court involving the same marks and the same parties. The Board need base its suspension decision only on the pleadings in the Litigation to determine whether the Litigation may have a bearing on the Board proceeding, and it did so. *See Forest Laboratories Inc. v. G.D. Searle & Co.*, 52 USPQ2d at 1061. The Board’s decision set

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forth all of the facts on which its decision rested and the reasons for its conclusion that the Litigation had a bearing on the proceeding. NPS has shown no clear error or abuse of discretion in the Board's decision, and there is no reason to second-guess the Board.

NPS takes issue with the decision because it is concise (as most suspension rulings are). But the crux of NPS's complaint is that the Board does not address NPS's contentions about the limitations on the Court's jurisdiction. Those contentions, however, are clearly superfluous to determining whether the Litigation may have some bearing on the proceeding. The scope of the Court's jurisdiction and the question of whether the Court can provide the government with a legal mechanism for devaluing, if not destroying, trademark properties it was contractually obligated to have the new concessioner purchase, are completely irrelevant to the Board's discretionary decision to suspend.

Specifically, NPS argues that the Board's discretion is not unlimited, and that it was an abuse of discretion for the Board not to analyze the jurisdiction of the Court of Federal Claims, an issue that NPS had briefed in opposing DNCY's motion to suspend. However, the very cases NPS cites undermine its own argument. In *Community Trust Bancorp* and *J & G Grant, supra*, two decisions on petition reviewing suspension of a Board proceeding for civil action, both decisions upheld the Board's suspensions. In both cases, the Board had properly reviewed the pleadings and determined that the lawsuit would bear on issues in the proceeding. In neither case did the Board analyze issues presented to the courts involved, jurisdictional or otherwise, as NPS

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would have the Board do here. If NPS is arguing that it cannot achieve its strategic litigation goals of devaluing the trademark assets in the Court, that is irrelevant to the Board's decision to suspend a proceeding. Even if the Litigation is not dispositive of each and every dispute between the parties, suspension is not an abuse of discretion. *McCarthy* at 32-147, *supra*.

2. "Ownership" of the Marks in DNCY Is Settled, and, at Minimum, is an Issue that Does Not Preclude Suspension of the Proceeding

NPS focuses its Petition on a single statement of the Board - that the Court "may consider and even reach a determination of ownership rights in the marks at issue," arguing that the Court does not have the jurisdiction to cancel trademark registrations. But NPS's argument that the Board's decision is an abuse of discretion does not hold water (Dkt. 14 at 2). The Board's statement, reasonably read in the context of the entire decision, is that the Litigation may result in the marks having a different *owner* - the new NPS concessioner. That result would totally resolve NPS's claims to cancel the registrations for those marks currently owned by DNCY. That is a proper exercise of the Board's discretion.

Even if NPS's out-of-context interpretation of the Board's language "determination of ownership rights" is accepted (that the Court must necessarily determine whether the registrations for the subject marks must be cancelled), NPS's argument has at least two fatal flaws. First, NPS has repeatedly admitted that the subject marks are, in fact, the property of DNCY that must be conveyed to the new concessioner for payment of fair value. NPS conceded in the Prospectus for public bidding process for the Yosemite concession and in correspondence

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with DNCY after the Litigation was filed that the subject marks are included in DNCY's "other property" to be acquired by the new concessioner under the contract at issue in the Litigation. *See* Attachment B to DNCY's Motion to Suspend for Civil Action, Dkt 6 (correspondence from NPS's CFO, Lena McDowall, to Delaware North Companies, Inc.'s COO, Rick Abramson dated December 29, 2015. *See also* Attachment C, Prospectus Amendment No. 12 dated July 9, 2014; Attachment D, Prospectus Amendment No. 9 (at p. 2, referencing the marks) (Dkt. 6).

In addition, significantly absent from NPS's Consolidated Petition to Cancel is any claim that DNCY is not the owner of the subject marks. NPS did not so plead in the cancellation proceeding. Rather, each of NPS's claims in the proceeding is predicated on DNCY's *ownership* of the registered marks. Specifically, NPS claims that (1) *DNCY's marks* violate Section 2(a) of the Lanham Act *after March 1, 2016* - when the new concessioner took over - by false association with an institution; (2) that *DNCY's marks* were abandoned as of *March 1, 2016* when the new concessioner took over; and (3) that *DNCY's* "YOSEMITE NATIONAL PARK" mark for promotional merchandise is likely to dilute the distinctive quality of NPS's alleged "YOSEMITE NATIONAL PARK" mark.²

² Of course, NPS is correct that DNCY's ownership of its incontestable registrations for these marks cannot be challenged. 15 U.S.C. §1065. NPS's window of opportunity for doing so closed long ago. That is all the more reason to suspend the cancellation proceeding and allow the Court to address the United States' position that it had no knowledge of DNCY's registered marks *on its own federal trademark register*, and that it actually owns marks that DNCY purchased from the prior concessioner, as well as the impact (if any) of NPS's arguments on the fair value of the marks. Most importantly, if the Court determines that the registrations should have been purchased by the new concessioner prior to March 1, 2016, the so-called "ownership

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Second, NPS's contention that the Court cannot consider trademark validity and ownership issues in adjudicating property value for breach of contract damages is simply wrong. It is well-established that the Court possesses the authority to decide incidental legal issues that arise in the course of deciding a claim within its Tucker Act jurisdiction, even if those issues would be outside the Court's jurisdiction if asserted as standalone claims. *See Holley v. United States*, 124 F.3d 1462, 1466 (Fed. Cir. 1997) (this Court's resolution of a wrongful military discharge claim within its Tucker Act jurisdiction "may include consideration of whether his removal violated constitutional rights," even though this Court generally lacks jurisdiction to entertain a standalone claim of a constitutional violation); *Am. Renovation & Constr. Co. v. United States*, 65 Fed. Cl. 254, 260 (2005) ("the Court possesses ancillary and pendent jurisdiction that allows it to adjudicate issues that are incidental to the court's general jurisdiction authority to render money judgments."). Thus, where, as here, the Court's Tucker Act jurisdiction is properly invoked, the Court can properly decide subsidiary state law issues, *e.g.*, *Trek Leasing, Inc. v. United States*, 62 Fed. Cl. 673, 678 (2004) ("this Court has traditionally interpreted many different state laws in the course of making its decisions in a variety of areas") and subsidiary issues requiring the Court's interpretation and application of other Federal statutes and regulations, *e.g.*, *Wheeler v. United States*, 3 Cl. Ct. 186, 688 (1983) ("this court may

issue" disappears. The only reason DNCY still owned the trademark properties as of March 1 is NPS's deliberate breach of contract. The validity of DNCY's registrations prior to March 1, 2016 has never been contested.

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properly interpret and apply statutes and review regulations incident to and as a necessary part of awarding money damages.”).

NPS cites no authority that actually supports its notion that the Court is somehow precluded from addressing and resolving any genuine issues that are raised during the Litigation regarding the ownership or validity of the trademarks at issue. To the contrary, the Court frequently decides the ownership of property, including intellectual property, as necessary to resolve the properly pleaded case before it. *See Trek Leasing*, 62 Fed. Cl. at 678. NPS’s reliance on holdings that the Court lacks jurisdiction to decide trademark infringement claims or to cancel trademark registrations owned by a federal entity is misplaced. The Litigation is a breach of contract action, not a trademark infringement action. No party has sought the remedy of cancellation of federal trademark registrations under 15 U.S.C. § 1119 in the Litigation. In fact, no infringement issues have been raised by either party. NPS’s cited authority regarding the Court’s jurisdiction is entirely inapposite here.

For all of the foregoing reasons, NPS’s attempt to undo the Board’s discretionary ruling to suspend a cancellation proceeding due to nonexistent “jurisdictional” issues should be rejected.

Conclusion

The Board exercised its sound discretion to suspend Cancellation No. 92063225. NPS in bringing this Petition unfortunately continues to maneuver to delay the disposition of the parties’

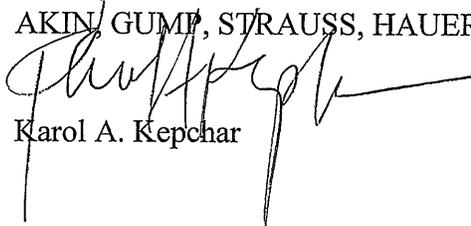
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dispute and create diversions from the real issue – NPS’s contractual obligation to require payment of substantial sums to DNCY for its intellectual property, including trademark properties it was required to purchase from NPS’s prior concessioner more than twenty years ago.

DNCY respectfully requests that NPS’s Petition be denied.

Respectfully submitted,

AKIN GUMP, STRAUSS, HAUER & FELD, LLP

A handwritten signature in black ink, appearing to read 'Karol A. Kepchar', is written over the printed name. The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Karol A. Kepchar

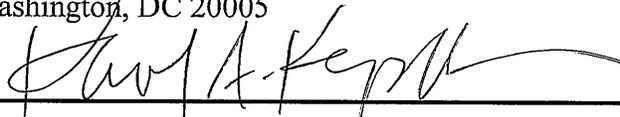
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CERTIFICATE OF SERVICE

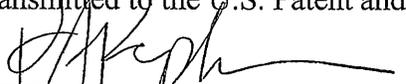
The undersigned hereby certifies that on June 29, 2016 a copy of the foregoing **Response to Petition for Review of Interlocutory Order in *United States Department of the Interior, National Park Service v. DNC Parks and Resorts at Yosemite, Inc.* (Cancellation No. 92063225)** was sent by U.S. mail, first class postage prepaid, to counsel of record for the Petitioner at the following addresses:

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I, Karol A. Kepchar, hereby certify that the foregoing correspondence is being facsimile transmitted to the U.S. Patent and Trademark office on June 29, 2016.



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