THIS ORDER IS NOT A PRECEDENT OF THE TTAB

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UNITED STATES PATENT AND TRADEMARK OFFICE
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March 8, 2024

Cancellation No. 92081329

Grateful American Apparel LLC

v.

Gildan Activewear SRL

Before Lykos, Goodman, and Lebow,
Administrative Trademark Judges.

By the Board:

This proceeding comes before the Board on Respondent Gildan Activewear SRL's ("Respondent") motion (filed November 3, 2023) for summary judgment. By its motion, Respondent asserts that the claims in the petition to cancel must be dismissed because they are compulsory counterclaims that were not timely asserted in Opposition No. 91273609 (the "Opposition"), also pending between the parties, and thus have been waived. The motion is fully briefed.

We have considered the parties' briefs, address the record only to the extent necessary to set forth the Board's analysis and findings, and do not repeat or address all of the parties' arguments. *Guess? IP Holder LP v. Knowluxe LLC*, 116 USPQ2d 2018, 2019 (TTAB 2015).

I. Relevant Background

On December 22, 2021, Respondent filed a notice of opposition against Petitioner's Application Serial No. 90462869. 10 TTABVUE 17-29;[1] *see also* Opp. No. 91273609, 1 TTABVUE. Respondent asserted claims of dilution and likelihood of confusion with its mark AMERICAN APPAREL, and pleaded ownership of five registrations for the mark, including Registration No. 5767433.[2] *Id.*

Petitioner filed an answer in the Opposition on January 31, 2022, denying the allegations of the notice of opposition. 10 TTABVUE 121-24; *see also* Opp. No. 91273609, 4 TTABVUE. Petitioner did not assert any counterclaims. *See id.*

Almost a year after filing its answer in the Opposition, on January 6, 2023, Petitioner filed the current petition to cancel, seeking to cancel Respondent's Registration No. 5767433 on grounds of genericness and mere descriptiveness with no acquired distinctiveness. 1 TTABVUE. Respondent filed an answer denying the allegations of the petition to cancel and asserting affirmative defenses including laches, waiver, acquiescence, and unclean hands. 5 TTABVUE 19-24.[3]

[1] Unless stated otherwise, citations are to the record in Cancellation No. 92081329.

[2] Filed on August 6, 2018 and registered on June 4, 2019 on the Principal Register under Trademark Act Section 2(f), 15 U.S.C. § 1052(f) for "Clothing, namely, socks, hosiery, undergarments, loungewear, sleepwear, tops, and bottoms; Outerwear, namely, jackets; Footwear; Headwear" in Class 25. The registration disclaims "APPAREL."

[3] Inasmuch as Respondent initially failed to file a timely answer, the Board entered default. 4 TTABVUE. Respondent's conceded motion to set aside default was granted, and its answer filed on April 3, 2023 was accepted. 8 TTABVUE.

II. Motion for Summary Judgment

A. Legal Standard

Summary judgment is an appropriate method of disposing of cases in which there is no genuine dispute with respect to any material fact, thus allowing the case to be resolved as a matter of law. *See* Fed. R. Civ. P. 56(a). A party moving for summary judgment has the burden of demonstrating the absence of any genuine dispute as to a material fact, and that it is entitled to judgment as a matter of law. *See Celotex Corp. v. Catrett*, 477 U.S. 317, 323 (1986); *Sweats Fashions, Inc. v. Pannill Knitting Co. Inc.*, 833 F.2d 1560, 4 USPQ2d 1793, 1796 (Fed. Cir. 1987). A factual dispute is genuine if, on the evidence of record, a reasonable fact finder could resolve the matter in favor of the non-moving party. *See Opryland USA Inc. v. Great Am. Music Show Inc.,* 970 F.2d 847, 23 USPQ2d 1471, 1472 (Fed. Cir. 1992); *Olde Tyme Foods, Inc. v. Roundy's, Inc.*, 961 F.2d 200, 22 USPQ2d 1542, 1544 (Fed. Cir. 1992).

Additionally, the evidence of record must be viewed in the light most favorable to the non-moving party, and all justifiable inferences must be drawn from the undisputed facts in favor of the non-moving party. *See Lloyd's Food Prods. Inc. v. Eli's Inc.*, 987 F.2d 766, 25 USPQ2d 2027 (Fed. Cir. 1993); *Opryland USA,* 23 USPQ2d at 1472. We may not resolve disputes as to material facts and, based thereon, decide the merits of the proceeding. Rather, we may only ascertain whether any material fact is genuinely disputed. *See Lloyd's Food Prods.*, 25 USPQ2d at 2029; *Olde Tyme Foods*, 22 USPQ2d at 1542; *Meyers v. Brooks Shoe Inc.*, 912 F.2d 1459, 16 USPQ2d 1055, 1056 (Fed. Cir. 1990) ("If there is a real dispute about a material fact or factual

inference, summary judgment is inappropriate; the factual dispute should be reserved for trial.").

B. Analysis and Decision

Counterclaims for cancellation of pleaded registrations in Board proceedings are governed by Trademark Rule 2.114(b)(3)(i), 37 C.F.R. § 2.114(b)(3)(i), which provides as follows:

> A defense attacking the validity of any one or more of the registrations pleaded in the petition shall be a compulsory counterclaim if grounds for such counterclaim exist at the time when the answer is filed. If grounds for a counterclaim are known to the respondent when the answer to the petition is filed, the counterclaim shall be pleaded with or as part of the answer. If grounds for a counterclaim are learned during the course of the cancellation proceeding, the counterclaim shall be pleaded promptly after the grounds therefor are learned.

"The use of 'shall' in the rule makes the counterclaim compulsory **in the proceeding in which the subject registration has been pleaded**." *Jive Software, Inc. v. Jive Commc'n, Inc.*, 125 USPQ2d 1175, 1177 (TTAB 2017) (emphasis added). Accordingly, a "defendant may not 'reserve' a counterclaim for a new proceeding … even if the defendant learns of the grounds after its answer has been filed." *Id. See also Vitaline Corp. v. Gen. Mills Inc.*, 891 F.2d 273, 13 USPQ2d 1172, 1174 (Fed. Cir.1989) (Trademark Rule requiring the pleading of compulsory counterclaims was "clearly violated" by an assertion of a claim not as a counterclaim in the original proceeding but as a "purportedly new claim in a separate [cancellation] proceeding").

Respondent contends that the "grounds of genericness and descriptiveness, as alleged by [Petitioner], are based on the AMERICAN APPAREL mark and the goods

listed in the '433 Registration, which existed at the time [Petitioner] filed its Answer [in the Opposition]." 10 TTABVUE 7. As evidence of Petitioner's knowledge of the basis of its claims, Respondent points to a letter that Petitioner sent Respondent on December 8, 2021 – before it filed its answer in the Opposition – wherein Petitioner wrote:

> The trademark AMERICAN APPAREL is notable [sic] weak given half the mark, the term APPAREL, is generic and afforded no protection as a trademark. The other half of the mark, AMERICAN, is blatantly descriptive.

Id. at 7, 118.

In response, Petitioner asserts only that Respondent did not carry its burden on summary judgment, inasmuch as "[t]here is no evidence in the record or the pleadings that the grounds for a counterclaim of genericism were known when Petitioner filed its Answer to the Notice of Opposition on January 31, 2022." 11 TTABVUE 4.

Initially, we note that Respondent did not explicitly plead, as an affirmative defense, that Petitioner's claims are untimely compulsory counterclaims. *See* 5 TTABVUE 19-24. A party typically cannot obtain summary judgment on an issue which has not been pleaded. *See Paramount Pictures Corp. v. White*, 31 USPQ2d 1768, 1772 (TTAB 1994), *aff'd*, 108 F.3d 1392 (Fed. Cir. 1997).

Nonetheless, Respondent pleaded that "as a result of Petitioner's own acts and/or omissions, Petitioner has waived any right to pursue its Cancellation." 5 TTABVUE 22. This defense, which Petitioner did not move to strike, can be construed to allege that Petitioner waived its claims by failing to timely assert them in the Opposition.

Moreover, Petitioner has not objected to Respondent's motion for summary judgment as being on an unpleaded issue, but rather has treated the issue on its

merits. Accordingly, "to the extent that it may be necessary to do so, we deem [Respondent]'s pleading to be amended, by agreement of the parties, to assert this issue." *Paramount Pictures*, 31 USPQ2d at 1772 (opposer's pleading deemed amended where nonmoving party did not object to summary judgment motion as seeking judgment on unpleaded claim).

There is no genuine dispute of material fact that the grounds for asserting that the mark shown in Registration No. 5767433 is generic or devoid of acquired distinctiveness[4] existed at the time Petitioner filed its answer in the Opposition. Indeed, Petitioner does not argue otherwise. *See* 11 TTABVUE.

Further, Petitioner offers no explanation (let alone evidence) for its failure to assert its claims as timely counterclaims in the Opposition. *See* 11 TTABVUE.[5] Petitioner does not argue that it learned the basis of its claims through discovery. *See id*.

It is well established that a defendant that fails to timely plead a compulsory counterclaim cannot avoid the effect of its failure by thereafter asserting the counterclaim grounds in a separate petition to cancel. *See Vitaline Corp.*, 13 USPQ2d at 1174. *See also* TRADEMARK TRIAL AND APPEAL BOARD MANUAL OF PROCEDURE (TBMP) § 313.04 (2023). Inasmuch as Petitioner's claims were compulsory in the

[4] "Where, as here, a mark is registered under Section 2(f), Respondent's mark's lack of inherent distinctiveness is a nonissue." *Flame & Wax, Inc. v. Laguna Candles, LLC*, 2022 USPQ2d 714, at *7 (TTAB 2022).

[5] We note that Trademark Rule 2.114(b)(3)(i) provides that a party that files a counterclaim as a separate proceeding "must promptly inform the Board, **in the context of the primary cancellation proceeding**, of the filing of the other proceeding." 37 C.F.R. § 2.114(b)(3)(i) (emphasis added). Petitioner failed to do so.

Opposition, and were not timely asserted in that proceeding, they are waived. Respondent's motion is **GRANTED**. The petition to cancel is **DISMISSED WITH PREJUDICE.**