UNITED STATES PATENT AND TRADEMARK OFFICE
Trademark Trial and Appeal Board
P.O. Box 1451
Alexandria, VA 22313-1451

Mailed: July 17, 2008

Opposition No. 91172851

Railrunner N.A., Inc.

v.

New Mexico Department of Transportation[1] *and*

New Mexico Mid-Region Council of Governments

Before Bucher, Taylor, and Mermelstein, Administrative Trademark Judges.

Mermelstein, Administrative Trademark Judge:

Applicant seeks to register the mark NEW MEXICO RAILRUNNER (standard characters) for "transportation of passengers and goods by rail" in International Class 39.[2] Railrunner N.A., Inc., filed a notice of opposition, alleging that registration of applicant's mark would lead to a likelihood of confusion with Railrunner's previously registered and used trademarks, specifically Registration

[1] We add the New Mexico Department of Transportation ("NMDOT") as a party defendant by virtue of the July 3, 2007, assignment of the subject application discussed in more detail below.

[2] Application No. 76630510, filed February 7, 2005, by the New Mexico Mid-Region Council of Governments ("MRCOG"), based on the allegation of a *bona fide* intent to use the mark in commerce. Applicant disclaimed the exclusive right to use "NEW MEXICO" apart from the mark as shown. Assignment to New Mexico Department of Transportation, executed July 3, 2007, and recorded in the records of the USPTO at Reel 3576, Frame 0825.

No. 2966296 for the mark RailRunner for "railway bogeys,"[3] and the marks in two pending applications for the marks RAILRUNNER[4] (standard characters) and RAILRUNNER.[5]

Applicant denied the salient allegations of the notice of opposition and counterclaimed for cancellation of opposer's pleaded registration on the ground that opposer's mark is a descriptive or generic designation for the identified goods. Opposer filed an answer to the counterclaims, essentially denying applicant's allegations.

This case now comes up on opposer's motion to amend its pleading and opposer's motion for summary judgment, both filed on August 28, 2007. The motion for summary judgment has been fully briefed.

I. Motion to Amend

Opposer moves to amend its notice of opposition, essentially adding three new claims, namely that registration of the mark in the subject application would cause dilution pursuant to Trademark Act § 43(c), 15 U.S.C.

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[3] Registered July 12, 2005.

[4] Application No. 78762196, for a variety of goods and services related to railway cars and operations in International Classes 12, 35, 37, 39, 40, and 41. Filed November 29, 2005. This application matured into Registration No. 3227113 (issued April 10, 2007) during the course of this proceeding.

[5] Application No. 78740568, for a variety of goods and services related to railway cars and operations in International Classes 12, 35, 37, 39, 40, and 41. Filed October 26, 2005, based on a

§ 1125(c); that applicant has assigned the subject application contrary to the provisions of Trademark Act § 10, 15 U.S.C. § 1060; and that at the time the subject application was filed, applicant was not the owner of the mark and did not have a *bona fide* intent to use it in commerce, as required by Trademark Act § 1(b), 15 U.S.C. § 1051(b).

After service of a responsive pleading, a party may seek leave to amend its pleading upon motion, and the Board will "freely give leave when justice so requires." Fed. R. Civ. P. 15(a)(2). Although opposer's motion to amend was filed after the close of discovery, applicant did not respond to the motion; to the contrary, applicant's response to opposer's motion for summary judgment appears to assume that the motion to amend will be granted. While the timing of a motion to amend a pleading is a significant factor for consideration, the fact that opposer's motion was not filed until after the close of discovery is not dispositive. Even at this stage, potential prejudice to applicant arising from the timing of the motion could usually be mitigated by a reopening of discovery,[6] if necessary.[7]

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bona fide intent to use the mark in commerce. Second extension of time to file Statement of Use granted, March 7, 2008.

[6] In its motion to amend, opposer mentions that the parties have not yet negotiated an agreement for the protection of confidential information. Effective August 31, 2007, the Board's standard protective order is in effect for all proceedings,

Accordingly, opposer's motion to amend is GRANTED. Fed. R. Civ. P. 15(a)(2); *see* Trademark Rule 2.127(a) (unopposed motion may be granted as conceded).

II. Motion for Summary Judgment

Opposer's motion seeks judgment on its claims that the subject intent-to-use application was improperly assigned, and that at the time the application was filed, applicant was not the owner of the mark, and did not have a *bona fide* intent to use the mark in commerce.

A. Applicable Law

Summary judgment is an appropriate method of disposing of cases in which there are no genuine issues of material fact in dispute and the moving party is entitled to judgment as a matter of law. *See* Fed. R. Civ. P. 56(c). A party moving for summary judgment has the burden of demonstrating the absence of any genuine issue of material fact, and that it is entitled to summary judgment as a matter of law. *See Celotex Corp. v. Catrett*, 477 U.S. 317 (1986). The nonmoving party must be given the benefit of all reasonable doubt as to whether genuine issues of material fact exist,

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although the terms of the order may be modified by stipulation or upon motion. Trademark Rule 2.116(g).

[7] Such relief does not seem necessary in this case because information regarding opposer's new claims is likely to be exclusively in applicant's hands. Opposer has not claimed that it needs further discovery, and its motion for summary judgment takes the position that the information it already has is sufficient for judgment, at least with respect to some claims.

and all inferences to be drawn from the undisputed facts must be viewed in a light most favorable to the nonmoving party. *See Opryland USA, Inc. v. Great Am. Music Show*, Inc., 970 F.2d 847, 23 USPQ2d 1471 (Fed. Cir. 1992).

Trademark Act § 10 provides in relevant part as follows:

> A registered mark or a mark for which an application to register has been filed shall be assignable with the good will of the business in which the mark is used, or with that part of the good will of the business connected with the use of and symbolized by the mark. Notwithstanding the preceding sentence, no application to register a mark under section 1051(b) of this title shall be assignable prior to the filing of an amendment under section 1051(c) of this title to bring the application into conformity with section 1051(a) of this title or the filing of the verified statement of use under section 1051(d) of this title, except for an assignment to a successor to the business of the applicant, or portion thereof, to which the mark pertains, if that business is ongoing and existing.

Trademark Act § 10(a)(1), 15 U.S.C. § 1060(a)(1).

In other words, prior to the filing of an allegation of use, *see* Trademark Act §§ 1(c)-(d), an intent-to-use ("ITU") applicant may not transfer its application to another, unless it transfers with it at least that part of applicant's business to which the mark pertains. And as the last clause of the quoted subsection emphasizes, even that transfer is only permissible if the applicant actually has

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Applicant did not request further discovery pursuant to Fed. R. Civ P. 56(f) in response to opposer's motion.

such a business, *i.e.*, if the applicant is already providing the goods or services recited in the application.

As discussed at length in *Clorox Co. v. Chem. Bank*, 40 USPQ2d 1098 (TTAB 1996), the Trademark Law Revision Act of 1988, Pub. L. 100-667, 102 Stat. 3935 (1998) ("TLRA"), provided for the filing of trademark applications prior to actual use of the mark, so long as the applicant has a *bona fide* intent to use the mark in commerce. However, the legislative history of the TLRA reveals considerable concern that the filing of such applications may lead to trafficking in marks which are not yet in use. The restrictions on transfer of ITU applications in Trademark Act § 10 resulted from those concerns. And although the statute does not explicitly state the consequences of a non-complying transfer of an ITU application, the Board in *Clorox* found Congress' intention clear: any improper transfer results in a void application, and any resulting registration must be cancelled. *Clorox*, 40 USPQ2d at 1106.[8]

[8] In *Clorox*, the Board was not concerned with the reason for the transfer. The parties had stipulated that the intent of the transfer was merely to create a security interest in the trademark, which in itself is unremarkable. However, because this goal was accomplished by transferring the mark to the lender (with an exclusive, royalty-free license back to the borrower and an agreement to transfer back upon satisfaction of the loan), it ran afoul of § 10, because it was not transferred along with any part of the applicant's business.

B. Background

Opposer Railrunner N.A., Inc., is a Delaware corporation. As noted, opposer has plead ownership of one registration and two applications (one of which has since issued as a registration) for the marks NEW MEXICO RAILRUNNER, RAILRUNNER (standard characters), and RAILRUNNER (and design) for various goods and services related to railway vehicles.

The original applicant, the New Mexico Mid-Region Council of Governments (MRCOG), is a regional consortium of county and municipal governments organized for the purpose of planning regional development as permitted by state statute.[9] MRCOG's territorial jurisdiction is limited to four counties in central New Mexico.

MRCOG transferred the subject application to the New Mexico Department of Transportation, which is a branch of the New Mexico state government.

According to applicant, it "organized a nascent commuter railroad to run into downtown Albuquerque, New Mexico from both that city's northern and southern suburbs."[10] Response at 2. Subsequent plans were developed

[9] The relevant statute, a copy of which was provided by applicant during examination, makes clear that regional planning commissions are set up by county and municipal governments, and are not under the control of the state government or an instrumentality of it.

[10] Applicant does not specifically indicate whether its "nascent" railroad is in operation or not, or whether the mark in the

to include expansion of the commuter railroad north to Santa Fe, an area which is beyond MRCOG's regional jurisdiction. Applicant contends that "since the commuter railroad is expanding beyond MRCOG's jurisdictional boundaries, it was appropriate to assign the mark to NMDOT." *Id.*

C. "Undisputed" Facts

In support of its motion for summary judgment, opposer alleges that the following facts are undisputed:

> 1. The [subject] Application was filed as [an] intent to use application under Section 1(b) of the Trademark Act, 15 U.S.C. § 1051(b).
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> ...
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> 3. The [subject] Application was filed by Applicant claiming that Applicant was the owner of and had a bona fide intent to use the mark NEW MEXICO RAILRUNNER sought to be registered.
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> ...
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> 5. Applicant has not filed an Amendment to Allege Use or a Statement of Use with the Trademark Office for the Application.
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> 7. On July 3, 2007, Applicant assigned the Application ... to the NMDOT.

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subject application is in use in connection with those services. However, opposer states that the mark in applicant's companion Application No. 76631479 (for NEW MEXICO RAIL RUNNER and design, and covering broader goods and services) is "in use," which applicant has not denied. Stmt. of Material Facts, ¶ 6. On summary judgment we construe all facts in a light most favorable to the non-moving party. Accordingly, although it is not entirely clear from the record what goods or services applicant is actually using the goods on, we assume for purposes of this motion only that applicant's mark is in use in connection with the identified services in this application, namely, "transportation of passengers and goods by rail."

> 8. The NMDOT is not a successor in interest to Applicant's ongoing and existing business.
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> 9. On July 9, 2007, Applicant's counsel of record in this proceeding filed the Assignment with the Trademark Office for recordation against the Application....
> 10. On July 9, 2007, the USPTO recorded the Assignment against the Application ... at reel 3576, frame 0825.

Mot. for Summ. J. at 4-5.

For its part, applicant explicitly admits the truth of each of opposer's stated facts, but for one. In response to opposer's eighth "undisputed" fact, applicant responded as follows:

> Response: Denied. NMDOT is a successor to the business of the applicant. See, Rael Affidavit, ¶ 11.

Response at 3-5. The affidavit referred to is that of Lawrence Rael, the Executive Director of MRCOG. The cited paragraph of the Rael affidavit is as follows:

> NMDOT is the successor in business to the operation of the railroad in Region 3 and in Santa Fe County.

The Rael affidavit is the only evidence submitted by applicant in response to opposer's motion for summary judgment.[11] There were no exhibits to the affidavit, and none of the other matters recited by Mr. Rael or applicant's

[11] In its response, applicant makes reference to a web page which was not submitted. We agree with opposer that this matter is not part of the record, and we have not considered it. Opposer further posits that this material is not self-authenticating. We cannot make the latter determination without examining the web page, which we have not done.

counsel shed further light on the nature of the trademark assignment or NMDOT's succession to MRCOG's business.

Opposer submitted a copy of the trademark assignment in question. The salient parts of the assignment are as follows:

> [MRCOG] has adopted on behalf of and as the agent of the State of New Mexico, used on behalf of and as the agent of the State of New Mexico, and is using on behalf of and as the agent of the State of New Mexico the marks NEW MEXICO Rail RUNNER, NEW MEXICO RAIL RUNNER EXPRESS, and NEW MEXICO RAIL RUNNER and Design[.]
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> [MRCOG,] on behalf of and as agent of the State of New Mexico applied for federal registration of the mark NEW MEXICO RAIL RUNNER [the subject application.]
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> ...
>
> [NMDOT], a department of the executive branch of the government of the State of New Mexico, is desirous of acquiring said marks and the corresponding applications[.]
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> [MRCOG] has been empowered by [NMDOT], as the [NMDOT's] agent, to manage a commuter rail system to be known as the NEW MEXICO RAIL RUNNER EXPRESS for the benefit of the people of the State of New Mexico ... and in that capacity [MRCOG] applied for registration of the marks;
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> NOW, THEREFORE, for good and valuable consideration, receipt of which is hereby acknowledged, Assignor does hereby assign unto Assignee all right, title and interest in and to said mark, together with the goodwill of the business symbolized by said mark and the above identified registration thereof....

D. Discussion

1. Transfer of ITU Application

Simply put, opposer contends that MRCOG's transfer of the subject application to NMDOT renders the subject application void under Trademark Act § 10, because NMDOT is not a successor in interest to MRCOG's business. Opposer's argument is supported by the assignment itself, which makes no reference to transfer of any part of MRCOG's business, and by the absence of any documentary evidence of such transfer submitted in response to its motion.

As noted above, in response to opposer's motion for summary judgment, applicant filed the Rael affidavit, which states only that "NMDOT is the successor in business to the operation of the railroad in Region 3 and in Santa Fe County." Applicant provided no further explanation in the affidavit itself or in applicant's response to opposer's motion, nor did it submit any documentary evidence of the transfer of MRCOG's transportation business (or any part of it) to NMDOT. While we have not previously required any particular formality for such a business transfer, we simply cannot imagine the transfer of a railroad business, with its attendant assets and liabilities – or any part of it – absent written documents.

Applicant denies that NMDOT is not the successor to MRCOG's business. Rael Aff. ¶ 11 ("NMDOT is the successor

in business to the operation of the railroad in Region 3 and in Santa Fe County."). But as opposer correctly notes,

> [i]n order to defeat a motion for summary judgment, the non-moving party "may not rest upon mere allegations or denials of his pleadings, but ... must set forth specific facts that show there is a genuine issue for trial." Fed. R. Civ. P. 56(e); *see also Anderson v. Liberty Lobby, Inc.*, 477 U.S. 242, 248 (1985)(emphasis added). Mere allegations are not "specific facts" of the type sufficient to defeat summary judgment. *See* Fed. R. Civ. P. 56(e); *Celotex Corp. v. Catrett*, 477 U.S. 317, 324 (1986); *Anderson* at 249-251; *First Commodity Traders, Inc. v. Heingold Commodities, Inc.*, 766 F.2d 1007, 1011 (7th Cir. 1985) (conclusory affidavits will not raise genuine issue of material fact).

Reply at 3. *See also Garri Publ'n Assoc. Inc. v. Dabora Inc.*, 10 USPQ2d 1694, 1696 (TTAB 1988).

Opposer has provided evidence of facts which, if unrefuted, would entitle it to judgment, namely, (1) that the subject trademark was transferred from MRCOG to NMDOT; and (2) that MRDOT is not the successor to MRCOG or its transportation business. Although opposer has not submitted an affidavit or documents evidencing the second point, we find it sufficient that opposer has submitted the trademark assignment, which includes neither an assignment of any part of MRCOG's business nor references any such assignment. Such evidence – or more accurately, the lack of it – may not suffice in other situations. But in this case, direct evidence, if any, of a transfer was surely available to applicant, and opposer cannot prove that evidence it would

not have access to in the first place does not exist. Under these circumstances, we find that the submission of the trademark assignment, which makes no mention of a transfer of any part of MRCOG's business, is sufficient to establish *prima facie* that the subject trademark was transferred contrary to Trademark Act § 10.

We further find that applicant's unsupported claim that NMDOT is a successor to MRCOG's rail transportation business, or some part thereof, is not sufficient to raise a genuine issue of material fact. Applicant has provided no explanation of the facts and circumstances of such a transfer, including such fundamental facts such as what was transferred and when. In light of opposer's allegations, it was incumbent upon applicant to either provide documents evidencing NMDOT's succession to MRCOG's rail transportation business, or at least to recite specific facts in an affidavit from which a fact-finder could possibly conclude that such a transfer took place. Applicant's mere denials of opposer's allegations are insufficient. Fed. R. Civ. P. 56(e)(2).

Finally, we note applicant's argument that "[i]n the matter of a trademark assignment, a recorded assignment is prima facie evidence of a valid assignment and the burden falls on the challenging party to prove otherwise." Response at 6 (citations omitted). This argument misses the

point. Opposer does not contend that the transfer was not valid. Rather, it is opposer's position that the result of such a transfer is to render the application void. If Trademark Act § 10 merely renders a non-complying transfer void, the attempt to transfer would have no effect, and cases such as Clorox would never arise. To the contrary, the problem here arises precisely because there was a transfer.

2. Standing

In addition to demonstrating the absence of factual issues pertaining to its substantive claims, opposer also bears the burden of showing that there are no genuine issues of material fact regarding its standing. Copies of opposer's "RAILRUNNER" registrations and application were attached to its motion for summary judgment, and applicant does not dispute this evidence. Opposer's registrations and pending trademark application demonstrate that it has an genuine interest in this proceeding and support a reasonable belief that it would be damaged by registration of applicant's mark, thus establishing its standing. *Cunningham v. Laser Golf Corp.*, 222 F.3d 943, 55 USPQ2d 1842 (Fed. Cir. 2000); *Lipton Indus., Inc. v. Ralston Purina Co.*, 670 F.2d 1024, 213 USPQ 185 (CCPA 1982).

III. Conclusion

Opposer has established that there is no genuine issue of material fact with respect to its claim that the subject application was assigned in violation of the requirements set out in Trademark Act § 10. Accordingly, it is entitled to summary judgment on that issue, and judgment will be entered in opposer's favor to that extent.

Given our conclusion, it is unnecessary to reach the question of whether MRCOG had a *bona fide* intent to use its mark in commerce when it filed the subject application. Similarly, we presume that opposer will not be pursuing its other claims. Nonetheless, if opposer elects to proceed to trial on such claims, it shall so notify the Board within twenty days of the mailing of this order, failing which the trial schedule set out below shall be followed.

IV. Trial Dates Reset

Proceedings herein are resumed with respect to applicant's counterclaim only. Trial dates are reset as follows:

DISCOVERY PERIOD TO CLOSE:	**CLOSED**
Thirty-day testimony period for applicant as counterclaim plaintiff to close:	**October 4, 2008**
Thirty-day testimony period for opposer as counterclaim defendant close:	**December 3, 2008**
Fifteen-day rebuttal testimony period to close:	**January 17, 2009**

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. Trademark Rule 2.125. Briefs shall be filed in accordance with Trademark Rule 2.128(a) and (b). An oral hearing will be set only upon request filed as provided by Trademark Rule 2.129(a).

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