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

Proceeding	92048994
Party	Plaintiff adidas North America, Inc., Reebok International, Ltd., Nike, Inc. and New Balance Athletic Shoe, Inc.
Correspondence Address	David K. Friedland Lott & Friedland, P.A. 355 ALHAMBRA CIRCLE, SUITE 1100 Coral Gables, FL 33134 UNITED STATES dkfriedland@lfiplaw.com, jrich@lfiplaw.com,bwebb@shb.com,bstarr@shb.com,jzenger@shb.com,rdhosp@goodwinprocter.com, mpuzella@goodwinprocter.com
Submission	Other Motions/Papers
Filer's Name	Jaime S. Rich
Filer's e-mail	jrich@lfiplaw.com, kruiz@lfiplaw.com, dkfriedland@lfiplaw.com,krivera@lfiplaw.com
Signature	/Jaime S. Rich/
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Attachments	OPP- Response to Motion to Suspend - AS FILED 05 05 08 JR.pdf (9 pages) (34836 bytes) Exh A-B Petitioners Response to Motion to Suspend.pdf (6 pages)(163102 bytes)

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

adidas North America, Inc.; Reebok International, Ltd.; Nike, Inc.; and New Balance Athletic Shoe, Inc.
Petitioners,

Cancellation No.: 92048994
Registration No.: 1,484,334
Mark: 360°
Registration Date: April 12, 1988

v.

Tanel Corporation, f/k/a Tanel Acquisition Group, Inc.
Registrant.

PETITIONERS' MEMORANDUM OF LAW IN OPPOSITION TO REGISTRANT'S
MOTION TO SUSPEND

Petitioners, adidas North America, Inc., Reebok International, Ltd., Nike, Inc., and New Balance Athletic Shoe, Inc. (collectively "Petitioners"), hereby oppose the Motion by Registrant Tanel Corporation, f/k/a Tanel Acquisition Group ("Tanel") to suspend this proceeding pending the disposition of a federal court action between Cleated Technologies, Inc., d/b/a Tanel 360° and Tanel Corporation and the Petitioners (Case No. 3:08-cv-00308, D. Or.) ("the Cleated Tech. Litigation").

Tanel's Motion to Suspend should be denied for two reasons. First, this petition to cancel involves a novel issue of regulatory procedure that should be examined as a matter of policy first and foremost by the Trademark Office, which administers that procedure. Petitioners' allegation that Registrant maintained Reg. No. 1,484,334 ("the '334 Registration") by fraud on the Patent and Trademark Office ("PTO") is novel insofar as the fraudulent statements do not concern an application or improper Section 8 or 15 filing (as is the usual case), but Registrant's "Request for Reconsideration" filed *after* this Board had already cancelled the '334 Registration. Petitioners contend that the Registrant did not just commit fraud on the PTO, but, specifically, *fraud on this tribunal*. A careful review of cases before the Trademark Trial and Appeal Board ("TTAB" or

“Board”) suggests that Registrant’s conduct presents an issue of first impression. As the principal regulatory body that administers trademark registrations and the conduct of parties involved in the procurement of such registrations, the Board has a fundamental interest in the propriety of the proceedings before it and should evaluate this narrow issue before the district court.

Second, as presently constituted, final determination of the Cleated Tech. Litigation will have little bearing on this proceeding because the issue of cancellation of the ‘334 Registration is not before the district court. The Board should reject the conclusory and unsubstantiated statements made in the Registrant’s brief and decide the Petition on its merits.

In opposition to the motion to suspend, Petitioners further state as follows:

BACKGROUND¹

The PTO issued registration for the ‘334 mark on April 12, 1988 to Tanel Corporation. Tanel Corporation assigned its entire interest and goodwill in the ‘334 Mark to Tanel Acquisition Group, Inc. on November 1, 1994. *See* Assignment of Intellectual Property, attached hereto as Exhibit A. Presumably, Tanel Acquisition Group caused to be recorded this assignment at the PTO on March 6, 1995.² Printout from the PTO website, attached hereto as Exhibit B. Upon Petitioner’s information and belief, Registrant abandoned the ‘334 Registration beginning in 1997 when Tanel went out of business.³

¹ The detailed facts of this case are set forth more fully in the Petition for Cancellation filed March 7, 2008.

² Registrant’s tenuous accounting for the assignee of record, Tanel Acquisition Group, in its Amended Complaint makes its Motion to Suspend vulnerable to denial on jurisdictional grounds. It is unclear that the party to the petition to cancel – Tanel Corporation – is the “same party or parties to [the] pending case” as required by the Board’s suspension rule. *See* Trademark Rule 2.117; *see Stealth Inds., Inc. v. GMI Holding, Inc.*, No. 96,144, 1996 WL 34399548, at *2 (Com’r Trademarks Oct. 29, 1996) (denying petition to review TTAB decision that denied Motion to Suspend Pending Outcome of the Civil Suit where “Petitioner failed to demonstrate any basis for an assertion of privity between [trademark registrant] and [the named parties in the litigation]”).

³ Thereafter, at least one of the Petitioners made intervening use of “360” such that Registrant can no longer preclude Petitioners’ use.

On November 1, 2002, World Wide Wolverine, Inc. petitioned for cancellation of the ‘334 Registration before the TTAB based on Tanel’s abandonment of the 360° Mark. *See* Cancellation No. 92032585. Tanel did not respond to the petition and this Board cancelled the ‘334 Registration on August 19, 2003. Approximately eight months after the petition for cancellation was filed and after the ‘334 Registration had already been cancelled, Michael Tanel, the Registrant’s President, filed a declaration in support of a request for reconsideration of the cancellation. Mr. Tanel claimed a lack of notice of the petition and falsely represented to this tribunal that the 360° Mark was first used in commerce on May 6, 1986 and had “been in continual use since that date in the sale and marketing of shoes.” Petition at ¶ 12. In reliance on this false representation, the Board withdrew its order of cancellation. Thereafter, Tanel confidentially settled with Wolverine – its registration reinstated and preserved.

Cleated Technologies, Inc. *et. al* filed their Complaint in the Western District of Texas district court on July 25, 2007 and their First Amended Complaint on January 18, 2008. Petitioners answered the Amended Complaint on or before February 5, 2008. On February 29, 2008, Judge Walter Smith ordered the case transferred to the District of Oregon. To date, no additional pleadings have been filed and the court has not yet set a discovery schedule.

Petitioners requested cancellation of the ‘334 Registration on March 7, 2008 and the Board set the schedule for this proceeding on March 10, 2008. Registrant answered the Petition for Cancellation on April 18, 2008 and discovery is set to begin on May 19, 2008.

ARGUMENT

As discussed above, the unique factual circumstances of this case as well as the fact that relief requested by Petitioners in this proceeding is not at issue in the Cleated Tech. Litigation, demonstrate that Registrant's Motion to Suspend should be denied.

I. THE TTAB HAS A FUNDAMENTAL INTEREST IN THE FRAUD ALLEGED

In light of its unique expertise and perspective in this case, this Board—not the district court—should be the first to decide whether the Registrant fraudulently revived its '334 Registration. Unlike typical allegations of fraudulent trademark registration or procurement, where the act of fraud is perpetrated against the PTO, this case raises acts of fraud committed on *this* tribunal.

This is particularly true where the TTAB is significantly more familiar than a district court with the legal standards for evaluating whether a registrant fraudulently maintained its trademark registration. Indeed, the Board's renewed emphasis on aggressively policing parties obtaining or maintaining trademark registration through fraud since its decision in *Medinol Ltd. v. Neuro Vasx, Inc.*, 67 U.S.P.Q. 2d 1205 (T.T.A.B. 2003), demonstrates that the Board's jurisprudence in evaluating claims of fraudulent registration is evolving. *See, e.g., Hurley Int'l LLC v. Volta*, 82 U.S.P.Q. 2d 1339, 1345-46 (T.T.A.B. 2007) (granting summary judgment on Petitioner's fraud claims where registrant was not actually using the mark in commerce during the periods it claimed to be); *Sinclair Oil Corp. v. Kendrick*, 85 U.S.P.Q. 2d 1032, 1035-36 (T.T.A.B. 2007) (granting summary judgment on Petitioner's fraud claims where applicant "signed a declaration attesting to the truth of all the statements in the application when she knew or should have known that she had not used the mark in connection with the recited services"); *Hachette Filipacchi Presse v. Elle Belle LLC*, 85 U.S.P.Q. 2d 1090, 1094-95 (T.T.A.B. 2007) (same result); *see also Court Opinions Affecting PTO Trademark Practice: The Year in Review*,

89 J. PAT. & TRADEMARK OFF. SOC'Y 177, 196 (2007) (“Ever since the Board issued its decision in 2003 in *Medinol Ltd. v. Neuro Vasx*, the issue of fraud has attracted greater attention by trademark owners and the bar.”). The dynamic nature of the Board’s decisions regarding fraud combined with the exceptional situation of Tanel’s post-cancellation revival suggests that the Board should be the first to decide this issue, not the district court.

In addition, the Board is better equipped than the district court to interpret the meaning of their own regulations, especially those relating to fraudulent trademark procurement. *See FirstHealth of Carolinas, Inc. v. CareFirst of Maryland, Inc.*, 479 F.3d 825, 829 (Fed. Cir. 2007) (“The [Trademark Trial and Appeal] Board has discretion to reasonably interpret the meaning of [a term] in the context of its own regulations.”) (citing *Thomas Jefferson Univ. v. Shalala*, 512 U.S. 504, 512 (1994) (an agency's interpretation of its own regulation is given “controlling weight unless it is plainly erroneous or inconsistent with the regulation” (internal citations omitted)); *Digital Equip. Corp. v. Diamond*, 653 F.2d 701, 713 n. 12 (1st Cir. 1981) (noting, in the fraud context, that the “PTO’s interpretation of its own rule . . . is entitled to substantial deference”).

In view of the principle that “the public interest [seeks] to prohibit registrations procured or maintained by fraud and to remove abandoned registrations from the register,” *Treadwell’s Drifters Inc. v. Marshak*, 18 U.S.P.Q. 2d 1318, 1320 (1990), denial of the Motion to Suspend also helps to serve the public interest since the TTAB will be able to analyze the facts of the case quickly due to its expertise. There is little doubt that the issue of fraud will be addressed more quickly in this forum than in the district court.

Admittedly, in the typical case, the TTAB has demonstrated a willingness to suspend proceedings where a civil action seeks relief identical to the relief requested in the TTAB. As

shown above, however, this is not a typical case. The Board is empowered with the *discretion* to suspend – suspension is not *mandatory*. See 37 C.F.R. § 2.117 (“Whenever it shall come to the attention of the [Board] that a party or parties to a pending case are engaged in a civil action . . . which may have a bearing on the case, proceedings before the Board may be suspended until termination of the civil action”) (emphasis added); see also *Boyd's Collection Ltd. v. Herrington & Co.*, 65 U.S.P.Q. 2d 2017, 2018 (T.T.A.B. 2003) (“both the permissive language of Trademark Rule 2.117(a) . . . and the explicit provisions of Trademark Rule 2.117(b) make clear that suspension is not the necessary result in all cases”); *Martin Beverage Co., Inc. v. Colita Beverage Corp.*, 169 U.S.P.Q. 568, 570 (T.T.A.B. 1971) (rejecting notion that the Board “automatically suspends proceedings” in the face of concurrent civil litigation and observing that “[s]uspension under such circumstances is granted only after both parties have been heard on the question and the Board has carefully reviewed the pleadings in the civil suit to determine if the outcome thereof will have a bearing on the question of the rights of the parties in the Patent Office proceeding”). Because this case raises unique factual circumstances that appear to be an issue of first impression, the Board should exercise its discretion and deny Registrant’s Motion to Suspend.

II. THE CLEATED TECH. LITIGATION DOES NOT BEAR ON THIS CANCELLATION PROCEEDING BECAUSE CANCELLATION IS NOT PRESENTLY BEFORE THE DISTRICT COURT

The Cleated Tech. Litigation will not determine whether the ‘334 Registration should be cancelled. Registrant’s unsupported contention that “this proceeding seeks to address the same claims that are set forth in the Civil Action” and that “[t]he Civil Action involves all factual and legal issues that arise in this proceeding,” Registrant Memo at 2, is disingenuous. Petitioners

have not sought cancellation of the '334 Mark in the civil action.⁴ Registrant is correct that the both the Petition for Cancellation and the Cleated Tech. Litigation concern allegations of abandonment. The existence of similar *claims*, however, is not dispositive. *See Boyds Collection Ltd.*, 65 U.S.P.Q. 2d at 2018 n. 2 (denying Motion to Suspend despite civil action alleging, *inter alia*, trademark infringement, unfair competition under § 43 of the Lanham Act and dilution under § 43(a) of the Lanham Act). Because only the current proceeding would presently result in the cancellation of the '334 Registration, the fact-finder in the Cleated Tech. Litigation will evaluate the issue in a manner different from this Board. *See Marc A. Bergsman, Tips From the TTAB: The Effect of Board Decisions in Civil Actions; Claim Preclusion and Issue Preclusion in Board Proceedings*, 80 Trademark Rep. 540, 540 (1990) (“district courts determine the right to use a mark” whereas the TTAB “is limited to deciding the rights to registration”). As a result, the “legal issues” here are materially different from those in the civil action and the Board should not exercise its discretion to suspend the petition to cancel.

CONCLUSION

Petitioners, adidas North America, Inc., Reebok International, Ltd., Nike, Inc., and New Balance Athletic Shoe, Inc., respectfully pray that the Board deny Registrant’s Motion to Suspend and grant such other and further relief as the Board deems just and proper.

⁴ *Cf. General Motors Corp v. Cadillac Club Fashions, Inc.*, 22 U.S.P.Q. 2d 1933, 1936-37 (T.T.A.B. 1992) (granting Motion to Suspend since relief sought in district court included an order directing Office to cancel the same registration involved in cancellation proceeding); *see also* GARY D. KRUGMAN, TRADEMARK TRIAL AND APPEAL BOARD PRACTICE AND PROCEDURE § 3.25 (2007) (“whenever it comes to the attention of the Board that the parties to the Board case are engaged in a civil action that may be dispositive of the Board case, the Board may suspend action on its proceeding pending termination of the civil action”) (emphasis added).

Date: May 5, 2008

Respectfully submitted,

LOTT & FRIEDLAND, P.A.

s/Jaime S. Rich

David K. Friedland

Jaime S. Rich

355 Alhambra Circle

Suite 1100 (zip code: 33134)

Post Office Drawer 141098

Coral Gables, Florida 33114-1098

(305) 448-7089 telephone

(305) 446-6191 facsimile

dkfriedland@lfiplaw.com

jrich@lfiplaw.com

*Attorneys for Petitioners adidas North America,
Inc. and Reebok International, Ltd.*

and

SHOOK HARDY & BACON, LLP

Bart A. Starr

B. Trent Webb

Jonathan N. Zerger

2555 Grand Boulevard

Kansas City, Missouri 64108-2613

(816) 474-6550 telephone

(816) 421-5547 facsimile

bstarr@shb.com

jzerger@shb.com

Attorneys for Petitioners Nike, Inc.

and

GOODWIN PROCTER LLP

R. David Hosp

Mark S. Puzella

53 State Street

Exchange Place

Boston, Massachusetts 02109

(617) 570-1000 telephone

(617) 523-1231 facsimile
rdhosp@goodwinprocter.com
mpuzella@goodwinprocter.com

*Attorneys for Petitioners New Balance Athletic
Shoe, Inc.*

CERTIFICATE OF SERVICE

The undersigned hereby certifies that a true and correct copy of the above and foregoing PETITIONERS' OPPOSITION TO REGISTRANT'S MOTION TO SUSPEND was sent via Federal Express on this the 5th day of May, 2008, addressed as follows:

Richard W. Bass
Corey M. Weideman
Thompson & Knight, LLP
333 Clay Street, Suite 3300
Houston, Texas 77002
Telephone: (713) 951-5854
Telecopier: (832) 397-8055
e-mail: richard.bass@tklaw.com
e-mail: corey.weideman@tklaw.com

COUNSEL FOR PLAINTIFF CLEATED
TECHNOLOGIES, INC., D/B/A TANEL 360° AND
TANEL CORPORATION

s/Jaime S. Rich
Jaime S. Rich

EXHIBIT

A

ASSIGNMENT OF INTELLECTUAL PROPERTY

THIS ASSIGNMENT OF INTELLECTUAL PROPERTY is made this 15th day of Nov 1994 by and between Tanel Corporation, a Wisconsin corporation ("TANEL") and Tanel Acquisition Group, Inc. ("TAG").

RECITALS

A. TANEL is the owner of various right, title and interest in and to certain intellectual properties as specified below.

B. TANEL desires to assign all of its rights, titles and interests in these properties to TAG and TAG desires to accept such assignment.

AGREEMENTS

In consideration of the recitals and mutual agreements which follow and other good and valuable consideration, the receipt and sufficiency of which are acknowledged, TAG and TANEL agree as follows:

1. Assignment of Trademarks. TANEL assigns to TAG all of TANEL's right, title and interest worldwide in and to any trademarks, service marks or trade dress to which TANEL has claims, and any registrations or applications for registration of same, including, without limitation, those listed on Schedule A attached hereto, along with all of the goodwill associated with the foregoing.
2. Assignment of Patents and Inventions. TANEL assigns to TAG all of TANEL's right, title and interest worldwide in and to any patents, patent applications or patentable inventions to which TANEL has claims, including, without limitation, any right, title or interest that TANEL may have in those patents and patent applications listed on Schedule B attached hereto, and in and to any continuations, divisionals, foreign filings, continuations-in-part, extensions or reissuances that may result from such patents or applications, and in and to any patents that may result from such applications, and in and to any other protectable aspects of the inventions on which such patents or patent applications are based.
3. Assignment of Copyrights. TANEL assigns to TAG all of TANEL's right, title and interest worldwide in and to any copyrightable works to which TANEL has claims, and any registrations, or applications for registration, of same, including, without limitation, all of the exclusive rights listed in 17 U.S.C. §106 and any copyright renewal terms available for any such registrations, and in and to any copyright registrations that may result from such applications.

TRADEMARK

REEL 1303 FRAME 330

4. Assignment of Trade Secrets. TANEL assigns to TAG all of TANEL's right, title and interest worldwide in and to all of TANEL's trade secrets, unfiled patent applications or invention disclosures, confidential information and know-how.

5. Assignment of Accrued Enforcement Rights. TANEL assigns and contributes to TAG any causes of action for infringement of any of the intellectual properties specified in Sections 1 through 4 above that may have accrued prior to the date of this Agreement.

TANEL CORPORATION:

BY Michael J. Paul
Its PRESIDENT
C. G. Wolf
State of Wisconsin)
: SS
County of Milwaukee)

This instrument was acknowledged before me on November 1
1994, by Michael J. Paul as PRESIDENT of Tanel Corporation.

[Seal]

[Signature]
([Signature])
Notary Public, State of Wisconsin
My Commission is permanent

TRADEMARK

REEL 1303 FRAME 331

TANEL ACQUISITION GROUP, INC.:

BY David H. Jensen
Its Chairman + CEO

State of Wisconsin)
: SS
County of Milwaukee)

This instrument was acknowledged before me on November 1
1994, by David H. Jensen as Chairman of Tanel Acquisition Group, Inc.

[Seal]

[Signature]
(David R. Gosner)
Notary Public, State of Wisconsin
My Commission is permanent

SCHEDULE A

**TRADEMARK REGISTRATIONS
AND
APPLICATIONS FOR REGISTRATION**

U.S. Registration No. 1,493,174
"TANEL" (Stylized) - Shoes

U.S. Registration No. 1,469,842
"T" (Stylized) - Shoes

U.S. Registration No. 1,484,334
"360" - Shoes

U.S. Registration No. 1,815,444
"TANEL" - Shoes and Clothing

U.S. Application Serial No. 74/415,059
"360" - Clothing

TRADEMARK

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EXHIBIT

B



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Trademark Assignment Abstract of Title

Total Assignments: 1

Serial #: [73610887](#)

Filing Dt: 07/23/1986

Reg #: [1484334](#)

Reg. Dt: 04/12/1988

Registrant: TANEL CORPORATION

Mark: 360

Assignment: 1

Reel/Frame: [1303/0329](#)

Received:

Recorded: 03/06/1995

Pages: 4

Conveyance: ASSIGNS THE ENTIRE INTEREST AND THE GOODWILL

Assignor: [TANEL CORPORATION](#)

Exec Dt: 11/01/1994

Entity Type: CORPORATION

Citizenship: WISCONSIN

Assignee: [TANEL ACQUISITION GROUP, INC.](#)

1818 NORTH WATER STREET MILWAUKEE, WI 53201

Entity Type: CORPORATION

Citizenship: WISCONSIN

Correspondent: PETER W. BECKER

REINHART, BOERNER, VAN DEUREN ET AL.

SUITE 2100

1000 N. WATER STREET

MILWAUKEE, WI 53202

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