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

Proceeding	92051104
Party	Defendant Mountain Hardwear, Inc.
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**IN THE UNITED STATES PATENT AND TRADEMARK OFFICE  
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD**

In the Matter of Trademark Registration No. 3,120,463  
For the Mark: MOUNTAIN HARD WEAR  
Registered: July 25, 2006

NSM Resources Corporation,	)	Cancellation No. 92051104
	)	
Petitioner	)	
	)	<b>MOTION FOR SANCTIONS</b>
v.	)	
	)	
Mountain Hardwear, Inc.,	)	
	)	
Registrant	)	

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Registrant Mountain Hardwear, Inc. ("Mountain Hardwear") hereby moves for sanctions against Petitioner NSM Resources Corporation ("NSM") pursuant to Fed. R. Civ. P. 11 and T.B.M.P. §§ 318 and 527.02 based on the following grounds:<sup>1</sup>

**INTRODUCTION**

After the Board dismissed this action on July 29, 2009, NSM filed an Amended Petition to Cancel Mountain Hardwear's MOUNTAIN HARD WEAR trademark registration. As demonstrated below, NSM's Amended Petition was filed solely for the purpose of continuing to harass Mountain Hardwear in order to obtain a favorable resolution of NSM's baseless claims involving Mountain Hardwear's use of the name HUCKSTER on a line of backpacks. NSM has neither a personal interest in cancelling Mountain Hardwear's MOUNTAIN HARD WEAR registration, nor a reasonable basis for believing that it is or will be damaged by the MOUNTAIN HARD WEAR registration. Further, the Amended Petition to Cancel is not

<sup>1</sup> This motion is being served on NSM twenty-one (21) days prior to filing pursuant to Fed. R. Civ. P. 11(c)(2) and T.B.M.P. § 527.02, to allow NSM time to withdraw its Amended Petition and thereby avoid a potential order of sanctions.

cognizable under the law or based on material facts. Accordingly, Mountain Hardwear requests that the Board impose sanctions on NSM in the form of a dismissal of this action with prejudice.

### FACTS

Mountain Hardwear moved to dismiss NSM's Petition to Cancel the MOUNTAIN HARD WEAR registration based on NSM's lack of standing and NSM's failure to state a claim upon which relief could be granted. On July 29, 2009, the Board granted Mountain Hardwear's motion to dismiss, but allowed NSM time to file an amended petition to cancel.

In dismissing the Cancellation, the Board recognized that "Petitioner's belief of damage, as set forth in the petition to cancel, is based entirely upon respondent's asserted use of the term HUCKSTER on backpacks, which is immaterial to this proceeding involving a registration for an entirely different mark." Accordingly, the Board concluded that NSM failed to allege either a personal interest in, or a reasonable belief of damage resulting from, Mountain Hardwear's registration. *July 29, 2009 Order of Dismissal*, 4-5.

The Board further concluded that NSM failed to state a claim upon which relief could be granted. *Id.* at 5-6. In explaining NSM's failure to plead a plausible basis for relief, the Board noted that NSM appeared to "suggest[] a theoretical claim that respondent's registered mark does not function as a mark for any product on which respondent allegedly uses, in addition to the registered mark, the term HUCKSTER...." *Id.* at 5. The Board went on to explain in detail why this argument failed:

Moreover, inasmuch as respondent's registered mark is nearly identical to its name, the registered mark would appear to be a house mark. Respondent's purported HUCKSTER mark would appear then to be used as a source identifier for a specific model of backpack. It is common knowledge that parties may use house marks in close proximity with product marks. *See In re E.I. du Pont de Nemours & Co.*, 476 F.2d 1357, 177 USPQ 563, 567 (CCPA 1973) (Factor 9 recognizes the existence of house marks,

family marks and product marks). Thus, it does not follow under the law that, merely because respondent may use HUCKSTER to identify a specific model of backpack, respondent's house mark MOUNTAIN HARD WEAR does not function as a trademark.

*July 29, 2009 Order of Dismissal, 6 n.3.*

Finally, in allowing NSM leave to file an amended petition to cancel, the Board expressly warned NSM not to file an amended petition for the purpose of obtaining a favorable resolution regarding Mountain Hardwear's use of the HUCKSTER mark, or an amended petition that was not cognizable under the law or based on material facts:

Any amended petition must be based on a belief of damage arising solely from the registration of the involved MOUNTAIN HARD WEAR mark, independent of the HUCKSTER mark. *Petitioner is advised that it should not file an amended petition for the purpose of obtaining a more favorable resolution of the parties' purported dispute involving respondent's HUCKSTER mark. Moreover, any asserted claims must be cognizable under the law and based on material facts.*

*Id.* at 6-7 (emphasis added) (citing Fed. R. Civ. P. 11(b); Patent and Trademark Office Rule 10.18).

Prior to filing its Amended Petition, NSM sent an e-mail to Mountain Hardwear's counsel demanding a favorable resolution of NSM's dispute regarding the HUCKSTER mark and threatening to file an amended petition to cancel the MOUNTAIN HARD WEAR registration if the parties were unable to reach a resolution of the HUCKSTER dispute. *See* August 6, 2009 E-mail Exchange (attached as Exhibit A to the Declaration of Michael A. Cohen in Support of Registrant's Motion for Sanctions). Counsel for Mountain Hardwear warned NSM that its amended petition would be directly contrary to the Board's Order and thus sanctionable under Fed. R. Civ. P. 11 and T.B.M.P. §§ 318 and 527.02. *Id.* The day after this e-mail exchange, NSM filed its Amended Petition.

## ARGUMENT

### I. Applicable Law

A litigant may not submit a pleading “for any improper purpose, such as to harass, cause unnecessary delay, or needlessly increase the cost of litigation,” and the claims and other legal contentions in the pleading must be warranted by existing law. Fed. R. Civ. P. 11(b); T.B.M.P. §§ 318, 527.02. Sanctions are appropriate where a litigant has acted with an improper purpose, and the Board may award sanctions up to and including entry of judgment against a party that violates Rule 11. T.B.M.P. § 527.02. The requirements of Rule 11 and T.B.M.P. §§ 318 and 527.02 and the potential for sanctions for violations thereof apply to parties appearing pro se, as well as to attorneys. T.B.M.P. § 527.02 (citing *Bus. Guides, Inc. v. Chromatic Communs. Enters., Inc.*, 498 U.S. 533, 547 (1991) and *Cent. Mfg. Inc. v. Third Millennium Tech. Inc.*, 61 USPQ2d 1210, 1213 (TTAB 2001) (“[t]he authority to sanction a pro se party is manifestly clear”)).

### II. Improper Purpose

As evidenced by NSM’s August 6 e-mail to Mountain Hardwear’s counsel, NSM filed its Amended Petition solely for the improper purpose of continuing to harass Mountain Hardwear and waste additional time and money in order to obtain a favorable result regarding NSM’s dispute with Mountain Hardwear’s use of the HUCKSTER mark, a mark which has no relevance to this action. *See* Exhibit A.<sup>2</sup> NSM’s conduct is directly contrary to the Board’s warning to NSM not to file an amended petition “for the purpose of obtaining a more favorable resolution of

<sup>2</sup> Exhibit A arguably constitutes settlement communications between the parties, but settlement communications are admissible to prove conduct warranting sanctions. *See Mendenhall v. Nat’l Transp. Safety Bd.*, 92 F.3d 871, 876 (9<sup>th</sup> Cir. 1996) (quoting *Eisenberg v. Univ. of N.M.*, 936 F.2d 1131, 1134 (10<sup>th</sup> Cir. 1991) (there is an exception to Federal Rule of Evidence 408 that excludes settlement communications from admission to the court, when the communications are offered “for purposes of determining a Rule 11 violation”); *see also Carney v. Am. Univ.*, 151 F.3d 1090, 1095 (D.C. Cir. 1998) (citing *Eisenberg* with approval).

the parties' purported dispute involving respondent's HUCKSTER mark." *July 29, 2009 Order of Dismissal*, 6-7. Despite the Board's warning, NSM continues to needlessly waste the Board's and Mountain Hardwear's time and money in an effort to harass Mountain Hardwear to acquiesce to NSM's baseless demands regarding the HUCKSTER mark. This is precisely the type of conduct that Rule 11 and T.B.M.P. §§ 318 and 527.02 are intended to prevent.

Accordingly, this action should be dismissed with prejudice as a sanction for NSM's conduct.

### **III. Unwarranted Allegations**

In addition to filing an Amended Petition with an improper purpose, NSM's Amended Petition fails to make any cognizable legal contentions. NSM asserts in its Amended Petition that Mountain Hardwear uses the MOUNTAIN HARD WEAR registration in a generic way because the mark alone "does not define the product" and because Mountain Hardwear "must use secondary names to classify [its] backpacks." Amended Petition, ¶ 3; *see also id.* at ¶¶ 2-4. The Board previously anticipated and rejected this very argument in its original dismissal of this action, noting that such an allegation would be insufficient to state a claim on which relief could be granted. The Board recognized that Mountain Hardwear's MOUNTAIN HARD WEAR mark is a house mark, such that any secondary mark used along with the house mark identifies the specific model of backpack. "It is common knowledge that parties may use house marks in close proximity with product marks," and it does not follow that the house mark MOUNTAIN HARD WEAR does not function as a trademark. *July 29, 2009 Order of Dismissal*, 6 n.3.

Further, NSM's Amended Petition fails to allege any material facts or a plausible basis in the law for its claim that the MOUNTAIN HARD WEAR mark is a generic term for backpacks. A generic term is the term by which the public references a product or service. T.M.E.P. § 1209.01(c) (citing cases) ("Generic terms are terms that the relevant purchasing public

understands primarily as the common or class name for the goods or services.”). In this case, the generic term for Mountain Hardwear’s products is “backpacks.” The relevant purchasing public does not and will not refer to backpacks as “mountain hard wear.” The MOUNTAIN HARD WEAR mark clearly functions as a trademark to identify the source of Mountain Hardwear’s goods. NSM’s argument that the MOUNTAIN HARD WEAR mark is generic is baseless under both law and fact, and the argument is in direct contravention of the Board’s instructions regarding an amended petition (*see July 29, 2009 Order of Dismissal, 6-7*) as well as Fed. R. Civ. P. 11 and T.B.M.P. §§ 318 and 527.02. As such, the Board should impose sanctions on NSM in the form of a dismissal of this action with prejudice.

#### CONCLUSION

For the reasons stated above, Mountain Hardwear respectfully requests that the Board impose the sanction of dismissal of this action with prejudice, and grant such other relief as the Board deems just and proper in the circumstances.

DATED: August 13, 2009

Respectfully submitted,

/Michael A. Cohen/  
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Of Attorneys for Mountain Hardwear, Inc.

**CERTIFICATE OF SERVICE**

I hereby certify that on the 13th day of August, 2009, I served the foregoing MOTION FOR SANCTIONS on the following party at the following address:

Zane Murdock  
NSM Resources Corporation  
P.O. Box 931162  
Los Angeles, CA 90093

by mailing to him a true and correct copy thereof, certified by me as such, placed in a sealed envelope addressed to him at the address set forth above, and deposited in the U.S. Post Office at Portland, Oregon on said day with postage prepaid.

DATED: August 13, 2009

Respectfully submitted,

/Michael A. Cohen/

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