

UNITED STATES PATENT AND TRADEMARK OFFICE
Trademark Trial and Appeal Board
P.O. Box 1451
Alexandria, VA 22313-1451
General Contact Number: 571-272-8500

BUO

Mailed: September 4, 2014

Cancellation No. 92059382

T.H.Y. & Assoc., Inc.

v.

Local Clothes, LLC

Benjamin U. Okeke, Interlocutory Attorney:

Pursuant to Fed. R. Civ. P. 26(f) and Trademark Rules 2.120(a)(1) and (2), the parties held a timely discovery and settlement conference on Tuesday, August 26, 2014. *See* TBMP § 401.01 (2014). At respondent's request, a member of the Board participated in the conference. Participating were petitioner's counsel, Seth M. Reiss, respondent's counsel, Mark R. Leonard, and Board interlocutory attorney, Benjamin U. Okeke.

The Board apprised the parties of general procedural rules and guidelines that govern *inter partes* proceedings, including the Board's liberal granting of motions to suspend for settlement efforts, the requirement that a party serve its initial disclosures pursuant to Fed. R. Civ. P. 26(a)(1)(A)(i) and (ii) prior to serving discovery requests (*see* Trademark Rule 2.120(a)(3)).

Protective Agreement

In *inter partes* proceedings before the Board, the Board's standard protective order is in effect by rule to facilitate the exchange of information. Trademark Rule 2.116(g). However, the terms of the Board's standard protective order may be modified, upon motion or upon stipulation approved by the Board, to govern the exchange of confidential, highly confidential, and trade secret/commercially sensitive information. 37 C.F.R. 2.120(f); TBMP § 412.02.

The parties' proposed modified protective agreement, filed August 27, 2014, is issued as an order of the Board, replacing the standard protective order.

The parties are referred, as appropriate, to TBMP §§ 412.03 (Signature of Protective Order), 412.04 (Filing Confidential Materials With Board), 412.05 (Handling of Confidential Materials by Board).

The parties are advised that only confidential or trade secret information should be filed pursuant to a protective order. The protective order may not be used as a means of circumventing paragraphs (d) and (e) of 37 C.F.R. § 2.27, which provide, in essence, that the file of a published application or issued registration, and all related proceedings, should otherwise be available for public inspection.

Pleadings

The Board reviewed the pleadings with the parties:

A. Petition for Cancellation

T.H.Y. & Associates, Inc. (“petitioner”), petitions to cancel registration of the marks LOCAL, in standard character format, and:



in U.S. Registration Nos. 3828657 and 4217618, issued to Local Clothes, LLC (“respondent”), both for use in connection with “board shorts; hats; pants; shirts; shorts; [and] sweatshirts.”¹

Petitioner has asserted likelihood of confusion under Trademark Act Section 2(d), 15 U.S.C. § 1052(d), fraud, abandonment and a dubious claim of nonuse, as its grounds for cancellation of the registrations.

- *Standing*

Petitioner has sufficiently pleaded its standing to bring this action by pleading ownership of a registration for the mark:



¹ Registration No. 3828657 issued August 3, 2010, maturing from an application filed April 15, 2007.

Registration No. 4217618 issued October 2, 2012, maturing from an application filed February 27, 2012.

for use with goods and services that are alleged to overlap with those identified in the subject application.

Through these allegations, opposer has adequately pleaded a real interest in the outcome of this proceeding and has therefore pleaded its standing to bring this opposition. *See, e.g., 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); *Giersch v. Scripps Networks Inc.*, 90 USPQ2d 1020, 1022 (TTAB 2009).

- *Priority*

Petitioner pleaded ownership of a registration with a constructive use date of June 6, 2001, and also alleged common law usage dating back to “as early as November 1986;” dates which predate the constructive use dates of both subject registrations – April 15, 2007, and February 27, 2012.³ Petition for Cancellation, ¶¶ 2-3.

Accordingly, petitioner has adequately pleaded its standing to bring this petition for cancellation. *See Herbko Int’l Inc. v. Kappa Books Inc.*, 308 F.3d 1156, 64 USPQ2d 1375, 1378 (Fed. Cir. 2002).

² Registration No. 3038713, issued January 10, 2006, from an application filed June 6, 2001, for use with “footwear, namely slippers and sandals,” in International Class 25.

³ Note that while the parties may rely on the dates on which their respective applications were filed as a date of “constructive” first use, Trademark Act § 7(c), neither party may rely on the dates of first use and use in commerce claimed in those applications without proving those dates at trial through competent evidence. (At trial, petitioner must properly make of record status and title copies of the pleaded registrations.)

- *Likelihood of Confusion*

Paragraphs 1-3 and 9 of the petition for cancellation allege sufficient facts that if proven would entitle petitioner to the relief that it seeks under Trademark Act Section 2(d), 15 U.S.C. 1052(d). That is, petitioner has alleged the similarity of respondent's marks with its previously used and registered marks and the relatedness of the goods covered by those marks.

Inasmuch as petitioner has alleged that the continued registration of respondent's marks is likely to cause confusion, petitioner's claim of likelihood of confusion is sufficiently pleaded.⁴

- *Fraud, Abandonment, or Nonuse*

Opposer's ESTTA-generated coversheet indicates a "possible" fraud claim, and abandonment, as additional grounds for cancellation of the registrations. In the body of the petition to cancel, specifically paragraph 12, petitioner also appears to imply a claim of nonuse. However, these claims are not supported by the facts presented in the body of the petition for cancellation.⁵ See Fed. R. Civ. P. 8(a) and 12(b)(6). Accordingly, these claims are **STRICKEN**.

⁴ To state a claim of likelihood of confusion under Trademark Act Section 2(d), petitioner must merely allege facts from which it may be inferred that respondent's registered marks so resemble petitioner's previously used or registered marks that it is likely that a potential consumer would be confused or mistaken or deceived as to the source of the services of respondent and petitioner. See 15 U.S.C. § 1052(d); *In re E.I. du Pont de Nemours & Co.*, 476 F.2d 1357, 177 USPQ 563 (CCPA 1973); see also TMEP § 1207.01.

⁵ "There are two elements to an abandonment claim that a plaintiff must [allege and subsequently] prove: nonuse of the mark and intent not to resume use." *ShutEmDown Sports Inc. v. Lacy*, 102 USPQ2d 1036, 1042 (TTAB 2012). However, a *prima facie* showing of abandonment may be established where the alleged nonuse has ensued for three years or more. See 15 U.S.C. § 1127; *ShutEmDown Sports*, 102 USPQ2d at 1042.

It is the Board's policy, however, to allow amendment of pleadings found to be insufficient, particularly where the offending pleading is the initial pleading. *See Intellimedia Sports Inc. v. Intellimedia Corp.*, 43 USPQ2d 1203, 1208 (TTAB 1997). In view thereof, petitioner is allowed until **TWENTY DAYS** from the mailing date of this order to submit an amended petition repleading these claims, if possible, justified and appropriate. Respondent is allowed **TWENTY DAYS** from the filing of an amended petition, if any, to file an answer thereto.

Should petitioner fail to respond within the time allowed, the claims will be given no further consideration.

B. Answer

In its answer, respondent denied the salient allegations of the petition for cancellation. Additionally, respondent pleaded an affirmative defense of laches.

Affirmative defenses, like claims in a petition for cancellation, must be supported by enough factual background and detail to fairly place petitioner on notice of the basis for the defenses. *See IdeasOne Inc. v. Nationwide Better*

Moreover, in a cancellation alleging fraud a petitioner must allege the elements of fraud with particularity in accordance with Fed. R. Civ. P. 9(b). Under Rule 9(b), together with Fed. R. Civ. P. 11 and USPTO Rule 11.18, "the pleadings [must] contain explicit rather than implied expression of the circumstances constituting fraud." *Asian and Western Classics B.V. v. Selkow*, 92 USPQ2d 1478 (TTAB 2009) *citing King Auto., Inc. v. Speedy Muffler King, Inc.*, 667 F.2d 1008, 212 USPQ 801, 803 (CCPA 1981). Petitioner must identify a specific false statement of material fact that respondent made in filing the involved application and that such false statement was made with the intent to deceive the USPTO into issuing or maintaining a registration. *See In re Bose Corp.*, 580 F.3d 1240, 91 USPQ2d 1938 (Fed. Cir. 2009). Petitioner's submission of its coversheet and meager recitation of the claim in the

Health Inc., 89 USPQ2d 1952, 1953 (TTAB 2009); *Ohio State Univ. v. Ohio Univ.*, 51 USPQ2d 1289, 1292 (TTAB 1999) (primary purpose of pleadings “is to give fair notice of the claims or defenses asserted”). A party must allege sufficient facts beyond a tender of ‘naked assertion[s]’ devoid of ‘further factual enhancement,’ to support its claims. *Cf. Ashcroft v. Iqbal*, 556 U.S. 662, 663 (2009), *quoting Bell Atl. Corp. v. Twombly*, 550 U.S. 544, 570 (2007).

Respondent’s affirmative defense asserting the doctrine of laches is not supported by the pleading. Respondent failed to plead any facts to support its defense, and therefore, the defense is insufficiently pleaded. *See Fed. R. Civ. P. 12(b)(6); Iqbal*, 556 U.S. at 663. Accordingly, the affirmative defense of laches is **STRICKEN**.

However, as previously stated, respondent is allowed **TWENTY DAYS** from the filing date of any amended petition to cancel that may be filed, to file an amended answer, repleading its affirmative defense; but in any event respondent is allowed **FORTY DAYS** from the mailing date of this order to file an amended answer, if any is to be filed, notwithstanding any amended petition.

Stipulations/Filings

The parties agreed to service of submissions by email. The following email addresses are of record:

Submissions may be served on petitioner at the following email address:

body of the complaint, with nothing more regarding the allegation of fraud, falls well-short of this requirement.

seth.reiss@lex-ip.com.

Submissions may be served on respondent at the following email address:

mleonard@davisandleonard.com.

Additionally, the parties stipulated that any electronically stored information (“ESI”) should be exchanged in .pdf format; with the parties reserving the right to request any documents in their native format, if necessary.

The parties are urged to continue to file all submissions through the Board’s Electronic System for Trademark Trials and Appeals (ESTTA), available online at: <http://estta.uspto.gov>.

Throughout this proceeding, the parties should review the Trademark Rules of Practice and the Trademark Board Manual of Procedure (“TBMP”), online at: <http://www.uspto.gov/trademarks/process/appeal/index.jsp>.

The Board expects all parties appearing before it to comply with the Trademark Rules of Practice and where applicable, the Federal Rules of Civil Procedure, online at: <http://www.law.cornell.edu/rules/frcp/>.

Accelerated Case Resolution (ACR)

In light of the striking of the “possible” fraud or nonuse claim, and the abandonment claim, the remaining issues in this proceeding are relatively straightforward, thus the Board believes this matter is well-suited for resolution by accelerated case resolution (ACR). The parties indicated some

interest in pursuing ACR. The Board encourages the parties to discuss a modified proceeding and schedule that may be more time and cost efficient for the parties. In modifying the proceeding the parties may seek to: 1) stipulate to facts, e.g. the relatedness of the goods; 2) limit the number of interrogatories, document requests, and depositions allowed during the proceeding; 3) stipulate that discovery depositions may be taken by telephone or video conference; 4) stipulate that the parties may submit declarations or affidavits in lieu of oral testimony at trial; or 5) stipulate that the parties forego trial and oral hearing and submit summary judgment briefs accompanied by any evidence, which may be submitted in the form of declarations or affidavits and stipulate that the Board may resolve any genuine disputes of material fact and issue a final ruling based on the parties' ACR submissions.

The parties are directed to review the Board's website regarding ACR at: http://www.uspto.gov/trademarks/process/appeal/TTAB_ACR_Options.jsp; and http://www.uspto.gov/trademarks/process/appeal/Accelerated_Case_Resolution_ACR_notice_from_TTAB_webpage_12_22_11.pdf.

If the parties agree to pursue ACR after exchange of disclosures or discovery (or wish to further discuss their options), they should notify the interlocutory attorney, preferably within **SIXTY DAYS** from the opening of the discovery period.

Contested Motions

The parties are reminded that uncooperative behavior during the discovery process will not be well-taken. *See HighBeam Mktg. LLC v. Highbeam Research LLC*, 85 USPQ2d 1902 (TTAB 2008); *Sunrider Corp. v. Raats*, 83 USPQ2d 1648, 1654 (TTAB 2007) (parties have a duty to cooperate in resolving discovery issues). The Board requires the parties to make a good-faith effort to resolve all discovery issues prior to filing a motion to compel seeking relief from the Board. *See* TBMP Section 408.01(c).

Similarly, the parties should confer before filing any motion to extend or suspend these proceedings. If either party files an unconsented motion to extend or suspend in this case, the moving party must contact the Board interlocutory attorney assigned to the case by telephone upon filing so that such motion can be resolved promptly by telephone conference.

Schedule

The parties were reminded that the next significant due date is September 25, 2014, when the parties' initial disclosures are due. *See* Fed. R. Civ. P. 26(a)(1)(A)(i) and (ii) regarding required initial disclosures. Neither the service of discovery requests nor the filing of a motion for summary judgment (except on the basis of *res judicata* or lack of Board jurisdiction) should occur until the parties have exchanged their initial disclosures as required by Fed. R. Civ. P. 26(f). *See* Trademark Rules 2.120(a)(3) and 2.127(e)(1).

The Board again thanks the parties for their participation in the conference. As a final matter, the Board reminds the parties of their duty to conduct themselves with decorum and courtesy and encourages open communication between the parties during this proceeding. Trademark Rule 2.192; *MySpace Inc. v. Mitchell*, 91 USPQ2d 1060, 1062 n.4 (TTAB 2009).

Dates remain as set in the Board's June 17, 2014 institution order.

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.