

UNITED STATES PATENT AND TRADEMARK OFFICE
Trademark Trial and Appeal Board
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Mailed: December 16, 2016

Cancellation No. 92064690

Red Diamond d/b/a National Sportswear

v.

National Sportswear Incorporated

By the Trademark Trial and Appeal Board:

On October 26, 2016, Red Diamond d/b/a National Sportswear (“Petitioner”) filed a petition to cancel National Sportswear Incorporated’s (“Respondent”) registrations for the mark NATIONAL SPORTSWEAR in standard characters for “silkscreen-printing, embroidery, custom imprinting with decorative designs, all in the field of sportswear and apparel” in International Class 40¹ and “Dress shirts; Golf shirts; Knit shirts; Night shirts; Open-necked shirts; Piquet shirts; Polo shirts; Shirts; Shirts for suits; Short-sleeved or long-sleeved t-shirts; Short-sleeved shirts; Sleep shirts; Sport shirts; Sports shirts; Sports shirts with short sleeves; Sweat shirts; T-shirts; Wind shirts” in International Class 25.² In lieu of an answer, Respondent filed a motion to dismiss under Federal Rule of Civil Procedure 12(b)(1) for lack of

¹ Registration No. 3073167, issued March 28, 2006, renewed. The registration includes a claim of acquired distinctiveness under Trademark Act Section 2(f), 15 U.S.C. § 1052(f).

² Registration No. 3222274, issued March 27, 2007, Section 8 affidavit accepted, Section 15 affidavit acknowledged. The registration includes a disclaimer of SPORTSWEAR.

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subject matter jurisdiction and under Federal Rule of Civil Procedure 12(b)(6) for failure to state a claim and for summary judgment on the ground of *res judicata* (claim preclusion). Although Petitioner's time to respond thereto has not lapsed, the Board, in the interest of minimizing the issues for further briefing herein, elects to decide the Rule 12(b) portion of that motion now.

Regarding the motion to dismiss for lack of subject matter jurisdiction under Rule 12(b)(1), the Board is empowered by the Trademark Act to determine the registrability of marks through cancellation proceedings such as the above-captioned proceeding. *See* Trademark Act Section 14, 15 U.S.C. § 1064. Accordingly, the Board has subject matter jurisdiction to decide this cancellation proceeding, and the motion to dismiss under Rule 12(b)(1) is therefore denied.

Regarding the motion to dismiss under Rule 12(b)(6), such a motion is solely a test of the sufficiency of a complaint, in this case the petition to cancel. *See Order of Sons of Italy in America v. Profumi Fratelli Nostra AG*, 36 USPQ2d 1221, 1222 (TTAB 1995); TBMP § 503.01 (2015). To state a claim upon which relief can be granted, Petitioner need only allege such facts which, if proven, would establish that it is entitled to the relief sought; that is, (1) Petitioner has standing to bring the proceeding, and (2) a valid statutory ground exists for cancelling the pleaded registration at issue. *See Fair Indigo LLC v. Style Conscience*, 85 USPQ2d 1536, 1538 (TTAB 2007).

Regarding Petitioner's standing, the allegations set forth in paragraphs 2 and 3 of the petition to cancel are a sufficient pleading of a real interest in this proceeding,

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i.e., a personal interest in the outcome of the proceeding, and a reasonable basis for a belief of damage. *See, e.g., Lipton Industries, Inc. v. Ralston Purina Co.*, 670 F.2d 1024, 213 USPQ 185, 189-90 (CCPA 1982); *Universal Oil Prod. Co. v. Rexall Drug & Chem. Co.*, 463 F.2d 1122, 1123, 174 USPQ 458, 459 (CCPA 1972). Accordingly, the Board finds that these allegations constitute an adequate pleading of Petitioner's standing.

Because the registrations at issue were issued more than five years prior to the commencement of this proceeding, Petitioner may seek cancellation of Respondent's registrations only on the grounds specified in Trademark Act Section 14(3), 15 U.S.C. § 1064(3), i.e., fraud, abandonment, genericness, functionality, misrepresentation of source, and the claims set forth in Trademark Act Sections 2(a)-(c), 15 U.S.C. §§ 1052(a)-(c). Although Petitioner states in the ESTTA cover form that it seeks cancellation on the grounds of deceptiveness under Trademark Act Section 2(a)³ and misrepresentation of source,⁴ Petitioner did not plead those claims in the text of the petition to cancel. The ESTTA cover form is a component of

³ A mark is deceptive under Section 2(a) where it consists of or comprises matter that (1) misdescribes the character, quality, function, composition or use of the goods or services; (2) prospective purchasers are likely to believe describes the goods; and (3) is likely to affect a significant portion of the relevant consumers' decision to purchase. *See In re Spirits Int'l, N.V.*, 563 F.3d 1347, 90 USPQ2d 1489 (Fed. Cir. 2009); *In re Budge Mfg. Co.*, 857 F.2d 773, 775, 8 USPQ2d 1259, 1260 (Fed. Cir. 1988).

⁴ The term misrepresentation of source, as used in Trademark Act Section 14(c), refers to situations where it is deliberately misrepresented by or with the consent of the registrant that goods and/or services originate from a manufacturer or other entity when in fact those goods and/or services originate from another party. *See Otto Int'l Inc. v. Otto Kern GmbH*, 83 USPQ2d 1861, 1863 (TTAB 2007). A pleading of misrepresentation of source "must be supported by allegations of blatant misuse of the mark by respondent in a manner calculated to trade on the goodwill and reputation of petitioner." *McDonnell Douglas Corp. v. Nat'l Data Corp.*, 228 USPQ 45, 47 (TTAB 1985).

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the petition to cancel; however, the mere mention of a claim therein is insufficient to plead that claim. *See Embarcadero Techs. Inc. v. RStudio Inc.*, 105 USPQ2d 1825, 1827 n.2 (TTAB 2013). In addition, the claims of likelihood of confusion under Trademark Act Section 2(d), 15 U.S.C. § 1052(d) (Count II), and dilution under Trademark Act Section 43(c), 15 U.S.C. § 1125(c) (Count III) are time-barred and thus unavailable in this case. *See Trademark Act Section 14(3)*.

Further, Petitioner's false suggestion of a connection claim is legally insufficient because it is based on the similarity of the parties' marks and not on an assertion that Respondent's mark is Petitioner's name or identity.⁵ To properly plead a Section 2(a) claim of false suggestion of a connection, Petitioner must facts which, if proven, would establish that (1) Respondent's mark is the same or a close approximation of its name or identity; (2) Respondent's mark would be recognized as such by purchasers, in that the mark points uniquely and unmistakably to Petitioner; (3) Petitioner is not connected with the goods sold or activities performed by Respondent under the mark; and (4) Petitioner's name or identity is of sufficient fame or reputation that when Respondent's mark is used in connection with its goods or services, a connection with Petitioner would be presumed. *See Nike, Inc. v. Palm Beach Crossfit Inc.*, 116 USPQ2d 1025, 1031 (TTAB 2015); *Buffett v. Chi-Chi's, Inc.*, 226 USPQ 428, 429 (TTAB 1985). Further, to the extent that Petitioner alleges breach of contract, the Board is empowered only to determine the

⁵ Respondent contends that, in the settlement agreement in the parties' earlier civil action, each party acknowledged the other's "senior rights in certain territories." 4 TTABVUE 6. However, Respondent's involved registrations are geographically unrestricted. Geographic restrictions can only be considered in the context of a concurrent use proceeding. *See Trademark Rule 2.133(c)*.

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registrability of marks. See TBMP § 102.01 (2016). The Board may not decide a cause of action for breach of contract, but may consider a contract, its construction, or its validity if necessary to decide the issues properly before the Board in an *inter partes* proceeding, including the issue of estoppel. See *Selva & Sons, Inc. v. Nina Footwear, Inc.*, 705 F.2d 1316, 217 USPQ 641, 647 (Fed. Cir. 1983); *M-5 Steel Mfg. Inc. v. O'Hagin's Inc.*, 61 USPQ2d 1086, 1094-95 (TTAB 2001). Because Petitioner has failed to plead a valid ground for cancellation, the motion to dismiss under Rule 12(b)(6) is granted.

Proceedings herein are suspended pending the Board's decision on Respondent's motion for summary judgment. See Trademark Rule 2.127(d). Further briefing of that motion is due in accordance with Trademark Rule 2.127(e)(1). Any submission filed during the pendency of that motion will receive no consideration.

If the motion for summary judgment is denied, Petitioner will be allowed an opportunity to file an amended petition to cancel. See TBMP § 503.03.

NOTICE: CHANGES TO THE TRADEMARK TRIAL AND APPEAL BOARD ("BOARD") RULES OF PRACTICE WILL BE EFFECTIVE JANUARY 14, 2017

The USPTO published a Notice of Final Rulemaking in the Federal Register on October 7 2016, at 81 F.R. 69950. It sets forth **several** amendments to the rules that govern *inter partes* (oppositions, cancellations, concurrent use) and ex parte appeal proceedings.

For complete information, the parties are referred to:

- The Board's home page on the uspto.gov website: <http://www.uspto.gov/trademarks-application-process/trademark-trial-and-appeal-board-ttab>
- The final rule: <http://www.uspto.gov/sites/default/files/documents/81%20FR%2069950.pdf>
- A chart summarizing the affected rules and changes: http://www.uspto.gov/sites/default/files/documents/RulesChart_01_14_17.pdf

For **all** proceedings, including those **already in progress on January 14, 2017**, some of the changes are:

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- All pleadings and submissions must be filed through ESTTA. Trademark Rules 2.101, 2.102, 2.106, 2.111, 2.114, 2.121, 2.123, 2.126, 2.190 and 2.191.
- Service of all papers must be by email, unless otherwise stipulated. Trademark Rule 2.119.
- Response periods are no longer extended by five days for service by mail. Trademark Rule 2.119.
- Deadlines for submissions to the Board that are initiated by a date of service are 20 days. Trademark Rule 2.119. Responses to motions for summary judgment remain 30 days. Similarly, deadlines for responses to discovery requests remain 30 days.
- All discovery requests must be served early enough to allow for responses prior to the close of discovery. Trademark Rule 2.120. Duty to supplement discovery responses will continue after the close of discovery.
- Motions to compel initial disclosures must be filed within 30 days after the deadline for serving initial disclosures. Trademark Rule 2.120.
- Motions to compel discovery, motions to test the sufficiency of responses or objections, and motions for summary judgment must be filed prior to the first pretrial disclosure deadline. Trademark Rules 2.120 and 2.127.
- Requests for production and requests for admission, as well as interrogatories, are each limited to 75. Trademark Rule 2.120.
- Testimony may be submitted in the form of an affidavit or declaration. Trademark Rules 2.121, 2.123 and 2.125
- New requirements for the submission of trial evidence and deposition transcripts. Trademark Rules 2.122, 2.123, and 2.125.

- For proceedings **filed on or after January 14, 2017**, in addition to the changes set forth above, the Board's notice of institution constitutes service of complaints. Trademark Rules 2.101 and 2.111.

This is only a summary of the significant content of the Final Rule. All parties involved in or contemplating filing a Board proceeding, regardless of the date of commencement of the proceeding, should read the entire Final Rule.