

UNITED STATES DEPARTMENT OF COMMERCE
Patent and Trademark Office
Trademark Trial and Appeal Board
2900 Crystal Drive
Arlington, Virginia 22202-3513

Rogers

Cancellation No. 24,990

Philip W. Stanfield

v.

Osborne Industries, Inc.

THIS DISPOSITION IS NOT
CITABLE AS PRECEDENT OF THE TTAB 7/15/00
Before Simms, Seeherman and Hairston,
Administrative Trademark Judges.

By the Board:

Petitioner has petitioned to cancel each of two registrations obtained by respondent.¹ Before the Board could issue an order acknowledging respondent's answer to the petition and setting a discovery and trial schedule, petitioner moved for entry of summary judgment in his favor.

Respondent not only argued against the motion, but also cross-moved for entry of summary judgment in its favor.

¹ Registration no. 1,083,340 on the Principal Register, issued January 24, 1978 and renewed February 19, 1998, for ORIGINAL STANFIELD PRODUCT & design, with a disclaimer of "original" and "product", for "livestock raising equipment, more particularly heating pads for hogs and the like"; and Registration no. 1,087,905 on the Supplemental Register, issued March 21, 1978, for STANFIELD in typed form, for the same goods, but not renewed and now expired.

Each party filed a reply brief in support of its own motion. We have exercised our discretion to consider the replies.

The petition sets out four cognizable claims.² By this we mean that the following summary recites the claims we can perceive as present in the petition; we leave for later discussion which claims are within our jurisdiction. **First**, petitioner asserts that respondent's registrations were obtained contrary to the provisions of Section 2(c) of the Trademark Act, in that the marks consist, in part, in regard to the Principal Register registration, or entirely, in regard to the other registration, of the name of a particular living individual, i.e., plaintiff, who did not provide written consent to registration. **Second**, that respondent's registrations are subject to cancellation under Section 2(a) of the statute because respondent's use of the marks on its goods falsely suggests a connection with plaintiff. **Third**, that respondent's registrations are subject to cancellation under Section 2(a) because the marks are used on obsolete goods of inferior quality, which tends to disparage plaintiff's reputation as an inventor and bring him into disrepute. **Fourth**, that the registrations are

² The petition references violation of petitioner's "right to privacy" but this is not further developed and is not considered as a pending claim. Also, petitioner's Section 2(a) claims are not particularly well pled, and it is not entirely clear exactly how many claims under that section of the statute petitioner intended to pursue. We have given the pleading a liberal reading and find it to assert at most the two noted claims.

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subject to cancellation under Section 14(3) because the marks are being used to misrepresent the source of respondent's goods.

Prior Federal Litigation Between the Parties

The parties are well-known to each other. They have faced each other in two state court suits and one federal court suit. In each case, petitioner has been the plaintiff and respondent has been a defendant. [References in this decision to plaintiff are references to petitioner and references to defendant or defendants are references to respondent.] The reported decisions of the federal court suit provide the fodder for the cross-motions for summary judgment. Our summary of the decisions resulting from that suit are here limited to the issues, findings and rulings that bear on this case.

In the U.S. District Court for the District of Kansas, petitioner brought "claims [arising] from the defendants' use of 'Stanfield' in two trademarks they have registered with the United States Patent and Trademark Office...

"The three counts alleged in plaintiff's complaint are as follows: (1) a claim for unfair competition under 15 U.S.C. § 1125 [Section 43(a) of the Lanham Act]; (2) a claim for fraudulent procurement of a federal trademark registration under 15 U.S.C. § 1120 [Section 38 of the Lanham Act]; and (3) claims of trademark infringement,

disparagement, slander and misappropriation of plaintiff's name."

Stanfield v. Osborne Industries, Inc., et al, 839 F.Supp. 1499, 1500 (D.Kan. 1993)

The court construed the first count as a claim that defendants engaged in unfair competition because their use of the two registered marks infringed on plaintiff's common law trademark and trade name rights. *Id.* at 1503. The court reasoned that for plaintiff to prevail on this count he would need to establish, inter alia, that he has a protectible trademark. The court also concluded that both the unfair competition claim and the fraudulent procurement claim "are premised upon the contention that plaintiff, not [Osborne Industries], is the owner of the 'Stanfield' trademark." *Id.* at 1503.

The court found that any rights the plaintiff may have had "in the 'Stanfield' trademark and tradename" were abandoned because the 1975 license agreement was a naked license. *Id.* at 1504. The court also held that plaintiff's abandonment of his "alleged trademark rights disposes of both his prior use claim³ and his fraudulent procurement claim." *Id.* at 1507.

³ We take the court's reference to a "prior use claim" to be a reference to plaintiff's unfair competition claim which, the court noted, was dependent on plaintiff proving he had a protectible trademark, i.e., rights in a mark acquired prior to defendant and not abandoned.

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The court also agreed with defendants' assertion that plaintiff's claims were barred by laches. The court found that plaintiff and defendants "have had an adversarial relationship since 1975"; that "plaintiff and his attorneys [during the first state court suit in 1979 and 1980] obtained actual knowledge that [Osborne Industries] claimed two trademarks using 'Stanfield' and that it had registered the trademarks with the United States Patent and Trademark Office in 1977"; and that defendants, in the ensuing years, had spent "considerable amounts of money to promote and develop goodwill associated with the marks". *Id.* at 1507.

The court completely discounted plaintiff's assertion that he was barred from pursuing his claims until the 1975 purported license agreement expired, holding that the actions taken by Osborne Industries were "so inherently inconsistent with the plaintiff's licensor rights" that he had to "act immediately" to pursue claims to his marks. *Id.* at 1508. Thus, the court concluded plaintiff's delay was inexcusable, there was great prejudice to defendants because of the delay, and defendants' claim of laches was therefore "dispositive of plaintiff's [unfair competition and fraudulent procurement] claims." *Id.* at 1507.

The court concluded that "[t]he uncontroverted facts demonstrate" that entry of summary judgment in defendants' favor was warranted. Defendants' motion was granted in

regard to the unfair competition and fraudulent procurement claims but the court declined to exercise supplemental jurisdiction over the state common law claims in plaintiff's third count.⁴

Plaintiff appealed the district court's order to the Court of Appeals for the Tenth Circuit. Before examining the claims and the district court's rulings, the circuit court reviewed and upheld the determination that plaintiff had effected a naked license, thereby abandoning "all his

⁴ Defendant has submitted a copy of the transcript of proceedings from the parties' second state court suit. That transcript reveals that plaintiff's counsel asserted that the federal court was asked by defendants not only to enter summary judgment on the federal claims, but also on the state law claims, but that the court declined.

This was the basis for plaintiff's assertion, in the second state court suit, that the federal court's decision did not have claim preclusive effect for the state common law claims in the second state court suit. While the federal district court's decision contradicts plaintiff's counsel, insofar as it reports that defendants only sought entry of summary judgment on the federal claims, this is immaterial to our decision. What is material, however, is that the state court entered summary judgment in favor of the defendants. The court held that plaintiff's state law claims should have been brought in the first state court suit and were, therefore, barred by claim preclusion. In an oral ruling, the state court held:

"The doctrine of res judicata, issue of preclusion, exclusion, also deals with the issue of judicial economy. There is a point in time when litigation between parties must end. Individuals cannot choose which item or claims they wish to litigate this time, and when they lose that one, pick up a new issue that could have been included in the previous litigation and begin with that.

"The Court finds that the Plaintiff has had his day in court, had an opportunity to raise his issues through both the state and federal courts, that those issues which he's raised are appropriately resolved, and that the Court finds that summary judgment is appropriate."

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rights in the 'Stanfield' marks." *Stanfield v. Osborne Industries, Inc., et al*, 52 F.3d 867, 872 (10th Cir. 1995).

The circuit court then reviewed the Section 43(a) claims. The district court had viewed this as a claim of unfair competition premised on defendants' alleged infringement of plaintiff's common law trademark and trade name rights. The circuit court, in contrast, concluded that plaintiff was pursuing both a false advertising claim and a false association claim. The court went on to find that plaintiff did not have standing to bring either type of claim. *Id.* at 872-73.

The circuit court viewed plaintiff's second claim exactly as the district court had, i.e., as a claim that "defendants fraudulently procured registration of the trademarks". The court found that plaintiff had produced no evidence before the district court that defendants knew the oath in the applications was false, i.e., that defendants knew of another with a right to use the marks. The court, in fact, found evidence had been presented to the district court to establish that defendant's officers "believed that [Osborne Industries] had the right to register the trademarks and that plaintiff had assigned any rights in the

marks to [Osborne Industries] in the 1975 agreement.”⁵ *Id.* at 874.

The circuit court affirmed the district court’s decision, and did not remand any part of the case for further proceedings.

Neither the district court nor the Tenth Circuit distinguished between respondent’s principal register registration and its supplemental register registration. For this case, the distinction bears on the claims and defenses that are available to the parties. We need not, however, engage in any lengthy discussion of which of petitioner’s claims is available against each of respondent’s registrations and whether respondent’s affirmative defense of laches may be asserted by respondent in defense of both registrations. As noted *infra*, petitioner is barred from litigating any of his pleaded claims before the Board, in regard to either registration, as a result of his failing to raise them in the federal court suit.

Expiration of Supplemental Register Registration

⁵ Also in regard to defendant’s perception of the marks and their ownership, we note that the district court considered testimony from one of Osborne Industries’ officers that “Stanfield” would be acceptable as a mark for the company “because ‘Stan’ was the first name of [Osborne Industries’] president (Stanley Thibault) and ‘field’ had an agricultural connotation.

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One of respondent's registrations expired during the pendency of this case, because respondent did not file for renewal. The expired registration was for the typed mark STANFIELD and was on the Supplemental Register.

Usually, when a respondent allows a registration to expire while the registration is the subject of a cancellation proceeding, the Board will order the respondent to show cause why the failure to renew the registration should not result in entry of judgment against respondent. See Trademark Rule 2.134.

In this case, respondent had already responded to the petition for cancellation and the parties had already briefed the cross-motions for summary judgment before the registration was due for renewal. Respondent clearly knew, when it failed to file for renewal, that petitioner had lost the federal court suit and that respondent already had argued here that petitioner should be barred from litigating any claims before the Board that ought to have been raised before the courts.

Under these circumstances, respondent's decision not to file for renewal of its supplemental register registration does not warrant issuance of an order to show cause under Trademark Rule 2.134. Issuance of such an order is discretionary with the Board and is not viewed as serving any useful purpose in this case.

Application of Claim Preclusion to This Case

Plaintiff has moved for summary judgment on two grounds. First, plaintiff moves for summary judgment on the theory that a mark which identifies a particular living individual cannot be registered or, if registered, then the registration cannot be maintained, without written consent from that individual [the Section 2(c) claim in plaintiff's petition]. Second, plaintiff moves for summary judgment on the theory that the federal court decisions have preclusively established that respondent's marks have been abandoned.

Respondent presents a number of arguments in support of its cross motion for entry of summary judgment in its favor. Its strongest, and the one on which we find for respondent and against petitioner, is claim preclusion.

The Board will not enter summary judgment on an unpleaded ground, and plaintiff did not plead a claim of abandonment. Thus, plaintiff's motion for summary judgment is denied in this regard. Moreover, we agree with defendant's characterization of plaintiff's abandonment argument as nonsensical. The federal courts found that plaintiff had abandoned any common law rights to the Stanfield trademark and trade name, not that respondent had abandoned them.

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In regard to plaintiff's Section 2(c) claim, we hold this to arise out of the same transactional facts as plaintiff's claim, raised in the federal courts, that defendant procured its registrations through fraud on the Patent and Trademark Office. "Under claim preclusion, a plaintiff is barred from a 'subsequent assertion of the same transactional facts in the form of a different cause of action or theory of relief.' [citations omitted]." *Vitaline Corp. v. General Mills Inc.*, 13 USPQ2d 1172 (Fed. Cir. 1989). When plaintiff went before the federal district court with its fraudulent procurement claim, it ought also to have brought its Section 2(c) claim.⁶ He is now barred from doing so.

In regard to petitioner's Section 2(a) claims, we first note the claim that respondent's registrations are subject to cancellation because the marks are used on obsolete goods of inferior quality, which tends to disparage plaintiff's reputation as an inventor and bring him into disrepute. We do not believe that this pleads a proper claim under Section 2(a). Even if we do, however, assume the pleading is

⁶ Indeed, petitioner's complaint filed in the district court, a copy of which has been made of record by respondent, includes allegations relative to such a claim. In paragraph 29 of the second count, petitioner asserted both that the "trademark STANFIELD consisted or comprised the personal name of the plaintiff and identified him; [and] plaintiff Stanfield had given no written consent to Osborne or others to register his personal name and trademark upon either the Principal or Supplemental Register of the United States Patent and Trademark Office as required by 15 U.S.C. 1052."

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sufficient, there is no genuine dispute that petitioner's complaints about the supposed shoddy quality of respondent's goods are long-standing. Thus, any claims involving use of the registered marks to the detriment of petitioner's reputation ought to have been raised in the federal court suit.

Petitioner's other claim under Section 2(a), i.e., that respondent's use of the marks on its goods falsely suggests a connection with petitioner, and its claim under Section 14(3) that the marks are being used to misrepresent the source of the goods, are intertwined, in that they rely on the same assertions of fact. For example, petitioner's claim that he is known in the field stems from his early invention of the hog heating pad. If it is true, as petitioner claims, that purchasers of such goods bearing petitioner's name would tend to associate the goods with petitioner, rather than defendant, then it has been true for a long time. These claims, too, ought to have been brought in the federal court suit.

In short, petitioner clearly targeted respondent's procurement of its registrations, not just respondent's use of its marks, when petitioner filed the federal court suit. Most, if not all, of the facts necessary to support petitioner's claims were not only known to petitioner when that suit was filed, but were pleaded in that suit. Thus,

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any and all claims regarding the efficacy of respondent's registrations, and which arise out of those facts, ought to have been pleaded before the federal district court.

We agree with the holding in the most recent state court suit between the parties, that "Plaintiff has had his day in court, had an opportunity to raise his issues through both the state and federal courts, that those issues which he's raised are appropriately resolved, and [entry of] summary judgment is appropriate."

Conclusion

Petitioner's motion for summary judgment is denied in its entirety. Respondent's cross-motion for summary judgment is granted on the ground that petitioner's is barred from litigating before the Board any of its pleaded claims. The petition for cancellation is dismissed.

R. L. Simms

E. J. Seeherman

P. T. Hairston

Administrative Trademark
Judges, Trademark Trial
and Appeal Board