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UNITED STATES PATENT AND TRADEMARK OFFICE

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Trademark Trial and Appeal Board

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Pleasant Company
v.
Barry Epstein

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Cancellation No. 27,390
Cancellation No. 27,548

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Richard Mandel of Cowan, Liebowitz & Latman, P.C. for Pleasant Company.

Robert L. Epstein of James & Franklin, LLP for Barry Epstein.

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Before Simms, Hairston and Holtzman, Administrative Trademark Judges.

Opinion by Holtzman, Administrative Trademark Judge:

Pleasant Company has filed two petitions[1] to cancel the following two registrations: Registration No. 387,494 for the mark AMERICAN BOY for "boys' shoes";[2] and Registration No. 1,734,910 for AMERICAN BOY for "clothing, namely, shirts, pants, tops, sweatshirts, and suits."[3]

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[1] These petitions were consolidated by the Board on January 8, 1999.

[2] Issued May 20, 1941; second renewal; the word AMERICAN has been disclaimed.

[3] Issued November 24, 1992; Section 8 affidavit accepted.

As the ground for cancellation, petitioner alleges as to each registration, that respondent "has abandoned its AMERICAN BOY trademark" and that respondent has "completely discontinued all use of the mark AMERICAN BOY in its business without an intent to resume such use."[4]

Respondent denied the salient allegations of the petitions to cancel.

The record consists of the files of the involved registrations; petitioner's notice of reliance on certain of respondent's discovery responses; trial testimony (with exhibits) consisting of a deposition of respondent, Barry Epstein, taken by petitioner during its own testimony period and a deposition (taken by petitioner pursuant to subpoena) of B. Alan Olson, a purported licensee of respondent's AMERICAN BOY mark. Petitioner has also relied on a later declaration of Mr. Olson and the declaration of Anita Segal, a buyer for Burlington Coat Factory. Both declarations were made of record by stipulation of the parties.

Both parties filed trial briefs but an oral hearing was not requested.

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[4] Petitioner alleges that on March 2, 1998, petitioner filed an application to register AMERICAN BOY for children's clothing based on an allegation of a bona fide intention to use the mark in commerce.

As preliminary matters, respondent has objected, in its brief, to the admissibility of the Segal and Olson declarations arguing that they are not properly supported by either an affidavit as required by Trademark Rule 2.123(b), or a declaration in accordance with Trademark Rule 2.20. Respondent has also objected, in its brief, to the testimony of Ms. Segal arguing that because respondent "has no record of receiving any notice of filing such testimony with the Board, as required by 37 CFR § 2.125(c)," the declaration "was not filed with the Board in a timely fashion."

The first objection is without merit. In lieu of either an affidavit or declaration, a document may be verified under the provisions of 28 USC § 1746 which provides, in relevant part, that wherever any matter is required to be supported by the sworn declaration or affidavit of the person such matter may, "with like force and effect" be supported by the unsworn declaration "as true under penalty of perjury." Ms. Segal's and Mr. Olson's declarations are clearly in compliance with the requirements of this statute.

In any event, to the extent that there are any irregularities in the verifications, such deficiencies are considered waived by respondent. An objection of this nature should have been raised promptly, or at least at some reasonable time following respondent's receipt of the declarations so that the deficiencies could have been cured. See, for example, Trademark Rules 2.123(e)(3) and 2.123(j); Fed. R. Civ. P. 32(d)(1),(2) and (3)(A) and (B); and TBMP § 718.02 and cases cited therein.

Respondent's second objection is not well taken either. The certificate of service accompanying the transmittal of Ms. Segal's declaration to the Board states that a service copy of the declaration was mailed to respondent on September 14, 1999. Moreover, although respondent's counsel claims that he received no notice of the "filing" of the declaration, counsel makes no claim that he never received any service copy of the declaration. Indeed, respondent's counsel had stipulated to the submission as well as the admissibility of this very evidence and an earlier copy of the declaration was apparently sent to respondent on September 9, 1999 along with the stipulation for respondent's counsel's signature.

Moreover, there is no claimed or actual prejudice from petitioner's asserted failure to "file" the declaration with the Board. We note that respondent has not objected to the substance of the declaration or indicated that petitioner's reliance on the declaration in any way prevented respondent from addressing any issues raised therein during its own testimony period.

We turn then to the facts of the case. In 1934, respondent's grandfather started a company under the name of American Boy Clothing Incorporated with two of respondent's uncles. The company manufactured and sold children's outerwear, clothing, pants, and tops under the AMERICAN BOY label through the wholesale trade. The company continued to operate until 1974. Respondent entered the business in 1965 "in sales." By 1969, he had acquired 62 percent of the company. In 1974, respondent and his uncle (the sole shareholders at that point) decided to liquidate the corporation in view of his uncle's retirement. Respondent, through an informal agreement with his uncle, assumed full ownership rights in the AMERICAN BOY trademark.

In September 1974, respondent formed a company called Rifle Industries ("Rifle"). This business consisted of a showroom with sales and administrative offices in Manhattan, and was engaged in the sale of knit shirts and fleece to approximately 5,000 customers. Garments were produced by this company under three primary labels. RIFLE products constituted 75% of total sales over the 19-year existence of the company and AMERICAN BOY clothing constituted about 15% of total sales. Total sales for the business reached $7 million per year in the 1980's and peaked at $12 million per year in the early nineties, dropping to a total of $10 million in

1992. The clothing was manufactured by an outside contractor, Alperin Incorporated ("Alperin"), over which respondent exercised quality control. Respondent was initially the sole shareholder of Rifle but was later joined by two other individuals who each acquired a 1/3 interest in the company. On January 3, 1990, respondent entered into a license agreement with Rifle giving that company the right to use the AMERICAN BOY mark because, according to respondent, that was the only label that respondent owned that was not created as part of the Rifle company, and because of the increasing requests and popularity of the AMERICAN BOY trademark. Rifle was liquidated in 1993 and the inventory ($900,000), less than 10% of which comprised AMERICAN BOY products, was sold to the manufacturer, Alperin. Respondent assigned rights to Alperin in the other labels but Alperin was not interested in acquiring the AMERICAN BOY label.

In the meantime, in December 1978, respondent along with Leonard and Alan Olson, formed a new company called Barrel Sportswear Limited ("Barrel") to sell sweaters and sportswear, types of clothing not produced by Rifle. Approximately 15% of Barrel's sales were attributable to the AMERICAN BOY label, with the remainder attributed to the "Barrel" label or licensed labels such as "NFL" and "NBA." The business was operated out of the same, but expanded, offices as Rifle and there was an overlap in customers, including Wears and J. C. Penney. On January 3, 1990, respondent entered into a license agreement with Barrel company (as he had with Rifle) giving Barrel the right to use the AMERICAN BOY mark. Sales for Barrel company reached approximately $10 million in 1991. As a result of a weakening market, and because the dissolution of Rifle in 1993 affected the profitability of Barrel, in 1995, Barrel was liquidated and dissolved. The shareholders assigned the Barrel label to Alan Olson who went to work for a company called Marvin Knitwear Incorporated and he later re-formed his own company, Barrel Sportswear Limited, bringing the BARREL label with him. The AMERICAN BOY label was not transferred as part of the liquidation of Barrel.

In January 1995, respondent formed another new company called B.R. Milford Inc. ("Milford") after being approached by Gary Worth, an acquaintance who was a designer in the ladies wear business. Respondent initially owned the entire interest of Milford and at the end of 1996, Mr. Worth became a full partner in the company. The business operated an inventory showroom, a design room and a sample room, in Manhattan, using subcontractors for the manufacture of the clothing, including a marker grader, cutting room, and a sewing facility. The company produced ladies sportswear as a result of Mr. Worth's reputation as a designer of such clothing and used two labels on the clothing, B.R. MILFORD and AMERICAN BOY. The B.R. MILFORD products were sold through independent sales representatives in Atlanta, Dallas, Chicago and New York, selling either through trade shows or "on the road." The AMERICAN BOY label was sold through two major accounts who were interested in labels that consumers would not see in department stores. These customers "showed at hotels," considered "very popular" in the ladies wear business. They operated out of a suite of rooms for about two weeks at a time, with business obtained from a mailing list of a couple thousand names. At least one of these customers had specifically requested the AMERICAN BOY label. Less than 10% of the total sales of Milford were attributed to the AMERICAN BOY label. The Milford business never really took off, with sales totaling $3 million over the three-year period. Sales of the AMERICAN BOY label during that time amounted to approximately $100,000 for the entire period. Milford ceased manufacture of AMERICAN BOY product in October or November of 1997. Because Milford was unprofitable, the decision was made between March and April 1998 to wind down the business by selling off inventory. Respondent testified that as of April of that year, Milford may have had 100 garments left in stock. Invoices for that period (March 2, 1998 through July 9, 1998) reflect sales of 77 garments under the AMERICAN BOY label.

Invoices show that as of April, only 19 garments were sold. Respondent testified that he no longer had the invoices for the remaining garments, stating that Mr. Worth, his ex-partner, could have taken the invoices with him. Respondent testified that the other 80 garments were sold to discount outlets for probably about $15 per garment. Milford vacated its business premises sometime in either April or early May 1998, and respondent sold the remaining inventory out of his home. The invoices show that four garments under the AMERICAN BOY label were sold on June 4, 1998 and that the last two AMERICAN BOY garments were sold on July 9, 1998.

On June 12, 1998, respondent began working on a full time basis managing a Laundromat business (American Boys Laundry Incorporated) owned by his wife. Approximately in April 1999, respondent became a loan officer for Saxon National Mortgage Company. Respondent testified that he had conducted "very preliminary" discussions about a possible licensing arrangement for the AMERICAN BOY mark in July or August 1998, but he admitted that he was not actively soliciting potential licensees.

Either in late 1998 or early 1999, Alan Olson had re-formed a company called Barrel Sportswear Limited. Respondent testified that sometime in January or February of 1999, Olson approached respondent as to the availability of a license for the AMERICAN BOY mark. In May 1999, Olson purportedly notified respondent that Olson had an order for AMERICAN BOY sweaters with Burlington Coat Factory ("Burlington"). Olson had initially testified that a sale of approximately $2,000 to $3,000 worth of AMERICAN BOY sweaters had been sold to Burlington sometime during April or May 1999. Olson claimed that he had had a discussion with Anita Segal of Burlington and told her that some of the clothing would have the AMERICAN BOY label. Ms. Segal purportedly indicated to Olson that she did not care what label goes into the garment. Olson testified that the first shipment of AMERICAN BOY sweaters would be made in September or October 1999. On June 7, 1999, respondent and Alan Olson, on behalf of Olson's reformed Barrel company, entered into a license agreement for use of the AMERICAN BOY mark on clothing.

Because of the inconsistencies and the "suspicious" circumstances surrounding the license agreement, petitioner subpoenaed Anita Segal. Ms. Segal stated in her declaration that she had never heard of the AMERICAN BOY brand. In addition, she denied ever having discussed the AMERICAN BOY label with Olson or that she ever ordered AMERICAN BOY clothing from Olson. She further stated that Burlington would have no motivation to purchase a brand name unknown to her, and that if there had been any sale, it was unauthorized by either her or Burlington. Following petitioner's submission of the Segal declaration, and before Olson had signed the transcript of his deposition, a new attorney for Olson contacted petitioner's counsel indicating that Olson wished to make substantial corrections to his testimony. By stipulation of the parties, Olson submitted this testimony by declaration wherein he recanted the essential portions of his previous testimony. By his declaration, Olson stated that the reason the license agreement was signed was that respondent had approached Olson and asked him to sign the agreement as a "favor" to respondent concerning a "potential dispute" over the AMERICAN BOY label. Olson further stated that he was not motivated to sign the agreement by any interest in selling AMERICAN BOY clothing, that he had no intent to sell AMERICAN BOY clothing at the time he entered into the agreement, that he made no sales of clothing with AMERICAN BOY labels, and that he had no discussions with respondent or Burlington about selling AMERICAN BOY clothing.

We note first, that respondent has essentially admitted that the mark in Registration No. 387,494 has been abandoned with no intent to resume use. Respondent admits that that there has been no use of AMERICAN BOY for footwear for at least the past three years and that he was unaware of any sales or offer for sale of AMERICAN BOY shoes "in this century." (Epstein test. p.129-130)

We turn then to Registration No. 1,734,910 for clothing. The petition to cancel this registration, which was filed on March 3, 1998, does not specify any particular period of nonuse of this AMERICAN BOY mark. In its brief on the case, petitioner claims that respondent has abandoned the mark "by ceasing manufacture during 1997, liquidating his remaining inventory in 1998 and then leaving the clothing business." Respondent concedes nonuse of the mark as of July 1998, when the remaining inventory was sold. However, respondent contends that he had an intent to resume use of the mark.

A prima facie case of abandonment may be established by petitioner with proof of nonuse in the United States for three consecutive years. See Section 45 of the Trademark Act; and Imperial Tobacco Ltd. v. Philip Morris Inc., 899 F.2d 1575, 14 USPQ2d 1390 (Fed. Cir. 1990). The prima facie case "eliminates the challenger's burden to establish the intent element of abandonment as an initial part of [his] case," and creates a rebuttable presumption that the registrant abandoned the mark without intent to resume or commence use under the statute. See Imperial Tobacco, supra at 1579, 14 USPQ2d at 1393. This presumption shifts the burden to the registrant to produce evidence that he either used the mark during the statutory period or intended to resume or commence use. See Cerveceria Centroamericana S.A. v. Cerveceria India, Inc., 892 F.2d 1021, 1026, 13 USPQ2d 1307, 1312 (Fed. Cir. 1989).

If the burden were on respondent in this case, respondent's unsupported claims of some vague intention to license the use of its AMERICAN BOY mark would not be sufficient to establish an intent to resume use. See Rivard v. Linville, 133 F.3d 1446, 45 USPQ2d 1374 (Fed. Cir. 1998). Moreover, Olson recanted essentially all of his material testimony thereby destroying his credibility and discrediting his initial claims regarding the license agreement. Under the circumstances, we could not accord any weight to either Olson's testimony or the effect of the license agreement on any asserted intent by respondent to resume use of the mark.

However, the burden is not on respondent to show an intent to resume use. Petitioner has alleged that there has been no use of the AMERICAN BOY mark, at the earliest, as of October or November 1997. The time period since then is obviously insufficient to support a prima facie case of abandonment. Thus, the burden of establishing an intent to abandon the mark falls on petitioner. Since abandonment is in the nature of a complete forfeiture, it carries a strict burden of proof. P.A.B. Produits et Appareils de Beaute v. Satinine Societa, 670 F.2d 1031, 196 USPQ 801 (CCPA 1978) and Woodstock's Enterprises Inc. (California) v. Woodstock's Enterprises Inc. (Oregon), 43 USPQ2d 1440 (TTAB 1997). Petitioner has not met this burden.

First, we disagree that nonuse of the mark occurred as of the last date of manufacture of the AMERICAN BOY clothing. Respondent testified that its clothing would not normally have even been manufactured until January or February of 1998 for sale in the spring season of that year. In any event, merely because respondent ceased manufacture of the AMERICAN BOY product (whether that date is October 1997 or February 1998) or even dissolved the Milford business and discontinued sales under the AMERICAN BOY mark does not, particularly under the circumstances of this case, demonstrate an intent to abandon the mark. Simply put, nonuse of the AMERICAN BOY mark is not, in itself, tantamount to an abandonment of the mark. Our primary reviewing court (or, more accurately, its predecessor, the U.S. Court of Customs and Patent Appeals) has considered the existence of goodwill as evidence to negate an intent to abandon. Sterling Brewers, Inc. v. Schenley Industries, Inc., 441 F.2d 675, 169 USPQ 590 (CCPA 1971). If the goodwill built up by a mark has so declined that the mark no longer has any source-indicating significance to the public, the mark is abandoned. See Wallpaper Mfrs., Ltd. v. Crown Wallcovering

Corp., 680 F.2d 755, 214 USPQ 327 (CCPA 1982). However, goodwill does not ordinarily disappear or completely lose its value overnight. A mere temporary cessation of business does not automatically lead to the conclusion that the business and goodwill have come to an end. See Person's Co. v. Christman, 900 F.2d 1565, 14 USPQ2d 1477 (Fed. Cir. 1990) and Defiance Button Machine Co. v. C & C Metal Products Corp., 759 F.2d 1053, 225 USPQ 797 (2d Cir. 1985).

The record demonstrates that the AMERICAN BOY trademark has been in continuing use in connection with clothing for almost seventy years. It is clear from the evidence that respondent has acquired goodwill in the AMERICAN BOY mark, that the goodwill has continued to exist in the mark, and that the goodwill has remained exclusively associated with respondent during that time. Petitioner has not shown, or even claimed otherwise. The record further demonstrates that over the years, respondent has been able to, at least for the most part, successfully reconstitute or reinvent his business ventures so as to maximize potential growth and sales of his clothing. This pattern of activity further casts doubt on any claim by petitioner that the cessation of respondent's business in its latest incarnation, Milford company, resulted in an abandonment of the mark.

Thus, we find that petitioner essentially "jumped the gun" in seeking to cancel this registration for abandonment.[5]

Decision: The petition to cancel Registration No. 1,734,910 is dismissed. The petition to cancel Registration No. 387,494 is granted, and that registration will be cancelled in due course.

R. L. Simms

P. T. Hairston

T. E. Holtzman
Administrative Trademark
Judges, Trademark Trial
and Appeal Board

[5] Petitioner, in a footnote in its brief, alleges that respondent had no basis on which to file a Section 8 affidavit on June 22, 1998. Petitioner states, in passing, that the "fraudulent filing of the declaration constitutes an additional basis on which to cancel the mark." The petition has not been amended to plead a claim of fraud, nor do we find that this issue has been tried by the parties. Thus, the issue of fraud has been given no consideration.