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PRECEDENT OF THE
TTAB

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
General Email: TTABInfo@uspto.gov

mbm

March 27, 2019

Cancellation No. 92069777

Todd C. Bank

v.

*Al Johnson's Swedish Restaurant and
Butiks, Inc.*

By the Trademark Trial and Appeal Board:

This proceeding now comes before the Board for consideration of the motion (filed November 28, 2018) of Al Johnson's Swedish Restaurant and Butiks, Inc. ("Respondent") to dismiss the petition to cancel of Todd C. Bank ("Petitioner") for failure to state a claim upon which relief may be granted under Fed. R. Civ. P. 12(b)(6). Petitioner filed a response to the motion to dismiss on November 30, 2018.

I. Background

Respondent is the owner of Registration No. 2007624, for the mark displayed below, for "Restaurant services" in International Class 42:¹

¹ Registration No. 2007624, issued October 15, 1996, alleging June 1, 1973 as both the date of first use and the date of first use in commerce. Section 8 and 9 declaration accepted January 19, 2017.



The description of the involved mark is as follows: “The mark consists of goats on a roof of grass. The dotted lines in the drawing are intended to indicate the location of the mark and are not a feature of the mark.”

On October 12, 2018, Petitioner filed a petition to cancel Respondent’s involved registration on the ground that the mark is functional under Section 2(e)(5) of the Trademark Act, 15 U.S.C. § 1052(e)(5).²

In lieu of filing an answer to the petition to cancel, Respondent filed a motion to dismiss. Respondent contends that Petitioner has failed to adequately plead his standing or a cognizable ground for relief.

II. Motion to Dismiss

To survive a motion to dismiss, “a complaint must contain sufficient factual matter, accepted as true, to ‘state a claim to relief that is plausible on its face.’” *Ashcroft v. Iqbal*, 556 U.S. 662, 663, 129 S. Ct. 1937, 1949 (2009), quoting *Bell Atlantic Corp. v. Twombly*, 550 U.S. 544, 570, 127 S. Ct. 1955, 1974 (2007). A claim has facial plausibility when the plaintiff pleads factual content that allows the court to draw a reasonable inference that the defendant is liable for the misconduct alleged. See *Twombly*, 550 U.S. at 556-557. However, the plausibility standard does not require

² In his response to the motion to dismiss, Petitioner acknowledges that functionality is the only asserted ground for cancellation in the petition to cancel.

that a plaintiff set forth detailed factual allegations. *Id.* Rather, a plaintiff need only allege “enough factual matter...to suggest that [a claim is plausible]” and “raise a right to relief above the speculative level.” *Totes-Isotoner Corp. v. U.S.*, 594 F.3d 1346, 1354 (Fed. Cir. 2010). Moreover, it is well established that whether a plaintiff can actually prove its allegations is not a matter to be determined upon motion to dismiss, but rather at final hearing or upon summary judgment, after the parties have had an opportunity to submit evidence. *See Libertyville Saddle Shop Inc. v. E. Jeffries & Sons, Ltd.*, 22 USPQ2d 1594, 1597 (TTAB 1992) (“A motion to dismiss does not involve a determination of the merits of the case...”).

For purposes of determining such motion, all of the plaintiff’s well-pleaded allegations must be accepted as true, and the complaint must be construed in the light most favorable to the plaintiff. *See Advanced Cardiovascular Sys. Inc. v. SciMed Life Sys. Inc.*, 988 F.2d 1157, 1161, 26 USPQ2d 1038, 1041 (Fed. Cir. 1993). As plaintiff, the claimant must plead factual content that allows the Board to draw a reasonable inference that it has standing and that a valid ground for cancellation exists. *Cf. Twombly*, 550 U.S. at 556. In particular, the claimant must allege well-pleaded factual matter and more than “[t]hreadbare recitals of the elements of a cause of action, supported by mere conclusory statements,” to state a claim plausible on its face. *Iqbal*, 129 S. Ct. at 1949 (*citing Twombly*, 550 U.S. at 555).

A. Standing

Section 14 of the Trademark Act provides that “[a] petition to cancel a registration of a mark, stating the grounds relied upon, may, upon payment of the prescribed fee,

be filed...by any person who believes that he is or will be damaged...by the registration of a mark on the [P]rincipal [R]egister.” Section 14 thus establishes a broad doctrine of standing; by its terms, the statute requires only that a person have a belief that he would suffer some kind of damage if the mark is registered. As interpreted in binding precedent, a petitioner must have a “real interest” in the outcome of the proceeding, and a “reasonable basis” for its belief that it would suffer some kind of damage by the continued registration of the mark. *See Empresa Cubana del Tabaco*, 753 F.3d 1270, 111 USPQ2d 1058, 1062 (citing *Ritchie v. Simpson*, 170 F.3d 1902, 50 USPQ2d 1023, 1025-26 (Fed. Cir. 1999)); *Universal Oil Prods. Co. v. Rexall Drug & Co.*, 463 F.2d 1122, 1123, 174 USPQ 458, 459 (CCPA 1972). To prove a “real interest” in the case, Opposer must show that it has a “direct and personal stake” in the outcome and is more than a “mere intermeddler.” *Ritchie*, 50 USPQ2d at 1026-27.

In order to plead standing to challenge a registration based on a claim that the mark is functional, a plaintiff must plead that it is a competitor, that it is engaged in the manufacture or sale of the same or related goods, or that it otherwise has a current or prospective right or interest in using the mark. *Poly-America, L.P. v. Illinois Tool Works Inc.*, 124 USPQ2d 1508, 1512 (TTAB 2017) (“A petitioner is required only to be in a position to have a right to use the mark in question...This test logically also applies to the question of whether Petitioner has standing to assert its claim that Respondent’s mark ... comprises matter that, as a whole, is functional.”); *AS Holdings, Inc. v. H & C Milcor, Inc.*, 107 USPQ2d 1829, 1832 (TTAB

2013) (finding standing to assert claim of functionality where opposer demonstrated that it was engaged in the manufacture of goods similar to those in the subject application).

In support of his standing, Petitioner alleges, *inter alia*, the following:

- “[Petitioner] believes that the granting ... of a trademark, including a service mark ... that applies to the activity of an animal (as opposed to a trademark that is merely a representation of such activity) is demeaning to the type of animal that is the subject of such mark.” Petition to cancel ¶ 1.
- “The demeaning of animals in the manner set forth in the previous paragraph is offensive to [Petitioner] and denigrates the value he places on the respect, dignity, and worth of animals.” *Id.* at ¶ 2.
- “Numerous persons believe that the granting to, or possession by, a person of a mark that applies to the activity of an animal is demeaning to the type of animal that is the subject of such mark.” *Id.* at ¶ 3.
- “The demeaning of animals in the manner set forth above is offensive to numerous persons and denigrates the value they place on the respect, dignity, and worth of animals.” *Id.* at ¶ 4.

Respondent argues that Petitioner has failed to plead his standing to bring a claim that Respondent’s involved mark is functional. Respondent contends that the Supreme Court found in *Matal v. Tam*, 127 S.Ct. 1744, 1764 (2017) that the prohibition against registering disparaging marks under Section 2(a) of the Trademark Act is unconstitutional. 4 TTABVue 5. As a result, Respondent contends that Petitioner’s assertions that he finds the involved mark offensive to Petitioner and demeaning to goats cannot form the basis for Petitioner’s purported standing to bring this proceeding. *Id.*

In response, Petitioner acknowledges that disparagement is no longer a cognizable claim under the Trademark Act. 6 TTABVue 7. Petitioner argues, however, that his

allegations that the mark is offensive to him are sufficient to support a pleading of standing. *Id.* Accordingly, Petitioner argues that although he “may not rely upon the offensiveness of [Respondent’s] trademark in order to prevail **on the merits** ... the foreclosure upon such reliance has **nothing to do with standing...**” *Id.* at 8 (emphasis in original). Petitioner relies upon *Ritchie v. Simpson*, 170 F.3d 1092, 1098 (Fed. Cir. 1999) for the proposition that a plaintiff may have standing where the plaintiff pleads that a mark “would disparage members of a certain group [and] could allege that he is a member of that group.” *Id.* at 10.

In this case, as acknowledged by Petitioner, the only ground for cancellation is the claim of functionality. Thus, Petitioner must adequately plead his standing **to assert a claim of functionality**. *Ritchie* found that the plaintiff adequately pleaded his standing to assert that the subject marks were scandalous under Section 2(a) of the Trademark Act, 15 U.S.C. § 1052(a), by alleging that he found the subject mark offensive to his personal values. *See Ritchie*, 170 F.3d at 1094 (“[T]he controlling precedents of this court, as well as the precedents of the Board, are fully consistent with recognizing that someone in Mr. Ritchie’s position has standing to oppose a registration **on the grounds raised here.**”) (emphasis added). *Ritchie* does not establish that an individual’s personal offense to a mark is sufficient to plead standing to assert a claim of functionality. Thus, Petitioner may not rely upon allegations that the involved mark is personally offensive to him to plead his standing to assert a claim that the involved mark is functional.³

³ If a plaintiff adequately pleads its standing to assert one claim, then the plaintiff may also plead any other legally sufficient claim. *Corporacion Habanos SA v. Rodriguez*, 99 USPQ2d

Here, Petitioner has not pleaded that he has a present or prospective right or interest in Respondent's involved mark or any other facts sufficient to allege his standing to assert a claim that Respondent's involved mark is functional. *See Poly-America, L.P.*, 124 USPQ2d at 1512.

Moreover, Petitioner's pleading of standing is vague and does not relate specifically to the involved service mark. Petitioner pleads that a registration "that applies to the activity of an animal is demeaning to the type of animal that is the subject of such mark." Petition to cancel ¶¶ 1-3. The pleading therefore appears to allege, in general, that a trademark registration for any mark involving the use of animals for use in connection with any services is "demeaning." The petition to cancel does not allege that Petitioner has a reasonable belief of harm from Respondent's involved registration for restaurant services.

In view thereof, Respondent's motion to dismiss Petitioner's claim in its entirety for failure to adequately allege his standing is **granted**.

Notwithstanding the foregoing, it is the Board's well-established practice to freely grant leave to amend pleadings found to be insufficient upon challenge under Fed. R. Civ. P. 12(b)(6). *See Miller Brewing Co. v. Anheuser-Busch Inc.*, 27 USPQ2d 1711,

1873 (TTAB 2011) (finding pleading of standing different for different claims and finding that once a plaintiff has pleaded standing as to at least one properly pleaded ground, the plaintiff may also plead any other legally sufficient claims); *Coach Servs., Inc. v. Triumph Learning LLC*, 668 F.3d 1356, 101 USPQ2d 1713, 1728 (Fed. Cir. 2012) ("[O]nce an opposer meets the requirements for standing, it can rely on any of the statutory grounds for opposition set forth in 15 U.S.C. § 1052" and finding that because the plaintiff had established a real interest and reasonable basis for belief of damage "in the form of likelihood of confusion or dilution, it also has standing to assert a claim on descriptiveness grounds."). Inasmuch as the only claim asserted is functionality, however, Petitioner must plead standing to assert that claim.

1714 (TTAB 1993); *IdeasOne Inc. v. Nationwide Better Health Inc.*, 89 USPQ2d 1952, 1955 (TTAB 2009). In view thereof, Petitioner is allowed time in which to amend his pleading, if justified and appropriate, as further set forth below.

B. Functionality

In support of his claim of that the involved mark is functional, Petitioner pleads, *inter alia*, the following:

- “The primary use of the Marks[sic] is as a form of entertainment that increases, to customers, the appeal of [Respondent’s] place of business, which is Al Johnson’s Swedish Restaurant & Butik (the ‘Establishment’).” Petition to cancel ¶ 5.
- “To whatever extent the Marks[sic] serve as identification with respect to the Establishment, such service is not the primary effect of the Marks[sic], and such service pales in comparison to the provision, by the Marks[sic], of entertainment that increases, to customers, the appeal of the Establishment.” *Id.* at ¶ 6.
- “The use of the Marks[sic] as a form of entertainment that increases, to customers, the appeal of the Establishment is unique.” *Id.* at ¶ 7.
- “The use of the Marks[sic] as a form of entertainment that increases, to customers, the appeal of the Establishment is functional.” *Id.* at ¶ 8.
- “The use of the Marks[sic] as a form of entertainment that increases, to customers, the appeal of the Establishment is superior to other methods.” *Id.* at ¶ 9.
- “The placement of goats on a grass roof negates or ameliorates, due to the goats’ grazing, the need to cut the grass, and is thus economically advantageous and, therefore, functional.” *Id.* at ¶ 10.

A mark is unregistrable under Section 2(e)(5) of the Trademark Act where it “comprises any matter that, as a whole, is functional.” There are two forms of functionality: utilitarian functionality and aesthetic functionality. *See In re Morton-Norwich Prods., Inc.*, 671 F.2d 1332, 213 USPQ 9, 13 n.1 (CCPA 1982); *In re Florists’*

Transworld Delivery Inc., 106 USPQ2d 1784, 1786-87 (TTAB 2013). A product feature is functional ‘if it is essential to the use or purpose of the article or if it affects the cost or quality of the article.’” *Mag Instrument Inc. v. Brinkmann Corp.*, 96 USPQ2d 1701, 1718 (TTAB 2010) (quoting *Inwood Labs., Inc. v. Ives Labs., Inc.*, 456 U.S. 844, 214 USPQ 1, 4 n.10 (1982)). A functional feature is one the “exclusive use of [which] would put competitors at a significant non-reputation-related disadvantage.” *Qualitex Co. v. Jacobson Prods. Co.*, 514 U.S. 159, 34 USPQ2d 1161, 1164 (1995). “[I]t is well settled that functionality must be assessed in connection with the goods or services at issue....” *Doyle v. Al Johnson’s Swedish Restaurant & Butik, Inc.*, 101 USPQ2d 1780, 1783 (TTAB 2012) (citing *Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U.S. 763, 769-70 (1992) and *Duramax Marine LLC v. R.W. Fernstrum & Co.*, 80 USPQ2d 1780, 1791-94 (TTAB 2006)).

Petitioner has pleaded that placing goats on a grass roof is “economically advantageous” because it reduces the need to cut grass on a grass roof; however, Petitioner does not allege that goats on grass roofs are essential to the use or purpose or affect the cost or quality of **restaurant services**. *See Doyle*, 101 USPQ2d at 1783 (“[W]hile petitioner alleges that respondent’s goats and sod roof affect respondent’s costs, by reducing respondent’s energy and mowing expenses, this allegation is not specific, and is in fact completely unrelated, to **restaurant or gift shop services**.”) (emphasis in original).

Petitioner also pleads that use of the involved mark is primarily a form of entertainment and that it “increases the appeal” of Respondent’s services and that

the use of goats on a grass roof is a superior form of entertainment. Petitioner has again failed to plead a nexus between the alleged aesthetic superiority of the design and Respondent's restaurant services. Moreover, "functionality hinges on whether registration of a particular feature hinders competition and not on whether the feature contributes to the product's commercial success." *M-5 Steel Mfg, Inc. v. O'Hagin's Inc.*, 61 USPQ2d 1086, 1097 (TTAB 2001). Petitioner has failed to allege that the alleged superior design hinders competition or "provide[s] a competitive advantage." *See id.* In other words, Petitioner has failed to allege that the involved registration is functional, as opposed to merely aesthetically pleasing. *See Qualitex Co. v. Johnson Products Co., Inc.*, 514 U.S. 159, 165 (1995) ("The functionality doctrine prevents trademark law, which seeks to promote competition by protecting a firm's reputation, from instead inhibiting legitimate competition by allowing a producer to control a useful product feature.").

In view thereof, Respondent's motion to dismiss Petitioner's claim of functionality is **granted**. Petitioner is allowed time in which to replead, however, if justified and appropriate, as further set forth below.

Petitioner is allowed until **twenty days** from the date of this order in which to file and serve an amended petition to cancel that properly pleads his standing and states a valid claim for relief, if Petitioner has a sound basis for doing so pursuant to Fed. R. Civ. P. 11, failing which the petition to cancel will be denied with prejudice.

In turn, Respondent is allowed until **twenty days** from the date of service of the amended petition to cancel in which to file and serve an answer or otherwise respond to the amended pleading.

III. Schedule

Proceedings herein are resumed. Remaining dates are reset as follows:

Time to Answer	5/7/2019
Deadline for Discovery Conference	6/6/2019
Discovery Opens	6/6/2019
Initial Disclosures Due	7/6/2019
Expert Disclosures Due	11/3/2019
Discovery Closes	12/3/2019
Plaintiff's Pretrial Disclosures Due	1/17/2020
Plaintiff's 30-day Trial Period Ends	3/2/2020
Defendant's Pretrial Disclosures Due	3/17/2020
Defendant's 30-day Trial Period Ends	5/1/2020
Plaintiff's Rebuttal Disclosures Due	5/16/2020
Plaintiff's 15-day Rebuttal Period Ends	6/15/2020
Plaintiff's Opening Brief Due	8/14/2020
Defendant's Brief Due	9/13/2020
Plaintiff's Reply Brief Due	9/28/2020
Request for Oral Hearing (optional) Due	10/8/2020

Generally, the Federal Rules of Evidence apply to Board trials. Trial testimony is taken and introduced out of the presence of the Board during the assigned testimony periods. The parties may stipulate to a wide variety of matters, and many requirements relevant to the trial phase of Board proceedings are set forth in Trademark Rules 2.121 through 2.125. These include pretrial disclosures, the manner and timing of taking testimony, matters in evidence, and the procedures for submitting and serving testimony and other evidence, including affidavits, declarations, deposition transcripts and stipulated evidence. Trial briefs shall be

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submitted in accordance with Trademark Rules 2.128(a) and (b). Oral argument at final hearing will be scheduled only upon the timely submission of a separate notice as allowed by Trademark Rule 2.129(a).