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IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD

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|---|---|
| Proceeding | 92049784 |
| Party | Defendant<br>Toytrackerz LLC |
| Correspondence Address | Toytrackerz LLC<br>Terri Lynn Coop<br>302 South Lowman Street<br>Fort Scott, KS 66701<br>UNITED STATES<br>circlexranch@sbcglobal.net |
| Submission | Motion for Summary Judgment |
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**IN THE UNITED STATES PATENT AND TRADEMARK OFFICE**
**BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD**

In the matter of Cancellation Proceeding No.: **92049784**

In the matter of trademark Registration No: **3178499, 3413412, 3197601**

For the mark: **"Johnny West Adventure"**, "**Best of the West**", "**Jed Gibson**"

Jill Koehler
An Individual

vs.

**Toytrackerz LLC**
A Kansas Limited Liability Company

## MOTION FOR SUMMARY JUDGMENT

***COMES NOW*** the Respondent, Toytrackerz LLC, and respectfully submits the following Motion for Summary Judgment. In support of this motion, respondent states the following:

## STATEMENT OF UNCONTROVERTED FACTS

1. It is uncontroverted that Koehler is a trademark licensee of American Plastic Equipment, Inc. as of April of 2006.

   **SOURCE**: Exhibits 1, 2, 3 and accompanying affidavits showing Koehler's public assertions that she is a licensee of American Plastic Equipment, Inc. regarding the trademarks at issue in this cause of action. Also Exhibit 6, a Koehler pleading filed in the District of Kansas ceding trademark ownership to American Plastic.

2. It is uncontroverted that American Plastic Equipment, Inc. entered into a consent agreement with Toytrackerz in the District Court of Bourbon County Kansas stating it had no protectible or actionable interest in a series of disputed trademarks. This consent

agreement was dated August 1, 2007.

**SOURCE**: Exhibit 4, a copy of the executed consent agreement bearing the signature of the presiding judge and the file stamp of the Bourbon County Court Clerk.

3. It is uncontroverted that in the District of Kansas, case number 2:07-cv-2253, that all of American's trademark related counts, including the trademarks listed above, were dismissed, with prejudice, on the grounds of res judicata, collateral estoppel and failure to maintain a compulsory counterclaim. This opinion is dated March 1, 2008.

**SOURCE:** Exhibit 5, District of Kansas opinion dated March 1, 2008.

**MEMORANDUM IN SUPPORT OF MOTION FOR SUMMARY JUDGMENT**

The standard for granting summary judgment is familiar. Summary judgment is appropriate if, "there is no genuine issue as to any material fact and . . . the moving party is entitled to a judgment as a matter of law." *Thomas v. Wichita Coca-Cola Bottling Co.*, 968 F.2d 1022, 1024 (10th Cir. 1992). Furthermore, "the plain language of Rule 56(c) mandates the entry of summary judgment . . . against a party who fails to make a showing sufficient to establish the existence of an element essential to that party's case, and on which that party will bear the burden of proof at trial." *Celotex Corp. v. Catrett*, 477 U.S. 317, 322 (1986). In other words, if the party cannot establish an essential element of their claim, "there can be no genuine issue as to any material fact, since a complete failure of proof concerning an essential element of the nonmoving party's case necessarily renders all other facts immaterial." *Id.* at 323.

Section 14 of the trademark statute "has been interpreted as requiring a cancellation petitioner to show (1) that it possesses standing to challenge the continued presence on the

register of the subject registration and (2) that there is a valid ground why the registrant is not entitled under law to maintain the registration." *Young v. AGB Corp.*, 152 F.3d 1377, 1379 (Fed. Cir. 1998), *Lipton Indus., Inc. v. Ralston Purina Co.*, 670 F.2d 1024, 1026 ( C.C.P.A. 1982). The court further said that the Lanham Act rule that a person who believes they may be damaged by the continued registration of a trademark must "prove that the registered mark was likely to cause confusion with a mark in which the petitioner has *superior* rights . . . If the petitioner was unable to establish such damage, the petition for cancellation would be dismissed even in instances of [other grounds for cancellation]. *Lipton,* at 1026 (emphasis added).

In this unusual case, judgment as a matter of law should be granted to respondent, because there is no set of facts under which Koehler can prove that she has *superior rights* to the trademarks. Failure to prove this element obviates her standing as a cancellation petitioner. As this requires the Board to consider matters that Koehler neglected to include in her pleadings, respondent is filing this as a motion for summary judgment under Fed. R. Civ. P. 56 rather than Fed. R. Civ. P. 12(b).

1. Koehler, as a licensee of American Plastic Equipment, cannot claim to be the senior user.

Koehler claims to be 'senior user' of the three trademarks. However, what she does not say is that since April of 2006, Koehler has been operating and marketing her goods under a license from American Plastic Equipment, Inc. [Ex. 1, Ex. 2, Ex. 3]. Koehler conveniently omits this relevant and material fact from her petition, despite the Board's *sua sponte* opportunity to amend. For the reasons stated below, the existence of the trademark license obviates Koehler's standing as a cancellation petitioner.

A. Koehler's common law use-in-commerce claims merged into her license.

Any common law rights Koehler may have established, which respondents deny, were extinguished when she entered into the license with American Plastic Equipment (American). The courts have called this the 'merger rule' and stated, "A licensee's prior claims of any independent rights to a trademark are lost, or merged into the license, when he accepts his position as licensee, thereby acknowledging the licensor owns the marks and that his rights are derived from the licensor and ensure to the benefit of the licensor." *Bunn-O-Matic Corp. v. Bunn Coffee Serv*., Inc. 88 F.Supp 2d 914, 923 (C.D. Ill. 2000). *See also, Dress For Success Worldwide v. Dress 4 Success*, #08-Civ-6744, page 16 (S.D.N.Y. 12-5-2008), *Hot Stuff Foods, LLC v. Mean Gene's Enters.*, 468 F.Supp.2d 1078, 1095 (D.S.D. 2006), *Nat'l Board of YWCA v. YWCA of Charleston*, 335 F.Supp. 615 (D.S.C. 1971), *U.S. Jaycees v. S.F. Junion Chamber of Commerce*, 354 F.Supp. 61, 72 (N.D. Cal. 1972). This rule of law has been applied in an unbroken string of cases dating back to 1940. *See, e.g. Grand Lodge Improved v. Eureka Lodge*, 114 F.2d 46, 48 (4th Cir. 1940).

The application of the merger rule is appropriate in this case. Koehler seeks to cancel respondent's registrations based on an allegation of fraud that respondents knew that Koehler had superior rights. Respondent denies this contention and states that it had a subjective good faith belief that, when it signed its registration applications, that no other party had superior rights. Koehler, by entering into the licensing agreement, concedes that she did not have superior rights. This negates an element of her fraud claim, to-wit: that Toytrackerz 'knew' she had superior rights.

The Board in *Yocum* summed it up nicely, "the statement of an applicant that no other

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