

World Trademark Review Daily

**Section 18 unavailable to require disclaimer beyond five-year anniversary
United States - Kilpatrick Stockton LLP**

**Cancellation
National procedures**

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In *Montecash LLC v Anzar Enterprises Inc* (Cancellation 92051768, May 7 2010), in a precedential opinion addressing a question of first impression, the Trademark Trial and Appeal Board (TTAB) has held that Section 18 of the Lanham Act granting the TTAB authority to restrict a registration could not be applied to require the disclaimer of a generic term in a registration existing on the Principal Register for more than five years.

The petitioner in this case sought to cancel the respondent's registration for a mark composed of the term '*montepio*' combined with a design element for a "pawn shop service". The registration had passed its five-year anniversary, meaning that it could be cancelled only for the limited grounds set forth in Section 14(3) of the Lanham Act (prior to the fifth anniversary of a registration's issuance, a mark can be cancelled for any reason that would have prevented its issuance in the first place).

The petitioner asserted that a portion of the mark was generic because the term '*montepio*' means 'pawnshop' in Spanish, and requested that the TTAB cancel the registration in whole or in part. Alternatively, the petitioner requested that the TTAB restrict the registration by entering a disclaimer for '*montepio*'. The respondent moved to dismiss the petition to cancel for failure to state a claim on the grounds that the TTAB had no authority under Section 14 or 18 to grant the requested relief.

The TTAB first held that the registration could not be cancelled in whole or in part because such relief was not specifically enumerated in Section 14(3). The TTAB thus held that the registration could not be cancelled in its entirety, even if the term '*montepio*' was generic, because the mark also included a design element and was not generic as a whole. The TTAB similarly rejected the petitioner's request that the registration be cancelled in part to delete only the term '*montepio*', finding that the deletion of the term would materially alter the mark in violation of Trademark Rule 2.72.

Most of the opinion examined the second issue of whether Section 18 of the Lanham Act provided a basis for the petitioner's alternative requested relief of the entry of a disclaimer for '*montepio*' to the registration. Under Section 18, the TTAB has the authority to:

- cancel a registration in whole or in part;
- restrict the goods or services; or
- otherwise restrict or rectify the registration.

While recognizing that cases interpreting Section 18 make clear that such relief may be applied to registrations subsisting for more than five years, the TTAB agreed with the respondent that to impose a disclaimer after a registration is more than five years old is "neither expressly provided for by the statute nor... an equitable remedy contemplated by the legislative history of Section 18". The TTAB also noted that to read such a provision into Section 18 would conflict with the plain language of Section 14, which does not permit such relief.

The TTAB further clarified that "a claim for a restriction under Section 18 must not only be commercially significant, but be related to the registrability of marks on the register". Whereas some restrictions to a registration, such as a modification of the description of the goods or services, serve the equitable purpose of allowing two marks to coexist on the register, the TTAB reasoned that the petitioner's request for the entry of a disclaimer would not allow the marks to coexist. Concluding that the petitioner had failed to state a claim upon which relief could be granted, the TTAB granted the respondent's motion to dismiss.

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