

World Trademark Review *Daily*

Ninth Circuit confirms that trademark cancellation is remedy and not cause of action **Cancellation**
United States - McDermott Will & Emery LLP **National procedures**

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In *Airs Aromatics v Victoria's Secret* (Case No 12-55276, February 28 2014), dismissing a trademark cancellation claim against *Victoria's Secret's* DREAM ANGELS trademarks, the US Court of Appeals for the Ninth Circuit has ruled that federal trademark law under §37 of the [Lanham Act](#) does not provide an independent cause of action for trademark cancellation.

In 1991 *Airs International*, the purported owner of the trademark ANGEL DREAMS, entered into a consent-to-use agreement allowing *Victoria's Secret* to use the mark DREAM ANGELS in connection with the sale and marketing of personal care products in exchange for a fee of \$25,000 per year payable to *Airs International*. In 2000 *Airs International* became involved in litigation pertaining to the ownership of its trademarks, including the ANGEL DREAMS trademark. During the litigation, *Victoria's Secret* made its annual payments under the consent-to-use agreement into an escrow account. However, in 2002 the California Secretary of State's office suspended *Airs International's* corporate status and, in 2008, *Victoria's Secret* elected to stop making payments under the agreement with *Airs International*. *Victoria's Secret* then filed several US trademark applications for its various uses of the DREAM ANGELS trademark, and the [US Patent and Trademark Office](#) granted the registrations.

In 2011 the principal of *Airs International* revived the company and attempted to transfer all of its common law rights in the ANGEL DREAMS trademark to a newly formed company, *Airs Aromatics LLC*. Shortly thereafter, *Airs Aromatics* filed a complaint against *Victoria's Secret* for breach of the consent-to-use agreement, and requesting cancellation of the eight DREAM ANGELS trademark registrations owned by *Victoria's Secret*.

The district court dismissed the case with prejudice finding that *Airs Aromatics* lacked standing to pursue the trademark cancellation claim because *Airs Aromatics* did not adequately allege continuous use or "non-abandonment" of its ANGEL DREAMS trademark. The district court also dismissed the breach of contract claims finding that the alleged breach of the agreement did not breach the actual terms. *Air Aromatics* appealed the dismissal of the trademark cancellation claim only.

On appeal, the Ninth Circuit had to decide whether the sole claim of trademark cancellation could provide an independent basis for subject-matter jurisdiction on remand. Resolving previous contrasting interpretations as to whether §37 of the Lanham Act provides an independent basis for trademark cancellation claims, the court held that the language of the Lanham Act "specifies that cancellation may only be sought if there is already an ongoing action that involves a registered mark". Citing the interpretations of other circuits that have previously addressed the issue, the court further noted that §37 of the Lanham Act "creates a remedy for trademark infringement rather than an independent basis of federal jurisdiction".

Airs Aromatics argued that its cancellation claim was actually a poorly pleaded claim of trademark infringement. However, after noting that *Airs Aromatics* original claim was titled "Cancellation of Registered Trademarks", the court further disagreed with *Airs Aromatics'* arguments, further noting that the company had failed to allege any facts regarding its continuous usage of the ANGEL DREAMS mark and therefore did not allege sufficient facts to support a claim for trademark infringement. Accordingly, the court affirmed the district court's dismissal of the trademark cancellation claim.

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