

**THIS OPINION IS NOT A
PRECEDENT OF THE TTAB**

Mailed: September 21, 2011

UNITED STATES PATENT AND TRADEMARK OFFICE

Trademark Trial and Appeal Board

Philip Restifo

v.

Power Beverages, LLC substituted for Paul Kidd (aka Ishmael
Hassan)¹

Opposition No. 91181671
to application Serial No. 77080324

Jon K. Perala of Perala Law Office for Philip Restifo.

Thomas L. Moses of Monahan & Moses, LLC for Paul Kidd (aka
Ishmael Hassan) and Power Beverages, LLC.²

Before Walters, Bergsman, and Wellington,
Administrative Trademark Judges.

Opinion by Wellington, Administrative Trademark Judge:

Paul Kidd (aka Ishmael Hassan, but hereinafter
referenced as "Mr. Kidd"), an individual, filed an intent-

¹ Pursuant to the Board's February 17, 2009 order, Power Beverages, LLC, as an assignee of the opposed application, was joined as a party defendant. The Board joins rather than substitutes an assignee during a proceeding, to facilitate the taking of discovery and presentation of evidence at trial. At final hearing, the assignee is then substituted.

² On March 3, 2010, the identified counsel filed a revocation of a power of attorney for a previous counsel with new power of attorney executed by an officer of Power Beverages, LLC. No such revocation or new power of attorney was filed on behalf of Mr. Kidd; however, the same counsel filed a brief setting forth arguments on behalf of Power Beverages and Mr. Kidd.

Opposition No. 91181671

to-use application to register the mark below for "vodka" in International Class 33:³



On December 24, 2008, Mr. Kidd recorded an assignment in the USPTO assignment division wherein Mr. Kidd assigned ownership of the intent-to-use application to Power Beverages, LLC (hereinafter "Power Beverages").⁴

Registration has been opposed by Philip Restifo, an individual, on the pleaded grounds that (1) the assignment of the application was in violation of Section 10 of the Trademark Act and the application is therefore void; (2) that Mr. Kidd is not and was not the owner of the mark at the time of filing the application; and (3) priority and likelihood of confusion. In particular, opposer alleges,

³ Serial No. 77080324 filed on January 10, 2007, based on a bona fide intent to use the mark in commerce under Trademark Act Section 1(b), 15 U.S.C. 1051(b). VODKA has been disclaimed.

⁴ Recorded at reel/frame: 3924/0580. The assignment was revoked on December 23, 2009 (recorded at reel/frame: 4119/0227), and then confirmed on July 20, 2010 (recorded at reel/frame: 4247/0368).

Opposition No. 91181671

inter alia, that he "is the true and rightful owner of the [applied for] mark"; that the subject mark was "created, developed, designed, bottled, and sold [in] commerce by opposer"; that "[t]here would be confusion caused by applicant's mark on the same goods as Opposer is bottling and selling in commerce"; and that "applicant has no business, or portion thereof, to which the mark pertained that was ongoing or existing at the time of the assignment" of the intent-to-use application. Not. of Opposition (as amended).

By way of the answer, Mr. Kidd denied the allegations in the notice of opposition.⁵

The parties have filed trial briefs, including a reply brief from opposer.

In its trial brief, opposer identified "standing" and "whether applicant violated Section 10 of the Trademark Act" as the sole issues to be decided in this proceeding. Indeed, opposer does not argue the likelihood of confusion ground in his trial brief and only addresses the ownership issue in the context of standing, i.e., that opposer would be damaged if the application issues into a registration

⁵ See Board's February 17, 2009 order stating that the answer is construed as generally denying the salient allegations of the notice of opposition. To the extent that the notice of opposition was subsequently amended to add a claim involving an alleged violation of Section 10 of the Act, we deem the pleadings amended to include a denial of this allegation as well in light

Opposition No. 91181671

because opposer "has superior rights to the trademark." Brief, p. 11. Accordingly, this opposition was tried and argued on the ground involving an alleged improper assignment of the application in violation of Section 10 rendering the application void. The other pleaded grounds for opposition have been waived.⁶

The Record

The evidence of record includes the parties' pleadings, and the file of applicants' involved application. Trademark Rule 2.122(b), 37 C.F.R. §2.122(b).

Opposer submitted his own testimony deposition with exhibits. In addition, opposer submitted, under notices of reliance, copies of the following: (a) applicant Paul Kidd's amended answers to opposer's first set of written interrogatories; and (b) a U.S. Department of the Treasury "Application for and Certification/Exemption of Label/Bottle Approval" and two printouts of what appear to be labels.

of the manner in which this ground has been tried by the parties. Fed. R. Civ. P. 15.

⁶ Even if the ownership or likelihood of confusion ground had been tried and argued, opposer has not established that he can prevail on either ground. Specifically, opposer's asserted basis for both claims is the same, namely, he is the "true owner" of the applied-for mark because he has made prior use of the mark in commerce. This basis, however, fails as a factual matter. Opposer's asserted date of first use of the mark in commerce is well after January 10, 2007, the filing date of the application. As explained subsequently in this decision, Section 7(c) of the Trademark Act accords applicant a priority date of first use as of the filing date of the application. In view thereof, opposer cannot establish that he has priority of use and thus cannot possibly prevail on the grounds involving ownership and likelihood of confusion, as asserted.

Opposition No. 91181671

Power Beverages submitted the testimony depositions, with exhibits, of: Jennifer Ward, owner of Aardvark Beverage, a wholesale liquor distributor in South Carolina; and Richard W. Hills, Jr., former owner of Aardvark Beverage. In addition, Power Beverages submitted, under notices of reliance, copies of an order and judgment issued by the U.S. District Court for the District of Nevada granting summary judgment in a matter that involved different marks and different goods.

Evidentiary Objections

In his main trial brief, opposer raised several evidentiary objections. Power Beverages and Mr. Kidd did not respond to these objections.

First, opposer objects to the introduction of the copies of the District Court order and judgment, filed under notices of reliance, because they have "no relevance to the trademark YING YANG VODKA." Brief, p. 11. We agree with opposer to the extent that the court order and judgment have no bearing on this proceeding. Accordingly, opposer's objection is sustained and these materials are stricken from the record.

Second, opposer objects to Restifo Cross-Exam. Exhib. 4 because it "has no relevance" and "the subject matter was outside the scope of Opposer's direct examination." Brief, p. 11. This exhibit consists essentially of a response to a

Opposition No. 91181671

motion to show cause filed by opposer in the District Court proceeding involving different marks and goods. Likewise, it has no relevance to this proceeding; accordingly, opposer's objection is sustained and the exhibit is stricken from the record.

Third, opposer objects to Restifo Cross-Exam. Exhib. 2 because it is a letter that is "being offered as truth of the matter asserted" therein and thus constitutes "inadmissible hearsay." Exhibit 2 is a letter dated October 8, 2007 from Mr. Kidd and addressed to opposer. Opposer testified that not only did he recognize the letter, but also confirmed that he received it. Opposer did not testify as to the truth of any of the matter contained in the letter. Accordingly, the hearsay objection to this exhibit is sustained to the extent that truth of any of the statements in this letter has not been established; however, we do not strike this exhibit and it is considered on its face in conjunction with the testimony, namely, that opposer received this letter from Mr. Kidd regarding termination of their agreement.

Opposer objects to another letter (Restifo Cross-Exam. Exib. 6) again based on hearsay and as "being unintelligible." Although opposer's counsel did not raise a hearsay objection to this exhibit, the manner in which counsel for Power Beverages (and Mr. Kidd who conducted some

Opposition No. 91181671

cross-examination of Mr. Restifo) attempted to introduce this exhibit is puzzling. That is, upon review of the testimony and counsels' comments regarding this exhibit, it is unclear if this letter was even intended to be introduced or what relevance, if any, it has to this proceeding. See Restifo dep. 84:1-85:24. Mr. Restifo did not testify that he recognized the letter and, more importantly, he testified that he was unable to read the contents of the letter. ("I can't even see it." Restifo 84:14). In light of the above, the exhibit is stricken as having not been properly authenticated or otherwise introduced into evidence.

In the brief filed on behalf of Power Beverages and Mr. Kidd, several objections were raised to nearly all of the exhibits introduced by opposer during the testimony deposition of Mr. Restifo. The objections are based primarily on the exhibits' purported lack of relevance to this proceeding or that the exhibits were "generated in the course of a business relationship between the parties." These exhibits are not outcome determinative and have no bearing on our decision, therefore, we choose not to address their admissibility.

Finally, in his reply trial brief, opposer objected to Power Beverages' reference to and reliance upon, in its brief, a declaration that was not properly introduced into the record during Power Beverages' assigned testimony

Opposition No. 91181671

period. Rather, it was submitted by Power Beverages earlier in the proceeding in support of its "opposition to opposer's motion to amend the notice of opposition." Because this declaration was not properly introduced into the record at trial, opposer's objection is sustained; the declaration and all references thereto have not been considered.

Background

Factual matters often become murky in Board proceedings involving the validity of assignments and where the parties' business relationships lose their "Yin and Yang,"⁷ becoming disharmonious. This proceeding is no different. It is therefore important to flesh out certain relevant facts. In this regard, we note the following background information and chronology of events based on the record before us.

The original applicant, Mr. Kidd, is a self-described "developer and promoter who works through my corporation Akbar Globle Entertainments and through agreements with importers, bottlers, wholesalers, etc." Kidd (amended) Interrogatory Response 1(b). He went on to explain that "[a]s an alcohol beverage, YING YANG VODKA would only be produced and [d]istributed by entities with appropriate

⁷ The "Yin and Yang" phrase is defined as "two complementary principles of Chinese philosophy: Yin is negative, dark, and feminine, Yang positive, bright, and masculine. Their interaction is thought to maintain the harmony of the universe and to influence everything about it." *Collins English Dictionary - Complete and Unabridged* (Harper Collins Publishers, 2003).

Opposition No. 91181671

license and expertese (sic) to obtain [a]ppropriate approvals, manufactured and established (sic) a distribution network. Hence, akbargloble (sic) or [I] myself do not directly sell this (YING YANG VODKA) or any alcohol products." *Id.* He stated that between "2000 and [September 4, 2008],...no YING YANG VODKA [was] legally sold or distributed." *Id.*, Response 2(b).

Opposer, Mr. Restifo, is the owner of Data Commodities Ltd. ("Data Commodities"), and is involved in the "import, wholesale and distribut[ion] of alcohol and non-alcohol beverages." Restifo dep. 6:16-17. In 2006, he began using the mark YING YANG SAKE for sake outside the United States. In 2006,⁸ Mr. Restifo was introduced to Mr. Kidd whereupon they discussed possible business arrangements. At some point in time, Data Commodities solicited a distillery to produce vodka, with a YING YANG VODKA label.⁹ In June 2007, Data Commodities sold two cases of YING YANG VODKA to a distributor in California, but has ceased "selling any product bearing the mark Ying Yang Vodka" since the opposition proceeding commenced. Restifo dep. 19:15-21.

⁸ Mr. Restifo testified they first met "either the latter part of [2006] - I think the latter part of [2006], mid-[2006]." Restifo dep. 20:21-22.

⁹ Mr. Restifo does not testify when the vodka was produced by the third-party on behalf of Data Commodities, but states that the last shipment received was in "the latter part of [2006] or the beginning of [2007]. I'm not sure. I'd have to check on that." Restifo dep. 11:6-8.

Opposition No. 91181671

According to Mr. Restifo, Data Commodities "owns the trademarks." Id. 74:14-15.

The evidence further establishes that both Messrs. Restifo and Kidd conducted business matters interchangeably in their individual capacities and through their respective companies, Data Commodities and Akbar Globle (or Ghotztown Records). The record shows that the individuals are the sole owners of their respective companies and that they controlled the corporate entities in their relevant business dealings. This degree of ownership and control overcomes any presumption that any rights acquired in the mark would inure to the corporate entities rather than the individuals. As explained by Judge Nies in a concurring opinion in *In re Wella A.G.*, 787 F.2d 1549 at 1554, 229 USPQ 274 (Fed. Cir. 1986), "the one entity which *controls* the nature and quality of the goods sold under the mark is the owner," (emphasis in original). Here, the corporations were essentially the alter egos of the individuals. Accordingly, we construe all relevant activities taken by the companies as having been done at the behest and on behalf of the individuals.

The following chronology of relevant activities is established by the evidence:

- January 10, 2007: The Subject intent-to-use application was filed by Mr. Kidd;

Opposition No. 91181671

- February 15, 2007: Date of "endorsement"¹⁰ agreement between Mr. Kidd's company, Akbar Globle Entertainment/ Ghotz Town Recordz LLC ("Akbar Globle"), and Ying Yang Tours, LLC ("YYT"). Mr. Kidd signed the agreement on behalf of Akbar Globle. The agreement sets forth provisions whereby, *inter alia*, YYT agrees to "license the right to use their name, and trademarks to [Akbar] to use for the promotions and marketing of YING YANG VODKA..." [Hills Exhib. 2].
- March 19, 2007: Akbar Globle enters into an "Exclusive Sublicensee Agreement" with Data Commodities. The agreement contains, *inter alia*, the following provisions:

"[Akbar Globle] hereby grants to [Data Commodities] upon terms and conditions set forth, the exclusive, continuous, irrevocable and non-cancellable sublicense to utilize, sub-license, sell, commercialize and otherwise exploit, throughout the world the...trademark YING YANG VODKA..." (paragraph 1);

"Akbar Globle is the owner and has the exclusive rights to the name, image, likeness and trademark YING YANG VODKA" (in Recitals);

the trademark is "currently owned by AKBAR GLOBLE (Paul Kidd/ Ishmael Hassan)" (paragraph 5d);

"[Akbar Globle] also agrees to assign to [Data Commodities] fifty percent (50%) ownership in [the YING YANG VODKA trademark] owned by [Akbar Globle]..." (paragraph 1); and

that "neither [Akbar nor Data Commodities] shall further assign, transfer, hypothecate, pledge or encumber his fifty percent (50%) ownership in said trademarks..." (paragraph 1). [Restifo Cross-Exam. Exhib. 1];

- October 8, 2007: Letter to opposer/President of Data Commodities from Mr. Kidd/CEO of Akbar, to "notify you

¹⁰ The exhibit was characterized as "Endorsement Agreement" in deposition testimony of Mr. Hills at page 17. While the agreement raises questions about whether YYT may have an ownership interest in the YING YANG VODKA mark, YYT is not a party herein and the issue is not before us in this case.

Opposition No. 91181671

that...our contract dated March 19, 2007...is now null and void." [Restifo Cross-Exam. Exhib. 2];

- On December 3, 2008, Mr. Hills and Mr. Kidd execute an agreement. The terms of agreement essentially recognize that "the parties' desire to develop and commercialize together a brand of liquor products and cigar products to be names 'YING YANG.'" Hills Exhib. 1 ("Recitals")
- December 12, 2008: Date of "Operating Agreement of Power Beverages, LLC" between Mr. Kidd and Mr. Richard Hills, Jr., as Members of the newly-formed LLC; and
- December 24, 2008: Mr. Kidd executes an assignment to Power Beverages, LLC of "all rights, title and interest in and to [subject application], the goodwill of the business symbolized by said mark..." [Hills Exhib. 4].

Standing

The parties have argued at length whether opposer has "standing." In doing so, they focused essentially on whether opposer has "superior rights" in the applied-for mark, thus conflating the requirement for standing and the merits of a ground for opposition.

Standing is a relatively low threshold requirement, and it is generally sufficient in a Board proceeding that the plaintiff establish that it is not a "mere intermeddler." *Herbko Int'l Inc. v. Kappa Books Inc.*, 64 USPQ2d 1375, 1378 (Fed. Cir. 2002). It would be illogical to construe standing to require a Board plaintiff to show that it will prevail on the merits before we find that it has sufficient interest in the proceeding to contest the case on the merits. To the contrary, standing requires only that the

Opposition No. 91181671

opposer have a "real interest" in the opposition proceeding. *Int'l Order of Job's Daughters v. Lindeburg & Co.*, 727 F.2d 1087, 1092, 220 USPQ 1017, 1020 (Fed. Cir. 1984). In most settings, a direct commercial interest satisfies the "real interest" test. *Cunningham v. Laser Golf Corp.*, 222 F.3d 943, 945, 55 USPQ2d 1842, 1844 (Fed. Cir. 2000).

We find that opposer has adequately shown that he has a real interest in this proceeding. As previously mentioned, the record establishes that he is the sole owner and controlled all relevant activities taken by Data Commodities; and that any rights acquired by the company inured to his benefit. These activities include executing the March 2007 agreement with Mr. Kidd that purportedly provided him with a license and "50% ownership" rights in the trademark YING YANG VODKA. Based thereon, and regardless of whether the agreement actually effected its stated purpose, we find that opposer, Mr. Restifo, has established a "real interest" and thus his standing to bring this proceeding.

The "Exclusive Sublicensee Agreement"

Before we decide the merits of opposer's claim involving the validity of the assignment of the application to Power Beverages, we must first address the "Exclusive Sublicensee Agreement" entered into between Akbar and Data Commodities on March 19, 2007. Indeed, the parties' have

Opposition No. 91181671

staked their positions in this proceeding largely based on their respective interpretations as to the legal effect of the said agreement.

In its reply brief, opposer ultimately concludes that:

Because Applicant had not yet sold any goods under the mark YING YANG VODKA prior to the execution of the [agreement], Applicant had no rights in the mark YING YANG VODKA which he could license or assign to Opposer. Therefore the [agreement] has no legal effect and does not create any licensor-licensee relationship between Applicant and Opposer. Because no licensor-licensee relationship was created by the [agreement], use of the mark YING YANG VODKA by Opposer does not inure to the benefit of Applicant on the basis of the [agreement]. [Reply Brief, p. 3].

Opposer is right and he is wrong. He is correct in his assertion that Mr. Kidd could not have assigned ownership of the mark because, at the time, he had not acquired any ownership rights in the mark, as he had not used it; however, opposer is incorrect in asserting that Mr. Kidd could not enter into a licensing agreement for any future use of the mark.

As to the purported assignment of ownership provisions in the agreement, it is well-established that ownership rights in a trademark are only acquired upon actual use of the mark in commerce. *Reflange Inc. v. R-Con International*, 17 USPQ2d 1125 (TTAB 1990) ("[I]t is not the act of inventing a trademark which creates prior rights. It is the commercial usage of a trademark which creates such rights." Internal citations omitted.) See also, McCarthy on

Opposition No. 91181671

Trademarks and Unfair Competition, §16:01 (4th ed.). It is uncontroverted that Mr. Kidd had not used the YING YANG VODKA mark in commerce prior to entering into the agreement with opposer. Thus, he had no ownership rights in the mark to assign opposer. To the extent that the agreement may be construed as a promise to assign an ownership interest sometime in the future, i.e., upon acquiring rights after use in commerce, there would still need to be a second actual assignment of ownership. There is no evidence of record that any interest in the ownership of the mark was subsequently assigned to opposer once any ownership rights were acquired by Mr. Kidd through use of the mark in commerce.

Mr. Kidd's filing of the intent-to-use application prior to entering into the agreement accorded him a constructive use (filing) date under Section 7(c), but not any ownership rights in the trademark. The constructive use priority date only becomes perfected upon actual use of the mark and is "contingent" upon successful registration of the mark. Section 7(c); see, *Compagnie Gervais Danone v. Precision Formulations LLC*, 89 USPQ2d 1251 (TTAB 2009), and *Larami Corp. v. Talk To Me Programs, Inc.*, 36 USPQ2d 1840 (TTAB 1995). See also, McCarthy on Trademarks and Unfair Competition, §16:01[2] (4th ed.). Put simply, Mr. Kidd was conferred a right of priority by filing the application; he

Opposition No. 91181671

did not have an ownership interest in the trademark. Moreover, and so as to be entirely clear, neither party has argued that the proposed assignment of ownership pertained to the intent-to-use application. The agreement, itself, does not identify the application whatsoever and we do not construe the purported assignment of ownership as involving ownership of the application.

Accordingly, the purported assignment of ownership section in the agreement is not relevant and has no effect on this proceeding.¹¹

The licensing provisions of the agreement, on the other hand, are valid. Contrary to opposer's argument, an applicant may enter into a licensing agreement concerning future use for an applied-for trademark not previously used in commerce. Indeed, entering into a licensing agreement is contemplated as a vehicle for applicant to initially put the mark to use in commerce.

Ownership rights in a trademark or service mark can be acquired and maintained through the use of the mark by a controlled licensee even when the first and only use of the mark was made, and is being made, by the licensee. This is because use of a designation as a mark by a qualified licensee inures to the benefit of

¹¹ The agreement contains a "severability" paragraph stating that if "any of the provisions of this Agreement are held to be invalid or unenforceable in whole or in part, all other provisions will nevertheless continue to be valid and enforceable with the invalid or unenforceable parts severed from the remainder of this Agreement." Thus, our finding that assignment of ownership section is without effect does not render the other provisions in the agreement invalid.

Opposition No. 91181671

the licensor, who as a result becomes owner of the trademark or service mark rights in the designation.

McCarthy on Trademarks and Unfair Competition § 18:46 (4th ed.) ("Use only licensees").

Opposer has also attacked the license agreement based on Mr. Kidd's purported failure to control the quality and nature of the goods. Opposer argues that he "alone controlled the quality and nature of the product and Applicant has no involvement or input into the selection of the product [vodka] or of [the selection of the distiller/bottler of the vodka]." Brief, p. 5, citing to Restifo Dep. 10:01. Opposer essentially concludes that applicant cannot reap the benefits of any use of the mark that occurred during the life of the licensing agreement, but rather such use inures to the benefit of opposer.

As a general rule, there is a presumption that all use of a trademark pursuant to a licensing agreement inures to the benefit of the licensor; however, the licensor must exercise a degree of control over the quality and nature of the goods. In order to withstand scrutiny, a licensor need not show that its quality control efforts are comprehensive or extensive. *Woodstock's Enterprises Inc. (California) v. Woodstock's Enterprises Inc. (Oregon)*, 43 USPQ2d 1440, 1446 (TTAB 1997), aff'd, No. 97-1580 (Fed. Cir. Mar. 5, 1998). Furthermore, a formal arrangement for policing the quality of the goods sold by the licensee under the mark is not

Opposition No. 91181671

necessary. *Id.* at 1446; *Winnebago Industries Inc. v. Oliver & Winston Inc.*, 207 USPQ 335 (TTAB 1980). Finally, and perhaps more relevant to the facts of this case, the entire purpose behind quality control in licensing is to prevent public deception that would ensue from varying quality standards under the same mark. See *Taco Cabana International Inc., v. Two Pesos Inc.*, 19 USPQ2d 1253 (5th Cir. 1991), *aff'd* 505 U.S. 763, 23 USPQ2d 1081 (1993).

There are two problems with opposer's attack on the licensing agreement between himself and Mr. Kidd. First and foremost, a licensee is estopped from attacking a license (vis-à-vis the licensor) on grounds such as the licensor's failure to exercise the necessary control. *Garri Publication Associates Inc. v. Dabora Inc.*, 10 USPQ2d 1694, 1697 (TTAB 1988). Second, even if opposer was not estopped from attacking the licensing agreement, it would be premature to invalidate the agreement based on Mr. Kidd's failure to adequately control the quality or nature of the goods. The agreement was signed in March 2007 and Mr. Restifo received a termination letter from Mr. Kidd in October 2007. During those six months, opposer was the exclusive licensee and only one or two small shipments of YING YANG VODKA were sold. Despite the lack of any written provision regarding Mr. Kidd's exercise of control over the quality of the goods or evidence that he actually asserted

Opposition No. 91181671

any quality control, there is likewise no evidence that quality control was an issue during that short time. Accordingly, we cannot conclude that preventing public deception based on varying quality standards of the vodka was ever such a viable or real concern that it invalidates the licensing provisions of the agreement.

Mr. Kidd's Assignment of the Application to Power Beverages

Trademark Act Section 10(a)(1) provides:

A registered mark or a mark for which an application to register has been filed shall be assignable with the good will of the business in which the mark is used, or with that part of the good will of the business connected with the use of and symbolized by the mark. Notwithstanding the preceding sentence, no application to register a mark under section 1051(b) of this title shall be assignable prior to the filing of an amendment under section 1051(c) of this title to bring the application into conformity with section 1051(a) of this title or the filing of the verified statement of use under section 1051(d) of this title, **except for an assignment to a successor to the business of the applicant, or portion thereof, to which the mark pertains, if that business is ongoing and existing.** [Emphasis in bold added].

The legislative history of Section 10 states that "Permitting assignment of applications before a mark is used would conflict with the principle that a mark may be validly assigned only with some of the business or goodwill attached to use of the mark and would encourage trafficking in marks." S. 1883, 100th Cong., 1st Sess., 133 Cong. Rec. §16552 (daily ed. November 19, 1987), *reprinted in* United States Trademark Association, *The Trademark Law Revision Act*

Opposition No. 91181671

of 1988 (1989). The Board has held that the Section 10 requirement that applicant's business be "ongoing and existing" fills a loophole that would permit otherwise prohibited assignments.

For example, an "intent to use" applicant may intend to create a new business in which the mark will be used but decides, after the application is made, not to do so. Without the requirement that the business be "ongoing and existing," the applicant would be able to assign the marks that are the subject of the "intent to use" applications to another business, which purports to be a successor to the first company's no longer existing business. By closely limiting assignments, these provisions will protect against trafficking in marks and help ensure that the intention of the "intent to use" applicant is *bona fide*.

The Clorox Co. v. Chemical Bank, 40 USPQ2d 1098 (TTAB 1996). See also, *In re Circuit City Stores West Coast Inc.*, 40 USPQ2d 1536 (Comm. 1996) (statutory exception not met when applicant wishes to transfer ownership of applications to sister subsidiary "since no other assets are intended to be transferred with the subject applications"). Unless the statutory exception is met, the legal effect of assigning an intent-to-use application, prior to the filing of a verified allegation of use, is that the application is void. *The Clorox Co. v. Chemical Bank*, *supra*.

In his brief, opposer argues that Mr. Kidd's assignment of his intent-to-use application to Power Beverages was in

Opposition No. 91181671

violation of Section 10. Moreover, opposer places this burden on applicant to establish that Mr. Kidd did not have an "ongoing and existing" business, arguing "[a]pplicant has not shown that any such business existed *prior* to the assignment, or if it existed, that Power Beverages LLC became a successor to that business. Because Applicant has not satisfied the statutory exception to Section 10's bar on assignments of intent-to-use applications..., the Board should deny [the application] as being void *ab initio*." Brief, p. 9 (emphasis in original).

However, it is opposer who, as plaintiff in this proceeding, bears the burden of proving by a preponderance of the evidence that Mr. Kidd's assignment of his intent-to-use application to Power Beverages was in violation of Section 10. This includes proving that the assignment did not include a transfer of an "ongoing and existing" business.

Based on the record before us, opposer has not met his burden in proving that Mr. Kidd's assignment of the intent-to-use application to Power Beverages was in violation of Section 10. To the contrary, we find that Mr. Kidd had an "ongoing and existing business" that was transferred, along

Opposition No. 91181671

with the intent-to-use application, to Power Beverages.

Specifically, we rely on the following:¹²

- In 2007, Mr. Hills was the owner of Aardvark Beverages and became acquainted with opposer and Mr. Kidd in 2007. They discussed a business relationship regarding YING YANG VODKA goods.
- In late 2007, after the business relationship between opposer and Mr. Kidd had soured, Mr. Hills was "contacted by [Mr. Kidd who]...had brought in someone else." This third party was "to be able to have [the vodka] bottled and so forth..." Hills Dep. 12:10-19.
- In late 2007 or early 2008, Mr. Hills "moved forward with [Mr. Kidd] and with this Land, Sand and River, whatever this other entity was. We moved forward. We had a meeting, a sit-down meeting..." Hills Dep. 15:22-24.
- On December 3, 2008, Mr. Hills and Mr. Kidd executed an agreement. The terms of agreement essentially recognize that "the parties' desire to develop and commercialize together a brand of liquor products and cigar products to be named 'YING YANG.'" Hills Exhib. 1 ("Recitals"). The agreement also includes the following provisions:

Section 4.1 Separate Entity to be Created As soon as commercially practicable, [Mr. Hills] shall caused (sic) to be created a corporation, limited liability company, or other such separate legal entity (the "New Venture") to develop, promote, and sell liquor and cigar products named "Ying Yang."

Section 4.2 Assignment Upon formation of the New Venture, [Mr. Kidd] shall irrevocably assign to the New Venture all rights granted by Ying Yang Tours, LLC to [Mr. Kidd], to wit the exclusive, continuous, irrevocable and non-cancellable license to develop, promote, sell and otherwise commercialize liquor products and cigar products with the Licensed Mark.

¹² The relevant testimony is generally found at Hills Dep. pp. 12-15.

Opposition No. 91181671

- On December 12, 2008, Mr. Kidd and Mr. Richard Hills, Jr., as Members of the newly-formed LLC execute the "Operating Agreement of Power Beverages, LLC." This agreement includes the following provision:

14.1. Separate Agreement The Members entered into a separate agreement effective as of December 3, 2008, which agreement contains various rights and obligations between the Members. Said agreement effective as of December 3, 2008, as it relates to [Power Beverages] and the Members is made a part hereof and is hereby incorporated herein by reference. ...

- On December 24, 2008, Mr. Kidd assigns the intent-to-use application.

Based on these findings, we conclude that Mr. Kidd had an "ongoing and existing business" which was transferred to Power Beverages. After the relationship with opposer terminated, Mr. Kidd "brought in" a third party and, with Mr. Hills, sought to have the YING YANG VODKA branded vodka produced. Moreover, by the terms of the December 3, 2008 agreement (as incorporated into the December 12, 2008 Operating Agreement), Mr. Kidd assigned all rights he had acquired from Ying Yang Tours to Power Beverages 'upon formation' of [Power Beverages]. Finally, a review of the December 3 and 12, 2008 agreements reveals that Mr. Kidd relinquished any separate personal interest he had in the ongoing business; his remaining interest in the business thereafter was as a Member of Power Beverages, LLC.

Opposition No. 91181671

This case is distinguishable on its facts from others where we found assignments of intent-to-use applications in violation of Section 10. For example, in *The Clorox Co.*, it was apparent from the face of the assignment document itself (entitled TRADEMARK AND TRADENAME SECURITY ASSIGNMENT AND LICENSE AGREEMENT) that it violated Section 10. "[I]t is plain that respondent was not a successor to the business of USA Detergents Inc. since no transfer was made to respondent of the ongoing and existing business to which the mark pertained." *The Clorox Co.*, 40 USPQ2d at 1105. Here, we are able to discern that Mr. Kidd assigned all interest in the application *and* the ongoing business to Power Beverages.

Accordingly, based upon all of the evidence before us, we find no violation of Section 10 with respect to Mr. Kidd's assignment of the intent-to-use application to Power Beverages.

Decision: The opposition is dismissed.