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PRECEDENT OF THE TTAB

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UNITED STATES PATENT AND TRADEMARK OFFICE

Trademark Trial and Appeal Board

Brody Chemical Company Inc.
v.
Tammy L. Goldthorpe f/k/a Tammy Price

Opposition No. 91204070
to Application Serial No. 85099334

Request for Reconsideration

David G. Bray of Dickinson Wright/Mariscal Weeks for Brody Chemical Company, Inc.

Nathan S. Winesett of Avery, Whigham & Winesett, P.A. for Tammy L. Goldthorpe f/k/a Tammy Price.

Before Quinn, Kuhlke and Taylor, Administrative Trademark Judges.

Opinion by Kuhlke, Administrative Trademark Judge:

On July 3, 2014, Opposer filed a Request for Reconsideration of the Board's decision issued on June 5, 2014, in which the Board dismissed Opposer's opposition against registration of Applicant's mark based on the grounds of ownership. Applicant filed a response on July 23, 2014; Opposer did not file a reply brief.

The purpose of a Request for Reconsideration is to point out errors made by the Board in rendering its decision. Reconsideration may not be used to introduce

into the record additional evidence or to reargue points presented in the requesting party's brief on the case.

By its decision, the Board determined that Opposer had not established that Applicant is not the owner of the mark.

In the Request for Reconsideration, Opposer asserts the following:

While Opposer's Opening Brief argued that "[a] party cannot obtain rights for thinking of an 'idea' for a trademark" (Opening Brief, at p. 2) the Board did not address this point in its Order. This fundamental principle of trademark law is absolutely critical to the question of whether Brody Chemical's sole and exclusive use of the SLIPPERY WIZARD mark should somehow inure to the benefit of the Applicant as found by the Board in its Order. With all due respect to the Board, *what its June 5, 2014 decision overlooked is the question of whether Ms. Goldthorpe had any trademark rights in the SLIPPERY WIZARD designation to orally license to Brody Chemical back in 2004.* When one applies the foregoing undisputed facts to the law, the answer is an unequivocal "no."

Req. for Recon., p. 3 (emphasis in original).

Citing to excerpts from McCarthy's treatise on trademark law and unfair competition, Opposer concludes that:

Thus in order for Brody Chemical's "use of the SLIPPERY WIZARD mark" to "insure[] [sic] to Applicant's benefit" (Order, at p. 19), Applicant must have had some trademark rights in the SLIPPERY WIZARD designation at the time the parties entered into the alleged oral license. Based on the facts and the law cited above, she clearly did not. While Applicant may have other rights under contract law or trade secret law, she clearly does not have *trademark* rights. As a result, Opposer respectfully requests that the Board reconsider its decision and not allow Applicant's SLIPPERY WIZARD trademark application to proceed to publication.

Req. for Recon., p. 4.

Opposer relies on the following excerpts from the treatise **MCCARTHY ON**

TRADEMARKS AND UNFAIR COMPETITION:

Rights in a trademark are gained through the use before the relevant public in the marketplace, not through invention. ... The idea person who fails to make sure of the intent-to-use system will find herself without trademark rights and having to rely on the law of trade secrets and confidential disclosures for any possible relief against another's use.

2 J. Thomas McCarthy, **MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION**

§ 16:11 at p. 16-25 (4th ed. June 2014);

Unlike patent law, rights in trademarks are not gained through discovery or invention of the mark, but through actual usage. ... No trademark rights accrue to someone who merely selects a designation without actual use of it in the advertising or sale of goods. Trademark rights grow out of use, not mere adoption. The mere fact that a party conceived the idea of a trademark and discussed it with others does not establish priority as of the date of those events. Similarly, no priority of use is created as of the date that a party announced to a few persons that he intended to use a certain designation as a mark.

MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 16:11 at p. 16-23-25.

However, as further explained in the treatise the first use establishing trademark rights may be by the licensee, *i.e.*, the trademark rights created by the licensee's use inure to the benefit of another, the licensor, based on a prior agreement for the distribution and sale of a new product under a new brand name.

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

... For some time, there was considerable doubt as to whether initial rights in a mark could be acquired and sustained through use of the mark only by controlled licensees when the licensor itself makes no use of the mark. For example, when party Alpha creates a concept for a hot dog fast-food franchise system identified by the mark THE DOG HOUSE, and then licenses it to party Zeta, is Alpha the “owner” of that mark? The argument that at one time appeared to be the law was that because Alpha did not use the words as a “mark” first, before licensing, Alpha had no “mark” to license to Zeta. The apparent result of accepting this argument is that Zeta becomes the “owner” of the mark by virtue of being the first to use the words as a mark to identify and distinguish the goods or services. This result appears grossly inequitable. If it were to be the law, Alpha would have to first go through the formalism of itself operating such a fast-food outlet before it could engage in licensing others. The Fifth Circuit rejected the above argument and held that a person like Alpha does acquire trade or service mark ownership through first use by controlled licensees even though Alpha itself may not have “used” the mark. Similarly, the Trademark Board in 1981 expressly overruled prior inconsistent decisions and held that rights to a mark can be acquired and maintained through use of a mark by a controlled licensee even when the only use of the mark has been made by the licensee. PTO policy expressly permits an application by a party who claims use of the mark through a licensee. ...

... The Trademark Law Revision Act of 1988 amended Lanham Act § 5 to codify the case law rule that first use by a controlled licensee inures to the benefit of the applicant or registrant, such that rights to a mark can be acquired and maintained through use of mark by a controlled licensee even when the only use of the mark has been made by the licensee.

MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 18:46 (internal citations omitted, emphasis added).

Section 5 of the Trademark Act provides:

... If first use of a mark by a person is controlled by the registrant or applicant for registration of the mark with respect to the nature and quality of the goods or services, such first use shall inure to the benefit of the registrant or applicant, as the case may be.

15 U.S.C. § 5.

Ownership rights in a trademark or service mark may be acquired and maintained through the use of the mark by a controlled licensee even when the only use of the mark has been made by the licensee. *Turner v. HMM Publ'g Co.*, 380 F.2d 224, 229, 154 USPQ 330, 334 (5th Cir. 1967), *cert. denied*, 389 U.S. 1006, 156 USPQ 720 (1967); *Cent. Fid. Banks, Inc. v. First Bankers Corp. of Fla.*, 225 USPQ 438, 440 (TTAB 1984). A controlled licensing agreement may be recognized whether oral or in writing. *Pneutek, Inc. v. Scherr*, 211 USPQ 824, 833 (TTAB 1981); *Basic Inc. v. Rex*, 167 USPQ 696 (TTAB 1970). *See also In re Raven Marine, Inc.*, 217 USPQ 68, 69 (TTAB 1983) and **TRADEMARK MANUAL OF EXAMINING PROCEDURE (TMEP) § 1201.03(f)** (USPTO accepts applications by parties who claim to be owners of marks through use by controlled licensees, pursuant to a contract or agreement.)

Thus, Opposer's use of the mark SLIPPERY WIZARD, including the first use of this mark, as Applicant's licensee inured to the benefit of Applicant based on the oral license entered into prior to the first sale of that product. Opposer's contention that "Applicant must have had some trademark rights [based on prior use] in the SLIPPERY WIZARD designation at the time the parties entered into the alleged oral license," is not supported by the law.

Opposer specifically conceded that for the purposes of the Request for Reconsideration Applicant entered into an oral license agreement with Opposer “to license the ASA-12 product, including its formula and the idea for the SLIPPERY WIZARD designation.” Req. for Recon., p. 2. To the extent that footnote 2 in the Request for Reconsideration also questions the finding that Applicant controlled the nature and quality of the product, the record supports this finding. As noted in the decision, Opposer’s testimony provided by Mr. Liddiard was unreliable in view of the many contradictions with Applicant’s five witnesses, including one of Opposer’s own witnesses, and Opposer’s tampering with a key piece of evidence. Thus, Opposer did not meet its burden to prove by a preponderance of the evidence that an oral license did not exist or that it was not sufficient. Moreover, Applicant’s testimony and evidence is unrebutted and sufficient to establish an oral license and control over the nature and quality of the product.

After carefully considering Opposer’s request, we find no error in the findings and legal conclusions that Opposer did not meet its burden of proof to establish that Applicant is not the owner of the mark SLIPPERY WIZARD. In view thereof, Opposer’s Request for Reconsideration of the Board’s decision is denied, and the decision of June 5, 2014 stands.
