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UNITED STATES PATENT AND TRADEMARK OFFICE

Trademark Trial and Appeal Board

Jerold Raber
v.
Aleda M. Kellgren

Cancellation No. 30,730

Kenneth L. Mitchell of Woodling, Krost and Rust for Jerold Raber.

Christine Lebrón-Dykeman and Michael G. Voorhees of McKee, Voorhees & Sease PLC for Aleda M. Kellgren.

Before Hairston, Walters, and Drost, Administrative Trademark Judges.

Opinion by Drost, Administrative Trademark Judge:

On May 5, 2000, Jerold Raber (petitioner) filed a petition to cancel two registrations owned by Aleda M. Kellgren. The first registration¹ is for the mark HOUSE OF AN-JU, in typed form, for:

¹ Registration No. 2,208,106, issued December 8, 1998, and it was based on an application filed March 6, 1997. The registration contains a date of first use and a date of first use in commerce of July 1978.

non-medicated grooming preparations, namely, shampoos, hair texturizers, conditioners, detangling preparations, bay rum for felines, oils for adding sleekness to fur and grooming powders, all for small animal pets, namely, cats, dogs, and ferrets, both adult and infant in International Class 3.

The second registration (No. 2,208,108), for the mark shown below, alleges the same dates of use for the same goods. It is based on an application that was filed on March 7, 1997, and the registration issued on December 8, 1998.



However, respondent has voluntarily agreed to surrender this registration. Answer, p. 3. In an Order dated June 22, 2001 (p. 3), the Board determined that the petition to cancel this registration would be granted upon final disposition of the proceeding. This registration will, therefore, be cancelled.

Petitioner has sought the cancellation of respondent's remaining mark for several reasons. Petitioner alleges that he is the owner of the mark because "Raber orally agreed with Douchis [original owner of the mark] to purchase the House of An-Ju business, trademarks and associated good will." Brief at 21. Therefore, petitioner asserts that he

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is the owner of the mark, not respondent. If petitioner is not the owner of the mark, then petitioner alleges that the mark is abandoned because of petitioner's uncontrolled use of the mark. Finally, petitioner alleges that respondent acted inequitably when she obtained the registration using petitioner's copyrighted literature as specimens in the trademark application. Respondent denied the salient allegations of the petition to cancel.

The Record

The record consists of the file of the involved registrations; the trial testimony deposition, with accompanying exhibits, of petitioner; the trial testimony deposition, with accompanying exhibits, of respondent; the trial testimony deposition of Sarepta Landreville, the landlord of June Douchis; petitioner's submission of respondent's discovery deposition; and petitioner's submission of respondent's answers to interrogatories and responses to the requests for production of documents.

Both parties have filed briefs. An oral hearing was held on December 12, 2002.

Facts

(1) June Douchis originated the HOUSE OF AN-JU trademark and began using the mark in 1978. Raber dep. at 128.

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(2) Raber first talked with Douchis by telephone in 1988, and by early 1989 his business began "handling her products." Raber dep. at 10.

(3) "At this point, we were dealers. At this point we were buying product from her and retailing it at [pet] shows." Raber dep. at 12.

(4) On October 16, 1993, Raber and Douchis agreed that Raber should take control of the distribution process of HOUSE OF AN-JU products. Raber dep. at 18.

(5) Douchis continued to bottle and distribute HOUSE OF AN-JU products to dealers outside the United States as well as "one account in the US that she kept - that did both cats and dogs, and she kept a couple of dog distributors, the catalog house and at least one vendor." Raber dep. at 22.

(6) In 1994, Raber placed an ad in *Cat Fanciers' Almanac* that announced, under June Douchis's signature, that "[i]n order to better serve the U.S. market while we concentrate on the European market, we are proud to announce JEROB Distributing [Raber's company] has been appointed as our sole U.S. distributor." Raber dep. at 66; Pet. Ex. 27.

(7) Raber testified that Douchis transferred the HOUSE OF AN-JU business to him for the following consideration:

I paid her cash over a period of time. I paid her merchandise over a period of time. I agreed to assume the product liability insurance. I agreed to assume advertising costs for ads run in Cat

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Fanciers' Almanac and some other publications. I am trying to think what else. I assumed the cost and the labor of producing the labels, of doing the artwork for the advertising. I gave over half my catalog to House of An-Ju from the period of 1994 to present. All of this was in consideration for the assignment of the mark and the business in the US to me.

Raber dep. at 98-99.

(8) Raber testified that there is no documentation that contains the terms of the agreement between himself and Douchis. Raber dep. at 102.

(9) On cross-examination, Raber testified that Douchis agreed "to turn the whole business over to [Raber] and the trademark for \$20,000 to \$25,000." Raber dep. at 109.

(10) Raber testified that as part of the agreement Douchis was permitted to "use the mark in certain situations in the US." Raber dep. at 110.

(11) Douchis continued to bottle HOUSE OF AN-JU products until shortly before her death. Landreville dep. at 8.

(12) On February 25, 1997, Douchis signed a paper that stated that "being physically and financially unable to run my business, 'House of An-Ju,' as an act of friendship and love do hereby sell my business name of 'House of An-Ju' and the 'castle' logo which accompanies the name, to my friend, Aleda Kellgren, for the sum of \$1.00, knowing that she will keep the integrity of my products, and the quality that 'House of An-Ju' has been for over twenty years. I hereby,

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give Aleda Kellgren the rights to all trademarks involving 'House of An-Ju.'" Pet. Ex. 45.

(13) After Douchis signed the assignment document, she continued to run the House of An-Ju business.

Q. Is it fair to say that up until the time June died in October of 1999 that the business, the House of An-Ju business, was her responsibility?

A. [Kellgren] I would say she ran it until the day she died, yes, I would.

Q. And would you also say that up until the day she died the future of that business as creator of that business, that she was solely responsible for the success or failure of that business?

A. Up until the day she died?

Q. Up until the day she died.

A. Yes.

Kellgren dep. at 128.

(14) On March 6 and 7, 1997, respondent filed two trademark applications that eventually resulted in Registration Nos. 2,208,106 and 2,208,108. Pet. Ex. 38 and 39.

(15) Douchis died on October 3, 1999. Pet. Ex. 55.

(16) On that same day, respondent sent out a letter informing people that Douchis had died and that "June sold the company to me a few years back, and the trademarks for House of An-Ju, Reg. No. 2,208,106 registered Dec. 1998 and also trademark Reg. No. 2,208,108 registered Dec. 8, 1998 are in my name Aleda Kellgren. Jerob will no longer be distributing House of An-Ju." Pet. Ex. 55.

(17) On May 5, 2000, petitioner sought to cancel respondent's registrations.

Likelihood of Confusion

Both parties agree that "there is a likelihood of confusion between the registered marks of Registrant as applied to the goods set forth in those registrations and marks used by Raber on his goods." Petitioner's Br. at 2; See also Answer, p. 2, ¶ 10. Inasmuch as both parties are using the identical mark on at least overlapping goods, there is a likelihood of confusion.

Ownership

Both parties allege ownership of the HOUSE OF AN-JU trademark for various pet products. Petitioner claims that the mark was assigned to him as a result of an oral agreement with Douchis in 1994. Respondent, on the other hand, claims ownership as a result of a written assignment dated February 1997. If the evidence establishes that Douchis assigned the mark to petitioner than the subsequent assignment to respondent would not be effective. Neither side disputes that Douchis was the original owner of the mark. Raber dep. at 128 ("I knew that she had used it from 1978 to 1994"); Kellgren dep. at 303 ("I was thinking about when the company was formed, which was 1978"). The only question here is to whom did Douchis assign the HOUSE OF AN-JU mark.

We start by observing that "[a]n assignment in writing, however, is not necessary to pass common law rights to

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trademarks." Gaylord Bros. v. Strobel Products Co., 140 USPQ 72, 74 (TTAB 1963). See also Hi-Lo Manufacturing Corp. v. Winegard Co., 167 USPQ 295, 296 (TTAB 1970). In the event that there is no written assignment:

[A]n assignment or transfer of interest in a trade designation may be established by clear and uncontradicted testimony by a person or persons in a position to have knowledge of the transactions affecting said designations; and the common law rights in a mark will be presumed to have passed, absent contrary evidence, with the sale and transfer of the business with which the mark has been identified.

Sun Valley Co. v. Sun Valley Manufacturing Co., 167 USPQ 304, 309 (TTAB 1970).

In this case, petitioner's evidence falls far short of the "clear and uncontradicted" testimony required in this case. First, petitioner's own testimony on the subject is not clear on almost any significant point. For example, the date of when petitioner purportedly acquired the trademark is unclear:

- A. [Raber] In the course of those discussions, it was decided that I was going to produce the grooming powders known as House of An-Ju Star Dust Grooming Powders, and at that time it was decided that over a period of time I would take over all of the US operations and the trademark.
- Q. All right. And did you do that over some period of time?
- A. Yes. It took several years, but over a period of time I took over the operations and June was in Europe running the European part of the operation most of the time. The agreement was that she would continue with the European distribution and the European sales.

Raber dep. at 29.

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Even the cost of the alleged purchase is not specific. See Raber dep. at 109 ("Q. So you're saying that she agreed to turn the whole business over to you and the trademark for \$20,000 to \$25,000? A. [Raber] Yes."). See also Raber dep. at 98-99.

The testimony concerning the nebulous terms of the alleged sale of the "House of An-Ju" business does not meet the requirement for clear testimony regarding the transaction. In addition, the actions of Douchis and petitioner subsequent to the alleged sale are not always consistent with a transfer of ownership of the mark. Raber himself was responsible for a press release issued under June Douchis's name that stated that "[i]n order to better service the U.S. market while we concentrate on the European market, we are proud to announce JEROB distributing has been appointed as our sole U.S. distributor." Pet. Ex. 27. See also Resp. Ex. 5 (Fax from Raber to Philippe Liouche dated November 13, 1999, stating that "[w]hen she [Douchis] agreed with me that I was to be the sole U.S. distributor, she would not sign an agreement." While Raber testified that "[n]either Mrs. Douchis nor I were intending to or cared to disclose the extent of the agreement between us" (p. 103), nonetheless the evidence that both Raber and Douchis chose to describe their relationship as that of a

distributorship undercuts the testimony that Raber purchased the trademark from Douchis.

Finally, we note that Douchis assigned the same trademark to another party (respondent) in 1997 in a written assignment document. While it is certainly possible that Douchis was assigning the same trademark a second time, it is also evidence that undercuts Raber's testimony that there was an earlier agreement to sell the trademark to him. "An agreement implied in fact is 'founded upon a meeting of minds, which, although not embodied in an express contract, is inferred, as a fact, from conduct of the parties showing, in light of the surrounding circumstances, their tacit understanding.'" Hercules, Inc. v. United States, 516 U.S. 417, 424 (1996), quoting, Baltimore & Ohio R. Co. v. United States, 261 U.S. 592, 597 (1923). Here, we cannot infer from the conduct of the parties that Douchis agreed to sell the HOUSE OF AN-JU trademark to Raber, and therefore, we cannot conclude that petitioner is the owner of the HOUSE OF AN-JU mark.

Abandonment

Next, we address petitioner's claim that respondent abandoned the mark at issue. Raber argues that its "business activities (subsequent to the oral assignment of the marks to him in 1994) in controlling the manufacture and quality of the goods, controlling the advertising of the

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goods sold under the marks, designing, ordering and applying labels carrying the marks to the containers with the goods, controlling the bottling of the product as well as other activities to be detailed herein, all since 1994 to date, all amount to such uncontrolled use of the trademarks as to result in abandonment of the marks and their dedication to the public." Brief at 22.

Raber testified that Douchis was experiencing serious distribution and quality control problems with her products. Raber at 16 ("[S]he had problems with the quality of the merchandise that was coming from Mr. Lee [the manufacturer]"); 17 ("We had 10 gallons of pure garbage"); 19 ("The method of distribution for the products was falling apart all over the place. She had dealers who were furious with her. She had real problems with retail customers. It was a total mess"). Raber testified that Douchis "asked if we would be willing to help her straighten out the distribution mess." Raber at 19. Subsequently, petitioner with a few exceptions became "the sole bottler and distributor in the United States." Raber dep. at 23.

At that point, Douchis turned over control of a significant portion of her business to petitioner to remedy these problems. However, allowing petitioner to serve as a distributor did not create an uncontrolled license.

In a licensing situation, the question to be determined is whether the licensor exercises sufficient control to

guarantee the quality of the goods sold to the public under the mark. An uncontrolled licensee, that is, a licensing arrangement in which the licensor retains no quality control or supervision over the use of the mark by the licensees, results in an abandonment of rights in the mark. Whether, in fact, sufficient control is exercised is a question of fact in each case and the burden of proving lack of control or insufficient control is on the party claiming the abandonment. In order to avoid abandonment of its mark, a licensor need not show that its quality control efforts are comprehensive or extensive... Control may also be adequate where the licensor justifiably relies on the integrity of the licensee to ensure the consistent quality of the services performed under the mark.

Woodstock's Enterprises Inc. (California) v. Woodstock's Enterprises Inc. (Oregon), 43 USPQ2d 1440, 1446 (TTAB 1997), aff'd mem., 152 F.3d 942 (Fed. Cir. 1998).

Petitioner apparently helped rectify the earlier problems and there is no evidence of any uncontrolled licensing to anyone after that point. Dounchis could rely "on the integrity of the licensee to ensure consistent quality." Id. To the extent that she did, this was not uncontrolled licensing.

However, the record indicates that Dounchis did more than rely on the integrity of petitioner to ensure consistent quality. Dounchis was an active participant in the HOUSE OF AN-JU business. She was jointly purchasing HOUSE OF AN-JU products with petitioner or receiving products from petitioner for her to sell. See, e.g., Raber dep. at 69 (Documents in Exhibit 28 "are representative invoicing for merchandise that we sent to June Dounchis,

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House of An-Ju, from 1994 through 1999. That all represents merchandise that was sent to June"); Pet. Ex. 28, 110-112.

Inasmuch as Douchis was receiving products from petitioner, she would have personally been aware of the quality of petitioner's products and she would have received any customer complaints about these products that she sold. The Board has previously held that "[w]hile there was never a formal system of quality control over the California operations, it must be remembered that 'the inference of abandonment is not drawn ... [where] satisfactory quality was maintained, and, hence, no deception of purchasers occurred.'" Woodstock's, 43 USPQ2d at 1448, quoting, Stockpot, Inc. v. Stock Pot Restaurant, Inc., 220 USPQ 52, 59 (TTAB 1983), aff'd, 737 F.2d 1576, 222 USPQ 665 (Fed. Cir. 1984). Similarly here, while there may not have been a formal system of quality control, Douchis's involvement in the sale of the same products would have been sufficient to establish oversight of the quality of the HOUSE OF AN-JU products. Accord Stockpot, 220 USPQ at 59 (Board considered it significant that "Mitchell lived above the restaurant and also ran the gourmet shop which operated under the 'STOCKPOT' mark on the same premises. In fact, clients of the restaurant paid their restaurant checks in the gourmet shop. Accordingly, Mitchell was constantly able to observe the restaurant's operations and standards").

Finally on this point, we observe that because there is no indication that satisfactory quality was not maintained, there was no deception of prospective purchasers. Stockpot, 220 USPQ at 59. Therefore, we conclude that Douchis did not abandon the trademark by engaging in uncontrolled licensing by petitioner's business activities.²

Other Issues

We now address petitioner's remaining issues. First, petitioner argues that "the alleged transfer of the House of An-Ju business, trademarks and good will as set forth in PX 45 is nothing more than a naked assignment." Brief at 20. We disagree. While the assignment does not use the term "goodwill," the goodwill was included by implication. The assignment did more than convey the trademark, it goes on to state that the trademark was conveyed "knowing that she [respondent] will keep the integrity of my products, and the quality that "House of An-Ju" has been for over twenty years. I hereby, give Aleda Kellgren the rights to all trademarks involving the 'House of An-Ju.'" Pet. Ex. 45.

We start by noting that the "various technical rules connected with the assignment of trademarks to which

² Except for petitioner's argument that respondent abandoned her mark by engaging in uncontrolled licensing, there does not appear to be any support for abandonment because of a period of nonuse. Douchis continued to bottle and distribute her products up until the day she died (October 3, 1999) (Landreville dep. at 8; Pet. Ex. 55). Even if petitioner's argument that a "time period of 7 months elapsed in which there were no sales by Kellgren" (Brief

defendant appeals were not evolved for the purpose of invalidating all trademark assignments which do not satisfy a stereo-type set of formalities. Their central purpose is protection against consumer confusion." Syntex Laboratories, Inc. v. Norwich Pharmacal Co., 315 F. Supp. 45, 166 USPQ 312, 319 (S.D.N.Y. 1970), aff'd, 437 F.2d 566, 169 USPQ 1 (2d Cir. 1971).

To apply the rule forbidding "naked assignment" of a trademark in these circumstances would ignore the realities of the transaction. It is true that the assignment by B&W-UK to Atkins was technically "naked," if one looks only at that facet of the overall transaction. If, on the other hand, one looks at the overall facts, this is not an assignment that separates the trademark from the goods or services upon which its reputation is based. To the contrary, this was an assignment to a U.S. corporation for business convenience (and perhaps to qualify for a customs exclusion) which is designed to continue the employment of the trademarks in connection with the same goods on which their reputation is based - being the loudspeakers manufactured by B&W-UK. Furthermore, B&W-America, the former distributor under B&W-UK's license to Misobanke, with its personnel essentially unchanged, but now related to Atkins, continues to exercise the license to distribute the trademarked goods. Thus, the Atkins assignment is not a "naked assignment." It continues the association of the trademark with the very goods which created its reputation.

J. Atkins Holdings Ltd. v. English Discounts Inc., 729 F. Supp. 945, 14 USPQ2d 1301, 1304-05 (S.D.N.Y. 1990) (footnote omitted).

Similarly here, to apply the rule against naked assignments would ignore reality. There is no consumer

at 18) is accepted, this fact would not demonstrate abandonment

confusion because Douchis continued to manage the business. Kellgren dep. at 59 ("June ran the business. She called the shots"). After the assignment, there was no evidence of any change in the quality of the products. Apparently, Douchis continued to provide the same oversight she had provided before. The same association between the goods and the trademark that existed before the assignment continued. "[A] simultaneous assignment and license-back of a mark is valid, where, as in this case, it does not disrupt the continuity of the products or services associated with a given mark." E & J Gallo Winery v. Gallo Cattle Co., 967 F.2d 1280, 21 USPQ2d 1824, 1831 (9th Cir. 1992). Thus, when viewed in the context of the facts of this case, this is not a "naked assignment" situation. Clearly, quality was maintained and there is no evidence of consumer confusion.

Finally, petitioner argues that respondent "acted inequitably in obtaining the two trademark registrations involved in this proceeding when considering she used labels as specimens in both applications [which] resulted in registrations, which were designed and owned by Raber and which carried his copyrighted work, all without the authorization of Raber." Brief at 25. We have already determined that Raber's distributorship was not an uncontrolled license and that the assignment to respondent

as a result of nonuse. 15 U.S.C. § 1127).

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was not a naked assignment. The fact that a trademark owner used the distributor's specimens to support its application is not inequitable conduct.³

There is, as noted, a longstanding administrative practice, based upon a rule adopted pursuant to Section 41 of the Act, of accepting applications by persons who claim to be the owners of the marks through use by controlled licensees, whether that control results from a corporate relationship or from a contract or agreement.

Pneutek, Inc. v. Scherr, 221 USPQ 824, 833 (TTAB 1981).

Petitioner's evidence falls far short of establishing a case of fraud or inequitable conduct.⁴

Decision: The petition to cancel Registration No. 2,208,108 is granted in accordance with the Board order dated June 22, 2001. The petition to cancel Registration No. 2,208,106 is denied.

³ Stocker v. General Conference Corp. of Seventh-Day Adventists, 39 USPQ2d 1385, 1391 (TTAB 1989) ("A fraud claim must be proved 'to the hilt'").

⁴ To the extent that petitioner has raised other issues regarding respondent's conduct, this proceeding is not the proper forum for their resolution.