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PRECEDENT OF THE TTAB

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UNITED STATES PATENT AND TRADEMARK OFFICE

Trademark Trial and Appeal Board

Febal Cucine, S.p.A.
v.
Mariner Ventures, Inc.

Cancellation No. 92042704

William J. Sapone of Coleman Sudol Sapone P.C. for Febal
Cucine, S.p.A.

Thomas E. Toner of Smith & Hopen, P.A. for Mariner Ventures,
Inc.

Before Drost, Kuhlke, and Mermelstein, Administrative
Trademark Judges.

Opinion by Drost, Administrative Trademark Judge:

On November 28, 2000, respondent, Mariner Ventures,
Inc., was issued Registration No. 2408536 for the mark FEBAL
U.S.A., in typed or standard character form, for household
furniture; kitchen furniture, namely, kitchen cabinetry in
Class 20. The registration is based on an application filed
November 29, 1999, and it contains a disclaimer of the term
"U.S.A." Affidavits under Sections 8 and 15 have been
accepted or acknowledged.

On April 3, 2001, respondent was issued a second registration (No. 2439999) for the mark shown below for the same goods with the term "USA" disclaimed. The registration is based on an application filed March 30, 1999. Affidavits under Section 8 and 15 have also been accepted or acknowledged.



On November 17, 2003, Febal Cucine, S.p.A. (petitioner) filed a petition to cancel respondent's registrations on the ground that:

2. Petitioner is the owner of European Community Trademark Registration No. 001132877 for FEBAL...
4. Petitioner, on or about January 1999, entered into discussions with Mr. Ricky Wingate and Mr. Paolo Della Casa concerning distribution of petitioner's Italian kitchen furniture and cabinets in the United States, through a company to be known as "Febal USA LLC."
5. A distribution agreement was prepared and was executed..
6. Unbeknownst to petitioner, upon information and belief, during discussions with petitioner, Mr. Della Casa and Mr. Wingate arranged through a separate company, Mariner Ventures, Inc., located at the same address as the proposed "Febal USA LLC," to apply for the above-referenced trademark registrations, knowing the petitioner to be the true owner of the mark "FEBAL," the application papers signed by "Sally N. Sawh, Secretary," who, upon information and belief, is the wife of Mr. Della Casa.

7. In filing and prosecuting the applications leading to the issued registrations, fraudulent misrepresentations were made as to the owner of the trademark FEBAL, for kitchen furniture and cabinets.

8. Among other things, to secure the registration, the registrant submitted a magazine, featuring photographs of Mr. Wingate and Mr. Della Casa, with a picture of a kitchen containing petitioner's kitchen products.

9. Upon information and belief, registrant fraudulently claimed ownership in the mark FEBAL USA knowing the mark FEBAL, was owned and used by petitioner, and concealing that fact from the Trademark Office.

Petition to Cancel at 2-3.

Respondent has denied the salient allegations of the petition to cancel.

The Record

The record consists of the following items:

1. The files of the involved registrations;
2. The trial testimony declaration submitted by stipulation of petitioner's managing director, Marco Zanotti, with exhibits; and
3. The parties' notices of reliance on answers to interrogatories, admissions, and requests for documents and a third-party registration (No. 1885795).

Background

Petitioner argues that respondent's trademark registrations (Nos. 2408536 and 2439999) "were procured by fraud and should be cancelled." Brief at 8. Specifically, petitioner maintains that:

There was a distribution agreement that specified that the distributor would not have any rights in the FEBAL trademark. Ms. Sawh, a member of Febal USA, the designated distributor, thus had a duty not to file or register the mark FEBAL in the name of Febal USA, or any other entity. To do so, without disclosing the distributor relationship was fraud.

But that is not the only fraudulent act. Ms. Sawh claimed ownership of the mark FEBAL USA, which she knew to be false, and failed to identify the significance of the term FEBAL in the relevant trade. She also allowed photographs of the Febal Cucine kitchens to be presented to the [e]xamining attorney representing they showed "applicant[']s products," when they were the products of Febal Cucine.

Even the initial drawing submitted was of a copy of the Febal Cucine style FEBAL mark, with the letters U.S.A. added by hand. A clearer case of fraud would be difficult to conceive.

Brief at 15-16.

In response, respondent argues:

Even assuming all facts favorable to Petitioner, including *arguendo* that the exclusive distribution agreement was effective at the time the declaration was signed, Section 7.1 of the exclusive distribution agreement clearly states:

The distribution task under this agreement is given to [Registrant] for the territory of the US; for said territory [Registrant] shall have *exclusive rights* (Emphasis added)

The exclusive right to use a name in the United States provides a reasonable belief that, to the best of ones knowledge, that no other person, firm, corporation or association would have the right to use the subject mark in commerce.

Brief at 13 (punctuation in original).

Furthermore, "Registrant was in fact the owner of the mark based on its applications filed on a bona fide intent to use the marks in commerce. Ownership of trademark rights

in the United States depends solely upon priority of use in the United States, including constructive use under 15 U.S.C. § 1057(c), and not on priority of use anywhere in the world." Brief at 15.

Facts

1. Petitioner has been manufacturing and selling kitchen cabinets, kitchen furniture, and kitchen hardware for more than forty years. Zanotti declaration, ¶¶ 2-3 and Ex. B.

2. Petitioner is the owner of numerous foreign registrations and applications for the mark FEBAL. Zanotti declaration, ¶ 3 and Ex. C. The copies of many of these registrations and applications are often in a foreign language without an English translation. Zanotti Ex. C.

3. In 1998, Paolo Della Casa approached petitioner and suggested that he become petitioner's exclusive distributor. Zanotti declaration, ¶ 8.

4. Petitioner had no United States distributor at that time. Zanotti declaration, ¶ 7.

5. "A verbal agreement was reached in 1998 between Febal Cucine, S.p.a. and Mr. Della Casa, and Febal Cucine S.p.a. started drafting a distribution contract and a company to be set up by Mr. Della Casa, Febal USA, LLC." Zanotti declaration, ¶ 9.

6. Febal U.S.A., LLC was incorporated on March 18, 1999. Zanotti Ex. G.

7. On March 30, 1999, a day before Paola Della Casa signed the exclusive distributor agreement between Febal U.S.A., LLC and petitioner, Mariner Ventures, Inc. (respondent) applied to register the mark FEBAL USA and design with the U.S. Patent and Trademark Office. The application (No. 75672290) is for the mark shown below for household furniture; kitchen furniture, namely, kitchen cabinetry.



8. The next day, March 31, 1999, Paolo Della Casa of Febal U.S.A., LLC signed an agreement to exclusively distribute petitioner's goods in the United States. Zanotti declaration, ¶ 10 and Ex. E (in Italian).

9. Mariner Ventures' intent-to-use application ultimately registered on April 3, 2001. The dates of first use are identified as October 29, 1999.

10. Apparently on April 9, 1999, petitioner filed what would become European Community Registration No. 001132877 (Zanotti Ex. C), for the mark FEBAL for furniture. The registration issued on February 19, 2001.

11. According to petitioner's list of "Trademarks owned by Febal S.p.A. All Over the World" (Zanotti Ex. C), this is the earliest filing date among its trademark filings.

12. On April 26, 1999, Mr. Cavalier Ermanno Ferri signed the English language version of the distribution agreement on behalf of petitioner along with Mr. Della Casa and Mr. Wingate for Febal U.S.A., LLC. Zanotti Ex. F.

13. The parties to the agreement are identified as petitioner and Febal U.S.A., LLC, represented by Paolo Della Casa and Ricky Wingate. Zanotti Ex. F.

14. Clause 11.2 of the agreement provides:

The DISTRIBUTOR shall not utilize in any way, including the registration or deposit, and shall not allow the utilization in any way, including the registration or deposit, both the business name or sign of FEBAL, and any distinguishing name, patent, trademark, logo, mark, model or drawing, whether or not registered and/or deposited, or any other industrial or intellectual property right invented or know-how relating to the PRODUCTS or procedures owned by, or invented or developed by or in the name of FEBAL, without the latter's previous written consent.

Zanotti Ex. F.

15. On September 1, 1999, in the 75672290 application, Sally N. Sawh filed a "Combined Revocation and Power of Attorney" appointing Anton J. Hopen, Esq. and Ronald E. Smith, Esq. as attorneys for respondent. Ms. Sawh signed the power of attorney as "Secretary Febal U.S.A." not Mariner Ventures, Inc. Zanotti Ex. I.

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16. Ms. Sawh is "the wife and lawyer of Mr. Della Casa." Zanotti declaration, ¶ 10.

17. On November 19, 1999, in Serial No. 75672290, respondent/applicant responded to an Office action by submitting "a photo story of Applicant's products in the magazine *Casa & Estilo International*." Zanotti Ex. L.

18. The article does not mention Marine Ventures, but it does mention "Febal-USA." Zanotti Ex. K.

19. On November 29, 1999, respondent filed another U.S. application (No. 75859414) for the mark FEBAL U.S.A., in typed or standard character form.

20. The application identified the dates of first use as October 29, 1999, and the application issued as Registration No. 2408536 on November 28, 2000.

21. On December 23, 1999, Ms. Sawh sent a letter to petitioner alleging that: "You have been in breach of your contract with the clients since June 1999." Zanotti Ex. O.

22. On December 24, 1999, petitioner filed Canadian Application No. 1040824 for the mark FEBAL. It is not clear if the application issued as a Canadian registration. Zanotti Ex. C.

23. Febal U.S.A., LLC, Mariner Ventures Inc., and the Law Offices of Sally N. Sawh, P.A., all identify their

addresses as "1054 Kane Concourse, Bay Harbor¹, Florida."

Zanotti Exhibits F at 1, N, and O.

Standing

In *Cunningham v. Laser Golf Corp.*, 222 F.3d 943, 55 USPQ2d 1842, 1844 (Fed. Cir. 2000), the Federal Circuit explained that: "The Lanham Act allows for cancellation of a Principal Register registration by anyone 'who believes that he is or will be damaged ... by the registration.' 15 USCA § 1064 (West 1996 & Supp. 2000); see also *Golden Gate Salami Co. v. Gulf States Paper Corp.*, 51 CCPA 1391, 332 F.2d 184, 188, 141 USPQ 661, 664 (CCPA 1964) (quoting and explaining the statute). The party seeking cancellation must prove two elements: (1) that it has standing; and (2) that there are valid grounds for canceling the registration." Therefore, the first issue we must address is whether petitioner has standing.

No absolute test can be laid down for what must be proved to establish standing as a petitioner in a cancellation proceeding or as an opposer in an opposition. The starting point is the statute. Congress has defined the class in section 14 as "any person who believes he is or will be damaged by the registration." (Emphasis added.) In construing comparable language of section 13, this court stated in *Federated Foods, Inc. v. Ft. Howard Paper Co.*, 544 F.2d 1098, 1101, 192 USPQ 24, 27 (CCPA 1976):

A party has standing to oppose within the meaning of § 13 if that party can demonstrate a real interest in the proceeding. *Universal Oil*

¹ Occasionally, the addresses add the term "Island(s)" and/or "Miami."

Products Co. v. Rexall Drug and Chemical Co., 59 CCPA 1120, 463 F.2d 1122, 174 USPQ 458 (1972).

The same general statement is applicable to cancellation proceedings. The purpose in requiring standing is to prevent litigation where there is no real controversy between the parties, where a plaintiff, petitioner or opposer, is no more than an intermeddler. Congress, however, has specified a broad class who must be deemed proper litigants. Thus, this court has found standing based on widely diverse interests:

1. importation of petitioner's products deterred by a registration, *Plastilite Corp. v. Kassnar Imports*, 508 F.2d 824, 184 USPQ 348 (CCPA 1975).
2. use of copyrighted appearance of doll, *Knickerbocker Toy Co. v. Faultless Starch Co.*, 467 F.2d 501, 175 USPQ 417 (CCPA 1972).
3. pecuniary interest of trade association, *Tanners' Council of America, Inc. v. Gary Industries, Inc.*, 58 CCPA 1201, 440 F.2d 1404, 169 USPQ 608 (1971).
4. prior registration but not priority in use, *King Candy Co. v. Eunice King's Kitchen, Inc.*, 496 F.2d 1400, 182 USPQ 108 (CCPA 1974).
5. protection of subsidiary's mark, *Universal Oil Products Co. v. Rexall Drug & Chemical Co.*, *supra*.
6. descriptive use of term in registered mark, *Golomb v. Wadsworth*, 592 F.2d 1184, 201 USPQ 200 (CCPA); *cert. denied*, 444 U.S. 833 (1979).
7. advertising emphasis of American origin, *Singer Manufacturing Co. v. Birginal-Bigsby Corp.*, 50 CCPA 1380, 319 F.2d 273, 138 USPQ 63 (1963).

Lipton Industries, Inc. v. Ralston Purina Company, 670 F.2d 1024 213 USPQ 185, 189 (CCPA 1982). See also *Ritchie v. Simpson*, 170 F.3d 1092, 50 USPQ2d 1023 (Fed. Cir. 1999).

Petitioner has not alleged any traditional basis for standing. It is not the owner of a registered trademark nor does it allege that it has been using the mark in United States commerce. Petitioner instead alleges that it is the owner of a European Community Trademark registration and

that it has filed an application to register the mark FEBAL COLLEZIONE BAGNO in the USPTO. Petition to Cancel, ¶¶ 2 and 3. Respondent has admitted these allegations. Answer at 1. Neither of these facts demonstrates petitioner's standing. The simple ownership of a U.S. trademark application, without any indication that the application has been or will be refused registration in view of a registration or a pending application, does not provide a basis for standing. Also, the ownership of a foreign trademark registration does not give a party a license to petition to cancel a U.S. trademark registration or oppose any trademark application. However, if a petitioner's application has been refused registration because of respondent's registration, the petitioner would have standing to petition to cancel. *Lipton Industries*, 213 USPQ at 189 ("Appellee asserts an interest arising from its attempt to obtain a registration for the mark FANCY FIXINS for cat food which is blocked by appellant's registration. We regard the desire for a registration with its attendant statutory advantages as a legitimate commercial interest"). In this case, petitioner has not alleged, much less shown, that its application has been blocked by respondent's registrations. *Id.* at 188 ("A petitioner's allegations alone do not establish standing").

In addition, petitioner's use of its mark in Italy and other countries would not by itself establish standing for

canceling respondent's United States registration. *Person's Co. Ltd. v. Christman*, 900 F.2d 1565, 14 USPQ2d 1477, 1480 n. 18 (Fed. Cir. 1990) ("Although Person's did adopt the mark in Japan prior to Christman's use in United States commerce, the use in Japan cannot be relied upon to acquire U.S. trademark rights"). Petitioner does not allege priority under Section 44 of the Trademark Act (15 U.S.C. § 1126). *Person's Co.*, 14 USPQ2d at 1479 n. 16 ("The statutory scheme set forth in §44 is in place to lower barriers to entry and assist foreign applicants in establishing business goodwill in the United States. Person's Co. does not assert rights under §44, which if properly applied, might have been used to secure priority over Christman"). See Petitioner's Responses to Registrant's First Request for Admissions at 3, ¶ 11 (Petitioner's application, No. 78254408, does not claim priority under Section 44).²

Thus, at this point, we would ordinarily find that petitioner does not have standing and dismiss the petition to cancel. However, *Person's* suggests that a foreign entity without use in the United States may nonetheless have potential to be damaged by the registration of another

² While not argued, we also point out that it "is well settled that the Trademark Trial and Appeal Board cannot adjudicate unfair competition issues in a cancellation or opposition proceeding." *Person's Co.*, 14 USPQ2d at 1481.

party's mark and thus have standing. The Federal Circuit sets out two examples.

Knowledge of a foreign use does not preclude good faith adoption and use in the United States. While there is some case law supporting a finding of bad faith where (1) the foreign mark is famous here or (2) the use is a nominal one made solely to block the prior foreign user's planned expansion into the United States...

14 USPQ2d at 1480-81.

Petitioner has not submitted evidence that would permit us to conclude that its mark is famous in the United States. *See, e.g., The All England Lawn Tennis Club (Wimbledon) Limited v. Creations Aromatiques, Inc.*, 220 USPQ 1069 (TTAB 1983) ("In our view, opposer has shown that it owns the rights in the term 'WIMBLEDON' for the conducting of the tennis championships held annually in England since opposer licenses the club to present these annual championships. Opposer has also shown that these championships have been widely reported in media circulating in the United States").

However, petitioner has submitted evidence that supports a conclusion that respondent's use was made solely to block petitioner's planned expansion into the United States, which Mr. Della Casa is asserted to have promoted.³

In this case, petitioner has submitted evidence showing that it has been in business for over forty years manufacturing and selling kitchen cabinets, furniture, and

hardware. Zanotti dec. at 1. It has registered its mark in numerous countries. Zanotti dec. at 2 and Ex. C.

Petitioner's witness states that petitioner was contacted by Paolo Della Casa requesting that he become petitioner's exclusive distributor. Zanotti dec. at 2. "On March 18, 1999, Mr. Della Casa founded FEBAL USA, Inc., the company on whose behalf he executed the Agreement." Zanotti dec. at 3. Mr. Zanotti (declaration, ¶¶ 16 - 18, paragraph numbers and citation to exhibits omitted) also declared that:

Unbeknownst to Febal Cucine, Mr. Della Casa had arranged through his wife and attorney, Sally Sawh, to set up a company, Mariner Ventures, Inc. at some point during the discussions with Febal Cucine, and using that entity, had already filed a U.S. trademark application seeking to register the mark FEBAL USA, application no. 75/672290, originally filed November 27, 1998, but having an effective filing date of March 30, 1998.

Mariner Ventures has the same address as the Law offices of Sally Sawh, and of Febal USA.

Ms. Sally Sawh signed several papers in the application, including a revocation and change of power of attorney form on September 1, 1999, as Secretary of Febal USA, though Febal USA was not the applicant.

We add that even if the facts of this case did not exactly fit the Person's example, they nonetheless convince us that petitioner has standing. The evidence supports petitioner's standing inasmuch as petitioner has shown that it has marketed its goods in numerous countries, it was

³ We note that to have standing, petitioner does not have to establish that it will prevail on its substantive claim, it must simply establish that it will be damaged.

interested in expanding into the United States, and that it entered into an agreement with Febal U.S.A., LLC, while at the same time, a related entity filed a trademark application for the mark FEBAL USA and design. Petitioner is likely to suffer damage to the extent that its expansion into the United States for its FEBAL goods is likely to suffer as a result of respondent's two FEBAL USA registrations. Even a foreign manufacturer who was assumed not to own the mark in the United States was presumed to have standing to oppose the registration of the mark to an unauthorized party. See, e.g., *Compania Insular Tabacalera, S. A. v. Camacho Cigars, Inc.*, 167 USPQ 299, 302 n.1 (TTAB 1970) ("But, even assuming arguendo that there could possibly be any question as to whether opposer was the owner of the mark in this country, as the manufacturer of the goods and the exporter of 'DON MARCOS' cigars to the United States over the years, opposer acquired rights sufficient to possess standing to oppose the registration of the same or a similar mark for like goods. Section 13 gives any person who believes he will be damaged the right to oppose, and damage may well result to such a manufacturer through loss of sales to him in this country as well as to the owner of the mark"). This evidence is enough to establish that petitioner is not a mere interloper and it has standing to petition to cancel respondent's mark.

Objection to Brief

Respondent has objected to petitioner's brief.

Petitioner's trial brief raises allegations of fraud outside the pleadings. Petitioner's claim of fraud is limited to the submission of the magazine article submitted by Registrant during prosecution because it is the only act alleged with sufficient particularity in the Petition to Cancel.

Brief at 8.

Respondent objects to petitioner's reliance on the declarations from respondent's registrations.⁴ We overrule respondent's objection. Petitioner's allegation of fraud clearly explains that respondent falsely claimed to be the owner of the FEBAL mark when it filed its applications. Petitioner asserts that it is the owner of the mark. Respondent was on notice that its ownership of the FEBAL marks was being challenged by petitioner. The reference to the publication that respondent submitted was simply petitioner's example of one way that respondent misrepresented its ownership status of the FEBAL USA marks to the Office. In addition, petitioner also alleged that Mr. Della Casa and Mr. Wingate entered into a distributorship agreement to distribute petitioner's goods through Febal USA LLC at the same time that they "arranged through a separate company, Mariner Ventures, Inc.... to apply

⁴ We add that under 37 CFR § 2.122(b)(1) the "file of ... each registration against which a petition or counterclaim for cancellation is filed forms part of the record of the proceeding

for the above-referenced trademark registrations, knowing the petitioner to be the true owner of the mark 'FEBAL.'" Petition to Cancel at 2. Petitioner's allegations of fraud in its petition are much broader than respondent argues and, therefore, we deny respondent's objections to petitioner's brief.

Fraud

We now address the ultimate issue in this case, which is whether respondent committed fraud when it applied to register its two FEBAL USA marks. The board has recently set out the requirements for establishing that fraud has occurred in a trademark application.

Fraud in obtaining a trademark registration occurs "when an applicant knowingly makes false, material representations of fact in connection with his application." *Torres v. Cantine Torresella S.r.l*, 808 F.2d 46, 1 USPQ2d 1483, 1484 (Fed. Cir. 1986); *Mister Leonard Inc. v. Jacques Leonard Couture Inc.*, 23 USPQ2d 1064, 1065 (TTAB 1992) ("Thus, according to *Torres*, to constitute fraud on the PTO, the statement must be (1) false, (2) a material representation and (3) made knowingly."). See also *Medinol Ltd. v. Neuro Vasx Inc.*, 67 USPQ2d 1205 (TTAB 2003) ("A Trademark applicant commits fraud in procuring a registration when it makes material representations of fact in its declaration which it knows or should know to be false.").

Fraud must be proven with clear and convincing evidence, and any doubt must be resolved against a finding of fraud. See *Giant Food, Inc. v. Standard Terry Mills, Inc.*, 229 USPQ 955, 962 (TTAB 1986) and cases cited therein. Furthermore, fraud will not lie if it can be proven that the statement, though false,

without any action by the parties and reference may be made to the file for any relevant and competent purpose."

was made with a reasonable and honest belief that it was true. See *Woodstock's Enterprises Inc. (California) v. Woodstock's Enterprises Inc. (Oregon)*, 43 USPQ2d 1440 (TTAB 1997).

Standard Knitting Ltd. v. Toyota Jidosha Kabushiki Kaisha, 77 USPQ2d 1917, 1926 (TTAB 2006).

Petitioner argues that respondent's registrations should be cancelled because:

It is also well established that if the applicant merely distributes or imports goods for the owner of the mark, registration must be refused under § 1 of the Trademark Act, except where 1) there is a parent and wholly owned subsidiary relationship; or 2) if the applicant submits (a) written consent from the owner of the mark to registration in the applicant's name, or (b) written agreement or acknowledgment between the parties that the importer or distributor is the owner of the mark in the United States, or (c) an assignment to the applicant of the owner's rights in the mark as to the United States.

None of the above applies in this case. There was a distribution agreement that specified that the distributor would not have any rights in the FEBAL trademark. Ms. Sawh, as a member of Febal USA, the designated distributor, thus had a duty not to file or register the mark FEBAL in the name of Febal USA, or any other entity. To do so, without disclosing the distributor relationship was fraud.

Brief at 16 (citation omitted).

Petitioner also alleges that the photographs of Febal Cucine kitchens were "presented to the [e]xamining attorney representing they showed 'applicant[']s products,' when they were the products of Febal Cucine." Brief at 15.

Respondent alleges that the exclusive distribution agreement was signed "after Registrant had already filed its first application. The agreement was not executed by both

parties until April 26, 1999, almost a month later.

Disagreement between the parties occurred shortly after the agreement was executed. By June of 1999, Petitioner had failed to perform under the terms of the agreement and was in material breach." Brief at 6.

This case is somewhat unusual inasmuch as there are two companies whose actions we must consider. We will begin by looking at the actions of Febal U.S.A., LLC. Then, we will look at the actions of the actual applicant, Mariner Ventures, Inc.

In this case, petitioner is the foreign manufacturer of various items of furniture sold under the FEBAL mark. Mr. Della Casa and Febal U.S.A., LLC sought to distribute these goods in the United States. Febal U.S.A., LLC eventually entered into an exclusive agreement with petitioner to that effect. The case law is clear at this point: "It is settled law that between a foreign manufacturer and its exclusive United States distributor, the foreign manufacturer is presumed to be the owner of the mark unless an agreement between them provides otherwise." *Global Maschinen GmbH v. Global Banking Systems, Inc.*, 227 USPQ 862, 866 (TTAB 1985). See also *Sengoku Works Ltd. v. RMC International Ltd.*, 96 F.3d 1217, 40 USPQ2d 1149, 1151-52 (9th Cir. 1996) ("But in the absence of an agreement between the parties, the manufacturer is presumed to own the

trademark ... Although some courts have suggested that the presumption may be different in the case of foreign manufacturers, frequently the identical standard has in fact been applied, and we see no reason for doing otherwise"); *Hank Thorp, Inc. v. Minilite, Inc.*, 474 F. Supp 228, 205 USPQ 598, 605-606 (D. Del. 1979), quoting McCarthy, *Trademarks and Unfair Competition*, § 16.15 (1973) ("An exclusive U.S. distributor does not acquire ownership of a mark of a foreign manufacturer any more than a wholesaler can acquire ownership of a mark of an American manufacturer merely through the sale and distribution of goods bearing the manufacturer's trademark"); and *Compania Insular Tabacalera*, 167 USPQ at 302 n.1 ("And, where as in this case, the contract, oral or written, setting up the exclusive distributorship in the United States, does not contain an acknowledgement, whether by assignment or otherwise by the manufacturer of the goods abroad, that the trademark it affixes to the goods is the property right of the exclusive distributor in the United States, the foreign manufacturer and exporter will be deemed to be the owner of the mark in this country").

In the exclusive distribution agreement between petitioner and Febal U.S.A., LLC, Clause 11.2 of that agreement specifically prohibited Febal U.S.A., LLC from "the registration ... of FEBAL ... without the latter's previous

written consent." Contrary to respondent's argument, Febal U.S.A., LLC did not have any authority under the distribution agreement to register a mark containing the term FEBAL. The exclusive license agreement makes it clear that Febal U.S.A., LLC had no right to register the FEBAL mark without petitioner's consent, which it did not have. Indeed, the clause provided that Febal USA "not allow the utilization in any way, including the registration ... of FEBAL." This provision would prohibit Febal USA from even assisting Mariner Ventures in any way in obtaining a registration of FEBAL. Also, Clause 11.4, directs that upon "termination of this Agreement, the DISTRIBUTOR shall immediately cease to use in any way said ... logo or marks." Therefore, respondent's alternative argument that the exclusive right to distribute goods bearing a mark provides a reasonable belief to claim ownership of the mark based on this right to use, is contradicted by the very document on which respondent bases its argument. See *Audioson Vertriebs - GmbH v. Kirksaeter Audiosonics, Inc.*, 196 USPQ 453, 457 (TTAB 1977):

[Similar] provisions in the agreements between petitioner and respondent's assignor Kirksaeter in America, Inc., remove any doubt as to the clear intention of the parties pertaining to the trademark rights in the term "KIRKSAETER." The complete silence as to the transfer or assignment of any such rights, and the above-quoted provisions pertaining to the manner of control and the methods of promoting the mark, clearly evidence the intent of the respective parties that all trademark rights in the mark

"KIRKSAETER" were to remain as the property right of petitioner.

See also Major-Prodotti Dentari-Societa In Nome Collettivo Di Renaldo Giovanni & Figli v. Shimer, 161 USPQ 437, 438 (TTAB 1968) ("In view of the express provisions of the contract governing the relationships between petitioner and respondent, it is clear that when the agreement expired, any rights which respondent may have had in the mark during the life of the agency immediately reverted to petitioner").

At this point, we conclude that Febal U.S.A., LLC, could not have filed and truthfully asserted that it was the owner of the mark FEBAL USA or that it could obtain a trademark registration for that mark. To have done so would have been a fraud on the Office, because there was no reasonable basis to believe that it owned the mark.

However, Febal U.S.A., LLC did not file the application for the FEBAL USA marks. Mariner Ventures, Inc. is the identified applicant/registrant in both applications. Federal Circuit case law has recognized that there is no absolute bar to an entity with use in the United States registering a trademark despite earlier use of the same mark by a foreign entity outside the United States even if the U.S. entity was aware of the foreign use. *Person's*, 14 USPQ2d at 1480. Thus, under *Persons*, even if Mariner Ventures had seen petitioner's foreign use of the FEBAL mark, it may nonetheless have been able to register the mark

unless the foreign mark was well-known in the United States or it was used to block the planned expansion of the foreign owner into the United States. However, unlike *Person's*, respondent in this case is not simply an entity that adopted a mark it saw in a foreign country. Petitioner alleges that Mr. Della Casa and Mr. Wingate, who signed the exclusive distribution agreement with petitioner, arranged through respondent to apply for the marks at issue here.

The evidence supports petitioner's argument. First, both Febal U.S.A., LLC and respondent have the identical mailing address. Second, Ms. Sawh attended the meeting on March 31, 1999, in which Mr. Della Casa signed the distribution agreement with petitioner. The distribution agreement acknowledged petitioner's rights in the mark. Subsequently, Ms. Sawh signed respondent's FEBAL USA and design application's amendment to allege use and the FEBAL U.S.A. application in which she asserted that respondent was the owner of the mark. *Zanotti Ex. J* ("She believes applicant to be the owner of the mark sought to be registered") and *N* ("she is properly authorized to execute this application on behalf of the owner of the mark sought to be registered and that he/she believes that applicant to be the owner of the trademark/service mark").⁵ Also, Ms.

⁵ The declaration is set up to apply to use or intent-to-use situations. Respondent points to the intent-to-use clause, which does not refer to the "owner" of the mark, and argues that the

Sawh is listed as the Registered Agent of Febal U.S.A., LLC. Zanolotti Ex. G. In addition, in prosecuting respondent's FEBAL USA and design application, Ms. Sawh signed at least one paper as Secretary of "Febal U.S.A." Zanolotti Ex. I.

Finally, respondent submitted a "photo story on Applicant's products in *Casa & Estilo*" magazine. Zanolotti Ex. L at 1-2. The article actually refers to "Febal USA," not Mariner Ventures, Inc. (Zanolotti Ex. K (English translation)):

Two partners, Rick Wingate and Paolo Della Casa - each with more than 20 year[s] ... created the firm Febal-USA.

Pioneer of design and technology, Febal-USA employs 3-D Cad-Cam...

But, fortunately, I also comprises [sic] the business ethics in U.S.A., that requires service and trust. I can offer, after, the best of two cultures, that allow a benefit of FEBAL USA.

In the Autumn of 2000, FEBAL-USA will open a salon...

The free contact number of Febal-USA is ...

The evidence of record convinces us that Mariner Ventures, Inc. worked in tandem with Febal U.S.A., LLC to

declarant only "believed that she [sic] was entitled to use the mark in commerce and that to her knowledge no other entity had the right to do so." Brief at 13. Respondent is not correct. The application was based on applicant's use of the mark in commerce under 15 U.S.C. § 1051(a) and not its intent to use under § 1051(b). In an application pursuant to § 1(a), a declaration of intent to use is insufficient because the mark must have been in use prior to the filing date of the application. Therefore, the examining attorney was relying on respondent's declaration of ownership when the mark was approved for publication.

register trademarks that Febal U.S.A., LLC could not register itself because it was a distributor, which did not have any right to register the mark. Petitioner "was not required to pry an admission out of [respondent's] representatives on the stand in order to meet its burden of proof." *United Phosphorus Ltd. v. Midland Fumigant Inc.*, 205 F.3d 1219, 53 USPQ2d 1929, 1933 (10th Cir. 2000). There is an overlap in the personnel of both entities that would have been aware of this limitation on Febal U.S.A., LLC's rights. *Mastic Inc. v. Mastic Corporation*, 230 USPQ 699, 702 (TTAB 1986):

Applicant, at the time of its first use, was still a part of opposer's organization and privy to opposer's plans for ACCORD. Mr. Gruber has testified that the thrust of opposer's promotional program was to be [in] the United States and other English speaking countries. Applicant has questioned why it took opposer from the time of the stock sale in late 1982 until 1984 to actually get into the U.S. market but has not otherwise contradicted Mr. Gruber's testimony. It seems to us, therefore, that applicant must be charged with knowledge of opposer's intentions with respect to the U.S. market.

Under *Person's*, if respondent knew of petitioner's mark but it believed that petitioner did not have rights in the United States, it could have commenced its own use of the mark. On the other hand, respondent could have itself sought to become an exclusive distributor of petitioner's products. However, a party cannot both negotiate an exclusive distributorship agreement with petitioner and work with another entity to register that same mark that it was

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prohibited from registering in its own name. Under these circumstances, respondent cannot escape the case law that clearly holds that, without evidence to the contrary, the foreign manufacturer retains ownership of the mark instead of the exclusive distributor.

Therefore, when statements were made in application Nos. 75672290 and 75859414 that Mariner Ventures, Inc. was the owner of the marks, they were made knowingly. They were also false and material to the application inasmuch as the Office would not have published the mark for opposition or registered it if the applicant was not the owner of the mark in the United States. Thus, respondent has committed fraud in procuring these registrations and respondent's registrations must be cancelled.

Decision: The petition to cancel Registration Nos. 2408536 and 2439999 is granted.