

BULKY DOCUMENTS

(Exceeds 300 pages)

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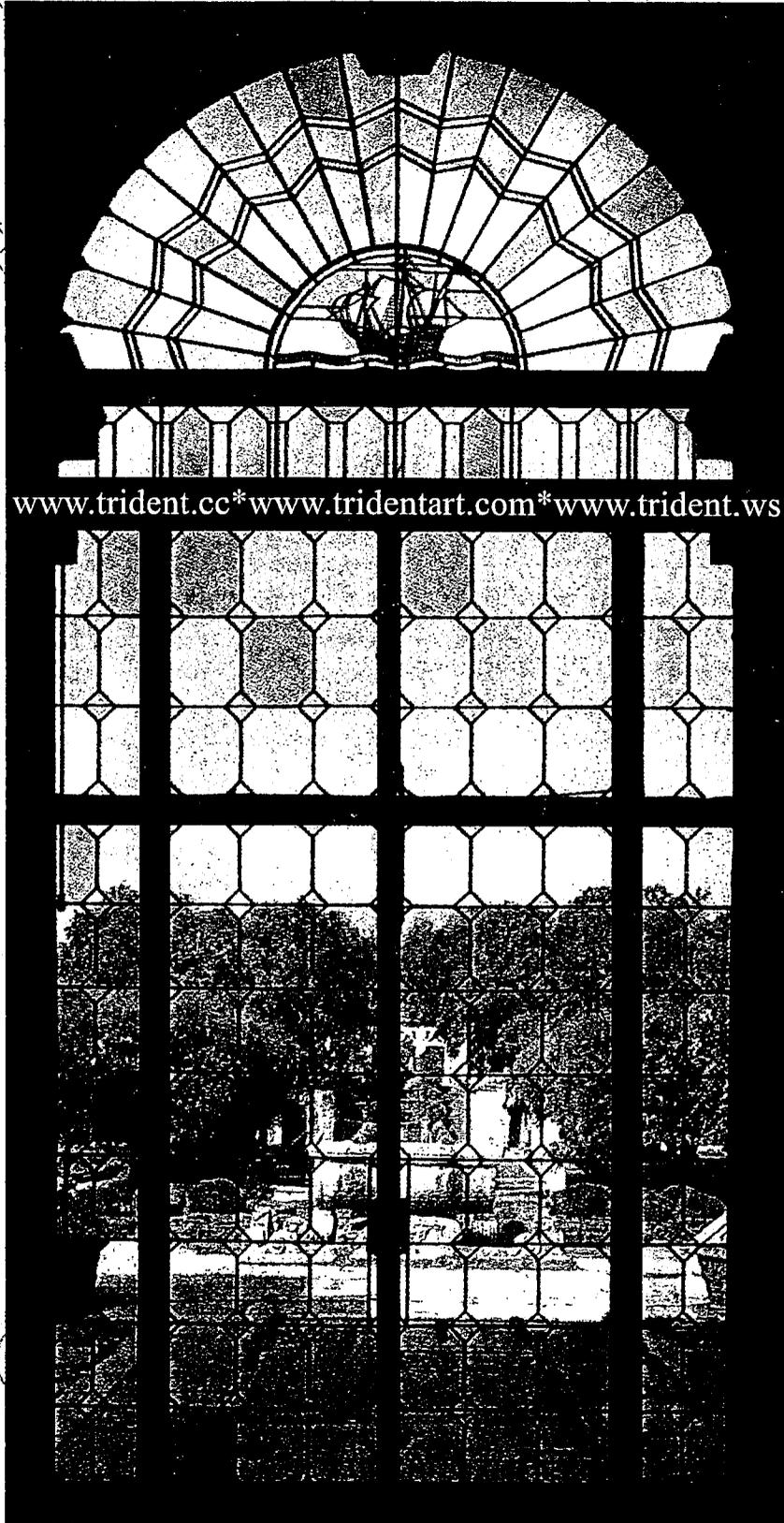
**Title: petitioners memorandum of law in support
of its motion for summary judgment**

Part 3 of 3



Processed by Curtis Puryear

TRIDENT



www.trident.cc*www.tridentart.com*www.trident.ws

2001



Fine Artists' Materials

TRIDENT is one of the largest and most complete factories of Technical Drawing Material and Fine Artists' Supplies in the World.

Forty Five years of research and dedication has placed our company at the top of the Fine Artists' Materials industry.

Quality, dedication and customer service are part of the manufacturing and selling process at Trident.

Extremely proud of the long road we have traveled to bring the retailers and wholesalers products that they can display in their stores and sell with pride.

Besides the products shown in this catalog, Trident manufactures a large quantity of specialty products.

Trident also supplies custom-made products to over 6000 Private Companies and Governmental Agencies.

OUR PERSONAL GUARANTEE

We guarantee all of our products to be of the finest quality.

If you are not satisfied with any item, please return it within 7 days of purchase and we will happily credit your account.

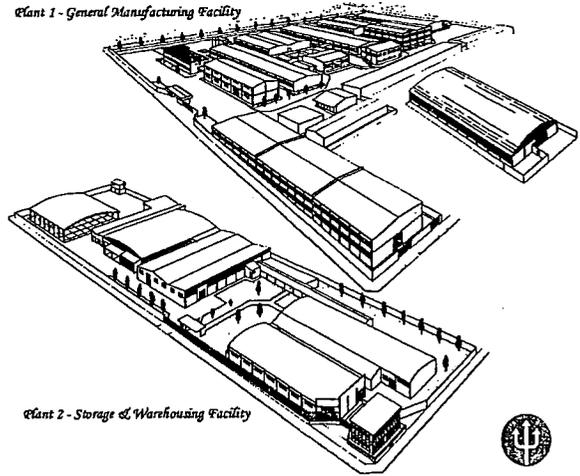
To thank all of our loyal Trident customers for coming back and to invite you to try new products that we (and you) really believe in, we are offering drop shipping (ask for details).

See for yourself what uncompromising values the Trident line has to offer any time of the year.

Please contact me, Herbert E. Moebius, I will make sure to provide your company with unparallel customer service and satisfaction guarantee.



Herbert E. Moebius
General Manager

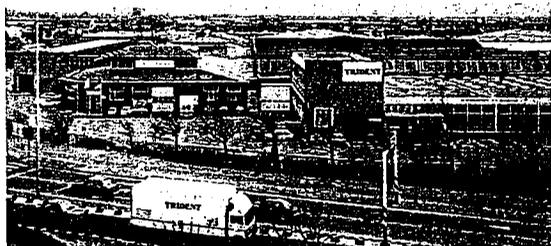


Superior Quality and Great Prices means Bottom Line Savings!

The bottom line is that we will save you money, time and headaches. Our unconditional guarantee means that we don't cut corners on quality or service. We earn your business on every order. Try us once and you'll see the TRIDENT difference: the fine easels you need, the prices you want and the service you deserve, everytime...guaranteed!

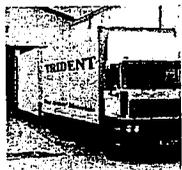
The Best Service and Same Day Shipping

Our knowledgeable customer service staff is here to answer your questions and make sure that your needs are met every time you call or fax us. For questions about wood grade, finish and hardware or what type of easel, drafting table, etc. is best suited for your particular clientele. Call us toll-free and we can make a recommendation, backed up by our 100% guarantee.



Superior Quality at the Best Price

Almost all of our products are manufactured in our own factory to our own sizing and material specifications. This ensures consistent quality and allows us to guarantee everything we sell! Our business has grown over the years by creating satisfied customers. Our low price will get you to buy once, but our consistent level of quality and service will bring you back again and again.



Our Extensive Inventory Can Help Control Yours!

You can call or fax anytime and be confident that any of the products shown on this catalog are always in stock and ready to ship. This means better inventory control for you, resulting in greater efficiency and cost-effectiveness.

Customer Satisfaction Since 1957

For 44 years TRIDENT has been a manufacturer of Fine Artists' Materials.

In this time we have quietly grown into one of the most prominent easel companies in the country, one satisfied customer at a time.

Always A Satisfied Customer! Our 7-Day Return Policy

We're confident that all of our products will meet the level of quality you expect every time. If, for any reason, you are not completely satisfied you may return them within 7 days for replacement or credit ... no questions asked. It's that simple. (Less Shipping Charges)

Call or Fax To Place Your Order

1-800-874-3368

NATIONWIDE & CANADA

FAX 1-561-615-0082

**Every order is delivered to you
via UPS Ground Service or truck carrier.
Same Day Shipping Available**

Drop Shipping

Place your order by 11AM EST and we will ship it that same day. For your express service needs, we also offer shipping via Next Day or 2nd Day air service for an additional charge.

Please ask us for DROP SHIP terms & quotes on your purchase order, no matter the size.

TRIDENT

www.tridentart.com

www.trident.cc

www.trident.ws

Pompano Beach, FL 33069

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Terms & Conditions: See page 19 for details.

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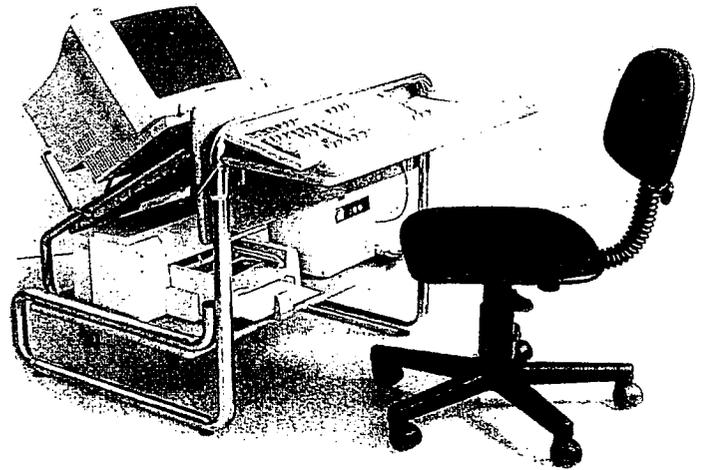
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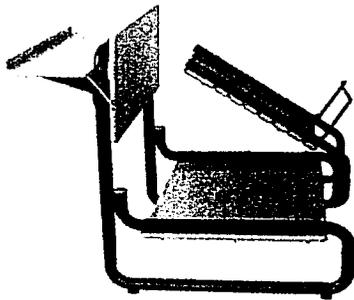


Apldot Computer Workstation II



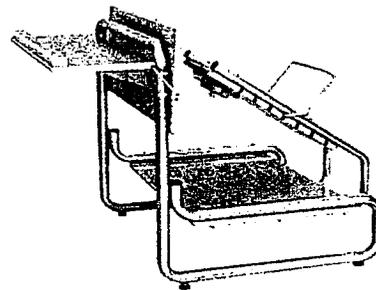
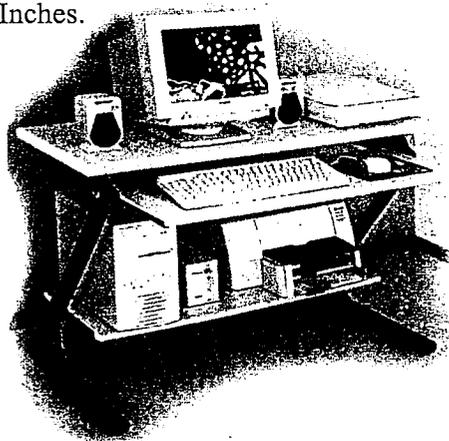
Apldot Computer Workstation

The keyboard height is 26" and it can be adjusted to 29". The depth is 36" with a 31" length. The platform at the bottom of the workstation is 27" x 19" Inches. Choose between the steel or the black baked paint for long lasting beauty. Rubber feet have been added to protect the finish. The 2000 WORKSTATION also has a top that you can fold backwards and use as a drafting table top. You can also drop it forwards to keep it hidden.



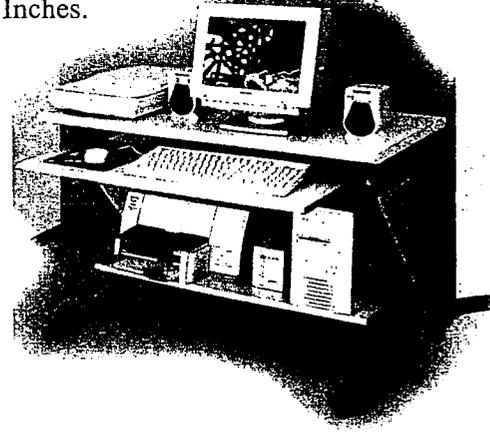
Gaveta II

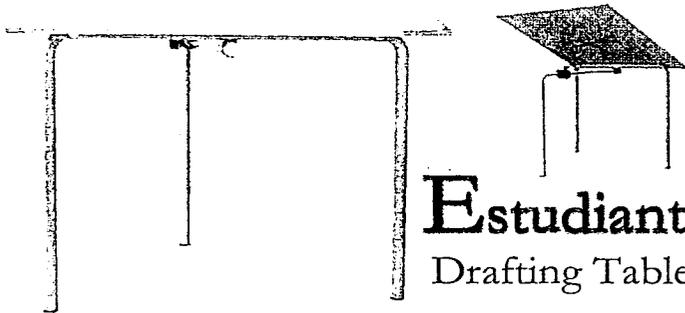
A complete computer workstation with a sliding rack for your keyboard and plenty of space for your Computer, Monitor, Scanner, Speakers, Printer, Mouse & plenty more. It has a height of 31". The Melamine Wooden Table Top is 43" x 20". The sliding keyboard and mouse rack is 14" x 31" cm. The lower Melamine Wooden Top is 14" x 35" Inches.



Gaveta

A complete computer workstation with a sliding rack for your keyboard and plenty of space for your Computer, Monitor, Scanner, Speakers, Printer, Mouse & plenty more. It has a height of 31". The Melamine Table Top is 43" x 20" cm. The sliding keyboard and mouse rack is 14" x 31". The lower Melamine Top is 14" x 35" Inches.

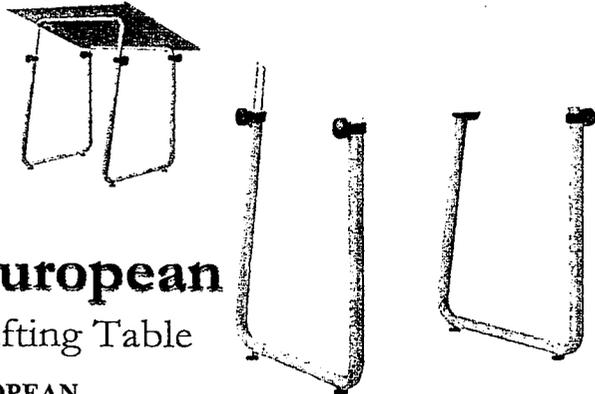




Estudiante Drafting Table

ESTUDIANTE

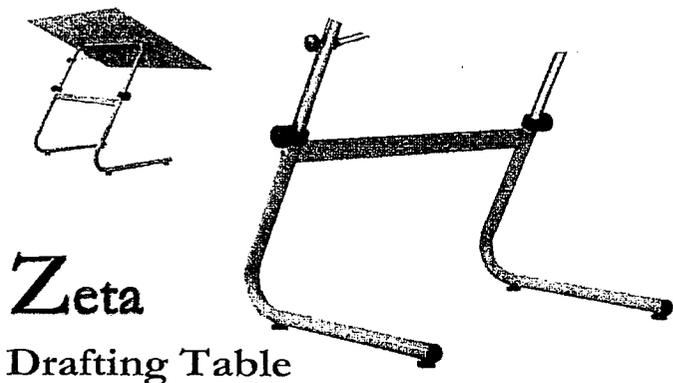
Innovation at its best. A simplified system of tilting the top while keeping the table firm and stable. Folds flat for easy storage. It comes with a 39" x 31.5" or 31.5 x 24" Inches - Melamine top. A must for every student. Very functional. The base has a height of 29" and the top has an inclination from 0 to 45 degrees.



European Drafting Table

EUROPEAN

The proven system of inclination & elevation combined in a beautiful steel drafting table. Knobs allow you to control the height and tilt with ease. It comes with a 31.5" x 24" or 39" x 31.5" Inches - Melamine top. The base at 29" tall allows the top a degree of inclination from 0 to 45 degrees and when the base is at a height of 37", the top has a 0 to 15 degrees of inclination.



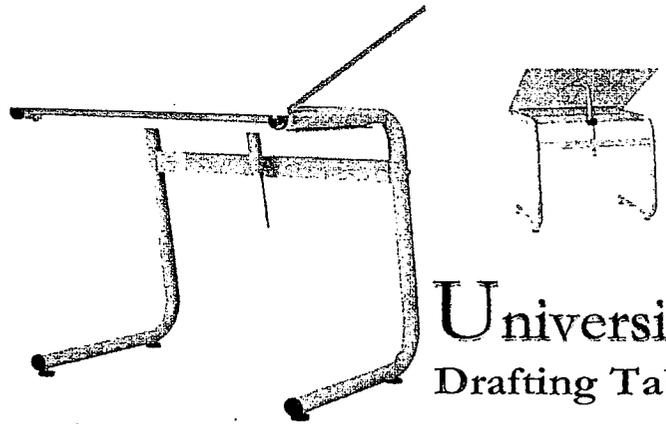
Zeta Drafting Table

ZETA

You can easily adjust the top by loosening the knobs. The Z design has been around for decades and has proven to be one of the best. The ZETA comes with a 47" x 35" Inches - Melamine top. Excellent for any professional or student. The base goes from 29" to 37" tall and has a degree of inclination from 0 to 90 degrees.

UNIVERSITARIO

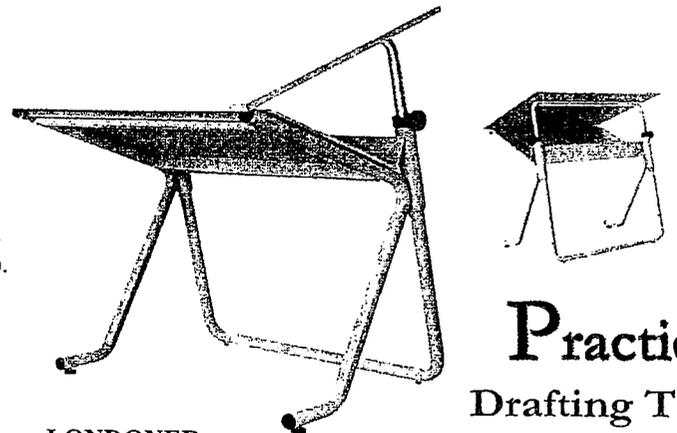
Innovative lift system. Extremely practical & functional. This drafting table is 29" tall with the top having an inclination rate a 0 to 45 degree and comes with a top 31.5" x 24" or 39" x 31.5" Inches wide - Melamine top.



Universitari Drafting Table

PRACTICA

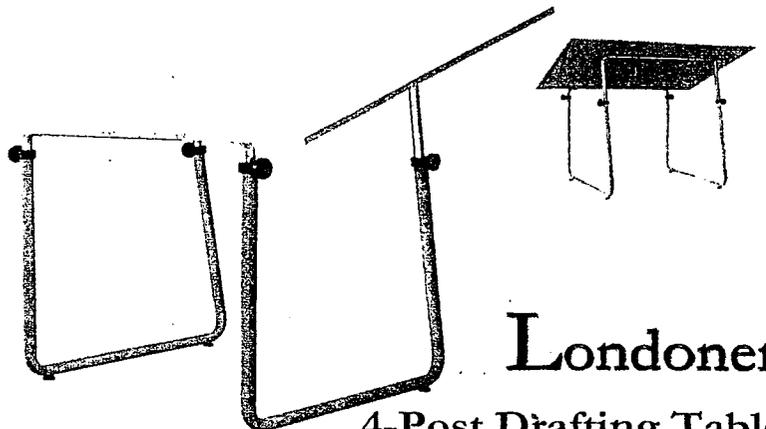
Just by loosening two knobs, the Practica drafting table folds saving you space when not in use. The Practica is by far the most revolutionary steel constructed drafting table. The A model comes with a 31.5" x 24" or 39" x 31.5" Inches - Melamine top. The base has a height of 29" and the top has an inclination from 0 to 45 degrees.



Practica Drafting Table

LONDONER

The proven system of inclination & elevation combined in a beautiful steel drafting table. Knobs allow you to control the height and tilt with ease. It comes with a 47" x 35" or 59" x 39" Inches - Melamine top. The base at 29" tall allows the top a degree of inclination from 0 to 45 degrees and when the base is at a height of 37", the top has a 0 to 15 degrees of inclination.



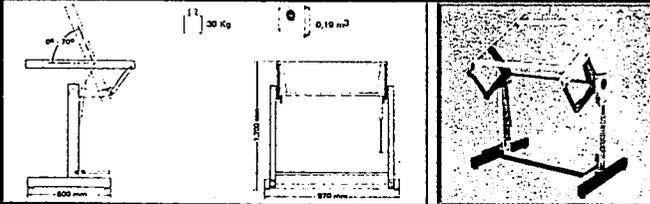
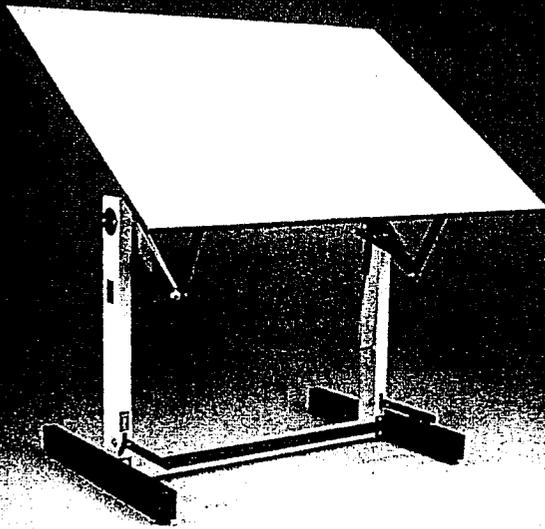
Londoner 4-Post Drafting Table

Proudly representing the finest adjustable drafting tables the art materials industry has to offer.

Legend

Hydraulic Balancing Control

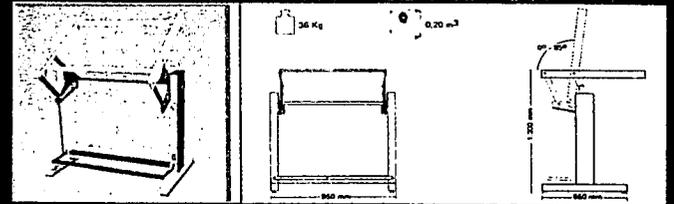
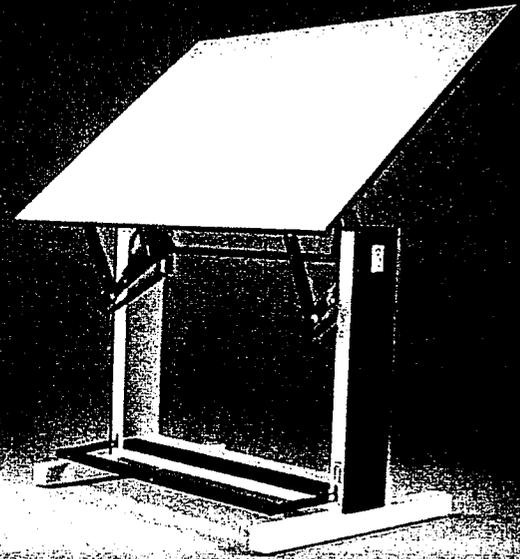
Professional model with hydraulic balancing controls. Hydraulic pistons allow smooth adjustment of slant and height. Lifting the foot rest lever allows the simultaneous adjustment of slant and height. Friction plates and sturdy construction easily support any equipment mounted on the board. Base with a 59" x 39" White Melamine Top included. Cat. No. 700040.



Omega

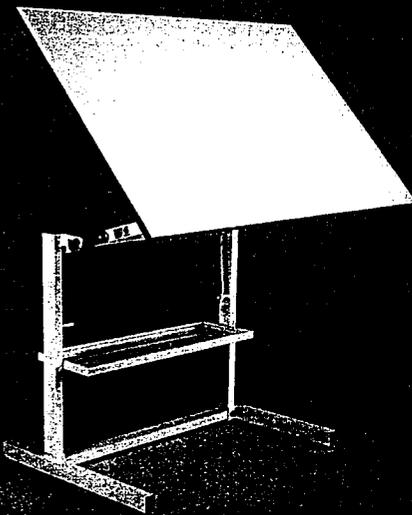
Hydraulic Balancing Control

Professional model with hydraulic balancing control. Hydraulic pistons allow smooth adjustment of slant and height. Sturdy construction easily supports any equipment mounted on the board. Millimetrically adjustable supports on the legs permit perfect leveling. Base with a 59" x 39" White Melamine Top included. Cat. No. 700050

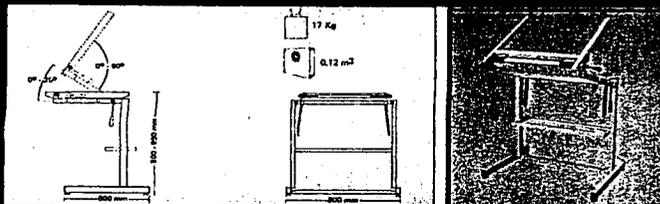


Vision

Spring Balancing Controls

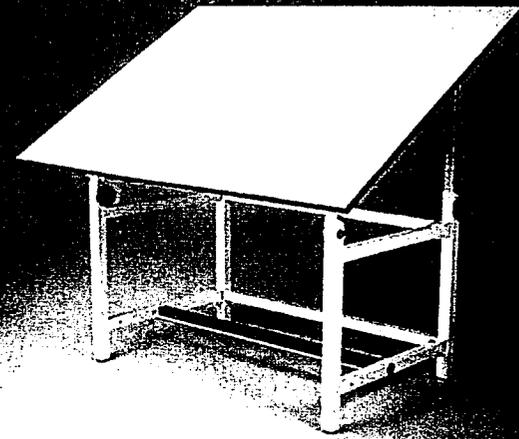


Modern and very functional design with spring balancing controls. Lever controls permit adjustment of slant and height. Includes a useful instrument tray. Millimetrically adjustable supports on the legs permit perfect leveling. Base with a 47" x 35" White Melamine Top included. Cat. No. 700020

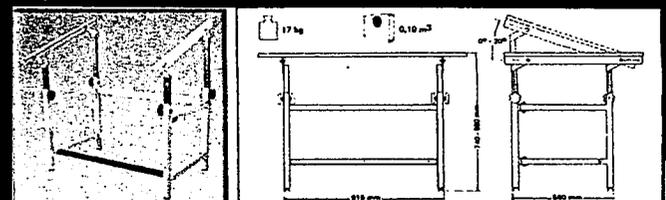


Classic

Four Post Drafting Table



Traditional extra-sturdy model easily supports any equipment mounted on the board. Includes foot-rest and controls for slant and height adjustment. Folding legs allow easy storage. Base with a 79" x 49" White Melamine Top included. Cat. No. 700070



Deluxe Taboret

A valuable accessory for any studio. Made of hardwood and steel on black casters. Two 2 1/2" deep drawers lock simultaneously with key provided. Includes three PVC tubes and a metal storage rack on the sides of the unit to hold rolled media, maps and magazines. An open shelf at the bottom provides additional storage space. Dimensions are 13" wide x 16" deep. Weighs 40 lbs. Cat. No. 700002

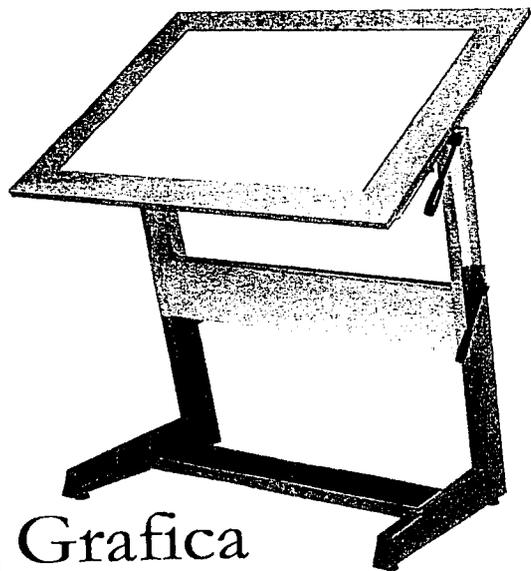
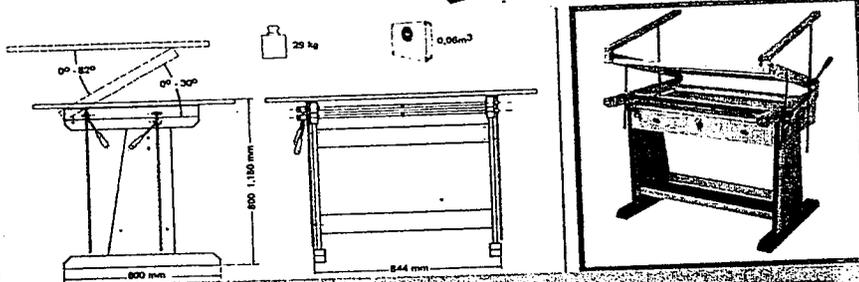
Deluxe Wooden Stool

Crafted in beautifully finished solid Ivory Wood. Varnished. Very strong. Second to none in its class. Three popular artists' sizes. Padded stools also available on special order. Cat. No. Size 765471-18", 761632-24", 766792-30".

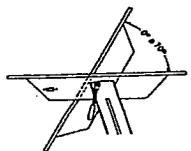
Deluxe Drafting Table

Specially treated and varnished hardwood is used in the manufacturing of this fine drafting table. The inclination and lifting levers are both positioned on the same side as to permit firm locking and ease of use. It will accommodate a lamp and a technigraph.

Purchase Individually or as a Package

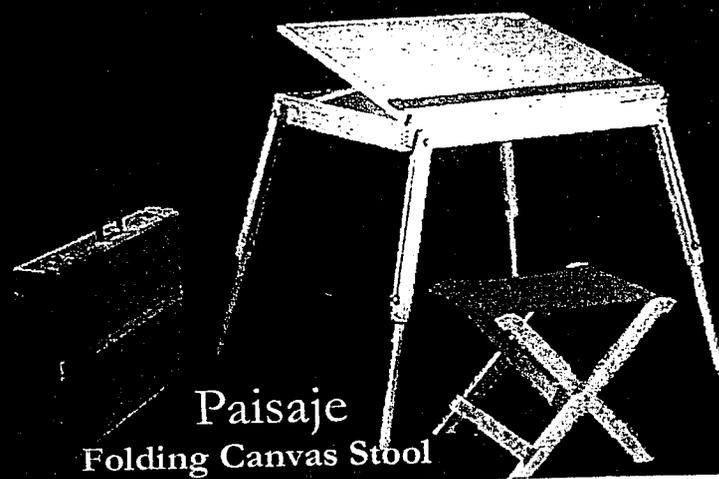


Grafica



Coronado

Portable Drawing Table w/ Parallel Straightedge



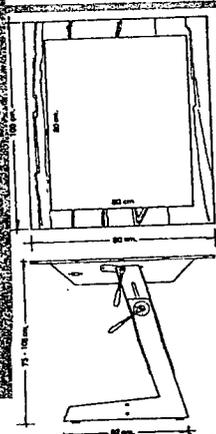
Paisaje
Folding Canvas Stool

Hardwood construction. Light and sturdy. Briefcase shape when collapsed allows easy transportation and storage. Telescoping legs facilitate leveling on any surface. Ample inner space provides room for Trident canvas bench model 4820 and other drawing equipment.

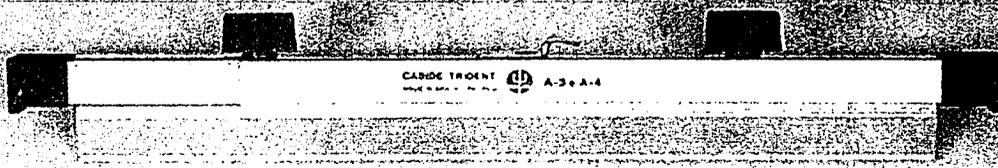
Purchase Individually or as a Package

Adjustable Light Table

This light table is made to the specific requirements of tracers, cartographers, filmsetters, studios and advertising agencies and all other applications where transparencies are utilized. The angle of adjustment of the light box is insured by a special hinge mechanism which the light box can be fitted. Four 20 watts 100 volt tubes with glass and opal acrylic light diffusers (standard in white panel and clear glass) provide a fine, natural finish. With the use of two easily adjustable springs and perfect counter-balance you will maintain the optimal elevation adjustment. Drawing board frame made of fine, clear hardwood. Size 24" x 36". Press the superior of line art you will be able to utilize about different angles.



2002 Blueprint Holders

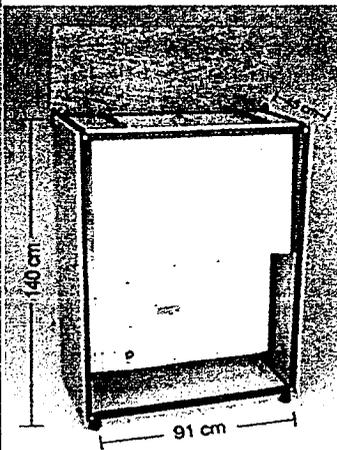


Binders

Model	SHEET SIZE			
CAB A0/1	A0 (48.5" x 34.5")	A1 (34.5" x 24.5")	14.7 Lbs.	10 PACK
CAB A2/3	A2 (24.5" x 17.7")	A3 (17.7" x 13")	8.2 Lbs.	10 PACK
CAB A3/4	A3 (17.7" x 13")	A4 (13" x 9.4")	6.3 Lbs.	10 PACK

The Trident Binders are manufactured by using heavy gauge anodized aluminum, this allows the channel to hold as many as 100 sheets. Trident carries three different size binders that accomodate the following sizes A0, A1, A2, A3 and A4.

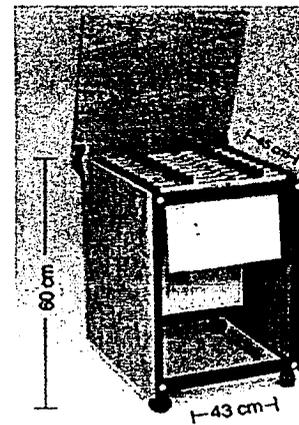
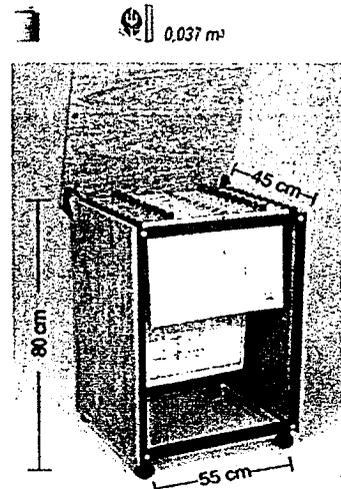
Trident - Rolling Stands



Model
MAP -A 0/1



Model
MAP -A 2/3



Model
MAP -A 3/4



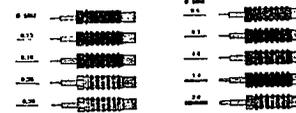
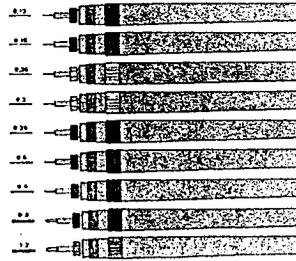
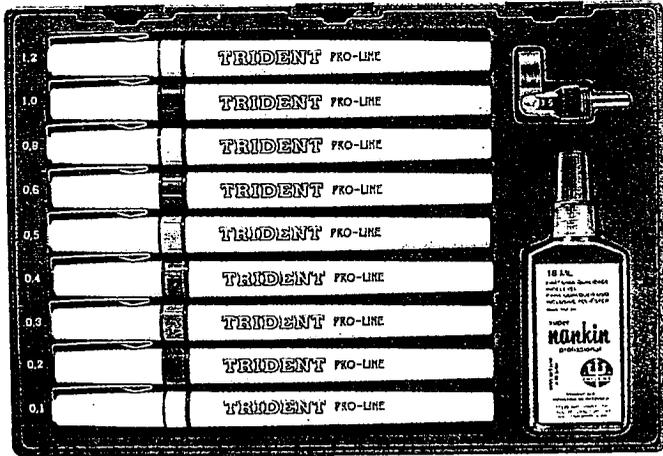
This stand is designed for sheet sizes A0 (48.5" x 34.5") and A1 (34.5" x 24.5"). The MAP-A0/1 will hold up to 10 binders.

This stand is designed for sheet sizes A2 (24.5" x 17.5") and A3 (17.7" x 13"). The MAP-A2/3 will hold up to 10 binders.

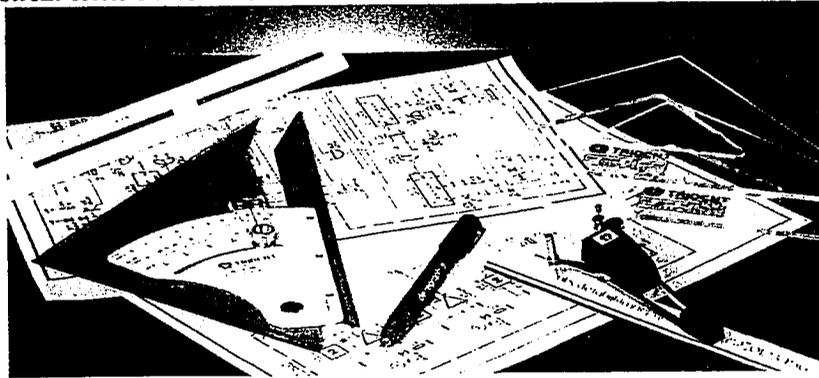
This stand is designed for sheet sizes A3 (17.7" x 13") and A4 (13" x 9.4"). The MAP-A3/4 will hold up to 10 binders.

Trident Tech Pen Set

"Double Dry Seal System"



TRIDENT DESEGRAPH Technical Pens are produced under the most rigorous TRIDENT quality and accuracy standards. Desegraph pens feature the revolutionary "DOUBLE DRY SEAL SYSTEM" against ink drying. Perfect adjustments and an exclusive air feeding system with atmospheric pressure compensation to prevent in leakage, skipping or blotting. Available with stainless points individually or in attractive sets of 3 or 7 technical pens. Replace points are interchangeable with the Rotring or Koh-I-Nor brand of technical pens at a substantial savings. Cat. No. Set Size 550003 3 Pen Set - 550007 7 Pen Set - Individual Pens

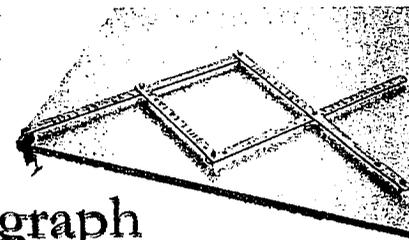


Pantograph

25-Ratio

TRIDENT Wooden Pantograph enlarges, reduces and copies in size. Made of special well-dried hardwood, 21" bars with 25 r. Graduations are die sunk and holes carefully drilled. Nickel metal t and lead holder point. Includes permanent anchor and table cl

Cat.No. 600012 Ratio 25



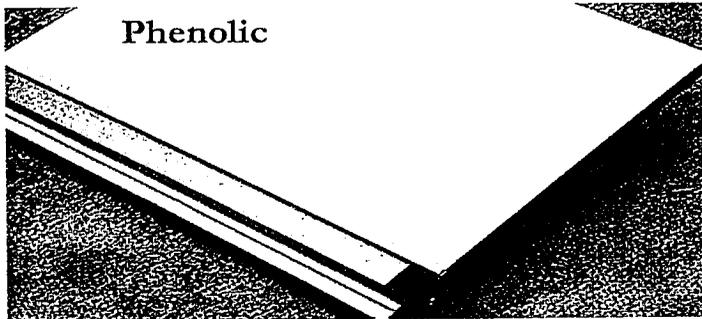
Adj. Triangles, Scales & Beveled Triangles

Precision Cut

Adj. TRIANGLES 1.- Machine cut and polished 0.12" thick tinted acrylic with beveled inking edge. 2.- Protractor section riveted to unit for extra durability. 3.- All metal parts made of chromium-plated brass. 4.- Bolted at point of aperture. 5.- Photo chemically engraved graduations will not wear off. Small and accurate operation. 6.- Includes protective vinyl envelope and box. 7.- Trig-function adjustable triangle. 8.- Includes three sets of graduations: degree 0 to 90 degree, slope and with tangents and secants scales. 9.- Base 10 scale for decimal reading.

Parallel Straightedge

Phenolic



PARALLEL STRAIGHTEDGE Phenolic w/acrylic edge

Features the phenolic straightedge with polished acrylic edges, finger lifts, anodized aluminum protection for the cord along the straightedge, brass pulleys and perfect alignment. The aluminum edge is removable in order to permit cord installation and replacement. Also includes the complete set of fittings and the corresponding cord.

6	Cat. No.	Size	Cat. No.	Size
	600300	30"	602400	42"
	606300	36"	608400	48"

SCALES/RULERS

TRIDENT professional quality triangular scales are available in two different models Architect and Engineer. Permanent embedding color coding. Precision calibrated, fully engraved graduations, fully engraved graduations which are highly resistant to wear. Compass points drilled into zero's to facilitate the use of dividers and compasses. Individually packaged in a protective vinyl sheath.

Cat. No.	Type
405387	ARCHITECT
406387	ENGINEER

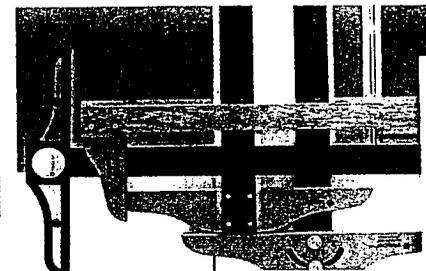


TRIANGLES

TRIDENT Extra Sturdy Triangle features machine cut and quality. Available in 0.12" and 0.08" thick ultra transparent acrylic. Also includes finger lifts and smoothly polished edges. A 60 triangle is measured on the longest cathetus, LC, and measured on the length of the two equal sides, C. Two triangles considered a set if LC for a 60 degree is two inches longer for a 45 degree.

T-Squares

Polished Acrylic Edge



"T" Squares

53 Series Wooden "T" Square features polished acrylic unbreakable plastic head and specially treated durable resistant hardwood.

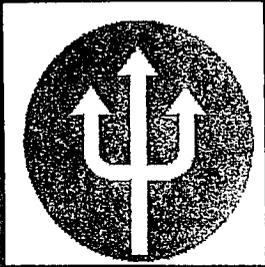
Cat. No.	Size	Cat. No.	Size
604235	24"	606335	36"
600335	30"	602435	42"

Proudly representing the finest drawing & drafting supplies the art materials industry has to offer

KID'S ROOM™

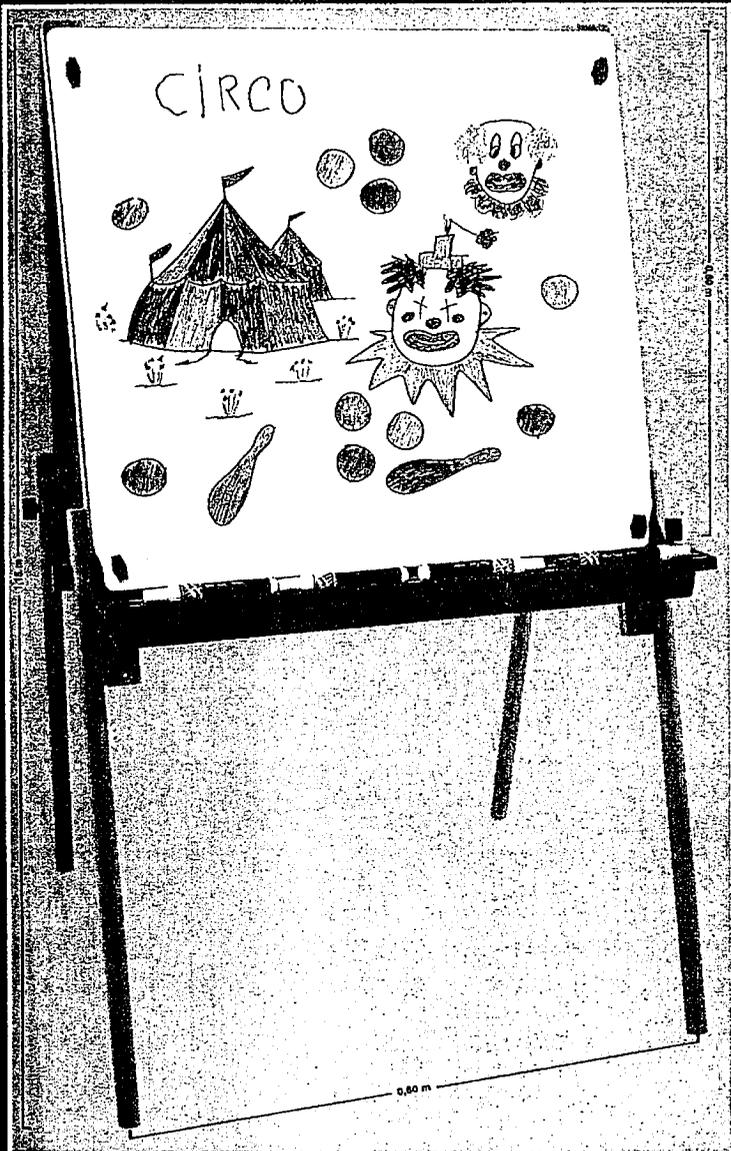
DOUBLE-SIDED EASEL

ENCOURAGE BUDDING YOUNG ARTISTS



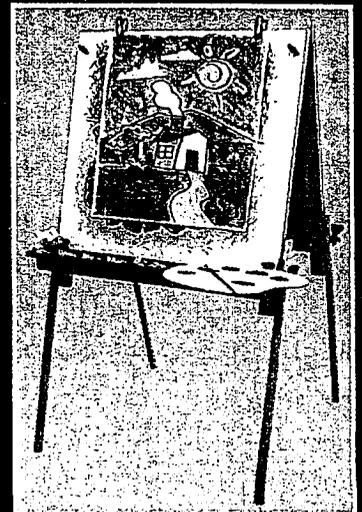
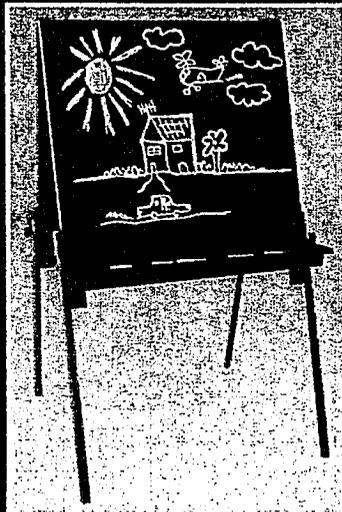
NEW & IMPROVED

KIDS LEARN DIFFERENT PAINTING & DRAWING TECHNIQUES



**ADJUSTABLE TO
3 HEIGHT POSITIONS**

EASY STORAGE & TRANSPORT



The wipe-clean melamine offers an excellent painting surface.

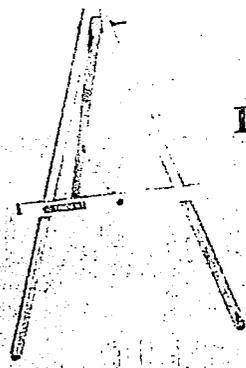
This double-sided style comes with a chalkboard surface on the back side.

Two butterfly clips are included to hold the drawing paper.

Deluxe Pro-Table Easel

Patterned after the large floor models, this easel is as functional as it is graceful. Made of fine quality wood with a clear lacquer finish. Holds a canvas up to 26" high. Overall height is 32". Fully adjustable.

Cat. No. 800202



Deluxe Canvas Carrier

Made of hardwood with lacquer finish. Slots hold two canvases up to 25" by any length. Paintings will not touch each other or the carrier. Metal handle.

Cat. No. 800102



Table Easel

Crafted in solid wood with a clear lacquer finish. Features include an adjustable tray, non-skid feet & chain for extra stability. Holds canvas up to 14".

Cat. No. 800802

Deluxe Pro-Field Easel

Crafted from solid hardwood, the Brown stands 72" tall and has a wide canvas tray and a top canvas holder. It also features non-skid feet and a fold away design for easy transportation and storage. Holds canvas up to 24" height. Weight is 7 lbs.

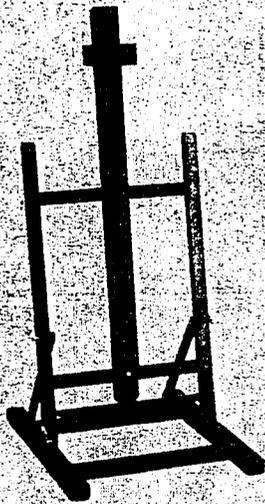
Cat. No. 800702



Pro-Field Easel

Widely used for display purposes. Fine furniture finish. Adjustable tray and non-skid rubber bumpers, makes this easel a favorite for students and beginners.

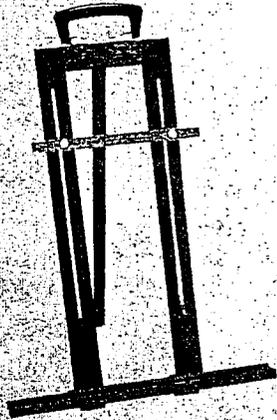
Cat. No. 800233



Display Easel

Superior to all others in its class. Crafted in solid wood with a clear lacquer finish for painting or display. Fold away legs make this model perfect for outdoor and indoor projects. Features include an adjustable tray, non-skid feet and chain for extra stability. Holds canvas up to 19".

Cat. No. 800902



Deluxe Pro-Table Easel

Functional and graceful, made of fine quality red oak with a clear lacquered finish. Patterned after large floor models. Overall height is 32". Fully adjustable.

Cat. No. 814202

Table Easel/Canvas Carrier

The chrome plated steel hardware and the lug-gate type handle assure ease of handling and portability. Crafted in solid wood. Holds canvas up to 20" high.

Cat. No. 800206

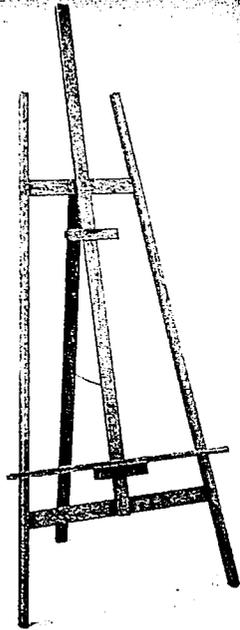


Table Easel/Canvas Carrier

A very popular model, holds up to 20" canvas. It stands 22" tall and doubles as a canvas carrier.

Bologna

Art Student Easel



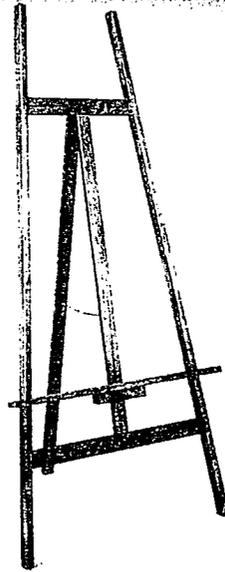
814204

*Deluxe Economy
Master Easel*

Space saving, portable easel is perfect for the studio artist. *Weighing 10 lbs., it transports easily and folds down quickly. *Features include a movable tray and top canvas holder to. Accomodate canvases up to 49" tall. Angle adjusts to desired position. *Stands 68.5" tall.

Giotto

Display Easel



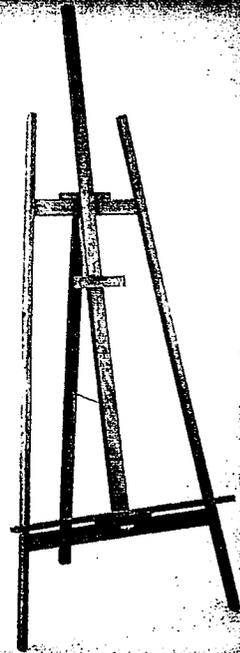
814203

*The Best Value
Display Easel*

Great as an attractive display easel. *Wood clamping unit secures tray. * Canvas tray has a slot for brushes or pencils * Stands 62" tall.

Noble

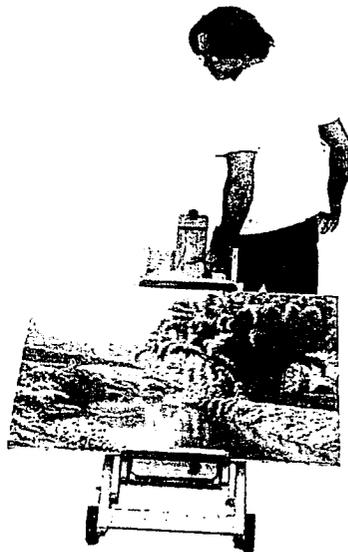
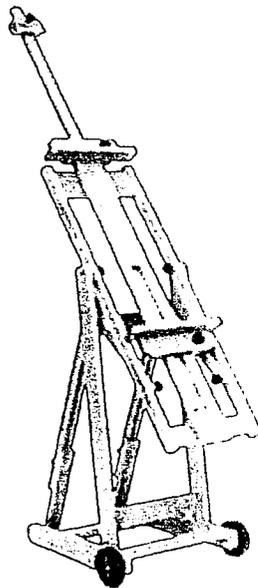
Master Easel



814232

*Priced Right
Studio Easel*

*Stable A-Frame Construction
*Non-slip ratchet
*Canvas & height adjustment
*Holds canvas up to 51"
*Perfect stability



Made By Trident
Louvre

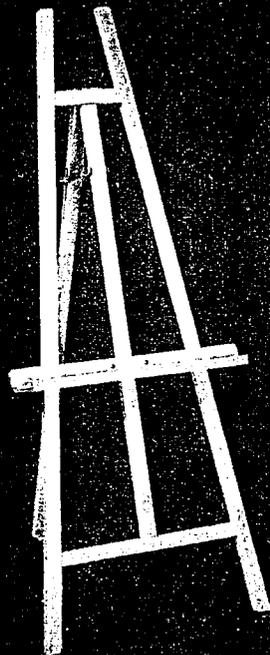


LOUVRE *Deluxe *Collapsible & Portable*

Adjustable to any angle. Holding canvases up to 60". Non-skid pads prevent sliding. Glides easily across surfaces on two wheels. Collapsible and portable. Canvas capacity 71". Normal height 51". Maximum height 83". Weight 22 Lbs. Cat. No. 812335

Columbia

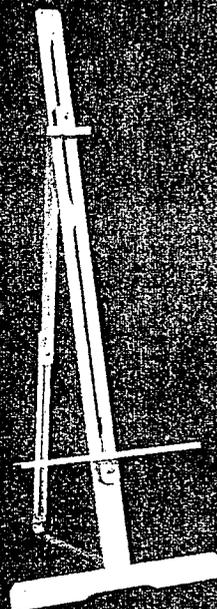
Deluxe Studio Easel



Weighing in at just 12 lbs., this easel is very portable. Move it from room to room or take it outdoors, and when it's not in use, it folds nearly flat for easy storage. Uniquely designed 3-point stability supports canvases up to 50" on an adjustable tray. Easel stands 62" tall, 23" wide. Cat. No. 800302

Harvard

Deluxe Studio Easel



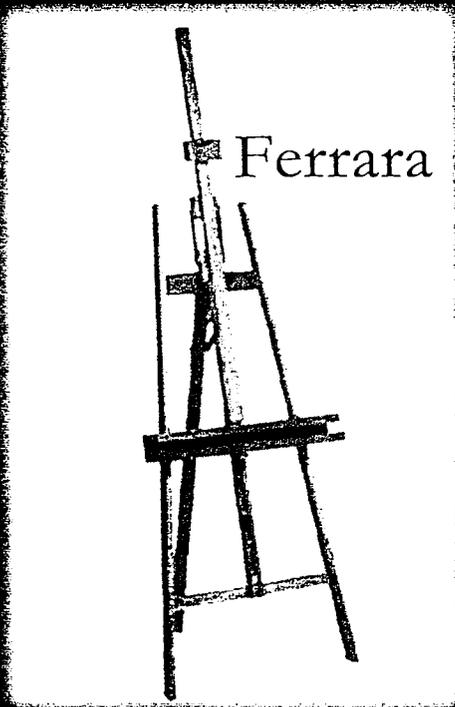
A very popular model of studio easel, features a wedge design that adds extra stability and prevents wobbling. The angle will adjust to just about any position. The movable tray and holder will support canvases up to 52" tall. Overall height: 79". Weight: 15 lbs. Cat. No. 800502

Dartmouth

Deluxe Master Easel



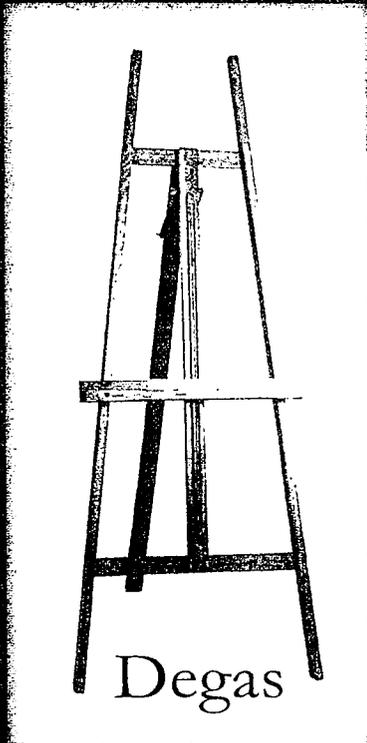
This space saving, portable easel is perfect for the studio artist. 68.5" high and weighing just 14 lbs., it transports easily and folds down or sets up quickly. Features include a movable tray and top canvas holder to accommodate canvases up to 49" tall. Angle adjusts to desired position. Cat. No. 800402



Ferrara

Deluxe Art Studio Easel

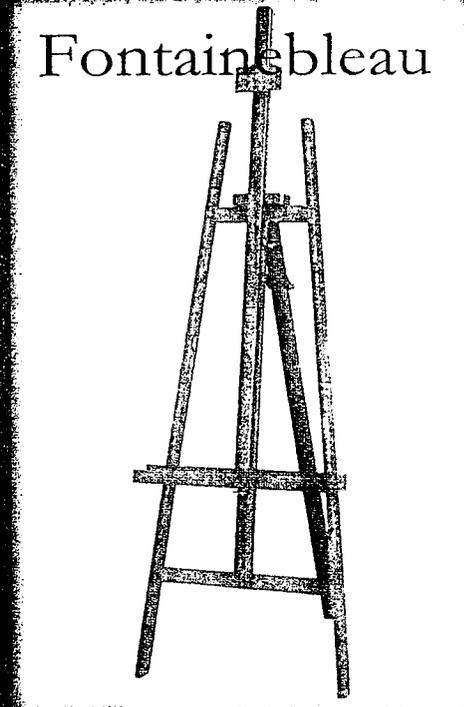
Studio Easel features vertical tilt, bringing canvas top into arms reach. Nonslip ratchet for easy canvas height adjustment. Fine furniture finish plus excellent stability. Holds canvas up to 51". W: 26", D: 26", H: 72". Cat. No. 800234



Degas

Deluxe Display Easel

The number one choice for art students. Great as an attractive indoor easel for displaying your priceless paintings. Wood clamping unit secures tray. Canvas tray has a slot for brushes and pencils. It stands 62" tall. Cat. No. 800235



Fontainebleau

Deluxe Studio Easel

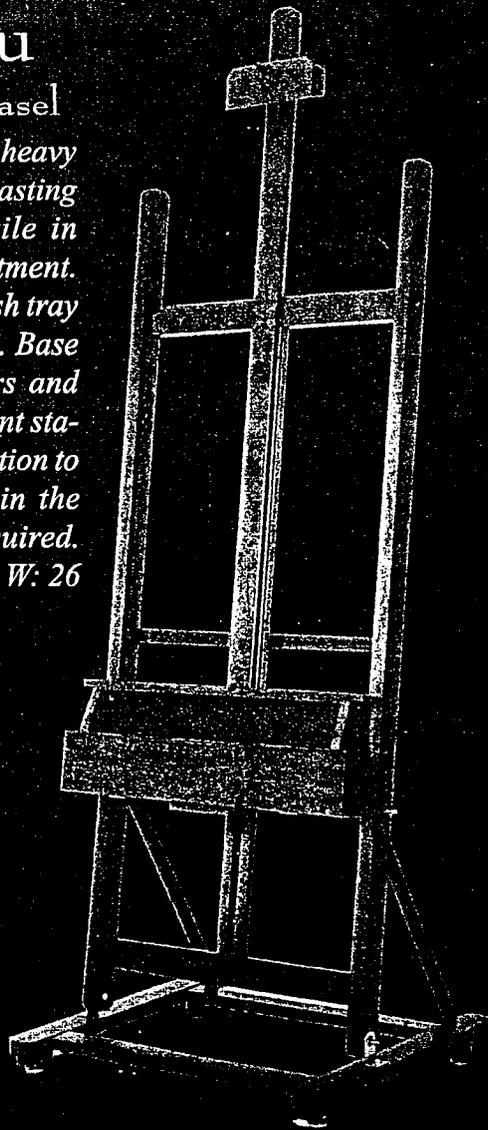
Stable A-Frame construction provides solid support and perfect stability. Nonslip ratchet for easy canvas height adjustment. Assembly required. Holds canvas up to 51". W: 26", D: 26", H: 72". Cat. No. 800232

Chantelou

Deluxe Studio Easel

Fine furniture finish, heavy duty construction for lasting use and very versatile in height and tilt adjustment. Cabinet front and brush tray below canvas support. Base equipped with castors and leveler feet for excellent stability. A beautiful addition to any studio or room in the house. Assembly required. Holds up to 53" high. W: 26 1/2", D: 25", H: 83"

Cat. No. 800220.

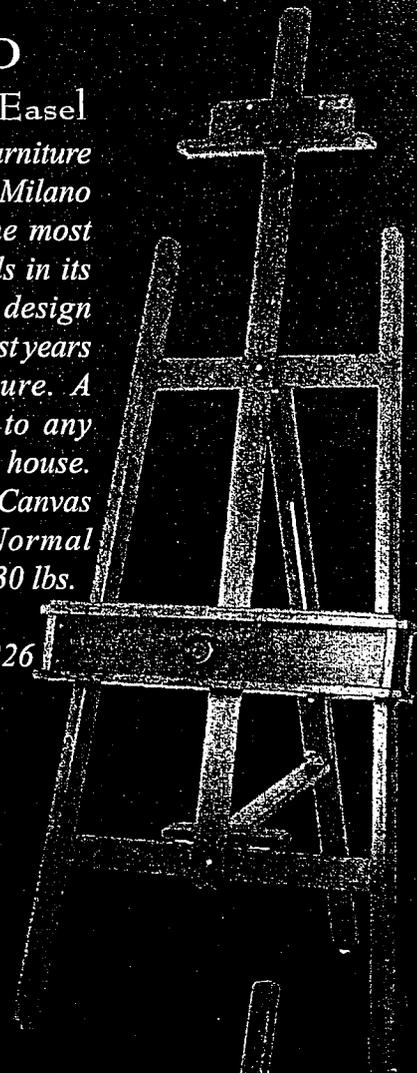


Milano

Deluxe Studio Easel

Finished like fine furniture and lacquered, the Milano stands as one of the most versatile large easels in its kind. A very solid design that will give the artist years of painting pleasure. A beautiful addition to any studio room in the house. Assembly required. Canvas capacity 64". Normal height 89". Weight 30 lbs.

Cat. No. 802226

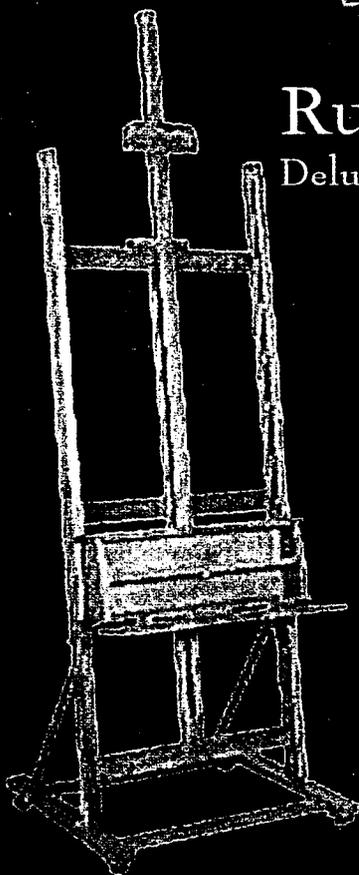


Rusia

Deluxe Studio Easel

Fine furniture finish, heavy duty construction for lasting use and very versatile in height and tilt adjustment. Front cabinet and brush tray below canvas support. Base equipped with castors and leveler feet for excellent stability. Crafted from oak. A beautiful addition to any studio or room in the house. Assembly required. Holds canvas up to 53" high. W: 26 1/2", D: 25", H: 83".

Cat. No. 814220

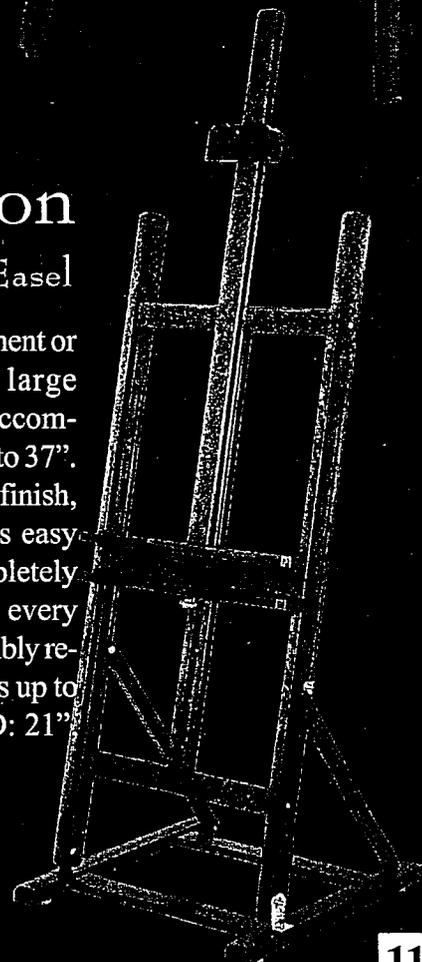


Avignon

Deluxe Studio Easel

Perfect for the apartment or small studio, but large enough to solidly accommodate canvases up to 37". With a fine furniture finish, and leveler feet, it is easy to assemble. A completely adjustable easel for every painting need. Assembly required. Holds canvas up to 37" high. W: 21", D: 21" H: 60".

Cat. No. 800221



Louvre

*Deluxe
Collapsible &
Portable*

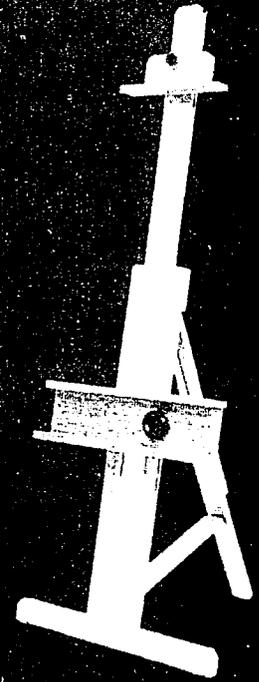
Adjustable to any angle. Holding canvases up to 60". Non-skid pads prevent sliding. Glides easily across surfaces on two wheels. Collapsible and portable. Canvas capacity 71". Normal height 51". Maximum height 83". Weight 22 Lbs. Cat. No. 812335



Grande

*Deluxe
Collapsible & Portable*

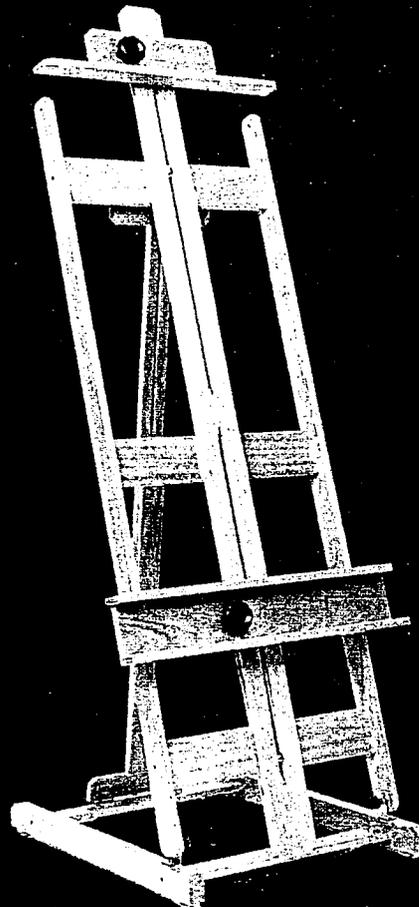
Adjustable to any angle. Holding canvases up to 60". Non-skid pads prevent sliding. Collapsible and portable. Sturdy construction. Made of solid oak with a fine lacquered furniture finish. Canvas capacity 67". Normal height 54". Maximum height 83". Weight 16 Lbs. Cat. No. 812334



Galeria

*Deluxe
Versatile Studio
Easel*

Made from select-oak insuring extra stability. Accommodates canvases of various sizes. Flexible enough to store just about anywhere. Adjust easily to various angles. Canvas capacity 71". Normal height 75". Maximum height 103". Weight 36 Lbs. Cat. No. 812332

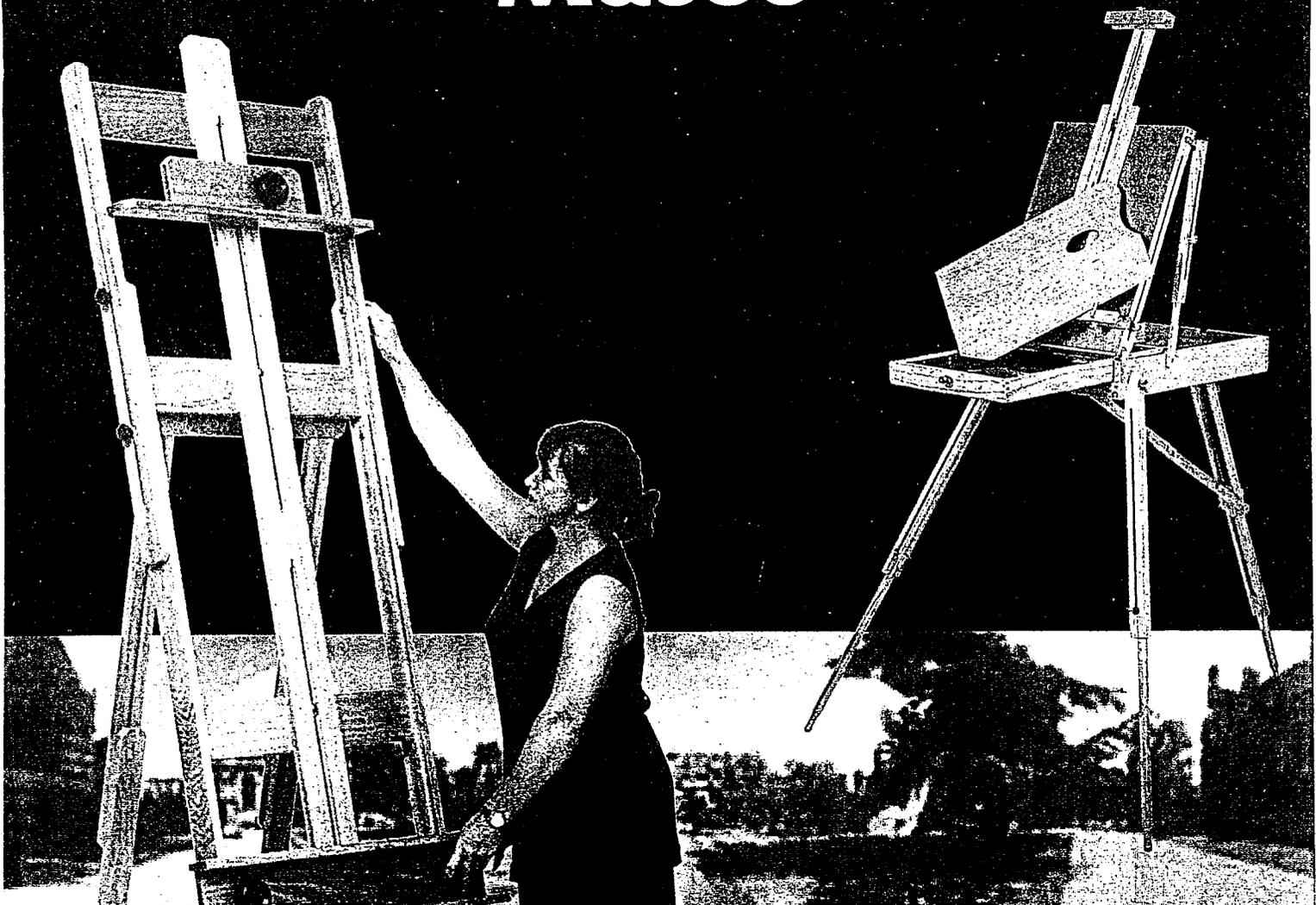


Museo

*Deluxe A-Frame
Easel*

Sturdy studio easel. Compact A-Frame holding canvas up to 66". Portable. The unique construction is designed for three point stability and maximum support. Made of solid oak with a fine lacquered furniture finish. Canvas capacity 63". Normal height 83". Weight 20 Lbs. Cat. No. 812333





Colosseum

*Deluxe
Studio Easel*

Made from select-oak with a fine lacquered furniture finish and designed for extra stability, the Colosseum is large enough to accommodate canvases up to 115" yet flexible enough to store flat. Adjust easily to various angles.

Normal height 79". Maximum height 154". Weight 44 Lbs.

Cat. No. 812331

El Greco Oak

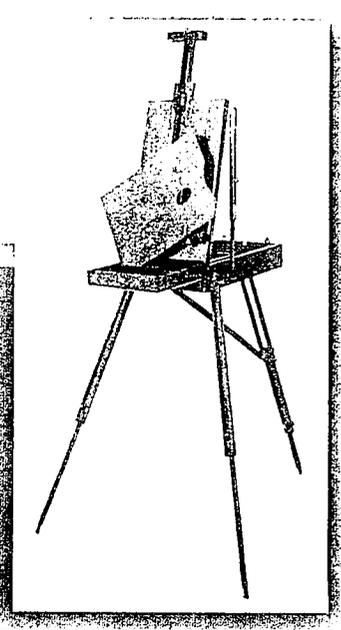
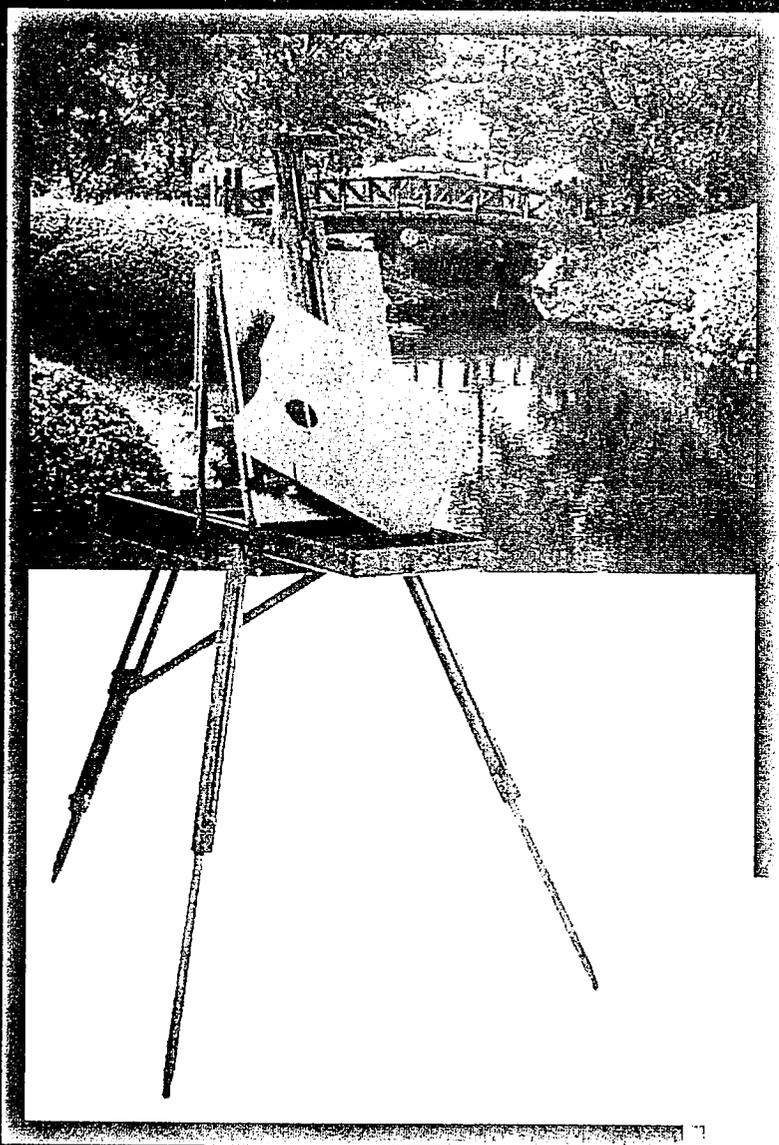
Perfect for painting outdoors, the El Greco easel is sturdy but lightweight (only 14 lbs.) and has a removable tin-lined drawer with four compartments for tools and paints. Extra storage space is under the drawer. The easel lid is fully adjustable for up to 33" canvas. Folds to 22 1/2" x 16" x 6" and sets up in 2 minutes. Superior lacquered finished OAK construction that includes quality brass fittings and hand stitched leather handle. Thanks to the matchless TRIDENT technology, El Greco has ball bearing attachments for the legs, which prevent the legs from wobbling or falling down while carrying. The El Greco also features an innovative mechanism to prevent the drawer from collapsing under extreme weight.



El Greco
 Mahogany
 Full Size

Perfect for painting outdoors, the El Greco easel is sturdy but lightweight (only 14 lbs.) and has a removable tin-lined drawer with four compartments for tools and paints. Extra storage space is under the drawer. A finished wooden palette is also included. The easel lid is fully adjustable for up to 33" canvas. Folds to 22 1/2" x 16" x 6" and sets up in 2 minutes. Superior lacquered finished mahogany construction that includes quality brass fittings and hand stitched leather handle. Thanks to the matchless TRIDENT technology, El Greco has

ball bearing attachments for the legs, which prevent the legs from wobbling or falling down while carrying. The El Greco also features an innovative mechanism to prevent the drawer from collapsing under extreme weight. TRIDENT is proud to introduce, the El Greco, the finest French easel in the last half century.



El Greco

El Greco
 Mahogany
 Half Box

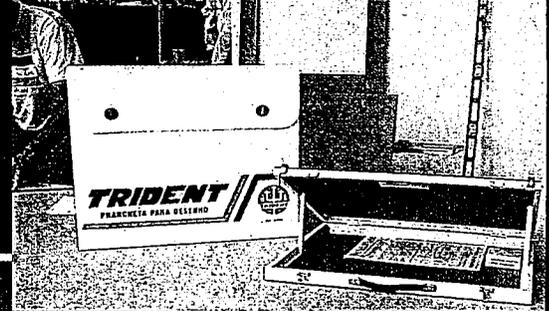
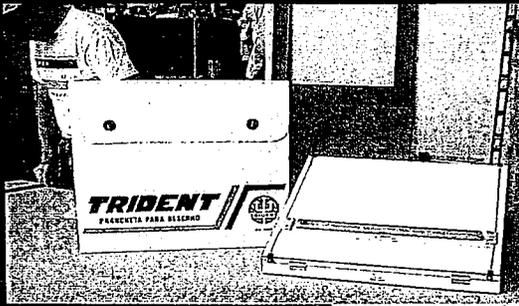
The El Greco easel is sturdy but lightweight (only 12.5 lbs.) and has a removable tin-lined drawer with four compartments for tools and paints. Extra storage space is under the drawer. The easel lid is fully adjustable for up to 33" canvas. Folds to 9 1/2" x 6" x 21 1/2" and sets up in 2 minutes. Superior lacquered finished mahogany construction that includes quality brass fittings and hand stitched leather handle. Ball bearing attachments for the legs, which prevent the legs from wobbling or falling down while carrying. The El Greco also features an innovative mechanism to prevent the drawer from collapsing under extreme weight.

15

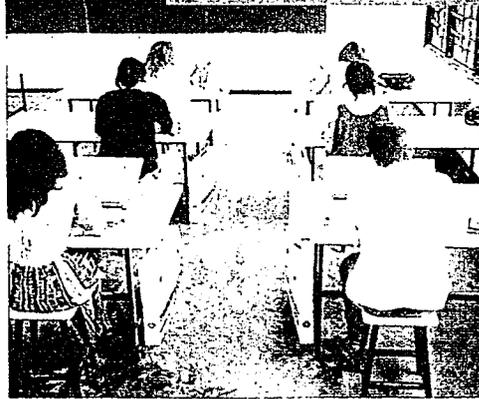
So beautiful. The radiance of fine wood. With something you'd never expect - fine furniture finish.

Equipped with castors and feet for excellent stability when in use.

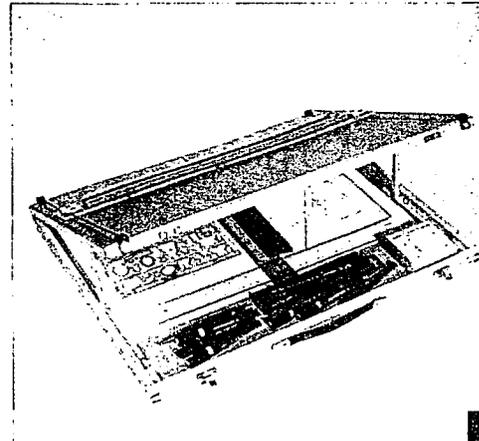
BRAND NEW
Another fine addition to the Trident Line, the **COLORES** Portable Sketch Box.



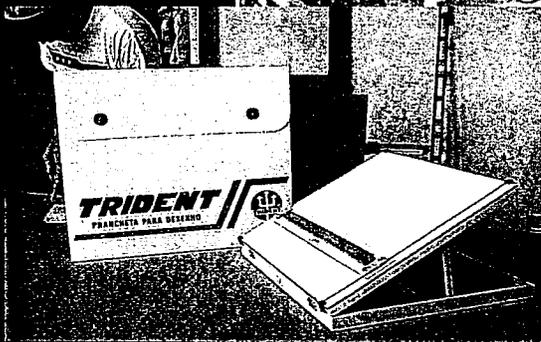
Fine furniture finish, plenty of space for paintings, pencils, brushes and any drawing instruments. The internal size of the box is 20"x 16"x 1.6". The size of the board/cover is 20.5" x 16.5" and it includes a factory installed parallel straightedge. The board provides different levels of inclination. To protect the Colores Sketch Box, we have included a beautiful plastic carrying case.



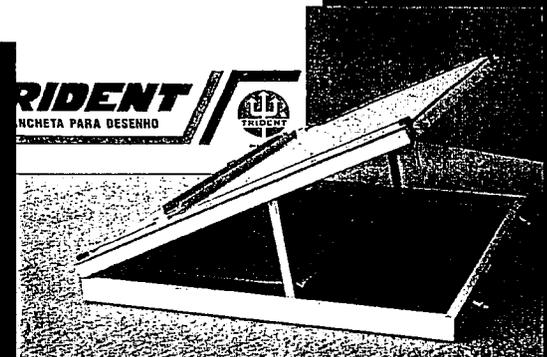
Original Artist Portable Sketch Box



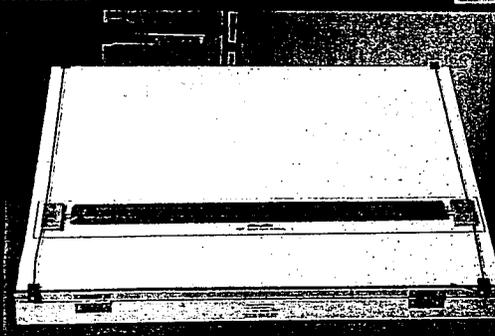
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Equipped with castors and rubber feet for excellent stability while in use.



Perfect for aspiring artists and draftsmen alike that want ease of transport. You will be able to set up the COLORES Portable Sketch Box in no time at your art school, college or office.

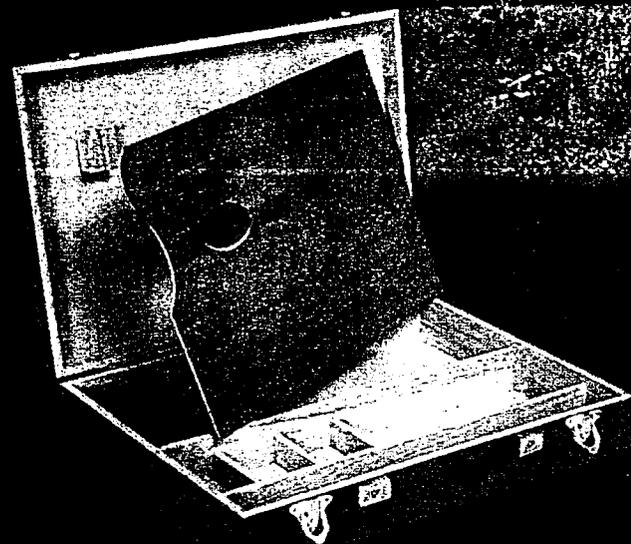
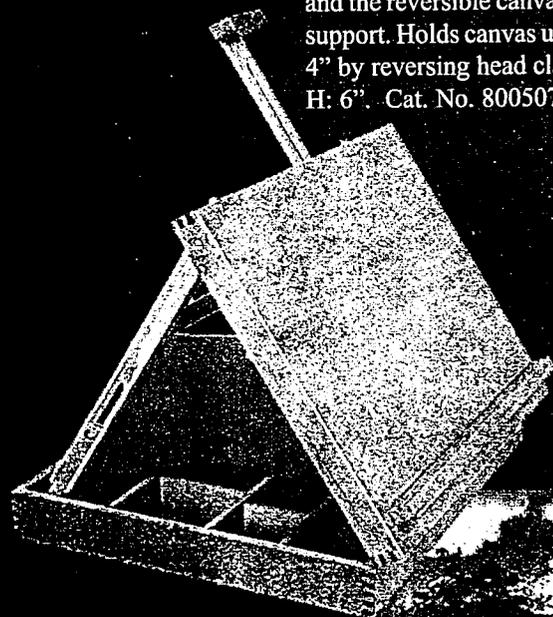


The interior compartments of the COLORES Portable Sketch Box is spacious and designed to store your pens, brushes and your important paintings or drawings.

Emperor

GIANT - Sketch Box / Table Easel

A portable studio! The alternative to the French Easel is here. Compartmented box holds paints, brushes, supplies and the inner lid accommodates 2 canvas boards. Solid construction with brass fittings and leather handle. Includes a palette. The top adjusts to several comfortable painting angles and the reversible canvas clamp allows stable support. Holds canvas up to 28" or as small as 4" by reversing head clamp. W: 21", D: 17", H: 6". Cat. No. 800507



Gauguin

Sketch Box

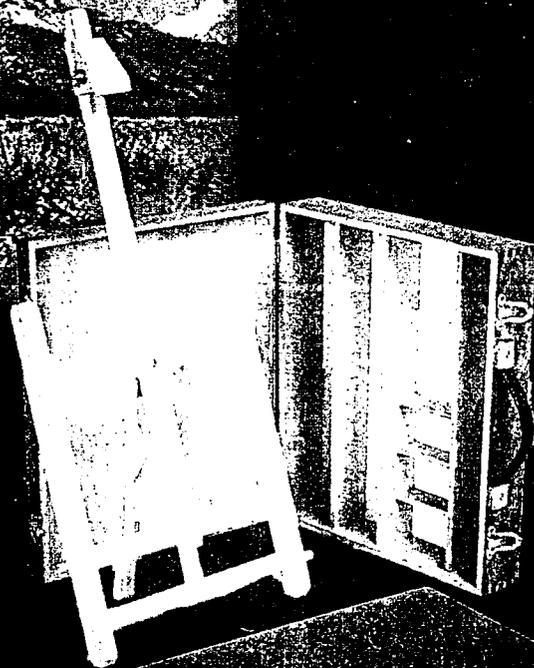
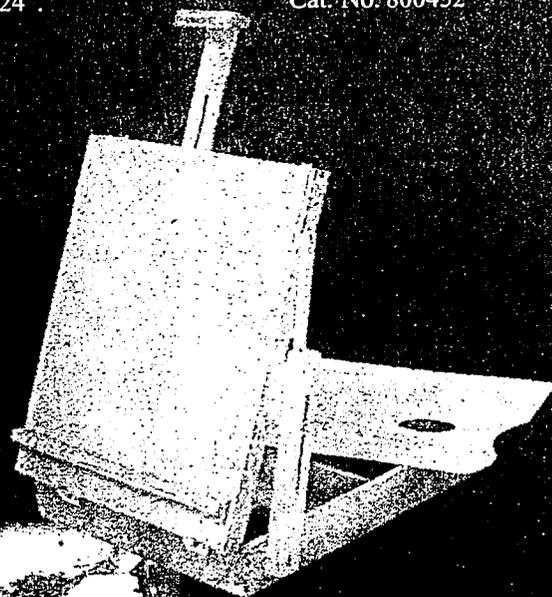
Handsome sketch box with fine furniture quality finish, useful compartments for supplies, palette that clips to inside of the lid. Cat. No. 800252

17

Manet

Sketch Box / Tray

Made of fine Ivory wood, the Manet Sketch Box has four spacious compartments for easy storage of supplies. Tray and holder supports canvases from 9" to 24". Cat. No. 800452



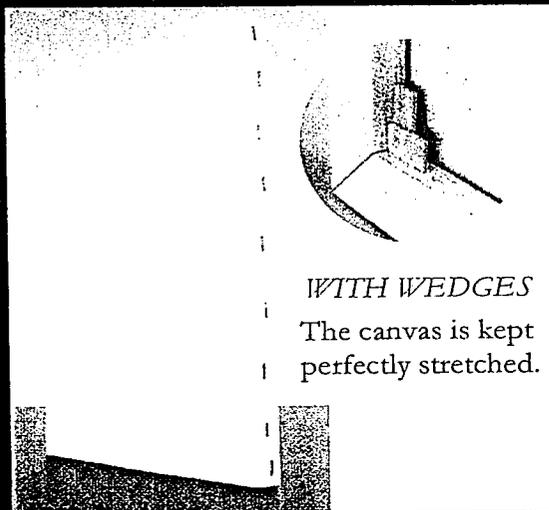
Rodin

Sketch Box / Table Easel

This innovative sketch box features a table easel which folds flat and clips inside the lid. It also features six compartments for paints and brushes.

Cat. No. 800352

La Galeria



WITH WEDGES

The canvas is kept perfectly stretched.

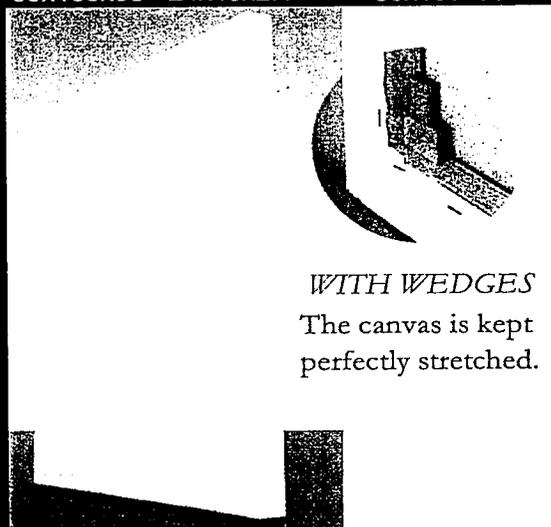
12x14x2	5x6x0.8	30x30x2	12x12x0.8
12x18x2	5x7x0.8	30x30x2	12x12x0.8
14x22x2	6x9x0.8	30x40x2	12x16x0.8
16x22x2	6x9x0.8		
18x24x2	7x9x0.8	18x24x3	7x9x1.2
18x27x2	7x11x0.8	18x27x3	7x11x1.2
20x20x2	8x8x0.8	20x20x3	8x8x1.2
20x30x2	8x12x0.8	20x30x3	8x12x1.2
25x25x2	10x10x0.8	20x40x3	8x16x1.2
		24x24x3	10x9x1.2
25x30x2	10x12x0.8	24x30x3	10x12x1.2

The Canvas Is Stapled On The Side

Trident uses the highest quality hardwoods to create a Stretched Canvas with the finest materials that two countries, United States and Brazil, can offer. The result is an Artists' canvas which is tested, approved and widely used in the U.S. with a frame manufactured and packaged under rigorous Trident standards. The U.S. canvas is made from the finest cotton available in the market today. The natural fibers of all the canvases are primed under rigorous specifications to protect against deterioration by acidic contact. This canvases are perfect for use with oil or acrylic mediums. The Stretched canvases are manufactured in 4 different widths, 1", 1.5", 2.0", 2.5" Inches all in 3/4" thickness. All sizes are in metric and their equivalent in inches.

27x35x3	11x14x1.2	45x50x4	18x20x1.6	60x100x6	24x39x2.4
30x30x3	12x12x1.2	45x60x4	18x24x1.6	70x70x6	28x28x2.4
30x40x3	12x16x1.2	45x70x4	18x28x1.6	70x80x6	28x32x2.4
30x50x3	12x20x1.2	50x50x4	18x20x1.6	70x90x6	28x35x2.4
35x40x3	14x16x1.2	50x60x4	18x24x1.6	70x100x6	28x39x2.4
35x50x3	14x20x1.2	50x70x4	20x28x1.6	80x80x6	32x32x2.4
		50x80x4	20x32x1.6	80x90x6	32x35x2.4
40x40x4	16x16x1.6	60x60x4	24x24x1.6	80x100x6	32x39x2.4
40x50x4	16x20x1.6	60x70x4	24x28x1.6	80x120x6	32x47x2.4
40x60x4	16x24x1.6	60x80x4	24x32x1.6	100x100x6	40x39x2.4
				100x120x6	40x47x2.4

50x50x06	20x20x2.4	70x70x06	28x28x2.4	80x120x06	32x47x2.4	110x120x06	43x47x2.4
50x60x06	20x24x2.4	70x80x06	28x32x2.4	100x100x06	40x39x2.4	110x140x06	43x55x2.4
50x70x06	20x28x2.4	70x90x06	28x35x2.4	100x120x06	40x47x2.4	110x150x06	43x59x2.4
50x80x06	20x32x2.4	70x100x06	28x39x2.4	100x130x06	40x51x2.4	120x120x06	47x47x2.4
60x60x06	24x24x2.4	80x80x06	32x32x2.4	100x140x06	40x55x2.4	120x140x06	47x55x2.4
60x70x06	24x28x2.4	80x90x06	32x35x2.4	100x150x06	40x59x2.4	120x150x06	47x59x2.4
60x100x06	24x40x2.4	80x100x06	32x39x2.4	110x110x06	43x43x2.4	120x160x06	47x63x2.4



WITH WEDGES

The canvas is kept perfectly stretched.

The Canvas Is Stapled On The Back For Frameless Contemporary Paintings

Trident uses the highest quality hardwoods to create a Stretched Canvas with the finest materials that two countries, United States and Brazil, can offer. The result is an Artists' canvas which is tested, approved and widely used in the U.S. with a frame manufactured and packaged under rigorous Trident standards. The U.S. canvas is made from the finest cotton available in the market today. The natural fibers of all the canvases are primed under rigorous specifications to protect against deterioration by acidic contact. This canvases are perfect for use with oil or acrylic mediums. The Stretched canvases are manufactured with a 2.5" Inch width and 1 1/4" Inch thickness. All sizes are in metric and their equivalent in inches.

La Galeria

TRIDENT

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Pompano Beach, FL 33069
Phone: 1-800-874-3368
Fax: 1-561-615-0082



E-mail: tridentart@eudoramail.com
E-mail: Spanish
tridentart@uola.com

TERMS

Follow these directions for error-free ordering...



By

1. Fill in the "SOLD TO" section on the order blank. This is the name and mailing address of the business or other facility that is responsible for paying the charges for the order. To avoid billing errors, always use the company name that you have used on previous orders. If you have a customer number, use it - your order will be processed faster! The "SHIP TO" space should be filled in with the company name, address and telephone number where the order is to be delivered. TRIDENT does drop shipping & delivery to residential addresses (ask for details).

2. Retailers, please check the method of payment; if you are paying with a charge card, fill in your complete number, expiration date, and sign your full name on the signature line of the order blank.

3. Fill in description and entire item number of each item ordered. Also fill in the quantity, page number, size/color, unit price and total. For items ordered by the "set" indicate number of "sets" desired - not the number of articles in the set!

4. Fax or mail your order to our office. Important: If you phone in an order in writing, state clearly on the written order that it is merely confirming the phone order. Otherwise, you could be billed for both orders.

By phone



1. Fill out the order form first, as if you were going to mail in your order.

2. Call our toll-free number - 1-800-874-3368 -- on weekdays, 9:00 - 5:00, eastern time. Representatives at this number are equipped to take orders for merchandise and for Customer Service.

By Fax



Trident: 1-561-615-0082
E-mail: tridentart@eudoramail.com
E-mail: Spanish tridentart@uola.com

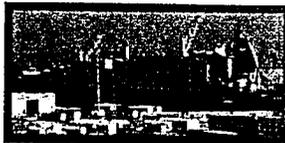
Payment



Firms with a suitable Dun & Bradstreet rating may be extended 30 to 60 days payment terms. Customers who do not maintain their accounts within terms are subject to suspensions of credit.

We will accept a check, money order, VISA, MasterCard, American Express, Optima & Discover cards. C.O.D. shipments sent upon company approval.

Shipment



Your order will be shipped by the most efficient and economical means - usually by UPS. Orders that are too bulky and/or heavy to be shipped via UPS must be sent by truck. On orders that are open-account, charge card payment, orders that require truck shipment or orders to be delivered to

Alaska, Hawaii or a foreign country, the actual shipping charges will be added to the invoice.



Truck Shipment

The charge for a truck shipment varies depending on distance, weight, etc. Minimum charge is generally \$85.00. Carriers establish their own rates for delivery, so our shipping department chooses the best carrier on the basis of service, price and availability. Call a carrier in your area for a rough estimate of charges for your order. You might consider consolidating two or more orders to make the most of the minimum charge.

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Before signing for a shipment, check and double check that you have received all of the cartons you are signing for. If not, write the number of cartons not received on the receipt and have the delivery person initial it. Also note on the receipt any kind of damage to any of the cartons. If damage is present, save the carton and packing material for inspection by the carrier. If there is concealed damage (damage to materials inside a package with no external damage) you must notify the carrier within 15 days or they may deny liability. Normally, TRIDENT will handle the processing of claims for damages or shortages. Open and inspect your order as soon as possible after delivery. **Merchandise returned after seven days for any reason other than our error is subject to a 25% restocking fee with a minimum of \$50.00.** To receive authorization for a return of merchandise or to report any damages or shortages, please call our **Customer Service Dept. at 1-800-874-3368.**

Trident

Art
Materials
Division



TRIDENT

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www.tridentart.com



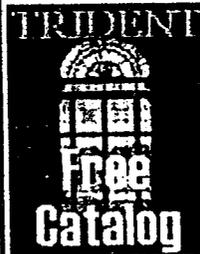
Products

Complete
On-Line
Catalog



Membership

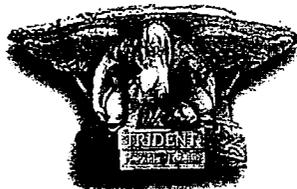
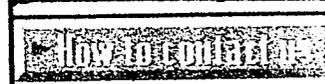
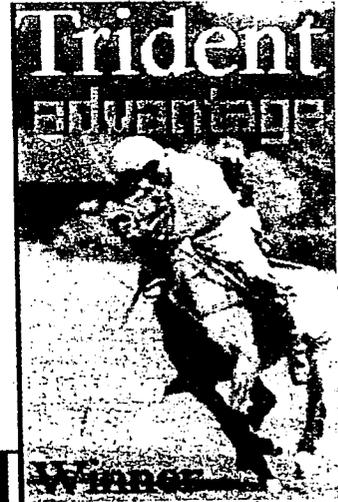
How to
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Find



Your nearest
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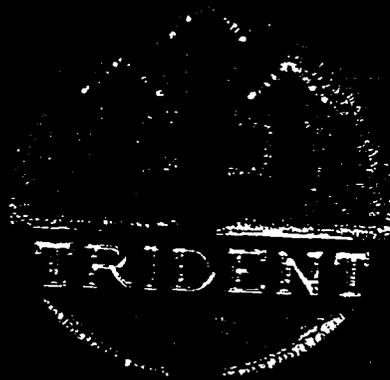
www.trident.cc

www.trident.ws

English E-mail tridentart@eudoramail.com

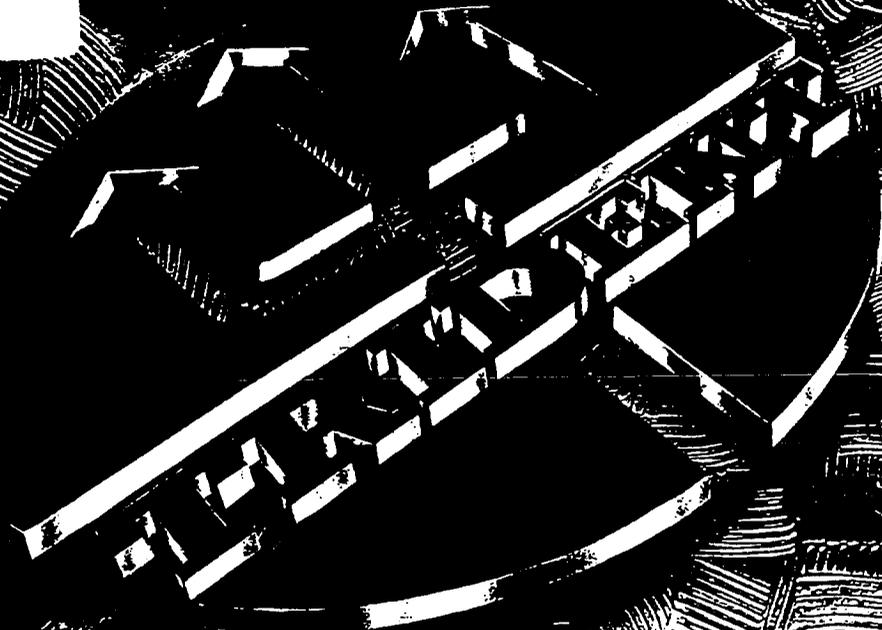
Spanish E-mail tridentart@uole.com

76078278



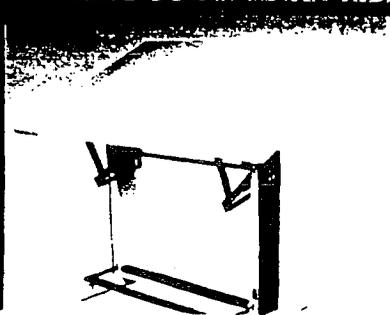
GENERAL CATALOG
99

76078278



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ARTICULOS PARA DIBUJO,
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MANUFACTURERS OF
DRAWING, PAINTING AND



76078278



Fine Artists' Materials

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Herbert E. Moebius
General Manager



E/S Press

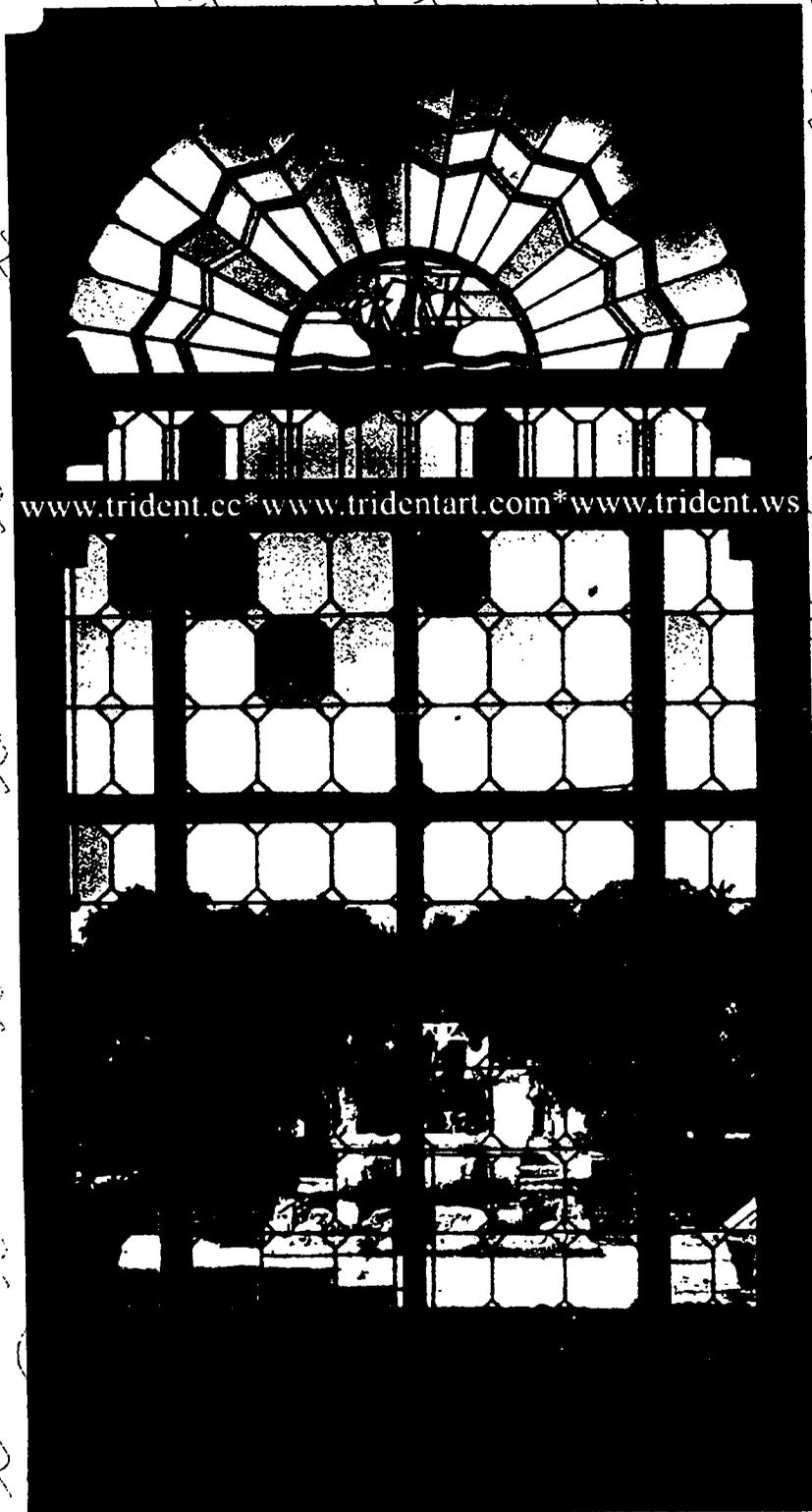
www.tridentart.com tridentart@eudoramail.com

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76078278

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2001



Fine Artists' Materials

76078278

unsurpassed

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confidence

Legend
Reg. \$866
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Timeless today & of lasting value tomorrow:
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Natural warmth and beauty inspired by
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For more information, for your unsurpassed
detail by detail, to make our look uniquely your own.

PACKAGING SAMPLES

EXHIBIT 1

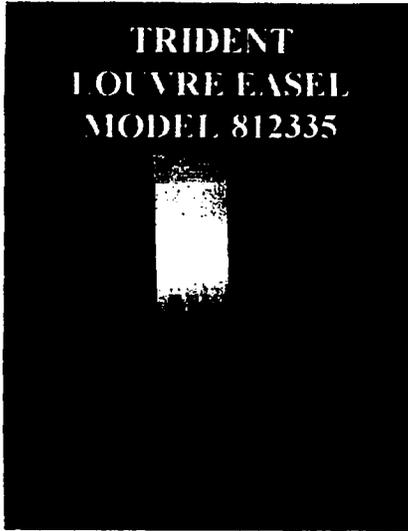


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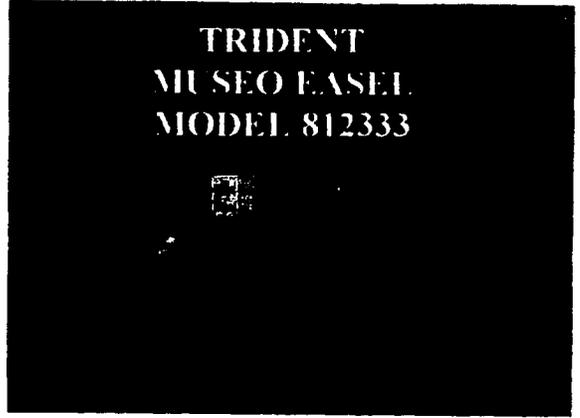


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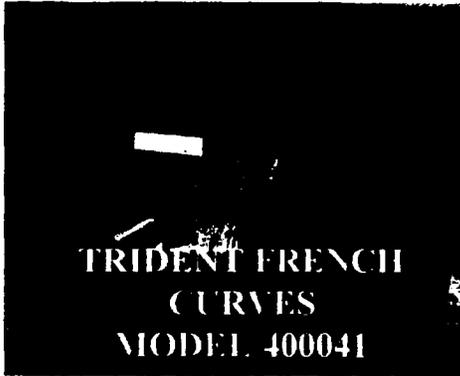


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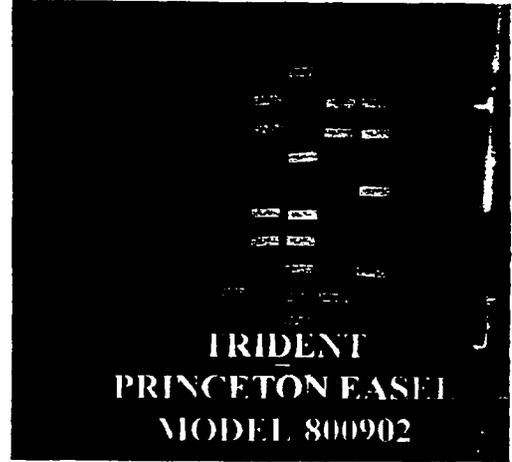


EXHIBIT 5

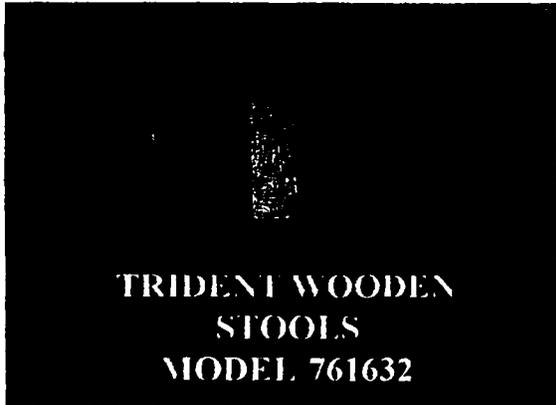


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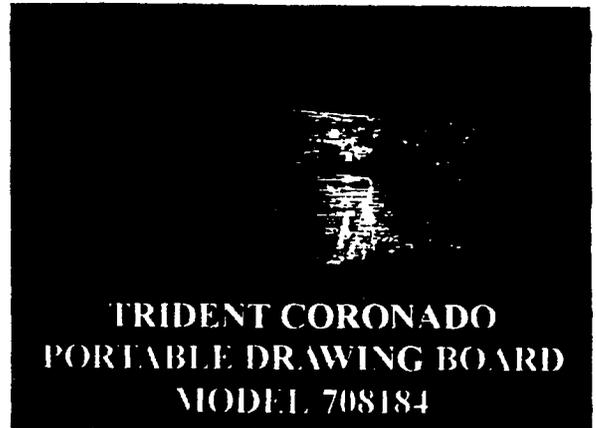
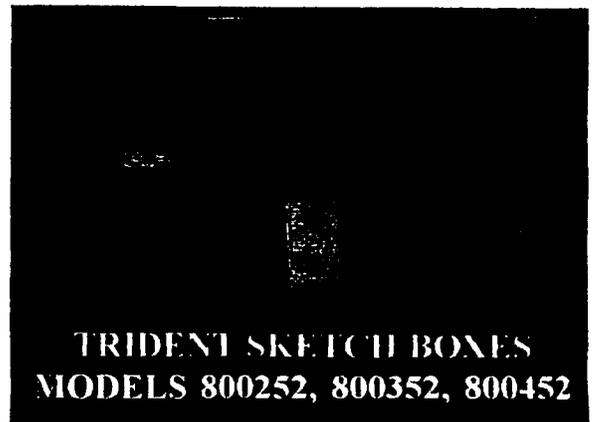


EXHIBIT 7



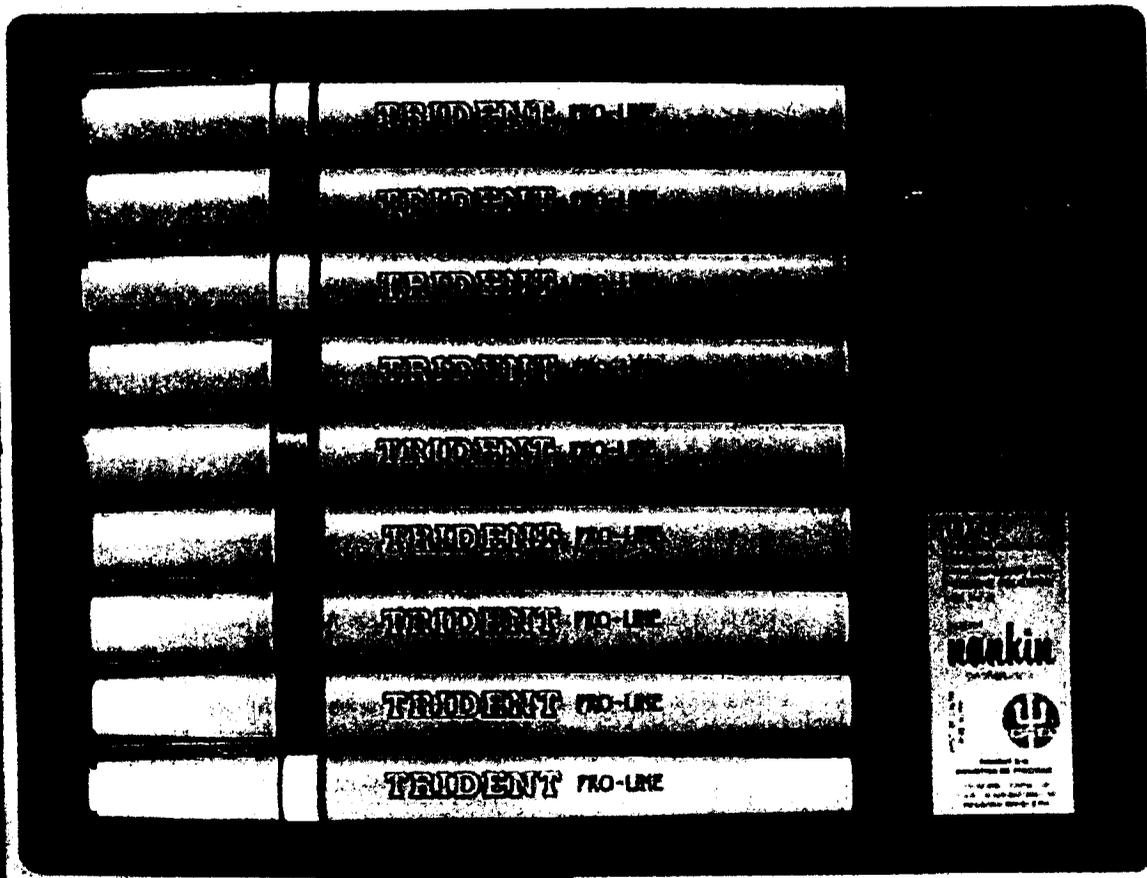
EXHIBIT 8



76078278

PRO-LINE

TRIDENT



5



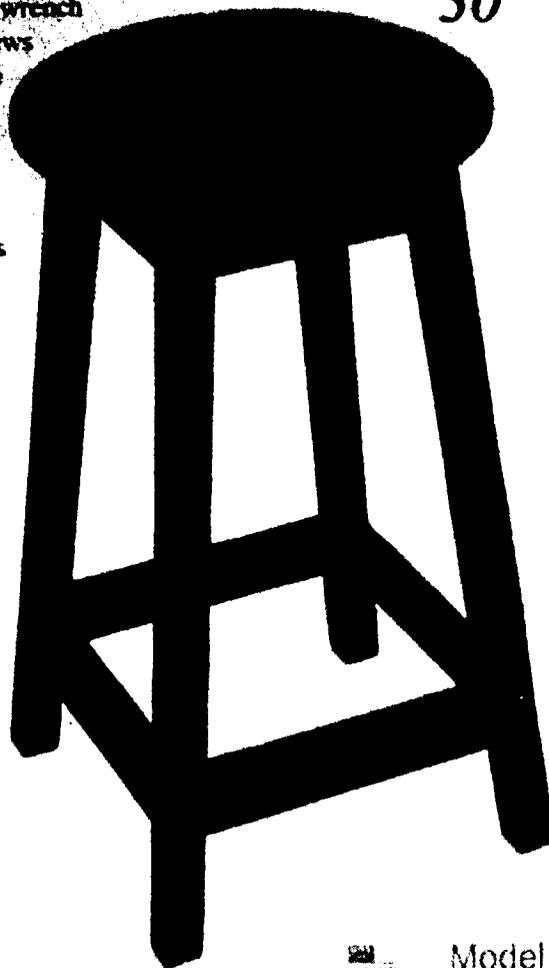
'FUERTE'

Deluxe Stool - Mahogany Wood

Palm Beach, FL * 800-TRIDENT * www.tridentart.com

Crafted in beautifully finished solid Mahogany Wood. Fine furniture finish. Allen wrench screws. (Allen wrench included). Screws on top and side of top for extra strength. This stool is the best in it's class. If screws tightened properly, this wooden stool will last you a lifetime

Everlasting 30" Tall



 Model 750030

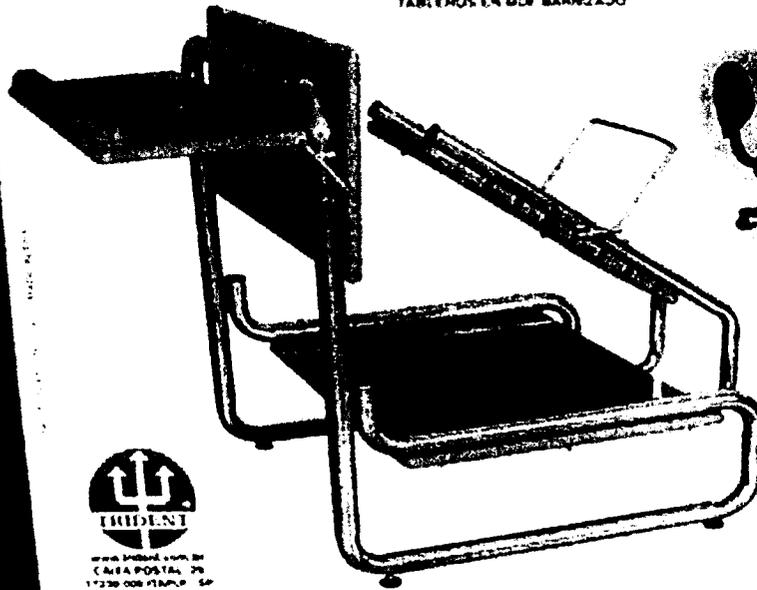
- * Stool height: 30"
- * Finished solid Mahogany Wood
- * Very strong
- * Shipping weight: 10 lbs
- * Inside Meas.: 29.5" x 13.2" x 22"
- * Box size: 30.7" x 13.6" x 21.6"
- * Ships UPS
- * Assembly Required



Trident Art
Palm Beach, FL
800-TRIDENT

RACK TUBULAR ESCOLAR

TAMPOS EM MDF ENVERNIZADO
TABELAS EM MDF BARNIZADO



MOD
TRITUB-R4
CROMADO

30 Kg.



www.trident.com.br
CAIXA POSTAL 29
17230-000 VITÓRIA - SP

Declaration of Use of Mark in Commerce Under Section 8

The table below presents the data as entered.

REGISTRATION NUMBER		2619642
REGISTRATION DATE		09/17/2002
SERIAL NUMBER		76078278
MARK SECTION		
MARK		TRIDENT (stylized and/or with design)
OWNER SECTION (no change)		
ATTORNEY SECTION (no change)		
GOODS AND/OR SERVICES SECTION		
INTERNATIONAL CLASS		009
USE ON ALL GOODS OR SERVICES OR EXCUSABLE NON-USE FOR ENTIRE CLASS		YES
SPECIMEN FILE NAME(S)		\\TICRS2\EXPORT14\760\782\76078278\xml4\S080002.JP G
SPECIMEN DESCRIPTION		the box for a computer stand specifically designed for holding computer equipment
INTERNATIONAL CLASS		016
USE ON ALL GOODS OR SERVICES OR EXCUSABLE NON-USE FOR ENTIRE CLASS		YES
SPECIMEN FILE NAME(S)		\\TICRS2\EXPORT14\760\782\76078278\xml4\S080003.JP G
SPECIMEN DESCRIPTION		the box containing technical pens
INTERNATIONAL CLASS		020
USE ON ALL GOODS OR SERVICES OR EXCUSABLE NON-USE FOR ENTIRE CLASS		YES
SPECIMEN FILE NAME(S)		\\TICRS2\EXPORT14\760\782\76078278\xml4\S080004.JP G
SPECIMEN DESCRIPTION		the label for the box containing the wooden stools
PAYMENT SECTION		
NUMBER OF CLASSES		3
NUMBER OF CLASSES PAID		3
SUBTOTAL AMOUNT		300
TOTAL AMOUNT		300
SIGNATURE SECTION		
SIGNATURE		/Herbert E. Moebius/
SIGNATORY'S NAME		Herbert E. Moebius

SIGNATORY'S POSITION	Herbert Moebius, Owner
DATE SIGNED	09/24/2007
PAYMENT METHOD	CC
FILING INFORMATION	
SUBMIT DATE	Mon Sep 24 22:11:24 EDT 2007
TEAS STAMP	USPTO/SECT08-75.92.109.18 0-20070924221124792634-26 19642-400eed128dc3749f65c d48766277a4e3e3-CC-15190- 20070924134345561853

Declaration of Use of Mark in Commerce Under Section 8

To the Commissioner for Trademarks:

REGISTRATION NUMBER: 2619642

REGISTRATION DATE: 09/17/2002

MARK: TRIDENT (stylized and/or with design)

The owner, Select Export Corp., having an address of 7395 Pioneer Road, West Palm Beach, Florida, United States 33413, is filing a Declaration of Use of Mark in Commerce Under Section 8.

For International Class 009, the owner, or its related company, is using the mark in commerce on or in connection with all goods or services listed in the existing registration for this class; or, the owner is claiming excusable non-use for this entire class.

The owner is submitting one specimen showing the mark as used in commerce on or in connection with any item in this class, consisting of a(n) the box for a computer stand specifically designed for holding computer equipment.

Specimen File1

For International Class 016, the owner, or its related company, is using the mark in commerce on or in connection with all goods or services listed in the existing registration for this class; or, the owner is claiming excusable non-use for this entire class.

The owner is submitting one specimen showing the mark as used in commerce on or in connection with any item in this class, consisting of a(n) the box containing technical pens.

Specimen File1

For International Class 020, the owner, or its related company, is using the mark in commerce on or in connection with all goods or services listed in the existing registration for this class; or, the owner is claiming excusable non-use for this entire class.

The owner is submitting one specimen showing the mark as used in commerce on or in connection with any item in this class, consisting of a(n) the label for the box containing the wooden stools.

Specimen File1

The registrant hereby appoints Cheryl Meide, Esquire of MEIDE LAW FIRM PA, CORNERS AT DEERWOOD, 7545 CENTURION PARKWAY, SUITE 201, JACKSONVILLE, Florida United States 32256 to file this Declaration of Use of Mark in Commerce Under Section 8 on behalf of the registrant. The attorney docket/reference number is SEC.0101.

A fee payment in the amount of \$300 will be submitted with the form, representing payment for 3 class(es), plus any additional grace period fee, if necessary.

Declaration

Unless the owner has specifically claimed excusable non-use, the owner, or its related company, is using the mark in commerce on or in connection with the goods and/or services identified above, as evidenced by the attached specimen(s) showing the mark as used in commerce.

The undersigned being hereby warned that willful false statements and the like are punishable by fine or imprisonment, or both, under 18 U.S.C. section 1001, and that such willful false statements and the like may jeopardize the validity of this document, declares that he/she is properly

authorized to execute this document on behalf of the Owner; and all statements made of his/her own knowledge are true and that all statements made in information and belief are believed to be true.

Signature: /Herbert E. Moebius/ Date: 09/24/2007

Signatory's Name: Herbert E. Moebius

Signatory's Position: Herbert Moebius, Owner

Mailing Address:

MEIDE LAW FIRM PA
CORNERS AT DEERWOOD
JACKSONVILLE, Florida 32256

Serial Number: 76078278

Internet Transmission Date: Mon Sep 24 22:11:24 EDT 2007

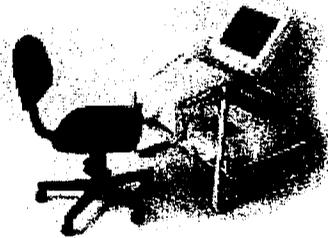
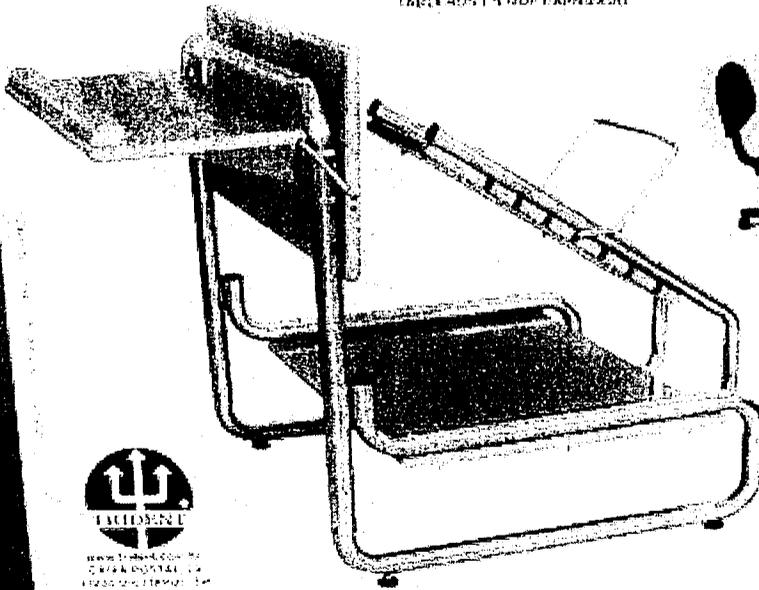
TEAS Stamp: USPTO/SECT08-75.92.109.180-2007092422112

4792634-2619642-400eed128dc3749f65cd4876

6277a4e3e3-CC-15190-20070924134345561853

RACK TUBULAR ESCOLAR

TAMPOC SE PUEDE LICENCIAR
TABLEROS EN UNO PARRISADO

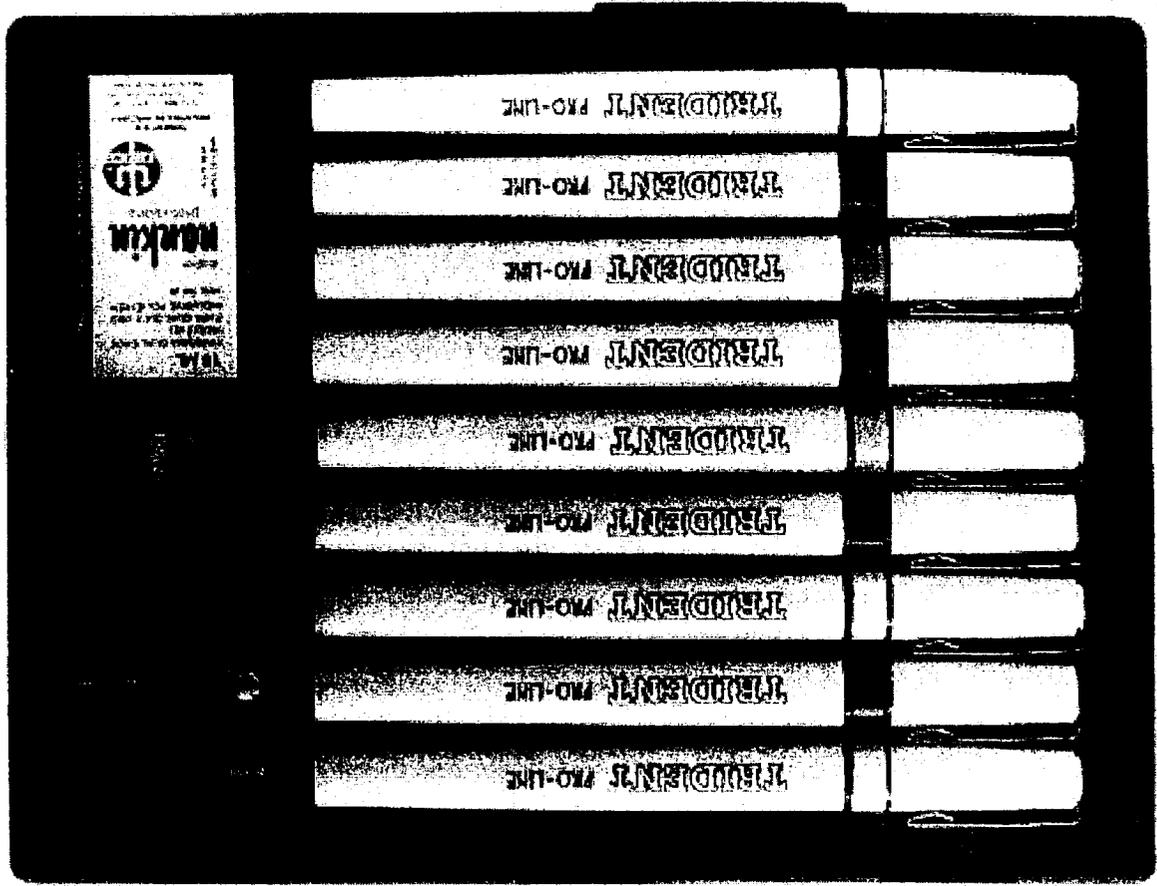


www.equipament.com.br
C/AV. INDUSTRIAL, 114
11200-000 JUNDIAÍ - SP

MOD.
TRITUB-R4
CROMADO

30 Kg.





TRIDENT PRO-LINE



'FUERTE'

Deluxe Stool - Mahogany Wood

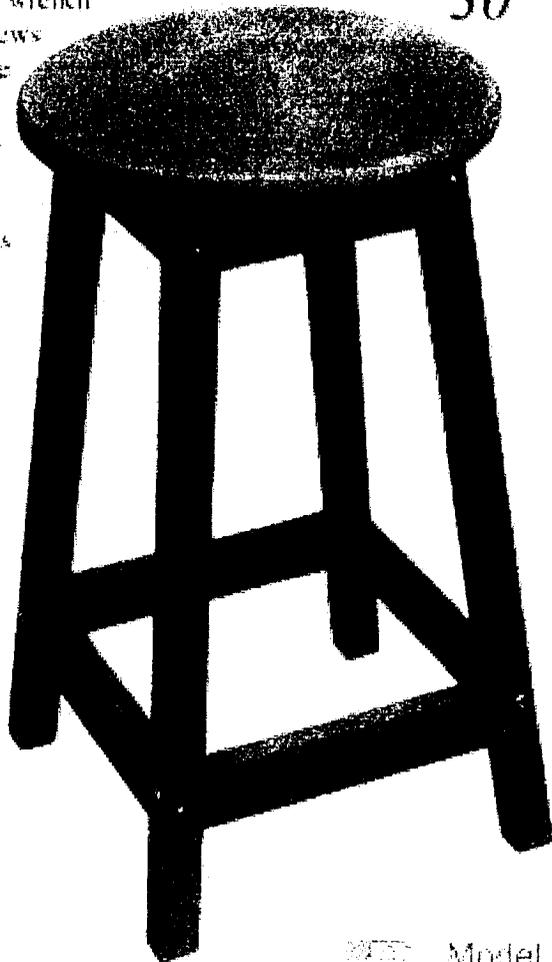
Palm Beach, FL

800-TRIDENT

www.tridentart.com

Crafted in beautifully finished solid Mahogany Wood. Fine furniture finish. Allen wrench screws. (Allen wrench included). Screws on top and side of top for extra strength. This stool is the best in it's class. If screws tightened properly, this wooden stool will last you a lifetime.

Everlasting
30" Tall



 Model 750030

- 1 Stool height: 30"
- 1 Finished solid Mahogany Wood
- 1 Very strong
- 1 Shipping weight: 10 lbs.
- 1 Inside Meas: 29 5/8" x 11 1/2" x 2 1/2"
- 1 Box size: 30 7/8" x 13 5/8" x 2 1/2"
- 1 87 lbs UPS
- 1 Assembly Required



TRIDENT ART
1100 S. PALM BEACH BLVD.
PALM BEACH, FL 33480

ROUTING SHEET TO POST REGISTRATION (PRU)

Registration Number: 2619642

Serial Number: 76078278

RAM Sale Number: 15190

RAM Accounting Date: 20070925

Total Fees: \$300

Note: Process in accordance with Post Registration Standard Operating Procedure (SOP)

<u>Transaction</u>	<u>Fee Code</u>	<u>Transaction Date</u>	<u>Fee per Class</u>	<u>Number of Classes</u>	<u>Number of Classes Paid</u>	<u>Total Fee</u>
§8 affidavit	7205	20070924	\$100	3	3	\$300

Physical Location: 40S - SCANNING ON DEMAND

Lost Case Flag: False

In TICRS (AM-FLG-IN-TICRS): False

Transaction Date: 20070924

Tecla sobre la imagen para verla ampliada y los productos que la componen

**RACK TUBULAR ESTUDIANTE CON
ESTRUCTURA PINTADA A FUEGO**

Ref.: TRITUB-R3

altura del teclado 65 cm
(con tapa cerrada 73 cm)
profundidad 92 cm
largo 78 cm
estante 69 x 48 cm



**RACK TUBULAR ESTUDIANTE CON
ESTRUCTURA CROMADA**

Ref.: TRITUB-R4

altura del teclado 65 cm
(con tapa cerrada 73 cm)
profundidad 92 cm
largo 78 cm
estante 69 x 48 cm



**RACK TUBULAR CON CAJÓN
CORREDIZO PARA TECLADO**
con tapa en MDF REVESTIDO
con FORMILINE PADRÓN FRENE
ESTRUCTURA PINTADA A FUEGO

Ref.: TRITUB-R1

altura 79 cm
tapa 110 X 50 cm
cajón corredizo 35 x 80 cm
estante inferior 35 x 90 cm

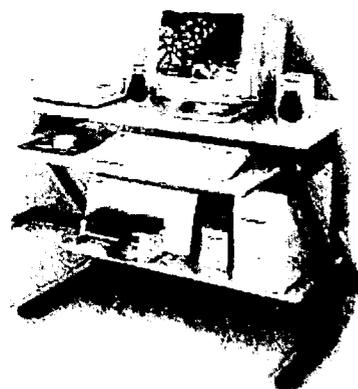
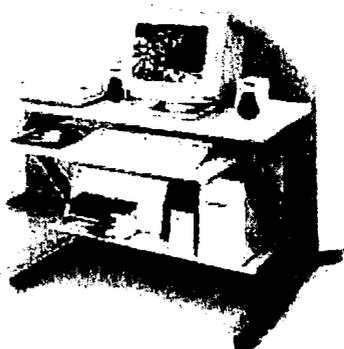


**RACK TUBULAR CON CAJÓN CORREDIZO
PARA TECLADO**
con tapa en MDF ENVERNIZADO
ESTRUCTURA PINTADA A FUEGO

Ref.: TRITUB-R2

altura 79 cm
tapa 110 X 50 cm
cajón corredizo 35 x 80 cm
estante inferior 35 x 90 cm





**RACK TUBULAR CON ESTANTE Y CAJÓN
CORREDIZO PARA TECLADO**

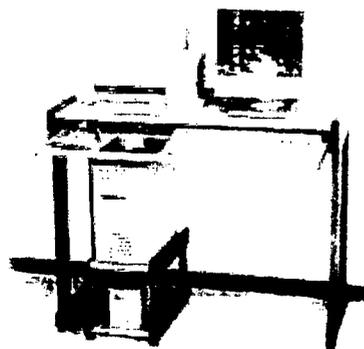
Ref.: 20354 CF

altura total 152 cm
altura 76 cm
tapa 90 X 50 cm
cajón corredizo 40 x 80 cm
estante inferior 40 x 90 cm

**RACK CON CAJÓN CORREDIZO PARA
TECLADO**

Ref.: 20303 MF

altura 76 cm
tapa 90 X 50 cm
cajón corredizo 40 x 80 cm



**RACK TUBULAR CON SOPORTE
RETRACTIL PARA TECLADO
CON TAPA REVESTIDA EN FORMILINE PADRÓN
FRENE
ESTRUCTURA PINTADA A FUEGO**

Ref.: TRITUB-R5

altura 80 cm
tapa 110 X 50 cm
cajón corredizo 35 x 85 cm
estante inferior 40 x 87 cm

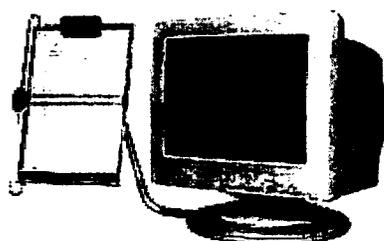
**RACK TUBULAR CON SOPORTE
RETRACTIL PARA TECLADO
CON TAPA REVESTIDA EM MDF BARNIZADA
ESTRUCTURA PINTADA A FUEGO**

Ref.: TRITUB-R6

altura 80 cm
tapa 110 X 50 cm
cajón corredizo 35 x 85 cm
estante inferior 40 x 87 cm



BASE ROTATORIA PARA MONITOR, CON SOPORTE PARA LECTURA DE TEXTO



REF. 4816

En MDF barnizado,
con herrajes cromados
y cursor en acrílico fumeé para
acompañamiento de la lectura.

--
Shawn P> Richeson



IN THE UNITED STATES PATENT AND TRADEMARK OFFICE

Jack Richeson & Co., Inc.,)
)
 Petitioner,)
) Cancellation No. 92048118
 v.)
) Reg. No. 2,619,642
 Select Export Corp. dba Trident,)
)
 Registrant.)
)
 Attorney Ref. No. 002763-060801)

AFFIDAVIT OF DARREN T. RICHESON

STATE OF TENNESSEE)
)
 COUNTY OF DAVIDSON)

I, Darren T. Richeson, attest that the following information is truthful and accurate to the best of my ability and the undersigned, after being duly sworn, state as follows:

1. My name is Darren T. Richeson. I am a resident of Appleton, Wisconsin and am President of Jack Richeson & Co., Inc. I have been with the company for 26 years and have been President for over 15 years. My father, Jack Richeson, is the founder of the company.

2. Jack Richeson & Co. manufactures and distributes materials for fine artists, including paints, brushes, easels, papers, stretcher bars and other related materials. It is based in Kimberly, Wisconsin and has been in business since 1981. We have a manufacturing facility in Wisconsin where we produce some of the goods we sell, both under our brands as well as private label for other companies. We also purchase goods to sell under our brands from other domestic and foreign manufacturers. Our primary brands are Jack Richeson, BEST and Richeson Academy. We also have a number of sub-brands.

3. Jack Richeson & Co. has been a member of the National Art Materials Trade Association ("NAMTA"), the leading U.S. based industry organization for art equipment manufacturers and sellers, since the 1980's.

4. In 1999, Jack Richeson & Co. began investigating a line of lower priced easels and visited manufacturers in China, Malaysia and Brazil. In the factory visits, we showed samples of our products. Among the five factories visited in Brazil in 1999 was Trident Industria De Precisao Ltda. ("Trident S/A") in Itapui, Brazil.

5. In 2000, Jack Richeson & Co. began to purchase Richeson branded products from Trident S/A.

6. Jerry's Artarama, based in North Carolina, and Utrecht Art Supplies in New Jersey sold approximately a combined total of 188 Trident S/A branded easels to their customers, which easels were provided by Jack Richeson & Co.

7. Trident S/A has since assigned its trademark rights to Jack Richeson & Co. which assignment is attached to Ivan Maturana Segato's affidavit as Exhibit M. The goals of the Assignment were to solidify the rights in the Trident brand in the U.S. and open the way for possible expansion in the U.S.

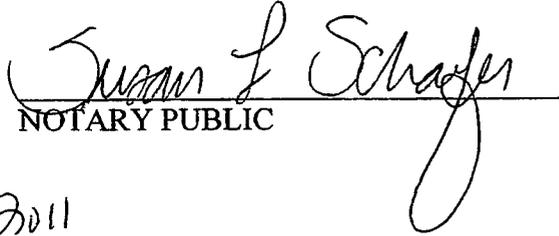
8. Jack Richeson & Co. offers at least as many as 8000 stock keeping units ("sku's") to retail stores and distributors in the United States and for export. *A copy of our current catalogue is attached.* Jack Richeson & Co. sells to the top 10 resellers of artist and drafting materials in the United States, which are: Dick Blick, Pearl Paint, Utrecht, Jerry's Artarama, Nasco, School Specialty, Daniel Smith, Cheap Joe's, Artisan's, and Madison Art. In my travels to art material stores around the county, and my recent review of industry catalogues, I have not seen SEC's products for sale or display.

FURTHER AFFIANT SAYETH NOT.



DARREN T. RICHESON

SUBSCRIBED, SWORN TO AND ACKNOWLEDGED before me on this the 27
day of June, 2008.



NOTARY PUBLIC

My commission expires: April 17, 2011



SARPI
 SERVICIO AUTÓNOMO REGISTRO
 DE LA PROPIEDAD INDUSTRIAL
 MINISTERIO DE FOMENTO
 REPÚBLICA DE VENEZUELA



FM-03

REGISTRO No. **P-213.629**
 FECHA 06/08/99
 VENCIMIENTO 06/08/2.009

CERTIFICADO DE REGISTRO

I-98/15.123

TIPO DE REGISTRO

MARCA DE PRODUCTO

IDENTIFICACION

TITULAR, O RAZON SOCIAL, NACIONALIDAD, DOMICILIO

TRIDENT S/A INDUSTRIA DE PRECISAO, de nacionalidad brasilera y domiciliada en Itapui, Estado de Sao Paulo, no Distrito Industrial, S/N, **BRASIL**.

DESCRIPCION DEL SIGNO DISTINTIVO

SIGNO DISTINTIVO	FACSIMIL (8 X 8)
DESCRIPCION DE LA ETIQUETA "TRIDENT" . (Tridente)	(PEGADO CON GOMA)
PRODUCTOS, SERVICIOS O ACTIVIDADES QUE DISTINGUE LA MARCA COMERCIAL REGISTRADA	
MATERIAL DE DIBUJO PARA USO EN INGENIERIA.	
CLASE 16 INT.	

DERECHOS DE REGISTRO

RECIBO No. 246.191 FECHA 15/09/99 REGISTRO Bs. 144.000,00
 ESCRITURA Bs. 0,00 PAPEL PROTOCOLO 0,00 TOTAL Bs. 144.000,00

EL REGISTRADOR

"CERTIFICADO SUSCRITO EN FECHA 11.05.2001
 POR LA Dra. Aura Otilia Ocando Juárez, REGISTRADOR
 DE LA PROPIEDAD INDUSTRIAL, según Resolución.



DNPI**DIRECCIÓN NACIONAL DE LA PROPIEDAD INDUSTRIAL**
Rincón 719 - Montevideo - Uruguay**SOLICITUD DE RENOVACIÓN**

RENOVACIÓN

MODIFICACIÓN

N° de SOLICITUD (20)

251.092

- MARCA DE PRODUCTOS
 - MARCA DE SERVICIOS
 - MARCA COLECTIVA (661)

- MARCA DE CERTIFICACIÓN
 O GARANTÍA (661)
 - FRASE PUBLICITARIA

340680

NOMBRES Y APELLIDOS O RAZÓN SOCIAL DEL SOLICITANTE (730)			N° DOCUMENTO	
TRIDENT S.A. INDUSTRIA DE PRECISAO				
CALLE Y N°:	PAIS DE RESIDENCIA	LOCALIDAD - ESTADO	C. POSTAL	
RUA JOSE ANTONIO, 928 DISTRITO INDUSTRIAL	BR	ITAPUI - SP		
AGENTE O REPRESENTANTE - MATRICULA (740)	DOMICILIO CONSTITUIDO		TEL./FAX/E-MAIL	
GONZALO FERNANDEZ SECCO	25 DE MAYO 467 OF. 401		916-1913 /15	

- Denominativa
 Figurativa
 Mixta
 Sonora (556)
 Tridimensional (554)

NOMBRE DE LA MARCA Y/O
 REPRODUCCIÓN GRÁFICA (540)
 (MÁXIMO 6 X 8 CM)
 (MÍNIMO 3 X 3 CM)



CLASES (511)

1	16	16	31
2	17		32
3	18		33
4	19		34
5	20		35
6	21		36
7	22		37
8	23		38
9	24		39
10	25		40
11	26		41
12	27		42
13	28		43
14	29		44
15	30		45

TRADUCCIÓN:

TRIDENTE

COLORES REIVINDICADOS (591):

CLASE PRODUCTOS Y/O SERVICIOS A PROTEGER:

ELEMENTOS SOBRE LOS QUE SE REIVINDICAN DERECHOS: "TRIDENT"

OBSERVACIONES/AUTORIZADOS PARA TRAMITAR:
ISABEL FERNANDEZ - JENNIFER COTARELO - JACQUELINE CAMPBELL - BEATRIZ PICUN - LAURA PICUÑAFECHA Y HORA DE PRESENTACIÓN (220)
FIRMA DEL RECEPTOR

N° 10431



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C

Audioson Vertriebs - GmbH
 v.
 Kirksaeter Audiosonics, Inc.

Patent and Trademark Office Trademark Trial and
 Appeal Board
 Decided June 30, 1977

Released Aug. 29, 1977

United States Patents Quarterly Headnotes

TRADEMARKS

[1] Acquisition of marks -- Dealer versus principal
 (§ 67.077)

Title -- In general (§ 67.861)

Question of trademark ownership as between manufacturer of product to which mark is applied and exclusive distributor of that product, or as between foreign manufacturer and exclusive United States importer and distributor, is matter of agreement between them, and in absence of such agreement, there is legal presumption that manufacturer is owner of mark; exclusive United States distributor does not acquire ownership of mark of foreign manufacturer any more than wholesaler can acquire ownership of mark of manufacturer merely through sale and distribution of goods bearing manufacturer's trademark without expressed or implied acknowledgement or transfer by foreign manufacturer of rights in trademark to exclusive United States distributor.

TRADEMARKS

[2] Evidence -- In general (§ 67.331)

Training of distributor's representative in manufacturer's factory is strong indication of manufacturer's control over quality operation of its equipment.

Trademark cancellation No. 10,726 by Audioson Vertriebs - GmbH, against Kirksaeter Audiosonics, Inc., Registration No. 973,285, issued Nov. 20, 1972. Petition granted.

Weiss Dawid Fross & Lehram, New York, N.Y.,
 for Audioson Vertriebs - GmbH.

Gipple & Hale, Washington, D.C., for Kirksaeter
 Audiosonics, Inc.

Before Lefkowitz, Rice, and Fowler, Members.
 Fowler, Member.

A petition has been filed to cancel the registration of "KIRKSAETER" for hi-fi equipment - namely, speakers and integrated pre-amplifiers, amplifier and tuner units issued to Kirksaeter Audiosonics, Inc., assignee of Kirksaeter in America, Inc., on November 20, 1973 ^{1M} from an application filed on October 10, 1972 wherein first use of the mark was claimed since April 1971.

Petitioner is Audioson Vertriebs - GmbH which alleges as grounds for cancellation that Kirksaeter Audiosonics, Inc. as assignee of Kirksaeter in America, Inc. is record owner of the registration sought to be cancelled for the mark and goods set forth therein; that Kirksaeter in America, Inc. was not yet in existence in April, 1971, the date of the alleged first use of the subject trademark; that use of the trademark alleged by the registrant's assignor, Kirksaeter in America, Inc., which constituted the basis for the application for registration as a trademark, was not use by the assignor, but was use by petitioner in the form of shipments of the aforementioned goods from the German Federal Republic to the United States of America; that petitioner has been so using the trademark "KIRKSAETER" on the above mentioned goods in commerce with the United States from June, 1970, and such use has continued, and the trademark is presently in use in the United States in connection with such goods lawfully imported into the United States by Petitioner's present distributors; that the trademark "KIRKSAETER" is derived from the family name of Per Kirksaeter, the founder and president of the petitioner; that no authorization has been given by the said Kirksaeter to registrant or

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his assignor to use such name as a trademark; that petitioner has not at any time given permission to the registrant or its assignor to claim rights in or to register the trademark "KIRKSAETER" in its own name in the United States Patent and Trademark Office; that between June and October, 1972 the petitioner made shipments of the aforementioned goods to registrant's assignor in accordance with an agreement dated June 24, 1972, which was subsequently cancelled, wherein petitioner is referred to as the manufacturer and respondent's assignor as importer; that the agreement contains no provision whatever under which respondent's assignor would have acquired any rights in the trademark "KIRKSAETER"; that respondent's assignor in its advertising referred to "KIRKSAETER" as a trademark for hi-fi equipment of German craftsmanship; that the registrant's labels filed in the United States Patent Office as specimens of the trademark in connection with application Serial No. 437,758 which matured into Registration No. 973,285 consisted of small metal plates with the word "KIRKSAETER", which were removed from the hi-fi equipment shipped to registrant's assignor by petitioner; that respondent on the basis of Registration No. 973,285 has already secured an order from the U.S. Customs Service barring from entry into the United States hi-fi equipment bearing the trademark "KIRKSAETER"; and that if respondent is permitted to retain the registration herein sought to be cancelled, and thereby retain the prima facie exclusive right to the mark "KIRKSAETER" for the above-mentioned goods, respondent will be in a position to cause serious and irreparable damage and harass the petitioner in promoting and selling its said products and to prevent the registration by petitioner of its trademark "KIRKSAETER".

Respondent in answering the petition for cancellation has in effect denied all the salient allegations contained therein.

The record consists of respondent's registration file, the pleadings, testimony by depositions with accompanying exhibits on behalf of both petitioner

and respondent, a request for admission served on respondent by petitioner and a copy of respondent's admission.

Both petitioner and respondent have filed briefs.

The record of the present case shows that in late May or June, 1970, Daniel D. Strelsky while traveling in Germany contacted petitioner to discuss the possibility of importing its hi-fi products into the United States. During this visit he purchased one unit bearing the mark "KIRKSAETER". Later in October of 1970, Mr. Strelsky, in *455 an effort to start a business in the United States, ordered samples of two each of five types of speakers from petitioner.

Invoices dated from January through April, 1971 list two hundred and thirty-six hi-fi units which were ordered by Mr. Strelsky for exhibit at the Washington, D.C. Hi-Fi Music Show, and also to supplement his stock. Such invoices show the mark "KIRKSAETER". Also, the hi-fi equipment shipped to Mr. Strelsky bore the mark "KIRKSAETER" affixed to a metal plate in the upper left hand corner of the equipment. Sales of such equipment were made to individuals and to retailers.

Mr. Strelsky decided to form a corporation and on June 25, 1971 a certificate of incorporation was issued in the name of "Kirksaeter in America, Inc."

On July 28, 1971 petitioner and "Kirksaeter in America, Inc." entered into a formal contract whereby the importing corporation was given the exclusive distributorship for petitioner's hi-fi products in the United States. By the terms of this contract, "Kirksaeter in America, Inc.", in addition to other terms, was to promote the manufacturer's product in such a way as to maintain an image of the finest quality and reputable nature; to consult with petitioner on a frequent basis to insure that the importer's policy of marketing the product was in agreement with petitioner, and not to change the name, serial numbers, or add other names to the

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manufacturer's products.

Petitioner supplied advertising leaflets to the importing corporation and the printing costs were split between them. The U.S. corporation paid for advertisements in various magazines such as "Forecast FM", "Hi-Fidelity Trade News", and "High Fidelity Magazine". It also introduced its products at the Houston Hi-Fi Show and the Chicago Trade Fair Show and paid the expenses for such exhibits.

An advertisement in the May 1971, issue of the "High Fidelity" magazine contained the following: "One relatively unfamiliar name represented at the recent Washington Hi-Fidelity Music Show was that of "KIRKSAETER OF AMERICA", the newly established U.S. marketing arm of Audioson Electronics GmbH Kirksaeter of Dusseldorf, Germany".

After Mr. B. J. Roberts, a new investor in the corporation, became president, Mr. Strelsky's association with the corporation was terminated.

On June 24, 1972, petitioner and "Kirksaeter in America Inc.", entered into a new contract similar to the previous contract but containing certain additional provisions. Article 13 contains an additional sentence which reads: "The importer is not allowed to sell competitor's products or any other products which will tint the image of the manufacturer, or limit the importer's capital which could be used to increase the market for the products of the manufacturer. In case of doubt, the manufacturer's opinion will decide". Also Article 21 provides that, "If the contract is cancelled, the importer must change the name of the corporation immediately".

Upon receipt of the imported equipment, "Kirksaeter in America, Inc.", removed such equipment from the original boxes, inspected it, and then after making repairs, placed a new service label on the back of each piece of equipment giving its corporate name and telephone number. On the top line of such label appeared the words "FOR SERVICE CONTACT". Directly below and in large print was

the term "KIRKSAETER", then directly below in much smaller print appeared "in America Inc.", then on the next line below in large numerals was the telephone number (301) 944-5353.

The equipment with the new label attached was then repackaged for delivery to the customer.

In May of 1972, Mike Hoover, a repairman who was to be appointed the new national service manager to repair and set up warranty service for Kirksaeter Products in America, was sent by "Kirksaeter in America, Inc.", to petitioner's establishment in Germany to be factory trained, and to be able to set up the display for the consumer electronics show to be held in Chicago in June of that year.

On October 10, 1972 "Kirksaeter in America, Inc.", filed an application Serial No. 437,758 in the U.S. Patent and Trademark Office to register the mark "KIRKSAETER" for the goods previously recited, claiming a date of first use as of April, 1971. This application matured into Registration No. 973,285 which petitioner is now seeking to cancel.

In the latter part of 1972, a new and separate company "Kirksaeter Audiosonics Inc., was formed to replace the old corporation "Kirksaeter in America, Inc. The trademark "KIRKSAETER" with the good will of the business was assigned to the new corporation.

*456 Petitioner contends that it is the prior user of the mark "KIRKSAETER" as a result of the shipments of receivers and speakers made by petitioner to Mr. Daniel Strelsky, which shipments took place prior to April 1971, the date of first use alleged by respondent's assignor in its application which matured into its registration, and prior to the distributorship agreement with the importer "Kirksaeter in America, Inc.", which took place on July 28, 1971. Petitioner asserts that the question of ownership of a trademark as between the manufacturer of a product to which the mark is applied and the exclusive distributor of that product is a matter of agreement between them, and that in the absence of

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any such agreement, there is the legal presumption that the manufacturer is the owner of the mark. Petitioner then contends that it is absolutely clear from the wording in the contracts entered into between petitioner and the U.S. distributor that there never was an agreement or any intent by either petitioner or the distributor to effect a change in the ownership of the trademark rights which petitioner possessed in "KIRKSAETER"; that consequently neither Daniel D. Strelsky nor the corporation which he formed, namely "Kirksaeter in America Inc." possessed any trademark rights in the mark "KIRKSAETER", which could be assigned to the present respondent, "Kirksaeter Audiosonics Inc."; and that therefore since petitioner and not the respondent is presently the owner of the trademark "KIRKSAETER", Registration No. 973,285 for such mark issued to respondent should be cancelled.

Respondent on the other hand contends that it is doubtful whether the hi-fi equipment shipped from petitioner to Daniel Strelsky in the spring of 1971 bore any trademark, and whether such shipments constituted use in commerce of the mark "KIRKSAETER". Respondent contends that Mr. Strelsky was merely obtaining an inventory for the purposes of going into business, and no actual business occurred until the corporation "Kirksaeter in America, Inc." was formed and financing made available.

It is the respondent's contention that the hi-fi equipment shipped by petitioner was received by respondent in a defective condition, and had to undergo extensive repairs and sometimes be entirely rebuilt by respondent; that after such repairs were made, the equipment was repackaged and a new service label was affixed to the back of the equipment. It is respondent's contention that the only use of the mark "KIRKSAETER" which is in evidence in this proceeding is the use of this service label on the repaired equipment. Respondent further contends that "Kirksaeter in America, Inc." was clearly responsible for all advertising and promotion of the

"KIRKSAETER" mark in the United States, as well as the repairing and quality control of the hi-fi product; that it was the service label of "Kirksaeter in America, Inc." that the purchaser saw on the goods, and to whom he relied on for repair and replacement of defective equipment; and that whatever goodwill may have developed in the "KIRKSAETER" mark was the direct result of the efforts of "Kirksaeter in America, Inc.", and was not in any way contributed to or assisted by the petitioner. In conclusion respondent contends that petitioner's case is based on prior use in commerce of the trademark "KIRKSAETER", and since petitioner has proven no use whatsoever of the trademark "KIRKSAETER", in the United States, it has failed to prove its case.

The only question for determination herein is which of the parties is owner of the mark, "KIRKSAETER".

[1]It is well settled that the question of ownership of a trademark as between the manufacturer of a product to which the mark is applied and the exclusive distributor of that product, or as between a foreign manufacturer and the exclusive United States importer and distributor, is a matter of agreement between them, and in the absence of any such agreement, there is the legal presumption that the manufacturer is the owner of the mark. Without such expressed or implied acknowledgement or transfer by the foreign manufacturer of rights in the trademark to the exclusive U.S. distributor, such distributor does not acquire ownership of a mark of a foreign manufacturer any more than a wholesaler can acquire ownership of the mark of a manufacturer, merely through sale and distribution of goods bearing the manufacturer's trademark. See: *In re Lettmann*, 183 USPQ 369 (TT&A Bd., 1974); *Compania Insular Tabacalera, S.A. v. Camacho Cigars, Inc.*, 167 USPQ 299 (TT&A Bd., 1970); *Far-Best Corporation v. Die Casting "ID" Corporation*, 165 USPQ 277 (TT&A Bd., 1970); *Spencer doing business as Hurricane Marine Products v. VDO Instruments, Limited, et al.*, 142 USPQ 72 (D.C. E.D.

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Michigan, 1964); *Accurate Merchandising, Inc., et al., v. American Pacific et al.*, 186 USPQ 197 (D.C., S.D. N.Y., 1975); *Freund v. H.R. Radomski & Co. Limited*, 159 USPQ 741 (TT&A Bd., 1968); *457 *Strohmeier & Arpe Company v. Kitagumi Boeki Kabushiki Kaisha (Kitagumi Trading Co., Ltd.)*, 144 USPQ 360 (TT&A Bd., 1964); *Roger & Gallet v. Janmarie, Inc.*, 114 USPQ 238 (CCPA, 1957); *Jean D' Albret v. Henkel-Khasana GmbH*, 185 USPQ 317 (TT&A Bd., 1975); and *Ex parte E. Leitz, Inc.*, 105 USPQ 480 (Comr., 1955).

In none of the formal contracts entered into between petitioner and its exclusive U.S. distributor were there any express or implied agreements or any indication of intent by any of the parties to transfer or assign the trademark rights in the mark "KIRKSAETER" from the owner of the mark in Germany to the U.S. importer and distributor. An examination of such formal agreements shows every indication and intent by all parties that the commercial relationship between petitioner and respondent's assignor was merely to be that of manufacturer of the goods on the one hand, and the exclusive importer and distributor of the goods in the United States on the other, with no intent to transfer or assign any trademark rights which petitioner possessed in the mark "KIRKSAETER". This is evidenced by the following provisions set forth in the various agreements. The contract dated July 28, 1971 between petitioner and "Kirksaeter in America, Inc." stated in addition to other terms that:

"The importer agrees to promote the manufacturer's product in such a way as to maintain an image of the finest quality and reputable nature."

"Importer agrees to consult with the manufacturer on a frequent basis to insure that the importer's policy of marketing the product is in agreement with that of the manufacturer."

"The importer is not allowed to change the name, serial number or add other names to the manufacturer's product."

The new contract between petitioner and "Kirksaeter in America, Inc." executed on June 24,

1972 was similar to the previous agreement but contained the following additional provisions:

"The importer is not allowed to sell competitor's or any other products which will tint the image of the manufacturer, or limit the importer's capital which could be used to increase the market for the products of the manufacturer. In case of doubt, the manufacturer's opinion will decide."

"If the contract is cancelled, the importer must change the name of the corporation immediately."

Such 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.

This view is strengthened by the testimony of Mr. Strelsky in his deposition of January 19, 1976. In answer to the question, "Did it ever occur to you you might have trademark rights under the trade name "KIRKSAETER"? Mr. Strelsky replied, "No, that is his name, not mine. I was trying to help him".

This leaves us then with but one remaining consideration, namely does the record of the present case show any statements or conduct of the parties pertaining to their business transactions with each other and with potential or prospective purchasers that would point to the exclusive importer and distributor as the source of origin of the hi-fi equipment rather than petitioner.

While respondent has claimed that the equipment was received by the importer in defective condition, and that after making extensive repairs, a new label

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was affixed to the back of the equipment, and the goods repackaged before sale and delivery to its customers, it is clear that such new label was not an indication of origin of the goods in the importer, but a mere indication of whom the customer should contact for service to the equipment, namely *458 "Kirksaeter in America, Inc." This is evidenced by the fact that such new labels had the words "FOR SERVICE CONTACT" in large bold letters directly above the name of the distributor "Kirksaeter in America, Inc." followed by its telephone number.

While respondent claims that the distributor was clearly responsible for all advertising and promotion of the "KIRKSAETER" mark in the United States, the record shows that petitioner supplied advertising leaflets to the distributor and the printing costs were split between them. Although the distributor did pay for advertisements in many national hi-fi magazines, the excerpt from an advertisement in the May 1971 issue of the "High Fidelity" magazine, which reads:

"One relatively unfamiliar name represented at the recent Washington Hi-Fidelity Music Show was that of "Kirksaeter of America, the newly established U.S. marketing arm of Audioson Electronics GmbH Kirksaeter of Dusseldorf, Germany,"

would clearly indicate to purchasers that origin of the goods was in petitioner rather than the distributor.

[2]We have also noted the fact that Mike Hoover, a repairman who was to be appointed the new national service manager to repair and set up warranty service for Kirksaeter products in America, was sent by the importer to petitioner's factory in Germany to be factory trained in order to better handle the responsibilities of his new job, and to adequately set up the display at the Chicago Hi-Fi Show. Such factory training of Mr. Hoover is a strong indication of petitioner's control over the quality operation of its equipment.

After carefully considering the evidence of record

in the present case, it is apparent that respondent's assignor, namely, Kirksaeter in America, Inc. was, at the time it filed the application which matured into the registration sought to be cancelled, merely an importer of petitioner's hi-fi equipment; that it used a nameplate from petitioner's goods showing petitioner's mark to support its own claim of ownership of the mark "KIRKSAETER"; and that as a mere importer and distributor of petitioner's goods, neither respondent nor its assignor acquired any right of ownership in petitioner's mark. We therefore conclude that respondent was not entitled to the registration of the mark, and under the facts herein set forth, damage to petitioner from the continued existence of the registration will be presumed. See the case of *Porcelaine De Paris, Sarl v. I. Freeman & Son, Inc.*, 118 USPQ 369 (Comr., 1958).

Decision

The petition is granted and Registration No. 973,285 will be cancelled in due course.

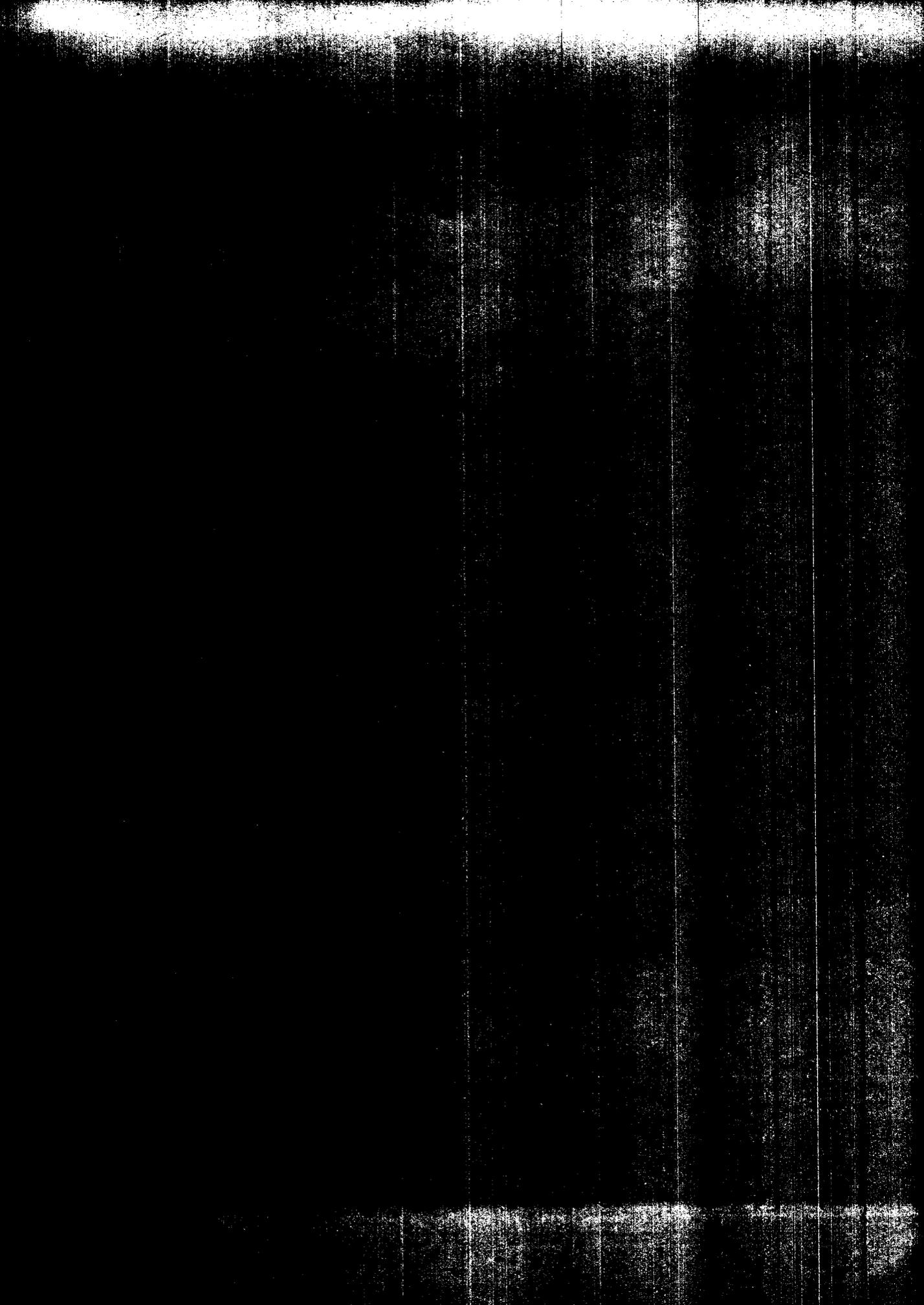
FN1 Reg. No. 973,285.

P.T.O. T.T.A.B.

Audioson Vertriebs - Gmbh v. Kirksaeter Audio-sonics, Inc.

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END OF DOCUMENT



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C

BAKKER
 v.
 STEEL NURSE OF AMERICA INC.

Patent Office Trademark Trial and Appeal Board
 Decided Dec. 21, 1972

United States Patents Quarterly Headnotes

TRADEMARKS

[1] Acquisition of marks -- Dealer versus principal
 (§ 67.077)

Importer of goods bearing mark of foreign manufacturer does not acquire any rights in mark merely by importing goods and selling them in United States; in absence of agreement by manufacturer that mark is property right of exclusive distributor or in absence of assignment by manufacturer to distributor of all of former's rights in mark in United States together with business and good will appurtenant thereto, it is presumed that manufacturer is owner of mark for goods sold in United States.

Trademark interference No. 7,041 between Johannes Petrus Bakker, application, Serial No. 395,806, filed June 25, 1971, and Steel Nurse of America Inc., application, Serial No. 366,594, filed July 29, 1970. Bakker held entitled to registration; registration to Steel Nurse of America Inc. refused.

CUSHMAN, DARBY & CUSHMAN, Washington, D. C., for Bakker.

EDWARD F. LEVY and LEVY & MALTINA, both of New York, N. Y., for Steel Nurse of America Inc.

Before LEFKOWITZ and SHRYOCK, Members, and BOGORAD, Acting Member.
 BOGORAD, Acting Member.

Steel Nurse of America Inc., (hereinafter referred to as Steel Nurse of America), filed an application on July 29, 1970 to register the mark "STEEL

NURSE" for hospital beds and supports therefor, use since December 4, 1969 being alleged.

Johannes Petrus Bakker, (hereinafter referred to as Bakker), filed an application on June 25, 1971 to register the identical mark for patient nursing lift devices for lifting persons or invalids onto or out of beds and for carrying or transporting persons or invalids, use since September 1, 1969 being alleged.

An interference was instituted, and Bakker has moved for summary judgment. Although Steel Nurse of America was granted two extensions of time in which to respond to the said motion, the record fails to show that it has in fact filed a response thereto.

As grounds for judgment, Bakker asserts that the parties are seeking the registration of the identical mark for the same goods; that Bakker is the manufacturer of the goods while Steel Nurse of America is a distributor in the United States; that the goods are manufactured in The Netherlands and sold throughout Europe; that Bakker is still manufacturing these goods; that Steel Nurse of America has never manufactured these goods; that Steel Nurse of America simply purchased these goods from Bakker for resale in the United States under a contract of distributorship; that the agreement was for a term of three years, subject to termination for cause; that Steel Nurse of America was granted no rights in and to the trademark "STEEL NURSE" here involved; that in order to protect the goodwill engendered by the trademark "STEEL NURSE", Steel Nurse of America was required to maintain a high standard of service; that Steel Nurse of America failed to comply with this requirement; that the agreement was thereby lawfully terminated by Bakker; that the true owner of the mark here in question is Bakker; and that judgment in favor of Bakker should therefore be granted forthwith.

[1] Bakker has furnished ten exhibits in support of its motion from which it satisfactorily appears that

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Bakker is the manufacturer of the goods in question and that Steel Nurse of America was simply the sole distributor in the United States of these goods, the *448 distributorship being terminated in the manner stated by Bakker. As indicated by Bakker, it is well settled that the importer of the goods bearing the mark of a foreign manufacturer does not acquire any rights in the trademark merely by importing the goods and selling them in the United States. See: Mackie-Lovejoy Mfg. Co. v. Birnbaum, 102 USPQ 38 (Comr., 1954); Rimmel, Inc. v. Nelson, 102 USPQ 258 (Comr., 1954); and Ex parte E. Leitz, Inc., 105 USPQ 480 (Comr., 1955). It has been further held that in the absence of an agreement, express or otherwise, by the manufacturer of goods abroad that the trademark which it affixes to the goods is the property right of the exclusive distributor or in the absence of an assignment by the manufacturer to the exclusive distributor of all of the former's rights in the mark in the United States together with the business and goodwill appurtenant thereto, it is presumed that the manufacturer is the owner of the mark for such goods sold in the United States. See: Strohmeyer & Arpe Company v. Kitagumi Boeki Kabushiki Kaisha (Kitagumi Trading Co., Ltd.), 144 USPQ 360 (TT&A Bd., 1964).

END OF DOCUMENT

In view of the foregoing, it is adjudged that Bakker is the owner of the mark "STEEL NURSE" in the United States and that therefore Steel Nurse of America possesses no registrable rights in the mark for the goods recited in its application.

Decision

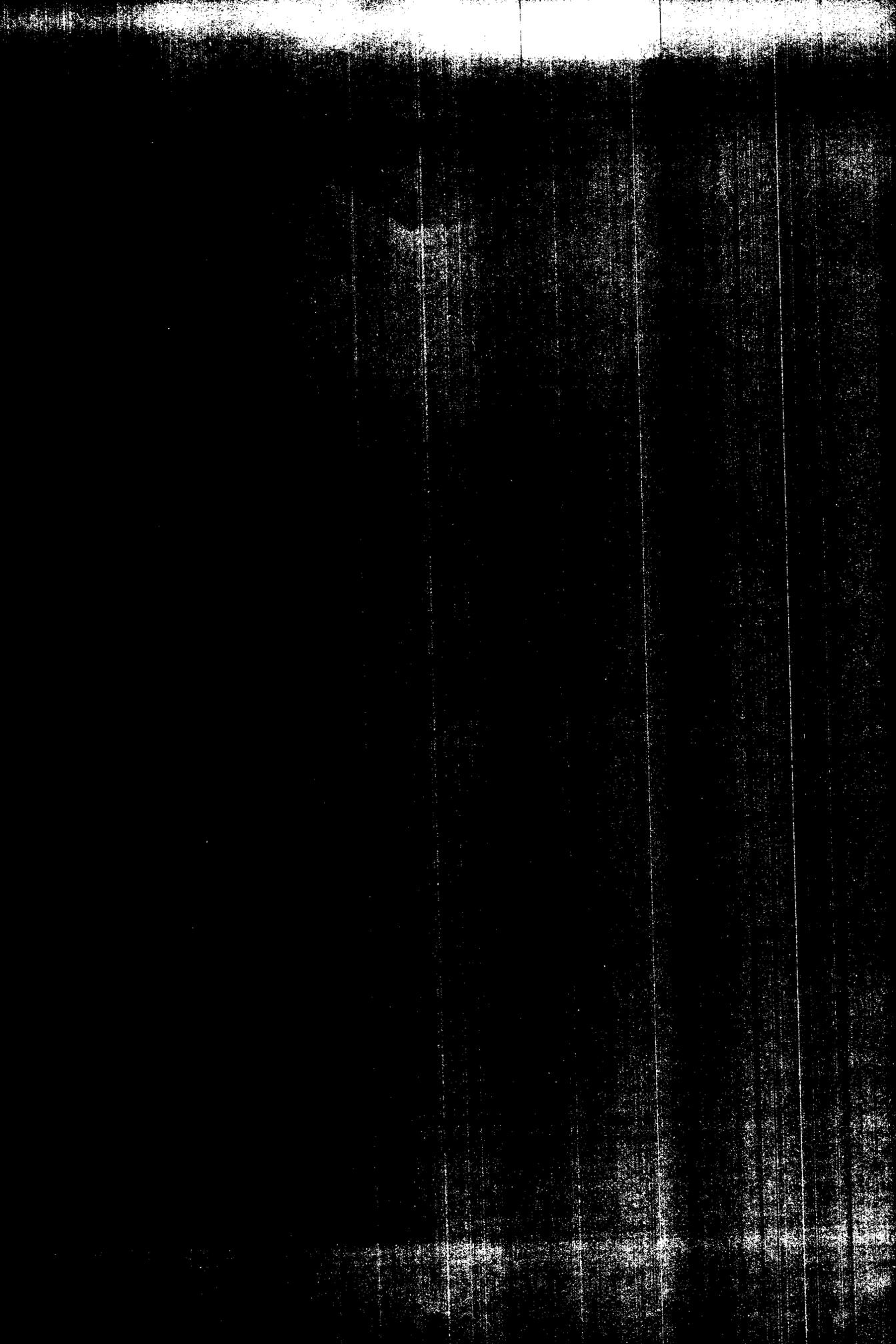
Bakker's motion for summary judgment is granted, and registration to Steel Nurse of America is refused. Accordingly, Bakker is entitled to the registration for which he has made application.

Pat.Off.T.T.A.B.

Bakker v. Steel Nurse of America Inc.

1972 WL 17856, 176 U.S.P.Q. 447

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1983 WL 50151 (Trademark Tr. & App. Bd.), 219 U.S.P.Q. 163

(Cite as:219 U.S.P.Q. 163)



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In re Bee Pollen from England Ltd.

Patent and Trademark Office Trademark Trial and
Appeal Board

Decided July 1, 1983

United States Patents Quarterly Headnotes

TRADEMARKS

[1] Pleading and practice in Patent Office -- In general (§ 67.671)

TTAB considers evidence submitted by examining attorney with his Examiner's Statement as being part of record, even though ordinarily excluded, where applicant did not object to introduction of material and discussed it in its reply brief and treated it as being of record.

TRADEMARKS

[2] Acquisition of marks -- Dealer versus principal (§ 67.077)

Registration -- Consent of another (§ 67.741)

TMEP Section 1201.04(a) provides that claim of ownership of mark cannot be accepted when applicant is distributor, importer, or other distributing agent of goods of manufacturer or producer, and mark is mark of that manufacturer or producer; when this situation exists, U.S. distributor or importer for goods of foreign manufacturer may only register manufacturer's mark in U.S. if applicant places in record assignment to applicant of owner's rights in U.S. together with business and goodwill and written consent of owner of mark to registration in applicant's name.

TRADEMARKS

[3] Registration -- Supplemental Register (§ 67.765)

Mark must be capable of distinguishing applicant's goods, to be registrable on Supplemental Register.

TRADEMARKS

[4] Marks and names subject to ownership -- Descriptive -- Particular marks (§ 67.5081)

"Bee Pollen From England" is incapable of distinguishing bee pollen of one manufacturer or importer of bee pollen from England from that of another; allowance of registration on Supplemental Register would be contrary to statute.

Appeal from Trademark Examining Attorney.

Application for registration of trademark of Bee Pollen From England Ltd., Serial No. 178,379, filed July 17, 1978. From decision refusing registration, applicant appeals. Affirmed in part, reversed in part.

Munroe H. Hamilton, Lexington, Mass., for applicant.

Before Simms, Krugman, and Cissel, Members.
Krugman, Member.

Bee Pollen From England Ltd. has applied for registration on the Supplemental Register of the term "BEE POLLEN FROM ENGLAND" as depicted below for natural bee collected pollen in pods.^{1N1}

Bee Pollen

from England

Registration has been refused by the Examining Attorney under Section 23 of the Act on the ground that the subject matter for registration is incapable of identifying applicant's goods and distinguishing

them from like goods of others. The Examining Attorney has also raised the issue as to ownership of the designation sought to be registered and has made final a requirement that applicant place in the

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record an assignment to applicant of the England producer's right in the designation sought to be registered in the United States together with the business and good will appurtenant thereto.

Applicant has appealed.

Turning first to the question of ownership of the designation "BEE POLLEN FROM ENGLAND", the specimens of record indicate that the goods are imported from England and are distributed by applicant. The Examining Attorney noted that the goods are manufactured or produced in a foreign country and inquired as to the ownership of the mark. Applicant was asked to state whether the mark is used anywhere by the foreign manufacturer or producer as owner of the mark. In response to this inquiry, applicant indicated that the mark is used in England by an English producer who is the owner of the English trademark; and that the right to use the trademark in the United States was acquired by agreement with the English producer. The Examining Attorney then required that a copy of the agreement between applicant and the English producer be made of record. The Examining Attorney further pointed out that in order for applicant to be the owner of the mark in the United States for registration purposes, applicant must place in the record an assignment to applicant of the English producer's rights in the mark in the United States together with the business and good will appurtenant thereto^{1N2} and applicant must also place in the record the written consent of the English owner of the mark to registration in applicant's name.^{1N3}

In response to this requirement, applicant's attorney stated that no written agreement between the English producer and applicant was ever entered into; that only an oral understanding exists; but that in view of the Examining Attorney's requirement, written authorization from the English producer was obtained and that an assignment document was prepared and was in the process of being executed. Applicant attached an unexecuted assignment document and a document from *165 one Raymond Matthews, Managing Director of Wassen-Europ

Ltd. to Mr. Frederick Kulow, Executive Vice President of applicant stating the following:

"As the manufacturers and exporters of 'Bee Pollen From England', we confirm our oral understanding between us, whereby you are authorized and requested to prosecute (sic) the registration of a trademark 'Bee Pollen From England' in the United States of America."

The Examining Attorney noted the above response and requested that applicant file an executed assignment to which applicant responded that an agreement providing for the assignment of trademark rights in the United States as well as North and South America and other undertakings was being prepared and would be filed as soon as it was received by applicant's attorney. The Examining Attorney then issued another Office action requiring the executed assignment.

In response to the most recent Office action, applicant's attorney asserted that a number of pertinent facts had come to light as a result of discussions between applicant's trademark counsel and applicant's general counsel; that when applicant was formed in 1976, it chose as its name and its trademark "BEE POLLEN FROM ENGLAND" and entered into an oral arrangement with Wassen-Europ Ltd. whereby applicant became the exclusive distributor of processed bee pollen pods made by Wassen-Europ Ltd.; that part of this oral arrangement was authorization for Wassen-Europ Ltd. to package the bee pollen pods in containers made by Wassen-Europ Ltd. for shipping to the United States with the package being printed in England by Wassen-Europ Ltd. bearing the designation "BEE POLLEN FROM ENGLAND" and also bearing applicant's name and address; that this oral arrangement also provided that while Wassen-Europ Ltd. was to have the right to use the designation "BEE POLLEN FROM ENGLAND" on goods sold in England and other areas in the eastern hemisphere, the right to register the term in the United States was to be exclusively retained by applicant, as borne out in the previously filed document from

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Raymond Matthews to Frederck Kulow; that the information provided to the Examining Attorney to the effect that the English producer, Wassen-Europ Ltd. was the owner of the trademark was incorrect and not in accord with the oral understanding between Wassen-Europ Ltd. and applicant; that Wassen-Europ Ltd. continues to sell goods under its own trademarks "POLLEN B" and "BEE POLLEN"; that in view of the oral arrangement, Wassen-Europ Ltd. did not have ownership of "BEE POLLEN FROM ENGLAND" in the western hemisphere which it would have to have to warrant the assignment required by the Examining Attorney; and that since applicant is the owner of the mark by virtue of its own use and since the mark is applied on applicant's instructions, no assignment is required. Applicant has filed an affidavit by Frederick Kulow in support of the above assertions.

In response to the above remarks, the Examining Attorney stated that he is not convinced that he is dealing with the owner of the mark, especially since the record of the proposed written assignment document does not refer to any prior oral agreement.

Subsequently, during the appeal process, applicant was allowed to submit an affidavit and have the application remanded to the Examining Attorney for further consideration. This affidavit was executed by Raymond Matthews and states that applicant instructed Wassen-Europ Ltd. to apply the mark "BEE POLLEN FROM ENGLAND" to Wassen-Europ Ltd.'s product which was to be exclusively distributed in the United States by applicant; that prior to receipt of such instructions, Wassen-Europ Ltd had not used "BEE POLLEN FROM ENGLAND" as a trademark or trade name in the United States; and that, accordingly, Wassen-Europ Ltd claims no ownership of the mark in the United States.

[1] The Examining Attorney was unpersuaded by the affidavit and applicant was allowed time in which to file a reply brief responding to the Examiner's Statement. ¹²⁴

[2] After carefully reviewing the entire prosecution of this application and the arguments of both applicant and the Examining *166 Attorney, we are satisfied that applicant's claim of ownership of the designation "BEE POLLEN FROM ENGLAND" is supported by the record and we agree with applicant that the requirement for an assignment of the mark to applicant is not warranted. TMEP Section 1201.04(a) provides in part that applicant's claim of ownership of the mark cannot be accepted by the Examining Attorney as correct when applicant is a distributor, importer or other distributing agent of the goods of a manufacturer or producer *and the mark is the mark of said manufacturer or producer.* (Emphasis added.) When this situation exists, a United States distributor or importer for goods of a foreign manufacturer may only register the manufacturer's mark in the United States if the applicant places in the record an assignment to applicant of the owner's rights in the United States together with the business and good will and written consent of the owner of the mark to registration in the applicant's name. The Examining Attorney properly inquired as to ownership of the mark in view of the specimens showing applicant as the distributor. Upon being informed by counsel for applicant that the English producer was the owner of the mark in England, the Examining Attorney properly required an assignment and a written consent. However, subsequently, applicant maintained that the information that the English producer was the owner of the mark was erroneous; that the English producer was not the owner of the mark; that the English producer had its own marks which it used in England and other countries and that the English producer was placing applicant's mark on the specimens pursuant to applicant's instructions. This explanation of the circumstances is supported by an affidavit of applicant's officer and is further supported by an affidavit of the managing director of the English producer. In view thereof, it is our view that the record supports applicant's contention that TMEP Section 1201.04(a) is inapplicable, since the instant mark is not the mark of the manufacturer or producer. Accordingly, applicant is not required to submit any

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assignment.

Turning to the statutory refusal to register on the ground that the designation sought to be registered is incapable of identifying applicant's goods and distinguish them from like goods of others, applicant argues that the subject matter for registration is a composite geographical mark; that the term is a fanciful designation arbitrarily selected by applicant to designate a special class of bee pollen pods of a quality and character different from other types of bee pollen in packages or pods now on the market. Applicant further argues that bee pollen can be purchased in various forms, and the term "bee pollen" means more than "natural bee collected pollen in pods", which are the goods as described in applicant's application. Applicant asserts that visits were made to health food stores, but that no bee pollen in pods was offered for sale except those of applicant identified as "BEE POLLEN FROM ENGLAND"; that as for the term "from England", this was chosen as a fanciful term and in no way was intended to indicate a country of origin; and that an agreement between applicant and the English producer provides for the product being made in the United States and elsewhere.

[3,4] To be registrable on the Supplemental Register, a mark must be "capable of distinguishing applicant's goods * * *" Section 23 of the Trademark Act. In the present case, it is clear that "bee pollen" is the generic term for applicant's goods, notwithstanding the fact that applicant may use a special process to keep its bee pollen fresh. This is apparent from applicant's specimens which list the ingredients in applicant's product as including, inter alia, bee collected pollen. That the term is a generic name for the goods is further evidenced by the listing of the term "bee pollen" in the Physician's Desk Reference made of record by the Examining Attorney. While applicant argues that the subject matter for registration is a composite geographical term registrable on the Supplemental Register, we disagree and are of the view that the term "BEE POLLEN FROM ENGLAND" merely constitutes the name of

the goods as well as an indication as to where the pollen comes from. We feel that the issue presented herein was settled many years ago in *Canal Co. v. Clark*, 80 US 311 (1872) and recently cited in *Mineco, Inc. v. Lone Mountain Turquoise Mine*, 217 USPQ 466 (TTAB 1983). By registering the designation herein which consists of the term "from England" with the name of the goods, applicant would be in a position to prevent others dealing in similar products from England from truthfully using the same designation. We conclude that "BEE POLLEN FROM ENGLAND" is incapable of distinguishing the bee pollen of one manufacturer or importer of bee pollen from England from that of another. Since the designation herein is incapable of distinguishing source as a trademark,*167 allowance of the registration on the Supplemental Register would be contrary to statute.

Decision

The refusal of registration under Section 23 of the Act is affirmed; the requirement for compliance with TMEP Section 1201.04(a) is reversed.

FN1 Application Serial No. 178,379 filed July 17, 1978.

FN2 TMEP Section 1201.04(a)

FN3Id.

FN4 Attached to applicant's reply brief is additional evidence consisting of a written agreement between Wassen-Europ Ltd. and applicant, several photographs and some packaging material presumably containing bee pollen pods. Since this material was not filed until the reply brief, the Examining Attorney had no opportunity to respond to it and, accordingly, the material is considered untimely and will be given no consideration. In this regard, it is noted that evidence was submitted by the Examining Attorney with his Examiner's

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Statement. Ordinarily, material submitted at that time will be excluded. However, in the present case, since applicant did not object to the introduction of the material and since applicant discussed the material in its reply brief and treated it as being of record, said material is considered to be part of the record herein.

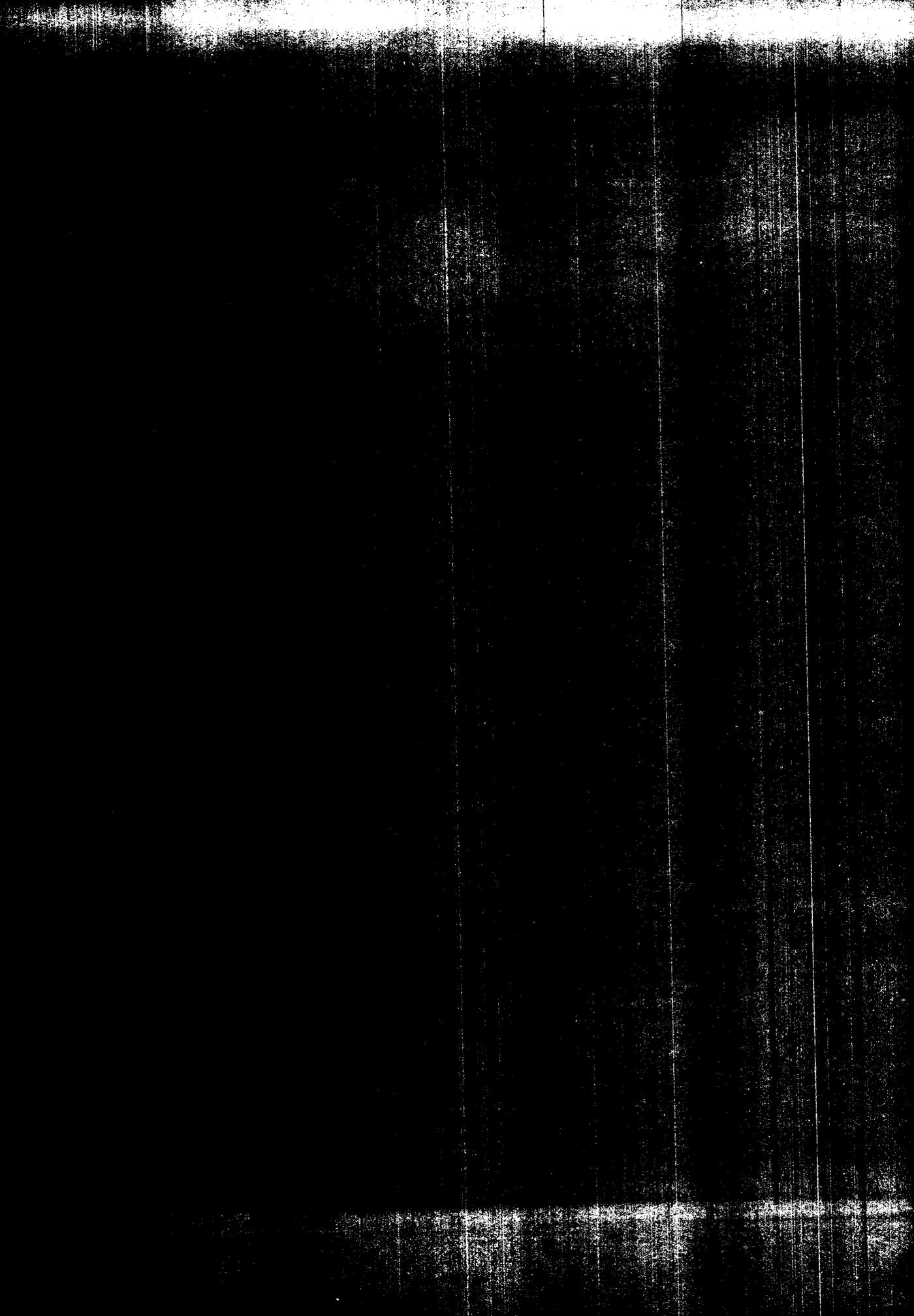
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C

United States District Court, D. Maryland.
 DAESANG CORPORATION, Plaintiff
 v.
 RHEE BROS., INC., Defendant
 No. Civ. AMD 03-551.

May 13, 2005.

Michael A. Grow, Ernest A. Tuckett, III, Randall A. Brater, Arent Fox Kintner Plotkin and Kahn PLLC, Evan Scott Stolove, Fannie Mae, Washington, DC, for Plaintiff.

Brenda R. Sharton, Don M. Kennedy, Jaren D. Wilcoxson, Neil T. Smith, Scott Bergan Nardi, David L. Permut, Goodwin Procter LLP, Boston, MA, James A. Johnson, Jonathan Ilson Ahn, Semmes Bowen and Semmes PC, Baltimore, MD, for Defendant.

Kenneth S. Knuckey, Sweeney and Sheehan PC, Philadelphia, PA, for Claimant.

MEMORANDUM OPINION SETTING FORTH
 FINDINGS OF FACT AND CONCLUSIONS OF
 LAW PURSUANT TO FED.R.CIV.P. 52

DAVIS, J.

*1 In this action arising under the Lanham Act, 15 U.S.C. §§ 1051, et. seq., and state law, plaintiff/counter-defendant Daesang Corporation ("Daesang"), seeks cancellation of a federal trademark registration, consisting in relevant part of a Korean alphabet depiction which transliterates to the term "Soon Chang" (hereinafter "the mark"), and damages under Maryland law for tortious interference with business relations and prospective economic advantage, against defendant/counter-plaintiff Rhee Bros., Inc. ("Rhee Bros."). In particular, Daesang alleges that: (1) registration of the mark should be canceled because Rhee Bros. obtained federal registration of the mark fraudulently; and that, alternatively, (2) the claim to exclusive use of the mark is unenforceable because

(a) it is geographically descriptive but lacking in secondary meaning and (b) it is used in a manner that is geographically deceptively misdescriptive. Rhee Bros. has asserted counterclaims for: (1) trademark infringement; (2) unfair competition and false designation of origin in violation of 15 U.S.C. § 1125(a); (3) trademark dilution in violation of 15 U.S.C. § 1125(c); (4) common law trademark infringement; and (5) unfair competition.

I conducted a bench trial over several days between January 18, 2005, and February 14, 2005. After careful consideration of the witness testimony, trial exhibits, and all the evidence presented, and after considering the arguments of counsel, I shall direct the entry of judgment in favor of Daesang as to its federal claims. However, I find and conclude that the state law claim is not proven. Furthermore, I do not find that this case qualifies as an "exceptional case" under section 35(a) of the Lanham Act, and thus I shall deny Daesang's request for costs and attorneys' fees. See 15 U.S.C. § 1117(a). Rhee Bros.' counterclaims shall be rejected. There follows my findings of fact and conclusions of law in accordance with Fed.R.Civ.P. 52(a).

I. FINDINGS OF FACT

1. "Gochujang" (also written as "gochuchang," "gochoo chang," "kochujang" or "koch'ujang") is a Korean condiment or sauce commonly known in English as "hot pepper paste" or "hot bean paste." *Yu Dec.* ¶ 1.

2. Gochujang is a very popular food among Koreans. *Kim-Renaud Dep. at 24* ("There is no Korean who would grow up not having eaten it.").

3. By a wide margin, the primary purchasers of gochujang in the United States are persons of Korean origin.^{FN1} *Cho Dep. at 19; Bae Dep. at 14.*

FN1. In 1980, there were approximately 350,000 Korean Americans living in the

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United States, 290,000 of whom were born in Korea. By the year 2000, there were approximately one million Koreans living in the United States, 700,000 of whom were born in Korea and immigrated to the United States prior to 1990. *Plf. Exhs. 210-17.*

4. The Soon Chang province of South Korea has been well known for and associated with producing high quality gochujang for centuries. *Larsen Dec. ¶¶ 9, 15; Plf. Exhs. 125, 143, 147, 148, 155, 157.*

5. Most Koreans and Korean Americans are, and have long been, familiar with the goods-place association between Soon Chang and gochujang; Rhee Bros.' contention that knowledge of the goods-place association between Soon Chang and gochujang is a result of recent efforts by, if not an invention of, the Korean government or the local Soon Chang government, is rejected.^{FN2}

FN2. Daesang introduced credible witness testimony by Korean and Korean American gochujang consumers confirming the goods-place association of Soon Chang gochujang. *Whan-Kee Kim Dep. at 22-23; Bae Dep. at 23; Cho Dep. at 8-9; Kil Young Kim Dep. at 42, 56-64; Kil Yong Kim Dec. ¶¶ 6-7, 9.*

*2 6. During the Chosun Dynasty in Korea (1392-1910), Soon Chang gochujang was sent to Seoul, the capital of Korea, as a tribute to kings. *Larsen Dec. ¶¶ 9, 15; Plf. Exhs. 125, 143, 147, 148, 155, 157.*

7. Numerous encyclopedias and historical documents confirm that as early as the 18th century, "one of the things that Sunch'ang is well known for is koch'ujang." *Larsen Dep. at 16-18, 37; Larsen Dec. ¶ 15.*

8. In 1740, a Korean document known as *Sumun-sasol* noted that Soon Chang was a place in Korea

famous for high quality gochujang. *Larsen Dec. ¶ 15.*

9. Another document from the early 1880s, the *Kyuhapch'ongso*, notes that of the places in Korea known for their gochujang, Soon Chang is the most famous. *Id.*

10. A May 17, 1959, article in the *Chosun Daily Newspaper*, a Korean language paper, states in part:

One of the famous products in Soon Chang is gochujang. It is believed that the water here created today's "Soonchang Gochuchang" not to mention the culinary technique.... From ancient times high government officials who toured this district received a gochuchang jar as a gift and noble individuals who left this district received a gochuchang jar (as a souvenir).

Plf. Exh. 3.

11. Consequently, numerous companies located in Soon Chang make gochujang and other sauces. *Yu Dec. ¶ 18.*

12. Additionally, the local community operates a Gochujang Folk Village, which promotes the sale of gochujang made by local businesses. *Yu Dec. ¶ 18.*

13. Numerous Internet websites promote gochujang made in Soon Chang. *Hitt Dec. ¶¶ 7-12.*

14. Brochures published by Soon Chang County and various manufacturers of gochujang located in Soon Chang discuss the fame and reputation of that area as a source of gochujang. *Plf. Exhs. 112, 112A-F, 113, 114, 115, 115A.*

15. Saying "Soon Chang gochujang" to people familiar with Korean culture is similar to saying "Idaho potatoes" or "Maine lobsters" to an American; each such term implies quality and authenticity. *Kim-Renaud Dec. ¶ 17.*

16. Defendant Rhee Bros. is a closely held Mary-

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land corporation owned by Syng Man Rhee and his relatives. *Plf. Exh. 102*.

17. Rhee Bros.' principal business address is at 9505 Berger Road, Columbia, Maryland. *Plf. Exh. 102*.

18. Rhee Bros. is primarily in the business of selling Asian food products, including gochujang, to Korean and other persons in the United States and it operates retail grocery stores in Maryland, Virginia, New York, and California. *Rhee Dec. ¶ 11*.

19. Syng Man Rhee, founder of Rhee Bros., is a highly-educated Korean-born individual who immigrated to the United States in the 1970s and established one of the first businesses to import and distribute Korean food products in the United States. *Rhee Dec. ¶¶ 4,14*.

20. Rhee Bros. was one of the first companies to use brand names and labels on the packaging of imported Asian foods. *Tr. at 158*.^{FN3}

FN3. Citations to trial transcripts are hereinafter referenced as "*Tr.*"

*3 21. In 1978, Rhee Bros. began selling gochujang using the term "Soon Chang" in its brand name. *Tr. at 158*.

22. Rhee Bros. purchased its first gochujang products in the late 1970s from a firm known as Tobagi Soon Chang Company located in Soon Chang, South Korea. *Rhee Dep. at 84-85; Tr. at 151-52*.

23. On July 2, 1986, Rhee Bros. filed Application Serial No. 73/607565 for the mark *Rhee Dec. ¶¶ 31,36*.

24. In the 1986 application, Rhee Bros. represented to the Patent and Trademark Office ("PTO") that Soon Chang meant "pure spear." *Plf. Exh. 28*.

25. Rhee Bros. made no mention in the 1986 ap-

plication that there is a region of South Korea known as Soon Chang or that the region is famous for high quality gochujang in spite of Rhee Bros.' knowledge of the fact. *Id.*

26. Mr. Rhee testified that he intended the term "Soon Chang" to transliterate to the term "pure spear" to denote the hot and sharp taste of gochujang. *Tr. at 122*, but I find this explanation wholly incredible.

27. Mr. Rhee places a picture of a young lady to reinforce the meaning of his brand name ASSI (meaning "young woman" in Korean), yet he never used a picture of a spear to refer to "pure spear" on any of his Soon Chang products. *Tr. at 173-74*.

28. Soon Chang cannot be understood to mean "pure spear" in the Korean language because of the linguistic structure of the phrase Soon Chang in the Korea alphabet. *Kim-Renaud Dec. ¶¶ 3,8*.

29. Although the mark literally translates in the Korean alphabet to the separate words "pure" and "spear," there is no association in the Korean alphabet or Korean culture between the words "pure" and "spear" that would make "pure spear" a plausible interpretation of the phrase "Soon Chang" by a person who reads the term in Korean or is familiar with Korean culture, which is essentially the community of consumers to whom gochujang is marketed, in the Korean language, in the United States. *See id. at ¶¶ 8-9*.^{FN4}

FN4. At trial, the Korean language interpreter could not translate the oral testimony, in the Korea language, of the term "Soon Chang" into "pure spear" as a plausible English translation.

30. On December 8, 1987, Rhee Bros. obtained registration for the mark, Reg. No. 1,468,524, for the term "Soon Chang" in the Korean alphabet. *Rhee Dec. ¶¶ 31,36*.

31. In early 1994, the mark was canceled by the PTO for failure of Rhee Bros.' attorney to file a

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Section 8 affidavit. *Id.* at ¶ 39.

32. The cancellation was not based on the merits of Rhee Bros.' registration, and Rhee Bros. had continuously used the mark in commerce from 1978 through the date of cancellation in 1994. *Id.*

33. On April 13, 1994, Rhee Bros.' attorney filed Application Serial No. 74/511883 for the mark ("Amberly application"). *Rhee Dec.* ¶ 43; *Def. Exh.* 85.

34. On June 26, 1995, a non-final office action was mailed to Amberly stating that the mark is descriptive and the mark was not categorized as geographic. *Def. Exh.* 83.

35. On February 23, 1996, the application was deemed abandoned for failure of the applicant to respond to the office action. *Rhee Dec.* ¶ 45; *Def. Exhs.* 83, 84.

*4 36. On February 26, 1996, Amberly responded to an oral notice of abandonment by filing a request for reinstatement based on his failure to receive the June 1995 office action. *Def. Exh.* 4.

37. On July 8, 1996, the PTO requested additional information explaining the reason for non-receipt of the office action. *Def. Exhs.* 4,83.

38. On August 27, 1996, another Rhee Bros. attorney filed Application Serial No. 75/157052 for the mark ("Ahn application"). *Rhee Dec.* ¶ 49.

39. A different examiner was assigned by the PTO to the Ahn application. *Koh Dep.* at 64-65.

40. On August 28, 1996, Amberly filed a response and another change of address, informing the PTO that he was not receiving mail at his previous address. *Def. Exh.* 81.

41. On September 26, 1996, the PTO dismissed the Amberly application for failure to respond. *Def. Exhs.* 80, 81.

42. On October 3, 1996, Amberly filed another re-

quest for reinstatement. *Def. Exhs.* 80, 81.

43. On December 13, 1996, Amberly's request for reinstatement was granted. *Def. Exhs.* 80, 81.

44. On July 30, 1997, Ahn filed a response to an office action which included an affidavit from Rhee Bros. stating that Soon Chang is the name of a town located in South Korea. *Rhee Dec.* ¶ 51; *Def. Exh.* 72.

45. On September 19, 1997, Amberly responded to an office action and stated that Soon Chang is a region in Korea that is "famous for sauces," but that there is no goods-place association for the mark in the U.S. *Koh Dep.* at 59-60; *Plf. Exh.* 33, *Application Serial Number* 74/511883.

46. Despite Rhee Bros.' denial (or material omission in the case of the Ahn application) that Soon Chang possesses a goods-place association (in the minds of those in the relevant American consuming community) with gochujang, Rhee Bros. emphasizes the historical connection by displaying a phrase on its labels and advertisements that reads, "Soon Chang, the historical traditional way of the past, the way it was before," and emphasizes the "hometown" taste of Soon Chang gochujang. *Plf. Exhs.* 99, 100; *Kim-Renaud Dec.* ¶ 18.

47. The Ahn application was approved for publication on November 7, 1997. *Def. Exh.* 72.

48. On October 28, 1997, in a non-final office action, the PTO refused to register the mark pursuant to the Amberly application because the mark was found to be primarily geographically deceptively misdescriptive. The PTO requested that Rhee Bros. submit evidence of secondary meaning, which Rhee Bros. never did. *Plf. Exh.* 34; *Koh Dep.* at 62-63; *Def. Exh.* 76.

49. Rhee Bros. obtained Registration No. 2,140,224, issued March 3, 1998 (via the Ahn application) for the Korean characters transliterating to "Soon Chang Chap Sal and Gochujang," meaning "Soon Chang Sweet Rice Hot Bean Paste" (the

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latter part of which was disclaimed). *Plf. Exh. 30*. This is the registration being by challenged by Daesang in the case *sub judice*.

*5 50. On July 15, 1998, the Amberly application was canceled for failure to respond to the October 28, 1997, office action and request for secondary meaning evidence, *Def. Exhs. 4, 76*, which could not have been demonstrated in any event.

51. Rhee Bros.' mark is not listed among the brands used by Rhee Bros. on its web site or in any of its company brochures. *Plf. Exhs. 27, 58, 59, 102*.

52. The term "Soon Chang" (in English or Korean) does not appear in any of Rhee Bros.' brochures or on its website. *Tr. at 67-74*.

53. Rhee Bros. used its ASSI trademark on the first gochujang that it sold and still uses the ASSI brand name, as well as the Yssine brand name, on most of the Rhee Bros. gochujang products. *Rhee Dep. at 46-47; Koh Dep. at 39; Plf. Exh. 31, Response to Requests for Admissions No. 20*.

54. Although Rhee Bros. displays the registration symbol ® next to the ASSI mark, and the 0 symbol next to the Yssine brand, it has never displayed the ® or 0 symbols adjacent to the term "Soon Chang." *Plf. Exh. 31, Response to Requests for Admissions, Nos. 13-16*.

55. Until a few months prior to trial, Rhee Bros. was not importing its gochujang from Soon Chang, South Korea. *Plf. Exh. 31, Response to Request for Admissions, No. 19*.

56. Daesang is a Korean corporation, which maintains a place of business at 52-I Kayang-dong, Kangseo-ku, Seoul, Korea. *Yu Dec. ¶ 1*.

57. Daesang sells a variety of food products in the United States, including gochujang. *Yu Dec. ¶ 1*.

58. The gochujang sold by Daesang and its predecessor Miwon Co. Ltd. (which merged with Daesang in 1997) is supplied by Daesang Food Co., Ltd.

(formerly known as Hwa Young Foods). *Yu Dec. ¶ 3*.

59. Daesang's gochujang is made in the Soon Change province of South Korea. *Yu Dec. ¶ 3*.

60. Since at least as early as 1992, Daesang and its predecessor Miwon have sold gochujang continuously in the United States under the house marks Imgumnimpyo or ChungJungWon. *Yu Dec. ¶¶ 5-7*.

61. To indicate the geographical origin of the products, the gochujang labels display the Korean characters that transliterate to Soon Chang. *Yu Dec. ¶¶ 5-7*.

62. Daesang's products are publicized in advertisements in Korean language newspapers and commercials broadcast on Korean language television stations in New York and Los Angeles. *Do Dec. ¶ 8*.

63. Rhee Bros. had knowledge of the use of the term "Soon Chang" by Daesang's predecessor, Miwon, since at least 1993 when Rhee Bros. unsuccessfully attempted to persuade Miwon to pay Rhee Bros. a royalty to use the term "Soon Chang." *Rhee Dep. at 137-38*.

64. A royalty agreement was never realized and there has never been any litigation between Miwon or Daesang and Rhee Bros. prior to this litigation. *Rhee Dep. at 101-02*.

65. In 1994, Rhee Bros. sent a letter to Miwon's distributor complaining about Miwon's use of the term "Soon Chang." *Plf. Exh. 41; Yu Dec. ¶¶ 28, 34*.

*6 66. Rhee Bros. sent another letter to Daesang and Hwa Young Food Co. in 1997 through Daesang's U.S. distributor P.K. Trading, Inc. *Plf. Exh. 42, Yu Dec. ¶ 34*.

67. In 2001, Rhee Bros. filed a trademark infringement suit in this court, Civil Action No. 01-CV-1894-AMD, to challenge the use of the term

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"Soon Chang" by Daesang's customer, the Korean grocery store chain Han Ah Reum. *Rhee Dep. at 110-11.*

68. The suit was based on Rhee Bros.' 1998 trademark registration No. 2,140,224 (a product of the Ahn application). *Rhee Dep. at 110-11.*

69. After Rhee Bros. filed suit against Han Ah Reum, Han Ah Reum stopped purchasing Daesang's gochujang from Daesang's U.S. importer, C. Kenneth Imports. *Yu Dec. ¶ 38; Kil Yong Kim Dec. ¶ 11.*

70. In respect to the lawsuit Rhee Bros. filed against Han Ah Reum, a Consent Decree and Settlement Agreement was entered requiring, *inter alia*, that Han Ah Reum send letters, in English and Korean, to all of its retail outlets ordering them to stop selling all products of third parties bearing the name "Soon Chang Chapssal (or Chal) Gochujang." *Plf. Exh. 75.*

71. Although there are several types of gochujang, the 2001 settlement agreement prohibits only the sale of Soon Chang Chapssal and Chal gochujang. *Koh Dep. at 37-40; Plf. Exh. 35.*

72. Rhee Bros. has never disputed the limitation in the instructions given by Han Ah Reum to its employees. *Tr. at 19-22.*

73. In 1996, Daesang acquired a partial ownership interest in Hwa Young Foods (now called Daesang Foods Co. Ltd.). *Yu Dec. ¶ 49.*

74. In 1996, Hwa Young Foods applied for a trademark for the term "Soon Chang." *Plf. Exh. 66.*

75. Despite the Amberly application's affirmative statement that Soon Chang did not have a goods-place association, and the Ahn application's silence on the issue, Rhee Bros. filed a letter of protest in September 1996 in connection with Hwa Young Foods' trademark application, protesting that the mark was identical to the mark Rhee Bros. was attempting to register. *Plf. Exh. 66.*

76. In its protest, Rhee Bros. admitted that the term Soon Chang is geographically descriptive and "the public association with Soon Chang is presumed." *Plf. Exh. 66.*

77. Nevertheless, Daesang Food Company Ltd. obtained U.S. Trademark Reg. No. 2,297,191, issued under its former name, Hwa Young Foods, on December 7, 1999, for the mark containing Korean characters that transliterate to Soon Chang. *Yu Dec. ¶ 45.*

78. Daesang Food Company Ltd. also owns U.S. trademark Reg. No. 2,270, 076, issued August 17, 1999, for the mark containing Korean characters that transliterate to "Imgunnimpyo," "SoonChang," "mubangle," and "musakso" meaning "King mark," "SoonChang," "no antiseptic," and "no food colors," respectively. *Yu Dec. ¶¶ 42-43.*

79. On March 16, 2004, Daesang Food Company Ltd. filed a mark disclaimer on "Soon Chang" shortly after Rhee Bros. served Requests for Admissions in this litigation asking Daesang to admit that Hwa Young Foods did not disclaim rights in Soon Chang in that registration. *Def. Exh. 10.*

*7 80. Several companies in addition to Daesang sell gochujang in the United States under labels bearing the Korean alphabet for Soon Chang. *Plf. Exhs. 112, 112A-F, 113, 114, 115, 115A.*

81. For example, on February 28, 2004, at the Garden Market in Closter, New Jersey, the following products were being offered for sale, all of which bore the Korean alphabet for Soon Chang on the label: Hanmi Wang Soon Chang Gochujang, ChungJungWon Soon Chang Chal Gochujang, Assi Soon Chang Chapssal Gochujang (made by Rhee Bros.). "Hanmi Wang," "ChungJungWon" and "Assi" are brand names, "Chapssal" means "glutinous rice," and "Chal" means "sticky." If hot bean paste (gochujang) is made from glutinous rice (chapssal) it is always sticky (chal). *Yu Dec. ¶¶ 24-25.*

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82. On February 28, 2004, at the Han Ah Reum grocery store in Little Ferry, New Jersey, the following products were being offered for sale, all of which bore the Korean characters "Soon Chang" on the label: Hanmi Wang Soon Chang Chapssal Gochujang, Hyundai Soon Chang Matgal Gochujang, ChungJungWon Soon Chang Gowoonbit Soonhan Gochujang, ChungJungWon Soon Chang Gowoonbit Maewoon Gochujang, ChungJungWon Soon Chang Myungpoom Gochujang, ChungJung Won Soon Chang Cho Gochujang. "Hanmi Wang," "Hyundai," and "ChungJungWon" are brand names. "Matgal" means "tasteful," "Bokkum" means "fried," "Gowoonbit" means "bright color," "Soonhan" means "mild," "Maewoon" means "hot," "Myungpoom" means "prestigious brand," and "Cho" means "vinagered or sour." *Id.* at ¶¶ 26-27.

83. In April 2004, the following products with "Soon Chang" on the label were offered for sale in various stores in the Maryland-Virginia area: Wang Soon Chang Hot Pepper Paste, Hyundai Food Soon Chang Hot Pepper Paste, and Choripdong Soon Chang Hot Pepper Paste. *Plf. Exhs. 8-10.*

84. There were also many Daesang Soon Chang gochujang products for sale in various stores, including Han Ah Reum. *Plaint. Exhs. 11-17; Hitt Dec. ¶¶ 1-5.*

85. Immediately prior to trial, in December 2004, Daesang once again found many of the same and other third party gochujang products with "Soon Chang" on the labels for sale in stores, including stores within a few miles of Rhee Bros.' Columbia, Maryland headquarters. *Hitt Dec. ¶¶ 12-19.* These brands include Wang, Tobagi, and Hyundai Soon Chang gochujang products as well as many Daesang Soon Chang products. *Id.*

86. Three other companies, Samyang, Hwagae, and Hanmi, use the term "Soon Chang" in the name of their products. *Bae Dep. at 18-19.*

87. Samyang and Hwage have sold Soon Chang go-

chujang in the United States for approximately ten years, and Hanmi for about four to five years. All three are still selling gochujang using "Soon Chang" as part of the name. *Id.* at 19-20.

88. Rhee Bros. has knowledge as to the extensive third party use of the term "Soon Chang" on gochujang product labels. *Rhee Dep. at 61-62; Bae Dep. at 16-17.*

*8 89. Rhee Bros. has not taken any legal action against any of these third parties. *Koh Dep. at 139-77; Tr. at 42-43.*

II. CONCLUSIONS OF LAW

This court has jurisdiction over the subject matter under § 39 of the Trademark Act of 1946, 15 U.S.C. § 1121 and under 28 U.S.C. §§ 1331, 332, 1338, and 1367. Venue is proper in this district and this division under 28 U.S.C. § 1391.

A. Rhee Bros.' Trademark Registration Containing the Term "Soon Chang" was Fraudulently Obtained, is Geographically Descriptive but Lacks Secondary Meaning, and is Geographically Deceptively Misdescriptive ^{FN5}

FN5. In view of the findings and conclusions set forth herein, I need not address the issue of abandonment.

1. Rhee Bros. Fraudulently Obtained its Trademark Containing the Term "Soon Chang"

A trademark is any word, name, symbol, or device that identifies and distinguishes the goods of one manufacturer or merchant from those of others. *See* 15 U.S.C. § 1127. A geographically descriptive term is one in which the primary significance attached to the term is a generally known geographic location. *See Burke-Parsons-Bowlby Corp. v. Appalachian Log Homes, Inc.*, 871 F.2d 590, 595 (6th Cir.1989) ("The Legislative History of the Lanham Act points out that where a logical connection can

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be made between the product and the geographical term, the term is geographically descriptive.”). A geographically descriptive term is not inherently distinctive, and thus cannot receive trademark protection unless it has achieved secondary meaning. *Id.* (noting that the term ‘Appalachian’ refers to a particular style of log structures and thus is geographically descriptive).

Secondary meaning exists when the public no longer associates the goods with a particular place, but rather with a particular source. *Resorts of Pinehurst, Inc. v. Pinehurst Nat'l Corp.*, 148 F.3d 417, 421 (4th Cir.1998); *Boston Beer Co. Ltd. P'ship v. Slesar Bros. Brewing Co., Inc.*, 9 F.3d 175, 181 (1st Cir.1993) (rejecting a claim of secondary meaning for ‘Boston beer’ because most consumers connected the term with beer brewed in Boston). Therefore, if a geographically descriptive term that lacks secondary meaning is trademarked as a result of the applicant's failure to reveal the geographical description to the PTO, or if the applicant makes a material misrepresentation of the term's definition, the trademark registration has been procured by fraud and may be canceled at any time. *See* 15 U.S.C. § 1064(3); *Torres v. Cantine Torresella S.r.l.*, 808 F.2d 46, 48 (Fed.Cir.1986) (defining fraud in the procurement of a trademark registration when the applicant knowingly makes false, material representations of fact in connection with his application) (citations omitted). Fraud in the procurement of a trademark registration provides grounds for cancellation in a civil action. *See Robi v. Five Platters, Inc.*, 918 F.2d 1439, 1444 (9th Cir.1990) (affirming the district court's finding that defendant had submitted a false and misleading trademark application, resulting in the cancellation of the trademark based on fraud in the procurement); 15 U.S.C. § 1120.

*9 It is well established that an applicant for a registration of a trademark has a duty of candor in his communications with the PTO. *T.A.D. Avanti, Inc. v. Phone-Mate, Inc.*, 199 U.S.P.Q. 648, 655 (C.D.Cal.1978); *see also Aromatique, Inc. v. Gold*

Seal, Inc., 28 F.3d 863, 877 (8th Cir.1994) (an applicant for a registration owes a “duty of candor” to the PTO); *Orient Express Trading Co., Ltd. v. Federated Dept. Stores, Inc.*, 842 F.2d 650, 653 (2nd Cir.1988) (applicant has a duty of “uncompromising candor” to the PTO). Consequently, there is no presumption of validity attached to a PTO registration where pertinent information is not presented to the PTO. *T.A.D. Avanti*, 199 U.S.P.Q. at 655. Fraud arises, therefore, not only where the applicant makes false statements, which is clear with respect to Rhee Bros.' 1987 trademark registration, but also where the applicant fails to make full disclosure of all material facts, which is clear with respect to the later registration.

In its first trademark application in 1986, Rhee Bros. did not inform the PTO of Soon Chang's geographical identity nor did it mention Soon Chang's association with high quality gochujang. Instead, Rhee Bros. represented that Soon Chang meant “pure spear.” Daesang's unrebutted expert witness testimony, fully credited here, and Mr. Rhee's demonstrated knowledge at the time, of Soon Chang's fame for high quality gochujang, make clear that “pure spear” is not only grammatically and syntactically incorrect, but also affirmatively misleading as to Soon Chang's goods-place association with gochujang.^{FN6} Although Rhee Bros.' 1987 trademark registration, which was canceled in 1994 due to Rhee Bros.' failure to file a Section 8 affidavit, is not the trademark at issue in the instant case, the context in which it was obtained is highly probative of the fraudulent circumstances surrounding the registration of the instant trademark.

FN6. Mr. Rhee testified at trial that he was aware as far back as the late 1970s, when he first began selling gochujang, of a gochujang manufacturing company called Tobaki Soon Chang Sikipum located in Soon Chang, South Korea. *Tr.* at 151-52.

It is clear from the evidence presented at trial that Soon Chang is, and has been for centuries, famous

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for its high quality gochujang among Korean consumers, and that Rhee Bros. knew this at all relevant times. The primary purchasers of gochujang in the United States, by orders of magnitude, are persons of Korean origin, and as far back as 1978, Rhee Bros. had knowledge of Soon Chang's fame for high quality gochujang.^{FN7}

FN7. Mr. Rhee's trial testimony, Rhee Bros.' advertisements that emphasize Soon Chang's traditional way of producing gochujang, and Mr. Rhee's direct reliance on a book describing the 35 year history of Korean bean paste, constitute compelling evidence of Rhee Bros.' timely knowledge of Soon Chang's fame for high quality gochujang.

Mr. Rhee's testimony lacks credibility with regard to his alleged ignorance of Soon Chang's fame for high quality gochujang at the time he applied for the instant trademark in 1996. The fact that Rhee Bros. filed a letter of protest in September 1996 with the PTO in connection with Daesang's trademark applications for a mark with the term "Soon Chang" establishes Rhee Bros.' knowledge of the goods-place association between Soon Chang and gochujang. The letter claimed that Daesang's mark was not only identical to the mark Rhee Bros. was attempting to register, but that the term Soon Chang is geographically descriptive and "the public association with Soon Chang is presumed." *Plf. Exh. 66*. Rhee Bros.' September 1996 letter of protest was filed a full year prior to the Ahn application, in which Rhee Bros. admitted that Soon Chang is the name of a town in Korea and thereby materially omitted disclosure of the goods-place association between Soon Chang and gochujang. It is at best disingenuous for Rhee Bros. to admit this material information in connection with its challenge to a competitor's attempts at trademarking Soon Chang, only to claim ignorance of the fact as to Soon Chang's geographical descriptiveness in its own trademark application.

*10 Rhee Bros. did indeed have knowledge of Soon

Chang's geographical descriptiveness at the time of its initial application with the PTO in August 1996 for the mark *sub judice*. Furthermore, Mr. Rhee was cognizant of his lawyers' representations in the trademark applications. The Amberly application filed in 1994 made absolutely no mention of Soon Chang's geographical identity as a province in South Korea or of the goods-place association between Soon Chang and high quality gochujang until September 1997, when Amberly stated that Soon Chang is a region in South Korea that is famous for sauces. However, Amberly affirmatively stated that there is no goods-place association for the mark in the U.S. despite the fact that a majority of U.S. consumers are of Korean origin and indeed are familiar with Soon Chang's reputation for gochujang.

The Ahn application, which resulted in the instant mark, stated in July 1997 that Soon Chang is the name of a town located in Korea, but did not mention Soon Chang's fame for high quality gochujang. This material omission, in combination with all the evidence in the record, points to Rhee Bros.' fraudulent intent in concealing this highly relevant information from the PTO. *See Aromatique*, 28 F.3d at 877-78 (noting that proof of false statements made to, or that facts were withheld from, the PTO is not enough to show fraud for purposes of canceling a mark because of a party's fraudulent conduct, but rather there must be a showing that the applicant intended to mislead the PTO); *Orient Express Trading*, 842 F.2d at 653 (noting that the allegedly fraudulent statements may not be made in mere error or inadvertently, but must indicate a "deliberate attempt to mislead the PTO") (citing *The Money Store v. Harriscorp Finance, Inc.*, 689 F.2d 666, 670 (7th Cir.1982)). In this case there was no "mere error."^{FN8}

FN8. Tellingly, neither of the lawyers who represented Rhee Bros. in procuring the registrations of the mark was called as a witness by Rhee Bros.

Given the plethora of evidence establishing Soon

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Chang's fame for high quality gochujang and Rhee Bros.' knowledge of such, Rhee Bros.' duty of candor with regard to the instant trademark clearly included a duty to disclose the goods-place association between Soon Chang and gochujang. Merely stating that Soon Chang is a town in Korea is simply insufficient to satisfy Rhee Bros.' duty to make a full disclosure as to all relevant facts of which it had knowledge bearing on the PTO's decision to grant the registration. See *T.A.D.*, 199 U.S.P.Q. at 656. Had Rhee Bros. disclosed the material fact of Soon Chang's fame for gochujang and that Rhee Bros.' gochujang was not produced in Soon Chang, the PTO would certainly have denied the registration on the ground that this association rendered the mark deceptive and primarily geographically deceptively misdescriptive. See *Robi*, 918 F.2d at 1444 (submission of false affidavit to the PTO by applicant is grounds for cancellation of a trademark registration); *Skippy, Inc. v. CPC Int'l, Inc.*, 674 F.2d 209, 216 (4th Cir.1982) (same).

2. Rhee Bros. Has Not Met Its Burden of Showing Secondary Meaning for the Geographically Descriptive Term "Soon Chang"

*11 Even if I were to find that Rhee Bros. did not obtain the instant trademark by actual fraud, Rhee Bros. nevertheless has failed to show secondary meaning in the otherwise unprotected geographically descriptive term "Soon Chang." Because Soon Chang is not inherently distinctive, the law requires that Rhee Bros. achieve secondary meaning to qualify for legal protection. *Resorts of Pinehurst*, 148 F.3d at 421 (defining secondary meaning as the public's association of the goods with a particular source as opposed to a particular place). A geographically descriptive term lacks secondary meaning if it still primarily denotes a geographic area, as opposed to a single source. *Burke-Parsons-Bowlby*, 871 F.2d at 595.

"Proof of secondary meaning entails vigorous evidentiary requirements." *Perini Corp. v. Perini Construction, Inc.*, 915 F.2d 121, 125 (4th Cir.1990)

(quoting *Thompson Medical Co., Inc. v. Pfizer, Inc.*, 753 F.2d 208, 217 (2d Cir.1985)). In order to establish secondary meaning in a geographically descriptive term like "Soon Chang," Rhee Bros. must produce evidence that it has used the name substantially exclusively so that the public no longer associates the goods with a particular place, but rather with a particular source. *Resorts of Pinehurst*, 148 F.3d at 421. The Fourth Circuit considers the following factors in determining whether secondary meaning exists: (1) advertising expenditures; (2) consumer studies linking the mark to a source; (3) sales success; (4) unsolicited media coverage of the product; (5) attempts to plagiarize the mark; and (6) the length and exclusivity of the mark's use. *U.S. Search, LLC v. U.S. Search.com, Inc.*, 300 F.3d 517, 525 (4th Cir.2002); *Perini*, 915 F.2d at 125.

Rhee Bros. produced scant evidence of advertising expenditures, no consumer surveys, no evidence of unsolicited media coverage, and no indication that it has ever used a 0 or ® symbols with the term "Soon Chang." Accordingly, I conclude that Rhee Bros. failed to meet the requisite evidentiary standard to support a finding that its continuous production of gochujang using the term "Soon Chang" has established secondary meaning, thus replacing any pre-existing goods-place association among the relevant community of U.S. consumers.

3. The Use of Soon Chang on Rhee Bros. Products is Deceptive and Geographically Deceptively Misdescriptive

For the above reasons, Rhee Bros.' trademark in "Soon Change" shall be canceled because the term, as used on Rhee Bros.' products, has been deceptive and geographically deceptively misdescriptive. Words used deceptively on labels or packaging are not subject to trademark protection under the common law or by statute. *Clinton E. Worden & Co. v. California Fig Syrup Co.*, 187 U.S. 516, 528, 23 S.Ct. 161, 47 L.Ed. 282 (1903); 15 U.S.C. §§ 1052(a), 1052(e)(3). A mark that affirmatively de-

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ceives consumers is deceptive and is not entitled to protection. 15 U.S.C. 1052(a); *In re California Innovations, Inc.*, 329 F.3d 1334, 1336 (Fed.Cir.2003).

***12** A mark consists of, or comprises, deceptive matter where: (1) the term is misdescriptive of the character, quality, function, composition, or use of the goods; (2) prospective purchasers are likely to believe that the misdescription actually describes the goods; and (3) the misdescription is likely to affect the decision to purchase. *In re Budge Mfg. Co., Inc.*, 857 F.2d 773, 775 (Fed.Cir.1988). Deceptive trademarks which are registered may be canceled at any time. 15 U.S.C. 1064(3); *Am. Speech-Language-Hearing Ass'n v. Nat'l Hearing Aid Soc'y*, 224 U.S.P.Q. 798, 808-11 (T.T.A.B.1984) (registration canceled under § 2(a)). Similarly, a mark is geographically deceptively misdescriptive if it satisfies three factors: (1) the primary significance of the mark must be a generally known geographic location; (2) the consuming public must be likely to believe the place identified by the mark indicates the origin of the goods bearing the mark, when in fact the goods do not come from that place; and (3) the misrepresentation is a material factor in the purchasing decision. *California Innovations*, 329 F.3d at 1341-42.

Examples of deceptive trademarks include LOVEE LAMB used to describe automobile seat covers made from synthetic fibers and SILKEASE for women's blouses made from polyester. In both cases, the courts held the trademarks to be deceptive because they falsely implied the product was made from lamb or sheepskin or silk, respectively. *Budge Mfg.*, 857 F.2d at 775; *In re Shapely, Inc.*, 231 U.S.P.Q. 72, 75 (T.T.A.B.1986) ("an appreciable number of women would be apt to believe the representation that appellant's garments are made, at least, in part of silk fibers").

In the case *sub judice*, the evidence demonstrates that Soon Chang is a geographical region in Korea. Like "Maine lobsters" or "Sheffield steel," "Soon Chang gochujang" has long been known as a

product having certain qualities and characteristics affected by the climate, ingredients, and other conditions found in that part of Korea. Daesang's experts, as well as Mr. Rhee himself, admitted that Soon Chang has been renowned for its high quality gochujang for centuries. Therefore, use of the term "Soon Chang" on a label for gochujang evokes in the mind of the relevant consumers images of the region in Korea and suggests that the gochujang is of a certain quality. Advertisements and packaging for Rhee Bros. gochujang specifically reference the history and fame of Soon Change, Korea.

Rhee Bros.' gochujang is not produced in Soon Change.^{FN9} Accordingly, consumers are likely to be misled by the deceptive use of Soon Change on Rhee Bros.' labels for gochujang, and that deception is likely to affect the purchasing decisions of consumers. Consequently, Rhee Bros. is not entitled to trademark protection for the term "Soon Change." *California Fig Syrup*, 187 U.S. at 528 ("Where any symbol or label claimed as a trademark is so constructed or worded as to make or contain a distinct assertion which is false, no property can be claimed on it, or, in other words, the right to the exclusive use of it cannot be maintained.").

FN9. Although Rhee Bros. admits its gochujang was not imported from Soon Chang in past years, the company recently began importing its gochujang from Soon Chang only months before the trial. Such a litigation tactic does not negate the fact that Rhee Bros.' gochujang, for the most part, is not produced in Soon Change.

B. Rhee Bros. Is Not Liable for Tortious Interference With Daesang's Business Relations and Prospective Economic Advantage

***13** In Maryland, a claim for tortious interference with business relations arises from a defendant's wrongful and unjustified interference with another's contract or economic relations. "[A] third party

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who, without legal justification, intentionally interferes with the rights of a party to a contract, or induces a breach thereof, is liable in tort to the injured contracting party." *Wilmington Trust Co. v. Clark*, 289 Md. 313, 424 A.2d 744, 754 (Md.1981). A third party can also be held liable where, "absent a breach of contract, there is malicious or wrongful interference with an economic relationship." *Ronald M. Sharrow, Chartered v. State Farm Mutl. Auto. Ins. Co.*, 306 Md. 754, 511 A.2d 492, 497 (Md.1986). The term "economic relationship" includes a non-contractual business relation or prospective contractual relation. See *Natural Design, Inc. v. Rouse Co.*, 302 Md. 47, 485 A.2d 663, 674 (Md.1984) (determining that a landlord-defendant's threats to stop dealing with two manufacturers who had dealt with the tenant-plaintiff resulted in the manufacturers' cessation of doing business with the plaintiff and thus constituted a tortious interference with economic relations).

To establish a claim for tortious interference with economic relationship, a plaintiff must "prove both a tortious intent and improper or wrongful conduct." *Macklin v. Robert Logan Assocs.*, 334 Md. 287, 639 A.2d 112, 119 (Md.1994); see *Audio Visual Assocs., Inc. v. Sharp Elec. Corp.*, 210 F.3d 254, 261 (4th Cir.2000) (requiring intentional and wilful acts calculated to cause damage to the plaintiffs in their lawful business done with the unlawful purpose to cause such damage and loss, without right or justifiable cause on the part of the defendants and actual damage and loss resulting) (citing *Alexander & Alexander, Inc. v. B. Dixon Evander & Assocs., Inc.*, 336 Md. 635, 650 A.2d 260, 269 (Md.1994)). A plaintiff may prove tortious intent by showing that the defendant intentionally induced termination of the economic relation to inflict harm on the plaintiff or to benefit the defendant at the plaintiff's expense. *Macklin*, 639 A.2d at 119. Improper or wrongful conduct may also be established by showing that the defendant instituted or threatened groundless civil suits in bad faith. *Id.* To be actionable, the wrongful conduct must cause the destruction of the business relation-

ship which was the target of the interference. *Medical Mutual Liability Soc. of Md. v. B. Dixon Evander and Assocs., Inc.*, 339 Md. 41, 660 A.2d 433, 439 (Md.1994).

Daesang's tortious interference claim arises out of Rhee Bros.' efforts in 2001 to enforce the mark at issue against Seoul Shik Poom and Han Ah Reum, major distributors of Daesang's gochujang products. A trademark holder has the right to defend itself against infringement and to warn purchasers from the alleged infringer so as to caution the purchasers as to their own liability. *Spangler Candy Co. v. Crystal Pure Candy Co.*, 235 F.Supp. 18, 32 (N.D.Ill.1964); see *U.S. Galvanizing & Plating Equip. Corp. v. Hanson-Van Winkle-Munning Co.*, 104 F.2d 856, 862 (4th Cir.1939) (sending out notices of patent infringement in good faith and without intent to harass plaintiff's customers could hardly be said to be unfair competition). The trademark holder's right to warn others of infringement suits is not dependent on the validity of the trademark so long as the holder believes in good faith that his claims are valid. *Spangler Candy*, 235 F.Supp. at 33. As a result, numerous courts have routinely rejected tortious interference and unfair competition claims based on good faith efforts to enforce intellectual property rights.^{FN10} Therefore, the determinative question before this court is whether Daesang has established by a preponderance of the evidence that Rhee Bros. doubted the validity of its trademark, and thus acted in bad faith in filing suit against Seoul Han Ah Reum.^{FN11} Additionally, Daesang must prove that Rhee Bros.' trademark enforcement suit caused the destruction of, or compensable harm to, the business relationship between Daesang and Han Ah Reum.

FN10. See *Eurotech, Inc. v. Cosmos European Travels Aktiengesellschaft*, 189 F.Supp.2d 385, 390-91 (E.D.Va.2002); *Kemp v. Tyson Foods, Inc.*, No. CIV 96-173 JRT/RLE, 2001 WL 391552, at *7 (D.Minn. March 31, 2001); *Am. Broad Co. v. Maljack Prods., Inc.*, 34 F.Supp.2d 665,

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673-76 (N.D.Ill.1998); *Golden Gulf Corp. v. Jordache Enters., Inc.*, 896 F.Supp. 337, 340 (S.D.N.Y.1995); *Heinz v. Frank Lloyd Wright Found.*, 762 F.Supp. 804, 807-08 (N.D.Ill.1991); *Blue Cross & Blue Shield Ass'n v. Group Hospitalization & Med. Servs., Inc.*, 744 F.Supp. 700, 718 (E.D.Va.1990); *Grotian, Helfferich, Schulz, Th. Steinweg Nachf. v. Steinway & Sons*, 365 F.Supp. 707, 720 (S.D.N.Y.1973); see also *On Command Video Corp. v. Columbia Pictures Indus., Inc.*, 764 F.Supp. 1372, 1374 (N.D.Cal.1991) (noting that “[c]ourts routinely uphold good faith notifications to nonparties of intellectual property claims”).

FN11. Daesang limits its claim for tortious interference as it relates to the economic activity between itself and Han Ah Reum.

***14** As explained below, I conclude that Daesang has not established by a preponderance of the evidence that Rhee Bros. acted tortiously in filing its trademark infringement suit against Han Ah Reum. Moreover, it was Han Ah Reum's independent decision to settle with Rhee Bros., as well as Daesang's failure to timely intervene in the suit, as opposed to Rhee Bros.' attempts to enforce its mark, that caused harm to Daesang's economic relations with Han Ah Reum. Thus, Daesang's tortious interference claim fails.

At the time of the suit against Han Ah Reum in 2001, Rhee Bros. had owned the instant mark for three years. Prior to the registration of the mark, Rhee Bros. owned an identical mark from 1987 until 1994. Rhee Bros. was one of the first companies to use brand names and labels on the packaging of imported foods, which included the term Soon Chang on its gochujang products dating as far back as 1978. Daesang's evidence of competitor use of Soon Chang on gochujang labels dates back to the early 1990s. Therefore, from the late 1970s until the early 1990s, Rhee Bros.' Soon Chang gochu-

jang products may very well have been the only gochujang products in the U.S. Korean foods market. Mr. Rhee testified that he genuinely believed, albeit mistakenly, that gochujang consumers associated the term Soon Chang with his gochujang due to the longevity of his products' presence in the Korean food market in the U.S. *Rhee Dep. at 59-60.*

As I previously stated, I do not credit Rhee Bros.' denial of knowledge regarding Soon Chang's reputation for high quality gochujang for purposes of determining the validity of the instant trademark. However, I do not find that Mr. Rhee had utterly no basis to believe that his products had created secondary meaning to replace the goods-place association of Soon Chang gochujang. The lack of secondary meaning evidence arises from Rhee Bros.' failure to disclose the goods-place association of Soon Chang to the PTO, and thus the PTO failure to request evidence of secondary meaning in the instant trademark (although it did request it in response to the refiled Amberly application). These circumstances do not show, notwithstanding my conclusion, that Rhee Bros. was convinced that secondary meaning did not exist or could not be shown. See *Macklin*, 639 A.2d at 119 (“whether particular conduct is proper or improper is a factual question to be determined on the basis of all the facts and circumstances”) (citing *Natural Design*, 485 A.2d at 675).

Furthermore, Rhee Bros.' suit to enforce its mark, irrespective of the mark's validity or Rhee Bros.' belief in its validity, was not a proximate cause of harm to Daesang's economic relationship with Han Ah Reum. In order to succeed on a wrongful interference action, Daesang must prove that Rhee Bros.' wrongful act, e.g. the trademark infringement suit, caused the destruction of the business relationship between Daesang and Han Ah Reum. *Medical Mutual Liability*, 660 A.2d at 439. Daesang alleges that but for this lawsuit, Daesang's Chapssal and Chal Soon Chang gochujang products would still be sold in Han Ah Reum's supermarkets.^{FN12} However, this contention fails

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to appreciate Han Ah Reum's independent decision to settle the suit rather than challenge it in court. It was Han Ah Reum's decision to agree to the Settlement Agreement and Consent Decree, with the assistance of competent counsel, that led to the removal of Daesang's products from Han Ah Reum's shelves. Han Ah Reum's decision to settle came about after its attorneys had more than a year to assess Rhee Bros.' claims, take discovery, and engage in settlement discussions with Rhee Bros.' counsel. *Plf. Exh. 35*. If the suit was indeed as groundless as Daesang alleges, Han Ah Reum would have refused to settle and continued to sell Daesang's gochujang products.

FN12. The consent decree and settlement agreement with Han Ah Reum prohibits only the sale of Soon Chang Chopssal and Chal gochujang. *Plf. Exhs. 45, 75*.

***15** Equally telling, Daesang could have intervened in the lawsuit as a means of protecting its rights rather than wait two years to file this suit. A timely intervention would likely have prevented the harm to Daesang's economic relations with Han Ah Reum and, more importantly, would have exposed the groundlessness in the suit, if it was indeed as groundless as Daesang alleges. Therefore, as a matter of fact and law, Han Ah Reum's independent decision to settle the litigation, along with Daesang's failure to intervene in the suit, was the proximate cause of Daesang's injury in no longer having Daesang Chapssal Soon Chang and Chal Soon Chang gochujang products sold in Han Ah Reum stores.

C. This is not an Exceptional Case, and Thus, Plaintiff's Request for Attorney's Fees and Costs Shall be Denied

Section 35(a) of the Lanham Act provides that a court may award attorney's fees to the prevailing party in "exceptional cases." 15 U.S.C. § 1117(a). An award of attorney's fees is equally available to prevailing plaintiffs and defendants. *The Scotch Whisky Ass'n v. Majestic Distilling Co., Inc.*, 958

F.2d 594, 599 (4th Cir.1992) (noting that a finding of bad faith on the part of a plaintiff is not necessary for a prevailing defendant to prove an "exceptional" case, yet a prevailing plaintiff must show the defendant acted in bad faith). A case is exceptional when the conduct of the losing party is "malicious, fraudulent, deliberate, and willful." *Id.* at 600. Other factors to be considered in determining whether a case is exceptional include economic coercion, groundless arguments, and failure to cite controlling law. *Ale House Mgmt., Inc. v. Raleigh Ale House, Inc.*, 205 F.3d 137, 144 (4th Cir.2000).

A defendant may be awarded attorney's fees where the plaintiff fraudulently obtains federal trademark registrations "for the purpose of instituting vexatious litigation" and causes defendants to incur significant costs in defending against it. *Orient Express Trading, Co., Ltd. v. Federated Dep't Stores, Inc.*, 2 U.S.P.Q.2d 1106, 1119 (S.D.N.Y.), modified in part on recons., 3 U.S.P.Q.2d 1387 (S.D.N.Y.1987). However, the good faith, but ultimately unsuccessful, assertion of a questionable claim or controversial legal theory does not suffice to warrant an award of attorney's fees, even if it turns out to be expensive for the prevailing party. *People for Ethical Treatment of Animals v. Doughney*, 263 F.3d 359, 370 (4th Cir.2001) (concluding that defendant who had acted in "bad faith" for purposes of the Anticybersquatting Consumer Protection Act was not liable for attorney's fees because the conduct did not rise to the level of "malicious, fraudulent, willful or deliberate" because defendant had a genuine belief that he had a right to use the mark). Consequently, courts often focus on the plaintiff's litigation conduct or pre-litigation assertion of rights and view the plaintiff's assertion of rights as a whole as opposed to looking at "snippets" of the record. *Retail Svcs., Inc. v. Freebies Publ'g*, 364 F.3d 535, 551 (4th Cir.2004).

***16** Despite my finding that Rhee Bros.' mark is invalid, I do not find that Rhee Bros.' attempts to enforce its mark were attended with the level of malice and bad faith required to qualify this case as

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“exceptional.” As I stated previously, Rhee Bros. has not acted wholly without a colorable basis to have believed, although mistakenly, that its Soon Chang mark was valid; i.e., the longevity of its gochujang product sales in the U.S.^{FN13} Although Mr. Rhee's incredible testimony ^{FN14} seriously undermines his claims of ignorance regarding Soon Chang's goods-place association with gochujang, it is not categorically unreasonable for an entrepreneur whose products have pervaded the U.S. market for 15 years to believe that his product name has created secondary meaning to the goods-place association.

FN13. Daesang has failed to rebut Rhee Bros.' evidence of its exclusive and continuous use of Soon Chang for gochujang products sold in the United States from 1978 to 1992. *Tr. At 158.*

FN14. Mr. Rhee's reliance on *A 35 Year History of Bean Paste Association* and his underlining of the section identifying Soon Chang's fame for gochujang attests to his knowledge of such facts. *Tr. at 218-19, 144-48.* Moreover, Rhee Bros.' advertisements of their Soon Chang gochujang products referred to “Soon Chang, the historical traditional way of the past, the way it was before,” referring to a period when Soon Chang was homemade for many centuries prior to the industrialization of the production process. *Plf. Exhs. 99-100.* Mr. Rhee was also aware as far back as the late 1970s of a company named Tobaki Soon Chang Sikpum located in Soon Chang, Korea, that manufactured gochujang. *Tr. At 151-52.*

Moreover, Rhee Bros.' attempt to enforce the trademark against others, including Han Ah Reum and Seoul Shik Poom, undermines Daesang's allegations that Rhee Bros.' enforcement effort against Daesang was malicious or vexatious. Rhee Bros. did not target Daesang by overlooking every other competitor using Soon Chang on its gochujang la-

bels.^{FN15} Notably, Rhee Bros.' suit against Han Ah Reum resulted in a settlement agreement voluntarily entered into by Han Ah Reum. The willingness of a sophisticated corporation, equipped with competent counsel, to settle a trademark infringement claim undermines Daesang's claim that Rhee Bros.' contentions in defending its mark were completely groundless. Finally, Rhee Bros. received its first trademark for Soon Chang in 1987 and applied for a second registration in 1994 in consequence of its former lawyer's failure to file a Section 8 affidavit, causing the first to be cancelled. Therefore, Rhee Bros. did not obtain a trademark for the sole purpose of instituting vexatious litigation against Daesang.

FN15. A trademark owner need not prosecute every infringer, as long as the owner is reasonably diligent in his enforcement efforts. *Quality Inns Int'l, Inc. v. McDonald's Corp.*, 695 F.Supp. 198, 214 (D.Md.1988); J. Thomas McCarthy, *Trademarks and Unfair Competition* § 17:17 (4th ed.2004).

Upon my consideration of the factual record in its entirety, I do not find this case to be “exceptional” as defined in 15 U.S.C. § 1117(a), and thus I shall deny Daesang's request for attorneys' fees and costs.

III. CONCLUSION

On the basis of the findings and conclusions set forth above, an Order shall issue declaring: (1) Daesang's use of Soon Chang or its Korean equivalent does not constitute trademark infringement, dilution, or unfair competition, and does not violate any state or federal laws or common laws; (2) Daesang's use of Soon Chang is fair use within the meaning of 15 U.S.C. § 1115(b)(4) and creates no likelihood of confusion; (3) Rhee Bros. has never established any trademark or exclusive rights in the geographical name Soon Chang (its alleged mark) because as this name is used by Rhee Bros., (a) it is deceptive and thus barred from protection under 15

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U.S.C. § 1052(a); (b) it is primarily geographically deceptively misdescriptive and thus barred from protection under 15 U.S.C. § 1052(e)(3); and (4) enjoining Rhee Bros. from interfering with Daesang's use of Soon Chang on gochujang products manufactured in Soon Chang.

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Jean D'Albret
 v.
 Henkel-Khasana G.m.b.H.

Patent and Trademark Office Trademark Trial and
 Appeal Board
 Decided Jan. 30, 1975

United States Patents Quarterly Headnotes

TRADEMARKS

[1] Cancellation -- Mark and use of parties -- In general (§ 67.1771)

In absence of evidence of use of respondent's registered mark, earliest use on which respondent can rely in cancellation proceeding is filing date of application that matured into registration.

TRADEMARKS

[2] Acquisition of marks -- Dealer versus principal (§ 67.077)

Ownership of mark in United States as between foreign manufacturer of product and exclusive importer or distributor is matter of agreement between them; in absence of agreement, by manufacturer of goods abroad that trademark affixed to goods at that time is property of importer or exclusive distributor or in absence of assignment by manufacturer to exclusive importer or distributor of all rights in mark in United States together with business and good will associated therewith, it is presumed that manufacturer is owner of mark for such goods sold in United States; thus, exclusive importer or distributor in United States does not acquire ownership in mark of foreign manufacturer merely through importation and sale of foreign made goods bearing mark or by act of filing application to register mark in Patent Office wherein ownership is alleged.

TRADEMARKS

[3] Cancellation -- Mark and use of parties -- In general (§ 67.1771)

Even if cancellation petitioner did not own mark, this does not defeat petitioner's cause of action; all that need be established is that it used mark prior to use of similar mark by respondent and that contemporaneous use is reasonably likely to cause confusion.

TRADEMARKS

[4] Identity and similarity -- Words and symbols (§ 67.413)

"Creme 21," "Creme" being disclaimed, so resembles "Creme B 21" that confusion is likely.

Trademark cancellation No. 10,363 by Jean D'Albret against Henkel-Khasana G.m.b.H., Registration No. 944,849, issued Oct. 10, 1972. Petition granted.

Mason, Fenwick & Lawrence, Washington, D. C., for Jean D'Albret.

Albert C. Johnston, New York, N. Y., for Henkel-Khasana G.m.b.H.

Before Leach, Waldstreicher, and Lefkowitz, Members.

Lefkowitz, Member.

A petition has been filed by Jean D'Albret, a French corporation, to cancel the registration of a mark consisting of the designation "CREME 21" within an orange disc, the word "CREME" being disclaimed, for cosmetic preparations in cream form, issued to Henkel-Khasana G.m.b.H., a German corporation. ^{1N1}

As grounds for cancellation, it has been alleged that respondent's mark "CREME 21" so resembles "CREME B 21", previously used by petitioner and its predecessors in interstate commerce for facial creams as to be likely, when applied to respondent's goods, to cause confusion or mistake or to deceive.

Only petitioner has offered evidence in its behalf. Both parties, however, have briefed the issue before

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us.

[1] In the absence of evidence of use of the registered mark "CREME 21" within the United States or in foreign commerce which may be regulated by Congress, the earliest use thereof that respondent can rely on in this proceeding is April 12, 1971, the filing date of the application that matured into the subject registration. See: *Columbia Steel Tank Company v. Union Tank and Supply Company*, 125 USPQ 406 (CCPA, 1960), and *Sterling Drug Inc. v. Sankyo Co., Ltd.*, 139 USPQ 395 (TT&A Bd., 1963).

Petitioner's evidence consists of the testimony of two officials and two employees of Jean D'Albret, Inc., a New York corporation, and a number of documentary exhibits. Before reciting what this evidence discloses, it is necessary to identify the various corporations or cast of characters that are involved in the unfolding or narration of petitioner's story. Jean D'Albret, a French corporation, petitioner herein, is the exporter, and, since 1969, a wholly owned subsidiary of and controlled first by Norwich Pharmacal Company and then by Morton-Norwich Products, Inc. Orlane Cosmetics, Inc., a New York corporation, is the sole importer of petitioner's products in the United States and, since at least 1969, wholly owned and controlled by Norwich Pharmacal Company and its successor, Morton-Norwich Products, Inc. Finally there is Jean D'Albret, Inc., a New York corporation, a division of and controlled by the petitioner, and an offshoot of the Jean D'Albret Division of the Norwich Pharmacal Company and the successor company, Morton-Norwich Products, Inc. This corporation is the exclusive distributor of petitioner's products in the United States. It would appear that, notwithstanding that these corporations are separate legal entities, they are wholly owned and/or controlled by Morton-Norwich Products, Inc.

Turning now to the story revealed by this record, we find that petitioner has exported to the United States a facial treatment cream under the mark "CREME B-21" continuously since the late sum-

mer or fall of 1969 and an emulsion, a body lotion, and a toning lotion under the designation "B-21" since sometime in 1962. These products have, at all times, been manufactured, sealed, packaged, and labeled in France by petitioner. These products comprise "The B-21 Beauty Treatment Line" and constitute a line or category of products within a broad line of cosmetics and toiletries identified by what could be described as the house or principal mark, namely, "ORLANE". The designations "CREME B-21" and "B-21", alone or with other wording, have always been displayed on the containers for the goods and the packaging therefor in a prominent fashion.

The "B-21" products have always been directed and billed by petitioner to the importer c/o B. H. Krueger, Inc. This latter company actually receives the goods, stores them, and ships them at the direction of the distributor who is responsible for the cost of these services. Petitioner is paid for the "CREME B-21" and other "B-21" products by the importer who, in turn, receives the money from the distributor through what has broadly been described *319 as an intercorporation transfer of funds. The importer appears to be "a paper corporation" acting solely as an importing conduit between petitioner and the distributor.

"CREME B-21" night cream and the "B-21" products have been continuously sold by the distributor in the United States by its staff of sales persons and by direct orders since about October 1969 and 1972, respectively. The trade channels for these goods comprise some twenty-four hundred retail outlets consisting for the most part of department stores located throughout the country.

The "CREME B-21" product was initially advertised and promoted through salesmen and other of the distributor's personnel calling on stores showing the product; by pamphlets of different kinds which are distributed to various retail outlets for distribution to their customers or sometimes enclosed in the packages of the products; by traveling beauty consultants or sales girls who visit the stores

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throughout the country at least twice the year and meet with the purchasing public; and through newspapers as a result of cooperative agreements with retailers. In or around 1972, possibly with the advent of the other "B-21" products, a large portion of the advertising efforts were channeled into nationally distributed magazines including Vogue, Harper's Bazaar, Town & Country, Palm Springs Life, and others. In addition, the "CREME B-21" and other "B-21" toiletries have received unsolicited "editorial write-ups" in some of the leading fashion magazines. An estimate was given that "hundreds of thousands of dollars" have been expended in advertising and promoting "CREME B-21" and other "B-21" toiletries. Specifically, costs for advertising in national magazines from 1972 through the first six months of 1974 were given as exceeding one hundred thirty-six thousand dollars.

Sales of "CREME B-21" facial cream in 1969 amounted to about sixty-five thousand dollars or forty thousand dollars on the retail level. Total sales of all the "B-21" products from 1969 through about the end of 1973 were in excess of six hundred thousand dollars at retail value.

Petitioner's witnesses have indicated that they have considered petitioner to have been the owner of the "CREME B-21" and "B-21" marks at all times since the products sold thereunder were first imported to the United States and that to the best of their knowledge, neither the importer, Orlane Cosmetics, Inc., nor the distributor, Jean D'Albret, Inc., have ever laid claim to the ownership of the "B-21" marks.

Respondent, while grudgingly acknowledging that there have been sales of the "CREME B-21" night cream since October 1969, has asserted, in effect, that, at the time of the filing of the petition for cancellation, the ownership and exclusive rights in the "CREME B-21" marks were in the importer, Orlane Cosmetics, Inc., and not in petitioner as alleged in the petition; that petitioner's claim of ownership of pending application Serial No. 397,122 in the petition was an untrue assertion of fact; and that, there-

fore, petitioner has not established its ownership or any lawful interest in the use of the mark "CREME B-21" which will be damaged by respondent's registration.

In support of its contentions, respondent relies on the fact that, in the petition which was filed on June 4, 1973, petitioner alleged as "Point 5" that: "On July 12, 1971 Petitioner filed Trademark Application Serial No. 397,122 in the United States Patent Office to register its mark CREME B 21 for cosmetic preparations, namely--facial cream. In Office Action dated November 10, 1972 the Examiner of Trademarks refused to register the Petitioner's mark in view of Respondent's Registration No. 944,849";

and urges that this statement as to ownership of the application at the time of filing was contrary to fact, as disclosed by the application file itself.^{1,2}

The application file discloses that the application [Serial No. 397,122] was filed in the name of Orlane Cosmetics, Inc. seeking to register the mark "CREME B-21" for "cosmetic preparations, namely, facial treatment creams." Orlane Cosmetics, Inc. alleged therein that it adopted and owned the mark and, originally, that the mark was first used on the goods and used in interstate commerce on April 21, 1971. On October 21, 1971 an amendment was filed changing the asserted first date of use to October 26, 1969. On March 14, 1972, the examiner, in accordance with Trademark Rule 2.83, gave the applicant notice of the respondent's then pending application. Applicant responded to the Office action without mention of that notice. No opposition was filed after the publication of respondent's mark in the Official Gazette of July 25, 1972 and the subject registration issued on October 10, 1972. The examiner then *320 refused registration to applicant on respondent's registration. Subsequently, a paper was filed in the application in the name of "Jean D'Albret, Applicant Assignee", asserting that an assignment to Jean D'Albret had been submitted for recordation and that the assignee was proceeding with a petition to cancel respondent's

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ent's registration. The Office records show that on June 7, 1973, three days after the petition was filed, a document was recorded in the Office by which Orlane Cosmetics, Inc. assigned the application and all of its interest in and the good will of the trademark "CREME B-21" to Jean D'Albret, petitioner herein, as of December 18, 1972.

Although there was apparently a discrepancy as to the ownership of the mark "CREME B-21" when both the application and the petition were filed, the parties concerned have rectified or resolved the question of ownership between them by the assignment of June 7, 1973 by determining petitioner to be vested therewith, which is consonant with petitioner's pleading of ownership of the mark in its petition and with the record herein as well as with the accepted principles of trademark law dealing with ownership of a mark as between a manufacturer and distributor or importer. [2] That is, it is well settled that ownership of a mark in the United States as between the foreign manufacturer of a product and the exclusive importer or distributor thereof in this country is a matter of agreement between them. In the absence of an agreement, express or otherwise, by the manufacturer of goods abroad that the trademark affixed to the goods at that time is the property right of the importer or exclusive distributor or in the absence of an assignment by the manufacturer to the exclusive importer or distributor of all of the former's rights in the mark in the United States together with the business and good will associated therewith, it is presumed that the manufacturer is the owner of the mark for such goods sold in the United States. See: *A. Bourjois & Co., Inc. v. Katzel*, 260 U.S. 289 (1923); *Scandinavia Belting Co. v. Asbestos & Rubber Works*, 257 F. 937 (CA 2, 1919); *Avedis Zildjian Co. v. The Fred Gretsch Mfg. Co.*, 116 USPQ 216 (CA 2, 1958); *Spencer v. VDO Instruments, Limited, et al.*, 142 USPQ 72 (DC Mich., 1964); *E. Leitz, Inc. v. Watson, Comr. Pats.*, 113 USPQ 409 (DC DC, 1957); affirmed 117 USPQ 13 (CA DC, 1959); *Henry a la Pensee, Inc. v. Societe a Responsabilite Limitee Henry a la Pensee*, 113 USPQ 374 (CCPA, 1957); and *Roger*

& *Gallet v. Janmarie, Inc.*, 114 USPQ 238 (CCPA, 1957). Thus, an exclusive importer or distributor in the United States does not acquire ownership in the mark of a foreign manufacturer merely through importation and sale of the foreign made goods bearing the mark, or in fact, by the act of filing an application to register the mark in the Patent Office wherein ownership is alleged. In light of these accepted principles, since there is nothing in the instant case to suggest that petitioner, by agreement with or assignment to the exclusive importer or distributor, has divested itself of ownership of the mark "CREME B-21" in the United States, we must presume petitioner to be the owner of the mark for purposes herein; thus in accord with the record as we view it.

[3] But, even if petitioner were deemed not to be the owner of the mark "CREME B-21", this would not by itself defeat petitioner's cause of action herein. All that need be established by a plaintiff in a proceeding of this character is that it has made use of the mark prior to the use of the same or a similar mark by the party defendant and that the contemporaneous use of the marks on or in connection with the respective goods of the parties is reasonably likely to cause confusion in trade. See: *Hygrade Sylvania Corporation v. Sontag Chain Stores Co., Ltd.*, 52 USPQ 349 (CCPA, 1942); *California Piece Dye Works v. California Hand Prints, Inc.*, 72 USPQ 505 (CCPA, 1947); *Wilson v. Delaunay*, 114 USPQ 339 (CCPA, 1957), and cases cited therein; *Bellbrook Dairies, Inc. v. Hawthorn-Mellody Farms Dairy, Inc.*, 117 USPQ 213 (CCPA, 1958); and *Bellbrook Dairies, Inc. v. Bowman Dairy Company*, 124 USPQ 316 (CCPA, 1960). It is clear from the record that petitioner herein has been engaged in commerce which may lawfully be regulated by Congress, namely, commerce between France and the United States, through shipments and sales of the "CREME B-21" product to its importer since at least as early as October, 1969, some one year and a half prior to respondent's filing date.

[4] Thus, either on the theory of ownership or use

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in commerce, petitioner is the prior user. And, considering that the "CREME 21" portion of respondent's mark is a very, if not the most, prominent feature of the mark and, being the only literal portion, the means by which purchasers would call or refer to respondent's goods; that "CREME 21" and "CREME B-21" are substantially identical designations; and that petitioner's facial night cream is encompassed by "cosmetic preparations in cream form", the goods described in the registration, it is concluded that confusion in trade as to source and mistake as to the product purchased would be likely to occur if respondent's goods were to be marketed in commerce; and that petitioner is, therefore, damaged by respondent's registration.

Jean D'Albret v. Henkel-Khasana G.M.B.H.

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Decision

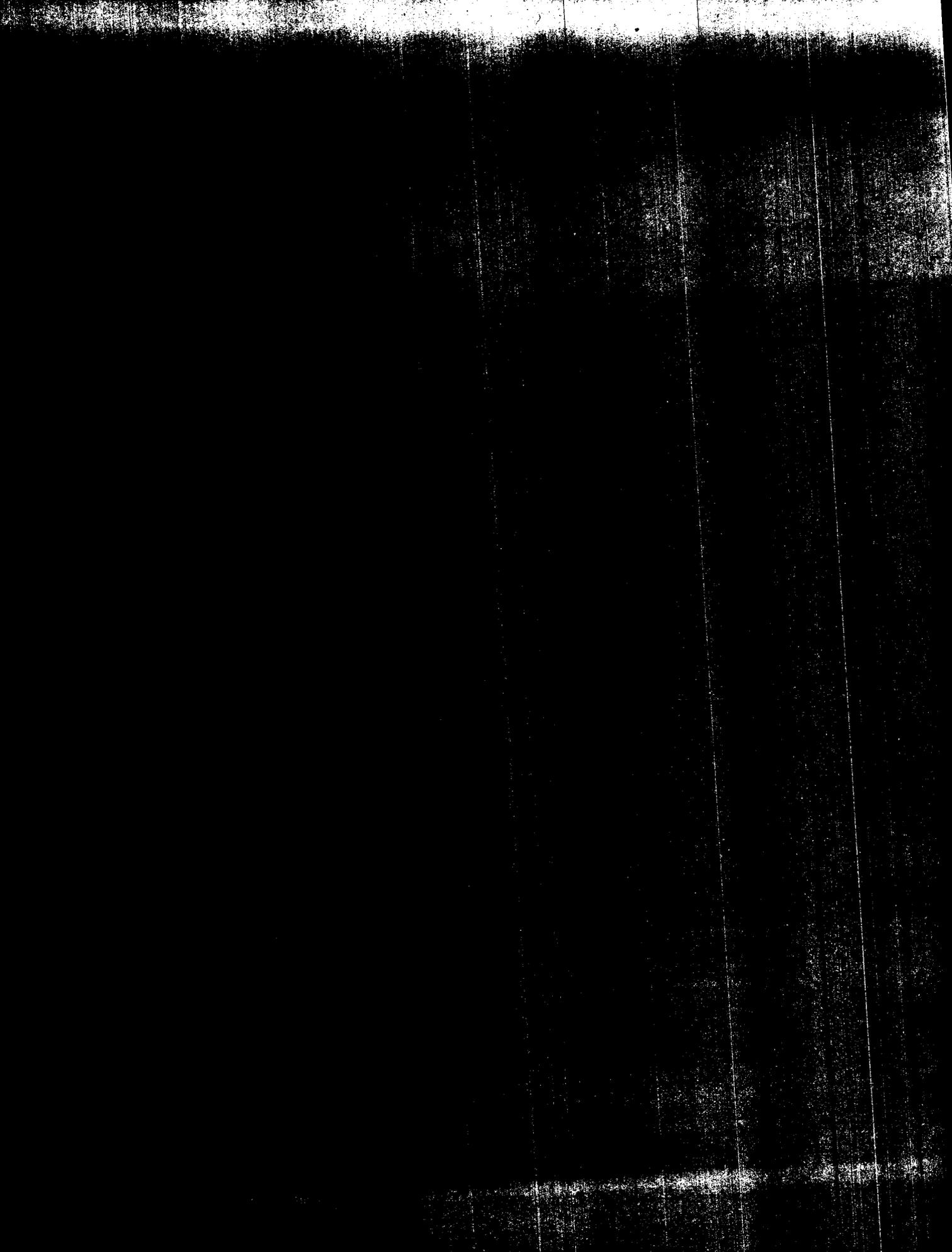
The petition is granted, and Registration No. 944,849 will be canceled in due course.

FN1 Reg. No. 944,849, issued Oct. 10, 1972, on the basis of German Reg. No. 872,912, dated May 16, 1970.

FN2 While Rule 2.122(a) specifically indicates that, in a cancellation proceeding, only the registration against which a petition for cancellation is filed forms a part of the record without any action by the parties and respondent has not made petitioner's application file of record in accordance with Rule 2.122(c); nevertheless, since petitioner has offered no objection to the facts narrated therefrom by respondent and merely takes exception to the probative value thereof in this proceeding, we will consider the history of the application file recited by respondent therein in order to effectively adjudicate the contentions of the parties on the merits of the issue herein.

P.T.O. T.T.A.B.

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

**UNITED STATES PATENT AND TRADEMARK OFFICE
Trademark Trial and Appeal Board
P.O. Box 1451
Alexandria, VA 22313-1451**

Pologeorgis

Mailed: September 24, 2008

Opposition No. 91175853

DC Comics

v.

Gotham City Networking, Inc.

**Before Quinn, Drost, and Mermelstein,
Administrative Trademark Judges.**

By the Board:

Gotham City Networking, Inc. ("applicant") filed two applications for registration. The first application is for the mark GOTHAM BATMEN in standard characters.¹ The second application is for the mark in the following form:²



¹ Application Serial No. 78899511, filed on June 2, 2006, based on an allegation of use in commerce under Trademark Act Section 1(a), 15 U.S.C. § 1051(a), asserting dates of first use anywhere and first use in commerce since February 1, 2006.

² Application Serial No. 78917938, filed on June 27, 2006, based on an allegation of use in commerce under Trademark Act Section 1(a), 15 U.S.C. § 1051(a), asserting dates of first use anywhere and first use in commerce since February 1, 2006.

As originally filed, both applications recited the following identification of services: "recreational services in the nature of sports teams."

USPTO records demonstrate that, during the prosecution of each of these two applications, applicant, via examiner's amendment, disclaimed the exclusive right to use the term GOTHAM apart from the mark as shown and amended its identification of services to read as follows: "entertainment services in the nature of softball, baseball, basketball and hockey games" in International Class 41.

On January 23, 2007, applicant's application Serial No. 78899511 for the mark GOTHAM BATMEN in standard characters was published for opposition as amended. Thereafter, on January 30, 2007, applicant's application Serial No. 78917938 for the mark GOTHAM BATMEN and design was published for opposition as amended.

DC Comics ("opposer") filed a notice of opposition to registration of applicant's marks on February 12, 2007 on the following grounds: (1) likelihood of confusion, (2) dilution, (3) fraud and (4) no bona fide use of the mark in commerce.

On April 16, 2007, applicant filed a motion to dismiss opposer's claims of likelihood of confusion and dilution on the ground that opposer had failed to state a claim upon which relief may be granted. On April 26, 2007, opposer

Opposition No. 91175853

filed its response to applicant's motion to dismiss which included a request to strike evidence outside of the pleadings. By order dated August 18, 2007, the Board converted applicant's motion to one for summary judgment inasmuch as applicant presented matters outside the pleadings in support of its motion to dismiss.

Additionally, the Board allowed opposer additional time in which to supplement its already filed response to applicant's motion. On September 10, 2007, opposer filed a motion for Rule 56(f) continued discovery which the Board granted, in part, by order dated September 30, 2007. On January 25, 2008, opposer filed its response to applicant's motion for summary judgment concurrently with its own cross-motion for summary judgment on its pleaded claims of fraud, lack of a bona fide use of the mark in commerce, likelihood of confusion and dilution.

This case now comes up for consideration of (1) applicant's motion for summary judgment on opposer's claims of likelihood of confusion and dilution and (2) opposer's cross-motion for summary judgment on opposer's claims of fraud, likelihood of confusion, dilution, and lack of a bona fide use of the mark in commerce. The motions are fully briefed.

We first turn to opposer's cross-motion for summary judgment on its claim of fraud. In support of

its motion, opposer argues that applicant has committed fraud in attempting to procure registrations for its involved marks, thus making the involved applications void *ab initio*. Opposer asserts that applicant, at the time it filed its involved applications, at the time it amended its identification of services during the examination process, and to date was not and is not using its involved marks in commerce in connection with all the recited services as amended. Specifically, opposer contends that applicant has admitted in its responses to opposer's Rule 56(f) discovery requests that it was not and is not using the involved marks in commerce in connection with entertainment in the nature of baseball, basketball and hockey games, and has only used the marks in connection with softball games.

Opposer argues that this case is analogous to the case of *Medinol Ltd. v. Neuro Vasx, Inc.*, 67 USPQ2d 1205 (TTAB 2003), in which fraud was found because there was no use of the involved mark on one of the two listed goods in the statement of use, and applicant admitted as much.

Thus, opposer argues that the involved applications are invalid because applicant falsely represented that it used its marks on the all the recited services, as amended, when applicant knew, or

should have known, that it was not using its involved marks in commerce on all the services identified in the amended identification of services.

Opposer further argues that the involved applications were signed by applicant's counsel, David O. Klein, who opposer asserts is also a member of opposer's business networking organization, as well as a player on the softball team which is the subject of applicant's applications and, therefore, was clearly in a position to have personal knowledge of the facts concerning applicant's own use of its marks on the amended services identified in the involved applications.

As evidence in support of its motion for summary judgment on its claim of fraud, opposer submitted the declaration of its attorney, Andrea L. Calvaruso, through which opposer makes of record, *inter alia*: (a) true and correct copies of applicant's involved applications, together with the examiner's amendments and USPTO Snapshot of the involved applications at the time of publication from the USPTO online records, (b) true and correct copies of applicant's responses to opposer's First Set of Requests for Admissions, applicant's responses to opposer's First Set of Requests for Interrogatories, and letters from

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applicant's counsel regarding such responses and (c) a true and correct copy of applicant's entire document production in response to opposer's discovery requests stamped by applicant at GOT0001-GOT0202.

In response to opposer's motion on the claim of fraud, applicant contends that it did not commit fraud. Applicant asserts that its involved marks have been used in conjunction with recreational sports entertainment since as early as February 2006, to identify and distinguish its GOTHAM BATMEN softball team, as well as its business networking and referral organization. Applicant further argues that, to the extent that applicant's use of its involved marks to promote interest in its business networking and referral services was not adequately conveyed during the registration process, not having done so was the product of a good faith, inadvertent mistake regarding direct and indirect use of applicant's involved marks. Moreover, applicant contends that, in completing its involved applications, applicant intended to convey that since as early as February 2006, its use of its involved marks was limited to the promotion of recreational sports activities in furtherance of its sale of memberships in its business networking organization and that the undisputed fact that its

involved marks have only been used in conjunction with softball is immaterial and the additional recreational sports identified in the involved applications were similarly the product of an inadvertent mistake concerning applicant's use of the involved marks.

Additionally, applicant argues that opposer's use of applicant's responses to opposer's Rule 56(f) discovery requests to support its motion for summary judgment on its claim of fraud is improper inasmuch as the Board only permitted limited discovery regarding opposer's claim of likelihood of confusion.

As evidence in support of its opposition to opposer's motion for summary judgment on the claim of fraud, applicant has submitted the affidavit of its counsel, David O. Klein, who attests to, among other things, applicant's intent regarding its filing of the involved applications.

In its reply, opposer argues that applicant's subjective intent does not absolve the fraud committed by applicant. Rather, opposer argues that the appropriate inquiry is the objective manifestation of applicant's intent. Moreover, opposer contends that applicant's alleged inadvertent mistake of including services in its involved applications for which applicant does not use or has ever used its marks in

association therewith also does not cure a finding of fraud. Finally, opposer asserts that applicant's claim that the Board's September 30, 2007 order regarding the scope of Rule 56(f) discovery precludes opposer's use of facts obtained as a result of such discovery to support its own motion for summary judgment on its claim of fraud is baseless. Indeed, opposer contends that, to the extent applicant's responses bear on other issues in this opposition proceeding, such as opposer's fraud claim, they may be considered for summary judgment on any of the pleaded claims at issue.

Summary judgment is an appropriate method of disposing of cases in which there are no genuine issues of material fact in dispute, thus leaving the case to be resolved as a matter of law. See Fed. R. Civ. P. 56(c). A party moving for summary judgment has the burden of demonstrating the absence of any genuine issue of material fact, and that it is entitled to summary judgment as a matter of law. See *Celotex Corp. v. Catrett*, 477 U.S. 317 (1986), and *Sweats Fashions Inc. v. Pannill Knitting Co. Inc.*, 833 F.2d 1560, 4 USPQ2d 1793 (Fed. Cir. 1987). When the moving party's motion is supported by evidence sufficient to indicate that there is no genuine issue of material fact, and that the moving party is entitled to judgment, the burden shifts to the nonmoving party to demonstrate the existence of specific genuinely-disputed facts that must be resolved at trial.

The nonmoving party may not rest on the mere allegations of its pleadings and assertions of counsel, but must designate specific portions of the record or produce additional evidence showing the existence of a genuine issue of material fact for trial. In general, to establish the existence of disputed facts requiring trial, the nonmoving party "must point to an evidentiary conflict created on the record at least by a counterstatement of facts set forth in detail in an affidavit by a knowledgeable affiant." *Octocom Systems Inc.*, supra at 1786, citing *Barmag Barmer Maschinenfabrik AG v. Murata Machinery, Ltd.*, 731 F.2d 831, 836, 221 USPQ 561, 564 (Fed. Cir. 1984). A dispute as to a material fact is genuine only if a reasonable fact finder viewing the entire record could resolve the dispute in favor of the nonmoving party. See *Olde Tyme Foods Inc. v. Roundy's Inc.*, 961 F.2d 200, 22 USPQ2d 1542, 1544 (Fed. Cir. 1992). Finally, in deciding a motion for summary judgment, the Board must view the evidence in the light most favorable to the nonmovant, and must draw all reasonable inferences from underlying facts in favor of the nonmovant. *Id.*

As a preliminary matter, we find that there is no genuine issue of material fact as to opposer's standing. Opposer has submitted the declaration of opposer's special counsel, Lillian Laserson, who attests, among other things, to the following: (1) opposer is the owner of all rights and interests in the world-famous BATMAN comic books and

related BATMAN character, including all trademarks, copyrights and indicia associated with BATMANM and (2) since as early as 1939, opposer and its predecessor in interest have used the mark BATMAN, and related marks, including the black silhouette image of batwings with pointed edges, family of marks with the prefix "BAT" and related indicia, including GOTHAM CITY, in connection with its world-famous comics and related goods and services such as television programs, motion pictures, and licensed consumer merchandise. Ms. Laserson's declaration is sufficient to show that there is no genuine issue of material fact that opposer has a real interest in the proceedings, i.e., a personal interest in the outcome of the proceeding, and a reasonable basis for a belief of damage.³ See, e.g., Trademark Act Section 14(a), 15 U.S.C. Section 1064(a); *Cunningham v. Laser Golf Corp.*, 222 F.3d 943, 55 USPQ2d 1842 (Fed. Cir. 2000); *Universal Oil Prod. Co. v. Rexall Drug & Chem. Co.*, 463 F.2d 1122, 174 USPQ 458, 459 (CCPA 1972).

Next, the Board finds applicant's argument that opposer is precluded from using facts obtained during the limited Rule 56(f) discovery permitted by the Board regarding opposer's likelihood of confusion claim to support its claim of fraud in its cross-motion for summary judgment unpersuasive. The Board notes that opposer served Rule

³ The Board notes that applicant does not contest opposer's standing in its motion for summary judgment or in its response to opposer's cross-motion for summary judgment.

56(f) discovery requests within the scope permitted by Board order dated September 30, 2007. The Board agrees with opposer that the fact that applicant's responses to such discovery may have a bearing on other issues in this proceeding does not preclude the party seeking such discovery from relying on facts obtained from such discovery to support a motion for summary judgment on any other pleaded claims at issue in the case. Indeed, applicant has not provided any authority to the contrary. Accordingly, opposer's use of applicant's responses to opposer's Rule 56(f) discovery requests to support its own motion for summary judgment on its claim of fraud is permissible.

We now turn to the merits of opposer's motion for summary judgment on its claim of fraud. Based on the record now before us and for the reasons discussed below, we conclude that summary judgment is appropriate because opposer has established that there are no genuine issues of material fact remaining for trial with regard to its claim of fraud, and that it is entitled to a judgment on this ground.

Fraud in procuring a trademark registration occurs when an applicant for registration knowingly makes false, material representations of fact in connection with an application to register. See *Torres v. Cantine Torresella S.r.l.*, 808 F.2d 46, 1 USPQ2d 1483 (Fed. Cir., 1986). A party making a fraud claim is under a heavy burden because fraud must be proved by clear and convincing evidence, leaving nothing to

speculation, conjecture, or surmise. Any doubt must be resolved against the party making the claim. See *Smith International, Inc. v. Olin Corporation*, 209 USPQ 1033 (TTAB 1981).

There is no dispute and no genuine issue of material fact that applicant filed its applications based on use in commerce and provided authorization to amend its identification of services during the prosecution of the involved applications to specifically delineate its services when it knew or should have known that it did not use the involved marks in connection with all the recited services, as amended, as of the filing dates of the applications.

Statements regarding the use of the mark on goods and services are certainly material to issuance of a registration. See *Standard Knitting, Ltd. v. Toyota Jidosha Kabushiki Kaisha*, 77 USPQ2d 1917 (TTAB 2006) (fraud found based on misrepresentation regarding use of the mark on most of the goods identified in the filed applications); *First International Services Corp. v. Chuckles Inc.*, 5 USPQ2d 1628 (TTAB 1988) (fraud found in applicant's filing of application with verified statement that the mark was in use on a range of personal care products when applicant knew it was in use only on shampoo and hair setting lotion). See also, *General Car and Truck Leasing Systems Inc. v. General Rent-A-Car Inc.*, 17 USPQ2d 1398 (D.C. S.Fla. 1990), aff'g

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General Rent-A-Car Inc. v. General Leaseways, Inc., Canc.
No. 14,870 (TTAB May 2, 1988).

The Board agrees with opposer that this case is similar to the *Medinol* case. In *Medinol*, a trademark application was filed, the mark was published, a statement of use was submitted, and a registration issued for "medical devices, namely, neurological stents and catheters." In response to a petition for cancellation, registrant admitted in its answer that the mark was not used on stents. The Board stated the following (at 1208):

The fraud alleged by petitioner is that respondent knowingly made a material representation to the USPTO in order to obtain registration of its trademark for the identified goods. There is no question that the statement of use would not have been accepted nor would registration have issued but for respondent's misrepresentation, since the USPTO will not issue a registration covering goods upon which the mark has not been used. (cites omitted).

Similarly, in this case there is no question that the applications for registration under Section 1(a) of the Trademark Act would have been refused but for applicant's misrepresentation regarding its use of the mark on all the recited services, as amended, in the involved applications. It is irrelevant that registrations have yet to issue for applicant's marks. The timing of the misrepresentation is immaterial. Whether the false statements alleging use of the mark in commerce occur at the time of filing the application, during the examination process, or at a later

point during the USPTO's review of the statement of use, the result is the same--an application results in a registration improperly accorded legal presumptions in connection with goods and/or services on which the mark is not used.⁴ See *Hurley Int'l LLC v. Volta*, 82 USPQ2d 1339, 1344 (TTAB 2007).

In this case, applicant has admitted that as of the filing dates of its involved applications, as well as during the examination process of the same, it was not using the mark in commerce for the following services identified in the applications, as amended: "entertainment services in the nature of baseball, basketball and hockey games." From the original filing of its involved applications and throughout the prosecution thereof, applicant continued to assert its claim of use under Section 1(a) of the Trademark Act. In this instance, the law is clear that an applicant may not claim a Section 1(a) filing basis unless the mark was in use in commerce on or in connection with *all* the

⁴ We note, however, that a misstatement in an application as to the goods or services on which a mark has been used does not rise to the level of fraud where an applicant amends the application prior to publication. See *Universal Overall Co. v. Stonecutter Mills Corp.*, 379 F.2d 983, 154 USPQ 104 (CCPA 1967). However, the Board further notes that applicant did not amend its applications during the examination process to exclude entertainment services in the nature of basketball, baseball and hockey games. Rather, applicant amended its applications to specifically include such services.

goods or services covered by the Section 1(a) basis as of the application filing date. 37 C.F.R. Section 2.34(a)(1)(i). Cf. *E.I. du Pont de Nemours & Co. v. Sunlyra International, Inc.*, 35 USPQ2d 1787, 1791 (TTAB 1995). Moreover, applicant's counsel authorized the issuance of an examiner's amendment in each of applicant's involved applications during the prosecution of these applications whereby applicant agreed to amend its identification of services to specifically delineate its services when it knew or should have known that it did not use the involved marks in connection with all the recited services, as amended, as of the filing dates of the applications. Thus, as in *Medinol*, a material representation of fact with regard to use of the mark on particular services was made by applicant and that statement was relied upon by the USPTO in determining applicant's rights to registration.

The fact that applicant's inclusion of basketball, baseball and hockey games in its amended identification of services was allegedly inadvertent and that applicant's intent, during the examination process of its involved applications, was to convey that its use of its involved marks was limited to the promotion of recreational sports activities in furtherance of its sale of memberships in its business networking organization does not change our finding of fraud herein. It is well established that in *inter*

partes proceedings "proof of specific intent is not required, rather, fraud occurs when an applicant or registrant makes a false material representation that the applicant or registrant knew or should have known was false." *General Car and Truck*, 17 USPQ2d at 1400-1401.

As the Board determined in *Medinol, supra* at 1209, "the appropriate inquiry is...not into the registrant's subjective intent, but rather into the objective manifestations of that intent." In *Medinol, supra* at 1209-1210, the Board concluded that the facts justified a finding of fraud:

The undisputed facts in this case clearly establish that respondent knew or should have known at the time it submitted its statement of use that the mark was not in use on all of the goods. Neither the identification of goods nor the statement of use itself was lengthy, highly technical, or otherwise confusing, and the President/CEO who signed the document was clearly in a position to know (or to inquire) as to the truth of the statements therein.

As previously indicated, applicant in the case before us has admitted that it was not using, and indeed never used, its involved marks for most of the recited services, as amended, in commerce as of the filing dates of its involved applications. Applicant was certainly in a position to have personal knowledge of the facts concerning its own use of its marks in connection with the services identified in its applications, as amended, especially since applicant's counsel, who filed the applications on behalf of

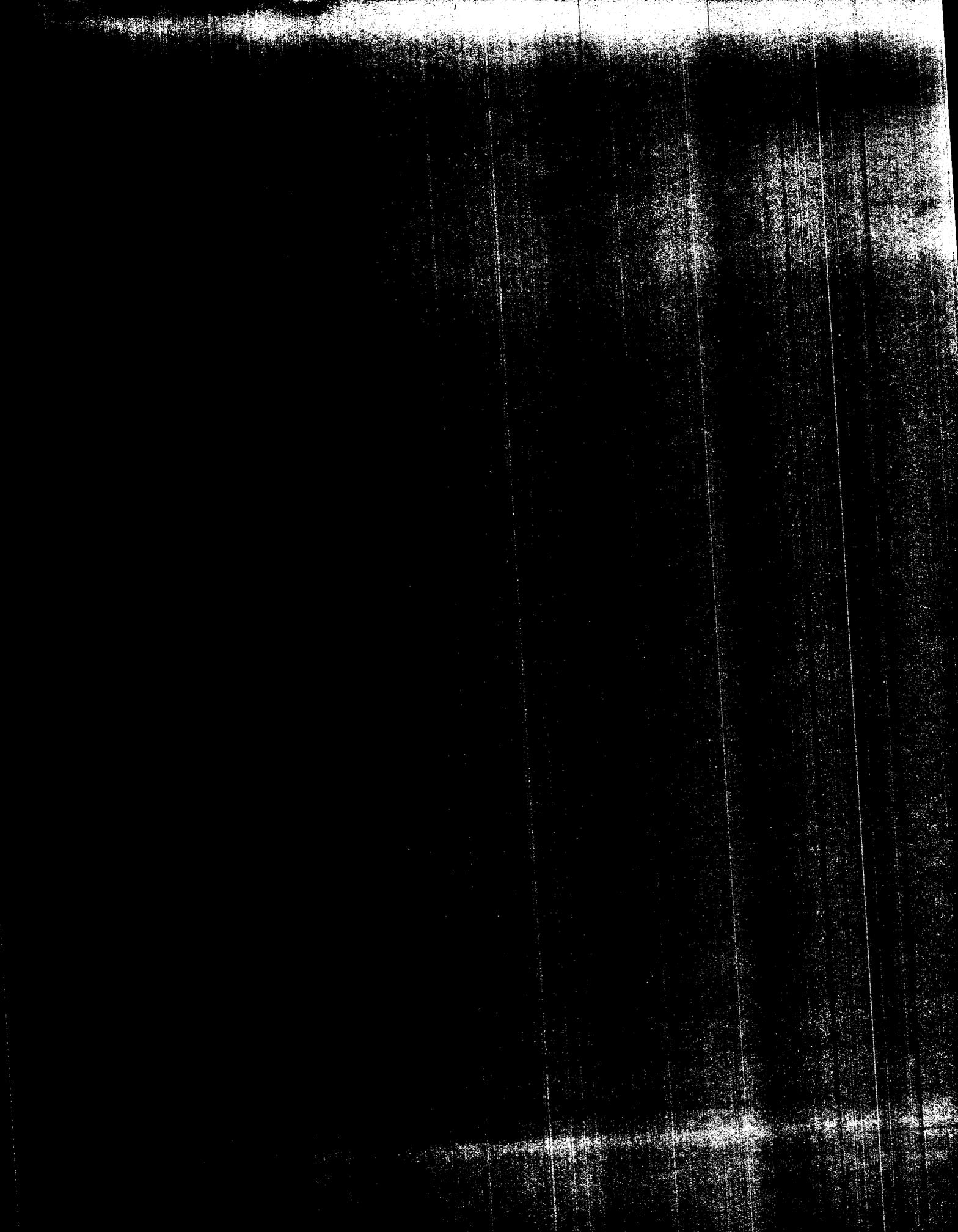
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applicant and who authorized the examiner's amendments amending the identification of services, is a co-founder of applicant's business network organization, as well as a member of applicant's GOTHAM BATMEN softball team.

Similarly, applicant was clearly capable of availing itself of the relevant information available on the USPTO website regarding the various filing bases and their specific requirements.

In view of the above, we find applicant's material misrepresentations made in connection with its applications were fraudulent and, therefore, the applications are void *ab initio*. Accordingly, summary judgment is entered in opposer's favor on the issue of fraud. The opposition is sustained and judgment is entered against applicant solely on the issue of fraud.

In view of our finding of fraud, we need not reach the remaining claims of likelihood of confusion, dilution, parody, and lack of a bona fide use of the mark in commerce raised in the parties' respective motions for summary judgment.



Westlaw

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First International Services Corp.
 v.
 Chuckles Inc.

Patent and Trademark Office Trademark Trial and
 Appeal Board
 Opposition No. 72,787

Issued January 4, 1988

United States Patents Quarterly Headnotes

TRADEMARKS AND UNFAIR COMPETITION

[1] Conflicts between marks (infringement) -- Likelihood of confusion -- Relatedness of goods -- Goods similar (§ 335.0305.03)

Opposer's sale of its hair care products only to its franchised beauty salons does not preclude likelihood of confusion with applicant's hair care products, since neither opposer nor applicant has limited their selling environments to professional beauty salons, and thus issue of likelihood of confusion must be considered in terms of goods' entire market.

TRADEMARKS AND UNFAIR COMPETITION

[2] Conflicts between marks (infringement) -- Likelihood of confusion -- Evidence of -- In general (§ 335.0303.02)

Any evidence of applicant's intent to adopt mark that suggests, to purchasers, successful mark already in use by another should be taken into account when resolving issue of likelihood of confusion, if that issue is not free from doubt.

TRADEMARKS AND UNFAIR COMPETITION

[3] Conflicts between marks (infringement) -- Likelihood of confusion -- Particular marks -- Marks similar (§ 335.0304.03)

Applicant's "Suksha" mark and design, for hair care products, is likely to cause confusion with opposer's "Zig-Zag" mark for similar products, in view of evidence demonstrating that applicant had direct knowledge of opposer's mark prior to adop-

tion of its mark, and demonstrating that applicant's "squiggle" design was modified to bear even closer resemblance to opposer's design, and in view of evidence demonstrating actual confusion.

TRADEMARKS AND UNFAIR COMPETITION

[4] Conflicts between marks (infringement) -- Defenses -- Fraud or unclean hands (§ 335.1009)

Applicant who stated in application that term "Suksha" had no meaning has not been shown to have committed fraud, even though such statement may have been untrue, in view of lack of any evidence to demonstrate whether "Suksha" is transliteration of Indian word meaning "beautiful hair" or is merely derived from word having that meaning, since fraud must be proven "to the hilt" and since doubts therefore must be resolved in favor of applicant.

TRADEMARKS AND UNFAIR COMPETITION

[5] Conflicts between marks (infringement) -- Defenses -- Fraud or unclean hands (§ 335.1009)

Applicant's failure to inform examining attorney of federal district court infringement action, and its false representations to court regarding application, are not sufficient to warrant finding of fraud on Patent and Trademark Office, since applicants are not required to notify examining attorney of any court action involving marks in pending application, and since fraud will not lie for false statements that are not material to issuance of registration.

TRADEMARKS AND UNFAIR COMPETITION

[6] Conflicts between marks (infringement) -- Defenses -- Fraud or unclean hands (§ 335.1009)

Applicant who knew or should have known of falsity of application's statement regarding goods on which mark was used has committed fraud.

Trademark opposition brought by First International Services Corp. to application, serial no. 501,386, of Chuckles Inc. d/b/a Suksha. Opposition sustained.

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Related decision: 182 USPQ 108.

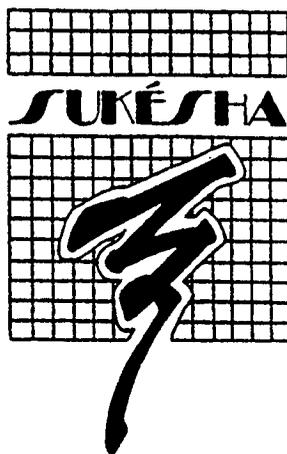
Fish & Richardson, Boston, Mass., for First International Services Corp.

Wiggin & Nourie, Manchester, N.H. and James T. Hosmer, Arlington, Va., for Chuckles Inc.

Before Simms, Krugman, and Seeherman, members.
 Seeherman, Member.

First International Services Corporation has opposed an application filed by Chuckles, Inc., d/b/a

Sukesha to register "SUKESHA" and design, as depicted below, for shampoo, hair conditioner, hair setting lotion, hair spray, permanent waves, hair colors, skin and body lotions, skin moisturizers, skin cleansing cream, skin toners and body shampoo.^{1N1} The mark was described in the application as consisting "of the coined word 'SUKESHA' between two grids comprising squares plus an arbitrary design."



As grounds for opposition, opposer has alleged that applicant's mark so resembles opposer's "Zig-Zag" mark, as depicted below, previously used by opposer in connection with its hair salon franchising services and franchised hair care products, and registered for "shampoos, hair conditioner preparation and scalp massage treatment preparations,"^{1N2} as to be likely, when applied to applicant's hair care products, to cause confusion or mistake or to deceive. Opposer has also alleged that applicant adopted its mark with full knowledge of opposer's "Zig-Zag" mark and opposer's prior rights in the mark, that applicant did not inform the Trademark Examining Attorney examining its application that shortly after the application was filed, opposer had

charged applicant with infringement, and that applicant willfully and erroneously represented to a federal court that the Patent and Trademark Office had decided the question of likelihood of confusion between the parties' marks in applicant's favor, all of which has led opposer to assert that applicant has engaged in inequitable conduct and fraud in connection with its application.

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Subsequently, opposer requested and was granted leave to amend the notice of opposition to specify three additional allegations supporting its ground of inequitable conduct and fraud. These allegations were that applicant's president swore to the Patent and Trademark Office that applicant had used its mark on certain goods when he knew it had not, that he swore that the word portion of applicant's mark had no meaning when he knew that it meant or approximated the phrase "beautiful hair" in Indian and that he swore that the mark was used on various display and advertising materials when he knew it had never been used in such a manner.

In its answer, applicant has essentially denied the allegations of opposer, except to admit that Kanu Patel, ^{1N3} during the performance of his consulting work with J.J. Sak, Inc., observed that this company "used the ZIGZAG on product labels in connection with the name 'Command Performance,'" answer, paragraph 7; that "applicant filled containers bearing the name 'Command Performance' and the ZIGZAG mark in the summer and fall of 1984," answer, paragraph 9; and that applicant was charged by opposer with infringement of opposer's "Zig Zag" mark in October 1984.

With respect to the additional allegations in the amended notice of opposition, applicant admitted that at the time the application was filed the mark had not been used on all of the products for which applicant stated it was using the mark, but that applicant intended to use the mark on all the products in the near future, and believed it had to identify all of the products. Applicant also admitted that it had stated in its application that "SUKESHA" has no known meaning in any language," but that its

knowledge at the time the statement was made was that "SUKESHA," pronounced phonetically to a person fluent in an Indian dialect might sound similar but not identical to the word in that dialect for "beautiful hair," and that the written word "SUKESHA" has no known meaning.

With respect to the allegations regarding applicant's statement about the manner in which the mark was used, applicant admitted that it had not used the mark in all of the ways enumerated in the application at the time the application was filed, but said that it intended to use the mark in the near future in each enumerated manner, and thus understood and believed that all such uses had to be specifically identified. Applicant denied that it had engaged in inequitable conduct and fraud in connection with the application.

The record herein consists of the pleadings, the application file; a status and title copy of opposer's pleaded registration, applicant's responses to certain requests for admission and interrogatories posed by opposer both in the instant proceeding and in a proceeding between the parties currently pending in the U. S. District Court for the District of Massachusetts, ^{1N4} portions of the discovery depositions with exhibits of Kanu Patel, applicant's executive vice president and Charles P. Frank, III, applicant's president, ^{1N5} and applicant's motion for summary *1631 judgment and the supporting affidavit of Charles Frank filed in the District Court proceeding, all relied upon by opposer; and papers from the District Court proceeding, namely the affidavit of Douglas R. Chamberlain in support of applicant's motion for summary judgment, as well as opposer's brief in opposition to such motion and the court's order on the motion, portions of the depositions.

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itions of Carl Youngman and Dennis Brown (with exhibits) taken in connection with the District Court action, all relied upon by applicant; and testimony (and exhibits) of both parties.

Both parties filed briefs on the case and were represented at an oral hearing.

The record shows that opposer, originally by itself and since at least 1983 through its wholly owned subsidiary, Comperf, Inc., is a franchisor of hair styling salons which operate under the mark "COMMAND PERFORMANCE". Opposer also is affiliated with another company, J. J. Sak, Inc. d/b/a/ CP Products, which prepares private label hair care products for "COMMAND PERFORMANCE" franchisees. In 1983 opposer decided to create a private label professional quality line of hair care products for exclusive sale in "COMMAND PERFORMANCE" salons and chose the "Zig Zag" mark for this new line. The new products bearing the mark were introduced at opposer's October 1983 annual meeting of franchisees.

Opposer's registration for the "Zig Zag" design is for shampoos, hair conditioner preparations, and scalp massage treatment preparations. While the registration certificate indicates no claim to color, opposer has testified that the "Zig Zag" is color coded to identify the various products, with the mark shown in blue for shampoos, red for conditioners and purple for styling products.

The "Zig Zag" mark is used on all of opposer's hair care products, and on virtually all of opposer's advertising and promotional materials, its internal papers, support material given to franchisees, and documents going to potential franchisees. Opposer's mark "COMMAND PERFORMANCE" also appears on the product containers and, with a few exceptions, on the promotional materials.

Products bearing the "Zig Zag" mark are sold only to "COMMAND PERFORMANCE" franchisees, who in turn sell them at their salons to retail customers. The products can only be purchased at the

"COMMAND PERFORMANCE" salons, and are often sold as a result of the recommendation of the hair stylist, based on the individual customer's needs.

Applicant is engaged in the manufacture and sale of hair care products. It does private label bottling for others and also prepare products for sale under the applied-for mark. The latter are marketed to hair care and beauty salons.

Applicant was formed by Charles P. Frank, III and Kanu Patel in February 1984. Mr. Patel is a vice-president, director and stockholder of applicant. Prior to the company's founding, Mr. Patel was hired by J. J. Sak in July 1983 to formulate a line of hair care products which were to be sold under the marks "COMMAND PERFORMANCE" and the "Zig Zag" design, and was a paid consultant to that company for the last half of 1983. As part of his duties, Mr. Patel checked the ingredient listings on the bottles bearing opposer's "Zig Zag" mark, and was a speaker at the October 1983 meeting of opposer's franchisees at which opposer introduced its product line bearing the "Zig Zag" mark. In early 1984 Mr. Patel also helped to correct a problem with one of the products sold under the "Zig-Zag" mark.

In connection with the private label bottling aspect of applicant's business, it filled bottles supplied by J. J. Sak, Inc. with two different hair care products. These bottles were delivered to applicant already labelled with opposer's "Zig Zag" mark. The first order was received by applicant from opposer in June 1984.

Applicant adopted the "SUKESHA" and design trademark for a line of products to be sold to hair care and beauty salons. Mr. Patel was involved in developing the mark, including suggesting the word "SUKESHA" and advising as to colors, although Mr. Frank, applicant's president, decided on the final version of the mark. Applicant varies the colors in the "squiggle" portion of its mark, using, for example, blue for its moisturizing shampoo and purple for its sculpturing lotion.

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Applicant has testified that it began using the mark on July 12, 1984 for shampoo and hair setting lotion, and had not expanded its use of the mark beyond those two items as of October 1984.

Applicant sells the goods bearing the applied-for mark only to professional beauty salons and barber salons. As part of its marketing, it sends direct mail solicitations to a mailing list consisting of professional licensed beauty and barber salons. No screening is done of such lists, and opposer's franchisees have received promotional material/solicitations from applicant via this route.

Priority is not an issue in this case since opposer has made of record a registration for *1632 its "Zig Zag" mark. *King Candy Co. v. Eunice King's Kitchen, Inc.*, 496 F.2d 1400, 182 USPQ 108 (CCPA 1974). Moreover, applicant has admitted it began using its mark subsequent to the filing date of opposer's application that issued as Registration No. 1,342,900. Thus, the only issues we must consider are 1) whether applicant's mark "SUKESHA" and design, for the goods identified in the application, so resembles opposer's "Zig Zag" mark, for shampoos, hair conditioner preparations, and scalp massage treatment preparations, as to be likely to cause confusion, mistake or to deceive as contemplated by Section 2(d) of the Trademark Act; and 2) whether the statements made by applicant in its application regarding its use of the mark, the significance of "SUKESHA" and the right of other parties to use a similar mark constitute fraud.

With respect to the issue of likelihood of confusion, both parties use their marks on identical goods or on such closely related goods as to be legally identical. Turning to the marks, there are obvious differences between them, in that applicant's mark contains the word "SUKESHA" and a grid in addition to the "squiggle" design. The "squiggle" design, too, is different from opposer's "Zig Zag", although these differences are not as obvious. Applicant argues that when the marks are compared in their entirety, as trademark law dictates they must be, they create different commercial impressions. In

particular, applicant claims that the word portion of its mark, "SUKESHA", creates the dominant impression because consumers would refer to its products by this word. Applicant also states that the grid portion of its mark is distinctive, and it has detailed the differences between its "squiggle" and opposer's "Zig Zag".

We cannot accept wholeheartedly applicant's conclusions regarding the differences in the marks. In particular, we view the grid design as non-distinctive and mere background material. While the grid appears in the application drawing in black ink, we note that in actual use on applicant's bottles the grid is depicted in white and tends to fade into the background beige bottle color. Nor do we believe that the specific differences in the "Zig Zag"/"Squiggle" designs in the two marks are sufficient to preclude confusion. While the differences are apparent when the marks are compared side-by-side, such a comparison is not the appropriate test for determining likelihood of confusion. Rather, because purchasers would not normally have the opportunity to analyze the marks on this basis, our focus must be on the recollection of the average purchaser, who normally retains a general rather than a specific impression of trademarks. See, *Dassler KG v. Roller Derby Skate Corp.*, 206 USPQ 255 (TTAB 1980); *Sealed Air Corp. v. Scott Paper Co.*, 190 USPQ 106 (TTAB 1975). Considered in such a way, it is our view that both the "Zig Zag" and "Squiggle" designs would leave purchasers with the same general impression, that of left-to-right upward slanted lines, ending with a right-to-left downward slanting tail.

Applicant's mark also contains the word "SUKESHA" and, as applicant points out, words normally present a dominant commercial impression because products are called for by their "name". However, in the case of hair care products, they may also be taken from a shelf without the purchaser having the need to ask for them by name. Further, the "Squiggle" forms a prominent part of applicant's mark, being shown in a larger size than

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the word "SUKESHA". In connection with this, we note that applicant's purpose was for the "Squiggle" to stand out, and to this end it is depicted in "exciting," "vibrant" colors. Moreover, applicant color codes the "Squiggle" to identify its various products, using a specific color for a specific product. Thus, the "Squiggle" takes on a more significant role, and purchasers would focus on this portion of the mark. In these circumstances, the presence of the word "SUKESHA" in applicant's mark may actually increase the likelihood of confusion, rather than diminish it, because it may suggest to purchasers that applicant's products are associated with or sponsored by opposer. It has frequently been held that the addition of a trade name or house mark or other such matter to one of two otherwise similar marks will not serve to avoid a likelihood of confusion. See, *Envirotech Corp. v. National Service Industries, Inc.*, 197 USPQ 292 (TTAB 1977).

The record shows that since 1983 when goods bearing opposer's "Zig Zag" mark were introduced, the mark has appeared on all opposer's hair care products and its promotional materials for the products, generally in conjunction with opposer's "COMMAND PERFORMANCE" mark, although occasionally the "Zig Zag" appears alone on promotional material. In the three years between the time hair care products bearing opposer's mark were introduced until September 1986, sales of these products were estimated at approximately \$1 million dollars, with the products being used and sold at retail in the 300 salons operated by opposer's franchisees.

Since all opposer's products also carry the "COMMAND PERFORMANCE" mark, *1633 and this word appears on most of the promotional material as well, applicant correctly points out that this information alone is not sufficient to establish the strength of opposer's "Zig Zag" mark. However, because opposer, like applicant, color codes the "Zig Zag" to identify specific types of products, it is our view that purchasers would take particular note of the design.

Turning to the goods, applicant argues that no confusion is likely to result from the contemporaneous use of the parties' marks because opposer's products are sold to the public only in opposer's franchised "COMMAND PERFORMANCE" beauty salons, and opposer also controls which third-party brands its franchisees may sell. Because of this, and because opposer has directed its franchisees not to sell applicant's products bearing the "SUKESHA" and design mark until the trademark controversy between the companies is resolved, applicant argues that the parties' goods are isolated from one another in the beauty salon trade and never directly compete.

Applicant also argues that opposer's marketing strategy precludes confusion. Stylists are encouraged to recommend specific products of opposer during the customer's beauty salon session. Opposer also suggests that the stylist emphasize to customers that the products may only be purchased at "COMMAND PERFORMANCE" salons. Because of this individualized approach, and the fact that both parties' goods are higher priced, "non-impulse" items which are sold through professional salons, applicant argues that no confusion would result.

[1] We do not find applicant's arguments to be persuasive. Neither opposer nor applicant, in their respective registration and application, has limited the selling environment for their goods to professional beauty salons. Instead, applicant has sought registration of its mark for some of the identical and substantially identical goods that opposer's registered mark covers. Thus, it is proper to consider the issue of likelihood of confusion in terms of the entire market for those goods. See, *Canadian Imperial Bank of Commerce v. Wells Fargo Bank*, 811 F.2d 1490, 1 USPQ2d 1813 (Fed. Cir. 1987).

Further, the record shows that the current market for both parties' goods are the same, namely professional hair care salons, and that applicant has solicited opposer's franchisees to carry and sell at retail its products under the applied-for mark.

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Moreover, the effect of applicant's contention would be to place the burden of attempting to avoid confusion on opposer, the registration, i.e., opposer would have to ensure that applicant's goods were not sold in its salons, and opposer would have to ensure that its franchisees' stylists made it clear where opposer's products were sold. Such a policy flies in the face of trademark law, a principle of which is that later users have a duty to avoid confusion with existing users, and that doubt as to confusion is resolved against the newcomer.

[2] This leads to another factor that bears upon our determination of likelihood of confusion, namely, the circumstances surrounding applicant's adoption of its mark. One who knowingly adopts a mark similar to the mark of another and for the same or closely related goods does so at his own peril, and any doubt as to the similarity of the marks must be resolved against him. See, *The State Historical Society of Wisconsin v. Ringling Bros.-Barnum & Bailey Combined Shows, Inc.*, 190 USPQ 25 (TTAB 1976). Moreover, where there is evidence of an applicant's intent to adopt a mark that suggests to purchasers a successful mark already in use by another, the Board may, and ought to, take into account that intent when resolving the issue of likelihood of confusion when that issue is not free from doubt. *Roger & Gallet S.A. v. Venice Trading Co. Inc.*, 1 USPQ2d 1829 (TTAB 1987). As previously indicated, applicant's vice-president had direct knowledge of opposer's mark prior to the adoption of applicant's mark, and he directly participated in the selection of applicant's mark. In view of this, we have our doubts that applicant's adoption of the particular "Squiggle" design can be characterized as purely an arbitrary choice. Given the universe of "Squiggle" designs available to applicant, it appears to be more than a coincidence that the one adopted should bear such a similarity to opposer's design. In fact, the record shows that the "Squiggle" design first proposed to applicant was similar to or the same as an Oriental character, and that applicant's president advised the designer to change the design to one with no meaning because

he did not want it to look Oriental. The result is that applicant's "Squiggle" design, as modified, has more of a zig-zag effect, and bears a closer resemblance to opposer's design than that originally proposed.

It is also of interest that applicant has depicted its "Squiggle" design in some of the same colors as those used by opposer to denote particular products, e.g. blue for moisturizing shampoo and purple for sculpturing lotion. Applicant has claimed that other parties in the field use abstract designs and use the color blue to denote shampoo. However, the only evidence of this are the statements of applicant's president, while the *1634 exhibits of such third-party usage of abstract designs made of record by applicant are from a date subsequent to applicant's adoption of the mark.

Opposer has also introduced testimony tending to show actual confusion. The president of one of opposer's franchisees testified that, upon receiving a marketing mailing from applicant which showed representations of its products, he telephoned opposer, inquiring as to whether there was any direct affiliation or equity interest by opposer in the "SUKESHA" products. Another of opposer's witnesses, whose company is owned by the same individuals who own opposer, and whose company shares distribution facilities with opposer, testified that he noticed a shelf of products bearing applicant's mark in a barber shop, and his initial reaction was that they were opposer's products. It was only after examining the product more closely, including checking where it was manufactured, that he realized it was not opposer's.

Applicant argues that neither of these witnesses was actually confused because the former individual checked with opposer and learned there was no connection between the companies, while the latter, who bought the product to show to opposer, knew at the time of purchase that it was not opposer's product. We find applicant's characterization of this testimony somewhat disingenuous. While the individuals may not have been induced to purchase the

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products while laboring under a false belief as to their origin, the fact that they were initially confused is certainly relevant. Although we do not base our determination of likelihood of confusion on this evidence, it serves to buttress our conclusion on this issue. If these men, who by virtue of their positions are knowledgeable about opposer and its products, were confused, we think it likely that ordinary purchasers, who do not have such specialized knowledge, are much more likely to be confused.

[3] Taking all the factors, as discussed previously, into consideration, it is our conclusion that applicant's use of its mark on hair care products is likely to cause confusion, mistake or to deceive with respect to opposer's mark for the same goods, and we find that registration should be denied on this ground.

Although this determination is sufficient to sustain the opposition, in the interest of rendering a complete decision, we turn to the issue of fraud pleaded by opposer.

Our analysis of opposer's allegations must be governed by the principles of what constitute fraud, as set out in prior case law.

Fraud implies some intentional deceitful practice or act designed to obtain something to which the person practicing such deceit would not otherwise be entitled. Specifically, it involves a willful withholding from the Patent and Trademark Office by an applicant or registrant of material information or fact which, if disclosed to the Office, would have resulted in the disallowance of the registration sought or to be maintained. Intent to deceive must be "willful". If it can be shown that the statement was a "false misrepresentation" occasioned by an "honest" misunderstanding, inadvertence, negligent omission or the like rather than one made with a willful intent to deceive, fraud will not be found. Fraud, moreover, will not lie if it can be proven that the statement, though false, was made with a reasonable and honest belief that it was true or that the false statement is not material to the issuance or

maintenance of the registration. It thus appears that the very nature of the charge of fraud requires that it be proven "to the hilt" with clear and convincing evidence. There is no room for speculation, inference or surmise and, obviously, any doubt must be resolved against the charging party.

Smith International, Inc. v. Olin Corp., 209 USPQ 1033, 1043-44 (TTAB 1981), citations omitted.

With respect to opposer's allegation that applicant willfully and erroneously swore to the Patent and Trademark Office that "SUKESHA" had no meaning, the record contains many conflicting statements from applicant as to whether this term has a meaning. At several points in their discovery depositions, both applicant's president and vice-president said that "SUKESHA" means "beautiful hair" and a form letter applicant sent to beauty salons makes the same statement.

Subsequently, and after it was pointed out that the application stated that "SUKESHA" had no meaning, Mr. Patel, applicant's vice-president, "clarified" his statements. In his testimony deposition, Mr. Patel explained that, when providing information for the preparation of the trademark application, he stated that the "trademark has no meaning in any language" because the trademark consisted of the grid and symbol as well as the word, and taken together the entire mark did not have a meaning. He added that there is an Indian word meaning "beautiful hair" which he would transliterate as "sukesh", but that he and Mr. Frank changed this word to "SUKESHA" because it sounded better for marketing purposes. Mr. Patel was then asked:

*1635 Well, if you wrote the word "SUKESHA" out on a piece of paper and showed it to an Indian who was familiar with the word "SUKESH" as meaning beautiful hair, would he be able to read that word?

To which he responded:

No, because most of the Indians do not even speak English. You know, 80% of the Indians are illiterate, so

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it would be very difficult for any Indian to even know what it's (sic) written unless when you're writing in the Indian language.

Mr. Frank had said at four different points in his discovery deposition that "SUKESHA" meant beautiful hair, and that at the time he signed the trademark application he understood "SUKESHA" to mean beautiful hair in Indian. In his testimony deposition, however, he elaborated on this statement, saying that "it was a similarity, a commendation (sic), that it related to 'beautiful hair,'" and, like Mr. Patel, he understood the phrase "trademark has no meaning in any language" to refer to the entire mark, including the design.

We find the testimony of applicant's two officers to be less than credible. It is obvious that a transliterated word can still have a meaning even if the native speaker cannot read the alphabet in which the transliteration appears. It is also obvious that the fact that a mark may have elements in addition to the foreign word does not remove the need to advise the Office as to the meaning of that word. By relying on hair-splitting justifications, it appears that applicant has deliberately tried to mislead the Patent and Trademark Office. Moreover, whatever hairsplitting Mr. Frank may have attempted to engage in, the statement in the application he signed said "the word 'SUKESHA' included in the mark has no known meaning in any language."

[4] However, while at the time he signed the application Mr. Frank may have intended to make a false statement as to the meaning of "SUKESHA", we cannot find that he committed fraud. One of the elements necessary to a finding of fraud is that the statement made is false. On the record before us, we cannot determine whether "SUKESHA" is a transliteration of an Indian word meaning beautiful hair or is merely derived from a word having that meaning. Therefore, we cannot conclude that the statement in the application is actually false. Since fraud must be proven "to the hilt", we must resolve our doubts in favor of applicant.

[5] Opposer has also alleged that applicant engaged in inequitable conduct and fraud by failing to inform the Examining Attorney that opposer had brought suit in federal District Court charging applicant with infringement, and by misrepresenting statements of the Patent and Trademark Office to the court. Neither of these allegations could result in a finding of fraud on the Patent and Trademark Office. While the Patent and Trademark Office prefers that applicants advise the Examining Attorney of any court action involving marks in pending applications, neither the Statute nor Rules requires them to do so. Thus, applicant's silence on this matter is not actionable. Nor are any alleged false representations made to a court regarding the application relevant to a determination of fraud on the Office since, as noted previously, fraud will not lie if the false statement is not material to the issuance of the registration.

Opposer has also alleged fraud due to applicant's failure to inform the Examining Attorney of opposer's mark, about which applicant is claimed to have had prior knowledge. While we have determined in this opinion that, in the totality of circumstances, confusion is likely, we recognize that there is an arguable difference between applicant's and opposer's marks. Accordingly, we do not think it was unreasonable for applicant to believe and the contemporaneous use of the marks by the parties was not likely to cause confusion, that therefore no fraudulent intent can be inferred from applicant's averment to this effect in the application. See, *SCOA Industries Inc. v. Kennedy & Cohen Inc.*, 188 USPQ 411 (TTAB 1975).

With respect to opposer's allegations regarding applicant's manner of use of the mark, Mr. Frank admitted that the mark had not, at the time he signed the application, and still has not been used in many of the ways enumerated in the application, e.g. window decals, product displays. However, he testified that he thought he was to furnish a list of all ways in which he intended the mark to be used. Buttressing this impression is the letter from applicant's at-

torney which listed the information needed to prepare the application, and which contained the statement, "A concise and complete description of the manner in which the trademark *is to be used* in identifying the goods with which it is associated. . . ." Emphasis added. Moreover, false statements in the affixation clause regarding additional methods of use normally would not constitute fraud because such statements of additional uses are not material to the issuance of the registration. The primary purpose of the affixation clause is to indicate the manner of use illustrated by the specimens, see TMEP § 808.09, but what is material is that the specimens submitted *1636 show valid trademark use and that they were in use at the time the application was filed.^{FN6}

Turning to the statement regarding the goods on which the mark was used, applicant's president has admitted that at the time he signed the application the mark had not been used on most of the goods identified in the application, but had been used only on shampoo and hair setting lotion. In June 1985 Mr. Frank signed and submitted an amended application in response to the Examining Attorney's first Office action, and in discovery he admitted that the mark again was not used on all the goods identified in the amended application, but was used only on shampoo, hair conditioner, hair setting lotion and permanent waves. Mr. Frank again testified that he thought he was to furnish a list of all products the mark would be used for, and that he understood the language in the application "has adopted and is using" as meaning using the mark shown in the drawing "and that I had it on products and I intended to use it on all future products. . . ."

[6] We find that applicant committed fraud in its statement regarding the use of the mark on goods for which it only intended to use the mark. There is no question that this statement was material to the approval of the application by the Examining Attorney. As for whether opposer has shown the requisite element of intent or knowing falsity, we recognize that it is difficult, if not impossible, to prove

what occurs in a person's mind, and that intent must often be inferred from the circumstances and related statement made by that person. Otherwise, all claims of fraud could easily be defeated by the simple statement, "I had no intent to do so." The analysis must be whether the person knew or should have known of the falsity of the statement. See *Torres v. Cantine Torresella S.r.l.*, 808 F.2d 46, 1 USPQ2d 1483 (Fed. Cir. 1986).

In this case, given the inconsistencies and general lack of credibility which we have found in both Mr. Frank's and Mr. Patel's testimony, it is our view that Mr. Frank knew or should have known of the falsity in listing goods on which the mark had not been used. The language in the application that the "applicant had adopted and is using the mark shown" is clear and unambiguous and was central to the application. The errors in this statement cannot be characterized as mere carelessness or misunderstanding to be winked at as of no importance. See, *Duffy-Mott Co. Inc. v. Cumberland Packing Co.*, 424 F.2d 1095, 165 USPQ 422 (CCPA 1970).

Mr. Frank admitted during cross-examination that he did not look at the language in the application, but relied on the fact that because his attorney prepared it he "thought it would be right." We consider Mr. Frank's comments to evidence the same type of cavalier attitude toward statements in affidavits that the Court of Customs and Patent Appeals has said should be deterred through sanctions, see *Duffy-Mott Co., Inc. v. Cumberland Packing Co.*, supra,^{FN7} and for the same reasons we believe the opposition should be sustained on the grounds of fraud.

Decision: The opposition is sustained on the grounds of likelihood of confusion and of fraud.

FN1 Application Serial No. 501,386, filed September 27, 1984, claiming first use and first use in commerce on July 12, 1984.

FN2 Registration No. 1,341,900, issued June 18, 1985 from an application filed

April 12, 1984 and claiming use in commerce on November 10, 1983.

FN3 The notice of opposition identifies Kanu Patel as a principal in applicant, although the effect of applicant's language in its answer is to deny this allegation.

FN4 First International Services Corp. and J.J. Sak, Inc. v. C.I. Enterprises, Inc. (f/k/a Chuckles, Inc. and d/b/a Chuckles, Inc.), Charles Frank and Kanu Patel, Civ. Action No. 85-2729-MA (D. Mass.). The Court has stayed proceedings in that case in order to allow the "Trademark Office" to consider the matter. Pursuant to Rule 2.122(f) the parties stipulated to allow papers from the District Court action in evidence so long as they were identified in a Notice of Reliance.

FN5 Applicant has attempted to rely on the entire transcripts, with certain exhibits, of these same depositions. Ordinarily, the discovery deposition of an officer of a party may be offered in evidence only by an adverse party. See: Trademark Rule 2.120(j). Certain exceptions to this general rule are specified in Trademark Rule 2.120(j)(2) and (4). The latter subsection provides that if only part of a discovery deposition is submitted and made part of the record by a party, an adverse party may introduce under a notice of reliance any other part of the deposition which should in fairness be considered so as to make not misleading what was offered by the submitting party. However, the adverse party may introduce only that additional material which is relevant. In this case, applicant has not identified the specific parts of the depositions which it considers relevant, and opposer has not treated the entire depositions as of record. Accordingly, the entire discovery depositions will not be considered part of the record pursuant to Rule 2.120(j)(4) and

the Board's consideration of the deposition will be limited to those portions identified by opposer in its notice of reliance.

FN6 The specimens first submitted by applicant were not accepted by the Examining Attorney because they were printer's proofs. She required applicant to submit substitute specimens, and required applicant to verify that the substitute specimens were in use in commerce at least as early as the filing date of the application. On June 25, 1985 Charles Frank signed an amended application in which he stated "that the substitute specimens submitted with this amended application were in use in interstate commerce on July 12, 1984, prior to the filing date of the original application for registration, September 27, 1984. . . ." However, during cross-examination in his testimony deposition, Mr. Frank admitted that the same brochure which was submitted as a substitute specimen had not been produced until 1985. Accordingly, if applicant ultimately prevails in this case, we recommend, pursuant to Trademark Rule 2.131, that the Examining Attorney re-examine the application with respect to this issue.

FN7 Compare: Rogers Corp. v. Fields Plastics & Chemicals, Inc., 176 USPQ 280 (TTAB 1972) where the identification of goods was for "plastic material for general industrial uses, i.e. -- followed by a list of uses, and it was found that the plastic material had not been used in all the ways listed. Since the applicant was attempting to indicate the general utility of its goods and no willful attempt to mislead the Office was found, and because the application would have been allowable without the recitation of additional possible uses of the material, no fraud on the Office was found. Compare also, Alcan Aluminum Corp. v.

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Alcar Metals Inc., 200 USPQ 742 (TTAB 1978), where an intent to deceive was not clear from the record because applicant had told its attorney to remove items from the identification that it had not sold, and the particular item on which the applicant had not used the mark was included in the identification because the applicant had it in stock and its president-owner indicated it might sell these goods if there was a market for them.

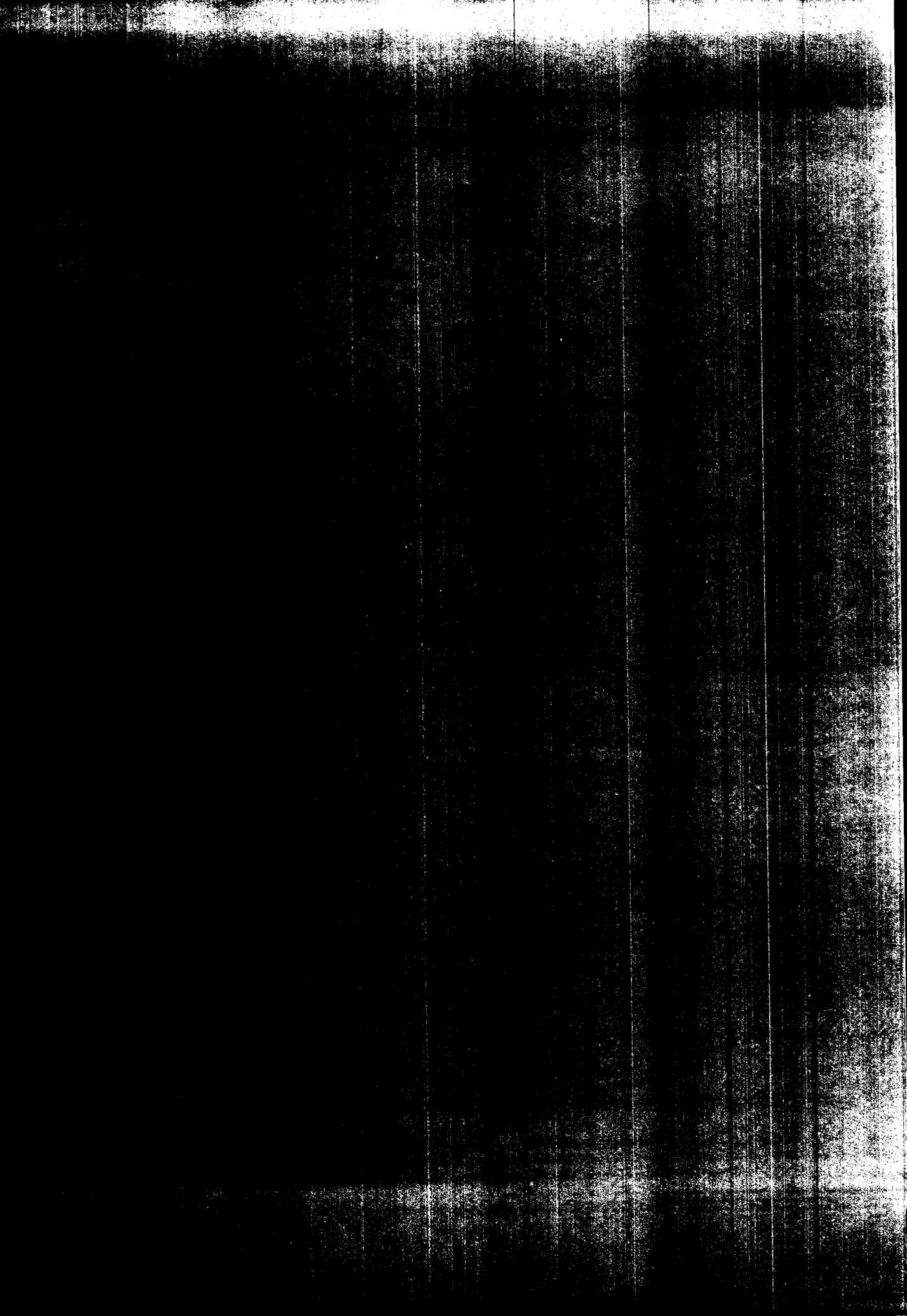
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In re Geo. J. Ball, Inc.

Patent Office Trademark Trial and Appeal Board
 Decided Apr. 18, 1967

United States Patents Quarterly Headnotes

TRADEMARKS

[1] Acquisition of marks-Dealer versus principal (§ 67.077)

Title-Assignments (§ 67.863)

Ownership of mark in United States as between foreign manufacturer of product and exclusive distributor thereof in United States is a matter of agreement between them; acknowledgement, express or otherwise, by manufacturer that trademark it affixes to goods is property right of exclusive distributor or an assignment by manufacturer to exclusive distributor of all of former's rights in mark in United States, together with business and good will appurtenant thereto, is sufficient to bestow upon exclusive distributor a right of ownership of mark in United States sufficient to qualify him as "owner" of mark for purpose of registration under 1946 Act; since exclusive distributor meets conditions precedent of use and ownership at date of filing application, it is not material that distributor's right to use mark ceases if exclusive sales agency terminates.

Appeal from Examiner of Trademarks.

Application for registration of trademark of Geo. J. Ball, Inc., Serial No. 205,913. From decision refusing registration, applicant appeals. Reversed.

Dawson, Tilton, Fallon, Lungmus & Alexander and Timothy L. Tilton, both of Chicago, Ill., for applicant.

Before Leach, Waldstreicher, and Lefkowitz, Members.
 Lefkowitz, Member.

An application has been filed by Geo. J. Ball, Inc.,

doing business as Jiffy-Pot Company of America, to register "JIFFY-POTS" for peat moss pots for flowers and other plants. Use of the mark since 1954 has been asserted.

It has been alleged in the application that:

"Applicant is the exclusive sales agent in the United States of Me-Kox Industri of Oslo, Norway, the former owner of cancelled registration No. 624,702.¹ By virtue of a written agreement, a photocopy of which is submitted herewith, applicant is the owner of all rights in said trade mark in the United States."

The pertinent portions of the agreement between applicant and Me-Kox Industri, Melvold & Koxvold, a corporation of Norway, executed on September 1, 1964, are as follows:

"Whereas Ball since 1954 has been and still is the exclusive sales agent in the United States for plant containers manufactured from peat by ME-KOX in Norway, individual containers being designated by the trademark 'JIFFY-POTS' (said trademark being sometimes used without the hyphen and in singular form), and connected containers being designated by the trademark 'JIFFY-STRIPS' (said trademark being sometimes written without the hyphen and in singular form):"

"Whereas, ME-KOX registered the trademark 'JIFFY POTS' for plant containers, being Registration No. 624,702, dated April 10, 1956, said registration having been cancelled due to an unintentional failure to file the affidavit required by Section 8, 15 U.S.C., although said trademark has been in continuous use in the United States since 1954 on plant containers sold by BALL as exclusive U.S. sales agent for ME-KOX;"

"Now, therefore, in consideration of the premises and the mutual promises and covenants herein contained, the parties do hereby contract and agree as follows:"

*427 "1. ME-KOX and BALL agree that BALL shall continue as exclusive sales agent in the United States for ME-KOX and that BALL shall continue

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to use said trademarks in the United States, unless and until either party shall notify the other in writing of the termination of said exclusive sales agency; in which event said exclusive sales agency shall terminate together with all rights and privileges relating thereto within six (6) months after the receipt of said notice."

"2. ME-KOX hereby assigns to BALL all rights, title, and interest in and to said trademarks insofar as they relate to the United States, together with the goodwill of the business in the United States symbolized by said marks, and together with all rights in and to said Registration No. 624,702, and including any trademark registrations obtained on said trademarks in the United States."

and

"3. In the event said exclusive sales agency is terminated as provided in Paragraph 1 hereof, BALL agrees to assign to ME-KOX upon request, on or subsequent to the effective date of said termination, all rights, title, and interest in and to said trademarks, together with the goodwill of the business symbolized by said trademarks, and including all registrations obtained in the United States upon said trademarks."

Registration has been refused on the ground that applicant is not the owner of the trademark as required in Section 1 of the Trademark Act of 1946.

Applicant has appealed.

[1] Section 1 of the Statute provides that "The owner of a trademark used in commerce may register his trademark under this Act on the principal register hereby established." It is well established that the ownership of a mark in the United States as between the foreign manufacturer of a product and the exclusive distributor thereof in this country is a matter of agreement between them. See: *Bourjois Co. v. Kotzel*, 260 U.S. 680 (1923); *Scandinavian Belting Co. v. Asbestos & Rubber Works*, 257 F.

937 (CA 2, 1919); *Avedis Zildjian Co. v. The Fred Gretsch Mfg. Co. et al.* 116 USPO 216 (CA 2, 1958); and *The Virgin Islands Company v. W. A. Taylor Company*, 81 USPO 212 (Comr., 1949). The acknowledgement, express or otherwise, by the manufacturer of the goods abroad that the trademark which it affixes to the goods is the property right of the exclusive distributor or an assignment by the manufacturer to the exclusive distributor of all of the former's rights in the trademark in the United States together with the business and goodwill appurtenant thereto, is sufficient to bestow upon the exclusive distributor a right of ownership of the mark in the United States sufficient to qualify him as "owner" of the mark for purposes of registration under the 1946 Act. See: *Spencer v. VDO Instruments, Limited, et al.*, 142 USPQ 72 (DC Mich., 1964); *E. Leitz, Inc. v. Watson*, 113 USPQ 409 (DC DC, 1957), affirmed *Watson v. E. Leitz, Inc.*, 117 USPQ 13 (CA DC, 1959); *Henry a la Pensee, Inc. v. Societe a Responsabilite Limitee Henry*, 113 USPQ 374. (CCPA, 1957); and *Roger & Gallet v. Janmarie, Inc.*, 114 USPQ 238 (CCPA, 1957).

There is no question but that applicant is the exclusive distributor of "JIFFY-POTS" peat moss pots in the United States and that ME-KOX, the foreign manufacturer, has assigned to applicant all rights, title and interest in and to the mark "JIFFY-POTS" insofar as it relates to the business and goodwill symbolized by the mark in the United States. It is the examiner's position, however, that applicant is not the "owner" of the mark for purposes of registration under the statute because:

"* * * instead of applicant having the usual right of ownership of a trademark, that is to have the unrevocable exclusive right to use the trademark for the twenty year registration period fixed by the statute and dispose of the trademark at any time as it sees fit, applicant has the exclusive right to use the trademark only so long as the manufacturer continues the exclusive agency, subject to the six months notice of termination of the agency."

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In support of its position, the examiner relies on the decision in the Scandinavian Belting case cited above and which incidentally was relied on by applicant in support of its right of registration herein. Specifically, it is argued by the examiner that since the assignment in question involved in that case was complete with an exclusive distributorship which would not terminate for twenty-seven years from the date of the agreement, there was valid "ownership" for the twenty-year term of registration; and that hence an agreement which does not run for at least a term of twenty years and/or, as in the instant case, an agreement contains a condition subsequent which may happen within twenty years, said *428 agreement cannot bestow "valid" ownership for purposes of registration. This is a very narrow reading of the Scandinavian case, which has been interpreted as holding that ownership of a trademark in the United States may be based on a present assignment coupled with an exclusive distributorship of a product manufactured abroad even though the distributorship is terminable. Certainly, there is nothing in the decision to indicate that the conclusion reached would have been any different if the exclusive distributorship had been terminable at any time within the twenty year period. In fact, if the examiner's position was the law, the result in the Scandinavian case would have been different since, at the end of the first twenty years, the distributor-assignee could not have renewed for another twenty year period in view of the fact that the distributorship was set to expire within seven years. To follow the examiner to his ultimate illogical conclusion would be to permit registration only to those persons who can guarantee that the mark would be in use for the entire statutory period of registration. When one realizes that only a percentage of the marks registered in the Patent Office remain in use during the entire registration period, the fallacy of the examiner's reasoning becomes readily apparent. The statute, moreover, provides conditions precedent to registration and conditions subsequent such as abandonment, non-use, and the like only as grounds for cancellation of a registration after issuance.^{FN2} The conditions precedent are

use and ownership at the time of the filing of the application, and it is apparent that applicant has met both requirements. It is well settled, moreover, with respect to a transfer of property and contract rights that an obligation to reassign on the happening of a condition subsequent does not vitiate the effectiveness or completeness of the present transfer. Section 150 of the Restatement of Contracts sets forth the applicable law as follows:

"An assignment is not ineffective because it is conditional, revocable or voidable by the assignor for lack of consideration or for other reason, or because it is within the provisions of a Statute of Frauds."

It is therefore concluded that applicant, by virtue of its exclusive dealership agreement, is the owner for purposes of registration of the mark "JIFFY-POTS" for peat moss pots in the United States.

Decision

The refusal of registration is reversed.

FN1 Reg No. 624,702, issued April 10, 1956 covering the mark "JIFFY POTS", "POTS" being disclaimed, for plant containers in the nature of flower pots having individual fertilizer properties. The registration was canceled for failure to comply with Section 8 of the Statute.

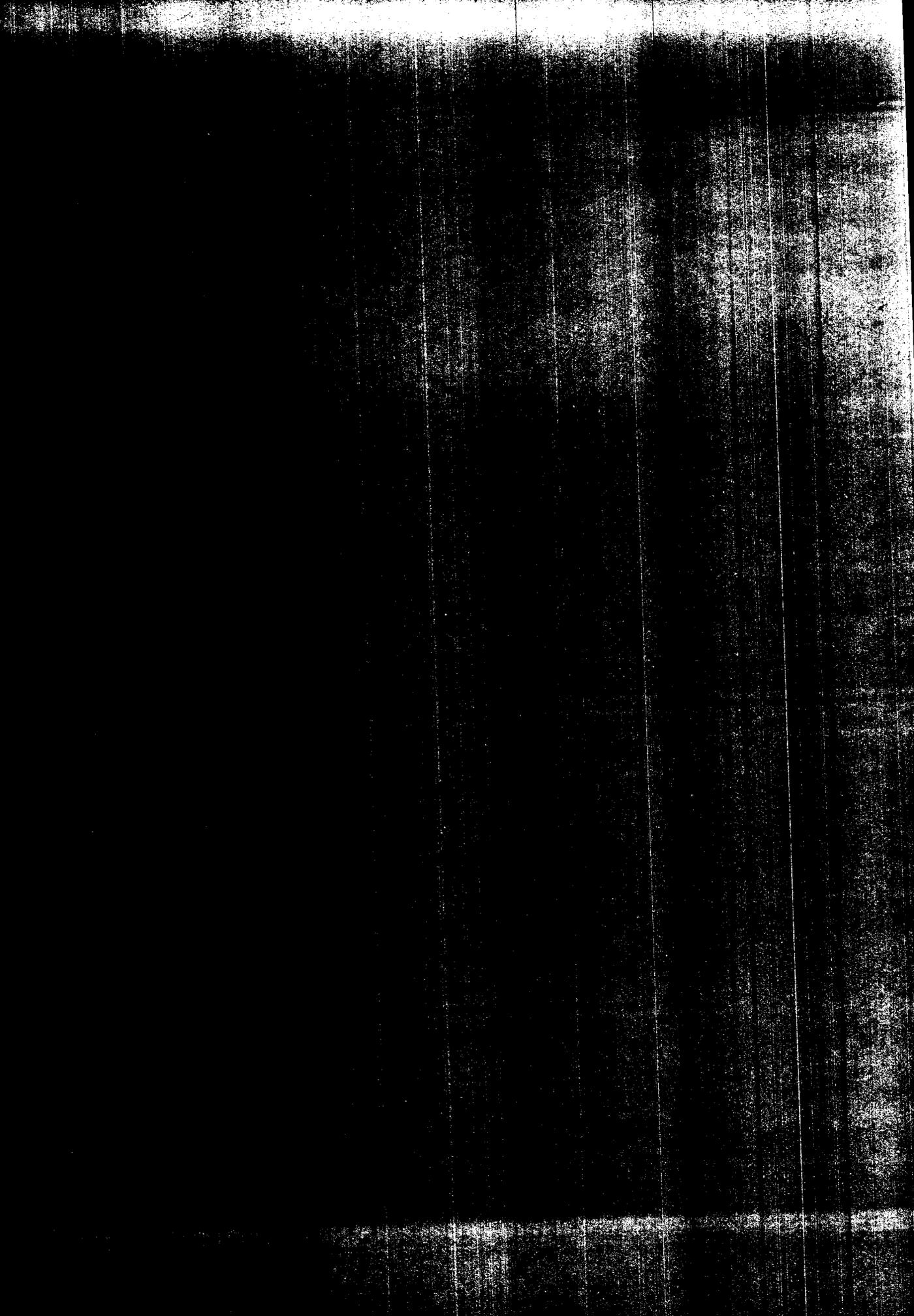
FN2 In this regard, it is noteworthy that a registration can be cancelled under Section 8 of the Statute at the end of the sixth year of registration in the absence of a showing of continued use.

Pat.Off. T.T.A.B.

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C

Global Maschinen GmbH
 v.
 Global Banking Systems, Inc.

Patent and Trademark Office Trademark Trial and
 Appeal Board
 Decided October 8, 1985

United States Patents Quarterly Headnotes

TRADEMARKS

[1] Fraud and misrepresentation (§ 67.37)

Lack of any direct evidence of registrant's fraudulent intent does not preclude TTAB from holding registrant's conduct to be fraudulent, in view of clear and convincing evidence demonstrating registrant's knowing misrepresentation of material fact.

Trademark cancellation No. 13,875, by Global Maschinen GmbH, against Global Banking Systems, Inc., Registration No. 1,111,261, issued January 16, 1979. Petition granted.

Hubbard, Thurman, Turner & Tucker, Dallas, Tex.,
 for Global Maschinen GmbH.

Arthur M. Sloan, Dallas, Tex., for Global Banking
 Systems, Inc.

Before Rice, Allen, and Rooney, Members.
 Allen, Member.

Before us for final decision is a petition filed by Global Maschinen GmbH seeking to cancel a registration on the Principal Register of the trademark GLOBAL for "coin counters and verifiers, coin counters and wrappers, and coin counters and sorters, all of such goods in nature of electronically controlled machines used in banking operations" owned by Global Banking Systems, Inc.¹²¹ As grounds, Global *863 Maschinen alleged that its trade name has been registered in Germany since May, 1975; that it has been using the trademark GLOBAL for coin handling machinery in the

United States of America continuously since prior to any date asserted as first use of that mark by the registrant; that at the time of the application and issuance of the said registration of GLOBAL, registrant was merely a distributor of the coin sorting machines manufactured by petitioner and, as such, could acquire no independent proprietary right in the trademark GLOBAL; that the distributor relationship between the parties no longer exists and that petitioner neither consented to the filing of the application by registrant for the said registration nor gave permission to registrant to use the trademark GLOBAL as its trademark to the exclusion of petitioner; that the said registration may constitute a bar to the importation of coin handling machines manufactured by petitioner and that the said registration is being misused by registrant to gain an advantage over its former supplier; that registrant concealed from petitioner its efforts to register the trademark GLOBAL in its own name, surreptitiously trying to obtain ownership and registration of the trademark owned by petitioner; that petitioner has never abandoned its use of the trademark GLOBAL and is entitled to the sole and exclusive use of that mark in the United States; and that, in consequence of the above, Registration No. 1,111,261 should be cancelled pursuant to Section 14 of the Trademark Act because (i) registrant does not own the mark subject of the registration; (ii) the registration was obtained fraudulently; (iii) and the registered mark is being used by registrant to misrepresent the source of the goods in connection with which the mark is used. In its answer, respondent admits that its registration may constitute a bar to the importation of coin handling machines manufactured by petitioner but otherwise denies the allegations of the petition and further alleges that petitioner should be estopped to bring the cancellation proceeding by reason of its having been aware of the use by respondent of its mark at least as early as May, 1976 and of the registration sought to be cancelled since the date of its issue, but not having taken any steps to have the use by respondent of the

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mark GLOBAL enjoined or the registration cancelled.

The record consists of the file of the registration sought to be cancelled, the discovery deposition of Mr. Adil Said, President of registrant, introduced with petitioner's notice of reliance filed on June 29, 1984, the trial deposition of Mr. Heinrich Bierlein, Managing Director of petitioner; and a copy of an "exclusive distributorship agreement" bearing the date of its signing on March 16, 1976, produced by respondent to petitioner following the taking of the deposition of Mr. Said, and introduced by stipulation of the parties. Except for the stipulation, respondent introduced no evidence and took no testimony. Only petitioner filed a brief. No oral hearing was requested.^{1N2}

While the issues are more broadly framed by the pleadings and in petitioner's brief, the only questions which we have to decide in order to determine the petition to cancel are the following:

- (1) Did registrant possess, as against petitioner, any proprietary right in the trademark GLOBAL for the goods specified in the registration sought to be cancelled as of the date on which the application which resulted in issuance of that registration was filed?
- (2) Was registrant's conduct in securing the said registration fraudulent?
- (3) If either (or both) of the above questions is (are) answered in the affirmative, is the petition to cancel nevertheless barred by reason of petitioner's acquiescence in registrant's claimed proprietary right to the mark in the United States or by laches due to petitioner's delay in filing the petition?

The third ground alleged in the petition, that the registration should be cancelled because the registered mark is being used by the registrant so as to misrepresent the source of the goods in connection with which it is used, Section 14(c), 15 U.S.C. § 1064(c) (1976), is not discussed in petitioner's brief and, hence, is deemed abandoned. Moreover, our review of the evidence discloses that no basis for this ground has been proved.^{1N3}

*864 Our recitation of the facts will be limited to those deemed relevant to the issues set forth stated above, i.e., essentially facts concerning the parties' activities prior to the filing date of the application to register GLOBAL, i.e., January 6, 1978, and the prosecution of that application before this Office.^{1N4}

Registrant is a Texas corporation which commenced the business of selling and servicing coin and currency handling equipment and supplies therefor in 1966 under the corporate name "Universal Banking Systems, Inc." (hereinafter, Universal Banking.)^{1N5} The equipment sold and serviced by Universal Banking was never manufactured by it; rather it was purchased from a German manufacturer, "Universal Machine Company" (hereinafter Universal Germany) and distributed in the United States. This relationship continued until 1975, at which time Universal Germany ceased operations and was dissolved under the bankruptcy laws of the Federal Republic of Germany. During the remainder of 1975 and part of 1976, Universal Banking obtained, through an intermediary, coin handling machinery and parts which had been manufactured by Universal Germany prior to the cessation of its operations. During the same period of time, registrant searched for a new source of coin handling machinery. Early in 1976, registrant learned of petitioner, Global Maschinen, which had been organized by Hans Gessler and Heinrich Bierlein, two former employees of the defunct Universal Germany, to manufacture and sell coin handling equipment of the same kind as that previously marketed by Universal. Precisely when and how registrant became aware of the new company is not clear. It appears that Said had met Bierlein during the time that he was employed by Universal Germany. There is also reference to a letter from Gessler to a third party in Dallas, Texas (Bendle, an employee of Universal Machine Company in Dallas) which had been brought to the attention of Said. This letter apparently requested Bendle to ascertain whether Said was interested in purchasing coin wrapping machinery from Global Maschinen.

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In any case, Said phoned Gessler and then flew to Frankfurt, Germany on or about March 17, 1976 and at that time made personal contact with Global Maschinen's principals.

Based on clear and convincing testimonial and documentary evidence, Global Maschinen had for many months prior to Said's visit, sold automatic coin counting and wrapping machinery in Western Europe, the first sale having been to a company named "Roulomat" in Paris France on July 29, 1975. (The Roulomat sale is documented by a photocopy of the invoice identified by Bierlein and introduced as an exhibit during his trial deposition). Although the total volume of these sales is not documented, there is uncontroverted testimony to the effect that approximately thirty to forty sales of such machinery were made during 1975. Also prior

to Said's visit to Germany, in January, 1976, petitioner sold and shipped seven coin handling machines to Universal Machine, Dallas, a company which, notwithstanding its proximity and similar name, was unrelated to Universal Banking.¹⁵⁶ All of the coin handling machines sold by petitioner in Western Europe and the United States prior to Said's visit were clearly marked with the trademark GLOBAL, applied to the goods by petitioner. A photocopy of the principal marking, on a metal name plate colored blue or silver (petitioner's Exhibit No. 1), is reproduced below:

*865



Said's visit to petitioner's manufacturing facility in Frankfurt, Germany in March, 1976 resulted in a serious and important business relationship between Global Maschinen and Universal Banking which was subject of negotiations between Said and petitioner's principals, Gessler and Bierlein, over a period of several days. During this time, Said inspected a coin wrapping machine, in petitioner's warehouse, which had been manufactured by petitioner. The machine inspected bore a metal plate identifying it as having been manufactured by Global Maschinen and the trademark GLOBAL in the same format as on the name plate reproduced above. The parties' discussions also resulted in the signing of a distributorship agreement bearing the date of March 16, 1976, under the terms of which Universal Banking agreed to purchase thirty-six machines annually (monthly average of three), in

consideration of which petitioner agreed to give Universal Banking "the exclusive right to sell [its] machines and parts in the United States of America, Canada and South America." The agreement also contained provisions concerning price of the machinery sold under "the exclusive distributorship" and various other details. Also, as a result of the visit, Said ordered one coin wrapping machine and six counters.¹⁵⁷

Within a short period of time following Said's visit to petitioner's facility in Germany, the ordered machines were received and sold by Universal Banking. No alterations were made in the machinery prior to their United States sale and, in fact, the only procedures carried out by Universal Banking were to test the equipment and display it to prospective customers. Prior to their sale, an adhesive foil label stating that for service and repair the user should call Universal Banking was affixed to the ma-

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chines. The metal plates, bearing the trademark GLOBAL and indicating the source of manufacture of the machines as Global Maschinen, i.e., similar to the plate reproduced above, were not altered and remained on the machines as they were shipped to Universal Banking's customers in the United States.

Subsequently, in about March, 1977, registrant's corporate name was changed to "Global Banking Systems, Inc." and thereafter, the foil labels attached to the coin handling equipment carried the name "Global Banking Systems" as the entity to contact for repair and service.

A second written distributorship agreement was executed by and between petitioner and registrant in June, 1977. The agreement was similar to the March 1976 agreement except that the new terms required registrant to purchase sixty wrapping machines annually in exchange for "exclusive marketing rights for selling and servicing" the machines in North and South America and the pricing was different. Based on the record before us, there were no other agreements between the parties, oral or written. At no time did petitioner transfer any rights to the trademark GLOBAL in the United States to registrant.

On or about January 1, 1978, registrant, without the consent of petitioner, filed the application which resulted in the registration subject of this petition to cancel. In the declaration, Adil Said stated under oath that he believed registrant to be the owner of the mark and that no other person, firm, corporation or association had the right to use the mark *866 sought to be registered in commerce. The specimens of record consisted of labels and metal plates which included, in addition to the trademark GLOBAL and the corporate name "Global Banking Systems, Inc.," the indication "made in West Germany." Also submitted was certain product literature on which the goods were clearly identified as having been "engineered and constructed in West Germany" and that Global Banking Systems, Inc. was the distributor of the machines. In an Office letter dated May 16, 1978, the Examining Attorney

made the following request of applicant:

The advertising indicates that the goods are manufactured or produced in a foreign country. Applicant should state whether or not, to applicant's knowledge, the mark is used anywhere by the foreign manufacturer or producer as owner of the mark. This information is requested in order to clarify the record as to ownership of the mark, since only the owner may register a mark. TMEP Section 1201.01(b).

In a response signed by registrant's counsel (the same counsel as that representing registrant in the proceeding now before us), applicant satisfied the Examining Attorney's request by the statement:

To applicant's knowledge, the mark is not used anywhere by the foreign manufacturer or producer as owner of the mark.

Based on this representation and with a minor amendment in the identification of goods, also requested by the Examining Attorney, the mark was approved for publication and eventually its registration was issued.

Eventually, the relationship between petitioner and registrant deteriorated and in April, 1982, petitioner terminated the distributorship of Global Banking Systems, appointing in its stead Universal Machine Co., Inc., Dallas Texas, as its exclusive distributor throughout the United States. Following this change, Global Banking, through its counsel, notified Universal Machine of its alleged rights represented by the registration herein sought to be cancelled and that its solicitation of customers constituted an infringement of Global Banking's trademark GLOBAL, and threatened suit, including action through the United States Customs Service to seize any goods brought into the United States bearing the GLOBAL trademark without Global Banking's specific authority. According to the testimony of petitioner's witness Heinrich Bierlein, the receipt of this letter by its new distributor was the first knowledge it had of registrant's attempt to assert ownership rights in the trademark GLOBAL.¹⁸⁸ This petition followed in June,

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1983.

The Ownership Issue

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. *Energy Jet, Inc. v. Forex Corp.*, 223 USPO 643, 647 (E. D. Michigan, 1984); *J. M. Fiol, Inc. v. R. M. Distributors, Inc.*, 214 USPO 394, 398 (Fla.Cir.Ct., 1981); *Audio Son Vertriebs-GmbH v. Kirksaeter AudioSonics, Inc.*, 196 USPO 453 (TTAB 1977); 1 McCarthy, TRADEMARKS AND UNFAIR COMPETITION § 16:16 B and cases cited at note 11 (2d ed. 1984). The decisional law in the United States concerning this matter fully implements Article 6 *septies* of the International Convention of Paris for the Protection of Industrial Property, as revised at Lisbon in 1958 and Stockholm in 1967, to which both the Federal Republic of Germany (residence of petitioner) and the United States (residence of registrant) are bound. The relevant text of this article reads:

(1) If the agent or representative of the person who is the proprietor of a mark in one of the countries of the Union applies, without such proprietor's authorization, for the registration of the mark in his own name, in one or more countries of the Union, the proprietor shall be entitled to oppose the registration applied for or demand its cancellation . . . unless such agent or representative justifies his action.

(2) The proprietor of the mark shall, subject to the provisions of paragraph (1), above, be entitled to oppose the use of his mark by his agent or representative if he has not authorized such use.

(3) Domestic legislation may provide an equitable time limit within which the proprietor*867 of a mark must exercise the rights provided for in this article.

(Lisbon Act (1958), 175 OFFICIAL GAZETTE 321, February 3, 1962 (53 Stat. 1748; TIAS NO. 9431); Stockholm Act (1967), 852 OFFICIAL GAZETTE 511, July 16, 1968 (TIAS 6923).)

See, generally, Ladas, II PATENT, TRADEMARKS, AND RELATED RIGHTS -- NATIONAL AND INTERNATIONAL PROTECTION § 728 (1975). Any registration obtained by a domestic distributor without such agreement is void *ab initio*. *In re Eucryl Ltd.*, 193 USPO 377 (TTAB 1976); *Major-Prodotti Dentari-Societa in Nome Collettivo Di Renaldo Giovanni & Figli v. Shimer*, 161 USPO 437 (TTAB 1968). Here, based on the above decisions and law, there is no question that registrant was not the owner of the trademark GLOBAL as of the filing date of its application for registration. Not only was there no agreement to rebut the presumption of ownership in the foreign manufacturer, petitioner, but in this case petitioner had established ownership rights in the mark GLOBAL in the United States prior to the filing date of respondent's application for registration and the date of any sales by respondent by virtue of petitioner's independent sale of machines marked with its trademark GLOBAL in commerce with the United States in January, 1976. Accordingly, registrant is not the owner of the trademark GLOBAL and Registration No. 1,111,261 is void *ab initio*.

The Fraud Issue

Since we have found, based on the record, that the registration sought to be cancelled was secured on the basis of a false statement of a material fact made to this Office, we conclude that respondent's conduct in securing the registration was fraudulent. In determining this issue, we were cognizant of the well established rule that fraud must be proved by clear and convincing evidence. *Wrist-Rocket Mfg. Co., Inc. v. Saunders, d/b/a Saunders Archery Co.*, 379 F.Supp. 902, 183 USPO 17, 30-31 (D. Neb. 1974) *aff'd* (modified as to other issue), 516 F.2d 846, 186 USPO 5, 10 (8th Cir. 1975); *W. D. Byron & Sons, Inc. v. Stein Bros. Mfg. Co.*, 377 F.2d 1001, 153 USPO 749, 750 (CCPA 1967); *Yamamoto B Co. v. Victor United, Inc.*, 219 USPO 968, 980 (C. D. Calif. 1982); *Smith Int'l, Inc. v. Olin Corp.*, 209 USPO 1033, 1043-446 (TTAB

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1981) and cases cited therein; see generally, J. Gilson, TRADEMARK PROTECTION AND PRACTICE, § 8.12 [14][i] and cases at notes 300-303 (1984 & Supp. Jan. 1984). However, even under this strict standard, we believe the evidence unquestionably supports a finding that respondent's statements in the application file were fraudulent.

[1] There is no question about the falsity of the claim of ownership in the sworn declaration of the application as it was filed. More seriously, based on our view of the facts, respondent's statement in answer to the Examining Attorney's specific request in regard to ownership was recklessly false. Petitioner had made sales previous to the distributorship agreement with respondent and we have found Said's testimony denying any knowledge of such sales to be wholly lacking in credibility. Accordingly, the unmistakable inference which we draw from these facts is that the statements to this Office were made with fraudulent intent. That the record contains no direct evidence of respondent's intent does not mitigate the fraud nor preclude us from holding that respondent's conduct was fraudulent. Obviously, one reason for the absence of such evidence is that respondent put on no witnesses following Bierlein's trial deposition to testify and face cross-examination concerning the glaring inconsistencies between his and Said's testimony or to explain the background of the statements made to this Office in connection with the application. Nevertheless, we are not constrained from inferring fraudulent intent where a knowing misrepresentation of a material fact to this Office has been established by clear and convincing evidence. As to this, the case before us is on all fours with a recent decision of the Federal District Court of Delaware, *Hank Thorp, Inc. v. Minilite, Inc.*, 474 F.Supp. 228, 205 USPQ 598 (1979), wherein Judge Stapleton inferred fraudulent intent from events leading up to the registration of the mark strikingly similar to those proved herein.*Id.*, 205 USPQ at 607. See also, *American Optical Corp. v. United States*, 179 USPQ 682 (Ct. Cl. 1973) [Fraudulent intent presumed where there was a "knowing misrepresentation of a

material fact before [Patent] Office."]; *Texaco, Inc. v. Allied Chemical Corp.*, 193 USPQ 716 (S.D.N.Y. 1975) [Where charge was fraudulent procurement of trademark registration, allegation of false statements by applicant with knowledge of falsity held sufficient under FED.R.CIV.P. 9(b).]; *Ets. Lardenois v. Lazarus*, 168 USPQ 604, (TTAB 1970) [That statements had been prepared by registrant's attorneys does not mitigate fraudulent intent where statements respecting ownership on basis of which registration issued were palpably false.]; 2 *McCarthy, TRADEMARKS AND UNFAIR COMPETITION* § 31.21 B(2), at note 2 (2d ed. 1984).

*868 Materiality is apparent on its face. There is no doubt in our minds that disclosure of the facts known to respondent would have resulted in refusal of registration based on Section 1 of the Act. See, e.g., *Dr. Vinyl & Associates v. Repair-It Industries, Inc.*, 220 USPQ 639, 647 (TTAB 1983).

Laches or Acquiescence

We find no evidentiary support in this record of registrant's affirmative defenses that the petition is barred by laches or acquiescence. There is credible and persuasive evidence that petitioner did not learn of the registration until the threat of legal action against its new distributor in May, 1982, one year prior to the filing of the petition to cancel. That petitioner had known about the registration previously and acquiesced in registrant's ownership is not supported by credible evidence.

We are not persuaded by Said's testimony to the effect that Bierlien should have known by brochures circulated by the distributor in the United States which bore an (R) in association with the mark GLOBAL that it had been registered in the United States. Bierlien denied having seen any of these brochures and maintained this denial throughout vigorous and thorough cross-examination. Moreover, even had he seen them, we find it highly unlikely that Bierlein would have paid any attention

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to matter on the brochures other than, perhaps, their pictorial content. Bierlein had no understanding of the English language. (His deposition required the services of an interpreter.) Accordingly, his scrutiny of brochures written in English would have imparted no more information to him than would have brochures written in German to an American having no familiarity with the German language.

Similarly, that Said had the U.S. certificate of registration framed and hanging in his office, which Bierlein was said to have visited from time to time, is of no consequence. The cover of a United States trademark registration certificate bears no resemblance whatsoever to the equivalent kind of document issued by the Patent Office of the Federal Republic of Germany. Thus, it is not surprising that Bierlein did not recognize the certificate, nor, considering his lack of understanding of English, that he did not understand its significance.

For the very reason that it appears to have all the earmarks of "grasping at straws," we find Said's testimony on these points not convincing in the face of Bierlein's clear and unequivocal testimony that he had no knowledge of the registration until 1982, and the absence of any rebuttal testimony or evidence by respondent.

There is no question that petitioner acquiesced in respondent's use of "Global" as part of its trade name "Global Banking Systems." However, while in retrospect it may have been unwise of petitioner to permit its exclusive distributor to use a trade name comprising its trademark without an agreement specifying the conditions and limitations of the trade name use,^{1N} acquiescence in use of the mark as part of the trade name did not compromise petitioner's ownership of its trademark. *See, e.g., Conagra, Inc. v. Singleton*, 743 F.2d 1508, 224 USPQ 552 (11th Cir. 1984); *Jordan K. Rand, Ltd. v. Lazoff Bros., Inc.*, 537 F. Supp. 587, 217 USPQ 795, 800-01 (D. Puerto Rico 1982); *Delta Tire Corp. v. Marion*, 159 USPQ 601, 603-04 (C.D. Calif. 1968).

Decision:

The petition to cancel is granted and Registration No. 1,111,261 will be cancelled in due course.

FN1 Reg. No. 1,111,261, issued January 16, 1979, based on an application filed on January 6, 1978. In the application which resulted in the registration sought to be cancelled, respondent claimed first use of the mark GLOBAL in commerce since "in or about May, 1976." Although it appears from the automated "Trademark Registration and Application Monitoring" (TRAM) records that no affidavit or declaration pursuant to § 8 of the Trademark Act has been received in this Office, an order to cancel the registration subject of this petition for failure to satisfy the requirements of that statutory provision has not been issued. Consequently, Trademark Rule 37 CFR § 2.134(b) (1985) need not be applied and we decide the petition on its merits.

FN2 In a letter dated July 27, 1985, petitioner, noting that respondent had not filed a brief in the case, expressed the opinion that an oral argument was not required unless the Board believed one would be helpful to assist it as to any points concerning petitioner's evidence. We do not construe this letter as a request to have an oral argument pursuant to Trademark Rule 37 CFR § 2.129 (1985), and none was set. It is the responsibility of each of the parties to decide whether to request an oral hearing. For obvious reasons, the Board cannot participate in that decision.

FN3 Although the language of the cited provision of the Trademark Act of 1946 (originally limited to misuse by the assignee of a registered mark) was broadened by the amendments enacted on October 9, 1962, *See, J. Hoge, "The Lanham Act's*

Housekeeping Amendments," 52 TRADE-MARK REPORTER 1245, 1249-50 (December, 1962), its application under the decisional law has nevertheless been limited to cases involving deliberate and blatant misrepresentation of source wherein the registration is merely a vehicle for the misuse rather than evidence of even a colorable ownership claim, and where the mark is intentionally displayed in such a manner as to facilitate passing off the goods as those of another. *See, e.g.,* H. H. Scott, Inc. v. Annapolis Electroacoustic Corp., 195 F.Supp. 208, 130 USPQ 48 (D. Md. 1961); Cuban Cigar Brands N.V. v. Upmann Int'l. Inc., 457 F.Supp. 1090, 199 USPQ 193 (S.D.N.Y.), *aff'd without opinion*, 607 F.2d 995 (2d Cir. 1979); *Compare*, Kemin Indus., Inc. v. Watkins Products, Inc., 192 USPQ 327 (TTAB 1976); *See also*, E. E. Dickinson Co. v. T. N. Dickinson Co., 221 USPQ 713 (TTAB 1984). In the case before us, while ownership of the trademark GLOBAL is disputed, all of the machinery sold by registrant in the United States, whether acquired from petitioner or from other sources, carried name plates and other markings clearly identifying the manufacturing source of the machinery as other than registrant. (As to markings on petitioner's machines, see Said deposition, 48-50; as to machines manufactured by Billcon of Japan, Said deposition, 64-68, 83; as to Glory machines from Japan, Said deposition, 82.) These facts clearly rebut any possible inference that registrant had used GLOBAL to misrepresent source as that term is understood in the decisions interpreting Section 14(c).

FN4 As the issues are defined, much of the record is irrelevant, particularly respondent's extensive cross-examination of Heinrich Bierlein concerning matters which occurred much later and are irrelevant or im-

material to any of the issues which we have to decide.

FN5 Universal Banking's principal officers were Adil Said, discovery deponent in this proceeding, and his brother.

FN6 It is not clear from the record whether this is the same company as the one by which Bendle, the person to whom Gessler addressed the solicitation letter referred to supra, was employed.

FN7 Said's testimony during his discovery deposition that Global Maschinen had no other customers for its coin handling machines prior to March, 1976 (Said deposition, 25), that his company was the first purchaser of petitioner's coin handling machinery (Said deposition, 62), that no other units had been sold in the United States prior to its first sales as exclusive distributor (Said deposition, 91-92), and that its agreement with petitioner entered into in March, 1976 was a verbal agreement (Said deposition, 30) are totally discredited based on the evidence before us. Even without such evidence, we would have found incredulous that a businessman would receive a solicitation such as the one indicated here, travel to Germany, spend several days negotiating, inspect a machine in inventory, and enter into an important distributor relationship in the belief that the manufacturer of the goods had not sold a single machine prior thereto. In this regard, considering the significance of these facts to registrant's trademark ownership claim, we conclude that the above statements made by Said during his discovery deposition were false statements, made solely to support registrant's claim of ownership of the trademark GLOBAL in the United States. It should be noted that Said's statement that the March 1976 agreement was a verbal agreement was

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rectified shortly after the deposition by the production by respondent to petitioner of a copy of the March, 1984 distributorship agreement, which copy was stipulated into the record of this proceeding. However, respondent introduced no evidence and made no arguments (no brief having been filed) to rebut, explain or qualify the other statements proved false.

FNS There is testimony to the contrary by Adil Said. However, we find this testimony not credible in the face of the clear and convincing testimony of Bierlein, the fact that Said's testimony concerning other important facts was proved false by petitioner's evidence and that registrant has introduced no evidence in rebuttal. Furthermore, the only agreements in writing contained no reference to trademark rights. We find it highly improbable that, having entered into written distributorship agreements, the parties would not have reduced to writing any understanding concerning the important matter of trademark ownership. Accordingly, and based on the record as a whole, we conclude that petitioner had no knowledge of the claim of ownership by registrant until May, 1982.

FN9 That the practice was not without precedent in the field of the parties' goods is demonstrated by the coincident use of "Universal" by respondent during the time that it distributed machines manufactured by Universal Machine Company of Germany.

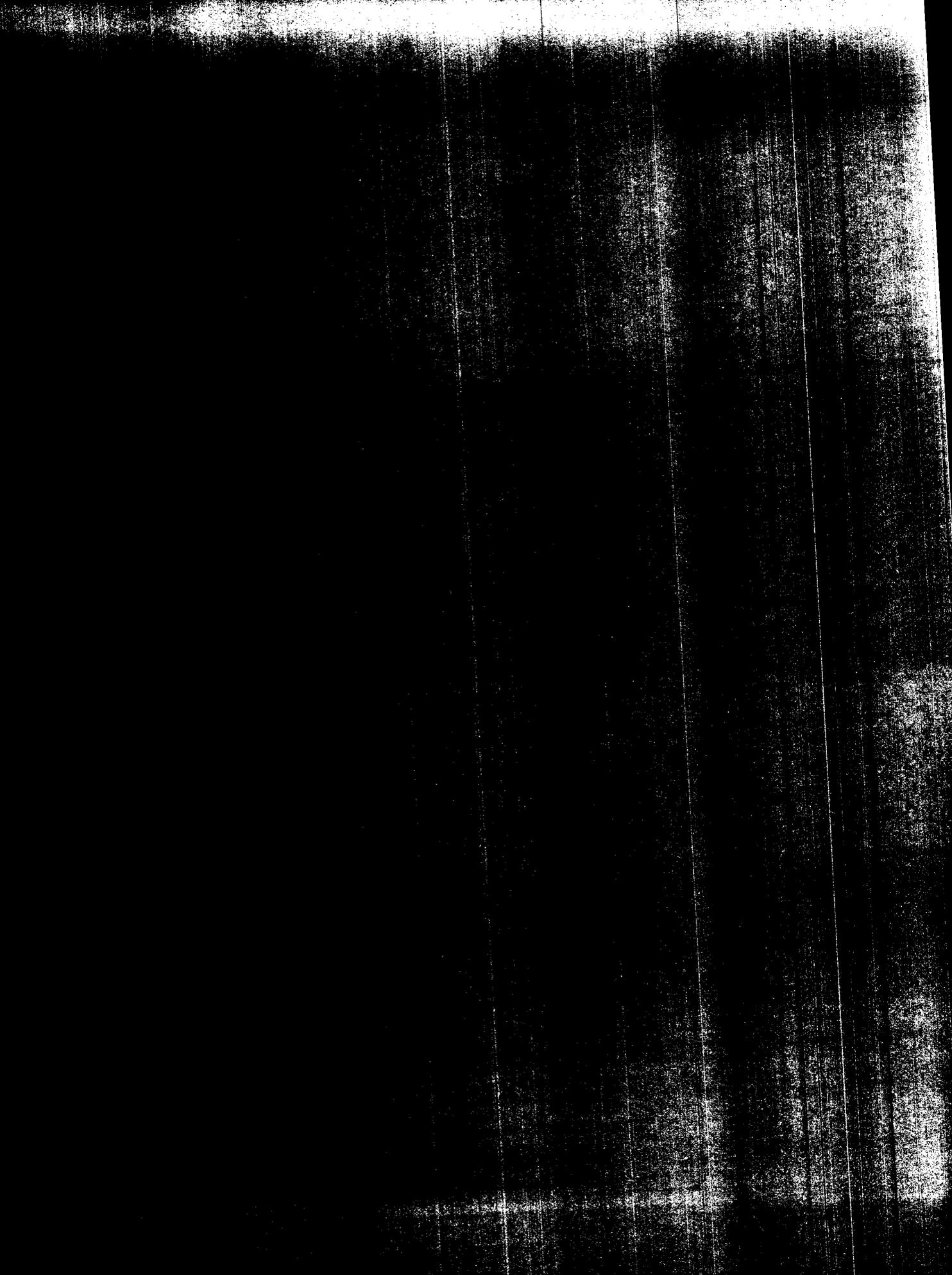
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Global Maschinen Gmbh v. Global Banking Systems, Inc.

1985 WL 71943, 227 U.S.P.Q. 862

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Westlaw.

183 U.S.P.Q. 369

1974 WL 19991 (Trademark Tr. & App. Bd.), 183 U.S.P.Q. 369

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C

In re LETTMANN

Patent Office Trademark Trial and Appeal Board
Decided Apr. 22, 1974

United States Patents Quarterly Headnotes

TRADEMARKS

[1] Acquisition of marks -- Dealer versus principal
(§ 67.077)

Title -- Assignments (§ 67.863)

Question of ownership of mark in United States as between foreign producer of goods and domestic distributor is matter of agreement between them; absent showing of agreement to contrary, presumption is that producer rather than distributor is owner; distributor's application being void ab initio, registration is refused even though application has been assigned to producer, since assignment was a nullity.

Appeal from Examiner of Trademarks.

Application for registration of trademark of Klaus Lettmann, Serial No. 385,096. From decision refusing registration, applicant appeals. Affirmed.

MARK A. MICHELSON, Boston, Mass., for applicant.

Before LEACH, LEFKOWITZ, and SHRYOCK,
Members.
LEACH, Member.

On March 1, 1971, High Performance Plastics, Inc. filed an application to register "LETTMANN" for kayaks and canoes, which application was assigned on May 11, 1973 to Klaus Lettmann, a German designer and manufacturer of kayaks and canoes.

The Examiner of Trademarks has refused registration on the grounds (a) that High Performance Plastics, Inc. was not the owner of *370 the mark "LETTMANN" at the time of the filing of its ap-

plication, and (b) that "LETTMANN" is primarily merely a surname.

With regard to (a), the record shows that High Performance Plastics, Inc., at the time of the filing of its application, was the exclusive distributor for the United States of kayaks manufactured in Germany by Klaus Lettmann and marketed by him under the mark "LETTMANN".

[1] The question of ownership of a mark in the United States as between a foreign producer of goods and a domestic distributor thereof is merely a matter of agreement between them. *A. Bourjois & Co., Inc. v. Katzel*, 260 U.S. 689; *Paul v. Woods*, 40 F.2d 668, 4 USPQ 462, DC, N.Y. And, in the absence of a showing of any such agreement to the contrary, the presumption is that the producer rather than the distributor is the owner of the mark under which the product is sold. See: *Spencer v. VDO Instruments, Limited, et al.*, 142 USPQ 72 (DC Mich., 1964); and cases cited therein.

In the present case, it is clear enough from the record herein that there was no agreement between High Performance Plastics, Inc. and Klaus Lettmann respecting the ownership of the mark "LETTMANN" in the United States, as it likewise is that High Performance Plastics, Inc. has at all times recognized Klaus Lettmann's ownership of the mark.

Such being the case, we are in full agreement with the examiner that the application here involved was void ab initio and that the assignment thereof to Klaus Lettmann was a nullity.

As to (b), evidence made of record in this case is persuasive of the fact that "LETTMANN" has acquired a secondary meaning as indicating kayaks and canoes manufactured by Klaus Lettmann.

Decision

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The refusal to register on ground (a) is affirmed.

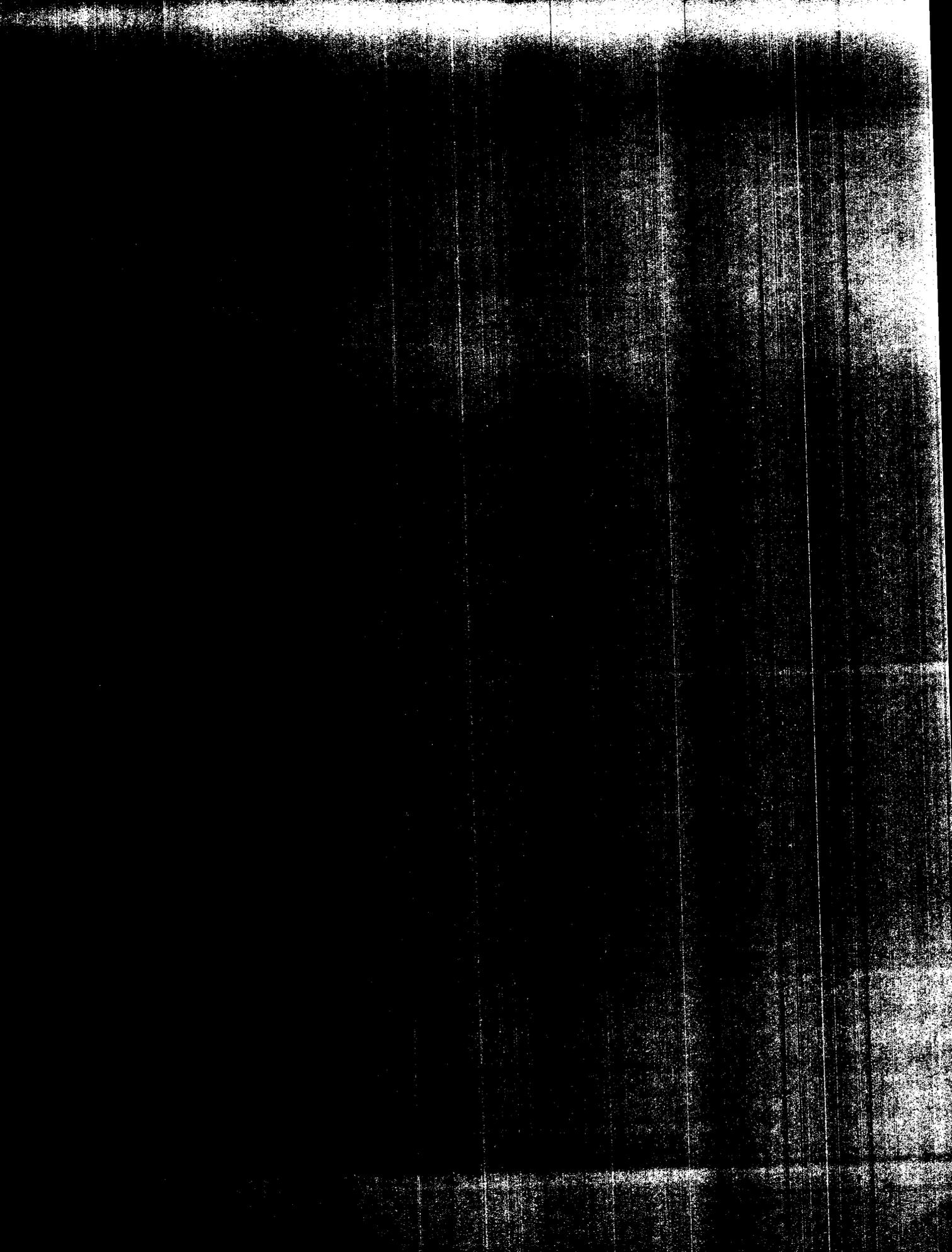
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In re Lettmann

1974 WL 19991, 183 U.S.P.Q. 369

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**THIS OPINION
IS NOT A PRECEDENT OF
THE T.T.A.B.**

Hearing:
March 28, 2007

Mailed:
December 11, 2007
jtw

UNITED STATES PATENT AND TRADEMARK OFFICE

Trademark Trial and Appeal Board

Lloyd Lifestyle Limited et al.
v.
Soaring Helmet Corp.

Opposition No. 91164265
to Application Serial No. 76512629
filed on 5/8/2003

and

Cancellation No. 92045075
to Registration No. 2931393

Christopher Allegaert, Michael S. Vogel and Howard Chen of Allegaert Berger & Vogel LLP for Lloyd Lifestyle Limited et al.

Mark Jordan of Invicta Law Group, PLLC for Soaring Helmet Corp.

Before Rogers, Kuhlke and Walsh, Administrative Trademark Judges.

Opinion by Walsh, Administrative Trademark Judge:

These consolidated proceedings include both an opposition and a cancellation proceeding. In the opposition, Lloyd Lifestyle Limited and Lloyd IP Limited have opposed the intent-to-use application by Soaring Helmet Corporation ("Soaring Helmet" or "defendant"), a Washington

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State corporation, to register the mark NITRO in standard-character form for "motorcycle helmets and protective clothing" in International Class 9 (Application Serial No. 76512629). In the cancellation proceeding, Lloyd IP Limited and VSJ Limited have petitioned to cancel the registration also owned by Soaring Helmet for the mark NITRO RACING in standard-character form also for "motorcycle helmets and protective clothing" in International Class 9 (Registration No. 2931393). The registration issued on March 8, 2005. The opposers and petitioners are related United Kingdom companies; we refer to them here collectively as either "the Lloyd Group" or "plaintiffs."

Both parties appeared at a hearing in the case on March 28, 2007, and both parties have filed briefs.

I. The Grounds

In the notice of opposition and petition to cancel plaintiffs assert a number of grounds against defendant. However, in their brief, as defendant argues, plaintiffs maintain only one ground for opposition and cancellation. Specifically, plaintiffs argue that they, not defendants, owned the NITRO and NITRO RACING marks at the time the applications for those marks were filed, and consequently that defendant's pending NITRO application and defendant's application which resulted in the NITRO RACING registration were void as filed because defendant, the applicant in both

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instances, was not the owner of the mark under Trademark Act Section 1, 15 U.S.C. § 1051. Accordingly, in view of the pleadings and briefs, we have limited our consideration to the ownership ground only and conclude that plaintiffs have abandoned all other grounds previously asserted in both proceedings. See *Scranton Plastic Laminating, Inc. v. Mason*, 187 USPQ 335, 337 (TTAB 1975).

II. Standing

Defendant, in addition to objecting to our consideration of grounds other than the ownership ground, asserts further that plaintiffs failed to plead the ownership ground adequately and that plaintiffs have also failed to plead and establish their standing to assert the ownership ground. Defendant states, "The Lloyd Group's basis for standing is a specious assertion that it uses the Nitro marks 'throughout the world.' (Citation omitted.) In this case, however, 'throughout the world' excludes the U.S. Furthermore, Soaring Helmet was the first to use the mark in the U.S., and Lloyd's so-called 'worldwide' use was admittedly not famous within the U.S. at the time." Defendant's Brief at 27. Defendant argues further that "the Lloyd Group has never engaged in the design, manufacture, sales, marketing or distribution of Nitro or Nitro Racing products in the U.S." *Id.* Furthermore, defendant asserts

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more generally that plaintiffs had no interest in the U.S. market in regard to the NITRO and NITRO RACING marks.

In response plaintiffs state, "The obvious problem with Soaring Helmet's standing argument is that it is completely circular, taking as its premise the assumed conclusion that it will prevail on the issue of ownership of the Nitro Marks." Plaintiffs' Reply Brief at 6. Plaintiffs argue further that defendant's use of the NITRO and NITRO RACING marks in the United States was as the licensee or distributor for plaintiffs, and therefore, that defendant's use was not as owner but on plaintiffs' behalf and subject to plaintiffs' control.

First, we find plaintiffs' allegations in the notice of opposition and petition to cancel, viewed in the full context of those pleadings, sufficient both for the purpose of stating the ownership claim and for the purpose of asserting standing. Specifically, the notice of opposition, in addition to claiming rights in the NITRO mark "throughout the world," states, "... Applicant acted and still acts as a U.S. distributor or importer of motorcycle helmets and motorcycle clothing, including protective motorcycle clothing bearing Opposers' NITRO mark." Notice of Opposition at ¶ 4. Likewise in the petition to cancel, plaintiffs, in addition to claiming ownership of the mark in the United Kingdom and other parts of the world, state, "...

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VSJ authorized Respondent to import and distribute the Products in the United States, subject (among other things) to the requirement that Respondent source the products from specific authorized manufacturers and suppliers located in China." Petition to Cancel at ¶ 3. In the petition, plaintiffs also state, "At all relevant times during the business relationship between VSJ (or Lloyd IP) and Respondent, VSJ (or Lloyd IP) remained and continues to be the owner of the Trademark." *Id.* at ¶ 5.

We also conclude that plaintiffs have not only asserted but established their standing. The nature of the ownership claim is such that proof of the claim itself cannot be separated entirely from the establishment of standing to assert the claim. As we discuss below, we ultimately conclude that plaintiffs prevail on their ownership claim in both proceedings. This necessarily implies that plaintiffs have established their standing.

In *Ritchie v. Simpson*, 170 F.3d 1092, 50 USPQ2d 1023 (Fed. Cir. 1999), the Court of Appeals for the Federal Circuit enunciated a liberal threshold for determining standing, namely, whether one's belief that one has been or will be damaged by the registration is reasonable and reflects a real interest in the case. See also *Jewelers Vigilance Committee Inc. v. Ullenberg Corp.*, 823 F.2d 490, 2 USPQ2d 2021, 2023 (Fed. Cir. 1987). Cf. *Floater Vehicle*,

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Inc. v. Tryco Manufacturing Co., Inc., 497 F.2d 1355, 182 USPQ 203 (C.C.P.A. 1974). Plaintiffs' ownership claims in both proceedings fall well within these bounds.

Accordingly, we conclude that plaintiffs have established standing in these proceedings.

III. The Record

The record in these proceedings consists of the pleadings and the files related to the application and registration at issue here. In addition, the record includes testimony depositions of Mr. George Lloyd and Ms. Catherine Lloyd, principals in the Lloyd Group, Mr. Lou Xu and Ms. Jeanne DeMund, principals in Soaring Helmet, all taken by plaintiffs. After plaintiffs had taken testimony from the two principals in defendant, defendant's counsel deferred the examination of its witnesses until its own testimony period, but defendant did not submit any testimony from Mr. Xu or Ms. DeMund, or any other witnesses, taken during defendant's testimony period. The record also includes notices of reliance filed by each of the parties.

Before proceeding we must address one issue regarding the record. All testimony of all four witnesses and certain exhibits introduced during that testimony were submitted under seal as confidential. In each instance neither party has made any attempt to delineate the truly confidential portions by redaction. In addition, the parties have

segregated certain testimony which was designated as "highly confidential" or "trade secret/commercially sensitive"; this testimony was redacted from the transcripts and submitted on separate pages.

The parties may not shield from the public information that is not appropriately confidential. See Trademark Rule 2.27(d) and (e). It is apparent that parts of the testimony and exhibits submitted under seal are not confidential. In fact, both plaintiffs and defendant refer to this evidence in their briefs which were not filed under seal. Therefore, within thirty days of the mailing date of this decision, the parties are ordered to resubmit a redacted copy of all testimony and exhibits submitted under seal with only those portions which truly need to be kept under seal redacted. The redacted copy will be placed in the public record. If either party fails to make this submission, testimony and exhibits relating to that party, with the exception of the "highly confidential" or "trade secret/commercially sensitive" portions which already have been properly segregated, will become part of the public record.

For the purposes of this opinion we will not refer to any information which is currently designated confidential unless it has been discussed in the briefs of the parties.

IV. Findings of Fact

A. The Plaintiffs

Mr. George Lloyd provided the testimony regarding plaintiffs, the Lloyd Group. The Lloyd Group consists of three United Kingdom companies identified above; Mr. Lloyd is the chairman and "store president" of each of these entities. Mr. Lloyd is a trained engineer and a lifelong motorcycle enthusiast. He has been involved in the sale of motorcycles and related accessories for fifty years. The Lloyd Group designs and sells motorcycle helmets and clothing, including jackets, boots and gloves. The Lloyd Group employs 100 people directly, including fifteen in product design. The Lloyd Group designs its own products, including particular structural elements and graphics for its helmets, in house and also through outside contractors. The Lloyd Group manufactures products in China, Vietnam and Pakistan. The Lloyd Group uses an independent testing group in England to ensure that its products comply with relevant legal standards, as well as its own specifications and quality standards. The Lloyd Group develops and implements marketing plans for its products. The Lloyd Group distributes its products on its own in the United Kingdom and through independent distributors/licensees in other countries.

B. The Defendant

Both Mr. Xu and Ms. DeMund provided testimony regarding defendant, Soaring Helmet. However, plaintiffs, not defendant, took the testimony of both witnesses associated with defendant. Mr. Xu and Ms. DeMund are husband and wife and each owns fifty percent of Soaring Helmet, which they established in 1994. Soaring Helmet is based in the State of Washington and sells motorcycle helmets and accessories in the United States. Soaring Helmet employs 20 individuals directly; it also has a network of sales representatives. Soaring Helmet designs the graphics and other "cosmetic" features of its helmets itself; its manufacturers design the shell or structure of the helmets. Soaring Helmet manufactures its helmets in China. In 1997 Soaring Helmet began to have helmets manufactured by MHR, which is located in Canton, China. At the time Soaring Helmet began to use MHR to manufacture its helmets, MHR manufactured helmets for Soaring Helmet under Soaring Helmet's VEGA mark. In 2005 Soaring Helmet discontinued use of MHR as its manufacturer; at the same time Mr. Xu shifted production to another factory in China which Mr. Xu had built and owns.

C. The NITRO Marks¹

Mr. Lloyd developed the NITRO marks at issue here in 1996. The Lloyd Group began use of the NITRO marks on motorcycle clothing in the United Kingdom late in 1999. The clothing was made for the Lloyd Group in China. The Lloyd Group began to manufacture and sell helmets in the United Kingdom under the NITRO marks in 2002; the helmets were manufactured for the Lloyd Group in China by MHR. Mr. Lloyd first met with MHR representatives and toured the MHR factory in 2001. In April 2002 MHR began manufacturing helmets with the NITRO marks for the Lloyd Group for sale in Europe.

At the end of 2001 when the Lloyd Group selected MHR to manufacture helmets to be sold under the NITRO marks, the Lloyd Group began to work with MHR to design the product. In accordance with the Lloyd Group's instructions, MHR modified the MHR shell to incorporate Lloyd-designed features, such as, vents, liners and the strap design, desired by the Lloyd Group. G. Lloyd Test. at 59-62.

Mr. Lloyd also provided MHR with European-Community specifications, identified as EC2205, for design of the helmets for sale in the European market. *Id.* at 93. Mr.

¹ For purposes of our discussion when we refer to "the NITRO marks" we include both the NITRO and NITRO RACING marks.

Lloyd also provided the graphics for the helmets which were first produced and sold in April 2002. In 2002, MHR manufactured substantial quantities of NITRO helmets for the Lloyd Group in the MHR factory. The Lloyd Group enjoyed early success in the sale of the NITRO helmets in the United Kingdom; the sales were substantial. The Lloyd Group also designed both gloves and boots for sale under the NITRO marks; Chinese manufacturers also made these products for the Lloyd Group.

The Lloyd Group applied to register the NITRO marks in 1996 in the United Kingdom and in the European Community and obtained registrations based on those applications. Exh. 46. The Lloyd Group subsequently applied to register the NITRO marks in additional countries, other than the United States. At the time of Mr. Lloyd's testimony, the Lloyd Group had obtained one additional registration for NITRO in China and all other applications remained pending. *Id.*

D. The Relationship Between Plaintiffs and Defendant

As noted above, both plaintiffs and defendant employed MHR to manufacture helmets in the same factory at the same time. This "coincidence" sets the stage both for the first contact between the parties and ultimately for this dispute. Predictably, plaintiffs and defendant have differing accounts of their contacts and the relationship they established.

In general, plaintiffs claim: (1) that plaintiffs developed the NITRO products with MHR for sale in Europe; (2) that defendant expressed an interest in selling the NITRO products in the United States; (3) that plaintiffs agreed to permit defendant to sell the NITRO products obtained from manufacturers approved by plaintiffs on a nonexclusive basis in the United States; and (4) that defendant did sell those products in the United States on plaintiffs' behalf. Plaintiffs also assert that plaintiffs directed defendant to register the NITRO marks in the United States on behalf of plaintiffs and at plaintiffs' expense.

In general, defendant claims: (1) that plaintiffs indicated to defendant that plaintiffs had no interest in using the NITRO marks in the United States; (2) that defendant proceeded to use and register the NITRO marks in its own right in the United States; and (3) that defendant thereby established its ownership of the NITRO marks in the United States.

We must decide which version of the story the evidence supports. Unfortunately, most of the contacts, and all of the early contacts, between the parties were oral only. That is, Mr. Lloyd and Mr. Xu either met and spoke to each other or spoke on the telephone. The parties failed to execute a written agreement before proceeding, most importantly for our purposes, before defendant filed the

Opposition No. 91164265 and Cancellation No. 92045075

U.S. applications to register the NITRO marks at issue here and before defendant began to use the NITRO marks in the United States. After the fact, we do have certain email messages and letters discussed below which help in construing the contacts leading up to these activities, but still no executed written agreement. This is a classic example of the unfortunate consequences resulting from a failure to reduce an understanding to writing. See *Cutting Tools, Inc. v. Custanite Corp.*, 220 USPQ 1006, 1009 (TTAB 1984).

Before proceeding further we will discuss the probative value of specific evidence, in particular, the testimony, which is critical in determining the nature of the relationship between the parties with respect to the NITRO marks.

Mr. Lloyd is the only substantive witness connected with plaintiffs. Ms. Lloyd's testimony is for the sole purpose of authenticating documents. Although both Mr. Xu and Ms. DeMund testified, in most instances Mr. Xu was the individual who communicated directly with Mr. Lloyd at critical points in the development of the relationship between the parties. Much of Ms. DeMund's testimony, though useful in many respects, is based on her conversations with Mr. Xu regarding conversations Mr. Xu had had with Mr. Lloyd.

Overall we find Mr. Lloyd's account to be more reliable and more credible. We find much of Mr. Xu's testimony to be argumentative, internally contradictory and otherwise less than clear. As we noted above, it was plaintiffs and not defendant who took Mr. Xu's testimony, and although defendant reserved the right to take testimony during defendant's testimony period, defendant apparently never did so, at least defendant did not submit any such testimony. Perhaps defendant could have provided a more coherent account of its version of the events if defendant had taken and presented testimony from its own witnesses, but it has not done so.

We will provide a few illustrations of the problems with Mr. Xu's testimony, as contrasted with the testimony from Mr. Lloyd and even Ms. DeMund.

The following exchange illustrates one of the many types of communication difficulty with Mr. Xu's testimony:

- Q. I'll ask the question again. Do you use any trademark or trade name that has in it the word Nitro, other than the trademark Nitro or the trademark Nitro Racing? Do you use any other trademark?
- A. Vega.
- Q. Vega isn't responsive to my question, unless you use Nitro with Vega. I am asking whether you use any other trademark that has the word Nitro in it?
- A. Yes.
- Q. Okay. What other trademark do you use that has Nitro in it?

A. I believe, a baseball cap.

Xu Test. at 368-369. Eventually, Mr. Xu grasped the point of the question and stated that he had used the NITRO TOURING mark also. Nonetheless, the communication difficulty shown here is evident in much of Mr. Xu's testimony and seriously detracts from the reliability of Mr. Xu's testimony.

Contradictory statements are another difficulty with the Xu testimony. Mr. Xu claimed to have had an "exclusive" manufacturing arrangement with MHR, presumably meaning that MHR was barred from making helmets for anyone else, including the Lloyd Group. Xu Test. at 48. Mr. Xu later acknowledges that MHR was making helmets for other companies located in both the United States and Europe. *Id.* at 162. Ms. DeMund acknowledges that defendant had no real control over MHR making products for other companies. DeMund Test. at 54.

Mr. Lloyd describes the MHR operation in some detail in this regard. Mr. Lloyd testifies that, on his first visit to the MHR plant, he observed MHR making helmets for a number of companies under specific brands in substantial quantities -- in addition to Soaring Helmet's VEGA brand -- including companies from Greece, France and Italy. G. Lloyd Test. at 81-83. He also observed that MHR was making helmets under its own MHR brand. *Id.* Accordingly, we find

Mr. Xu's claims that Soaring Helmet had an exclusive manufacturing arrangement with MHR not credible.

Also, Mr. Xu testifies that MHR was acting improperly by manufacturing helmets for the Lloyd Group in secret at night, helmets which Mr. Xu claims were copied from those manufactured for defendant Soaring Helmet. On the other hand, Mr. Lloyd testifies in some detail, based on his experience and observations at the MHR factory, that the manufacturing process for helmets extends over one month and that each item being manufactured in the MHR plant was clearly identified with the brand of the party for whom the job was being done. G. Lloyd Test. at 102. Furthermore, from the outset MHR manufactured helmets for the Lloyd Group in large quantities, quantities which could not be concealed as Mr. Xu asserts. *Id.* Accordingly, we find Mr. Xu's assertions that MHR and the Lloyd Group were acting in secret not credible.

Mr. Xu is also argumentative, and prone to overstatement, throughout his testimony. Mr. Xu attempts to support his claim that the Lloyd Group was misappropriating his helmet designs with sweeping statements that the Lloyd Group lacked the ability to design helmets on its own. He states, "At the beginning, I think Lloyd started this helmet business, he doesn't know how to deal with it. He has no experience in helmet sales. Okay. No experience in helmet

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designs. No experience in helmet fittings. Okay. Those elements is I spend (sic) the time and MHR developed." Xu Test. at 66.

However, when Mr. Xu was asked to provide particulars with regard to what the Lloyd Group wrongly appropriated, Mr. Xu was not able to identify particulars with any clarity. See, e.g., *Id.* at 102. Mr. Xu makes these claims even though Mr. Xu himself acknowledges that MHR provided the structural core of the helmets and that Soaring Helmet worked with MHR to develop only the cosmetic features of the helmets. Mr. Xu acknowledges that he had not even seen the Lloyd Group catalogs which included the allegedly "copied" products before his testimony. *Id.* at 103.

Here again, Ms. DeMund acknowledges that Soaring Helmet did not even make or sell helmets which met the European Community specifications - specifications which MHR was required to follow in the manufacture of the NITRO helmets for the Lloyd Group. DeMund Test. at 39. Ms. DeMund also acknowledged that the helmets MHR made for the Lloyd Group differed from those MHR made for Soaring Helmet. *Id.* at 58.

On the other hand, Mr. Lloyd states that he provided MHR with the overall designs, including graphics, for the first NITRO helmets MHR manufactured for the Lloyd Group under the NITRO marks. G. Lloyd Test. at 97. Mr. Lloyd also states that he warned that those graphics could only be

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used on products manufactured for the Lloyd Group unless the Lloyd Group granted permission for their use by others. *Id.* at 111.

In fact, Mr. Lloyd also testified regarding a graphic which he wished to use at a later point; he had concerns that Soaring Helmet might have rights in the graphic. Before authorizing MHR to proceed to use the graphic Mr. Lloyd checked with Soaring Helmet. *G. Lloyd Test.* at 148-149. The record includes an email exchange between the parties; Ms. DeMund responded to the inquiry from the Lloyd Group authorizing the Lloyd Group to use the graphic in question. *Exh. 48.* This example confirms Mr. Lloyd's testimony that the Lloyd Group acted conscientiously in developing its products and contradicts Mr. Xu's broad claims that the NITRO helmets MHR made for the Lloyd Group were copied from Soaring Helmet without authorization.

We have reviewed the Soaring Helmet 2004 catalog (*Exh. 3*) and the Lloyd Group 2003/2004 catalogs (*Exh. 4*) and find no evidence of copying. In fact, the products displayed in the Lloyd Group catalogs consistently show a prominent display of the NITRO RACING logo on the products themselves, a logo which the Lloyd Group developed and used. That same logo is displayed on products in the Soaring Helmet catalogs for 2005/2006 (*Exhs. 27 and 28*) when defendant offered the NITRO products in the United States. Mr. Xu acknowledges

that he used the logo developed by plaintiffs. Xu Test. at 379.

Accordingly, we find that the Lloyd Group possessed relevant experience and capability, at least equal to that of Soaring Helmet, to design and manufacture motorcycle helmets and protective clothing. We find Mr. Xu's claims to the contrary not credible. Furthermore, we also find that the Lloyd Group acted independently and in good faith in the development of its own helmets for sale under the NITRO marks with MHR and that the NITRO helmets MHR produced for the Lloyd Group were not "copies" of the helmets MHR was producing for Soaring Helmet.

In this connection, we note that the objective in these proceedings is to determine rights in the NITRO marks and not rights in any designs related to products with which those marks have been used. *Cf. Carano v. Vina Concha Y Toro S.A.*, 67 USPQ2d 1149, 1151-1152 (TTAB 2003). Nonetheless, these findings are necessary for the limited purpose of confirming that the Lloyd Group produced its own products under the NITRO marks through MHR.

We now turn to the specific contacts between Mr. Lloyd and Mr. Xu which are critical to our determination of the nature of the relationship between plaintiffs and defendant with regard to the NITRO marks.

Mr. Lloyd met Mr. Xu in 2002 in passing at the MHR factory. The two met more formally in 2003 in Indianapolis at an industry trade show. At that time the parties had lunch and discussed their experiences with MHR. Mr. Xu mentioned minor problems he was having with MHR, such as production delays, but he did not voice any problem with plaintiffs and their use of MHR. The congenial nature of the relationship, which is evident here, belies Mr. Xu's strident claims that the Lloyd Group was misappropriating defendant's designs at this time.

Around that time the parties discussed the possibility of defendant selling plaintiffs' NITRO products in the United States in general terms, but not in detail. According to Mr. Lloyd, Mr. Xu was interested in the NITRO products because Mr. Xu judged the NITRO products to be suited for the United States market and because the NITRO products would complement other products Soaring Helmet then offered in the United States. G. Lloyd Test. at 121-122. Ms. DeMund also testified that Soaring Helmet was interested in selling the NITRO products in the United States to differentiate the NITRO products from those products Soaring Helmet then offered in the United States and thereby expand Soaring Helmet's offerings and sales. DeMund Test. at 61.

Thereafter, Mr. Lloyd authorized MHR to provide NITRO helmets to Soaring Helmet for sale in the United States; Mr.

Lloyd also put Soaring Helmet in touch with the clothing manufacturers the Lloyd Group used in China and authorized Soaring Helmet to obtain NITRO products from those manufacturers for sale in the United States. G. Lloyd Test. at 124.

Throughout his testimony, Mr. Xu states that it was a simple matter of the Lloyd Group having no interest in entering the U.S. market with the NITRO products and leaving it entirely for defendant to exploit on its own. For example, Mr. Xu states, "He [Mr. Lloyd] was talking about - he said well, I have no interest in the United States market. I told him I have no interest in the European market. And he said, well, you can take those things to the U.S. market. And I said, well, you can take my helmet to Europe (sic) market. That's how we - you know, then we have a common design. We can design together in the future, and we work together." Xu Test. at 79-80. Soaring Helmet, in fact, proceeded to sell helmets under the NITRO marks made by MHR in the United States, as well as clothing made by the Lloyd Group's clothing manufacturers in China. See Exhs. 27 and 28.

Mr. Xu and Mr. Lloyd are in agreement that Mr. Lloyd first raised the subject of the need to register the NITRO marks in the United States. Xu Test. at 205. Mr. Lloyd states the following regarding the registration of the NITRO

marks in the United States, "He [Mr. Xu] said he would organize that through his lawyer. It would get registered in America quicker. He was in America. He had done this before, so it would be quicker and easier if he registered the name for us... I said 'that will be fine. Yes. You can register it on our behalf. If you do it, we'll pay the expenses, but thank you very much, but please do it as quickly as possible.'" G. Lloyd Test. at 127.

The parties also agreed that they would refer requests for products in their respective territories to each other. That is, Soaring Helmet would refer parties looking for products in Europe to the Lloyd Group, and the Lloyd Group would refer requests for products in the United States to Soaring Helmet. There is evidence in the record, largely in the form of email messages, showing that the parties, in fact, followed through and made these referrals. See, e.g., Exhs. 5, 6 and 7.

Mr. Lloyd later discovered through the Lloyd Group's lawyers that defendant had filed applications to register the NITRO marks in the United States in defendant's name, and plaintiffs demanded that steps be taken to substitute plaintiffs as applicants. The parties corresponded regarding this subject.

First, in an email message of December 6, 2003 from Ms. DeMund to Ms. Lloyd, Ms. DeMund states, "George and Lou have

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discussed putting your company on the US trademark for NITRO along with us. Please tell me the exact legal name of the company you want on the trademark, as well as address, phone, fax and the name of a corporate officer you would like on the trademark... We will have our attorney add to the application." Exh. 15.

In a follow-up letter dated December 9, 2003, from plaintiffs' attorneys, Murgitroyd & Co., to defendant's counsel, Mark Jordan at the Invicta Law Group, plaintiffs refer to the agreement that the U.S. applications will be assigned from defendant to plaintiffs with specific instructions regarding the drafting of the assignment. Exh. 16. The obvious point of this letter was to state with clarity plaintiffs' requirement, based on the understanding of the parties, that plaintiffs must be substituted as applicants not "added" to the applications.

In another email of December 15, 2003 from Mr. Xu to Ms. Lloyd, Mr. Xu states, "Mark Jordan, our attorney, received a letter from your attorney, requesting that the Nitro trademark application we started be assigned to you. *Of course we will arrange for that.*" Exh. 17. (Emphasis added.) The message states further, "We would like to develop an agreement between our companies that we can be the exclusive authorized (sic) for use of the "Nitro" brand name in the U.S.. (sic) If you agree in principle, we will

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ask Mark to draft an initial proposal. Please let me know whether we can proceed with this." *Id.*

In another letter, dated February 19, 2004, once again plaintiffs' attorneys wrote to defendant's attorney regarding the assignment of the U.S. NITRO applications. The letter states, "With reference to our letter dated 9 December 2003, our client has met with Mr. Lou Xu of your client company, and the parties have agreed that the two above-mentioned US Applications are to be assigned to OGK (Europe) Limited (a company owned by our client). Once you have checked the above with your client, please send us a signed assignment document for our client's counter-signature." Exh. 18.

Again, in another email message from defendant's counsel to plaintiffs' counsel, dated February 25, 2004, defendant's counsel confirmed that the assignment of the applications would be done, stating, "I am a colleague of Mark Jordan of the Invicta Law Group, PLLC. Soaring Helmet Corporation has given us authority to draft the Trademark Assignment and Trademark License Agreement referenced in your February 19, 2004, letter. We expect to have copies sent to you late this week or early next. Thank you." Exh. 19.

There is no correspondence from defendant which in any way challenges or contradicts plaintiffs' representations in

these documents with regard to plaintiffs' claim to ownership of the NITRO marks in the United States. It is clear from the conduct of the parties and this correspondence that defendant understood and acknowledges that plaintiffs were the owners of the NITRO marks in the United States and the proper applicants for the registration of the marks. Defendant argues that defendant attached conditions to the assignment. We find these arguments unpersuasive when we view the totality of the contacts between the parties disclosed in this correspondence.

V. Analysis/Conclusions of Law

Based on the totality of the evidence, we conclude that the relationship between plaintiffs and defendant with regard to rights in the NITRO marks in the United States is that of foreign manufacturer and U.S. distributor. The legal relationships in circumstances such as this do not always fit neatly into specific categories. *Sengoku Works Ltd. v. RMC International Ltd.*, 96 F.3d 1217, 40 USPQ2d 1149 (9th Cir. 1996). In this case a preponderance of the evidence of the conduct of the parties establishes that plaintiffs and defendant agreed that Soaring Helmet would act as distributor for the Lloyd Group for the purpose of sales of products bearing the NITRO marks in the United States.

For the purpose of our decision here, we need not and do not decide specifically whether a licensor/licensee relationship is also present. Both plaintiffs and defendant argue that their agreement included a number of detailed terms. We decline to interpret the conduct of the parties further with regard to more detailed terms of their relationship, including financial terms, in the absence of a written agreement. *Cutting Tools, Inc. v. Cushman Corp.*, 220 USPQ at 1010.

Regarding financial terms, the clothing manufacturers in China compensated plaintiffs directly for the sale of NITRO products to defendant for sale in the United States. DeMund Test. at 201. Although there is no evidence that defendant or MHR had compensated opposers directly for sales of NITRO helmets in the United States, opposers have demanded payment of a royalty based on defendant's sale of NITRO helmets in the United States in the ongoing discussions with defendant. *Id.* It is also apparent that both opposers and defendant benefited from the mutual referrals of business in their respective territories discussed above. While the financial terms of the relationship of the parties lack the usual clarity, this is the result of the failure to enter into a formal written agreement. We have taken these ambiguities into account, along with other relevant evidence, in determining that the

relationship between plaintiffs and defendant with regard to the NITRO marks and products is that of foreign manufacturer and U.S. distributor.

Furthermore, based on that relationship, we conclude that plaintiffs were the owners of the NITRO marks in the United States at the time defendant filed the applications at issue here. Consequently, because the applications at issue here were filed by defendant, and defendant was not the owner of the NITRO marks at the time the applications were filed, the applications were void as filed. *Global Maschinen GmbH v. Global Banking Systems, Inc.*, 227 USPQ 862, 867 (TTAB 1984).

The evidence establishes that the Lloyd Group developed the NITRO marks. Of course, the mere conception or "development" of a mark, without more, is not sufficient, by itself, to establish rights in the mark in the United States. *Sengoku Works Ltd. v. RMC International Ltd.*, 40 USPQ2d at 1151. However, in this case, plaintiffs not only developed the NITRO marks but plaintiffs developed products based on those NITRO marks and undertook use of the marks on those products. Also, we fully recognize that the establishment of trademark rights in another country does not, by itself, establish priority or rights in the United States. *Mother's Restaurants Inc. v. Mother's Other Kitchen, Inc.*, 218 USPQ 1046, 1048 (TTAB 1983). However,

the mere statement of this principle begs the question in this case. The question here is whether defendant was acting on behalf of plaintiffs when it filed its applications and began its use of the NITRO marks in the United States, a question not addressed in *Mother's Restaurants* and like cases.

We conclude further that the Lloyd Group is the legal equivalent of a "foreign manufacturer" for the purposes of the NITRO marks. Of course, to establish trademark rights, it is not necessary for a party to manufacture the goods to which the mark is applied. *Lutz Superdyne, Inc. v. Arthur Brown & Bro., Inc.*, 221 USPQ 354 (TTAB 1984). In fact, in this case the record shows that both plaintiffs and defendant contracted with a third party in a third country to produce goods for sale in their respective countries. That is, initially Soaring Helmet employed MHR to manufacture its VEGA helmets in China for sale in the United States, and the Lloyd Group employed MHR to manufacture its NITRO helmets in China for sale in Europe. It is evident that this type of arrangement is not unusual.

Furthermore, we see no reason why, under these circumstances, the Lloyd Group should not receive the same treatment for the purpose of trademark rights as a foreign manufacturer which produces goods in its own factory, most importantly, for the purpose of the presumptions U.S. law

affords foreign manufacturers. In the circumstances of this case, the products in question are defined by the NITRO marks and the concept the NITRO marks embody. As we noted above, defendant acknowledges that the NITRO products differed from products that it already offered in the United States and that the NITRO products would expand its product offerings in the United States.

There is a strong and longstanding presumption that, as between a foreign manufacturer and U.S. distributor, the foreign manufacturer is presumed to be the owner of the mark in the United States. *Sengoku Works Ltd. v. RMC International Ltd.*, 40 USPQ2d at 1149; *Roger & Gallet v. Janmarie, Inc.*, 245 F.2d 505, 114 USPQ 238 (CCPA 1957); *Global Maschinen GmbH v. Global Banking systems, Inc.*, 227 USPQ at 867; *In re Eucryl Limited*, 193 USPQ 377 (TTAB 1976); *Bakker v. Steel Nurse of America Inc.*, 176 USPQ 447 (TTAB 1972); *Compania Insular Tabacalera, S. A. v. Camacho Cigars, Inc.*, 167 USPQ 299 (TTAB 1970); *Far-Best Corporation v. Die Casting "ID" Corporation*, 165 USPQ 277 (TTAB 1970); *In re Geo. J. Ball, Inc.*, 153 USPQ 426 (TTAB 1967). This presumption applies specifically "in the absence of an agreement, express or otherwise." *Bakker v. Steel Nurse of America Inc.*, 176 USPQ at 448. Indeed, the absence of a clear agreement in these situations is the rule not the

exception and the reason for the existence of the legal presumption.

The circumstances of this case differ significantly from cases where the parties have no "relationship" and the U.S. company simply adopts a mark which has been used by another company in another country. *Cf. Person's Co. Ltd. v. Christman*, 900 F.2d 1565, 14 USPQ2d 1477 (Fed. Cir. 1990).

We specifically reject defendant's argument that the parties entered into a reciprocal agreement whereby plaintiff would be permitted to own and use defendant's VEGA mark in Europe and defendant would be permitted to own and use plaintiffs' NITRO marks in the United States. The record overall does not support this position. It is quite clear that plaintiffs had no interest in the VEGA mark. Although plaintiffs did apply to register the VEGA mark in Europe we find credible plaintiffs' explanation that it did so only as leverage to secure the assignment of the U.S. NITRO applications from defendant once defendant filed in its own name and delayed in fulfilling its promise to assign the applications to plaintiffs.

Likewise we reject defendant's alternative argument that plaintiffs are guilty of naked licensing and presumably have thereby abandoned plaintiffs' U.S. rights in the NITRO marks. Defendant did not plead abandonment as a defense in

these proceedings. While plaintiffs have not objected to defendant's naked-license argument explicitly on this ground, plaintiffs have, in effect, done so. Under the circumstances, we decline to consider this unpled defense to have been tried by consent when it was raised so late in the game. *Cf. Long John Silver's Inc. v. Lou Scharf Inc.*, 213 USPQ 263, 266 (TTAB 1982).

However, if we were to consider it, we would reject it on the merits as well. As plaintiffs point out, if we found that there was a license, which we have not, and defendant were the licensee, defendant would be estopped from attacking the license on grounds, such as failure of the licensor to exercise the necessary control. *Garri Publication Associates Inc. v. Dabora Inc.*, 10 USPQ2d 1694, 1697 (TTAB 1988). Furthermore, plaintiffs' involvement with MHR, the helmet manufacturer for both parties, and the clothing manufacturers for both parties, indicates an adequate level of control by plaintiffs over the NITRO products sold by defendant. Lastly, defendant's use of other manufacturers without the authorization or knowledge of plaintiffs can hardly serve as the basis for finding a naked license and an abandonment of rights by the plaintiffs in this case.

In sum, we conclude that plaintiffs have shown by a preponderance of the evidence: (1) that plaintiffs acted

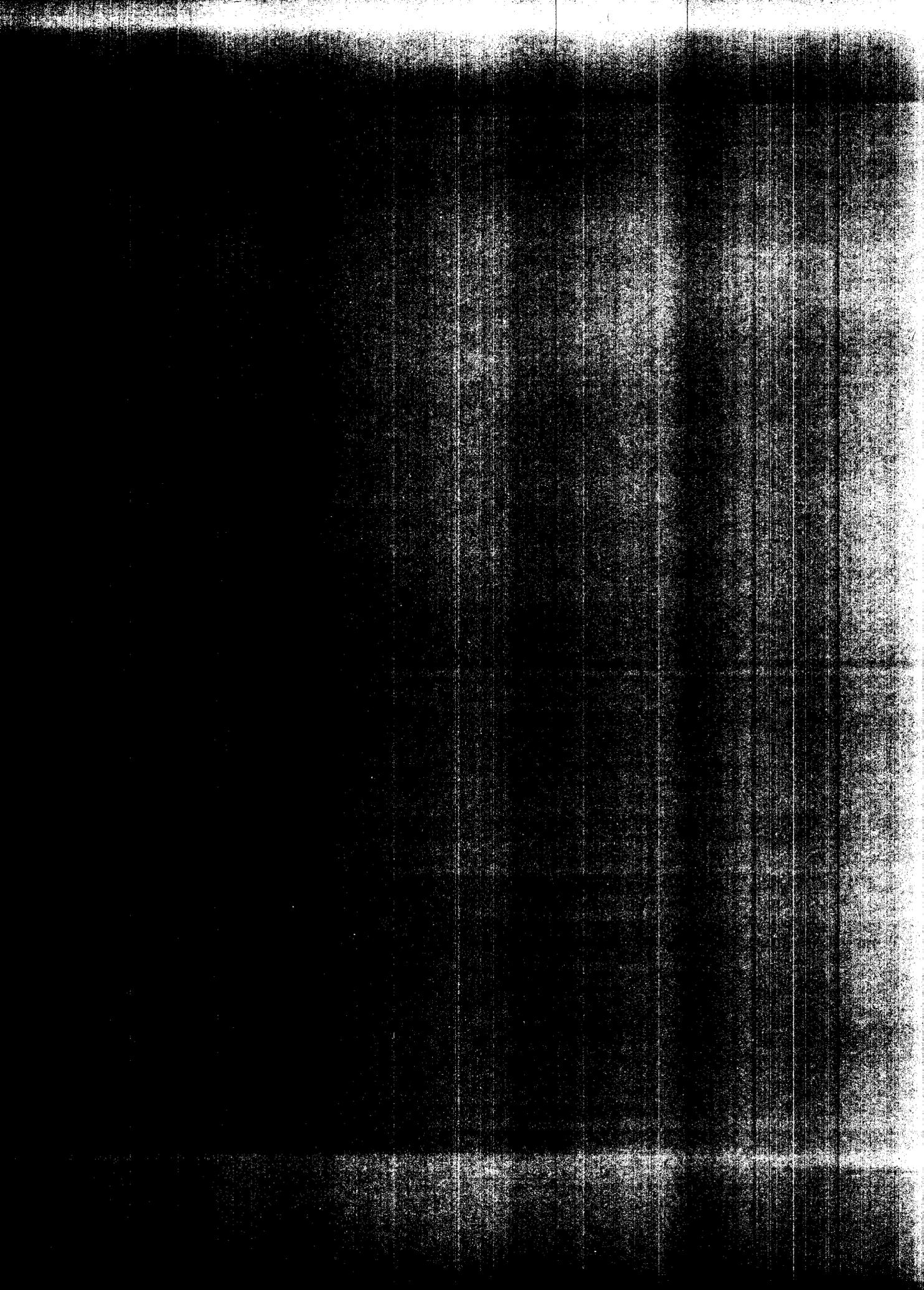
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independently and in good faith to develop the NITRO marks and products; (2) that MHR manufactured the NITRO products for plaintiffs; (3) that plaintiffs acted as foreign manufacturer and defendant as U.S. distributor for the sale of the NITRO products in the United States; (4) that plaintiffs are the owners of the NITRO marks in the United States, and (5) that the applications defendant filed for registration of the NITRO marks in the United States at issue in these proceedings were not filed by the owner of the marks, and therefore, were void as filed.

Decision: We sustain the opposition in Opposition No. 91164265; registration is refused. We grant the petition to cancel in Cancellation No. 92045075; Registration No. 2931393 will be cancelled in due course.²

Also, as explained above, within thirty days of the mailing date of this decision, the parties are ordered to resubmit a redacted copy of all testimony and exhibits submitted under seal with only those portions which truly need to be kept under seal redacted.

² Plaintiffs had requested in the alternative that we correct the records under Trademark Act Section 18, 15 U.S.C. § 1968, in the application and registration at issue here to identify plaintiffs as owners. We decline to do so, among other reasons, because plaintiffs have not identified the specific entity which is the owner in either case. *8440 LLC v. Midnight Oil Co.*, 59 USPQ2d 1541 (TTAB 2001).



Westlaw.

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▷

Medinol Ltd.
 v.
 Neuro Vasx Inc.

U.S. Patent and Trademark Office Trademark Trial
 and Appeal Board
 Cancellation No. 92040535

Decided May 13, 2003

TRADEMARKS AND UNFAIR TRADE PRACTICES

1 Registration and its effects - Federal registration - Procedure, form, and content - Amendments or corrections (§ 315.0303.04)

Practice and procedure in Patent and Trademark Office - Fraud or inequitable conduct (§ 325.07)

Cancellation respondent's motion to amend its registration for "Neurovasx" trademark to delete "stents" from identification of goods, and for summary judgment, is denied, since petitioner alleges that respondent knowingly made material misrepresentation to U.S. Patent and Trademark Office in order to obtain its registration, since registration would not have issued without respondent's misrepresentation, in its statement of use, that mark had been used in connection with stents, and since proposed deletion does not remedy alleged fraud, in that, if procurement of registration was fraudulent with respect to use of mark on stents, then entire resulting registration is void.

2 Practice and procedure in Patent and Trademark Office - Fraud or inequitable conduct (§ 325.07)

Cancellation petitioner is entitled to summary judgment that respondent procured registration for its "Neurovasx" trademark through fraud, since identification of goods in application as filed and published included two items, stents and catheters, since respondent indicated in its statement of use that mark had been used in connection with both items, even though it had only been used on catheters, since respondent knew or should have known at

time it submitted statement of use that mark was not in use on all identified goods, and since respondent's assertion that inclusion of stents in notice of allowance was "apparently overlooked" does not undercut conclusion that respondent knew or should have known that statement of use was materially incorrect.

Petition of Medinol Ltd. for cancellation of trademark registration owned by respondent Neuro Vasx Inc. On respondent's motion to amend its registration, and for summary judgment. Denied; petitioner is granted summary judgment on issue of fraud in respondent's procurement of its registration.

Before Simms, Walters, and Rogers, administrative trademark judges.
 By the Board.

Now ready for decision is respondent's motion to amend its registration and for summary judgment, filed on January 9, 2003. The motion has been fully briefed.^{1N1}

Registration No. 2,377,883

On August 15, 2000, Registration No. 2,377,883 ("883 Registration") was granted to the respondent herein for the mark NEUROVASX for "medical devices, namely, neurological stents and catheters." Application 75/326,112, which matured into the involved registration, was filed based on respondent's stated intent to use the mark on the above-noted goods.

Following publication for opposition, a notice of allowance was issued on July 28, 1998, in which applicant's goods were identified as originally set forth in the application. Subsequently, respondent filed two requests for an extension of time in which to file a statement of use. The second extension, filed on July 18, 1999, contained the following statement:

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X Applicant has not used the mark in commerce yet on all goods/services specified in the Notice of Allowance; *1206 however, applicant has made the following ongoing efforts to use the mark in commerce on or in connection with each of the goods/services specified above:

Applicants [sic] continue their efforts to promote and publicize the recited goods.

Finally, on January 7, 2000, respondent filed a statement of use, which stated in relevant part as follows:

Applicant is using the mark in commerce on or in connection with the following goods/services:

X Those goods/services identified in the Notice of Allowance in this Application.

Those goods/services identified in the Notice of Allowance in this application except (identify those goods/services to be deleted from this application):

Date of first use of mark anywhere: at least as early as November 15, 1999. [1^{N2}]

The statement of use concluded with the required declaration:

The undersigned being hereby warned that willful false statements and the like so made are punishable by fine or imprisonment, or both, . . . and that such willful false statements may jeopardize the validity of the application or any resulting registration, declares that . . . the mark is now in use in commerce; and all statements made of his own knowledge are true and all statements made on information and belief are believed to be true.

The statement of use was signed by Jeffrey A. Lee, identified as respondent's President/CEO. The statement of use was accepted by the trademark examining attorney and on August 15, 2000, the '883 Registration issued.

The Pleadings

On May 1, 2002, petitioner filed a petition for cancellation of the '883 Registration, alleging that at the time respondent submitted its statement of use to the United States Patent and Trademark Office ("USPTO" or "office"), it had not used the mark on or in connection with stents, and indeed has not done so since. Petitioner alleged that the '883 Registration was procured by respondent's knowingly false or fraudulent statements, and that "said false statements were made with the intent to induce authorized agents of the PTO to grant said registration, and reasonably relying upon the truth of said false statements, the PTO did, in fact, grant said registration to Registrant." ^{1N3}Petition ¶ 8. According to Petitioner, "[i]n view of [these] allegations, Registrant is not entitled to continue registration . . . since Registrant . . . committed fraud in the procurement of the subject registration." Petition ¶ 11.

Respondent's answer, filed September 26, 2002, states, *inter alia*, that it

has no further interest in continuing registration of the NEUROVASX registration for "stents" and respectfully requests, pursuant to 15 U.S.C. § 1068, partial cancellation of Registrant's U.S. Trademark Registration 2,377,883 by deleting the word "stents" from the list of goods upon which the mark is used.

Answer ¶ 2. Further, "[i]n response to paragraph 7 of the Petition, Registrant admits that it has not used the mark NEUROVASX in connection with "stents. . ." Answer ¶ 3.

The answer continues:

In response to paragraphs 8 and 9 of the Petition, Registrant denies the allegations and affirmatively states that in the Statement of Use submitted prior to the registration of NEUROVASX it was stated that Registrant was using the mark for goods/services. In the Statement of Use a box was checked to incorporate a text passage stating that the goods/services were "Those goods/services *1207 identified in the Notice of Allowance in this application."

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At the time the Statement of Use was prepared, the fact that the goods identified in the Notice of Allowance also included "stents," in addition to catheters, was apparently overlooked. Registrant denies each and every other allegation of paragraphs 8 and 9.

Answer ¶ 5.

Finally, after agreeing that it is not entitled to continued registration for "stents," Answer ¶¶ 6-7, the answer concludes with respondent's "petition for cancellation in part" of its own '883 Registration, by deleting "stents" from the identification of goods.^{FN4}

Respondent's Pending Motion

On January 9, 2003, respondent filed a combined motion to amend its registration to delete "stents,"^{FN5} and for summary judgment:

Registrant, in order to dispose of all issues in the cancellation proceeding, has also moved for an order under Trademark Rule 2.127(a) and Rule 56 of the Federal Rules of Civil Procedure dismissing the above Cancellation with prejudice upon entry of the above discussed amendment to Registration 2,337,883. The grounds for granting the summary judgment are as set forth in "Registrant's Answer and Petition for Cancellation in Part", filed September 26, 2002 and are incorporated herein by reference. Amending the Registration to delete the reference to a product upon which the mark was not used prior to registration responds fully to the contentions made by Petitioner as a basis for the Cancellation Petition. The filing of the present motion is timely under Trademark Rule 2.127(e)(1) since it is being filed prior to the commencement of the first 30-day testimony period, which is now scheduled to close April 30, 2003.

Motion at 2-3.

Respondent's motion to amend was not submitted

with the consent of petitioner, and the motion for summary judgment was not supported by any affidavits or other evidence. Respondent's motion was unverified and was signed by counsel, as was its answer which is incorporated by reference into the motion.

By its response, petitioner objected to respondent's proposed amendment, and argued that - even if allowed - the amendment would not cure the fraud alleged in the petition for cancellation. Petitioner's position is that fraud in procuring a registration taints the entire registration. If it were otherwise, applicants would have little incentive to tell the truth; if caught in their misstatements, they could merely delete any unused goods, but would end up with no less than what they were entitled to claim in the first place, with no adverse consequences.

Respondent's reply brief directly addresses the fraud issue for the first time. In relevant part, respondent argues that

[w]hile Registrant freely admits that an error was made, there is simply no basis for alleging that the error constituted fraud. Petitioner has cited no pertinent case law supporting their contention that a full trial is needed solely to consider that issue. To the contrary, even if fraud were hypothetically found here, it has been purged by Registrant's two affirmative attempts made to delete stents from the goods description.^{FN6}

Similarly, Registrant's admission that the description of goods was in error and the filing of Registrant's timely motion seeking to correct the registration, demonstrate that "no genuine issue as to any material fact" remains. Petitioner has failed to cite any evidence that there was any intent to commit fraud at the time the error was made. Neither evidence nor law suggests that Registrant ought not be entitled to amend the Registration to correctly refer to only those goods with which the mark has been used.

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Applicable Law

A registration involved in a Board *inter partes* proceeding may be amended pursuant *1208 to Trademark Act § 7(e) and Trademark Rules 2.133 and 2.173. While Trademark Rule 2.133(a) provides that a motion to amend may be granted by the Board, it has been longstanding Board practice to reserve decision on unconsented amendments until trial or until the case is decided upon summary judgment. *See generally* TBMP § 514.03. If a registrant contends that it is entitled to registration with some restriction to the identified goods or services, such a matter must be raised either as an affirmative defense in its answer or by way of a motion to amend its registration to include the restriction. *See e.g.*, Personnel Data Systems Inc. v. Parameter Driven Software Inc. , 20 USPQ2d 1863 (TTAB 1991); TBMP § 514.03.

A party is entitled to summary judgment when it has demonstrated that there are no genuine issues as to any material fact, and that it is entitled to judgment as a matter of law. Fed. R. Civ. P. 56(c); *see* Celotex Corp. v. Catrett , 477 U.S. 317 (1987). The evidence must be viewed in a light favorable to the nonmoving party, and all justifiable inferences are to be drawn in the nonmovant's favor. *Opryland USA Inc. v. The Great American Music Show, Inc.* , 970 F.2d 847, 23 USPQ2d 1471 (Fed. Cir. 1992).

Discussion

There is no genuine issue of material fact at hand. It is undisputed that respondent filed an intent-to-use based application reciting its intended goods as "medical devices, namely, neurological stents and catheters." It is also undisputed that at the time registrant filed its statement of use (and at all times since), it has used the mark on catheters but not on stents.

Moreover, there is no question that respondent's proposed amendment is generally appropriate both

legally and factually, being limiting in nature. Trademark Rule 2.173(b). Finally, respondent has proffered the payment for the proposed amendment to its registration. Trademark Act § 7(e).^{1N7}

1 We agree with petitioner, however, that respondent is not entitled to judgment as a matter of law. The fraud alleged by petitioner is that respondent knowingly made a material representation to the USPTO in order to obtain registration of its trademark for the identified goods. There is no question that the statement of use would not have been accepted nor would registration have issued but for respondent's misrepresentation, since the USPTO will not issue a registration covering goods upon which the mark has not been used. *See* Trademark Rule 2.88(c); ^{1N8} TMEP § 1109.03 ("The applicant may not file a statement of use until the applicant has made use of the mark in commerce on or in connection with all goods/services specified in the notice of allowance, unless the applicant files a request to divide.")

Most importantly, however, deletion of the goods upon which the mark has not yet been used does not remedy an alleged fraud upon the Office. If fraud can be shown in the procurement of a registration, the entire resulting registration is void. *General Car and Truck Leasing Systems, Inc. v. General Rent-A-Car Inc.* , 17 USPQ2d 1398, 1401 (S.D. Fla. 1990), *affg* *General Rent-A-Car Inc. v. General Leaseways, Inc.* , Canc. No. 14,870 (TTAB May 2, 1998). Allowing respondent's amendment would be beside the point; even if "stents" were deleted from the registration, the question remains whether or not respondent committed fraud upon the Office in the procurement of its registration.^{1N9}

Accordingly, because it has not demonstrated that it is entitled to judgment as a matter *1209 of law, respondent's motion to amend and for summary judgment is DENIED.

As noted above, there are no genuine issues of material fact on this record, and it does not appear that

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further discovery and trial will reveal any such facts. Under such circumstances, the Board may *sua sponte* enter summary judgment, if appropriate, for the non-moving party. The *Clorox Co. v. Chemical Bank*, 40 USPQ2d 1098, 1106 (TTAB 1996). See also TBMP § 528.08, and cases cited therein.

Petitioner alleges that respondent's submission of its admittedly erroneous statement of use constituted fraud in the procurement of the subject registration. 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 or misleading. *Torres v. Cantine Torresella S.r.l.*, 808 F.2d 46, 1 USPQ2d 1483, 1484-85 (Fed. Cir. 1986).

We are aware that respondent denies that its intent in submitting its statement of use was fraudulent. Reply Br. at 1-2. Moreover, cases involving questions of intent are often said to be unsuited to resolution by summary judgment. See, e.g., *Copelands' Enterprises Inc. v. CNV Inc.*, 945 F.2d 1563, 20 USPQ2d 1295, 1299 (Fed. Cir. 1991).

Nonetheless, as Judge Nies aptly pointed out in *Imperial Tobacco*:

In every contested abandonment case, the respondent denies an intention to abandon its mark; otherwise there would be no contest. Under Fed. R. Civ. P. 56, . . . one must, however, proffer more than conclusory testimony or affidavits. An averment of no intent to abandon is little more than a denial in a pleading.

Imperial Tobacco Ltd. v. Philip Morris Inc., 14 USPQ2d 1390, 1394 (TTAB 1990).^{FN10} While *Imperial Tobacco* was an abandonment case, we find its discussion of the element of intent relevant to the case at bar.

The appropriate inquiry is therefore not into the registrant's subjective intent, but rather into the objective manifestations of that intent. "We recognize

that it is difficult, if not impossible, to prove what occurs in a person's mind, and that intent must often be inferred from the circumstances and related statement made by that person." *First Int'l Serv. Corp. v. Chuckles Inc.*, 5 USPQ2d 1628, 1636 (TTAB 1988). See, *Torres*, 1 USPQ2d at 1484-85;^{FN11} *General Car and Truck*, 17 USPQ2d at 1400 ("proof of specific intent to commit fraud is not required, rather, fraud occurs when an applicant or registrant makes a false material representation that the applicant or registrant knew or should have known was false"); *Western Farmers Ass'n v. Loblaw Inc.*, 180 USPQ 345, 347 (TTAB 1973).

2 Here, the identification of goods in the application as filed and published included two items: stents and catheters. Notwithstanding that the mark was not in use on one of the two (stents), respondent indicated when it filed its statement of use that the mark was in use on "those goods identified in the Notice of Allowance in this Application."

There were only two goods identified in the notice of allowance; the mark was either in use on both, or it was not. Respondent signed its statement of use under penalty of "fine or imprisonment, or both, . . . and [knowing] that such willful false statements may jeopardize the validity of the application or any resulting registration. . . ." Statements made with such degree of solemnity clearly are - or should be - investigated thoroughly prior to signature and submission to the USPTO. Respondent will not now be heard to deny that it did not read what it had signed.

The undisputed facts in this case clearly establish that respondent knew or should have known at the time it submitted its statement of *1210 use that the mark was not in use on all of the goods. Neither the identification of goods nor the statement of use itself were lengthy, highly technical, or otherwise confusing, and the President/CEO who signed the document was clearly in a position to know (or to inquire) as to the truth of the statements therein.^{FN12}

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Respondent's explanation for the misstatement (which we accept as true) - that the inclusion of stents in the notice of allowance was "apparently overlooked" - does nothing to undercut the conclusion that respondent knew or should have known that its statement of use was materially incorrect. Respondent's knowledge that its mark was not in use on stents - or its reckless disregard for the truth - is all that is required to establish intent to commit fraud in the procurement of a registration. While it is clear that not all incorrect statements constitute fraud, the relevant facts in this record allow no other conclusion. We find that respondent's material misrepresentations made in connection with its statement of use were fraudulent.

Accordingly, summary judgment is entered in petitioner's favor on the issue of fraud.

One further matter remains: in order to prevail, petitioner must establish not only a valid ground for cancellation, but must prove its standing, as well. While petitioner's allegation that its pending trademark application has been refused in view of the '883 Registration would, if proven, suffice to establish standing, petitioner has not yet submitted any evidence on this point.

Petitioner is therefore allowed until THIRTY DAYS from the mailing date of this order in which to submit a showing that there is no genuine issue of fact as to standing, and that it is entitled to judgment on the issue of standing as a matter of law. *Paramount Pictures Corp. v. White*, 31 USPO2d 1768, 1775-76 (TTAB 1994). Respondent is allowed until FIFTY DAYS from the mailing date of this order to file a response thereto, if desired. If petitioner's showing is sufficient to establish petitioner's entitlement to summary judgment on the issue of standing, summary judgment on standing will be entered in favor of petitioner and the petition for cancellation will be granted. If petitioner's showing is not sufficient on the issue of standing, proceedings will resume on that issue alone.

This proceeding remains otherwise SUSPENDED

pending petitioner's response.

FN1. Applicant filed a reply brief, which we have considered because it clarifies the issues. See Trademark Rule 2.127(a) (consideration of a reply brief discretionary).

FN2. Respondent did not allege a date of first use in commerce as required by Trademark Rule 2.88(b)(1)(ii). Simultaneous with the statement of use, respondent filed a final request for an extension of time including the following statement:

Applicant believes that it has made valid use of the mark in commerce, as evidenced by the Statement of Use submitted with request; however, if the Statement of Use is found by the Patent and Trademark Office to be fatally defective, applicant will need additional time in which to file a new Statement.

FN3. Petitioner further alleged that it is damaged by respondent's registration in that its application for the mark NIROVASCULAR was refused registration in light of the '883 Registration.

FN4. By order dated October 31, 2002, the Board indicated that respondent's "petition for cancellation in part" was in the nature of an affirmative defense (namely, that respondent is entitled to maintain its registration, if it is allowed to delete "stents"), and was reserved for trial.

FN5. Respondent's proposed identification of goods would read in its entirety, "medical devices, namely, neurological catheters."

FN6. Respondent's "two affirmative attempts" appear to be (1) respondent's "petition" for cancellation in part of its own registration, *see supra* note 4, and (2) respondent's current motion to amend. Re-

spondent does not contend that it sought to correct its identification of goods prior to registration or at any time prior to the filing of the petition for cancellation.

FN7. Trademark Rule 2.173 requires that a registrant seeking amendment of its registration submit a (1) written and signed request for amendment; (2) supported by a verification or declaration under Trademark Rule 2.20; (3) the required fee (currently \$100); and (4) the original certificate of registration or a certified copy thereof (if the original has been lost or destroyed). While respondent has complied with the first and third requirements, it has not filed a declaration or verification, nor has it submitted its registration certificate. Nonetheless, if respondent's motion for summary judgment was meritorious, we would likely allow respondent time to cure these defects in its motion to amend.

FN8. Trademark Rule 2.88(c) provides, in relevant part, that

[t]he statement of use may be filed only when the applicant has made use of the mark in commerce on or in connection with all of the goods or services, as specified in the notice of allowance, for which applicant will seek registration in that application, unless the statement of use is accompanied by a request in accordance with § 2.87 to divide out from the application the goods or services to which the statement of use pertains.

FN9. Needless to say, if respondent ultimately prevails on the issue of fraud, "stents" must be deleted from the registration; applicant may not maintain a registration under Trademark Act § 1 for goods upon which it has never used the mark.

FN10. Unlike the case in *Imperial Tobacco*, respondent here has not submitted an affidavit or any other evidence supporting its version of the facts surrounding

its signing of the statement of use or its denial of the intent to commit fraud. However, because we are considering the question of whether to enter summary judgment in favor of petitioner, even though it has not so moved, we consider respondent's statements as we would those of a non-movant, and accept the statements as true. Cf. TBMP § 528.01, and cases cited therein ("The nonmoving party must be given the benefit of all reasonable doubt as to whether genuine issues of material fact exist; and the evidentiary record on summary judgment, and all inferences to be drawn from the undisputed facts, must be viewed in the light most favorable to the nonmoving party.").

FN11. The problem of fraud arises because Torres submitted a label that he knew *or should have known* was not in use that contained a mark clearly different from the one in use. In addition, he submitted an affidavit stating the mark was in use on wine, vermouth, and champagne when he knew it was in use only on wine.

Torres, 1 USPQ2d at 1485 (emphasis added).

FN12. We further note that the identification of goods - including "stents" - was printed on the registration certificate mailed to respondent on or about August 15, 2000. Although the certificate provided further notice that the registration covered stents, respondent did not seek to amend the identification to delete stents until after this proceeding was filed nearly two years later. See *Space Base Inc. v. Stadis Corp.*, 17 USPQ2d 1216, 1219 (TTAB 1990) ("a person can commit fraud upon the Office by willfully failing to correct his or her own misrepresentation, even if originally innocent, as long as that person subsequently learns of the misrepresentation, and knows that the Office has relied

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upon that misrepresentation in conferring a substantive benefit upon that person to which the person knows it is not entitled.” (interpreting *Smith v. Olin*, 209 USPQ 1033 (TTAB 1981)). Respondent's failure to point out its misstatement and seek correction thereof prior to the filing of the petition for cancellation clearly supports our finding that the misstatement was intentional.

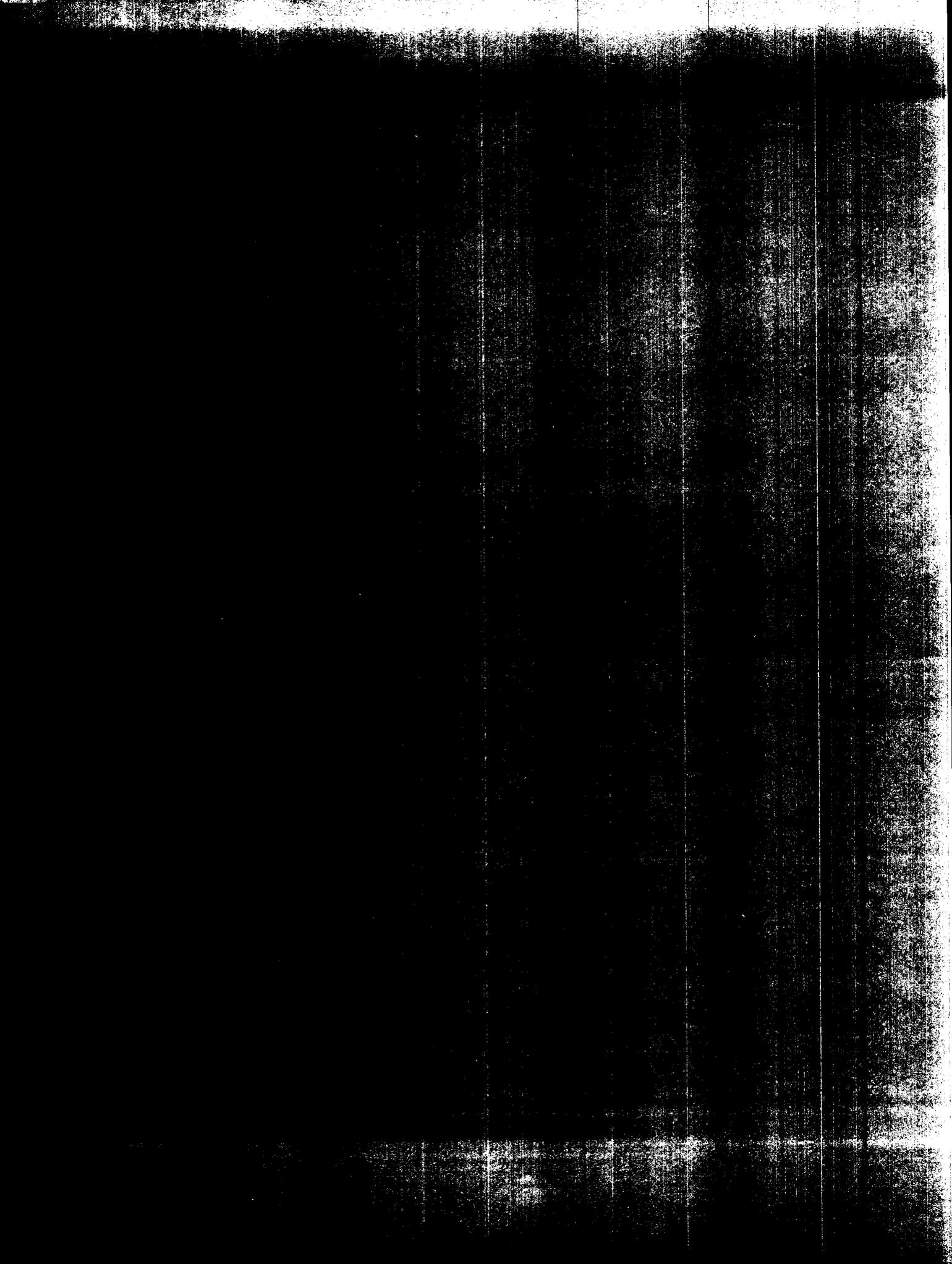
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In re Pharmacia Inc.

Patent and Trademark Office Trademark Trial and
 Appeal Board
 Decision dated January 20, 1987

United States Patents Quarterly Headnotes

TRADEMARKS AND UNFAIR COMPETITION

[1] Registration and its effects -- Federal registration -- In general (§ 315.0301)

"Related company" exception to requirement that assignment or other written consent be placed in record when domestic importer seeks to register goods of foreign manufacturer specifically is applicable to ownership issues vis-a-vis parent and subsidiary corporations, in view of control over nature and quality of goods that flows from parent/subsidiary relationship, and such control is lacking in case of "sister" corporations, and thus mere fact that two sister companies are controlled by single parent corporation does not mean that use of mark by one company automatically inures to benefit of other sister company.

TRADEMARKS AND UNFAIR COMPETITION

[2] Registration and its effects -- Federal Registration -- In general (§ 315.0301)

U.S. applicant is not "related company," for purposes of Lanham Act's Section 45, to foreign "sister" company that manufactured goods so that applicant's ownership of mark in U.S. should be presumed.

Appeal from Trademark Examining Attorney.

Application for registration of trademark of Pharmacia Inc., application, Serial No. 523,579, filed February 22, 1985. From decision refusing registration, applicant appeals. Affirmed.

Fred C. Philpitt, Arlington, Va., for applicant.

Richard Straser, trademark examining attorney,

Law Office VII (Lynne Beresford, managing attorney), for PTO.

Before Sams, Allen, and Krugman, Members.
 Krugman, Member.

An application has been filed by Pharmacia, Inc., a New Jersey corporation to register RELAXIT as a trademark for a laxative preparation for rectal administration. ^{1N1}

The Examining Attorney has refused registration under Section 1 of the Trademark Act in the absence of a satisfactory showing from applicant that it is the owner of the mark sought to be registered. In this regard, the Examining Attorney has made final a requirement that applicant submit written consent for applicant to register the mark from the owner of the mark or submit written acknowledgment from the owner of the mark to the effect that applicant is considered to be the owner of the mark in this country.

Applicant has appealed.

The following facts are undisputed by applicant and the Examining Attorney. The mark appears on the specimens which comprise tube like containers for the goods. Appearing also on the specimens is the notation that the goods are manufactured by Pharmacia AS, Hillered, Denmark for Pharmacia (Great Britain) Ltd. In response to an inquiry from the Examining Attorney, applicant indicated that Pharmacia AS of Denmark and Pharmacia Ltd. of Great Britain are both wholly owned subsidiaries of Pharmacia AB of Uppsala, Sweden and that applicant also is a wholly owned subsidiary of Pharmacia AB, the Swedish parent corporation. Applicant further indicated that the goods are manufactured by Pharmacia AS of Denmark and that the product is sold in both Great Britain and the United States under the RELAXIT trademark.

Under Section 1 of the Trademark Act, only the owner of a mark is entitled to apply for registration.

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In view of the facts of record herein, the Examining Attorney, pointing to TMEP ^{1N2} Section 1201.04(a), notes that where a United States importer or other distributing agent for goods of a foreign manufacturer seeks to register the manufacturer's mark in the United States, it may do so provided that applicant submit an assignment to applicant of the owner's rights in the mark in the United States, together with the business and good will appurtenant thereto or that applicant submit a written consent of the owner of the mark or some other written agreement or acknowledgement between the parties that the importer or distributor is to be the owner of the mark in the United States.

In the present case, applicant acknowledges the validity of the above requirements but notes that TMEP Section 1201.04(a) specifically indicates that if the foreign manufacturer and United States importer or distributor are related companies (as applicant claims is the situation presented herein), *1884 TMEP Section 1201.02(b) is applicable. This section of the manual discusses ownership of trademarks vis-a-vis a parent and subsidiary corporation. In evaluating ownership of a mark as between a parent and subsidiary, the manual states that the decision as to whether the parent or subsidiary is to be regarded as owner of a mark for purposes of registration should be made between the parties themselves and that the filing of an application either by the parent or by the subsidiary corporation should be viewed by the Examining Attorney as an expression of the intention of the parties as to ownership in accord with the arrangement between them. The manual then notes that such decisions of the parties should normally be accepted by the Examining Attorney, citing *Borden, Inc. v. Great Western Juice Co. et al.*, 183 USPQ 570 (TTAB 1974). Applicant urges the reasoning in TMEP Section 1201.02(b), while discussed in the context of a parent-sub-sidiary relationship, is equally applicable in evaluating ownership of a mark between two subsidiaries and that the filing of an application by either subsidiary should be looked at as an expression of the intent of the parties and such decisions should nor-

mally be accepted.

The term "related company," as defined in Section 45 of the Trademark Act, means "...any person who legitimately controls or is controlled by the registrant or applicant for registration in respect to the nature and quality of the goods or services in connection with which the mark is used." The essence of "related company" is the control of the nature and quality of the goods and this is the basis for allowing an applicant to claim ownership of a mark based on the use by a related company. In cases where it is stated that use is by a related company which is a wholly owned subsidiary of applicant and there is no information in the application inconsistent with such a statement, the control by applicant with use by the wholly owned subsidiary inuring to applicant's benefit is presumed by the Examining Attorney from the business structure: See: TMEP Section 1201.03(b), citing cases. In cases wherein it is indicated that use of the mark is by a related company which is not wholly owned by applicant, the Examining Attorney must be satisfied that sufficient facts are in the record relative to the applicant's control over the nature and quality of the goods or services.

[1] In the present case, applicant's attempt to fit into the "related company" exception set forth in TMEP Section 1201.02(b) to the requirement in TMEP Section 1201.04(a) that an assignment or other written consent be placed in the record where a domestic importer seeks to register a manufacturer's mark for goods of a foreign manufacturer is not believed to be well taken. The "related company" exception set forth in TMEP Section 1201.02(b) specifically is indicated to be applicable to ownership issues vis-a-vis parent and subsidiary corporations. The reason for this is the control over the nature and quality of the goods that naturally flows from the parent subsidiary relationship. This is absent in the case of sister corporations. We do not believe the mere fact that two sister companies are both controlled by a third company means that used by one of the sister companies automatically inures to

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the benefit of the other sister.

[2] Under the circumstances, we do not believe applicant Pharmacia, Inc. is a related company for purposes of Section 45 of the Act to Pharmacia AS (Denmark), the manufacturer of the goods, such that applicant's ownership of the mark in the United States should be presumed. Accordingly, the Examining Attorney's request that applicant submit an assignment or other written consent from the owner of the mark in order to demonstrate applicant's ownership of the mark in the United States was entirely reasonable and his refusal of registration based on applicant's failure to comply with that request is not erroneous. See: *In re Packard Press Corp.*, 1 USPQ2d 1153 (TTAB 1986).

Decision: Since the record fails to show that applicant is the owner of the mark in the United States, the refusal of registration is affirmed.

FN1 Application Serial No. 523,579 filed February 22, 1985.

FN2 TMEP refers to the *Trademark Manual of Examining Procedure* (1983).

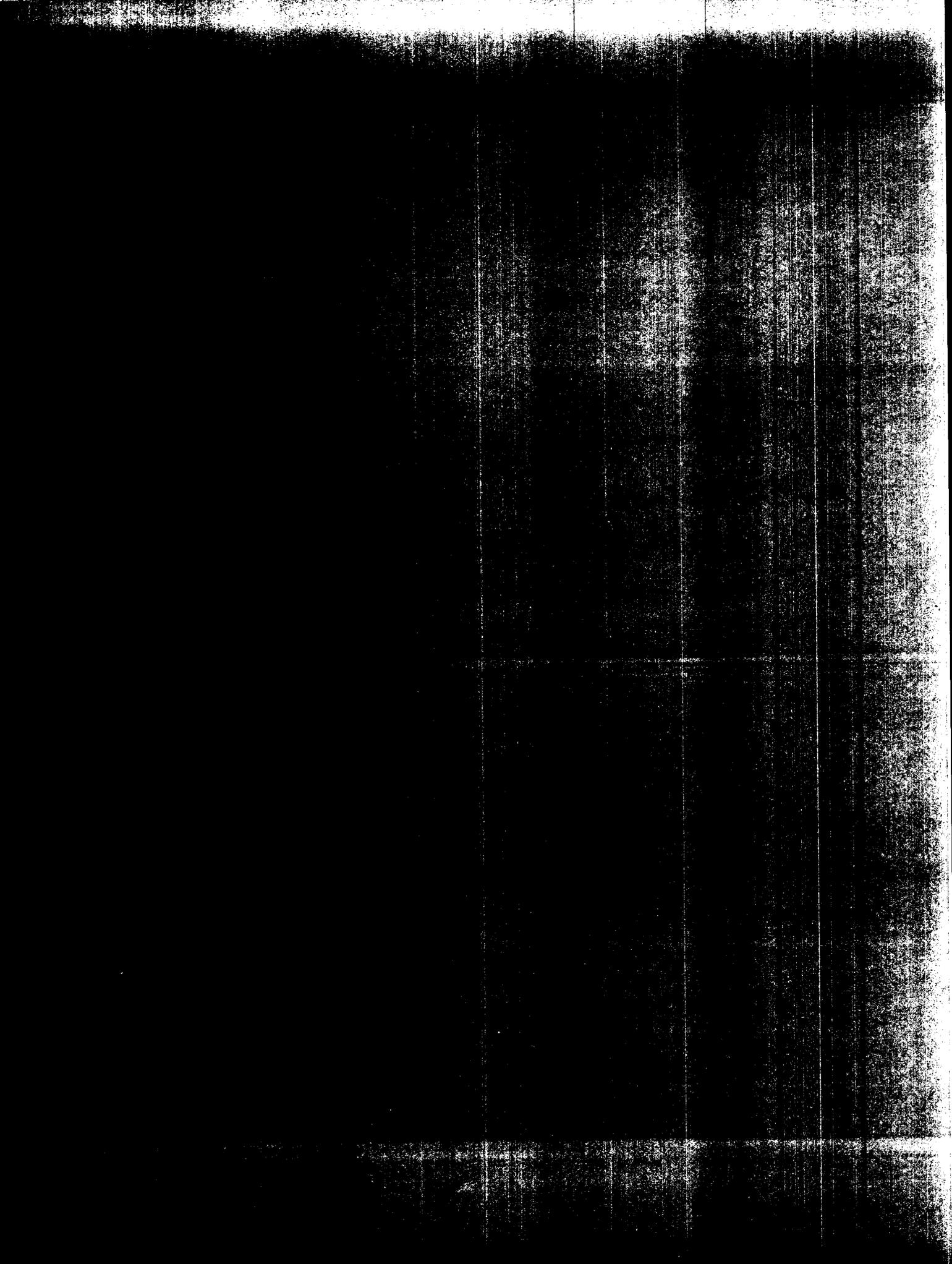
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Smith International, Inc.
 v.
 Olin Corporation

Patent and Trademark Office Trademark Trial and
 Appeal Board
 Decided Jan. 23, 1981

United States Patents Quarterly Headnotes

TRADEMARKS

[1] Cancellation -- In general (§ 67.171)
 Cancellation -- Abandoned mark (§ 67.173)
 Cancellation -- Mark and use of parties -- Descriptive marks (§ 67.1773)
 Registration -- Incontestability (§ 67.751)
 Fraud, abandonment, and claim that mark has become common descriptive name of product for which it was registered constitute valid grounds under Lanham Act Section 14(c) for cancelling registration that has existed for five years and even registration where right to use registered mark in commerce has become incontestable under Section 15; defendant in opposition proceeding in which registrant has relied on that registration in support of its claim of damage has real interest in cancellation question.

TRADEMARKS

[2] Defenses -- Fraud (§ 30.05)
 Pleading and practice in Patent Office -- In general (§ 67.671)
 Fraud implies some intentional deceitful practice or act designed to obtain something to which person practicing such deceit would not otherwise be entitled; specifically, it involves willful withholding from Patent and Trademark Office by applicant or registrant of material information or facts that, if disclosed to Office, would have resulted in disallowance of registration sought, or to be maintained; intent to deceive must be "willful"; if it can be shown that statement was "false misrepresentation" occasioned by "honest" misunderstanding, inad-

vertence, negligent omission, or like, rather than one made with willful intent to deceive, fraud will not be found; moreover, fraud will not lie where it can be proven that statement, though false, was made with reasonable and honest belief that it was true or that false statement is not material to issuance or maintenance of registration; very nature of charge of fraud requires that it be proven "to the hilt" with clear and convincing evidence; there is no room for speculation, inference, or surmise and any doubt must be resolved against charging party.

TRADEMARKS

[3] Pleading and practice in Patent Office Rules effect (§ 54.9)
 Applications to register -- Form and content (§ 67.135)
 Registration -- Principal Register (§ 67.753)
 Registration -- Related companies (§ 67.755)
 Lanham Act Section 1 provides that owner of trademark used in commerce may register it on principal register; Section 5 provides that mark may be used legitimately by related companies, and, if such companies are controlled as to nature and quality of goods on which mark is used by related companies, such use inures to benefit of applicant-owner; Section 5 merely recognizes rights of "the owner" of mark under situation recited above but it does not, and was not intended to create any right of ownership that did not previously exist; Trademark Rule 38(a) provides that if first use of mark was by predecessor in title or by related company, and such use inures to benefit of applicant, statement to that effect should be inserted in application; similarly, under Trademark Rule 38(b), if mark is not in fact being used by one or more related companies whose use inures to benefit of applicant under Section 5, such facts must be indicated in application.

TRADEMARKS

[4] Applications to register -- In general (§ 67.131)
 Registration -- In general (§ 67.731)
 Title -- In general (§ 67.861)
 Use of mark as portion of trading name on corres-

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pondence and stationery and in dealings with parts suppliers in attempt to develop goods can be sufficient to preclude registration of same mark for similar goods by subsequent user, notwithstanding that subsequent user may have been first to use it in technical trademark manner; application of applicant that was not owner of mark when application was filed is void ab initio, therefore, registration issued on that application is void, even though applicant may have possessed equitable interest or right in mark.

TRADEMARKS

[5] In general (§ 67.01)

Acquisition of marks -- Character and extent of use -- In general (§ 67.0731)

Acquisition of marks -- Use by plurality of persons (§ 67.085)

Registration -- In general (§ 67.731)

Recognition that token sale or single shipment in commerce can be sufficient to support application to register mark in Patent and Trademark Office providing that shipment has color of bona fide commercial transaction in that goods so marked and shipped were intended for relevant class of purchasers or prospective purchasers and that it was accompanied or followed by activities or circumstances that would tend to indicate continuing effort to use and place product on market on commercial scale is slight deviation from expression that trademark has no existence separate and apart from commercially viable product and that where there is no trade in product under mark, there can be no trademark; higher commercial use standard than that required for purpose of laying foundation for registration is necessary to establish proprietary right in and to trademark where two competing parties claim right of ownership in same or similar mark.

TRADEMARKS

[6] Acquisition of marks -- Character and extent of use -- In general (§ 67.731)

Shipment that involved prototype for testing and experimentation, was "internal" shipment in that it was sent from inventor to manufacturer and not to

purchaser or prospective purchaser, was not then commercially feasible product, and commercialization of product did not take place for some six years, was not shipment in trade.

TRADEMARKS

[7] Defenses -- Fraud (§ 30.05)

Oath (§ 47)

Applications to register -- In general (§ 67.131)

Applicant cannot be charged with fraud in obtaining registration on fact alone that its statement, to effect that no one else had right to use mark in commerce, which was based on honest belief that under exclusive patent license, applicant-declarant and no other person, including licensor, had right to use mark as trademark as distinguished from non-technical trademark use made by licensor over years, was false.

TRADEMARKS

[8] Defenses -- Fraud (§ 30.05)

Opposition -- Mark and use of opposer -- In general (§ 67.4059)

Pleading and practice in Patent Office -- In general (§ 67.671)

There is no rule or decision to effect that registrant whose registration is later found to have been improperly granted is legally or otherwise responsible for action of Patent and Trademark Office in rejecting applications of others to register same or similar marks on basis of that registration.

TRADEMARKS

[9] Affidavits of use (§ 67.10)

Registration -- Incontestability (§ 67.751)

Mark that was in use in commerce in connection with goods recited in registration when affidavit was filed meets requirements of Lanham Act Section 8; there must be proof that statements in affidavit were willfully made with intent to deceive Patent Office in order for affidavit to be held fraudulent; most courts look beyond title of paper or motion and judge it by its contents; error was not on part of Office to whom it must have been obvious that affidavit entitled "Affidavit of Use under Section 8 of the Trademark Act of 1946" went beyond

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use requirement of Section 8 and contained all of averments prescribed by Section 15 in accepting and acknowledging affidavit as one under Sections 8 and 15 in belief that title of document was in error, but rather on part of counsel or registrant in drawing up document as such and on part of affiant in signing it; even if affidavit was prepared by its attorney, registrant must be held accountable for any false or misleading statements made in it; what is more compelling is fact that registrant received acknowledgement from Office that clearly showed that affidavit in question had been accepted as combined Sections 8 and 15 affidavit, since if this benefit had not been sought, disclaimer should have been submitted at that time and not after counterclaim had been filed; further, only reasonable answer to question of why no claim for benefit was filed later, five years after good was commercialized, if opposer-registrant did not intend, at that time, to claim Section 15 benefits is that it did not claim benefit because it already had this benefit.

TRADEMARKS

[10] Defenses -- Fraud (§ 30.05)

Affidavits of use (§ 67.10)

Cancellation -- In general (§ 67.171)

Registration -- Incontestability (§ 67.751)

Fraudulent misconduct can be attributed to opposer-registrant by accepting benefits of Section 15 from affidavit, whose filing did not constitute fraud upon Patent Office, knowing that it was not entitled to them, as suggested by disclaimer of such rights, and not taking any action to correct Office records until counterclaim was filed; thus, registrant, by obtaining Section 15 advantages, was guilty of fraudulent misconduct, which its registration cannot survive.

TRADEMARKS

[11] Abandonment -- In general (§ 67.031)

Title -- Transfer with good will of business (§ 67.869)

It is difficult to perceive how party can abandon mark in which it had no right of ownership up to later agreement; magic words in agreement reciting

goodwill associated with mark are not necessary in view of relationship between parties over years and assignee's activities under mark with assignor's blessings.

TRADEMARKS

[12] Abandonment -- In general (§ 67.031)

Abandonment -- Nonuse as abandonment (§ 67.037)

Activities of trademark owner that has attempted to ensure proper usage in company brochures and other literature and to carry out some activity toward policing use of mark to extent that it would take action if improper or infringing action was brought to its attention might not rise to what would be considered to be desirable trademark policing program; use of mark "Dyna-Drill" without registration notice and as name for the tool does not, per se, constitute abandonment of mark; it may contribute to it to extent that commercial impression of mark is often engendered by manner of its use in marketplace or on literature serving to advertise or promote sale of goods offered under it.

TRADEMARKS

[13] Acquisition of marks -- Use of plurality of marks (§ 67.087)

Use of corporate identification symbol in connection with trademarks other than trademark in issue strengthens impression that symbol serves as house mark and that its use in conjunction with product marks such as one in issue does not necessarily destroy ability of product mark to perform independently trademark function.

TRADEMARKS

[14] Marks and names subject to ownership -- Descriptive -- In general (§ 67.5071)

Marks and names subject to ownership -- Descriptive -- How determined (§ 67.5073)

Fact that unitary mark "Dyna-Drill" may be play on word "power drill" does not without more indicate that term possesses merely descriptive significance to extent that it immediately conveys to purchasers and prospective purchasers specific characteristics or functions of mark owner's down-hole directional

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drilling tool; although term at its inception or adoption may have been arbitrary or even suggestive in character, it may thereafter through use in descriptive and non-trademark sense over period of time lose its distinguishing and origin denoting characteristics and may be regarded by relevant section of purchasing public as nothing more than descriptive designation describing rather than identifying goods on which it has been used.

TRADEMARKS

[15] Marks and names subject to ownership -- Descriptive -- In general (§ 67.5071)

Marks and names subject to ownership -- Descriptive -- How determined (§ 67.5073)

Constant use of mark "Dyna-Drill" in capital letters and/or in type of script different from other wording in statements in which it is used and by different expressions including "Dyna-Drill a drilling control tool," "Dyna-Drill Micro-Slim Small Drill Tools," "Dyna-Drill -- the tool with a thousand uses," and like, evidences effort to maintain trademark rights; use of "Dyna-Drill" as noun is way to lose trademark, but then how can one explain use of trademarks in automotive industry in similar fashion; test is public concept of mark; invoices that show that customers order trademark owner's product generally by term "Dyna-Drill" followed by number tells nothing specific about their concept of designation; this should be considered in light of fact that party seeking cancellation has been unable to find use of that term as term of art or in any manner whatsoever by anyone in trade notwithstanding that record indicates that there are other manufacturers of competitive tools, and that party seeking cancellation had employee conduct search for evidence of current usage of trademarks similar to "Dyna-Drill," all of which suggest that possibly "Dyna-Drill" is not term of art and is not designation ordinarily used in trade.

TRADEMARKS

[16] Cancellation -- Mark and use of parties -- Descriptive marks (§ 67.1773)

Cancellation -- Mark and use of parties -- Pleading

and practice -- In general (§ 67.1811)

Evidence -- In general (§ 67.331)

Survey whose pertinent results were that ninety percent of respondents had heard of term "Dyna-Drill," at least sixty-five percent thought of directional tool when they heard name "Dyna-Drill," between forty-one to forty-three percent of respondents recalled trademark owner as manufacturer, and forty-five percent did not know name of any company which makes "Dyna-Drill" tool does not serve to establish that "Dyna-Drill" identifies tool and not its source nor does it show that high percentage of those surveyed recognize it as source of tool with "Dyna-Drill" on it; it is unfortunate that survey is silent on question of whether "Dyna-Drill" is perceived by these individuals as trademark or as name or common descriptive name for directional drilling tools of particular type; cancellation counterclaimant has burden of establishing its claim of descriptiveness by preponderance of evidence; allegation that notation in use on fairly substantial scale for over five years as common descriptive name, which can serve to destroy party's common law rights in it, as well as its registration rights, cannot be sustained if there is any doubt or uncertainty on question.

TRADEMARKS

[17] Defenses -- Fraud (§ 30.05)

Cancellation -- In general (§ 67.171)

Cancellation -- Mark and use of parties -- In general (§ 67.1771)

Opposition -- Mark and use of opposer -- In general (§ 67.5831)

Cancellation counterclaim is sustainable on grounds that registrant was not owner of mark when registration application was filed, that interstate shipment on which application was predicated was not bona fide shipment in commerce from which rights in and to trademark can arise, and that circumstances surrounding filing of Lanham Act Section 8 affidavit with allegations of incontestability in mark until after counterclaim was filed, notwithstanding notice long prior to it from Patent and Trademark

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Office that affidavit was considered to be combined Section 8 and 15 affidavit, constituted fraud to extent that registrant knowingly was enjoying benefits of Sections 15 and 33(b) to which it was not legally entitled; however, insofar as prior rights are concerned, these holdings pertaining to registration's validity cannot preclude registrant from relying on its common law rights in mark.

TRADEMARKS

[18] Opposition -- Damage to opposer (§ 67.575)
 Opposition -- Mark and use of opposer -- Descriptive (§ 67.5833)
 Prior user of descriptive term possesses real interest in question of subsequent user's right to register same or similar mark for same or similar goods.

TRADEMARKS

[19] Identity and similarity -- How determined -- Considering other marks (§ 67.4059)
 Opposition -- Consideration of marks of third parties (§ 67.573)
 Third-party registrations and use of marks that are distinctly different from mark in question cannot serve to delineate scope of protection to be afforded mark and hence cannot be of any succor to applicant in its quest to register mark; disclosure of third-party registration of mark that is not distinctly different is of no moment where record is silent as to extent of use of mark by its proprietor and any right that party might have in that mark that it may be able to assert against opposer at proper time and in proper place cannot be utilized by applicant in absence of any privity between it and that party; in essence, conflict in present opposition is between applicant and opposer and activities of third parties or strangers to proceeding cannot, at least in present proceeding, be of any value to trier of fact.

TRADEMARKS

[20] Evidence -- Of confusion (§ 67.337)
 Long and extensive contemporaneous use by parties to opposition of their marks in marketing environment in which sufficient time and interplay between them was present, without actual confusion occurring, may be significant if not controlling factor in

resolving likelihood of confusion question; however, under ordinary circumstances such as those involving three years of contemporaneous use, absence of evidence of actual confusion is but a factor that must be considered in determining that question.

TRADEMARKS

[21] Opposition -- Pleading and practice (§ 67.589)
 Opposition "plaintiff" is under burden to establish by preponderance of evidence that confusion is likely to occur from marketing of products of parties under marks in question.

TRADEMARKS

[22] Class of goods -- Particular cases -- Not similar (§ 67.2071)
 Evidence -- Of confusion (§ 67.337)
 Opposition -- Issues determined (§ 67.581)
 Impact hammer is not tool generally utilized by those involved in well-drilling industry; this is borne out by fact that both parties have extensively engaged in their respective activities under their "Dyna-Drill" marks for three-year period without any evidence of actual confusion, misdirected mail or other indicia that conflict exists between them; concern is not with mere theoretical possibilities of confusion or with de minimis situations but with practicalities of commercial world with which trademark laws deal; there is no viable likelihood of confusion as to either source or sponsorship of hand-held rotary hammers and down-hole drilling tools merely because of common use of suggestive mark "Dyna-Drill" on them.

Trademark opposition No. 59,261 by Smith International, Inc., against Olin Corporation, application, Serial No. 169,491, filed Nov. 19, 1975, in which applicant counterclaims for cancellation of opposer's registration No. 665,030, issued July 29, 1958. Counterclaim granted and opposition dismissed.

See also 201 USPQ 250.

Wenderoth, Lind & Ponack, Washington, D.C., for

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Smith International, Inc.

William W. Jones, Donald R. Motsko, and Paul J. Lerner, all of New Haven, Conn., and Samuel Kieser, Branford, Conn., for Olin Corporation.

Before Lefkowitz and Kera, Members, and Simms, Acting Member.
 Lefkowitz, Member.

An application has been filed by Olin Corporation [hereinafter referred to as Olin] to register the following as a trademark for hand-held rotary hammers, use of the mark since on or about June 3, 1975 being claimed.

The word "DRILL" has been disclaimed apart from the mark as shown.

Registration has been opposed by Smith International, Inc. [hereinafter referred to as Smith], which alleges that applicant's "DYNA DRILL" mark so resembles Smith's previously used and registered trademark "DYNA-DRILL" for well drilling tools^{1N1} as to be likely, when applied to Olin's goods, to cause confusion or mistake or to deceive.

Olin, in its answer, has denied and/or left Smith with the burden of establishing facts from which it can be held that the contemporaneous use by the parties of "DYNA DRILL" for their respective products is likely to cause confusion in trade with resultant damage to Smith.

***1038** [1] Both parties engaged in discovery by way of interrogatories and thereafter Smith took the testimony of its President and the Vice-President for Manufacturing as well as that of an independent contractor, who utilizes Smith's drilling tools. Following this testimony, Olin moved to amend its answer to add a counterclaim to cancel Smith's pleaded registration. The motion was granted and subsequently a second amended answer slightly amending the counterclaim was permitted. The grounds for the counterclaim, as generally set forth

by Olin, are that Smith's registration was obtained fraudulently because Smith had no right to rely on use of the mark "DYNA-DRILL" in commerce, as set forth in the application for registration, namely, May 10, 1957, as such use was by a third party who was not a related company with respect to Smith; that the combined affidavit under Sections 8 and 15 filed by Smith on June 29, 1964 was fraudulent in that the registered mark "DYNA-DRILL" was not used continuously between May 10, 1957 and June 19, 1964 and the affiant knew or should have known that this allegation was false; that the registered mark "DYNA-DRILL" had, in fact, been abandoned during the period from about 1957 to about 1963 because of Smith's failure to make any use of the mark, much less commercial use of "DYNA-DRILL" during that period in connection with a sale or rental of well drilling tools; and that the notation "DYNA-DRILL" has become the common descriptive name for the type of well drilling tools in connection with which it is used.^{1N2}

Smith, in answer to the counterclaim, has admitted that its registration is not one which has properly become incontestable, but otherwise has denied the bases for the counterclaim. Specifically, Smith has averred that the first use of the registered mark "DYNA-DRILL" on May 10, 1957, although by a

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third-party, inured to the benefit of Smith, the registrant, and, as such, was a proper basis to support the application for registration; that the affidavit submitted on June 29, 1964 was an affidavit under Section 8 only and, in this context, was neither false nor fraudulent, since the allegation of continuous use was immaterial for the purpose of Section 8 for opposer was not, at that time, seeking any incontestable rights under Section 15; ^{FN3} and that the mark "DYNA-DRILL" has not become the common descriptive name for the type of well drilling tools to which it has been applied by Smith and, in fact, "DYNA-DRILL" is a valuable trademark which has become distinctive of Smith's goods.

The record consists of the pleadings, the files of Olin's application and Smith's registration [Rule 2.122(a)], answers by Smith to specific interrogatories propounded by Olin [Smith did not choose to make of record any of the results of its discovery efforts], testimony in affidavit form in behalf of each party as provided for in Rule 2.123(b), copies of official records and printed publications noticed by Olin under Rule 2.122(c), and testimony and exhibits offered by both parties as testimony-in-chief and as rebuttal in support of their respective positions in regard both to the opposition and the counterclaim. Both parties have filed briefs and articulated their respective viewpoints on the issues involved in this proceeding at the oral hearing held for this purpose.

According to the record, use of the mark "DYNA-DRILL" as a trademark or as an identification for a down-hole well drilling tool was first made by the inventor of the tool, Wallace Clark. In the Spring of 1956, Clark, who was then in the process of developing the down-hole well drilling tool for the purpose of utilizing elements of the mayno pump in its construction and had a patent application pending for the device, contacted Smith for the purpose of developing, producing, and promoting the drill for their mutual benefit. At this time and assertedly for a year prior thereto, Clark was using

the designation "DYNA-DRILL" as a part of the business name, Dyna-Drill Company, on stationery and business cards, in his contacts with various suppliers of parts, and otherwise in his public dealings. There was not, however, any prototype or *1039 working drill devised by Clark in existence at that time. Smith, at that time, was engaged in the development, manufacture, sale, and distribution of oil well tools and equipment. On August 30, 1956, Clark and Associates, a joint venture for the purpose of exploiting the potentials of the drilling device, Smith, and Tri-County Exploration Co., Inc., a corporation organized under Indiana law on August 14, 1952 and a party to the early development of the "DYNA-DRILL" and closely associated with Clark, entered into an agreement to develop and commercialize the drill. This agreement, which subsequently was amended to provide that Smith pay Clark a royalty of ten percent of the actual cash receipts from the marketing of the "DYNA-DRILL" tool, bestowed upon Smith the exclusive license, under a patent that might emerge from Clark's efforts, to make, sell, and otherwise develop a commercial product for a specific time. Additionally, the agreement provided, inter alia, that Clark and Tri-County would build and deliver a prototype model of the drill to Smith, who would manage the testing and analysis of the drill's performance; that

"7. All rights to the manufacture, use, sale, or other distribution of the drill and the jointly accrued improvements and patents thereon which are peculiar to the drill alone shall revert to Clark in the event of termination of this Agreement, including the right to the name Dyna-Drill".

and that

"12. Clark agrees to relinquish the use of the name Dyna-Drill upon written request by Smith in the event Smith should decide to use a trademark incorporating the name Dyna-Drill or otherwise wishes the exclusive use of that name for the purpose of

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publicizing and marketing the drill”.

Insofar as this record shows, no such request, in writing or otherwise, was ever made by Smith. In accord with the agreement, Clark and Tri-County Exploration Co., Inc. shipped a “Completely assembled 5 1/2 ” Dyna-Drill” from Clark’s home in Indiana to California, the business location of Smith, on May 10, 1957. This tool, which was marked with the term “DYNA-DRILL”, was basically a prototype model and was to be used by Smith for purposes of testing and evaluation. Using this shipment as a basis for the allegation of use in commerce, Smith filed an application to register the mark “DYNA-DRILL” on October 14, 1957 [Serial No. 38,863], wherein it was alleged not only that the mark was first used in commerce on the aforementioned date, but that the mark was then in use in commerce and that, to the best of the affiant’s knowledge and belief [Kenneth Swart, Smith’s then Vice-President and now deceased], no other person, firm, corporation, or association had the right to use the mark in commerce in connection with the same or similar goods. Clark and Associates were at this point and apparently at all other times in their relationship with Smith, an independent organization, separate and apart from Smith. Admittedly, neither Clark and Associates nor Smith ever controlled the other in respect either to the use of the mark “DYNA-DRILL” or to the nature and quality of the tool identified by the mark, notwithstanding their efforts to develop and successfully market a commercially feasible tool. Although Clark did no drilling on a commercial scale with a “DYNA-DRILL” tool, Clark continued to use the mark “DYNA-DRILL” as it had in the past, and Smith placed no restrictions on Clark’s use of the mark or on the ability or right of Clark to lease the tool, a right which Clark did not exercise. Smith obtained the registration, here sought to be cancelled, on July 29, 1958.

Backing up a bit chronologically, following this first shipment of a “DYNA-DRILL” tool from Clark to Smith, further development work was done

by both Clark and Smith, and they exchanged ideas and parts for the tool as a result of their field testing and lab testing activities. During the period until 1963, the “DYNA-DRILL” tool was used in drilling parts of wells or complete wells -- these were straight holes as distinguished from directional holes. One such operation took place in Indiana under the auspices of Dyna-Drill Service Corp., which was owned eighty percent by Smith and twenty percent by Clark and his associates and was incorporated in Indiana on May 5, 1958. There is testimony that a “DYNA-DRILL” marked tool was utilized for this drilling work, that it was performed for a Mr. Clemins, in Southern Indiana, and that two hundred dollars were received for this work. However, in view of this small amount and the fact that no royalties were received by Clark until 1963, it would appear, as Olin urges, that this sum was a reimbursement for expenses and that it was more of a test than a true commercial exploitation of the tool. After this work was completed, Dyna-Drill Service Corp., organized for, inter alia, “To initially engage in the primary business of the selling, *1040 leasing, and servicing drill kits and hole openers for the drilling of water holes”, discontinued doing business on December 31, 1959 and was formally dissolved on October 27, 1960. There is testimony that, under arrangements by Smith, a number of straight holes were drilled in various locations utilizing the “DYNA-DRILL” drill. Assertedly, holes were drilled in 1958 and 1959 for Shell Oil Company and Union Oil Company in Ventura, California, and Los Angeles, California. [The well drilled in Los Angeles was in the parking lot of a Safeway store] In 1960, there was a hole drilled in Enid, Oklahoma, and “probably” other holes were drilled in Louisiana during 1962. Smith has characterized these drillings as “commercial holes” in the sense that “they were not solely to demonstrate the operation of the tool marked with the mark ‘DYNA-DRILL’, but were genuine attempts to drill for commercial production of oil”. However, Smith’s Chief Engineer described these drillings as tests and testified that the “DYNA-DRILL” tool was a research development project during this

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period. In this regard, the record indicates that, in or around 1957 or 1958, there were four "DYNA-DRILL" tools -- two large and two small ones for experimentation purposes with seal bearings. These tools were not satisfactory from a commercial view because the bearings gave way and were subsequently shelved. Apropos thereto, Clark notified Smith on July 28, 1958 that the earth drill employing mayno elements available to Dyna-Drill Service Corp. was not an adequate tool because of bearing failures when the earth drill was used. Clark thereafter worked on the development of a new type of bearing for the tool and, in April 1958, he advised Smith that he had invented a new bearing to solve the problem. In April 1959, he further reported to Smith that the new bearing performed "perfectly". By 1960, the development efforts produced two workable "DYNA-DRILL" tools with slow speed mud lubricating bearings, which were deemed satisfactory for some drilling operations, but not completely satisfactory for all drilling uses. Notwithstanding the availability of these drills, the activities directed to the drill were curtailed or kept to, at most, minimal development efforts due to financial problems. It was, however, still carried as an R & D project at Smith. It was never the intent of Smith to abandon the project, but rather, when the financial picture changed, it was decided to again proceed with the project and bring it to full commercial viability. However, it was decided to proceed in a different direction. That is, up to this time, all of the holes drilled with the "DYNA-DRILL" tool were straight holes. Between 1960 and 1962, it was decided that the most expeditious way to get the tool into commercial use with greater economic gain would be to emphasize its use for directional drilling. At the end of this period, the tools in their further developed state with the mud lubricating bearings were returned from Louisiana in early 1963. There is testimony by Smith's Chief Testing Officer that these two drills later became the first drills used for directional drilling in California. Thereafter, after some further work by Smith, a commercial earth drilling tool employing the mayno elements was ready for marketing. The

Dyna-Drill Company was thereafter formed to handle this marketing program and, by June 1963, commercial use of the "DYNA-DRILL" tool began. An early commercial use of the tool was with a company in Mercury, Nevada in or around April 1964. Smith has indicated in its promotional literature that the commercialization of the "DYNA-DRILL" tool occurred in 1963. The first royalties were paid to Clark and Associates in the summer of 1963.

The period from 1957 to 1963 was described by Smith in answer to an interrogatory propounded by Olin as follows:

"Opposer's predecessor, H. C. Smith Oil Tool Co. started using the trademark Dyna-Drill on the drilling tool in question as the tool was being developed, and the early prototypes were moved into interstate commerce for experimental drilling operations from that time until 1963. In June of 1963, a subsidiary company was formed and 'sales * * * commenced at that time and have continued to the present."

It is interesting to note that Smith, in answer to another interrogatory, indicated that its total sales in 1963 derived from "DYNA-DRILL" operations amounted to fifteen thousand dollars and advertising expenditures in this same year in promoting the "DYNA-DRILL" tool amounted to only one hundred and thirty-five dollars. No figures were offered by Smith for any year prior to 1963, which suggests possibly the absence of commercial use and exploitation especially in light of testimony that Clark and his Associates did not receive any royalty payments until 1963.

On June 19, 1964, Smith filed a paper entitled "Affidavit of Use under Sec. 8 of the Trademark Act of 1946" executed by its *1041 then President, Kenneth Swart. In addition to the allegation that the registered trademark "DYNA-DRILL" was still in use in commerce, this affidavit included an assertion that the mark had been in continuous use in interstate commerce for five years from July 29, 1958, the date of registration of the mark, to July

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29, 1963. Thus, notwithstanding the caption of the affidavit, it was in the form of a combined affidavit under Sections 8 and 15 and was accepted as such by the Patent and Trademark Office, as indicated in the acknowledgement sent to Smith. There was no disclaimer by Smith of the benefits of a Section 15 filing until March 16, 1978, after the counterclaim had been brought to cancel the registration.

In September 1967, Wallace Clark and Associates brought suit against Smith alleging, inter alia, improprieties in the calculation of royalties under the 1956 agreement. This suit was settled by an agreement, dated July 18, 1969, which specified that, in the event of termination thereof, "Smith, as between Clark and Smith, shall have the sole and exclusive right to the use of the name 'Dyna-Drill'".

In May 1971, Smith brought a suit against Clark, alleging, inter alia, a violation of the anti-trust laws. This suit was dismissed pursuant to a settlement agreement executed in 1973. This agreement specified that all rights to the mark vested in Smith. At this point, Clark ceased use of the mark including the distribution of all remaining stationery.

The "DYNA-DRILL" tool, as commercially used after 1963 by Smith, is a downhole motor driven earth-boring drill which, when connected to a drill bit, is employed in drilling in the earth, including the drilling of bore holes for the production of oil and natural gas. The "DYNA-DRILL" tool employs the mayno principle of a progressing cavity hydraulic motor. The motor's principal elements include a starter and a rotor or "mayno elements" and is powered by an internal mayno pump, run in reverse as a motor, which requires a flow of operating fluid, such as water or chemical mud, that must be supplied by related auxiliary equipment, to which the drilling tool is connected by conduits. The tool is especially adopted for "directional drilling" or drilling slanted holes, and use for this purpose comprises about seventy-five percent of total usage. While the major use of Smith's tool is in drilling holes for wells, such as oil wells, gas wells, and the

like, it is also suitable for use and has been used and promoted for use in mining, construction work, and recently for crossing under roads, sidewalks, lawn and plant areas, rivers, and the like. In mining operations, the drill is useful for drilling into rock faces or making holes for explosives. The tool is also used in what Smith's witness called "redrillings", namely, deepening or cleaning out operations on existing wells. The tool has even been used in the construction of a pier in Hawaii. Additionally, the tool has been used to expedite fast drilling in a straight or conventional manner, as opposed to directional drilling.

The nature of Smith's "DYNA-DRILL" tool and the difference between it and the more conventional drilling tools was set forth in Smith's complaint in the civil action which it filed against Clark and Associates in 1971, as follows:

"Oil well drilling is accomplished by rotating a drill which progresses into the earth and in the usual case this drill is mounted on a drill pipe which extends to the surface. A fluid which may be a water based solid suspension or an oil based solid suspension, herein referred to as a 'mud', is circulated down the drill bit pipe and exists through jets in the drill and returns to the surface carrying the cuttings which are produced by the rotation of the drill. Two methods for rotation of the drill bit are employed. One is by maintaining the end of the drill pipe, which extends above the surface end of the bore hole, in a rotary table. The drill pipe is rotated by means of the rotary table and the drill bit at the end of the drill pipe is thereby also rotated and drills into the surface. During the last eight (8) years, an alternative method of rotating the drill has come into use. The drill connected to a drill bit is mounted above the drill bit. The motor causes the rotation of the drill bit without any substantial rotation of the drill pipe. The motor is activated by the hydraulic force of the circulating mud. The advantage of this device over the surface rotary, particularly in boreholes whose path in the earth is deviated from the vertical (referred to as directionally drilled boreholes) has been generally recognized. In 1970, it is

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estimated that 80% of the directionally drilled wells were drilled with down hole motors and that over 70% of all such wells were drilled with plaintiff's [Smith's] DYNA-DRILL by plaintiff's lessees and customers."

Since the commercialization of the "DYNA-DRILL" tool, Smith has sold and *1042 rented them through a network of sales and service divisional offices throughout the United States and in the strategic oil drilling areas of the world. These distribution points are operated by Smith's Dyna-Tool Division [the Dyna-Drill Corporation, organized in 1963, was merged into Smith corporation in July 1965 and became the Dyna-Drill Division of said company], which stocks all sizes of the drills and services and maintains the drills delivered or returned for repair in their particular jurisdictional areas. The tools are distributed primarily on a lease or rental basis, and it has been estimated that the ratio of rentals to sales have been about eighty-three percent to seventeen percent. In fact, the Smith's tool is not available for sale to private customers in the United States; the only outright sales in this country have been essentially to governmental agencies and usually to the hydrocarbon or gas drilling sections of the agencies. There is some testimony that there have been a few sales to individuals in this country, but this has not been documented. Indeed, the structure of the drilling business, as outlined by Smith's witness, is such as to preclude the sale of such tools in this country. Generally, whatever sales of the "DYNA-DRILL" tool are made by Smith are usually to foreign countries. When sold, the tools range in price from five hundred dollars to more than twenty thousand dollars. The rentals are made to approximately fifty franchised, independent drilling contractors, who work under contract to whoever wants a hole drilled. These franchisees are experienced directional drillers who have been doing business with Smith for an appreciable length of time and who have developed an established business reputation. At the drilling sites, the tools are used by drilling crews under the supervision of the contractor or a drilling

supervisor with many years experience on a drilling rig and possibly possessing some college education; but the actual crew members themselves, though having work experience, are apt to have only a high school education or less. The tools, although hand carried to the drill rig, are not held in the hand when in operation. The "DYNA-DRILL" tool is available in a variety of models, the smallest being six feet in length and weighing approximately fifty pounds, and the largest being about twenty-five feet long and weighing approximately thirty-five hundred pounds. To repeat, the "DYNA-DRILL" tool is essentially a motor, the heart of which is a mayno pump, and combined with the necessary sections to complete the structure so that it is suitable for use as a down-hole drilling tool. The mark "DYNA-DRILL" is stencilled on all new or repaired tools. Two types of rental charges are assessed, a "run charge" for time when the tool is in use, and a "stand-by charge" for time when the tool is at the drill site, but not in use. There is a minimum charge of about thirteen hundred dollars for "running time" plus an overtime charge of about sixty-five dollars per hour for time in excess of eight hours for the smallest tool, and this charge ranges up to about one hundred dollars for the largest one.

Smith has promoted the "DYNA-DRILL" tool through advertisements in trade journals such as the "Oil & Gas Journal", "World Oil", "Petroleum Engineer", "Drilling Contractor", "Ocean Engineering", and others of a similar type; by sales promotions and give-away items including key chains, pencils, and similar items; by the distribution of brochures, catalogs, technical data sheets, and other descriptive literature; and by participation in major shows and exhibits including the "Offshore Technology Conference". Smith's expenditures in this regard have increased over the years from the one hundred thirty-five dollars in 1963 to over thirty thousand dollars in 1970, more than fifty-five thousand dollars in 1973, over one hundred thousand dollars in 1975, and a sum in excess of one hundred and fifty thousand dollars in 1976. Through

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November 30, 1977, about one hundred and twelve thousand dollars had been spent in promotional efforts directed to the "DYNA-DRILL" tool. Smith's promotional expenditures, in general, have broken down to fifty-six percent for advertising material, twenty-seven percent for trade shows and seventeen percent for sales promotion efforts and materials. Revenues likewise have increased from the fifteen thousand dollars in 1963 to four million dollars in 1972, nine million dollars in 1974, fifteen million dollars in 1976, and sixteen million dollars in 1977.

Olin, through its Ramset Division, allegedly adopted and made first use of the mark "DYNA-DRILL" for hand-held rotary hammers in June 1975. The mark "DYNA-DRILL" was chosen for the hammers because of its relationship to the trademarks "DYNABOLT" and "DYNASET" used by Olin for anchors which may be inserted in holes drilled by the "DYNA-DRILL" hammers. At the time of the selection of the mark, Olin had no actual knowledge of any use of the mark by Smith. It appears from the record that Olin did not conduct or have a search conducted to determine the availability of the mark. *1043 Substantial sales of the "DYNA-DRILL" hammers began in 1976 and have been continuous thereafter.

Olin's "DYNA-DRILL" hammers are hand-held rotary hammers which are portable power tools that provide both a rotational and reciprocating motion to the tool bit and thereby a combination drilling and impact action. Four models are available, all electrically powered, ranging from ten to twelve inches in length and five or six pounds in weight to about twenty-four to twenty-five inches in length and about thirteen pounds in weight. They are designed to make holes in materials such as stone, concrete, and masonry to receive anchors and are provided with a roto-stop, which allows stoppage of the rotary action, whereby the tools may function only as hammers and be used to set anchors in the holes. In general, "DYNA-DRILL" hammers can handle large drilling, coring, demolition, and self-drilling anchor applications; but assertedly because

of the size [lack of size], they are not suitable for use in drilling rock which requires larger size drills. The hammers are made so that they will accept only masonry or stone bits. The mark "DYNA-DRILL" appears on the hammer and the carrying case for the tool.

Approximately fifty-six percent of Olin's "DYNA-DRILL" tools are sold directly to the end user by salesmen who visit the job sites in company vans. The balance of the sales are through specialized distributors who resell to the end users. The direct or van sales channel is the faster growing method of distribution, and it is anticipated and planned that it will grow much faster than the distributor sales channel. The tools are sold basically as an adjunct to or a companion piece to Olin's primary business, which is fasteners, and the expansion in tool sales will be directed to those customers who use the greatest number of fasteners. The retail price of the tools ranges from one hundred twenty dollars to five hundred fifteen dollars. The tools are not rented, and Olin's witnesses were unaware of any sales of the "DYNA-DRILL" hammers to people involved in well drilling operations.

The sales of "DYNA-DRILL" hammers in 1976, previously alluded to, amounted to some twenty-seven hundred and sixteen units, producing a revenue of three hundred and sixty thousand dollars. In 1977, over fifty-four hundred units were sold with monetary receipts of over six hundred thousand dollars. In the first five months of 1978, more than twenty-five hundred units were sold, bringing in a sum in excess of four hundred thousand dollars.

Advertising of the "DYNA-DRILL" tools began in 1975 with expenditures of thirty-four thousand dollars. In 1976 and 1977, advertising expenditures were forty-four thousand dollars and fifteen thousand six hundred and fifty-six dollars, respectively. Slightly more than thirty thousand dollars were spent in the first five months of 1978. The only visible evidence of Olin's advertising, over the years, in this record are copies of descriptive brochures and like materials.

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Turning first to Olin's counterclaim to cancel Smith's registration, the grounds therefor are

- (A) The registration was obtained fraudulently;
- (B) The registration is invalid due to the filing by Smith of a fraudulent combined Section 8 and 15 affidavit;
- (C) Smith has abandoned any rights it may have had to the registered trademark "DYNA-DRILL";
- (D) The term "DYNA-DRILL" has become the common descriptive name for the type of tool to which it has been applied by Smith.

Before proceeding to a consideration of these grounds of attack upon Smith's registration, it is believed necessary to point out what constitutes fraud in a trademark proceeding before the Board and its various ingredients and nuances.

[2] Fraud implies some intentional deceitful practice or act designed to obtain something to which the person practicing such deceit would not otherwise be entitled. Specifically, it involves a willful withholding from the Patent and Trademark Office by an applicant or registrant of material information or facts which, if disclosed to the Office, would have resulted in the disallowance of the registration sought or to be maintained. See: *Rogers Corporation v. Fields Plastics & Chemicals, Inc.*, 176 USPQ 280 (TTAB, 1972) and cases cited. Intent to deceive must be "willful". If it can be shown that the statement was a "false misrepresentation" occasioned by an "honest" misunderstanding, inadvertence, negligent omission or the like rather than one made with a willful intent to deceive, fraud will not be found. See: *The Riser Company, Inc. v. Munsingwear, Inc.*, 128 USPQ 452 (TTAB, 1961); and *Wrist-Rocket Manufacturing Co., Inc. v. Saunders Company*, 186 USPQ 5 (CA 8, 1975). Fraud, moreover, will not lie if it can be proven that the statement, though false, was made with a reasonable and honest belief that it was true [See: *1044 *Acme Valve & Fittings Company v. Wayne*, 183 USPQ 629 (DC Tex., 1974); and *Anti-Monopoly, Inc. v. General Mills Fun Group, Inc.*, 195 USPQ 634 (DC Calif., 1978) reversed on other

grounds, 204 USPQ 978 (CA 9, 1979)] or that the false statement is not material to the issuance or maintenance of the registration [See: *Rolls-Royce Motors Limited et al., v. A & A Fiberglass, Incorporated*, 193 USPQ 35 DC Ga., 1977)]. It thus appears that the very nature of the charge of fraud requires that it be proven "to the hilt" with clear and convincing evidence. There is no room for speculation, inference or surmise and, obviously, any doubt must be resolved against the charging party.

Ground "A"

It is Olin's position that Smith had no right to rely on the shipment of May 10, 1957 as the basis for its use in commerce required for registration because this shipment constituted use by Clark rather than Smith so that Clark rather than Smith was the owner of the designation "DYNA-DRILL" at that time; Clark was not a "related party" to Smith in accordance with Section 5 of the Statute so that Clark's use of the mark did not inure to Smith's benefit; and that, even assuming arguendo that Clark was related to Smith, whereby his use could inure to Smith's benefit, the May 10, 1957 shipment was a mere intra-company transfer, and, moreover, the shipment was for experimental purposes, an isolated shipment, and not part of a continuous or purposeful program of trademark use -- all of which are insufficient to serve to support a trademark application. Furthermore, Olin charges that the statement in the declaration that no one else had the right to use the mark "DYNA-DRILL" in commerce in connection with the goods covered by the registration was a fraudulent one because Smith knew and the affiant knew that Clark had the right to use of the mark as it had been doing in the past in the promotion and development of the "DYNA-DRILL" tool and, although not free to commercialize the patented and licensed tool, Clark was free to commercialize any other kind of welldrilling tool and to use the mark "DYNA-DRILL" thereon.

Smith has countered these contentions by urging that the benefit of Clark's use of the mark "DYNA-DRILL", and in particular the shipment of May 10, 1957, inured to its benefit by virtue of the exclusive patent license agreement executed in 1956; that, by virtue of said license, only Smith had the right to sell or otherwise commercialize the "DYNA-DRILL" tools; that this shipment was not an intra-company shipment but "rather a shipment from a party in a contract relationship with Opposer-Registrant [Smith] and was made in an effort to create a business or trade under the mark, i.e., a business in the making and commercialization of the tools, and in this sense was a bona fide shipment sufficient to support an application for registration"; and that while there may have been aspects of testing involved in the operations that followed this initial shipment, they were nevertheless operations performed on a hole for commercial use and, as such, must be considered as being commercial uses of the trademark. As for Olin's charge of fraud in the declaration accompanying the application, Olin's response to this has been that, while Clark had the right to use the designation "DYNA-DRILL" as a trademark, Clark made no trademark use of the term either prior to or after the first shipment and that the only party making *trademark* use of the mark was Smith or its subsidiary Dyna-Drill Service Corporation [eighty percent owned by Smith].

[3] Section 1 of the statute specifically provides that "the owner of a trademark used in commerce may register his trademark under this Act on the principal register hereby established". While use of said mark is generally required by the owner of the mark sought to be registered, Section 5 of the statute provides that a mark may be used legitimately by related companies, and, if such companies are controlled as to the nature and quality of the goods on which the mark is used by the related companies, such use inures to the benefit of the applicant-owner. See: discussion in *La Chemise Lacoste v. The Alligator Company*, 182 USPO 86 (DC, Del., 1974) vacated 184 USPO 321 (CA 3, 1974). As set

forth in *Ex parte Alexander*, 114 USPO 547 (Comr., 1957), Section 5 merely recognizes the rights of "the owner" of a mark under the situation recited above "but it does not, and was not intended to create any right of ownership which did not theretofore exist". Rule 2.38(a) provides that if the first use of a mark was by a predecessor in title or by a related company, and such use inures to the benefit of the applicant, a statement to that effect should be inserted in the application. Similarly, under Rule 2.38(b), if the mark is not in fact being used by applicant but is being used by one or more related companies whose use inures to the benefit of the applicant under Section 5 of the Act, such facts must be indicated in the application.

[4] Smith has never acknowledged any use of the mark "DYNA-DRILL" by Clark *1045 at any time from the filing of the application up to and including the filing of the affidavits necessary to maintain the registration. But, it is apparent from the record herein that Clark was the owner of the mark "DYNA-DRILL" when Smith filed the application to register the mark on October 14, 1957. There is no question but that Clark was using "DYNA-DRILL" as a portion of a trading name on correspondence and stationery and in his dealings with parts suppliers in his attempt to develop a "DYNA-DRILL" tool prior to the 1956 agreement with Smith. This open and notorious use of "DYNA-DRILL" by Clark could well have been sufficient to preclude the registration of the same mark for similar goods by a subsequent user, notwithstanding that the subsequent user may have been the first to use it in a technical trademark manner. See: *Liqwacon Corporation v. Browning-Ferris Industries, Inc.*, 203 USPO 305 (TTAB, 1979) and cases cited therein. Although, by the 1956 agreement, Smith acquired an exclusive patent license to make and sell the tool then referred to by the mark "DYNA-TOOL" and that, by reason thereof, Clark was precluded from commercializing the patented and licensed tool, it is apparent that proprietary rights in and to the name "DYNA-DRILL" did not pass and were not conveyed to Smith by this agree-

ment. As previously set forth, in this agreement Clark agreed to relinquish the use of the name "DYNA-DRILL" upon written request of Smith in the event that the latter "should decide to use a trademark incorporating the name Dyna-Drill or otherwise wishes the exclusive use of the name for the purpose of publicizing and marketing the drill". No such request, in writing or otherwise, was ever made to Clark, who kept on using the mark as he had done in the past. In fact, paragraph 7 of the same agreement provided that the right to use the name "DYNA-DRILL" would revert to Clark in the event that the agreement were terminated. In the settlement agreement of July 18, 1969, there was a provision which provided, inter alia, upon the termination of the agreement, that "Smith, as between Clark and Smith, shall have the sole and exclusive right to the use of name Dyna Drill". It was not until 1973, pursuant to another settlement agreement, that Clark and Associates assigned all their rights in the mark to Smith and discontinued use in their own right of "DYNA-DRILL". In view of the specific terms of these agreements over the years; the fact that Clark and his Associates were, at all times, an independent group; that neither Clark nor Smith ever controlled the other with respect to their respective use of the mark "DYNA-DRILL"; and that, at least as far as Clark was concerned, his use of the mark did not inure to Smith, it is our view that Smith was precluded over the years up to 1973 from asserting ownership of the mark "DYNA-DRILL" and therefore proprietary rights therein. That is, Smith was not the owner of the mark "DYNA-DRILL" when the application was filed in October 1957, and therefore the application was void ab initio. Therefore the registration issued on that application is void. It may well have been that Smith, by virtue of the patent license agreement and its use of the mark "DYNA-DRILL" in carrying out the provisions of the agreement, possessed an equitable interest or right in the mark "DYNA-DRILL", but it is apparent from the agreements that a legal interest or right of ownership did not vest in Smith at that time.

Even assuming that Smith possessed a sufficient interest in the mark "DYNA-DRILL" at the time of the filing of the application to qualify as "owner" thereof, the shipment in commerce on May 10, 1957 from Clark to Smith did not constitute a shipment upon which registrable rights could be bot-tomed.

[5] Insofar as the nature of the trade under a mark required as a requisite for registration is concerned, it has been recognized that a token sale or single shipment in commerce can be sufficient to support an application to register the mark in the Patent and Trademark Office *providing* that the shipment has the color of a bona fide commercial transaction in that the goods so marked and shipped were intended to or for the relevant class of purchasers or prospective purchasers and that it was accompanied or followed by activities or circumstances which would tend to indicate a continuing effort to use and place the product on the market on a commercial scale. See: *Dynamet Technology, Inc. v. Dynamet Incorporated*, 197 USPQ 702 (TTAB, 1977) and cases cited therein, affirmed, 201 USPQ 129 (CCPA, 1979). This is a slight deviation from the expression that a trademark has no existence separate and apart from a commercially viable product and that where there is no trade in a product under a mark, there can be no trademark. See: *Hanover Star Milling Co. v. Metcalf*, 240 U.S. 403 (1916), *1046 *Beekman Instruments, Inc. v. Bourns Laboratories, Inc.*, 120 USPQ 128 (TTAB, 1959).¹²⁴

It has thus been held, inter alia, that the use of a mark must be open and notorious so that the purchasing public for whom the goods are intended are aware of the availability of the goods and aware of use of the mark thereon [See: *Bellanca Aircraft Corporation v. Bellanca Aircraft Engineering, Inc.*, 190 USPQ 158 (TTAB, 1976)]; that only open use, rather than internal use such as a shipment to a branch office or from a manufacturer to a distributor for whom the goods were manufactured, can give rise to trademark rights [See: *Sterling Drug Inc. v. Knoll A.-G. Chemische Fabriken*, 159 USPQ

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628 (TTAB, 1968) and cases cited therein; *The Procter & Gamble Company v. Jacqueline Cochran, Inc.*, 102 USPQ 449 (Comr., 1954); and *Sears, Roebuck and Co. v. Mannington Mills, Incorporated*, 138 USPQ 261 (TTAB, 1963); and that a shipment of an article or a prototype of an article for testing and experimentation is not a public use upon which trademark rights are created [See: *American Hydrotherm Corporation v. Hydrotherm, Inc.*, 164 USPQ 143 (TTAB, 1969) and cases cited therein and *Walt Disney Production v. Kusan, Inc.*, 204 USPQ 284 (DC, Calif., 1979)].

[6] In view of the foregoing, it is clear that the shipment of May 10, 1957 was not in trade. The shipment involved a shipment of a prototype of a "DYNA-DRILL" tool for testing and experimentation, it was an "internal" shipment in that it was sent from the inventor to the manufacturer and not to a purchaser or a prospective purchaser; it was not then a commercially feasible product, as evidenced by the letter to Smith from Clark in 1958 detailed above; and it has been acknowledged by Smith both in its literature and its answers to interrogatories that commercialization of the product did not take place until 1963. In fact, Smith in its answers to interrogatories indicated that "the early prototypes were moved in interstate commerce for experimental drilling operations from that time [1957] until 1963".¹³⁵

[7] Now, as to the declaration filed with the application that matured into the registration, even though Smith knew of Clark's prior and continuous use of "DYNA-DRILL" as a part of its company name on stationery and correspondence and in dealing with suppliers of parts for the "DYNA-DRILL" tool, and even though it knew or should have known by virtue of the agreements with Clark that the latter was the owner of the mark [otherwise why the need for Clark to assign to Smith the rights in and to the mark], the statement as to the rights of others to use the "DYNA-DRILL" mark in the declaration was not a fraudulent one. It was a false representation, but not a fraudulent one. Insofar as this record is

concerned, there is nothing to suggest that the statement to the effect that no one else had a right to use the "DYNA-DRILL" mark in commerce was based on anything other than an honest belief that, under the exclusive patent license, Smith and no other person, and that included Clark, had a right to use "DYNA-DRILL" as a *trademark* as distinguished from the non-technical trademark use made by Clark over the years. In the absence of a willful intent to deceive, Smith cannot be charged on this alone with fraud in obtaining the registration. See the dissenting opinion in *Bart Schwartz International Textiles, Ltd. v. The Federal Trade Commission*, 129 USPQ 258 (CCPA, 1961).

Accordingly, insofar as the first ground of attack is concerned, it is concluded that the application for registration was void ab initio because Smith was not the owner of the mark at the time and that, moreover, the shipment in commerce to support the application was not a transaction from which trademark rights arise.

In view of this holding, it might seem to be an anomaly to consider the other points of challenge to Smith's registration, but they nevertheless will be discussed to adjudicate all of the issues joined by the parties and thereby state the Board's view thereon in case of appellate review.

**1047 Ground "B"*

[8] In support of its position herein, Olin charges that the Section 8 and 15 affidavit was false because the affiant, then president of Smith corporation, knew or should have known that the allegation of continuous use therein for the five-year period from the date of registration on July 29, 1958 was clearly erroneous, a fact tacitly admitted by Smith when it filed its disclaimer of benefits under Section 15. And Olin urges that fraud in the execution of an affidavit under Section 8 and 15 constitutes ground for the cancellation of a registration, citing *Duffy-Mott Company, Inc. v. Cumberland Packing*

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Company, 165 USPQ 422 (CCPA, 1970) and Volkswagenwerk Aktiengesellschaft v. Advance Welding and Mfg. Corp., 184 USPQ 367 (TTAB, 1974). In this regard, Olin argues that the record shows that the mark "DYNA-DRILL" was not in continuous use during this five-year period because work on the project had been suspended in 1959 or 1960 and not resumed until 1963 and that any use made of the mark prior thereto was in connection with testing or experimental activities relating to the "DYNA-DRILL" tool, all noncommercial transactions.^{FN9}

Smith, on the other hand, contends that the affidavit in question is entitled simply as "Affidavit of Use under Section 8 of the Trademark Act of 1946"; that this indicates that Smith was seeking the benefits only of Section 8, namely, continued registration by virtue of current use of the trademark; that the allegation of use was true since the record shows and even Olin concedes that the mark was in commercial use as early as 1963, well before the 1964 date of the affidavit; that nowhere in the affidavit is there anything which indicates that Smith is requesting benefits under Section 15 since no mention of this section is made therein; that a party should not be given more than what he originally seeks; that the statement in the affidavit that the mark had been in continuous use was unnecessary to the affidavit under Section 8 and was mere surplusage, being in the nature of a self-serving statement; and that "To the extent that the Patent Office, by indicating acceptance of the affidavit under Sec. 15, awarded such benefits, it did so improperly."

[9] There can be no question but that the mark "DYNA-DRILL" was in use in commerce in connection with the goods recited in the registration when the affidavit was filed, thereby meeting the requirements of Section 8 of the Statute. There is, moreover, no proof that the statements in the affidavit regarding continuous use of "DYNA-DRILL" as a trademark in commerce were willfully made with the intent to deceive the Patent and Trademark Office, as they must be found to have been in order

for the affidavit to be held fraudulent [a fact alluded to in the decision under Ground "A"]. See: Crown Wallcovering Corporation v. The Wall Paper Manufacturers Limited, 188 USPQ 141 (TTAB, 1975). But, it must be recognized that most courts look beyond the title of a paper or motion and judge it by its contents; and the Trademark Attorney who examined the affidavit obviously did the same thing and attempted to evaluate it on its merits. In so doing, it must have been obvious that it went beyond the use requirement of Section 8 and, in fact, contained all of the averments prescribed by Section 15. The error was not on the part of the Office in accepting and acknowledging the affidavit as one under Section 8 and 15 in the belief that the title of the document was in error, but rather on the part of counsel or Smith in drawing up the document as such and on the part of the affiant in signing it. Even if the affidavit was prepared by its attorney, Smith must be held accountable for any false or misleading statements made therein. See: Ets. Lardinois v. Lazarus, 168 USPQ 604 (TTAB, 1970). What is more compelling is the fact that Smith received an acknowledgement from the Patent and Trademark Office which clearly showed that the affidavit in question had been *1048 accepted as a combined Sections 8 and 15 affidavit. If this benefit had not been sought, a disclaimer should have been submitted at that time and not after the counterclaim in question had been filed. Further, as noted by Olin

"* * * if Opposer-Registrant [Smith] did not intend, at that time, to claim benefits under Section 15, why was no claim for such benefit filed later, as in 1968, five years after the tool was commercialized? The only reasonable answer to this question is that Opposer-Registrant did not claim the benefit of Section 15 because it already had this benefit".

[10] While the filing of the affidavit does not constitute fraud upon the Office for the reason indicated above, fraudulent misconduct can be attributed to Smith by accepting the benefits of Section 15, knowing that it was not entitled to them, as suggested by the disclaimer of such rights, and not taking

any action to correct the Office records until the counterclaim was filed. It would appear that Smith would have continued to reap the benefits and protection of Section 15 had not Olin taken the action that it did herein. Cf., *Duffy-Mott Company, Inc. v. Cumberland Packing Company*, supra.

Thus, Smith, by obtaining the advantages of Section 15 under the narrated circumstances, was guilty of fraudulent misconduct, which the registration cannot survive.

Ground "C"

There appear to be three grounds for Olin's position that Smith has abandoned its rights in the mark "DYNA-DRILL". These are: permitting uncontrolled use by another, namely, Clark; failure of Smith to police the mark; and adoption of a new mark by Smith, namely, "S.I.I. DYNA-DRILL" in lieu of "DYNA-DRILL", per se.

[11] Since the question of Clark's use of the mark "DYNA-DRILL" was fully explained under Ground "A", no useful purpose will be served by rehashing all of the discussion relating thereto. It is difficult, moreover, to perceive how a party can abandon a mark in which it had no right of ownership up to the 1973 agreement between Smith and Clark. But, it is believed that the charges of abandonment on the basis of Smith's failure to police the mark and the alleged adoption of a new mark relate to whatever rights Smith might have acquired therein after the 1973 agreement and they will be considered as such.^{1N7}

[12] It is true, as admitted by Smith and, as revealed by the record, that Smith has not, at least in the past, actively policed or monitored the use of the mark "DYNA-DRILL" both within and without the corporate organization. A trademark usage program was instituted in 1976 or 1977 and, as a result, Smith has been attempting to ensure proper usage in company brochures and other literature and to carry out some activity toward policing the use

of the mark to the extent that it would take action if an improper or infringing action was brought to its attention. These "asserted" activities, even though they might be carried out, might not rise to what would be considered to be a desirable trademark policing program. The term "asserted" was used in the above sentence because the mark "DYNA-DRILL" has still been used without the registration notice and as a name for the tool. However, such use does not, per se, constitute an abandonment of the mark. It may contribute to it to the extent that the commercial impression of a mark is often engendered by the manner of its use in the marketplace or on literature serving to advertise or promote the sale of goods offered thereunder. See: *In re International Spike, Inc.*, 190 USPQ 505 (TTAB, 1976) and cases cited therein and *In re Abcor Development Corporation*, 200 USPQ 215 (CCPA, 1978). The effect of Smith's use of "DYNA-DRILL" will best be served when considered under Ground "D", which deals with the question as to whether "DYNA-DRILL" is the common descriptive name for Smith's tools.

[13] In or about 1975, Smith adopted the letters "S.I.I.", derived from its corporate name, in a distinctive logo and has used it as a corporate identification symbol. As such, there is documentary evidence to show use of "S.I.I." in association with the mark "DYNA-DRILL", but the advertising of Smith corporation placed in evidence is not only replete with use of "DYNA-DRILL" without the symbol but it also discloses use of the symbol in connection with other of *1049 Smith's trademarks, all of which strengthens the impression that the symbol serves a house mark and that its use in conjunction with product marks such as "DYNA-DRILL" does not necessarily destroy the ability of the product mark to perform independently a trademark function. Olin has attempted to utilize portions of testimony by some of Smith's officials to show that "S.I.I. DYNA-DRILL" is Smith's mark and not "DYNA-DRILL" alone. But, an analysis of this testimony considered in light of the questions asked and the lack of trademark ex-

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pertise on the part of those gentlemen is hardly supportive of Olin's position on this point.

All in all, Olin's claim of abandonment must take a back seat to the question of whether or not "DYNA-DRILL" is the common descriptive name for Smith's goods with which it is intertwined.

Ground "D"

Olin asserts that "DYNA-DRILL" has become the common descriptive name for the type of tool marketed by Smith because Smith has used the term "DYNA-DRILL" as the name for its tool in dealings with customers and in its advertising material. In support thereof, Olin has relied on the definition of "DYNA" in "Webster's New International Dictionary of the English Language" (Second Edition, Unabridged, 1954) to the effect that it is derived from the Greek word "dynamics" and is "a combining form meaning power" to question the inherent character of the mark [this obviously also reflects on the character of applicant's mark]; invoices submitted by Smith to customers, wherein in all but one instance, the customers were billed for use of "DYNA-DRILL" plus the particular tool made -- the word "tool" appearing in but one invoice; copies of advertisements by Smith in various issues of the trade publication "Oil and Gas Journal" from September 23, 1968 to January 9, 1979, wherein "DYNA-DRILL" was frequently used as a noun or the name for the goods and as a part of such expressions as "Dyna-Drill Handbook", "Dyna-Drill Technique", "Dyna-Drill's reputation", "Typical Deep Well Dyna-Drill drilling assembly"; and the like; testimony by a third-party witness to the effect that "DYNA-DRILL" is a descriptive term for down-hole motors of all manufacturers, and that it is "kind of a generic word to me personally, but I don't know if this is industry use" [on cross-examination, the witness admitted that if he gave it any thought, the "DYNA-DRILL" mark would indicate to him that Smith is the source of the tool and that none of the other directional drilling tools

bear markings indicating that they are "Dyna-Drills", but rather, each carries the particular name devised for it by the manufacturer]; and that the industry survey introduced by Smith "clearly shows the term is universally considered to identify a *type* of tool, not a source of the tool".

Smith, in turn, contends that neither it nor its customers use or regard "DYNA-DRILL" as a common descriptive name for the tool it sells; that the term "DYNA-DRILL" may have been used alone, but only as a short hand designation of the goods in lieu of the long and cumbersome nomenclature of a down-hole directional drilling tool; that customers request the goods by "DYNA-DRILL tool" or by "DYNA-DRILL" plus an identification number which, for all purposes, is the same, and constitutes trademark use; and that the survey conducted on behalf of Smith clearly shows that a very high percentage of those surveyed recognized Smith as the source of the tool bearing the trademark "DYNA-DRILL" thereon.

[14] The fact that the unitary mark "DYNA-DRILL" may be a play on the word "power drill" does not without more indicate that the term possesses a merely descriptive significance to the extent that it immediately conveys to purchasers and prospective purchasers specific characteristics or functions of Smith's tool. It is, moreover, difficult for Olin to argue as to the debility of Smith's mark without creating the same impression as to its mark since the display thereof shown above does not shield it from the same analysis, especially where, as here, registration is sought on the Principal Register. Thus, as a starting point, it must be held, on a conceptual basis, that "DYNA-DRILL" was, at the time of adoption and first use, a mark that could serve to identify and distinguish Smith's tools in commerce. The question then is what, if anything, has happened to strip it of its trademark function. In this regard, it is recognized that, although a term at its inception or adoption may have been arbitrary or even suggestive in character, it may thereafter through use in a

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descriptive and non-trademark sense over a period of time lose its distinguishing and origin denoting characteristics and be regarded by the relevant section of the purchasing public as nothing more than a descriptive designation describing rather than identifying the goods on which it has *1050 been used. See: *The Bayer Co., Inc. v. United Drug Co.*, 272 F. 505 (DC NY, 1921); *DuPont Cellophane Company, Inc. v. Waxed Products Co., Inc.*, 30 USPQ 332 (CA 2, 1936); *Nissen Trampoline Company et al. v. American Trampoline Company*, 129 USPQ 210 (DC, Iowa, 1961); *The American Thermos Products Company v. Aladdin Industries, Incorporated*, 134 USPQ 98 (DC Conn., 1962), affirmed, 138 USPQ 349 (CA 2, 1963); and *Donald F. Duncan, Inc. v. Royal Tops Manufacturing Company, Inc., et al.*, 144 USPQ 617 (CA 7, 1965).

[15] This necessitates a look at the manner in which the mark "DYNA-DRILL" has been used over the years and the commercial impression projected by such use to purchasers and prospective purchasers of the goods. There can be no doubt from an examination of Smith's advertising literature and brochures and catalogs that it has been extremely careless in the use of the mark, in a sense almost suggesting a reckless disregard for the mark "DYNA-DRILL". But, nevertheless, interspersed with use of the term in the manner described above and further exemplified by such statements in catalogs as "directionally drilling with Dyna-Drill", "give our new high-speed Dyna-Drill a chance" and "Dyna-Drills", one can find an effort to maintain trademark rights in the term by constant use of "DYNA-DRILL" in capital letters and/or in a type of script different from other wording in statements in which it is used and by different expressions including "Dyna-Drill a drilling control tool", "Dyna-Drill Micro-Slim Small Drill Tools", "Dyna-Drill -- the tool with a thousand uses" and the like. Thus, this material is inconclusive in and of itself as to what is portrayed thereby. The use of "DYNA-DRILL" as a noun is obviously a way to lose a trademark, but then how can one explain the use of trademarks in the automotive industry in a

similar fashion. It is obvious that the test is the public concept of the mark. In this regard, the invoices of record show that customers order Smith's product generally by the term "DYNA-DRILL" followed by a number, which actually tells nothing specific about their concept of the designation. This should be considered in light of the fact that Olin has been unable to find use of the term "DYNA-DRILL" as a term of art or in any manner whatsoever by anyone in the trade notwithstanding that the record indicates that there are other manufacturers of competitive tools, and that Olin had an employee in its Purchasing Department conduct a search for evidence of current usage of trademarks similar to "DYNA-DRILL" -- all of which suggest that possibly "DYNA-DRILL" is not a term of art and is not a designation ordinarily used in the trade. As to evidence of consumer or purchaser reaction of record, the testimony of Olin's witness, previously referred to, is inconclusive, and there is nothing otherwise in Olin's record to indicate that his concept of the mark is typical or uncommon. This equally applies to the self-serving statements of Smith's employees and to the statement of its third-party witness. This leads to a consideration of the survey which Smith had conducted and which each party relies upon to support its respective position as to the significance of the notation "DYNA-DRILL".

Before proceeding to a discussion of the survey, it should be noted that it was intended to pertain not only to the question of the significance of "DYNA-DRILL" but also to matters relevant to the question of likelihood of confusion involved in the opposition. The results of the survey relevant to the opposition will be considered at that part of this opinion.

The survey was conducted by Leslie Brooks and Associates, Incorporated, which has been conducting surveys in the oil well drilling industry for nearly forty years. The company was asked by Smith's attorney "To interview drilling contractors to see if -- what their reaction was of Dyna-Drill

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and Smith International and other factors". Leslie Brooks, the owner of the marketing research firm, created the survey, which was finally entitled "Survey Among Oil and Gas Industry Drilling Contractors on Dyna-Drill Recognition and Handtool Use Factors" or as he put it, "A recognition survey among oil well drilling contractors of Dyna-Drill as an indication of origin of a directional drilling tool in Smith International". The universe for the survey was a list of six hundred and ninety-six drilling contractors obtained from the "Mid-West Oil Register", a directory of oil well drilling contractors, and a sample of three hundred and fifty-four names was drawn from the universe through the use of a table of random numbers -- these names were chosen from all over the United States. Brooks prepared the questionnaire to be used in the survey, and in accordance with good procedure, he did a pre-testing of the questionnaire to determine its efficacy and reliability. The pre-testing showed that Superintendents or Assistant Superintendents in charge of drilling operations were the most likely persons to be interviewed. It was determined therefrom *1051 that the Superintendent should be the prime candidate to interview and, if he was not available, then his Assistant. Brooks prepared the instructions for the interviewees, but did not disclose to them the purpose of the survey, the client, or that a trademark was involved. The interviewees were all experienced individuals from different areas around the country. Ten percent of the interviews were validated by another trained interviewer and all were validated.

The survey was conducted by telephone in or around April and May 1979, but the report along with the tabulated results was not completed until around August 3, 1979. The delay in completing the report was occasioned by the fact that the Brooks firm was busy and that Smith's counsel apparently did not indicate any urgency for its completion. It was subsequently introduced in evidence with the testimony of Brooks taken on August 7, 1979 and included all of the ingredients of the survey, namely, the questionnaires and the tabulated res-

ults. Brooks was of the opinion that the time-lag between the conduct of the survey and its introduction in evidence was not of a duration sufficient to destroy its relevance or reliability to speak on the question to which it was directed.

Out of the sample of three hundred and fifty-four, three hundred and eighteen were interviewed. Eighty-nine percent indicated that they were drilling contractors and around ten percent said that they were currently out of business or had become oil producers. The three hundred and eighteen individuals were asked if they had heard of "DYNA-DRILL" and, of this number, two hundred and eighty-seven said that they had. [These two hundred and eighty-seven individuals assertedly drilled fifty-three percent of the wells drilled in the United States in 1978]. The survey was thereafter conducted with only these two hundred and eighty-seven respondents. The next question asked of them was "You Have and Use Rotary Rigs, Do You Not?", to which ninety-nine percent answered in the affirmative and one percent in the negative. This was followed by "Have You Ever Heard of The Words DYNA-DRILL Spelled as D-Y-N-A Hyphen D-R-I-L-L?", to which ninety percent answered yes and nine percent no. Next came the question, "What Do You Think Of When You Hear The Words Dyna-Drill?". Sixty-five percent of the interviewees indicated a directional drilling tool or the like; four point two percent [4.2%] said "tool" and, upon further questioning, three point one percent [3.1%] when asked what kind of tool, responded, directional drilling, and one point one percent [1.1%] said a tool used for drilling; and thirteen percent mentioned a down-hole tool or downhole drilling tool, of which eight point two percent [8.2%], upon further questioning, indicated that it was used for directional drilling or an equivalent use. Finally, "What is the name of the Company [ies] which make the Dyna-Drill tool or Tools?". Forty-three percent of those interviewed mentioned Smith International or an equivalent in their initial response and forty-one percent on a follow-up question -- a fairly consistent response. The last

question that may be relevant at this point was "Have you ever personally specified that this tool Dyna-Drill be used in any phase of the work done under your supervision?", to which thirty-six percent answered "Yes" and sixty-three percent "No".

[16] It is clear from the testimony by Brooks and the documentary material comprising the survey accompanying the testimony that the methodology utilized in the preparation and conduct of the survey as well as in the tabulation of the survey was above reproach and avoided all of the pitfalls that could have caused it to be inadmissible. The salient question, of course, is the probative value to be attached to its results insofar as it relates to the issue in question. The pertinent results of the survey were that ninety percent of the respondents had heard of the term "DYNA-DRILL"; that at least sixty-five percent of the respondents thought of a directional tool when they heard the name "DYNA-DRILL"; and that between forty-one to forty-three percent of the respondents recalled Smith as the manufacturer [interestingly enough, forty-five percent of the interviewees did not know the name of any company which makes the "DYNA-DRILL" tool.]

The initial impact of these results might lead to the conclusion, as Olin argues, that they serve to establish that "DYNA-DRILL" identifies a tool and not the source thereof or that, as Smith urges, the survey clearly shows that a very high percentage of those surveyed recognize it as the source of the tool with "DYNA-DRILL" thereon. However, it is believed that the survey does not support either view. There is nothing in the survey that would indicate that those interviewees who associate the "DYNA-DRILL" tool with Smith recognize the term as a trademark for the tool originating exclusively with Smith or merely as a descriptive*1052 name for the tool produced by Smith. The recognition factor shown by the survey could obviously be based upon one or more factors other than that as a trademark as, for example, the fact that Smith may be the largest producer and advertiser of directional drilling tools. Nonetheless, by the same token, the

high association of the "DYNA-DRILL" tool with Smith cannot be ignored, as Olin would like, because it is indicative of Smith's success or penetration in this field as a result of its use of the term over the years. Unfortunately, the survey is silent on the question of whether "DYNA-DRILL" is perceived by these individuals as a trademark or as a name or common descriptive name for directional drilling tools of a particular type. The survey is as inconclusive on this question as is the other evidence adduced by the parties. Under these circumstances and since Olin, as the counterclaimant, had the burden of establishing its claim on this ground by a preponderance of the evidence, it must be concluded that Olin has failed in this regard. An allegation that a notation in use on a fairly substantial scale for over five years as a common descriptive name, which can serve to destroy a party's common law rights therein, as well as its registration rights, cannot be sustained if there is, as in this case, any doubt or uncertainty on the question.

[17] Accordingly, it is held that the counterclaim is sustainable but only on the grounds that Smith was not the owner of the "DYNA-DRILL" mark when the application for registration was filed; that the interstate shipment on which the application was predicated was not a bona fide shipment in commerce from which rights in and to a trademark can arise; and that the circumstances surrounding the filing of the Section 8 affidavit with the allegations of Section 15 and the failure to disclaim any rights of incontestability in the "DYNA-DRILL" mark until after the counterclaim was filed, notwithstanding notice long prior thereto from the Patent and Trademark Office that the affidavit was considered to be a combined Sections 8 and 15 affidavit, constituted fraud to the extent that Smith knowingly was enjoying the benefits of Sections 15 and 33(b) to which it was not legally entitled.

After proceeding on a very long and torturous road, the opposition finally comes to the fore.

[18] Insofar as the prior rights are concerned, the holding herein pertaining to the validity of Smith's

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registration cannot preclude Smith from relying on its common law rights in the mark "DYNA-DRILL". See: *Duffy-Mott Company, Inc. v. Cumberland Packing Company*, supra. Thus, even without taking into account Smith's use of the mark "DYNA-DRILL" pursuant to its agreement with Clark, the record supports Smith's use of the mark in its own right since sometime in 1973, a time prior to Olin's 1975 date of first use. And even if it could be held that "DYNA-DRILL" is a descriptive term, a finding that we are not prepared to make on this record, it is settled that the prior user of a descriptive term possesses a real interest in the question of a subsequent user's right to register the same or a similar mark for the same or similar goods. See: *DeWalt, Inc. v. Magna Power Tool Corporation*, 129 USPQ 275 (CCPA, 1961) and *New York State Office of Parks and Recreation v. Atlas Souvenir & Gift Co.*, 207 USPQ 954 (TTAB, 1980). This leads to the marks involved in this proceeding. Olin's mark, notwithstanding the manner in which it is displayed, is "DYNA-DRILL", the term by which its goods would be identified and called for in the marketplace. Thus, for purposes herein, no distinction can be made between it and Smith's "DYNA-DRILL" mark.

[19] Olin has made of record copies of forty-six third-party registrations for marks containing the term "DRILL" or "DYNA" or a variant thereof for goods "as similar to opposer's goods [Smith] as are applicant's [Olin]" and catalogs or brochures of manufacturers of goods similar to or related to tools of the type marketed by Smith which reveal use by these companies of trademarks containing the term "DYNO" or "DYNA" or "DRILL", including the mark "DYMADRILL" for electrically powered hand drilling equipment. Olin's reliance on these third-party registrations and use is misplaced because, save for the one specifically mentioned mark, the marks disclosed therein are distinctly different from "DYNA-DRILL" and, as such, they cannot serve to delineate the scope of protection to be afforded said mark and hence cannot be of any succor to Olin in its quest to register the mark

"DYNA-DRILL". See: *AMF Incorporated v. American Leisure Products, Inc.*, 177 USPQ 268 (CCPA, 1973) and cases cited therein. The disclosure of the "DYMADRILL" mark is likewise of no moment for the record is silent as to the extent of use of the mark by its proprietor and any right that party might have in said mark that it may be able to *1053 assert against Smith at a proper time and in a proper place cannot be utilized by Olin in the absence of any privity between it and said party. See: *The Magnavox Company v. Multivox Corporation of America*, 144 USPQ 501 (CCPA, 1965). In essence, the conflict here is between Olin and Smith and the activities of third parties or strangers to this proceeding cannot, at least in this proceeding, be of any value to the trier of fact.

[20] In view of Smith's prior rights and the identity of the marks in issue, it is apparent that the outcome of the opposition and Smith's claim of damage must necessarily turn on whether the marketing of the respective products of the parties under the same "DYNA-DRILL" mark is likely to cause confusion in trade. Long and extensive contemporaneous use by parties to a proceeding of this kind of their marks, in a marketing environment wherein sufficient time and interplay between them was present, without actual confusion occurring, may be a significant if not a controlling factor in resolving the question of likelihood of confusion. See: *Harry Fischer Corporation v. Keneth Knits, Inc.*, 207 USPQ 1019 (TTAB, 1980). But, under ordinary circumstances, such as that disclosed by the evidence in this case involving three years of contemporaneous use, the absence of evidence of actual confusion is but a factor that must be considered in determining the question of likelihood of confusion. See: *In re E. I. du Pont de Nemours & Co.*, 177 USPQ 563 (CCPA, 1973).

There actually is no question but that Olin's hand-held rotary hammers and Smith's down-hole drilling tool are distinctly different in physical characteristics, specific uses, cost, and method of utilization. The differences in the positions of the parties

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lie essentially in whether the conditions and circumstances under which they are sold and utilized are such that they would be likely to be encountered by the same individuals in an environment that could, because of the identity of the marks used thereon, lead these individuals to attribute mistakenly them to the same, albeit anonymous, source.

Smith has urged that, notwithstanding the differences between the products, they are related to the extent that they fall within the category of drilling devices with a hammering action to facilitate the drilling function; that, while the current channels of trade utilized by the parties are different, their products can end up in the hands of the same users or be used in situations where the goods can be seen by the users of the other of the products; and that, although "purchasers" [lessees] of Smith's goods are what could be called "sophisticated purchasers", purchasers of Olin's drills do not always fall within this category, at least to the extent that Smith's lessees do, and, in many instances, are just upper echelon laborers. Therefore, to paraphrase Smith's argument:

All actual or potential users and actual or potential purchasers of the products of the parties are likely, because of the common drilling function of the goods, to think that the goods come from the same source, the upper echelon laborers most of all because they are less sophisticated and the contractors possibly somewhat less so because the cost of Olin's goods is not so great cannot be expected to exercise the same degree of care when purchasing Olin's tools as when contracting for Smith's goods.

In support of the above, Smith has relied on testimony of its corporate officials to the effect that around well-drilling sites, where Smith's tool is used, there are instances when a rotary hammer of the type sold by Olin may be used as, for example, at the drilling sites, where there are concrete platforms for supporting equipment into which holes must be drilled for anchoring bolts and the like; so-called mud tanks are used which frequently are

made of concrete and which sometimes must have holes drilled in them for anchoring equipment for handling the drilling mud; and at established drilling sites when Smith's tool would be used for redrilling, deepening or clearing out operations, holes must frequently be drilled in concrete platforms to receive anchors to support Smith's tool. During its testimony period, there was testimony that Smith's tool is also used to drill under roadways, rivers, streets, and the like. In connection therewith, Smith has offered the testimony of a contractor who specializes in this type of work. The testimony is essentially that he utilizes Smith's tool in seventy-five percent of applications; that he uses a lot of other tools in his operations including drills similar to those of Olin to anchor wood to concrete or to drill holes in concrete for the placing of dynamite; that these tools are often used by the same marks; and that he would be confused if he were to encounter a hammer drill under the "DYNA-DRILL" mark. Also, as to its asserted relationship of the tools, Smith relies on the results of the survey conducted in its behalf.

***1054** Olin, in its argument against the likelihood of confusion, has urged that circumstances and conditions surrounding the sale and use of the products are not ripe for such a happening because rotary hammers are adopted for working only in masonry, stone and concrete and are not generally suited for or used in drilling through heavy wooden members; the application of a drill hammer is not suited for use in an explosive environment, i.e., where oil or gas is being drilled since it creates an electric spark and the nature of the product is such that it cannot be modified to eliminate this hazard; the overwhelming use of Smith's tool is and has been in well drilling, and usage of the tool in other applications, including drilling holes under rivers, streets, etc., is nothing more than minimal; Smith's tools are leased and not sold and, as indicated by the record, the structure of the drilling industry precludes the sale of the goods whereas Olin's sales are made by salesmen at job sites in company vans or through specialized distributors to the end users,

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none of whom, within Olin's knowledge, is or has been an oil or gas well drilling contractor; there is no evidence that a rotary hammer of the type marketed by Olin is used around well drilling sites, or, if it could be so used, it would generally be utilized at a drilling site before the use of Smith's tool commenced; the parties responsible for the selection of down-hole drilling tools are quite knowledgeable in their particular field; and any possible likelihood of confusion would be of a de minimis nature, which is not sufficient to support Smith's claim of damage, citing *Witco Chemical Company, Inc. v. Whitfield Chemical Company, Inc.*, 164 USPQ 43 (CCPA, 1969).

Olin has offered testimony by a number of third persons, who have been demonstrated to be familiar with the oil well drilling industry. Their testimony differs somewhat from the testimony of Smith's witnesses concerning the situations around a well hole that could call for use of a rotary hammer drill. They did indicate on cross-examination that a drill of this kind *could* be sold to a drilling contractor and *could* be used at a well-drilling site, but apart from their belief that such usage would present an explosion hazard, they testified that well drilling is accomplished through the combined efforts of specialists who perform various functions at different times for the operator, these specialists generally employ their own tools which they bring with them to the well site and which they take with them when they complete their tasks and leave drill sites, and there is no exchange of tools between the different specialists working at a drill site and only a limited amount of overlap where different specialists are even simultaneously present.

Finally, Olin urges that Smith's survey shows that not one contractor interviewed mentioned either hammer drills or rotary hammers when asked to identify the "general types of hand-held power tools" used and kept at drilling rig sites"; that when asked to identify the "brand name or brand names of hand-held power tools" with which they were familiar, none of them mentioned "DYNA-DRILL",

Smith International or Ramset [Olin's division], and that when asked "what do you think of when you hear the words "DYNA-DRILL", not one contractor responded by mentioning any product remotely related to a hammer drill, rotary hammer, or a hand-held power tool.

The survey, insofar as it may have some bearing on the question of likelihood of confusion, contains a number of questions relating to the use of hand tools by drilling contractors, the general lessees of Smith's "DYNA-DRILL" tool. Before proceeding to this question, it should be noted that a substantial number of the interviewees who named a company that makes the "DYNA-DRILL" tool also associated Smith with other products such as drill bits, rock bits, drill collars, reamers, rotary drilling bits, survey equipment, and like products, but not with any hand-held power tools. As to the other questions, forty-five percent of the interviewees indicated that general types of hand-held power tools are used and kept at drilling rig sites. When this group was then asked to indicate the type of tools, fourteen percent answered electric drills and eleven percent indicated drills, per se, but only three percent identified "power impact tools" -- but there was no follow-up as to type of drills or "power impact tools" except that twenty-four percent, when asked if hand-held power drills ordinarily would be among those tools at a drilling rig, answered in the affirmative. Of those who were aware of any brand names for hand-held power tools, none mentioned either Smith, Olin or any division of Olin. The next two questions that may be relevant here were "Do the men who work on drill site construction crews or on drilling crews use hand-held power tools to a considerable extent?" The response in the affirmative was twenty-four percent, but again no indication as to the type or types of the power tools. Finally, twenty-four percent indicated that workers under their supervision do construction work in preparing a drill site; however, in detailing the type *1055 of work performed, only two percent described a type of work that might broadly encompass an operation that could utilize a drilling ham-

mer.

[21] Smith, as plaintiff in the opposition, was under the burden, as Olin was in regard to the counterclaim, to establish by a preponderance of the evidence that confusion is likely to occur from the marketing of the products of the parties under the "DYNA-DRILL" marks. What has Smith shown? Smith has produced a single contractor, not in the oil or gas industry from which Smith obtains the bulk of its business, who indicated that he uses Smith's tool in drilling under rivers, pavements, etc. and also has occasion to use hand tools, including impact hammer drills to anchor wood to concrete and to drill holes in concrete for dynamite charges, and that he would believe that a hand-held rotary hammer originated with Smith if it bore the mark "DYNA-DRILL". Apart from the fact that it is not known whether he is a typical purchaser and user of both types of products or whether Smith had to scan the field to find a witness that would so qualify and so testify, a question arises as to whether the witness was referring to use of a product of a type similar to that of Olin because there is testimony that while the hammer can possibly be used on wood, it is not designed to do so because the bits are intended only for use on concrete, masonry, and brick. The survey offered by Smith also reveals that, while a percentage of the interviewees associate Smith with other products, none of them mentioned a hammer drill, rotary hammer, hand-held power tool or anything even remotely related thereto. Smith has also relied on testimony by officials of its corporation indicating that certain conditions can exist at a drilling site which would or could require the use of an impact hammer; most of this testimony was mere speculation rather than fact, for Smith apparently was unable to adduce testimony of a drilling contractor that he does or had, in fact, used a tool of that description in his work. As previously indicated, the survey revealed that only a small fraction of the work performed by those preparing a drill site can, by a generous interpretation of the responses, constitute a situation in which such a tool could be utilized.

Olin, in turn, has offered testimony by third parties, assertedly experienced in the oil drilling business, to counter the testimony of Smith's witness. This testimony is generally to the effect that different specialists perform different work at a drilling site and there is no exchange of tools between the different specialists; that generally there is little, if any, occasion, to utilize an impact hammer at a drilling site; and that the parties responsible for the selection of down-hole well drilling tools are quite knowledgeable in their field. Although, on cross-examination, Olin's witnesses testified that its tools *could* be used at a drilling site, they also testified that such usage would produce an explosion hazard because of sparks from the use of the tools. Again, in reference to the survey, *none* of the interviewees, when asked to identify the "brand name or brand names of hand-held power tools" with which they were familiar, mentioned "DYNA-DRILL" or Olin or Smith.

[22] The evidence adduced by the parties on this question, as in the case of petitioner's claim that "DYNA-DRILL" is a common descriptive name for Smith's tool, is inconclusive. However, considering the small percentage of contractors that utilize "power impact tools" in their work, the apparent unfamiliarity of drilling contractors with Olin's "DYNA-DRILL" tool, and the fact that neither Olin nor Smith was able to identify a single person in the well drilling industry that has purchased one of Olin's tools, the only conclusion that can be reached from the record herein is that Olin's impact hammer is not a tool generally utilized by those that are involved in the welldrilling industry. This is borne out by the fact that both Olin and Smith have extensively engaged in their respective activities under their "DYNA-DRILL" marks for a three-year period without any evidence of actual confusion, misdirected mail or other indicia that a conflict exists between them. There is always the possibility of such a conflict, but what is possible may not be probable, and it would be of a *de minimis* situation. As stated in *Witco Chemical Company Inc. v. Whitfield Chemical Company, Inc.*, cited by Olin,

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"We are not concerned with mere theoretical possibilities of confusion, deception, or mistake or with de minimis situations but with the practicalities of the commercial world with which trademark laws deal".

It is therefore concluded that Smith has not persuaded us that, in the commercial world surrounding the activities of the parties, there is a viable likelihood of confusion as to either source or sponsorship of their products merely because of the common use of the suggestive mark "DYNA-DRILL".

*1056 Decision

The counterclaim is granted, Registration No. 665,030 will be cancelled in due course, and the opposition is dismissed.

FN1 Reg. No. 665,030, issued July 29, 1958, renewed, Sec. 8 affidavit accepted and Sec. 15 affidavit acknowledged. Smith is the record owner of the registration by virtue of a series of name changes of the registrant, H. C. Smith Oil Tool Co., all of which have been duly recorded in the Patent and Trademark Office. Thus, the term Smith, per se, will be used herein to encompass all such company names.

FN2 Fraud, abandonment, and a claim that the mark has become the common descriptive name of the product for which it was registered constitute valid grounds under Section 14(c) for cancelling a registration that has existed for five years and even a registration where the right to use the registered mark in commerce has become incontestable under Section 15. And there can be no doubt but that Olin, as defendant in the opposition proceeding in which Smith has relied on said registration in support of its claim of damage, has a real interest in the cancellation question.

See: Federated Foods, Inc. v. Fort Howard Paper Company, 192 USPQ 24 (CCPA, 1976) and Golomb v. Wadsworth, 201 USPQ 200 (CCPA, 1979).

FN3 Subsequent to the counterclaim, Smith filed a disclaimer to any benefit of incontestability bestowed upon a registered mark under the statute.

FN4 It should be noted that a higher commercial use standard than that required for the purpose of laying a foundation for registration is necessary to establish a proprietary right in and to a trademark where two competing parties claim a right of ownership in the same or a similar mark. See: Blue Bell, Inc. v. Farah Manufacturing Company, 185 USPQ 1 (CA 5, 1975) and Standard Pressed Steel Co. v. Midwest Chrome Process Company, 183 USPQ 758 (TTAB, 1974).

FN5 Smith has attempted to equate its shipment with that in Standard Pressed Steel Co. v. Midwest Chrome Process Company, supra. The shipment in that case, although an intra-company transaction, involved fasteners that were a finished product and ready to be sold, and the fasteners when shipped did not remain immobile in the sales representative office, but were openly used and distributed, a situation clearly unlike that in this proceeding.

FN6 Olin has attempted to attribute bad faith on the part of Smith in maintaining its registration through the alleged fraudulent statement of continuous use by introducing evidence to show that Mayhew Machine Co. Inc. filed an application in the Patent and Trademark Office to register "DYNA-DRILL" for "rotary drill accessories claiming a date of first use on August 18, 1959 [Serial No. 90,259]; that

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registration was refused in view of the existence of Smith's registration; and that based on the belief that Smith possessed prior rights in the mark Mayhew abandoned the application. Smith took the testimony of the same individual that testified for Olin on this matter. He testified that Mayhew had applied the mark "DYNA-DRILL" to but two machines, namely, "mobile drilling rigs for drilling soft overburden" and had not otherwise made use of the mark. Apart from any possible action that Mayhew might have or might have had against Smith, Smith is correct in stating that there is no rule or decision to the effect that a registrant whose registration is later found to have been improperly granted is legally or otherwise responsible for the action of the Patent and Trademark Office in rejecting applications of others to register the same or similar marks on the basis of that registration.

FN7 Olin has charged that the assignment of rights in the mark "DYNA-DRILL" from Clark to Smith in the 1973 agreement was an assignment in gross because it did not recite any goodwill associated with the mark. Magic words of this kind are not deemed necessary in a situation such as this in view of the relationship between the parties over the years and Smith's activities under the mark with Clark's blessings.

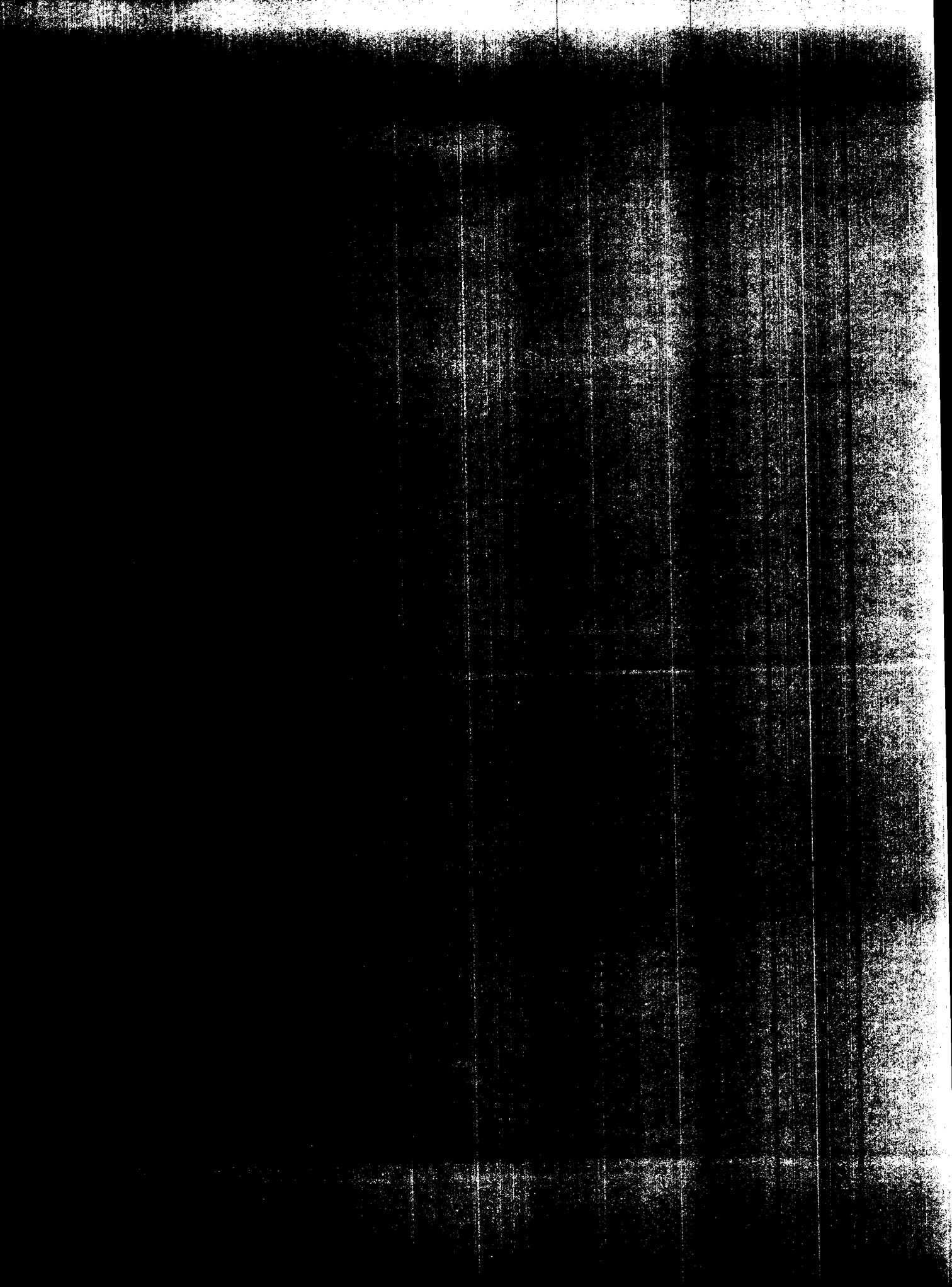
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T.A.D. Avanti, Inc.
 v.
 Phone-Mate, Inc.

District Court, C. D. California
 No. 77-2463

Decided Feb. 14, 1978

United States Patents Quarterly Headnotes

TRADEMARKS

[1] In general (§ 67.01)

Function of trademark is to point distinctively to origin or ownership of wares to which it is applied, whether by its own meaning or by association.

TRADEMARKS

[2] Acquisition of marks -- Character and extent of use -- In general (§ 67.0731)

Owner must use mark in such manner as to identify origin of its products and to distinguish its products from those of others to acquire right to exclusive use of mark.

TRADEMARKS

[3] Marks and names subject to ownership -- Descriptive -- In general (§ 67.5071)

Word or combination of words used to describe characteristic of product to which it is applied, rather than to indicate product's origin, does not vest user with any trademark rights.

TRADEMARKS

[4] Marks and names subject to ownership -- Descriptive -- In general (§ 67.5071)

Law does not secure to any person exclusive use of mark consisting merely of word descriptive of characteristic of product, since word that is merely descriptive of characteristic, when used alone, does not perform function of trademark, which is to point distinctively to origin of product to which it is applied; other like products that are equal to such products in all respects may be manufactured or

dealt in by others, who may use, and must be left free to use, same language of description in placing their product before public.

TRADEMARKS

[5] Marks and names subject to ownership -- Descriptive -- How determined (§ 67.5073)

Marks and names subject to ownership -- Descriptive -- Particular marks (§ 67.5081)

Fact that alleged trademark is displayed along with other clearly descriptive terms, such as "remote control," is some evidence that mark is being used in descriptive manner rather than in trademark sense.

TRADEMARKS

[6] Notice of infringement and marking goods (§ 67.54)

Fact that no symbol, such as "TM" or "R" in circle, is used to designate alleged trademark as trademark is some evidence that alleged mark is not being used in trademark sense.

TRADEMARKS

[7] Marks and names subject to ownership -- Descriptive -- In general (§ 67.5071)

Word that is descriptive of characteristic or product function in jargon of trade may not be appropriated as exclusive trademark of manufacturer, to exclusion of manufacturers of competitive products.

TRADEMARKS

[8] Marks and names subject to ownership -- Descriptive -- In general (§ 67.5071)

Word that is in its primary meaning merely descriptive of goods to which it is applied may not be appropriated as exclusive trademark of single seller, since one competitor will not be permitted to impoverish language of commerce by preventing his fellows from fairly describing their own goods.

TRADEMARKS

[9] Marks and names subject to ownership -- Descriptive -- In general (§ 67.5071)

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Word that is descriptive to large class of those who have something to do with product to which word is applied cannot be appropriated as trademark, even though it is not merely descriptive to another class of persons having something to do with product.

TRADEMARKS

[10] Registration -- Effect (§ 67.747)

There is no presumption of validity attached to trademark registration of U.S. Patent and Trademark Office if it was not presented with information pertinent to propriety of registering that mark.

TRADEMARKS

[11] Infringement -- Tests of (§ 67.439)

Test for infringement of trademark registered in U.S. Patent and Trademark Office is "likelihood of confusion," that is, is public likely to be confused as to source or origin of products of trademark owner and accused infringer as result of accused infringer's use of mark or term.

TRADEMARKS

[12] Marks and names subject to ownership -- Descriptive -- In general (§ 67.5071)

Weak mark is accorded less protection than stronger mark.

TRADEMARKS

[13] Marks and names subject to ownership -- Descriptive -- In general (§ 67.5071)

Marks that are descriptive or suggestive are "weak" in contrast to marks that are fanciful or arbitrary.

TRADEMARKS

[14] Marks and names subject to ownership -- Descriptive -- How determined (§ 67.5073)

Fact that mark has been used, alone or as prefix or suffix, as mark or part of mark for other products is indicia of weakness of mark.

TRADEMARKS

[15] Identity and similarity -- How determined -- Dissecting marks (§ 67.4063)

Entire mark or term that is alleged to infringe owner's mark must be considered, as opposed to only

portion of it, in addressing issue of "likelihood of confusion."

TRADEMARKS

[16] Identity and similarity -- How determined -- Adding to other's mark (§ 67.4053)

Use of accused infringer's trademark, trade name or "house mark" in advertising its products and on its products and packaging mitigates against finding of likelihood of confusion, particularly in case in which accused mark or term and trademark owner's mark are recognizably different.

TRADEMARKS

[17] Identity and similarity -- How determined -- Appearance, meaning or sound (§ 67.4055)

Visual, verbal, and intellectual differences are to be considered in determining whether accused mark or term is likely to create confusion.

TRADEMARKS

[18] Identity and similarity -- How determined -- Appearance, meaning or sound (§ 67.4055)

Identity and similarity -- How determined -- Descriptive or disclaimed matter (§ 67.4061)

Infringement -- In general (§ 67.431)

There is no likelihood of confusion, and hence no infringement, in case in which accused mark or term is recognizably different in sound, appearance, and meaning from registered trademark that is descriptive, or suggestive at best, and accused's house mark is used in its advertising and on its products and packaging when accused mark or term is used.

TRADEMARKS

[19] Identity and similarity -- How determined -- In general (§ 67.4051)

Marks and names subject to ownership -- Secondary meaning (§ 67.523)

While large, long, or substantial advertising expenditures is factor to be considered in determination of likelihood of confusion in trademark infringement case, it is not dispositive; nor does large money expenditure create legally-protectible right.

TRADEMARKS

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[20] Pleading and practice in courts -- Burden of proof -- Infringement (§ 53.134)
 Pleading and practice in courts (§ 67.63)
 Trademark owner has burden of proving infringement, that is, likelihood of confusion, in trademark infringement case.

TRADEMARKS

[21] Marks and names subject to ownership -- Secondary meaning (§ 67.523)
 Pleading and practice in courts (§ 67.63)
 Burden of showing that term has acquired secondary meaning is upon party asserting it; it must be shown that primary significance of term in minds of consuming public is not product, but producer.

TRADEMARKS

[22] Identity and similarity -- Symbols (§ 67.409)
 Infringement -- In general (§ 67.431)
 Use of "C-Vox," "C-Vox 8000," and "C-Vox 9000" does not constitute infringement of registration of "Vox."

TRADEMARKS

[23] Pleading and practice in Patent Office -- In general (§ 67.671)
 Applicant for trademark registration is required to exercise uncompromising candor in his communications with Patent and Trademark Office, lest any registration he obtains be invalidated or held to be unenforceable; he must refrain from making false representations to Patent and Trademark Office and must make full disclosure of all facts that to his knowledge might bear in any way on office's decision to grant registration sought.

TRADEMARKS

[24] Attorneys -- In general (§ 17.1)
 Pleading and practice in Patent Office -- In general (§ 67.671)
 Knowledge of party's attorney that is pertinent to propriety of registering term as party's trademark is imputed to that party.

TRADEMARKS

[25] Costs -- Attorney's fees (§ 25.5)

Award of attorney's fees to prevailing accused infringer is in order in case in which registrant brings or maintains trademark infringement lawsuit in bad faith for purpose of harassing its competitor.

Action by T.A.D. Avanti, Inc., against Phone-Mate, Inc., for trademark infringement. Judgment for defendant.

Keith D. Beecher, and Jessup & Beecher, both of Los Angeles, Calif., for plaintiff.

Paul L. Gardner, and Gardner & Anten, both of Beverly Hills, Calif., for defendant.

Real, District Judge.

This matter came on for trial before this Court on January 26, 1978. The Court, having considered the pleadings and memoranda filed and the evidence presented at trial, hereby makes the following findings of fact and conclusions of law:

Findings of Fact

1. Plaintiff, T.A.D. Avanti, Inc., and Defendant, Phone-mate, Inc., are both California corporations having their principal places of business in this judicial district.
2. Plaintiff Avanti is the owner of Trademark Registration No. 1,066,132 (principal register) for the mark "VOX." The registration was issued by the United States Patent Office on May 24, 1977 based upon application Serial Number 95,765 filed August 5, 1976. The mark is for "electronic telephone answering units."
3. Plaintiff Avanti has charged that defendant Phone-mate has infringed its registered trademark VOX.
4. Defendant Phone-mate has denied infringement and alleges that the trademark registration is inval- id.

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5. Defendant also alleges that plaintiff Avanti obtained its registration of VOX fraudulently, by failing to fully inform the Patent Office of pertinent facts known to plaintiff and also by making false statements. Defendant also alleges that the present lawsuit was brought in bad faith and has been maintained in bad faith for the purpose of harassing defendant Phonemate, plaintiff Avanti's primary competitor*651 in the sale of telephone answering units.

6. Plaintiff and defendant are competitors in the sale of telephone answering units throughout the United States.

7. Plaintiff Avanti has used and is using VOX to refer to a feature (i.e., voice actuation) of its telephone answering units.

8. Plaintiff Avanti currently manufactures and sells three models of telephone answering units; i.e., Model 60, Model 70 and Model 80.

9. Each of plaintiff Avanti's models (i.e., 60, 70 and 80) receives two cassette tapes. One tape is an "announcement" tape on which the owner of the unit records an announcement to be played to callers (e.g., "I'm presently away from home. At the sound of the tone please leave your name and number so I can return your call."). The other tape is a "message" tape which records messages from the callers.

10. In the model 60 unit, the message tape runs and records each caller's message for a fixed time, e.g., thirty seconds.

11. Each of plaintiff Avanti's Models 70 and 80 units has a switch which is moveable between a "FIX" position (standing for fixed time control) and a "VOX" position (standing for voice actuated or voice control). If the switch is in the FIX position, the message tape will operate for a fixed time, as in the Model 60. If the switch is in the VOX position, the message tape will operate for as long as the voice of the caller is present. This characteristic,

i.e., operation of the message tape for as long as voice is present, is called "vox."

12. Plaintiff never uses the term VOX in its advertising of its Model 60 unit because the Model 60 unit does not have that characteristic. Plaintiff always uses the term VOX in advertising its Models 70 and 80 units.

13. The purpose of plaintiff's using the term VOX in its advertising the Models 70 and 80 units is to inform the public that these models are equipped with a vox characteristic.

14. Plaintiff's Model 80 unit has a characteristic that neither the Model 60 nor the Model 70 has; i.e., the owner of the unit can call his own telephone number from a remote location, send a tone signal over the telephone line by means of a "beeper", and cause the message tape in his unit to rewind and play back all of his messages over the telephone. This characteristic is called "REMOTE CONTROL" in plaintiff's advertising.

15. Plaintiff never uses the term "REMOTE CONTROL" in its advertising of its Models 60 or 70 units because neither of these units has that characteristic. Plaintiff always uses the term "REMOTE CONTROL" in its advertising of the model 80 unit.

16. The purpose of plaintiff's using the term "REMOTE CONTROL" in its advertising of the Model 80 is to inform the public that this model is equipped with a remote control characteristic.

17. In advertising the model 80 unit, plaintiff uses the terms "REMOTE CONTROL" and "VOX" to inform the public that the model 80 has these characteristics.

18. By way of example, in advertising its model 80 unit, plaintiff's brochures state:

"Introducing . . . REMOTE CONTROL and VOX (voice actuation)"

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(defendant's Exhibit BW), and

"All the Main Features PLUS Built-in REMOTE CONTROL Built-in VOX (Voice Actuation)"

(defendant's Exhibit DP).

"REMOTE CONTROL" and "VOX" appear in all capital letters. Neither REMOTE CONTROL nor VOX is marked with "TM" or "R" or any other marking indicating that either term is considered to be a trademark.

19. Plaintiff claims no trademark rights in "REMOTE CONTROL."

20. Plaintiff's trademarks and trade names "T.A.D. Avanti, Inc." and "Record-A-Call" are prominently displayed in all of plaintiff's advertising, including the boxes in which its telephone answering units are packaged, and on the telephone answering units themselves. These trademarks and trade names (i.e., T.A.D. Avanti and Record-A-Call) are accompanied by an R in a circle, indicating that they are registered trademarks. The purpose of plaintiff placing T.A.D. Avanti, Inc. and Record-A-Call on its telephone answering units, its packaging and its advertising is to inform the public of the source or origin of its goods.

21. The purpose of plaintiffs placing "VOX" on its telephone answering units, its packaging and its advertising of its Models 70 and 80 units is to inform the public that the units have that characteristic.

22. Plaintiff Avanti does not use "VOX" to identify the origin of its telephone answering units.

*652 23. In advertising its Models 70 and 80 telephone answering units, plaintiff advertises that the units have "built-in APCM" (defendant's Exhibits DM and DN).

24. APCM is an abbreviation for Authorized Protective Connecting Module. Plaintiff claims no trademark rights in "APCM."

25. The purpose of plaintiffs' using "APCM" in its advertising is to inform the public that its telephone answering units are equipped with that characteristic.

26. Telephone answering units of the type marketed by plaintiff are a type of magnetic tape recorder.

27. Telephone answering units, magnetic tape recorders and ham radio equipment all fall within the category of consumer electronics products.

28. Prior to 1965 companies marketing tape recorders, such as Wollensack and Ampex, sold magnetic tape recorders which they merchandised and marketed as having a VOX feature.

29. Prior to 1965 the term VOX was generic or common in the consumer electronics industry, and meant voice actuation of a tape mechanism.

30. Starting in about 1965, Ford Industries, headquartered in Portland, Oregon, manufactured and sold telephone answering units which it advertised as having VOX control, standing for voice activated control. (Defendant's Exhibits G-2 and G-3.)

31. Ford Industries used the term VOX to describe the voice activation characteristic of its telephone answering units in its engineering specifications and service manual as well as its advertising literature. (Defendant's Exhibits G-3, G-4 and G-5.)

32. Ford Industries did not use the term VOX as a trademark, but rather as a term describing a characteristic and function (i.e., voice control) of its telephone answering units.

33. In the middle 1960's DeJur Grundig, Stenorette marketed dictating equipment and used the term VOX to describe the function or characteristic of voice control of the magnetic tape.

34. In the late 1960's, the Dictaphone company used the term VOX in its descriptive literature to describe that characteristic (i.e., voice control) of its dictating equipment.

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35. For almost twenty years "VOX" has been a common and generic term in the tape recording business. For that reason Ford Industries never attempted to obtain trademark registration for the term.

36. Ford Industries' distributors presently selling telephone answering units made by Ford and having the VOX characteristic, and are advertising such units as having that characteristic in newspaper ads, trade publications and other advertising literature throughout the United States.

37. Plaintiff Avanti claims a first date of use of "VOX" in October of 1974.

38. The term VOX has been used continuously since at least 1964 in the ham radio field to describe voice actuated circuitry.

39. The term VOX has been widely used, since at least 1964, in various articles and advertisements in ham radio publications to describe voice actuated ham radio equipment. (Defendant's Group Exhibit DQ.)

40. The fact that the term VOX has been commonly used to describe the voice actuated control characteristic of ham radio equipment in the 1960's was known to both Mr. James Darwood, plaintiff's chief engineer, and Mr. Keith Beecher, plaintiff's patent attorney, prior to 1974.

41. Prior to 1974, Mr. Darwood, in discussions with Mr. Beecher concerning voice control circuitry incorporated in plaintiff's telephone answering units, used the term VOX to refer to voice control.

42. As early as 1969, employees of plaintiff used the term "Vox" in conversations in referring to the voice control characteristic of telephone answering units sold by competitors of plaintiff.

43. No one associated with plaintiff made up the term Vox.

44. During the prosecution of the application for

plaintiff's registration of the term VOX, neither plaintiff nor its attorney disclosed to the Patent Office information known to plaintiff and its attorney which was pertinent in determining whether registration of the term VOX was appropriate.

45. Prior to the trial before this Court, various employees and agents of plaintiff, including its president, Dr. Foresta, and its attorney, Mr. Beecher, were aware that VOX had been used by others prior to plaintiff's first use of the term to describe voice operable characteristics of various types of consumer electronics products including telephone answering units.

46. As of January 15, 1978, neither Dr. Foresta nor any other employee or agent of plaintiff could honestly make statements Dr. Foresta made in the Oath before the Patent and Trademark Office, e.g., *653 that no one other than plaintiff has the right to use VOX.

47. Martin Schatz, Vice President of plaintiff, was employed as a vice president of defendant in 1972 and 1973. Mr. Schatz was fired from defendant.

48. During the time that Mr. Schatz was employed by defendant, various employees of defendant, including Mr. Shaphren used the term VOX to refer to the voice control characteristic of telephone answering units sold by competitors of defendant.

49. "VOX" has not attained secondary meaning, either in the trade or in the minds of the consuming public.

50. Plaintiff has lost no sales as a result of defendant's use of or reference to the term "C-VOX."

51. Defendant's use of and reference to the term C-VOX in association with its telephone answering units has not created any confusion as to the source of plaintiff's and defendant's telephone answering units.

52. "VOX" is Latin for voice.

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53. "VOX" is commonly used as a prefix and as a suffix in trademarks for products in the consumer electronics category. (Defendant's Group Exhibit DT 1-17.) For example, "CAVOX" is a registered trademark for various items in the consumer electronics field, including magnetic tape players. (Defendant's Exhibit DT-3.)

54. In the consumer electronics industry and in the telephone answering equipment industry, "VOX" is descriptive of voice actuated control, a function and characteristic of numerous types of ham radio equipment, tape recorders and telephone answering units.

55. Defendant Phone-mate, in all of its advertising and on all of its products and packaging therefor, prominently displays its registered trademark and trade name "Phone-mate" for the purpose of informing the public that the telephone answering units so designated come from defendant Phone-mate.

56. Defendant considers "Phone-mate" to be the leading name in telephone answering units in the United States, and is proud of the reputation it has established in the market place. It is defendant's policy to have its registered trademark "Phonemate" appear on all products, packaging and advertising to insure that the public is aware of the source or origin of its units.

57. The mode of operation of the message tape in defendant's telephone answering units is a hybrid of the "fixed time" and vox or voice control modes of operation. In defendant's telephone answering machines, the message tape will run so long as voice is present (i.e., the calling party is speaking), but only for a maximum, predetermined time (e.g., one minute). Defendant selected this method of controlling the operation of the message tape to avoid some of the problems associated with strict vox or voice control. For example, where strict vox is employed, a prankster could call a telephone answering machine and play the radio into the telephone, thereby keeping the message tape running

throughout the entire length. Defendant selected the term C-Vox to stand for controlled vox or controlled voice operation, the "control" being the maximum time limit set.

58. In selecting the term C-Vox for use in association with its telephone answering machines: defendant had no intent to trade on the good will of plaintiff; defendant had no intent to create confusion among purchasers or potential purchasers as to the source or origin of its goods; defendant had no fraudulent or wrongful intent of any kind.

59. Defendant never knew that plaintiff claimed any trademark rights in the term vox until approximately June 1977, more than a year after defendant selected the term C-Vox for use in conjunction with its telephone answering units.

60. Defendant marks the boxes in which its Model 9000 comes as "Phone-mate C-Vox 9000." In addition, Phone-mate advertises that its Models 8000 and 9000 units have C-Vox.

61. Vox and C-Vox are recognizably different terms.

62. Vox and C-Vox 9000 are recognizably different terms.

63. Vox and C-Vox 8000 are recognizably different terms.

64. Vox sounds different than each of the terms C-Vox, C-Vox 8000 and C-Vox 9000.

65. Vox is different in appearance than each of the terms C-Vox, C-Vox 8000 and C-Vox 9000.

66. William Shaphren, President of defendant from 1974 through August 29, 1977, had extensive experience and acquired intimate knowledge regarding purchasers and prospective purchasers of telephone answering units in at least 1974, 1975, 1976 and 1977. Mr. Shaphren traveled throughout the United States visiting department stores and other retail businesses*654 where telephone answering

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units were sold. Mr. Shaphren demonstrated telephone answering units to customers and prospective customers in these retail stores, and talked extensively to them.

67. Purchasers and prospective purchasers of telephone answering units typically examine competitive telephone answering units, request and receive demonstrations of the units in operation, and discuss the units in considerable detail with sales people. Telephone answering units are relatively high priced items, typically selling for \$200 to \$300 apiece. Purchasers of telephone answering units are discriminating purchasers and carefully shop competitive units before purchasing. Telephone answering units are not "impulse" products; i.e., purchasers do not ordinarily buy telephone answering units on impulse.

68. There is no likelihood of confusion arising from defendant's use of "C-VOX"; i.e., it is not likely that either purchasers or prospective purchasers of telephone answering units will be confused as to the source or origin of plaintiff's telephone answering units or defendant's telephone answering units as a result of defendant's use of C-VOX or C-Vox 8000 or C-Vox 9000.

69. This is not an "exceptional" case under the law so as to justify the award of attorneys' fees to defendant.

70. Any of the foregoing Findings of Fact which are conclusions of law shall be deemed to be Conclusions of Law.

Conclusions of Law

1. This Court has jurisdiction of this matter (29 USC §1338(a)). Venue is proper in this Court (28 USC §1391(c)).

[1] 2. The function of a trademark is to point distinctively, whether by its own meaning or by association, to the origin or ownership of the wares to

which it is applied. *Estate of P. D. Beckwith, Inc. v. Commissioner of Patents*, 252 U.S. 538, 64 L.Ed. 705, 40 S.Ct. 414 (1920).

[2] 3. In order to acquire a right to the exclusive use of a mark, the owner must use the mark in such a manner as to identify the origin of its products and to distinguish its products from those of others. *Feathercombs, Inc. v. Solo Products Corp.*, 306 F.2d 251, 255, 134 USPQ 209, 212-213 (2d Cir., 1962).

[3] 4. A word or combination of words used to describe a characteristic of the product to which they are applied, rather than to indicate the origin of the product does not invest the user with any trademark rights. *Feathercombs, Inc. v. Solo Products Corp.*, Id. at 306 F.2d 255, 134 USPQ 209; *Carter-Wallace, Inc. v. Procter & Gamble Company*, 434 F.2d 794 at 797, 167 USPQ 713 at 715-116 (9th Cir., 1970).

[4] 5. The law does not secure to any person the exclusive use of a mark consisting merely of a word descriptive of a characteristic of a product, because a word which is merely descriptive of a characteristic, when used alone, does not perform the function of a trademark, i.e., to point distinctively to the origin of the product to which it is applied. Other like products, equal to such products in all respects, may be manufactured or dealt in by others, who, with equal truth, may use, and must be left free to use, the same language of description in placing their products before the public. *Estate of P. D. Beckwith, Inc.*, 252 U.S. 538 at 543, 40 S.Ct. 414 at 416, 9 64 L.Ed. 705 (1920).

[5] 6. The fact that an alleged trademark is displayed along with other clearly descriptive terms (e.g., "remote control") is some evidence that the mark is being used in a descriptive manner rather than in a trademark sense. *Scanwell Laboratories v. Department of Transportation*, 484 F.2d 1385, 1388-1389, 179 USPQ 238, 241 (CCPA, 1973).

[6] 7. The fact that no symbol (e.g., "TM" or an R in a circle) is used to designate an alleged trade-

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mark to be a trademark is some evidence that the alleged mark is not being used in a trademark sense. *Scanwell Laboratories v. Department of Transportation*, supra, 484 F.2d 1385 at 1389, 179 USPQ 238 at 241.

[7] 8. A word that is descriptive of a characteristic or function of a product in the jargon of the trade may not be appropriated as the exclusive trademark of a manufacturer, to the exclusion of manufacturers of competitive products. *The Bada Company v. Montgomery Ward & Co.*, 426 F.2d 8, 11-12, 165 USPQ 483, 485 (9th Cir., 1970).

[8] 9. "The law is that a word which is in its primary meaning merely descriptive of the goods to which it is applied may not be appropriated as the exclusive trademark of a single seller, since one competitor will not be permitted to impoverish the language of commerce by preventing his fellows from fairly describing their own goods." *The Bada Company v. Montgomery Ward & Co.*, supra, 426 F.2d 8 at 11, 165 USPQ 483 at 485.

[9] *655 10. A word which is descriptive to a large class of those who have to do with the product to which the word is applied cannot be appropriated as a trademark, notwithstanding the fact that the mark is not merely descriptive to another class of persons having to do with the product. *Vibroplex Co. v. J.H. Bunnell & Co.*, 23 F.2d 490, 491 (2nd Cir., 1928).

[10] 11. There is no presumption of validity attached to a United States Patent and Trademark Office trademark registration where information pertinent to the propriety of registering such mark is not presented to the Office.

12. Plaintiff's trademark registration No. 1,066,132 for Vox is invalid.

[11] 13. The test for infringement of a trademark registered in the United States Patent Office is "likelihood of confusion" (*Carter-Wallace Inc. v. Procter and Gamble Co.*, 434 F.2d 794, 799, 167 USPQ 713, 716-717, 9th Cir., 1970); i.e., is the

public likely to be confused as to the source or origin of the products of plaintiff and defendant as a result of defendant's use of the allegedly infringing mark or term? *Fleischmann Distilling Corp. v. Maier Brewing Co.*, 314 F.2d 149, 151-152, 136 USPQ 508, 510-511 (9th Cir., 1963).

[12] 14. A weak mark is accorded less protection than a stronger mark. *J.B. Williams Co., Inc. v. Le Conte Cosmetics, Inc.*, 523 F.2d 187, 192, 186 USPQ 317, 320 (9th Cir., 1975).

[13] 15. Marks which are descriptive or suggestive are "weak" in contrast to marks which are fanciful or arbitrary. *J.B. Williams Co., Inc. v. Le Conte Cosmetics, Inc.*, 523 F.2d 187, 192, 186 USPQ 317, 320 (9th Cir., 1975).

[14] 16. The fact that a mark has been used, alone or as a prefix or suffix, as a mark or part of a mark for other products is indicia of the weakness of the mark. *Carter-Wallace, Inc. v. Procter and Gamble Company*, 434 F.2d 794, 798, 802, 167 USPQ 713, 716, 719 (9th Cir., 1970).

[15] 17. In addressing the issue of "likelihood of confusion," the *entire* mark or term which is alleged to infringe the plaintiff's mark must be considered, as opposed to only a portion thereof. *Rockwood Chocolate Co. v. Hoffman Candy Co.*, 372 F.2d 552, 555, 152 USPQ 599, 602 (C.C.P.A., 1967); *Redken Laboratories, Inc. v. Clairol Incorporated*, 350 F.Supp. 1301, 1309-1310, 175 USPQ 737, 742-743 (C.D.Cal. 1972).

[16] 18. The use of the alleged infringer's trademark, trade name or "house mark" in advertising its products and on its products and packaging mitigates against a finding of "likelihood of confusion," particularly where the allegedly infringing mark or term and the plaintiff's mark are recognizably different. *Rockwood*, supra, 372 F.2d 552 at 554-556, 152 USPQ 599 at 600-602; *In Re C.F. Hathaway Co.*, 190 USPQ 343, 344 (TMT & App.Bd. 1976).

[17] 19. In determining whether an allegedly in-

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fringing mark or term is likely to create confusion, the visual, verbal and intellectual differences and similarities are to be considered. *Carter-Wallace, Inc. v. Procter and Gamble Company*, 434 F.2d 794, 800, 167 USPQ 713, 717-718 (9th Cir., 1970).

[18] 20. Where an alleged infringing mark or term is recognizably different in sound, appearance and meaning from a registered trademark, and the registered trademark is descriptive, or suggestive at best, and where the alleged infringer's house mark is used in its advertising and on its products and packaging when the alleged infringing mark or term is used, there is no likelihood of confusion and hence no infringement.

[19] 21. Large, long and/or substantial advertising expenditures, while a factor to be considered in the determination of likelihood of confusion in a trademark infringement case, is not dispositive; nor does a large expenditure of money create a legally protectable right. *Carter-Wallace, supra*, 434 F.2d 794 at 800, 167 USPQ 713 at 717-718.

[20] 22. In a trademark infringement case, the trademark owner has the burden of proving infringement, i.e., likelihood of confusion. Plaintiff has not met that burden here.

[21] 23. The burden of showing that a term has acquired secondary meaning is upon the party asserting such. It must be shown that the primary significance of the term in the minds of the consuming public is not the product but the producer. *Carter-Wallace, supra*, 434 F.2d 794 at 802, 167 USPQ 713 at 719.

[22] 24. Defendant's use of the terms C-Vox, C-Vox 8000 and C-Vox 9000 do not constitute infringement of plaintiff's registration of Vox.

[23] 25. An applicant for registration of a trademark is required to exercise uncompromising candor in his communications with the United States Patent and Trademark Office, lest any registration he obtains will be invalid and/or unenforce-

able.*656 He must not only refrain from making false representations to the United States Patent and Trademark Office, but must make full disclosure of all facts to his knowledge which might bear in any way on the Office's decision to grant the registration sought. 15 U.S.C. §1120.

[24] 26. Knowledge of a party's attorney which is pertinent to the propriety of registering a term as a trademark of the party is imputed to the party.

[25] 27. Where a registrant brings and/or maintains a trademark infringement lawsuit in bad faith, for the purpose of harassing its competitor, an award of attorneys' fees to the prevailing defendant is in order. *Academy Award Products v. Bulova Watch Co.*, 129 F.Supp. 780, 785-786, 105 USPQ 61, 64-65 (S.D.N.Y. 1955).

28. Defendant's request for attorneys' fees is denied.

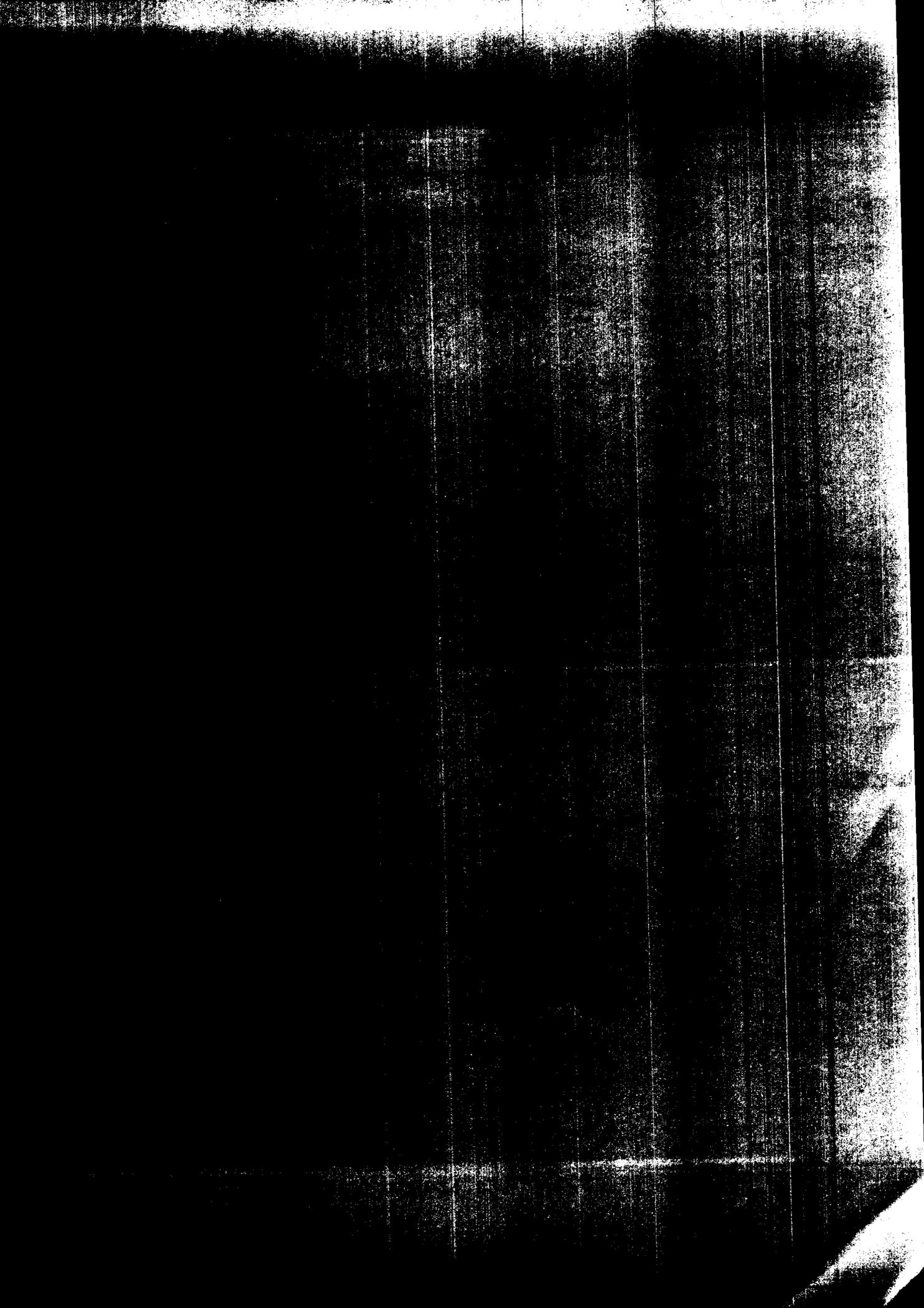
29. Any conclusion of law herein which is a finding of fact shall be deemed to be a finding of fact.

C.D.Cal.

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END OF DOCUMENT



Westlaw.

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C

VOLKSWAGENWERK AKTIENGESELL-
 SCHAFT

v.

ADVANCE WELDING AND MFG. CORP.

Patent Office Trademark Trial and Appeal Board
 Decided Dec. 31, 1974

United States Patents Quarterly Headnotes

TRADEMARKS

[1] Cancellation -- Amending pleadings (§ 67.175)
 Any amendment to petition for cancellation must be verified.

TRADEMARKS

[2] Affidavits of use (§ 67.10)
 Cancellation -- In general (§ 67.171)
 Fraud and misrepresentation (§ 67.37)
 Fraud in execution of affidavits or other documents attendant upon maintaining of trademark registration constitutes ground for cancellation thereof within purview of section 14(c) of 1946 Act.

TRADEMARKS

[3] Cancellation -- Pleading and practice -- In general (§ 67.1811)
 Respondent's failure to timely answer cancellation petition resulted from excusable neglect within contemplation of FRCP 6(b) where it was due to severe illness of counsel.

Trademark cancellation No. 10,322 by Volkswagenwerk Aktiengesellschaft against Advance Welding and Mfg. Corp. On petitioner's motion for summary judgment. Motion denied.

WATSON, COLE, GRINDLE & WATSON, Washington, D. C., for Volkswagenwerk Aktiengesellschaft.

HARVEY B. JACOBSON, ROBERT C. GARBER, and STUART J. FRIEDMAN, all of Washington, D. C., for Advance Welding and Mfg. Corp.

Before LEACH and LEFKOWITZ, Members, and BOGORAD, Acting Member.
 BOGORAD, Acting Member.

This case now comes up on a motion for summary judgment filed October 7, 1974 by petitioner. Respondent has submitted a memorandum in opposition thereto.

In a prior decision, dated August 21, 1974, petitioner's motion for leave to amend its petition was granted and as a consequence thereof, the petition for cancellation was enlarged by adding thereto paragraph 8. Petitioner now urges, by way of its motion, that judgment in its favor be rendered forthwith because of respondent's failure to answer the said paragraph, it being petitioner's contention that the failure constitutes an admission by respondent of the allegation of fraud contained therein. The motion for judgment is supported by an affidavit of Marvin Gruber, the advertising manager of petitioner's wholly-owned subsidiary, the affidavit apparently being offered to establish petitioner's standing to seek cancellation of respondent's registration here involved.

In its memorandum in opposition to the motion for judgment, respondent contends that the amendment to the petition for cancellation was not verified by petitioner and the Board erred in entering same. Respondent further maintains that the motion should, in any event, have been denied because the allegation of fraud contained in paragraph 8 does not provide a proper basis for cancellation of respondent's registration. Finally, respondent asserts that its failure to timely file a response to the said paragraph was occasioned by excusable neglect and that, aside from any other consideration, respondent should be given an additional opportunity in which to file its response to the amended pleading.

[1] Turning first to respondent's contention that the amendment should not have been entered because it was not verified, an examination of the files of this

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case corroborates this assertion. Accordingly, and since Section 14 of the Act of 1946 provides that a petition for cancellation must be verified and inasmuch as it follows that any amendment to a petition must likewise be verified, it is clear that the entry of the amendment was in error.

In urging that the allegation of paragraph 8 does not provide a proper basis for cancellation of its registration, respondent asserts that Section 14 of the Act of 1946 clearly limits the cancellation remedy to registrations which have been "obtained fraudulently;" that neither the Board nor any decisions of other tribunals has held that fraud in "maintaining" a registration constitutes a valid ground for canceling same; and that the allegation in paragraph 8, even if taken as true, does not establish such fraud on the part of respondent as to justify the cancellation thereof.

[2] While prior decisions bearing on fraud as a basis for challenging a party's right of registration have never expressly dealt with the question of the effect of such fraud upon maintaining a registration, the Board adheres to its decision that fraud in the execution of affidavits or other documents attendant upon the maintaining of a registration rather than the securing thereof constitutes a ground for the cancellation thereof within the purview of Section 14(c). A contrary ruling would in effect sanction open and notorious fraud by those filing false affidavits under Sections 8, 9, 12(c) and 15 of the Statute and thereby serve to contravene and place in doubt the presumptions afforded registrations under Section 7(b) thereof.

Turning finally to respondent's motion for an extension of time in which to answer the amended petition for cancellation, same being construed as a part of respondent's showing in response to petitioner's motion for judgment, it is asserted by respondent that its failure to timely file an answer to paragraph 8 of the amended petition was occasioned by the severe illness of its counsel, Mr. Stuart J. Friedman; that Mr. Friedman was forced to undergo surgery as a result of an acute intestinal blockage; and that

counsel was as a consequence able to work only in a limited capacity and on a part-time basis.

Petitioner has objected to the requested extension on the grounds that counsel for respondent was not, on June 18, 1973, Mr. Stuart J. Friedman, but rather Messrs. Harvey *369 B. Jacobson and Robert C. Garber, and that papers emanating from the Board were served upon Messrs. Jacobson and Garber and not Mr. Friedman. Respondent argues on the other hand that Mr. Friedman, was, and is, the primary attorney responsible for this case on behalf of respondent and that Mr. Friedman has signed the relevant papers filed by respondent in this controversy.

[3] Upon consideration of the foregoing circumstances, it is adjudged, contrary to petitioner's urging, that respondent's failure to timely answer paragraph 8 of the amended petition resulted from excusable neglect within the contemplation of Rule 6(b) of the Federal Rules of Civil Procedure.

In light of all the foregoing, petitioner's motion for summary judgment is denied, and it is allowed until January 20, 1975 in which to file a verification of the pleading contained in amended paragraph 8 or to submit a declaration in support thereof pursuant to Rule 2.20 of the Trademark Rules of Practice. Upon receipt of such verification or declaration, the answer to paragraph 8, which respondent submitted along with its motion for an extension of time, will be made of record.

Inasmuch as petitioner's amended pleading is not yet formally a part of the record, the answer thereto which respondent filed herein on October 30, 1974 and petitioner's recently filed motion to strike same are manifestly premature. Upon receipt of a verification or declaration from petitioner in respect to its amended pleading, respondent's answer will be entered, and petitioner's motion to strike the said answer together with respondent's opposition thereto will be entertained on the merits.

Proceedings herein are otherwise suspended, and

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trial dates, including the time for discovery, will be reset after the rendering of a ruling on the motion to strike.

Pat.Off.T.T.A.B.

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