

THIS OPINION IS NOT A
PRECEDENT OF THE TTAB

Mailed: March 14, 2017

UNITED STATES PATENT AND TRADEMARK OFFICE

Trademark Trial and Appeal Board

Tequila Cuervo La Rojena, S.A. de C.V.

v.

Mush, Inc. d/b/a Igloo's Frozen Drinks

Cancellation No. 92059500

Lawrence E. Abelman, Julie B. Seyler and Michael J. Schwab
of Abelman Frayne & Schwab for Tequila Cuervo La Rojena, S.A. de C.V.

Scott T. Griggs of Griggs Bergen LLP for Mush, Inc. d/b/a Igloo's Frozen Drinks.

Before Mermelstein, Adlin and Hightower, Administrative Trademark Judges.

Opinion by Adlin, Administrative Trademark Judge:

Mush, Inc. d/b/a Igloo's Frozen Drinks ("Respondent") owns a registration for the mark ROYAL RITA, in standard characters, for "prepared frozen and non-frozen alcoholic cocktails; frozen and non-frozen alcoholic cocktail mixes" (the "Registration").¹ In its amended petition for cancellation, Tequila Cuervo La Rojena S.A. de C.V. ("Petitioner") alleges that it "manufactures and sells alcoholic beverages"

¹ Registration No. 4416309, issued October 15, 2013.

and that its application to register ROYALE MARGARITA for “prepared alcoholic cocktails” was refused based on a finding that use of Petitioner’s mark would be likely to cause confusion with Respondent’s mark. 18 TTABVUE 2-3.²

As grounds for cancellation, Petitioner alleges that Respondent does not use, has never used and does not own the involved mark, because: (1) Respondent sells only “non-alcoholic flavorings” bearing only the mark IGLOO, and merely supplies to its customers the flavorings and machine used to prepare frozen cocktails, but Respondent does not sell alcoholic cocktails themselves or any products bearing the mark ROYAL RITA; (2) the involved ROYAL RITA mark “is used only as the name of a frozen alcoholic cocktail made, sold [by Aramark Sports and Entertainment Services], and consumed at one location, namely Kauffman Stadium,” where the Kansas City Royals play home games; and (3) any use by Respondent of the ROYAL RITA mark would be unlawful because Respondent “does not have any licenses and/or permits from any state or Federal agency, bureau, or commission related to the manufacturing, production, distribution, importation or sale of alcoholic beverages” Petitioner also alleges abandonment, in that Respondent does not control the quality of ROYAL RITA-branded cocktails sold at Kauffman Stadium. Finally, Petitioner alleges fraud, in that Respondent was allegedly aware when it filed the involved application that “it never placed the alleged trademark ROYAL RITA on any

² Citations to the record reference TTABVUE, the Board’s online docketing system. Specifically, the number preceding “TTABVUE” corresponds to the docket entry number, and any number(s) following “TTABVUE” refer to the page number(s) of that particular docket entry where the cited materials appear.

packaging, cartons or labels for any alcoholic cocktails” or other goods identified in the Registration. 18 TTABVUE 2-18.

In its answer, Respondent admits that ROYAL RITA cocktails are sold only at Kauffman Stadium and that it does not have any licenses or permits to sell alcoholic beverages,³ but otherwise denies the salient allegations in the amended petition for cancellation. Respondent also asserted several unexplained affirmative defenses which it did not pursue at trial and which are accordingly waived. *Miller v. Miller*, 105 USPQ2d 1615, 1616 n.3 (TTAB 2013); *Baroness Small Estates Inc. v. Am. Wine Trade Inc.*, 104 USPQ2d 1224, 1225 n.2 (TTAB 2012).

The Record

The record includes the pleadings, and, by operation of Trademark Rule 2.122(b), the file of the involved Registration. In addition, the parties introduced the following trial evidence:

Petitioner’s notice of reliance (“NOR”) on the discovery deposition of Gary Martin, Respondent’s founder, owner and president, and the exhibits thereto. 22-23 TTABVUE.

Petitioner’s NORs on: Respondent’s responses to Petitioner’s requests for admission and interrogatories; portions of the file histories of its pleaded application, Respondent’s involved Registration and other allegedly related registrations owned by Respondent; and Internet printouts. 24-32 TTABVUE.

Respondent’s testimony deposition of Mr. Martin and the exhibits thereto. 35 and 37 TTABVUE.

Respondent’s NOR on the file history of Petitioner’s pleaded application. 36 TTABVUE.

³ See also 24 TTABVUE 22-23, 32, 34, 35, 39; 25 TTABVUE 20, 21, 47.

Neither party filed any evidentiary objections, and for the most part the parties agree on the facts, disagreeing only on their significance.

Respondent and the ROYAL RITA Cocktail

Respondent, formed in 1983 and based in Texas, provides frozen drink equipment and frozen drink mixes (which it refers to as “flavor”) to approximately 20-30 “large venues across the country.” 35 TTABVUE 9, 12. Respondent’s customers, often sports stadiums, create cocktails by mixing liquor with Respondent’s non-alcoholic “flavor,” using frozen drink machines, which Respondent provides at no cost. Respondent’s customers serve the frozen drinks processed in the machines to fans attending games or other events. *Id.* at 9, 16-17, 19-21, 26, 35-39. Respondent’s revenue comes from selling the flavor and cups to venues, as well as “brand recognition.” 22 TTABVUE 22-23.

“Generally, we try to put a name to market at the particular venue; for instance, the Tampa Bay Buccaneers, we do Swashbuckler, which we trademarked. Houston Rockets, we do Rocket Rita, which we trademarked ... [Dallas] Mavericks, we do Maverita” 35 TTABVUE 12. The teams approve of the names for the “trademarked” cocktails, or at least the promotional materials bearing the names/marks, such as signs or “whatever they’ll allow us to do. Generally, we even like to build out kiosks or stands dedicated specifically to frozen drinks and done that quite a bit.” *Id.* at 13, 57. Respondent creates the signs bearing the cocktail names/marks. *Id.* at 24.

Respondent is responsible under its agreements with venues for maintenance of the frozen drink machines. Respondent generally visits its venue customers at least two or three times per season. *Id.* at 17. In addition, when Respondent installs the machines, it communicates with “the concessionaire, the managers, and we also talk to the people that are working the stand to make sure they understand what the procedures are” for making the drinks. Respondent trains the people responsible for making cocktails and leaves a recipe for the cocktails, which is “mounted on the container that the mix goes in, which is in the cooler”:



Id. at 19-20, 37-38, 182. In addition to training managers responsible for drink sales when it installs machines, Respondent trains the managers “periodically” thereafter. 22 TTABVUE 26.

The recipe for the ROYAL RITA cocktail, which calls for combining three liters of liquor with a five-gallon container of mix, is intentionally simple to follow:

The flavor that we sell already has the water – a lot of companies sell their flavor as a concentrate, and then when it gets to the end user, they have to add water, which means they have to count generally more than three or four. So we did it this way to keep the – to minimize any possibility of air, you know, too much water, not enough water, and all we ask them to do is add three liters of

liquor, which will give the drink a reasonable alcohol content.

35 TTABVUE 21. Respondent goes to Kauffman Stadium at unspecified intervals, but “regularly,” in order “to check the machines and sample the product,” including at times tasting it, and “if the product was not being made properly or was not made to our recommendations, our recipe, we would pull our equipment. We require that our product is a quality product when we sell it.” *Id.* at 35, 36, 62; 22 TTABVUE 29. In addition, when vendors at Kauffman Stadium place orders for additional mix, every “two or three weeks,” Respondent “communicate[s] with them what might be the – any issues that are going on.” 35 TTABVUE 38. According to Mr. Martin, Respondent’s frozen drink machines must “be well maintained in order to operate properly to provide a quality product.” *Id.* at 65. If a venue stops purchasing sufficient quantities of “flavor,” Respondent will remove its machines from the venue. 22 TTABVUE 24-25.

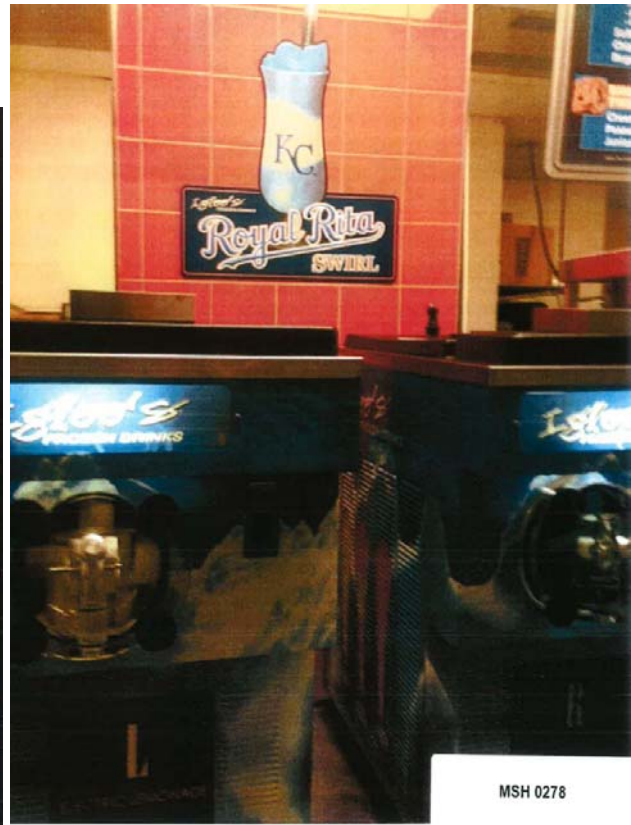
Respondent began selling flavor to Kauffman Stadium in approximately 2007 or 2008, and began using the ROYAL RITA mark in 2009. *Id.* at 37-38. The mark itself and the blue color of the ROYAL RITA cocktail are intended to associate the product with the Royals baseball team. *Id.* at 38. Respondent’s sales to Kauffman Stadium have increased “dramatically” since 2009, 35 TTABVUE 29-31, 140-166,⁴ according to Mr. Martin as a result of many “suggestions” Respondent made about how to

⁴ Exhibits marked “confidential” provide details on the sales between 2009-2014. 37 TTABVUE 5-31. It is not confidential that Respondent’s sales of ROYAL RITA cocktails since January 1, 2009 exceed \$50,000. 25 TTABVUE 13.

increase sales, including by “vending,” i.e. bringing “the product out to the seats where the people are sitting for the game. They don’t have to get up and go to the concession stand.” *Id.* at 11. Respondent has a “patented vending stick that shows the cup hanging with the mix in it and on the cup – on the vending stick it says Igloo’s Frozen Drinks and then it says Royal Rita and the price ...”:



Id. at 11, 178.⁵ A magnet bearing Respondent’s involved mark which is currently placed on Respondent’s frozen drink machines at Kauffman Stadium is depicted below on the left, and a display bearing the mark placed on the wall of a concession stand is below on the right:



Id. at 39-40, 181, 198. A menu from a Kauffman Stadium bar bills the ROYAL RITA as a “signature cocktail”:

⁵ Notwithstanding Mr. Martin’s testimony, the ROYAL RITA mark is not visible on the photos of Respondent’s vending sticks introduced into the record.

BEVERAGES	
SIGNATURE COCKTAILS	
ROYAL RITA	-11.50-
Our signature Jose Cuervo margarita frozen or on the rocks in a souvenir cup	
BIG HITTER BACARDI MOJITO	-8.50-
Bacardi Rum simple syrup served over crushed ice with a fresh mint garnish	
KC SUMMER SPLASH	-8.50-
Svedka Clementine Vodka with watermelon Schnapps with OJ shaken with a sugar rim	
CALL COCKTAILS	-8.50-
Svedka, Beebeaters, Grants, Jim Beam, Seagrams 7, Bacardi	
PREMIUM COCKTAILS	-9.00-
JW Red, Captain Morgan, Malibu, Absolut, Ketel One, Baileys, Jack Daniels, Crown Royal, Southern Comfort	
FROZEN MARGARITAS	-8.50-
Jose Cuervo Lime Margarita Jose Cuervo Strawberry Margarita	
PLASTIC DOMESTIC BOTTLED BEER	-7.75-
Budweiser Bud Light Bud Select Miller Lite Coors Light Mich Ultra	
PREMIUM BOTTLED BEER	-7.75-
Bud Light Lime Boulevard Pale Ale Samuel Adams Boston Lager Corona Extra Smirnoff Ice Amstel Light Heineken Guinness	
DRAFT BEER	-6.50-
Bud Light Coors Light Miller Lite	
PREMIUM DRAFT BEER	-7.50-
Blue Moon Stella Artois Leinenkugel's Summer Shandy	
WINES BY THE GLASS	-7.50-
Chardonnay, Woodbridge, CA Pinot Grigio, Woodbridge, CA White Zinfandel, Woodbridge, CA Cabernet Sauvignon, Woodbridge, CA Merlot, Woodbridge, CA	
SODA & BOTTLED WATER	-3.00-
Pepsi Products Pink Lemonade Aquafina	
FRESH BREWED BEVERAGES	-3.00-
Gourmet Coffee Decaffeinated Coffee Hot Tea Freshly Brewed Ice Tea	

Id. at 28-29, 270.

Respondent has an Equipment Agreement (labeled “Confidential”) with Kauffman Stadium pursuant to which it provides the Stadium with machines “for freezing and dispensing of IGLOO’S FROZEN DRINK PRODUCTS ONLY,” which Respondent “reserves the right to reclaim possession of ... at any time without notice.” 37 TTABVUE 35. Respondent is “responsible for repairs” while the Stadium “will be responsible for cleaning, lubrication, and daily maintenance” and “agrees to follow

exact mixing instructions, cleaning, and storing procedures as provided by IGLOO'S FROZEN DRINKS.” *Id.* Respondent has continuously and consistently maintained its machines at Kauffman Stadium since 2009. 35 TTABVUE at 21-23, 217-68. Respondent at least indirectly supplies Aramark, which prepares and sells ROYAL RITA cocktails at Kauffman Stadium, with cups for the drinks as well as the mix. *Id.* at 46, 55.

When Kauffman Stadium hosted the 2012 Major League Baseball All-Star Game, PepsiCo, a game sponsor, wanted to use Respondent's equipment and to sell ROYAL RITA cocktails, and Respondent and PepsiCo accordingly entered into a Sales and Service Agreement. *Id.* at 32-33; 37 TTABVUE 31. Pursuant to the Agreement, Respondent allowed PepsiCo to use its frozen drink machines for about two weeks, and to use the mark ROYAL RITA “only during the contract period.” 37 TTABVUE 31.

Notwithstanding these written agreements, in response to Petitioner's requests for admission, Respondent admitted that it “has not licensed the right to use the trademark ROYAL RITA for [Respondent's] Goods” to Kauffman Stadium, Aramark or a third-party. 24 TTABVUE 21. However, at the same time Respondent pointed to its written agreements with Kauffman Stadium and PepsiCo in response to an interrogatory asking Respondent to “[s]tate whether there is a written license that supports Registrant's efforts to control the nature and quality of the goods” sold under the ROYAL RITA mark. 25 TTABVUE 46. In addition, Respondent claims that it controls the nature and quality of the goods sold under the ROYAL RITA mark by:

customizing and maintaining the frozen drink machines it supplies; customizing the “taste and color” of ROYAL RITA frozen drinks; providing training and instruction in preparing ROYAL RITA cocktails; and performing quality control inspections. *Id.* at 18.

Standing

Petitioner has standing because its pleaded application was refused based on Respondent’s involved Registration. 28 TTABVUE 21-26, 35; *Lipton Indus., Inc. v. Ralston Purina Co.*, 670 F.2d 1024, 1028, 213 USPQ 185, 189 (CCPA 1982) (“Thus, to have standing in this case, it would be sufficient that [plaintiff] prove that it filed an application and that a rejection was made because of [defendant’s] registration.”); *Tri-Star Mktg., LLC v. Nino Franco Spumanti S.R.L.*, 84 USPQ2d 1912, 1914 (TTAB 2007) (“petitioner has standing to bring the petition for cancellation based on the fact that its application to register [its mark] was refused registration by the office under Section 2(d) based on a likelihood of confusion with respondent’s previously registered mark”). *See also Empresa Cubana Del Tabaco v. Gen. Cigar Co.*, 753 F.3d 1270, 111 USPQ2d 1058, 1062 (Fed. Cir. 2014).

Burden of Proof

“Because a trademark owner’s certificate of registration is ‘prima facie evidence of the validity of the registration’ and continued use of the registered mark, the burden of proof is placed upon those who seek cancellation. 15 U.S.C. § 1057(b) ... the petitioner’s burden is to establish the case for cancellation by a preponderance of the evidence.” *Cerveceria Centroamericana S.A. v. Cerveceria India Inc.*, 892 F.2d 1021,

13 USPQ2d 1307, 1309 (Fed. Cir. 1989). *See also On-line Careline Inc. v. Am. Online Inc.*, 229 F.3d 1080, 56 USPQ2d 1471, 1476 (Fed. Cir. 2000) and *7-11 Sales, Inc. v. Perma, S.A.* 225 USPQ 170 (TTAB 1984).

The issues of use, ownership and abandonment are interrelated in this case. Respondent's claims to use and ownership of the mark are based, at least in part, upon another entity's use of the mark inuring to Respondent's benefit. Whether Respondent exercises sufficient control over the other entity's use to benefit therefrom is addressed in the section about Petitioner's claim of abandonment through naked licensing.

Use and Ownership

Petitioner alleges that Respondent has never used, and thus does not own, the ROYAL RITA mark, because:

the ROYAL RITA mark "is never applied and has never been applied to the packaging of the goods;"

Respondent is not licensed to sell alcoholic beverages; and

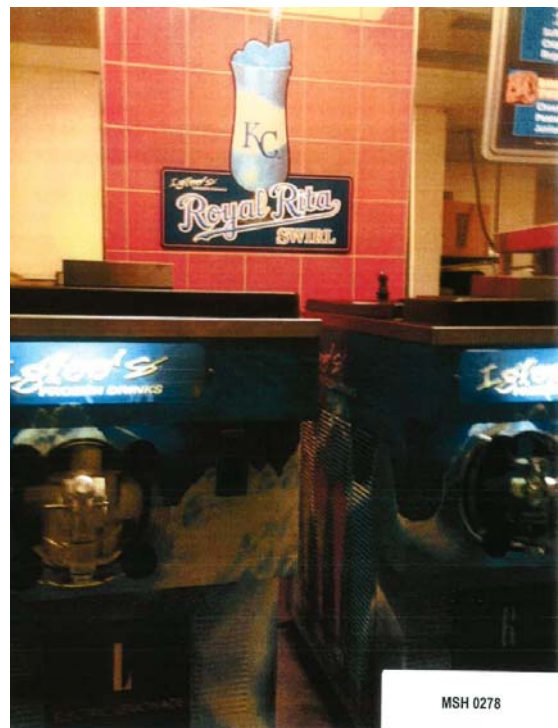
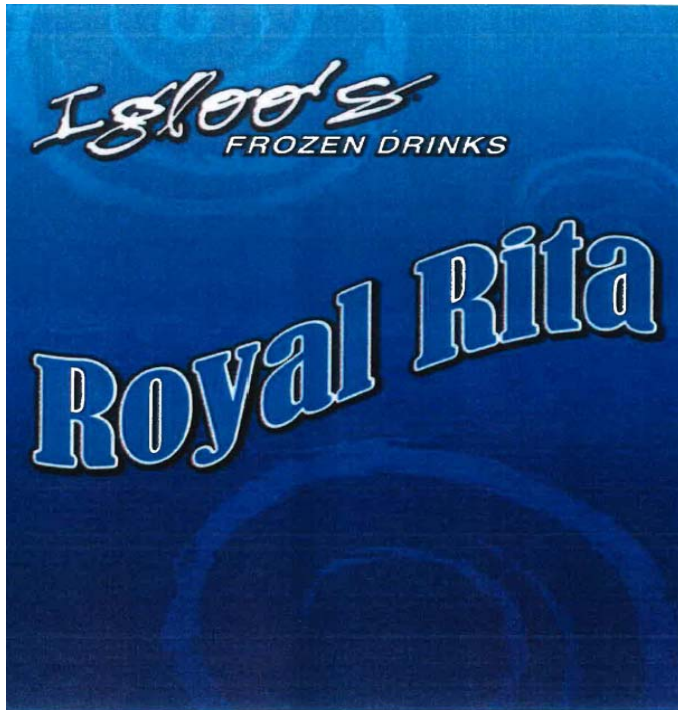
ROYAL RITA cocktails are only sold at a single location, Kauffman Stadium, and thus are only sold intrastate.

38 TTABVUE 21-27. Each of Petitioner's theories is unsupported by either the facts of record or the applicable law.

While Respondent concedes that the packaging for its frozen drink mix does not bear the mark ROYAL RITA, that does not mean the mark was not used or that it is not in use. "Use" of a mark includes not only its placement "on the goods or their containers," but also its placement "*in any manner on ... the displays associated*

therewith or on the tags or labels affixed thereto, or if the nature of the goods makes such placement impracticable, then on documents associated with the goods or their sale.” 15 U.S.C. § 1127 (emphasis added). *Cf. In re Sones*, 590 F.3d 1282, 93 USPQ2d 1118, 1122 (Fed. Cir. 2009) (“The statute thus specifies no particular requirements to demonstrate source or origin; for displays, the mark must simply be ‘associated’ with the goods.”). *See also In re Shipley Co., Inc.*, 230 USPQ 691 (TTAB 1986) (finding a trade show display bearing a trademark for chemicals to be an adequate specimen even though the chemicals were not present or visible at the trade show booth).

Here, the evidence establishes that the ROYAL RITA mark appears on displays associated with the goods, specifically magnets which Respondent places on its frozen drink machines and signs which it places behind them:



35 TTABVUE 13, 24, 36, 39-40, 55, 167, 181, 198. The mark is also used on bar menus listing the goods. *Id.* at 28-29, 270. This alone is enough to establish use of the ROYAL RITA mark. *In re Marriott Corp.*, 459 F.2d 525, 173 USPQ 799, 800 (CCPA 1972) (“[W]e think that the menu is a display of appellant’s offering directly associated with appellant’s goods. It is from this word or pictorial depiction of the sandwich that the customer makes his selection The fact that after the order is taken it is a short period of time until that order is translated into a sandwich delivered to the customer does not militate against the efficacy of the mark’s association with the goods.”).

Even if the use of the ROYAL RITA mark is atypical, we must take into account that the mark is not used in connection with goods on which marks are generally placed directly, such as cars, printers, pens, etc. Rather, the goods are frozen drinks and the mix used to make them, and obviously it would be exceedingly difficult, if not impossible, to place a trademark directly on a drink, whether liquid or slushy, and we have taken this into account. *See* S.Rep. No. 100-515, pp. 44-45 (Sept. 15, 1988) (“The committee intends that the revised definition of ‘use in commerce’ be interpreted to mean commercial use which is typical in a particular industry. Additionally, the definition should be interpreted with flexibility so as to encompass genuine, but less traditional, trademark uses.”). As for Respondent’s drink mix, when asked why the ROYAL RITA mark is not placed on the mix’s packaging, Mr. Martin explained that “[n]obody sees the box except the concessionaire who is pouring it into the containers so there’s no need to have it on anything like that since we’re not selling these boxes at retail.” 35 TTABVUE 28.

Respondent also concedes that it is not licensed to sell alcoholic beverages, but this is irrelevant. As we recently stated in a case Petitioner cites in its brief but does not distinguish:

Generally, the USPTO presumes that an applicant's use of a mark in commerce is lawful under federal law. Thus, registration generally will not be refused based on unlawful use in commerce unless either (1) a violation of federal law is indicated by the application record or other evidence, such as when a court or federal agency responsible for overseeing activity in which the applicant is involved, and which activity is relevant to its application, has issued a finding of noncompliance under the relevant statute or regulation, or (2) when the applicant's application-relevant activities involve a *per se* violation of a federal law.

In re Brown, 119 USPQ2d 1350, 1351 (TTAB 2016). *See also General Mills Inc. v. Health Valley Foods*, 24 USPQ2d 1270 (TTAB 1992); *Kellogg Co. v. New Generation Foods, Inc.*, 6 USPQ2d 2045 (TTAB 1988); *Clorox Co. v. Armour-Dial, Inc.*, 214 USPQ 850 (TTAB 1982); *Santinine Societa v. P.A.B. Produits*, 209 USPQ 958 (TTAB 1981).⁶ Here, while Petitioner cites a number of statutes and regulations which relate to the production and sale of alcoholic beverages, it does not appear that any of them relate to the sale of frozen cocktail mix or to Respondent's other activities. In any event, the production and sale of alcohol is not *per se* illegal as is, for example, the production and sale of marijuana under federal law, and there is no evidence that any court or agency has found Respondent, Kauffman Stadium or Aramark in violation of any law or regulation. Because Aramark serves the beverages containing alcohol, it is not

⁶ Petitioner's brief also cites to but fails to distinguish *General Mills*, *Kellogg* and *Santinine*.

relevant whether Respondent has any licenses required to do so. *See Cent. Fidelity Banks, Inc. v. First Bankers Corp. of Florida*, 225 USPQ 438, 439-40 (TTAB 1984) (“There is nothing in Section 5 which requires that the person to whose benefit the ‘related company’ use inures be in a position to use the mark lawfully in commerce for the same goods or services in respect of which it is used by the related companies”).

Finally, while ROYAL RITA cocktails are only sold at Kauffman Stadium, those sales satisfy the use in commerce requirement. *Christian Faith Fellowship Church v. adidas AG*, 841 F.3d 986, 120 USPQ2d 1640 (Fed. Cir. 2016). *See also Gonzales v. Raich*, 545 U.S. 1 (2005); *Wickard v. Filburn*, 317 U.S. 111 (1942); *Larry Harmon Pictures Corp. v. Williams Rest. Corp.*, 929 F.2d 662, 18 USPQ2d 1292 (Fed. Cir. 1991). Indeed, as used in the Lanham Act, “[t]he word ‘commerce’ means all commerce which may lawfully be regulated by Congress,” 15 U.S.C. § 1127, and Congress may regulate even local, intrastate activities which have a “substantial economic effect on interstate commerce.” *Raich*, 545 U.S. at 17; *Wickard*, 317 U.S. at 127-128; *In re Silenus Wines, Inc.*, 557 F.2d 806, 194 USPQ 261, 264 (CCPA 1977) (“Thus, we hold that intrastate sale of goods, by the party who caused those goods to move in regulatable commerce, directly affects that commerce and is itself regulatable.”). In short, “[b]ecause one need not direct goods across state lines for Congress to regulate the activity under the Commerce Clause, there is likewise no such per se condition for satisfying the Lanham Act’s ‘use in commerce’ requirement.” *Christian Faith Fellowship*, 120 USPQ2d at 1647. In any event, Respondent ships its ROYAL RITA

flavor⁷ to Kauffman Stadium interstate, from Texas to Kansas City. 35 TTABVUE 26. In other words, the goods are “transported in commerce,” which when combined with the ROYAL RITA mark being placed on “displays associated” with the goods, constitutes “use” in commerce. 15 U.S.C. § 1127.⁸

For all of these reasons, Petitioner’s nonuse claim is dismissed.

Abandonment/Naked Licensing

To the extent Petitioner’s abandonment claim is based on its contention that Respondent has not used or does not use its ROYAL RITA mark because the use is unlawful, ROYAL RITA cocktails are only sold in one state or the ROYAL RITA mark does not appear on packaging for the goods, we have addressed those contentions in the context of Petitioner’s nonuse claim. Petitioner further alleges that Respondent abandoned any rights it has in the ROYAL RITA mark by its course of conduct.

A mark is deemed to be abandoned, for purposes of the Trademark Act, when the course of conduct of the owner of the mark causes the mark to lose its significance as an indication of origin. This course of conduct includes acts of omission as well as acts of commission. In a licensing situation, the question to be determined is whether the licensor exercises sufficient control to guarantee the quality of the goods sold to the public under the mark.

⁷ While Respondent itself does not generally add the tequila to its mix/flavor, the goods sold under the ROYAL RITA mark are nonetheless “alcoholic cocktails,” and are sold by the same entity in a single location with Respondent’s authorization and under its direction. *See* 15 U.S.C. § 1055. The mark thus identifies the source (even if anonymous) of the ROYAL RITA alcoholic cocktails, and we do not find it significant that Respondent does not ship its mix with the alcohol already added.

⁸ While there is no such evidence in the record, we are aware that Kansas City is quite close to its neighboring state Kansas. *See Pinocchio’s Pizza Inc. v. Sandra Inc.*, 11 USPQ2d 1227, 1229 n.6 (TTAB 1989) (taking judicial notice of the location of Catonsville, Maryland). Furthermore, it is reasonable to assume that Major League Baseball teams have fans from other states, and baseball fans from one state sometimes attend games in another state.

Whether, in fact, sufficient control is exercised is a question of fact in each case and the burden of proving lack of control or insufficient control is in the party claiming the abandonment.

Nestle Co. v. Nash-Finch Co., 4 USPQ2d 1085, 1089 (TTAB 1987) (citing J. Gilson, *Trademark Protection and Practice*, § 6.01(6) (1984)).

Before addressing whether Respondent exercises sufficient control to guarantee the quality of ROYAL RITA frozen drinks, it is important to point out that a written license agreement — or any agreement so titled — is not required. *Nestle Co.*, 4 USPQ2d at 1088 (“While there is no written license agreement dealing specifically with DELI QUIK per se, it is apparent that an affiliated store electing to participate in the merchandising program offered by applicant becomes a licensee to use applicant’s various trademarks, including DELI QUIK.”); *Basic Inc. v. Rex*, 167 USPQ 696, 697 (TTAB 1970) (“An oral license is sufficient to show a related company condition”). *See also Dawn Donut Co. v. Hart’s Food Stores, Inc.*, 267 F.2d 358, 121 USPQ 430, 438 (2d Cir. 1959) (“The absence, however, of an express contract right to inspect and supervise a licensee’s operations does not mean that the plaintiff’s method of licensing failed to comply with the requirements of the Lanham Act. Plaintiff may in fact have exercised control in spite of the absence of any express grant by licensees of the right to inspect and supervise.”).

Similarly, “[w]here the license parties have engaged in a close working relationship, and may justifiably rely on each parties’ intimacy with standards and procedures to ensure consistent quality, and no actual decline in quality standards is demonstrated, we would depart from the purpose of the law to find an abandonment

simply for want of all the inspection and control formalities.” *Taco Cabana Int’l, Inc. v. Two Pesos Inc.*, 952 F.2d 1113, 19 USPQ2d 1253, 1259 (5th Cir. 1991), *aff’d*, 505 U.S. 763, 23 USPQ2d 1081 (1992). In fact, if the quality of the goods bearing the mark remains satisfactory, the lack of a written contract, specific inspection procedures and other formalities does not support a finding of abandonment. *Stockpot, Inc. v. Stock Pot Rest., Inc.*, 220 USPQ 52, 59 (TTAB 1983), *aff’d*, 737 F.2d 1576, 222 USPQ 665 (Fed. Cir. 1984) (“even in the absence of a contractual provision relating to quality control, the inference of abandonment is not drawn because satisfactory quality was maintained and, hence, no deception of purchasers occurred”). *See also Univ. Book Store v. Univ. of Wis. Bd. of Regents*, 33 USPQ2d 1385, 1396, 1400 (TTAB 1994) (“the reality of the situation which existed for many years may best be characterized as that of a royalty-free, nonexclusive, implied license to use marks ... even without, essentially, a formal system of quality control over the clothing and other imprinted merchandise sold by opposers and numerous third parties, the subject marks were not abandoned by applicant since the quality of the apparel imprinted with such marks remained at an acceptable level in virtually all instances”).

Turning to the record in this case, Petitioner has not established that Respondent’s quality control efforts were inadequate or that the quality of ROYAL RITA frozen drinks was ever unacceptable. To the contrary, Respondent:

provided Kauffman Stadium with the flavor and machine used to prepare the cocktails, as well as a simple recipe, and Aramark’s responsibility was to add the proper quantity of tequila, leaving little room for error; 35 TTABVUE 9, 12, 21;

provided initial and follow-up training for the managers and employees responsible for preparing and serving the drinks; *id.* at 19-20, 26, 37-38, 182;

monitored the quality of the cocktails from time to time when it visited the Stadium (at least two or three times per season); *id.* at 17, 35, 36, 62; 22 TTABVUE 29;

maintained the frozen drink machines, which Mr. Gary testified was tantamount to maintaining the quality of the frozen drinks; 35 TTABVUE 17, 66;

asked if there were any “issues” with the frozen drinks approximately every two or three weeks; *id.* at 38; and

entered into an agreement with Kauffman Stadium pursuant to which the stadium “agrees to follow exact mixing instructions.” 37 TTABVUE 35.

We have previously found analogous quality control efforts and results sufficient to avoid a finding of abandonment.

For example, in one case, the licensee used the same menu and served the same food as the licensor, who monitored the licensee’s operations, just as here, Kauffman Stadium serves drinks made with Respondent’s mix and machine, pursuant to Respondent’s recipe, and Respondent monitors the Stadium’s operations from time to time. *Stockpot*, 220 USPQ at 60. In another case, as here, the licensor trained its licensees, provided recipes for the food (in this case drinks) served, supplied most of the raw materials used and conducted periodic inspections. *Nestle Co.*, 4 USPQ2d at 1088. Furthermore, while (as in this case) there were “deficiencies” in the licensor’s efforts, “including the deli training program which is not mandatory for affiliated personnel, the recipes which are not required to be followed and in the purchasing of raw materials which do not have to be from applicant or from an approved supplier,”

the licensor's efforts, "are, when taken as a whole, adequate, in our view to protect the public and to ensure the quality of goods sold." *Id.* at 1089. Here too, despite some deficiencies, we find Respondent's efforts adequate on the whole. In a third case, the party which operated under an "informal, implied license" used the same pizza dough recipes and brand of pizza sauce as the licensor, and the licensor relied in large part on the licensee to maintain quality, which was justified because the licensor "has been satisfied with the quality maintained by the California restaurants," just as here Kauffman Stadium uses Respondent's recipe and drink mix, and there is no evidence of any issues with the quality of the ROYAL RITA frozen drinks Kauffman Stadium serves. *Woodstock's Enters. Inc. (Cal.) v. Woodstock's Enters. Inc. (Or.)*, 43 USPQ2d 1440, 1445-48 (TTAB 1997), *aff'd*, 152 F.3d 942 (Fed. Cir. 1998). *See also Taco Cabana*, 19 USPQ2d at 1259 ("Where the particular circumstances of the licensing arrangement persuade us that the public will not be deceived, we need not elevate form over substance and require the same policing rigor appropriate to more formal licensing and franchising transactions.").

In short, ROYAL RITA cocktails are only served in one place, Kauffman Stadium, Respondent trained those preparing and serving the cocktails and supplies the mix, the recipe and the machine used to make them, as well as the signs bearing the mark. Respondent samples the mixed drinks from time to time to monitor their quality, and has reserved the right to terminate its agreement with the stadium. There is no

evidence that the quality of ROYAL RITA frozen drinks has ever been inadequate. Accordingly, Petitioner's abandonment claim is also dismissed.⁹

Fraud

Petitioner's fraud claim is based on its contention, which we have rejected, that Respondent did not use its mark prior to the filing date of the Registration.¹⁰ Moreover, Petitioner has not introduced any evidence whatsoever which establishes that Respondent had the requisite intent to deceive the USPTO. 35 TTABVUE 34; *In re Bose Corp.*, 580 F.3d 1240, 91 USPQ2d 1938 (Fed. Cir. 2009). Accordingly, Petitioner's fraud claim is also dismissed.

Decision: The petition to cancel is dismissed.

⁹ It does not escape notice that PepsiCo entered into an agreement pursuant to which Respondent allowed it to use the ROYAL RITA mark "only during the contract period," or that neither Kauffman Stadium nor PepsiCo have challenged the involved Registration or claimed rights in the ROYAL RITA mark.

¹⁰ Petitioner in fact focuses on whether Respondent used its mark prior to its claimed date of first use, but this is not the right question. The issue is whether Respondent used its mark prior to the filing date of the underlying application. *See Hiraga v. Arena*, 90 USPQ2d 1102, 1107 (TTAB 2009) ("if the mark was in use in commerce as of the filing date, then the claimed date of first use, even if false, does not constitute fraud because the first use date is not material to the Office's decision to approve a mark for publication"). *See also Embarcadero Techs., Inc. v. Delphix Corp.*, 117 USPQ2d 1518, 1524-26 (TTAB 2016).