

THIS OPINION IS NOT A
PRECEDENT OF THE
TTAB

Mailed: July 16, 2018

UNITED STATES PATENT AND TRADEMARK OFFICE

—
Trademark Trial and Appeal Board
—

Klique E.L.A. Car Club

v.

Jesse Frausto
—

Cancellation No. 92063670
—

Zachary Levine of Wolk & Levine LLP for Klique E.L.A. Car Club.

Aldo Flores of Flores Law APCL for Jesse Frausto.
—

Before Ritchie, Wolfson and Kuczma,
Administrative Trademark Judges.

Opinion by Wolfson, Administrative Trademark Judge:

Jesse Frausto (“Respondent”) owns Registration No. 4948839 for the mark KLIQUE CAR CLUB in standard characters (“CAR CLUB” disclaimed) for “club services, namely, promoting the interests of lowrider car enthusiasts” in International Class 35.¹

¹ Issued May 3, 2016, and alleging August 31, 1994 as the date of first use anywhere and as the date of first use in commerce.

Klique E.L.A. Car Club (“Petitioner”) filed a petition to cancel Respondent’s registration, alleging, *inter alia*, that Respondent is not the “rightful owner of mark for identified goods or services.” The allegation is set forth on the ESTTA cover sheet in the field marked “Grounds for Cancellation,” and Petitioner asserts in its brief that its petition to cancel the registration is grounded in its claim of non-ownership. The non-ownership claim is supported by the following allegations included in the petition to cancel:

1. The Klique E.L.A Car Club (hereinafter “Klique”) has been in existence as an unincorporated association for the operation of a “low rider car club” since 1964. ...
2. Jose Martinez joined Klique through its East Los Angeles Chapter in 1974 and was elected its President in 1979. As the current President of the East Los Angeles Chapter he incorporated the Klique E.L.A. Car Club corporation with the California Secretary of State and assigned all rights, titles, and privileges of the previously unincorporated association thereto.
5. On information and belief, Registrant’s tenure as a member of the East Los Angeles Chapter of Klique was very brief and shortly after joining he was absent for several years only to return as a regular member in February of 2013. Jose Martinez was still president of the Chapter at that time. In fact, Jose Martinez was still president of that Chapter at the time that the application for Registrant’s Mark was filed with the U.S. Patent and Trademark Office, which was done without the approval of the East Los Angeles Chapter of Klique or the approval or authorization of any other Chapter of the organization.
12. As Registrant was a member of the East Los Angeles, California Chapter of Klique, he had no individual rights to the use of the mark “KLIQUE” other than those licensed to him pursuant to his membership in the Chapter. ...
13. Prior to submitting his application for registration, Registrant knew that Petitioner, and others, were using

the “KLIQUE” and “KLIQUE ELA” marks and that Petitioner had superior rights to Registrant in the same. . . . At the time Registrant filed his application he knew that Petitioner, along with thousands of other club members, had already established use of the “KLIQUE CAR CLUB”, “KLIQUE”, and “KLIQUE ELA” marks and that their use had priority to his own because Registrant has been a member of the car club’s East Los Angeles, California Chapter.

Petitioner also pleaded: (1) likelihood of confusion with its previously used mark KLIQUE ELA for a “low rider car club” under Trademark Act Section 2(d), 15 U.S.C. § 1052(d); (2) misrepresentation of source under Trademark Act Section 14(3), 15 U.S.C. § 1064(3); (3) abandonment under Trademark Act Section 14; and (4) fraud. Respondent, in his answer, denied the salient allegations of the petition to cancel and pleaded amplifications of those denials and affirmative defenses.²

Petitioner filed a trial brief. Respondent did not file a trial brief. *See* TBMP § 801.02(b) (June 2018) (“The filing of a brief on the case is optional, not mandatory, for a party in the position of defendant.”).

I. Background

In 1964, a group of young car enthusiasts in East Los Angeles decided to start a social club focusing on their interest in automobiles. They named the club the “Klique Car Club.”³ For approximately 50 years, the club operated as an unincorporated

² Respondent did not pursue its alleged affirmative defenses at trial, which are accordingly waived and will be given no further consideration. *See Joel Gott Wines LLC v. Rehoboth Von Gott Inc.*, 107 USPQ2d 1424, 1426 n.3 (TTAB 2013); *Miller v. Miller*, 105 USPQ2d 1615, 1616 n.3 (TTAB 2013); *Baroness Small Estates Inc. v. American Wine Trade Inc.*, 104 USPQ2d 1224, 1225 n.2 (TTAB 2012).

³ 26 TTABVUE 21.

association, and grew to encompass eleven “subdivisions of the association (also known as ‘Chapters’) [which] operate in discrete geographic regions.”⁴ “These Chapters are each operated by a board of directors elected from the Chapter’s membership, and the leadership of each Chapter guides the national presence and activities of [the club] as a whole.”⁵ In 1972 or 1973, the acronym “E.L.A.” was added to the name of the East Los Angeles chapter,⁶ and the chapter is considered the “founding and head chapter of all club chapters. It issues the club’s rules and directives and presides over meetings with heads of the chapters. All decisions pertaining to the use of the club name are made through the East Los Angeles Chapter.”⁷

The East Los Angeles chapter functioned as an unincorporated association, with various members joining at different times, and with a succession of presidents. In 1994, Jose Martinez was elected president of the chapter.⁸ In November 2013, while Mr. Martinez was president, the members of the East Los Angeles chapter voted to apply for registration of the mark KLIQUE CAR CLUB. Respondent offered to “fund the initial cost of about \$1400 for trademark patent [sic] if the club would reimburse me when they collected the funds.”⁹ The application for the mark resulting in

⁴ Petition to cancel ¶ 1 (admitted by Respondent in its answer).

⁵ *Id.*

⁶ 26 TTABVUE 24.

⁷ 25 TTABVUE 8. The club is sometimes referred to as Klique ELA and sometimes as Klique E.L.A. We treat the variations in the name as equivalent.

⁸ 25 TTABVUE 22. Mr. Martinez attests that he served as president of the club “during the years 2011, 2012 and 2013.” *Id.*

⁹ 25 TTABVUE 10.

Respondent's registration was filed on November 13, 2013. In March of 2014, Mr. Martinez stepped down as president, and the club elected Respondent as its president.¹⁰ Circumstances surrounding the election were acrimonious, and shortly thereafter or shortly before the election,¹¹ Mr. Martinez founded a California corporation to promote the interests of car enthusiasts under the name "KLIQUE E.L.A. Car Club," the Petitioner herein.

II. The Record

In addition to the pleadings and, by operation of Trademark Rule 2.122(b), 37 C.F.R. § 2.122(b), the file of Respondent's challenged registration, the record consists of the following:

A. Petitioner's testimony and evidence filed under Notices of Reliance:

- A copy of the discovery deposition of Jesse Frausto¹² and attached exhibits;¹³
- A copy of Petitioner's First Set of Requests for Admission to Registrant, to which no responses were filed;¹⁴

¹⁰ 23 TTABVUE 216.

¹¹ The date of incorporation was March 20, 2014. The exact date of the election, also in March, is not in the record.

¹² 23 TTABVUE 7-83, Exhibit A. At 24 TTABVUE, Petitioner submitted a corrected copy of the Notice of Reliance for the evidence filed under entry 23 TTABVUE.

¹³ *Id.* at 85-100, Exhibit B.

¹⁴ *Id.* at 102-107, Exhibit C.

- A copy of Petitioner's First Set of Requests for Production of Documents to Registrant¹⁵ and Respondent's Responses,¹⁶ including copies of produced documents;¹⁷
- A copy of Petitioner's First Set of Interrogatories to Registrant¹⁸ and Respondent's Responses;¹⁹
- A copy of Exhibits A through E to the Declaration of Aldo A. Flores;²⁰
- Seven third-party Declarations by members of different chapters of the Klique car club, attesting to Respondent's alleged lack of authority to register the KLIQUE CAR CLUB mark;²¹
- Declarations of Armando Romo and Bernard Colacion, members of the Los Angeles chapter of the Klique car club, purporting to explain the origin of the name KLIQUE CAR CLUB;²²
- Copies of Internet pages and printouts from third party media outlets.²³

B. Respondent's testimony and evidence filed under a Notice of Reliance:

- A copy of the Declaration of Aldo A. Flores and attached exhibits;²⁴

¹⁵ *Id.* at 109-118, Exhibit D.

¹⁶ *Id.* at 120-303, Exhibit E.

¹⁷ We have disregarded those documents, such as unverified private search results, that would not otherwise be admissible by notice of reliance under the provisions of Trademark Rule 2.122(e). *See* Trademark Rule 2.120(k)(3)(ii), 37 C.F.R. § 2.120(k)(3)(ii).

¹⁸ *Id.* at 305-313, Exhibit F.

¹⁹ 25 TTABVUE 6-18, Exhibit G.

²⁰ *Id.* at 21-58, Exhibits H and I. Petitioner's reliance, on copies of the trademark application that issued as Respondent's registration and on the pleadings herein (Exhibits J – L), was superfluous as the materials are automatically of record in this proceeding. Trademark Rule 2.122(b), 37 C.F.R. § 2.122(b).

²¹ 26 TTABVUE 6-19, Exhibits M – S.

²² *Id.* at 21-24, Exhibits T and U.

²³ 27 TTABVUE 6-54, Exhibits V-Z.

²⁴ *Id.* at 10-71, Exhibits 1-11.

- A copy of the Declaration of Ben Lila²⁵ and attached exhibits;²⁶
- A copy of the Declaration of Jesse Frausto²⁷ and attached exhibits;²⁸
- A copy of a document filed in Los Angeles Superior Court, State of California, County of Los Angeles Central District, in *Klique E.L.A. Car Club v. Frausto*, Case No. BC612907.²⁹

III. Standing

Standing is a threshold issue that must be proven in every inter partes case. Our primary reviewing court, the U.S. Court of Appeals for the Federal Circuit, has enunciated a liberal threshold for determining standing, namely that a plaintiff must demonstrate that it possesses a “real interest” in a proceeding beyond that of a mere intermeddler, and “a reasonable basis for his belief of damage.” *Empresa Cubana Del Tabaco v. Gen. Cigar Co.*, 753 F.3d 1270, 111 USPQ2d 1058, 1062 (Fed. Cir. 2014); *Ritchie v. Simpson*, 170 F.3d 1092, 50 USPQ2d 1023, 1025 (Fed. Cir. 1999); *Lipton Indus., Inc. v. Ralston Purina Co.*, 670 F.2d 1024, 213 USPQ 185, 189 (CCPA 1982); *see also Syngenta Crop Protection Inc. v. Bio-Chek LLC*, 90 USPQ2d 1112, 1118 (TTAB 2009) (“[P]roof of standing in a Board proceeding is a low threshold.”). Under this liberal standard, Petitioner has shown that it has a reasonable belief of damage and a real interest in this proceeding as a competitor of Respondent. In particular,

²⁵ *Id.* at 72-74, Exhibit 12.

²⁶ *Id.* at 75-81, Exhibits 13-15.

²⁷ *Id.* at 81-84, Exhibit 16.

²⁸ *Id.* at 85-97, Exhibits 17 – 19.

²⁹ *Id.* at 97-107, Exhibit 20. Respondent’s Notice of Reliance incorrectly lists the “Declaration of Sammy Hess” as Exhibit 20 and the court document as Exhibit 22. Neither the Hess Declaration nor an exhibit thereto (listed as Exhibit 21) was attached to the Notice of Reliance.

the record establishes that Jose Martinez incorporated “Klique E.L.A. Car Club” as a California corporation on or about March 20, 2014 and that he claims it is the rightful successor-in-interest to the KLIQUE car club that was established in 1964.³⁰ Thus, Petitioner’s and Respondent’s services are in direct competition and Petitioner has a direct and personal stake in the outcome of the cancellation. *See Empresa Cubana*, 111 USPQ2d at 1062 (Cuban cigar manufacturer had standing to seek cancellation of competitor’s trademark registrations); *Books on Tape, Inc. v. The Booktape Corp.*, 836 F.2d 519, 5 USPQ2d 1301, 1302 (Fed. Cir. 1987) (competitor “clearly has an interest in the outcome beyond that of the public in general” in seeking cancellation); *Miller v. Miller*, 105 USPQ2d 1615, 1618 (TTAB 2013) (competing law firm had standing to oppose competitor’s application); *Honda Motor Co. v. Winkelmann*, 90 USPQ2d 1660, 1662 (TTAB 2009) (competitor has standing).

IV. Non-Ownership

Only the owner of a mark can validly apply for, receive and retain a registration. 2 MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 16:35 (5th ed.). If the entity filing the application was not the owner of the mark as of the filing date, the application is void ab initio. This is a statutory requirement and cannot be waived. Trademark Act §1(a), 15 U.S.C. § 1051(a); *Chien Ming Huang v. Tzu Wei Chen Food*

³⁰ Petitioner submitted the Declaration of Jose Martinez, 25 TTABVUE 21, wherein Mr. Martinez asserts that he is the Chief Executive Officer and current President of “Klique E.L.A. Car Club” and that Klique E.L.A. Car Club “has been in existence as a ‘low rider car club’ since 1964... .” Petitioner also submitted a copy of the Declaration of Jesse Frausto, 23 TTABVUE 215-217, confirming Petitioner’s incorporation, and authenticating a copy of a “print out from the California Secretary of State’s business portal website showing Klique E.L.A. Car Club’s date of incorporation” and the active status of Petitioner’s corporation. 23 TTABVUE 284, Exhibit E.

Co. Ltd., 849 F.2d 1458, 1460, 7 USPQ2d 1335 (Fed. Cir. 1988) (application was void because neither at the time of filing nor at any other time during pendency of the application was applicant the owner of the mark); *Wonderbread 5 v. Gilles*, 115 USPQ2d 1296, (TTAB 2015) (cancelling registration less than five years old for mark of a musical band which was issued to one member of the band when the band as a partnership was the owner).

Even if Respondent was authorized by “the club” to apply for the trademark registration, based on the facts surrounding the application process, it is clear that the mark is owned by the association, and not by Respondent as an individual. During his deposition, Respondent confirmed that the mark belongs to the club:

Q. Have you assigned the rights under the trademark to anyone in the club? Do you know what I mean by that?

A. As far as the trademark, the trademark name, it belongs to the club.

Q. Is it held in the club’s name or is it held in your personal name?

A. It’s held in my personal name for the simple reasons that I put up the funds to trademark the name. But it's just to secure it for East L.A. and that was it.³¹

...

Q. Have you made any kind of formal agreement between yourself as an individual and the club regarding the mark?

A. Well, regarding the mark, the club already knows that we have talked about it at this -- I am going to do that once all this is over.

³¹ 25 TTABVUE 37-38.

Q. And by “do that,” do you mean make an agreement with them about the mark?

A. Yes.³²

Additionally, Petitioner submitted the declarations of club members from seven different chapters, including one from the East Los Angeles chapter, each of whom attests: “To the best of my knowledge, Jesse Frausto did not have permission to register a trademark solely in his name for ‘Klique Car Club’. That name belongs to all of the Chapters and all of the members.”³³

From the foregoing testimony and evidence, we find there is little question that Respondent does not own the KLIQUE CAR CLUB mark.

V. Conclusion

Both Petitioner and Respondent claim to be the rightful successor to the original car club, with the exclusive right to use the term KLIQUE. We find it unnecessary to decide this question, however. The Board is an administrative tribunal that is empowered solely to determine the right to register marks. *See* Trademark Act §§ 17, 18, 20, and 24, 15 U.S.C. §§ 1067, 1068, 1070, and 1092; *Fort James Operating Co. v. Royal Paper Converting Inc.*, 83 USPQ2d 1624, 1629 (TTAB 2007). Based on the record presented, we find by a preponderance of the evidence that Respondent was not the owner of the KLIQUE CAR CLUB mark when he filed the subject application

³² *Id.* at 39.

³³ 26 TTABVUE 6-19.

Cancellation No. 92063670

and that consequently he does not have a right to assert ownership of the mark as an exclusive indicator of source. The registration is thus void ab initio.³⁴

DECISION: The cancellation is granted as to Respondent's Registration No. 4948839.

³⁴ In light of our finding of non-ownership, we need not make a determination as to likelihood of confusion, abandonment, misrepresentation of source, or fraud.