

ESTTA Tracking number: **ESTTA466605**

Filing date: **04/11/2012**

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD

Proceeding	91185766
Party	Plaintiff C.F.M. Distributing Company, Inc.
Correspondence Address	AMBER L DAVIS BEUSSE WOLTER SANKS MORA MAIRE P.A. 390 NORTH ORANGE AVENUE, SUITE 2500 ORLANDO, FL 32801 UNITED STATES adavis@iplawfl.com, tsanks@iplawfl.com, bmahan@iplawfl.com; suzanne@innesmeehle.com
Submission	Brief on Merits for Plaintiff
Filer's Name	Amber N. Davis
Filer's e-mail	adavis@iplawfl.com, tsanks@iplawfl.com, bmahan@iplawfl.com, suzanne@innesmeehle.com
Signature	/Amber N. Davis/
Date	04/11/2012
Attachments	Opposers' Trial Brief (041112).pdf (34 pages)(1562516 bytes)

**IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD**

C.F.M. Distributing Company, Inc.
Opposer.

v.

Theresa Costantine, as Personal Representative
of the Estate of Richard Costantine,
Applicant.

OPPOSITION # 91185766
(against application Serial No. 77402411)

Original Maryland Fried Chicken, LLC ,
Opposer,

v.

Theresa Costantine, as Personal Representative
of the Estate of Richard Costantine,
Applicant.

OPPOSITION No. 91187377
(against application Serial No. 77402411)

OPPOSITION No. 91187378
(against application Serial No. 77497042)

OPPOSERS' TRIAL BRIEF

Amber N. Davis
BEUSSE WOLTER SANKS MORA & MAIRE, P.A.
390 N. Orange Avenue, Suite 2500
Orlando, Florida 32801
Telephone: (407) 926-7716
Facsimile: (407) 926-7720
Attorneys for C.F.M. Distributing Company, Inc.

Suzanne D. Meehle
THE MEEHLE LAW FIRM, P.A.
115 Maitland Avenue, Third Floor
Altamonte Springs, Florida 32701
Telephone: (407) 792-0790
Facsimile: (866) 218-1628
Attorney for Original Maryland Fried Chicken, LLC

TABLE OF CONTENTS

TABLE OF CONTENTS2

TABLE OF AUTHORITIES4

INTRODUCTION7

STATEMENT OF THE ISSUES10

DESCRIPTION OF THE RECORD10

 A. Opposers’ Evidence10

 B. Applicant’s Evidence13

FACTS13

ARGUMENT15

 A. Applicant Is Not the Owner of the Marks and Is Therefore Not Entitled to Trademark
Registration16

 1. The Applicant is not the owner of the Marks because the Marks are within the public
domain.17

 2. The Applicant is not the owner of the Marks because there was no transfer of rights in
the Marks to the Applicant by the original owner.18

 3. The Applicant cannot claim exclusive ownership of the Marks and has not established
priority over all other users of the Marks, and is therefore not the owner of the Marks.21

 B. Applicant Committed Fraud on the Trademark Office.23

 C. If Applicant Ever Had Rights in the Marks, Applicant Lost All Rights in the Marks
Through Naked Licensing.26

D. If the Applicant ever had rights in the Marks, the Applicant did not exercise control over the Marks and lost her rights and ownership in the Marks through a failure to police the Marks29

CONCLUSION.....33

CERTIFICATE OF SERVICE34

TABLE OF AUTHORITIES

Cases

<i>American Forests v. Sanders</i> , 54 USPQ2d 1860 (TTAB 1999).....	20
<i>Bart Schwartz International Textiles, Ltd. v. Federal Trade Commission</i> , 289 F.2d 665, 669, 129 USPQ 258, 260 (CCPA 1961).....	15
<i>BellSouth Corp. v. DataNational Corp.</i> , 60 F.3d 1565, 1570 (Fed. Cir. 1995).....	22
<i>Browning King Co. of N.Y. v. Browning King Co.</i> , 176 F.2d 105, 106 (3d Cir. 1949).....	17
<i>CAN Financial Corp. v. Brown</i> , 922 F. Supp. 567, 574 (M.D. Fla. 1996).....	27
<i>Celanese Corp. of American v. Edwin Crutcher</i> , 35 USPQ 98 (Comm’r Pats. 1937)	20
<i>Daltronics, Inc. v. H.L. Dalis, Inc.</i> , 158 U.S.P.Q. 475, 476 (T.T.A.B. 1968)	19, 20
<i>Dawn Donut Co., Inc. v. Hart's Food Stores Inc.</i> , 267 F.2d 358, 367 (2d Cir. 1959).....	28
<i>Doebler's Pennsylvania Hybrids, Inc. v. Doebler</i> , 442 F.3d 812, 78 USPQ2d 1509 (3d Cir. 2006)	26
<i>Draeger Oil Co., Inc. v. Uno-Ven Co.</i> , 314 F.3d 299, 65 USPQ2d 1312 (7th Cir. 2002).....	31
<i>Dunleavy v. Koepfel Steel Products, Inc.</i> , 114 USPQ 43 (Comm’r Pates. 1957), <i>aff’d</i> , 328 F.2d 939, 140 USPQ 582 (C.C.P.A. 1964);.....	20
<i>Eva's Bridal LTD. v. Halanick Enterprises, Inc.</i> , 639 F.3d 788, 791 (7 th Cir. 2011).....	28, 29
<i>First Interstate Bancorp v. Stenquist</i> , 16 USPQ2d 1704 (N.D. Cal. 1990).....	27
<i>Giant Food, Inc. v. Standard Terry Mills, Inc.</i> , 229 USPQ 955 (TTAB 1986).....	23
<i>Gorenstein Enterprises, Inc. v. Quality Care-USA, Inc.</i> , 874 F.2d 431, 10 USPQ2d 1762, 1764 (7th Cir. 1989)	31
<i>Great Seats, Ltd. v. Great Seats, Inc.</i> , 84 U.S.P.Q.2d 1235, 1242 (T.T.A.B. 2007)	18, 20

<i>Haymaker Sports, Inc. v. Turian</i> , 581 F.2d 257, 198 USPQ 610, 613 (CCPA 1978).....	27
<i>Huang v. Tzu Wei Chen Foos Co. Ltd.</i> , 849 F.2d 1458, 7 USPQ2d 1335 (Fed. Cir. 1988).....	20
<i>Ideal Industries, Inc. v. Gardner Bender, Inc.</i> , 612 F.2d 1018, 1116 (1980).....	29
<i>In re Lettman</i> , 183 USPQ 369 (TTAB 1974)	20
<i>In re Tong Yang Cement Corp.</i> , 19 USPQ2d 1689 (TTAB 1991)	20
<i>Le Cordon Bleu, S.A. v. BPC PUB LTD.</i> , 451 F.Supp. 63, 72 (1978).....	15
<i>Luzier Inc. v. Marlyn Chemical Co., Inc.</i> , 442 F.2d 973, 169 USPQ 797, 799 (CCPA 1971).....	21
<i>McKesson & Robbins, Inc. v. Charles H. Phillips Chemical Co.</i> , 53 F.2d 342, 345 (2d Cir. 1931), modified, 53 F.2d 1011 (2d Cir. 1931), cert. denied, 285 U.S. 552 (1932)	29
<i>McQuay-Norris Mfg. Co. v. H-P Tool Mfg. Corp.</i> , 141 U.S.P.Q. 405 (T.T.A.B. 1964).....	21
<i>Midwest Fur Producers Ass'n v. Mutation Mink Breeders Ass'n</i> , 127 F. Supp. 217, 103 USPQ 389 (W.D. Wis. 1954).....	27
<i>Nordco A.S. v. Ledes</i> , 44 U.S.P.Q.2d 1220 (S.D.N.Y. 1997).....	18
<i>R.C.W., Supervisor, Inc. v. Cuban Tobacco Co.</i> , 220 F. Supp. 453, 138 USPQ 441 (S.D.N.Y. 1963).....	26
<i>Richardson Corp. v. Richardson</i> , 51 USPQ 144 (Comm'r Pats. 1941)	20
<i>Ritchie v. Williams</i> , 395 F.3d 283, 73 USPQ2d 1430 (6th Cir. 2005).....	26
<i>Rockwood Chocolate Co. v. Hoffman Candy Co.</i> , 372 F.2d 552, 152 U.S.P.Q. 599 (C.C.P.A. 1967).....	21
<i>Schwinn Bicycle Co. v. Murray Ohio Manufacturing Co.</i> , 339 F.Supp. 973, 983, 172 USPQ 14, 21 (M.D.Tenn.1971), aff'd, 470 F.2d 975 (6th Cir.1972).....	15
<i>Shell Oil Co. v. Commercial Petroleum, Inc.</i> , 928 F.2d 104, 108, 18 USPQ2d 1156, 1158 (4th Cir. 1991).....	31
<i>Stanfield v. Osborne Industries, Inc.</i> , 52 F.3d 867, 34 USPQ 1456 (10th Cir. 1995).....	27

Torres v. Cantine Torresella S.r.l., 808 F.2d 46, 1 USPQ2d 1483 (Fed. Cir. 1986).....23

Wallpaper Mfrs. Ltd. v. Crown Wallcovering Corp., 680 F.2d 755, 214 USPQ 327 (C.C.P.A. 1982).....30

Statutes

15 U.S.C. § 1051.....16

15 U.S.C. § 1052.....16

15 U.S.C. § 1055.....15

15 U.S.C. § 1120.....15

15 U.S.C. § 1127.....15, 30, 32

15 U.S.C. § 1227.....23

Rules

T.M.E.P. § 1201.02(b) (2010)19, 20, 22, 25

T.M.E.P. § 1201.03(b)26

T.M.E.P. § 803.01.....20

Treatises

J. Thomas McCarthy, *McCarthy on Trademarks and Unfair Competition* (4th ed. 2007) ... passim

Regulations

37 C.F.R. § 2.193(c)(2).....24

37 C.F.R. § 2.71.....20, 21

INTRODUCTION

The history of the Maryland Fried Chicken service marks is complicated. In 1962, Albert Constantine started Costantine's restaurant in the Fern Park neighborhood of Maitland, Florida. Sometime after 1964, Costantine's became Maryland Fried Chicken. In 1963 Albert founded Maryland Fried Chicken, Inc. and the corporation began selling Maryland Fried Chicken restaurant franchises throughout the United States sometime thereafter. In 1965, Maryland Fried Chicken, Inc. registered a trademark for a mark almost identical to the Marks that are the subject of these Oppositions. (Reg. No. 0798190). *See* Exhibit "E" attached to Opposers' Notice of Reliance. In 1970, Albert Constantine sold Maryland Fried Chicken, Inc. to an investor. In 1979, Maryland Fried Chicken, Inc. went bankrupt and dissolved. However, in 1985, Albert Constantine recorded an assignment of the registered mark from Maryland Fried Chicken, Inc. to himself, "effective January 1, 1972." *See* Exhibit "I" to Opposers' Notice of Reliance. In 1995, Albert Constantine assigned the registered mark to Edith Swain, the owner of a Maryland Fried Chicken restaurant in Georgia and the owner of the registered trademark for "THE ORIGINAL MARYLAND FRIED CHICKEN" and Design mark (Registration No. 2428658, Feb. 13, 2001). *See* Exhibits "J" and "A" to Opposers' Notice of Reliance.

In 1975, C.F.M. Distributing Company, Inc. (hereinafter "CFM"), a spin off of Maryland Fried Chicken, Inc., was formed to take over the distribution of food and paper products bearing the Maryland Fried Chicken marks, including the MARYLAND FRIED CHICKEN COMPLETE DINNERS TO GO! and Design mark that is the subject of Application Serial No. 77402411 (hereinafter the "411 App") and the Design Only mark consisting of "(a) little chicken standing next to big chicken" that is the subject of Application Serial No. 77497042 (hereinafter the "042 App.") (collectively, the "Marks"). CFM continues to this day to supply

all but one of the Maryland Fried Chicken restaurants in the United States with food products, such as breading mix and coleslaw mix, and paper products bearing the Marks. *See* Deposition Transcript of James Gourley at pg. 11, lines 7-17. In 1996, CFM sought a cancellation of the mark registered by Maryland Fried Chicken, Inc. and assigned to Edith Swain (Cancellation No. 92025732), and the registration was cancelled in 1997.

After the dissolution of Maryland Fried Chicken, Inc. in 1979, most of the franchised restaurants closed their doors, and the remaining restaurants became independent operators. For the twenty-eight years between Maryland Fried Chicken, Inc.'s dissolution and the Applicant's filing of the Applications for Registration of the Marks, no single Maryland Fried Chicken restaurant had exclusive use of the Marks.¹ Today, twenty-nine (29) independent business owners use the marks in connection with their Maryland Fried Chicken restaurants, including Original Maryland Fried Chicken, LLC (hereinafter "OMFC"). *Id.*

Applicant² is the owner of a single Maryland Fried Chicken restaurant established in 1980 and located in Leesburg, Florida.³ In 2007, a dispute erupted between the original Applicant, Richard Costantine (now deceased) and his son, Robert Costantine, the owner of OMFC, when OMFC established a Maryland Fried Chicken restaurant in Mt. Dora, Florida, less than twenty miles away from Applicant's restaurant in Leesburg. Applicant sued OMFC for trademark infringement. Applicant filed the '411 App. immediately thereafter, and the '041 App.

¹ *See Deposition Transcript of James Gourley* at pg. 38-54; *Deposition Transcript of Paul Dion* at pg. 9-14; *Deposition Transcript of Robert Costantine* at pg. 9-17; *Deposition Transcript of Theresa Costantine* at pg. 32-34; *Deposition Transcript of Anthony Costantine* at pg. 31-40.

² It is important to note that Applicant only became the Applicant after her husband passed away. At no time in the history of Maryland Fried Chicken, Inc. was she ever an officer or director of the corporation. In fact, she states numerous times throughout her deposition that she was not involved in the corporation. In addition, she did not know the answer to the majority of the questions asked during the deposition because she was not involved in the corporation. *See Deposition Transcript of Theresa Costantine* at pgs. 19, 21-23, 25, 27-29, 34-36, 38-39, 47, 52.

³ *See* Exhibit "R" to Opposers' Notice of Reliance; *See Deposition Transcript of Anthony Costantine* at pg. 45, lines 7-12; *Deposition Transcript of Robert Costantine* at pg. 6.

later that year. OMFC opposed both Applications, and CFM opposed the '411 App (OMFC and CFM are, collectively, hereinafter the "Opposers"). In 2009, OMFC settled with Applicant, stipulating that OMFC would refrain only from using the Marks in Lake County, Florida⁴. Though the underlying litigation settled in 2009, these Oppositions are ongoing. The Pleadings are of record in this case, including the Amended Notices of Opposition and Answers. Opposers' Evidence List and Witness List were filed and served September 15, 2011. Opposers' Notice of Reliance was filed and served October 10, 2011.

As discussed herein, Applicant is not entitled to Registration and these Oppositions should be sustained because: (1) Applicant is not the rightful owner of the subject Marks and was not the rightful owner of the Marks at the time of filing its Applications for Registration; (2) Applicant has therefore committed a fraud on the United States Patent and Trademark Office by filing its Applications; (3) if Applicant ever had rights in the Marks, such rights were lost through naked licensing and lack of quality control such that the Marks no longer identify a single source of goods and services, and therefore no longer function as trademarks and cannot be registered; and, (4) if Applicant ever had rights in the Marks, extensive unpoliced use of the Marks by third parties has resulted in Applicant's abandonment of the Marks, which no longer identify a single source of goods and services and therefore no longer function as trademarks and cannot be registered.

⁴ OMFC is not otherwise constrained from using the Marks and continues to use the Marks in its Apopka, Florida store. See *Stipulated Settlement Agreement and Joint Notice of Dismissal with Prejudice* dated March 25, 2009 in Orange County Case No. 08-CA004422; and *Order on Plaintiff's Motion for Temporary Injunction* dated February 25, 2009 in Orange County Case No. 08-CA-004422.

STATEMENT OF THE ISSUES

1. Whether Applicant can claim exclusive ownership of the Marks where there are twenty nine (29) other users of the identical Marks in the United States for competing restaurant services.
2. Whether Applicant committed a fraud on the Office where Applicant knew that there were multiple other unrelated and independent users of the Marks for restaurant services throughout the United States.
3. Whether Applicant lost any rights Applicant may have acquired in the Marks through naked licensing where Applicant neither had the right to control the goods and services on which the Marks were affixed nor actually did control such use of the Marks.
4. Whether Applicant lost any rights Applicant may have acquired in the Marks by permitting the unlicensed use of the Marks by many unrelated and independent users of the Marks in connection with their restaurant services for over thirty years.

DESCRIPTION OF THE RECORD

A. Opposers' Evidence

The Opposers have made the following testimony and evidence of record:

1. Opposers' Amended Notices of Opposition.
2. Applicant's Answers.
3. Applicant's Applications.
4. THE ORIGINAL MARYLAND FRIED CHICKEN Trademark Registration (Registration No. 2,428,658).
5. MARYLAND FRIED CHICKEN Word Mark application (Application Serial No.

- 77403096) that was denied by the USPTO.
6. MARYLAND FRIED CHICKEN Word Mark Application (Application Serial No. 85216239) filed in the name of Theresa Costantine d/b/a Maryland Fried Chicken.
 7. Trademark Application for "Modern" Chicks owned by MTM Enterprises (Application Serial No. 77752805).
 8. Registration Certificate for MARYLAND FRIED CHICKEN COMPLETE DINNERS TO GO! logo (Registration No. 72198364).
 9. State of Florida Expired Trademark Registration for MARYLAND FRIED CHICKEN (Document No. 904034).
 10. State of Florida Expired Trademark Registration for MARYLAND FRIED CHICKEN — COMPLETE DINNERS TO GO (Document No. 919295).
 11. File history of trademark for MARYLAND FRIED CHICKEN COMPLETE DINNERS TO GO! (Registration No. 72198364).
 12. Trademark Assignment from MFC, Inc. to Albert Constantine.
 13. Trademark Assignment from Albert Costantine to Edith Swain.
 14. File history for the MARYLAND FRIED CHICKEN Word Mark Application and Appeal (Application Serial No. 77403096).
 15. File history for new MARYLAND FRIED CHICKEN Word Mark Application (Application Serial No. 85216239).
 16. File history for "Modern" Chicks Design Mark owned by MTM Enterprises (Application Serial No. 77752805).
 17. Lease Agreement between Herlong Industries and Queen Franchise Realty.
 18. Corporate records for Burger Queen of Leesburg.
 19. Lease between Herlong and U-Mac Fast Foods, Inc.

20. Corporate records for U-Mac Fast Foods, Inc. of Leesburg.
21. Chattel Mortgage for Leesburg property.
22. Corporate records for Original Maryland Fried Chicken, Inc. a Delaware corporation.
23. Corporate records for National Restaurant Supply, Inc.
24. Corporate records for MTM Enterprises, LLC.
25. Corporate records for Maryland Fried Chicken, Inc. merged April 16, 1970.
26. Corporate records for Maryland Fried Chicken, Inc. (involuntarily dissolved December 16, 1981).
27. Corporate records for Maryland Fried Chicken the fictitious name.
28. Printouts of website (www.marylandfriendfranchise.com).
29. Printouts from website (www.marylandfriedchicken.com).
30. Deposition Transcript of Anthony Costantine (March 23, 2011).
31. Deposition Transcript of Theresa Costantine (August 2, 2011)
32. Deposition Transcript of Robert Costantine (October 26, 2011)
33. Deposition Transcript of Paul Dion (October 26, 2011)
34. Deposition Transcript of James Gourly (October 26, 2011)
35. Opposers' Request for Admissions.
36. Applicant's Responses to Request for Admissions
37. Opposers' Interrogatory Requests.
38. Applicant's Answer to Interrogatories.
39. Corporate records for Maryland Fried Chicken, a general partnership.
40. Order for Summary Final Judgment issued by the Circuit Court for Orange County, Florida against Maryland Fried Chicken, Inc. and James Mairs, Civil Action No. 75-2861 dated May 28, 1975.

41. Order for Final Judgment issued by the Circuit Court for Orange County, Florida against Maryland Fried Chicken, Inc. and James Mairs, Civil Action No. 75-7304 dated September 23, 1975.
42. Cross Collateral Security Agreement dated April 1, 1975.
43. Warranty Deed for Orange Blossom Trail restaurant dated October 2, 1971.

B. Applicant's Evidence

Applicant has made the following evidence of record through its Notice of Reliance dated December 27, 2011:

1. Order on Plaintiff's Motion for Temporary Injunction dated February 25, 2009 in Orange County Case No. 08-CA-004422.
2. Stipulated Settlement Agreement and Joint Notice of Dismissal with Prejudice dated March 25, 2009 in Orange County Case No. 08-CA004422.

FACTS

Applicant seeks to register two service marks that are currently used by twenty-nine (29) other users, including Opposer OMFC, all providing restaurant services; and which Marks were used by Opposer CFM for restaurant supply services for more than five (5) years prior to Applicant's claimed date of first use. As discussed below, Applicant is not the owner of the Marks, does not have priority in the Marks, and has lost whatever rights she may have once had in the Marks through naked licensing and abandonment.

On February 21, 2008, Applicant filed a U.S. trademark application (the '411 App.) to register the mark MARYLAND FRIED CHICKEN COMPLETE DINNERS TO GO! and Design for "Restaurant services, including sit-down service of food and take-out restaurant services" in class 043. On July 22, 2008, the '411 App. was published for Opposition. Opposer

CFM filed its Notice of Opposition to the '411 App. on August 13, 2008 and Opposer OMFC filed its Notice of Opposition to the '411 App. on November 6, 2008.

On June 12, 2008, Applicant filed a U.S. trademark application (the '042 App.) to register a Design Only mark consisting of "(a) little chicken standing next to big chicken" for "Restaurant services, including sit-down service of food and take-out restaurant services" in class 043. On November 4, 2008, the '042 App. was published for Opposition. Opposer OMFC filed its notice of Opposition to the '042 App. on November 6, 2008.

Opposer OMFC's Oppositions to the '411 App. and the '042 App. were consolidated into a single proceeding by order of this Board on January 22, 2009. Subsequently, Opposer OMFC's Oppositions were consolidated with Opposer CFM's Opposition into a single proceeding by order of this Board on September 25, 2009. Opposer CFM filed its Second Amended Notice of Opposition to the '411 App. on October 14, 2009. Opposer OMFC filed its Amended Notice of Opposition to both the '411 App. and the '042 App. on October 15, 2009.

Applicant filed its Answer to Opposer OMFC on July 20, 2009 and its Answer to Opposer CFM on July 22, 2009.

Applicant has operated a single Maryland Fried Chicken restaurant in Leesburg, Florida, since 1980. Opposer CFM, well prior to Applicant's use and/or filing of the '042 App., adopted and has continuously used the term "MARYLAND FRIED CHICKEN COMPLETE DINNERS TO GO!" and Design as a trademark for distribution services including the distribution of its proprietary coleslaw and breading mix as well as paper products bearing the subject mark to the twenty-nine (29) independent Maryland Fried Chicken restaurants that currently use the Marks. Opposer OMFC operates a Maryland Fried Chicken restaurant that freely uses the Marks in association with its Apopka restaurant without any control by Applicant. OMFC competes with Applicant's Maryland Fried Chicken restaurant in the Central Florida marketplace. Furthermore,

OMFC's uncontrolled use of the Marks in its Apopka restaurant can never be challenged again by Applicant as an infringement matter per the civil suit settlement agreement⁵.

ARGUMENT

An opposition must be sustained if Opposers establish that the Applicant does not own the marks claimed in Applicant's Applications for Registration. 15 U.S.C. § 1120. Since, in this case, Opposers can establish that several other Maryland Fried Chicken restaurants use of the Marks predates Applicant's claimed date of first use of the Marks, and that therefore Applicant is not the rightful owner of the Marks, these Oppositions must be sustained. 15 U.S.C. § 1120.

Furthermore, an opposition must be sustained if the Opposers establish that the Applicant has committed a fraud on the U.S. Patent and Trademark Office (the "USPTO") in filing its application. *Id.* Since Applicant knew that there are many other independent users of the Marks, and the services provided by such independent users is the same as Applicant's restaurant services in Class 043, Applicant committed a fraud on the USPTO in claiming substantially exclusive use of the Marks in both applications, and therefore, these Oppositions must be sustained. See *Le Cordon Bleu, S.A. v. BPC PUB LTD.*, 451 F.Supp. 63, 72 (1978); *Schwinn Bicycle Co. v. Murray Ohio Manufacturing Co.*, 339 F.Supp. 973, 983, 172 USPQ 14, 21 (M.D.Tenn.1971), *aff'd*, 470 F.2d 975 (6th Cir.1972). "[T]he obligation which the Lanham Act imposes on an applicant is that he will not make knowingly inaccurate or knowingly misleading statements in the verified declaration forming a part of the application for registration." *Bart Schwartz International Textiles, Ltd. v. Federal Trade Commission*, 289 F.2d 665, 669, 129 USPQ 258, 260 (CCPA 1961).

⁵ See *Stipulated Settlement Agreement and Joint Notice of Dismissal with Prejudice* dated March 25, 2009 in Orange County Case No. 08-CA004422; and *Order on Plaintiff's Motion for Temporary Injunction* dated February 25, 2009 in Orange County Case No. 08-CA-004422.

Additionally, an opposition must be sustained if the Opposers establish that, if Applicant ever had rights in the Marks, it lost those rights through naked licensing. *See* 15 U.S.C. §§ 1127 and 1055 (the definition of a “related company” refers to licensees over whom applicant exercises control). In this case, Applicant claims to have approved each and every Maryland Fried Chicken Restaurant in operation today, yet also claims not to have a license agreement with any other Maryland Fried Chicken restaurant or to exercise quality control over any other Maryland Fried Chicken Restaurants.⁶ Thus, if Applicant ever had rights in the Marks, Applicant has lost all rights through naked licensing, and therefore these Oppositions must be sustained.

Finally, an opposition must be sustained if the Opposers establish that, if Applicant ever had rights in the Marks (and Opposers contend that Applicant does not have such rights), it lost those rights by permitting the unlicensed use of the Marks for years without policing its rights to the Marks against such other users. *See* 15 U.S.C. §§ 1051 and 1052 (exclusive use of the mark is a prerequisite for registration). In this case, dozens of other Maryland Fried Chicken restaurants used the Marks during the entire time that Applicant claims to have exclusively used its marks, and therefore, these Oppositions must be sustained.

A. Applicant Is Not the Owner of the Marks and Is Therefore Not Entitled to Trademark Registration.

The right to exclusive ownership of a trademark is governed by priority of use, and it is not registration alone, “but only actual use of a designation as a mark that creates rights and priority over others.” J. Thomas McCarthy, *McCarthy on Trademarks and Unfair Competition* §16:4 (4th ed. 2007). In this case, Applicant does not have priority of use over all other users of the Marks and is therefore not entitled to registration.

⁶ *See Deposition Transcript of Theresa Costantine* at pg. 34; *Deposition Transcript of Anthony Costantine* at pg. 30-44.

1. The Applicant is not the owner of the Marks because the Marks are within the public domain.

The original owner of the Marks, Albert Constantine, lost rights in the Marks when his company, Maryland Fried Chicken, Inc., went bankrupt and stopped using the Marks, assigned the Marks to himself personally, and then assigned the Marks to Edith Swain⁷. The Applicant has not provided any evidence showing that either Albert or Edith Swain assigned to the Applicant the rights to the Marks, or that Applicant otherwise acquired the exclusive rights in the Marks⁸.

In *Browning King Co. of N.Y. v. Browning King Co.*, the Browning King Co. filed for bankruptcy, sold all of the assets of its business, and all of its stores in the various cities were acquired by separate purchasers. 176 F.2d 105, 106 (3d Cir. 1949). The plaintiffs in the case acquired the New York and New Jersey stores, as well as the right to use the name “Browning King” and the trademarks of Browning King clothing in those areas. *Id.* at 106. The sale of the Pennsylvania business occurred through the Pennsylvania state court receiver and no one acquired the right to the trade name, good will, and trademarks of Browning King & Co. of Philadelphia. *Id.* at 107. The court determined that if no one acquires a trademark after the sale of the business that the mark is not the exclusive property of anyone and **it lies in the public domain.** *Id.* at 107. (emphasis added). The court ruled that the defendants in that case or “anyone else are entitled to use it, subject to the highly important qualification that in such use there must not be any deception of the public as to the identity of the merchant with whom customers do business.” *Browning King*, 176 F. 2d at 107.

⁷ See *Deposition Transcript of Theresa Costantine* at pages 27-28; Exhibits “I” and “J” to Opposers’ Notice of Reliance.

⁸ See *Deposition Transcript of Theresa Costantine* at pg. 20.

In this case, the rights to the Marks were lost upon the bankruptcy of Maryland Fried Chicken, Inc. Albert Constantine assigned the rights from Maryland Fried Chicken, Inc. to himself and then purported to sell the rights to Edith Swain, the then-owner of one of the many Maryland Fried Chicken franchises. *See* Exhibits “I” and “J” to Notice of Reliance. But many of the then-existing Maryland Fried Chicken restaurants continued using the Marks without any license whatsoever. Thus, the rights to use the Marks in the United States have entered into the public domain and anyone has the right use the marks including the Opposers. *Id.* at 106-107. Since the Marks have fallen into the public domain, Applicant cannot claim ownership in the Marks. *Id.* Therefore, these Oppositions must be sustained and Applicant should not be allowed to register the Marks.

2. The Applicant is not the owner of the Marks because there was no transfer of rights in the Marks to the Applicant by the original owner.

To acquire title to a trademark and prove priority of use a person or company must be able to prove a chain of title extending back to the original user of the mark and ending with itself. *Nordco A.S. v. Ledes*, 44 U.S.P.Q.2d 1220 (S.D.N.Y. 1997) (plaintiff could not maintain a Lanham Act suit for infringement because it could not document a conveyance of title of the mark to itself). In the instant case, Applicant has utterly failed to provide any documentation to establish a chain of title which ends with Theresa Costantine. The Applicant has not provided any evidence of the transfer of rights in the Marks to Applicant, and the use of the Marks by CFM and Paul Dion, the owner of the Maryland Fried Chicken restaurant in Winter Garden, Florida predates the Applicant in time⁹. In *Great Seats, Ltd. v. Great Seats, Inc.*, 84 U.S.P.Q.2d 1235, 1242 (T.T.A.B. 2007), the Board found there is no assumption of a license between sister

⁹ *See Deposition Transcript of Theresa Costantine* at pg. 20; *Deposition Transcript of James Gourley* at pages 6-7, 19; *Deposition Transcript of Paul Dion* at page 8.

companies, as they are not regarded as having unity of control. In *Great Seats*, the company established an independent sister company that did not use the “Great Seats” mark, and the original company continued to use the mark. *Id.* at 1239. Before the formation of the sister company, all use and advertising of the mark was performed by the original company and there was no evidence of the transfer of rights in the “GREAT SEATS” mark to the sister company. *Id.* at 1238. The Board found the two companies to be separate entities and not a continuation of each other, despite having a common president, controlling shareholder, and common premises. *Id.* at 1242. Without the formal transfer of rights in the marks, the Board determined, the sister company could not be the owner of the mark. *Id.*

Here, the Applicant cannot show that her restaurant that opened in 1981 was a continuation of Albert Constantine’s business. While the deceased original Applicant, Richard Costantine, may have been an officer of Maryland Fried chicken, Inc. while it was operational (which is still disputed, that is not enough to establish the required unity of control. *Id.* at 1242. Therefore, as in *Great Seats*, the Applicant has not inherited the rights in the Marks from the original owner and cannot claim that its use of the Marks was continuous due to Applicant’s alleged previous business relationship with Maryland Fried Chicken, Inc. Thus, Applicant cannot be found to be the owner of the Marks and her application should be voided according to T.M.E.P. § 1201.02(b) (2010).

Additionally, the Applicant cannot claim priority over all other users of the Marks based on the use of the Marks in her previous business. In *Daltronics, Inc. v. H.L. Dalis, Inc.*, Daltronics, Inc. attempted to rely for priority purposes on the earlier use of a similar mark by another, earlier-formed corporation, Deltronics Inc., which Daltronics argued was its predecessor in interest because the same individual was the president and sole shareholder of both corporations. 158 U.S.P.Q. 475, 476 (T.T.A.B. 1968). However, the Board found that there was

no evidence that any transfer of assets or goodwill from the earlier corporation, Deltronics Inc., to the later-formed corporation, Daltronics, Inc., had occurred upon the latter's formation, that Deltronics Inc. was not a predecessor in interest to Daltronics, Inc., and that Daltronics, Inc. therefore was not entitled to rely on the earlier use of the mark by Deltronics Inc. *Id.* at 479. Here, the Applicant previously may have run a Maryland Fried Chicken restaurant on Orange Blossom Trail in Orlando, Florida, but this was either through Maryland Fried Chicken, Inc. or was a partnership with Albert and/or Angelo Constatine. More importantly, the Orange Blossom Trail location shut down that store before Applicant purchased the Leesburg store in 1979¹⁰. The Applicant and her husband bought the current restaurant in Leesburg, Florida from an independent Maryland Fried Chicken restaurant owner who transferred all of the tangible assets of the business to Applicant, but did not expressly transfer the goodwill in the business. *See Deposition Transcript of Anthony Costantine* at pg. 23 and Chattel Mortgage for Leesburg property. In fact, the Leesburg store appears to have been a Burger Queen restaurant until at least 1966. *See Lease Agreement Between Herlong Industries and Queen Franchise Realty*. Because Applicant's prior store, if any, shut down before acquiring the Leesburg store, and no transfer of assets or goodwill occurred between Applicant's defunct prior store and the present store in Leesburg, Applicant's former store is not a predecessor in interest to the current store. Therefore, as in *Daltronics*, the Applicant cannot claim that her use of the Marks was continuous due to Applicant's potential ownership interest in a prior store. Thus, Applicant cannot be found to be

¹⁰ *See Deposition Transcript of Anthony Costantine* at pg. 12; and *Deposition Transcript of Theresa Costantine* at pg. 48 and 61.

the owner of the Marks and her application should be voided according to T.M.E.P. § 1201.02(b) (2010)¹¹.

- 3. The Applicant cannot claim exclusive ownership of the Marks and has not established priority over all other users of the Marks, and is therefore not the owner of the Marks.**

First and foremost, Applicant does not have priority over Opposer CFM. CFM began using the Marks on its restaurant supply products to market to Maryland Fried Chicken restaurants beginning in 1975 and has continuously used the Marks since that time. See Opposer CFM's Amended Notice of Opposition at pg. 2-3 and Exh. "A." Applicant claims a date of first use of the Marks of January 1, 1980¹², five years after CFM began using the Marks. Moreover, CFM is the only authority that has exercised any control over the twenty-nine (29) Maryland Fried Chicken restaurants in existence today, approving the location of new restaurants that seek to use the Maryland Fried Chicken name or the Marks. See Deposition Transcript of James Gourley at pg. 15-18. Since CFM's restaurant supply services are related to Applicant's restaurant services, CFM has priority over Applicant's rights in the Marks. *Luzier Inc. v. Marlyn*

¹¹ See also T.M.E.P. § 803.01; See also 37 C.F.R. §2.71(d); *Huang v. Tzu Wei Chen Foos Co. Ltd.*, 849 F.2d 1458, 7 USPQ2d 1335 (Fed. Cir. 1988); *Great Seats Ltd. v. Great Seats, Inc.*, 84 USPQ2d 1235 (TTAB 2007); *American Forests v. Sanders*, 54 USPQ2d 1860 (TTAB 1999); *In re Tong Yang Cement Corp.*, 19 USPQ2d 1689 (TTAB 1991); *In re Lettman*, 183 USPQ 369 (TTAB 1974); *Dunleavy v. Koepfel Steel Products, Inc.*, 114 USPQ 43 (Comm'r Pates. 1957), *aff'd*, 328 F.2d 939, 140 USPQ 582 (C.C.P.A. 1964); *Richardson Corp. v. Richardson*, 51 USPQ 144 (Comm'r Pats. 1941); *Celanese Corp. of American v. Edwin Crutcher*, 35 USPQ 98 (Comm'r Pats. 1937).

¹² Although Applicant has attempted to amend its date of first use, as argued in Opposers' Response in Opposition to Applicant's Motion for Summary Judgment, under Section 271, an "applicant may amend the dates of use, provided that the applicant supports the amendment with an affidavit or declaration under §2.20." Although an applicant can amend its date of first use, proof of an earlier date of first use must be proven by **clear and convincing evidence**. See *McCarthy's on Trademarks*, §20:28-77; See also *Rockwood Chocolate Co. v. Hoffman Candy Co.*, 372 F.2d 552, 152 U.S.P.Q. 599 (C.C.P.A. 1967). Clear and convincing proof refers to evidence of use which is not characterized by contradictions, vagueness or inconsistencies. *McQuay-Norris Mfg. Co. v. H-P Tool Mfg. Corp.*, 141 U.S.P.Q. 405 (T.T.A.B. 1964). Typically in an opposition proceeding, a decision as to priority of use is made in accordance with the preponderance of evidence. However, when an applicant seeks to prove a date earlier than the first use date alleged in its application, then it must prove the earlier date by the clear and convincing standard. See *McCarthy's on Trademarks*, §20:28-78. In the instant case, Applicant has utterly failed to prove its earlier date of first use.

Chemical Co., Inc., 442 F.2d 973, 169 USPQ 797, 799 (CCPA 1971). Since CFM's use of the Marks has been continuous and predates the Applicant's use of the Marks, then to allow the Applicant to register the exact same mark would cause confusion and deception of the public. *Daltronics* at 480 (stating, "Section 2(d) of the Act precludes the registration of a mark which so resembles a mark or trade name previously used by another as to be likely to cause confusion, or to cause mistake, or to deceive."). Therefore, since the Applicant is not the owner of the mark, Applicant should be precluded from registering the Mark, and her Applications for Registration of the Marks should be voided under T.M.E.P. § 1201.02(b) (2010).

Additionally, several Maryland Fried Chicken restaurants have been in continuous operation since well before Applicant's claimed date of first use of January 1, 1980, including the one on Edgewater Drive, Orlando, FL, in operation since as early as 1962, as well as the stores in Union Park, Florida, Myrtle Beach, South Carolina, Augusta, Georgia, Avon Park, Florida, and Vero Beach, Florida¹³. Because Applicant does not have priority over these other users of the Marks, Applicant does not own the Marks that are the subject of Applicant's Applications for Registration. *See BellSouth Corp. v. DataNational Corp.*, 60 F.3d 1565, 1570 (Fed. Cir. 1995) ("While the 'Walking Fingers' logo may once have been a strong candidate for trademark protection, through common usage by virtually all classified directory publishers it can no longer be understood to represent a source of the directories. Instead . . . [it] now identifies the product — classified telephone directories — generally."); *see generally* 3 McCarthy § 17:8.

¹³ *See Deposition Transcript of Anthony Costantine* at pg. 36 and Exh. 5; *Deposition Transcript of James Gourley* at pg. 20.

Therefore, since the Applicant is not the owner of the Marks, Applicant should be precluded from registering the Marks, and her Applications for Registration of the Marks should be voided under T.M.E.P. § 1201.02(b) (2010).

In seeking to register the Marks, the Applicant seeks to establish control over the other twenty-nine (29) independent Maryland Fried Chicken restaurants in existence today, including Opposer OMFC's Maryland Fried Chicken restaurant located in Apopka, Florida. However, the law requires that an applicant already maintain control, especially exclusive ownership over a mark before registration occurs in order to prevent confusion and deception to the consumer that the goods provided come from a single source. *BellSouth Corp.* at 1570. The Lanham Act, 15 U.S.C. § 1227 (2006), defines a trademark as "any word, name, symbol...to identify and distinguish his or her goods, including a unique product from those manufactured or sold by others and to indicate the source of the goods...." Because the Marks are broadly used by multiple independent restaurant owners, the Applicant is unable to distinguish her restaurant services from those sold by the other Maryland Fried Chicken restaurants. *BellSouth Corp.* at 1570. Therefore, Applicant is not the owner of the Marks, Applicant should be precluded from registering the Marks, and her Applications for Registration of the Marks should be voided under T.M.E.P. § 1201.02(b) (2010).

B. Applicant Committed Fraud on the Trademark Office.

The Opposers bear the burden of establishing by clear and convincing evidence both that Applicant made false statements to the Trademark Office and that Applicant intended to deceive the Trademark Office in making such statements. *Giant Food, Inc. v. Standard Terry Mills, Inc.*, 229 USPQ 955 (TTAB 1986). Applicant made an affirmative misrepresentation of a material fact in her Applications where Applicant knew that there were many other independent users of the

Marks at the time Applicant filed the Applications and swore that Applicant had substantially exclusive use of the Marks. Thus, Applicant's statement that she has exclusive rights in the Marks was not accidental or made without knowledge of the falsity of the statement, but was made with intent to defraud the Trademark Office. *Torres v. Cantine Torresella S.r.l.*, 808 F.2d 46, 1 USPQ2d 1483 (Fed. Cir. 1986) (The Court determined that its analysis of whether fraud was committed must be whether the person knew or should have known of the falsity of the statement at the time it was made.)

In this case, the Applicant represented in her Applications for Registration that she has no knowledge of any other users with rights to the Marks. *See* Applicant's Applications for Registration. This is the purported basis for the Applications and the Applicant clearly intends for the Office to rely upon its representations and statements in registering the Marks. *Id.* However, Applicant, in her deposition dated August 12, 2011, appears to have been aware of the thirty-five (35) other Maryland Fried Chicken restaurants that were in business at the time she filed her application. *Deposition Transcript of Theresa Costantine* at 32-36. Additionally, Applicant's son Anthony Costantine, who states variously that he is an "owner" or a "manager" of Applicant's Leesburg restaurant, admits in his March 23, 2011 deposition that other independent Maryland Fried Chicken restaurants have rights in the Marks, including Opposer OMFC. *Deposition Transcript of Anthony Costantine* at pg. 24-30.

Therefore, the Applicant has acted with reckless indifference and made deceitful statements of fact as to the Applicant's exclusive rights in the Marks. In fact, the Applicant was aware of other users with rights in the Marks, and therefore Applicant did not have exclusive rights in the Marks as stated in its Applications.

37 C.F.R. § 2.193(f) states that "[t]he presentation to the Office (whether by signing, filing, submitting, or later advocating) of any document by a party, whether a practitioner or non-

practitioner, constitutes a certification under § 11.18(b) of this chapter. Violations of § 11.18(b)(2) of this chapter by a party, whether a practitioner or non-practitioner, may result in the imposition of sanctions under § 11.18(c) of this chapter. Any practitioner violating § 11.18(b) may also be subject to disciplinary action. *See* §§ 11.18(d) and 11.23(c)(15).

Section 11.18(b) states that “[b]y presenting to the Office or hearing officer in a disciplinary proceeding (whether by signing, filing, submitting, or later advocating) any paper, the party presenting such paper, whether a practitioner or non-practitioner, is certifying that—

- (1) All statements made therein of the party’s own knowledge are true, all statements made therein on information and belief are believed to be true, and all statements made therein are made with the knowledge that whoever, in any matter within the jurisdiction of the Office, knowingly and willfully falsifies, conceals, or covers up by any trick, scheme, or device a material fact, or knowingly and willfully makes any false, fictitious, or fraudulent statements or representations, or knowingly and willfully makes or uses any false writing or document knowing the same to contain any false, fictitious, or fraudulent statement or entry, shall be subject to the penalties set forth under 18 U.S.C. § 1001 and any other applicable criminal statute, and violations of the provisions of this section may jeopardize the probative value of the paper; and
 - (2) To the best of the party’s knowledge, information and belief, formed after an inquiry reasonable under the circumstances,
- ... (iii) The allegations and other factual contentions have evidentiary support or, if specifically so identified, are likely to have evidentiary support after a reasonable opportunity for further investigation or discovery; and ...
- (c) Violations of any of paragraphs (b)(2)(i) through (iv) of this section are ... subject to such sanctions or actions as deemed appropriate by the USPTO Director, which may include, but are not limited to, any combination of—
 - (1) Striking the offending paper;
 - (2) Referring a practitioner’s conduct to the Director of Enrollment and Discipline for appropriate action;
 - (3) Precluding a party or practitioner from submitting a paper, or presenting or contesting an issue;
 - (4) Affecting the weight given to the offending paper; or
 - (5) Terminating the proceedings in the Office.
 - (d) Any practitioner violating the provisions of this section may also be subject to disciplinary action.”

The Applicant has violated at least these foregoing rules in filing Applicant's Applications for Registration of the Marks as the statements contained therein are false statements of fact made knowingly and willfully regarding the Applicant's claim of exclusive use of the Marks. Therefore, Applicant's Applications for Registration of the Marks should be voided under T.M.E.P. § 1201.02(b) (2010).

C. If Applicant Ever Had Rights in the Marks, Applicant Lost All Rights in the Marks Through Naked Licensing.

Even if the Board finds that Applicant had priority of use over all other users, Applicant has lost its rights through the naked licensing of the Marks. Applicant claims to have "approved" the use of the Marks by every other Maryland Fried Chicken restaurant, but fails to provide any proof therefore. In addition, uncontrolled licensing of a mark whereby the licensee can place the mark on any quality or type of goods or services may cause the mark to lose any significant it may have. Such uncontrolled use by a licensee raises a grave danger that the public will be deceived by the usage. T.M.E.P. § 1201.03(b). The public will be deceived because in the absence of quality control, the licensee's use of the mark misrepresents the trademark owner's connection with the goods or services sold under the mark. 3 McCarthy §18:48-101 and 102. A trademark carries with it a message that the trademark owner is controlling the nature and quality of the goods or services sold under the mark. Without quality control, the message is false because without control of the quality, the goods or services are not "genuine." A product is not truly genuine unless it has been manufactured and distributed under quality controls established by the manufacturer. 3 McCarthy §18:48-102.

Thus, not only does the trademark owner have the right to control quality when it licenses its mark, it had the duty to control quality. *Id.* When the duty is not adequately discharged, the licensed mark carries the potential for customer deception: the antitheses of a valid trademark.

Id. Uncontrolled or “naked” licensing may result in the trademark ceasing to function as a symbol of quality and controlled source. 3 McCarthy §18:48-104. The effect has often been characterized as an abandonment of the trademark¹⁴. Of course, such “abandonment” must be distinguished from abandonment from nonuse of a mark, which occurs only if some intent to abandon can be inferred. 3 McCarthy §§ 18:48-105 and §§ 17:9-17:15. Abandonment because of uncontrolled licensing is purely an “involuntary” forfeiture of trademark rights, for the mark owner probably has no subjective intent to abandon. *Id.*

In the instant case, as discussed above, if Applicant had any ownership rights in the Mark, Applicant has failed to control the nature and quality of the goods and services sold under the Mark. Whether this was done through licensing or not, Applicant has indeed abandoned the Mark. Customers are entitled to assume that the nature and quality of goods and services sold under the mark at all licensed outlets will be consistent and predictable. 3 McCarthy §§18:55-117. Similarly, customers are entitled to assume that at any one outlet, the nature and quality of goods and services sold under the mark will be substantially the same over time and will not suddenly and unexpectedly change without warning. *Id.* In other words, someone must be responsible for maintaining these consistent levels of the nature and quality of the goods, which

¹⁴ *R.C.W., Supervisor, Inc. v. Cuban Tobacco Co.*, 220 F. Supp. 453, 138 USPQ 441 (S.D.N.Y. 1963) (“Naked licensing, that is to say, licensing without exercise of supervision by the licensor...may constitute abandonment”); *Doebler’s Pennsylvania Hybrids, Inc. v. Doebler*, 442 F.3d 812, 78 USPQ2d 1509 (3d Cir. 2006) (“Failure to provide quality control may constitute naked licensing leading to abandonment of the mark”); *Ritchie v. Williams*, 395 F.3d 283, 73 USPQ2d 1430 (6th Cir. 2005) (lack of control is a naked license that results in abandonment of the mark); *Midwest Fur Producers Ass’n v. Mutation Mink Breeders Ass’n*, 127 F. Supp. 217, 103 USPQ 389 (W.D. Wis. 1954) (naked licensing held abandonment and estoppel to assert trademark rights); *First Interstate Bancorp v. Stenquist*, 16 USPQ2d 1704 (N.D. Cal. 1990) (uncontrolled license held a naked license resulting in abandonment of the mark); *Stanfield v. Osborne Industries, Inc.*, 52 F.3d 867, 34 USPQ 1456 (10th Cir. 1995) (uncontrolled license resulted in abandonment of mark; licensor cannot prevail in trademark infringement claim against nonpaying licensee); *CAN Financial Corp. v. Brown*, 922 F. Supp. 567, 574 (M.D. Fla. 1996) (parent corporation that licensed mark to subsidiaries without any quality control therefore forfeiting any rights to the mark); *Haymaker Sports, Inc. v. Turian*, 581 F.2d 257, 198 USPQ 610, 613 (CCPA 1978) (“Uncontrolled licensing of a mark results in abandonment of the mark by licensor”).

is the trademark owner. *Id.* In the instant case, if Applicant is the owner of the trademark as alleged, it is Applicant's duty and responsibility to control the nature and quality of its goods, which it has utterly failed to do over the past thirty-two years¹⁵.

In *Eva's Bridal LTD. v. Halanick Enterprises, Inc.*, the court found that where license agreements were casually issued to family members without giving the licensor any power of supervision over how the business was conducted, and where no authority over the quality of the licensee's goods and services was actually exercised, was the paradigm a naked license. 639 F.3d 788, 791 (7th Cir. 2011). In *Dawn Donut Co., Inc. v. Hart's Food Stores Inc.*, the court stated that "without the requirement of control, the right of a trademark owner to license his mark separately from the business in connection with which it has been used would create the danger that products bearing the same trademark might be of diverse qualities." 267 F.2d 358, 367 (2d Cir. 1959).

Here, Applicant claims to have approved the location of each and every Maryland Fried Chicken restaurant. *Deposition Transcript of Theresa Costantine* at pg. 23-24 and Exh. 6. However, Applicant also insists that there are no written license agreements between Applicant and any other Maryland Fried Chicken restaurant; that every Maryland Fried Chicken restaurant can serve anything they choose to serve; and that Applicant does not control what any other Maryland Fried Chicken does or how it operates.¹⁶ In fact, twenty-nine (29) other independent Maryland Fried Chicken restaurants use the Marks without supervision or control. *See*

¹⁵ See *Deposition Transcript of James Gourley* at pg. 38-54; *Deposition Transcript of Paul Dion* at pg. 9-14; *Deposition Transcript of Robert Costantine* at pg. 9-17; *Deposition Transcript of Theresa Costantine* at pg. 32-34; *Deposition Transcript of Anthony Costantine* at pg. 31-40.

¹⁶ See *Deposition Transcript of James Gourley* at pg. 38-54; *Deposition Transcript of Paul Dion* at pg. 9-14; *Deposition Transcript of Robert Costantine* at pg. 9-17; *Deposition Transcript of Theresa Costantine* at pg. 32-34; *Deposition Transcript of Anthony Costantine* at pg. 31-40.

Deposition Transcript of James Gourley at pg. 11. Each of the restaurants determines its own menu. *Id.* at 20-22, 38-40, 44-48. One of the Maryland Fried Chicken restaurants serves Chinese food in addition to their regular menu. *Id.* at 23; Deposition Transcript of Paul Dion at pg. 10. There is no requirement even that each Maryland Fried Chicken restaurant serve the same fried chicken, or even that they serve fried chicken at all¹⁷. In fact, according to the affidavits of the owners of various Maryland Fried Chicken restaurants that use the Marks, Applicant had no authority to exercise control and in fact did not exercise any control over any of their restaurants. Exhibit “B” to Deposition of Paul Dion. Because Applicant admits that she has never exercised any quality control over any of the other Maryland Fried Chicken restaurants that use the Marks, if Applicant had any rights in the first place, Applicant has lost all rights in the Marks due to naked licensing. *Eva’s Bridal* at 790-791. Therefore, Applicant should not be allowed to register the Marks.

D. If the Applicant ever had rights in the Marks, the Applicant did not exercise control over the Marks and lost her rights and ownership in the Marks through a failure to police the Marks.

A trademark owner can abandon its mark a number of different ways. One of those ways is by failing to sue infringers for so long that the “mark” has been used by competitors and customers as the generic name of an article no matter who makes it. 3 McCarthy §17:17-38. A related line of case speaks of “intent to abandon” in the context of a failure of a trademark owner during a long period to assert or enforce its rights against descriptive use by others such that the mark no longer indicates origin in one seller. *See McKesson & Robbins, Inc. v. Charles H. Phillips Chemical Co.*, 53 F.2d 342, 345 (2d Cir. 1931), modified, 53 F.2d 1011 (2d Cir. 1931),

¹⁷ See Deposition Transcript of James Gourley at pg. 38-54; Deposition Transcript of Paul Dion at pg. 9-14; Deposition Transcript of Robert Costantine at pg. 9-17; Deposition Transcript of Theresa Costantine at pg. 32-34; Deposition Transcript of Anthony Costantine at pg. 31-40.

cert. denied, 285 U.S. 552 (1932) (“Milk of Magnesia”); *Ideal Industries, Inc. v. Gardner Bender, Inc.*, 612 F.2d 1018, 1116 (1980) (failure to object to third party’s descriptive use: in “fairness,” defendant should not be enjoined from a similar use). As Chief Judge Nies accurately observed in *Wallpaper Mfrs. Ltd. v. Crown Wallcovering Corp.*, 680 F.2d 755, 214 USPQ 327 (C.C.P.A. 1982):

Without question, distinctiveness can be lost by failing to take action against infringers. If there are numerous products in the marketplace bearing the alleged mark, purchasers may learn to ignore the “mark” as a source identification. When that occurs, the conduct of the former owner, by failing to police its mark, can be said to have caused the mark to lose its significance as a mark. However, an owner is not required to act immediately against every possible infringing use to avoid a holding of abandonment.

Of course, if, through failure to prosecute, a mark continually loses “strength” and “distinctiveness,” it will eventually hemorrhage so much that it dies as a mark. 3 McCarthy §17:17-40. That would be “abandonment” through acts of omission. *See Lanham Act*, §45, 15 U.S.C. § 1127 (“Abandonment” includes “when any course of conduct of the registrant, including acts or omission as well as commission, causes the mark to lose significance as an indication of origin).

In the instant case, there are twenty-nine (29) independent Maryland Fried Chicken restaurants operating throughout the United States that Applicant has absolutely no control over¹⁸. More importantly, Applicant has allowed each and every one of these restaurants, besides the store subject to the previous litigation which happened to be a family dispute, to operate without any control or interference on the part of Applicant.

¹⁸ See *Deposition Transcript of James Gourley* at pg. 11, 38-54; *Deposition Transcript of Paul Dion* at pg. 9-14; *Deposition Transcript of Robert Costantine* at pg. 9-17; *Deposition Transcript of Theresa Costantine* at pg. 32-34; *Deposition Transcript of Anthony Costantine* at pg. 31-40.

A trademark carries with it a message that the trademark owner is controlling the nature and quality of the goods or services sold under the mark. 3 McCarthy §18:40-84. Without quality control, this message is false because without control of quality, the goods or services are not truly “genuine.” *Shell Oil Co. v. Commercial Petroleum, Inc.*, 928 F.2d 104, 108, 18 USPQ2d 1156, 1158 (4th Cir. 1991). This dissonance and deception erodes the significance of the designation as an accurate indication of origin: a trademark. A product is not truly genuine unless it has been manufactured and distributed under quality controls established by the manufacturer. 3 McCarthy §18:42-85. Moreover, a trademark owner has a duty to control the quality of goods and services sold under the mark. In fact, “the owner of a trademark has a duty to ensure the consistency of the trademarked good or service. If he does not fulfill this duty, he forfeits the trademark. The purpose of the trademark, after all, is to identify a good or service to the consumer and identity implies consistency and a correlative duty to make sure that the good or service really is of consistent quality, i.e. really is the same good or service.” See *Gorenstein Enterprises, Inc. v. Quality Care-USA, Inc.*, 874 F.2d 431, 10 USPQ2d 1762, 1764 (7th Cir. 1989). Unless the trademark owner is required to control the quality of goods and services sold under the mark, that quality will inevitably vary from the level of quality that the mark conveys to consumers. As Judge Posner observed:

The economic function of a trademark is to provide the consuming public with a concise and unequivocal signal of the trademarked product’s source and character...and that function is thwarted if the quality and uniformity of the trademarked product are allowed to vary significantly without notice to the consumer. *Draeger Oil Co., Inc. v. Uno-Ven Co.*, 314 F.3d 299, 65 USPQ2d 1312 (7th Cir. 2002) (“[F]or a trademark to remain enforceable...the owner must, through monitoring, testing and other means, maintain the quality and uniformity of the trademarked product.”).

In the instant case, as discussed above, Applicant has failed to exercise any quality control over the goods or services sold under the Mark.

If the Applicant is found to be the owner of the Marks, she has lost the rights in the Marks through abandonment. The Lanham Act states,

“A mark shall be deemed abandoned when any course of conduct of the owner, including acts of omission as well as commission, causes the mark to become the generic name for the goods or services on or in connection with which it is used or otherwise to lose its significance as a mark.”

15 U.S.C. § 1127 . Unintentional abandonment of a trademark occurs when the trademark owner, by any act of commission or omission, causes the mark to lose its significance as an indication of origin. 3 McCarthy § 17.5.

Applicant does not license the Marks to others and the various Maryland Fried Chicken restaurants are independent. Deposition Transcript of Theresa Costantine at pg. 33-36; Deposition Transcript of Anthony Costantine at pg. 72-73. Thus, if Applicant somehow acquired rights in the Marks, Applicant has permitted at least twenty-nine other independent Maryland Fried Chicken restaurants to use the Marks since 1980 such that the Marks no longer signify a single source or origin of Maryland Fried Chicken restaurant services. Applicant’s only attempt to police the Marks was immediately before filing the Applications for Registration of the Marks when it sued Opposer OMFC for establishing a restaurant in the same county as its Leesburg, Florida restaurant¹⁹. No other action has been taken to police the Marks in thirty-two years of continuous use, despite the many other independent users of the Marks. Deposition Transcript of Theresa Costantine at pg. 33-36; Deposition Transcript of Anthony Costantine at pg. 72-73. There are no license agreements among the various Maryland Fried Chicken restaurants. *See* Deposition Transcript of James Gourley at pg. 11..Each Maryland Fried Chicken restaurant owner is independent of every other Maryland Fried Chicken restaurant owner. *Id.* Every

¹⁹ See *Stipulated Settlement Agreement and Joint Notice of Dismissal with Prejudice* dated March 25, 2009 in Orange County Case No. 08-CA004422; and *Order on Plaintiff’s Motion for Temporary Injunction* dated February 25, 2009 in Orange County Case No. 08-CA-004422.

Maryland Fried Chicken restaurant can serve anything it chooses to serve. *Id.* at 23; Deposition Transcript of Paul Dion at pg. 10. The nature and quality of restaurant services varies wildly from one Maryland Fried Chicken restaurant to the next. *Id.* Thus, the consumer has no idea what the Marks stand for, because the Marks certainly do not stand for a uniform nature and quality of restaurant services. If Applicant ever had rights in the Marks, such rights were lost through Applicant's acquiescence to the use of the Marks by unrelated third parties so that the Marks no longer have significance as service marks. Therefore, Applicant should not be allowed to register the Marks.

CONCLUSION

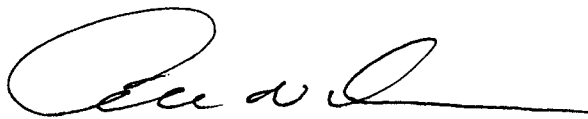
In this case, Applicant cannot be shown to be the owner of the Marks. Applicant either knew or should have known about the twenty-nine other users of the Marks for various independent Maryland Fried Chicken restaurants. Additionally, even if Applicant somehow acquired rights in the Marks, Applicant does not have exclusive rights in the Marks, and has abandoned its rights through naked licensing and a failure to police the Marks. Therefore, the Opposers respectfully suggest that it has been conclusively established that Applicant does not have exclusive rights in the Marks, and that the Board should grant these Oppositions, and refuse registration of the Marks to Applicant.

Respectfully Submitted,

By:


Suzanne D. Meehle
Florida Bar No. 0026562
The Meehle Law firm, P.A.
115 Maitland Avenue, Third Floor
Altamonte Springs, Florida 32701
Telephone: (407) 792-0790
Facsimile: (866) 218-1628
Attorney for Original Maryland
Fried Chicken, LLC
suzanne@meehle.com

By:




Amber N. Davis
Florida Bar No. 0026628
Beusse Wolter Sanks Mora & Marie, P.A.
390 N. Orange Avenue, Suite 2500
Orlando, Florida 32801
Telephone: (407) 926-7716
Facsimile: (407) 926-7720
Attorney for C.F.M. Distributing Company, Inc.
adavis@iplawfl.com

CERTIFICATE OF SERVICE

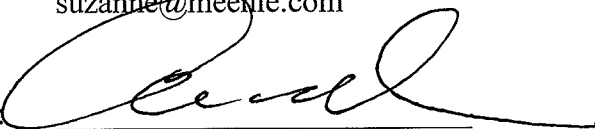
I HEREBY CERTIFY that a true and correct copy of the foregoing has been served via prepaid U.S. First Class Mail this 11th day of April, 2012 to: **Neil A. Saydah**, Esquire, Saydah Law Firm, 121 South Orange Avenue, Suite 1500, Orlando, Florida 32801.

By:



Suzanne D. Meehle
Florida Bar No. 0026562
The Meehle Law firm, P.A.
115 Maitland Avenue, Third Floor
Altamonte Springs, Florida 32701
Telephone: (407) 792-0790
Facsimile: (866) 218-1628
Attorney for Original Maryland
Fried Chicken, LLC
suzanne@meehle.com

By:



Amber N. Davis
Florida Bar No. 0026628
Beusse Wolter Sanks Mora & Marie, P.A.
390 N. Orange Avenue, Suite 2500
Orlando, Florida 32801
Telephone: (407) 926-7716
Facsimile: (407) 926-7720
Attorney for C.F.M. Distributing Company, Inc.
adavis@iplawfl.com