

The Federal Circuit Grapples With a Messy Breakup and Trademark Ownership

June 15, 2017 – The TMCA
by Benjamin Greenberg



Last week, the U.S. Court of Appeals for the Federal Circuit provided important guidance on the standard applicable to resolving disputes over the rightful ownership of a trademark where the mark has been used by a group of individuals in an organization and there is no agreement designating ownership. In its decision, the Federal Circuit agreed with the Trademark Trial and Appeal Board that three factors should be examined: (1) the parties' objective intentions or expectations; (2) who the public associates with the mark; and (3) to

whom the public looks to stand behind the quality of goods or services offered under the mark. Utilizing these factors, the Federal Circuit affirmed the Board's ruling that the mark in question was owned by the group rather than a departed member who claimed to have first conceived of the mark prior to joining the group. As a result, the departed member's registration of the mark on the Supplemental Register was cancelled because her application for registration was deemed void *ab initio*.

Lyons v. Am. College of Veterinary Sports Med. & Rehab. involved a dispute between a veterinarian (Lyons) and a group of other veterinarians with whom she worked collaboratively for a number of years on forming an accredited veterinary specialist organization ("VSO") for treating athletic animals. Lyons largely initiated the project. During this period, the group began using the mark THE AMERICAN COLLEGE OF VETERINARY SPORTS MEDICINE AND REHABILITATION ("AVSMR"), as the name of the proposed VSO. Although Lyons was a part of the organizing committee for several

Related People

- Benjamin Greenberg

Related Capabilities

- Trademark, Copyright + Advertising
- Intellectual Property Litigation

years, she ultimately was dismissed from the committee a number of years prior to the group's receipt of accreditation. After her dismissal, Lyons obtained a registration for the AVSMR mark on the Supplemental Register, claiming to have used the mark in commerce years before joining the group. Lyons purported to offer various lectures, seminars and clinical experiences using the AVSMR mark.

Meanwhile, the group continued its work and received provisional accreditation for the VSO in 2010, named the American College of Veterinary Sports Medicine and Rehabilitation. The College began certifying veterinarians, establishing active residency programs and conducting annual meetings, conferences, and education programs in collaboration with other VSOs. The College successfully petitioned to cancel Lyon's registration on the Supplemental Register.

On appeal, the Federal Circuit examined whether the ownership of the trademark lay with Lyons or the College. In doing so, it relied on a three-factor test previously used by the TTAB to resolve a dispute regarding the ownership of a Jackson 5 cover band name after the departure of one of its members. The Board in that case ultimately found that the group was the owner of the mark. *See Wonderbread 5 v. Giles*, 115 U.S.P.Q.2d 1296 (TTAB 2015). In *Lyons*, the Federal Circuit held that the first factor weighed in favor of the College because the parties' objective expectations were that Lyons, in conjunction with the rest of the group, would form an accredited VSO, not that Lyons would render her own personal services using the mark. With respect to the second factor, the Federal Circuit compared Lyons and the College's respective use in commerce of the mark and found that substantial evidence indicated that the relevant public looks to the College, not Lyons, for services in connection with the mark because Lyons' use of the mark had not created distinctiveness inuring to Lyons. Finally, the Federal Circuit found that substantial evidence demonstrated that the relevant public looked to the College, not Lyons, to stand behind the quality of the education and certification services associated with the mark.

The Federal Circuit concluded its opinion by noting that even if Lyons was the first to use the mark and may have been the reason why the Group adopted the name, Lyons' individual use never rose to the level of "use in commerce" required to establish ownership of the mark. This highlights a misconception that sometimes arises in ownership disputes that the individual who thinks up a name or is the driving force behind the introduction of a product or service to the market is the trademark owner. As the Federal Circuit's analysis in *Lyons* demonstrates, the ownership inquiry in disputes between a departing member and the group from which they departed will focus on whether the individual or entity is actually perceived as putting out the product. Accordingly, only rarely will an individual be deemed to be the owner of a mark when the mark was, in fact, used by the entity. The departing member should be mindful of this and seek a written agreement to rights in the mark in advance if sole ownership is desired. Although in those circumstances, a license to the group may be necessary if it is in fact the group entity that is offering the product or service, not the individual member.