

The TTAB Issued a TKO to a Licensee's Claim of Priority

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When two boxing companies sparred before the TTAB, the gloves came off—and that wasn't only because the dispute concerned a trademark registration for boxing gloves. In *Moreno v. Pro Boxing Supplies, Inc.*, the petitioner, Julie Moreno, sought to cancel Pro Boxing Supplies' existing trademark registration for Casanova and oppose the registration of two additional CASANOVA composite marks. At the time the proceeding was initiated, Moreno was the exclusive U.S. licensee of the CASANOVA boxing brand. As the exclusive licensee, Moreno claimed that she had prior rights in the CASANOVA mark in the U.S., because her licensor, a Mexican boxing equipment company named Deportes Casanova, had been using the mark in the United States for many years. The TTAB rejected Moreno's petition and dismissed her opposition, finding that Pro Boxing was the prior U.S. user of the mark. In a case of first impression, the TTAB refused to allow Moreno to benefit from the licensor's prior use in the U.S.

The facts showed that in 1987, Pro Boxing, a California-based boxing equipment company, began selling CASANOVA-branded boxing gloves. The gloves were made in Mexico by Deportes, a Mexican boxing equipment company, that owned the CASANOVA mark in Mexico. In addition, Deportes had sold its boxing equipment in the U.S. since at least 1972.

In the early 1990s, Pro Boxing's supply of CASANOVA boxing gloves dried up. As a result, Pro Boxing began manufacturing its own CASANOVA-branded boxing gloves and selling them in the United States. Several years later, in 2013, Pro Boxing successfully registered the CASANOVA mark in connection with boxing supplies. That same year, Deportes entered into an exclusive license agreement with Moreno, granting her the exclusive right to sell CASANOVA-branded boxing equipment in the United States.

After becoming aware of Pro Boxing's use of the CASANOVA mark, and its efforts to register two new CASANOVA marks, Moreno filed a petition to cancel Pro Boxing's existing registration and also filed an opposition to Pro Boxing's pending applications, claiming that Pro Boxing's use of the CASANOVA mark created a likelihood of confusion under Section 2(d) of the Lanham Act. Moreno claimed common law priority as the exclusive licensee of Deportes, which had been using the mark in the U.S. since the 1970s.

Before reaching the merits of the dispute, the TTAB addressed Pro Boxing's claim that Moreno lacked standing to bring these claims. Pro Boxing claimed that Moreno lacked standing to bring her petition and oppositions because her license from Deportes was a naked license without any quality control provisions and lacked consideration. The TTAB quickly disposed of these arguments, holding that "the quality control and consideration aspects are inherent in this particular license agreement because Moreno is buying the licensed products from Deportes Casanova and simply re-selling them."

Turning to the merits, the TTAB first found that the parties' conflicting use of the CASANOVA mark was likely to cause confusion. As a result, the dispute became a priority contest. The TTAB permitted Pro Boxing to rely on its 2012 application date as proof of constructive use of the mark. Because Moreno did not have any registrations or applications for the CASANOVA mark, the TTAB required her to establish priority under common law, meaning that she had to demonstrate as a factual matter that her use of the mark pre-dated 2012. Because Moreno had not personally used the CASANOVA mark prior to 2012, she attempted to rely on Deportes'—the licensor's—use in the United States. The TTAB therefore had to address an issue of first impression: whether a licensee "can claim priority based on the purported common law trademark rights" of the licensor. In a gut punch to licensee rights, the TTAB said no.

While the TTAB acknowledged that it is "well-settled that use of a mark by a licensee inures to the benefit of the trademark owner," there was no authority for the "converse principle" that the use of the mark by the licensor inures to the benefit of the licensee. This is because allowing a licensee to claim priority based on the licensor's use of the mark could result in a licensee claiming *de facto* ownership of the mark. The TTAB also focused on the language of the license from Deportes to Moreno, which stated that

Moreno was given “no ownership rights in the Intellectual Property.” To find for Moreno, the TTAB reasoned, would treat the license as an assignment, which it clearly was not.

This case is important for several reasons. First, it distinguishes between a licensee’s standing in TTAB proceedings and the substantive rights on which it can rely. Second, it establishes that a licensee—even an exclusive licensee—cannot rely on a licensor’s use when trying to establish priority of use. Third, it is worth noting that the licensor should still be able to successfully petition to cancel Pro Boxing’s existing registration and the two registrations that will issue after the dismissal of the oppositions. Finally, if it is so inclined, the licensor may also be able to bring a successful action for trademark infringement in the United States based on its common law priority and likelihood of confusion between the parties’ marks.