

This Opinion is Not a  
Precedent of the TTAB

Mailed: May 10, 2016

UNITED STATES PATENT AND TRADEMARK OFFICE

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Trademark Trial and Appeal Board

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*Weber-Stephen Products LLC*

*v.*

*RKS Design International, Inc.*

—  
Cancellation No. 92054172

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David J. Davis and John C. Filosa of Baker & McKenzie LLP for Weber-Stephen  
Products LLC

William T. McGrath and Ross M. Drath of Davis McGrath LLC for RKS Design  
International, Inc.

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Before Zervas, Goodman and Pologeorgis,  
Administrative Trademark Judges.

Opinion by Zervas, Administrative Trademark Judge:

RKS Design International, Inc. (“Respondent” or “RKS”) is the owner of  
Registration No. 2787586 (“the ‘586 registration”) for the mark  (“the Q Mark”) which issued on the Principal Register on November 25, 2003 for “portable indoor/outdoor gas cooking grills” in International Class 11. The ‘586 registration

matured from an application filed on March 14, 2002 by Thane International, Inc. (“Thane”) under Section 1(b) of the Trademark Act, 15 U.S.C. § 1051(b); claims first use on March 1, 2003 and first use in commerce on July 11, 2003; and contains a description of the mark statement describing Respondent’s mark as consisting of a stylized depiction of the letter Q.

Weber-Stephen Products LLC (“Petitioner” or “Weber”) has petitioned to cancel the ‘586 registration, alleging that (i) the underlying application and resulting registration are void *ab initio* because the application was not filed in the name of Respondent, the owner of the registered mark, but instead Thane; (ii) Respondent has abandoned its registered mark through nonuse; and (iii) Respondent committed fraud on the USPTO by making misrepresentations regarding use. Weber has waived its claim of fraud because it did not pursue its claim in its brief. *See Alcatraz Media Inc. v. Chesapeake Marine Tours Inc.*, 107 USPQ2d 1750, 1753 (TTAB 2013) (petitioner waived claims not argued before the Board).

Petitioner pleads it “manufactures, markets and sells portable gas grills under its well-known Q marks”;<sup>1</sup> and ownership of the following registrations:

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<sup>1</sup> Petition to cancel, ¶ 1, 1 TTABVUE 5. Citations to specific pages in the record in this opinion are to the TTABVUE docket entry number and the electronic page number where the document or testimony appears. Because the Board primarily uses TTABVUE in reviewing evidence, the Board prefers that citations to material or testimony in the record that has not been designated confidential include the TTABVUE docket entry number and the TTABVUE page number. For material or testimony that has been designated confidential and which does not appear on TTABVUE, the TTABVUE docket entry number where such material or testimony is located should be included in any citation. *See Turdin v. Trilobite, Ltd.*, 109 USPQ2d 1473, 1476 n.6 (TTAB 2014).

- Registration No 3064060 (“the ‘060 registration”) for the mark  for “barbecue grills” in International Class 11;<sup>2</sup> and

- Registration No. 3452564 (“the ‘564 registration”) for the mark Q in standard characters for “grills, namely, gas grills; replacement and repair parts and accessories for grills, namely, burner tubes, igniters, grill grates, cooking grids, lid handles, control knobs, gas regulators, gas lines, temperature gauges, rotisseries and grill covers” in International Class 11.<sup>3</sup>

Respondent denied the salient allegations in the petition to cancel and filed an amended answer with a counterclaim to cancel petitioner’s ‘564 registration on the ground of priority (based only on the registered  mark) and likelihood of confusion under Trademark Act § 2(d), 35 U.S.C. § 1052(d). Respondent also asserted various affirmative defenses; these affirmative defenses have been waived because Respondent did not discuss them in its brief. *See Alcatraz Media* 107 USPQ2d at 1753.

Petitioner denied the salient allegations of the counterclaim and filed an answer which asserted three affirmative defenses including an affirmative defense of laches. Its two additional affirmative defenses have been waived because Petitioner did not discuss them in its brief. *Id.*

### *The Record*

On June 25, 2014, Petitioner and Respondent submitted a stipulation providing:

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<sup>2</sup> Filed September 16, 2002, registered February 28, 2006; renewed April 12, 2016; and claiming first use and first use in commerce on December 17, 2002.

<sup>3</sup> Filed August 3, 2007, registered June 24, 2008, Section 8 and 15 affidavit accepted June 19, 2014; and claiming first use and first use in commerce on December 17, 2002.

The parties stipulate to the authenticity of the documents and things produced by either party to these proceedings in response to discovery requests and stipulate either party may introduce these documents and things by way of Notice of Reliance without foundation testimony. The parties reserve all other objections and arguments as to any document or thing introduced by way of Notice of Reliance through this stipulation.<sup>4</sup>

The Board approved the stipulation in its April 15, 2014 order. The parties are commended for taking steps to simplify the presentation of evidence in this proceeding.

By operation of the rules, the record includes the pleadings and the files of the registrations sought to be cancelled. In addition, the parties submitted the following into the record:

- Petitioner's first and second Notices of Reliance;<sup>5</sup>
- Testimony deposition of Nancy Misch, Weber's Vice President of Business and Legal Affairs, and exhibits, submitted by Petitioner;<sup>6</sup>
- Testimony deposition of Michael J. Kempster, Weber's Chief Marketing Officer, and exhibits, submitted by Petitioner;<sup>7</sup>
- Respondent's rebuttal Notice of Reliance;<sup>8</sup>
- Testimony deposition of Ravi K. Sawhney, owner of RKS, and exhibits, submitted by Respondent;<sup>9</sup> and

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<sup>4</sup> 35 TTABVUE.

<sup>5</sup> 47 and 53 TTABVUE.

<sup>6</sup> 55 TTABVUE.

<sup>7</sup> 56 and 57 TTABVUE.

<sup>8</sup> 54 TTABVUE.

<sup>9</sup> 60 TTABVUE.

- Testimony deposition of Daniel Tseng, owner of Point Elevate, a grill company, and exhibits, submitted by Respondent.<sup>10</sup>

*Standing*

Standing is a threshold inquiry made by the Board in every *inter partes* case. That is, standing is an essential element of Petitioner's case which, if not established, will defeat Petitioner's claim. *Lipton Industries, Inc. v. Ralston Purina Co.*, 670 F.2d 1024, 213 USPQ 185, 189 (CCPA 1982).

Petitioner has alleged at Paragraph 1 of its petition to cancel that it manufactures, markets and sells portable grass grills under its Q marks, and Mr. Kempster testified that Petitioner has been selling a Q line of portable and stationary grills.<sup>11</sup> Petitioner therefore has established its standing to bring its claims in the cancellation. *Cunningham v. Laser Golf Corp.*, 222 F.3d 943, 55 USPQ2d 1842, 1844 (Fed. Cir. 2000); *Lipton Industries*, 213 USPQ at 189.

Respondent's standing to bring its counterclaim is inherently established by its position as a defendant in the cancellation. *See Ohio State University v. Ohio University*, 51 USPQ2d 1289, 1293 (TTAB 1999) (“[A]pplicant's standing to assert the counterclaim arises from applicant's position as a defendant in the opposition and cancellation initiated by opposer.”). *See also Finanz St. Honore B.V. v. Johnson & Johnson*, 85 USPQ2d 1478, 1479 (TTAB 2007).

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<sup>10</sup> 59 TTABVUE.

<sup>11</sup> Kempster Dep. at 7, 56 TTABVUE 9.

*Ownership*

“[T]he owner of a trademark used in commerce may request registration of its trademark on the principal register ...” 15 U.S.C. § 1051 (a)(1). If the applicant does not own the mark on the application filing date, the application is void. *See* Trademark Rule 2.71(d), 37 C.F.R. § 2.71(d) (“An application filed in the name of an entity that did not own the mark as of the filing date of the application is void.”); *see also Huang v. Tzu Wei Chen Food Co Ltd.*, 849 F.2d 1458, 7 USPQ2d 1335 (Fed. Cir. 1988) (application filed by individual two days after transfer to newly-formed corporation held void); *American Forests v. Sanders*, 54 USPQ2d 1860 (TTAB 1999), *aff’d*, Fed. Cir. March 10, 2000 (unpublished) (intent-to-use application filed by individual void where the actual entity possessing the bona fide intention to use the mark was a partnership comprised of the individual and her husband); *In re Tong Yang Cement Corp.*, 19 USPQ2d 1689 (TTAB 1991)(application filed by member of joint venture void where mark was owned by the joint venture).

As noted above, Thane filed the application which matured into the ‘586 registration. Weber maintains that Thane was not the owner of the mark at the time the intent-to-use application was filed. According to Weber, RKS and Thane entered into a Production and Exclusive Marketing Agreement (“PEM Agreement”) effective March 5, 2002, covering the sale of grills and which addressed trademark rights.<sup>12</sup> The PEM Agreement, which authorized Thane to manufacture and sell grills, states in relevant part:

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<sup>12</sup> 47 TTABVUE 26.

The Parties, Thane International, Inc. (“THANE”), a Delaware corporation with offices located in La Quinta, California and RKS Design International (“OWNER”), a California Corporation with offices in Thousand Oaks, California enter into this Agreement with an “Effective Date” of 3/5, 2002 ... .

1. Warranties & Covenants.

1.1 ... THANE will, at its sole expense, apply, in the name of OWNER, for a trademark for the name “Q” ... .

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5. Grant of Rights.

5.1 Ownership of Property and Copyrights. THANE acknowledges and agrees that OWNER is the owner of all Product rights including patents, and copyrights for the Product and any names for the Product for which OWNER applies for a trademark. THANE is the sole owner of all rights, including copyrights and trademarks for the Infomercial, any and all Thane Materials, Product tooling, the Customer List and any name for the Product for which THANE applies for a trademark, except for the “Q” mark which shall be owned by OWNER.<sup>13</sup>

Nine days later, on March 14, 2002, Thane filed an application for the Q Mark covering “portable indoor/outdoor cooking grills,” which was designated application Serial No. 78114927. Thane responded to all Office Actions and filed a statement of use, attesting to first use of the mark in commerce on July 11, 2003. The registration certificate identifies Thane as the owner.

Several years later, a dispute arose between RKS and Thane about royalty payments and ownership of the Q Mark. RKS made multiple representations that it was the proper owner of the Q Mark and that the application should have been filed in its name. On November 4, 2005, RKS’ attorney wrote to Thane, stating that under section 5.1 of the Agreement RKS owned the word mark for Q and the Q Mark:

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<sup>13</sup> 47 TTABVUE 30.

Regarding the “Q” trademark, RKS has filed a trademark application for the word mark “Q” for grills, which in accordance with the provisions of section 5.1 of the licensing agreement, Thane agrees is the property of and owned by RKS. It has just recently come to the attention of RKS that Thane filed for and received registration for the “Q” mark, in which Thane was identified as the owner of the mark. As you are likely aware, only the true owner of a mark has the right to file with the United States Patent and Trademark Office for registration of a mark, and falsely holding oneself out as the owner of the mark to acquire registration of the mark is not taken lightly by the United States Patent and Trademark Office. If our information is inaccurate please advise us accordingly.<sup>14</sup>

RKS later sued Thane for trademark infringement on June 16, 2006 in the Western District of Oklahoma and claimed ownership of the Q Mark in its complaint:

8. Thane filed with the United States Patent and Trademark Office an intent to use application for trademark registration of the mark pronounced “Q” and received a filing date of March 14, 2002 (see Exhibit “4”). In accordance with section 1.1 of the Thane-RKS Agreement, “THANE will, at its sole expense, apply, in the name of the OWNER (RKS), for a trademark for the name “Q”...,” and section 5.1 of the Thane-RKS Agreement, “Thane is the sole owner of ... any name for the product for which Thane applies for a trademark, except for the “Q” mark which shall be owned by OWNER,” (RKS). However, in filing for the intent to use application, upon information and belief, the attorney for Defendant Thane mistakenly, rather than fraudulently, identified Thane, rather than RKS, as applicant for the mark pronounced “Q.”<sup>15</sup>

Among other things, RKS sought a declaration that:

[I]n accordance with 15 U.S.C. § 1057(e); 37 C.F.R. § 2.175; and 15 U.S.C. § 1119, the Court instruct the Commissioner (Director) for Trademarks of the United States Patent and Trademark Office to amend the certificate of trademark registration of the mark “Q,” filed with the United States Patent and Trademark Office by Defendant Thane ... to recite Plaintiff, RKS Design International, as the Owner of Record, and to issue to Plaintiff, RKS Design International, a new

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<sup>14</sup> 47 TTABVUE 39.

<sup>15</sup> 47 TTABVUE 49.

certificate of trademark registration in the name of RKS Design International, or to cancel said registration.<sup>16</sup>

In briefs filed in the Oklahoma litigation, RKS claimed ownership of the Q Mark and interpreted the Agreement as requiring Thane to file the trademark application for the Q Mark in the name of RKS, as the owner of the Mark.<sup>17</sup>

On July 16, 2009, RKS sued Thane for trademark infringement in the Central District of California and claimed ownership of the Q Mark.<sup>18</sup> RKS alleged in its complaint:

18. This is an action for declaratory judgment under 15 U.S.C. § 1119. Upon information and belief and without Plaintiff RKS' knowledge, Thane caused the misrepresented filing of an intent to use trademark application for the mark "Q" with the United States Patent and Trademark Office by naming Defendant Thane as the owner of the mark rather than Plaintiff RKS, the true owner of the mark, as the owner of the mark.

As part of the relief sought, RKS requested a declaration that it was the owner of the Q Mark and asked the Court to direct the registration certificate to be amended and reissued naming RKS as the owner of Registration No. 2787586.<sup>19</sup> RKS also admitted in its response to Weber's requests for admissions in the present cancellation proceeding that it claimed ownership of the Q Mark as of March 2002 in the Western District of Oklahoma and Central District of California lawsuits and the only party entitled to file the application for the Q Mark.<sup>20</sup>

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<sup>16</sup> 47 TTABVUE 56.

<sup>17</sup> 47 TTABVUE 64-65 and 83-84.

<sup>18</sup> 47 TTABVUE, Ex. 8 at 101-102, 103-104.

<sup>19</sup> 47 TTABVUE 105-107.

<sup>20</sup> 47 TTABVUE 19-20.

On October 14, 2009, RKS and Thane entered into a Settlement Agreement and Mutual Release (“Settlement Agreement”) regarding, *inter alia*, the California action. The Settlement Agreement states that the PEM Agreement required Thane to name RKS as the owner of the Q Mark in Application No. 78114927:

2. Assignment. The Parties agree that pursuant to the terms of the PEM Agreement, Thane should have caused the trademark application (serial number 78114927) for the Trademark to be filed in RKS’ name (with Thane as the licensee thereof) instead of in Thane’s name, when Thane caused said application to be filed on March 14, 2002. However, legal counsel used by both the Parties instead applied for the Trademark in Thane’s name, and Thane adopted and used the Trademark thereafter. The Parties further agree that the Trademark at all relevant times was used with and applied to the Product that was marketed by Thane and was produced under a patent license from RKS, and that Thane was licensed to use the Trademark as applied to RKS’ patented Q<sup>TM</sup> grill and related accessories, and Thane’s use of the Trademark was not an infringing use of the Trademark.<sup>21</sup>

On the same date as the Settlement Agreement, Thane executed a *nunc pro tunc* assignment of the Q Mark to RKS and RKS recorded the *nunc pro tunc* assignment on November 5, 2009.<sup>22</sup> The recordal cover sheet references March 5, 2002 as the effective date, nine days before Thane filed the intent-to-use application for the Q Mark on March 14, 2002.<sup>23</sup> The assignment states, “the Parties agree that Assignor [Thane] at all times was licensed to use the” Q Mark; and indicates the assignment date as March 15, 2002. Thane’s assignment states that “the parties now

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<sup>21</sup> 47 TTABVUE 122.

<sup>22</sup> 47 TTABVUE 110.

<sup>23</sup> *Id.*

agree that Assignor [Thane] had a contractual obligation to assign the [Q] Trademark to RKS as of March 5, 2002.”<sup>24</sup>

Two years later, RKS, Mr. Sawhney and one of his entities initiated a malpractice action against RKS’ attorneys who represented RKS in the California action. In connection with a subpoena issued to Weber, RKS’ attorney at the time explained as follows in a June 30, 2011 email directed to Weber’s counsel:

Plaintiffs (“RKS”) entered into an agreement with Thane that provided Thane could manufacture and market outdoor barbeque grills marked with RKS’ trademark “Q”. The agreement provided that RKS would be the sole owner of the mark “Q” and that Thane would obtain issuance of a trademark registration naming RKS as the owner. Thane instead obtained issuance of the trademark naming Thane as the owner. Thane opposed Weber’s later issued mark “Q” as related to outdoor barbeque grills and held itself out to the USPTO as the true owner of RKS’ mark. Thane entered into a settlement agreement with Weber in which it held itself out as the true owner of the RKS mark and permitted Weber to continue to use its mark. Thane had no right to enter into that agreement and never informed RKS of its actions. Thane’s actions constituted, among other things, contributory trademark infringement.<sup>25</sup>

RKS filed a motion with the Circuit Court of Cook County Illinois in connection with the legal malpractice claim, and represented to the court:

Petitioners [including RKS] entered into an agreement with non-party Thane that provided Thane could manufacture and market outdoor barbeque grills marked with Petitioners’ trademark “Q”. The agreement provided that Petitioners would be the sole owner of the mark “Q” and that Thane would obtain issuance of a trademark registration naming Petitioners as the owner. Thane instead obtained issuance of the trademark naming Thane as the owner. Thane opposed Weber’s later issued mark “Q” as related to outdoor barbeque grills and held itself out to the USPTO as the true owner of Petitioners’ mark. Thane entered into a settlement agreement with Weber in which it held

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<sup>24</sup> 47 TTABVUE 112.

<sup>25</sup> 55 TTABVUE 58.

itself out as the true owner of the Petitioners' mark and permitted Weber to continue to use its mark. Thane had no right to enter into that agreement and never informed Petitioners' of its actions. Thane's actions constituted, among other things, trademark infringement.<sup>26</sup>

After Weber filed its June 24, 2011 petition to cancel in the present proceeding, Thane and RKS recorded a second *nunc pro tunc* assignment on November 8, 2011.<sup>27</sup> The recordal cover sheet references November 26, 2003 as the effective date which is after the filing date of the application.<sup>28</sup> The assignment indicates that Thane "at all times was licensed to use the" Q Mark; and as of the assignment date of November 26, 2003,<sup>29</sup> "Assignor [Thane] had a contractual obligation to assign the [Q] Trademark to RKS as of March 5, 2002."<sup>30</sup> The second assignment explained that the first assignment contained an error in the effective date of the assignment and was null and void.<sup>31</sup>

In light of the foregoing representations made by RKS and/or Thane, Weber maintains that RKS was not the owner of the mark when it filed its intent-to-use application.

Before reaching RKS' arguments, we consider whether the PEM Agreement even covers the Q Mark. The PEM Agreement does not specifically mention or depict or describe the Q Mark. Further, Weber, when contrasting its *typed* mark Q which is

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<sup>26</sup> 55 TTABVUE 65.

<sup>27</sup> 47 TTABVUE 115.

<sup>28</sup> *Id.*

<sup>29</sup> 47 TTABVUE 118.

<sup>30</sup> *Id.*

<sup>31</sup> *Id.*

the subject of the '564 registration, and the Q Mark, argues that they are not the same mark, stating, "RKS' Q Design Mark does not look like a Q and no consumer or reasonable person encountering RKS' Design Mark is likely to pronounce  as Q."<sup>32</sup> While this argument may be Petitioner's best argument against the counterclaim, it is not helpful to Petitioner's arguments on its lack of ownership claim. We consider, however, Thane's and RKS' interaction to determine whether RKS considered the Q Mark as within the Agreement. It appears from the Settlement Agreement that both Thane and RKS viewed the Q Mark as being within the Agreement ("The Parties agree that pursuant to the terms of the PEM Agreement, Thane should have caused the trademark application (serial number 78114927) for the Trademark to be filed in RKS' name (with Thane as the licensee thereof) instead of in Thane's name, when Thane caused said application to be filed on March 14, 2002. ... The Parties further agree that ... Thane was licensed to use the Trademark as applied to RKS' patented Q<sup>TM</sup> grill and related accessories ...").<sup>33</sup> RKS consistently maintained that the Q Mark was part of the PEM Agreement, and even in the *nunc pro tunc* assignments, maintains that Thane "at all times was licensed to use the" Q Mark. Thus, despite RKS' argument that the Q Mark does not look like the letter "Q" and that a consumer or reasonable person is unlikely to pronounce the Q Mark as a "Q," we find that the Q Mark was intended to fall within the PEM Agreement and is

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<sup>32</sup> Petitioner's Brief at 13, 58 TTABVUE 19.

<sup>33</sup> 47 TTABVUE 122.

encompassed within “the name ‘Q’” or “the ‘Q’ mark” as used in the PEM Agreement, as RKS has contended in the past.

Turning now to RKS’ response to Weber’s arguments, RKS relies heavily on the fact that Thane filed the application under the intent-to-use provisions of the Trademark Act. RKS argues:

Petitioner has not challenged—and, indeed, the evidence makes clear—that the applicant Thane, Inc., had the exclusive right to use the mark in commerce, and a *bona fide* intention to use the mark at the time of the application. The March 5, 2002 Production and Exclusive Marketing Agreement between RKS Design International and Thane (Pet’s Ex. 2, ¶ 5.3) grants Thane the exclusive right to market grills bearing the “Q” mark subject to certain periodic sales requirements. Thane did in fact manufacture and sell ... “Q” brand grills between 2003-2009. (Pet’s Ex. 18).

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As noted above, the March 5, 2002 Agreement, executed prior to the filing of the application, grants Thane the exclusive right to use the mark in connection with the identified goods, requires Thane to use the mark in commerce, and provides financial incentives for such use. That, combined with the undisputed evidence showing ... subsequent sales by Thane of the identified goods under the registered mark, surely meets the “some objective evidence” standard established in [*M.Z. Berger & Co. v. Swatch AG*, 787 F.3d 1368, 1376 (Fed. Cir. 2015)].<sup>34</sup>

The parties’ intent, as shown by the plain language of the agreement, Mr. Sawhney’s trial testimony, and the parties’ conduct, was for Thane, the only party authorized to use the mark under the Agreement, to perfect rights in the trademark registration and subsequently assign those rights to RKS. ... The second and last-filed *nunc pro tunc* assignment, executed November 4, 2011 and with an effective date of November 26, 2003 (the day after the issuance of the registration), confirms and effectuates this intent. (Pet’s Ex 10).<sup>35</sup>

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<sup>34</sup> *M.Z. Berger* discusses a *bona fide* intent-to-use the mark, not ownership of the mark, and hence is inapposite to the issues before us.

<sup>35</sup> RKS’ appeal brief at 5, 61 TTABVUE 6.

The record also includes the following testimony by Mr. Sawhney:

Q. ... On page 5 of that agreement, paragraph 5.1, the agreement refers to the Q mark in the last sentence there; is that correct?

A. I see that. That's correct.

Q. What was your understanding of what that Q mark represented in that agreement?

A. A pretty straightforward thing. Would do what was -- what was necessary to - to perfect the trademark for Q, and that they would - and that they would assign the ownership rights to me.

Q. And who was in charge of quality control of the product under this agreement?

A. Thane was responsible for all aspects of manufacturing, agency approvals, quality control, sales and distribution. They had -- they had an exclusive -- exclusive rights to the -- to the product and the trademark, and they had full responsibility to ensure that everything was done to acceptable standards.<sup>36</sup>

We are not persuaded by RKS' argument. First, an entity that intends to use a mark must still be an owner of the mark to satisfy Section 1051 of the Trademark Act. The foregoing is true even if the application was initially filed as an intent-to-use application. In *American Forests v. Sanders*, 54 USPQ2d at 1862, the Board addressed the issue of whether the proper party filed an intent-to-use application and the ownership requirement of the statute as it applies to intent-to-use applications:

Obviously, the application at issue in this case is an intent-to-use application. Had the application been a use based application, and had the application been filed in the name of Barbara Sanders (an individual) when the owner of the mark LEAF RELEAF and design was another entity such as a partnership, then pursuant to [*Huang v. Tzu*

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<sup>36</sup> 60 TTABVUE 17-18

*Wei Chen Food Co. Ltd.*, 849 F.2d 1458, 7 USPQ2d 1335 (Fed.Cir.1988)] and the other authorities cited above, the application would have been void ab initio as having been filed in the name of someone other than the owner of the mark. We see no valid reason for granting greater leeway to intent-to-use applicants. Put quite simply, if it is a corporation or partnership which has the bona fide intention to use a particular mark, and yet the intent-to-use application is filed in the name of an individual, then said application will be deemed to be void ab initio.

Second, not every entity which has an intent to use a mark is an owner of the mark. A non-exclusive licensee may have an intent-to-use a mark in commerce, but it is not an owner of a mark. The same holds true for an exclusive licensee.

Third, RKS' argument ignores key provisions of the PEM Agreement. The PEM Agreement states in relevant part that "THANE will, at its sole expense, apply, in the name of OWNER [RKS], for a trademark for the name 'Q'; and "THANE is the sole owner of all rights, including copyrights and trademarks for the infomercial, any and all Thane Materials, Product tooling, the Customer List and any name for the Product for which THANE applies for a trademark, *except for the 'Q' mark which shall be owned by OWNER [RKS].*"<sup>37</sup> (Emphasis added.) We have found earlier in our decision that the Q Mark is included within "the name 'Q'" or "the 'Q' mark" in the PEM Agreement.

Fourth, RKS' argument is inconsistent with its claim of ownership made several times in the past. In its actions against Thane for trademark infringement, RKS consistently took the position that it is the owner of the Q Mark, and the Settlement Agreement includes a term that "Thane should have caused the trademark

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<sup>37</sup> 47 TTABVUE 30.

application (serial number 78114927) for the Trademark to be filed in RKS' name (with Thane as the licensee thereof) instead of in Thane's name, when Thane caused said application to be filed on March 14, 2002." The ensuing assignment document, after settlement of the litigations between Thane and RKS, provides that "Assignor [Thane] at all times was licensed to use the Trademark ... ." RKS arguments and Mr. Sawhney's testimony in this cancellation hence must be discounted.

Weber asked RKS about its change in position in its Interrogatory No. 45:

45. Explain why there is a difference between the allegations of ownership of the Q Logo in RKS' California and Oklahoma litigation filings, and the answers in this cancellation proceeding.

ANSWER: ... RKS states that the different allegations of ownership stems from advice of counsel and in order to comport with reality.<sup>38</sup>

This brief response does not offer a satisfactory explanation for RKS' change in position, but rather suggests an attempt to dodge the strong evidence that RKS considered itself as the owner of the Q Mark at the time Thane file its application. It appears to us that after RKS settled with Thane, and the dispute with Weber commenced, that RKS changed its position and re-interpreted the PEM Agreement to provide that Thane was to obtain a trademark registration for the Q Mark and then transfer the registration to RKS. Thus, in view of the suspicion we have about RKS's "story" which is in now advantageous to RKS in this proceeding, but which is not consistent with RKS' positions in the past, the glib response to Interrogatory 45, and the reasons provided above, we find that the owner of the mark at the time the

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<sup>38</sup> 45 TTABVUE 172.

application for the Q-Mark was filed was not Thane, and that the application which matured into the '586 registration was void *ab initio*.

#### *Abandonment*

Although we have found the application which matured into the '586 registration to be void *ab initio*, to render a full decision on Weber's claims, and in the event that our finding is reversed by a reviewing court, we proceed to consider Weber's abandonment claim.

Section 14 of the Trademark Act, 15 U.S.C. § 1064, provides for the cancellation of a registration if the registered mark has been abandoned. Section 45 of the Trademark Act, 15 U.S.C. § 1127, provides that a mark shall be deemed to be "abandoned" when its use has been discontinued with intent not to resume such use. Intent not to resume may be inferred from circumstances, and nonuse for three consecutive years shall be *prima facie* evidence of abandonment. *See Crash Dummy Movie LLC v. Mattel Inc.*, 601 F.3d 1387, 94 USPQ2d 1315, 1316 (Fed. Cir. 2010); *City National Bank v. OPGI Management GP Inc./Gestion OPGI Inc.*, 106 USPQ2d 1668, 1678 (TTAB 2013). Abandonment of a registered mark must be proven by a preponderance of the evidence. *Cold War Museum Inc. v. Cold War Air Museum Inc.*, 586 F.3d 1352, 92 USPQ2d 1626, 1628 (Fed. Cir. 2009) (citing *W. Fla. Seafood v. Jet Rests.*, 31 F.3d 1122, 1125, 31 USPQ2d 1660 (Fed. Cir. 1994)); *Cerveceria Centroamerica, S.A. v. Cerveceria India Inc.*, 892 F.2d 1021, 13 USPQ2d 1307, 1309-10 (Fed. Cir. 1989).

According to Weber, Thane ceased use of the Q Mark under license from RKS in 2009; between September 2009 and May 2014, a period of more than three years, RKS identified only 16 transactions involving Q grills; and even if all the transactions involved RKS, the transactions are valued at less than \$250 over a period of more than four years, compared to Thane's sales in the millions of dollars between 2003 and 2008.<sup>39</sup>

To the extent Petitioner has established a *prima facie* case of abandonment, we find that such *prima facie* case has been rebutted, because any limited use of the mark by RKS which occurred after the filing of the present cancellation proceeding by Weber on June 24, 2011, is excusable nonuse. RKS submitted direct testimony regarding entities which were considering a relationship with RKS but did not move forward due to RKS' dispute with Weber. Specifically, Mr. Dan Teng, a business owner who manufactures and sells grills, testified that Mr. Sawhney proposed the licensing of the Q mark during the negotiations that eventually led to an agreement governing Mr. Tseng's production of grills designed by RKS.<sup>40</sup> Mr. Tseng testified:

“Well, I understood there was a dispute with Weber. And so I made it pretty clear to Ravi that when there's a dispute with a company, I don't want to be in the midst of fighting that battle. So I don't want to name my new product the “Q Grill” and then figuring out that as soon as I get into the market, Weber come after my tail for – you know, I don't know what was in between the dispute. So – and even if I were to know the detail, I may not still feel comfortable becoming involved in that dispute.<sup>41</sup>

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<sup>39</sup> 47 TTABVUE 184.

<sup>40</sup> 59 TTABVUE 9-10.

<sup>41</sup> *Id.* at 10.

In addition, Mr. Sawhney testified regarding RKS' negotiations with Fuego North America LLC, with which RKS signed a manufacturing and marketing agreement in 2012:

Q. As part of the negotiations that led to this agreement, did you attempt to license the Q design mark to Fuego?

A. I did.

Q. What was Fuego's response to those efforts?

A. They didn't want to be entangled in a dispute over trademark with an 800-pound gorilla.

Q. You're referring to Weber?

A. I'm referring to Weber.<sup>42</sup>

In view of the foregoing, and the cloud of uncertainty as to whether RKS' rights in the registration would survive and what future course of action Weber would take, and by the fact that RKS has actively defended its right to its registration by litigating the cancellation brought by Weber, we find that RKS was justified in limiting or postponing its use of the mark pending the outcome of this proceeding. *See Penthouse Int'l, Ltd. v. Dyn Electronics, Inc.*, 196 USPQ 251, 257 (TTAB 1977) ("Moreover, nonuse of a mark pending the outcome of litigation to determine the right to such use or pending the outcome of a party's protest to such use constitutes excusable nonuse sufficient to overcome any inference of abandonment."). Further, for the period between 2009 and the filing of the Petition to cancel on June, 2011, a

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<sup>42</sup> 60 TTABVUE 24.

period of about two and a half years at most, the record does not evidence any express abandonment or an intent to abandon the Q Mark by RKS. In view thereof, Weber's claim of abandonment is dismissed with prejudice.

*Priority/Likelihood of Confusion*

RKS has counterclaimed to cancel petitioner's '564 registration on the ground of priority (based on the registered  mark) and likelihood of confusion.

In order to prevail in its claim of likelihood of confusion, RKS must prove priority of use. *See Brewski Beer Co. v. Brewski Bros., Inc.*, 47 USPQ2d 1281 (TTAB 1998). RKS bases its claim of priority on the filing date of the application which matured into the '586 registration.<sup>43</sup> Because RKS' likelihood of confusion claim is based on its registration, and we have found its registration is void *ab initio*, RKS' counterclaim is denied.

Even if RKS pleaded and established prior common law rights, or had a valid registration, we would find no likelihood of confusion on the present record. RKS, as the counterclaim plaintiff with the burden of proof, has offered no evidence on the similarity or dissimilarity of the design and standard character marks.

*Laches*

Because we have dismissed RKS' counterclaim of likelihood of confusion, we need not reach Weber's affirmative defense of laches to RKS' counterclaim.

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<sup>43</sup> Counterclaim at ¶¶ 1 and 4, 14 TTABVUE 22.

**Decision:** Weber's petition to cancel Registration No. 2787586 is granted on Weber's claim of non-ownership. Registration No. 2787586 shall be cancelled in due course.

Weber's claim of abandonment is dismissed.

RKS' counterclaim to cancel Weber's Registration No. 3452564 on the ground of likelihood of confusion is dismissed.