

## US: TRADE MARKS

## Opposition fails due to improper trade mark assignment

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Section 10 of the Lanham Act contains an anti-trafficking rule which prohibits the assignment of an intent-to-use-based trade mark application except where such assignment is to a successor to the business of the applicant or portion thereof to which the mark pertains. This provision played a key role in a decision recently rendered by the US Court of Appeals for the Federal Circuit in *Emerald Cities Collaborative, Inc v Sheri Jean Roese*. This ruling serves as an important reminder about the laws prohibiting the assignment of intent-to-use based trade mark applications, the risks in pursuing enforcement efforts when a mark might not have been properly assigned and the importance of asserting common law rights in a notice of opposition.

The plaintiff, Emerald Cities Collaborative, Inc (ECC), the owner of a trade mark registration for the mark The Emerald City, filed a notice of opposition with the Trademark Trial and Appeal Board (TTAB) against a trade mark application filed by the defendant, Roese, for the mark Emerald Cities, alleging a likelihood of confusion between the two marks. In her answer to the notice of opposition, Roese asserted a counterclaim seeking the cancellation of the registration for the mark The Emerald City, claiming that the registration was invalid because the 2009 agreement pursuant to which that mark had been assigned to ECC was in violation of Section 10 of the Lanham Act.

The TTAB ruled that the assignment of the mark The Emerald City to ECC constituted an improper assignment of an intent-to-use application and therefore issued an order cancelling the trade mark registration for the mark The Emerald City and, since the likelihood of confusion claim was based solely on rights asserted in the pleaded registration,

dismissing the opposition. ECC subsequently appealed to the Federal Circuit.

At issue for the Federal Circuit to decide was whether the 2009 “Trademark Assignment and License” between ECC and Orlando (the previous owner of the trade mark application for the mark The Emerald City) was an assignment in violation of Section 10 of the Lanham Act or, as ECC contended, was merely “an agreement to assign in the future”.

In support of its position, ECC pointed to provisions in the 2009 agreement that the applicant agrees to assign to ECC its rights in the mark at issue “at such time as the Mark is registered”. However, the 2009 agreement also contained language indicating that Orlando ceded control over the intent-to-use application to ECC and became obligated to assist ECC in ECC’s registration of the mark. Therefore, looking at the 2009 agreement as a whole, the Court concluded that “the overall scheme and plan of the [2009] Agreement is that, by virtue of its execution, Orlando relinquished and ECC acquired, immediate control and ownership over the intent-to-use application and the associated mark”.

While it would appear that ECC attempted to structure the 2009 agreement in a way to navigate around the restrictions of Section 10 of the Lanham Act, reading the 2009 agreement in its entirety, the Court ruled that such structure ceded ownership and control of an intent-to-use application in “a matter tantamount to assignment”. Accordingly, the Court affirmed the TTAB’s ruling that the assignment to ECC was invalid, resulting in the cancellation of the registration for the mark The Emerald City and negating the basis for the opposition.