

US: TRADE MARKS



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Assigning intent-to-use-based applications

In August, the US Patent and Trademark Office's Trademark Trial and Appeal Board (TTAB) issued a precedential decision in *Central Garden & Pet Company v Dorskocil Manufacturing Company, Inc.* The TTAB cancelled a trade mark registration for the mark Zilla because the assignment of the underlying application was improper. The decision highlights the need for parties to give special consideration to the manner in which the assignment of intent-to-use-based trade mark applications are treated when structuring corporate transactions.

The application for the Zilla mark had been filed on an intent-to-use basis by an entity called All-Glass Aquarium Co, a wholly-owned subsidiary of Pennington Seed, Inc, and assigned – prior to the filing of an allegation of use – to Central Garden & Pet Company, of which Pennington Seed, Inc was a wholly-owned subsidiary. A simple form of assignment document was recorded with the PTO to memorialise the assignment but, notably, such document represented the entire agreement regarding the transfer of the application.

Based on its ownership of the Zilla mark, Central Garden initiated opposition and cancellation proceedings against trade mark filings owned by Dorskocil for the marks Dogzilla and Petzilla. In response, Dorskocil made a counter-claim seeking cancellation of Central Garden's Zilla mark, claiming that the assignment of the application to Central Garden violated Section 10(a)(1) of the Trademark Act.

The provision at issue provides, in pertinent part, that a trade mark application filed on an intent-to-use basis may not be assigned prior to the filing of an allegation of use, except where the assignee acquires at least that part of the applicant's business to which the

mark pertains. The TTAB found that Central Garden was not a successor to the assignor of the Zilla application and that the assigner continued to operate its business in the exact same manner after the transfer had been memorialised as it had beforehand.

In doing so, the TTAB applied a very strict reading of the statute and determined that it was not appropriate to look at Congress's intention when enacting the statute. Despite the legislative history underlying the statute which indicates that the provision was enacted to prohibit parties from trafficking in intent-to-use applications (something that there was no evidence of in the case at hand) and even though there was no evidence of bad intent on behalf of either Central Garden or All-Glass, the TTAB decided that the statute was clear and that the assignment of the Zilla mark constituted a violation of the statute. The fact that the parties were related did not, similarly, trump the language of the statute.

Although the statute does not explicitly state the consequence of a prohibited transfer, the TTAB held in *Central Garden* that an improper assignment of an intent-to-use-based application renders the application void and, therefore, the registration which issues for such application is subject to cancellation. Since the TTAB cancelled the registration based on the assignment issue, the TTAB did not need to evaluate the likelihood of confusion issue.

This case highlights the need to not simply group the assignment of an intent-to-use-based application with all other trade marks owned by an entity when structuring corporate transactions. If All-Glass and Central Garden had structured the assignment differently, the registration for the Zilla mark might not have been cancelled and the case could have been decided much differently. The case also highlights the importance of ensuring that a company's trade mark registrations are not vulnerable to cancellation when commencing an opposition or cancellation proceeding against a third party. On the other hand, the cancellation of a registration based on an invalid assignment does not extinguish common law rights and, as such, does not, itself, invalidate the enforceability of a mark.