

U.S. DEPARTMENT OF COMMERCE  
PATENT AND TRADEMARK OFFICE

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Trademark Trial and Appeal Board

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Craig Martin  
v.  
Tusk Enterprises Inc.

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Cancellation No. 25,012

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Stephen G. Perry for Craig Martin.

Edward Sokolski for Tusk Enterprises, Inc.

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Before Simms, Hohein and Hairston, Administrative Trademark  
Judges.

Opinion by Hairston, Administrative Trademark Judge:

A petition has been filed by Craig Martin to cancel the  
registration of the mark set forth below for restaurant  
services.<sup>1</sup>

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<sup>1</sup> Registration No. 1,788,642 issued August 17, 1993. The word  
"CAFE" has been disclaimed apart from the mark as shown.



The grounds for cancellation are essentially that petitioner created and is the owner of a virtually identical mark, CAFE 50's VENICE CALIFORNIA and design, for restaurant services, the only difference in the respective marks being that petitioner's mark includes the words VENICE CALIFORNIA; that petitioner was the owner of Registration No. 1,353,365, which issued on August 6, 1985, for his mark, the registration having been canceled on January 14, 1992 for failure to file a Section 8 affidavit; that petitioner authorized respondent to use the "trade name under the mark," but never transferred, conveyed, assigned or in any way relinquished exclusive right to ownership of the mark; that petitioner has authorized other restaurants to use his mark, with each restaurant substituting for VENICE CALIFORNIA the name of the California city in which the restaurant is located; that respondent obtained its registration fraudulently; and that respondent's use of the registered mark in connection with restaurant services is likely to cause confusion with petitioner's mark.

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Respondent, in its answer, denied the salient allegations of the petition to cancel.

The record consists of the file of the pleaded registration; the testimony depositions of petitioner's witnesses Joseph Rooney, Craig Martin, and Rick Ladd; petitioner's notice of reliance on, inter alia, portions of the discovery deposition of Pat Wang and respondent's responses to petitioner's interrogatories and requests for admissions; and respondent's notice of reliance on certain documents.<sup>2</sup>

Both parties filed briefs on the case, but an oral hearing was not requested.

The record shows that in 1983, petitioner Craig Martin, with the assistance of a graphic designer, created the CAFE 50's VENICE CALIFORNIA and design trademark. According to Martin, he thereafter contracted with Inner Circle Graphics to make T-shirts bearing the mark, and it was his intention to open several restaurants featuring a 50's theme under the mark. In late 1983 or early 1984 the first such restaurant opened in Venice, California. The owner of that restaurant is respondent, Tusk Enterprises Inc., which at the time the

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<sup>2</sup>Both parties have submitted, under notice of reliance, documents which are not printed publications and official records within the meaning of Trademark Rule 2.122(e). However, since neither party has objected to the documents relied on by its adversary, but rather has treated the materials of record, the Board has considered these materials for whatever limited probative value they are entitled to.

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restaurant opened was owned by petitioner Craig Martin (20% interest), Yung Kim (40% interest), and Tony Soon (40% interest). Pat Wang was the president of Tusk Enterprises, Inc. and managed the day-to-day affairs of the restaurant. Around 1990, Wang acquired Yung Kim's interest in Tusk Enterprises, Inc. According to Wang, the CAFE 50's VENICE CALIFORNIA and design mark was first used on restaurant menus and possibly some advertising.

On March 15, 1984 Martin filed an application (Serial No. 73/472,734) to register the CAFE 50's VENICE CALIFORNIA and design mark for restaurant services. Martin testified that Wang and Tony Soon, i.e., the other owners of Tusk Enterprises, Inc., were aware that he had filed an application to register the mark. Wang, however, maintains that Martin never discussed the matter with them. In any event, Registration No. 1,353,365 issued to Martin on August 6, 1985, but was subsequently canceled on January 14, 1992 for failure to file a Section 8 affidavit.

Around 1985 or 1986 a second restaurant opened in Sherman Oaks, California. This restaurant, which is now closed, was owned by 50's Nostalgia. 50's Nostalgia was owned by Martin, Wang, and two other individuals. Wang testified that he and Martin authorized 50's Nostalgia to use the mark CAFE 50's and design. While no document to this effect was offered into evidence, Martin did not

dispute Wang's testimony in this regard. Martin, however, offered into evidence Exhibit H, which according to Martin, consists of "escrow instructions for when the location in Sherman Oaks was sold." Martin testified that the document is "letting the buyer know that the rights to the trademark are currently in dispute." The document states, in relevant part, that:

Item No: 17C, the undersigned Tusk Enterprises Inc. and Craig Martin, is or are the owners and whichever is deemed to be the legal owners of the tradename and logo of Cafe 50's and have granted to the Seller, use of the tradename and logo for the subject business of Cafe 50's located at 4609 Van Nuys Blvd, Los Angeles, California.

. . . . .

Nowtherefore, [sic] it is agreed by and between the Seller, Tusk Enterprises, Inc., Craig Martin and Buyer that Seller will transfer to Buyer, Seller's right to use said tradename and logo and Tusk Enterprises Inc. and Craig Martin, will grant to Buyer a Non-Exclusive Use of the Tradename and Logo of Cafe 50's.

In late 1986 a third restaurant opened in Hermosa Beach, California. This restaurant is owned by U.S.A. Diners, Inc., which is owned by Martin, Wang and several other individuals. Again, Wang testified that he and Martin authorized the restaurant to use the mark CAFE 50's and design.

A fourth restaurant opened around 1989 or 1990 in West Los Angeles, California. This restaurant is owned by Eat to the Beat!, Inc., which is owned by Martin, and several other

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individuals. Wang is not an owner of Eat To the Beat!, Inc. Exhibit D is a copy of an agreement dated May 1, 1989 between the officers of Eat to the Beat!, Inc. and Wang and Martin. The agreement provides, in relevant part, that:

Pat A. Wang and Craig V. Martin (hereinafter "P & C") and Eat to the Beat!, Inc. & its principals (hereinafter "Licensee") agree as follows:

Use of Trade Name: P & C shall give licensee the non-exclusive right to use the Business Name "Cafe 50's for the business located at 11623 Santa Monica Blvd., Los Angeles, Ca 90025. Licensee shall not have the right to use this name in connection with any other business, unless the prior written consent for such use is obtained by P & C.

. . . . .

Licensee recognizes and acknowledges that P & C is the owner of the trade name "Cafe 50's" and has the right to license other persons, companies, or legal entities to use said trade name as P & C shall determine; provided, however, that P & C shall not authorize or license any other person, company, or legal entity to utilize this trade name within a two (2) mile radius of the premises wherein the Business is now located.

On November 11, 1992 Pat Wang, as president of respondent Tusk Enterprises, Inc., filed the application which resulted in the involved registration. Wang admits that he did not advise the other owners of Tusk (Martin and Soon) that he was filing an application to register the mark CAFE 50's and design. According to Wang, he did not believe

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it was necessary and he was simply attempting to protect the rights of the corporation. Shortly after filing the application, Wang sent letters on behalf of respondent to Eat to the Beat!, Inc., U.S.A. Diners, Inc., and Inner Circle Graphics to cease and desist use of the mark.

We turn first to the issue of fraud. Petitioner maintains that the registration was fraudulently obtained because Wang knew that Tusk Enterprises, Inc. was not the owner of the mark. In particular, petitioner maintains that Wang knew that it was petitioner who created the mark and was at one time the owner of a registration for the mark; and that Wang, in the above escrow instructions and licensing agreement, has acknowledged that respondent did not have exclusive rights in the mark.

First, ownership of a service mark is acquired through its adoption and use in connection with the rendering of services and the record shows that there was no use whatever of the CAFE 50's VENICE CALIFORNIA and design mark by petitioner Martin in connection with restaurant services. The fact that petitioner originated the idea of the CAFE 50's VENICE CALIFORNIA and design mark and was at one time the owner of a registration for the mark did not vest ownership of the service mark in petitioner.<sup>3</sup> See 2 J. T.

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<sup>3</sup> We should note that at the time respondent filed its application, petitioner's registration had been canceled under Section 8 of the Trademark Act and was of no effect.

McCarthy, Trademarks on Trademarks and Unfair Competition §16:4 (4<sup>th</sup> ed. 1998) and cases cited therein. Moreover, while the record shows that Inner City Graphics made T-shirts bearing CAFE 50's VENICE CALIFORNIA and design for petitioner, there is no evidence that petitioner sold the shirts or otherwise made commercial use of CAFE 50's VENICE CALIFORNIA and design in connection with T-shirts. Rather, the record shows that the T-shirts were worn by restaurant employees. While the use of CAFE 50's VENICE CALIFORNIA and design in this manner may well constitute service mark use by respondent for restaurant services, such use does not constitute commercial use of the mark by petitioner for restaurant services or T-shirts. In short, the fact that petitioner had T-shirts made with CAFE 50's VENICE CALIFORNIA and design imprinted thereon did not vest ownership of the mark in petitioner.

Further, in our analysis of the effect of the above escrow instructions and licensing agreement, we must keep in mind the principles of what constitutes fraud.

Fraud implies some intentional deceitful practice or act designed to obtain something to which the person practicing such deceit would not otherwise be entitled. Specifically, it involves a willful withholding from the Patent and Trademark Office by an applicant or registrant of material information or fact, which, if disclosed to the Office, would have resulted in the disallowance of the registration sought or to be maintained. Intent to deceive must be "willful." If it can be shown that the statement was a "false misrepresentation" occasioned by an "honest"

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misunderstanding, inadvertence, negligent omission or the like rather than one made with a willful intent to deceive, fraud will not be found. Fraud, moreover, will not lie if it can be proven that the statement, though false, was made with a reasonable belief that it was true or that the false statement is not material to the issuance or maintenance of the registration. It thus appears that the very nature of the charge of fraud requires that it be proven "to the hilt" with clear and convincing evidence. There is no room for speculation, inference or surmise and, obviously any doubt must be resolved against the charging party.

Smith International, Inc. v. Olin Corp., 209 USPQ 1033, 1043-44 (TTAB 1981), citations omitted.

The above escrow instructions and licensing agreement are not "clear and convincing evidence" that Wang *knew* that respondent was not the owner of the mark. At most, the documents raise a question as to ownership of the mark, and petitioner himself has testified that there was a dispute with regard to ownership of the mark. More importantly, however, the record reveals that respondent was the first to use the CAFE 50's VENICE CALIFORNIA and design mark in connection with restaurant services and it has continuously done so. Additionally, we note the following "Covenant Against Competition" contained in the minutes from the meeting in which respondent (referred to as the "Corporation" therein) was formed:

Craig Martin shall not utilize the name or concept of the restaurant established by the Corporation, In [sic] Marina Del Ray, Venice and/or Santa Monica. Vitoon

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Buranakulpyroy [aka Tony Soon], Yung Chan Kim, and Pat Wing [Wang] shall not use the name or concept of any restaurant established by the Corporation within the State of California.

This language, which implies that respondent controlled the CAFE 50's VENICE CALIFORNIA and design "name," along with the fact that respondent was the first to use CAFE 50's VENICE CALIFORNIA design would tend to indicate that respondent was indeed the owner of the mark. To the extent that petitioner authorized additional uses of the mark, he appears to have done so as respondent's agent and the later uses of the CAFE 50's VENICE CALIFORNIA and design mark inure to respondent.

Under the circumstances, we cannot say that respondent has obtained a registration through fraud. In this case, Wang did not obtain the registration for himself, but rather for respondent which is owned by Martin, Soon, and Wang.

Finally, with respect to the issue of likelihood of confusion, in order to prevail on such a claim, petitioner must show prior and continuous commercial use of CAFE 50's VENICE CALIFORNIA and design. As indicated above, the record shows no commercial use whatever of CAFE 50's VENICE CALIFORNIA and design by petitioner. Thus, petitioner's likelihood of confusion claim must likewise fail.

Decision: The petition to cancel is denied.

R. L. Simms

G. D. Hohein

P. T. Hairston  
Administrative Trademark  
Judges, Trademark Trial  
and Appeal Board