

THIS DISPOSITION IS NOT
CITABLE AS PRECEDENT OF THE TTAB
U.S. DEPARTMENT OF COMMERCE
PATENT AND TRADEMARK OFFICE

Trademark Trial and Appeal Board

Carvel Corporation

v.

The Ice Cream Bakery, Inc.

Opposition No. 92,814
to application Serial No. 74/153,787
filed on April 2, 1991 and
to application Serial No. 74/171,408
filed on May 3, 1991

Rose Auslander of Fross Zelnick Lehrman & Zissu, P.C. for
Carvel Corporation

John M. Rannells of Baker & Friedman for The Ice Cream
Bakery, Inc.

Before Quinn, Hairston and Wendel, Administrative Trademark
Judges.

Opinion by Wendel, Administrative Trademark Judge:

The Ice Cream Bakery, Inc. has filed applications to
register the mark THE ICE CREAM BAKERY for retail ice cream
store services¹ and for ice cream, frozen yogurt, Italian

¹ Serial No. 74/153,787, filed April 2, 1991, based on a bona
fide intent to use the mark in commerce. An amendment to allege

ice, sherbet, ice cream cones, sundaes, milk shakes, banana splits, ice cream cups, ice cream cakes, and ice cream sandwiches for consumption on or off the premises.²

Carvel Corporation has filed an opposition to registration of the mark THE ICE CREAM BAKERY for both the retail store services and the various ice cream products on the grounds of prior use of the mark THE ICE CREAM BAKERY (or ICE CREAM BAKERY) and the likelihood of confusion under Section 2(d) of the Trademark Act. Opposer alleges priority of use on two bases. Opposer's first claim is based on prior use by opposer's assignor Benmark Enterprises, Inc. (Benmark) of THE ICE CREAM BAKERY as a trade name and service mark long prior to applicant's first use and the assignment of these rights, together with the goodwill of Benmark's business, to opposer on September 8, 1993, with a license back being granted to Benmark, subject to the condition that all use would inure to opposer's benefit and be subject to opposer's quality control. Opposer's second claim is prior use by opposer itself, on the basis of the adoption by opposer of ICE CREAM BAKERY for use for its stores in late 1990, the informing of franchisees of this

use was subsequently filed claiming first use dates of January 1991. A disclaimer was entered of the words "ice cream."

² Serial No. 74/171,408, filed May 30, 1991, based on a bona fide intention to use the mark in commerce. An amendment to allege use was similarly filed in this application claiming first use dates of January 1991 and a disclaimer entered of the words "ice cream."

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decision in meetings in late 1990 and early 1991, including a meeting in November 1990 attended by William Brockmann, the president of applicant and a Carvel franchisee until January 1991, and the actual use by opposer of the mark in connection with its stores by February or March 1991. Opposer alleges that applicant adopted its mark with knowledge of opposer's prior adoption of the mark and with the intent to harass opposer following the Brockmann partnership's termination of its Carvel franchise under unfriendly circumstances. Thus, according to opposer, opposer's prior announcements to franchisees and other use prior to applicant's first use constitute sufficient use or use analogous to trademark use to confer priority on opposer, in view of applicant's bad faith adoption and use of the mark. On either priority basis, opposer alleges the likelihood of confusion with the use by the parties of the mark THE ICE CREAM BAKERY (or ICE CREAM BAKERY) for the identical or closely related goods and services.

Applicant, in its answer, has denied the salient allegations of the notice of opposition. Applicant has separately alleged that opposer had no intention to use ICE CREAM BAKERY until after it learned of applicant's use and that its later adoption was in bad faith; that opposer's acquisition of the alleged rights of Benmark was done solely to usurp applicant's rights, and that opposer has failed to

subject Benmark to the same quality control as its franchisees and, thus, has abandoned whatever rights it may have acquired. On these allegations, applicant has asserted the defenses of acquiescence, estoppel, and laches, and abandonment by opposer of any rights obtained by assignment.

The record for opposer consists of the testimonial depositions and accompanying exhibits of Steven Fellingham, the CEO of opposer; Vito Carnazza, a Carvel franchisee; Robert O'Neill, a former Carvel franchisee; Syl Sosnowski, vice-president of marketing for opposer from 1990-1995; and Al Reis and John Trout, marketing consultants for opposer, and of notices of reliance introducing the trademark application of opposer,³ the declaration of Steven Gottlieb, designated portions of the deposition of Steven Gottlieb and the affidavit of Marilyn Agoado.⁴ The record for applicant consists of the testimonial depositions and accompanying exhibits of Robert H. Brockmann and William Brockmann, the chief officers of applicant; Lesley and Salvatore Saglibene, co-owners of an Ice Cream Bakery store and prior Carvel franchisees; and Joseph Giampapa, owner of an Ice Cream Bakery store and prior Carvel franchisee, and of seven

³ Serial No. 74/598,528, filed November 11, 1994, for CARVEL ICE CREAM BAKERY for various ice cream products and retail ice cream store services, claiming first use dates of at least as early as March 1991.

⁴ By the accompanying stipulation the parties had agreed that this latter testimony could be submitted in the form of affidavits, declarations and discovery depositions.

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notices of reliance introducing certain responses by opposer to interrogatories and requests for admission, designated excerpts of the Gottlieb deposition, the affidavit of Mark Agoado, a phone directory listing, opposer's letter of protest to the Office and portions of opposer's Carvel product preparation and specification manual. Both parties filed briefs, but no oral hearing was requested.

Opposer sells its ice cream products for the most part through franchise stores, which number around 450, and supermarkets. The principals of applicant, the Brockmann brothers, were former franchisees of opposer who became unhappy with the directions opposer was taking and the requirements imposed on franchisees. As a result, the Brockmanns terminated their franchise agreement with opposer on January 31, 1991 and began operating an independent ice cream store under the name THE ICE CREAM BAKERY. Although there is evidence of record that opposer had taken steps to adopt the mark ICE CREAM BAKERY prior to January 31, 1991 as part of its "repositioning" and its new emphasis on ice cream cakes, opposer did not begin actual use of the mark until February or March 1991.

The story, however, does not end here. The record is replete with conflicting testimony with respect to the actual date of adoption of the mark ICE CREAM BAKERY by opposer and whether the Brockmanns were aware of opposer's

intentions to use this mark prior to adoption of their mark. The bad feelings which existed between opposer as franchisor and various witnesses as prior franchisees are readily evident. Nonetheless, upon review of the entire record, we find that opposer has sufficiently carried its burden of proof with respect to priority of use, based on the assignment of rights from Benmark, to sustain its opposition to the registration of applicant's mark.

At the outset, applicant has challenged the standing of opposer to bring this opposition on the basis of opposer's prior representations with respect to the nature of the designation ICE CREAM BAKERY. Applicant first points to the Letter of Protest which opposer filed with the Office, on July 27, 1992, in connection with applicant's pending applications. In this communication, opposer stated that:

...Carvel objects to the registration of the term THE ICE CREAM BAKERY because it is the apt or common descriptive name of a retail outlet that sells ice cream cakes and other bakery products made with ice cream.

Opposer went on to say:

...the Carvel chain...is using the designation "ice cream bakery" to distinguish themselves from regular bakeries with whom they compete. ... the designation ice cream bakery aptly describes the goods and services provided by Carvel stores.

Applicant next points to the letter written by opposer to William Brockmann, after Brockmann had forwarded a cease

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and desist letter to opposer on October 29, 1992, in which opposer stated:

As you are well aware, Carvel Corporation adopted the descriptive term "ice cream bakery" in November 1990, to emphasize the chain's cake sales and operational style. The Company and its licensees have every right to use this term in its ordinary descriptive sense to refer to their goods and services. Carvel is neither claiming trademark rights in this designation nor using it in a trademark-like manner.

Applicant argues that these statements of opposer are admissions against interest evidencing opposer's belief that the term is descriptive or generic. As such, applicant contends that opposer is estopped to bring this opposition and by its representations has shown that it will not be damaged by registration of the mark to applicant. Applicant additionally raises claims of estoppel based on opposer's failure to object to applicant's use of its mark until the filing of this opposition.

Opposer, in response, argues that applicant clearly did not rely to its detriment upon any statements made by opposer in the two communications of record; that the 1992 reference by opposer's in-house counsel to the mark as "descriptive" is not determinative; that neither party is now claiming that the mark is descriptive; and that applicant has in fact admitted in the testimony of Robert Brockmann that THE ICE CREAM BAKERY now "signifies" opposer, which would neutralize any claim of descriptiveness. Opposer further argues that it was under no obligation to

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pursue applicant in a lawsuit, but rather had the right to wait and file this opposition, citing *National Cable Television Ass'n Inc. v. American Cinema Editors Inc.*, 937 F.2d 1572, 19 USPQ2d 1424 (Fed. Cir. 1991).

Opposer has clearly established the real interest necessary to have standing for this proceeding. See *Ritchie v. Simpson*, F.3d , 50 USPQ2d 1023 (Fed. Cir. 1999). Opposer is a competitor in the retail ice cream store business and is using the mark ICE CREAM BAKERY. No more is necessary. Moreover, the fact that opposer at an early date took a different position with respect to the nature of the term THE ICE CREAM BAKERY, i.e., that the term was descriptive or an apt name for an ice cream store specializing in ice cream cakes, from its present position, that the term is a trademark of opposer, can have no estoppel effect. See *Domino's Pizza Inc. v. Little Caesar Enterprises Inc.*, 7 USPQ2d 1359 (TTAB 1988), citing *Interstate Brands Corp. v. Celestial Seasonings, Inc.*, 576 F.2d 926, 198 USPQ 151 (CCPA 1978). Opposer's indication, at one point, of a different opinion with respect to the designation is simply one fact to be taken into consideration, together with the remainder of the record. Furthermore, opposer is entirely correct in its reliance upon *National Cable Television* to contradict any argument that opposer was under an obligation to bring suit to stop

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use by applicant of THE ICE CREAM BAKERY, or else be barred from filing this opposition to contest registration of the mark. Objection to registration of a mark and the rights which flow from it is not the equivalent to objection to use of the mark. See National Cable Television, 19 USPQ2d at 1432.

Thus we look to opposer's claim of priority based on the assignment from Benmark to opposer of rights to the mark THE ICE CREAM BAKERY. Opposer has introduced the affidavit of Marilyn Agoado, vice-president of Benmark as evidence of the use by Benmark of the trade name and service mark THE ICE CREAM BAKERY since 1979 for its ice cream store in Suffern, New York⁵ and the assignment of Benmark's rights in the name and mark to opposer on September 8, 1993, together with the goodwill of the business, with a license back to Benmark to use the name and mark in connection with its present store. Ms. Agoado also testified that since entering into the agreement, Benmark has maintained the quality of the goods and services it offers and that it has "made samples of the products available to Carvel and has permitted Carvel personnel to inspect the premises." From the copy of the assignment attached to the affidavit, the terms are seen to include a non-exclusive, royalty-free, license to Benmark to use the name for one store in Suffern

and potentially one other store, quality control by opposer, with Benmark to make available to opposer samples of the products and to allow opposer to inspect the store(s), and assurance by Benmark that the quality of its goods and services would be "good."

Opposer relies upon the declaration of Stephen Gottlieb, a vice-president of opposer, as evidence of the quality control which has been carried out by opposer under this license back. Gottlieb describes his several personal visits to the Benmark store from September 1993 to February 1995 to inspect samples of the products, and his assessment of the products offered there, although not CARVEL products, as being of a comparable quality to that required of franchisees and of the layout of the store as conforming to Carvel specifications, as a result of the store formerly being a Carvel franchise. In his deposition, Gottlieb specifically stated that he had visited the Benmark store between a dozen and twenty times from September 1993 until the taking of the deposition in August 1995.

Applicant strongly contends that the differences which opposer allows to exist between use by its licensee of the mark THE ICE CREAM BAKERY for its products and services in the Benmark store and the strict conformance it requires of its franchisees in their use of the ICE CREAM BAKERY mark in

⁵ In this affidavit she refers to a copy of a telephone directory

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connection with their products and services results in the creation of two separate and distinct good wills for the same designation and thus a forfeiture of any rights opposer might claim in the mark. Applicant goes into a detailed description of the many variations of the Benmark products and services, store operating procedures and appearance, and the like, from the standard Carvel franchise. Applicant argues that opposer's license back to Benmark is a misuse of the designation THE ICE CREAM BAKERY which destroys any distinctive significance as a mark. Applicant insists that opposer's "inability" to exercise any meaningful quality control over Benmark demonstrates opposer's abandonment of any rights it might have claimed in the mark. Applicant relies upon the affidavit of Mark Agoado, the CEO of Benmark and person directly responsible for the day-to-day activities of the only Benmark store, in which Mr. Agoado states that prior to 1979 he was a Carvel franchisee at the same location; that since 1979 THE ICE CREAM BAKERY store has been operated at this location; that the mark was assigned to opposer in September 1993 and since that time, he has not seen a representative of opposer in the store, although one could have been there without his knowledge; that Benmark pays no royalties, has no copy of opposer's "Standard Operating Procedures Manual", and purchases no

for 1985 showing a listing for the store.

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supplies from opposer; that Benmark is not licensed to use the mark CARVEL; that the store need not conform to any layout; and that he does not serve CARVEL products.

In response, opposer maintains that this is not a case of naked licensing; that opposer has explicit control provisions in the written license agreement; that Mr. Gottlieb has personally inspected the store "between a dozen and twenty times" in a two year period; that applicant has introduced no evidence that the Benmark products are not of comparable quality; and that the store is run by a former Carvel franchisee who is aware of the quality expected by opposer.

Opposer contends that it is not the law that all use by licensees of a mark be identical, citing *VISA, U.S.A., Inc. v. Birmingham Trust Nat'l Bank*, 696 F.2d 1371, 216 USPQ 649 (Fed. Cir. 1982), cert. denied, 464 US 826 (1983). Opposer points out that the Benmark store is not a Carvel store and thus should not be governed by a license identical to those used for Carvel stores. Opposer maintains that the Benmark "end products" meet opposer's quality standards and that is all that is important to the public.

As a preliminary matter, we note that whether or not opposer had obtained the assignment from Benmark solely for the purpose of "usurping" or overcoming any priority rights of applicant, as alleged by applicant in its answer, is

irrelevant. There is nothing improper in acquiring the mark and goodwill of a company with earlier dates of use in order to pre-date the priority date of a competitor. See J. McCarthy, 2 McCarthy on Trademarks and Unfair Competition, § 16:5 (1998).

The issue is whether there was a valid assignment of the mark THE ICE CREAM BAKERY and if so, whether opposer has abandoned the rights so acquired, by a failure to exercise sufficient quality control over use of the mark by Benmark as a licensee.

In order to constitute a valid assignment of a trademark, there must be a transfer, not of any tangible assets, but of the goodwill to which the mark pertains. The rationale behind the required transfer of the goodwill is to ensure that consumers will not be misled from established associations with the mark and that the mark continues to be associated with the same or similar products after the assignment. See VISA, U.S.A., Inc. (Visa) v. Birmingham Trust Nat'l Bank, *supra* at 652. In the *Visa* case, the Alpha Beta Company assigned to Visa the mark "Check-O.K." which it used in connection with a check approval service for its grocery store customers, with a license back to Alpha Beta to continue using the mark for its services. Visa began using the mark for a check guaranty program in which banks affiliated with Visa issued cards guaranteeing purchases

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made by check by cardholders at participating merchants. The Court found that, although the two check approval services were not identical, the basic check approval service offered by the assignor was being offered by assignee, albeit in an expanded manner. Since the services were sufficiently similar to prevent consumers from being misled on the basis of their prior associations with the mark, the Court held that there had been a valid transfer of both mark and the goodwill to which the mark pertained.

Turning to the question of whether the assignment was vitiated in view of the license back given by Visa to Alpha Beta, the Court stated that the principal requirement was that the licensing agreement provide for sufficient control by Visa over the quality of the services rendered by Alpha Beta under the mark to protect the public from being misled. Inasmuch as the license back included the provision that the services rendered by Alpha Beta conform to standards set by Visa and set certain minimum standards that must be met, the Court found the license valid. The use by Alpha Beta as licensee would inure to the benefit of Visa as licensor, and thus there was no split of the goodwill from the mark. Whether or not Visa had exercised this control was not determinative in this case, since no specific evidence of lack of control had been introduced.

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Here the assignment by Benmark of the mark THE ICE CREAM BAKERY to opposer was for use in connection with the identical goods and services, ice cream products and ice cream retail stores. The license back to Benmark was for the continuation of use of the mark in connection with its existing store. There is even less disparity in the goods and services in connection with which the mark is being used by opposer and Benmark than in the *Visa* situation.

Moreover, the license back provisions specifically call for control by opposer of the quality of the goods or services in connection with which Benmark uses the mark. Under the reasoning of the *Visa* case, the license back is valid, in that adequate provision has been made to ensure that the public will not be misled. Moreover, there has been no split in the goodwill, even though Benmark as licensee may be using the mark in connection with ice cream products which are not identical in composition with those of opposer.

The only real question is whether or not opposer abandoned the rights it had obtained in the mark by assignment by its failure to exercise the quality control provided for in the license back to Benmark.

The Board made a thorough review of the amount of quality control necessary to preclude a holding of abandonment by a licensor in Woodstock's Enterprises Inc.

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(California) v. Woodstock's Enterprises Inc.(Oregon), 43 USPQ2d 1440 (TTAB 1997), aff'd, No. 97-1580 (Fed. Cir. Mar. 5, 1998). In order to avoid abandonment, a licensor need not show that its quality control efforts are comprehensive or extensive. Id. at 1446; Kentucky Fried Chicken Corp., v. Diversified Packaging Corp., 549 F.2d 368, 193 USPQ 649 (5th Cir. 1978). Sufficient control may exist even without any formal arrangement for policing the quality of the goods sold or services rendered by the licensee under the mark. Id. at 1446; Winnebago Industries Inc. v. Oliver & Winston Inc., 207 USPQ 335 (TTAB 1980). The entire purpose behind quality control is to prevent public deception that would ensue from varying quality standards under the same mark. See Taco Cabana International Inc., v. Two Pesos Inc., 19 USPQ2d 1253 (5th Cir. 1991), aff'd 505 U.S. 763, 23 USPQ2d 1081 (1993).

In *Woodstock*, although no formal written agreements or system of quality control existed, the Board found that there was the requisite quality consistency between the two operations using the same mark for restaurants in Oregon and California, respectively. As a result, there was no deception of customers, whether going to the WOODSTOCK'S restaurant in Oregon or one of the WOODSTOCK'S restaurants in California.

Here there is a formal arrangement for quality control with provisions for sampling and inspection of the licensee's premises by the licensor. The licensee Benmark has agreed that the quality of the goods sold and services rendered under the mark THE ICE CREAM BAKERY will be "good." Furthermore, Mr. Gottlieb testified that he had actually carried out several inspections. While Mark Agoado may not have been aware of any such inspections, the affidavit of Marilyn Agoado implies that such inspections took place.

We find these provisions adequate to ensure that the quality of the ice cream products and retail store services proffered by Benmark under the mark THE ICE CREAM BAKERY as a licensee of opposer remained at a consistent level with Benmark's prior goods and services under the mark. Here, as in the *Visa* case, the licensor may be using the same mark for an expanded operation and in conjunction with its primary CARVEL mark. The licensee Benmark, however, is not using the CARVEL mark and is not operating a CARVEL store. The only obligation of Benmark is to maintain the consistency of quality with respect to goods and services associated with THE ICE CREAM BAKERY mark. We find the quality control provisions of the assignment agreement, and the actual inspections by opposer, adequate to avoid any claim of abandonment on the part of opposer of its rights to the mark.

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Accordingly, we find that opposer is entitled to rely upon the prior use by Benmark of the mark THE ICE CREAM BAKERY, under the assignment of the mark to opposer, to establish priority over applicant.

In view of this holding, we see no need to consider the second basis for priority alleged by opposer, i.e., its own prior adoption of the mark ICE CREAM BAKERY. We consider the evidence of record sufficiently clear to establish that opposer had made plans to "reposition" itself as the ICE CREAM BAKERY by mid- or late November 1990 and had turned to the marketing strategists of Trout & Ries for assistance in this endeavor. From this point on, the record is filled with conflicting testimony as to whether or not the Brockmanns, while owners of a Carvel franchise, learned of these plans either at the organizational meeting held at Brockmann's bar or the later hotel meeting of disgruntled Carvel franchisees run by Robert Brockmann on November 28, 1990. It is clear only that the Brockmanns terminated their franchise with opposer on January 31, 1991 and immediately began operating under the name THE ICE CREAM BAKERY. Opposer, on the other hand, did not begin actual use of its mark until February or March of 1991. We decline to make any findings, however, as to applicant's knowledge of opposer's intentions or as to applicant's motivation in adopting the mark THE ICE CREAM BAKERY. There is no need

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for us to attempt to divine the actual facts from the testimony before us.

Instead, on the basis of opposer's priority based on the assignment of rights from Benmark, and since the likelihood of confusion is inevitable with the contemporaneous use of virtually the same marks for the same goods and services, applicant's mark must be refused registration under Section 2(d).

Decision: The opposition is sustained.

T. J. Quinn

P. T. Hairston

H. R. Wendel
Administrative Trademark Judges,
Trademark Trial and Appeal Board