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AD

UNITED STATES PATENT AND TRADEMARK OFFICE

Trademark Trial and Appeal Board

The Manhattan Short Film Festival
v.
Paul Schulz

Opposition No. 91117260
to application Serial No. 75443946

Peter S. Sloane of Ostrolenk, Faber, Gerb & Soffen, LLP for
The Manhattan Short Film Festival.

Dennis H. Cavanaugh of Piliero Goldstein Kogan & Mitchell,
LLP for Paul Schulz.

Before Simms, Walters, and Drost, Administrative Trademark
Judges.

Opinion by Drost, Administrative Trademark Judge:

On March 3, 1998, Paul Schulz (applicant) applied to
register the mark THE MANHATTAN 5 SHORT FILM FESTIVAL and
design shown below for "conducting entertainment exhibitions
in the nature of motion picture film festivals and contests"
in International Class 41.¹

¹ Serial No. 75443946 contains a date of first use of September
1, 1997 and a date of first use in commerce of November 1, 1997.



The application contains a disclaimer of the words "The Manhattan" and "Short Film Festival."

On February 15, 2000, The Manhattan Short Film Festival opposed the registration of applicant's mark. Opposer raised numerous grounds of opposition including that applicant does not own the mark, opposer has priority, likelihood of confusion, fraud, abandonment, and unlawful appropriation. Opposer also alleges that it owns Serial No. 75523671 for the mark THE MANHATTAN 5 SHORT FILM FESTIVAL, which "is presently suspended pending adjudication of the Applicant's application." Notice of Opposition at 2. Applicant subsequently denied the salient allegations of the notice of opposition.

The Record

The record consists of the file of the involved application; the trial testimony deposition of opposer's principal, Nicholas Mason; and the trial testimony deposition, with accompanying exhibits, of applicant.²

² Applicant objects to opposer's exhibit A attached to opposer's brief. Opposer submitted no exhibits with its witness's testimony and it is not appropriate to submit new evidence during

Facts

The issues in this case grow out of a dispute between two individuals, apparently former friends, who originally cooperated to produce the Manhattan Short Film Festival. Opposer, The Manhattan Short Film Festival, is a Delaware corporation that was incorporated in August of 1997. Mason dep. at 5-6. The witness, Mr. Mason, has always been the only shareholder of the corporation. Mason dep. at 8.

On September 27, 1998, the first Manhattan Short Film Festival was held in Little Italy in New York City. Schulz dep. Ex. E. Subsequently, the festival moved and opposer's principal now describes it as "a short film festival held once a year in Union Square Park in New York City for the public to attend." Mason dep. at 5. As of the date of Mr. Mason's deposition on August 29, 2002, the fifth Manhattan Short Film Festival was expected to be held that September.

Applicant was identified as the "creative director" in the promotional and other literature. Schulz dep. Ex. D. Opposer admits that applicant "served as the Creative Director of the Opposer from September 1997 until on or about October 20, 1998." Notice of Opposition at 2; Mason Dep. at 9. Both opposer and applicant agree that applicant designed the logo for the Manhattan Short Film Festival.

the briefing stage. Opposer's exhibit attached to its brief will not be considered. TBMP § 704.05(b).

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Mason Dep. at 10; Schulz dep. at 15. The parties also agree that applicant did not originate the words in the mark.

Schulz dep. at 56 ("Q. Who developed the phrase 'The Manhattan Short Film Festival'? A. That was the name of his company. That was his term. Yes, that is what he called the film festival") and Mason dep. at 5-6 (Mason incorporated an entity known as the Manhattan Short Film Festival in Delaware in August 1997).

Mr. Mason asked Mr. Schulz, as the creative director, "to design a logo for The Manhattan Short Film Festival."

Mason dep. at 23. Mr. Mason testified that:

Q. With regard to this logo, who had the final authority with regard to whether or not a particular logo would be used by the Manhattan Short Film Festival?

A. I did.

Q. If Mr. Schulz had wanted a particular logo to be used and you disagreed with him, who would win out under those circumstances?

A. I would.

Mason dep. at 25.

Both Mason and Schulz are prominently featured in the original promotional literature. For example, a letter to a potential sponsor, the producers of Absolut vodka, closes as follows:

Paul and I took time putting this together because we have nothing but the utmost respect for you. As Executive Director and Creative Director of this company, we have two primary concerns:

- 1) Every young filmmaker who's trying to find his way in the world; and

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2) Our sponsors: to have them highlighted in the most professional and positive way that is humanly possible.

Once again we say to you that we wish everyone at Absolut to feel as proud of being associated with our festival as we would be of being associated with everyone at Absolut. Please, look over the concept carefully. Opportunities like these don't come around too often.

Schulz dep. Ex. E. The letter was signed³ by both Nicholas Mason and Paul Schulz and the mark at issue was displayed between the signatures.

Mr. Schulz admits that there was no license agreement between The Manhattan Short Film Festival and himself because "I was part of the company, I allowed and authorized its use while I was part of the company with the intention that I would be compensated by this merchandising company. And we would split it 50-50." Schulz Dep. at 76-77.⁴

Mr. Schulz presented Mr. Mason with a memorandum dated February 27, 1998,⁵ with the subject "Manhattan Short Film Festival Logo." Schulz Dep. Ex D. In the memorandum, Mr. Schulz proposes that he is "to receive compensation and/or participation in the Festival in consideration of my

³ During the cross-examination of Mr. Schulz (pp. 106-07), opposing counsel questioned Mr. Schulz about whether he had used Mr. Mason's scanned signature without Mr. Mason's authorization. Mr. Schulz denied using Mr. Mason's scanned signature on the relevant documents and no further evidence on this point was presented.

⁴ Mr. Mason denies ever agreeing, "either in writing or orally, to set up a merchandising company [with] Paul Schulz" or giving him an ownership interest in the festival. Mason Dep. at 13.

⁵ Mr. Mason testified (p. 12) that he received the memorandum in May 1998.

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creative contributions, such as the logo and creation of various slogans." Five days after the date of the memorandum, Mr. Schulz filed the trademark application that is the subject of this proceeding. In response to a question concerning why he filed the present trademark application, Mr. Schulz responded: "The main reason that I did that was basically to protect myself from, you know, being totally screwed out of -- you know, whatever my understanding of the relationship we had at that time, which was me being creative director and receiving compensation from this merchandising company we were going to set up outside of that." Schulz dep. at 40-41.

Applicant admits that he has not offered any goods or services under the mark "The Manhattan Short Film Festival" since he was no longer associated with the festival in late 1998 or early 1999. Schulz dep. at 71-73. In addition, applicant admitted that in regard to the specific logo he "drafted and the words 'The Manhattan 5 Short Film Festival' ... I haven't used the logo." Schulz dep. at 73.

Standing

An opposer must have "a 'real interest' in the outcome of a proceeding in order to have standing." Ritchie v. Simpson, 170 F.3d 1092, 50 USPQ2d 1023, 1025 (Fed. Cir. 1999). "To establish a reasonable basis for a belief that one is damaged by the registration sought to be cancelled, a

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petition may assert a likelihood of confusion which is not wholly without merit." Lipton Industries v. Ralston Purina Co., 670 F.2d 1024, 213 USPQ 185, 189 (CCPA 1982).⁶

Opposer's testimony that applicant worked for opposer and created the design at issue for the benefit of opposer establishes that it has a real interest in the outcome of this proceeding.⁷

Analysis

While opposer has raised numerous issues in this case, the primary issue concerns who owns the mark in the subject application. It is basically undisputed that the mark was

⁶ Because of the linguistic and functional similarities of the opposition and cancellation provisions of the Lanham Act, "we construe the requirements of those two sections of the Lanham Act consistently." Ritchie, 50 USPQ2d at 1025 n. 2.

⁷ In its notice of opposition, opposer refers to its ownership of application Serial No. 75523671. The notice of opposition alleges that this application has been suspended pending the outcome of this opposition. In its brief, it refers to a second application it allegedly owns (No. 75808362). During its cross-examination of applicant, opposer introduced computer printouts of these two applications. The witness was unfamiliar with the records and simply indicated that he had no reason to believe that these applications were not suspended as a result of his application. Opposer did not testify as to the facts about these applications. However, in his brief (p.2), applicant states: "[A]s set forth by Opposer, subsequent to Applicant filing to register his mark, Opposer filed to register a new logo and an application to register the name of the Festival as a word mark. Applicant's mark was cited as a possible grounds to refuse to register Opposer's two applications and further action on Opposer's applications has been suspended." "Implied consent may be found only where there was no objection to the introduction of evidence on the unpleaded issue, and the non-offering party was fairly apprised that the evidence was being offered in support of the unpleaded issue." Devries v. NCC Corp., 227 USPQ 705, 708 (TTAB 1985). Therefore, the statement in applicant's brief indicates that applicant agrees that these applications are of record and that opposer has standing because its two applications are suspended as a result of his application.

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only used to promote opposer's Manhattan Short Film Festival.



Applicant does not contend that he ever used the mark apart from its association with the festival of that name that has been held at least five times in Manhattan. Both applicant and opposer rely on the same use of the mark as the basis of their claims of ownership.⁸ The parties agree that the words in the mark THE MANHATTAN SHORT FILM FESTIVAL were not developed or created by applicant. Opposer was incorporated under that name before Mr. Mason and Mr. Schulz discussed the idea of cooperating to produce the short film festival. It is further not disputed that Mr. Schulz created the design in Serial No. 75443946.⁹

First, we begin with applicant's position (p. 4) that applicant "is the owner of the Applicant's mark. All use of the mark by Opposer was pursuant to Applicant's Authorization." Applicant goes on to argue, without

⁸ Inasmuch as both parties rely on the identical use of the identical mark, there is no issue concerning priority or likelihood of confusion.

⁹ Applicant admits that Mr. Mason "inspired me with different ideas." Schulz dep. at 33.

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elaboration, that the "principles of Copyright law and the ownership of a work by operation of law through the work for hire doctrine are applicable here." Applicant's Brief at 4 n.2. While the board does not have any authority to consider pleadings "insofar as they charged copyright infringement and unfair competition," the board can consider copyrights to the extent that they are related to charges of likelihood of confusion, mistake, or deception. Selva & Sons, Inc. v. Nina Footwear, Inc., 705 F.2d 1316, 217 USPQ 641, 647 (Fed. Cir. 1983), discussing, Knickerbocker Toy Co. v. Faultless Starch Co., 467 F.2d 501, 175 USPQ 417 (CCPA 1972). See also Carano v. Vina Concha Y Toro S.A., 67 USPQ2d 1149, 1151 (TTAB 2003) ("Thus, the Board has no jurisdiction to determine copyright infringement"). Therefore, we will only consider copyright issues to the extent that they relate to the trademark issues in the case.

The fact that applicant may have created the design that is used by another party does not establish that he is entitled to register the design as a trademark or even have standing to oppose another party's trademark application. Young v. AGB Corp., 152 F.3d 1377, 47 USPQ2d 1752 (Fed. Cir. 1998) (Opposer, who created and sold a statue of a large steer named "Big Gus" to applicant who subsequently sought registration of the steer design as a mark for its

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restaurant services, did not plead a statutory ground for opposing the registration). See also Carano, 47 USPQ2d at 1151 (Opposer, who claimed she was the graphic artist who created the design, did not establish a basis for opposing the mark because her claim was not distinct from her copyright infringement claim).

Here, the case is somewhat different because the roles are reversed inasmuch as the graphic artist/creator is seeking to register the design as a trademark instead of simply opposing the application from another who is using the design of the artist/creator. However, even if applicant had some ownership interest in the copyright of the design of the mark, it does not establish that applicant owns the rights for the trademark as used in association with the identified services. Mere creation does not establish that the creator is the owner of the trademark. Compton v. Fifth Avenue Association Inc., 7 F. Supp.2d 1328, 47 USPQ2d 1300, 1303 (M.D. Fla. 1998) ("Thus, the mere fact that Compton first conceived of the mark 'Via Colori' is irrelevant to his ownership of the mark ... Likewise, registration of a mark, unaccompanied by prior use, does not create ownership." Board member who conceived of mark to use in a fundraiser for women's shelter held not to be the owner).

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"[I]n any controversy involving ownership of a particular mark or priority therein, the right thereto accrues to the party first to use the mark in trade and not to the first adopter but subsequent user in trade. In sum, trademark rights arise from use and not mere adoption." La Maur Inc. v. International Pharmaceutical Corp., 199 USPQ 612, 615 (TTAB 1978). In this case, applicant does not claim any use or even adoption of the mark prior to the request by Mr. Mason to develop a logo. "If an employee designs a mark in the course of employment and the employer uses it, it would seem clear that the employer is the 'owner' of the mark. But if a person was in business and sold a product under a mark, and then entered into employment under an agreement to assign to the employer all marks developed as an employee, the employee, not the employer, is the owner of the pre-employment mark." 2 *McCarthy on Trademarks and Unfair Competition* § 16:36 (4th ed. 2004) (footnote omitted).

Also, applicant does not claim any use of the mark after he left opposer. He never used the logo apart from the time it was used to identify opposer's festival. Applicant admits that consumers identify the words "The Manhattan Short Film Festival" with opposer. Schulz dep. at 54 (Q. "Who do consumers identify the words, 'The Manhattan Short Film Festival' with? ... A. Well, they would - I

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guess, obviously The Manhattan - The Manhattan Film Festival").

Inasmuch as applicant must rely on the use by another to establish trademark ownership, the next question is whether applicant's design and its subsequent use by opposer created trademark rights in applicant.

Opposer's record, including applicant's admissions, is sufficient to establish a continuing employer-employee relationship between opposer and applicant during the period from 1948 to 1961, and that all orders for the "KWENCH-KOTE" product during this period were shipped, billed, and labeled in opposer's name. Under such circumstances, there is a prima facie presumption that any use of the mark "KWENCH-KOTE" prior to 1961 by applicant was done so as a representative or employee of opposer, on behalf of opposer, and in the furtherance of opposer's business. Accordingly, it has been incumbent upon applicant to overcome this prima facie case by presenting competent and convincing proof that he rather than opposer has been over the years the owner of the trademark "KWENCH-KOTE" and that opposer's activities in regard to the "KWENCH-KOTE" coating material were merely as a licensee under his control and supervision.

American Asbestos Products v. Horne, 146 USPQ 595, 597 (TTAB 1965) (citation omitted).

If applicant were the owner of the mark and licensed the mark to opposer, applicant must show that opposer was "merely a licensee under his control and supervision." Id. However, it is not clear how applicant exercised any quality control after he was no longer associated with opposer. Applicant has not had any relationship with the short film festival since late 1998 or early 1999. Schulz dep. at 72.

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Combined with the lack of quality control, another indication that applicant was not the owner is the lack of any indication that applicant attempted to enforce any ownership rights he had in the mark. Applicant gave Mr. Mason, opposer's principal, a memorandum that requested that he "receive compensation and/or participation in the Festival in consideration of my creative contributions, such as design of the logo and creation of various slogans. Now is a good time to finalize an agreement on this." Schulz dep. Ex D. However, no agreement was ever reached. After applicant ceased to work with opposer, there is no evidence that applicant requested that opposer cease using the logo.¹⁰

The record indicates that applicant designed the logo at the request of opposer and that applicant was a representative¹¹ of opposer. As such, it is presumed that applicant's use of the mark inured to opposer's benefit. Scranton Plastic Laminating, Inc. v. Mason, 187 USPQ 335, 342 (TTAB 1975) ("The record herein is sufficient to

¹⁰ While the record is not clear, it is possible that opposer ceased using the background design in this application. See Schulz dep. Ex. 3. Inasmuch as applicant does not claim rights in the words themselves, opposer is apparently free to use its corporate name with a different background design.

¹¹ Inasmuch as the record is unclear as to whether applicant ever received a salary from opposer, he was likely an independent contractor. Schulz dep. at 18 ("Q. Did you receive a salary? A. I received nothing"); Mason dep. at 21 ("I might have given him a bit of cash now and then").

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establish a continuing manufacturer-sales agent or employer-employee relationship between opposer and applicant... Under such circumstances, there is a prima facie presumption that any use of the mark 'SANALITE' during this period by applicant was done so as a representative or an agent of opposer, on behalf of opposer, and in furtherance of opposer's business; and any goodwill created by such use inured to opposer's benefit").

Applicant attempts to show that opposer's use inured to his benefit by maintaining that he authorized opposer to use the design. Applicant's Brief at 6 (Applicant "is not basing his claim of ownership on his creation of the mark, but rather on his license of it to Opposer supported by his continued quality control over its use while he was the creative director of the Festival"). Inasmuch as applicant admits that he did not authorize opposer to use the design orally or in a written agreement, any authorization must have been the result of an implied license. Schulz dep. at 77 ("Q. So you orally authorized the company to use the logo; is that not correct? A. No") and Schulz dep. at 81 ("Q. Was an agreement ever reached? A. No"). "It is irrelevant whether the parties thought of the arrangement at the time in terms of an implied license. The test for whether or not an implied license existed is based solely on the objective conduct of the parties." Villanova University

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v. Villanova Alumni Educational Foundation, Inc., 123 F. Supp.2d 293, 58 USPQ2d 1207, 1219 (E.D. Pa. 2000).

Here, the objective conduct of the parties does not support the existence of an implied license. Applicant acknowledges that he did not create or design a substantial portion of the mark, i.e., the words THE MANHATTAN SHORT FILM FESTIVAL. Schulz dep. at 55 ("Q. Besides this trademark application do you know of any prior use of the words 'The Manhattan Short Film Festival' in connection with organizing a film festival? A. Well, that was the name Nic gave the festival"). See also Schulz dep. at 69 ("Do you claim that you own them [the words Manhattan Short Film Festival]? A. No, I don't own the words"). Opposer had adopted The Manhattan Short Film Festival as its corporate name and applicant acknowledges that the name was also the name Mr. Mason had selected for the planned festival. This occurred prior to applicant's participation in planning the short film festival. Schulz dep. at 56 ("That was the name of the company. That was his term. Yes, that is what he called the film festival"). At best, applicant is claiming rights in only the non-word part of the mark. Therefore, an initial problem is that even the subject matter of what applicant allegedly licensed is unclear.

Another problem with applicant's claim of an implied license is that his conduct seems inconsistent with an owner

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who was licensing his property. Applicant presented opposer's principal with a memorandum in early 1998 that offered a license and set out an arrangement for compensation. After Mr. Mason turned down the offer, applicant continued to work with opposer without any license or compensation agreement. Several days after presenting the memorandum, applicant, apparently without consulting opposer, filed a trademark application for the design and later a copyright application. However, there is no indication that applicant attempted to exercise quality control or terminate his "license" when he left opposer. The evidence is more consistent with someone who was attempting to acquire intellectual property rights rather than someone who already owned these rights.

Therefore, the facts undercut applicant's claim of ownership. The name of the corporation and the festival were already established before applicant became involved with the film festival. Applicant only designed part of the logo. Applicant never used the design himself or attempted to prevent opposer from using the design. Applicant appeared to be a representative of opposer who designed the background design of the mark at the direction of opposer's principal. The evidence does not support the existence of an implied license. Rather than supporting applicant, the record indicates that applicant "created the logo shown in

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the '946 Application on behalf of Opposer in his role as the creative director of Opposer." Opposer's Brief at 8. We agree that opposer is the owner of the mark at issue in this case.¹²

Decision: The opposition to the registration of application No. 75443946 is sustained.

¹² Because of our ultimate conclusion that opposer is the owner of the mark, we do not reach the issues of unlawful appropriation and abandonment. Regarding the issue of fraud, "the party charging fraud must establish that the acts alleged to be fraudulent were made in bad faith with a fraudulent purpose and an intent to secure a registration by deception." Stocker v. General Conference Corp. of Seventh-Day Adventists, 39 USPQ2d 1385, 1391 (TTAB 1989). Allegations of fraud must be proved "to the hilt." Id. Here, the record does not establish that applicant's statements in the application, which stemmed from a dispute over his work for opposer, were made in bad faith.