

NOBLE HOUSE HOME FURNISHINGS, LLC v. FLOORCO ENTERPRISES, LLC,
Cancellation No. 92057394 (TTAB April 4, 2016). Before Bergsman, Wolfson, and Heasley.

Background:

An Examiner refused registration of Noble House’s mark “NOBLE HOUSE HOME FURNISHINGS and Design” for furniture-related services based on Floorco’s existing registration for the mark “NOBLE HOUSE” for furniture. Noble House, thereafter, petitioned for cancellation of Floorco’s registration alleging that Floorco abandoned its registration through nonuse. Floorco argued that, while its last sale of furniture under the mark was on July 14, 2009, it had not abandoned its registration because it continued to market NOBLE HOUSE furniture through its parent, Furnco International Corporation.

Issue/Holding:

Does use of a trademark by a parent entity inure to the benefit of a wholly-owned subsidiary when the parent entity controls the nature and quality of the goods? No. Petition to cancel for abandonment granted.

Discussion:

A finding of abandonment requires both nonuse of the mark and intent not to resume use. A showing of three consecutive years of nonuse shifts the burden to the respondent to produce evidence that it either has used the mark or has intended to resume use of the mark. Nonuse due to a lack of demand in the marketplace does not constitute abandonment where the trademark owner can show its intent to resume use through its continued marketing efforts.

Floorco furnished evidence of marketing efforts to sell NOBLE HOUSE furniture. None of this evidence, however, identified Floorco as the source of the furniture. Further, evidence in the record, including emails and testimony by high level Floorco and Furnco employees, showed that Furnco – not Floorco – controlled the nature and quality of the NOBLE HOUSE furniture sold before the period of non-use began. Thus, this evidence showed that it was Furnco – not Floorco – that used the mark prior to the period of nonuse, and Furnco that continued marketing efforts under the mark.

Further, Furnco’s use did not inure to Floorco’s benefit because Furnco does not qualify as a “related company.” Use of a mark by a “related company” may inure to the benefit of a registrant or applicant and defines “related company” as “any person whose use of a mark is controlled by the owner of the mark with respect to the nature and quality of the goods or services on or in connection with which the mark is used.” Because Furnco’s use of the mark was not controlled by Floorco, Furnco is not a “related company” and Furnco’s use of the mark does not inure to Floorco.

Because Furnco chose to form and maintain Floorco as a subsidiary legally distinct from itself, and chose to register the NOBLE HOUSE mark listing Floorco as owner, Floorco must use the mark itself or control Furnco’s use of the mark in order to maintain the registration. Because Floorco did neither, the Board deemed the mark abandoned and cancelled the registration.