

This Decision is not a
Precedent of the TTAB

UNITED STATES PATENT AND TRADEMARK OFFICE
Trademark Trial and Appeal Board
P.O. Box 1451
Alexandria, VA 22313-1451
General Contact Number: 571-272-8500

WINTER

Mailed: June 30, 2014

Opposition No. 91206084 (parent)
Opposition No. 91213564

*Shenzhen Bao Ye Heng Industrial
Development Co., Ltd.*

v.

Paul Audio, Inc.

Before Bucher, Cataldo, and Gorowitz,
Administrative Trademark Judges.

By the Board:

Background

Paul Audio, Inc., applicant in the above-captioned proceedings (hereafter “Paul Audio”), filed applications seeking registration of the stylized mark shown below for various audio apparatus¹ and for “wholesale distributorships

¹ Application Serial No. 77312117, filed October 24, 2007, based on Paul Audio’s alleged use in commerce, claiming December 31, 1993, as its date of first use anywhere and date of first use in commerce, for the following goods: “audio apparatus, namely, speakers, loud speakers, loud speaker boxes, speaker boxes, loud speaker enclosures, speaker enclosures, amplifiers, mixers, equalizers, horns and driver, audio related accessories, namely, adaptor cables, subwoofer/bass speakers, stage speaker 2-way full range speaker, 3-way full range speakers, 4-way full range speakers, tweeters, and head set receivers.”

featuring audio apparatus; retail store and on-line retail store services all featuring audio apparatus.”²

C-MARK

Shenzhen Bao Ye Heng Industrial Development Co., Ltd, opposer in each proceeding (hereafter “Shenzen”), opposes registration of the referenced mark in Opposition No. 91206084 on the grounds of likelihood of confusion, abandonment, issue preclusion, dilution, and fraud, and in Opposition No. 91213564, on the grounds of likelihood of confusion, dilution, and fraud.³ Paul Audio, in each case, has denied the salient allegations set forth in the amended notice of opposition⁴ filed in Opp. No. 91206084 and in the notice of opposition filed in Opp. No. 91213564.⁵

² Application Serial No. 85697706, filed August 7, 2012, based on Paul Audio’s alleged use in commerce, claiming December 1, 1993, as its date of first use anywhere and as its date of first use in commerce.

³ Although we do not take judicial notice of pending applications owned by the parties, we note *for purposes of this order only* that Shenzen has also filed trademark application Serial No. 85648979 (suspended in light of Paul Audio’s Application Serial No. 77312117 (involved herein) and then Application Serial No. 85538919 which has since matured into Registration No. 4330324).

⁴ On March 24, 2014, in Opp. No. 91206084, the Board allowed opposer time to replead its claims of abandonment, dilution, fraud, and non-use, as well as time to replead allegations regarding collateral estoppel or issue preclusion. In accordance with that order, opposer filed an amended pleading on April 11, 2014, which now comprises sufficient claims of abandonment, dilution, and fraud, and also sets forth sufficient allegations related to issue preclusion. Applicant has submitted its amended answer in response thereto. Accordingly, the parties’ amended pleadings in Opp. No. 91206084, submitted on April 11, 2014, and on May 14, 2014, respectively, are hereby accepted and made of record, and are accepted as the parties’ operative pleadings in Opp. No. 91206084.

⁵ Paul Audio has asserted by way of affirmative defenses that Shenzen has waived and is “estopped” from asserting any rights or claims against Paul Audio based on Shenzen’s acts or omissions. Inasmuch as these allegations are insufficient to provide notice to Shenzen of the basis for the defenses, they are hereby *stricken*. See Fed. R. Civ. P. 12(f). However, Paul Audio will be allowed time at the conclusion of

Proceedings Consolidated

Opposition Nos. 91206084 and 91213564 involve the same parties and common questions of law and fact, and the parties are represented by the same counsel in both proceedings. It is therefore appropriate to consolidate these proceedings pursuant to Fed. R. Civ. P. 42(a). *See* TBMP § 511 (2014). Consolidation is discretionary with the Board, and may be ordered upon motion granted by the Board, or upon stipulation of the parties approved by the Board, or upon the Board's own initiative. *See, e.g.*, 9A Wright & Miller, Fed. Prac. & Proc. Civ.2d § 2383 (2008); and *Regatta Sport Ltd. v. Telux-Pioneer Inc.*, 20 USPQ2d 1154 (TTAB 1991) (Board consolidated actions on its own initiative). Acting on our own initiative, the above-noted opposition proceedings are hereby **CONSOLIDATED** and may be presented on the same record and briefs. The Board file will be maintained in Opposition No. **91206084** as the "parent" case.⁶ Although the parties will be allowed time to conduct limited discovery in Opp. No. 91213564, the parties should no longer file separate papers in connection with each proceeding. Only a single copy of each paper should be filed by the parties and each paper should bear the case captions as set forth above.

The Board will address the consolidated trial schedule in these proceedings at the conclusion of this order.

this order to amend its answer to assert sufficient allegations with respect to any possible waiver or estoppel defenses.

⁶ The parties should promptly inform the Board in writing of any other related *inter partes* proceedings. *See* Fed. R. Civ. P. 42(a).

Opposer's Motion for Partial Summary Judgment in Opp. No. 91206084

These consolidated cases now come up for consideration of opposer's fully briefed motion⁷ (filed May 3, 2013,⁸ in Opp. No. 91206084) for partial summary judgment on its claims of likelihood of confusion and abandonment, and applicant's uncontested motion (filed December 5, 2013, in Opp. No. 91206084) for leave to use testimony from another proceeding.⁹

For purposes of this order, the parties' familiarity with the pleadings, and arguments and materials submitted in connection with the summary judgment motion is presumed.

Summary judgment is an appropriate method of disposing of cases in which there is no genuine dispute with respect to any material fact, thus leaving the case to be resolved as a matter of law. *See* Fed. R. Civ. P. 56(c)(1). A party moving for summary judgment has the burden of demonstrating the absence of any genuine dispute as to a material fact, and that it is entitled to

⁷ Shenzen submitted "evidentiary objections" comprised of seven pages and a "reply" comprised of eight pages in response to Paul Audio's responsive brief and materials, which together total fifteen pages. A reply brief shall not exceed ten pages in length in its entirety. Trademark Rule 2.127(a). Shenzen's separation of its evidentiary objections from its main "reply" will not be allowed to circumvent the prescribed page limitation. In view thereof, Shenzen's reply brief and objections have not been given any consideration. *See id.* *See also Saint-Gobain Corp. v. Minnesota Mining and Mfg. Co.*, 66 USPQ2d 1220 (TTAB 2003).

⁸ Our consideration of opposer's motion has been delayed by applicant's combined motion (filed on May 30, 2013) for discovery under Fed. R. Civ. P. 56(d) and for an extension of time to file a response to opposer's motion, as well as applicant's submission (on October 10, 2013) of a responsive brief which exceeded the proper page length, a resulting Board order mailed on March 24, 2014, allowing opposer to file an amended notice of opposition, and the time allowed for the parties to submit their respective amended pleadings.

⁹ Paul Audio's motion for leave to use testimony from another proceeding is granted as conceded. Trademark Rule 2.127(a).

judgment as a matter of law. *See Celotex Corp. v. Catrett*, 477 U.S. 317, 323 (1986); *Sweats Fashions, Inc. v. Pannill Knitting Co. Inc.*, 833 F.2d 1560, 4 USPQ2d 1793, 1796 (Fed. Cir. 1987). A factual dispute is genuine if, on the evidence of record, a reasonable fact finder could resolve the matter in favor of the non-moving party. *See Opryland USA Inc. v. Great American Music Show Inc.*, 970 F.2d 847, 23 USPQ2d 1471, 1472 (Fed. Cir. 1992); *Olde Tyme Foods, Inc. v. Roundy's, Inc.*, 961 F.2d 200, 22 USPQ2d 1542, 1544 (Fed. Cir. 1992).

Additionally, the evidence of record and all justifiable inferences that may be drawn from the undisputed facts must be viewed in the light most favorable to the non-moving party. *See Lloyd's Food Products Inc. v. Eli's Inc.*, 987 F.2d 766, 25 USPQ2d 2027 (Fed. Cir. 1993); and *Opryland USA*, 23 USPQ2d at 1472. Further, in considering whether summary judgment is appropriate, the Board may not resolve genuine disputes as to material facts and, based thereon, decide the merits of the opposition. Rather, the Board may only ascertain whether any material fact cannot be disputed or is genuinely disputed. *See Lloyd's Food Products*, 25 USPQ2d at 2029; and *Olde Tyme Foods* 22 USPQ2d at 1542.

- *Abandonment and Issue Preclusion*

We turn first to the question of whether there is a genuine dispute as to whether Paul Audio abandoned its mark C-MARK. To make this determination, we must consider whether Opp. No. 91206084 is subject to

issue preclusion with respect to our decision in Cancellation No. 92049924. Under the doctrine of issue preclusion or collateral estoppel, if an issue is actually and necessarily determined by a court of competent jurisdiction, that determination is conclusive in a subsequent suit involving the same issue and the same parties, or at least the party against whom the same issue was adversely determined. *Daimler Chrysler Corp. v. Maydak*, 86 USPQ2d 1945, 1948 (TTAB 2008). The requirements which must be met for issue preclusion are: 1) the issue to be determined must be identical to the issue involved in the prior litigation; 2) the issue must have been raised, litigated and actually adjudged in the prior action; 3) the determination of the issue must have been necessary and essential to the resulting judgment; and 4) the party precluded must have been fully represented in the prior action. *See, e.g., Mayer/Berkshire Corp. v. Berkshire Fashions Inc.*, 424 F3d 1229, 76 USPQ2d 1310, 1313 (Fed. Cir. 2005); *Mother's Restaurant Inc. v. Mama's Pizza, Inc.*, 723 F.2d 1566, 221 USPQ 394, 397 (Fed. Cir. 1983); and *Polaroid Corp. v. C & E Vision Services Inc.*, 52 USPQ2d 1954 (TTAB 1999).

Based on our review of the parties' arguments and the evidence¹⁰ submitted by the parties, and drawing all inferences in favor of Paul Audio, the non-movant, we find that the issue of whether Paul Audio abandoned the mark C-MARK was raised, litigated and fully adjudicated by the Board in

¹⁰ The record in this case is extensive, and Paul Audio has interposed numerous evidentiary objections. We have considered the objected-to evidence, keeping in mind the objections, and have accorded it whatever probative value it merits.

Cancellation No. 92049924. The respondent in that cancellation proceeding, Baoning Zhou, shown to be a majority shareholder of Shenzen, alleged that Paul Audio, Inc. (petitioner in the cancellation) abandoned its C-MARK mark “with intent to abandon” (respondent’s answer ¶4; Board’s final decision at 20). Although that panel of the Board initially determined that Paul Audio had priority, it found that the last documented use of the mark C-MARK by Paul Audio was at the 2004 NAMM trade show (final decision at 17, 20); that Paul Audio had not used the mark C-MARK for more than three years, and that there was no evidence of Paul Audio’s intent to resume use (final decision at 20); therefore, the Board held that Paul Audio had abandoned its mark and that its claim of priority failed because it was based on a mark that had been abandoned (*Id.*). Determination of the issue of whether Paul Audio had abandoned its mark was necessary and essential to the resulting judgment against it with respect to the priority element of Paul Audio’s likelihood of confusion claim, and the parties were fully represented before the Board. In view thereof, we are precluded from considering and re-litigating the issue of whether Paul Audio abandoned its mark C-MARK. *See Jet Inc. v. Sewage Aeration Sys.*, 55 USPQ2d 1854 (Fed. Cir. 2000). Accordingly, Shenzen’s motion for summary judgment on the basis that Paul Audio abandoned its mark C-MARK is **granted**.

- *Priority and Likelihood of Confusion*

Notwithstanding our ruling herein regarding the preclusive effect of the Board's earlier decision as to Paul Audio's abandonment in Cancellation No. 92049924, we find it inappropriate at this juncture to conclude that Shenzen is entitled to judgment in its favor as a matter of law on its claim of likelihood of confusion. Based on our review of the parties' arguments and the evidence submitted by the parties, and drawing all inferences in favor of Paul Audio,¹¹ the non-movant, we find that, at a minimum, there is a genuine dispute as to material facts regarding ownership of the mark and priority of usage, such as (i) the goods on which Shenzen initially used its mark (allegedly around 2006) and on which it has continuously used the mark C-MARK in commerce since then; (ii) how it is that Shenzen can claim ownership and use of the mark C-MARK anywhere as of 1993; (iii) any agreements or transactions between the parties in the critical period of 2004 to 2007; and (iv) the exact date claimed to be Shenzen's first use of the mark C-MARK in commerce.¹² Accordingly, opposer's motion for summary judgment on its claim of priority

¹¹ We have concerns regarding the credibility of the testimony presented by both parties' witnesses.

¹² The fact that we identify several material facts that are genuinely in dispute as a sufficient basis for denying the motion for partial summary judgment should not be construed as a finding that these are necessarily the only issues which remain for trial.

and likelihood of confusion under Section 2(d) of the Trademark Act, 15 U.S.C. § 1052(d), is **denied**.¹³

Accelerated Case Resolution (“ACR”) and Protective Order

In view of the extensive record presented on the issues involved in these proceedings, the challenges of translations into the English language, questions about the quality and credibility of testimony for both parties, and the ongoing, serial conflicts between the parties based upon a core set of elusive facts, and a desire by this tribunal to resolve these disputes satisfactorily, it is recommended that the parties consider utilizing efficiencies available under the Board’s accelerated case resolution procedure (“ACR”). The Board’s attorney assigned to Opp. No. 91206084, Ms. Elizabeth Winter, is available at 571.272.9240 to conference with counsel of both parties in the event that would help resolve these problems. As to efficiencies specifically applicable under ACR, the parties may wish to stipulate to: utilize some or all of their testimony and evidence already made of record at summary judgment at final hearing; introduction of testimony and evidence

¹³ The parties are reminded that, absent the parties’ stipulation that the evidence submitted in connection with opposer’s motion for summary judgment is to be considered of record for trial, said evidence is of record only for consideration of the motion for summary judgment. *See* TBMP § 501 (2014) and authorities cited therein. *See also* TBMP § 702.04(d). Any such evidence to be considered at final hearing must be properly introduced in evidence during their appropriate trial periods. *See Levi Strauss & Co. v. R. Joseph Sportswear Inc.*, 28 USPQ2d 1464 (TTAB 1993); *Pet Inc. v. Bassetti*, 219 USPQ 911 (TTAB 1983); *American Meat Institute v. Horace W. Longacre, Inc.*, 211 USPQ 712 (TTAB 1981).

Opposition Nos. 91206084 and 91213564

by declaration or affidavit; or other efficiencies discussed online at the following URL: [http:// www.uspto.gov/trademarks/process/appeal/index.jsp](http://www.uspto.gov/trademarks/process/appeal/index.jsp).¹⁴

The parties are allowed until **THIRTY (30) DAYS** from the mailing date of this order to file a stipulation to utilize ACR efficiencies, failing which the proceedings will move forward on the schedule set forth below.

Whether or not the parties choose to use other efficiencies under ACR, it is strongly recommended that the parties use testimonial affidavits for trial (rather than testimonial depositions).

Further, the parties are reminded that the Board's standard protective order governs these proceedings; therefore, confidential and trade secret materials may be protected under its terms (see order at the following URL: <http://www.uspto.gov/trademarks/process/appeal/guidelines/stndagmnt.jsp>).

Opposition No. 91206084 Suspension Maintained; Trial Dates Reset

In view of the different stages of the two now consolidated proceedings, Opp. No. 91206084 ("parent" proceeding) shall remain **SUSPENDED** until pre-trial disclosures are due in Opp. No. 91213564 ("child" proceeding).

Paul Audio is allowed until **FIFTEEN (15) DAYS** from the mailing date of this order to submit an amended answer in *both* proceedings that contains sufficient allegations regarding its asserted "estoppel" and waiver defenses, failing which said defenses shall be given no further consideration. After that

¹⁴ By way of example only, the parties may view ACR related stipulations and orders in the following cases: 92054446 (see no. 20 in case history); and 91199733 (see nos. 12 and 18 in case history).

Opposition Nos. 91206084 and 91213564

due date, the parties are allowed **NINETY (90) DAYS** to conduct discovery with respect to the parties' respective claims and defenses in Opposition No. 91213564 *only*; and Opposition No. 91206084 shall resume and proceedings shall move forward together when pre-trial disclosures are due.

Trial dates are reset as shown in the following schedule:

Deadline for Amended Answer	7/15/2014
Initial Disclosures Due in 91213564	8/14/2014
Expert Disclosures Due in 91213564	9/13/2014
Discovery Closes in 91213564	10/13/2014
Plaintiff's Pretrial Disclosures Due	11/27/2014
Plaintiff's 30-day Trial Period Ends	1/11/2015
Defendant's Pretrial Disclosures Due	1/26/2015
Defendant's 30-day Trial Period Ends	3/12/2015
Plaintiff's Rebuttal Disclosures Due	3/27/2015
Plaintiff's 15-day Rebuttal Period Ends	4/26/2015

IN EACH INSTANCE, a copy of the transcript of testimony, together with copies of documentary exhibits, must be served on the adverse party **WITHIN THIRTY DAYS** after completion of the taking of testimony. *See* Trademark Rule 2.125, 37 C.F.R. § 2.125.

Briefs shall be filed in accordance with Trademark Rules 2.128(a) and (b), 37 C.F.R. §§ 2.128(a) and (b). An oral hearing will be set only upon request filed as provided by Trademark Rule 2.129, 37 C.F.R. § 2.129.

Appeal of Interlocutory Order

The parties are reminded that our decision granting partial summary judgment is interlocutory in nature and may not be appealed until a final decision is rendered in the proceeding. *See Copeland's Enterprises Inc. v. CNV Inc.*, 887 F.2d 1065, 12 USPQ2d 1562 (Fed. Cir. 1989).

