

UNITED STATES PATENT AND TRADEMARK OFFICE
Trademark Trial and Appeal Board
P.O. Box 1451
Alexandria, VA 22313-1451

GCP

Mailed: December 6, 2013

Cancellation No. 92055403

Barry Biondo¹

v.

Thanh Nguyen

**Before Seeherman, Bergsman, and Greenbaum,
Administrative Trademark Judges.**

By the Board:

This proceeding now comes before the Board for consideration of (1) petitioner's motion (filed August 5, 2013) for leave to amend the pleadings, and (2) petitioner's response to the Board's July 26, 2013, show cause order. On August 14, 2013, respondent filed a combined response to petitioner's motion for leave to amend and petitioner's response to the Board's show cause order.

Background

Respondent is the owner of a registration for the mark TIPSYP, in standard characters, for "bar services" in International Class 43.²

¹ Petitioner's motion for a voluntary amendment to change his name as petitioner from Barry Biondo dba Topsy Spa and Salon to Barry Biondo, in compliance with the district court's decision discussed *infra*, is granted.

² Registration No. 3529699, registered on November 11, 2008, claiming December 15, 2006 as both the date of first use and the date of first use in commerce.

On March 29, 2012, petitioner filed a petition to cancel respondent's TIPSYP registration on the grounds that (1) respondent's TIPSYP mark is used solely as a trade name, (2) the specimens submitted with respondent's underlying application do not demonstrate use of the term TIPSYP as a trademark for the identified services, (3) the mark as displayed on the specimens is an impermissible mutilation of the mark as displayed on the drawing page of the application, and (4) the mark as it appears on the specimens is merely informational and therefore does not function as a trademark.

In lieu of filing an answer, respondent, on April 12, 2012, filed a motion to suspend this proceeding pending the final disposition of a civil action between the parties in the United States District Court for the Southern District of Florida, in which respondent was the plaintiff and petitioner was the defendant.³ By order dated April 12, 2012, the Board granted respondent's motion to suspend.

On April 19, 2013, respondent filed a communication with the Board advising that the district court had issued a final decision on June 15, 2012. In its final decision, the district court entered summary judgment in favor of respondent and against petitioner. The district court sustained respondent's claims of federal trademark infringement, common law trademark infringement, false suggestion of a connection, violations of the

³ Case No. 9:11-CV-81156, styled *Thanh Nguyen and Luong Nguyen v. Barry Biondo and Tipsy Spa and Salon, Inc.*, filed on or about February 17, 2012.

Cybersquatting Act, state law dilution, and breach of contract. Additionally, the district court denied petitioner's cross-motion for summary judgment on its asserted defenses of abandonment by naked licensing and duress for lack of evidence and as a matter of law. The district court also found that (1) respondent's registration for the TIPSYP mark gives rise to a presumption of the mark's validity and priority, and (2) respondent's TIPSYP mark is distinctive and entitled to protection. As a result of these findings, the district court permanently enjoined petitioner from using the TIPSYP mark.⁴ On February 13, 2013, the United States Court of Appeals for the Eleventh Circuit affirmed the district court's decision in all respects. Thereafter, on April 10, 2013, the district court entered a final judgment in the matter.

In view of the final disposition of the district court action, the Board issued an order on July 26, 2013 requiring petitioner to show cause why judgment should not be entered against petitioner in accordance with the district court's decision.

Petitioner's Response To Board's Show Cause Order And Motion For Leave To Amend The Pleadings

In his response to the Board's show cause order, petitioner now contends that this proceeding should not be dismissed because he wishes to amend his pleading to claim standing without asserting any proprietary rights in the mark TIPSYP. Specifically, petitioner seeks to amend his pleading to assert that he is a competitor of respondent and that he is

⁴ Petitioner also asserted a counterclaim of fraud in the procurement of respondent's TIPSYP registration but the counterclaim was subsequently dismissed with prejudice.

entitled to use the term TIPSYP descriptively in association with his salon services that offer bar and nail services, and to assert the following grounds: (1) respondent's mark is merely descriptive of the identified services, and (2) respondent abandoned his mark in connection with the identified services by not using the mark for more than three consecutive years. Petitioner has submitted an amended pleading with these assertions. Additionally, petitioner seeks to maintain the previously asserted ground for cancellation that the specimens submitted with respondent's underlying application do not demonstrate use of the TIPSYP mark for the identified services.

In his response, respondent argues that since the district court permanently enjoined petitioner from using the mark TIPSYP and because petitioner no longer operates a salon and has since filed for bankruptcy,⁵ petitioner no longer has a commercial interest in the term TIPSYP and, therefore, lacks standing to maintain this proceeding. Further, respondent contends that petitioner defended the district court litigation on the basis that respondent abandoned his TIPSYP mark and that the mark is generic and, therefore, petitioner is collaterally estopped from asserting these claims in this proceeding.⁶

⁵ We note that a related Board proceeding, namely, Opposition No. 91202097, involving the same parties herein but in reverse positions, is suspended pending the disposition of petitioner's bankruptcy proceeding.

⁶ Although respondent argues that petitioner asserted an affirmative defense of genericness in the civil action, neither the district court's final decision nor the Court of Appeals for the Eleventh Circuit's affirmance of the district's court's decision mention or rule upon petitioner's alleged defense of genericness. Further, a review of petitioner's answer to respondent's first amended complaint in the civil

Decision

In order to prosecute successfully a petition for cancellation, a petitioner must allege (and later prove) (1) that it has standing to petition for cancellation because it is likely to be damaged, and (2) a valid ground exists for cancelling the subject registration. *See, e.g., Lipton Industries v. Ralston Purina Co.*, 670 F.2d 1024, 213 USPQ 185 (CCPA 1982).

With regard to petitioner's proposed asserted grounds for cancellation, as noted above, the district court has already made a determination that (1) respondent's registration for the TIPSYP mark gives rise to a presumption of the mark's validity and priority (*see* p. 8 of the district court's decision), (2) petitioner willfully infringed upon respondent's TIPSYP mark (*id.* at pp. 13-14), (3) respondent's TIPSYP mark is distinctive and is entitled to protection, (*id.* at p. 20), and (4) petitioner failed to prove that respondent abandoned his mark through naked licensing (*id.* at p. 10). Additionally, the district court permanently enjoined petitioner from using the TIPSYP mark (*id.* at p. 14).

In view of the foregoing, petitioner's proposed claim of mere descriptiveness is futile since, in light of the district court's ruling, petitioner is estopped, by the doctrine of issue preclusion, from asserting this claim as a

action reveals that, although petitioner asserted an affirmative defense that respondent does not have exclusive rights and privileges in some or all of the trademarks and service marks identified in the complaint, petitioner did not specifically assert an affirmative defense that respondent's mark is generic or merely descriptive.

ground for cancellation.⁷ Under the doctrine of issue preclusion, when an issue of fact or law is actually litigated and determined by a valid and final judgment, and the determination is essential to the judgment, the determination is conclusive in a subsequent action between the parties, whether on the same claim or a different claim. *Mother's Restaurant, Inc. v. Mama's Pizza, Inc.*, 723 F.2d 1566, 221 USPQ 394 (Fed. Cir. 1983).

Here, the district court found that respondent's registration for the TIPSYP mark gives rise to a presumption of the mark's validity and priority. Moreover, as noted above, the district court also ruled that respondent's "TIPSYP mark is distinctive and entitled to protection." See p. 20 of district court's decision. By its finding that respondent's TIPSYP mark is distinctive, the court effectively found that it is a valid mark and not merely a descriptive term.⁸ Further, the district court's finding that respondent's mark is distinctive and entitled to protection was essential to the district court's determination that petitioner willfully infringed upon respondent's registered TIPSYP mark. We further find that there is nothing in the record to suggest that petitioner did not have a full and fair chance to litigate the issue of the distinctiveness of respondent's TIPSYP mark in the civil action. Accordingly,

⁷ The Board must give deference to the determinations of the district court. See *DaimlerChrysler Corp. v. Maydak*, 86 USPQ2d 1945 (TTAB 2008).

⁸ By definition, a mark that is found to be distinctive cannot be merely descriptive. See *Wal-Mart Stores, Inc. v. Samara Bros., Inc.*, 529 U.S. 205, 210 (2000) (stating that a mark is inherently distinctive if its intrinsic nature serves to identify a particular source).

we find that petitioner's proposed claim of mere descriptive is precluded by the application of the doctrine of issue preclusion.⁹

Likewise, petitioner's proposed claim of abandonment through nonuse is futile by application of the doctrine of defendant preclusion. *See generally* Wright, Miller & Cooper, 18 Fed. Prac. & Proc. Juris § 4414 (2d ed. 2002).

The rules of defendant preclusion apply when a former defendant attempts to undermine a previous judgment by asserting in a subsequent action a claim or defense that was or could have been asserted in the earlier case. *See* Rest 2d Judg § 18(2) (1982); *see also* 18 James Wm. Moore et al., *Moore's Federal Practice* § 131.02(2) (3d ed. 1999) ("A collateral attack on a judgment or order will fail if the party making the attack could have raised the issue in the other action.").

The doctrine of defendant preclusion and its application was discussed in our primary reviewing court's decision in *Nasalok Coating Corp v. Nylok Corp.*, 522 F.3d 1320, 86 USPQ2d 1369 (Fed. Cir. 2008). In *Nasalok*, the Federal Circuit stated that a defendant is precluded from asserting a claim or defense in a second action only if (1) the claim or defense in the second action was a compulsory counterclaim that the defendant failed to assert in the first action, or (2) the claim or defense represents what is essentially a collateral attack on the first judgment. *Nasalok*, 86 USPQ2d at 1324. It is the second prong that is applicable here.

⁹ In any event, petitioner's proposed claim of mere descriptiveness would also be precluded by application of the defendant preclusion doctrine, as discussed *infra*.

Allowing petitioner to proceed with his proposed claim of abandonment through nonuse, which he could have raised as a defense in the civil action but chose not to do so, would undoubtedly impair respondent's rights established in the civil action, in particular his rights under the permanent injunction, and would therefore constitute a collateral attack on the district court's judgment. In other words, there is no question that if petitioner were able to succeed on his proposed claim of abandonment through nonuse, this result would negate the relief secured by respondent in the civil action. In view of the foregoing, petitioner's proposed claim of abandonment based upon nonuse is futile by application of the doctrine of defendant preclusion.¹⁰

Similarly futile is petitioner's contention that the specimens submitted with respondent's underlying application do not demonstrate use of the TIPSU mark for the identified services. The adequacy of the specimens submitted by respondent during the prosecution of his underlying application is solely an *ex parte* examination issue and does not constitute a ground for cancellation. *See Saint-Gobain Abrasives, Inc. v. Unova Indus. Automation Sys. Inc.*, 66 USPQ2d 1355 (TTAB 2009); *Century 21 Real Estate Corp. v.*

¹⁰ Our decision herein is distinguishable from the situation in which there has been a material change of circumstances occurring after the decision in a prior action with respect to the same subject matter. In the latter case, a second action is not precluded by the decision in the first action. *See* Rest 2d Judg § 24(f) (1982). Here, however, there is nothing in the record to suggest a material change of circumstances since the district's court's final decision on June 15, 2012 and the filing of petitioner's motion to amend on August 5, 2013, nor has petitioner advanced any arguments to the contrary.

Century Life of America, 10 USPQ2d 2034, 2035 (TTAB 1989) (the issue of the adequacy of the specimens is solely a matter of *ex parte* examination).

Because petitioner has not asserted any valid grounds for cancellation by way of his proposed amended pleading, petitioner's motion to amend the pleadings is **DENIED**. We further find that the grounds for cancellation asserted in petitioner's originally-filed petition to cancel are inadequate. The first asserted ground, that respondent's mark is used only as a trade name, is futile in light of the district court's finding that respondent's registration for the TIPSY mark gives rise to a presumption of the mark's validity and that the mark is distinctive and entitled to protection, while the second asserted ground, that the specimens submitted during the prosecution of respondent's underlying application are unacceptable, is not a ground for cancellation because, as discussed above, the adequacy of specimens to show trademark use is an *ex parte* examination issue.¹¹

In view of the foregoing, and because petitioner has failed to demonstrate why judgment should not be entered against him in view of the district court's decision, the petition to cancel is dismissed with prejudice.

¹¹ Because we have found that petitioner has failed to assert any valid grounds for cancellation, we need not reach the issue of petitioner's standing.