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IN THE UNITED STATES PATENT AND TRADEMARK OFFICE  
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD

Proceeding	92060895
Party	Plaintiff SIS Resources Ltd.
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Attachments	Response In Opposition To Registrant Motion To Consolidate And Sus- pend.pdf(40152 bytes )

**IN THE UNITED STATES PATENT AND TRADEMARK OFFICE  
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD**

In the matter of Trademark  
Registration No. 3619407  
Mark: BLUE MIST  
Filed: November 20, 2008  
Registered: May 12, 2009

SIS RESOURCES LTD.,	)	
	)	
Petitioner,	)	
	)	
v.	)	Cancellation No. 92060895
	)	
STARBUZZ TOBACCO, INC.,	)	
	)	
Registrant.	)	
	)	

**PETITIONER’S RESPONSE IN OPPOSITION TO REGISTRANT’S  
MOTION TO CONSOLIDATE AND SUSPEND PROCEEDINGS**

Petitioner SIS Resources Ltd. (“Petitioner” or “SIS Resources”), by and through the undersigned counsel, files this Response in Opposition to Registrant Starbuzz Tobacco, Inc.’s (“Registrant” or “Starbuzz”) Motion to Consolidate and Suspend Proceedings, which Registrant filed on March 23, 2015 (“Motion to Consolidate” or “Motion”) and served by regular U.S. Mail. Registrant’s Motion seriously misrepresents the facts and seeks to mislead the U.S. Trademark Trial and Appeal Board (“Board” or “TTAB”). As discussed more fully below, the cancellation claim raised by SIS Resources in this Cancellation Proceeding was never a compulsory counterclaim in the Opposition Proceeding between these parties as it raises different legal and factual issues and, further, the cancellation claim has not been raised in the Federal Action where SIS Resources has not even been served and is not formally a party. Accordingly, the Board should deny Registrant’s Motion and all the requested relief therein.

**A. Procedural History and Background**

SIS Resources discovered grounds to assert the Petition for Cancellation in this Proceeding shortly after Starbuzz filed a federal lawsuit against SIS Resources (discussed in more detail herein). SIS Resources promptly filed the Petition for Cancellation on February 17, 2015 upon the discovery of the grounds for the Petition for Cancellation, which arose long-after SIS Resources filed its Answer to Starbuzz's Notice of Opposition in Proceeding No. 91213286.

Starbuzz had filed the Notice of Opposition in Proceeding No. 91213286 ("Opposition Proceeding" or "Opposition") on November 1, 2013 against SIS Resources' MOCHA MIST Mark, U.S. Application Serial No. 85846992, alleging priority and likelihood of confusion under Section 2(d) of the Lanham Act, 15 U.S.C. 1052(d), based on Starbuzz's purported BLUE MIST Mark, Registration No. 3619407, and CITRUS MIST Mark, Registration No. 3695500. SIS Resources filed its Answer to the Notice of Opposition on December 11, 2013.

The Opposition was suspended on April 2, 2014 to allow SIS Resources time to appoint new counsel or to file a paper stating that it chose to represent itself. The undersigned counsel for SIS Resources filed a Notice of Appearance of Counsel and Change of Correspondence on April 29, 2014. On June 28, 2014, the Board resumed the Opposition and re-set case deadlines.

On November 10, 2014, the Board again suspended the Opposition pending a ruling on the parties' discovery and related motions. While the Opposition was suspended a second time, new counsel for Starbuzz filed a Notice of Appearance of Counsel on January 16, 2015. On February 1, 2015, the Board denied Starbuzz's motion, granted SIS Resources' motion, and re-set case deadlines.

Three days after losing its motion, and rather than responding to outstanding discovery requests,<sup>1</sup> Starbuzz filed a federal lawsuit against SIS Resources and Nu Mark LLC on February 4, 2015, in the Central District of California alleging claims for federal trademark infringement and false designation of origin, state unfair business practices, and common law trademark infringement and unfair competition, captioned *Starbuzz Tobacco, Inc. v. SIS Resources Ltd. and Nu Mark LLC*, C.D. Cal., Case No. 8:15-cv-00176 (“Federal Action”). On February 9, 2015, Starbuzz filed a Motion to Suspend the Opposition pending the Federal Action, which was granted by the Board three days later on February 12, 2015.

The Federal Action that Starbuzz filed against SIS Resources prompted SIS Resources to conduct due diligence of the several third-party federal lawsuits in which Starbuzz has been engaged involving its purported rights in the alleged BLUE MIST and CITRUS MIST Marks. Upon this review, SIS Resources discovered that, while Starbuzz was engaged in federal litigation, it fraudulently filed a Section 15 Declaration of Incontestability in connection with its BLUE MIST Mark on May 23, 2014. Specifically, Starbuzz made its Section 15 declaration under penalty of perjury at a time that it was actively engaged in federal litigation involving its rights in the BLUE MIST Mark, in direct contravention of 15 U.S.C. § 1065. As set out in the Petition for Cancellation in this Proceeding, the Section 15 declarant “must state that there has been no final decision adverse to the owner’s claim of ownership of the mark for the goods or services, or to the owner’s right to register the mark or to keep the mark on the register. It must

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<sup>1</sup> Starbuzz served objections and written responses to document requests on September 19, 2014, but never produced any documents. Counsel for SIS Resources contacted Starbuzz’s new counsel on January 20, 2015 to request a response to SIS Resources’ October 13, 2014 meet-and-confer letter regarding several deficiencies in Starbuzz’s written discovery responses and lack of any document production. Shortly after the Opposition resumed on February 1, 2015, SIS Resources’ counsel again followed-up with Starbuzz’s new counsel regarding Starbuzz’s lack of response to the October 13 meet-and-confer letter.

also state that there is no proceeding involving these rights pending in the USPTO or in a court and not finally disposed of.” TMEP § 1605.04 (citing 15 U.S.C. §§ 1065(1)-(3); 37 C.F.R. §§ 2.167(d) and (e)). Martin Jerisat, one of the attorneys who represented Starbuzz in that federal litigation and who until recently represented Starbuzz in the Opposition, was the very same attorney who filed Starbuzz’s fraudulent Section 15 Declaration of Incontestability while the federal litigation was pending.

As soon as SIS Resources obtained the information necessary to assert a Petition for Cancellation of Starbuzz’s BLUE MIST Mark Registration on the ground of fraud, it filed the Petition for Cancellation on February 17, 2015.

**B. Argument**

Starbuzz is playing fast-and-loose with the facts in its Motion just as Starbuzz did with its Section 15 Declaration for the BLUE MIST Mark Registration. Foremost, a counterclaim for cancellation was never compulsory in the Opposition in the first place. In *Nasalok Coating Corp. v. Nylok Corp.*, 522 F.3d 1320, 1328, 86 U.S.P.Q. 2d 1369, 1375 (Fed. Cir. 2008), the Federal Circuit held that “challenges to the validity of a trademark registration should not be treated as compulsory counterclaims to trademark infringement actions.” The Federal Circuit based its holding on the fact that the cancellation claim at issue did not arise out of the same “essential facts,” or “transaction or occurrence” as the previous infringement action:

Nasalok’s cancellation petition . . . was based on alleged attributes of Nylok’s registered mark that rendered it subject to cancellation, including allegations that the mark was functional and was a phantom mark, and on Nylok’s allegedly fraudulent actions in obtaining registration of the mark. In this case, therefore, the “essential facts” alleged by Nylok in its infringement action—related to Nylok’s ownership of the mark and Nasalok’s allegedly infringing behavior—do not form the basis of the cancellation claim now asserted by Nasalok, which is based on attributes of Nylok’s mark and on Nylok’s actions in obtaining registration of that mark. The two claims raise different legal and factual issues, will not be supported or refuted by substantially the same evidence, and are not “logically related” in the

sense described by the Supreme Court in *Moore [v. N.Y. Cotton Exch.]*, 270 U.S. 593 (1926)]. Therefore, the claims do not arise out of the same “transaction or occurrence,” and the petition to cancel was not a compulsory counterclaim in the infringement action.

*Nasalok*, 522 F.3d at 1326, 86 U.S.P.Q. 2d at 1374.

As in *Nasalok*, the issues in the Opposition and Cancellation do not arise out of the same “essential facts,” or “transaction or occurrence.”<sup>2</sup> The Opposition involves a claim of priority and likelihood of confusion concerning use and registration of the MOCHA MIST Mark based on Starbuzz’s purported BLUE MIST and CITRUS MIST Marks, whereas the Cancellation concerns Starbuzz’s fraudulently filed Section 15 Declaration and a claim for cancellation of the BLUE MIST Mark Registration as a result. Thus, the Cancellation involves different legal and factual issues from the Opposition, will not be supported or refuted by substantially the same evidence as in the Opposition, and therefore was never compulsory in the Opposition. Moreover, SIS Resources did not have knowledge of the grounds for a counterclaim until after Starbuzz filed the federal lawsuit against SIS Resources, which suspended the Opposition.

Furthermore, as Starbuzz acknowledges with its use of the future tense verb form in the Motion, the issue in the Cancellation is not properly before the District Court in the Federal Action at all. To the contrary, SIS Resources *has not even been served* in the Federal Action. Therefore, to request that the Board suspend the Cancellation “[r]egardless of whether [it] is consolidated with the Opposition” is disingenuous at best. (*See Mot. at 4.*) This suspension

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<sup>2</sup> “Following the *Moore* decision, [the Federal Circuit] has utilized three tests to determine whether the “transaction or occurrence” test of Rule 13(a) is met: (1) whether the legal and factual issues raised by the claim and counterclaim are largely the same; (2) whether substantially the same evidence supports or refutes both the claim and the counterclaim; and (3) whether there is a logical relationship between the claim and the counterclaim.” *Nasalok*, 522 F.3d at 1325, 86 U.S.P.Q. 2d at 1373.

request is not ripe where it is asking the Board to speculate on what arguments SIS Resources may assert in the Federal Action if it is ever properly made a party to the Federal Action.

Nowhere in the Complaint in the Federal Action (which Starbuzz attaches as “Exhibit I” to the Motion), nor in the Opposition is there any mention of the legal and factual issues which form the basis of the claim asserted in this Cancellation. As such, there is no basis for consolidation, let alone suspension, where there are no common questions of law or fact between the Opposition and Cancellation Proceedings. *Cf.* Fed. R. Civ. P. 42(a) (made applicable by 37 C.F.R. § 2.116(a)). The claim for cancellation for fraud in the Cancellation Proceeding may stand on its own before the Board.

Further, in light of the very recent United States Supreme Court ruling in *B&B Hardware, Inc. v. Hargis Indus., Inc.*, No. 13-352, 575 U.S. \_\_\_, 2015 WL 1291915 (Mar. 24, 2015), a finding by the Board may be given preclusive effect where issue preclusion would otherwise apply. This is contrary to Starbuzz’s statement that: “a decision by the United States District Court would be binding on the Board, whereas a determination by the Board as to a party’s right to registration would not be binding or *res judicata* with respect to the proceeding before the United States District Court.” (*See Mot.* at 4.)

It is clear, then, that by its Motion Starbuzz is really seeking to delay filing its Answer to the Petition for Cancellation and to delay defending that claim before the Board because Starbuzz is hard-pressed to deny that it committed fraud on the United States Patent and Trademark Office when it filed its Section 15 Declaration for the BLUE MIST Mark Registration. By filing this Motion, Starbuzz has done the exact opposite of saving the Board “time, effort, and expense.” Instead, Starbuzz has required both SIS Resources and the Board to expend time, effort, and expense responding to a meritless Motion.

The deadline for Starbuzz to file an Answer to the Petition for Cancellation was March 30, 2015. Starbuzz has failed to Answer the Petition and is in default. Further, by filing the Motion, Starbuzz has appeared and thereby waived any defenses it could have asserted.

**C. Conclusion**

For all these reasons, Registrant's Motion should be denied.

Dated: March 30, 2015

Respectfully submitted,

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**CERTIFICATE OF SERVICE**

This is to certify that a copy of the foregoing **PETITIONER'S RESPONSE IN OPPOSITION TO REGISTRANT'S MOTION TO CONSOLIDATE AND SUSPEND PROCEEDINGS** was served via First Class U.S. Mail, postage prepaid, and properly addressed to:

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Natu J. Patel  
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this 30th day of March, 2015.

/s/ John M. Nading  
\_\_\_\_\_  
John M. Nading  
*Attorney for Petitioner*