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

Proceeding	92061974
Party	Plaintiff Cybernet Entertainment, LLC
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**IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD**

Cybernet Entertainment, LLC

Petitioner;

v.

Balance Studios Inc.

Registrant.

Cancellation No. 92061974

In re Registration No. 3958399

For the Mark KINK ACADEMY

Registered On May 10, 2011

**OPPOSITION TO MOTION TO SUSPEND PROCEEDINGS
IN VIEW OF PENDING CIVIL ACTION PURSUANT TO TRADEMARK RULE 2.117(a)**

Petitioner Cybernet Entertainment LLC (“Petitioner”) hereby opposes the Motion to Suspend Proceedings filed by Registrant Balance Studios Inc. (“Registrant”). Registrant claims that the Trademark Trial and Appeal Board (“TTAB”) cancellation proceedings regarding its mark K KINK ACADEMY should be suspended because identical issues are pending between the same parties in federal court. Registrant is in error, and its motion should be denied based on the following grounds: (i) Registrant lacks standing to sue in District Court so it cannot validly assert *any* claims there; (ii) the issues pending before the District Court are not determinative of the sole issue pending before the TTAB; and (iii) any stay would prejudice Petitioner insofar as it would be tantamount to the TTAB determining that Registrant's mark's registration remains valid, unfairly bolstering its federal claims and unjustifiably delaying Petitioner's right to exercise its right to resolution on the issue it has brought before the TTAB.

RELEVANT PROCEDURAL HISTORY AND PRIORITY OF USE

Petitioner's standard character mark KINK.COM was registered on the Supplemental Registry on February 5, 2008, with first use January 01, 2006 and first use in commerce February 10, 2006 (Registration No. 3379745).

Registrant's design mark K KINK ACADEMY was registered May 10, 2011 with first use in commerce on April 01, 2009. (Registration No. 3958399.) Registrant disclaimed any and all rights to the words ACADEMY and KINK apart from the design mark as a whole.

On July 23, 2014, the PTO ruled that the work KINK was the dominant component of Registrant's mark (See 7/23/2014 Office Action, Application 86246402), and on April 14, 2015, ruled that Petitioner's "...claim of acquired distinctiveness in part as to the term “KINK” based on prior U.S. Registration No. 3379745 is accepted and made of record." (See 4/14/2015 Office Action, Application 86246402.)

On June 23, 2015, KINK.COM was registered on the Principal Registry (Registration No. 4758649).

The Petition to Cancel Registrant's mark K KINK ACADEMY:

On July 28, 2015, Petitioner filed the present Petition to Cancel the registration of Registrant's mark K KINK ACADEMY based on the PTO's determination that the word KINK is the dominant component of Registrant's mark, and that Petitioner has acquired secondary meaning to that word through its longstanding, priority use and ownership of the incontestable mark KINK.COM.

The District Court Case:

On July 27, 2015, Registrant filed an action in the Northern District of California, (No. 3:15-cv-03441-HSG), with claims for trademark infringement, false designation of origin and unfair competition, alleging Petitioner's use of another of its marks, KINK UNIVERSITY, from April 01, 2014 on, infringes on Registrant's mark K KINK ACADEMY (the mark subject to the cancellation proceeding).

On August 20, 2015, Petitioner moved to dismiss all Registrant's federal claims under Federal Rules of Civil Procedure Rule 17(b) because Registrant is a void corporation and lacks standing to sue under Delaware law, and under Rule 12(b)(6) for failure to state a claim, arguing that Registrant's allegations of infringement are implausible because (i) Registrant disclaimed any rights to the words KINK and ACADEMY; while (ii) Petitioner has priority of use and has acquired secondary meaning as to the word KINK. Hearing is set for October 01, 2015.

ARGUMENT

The TTAB has discretion to suspend proceedings before it, pursuant to 37 CFR § 2.117(a), as follows: "[w]henver ...a party or parties to a pending case are engaged in a civil action [...] which may have a bearing on the case, proceedings before the Board may be suspended until termination of the civil action or the other Board proceeding." See 37 CFR § 2.117(a); TBMP § 510(a).

As a preliminary and thresh hold matter, Registrant lacks the legal ability to bring its claims in the District Court. Under the law, a corporation's capacity to sue is determined by the law of the corporation's domicile. Fed. R. Civ. P. 17(b)(2). Registrant, a Delaware Corporation, is, according to the Department of State Division of Corporations, a void corporation, and has been since March 2009. (See Exhibit 1.) As such, under Delaware common law, it can neither sue nor be sued. *International Pulp Equip. Co. v. St. Regis Kraft Co.*, 54 F. Supp. 745 (D. Del. 1944). Indeed, because Registrant became

void in March 2011, it cannot avail itself of the three year statutory grace period for litigation pursuant to 8 Del. C. § 278, as more than three years has passed since it allowed its status to lapse. *Midland Interiors, Inc. v. Burleigh*, 2006 Del. Ch. LEXIS 220, *11-12 (Del. Ch. Dec. 19, 2006). Accordingly, the District Court has no alternative but to dismiss Registrant's entire complaint under F.R.C.P 17(b). Registrant should not be allowed to avoid or delay cancellation proceedings based on non-viable federal claims when it was Registrant itself that failed to maintain its ability to defend any intellectual property rights.

As for the merits of the present motion, Registrant claims that the pending Petition to Cancel its mark should be suspended because the TTAB and the District Court proceedings involve “identical claims.” (Motion p. 2 ¶2.) This is in error. The sole issue before the TTAB is the continued registrability of Registrant's mark K KINK ACADEMY in light of the PTO's determination that, because of Petitioner's longstanding and priority use of KINK.COM, it has acquired distinctiveness to the dominant component of Registrant's design mark - the word KINK. The District Court action, on the other hand, involves resolution of whether Petitioner's use of a separate mark, KINK UNIVERSITY, infringes on Registrant's design mark.¹ In the District Court, Petitioner maintains it was justified in using its mark because Registrant disclaimed any right to the literal aspects of its design mark, the words KINK and ACADEMY, therefore, there can be no plausible infringement. Nonetheless, the fact that Registrant's design mark is registered with the PTO is highly significant to the District Court claims. Under § 7(b) of the Lanham Act, 15 U.S.C.S. §1057(b), a certificate of registration is prima facie evidence of three things: (i) the validity of the registration, (ii) the registrant's ownership of the mark, and (iii) the registrant's exclusive right to use the mark in commerce on the goods or services specified therein. *Goya Foods, Inc. v. Tropicana Prods.*, 846 F.2d 848, 849, 1988 U.S. App. LEXIS 6335, *1, 6 U.S.P.Q.2D (BNA) 1950, 1950 (2d Cir. N.Y. 1988). Here, Registrant currently enjoys these hearty evidentiary presumptions of validity and exclusivity in its case against Petitioner in the District Court, *because* the PTO granted it registration. Accordingly, it would be highly prejudicial to deny Petitioner the opportunity to contest the

¹ Priority of use of each of the three marks is not at issue, as Registrant argues, as the date of first use for all three marks described herein has been conceded by the parties' in their respective applications and admissions to the PTO.

validity of that registration with the TTAB, the only agency tasked by Congress to effectuate such determinations. Put another way, if the TTAB suspends the cancellation proceeding pending the District Court case being complete, the very act of suspending its proceedings will in effect endorse the validity of Registrant's registration, lending critical support to the federal infringement claims against Petitioner.

Registrant relies on *Rhodes v Avon Products, Inc.*, 504 F.3d 1151 for the proposition that the TTAB should stay its proceedings because "the district court should alone hear the case." (Registrant's Motion p. 2 ¶ 2.). Such reliance is misplaced. First, *Rhodes* stands for no such proposition, and under 15 U.S.C. § 1119, the District Court and the TTAB may share concurrent jurisdiction over the cancellation of a trademark. *Informix Software, Inc. v. Oracle Corp.*, 927 F. Supp. 1283, 1285 (N.D. Cal. 1996) (citation omitted). Second, in *Rhodes*, the Ninth Circuit did not consider whether the TTAB should suspend proceedings and defer to the District Courts, rather, it determined that it was error for a District Court to decline subject matter jurisdiction over an action for declaratory judgment of trademark invalidity pending the outcome of a related TTAB proceeding. (*Id.*) The present case is procedurally inapposite, as the issue here is not whether the District Court action should or should not proceed, rather, it is whether the TTAB should defer its own proceedings regarding cancellation of its mark in light of Petitioner's rights to the word KINK. Further unlike *Rhodes*, in the present situation the only declaratory relief sought in the District Court is with regard to Petitioner's mark KINK UNIVERSITY. As for the mark KINK.COM, the basis of the cancellation proceeding before the TTAB, there is no declaratory action pending in the District Court regarding the use or validity of that mark, which is understandable, as KINK.COM is an uncontestable mark and Petitioner's priority of use in that mark is beyond dispute.

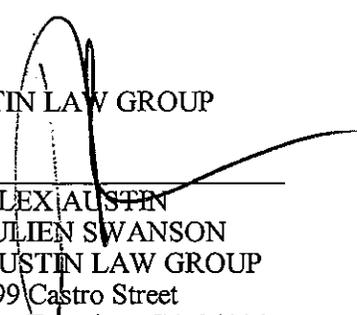
Ultimately, whether or not Petitioner is successful in defeating the infringement claims against it for its use of KINK UNIVERSITY (i.e., whether that use was justified based on its senior ownership of KINK.COM, and in light of Registrant's disclaimer of rights to KINK and ACADEMY), the PTO will still be tasked with determining if Registrant's mark should be cancelled or continue to be registered in light of the PTO's findings that (i) Petitioner has acquired secondary meaning to the word KINK through its ownership and use of KINK.COM, and that (ii) KINK is the dominant component of Registrant's mark.

Registrant would obviously benefit from maintaining its registration as a method of proving it has a protectable mark, thus bolstering its claims through the District Court proceedings, however, Petitioner has a right to exercise its property rights to the term KINK, and to its right to have the cancellation proceedings resolved without undue delay.

Based on the foregoing, Registrant's motion should be denied and the continued registrability of its mark should be resolved by the TTAB.

Dated: August 26, 2015

AUSTIN LAW GROUP

By: 

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EXHIBIT 1

PETITIONER'S OPPOSITION TO REGISTRANT'S MOTION TO SUSPEND PROCEEDINGS

Cybernet Entertainment LLC v Balance Studios Inc., Cancellation No. 92061974

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Entity Details

File Number: 4643277 **Incorporation Date / Formation Date:** 01/09/2009 (mm/dd/yyyy)

Entity Name: BALANCE STUDIOS, INC.

Entity Kind: CORPORATION **Entity Type:** CLOSED CORP

Residency: DOMESTIC **State:** DE

Status: VOID **Status Date:** 03/01/2011

TAX INFORMATION

Last Annual Report Filed: NO REPORTS ON FILE **Tax Due:** \$ 406.56

Annual Tax Assessment: \$ 0.00 **Total Authorized Shares:** 1,500

REGISTERED AGENT INFORMATION

Name: AMERICAN INCORPORATORS LTD.

Address: 1013 CENTRE ROAD SUITE 403-A

City: WILMINGTON **County:** NEW CASTLE

State: DE **Postal Code:** 19805

Phone: (302)421-5752

FILING HISTORY (Last 5 Filings)

Seq	Document Code	Description	No. of pages	Filing Date (mm/dd/yyyy)	Filing Time	Effective Date (mm/dd/yyyy)
1	0102S	Incorp Delaware Stock Co.	1	01/09/2009	12:15	01/09/2009

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CERTIFICATE OF MAILING

I hereby certify that this PETITION TO CANCEL is being deposited in the United States Postal Service with sufficient postage as first class mail, using normal business practices, in an envelope addressed to the Registrant at **Balance Studios Inc., a Delaware Corporation, located at 411A Highland Avenue, #101 Somerville Massachusetts 02144**, on August 26, 2015.

Executed this 26th day of August, 2015, at San Francisco, California.

By: _____

Julien Swanson

