

<p><b>This Opinion is Not a Precedent of the TTAB</b></p>
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Hearing: July 9, 2020

Mailed: October 21, 2020

UNITED STATES PATENT AND TRADEMARK OFFICE

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Trademark Trial and Appeal Board  
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*Biogrand Co., Ltd.*

*v.*

*Sunbio Corporation*  
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Cancellation No. 92067124  
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Thomas H. Ryou of Ryou Law  
for Biogrand Co., Ltd.

Alexander J. Farrell of Best & Flanagan  
for Sunbio Corporation.  
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Before Zervas, Greenbaum and Hudis,  
Administrative Trademark Judges.

Opinion by Hudis, Administrative Trademark Judge:

Sunbio Corporation (“Respondent”) is the owner of record of a registration on the  
Principal Register for the mark BF-7 (in standard characters) for:

Dietary and nutritional supplements; Dietary and nutritional supplements containing silk fibroin; Dietary beverage supplements for human consumption in liquid and dry mix form for therapeutic purposes; Dietary food supplements; Dietary supplemental drinks; Dietary supplements; Dietary supplements consisting primarily of silk fibroin; Dietary supplements for human consumption; Dietary supplements for supporting brain health, enhancing memory and concentration, improving cognitive health and preventing cognitive

decline, and protecting neuronal cells; Health food supplements; Liquid nutritional supplement; Nutraceuticals for use as a dietary supplement; Nutraceuticals for use as a dietary supplement for supporting brain health, enhancing memory and concentration, improving cognitive health and preventing cognitive decline, and protecting neuronal cells; Nutritional supplements; Nutritional supplements consisting primarily of silk fibroin; Nutritional supplements for supporting brain health, enhancing memory and concentration, improving cognitive health and preventing cognitive decline, and protecting neuronal cells; Nutritional supplements in the form of tablets, capsules, caplets, chewables, powder, syrups, gummies, and gels; Powdered nutritional supplement drink mix and concentrate in International Class 5.<sup>1</sup>

Biogrand Co., Ltd. (“Petitioner”) petitions to cancel<sup>2</sup> Respondent’s BF-7 registration on the following grounds:<sup>3</sup>

- Priority by common law use and likelihood of confusion pursuant to Trademark Act Section 2(d), 15 U.S.C. § 1052(d).
- Respondent’s BF-7 mark is deceptive and/or deceptively misdescriptive pursuant to Trademark Act Section 2(a) and/or 2(e)(1), 15 U.S.C. §§ 1052(a) and/or 1052(e)(1).
- Respondent has made use of the BF-7 mark in such a manner as to misrepresent the source of the goods pursuant to Trademark Act Section 14(3), 15 U.S.C. § 1064(3).

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<sup>1</sup> Respondent’s Registration No. 4932313 for the BF-7 mark issued on April 5, 2016, from an application filed on August 28, 2015. Respondent’s underlying application and resulting registration claim first use of the BF-7 mark anywhere at least as early as February 1, 2014, and first use of the mark in commerce at least as early as May 1, 2015.

<sup>2</sup> Petition to Cancel, 1 TTABVUE. Citations to the record or briefs in this opinion also include citations to the publicly available documents on TTABVUE, the Board’s electronic docketing system. *See, e.g., Turdin v. Trilobite, Ltd.*, 109 USPQ2d 1473, 1476 n. 6 (TTAB 2014). The number preceding “TTABVUE” corresponds to the docket entry number; the number(s) following “TTABVUE” refer to the page number(s) of that particular docket entry.

<sup>3</sup> Petition to Cancel, 1 TTABVUE 7-10, ¶¶ 16-28. Petitioner’s claim that Respondent made use of the BF-7 mark in such a manner as to constitute false advertising and/or acts of unfair competition pursuant to Trademark Act Section 43(a), 15 U.S.C. § 1125(a), was dismissed on summary judgment pursuant to the Board’s Order of February 1, 2019, 14 TTABVUE 10. Petitioner’s claim of dilution by blurring and tarnishment pursuant to Trademark Act Section 43(c), 15 U.S.C. § 1125(c), is waived for Petitioner’s failure to argue this claim in its brief. *Alcatraz Media, Inc. v. Chesapeake Marine Tours, Inc.*, 107 USPQ2d 1750, 1753 (TTAB 2013), *aff’d mem.*, 565 Fed. Appx. 900 (Fed. Cir. 2014).

- Fraud with respect to representations made to, and materials filed with, the U.S. Patent and Trademark Office (“USPTO”) when applying to register the BF-7 mark pursuant to Trademark Act Section 14(3), 15 U.S.C. § 1064(3).
- Respondent failed to make legal use of the BF-7 mark in commerce necessary to support registration of the mark pursuant to Trademark Act Section 1(a), 15 U.S.C. § 1051(a).
- Respondent used, and/or allowed others to use, the BF-7 mark in such a manner as to cause the mark to become the generic name for the goods on or in connection with which it is used or otherwise to lose its significance as a mark pursuant to Trademark Act Sections 14(3) and 45, 15 U.S.C. §§ 1064(3) and 1127.
- Respondent never used and/or ceased use of the BF-7 mark with no intent to make use of the mark and/or to resume such use, thus abandoning the mark within the meaning of Trademark Act Sections 14(3) and 45, 15 U.S.C. §§ 1064(3) and 1127.
- Respondent is not, and was not at the time of filing its underlying application, the rightful owner of the BF-7 mark for the goods identified in the registration pursuant to Trademark Act Section 1(a), 15 U.S.C. § 1051(a).

Respondent’s Answer denies the salient allegations of the Petition to Cancel, and asserts multiple defenses. Most of these defenses actually are amplifications of its denials to Petitioner’s claims. *See, e.g., Morgan Creek Prods. Inc. v. Foria Int’l Inc.*, 91 USPQ2d 1134, 1136 (TTAB 2009) (applicant’s “affirmative defenses” for the most part amplified its denials of opposer’s allegations regarding likelihood of confusion); *Order of Sons of Italy in Am. v. Profumi Fratelli Nostra AG*, 36 USPQ2d 1221, 1223 (TTAB 1995) (amplification of applicant’s denial of opposer’s claims not stricken).

The only defense Respondent asserted that is not otherwise a mere amplification of its denials is the sixth affirmative defense of unclean hands. However, Respondent did not maintain this defense in its trial brief and the defense is therefore waived. *See, e.g., Miller v. Miller*, 105 USPQ2d 1615, 1616 n.3 (TTAB 2013) (affirmative defense of unclean hands deemed waived because applicant failed to argue and

present evidence regarding the defense at trial); *Am. Flange & Mfg. Co., Inc. v. Rieke Corp.*, 80 USPQ2d 1397, 1400-01 (TTAB 2006) (“Applicant did not argue [certain] affirmative defenses in its brief, and we have not considered them in our determination of these proceedings.”).

The case is fully briefed. An oral hearing was held on July 9, 2020. Petitioner has addressed all claims mentioned above that were not otherwise waived (by failure to argue them in its brief) or dismissed on summary judgment. Having considered the evidentiary record, the parties’ arguments and applicable authorities, as explained below, we grant the Petition to Cancel on the basis of Petitioner’s non-ownership claim. Accordingly, we do not reach Petitioner’s other claims. *See Azeka Bldg. Corp. v. Azeka*, 122 USPQ2d 1477, 1478 (TTAB 2017) (Board has “discretion to decide only those claims necessary to enter judgment and dispose of the case”) (quoting *Multisorb Tech., Inc. v. Pactive Corp.*, 109 USPQ2d 1170, 1171-72 (TTAB 2013)).

## **I. The Evidentiary Record**

The record consists of the pleadings and, by operation of Trademark Rule 2.122(b), 37 C.F.R. § 2.122(b), the file of Respondent’s involved registration. In addition, the parties offered the following evidence:

### **A. Petitioner’s Evidence<sup>4</sup>**

- Testimony Declaration of Troy Ball (“Ball Decl.”), one of Petitioner’s customers, with exhibits (17 TTABVUE).

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<sup>4</sup> The following testimony declarations filed by Petitioner were stricken by the Board in its Order of September 5, 2019 (52 TTABVUE): Seung Min Song (18 TTABVUE); Karen Lee (19 TTABVUE 1-2); Sang Chul Nam (20 TTABVUE 1-2); Sook Ei Nam (21 TTABVUE); Su Kyung Park (22 TTABVUE); Lim Yoo-Shick (23 TTABVUE); and Oh Young Ryul (25 TTABVUE).

- Testimony Declaration of Kim Soo Chang (“K. Chang Decl.”), a former Director at the Korean Ministry of Food and Drug Safety, with exhibits (24 TTABVUE).
- Testimony Declaration of Lee Ji Won (“Won Decl.”), a pharmacist and Director of Petitioner, with exhibits (26 TTABVUE).
- Petitioner’s Notice of Reliance (“Pet-NoR1”) on Respondent’s interrogatory responses, responses to production requests, responses to admissions’ requests,<sup>5</sup> and initial disclosures (Confidential version: 27 TTABVUE; Non-confidential and redacted version: 28 TTABVUE).
- Testimony Declaration of Sung Su Kim (“Kim Decl.”), a Director at Petitioner, with exhibits (29 TTABVUE).
- Testimony Declaration of Dr. Sean Lee (“Lee Decl.”), one of Petitioner’s customers (30 TTABVUE).
- Petitioner’s Notice of Reliance (“Pet-NoR2”) on trademark registrations owned by Respondent’s supplier in Korea, and Respondent’s customers in the United States (31 TTABVUE).
- Petitioner’s Notice of Reliance (“Pet-NoR3”) on “the materials previously submitted by Petitioner with its pleadings and motion for summary judgment that are inherently reliable, official records, printed publications, and/or materials supported by declarations” (32 TTABVUE).<sup>6</sup>

## **B. Respondent’s Evidence**

- Testimony Cross-Examination Deposition on Written Questions of Sung Su Kim (“Kim CX-Tr.”), a Director at Petitioner (42 TTABVUE).
- Testimony Cross-Examination Deposition of Dr. Sean Lee (“Lee CX-Tr.”), one of Petitioner’s customers, with exhibits (43 TTABVUE).

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<sup>5</sup> Only admissions may be submitted under a Notice of Reliance, not denials. Trademark Rule 2.120(k)(3)(i), 37 C.F.R. § 2.120(k)(3)(i).

<sup>6</sup> Even though not objected to by Respondent, we give Pet-NoR3 no further consideration due to Petitioner’s failure to specify or attach the documents on which it relies and associate them with the relevant issues in the case. *See, e.g., Safer, Inc. v. OMS Investments, Inc.*, 94 USPQ2d 1031, 1040 (TTAB 2010) (Even if an adverse party fails to lodge a timely objection, the Board may sua sponte decline to consider the proffered evidence if the notice of reliance does not specify the relevance of the materials and identify the issues). As the Board noted in its summary judgment order, 14 TTABVUE 13, n. 9: “[E]vidence submitted in connection with [a] motion for summary judgment is of record only for consideration of that motion. To be considered at final hearing, any such evidence must be properly introduced in evidence during the appropriate trial period. *See Levi Strauss & Co. v. R. Josephs Sportswear Inc.*, 28 USPQ2d 1464 (TTAB 1993); *Pet Inc. v. Bassetti*, 219 USPQ 911 (TTAB 1983); *Am. Meat Inst. v. Horace W. Longacre, Inc.*, 211 USPQ 712 (TTAB 1981).”

- Testimony Cross-Examination Deposition of Lim Yoo-Shick (Yoo-Schick CX-Tr.”), one of Petitioner’s customers, with exhibits (44 TTABVUE).<sup>7</sup>
- Respondent’s Notice of Reliance (“Resp-NoR”) on Petitioner’s interrogatory responses and responses to production requests, the file history for Respondent’s BF-7 registration, the file history for Petitioner’s pending BF-7 trademark application, e-mail correspondence and associated documentation evidencing 2014 product sales, Respondent’s sales records (2015-2019) and copies of Petitioner’s BF-7 advertising (Confidential version: 45 TTABVUE; Non-confidential and redacted version: 46 TTABVUE).
- Testimony Declaration of Sang Jae Park (“Park Decl.”), the Chief Executive Officer of Respondent’s dietary supplement manufacturer, Medience Co. Ltd. (“Medience”) (48 TTABVUE).
- Testimony Declaration of Thomas Chang (“T. Chang Decl.”), the Chief Executive Officer of Respondent, with exhibits (Confidential version: 49 TTABVUE; Non-confidential redacted version: 50 TTABVUE).

### **C. Petitioner’s Rebuttal Evidence**

- Supplemental Testimony Declaration of Amanda Vickers (“Vickers Decl.”), a Director of the U.S. Botanical Safety Laboratory (“USBSL”), a division of Bent Creek Institute, Inc., with an exhibit (63 TTABVUE).
- Supplemental Testimony Declaration of Kim Soo Chang (“K. Chang Suppl. Decl.”), a former Director at the Korean Ministry of Food and Drug Safety (64 TTABVUE).
- Petitioner’s Supplemental Notice of Reliance (“Pet-Suppl-NoR1”) on Archive.org / Wayback Machine captures of pages from Petitioner’s website in 2009 and 2010 (65 TTABVUE).
- Supplemental Testimonial Declaration of Sung Su Kim (“Kim Suppl. Decl.”), a Director at Petitioner, with exhibits (66 TTABVUE).
- Petitioner’s Request for Judicial Notice, and Notice of Reliance on Foreign Law (“Pet-Suppl-NoR2”) (67 TTABVUE).<sup>8</sup>

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<sup>7</sup> As noted above, the Testimony Declaration of Lim Yoo-Shick (23 TTABVUE) was stricken by the Board’s Order of September 5, 2019 (52 TTABVUE). By submitting the Testimony Cross-Examination Deposition Transcript of Mr. Lim and the Testimony Declaration of Mr. Lim as an exhibit thereto, Respondent placed Mr. Lim’s Testimony Declaration back into evidence, and Petitioner did not object thereto. We note, in any event, that given the specific issues on which we decide this proceeding, Mr. Lim’s testimony is not outcome determinative.

<sup>8</sup> Petitioner’s Request for Judicial Notice, and Notice of Reliance on Foreign Law, merely advises the Board and Respondent that Petitioner intends to rely upon the Korean statutes, regulations, enforcement decrees and regulatory guidance publication attached as exhibits

- Testimony Cross-Examination Deposition of Thomas Chang (“T. Chang CX-Tr.”), the Chief Executive Officer of Respondent, with exhibits (Public portion: 68 TTABVUE; Non-confidential redacted version: 70 TTABVUE; Confidential version: 71 TTABVUE).
- Testimony Cross-Examination Deposition on Written Questions of Sang Jae (“Park CX-Tr.”), the Chief Executive Officer of Medience, with exhibits (69 TTABVUE).

## II. Evidentiary Issue

Before proceeding to the merits of the cancellation proceeding, we address Petitioner’s evidentiary objection that we disregard as purportedly inadmissible expert witness opinions within the trial testimony of Thomas Chang, Respondent’s Chief Executive Officer. The objected-to testimony concerns United States and Korean laws as to the regulation of dietary and nutritional products, and the packaging and labeling thereof. Petitioner’s objection is denied as untimely because it was not asserted until filed as an appendix to Petitioner’s Rebuttal Brief.<sup>9</sup> *See Grote Industries, Inc. v. Truck-Lite Co., LLC*, 126 USPQ2d 1197, 1207 n.28 (TTAB 2018) (testimony objections waived when not asserted in or with opening brief), *complaint filed*, No. 18-CV-599-LJV-MJR (W.D.N.Y. May 4, 2018). In any event, in view of the specific issues on which we decide this proceeding, Thomas Chang’s testimony on these issues is not outcome determinative. We also note that this testimony appears well beyond Thomas Chang’s area of expertise and give it no weight.

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A-H to the K. Chang Decl. at 24 TTABVUE 7-460. Petitioner’s separate Request for Judicial Notice/Notice of Reliance on Foreign Law was unnecessary. *Luxco, Inc. v. Consejo Regulador del Tequila, A.C.*, 121 USPQ2d 1477, 1507 n.221 (TTAB 2017) (“The Gomez affidavit is simply the vehicle for introducing the relevant law of Mexico. As explained by the Committee Notes, [Fed. R. Civ. P. 44.1] expedites the introduction of the relevant Mexican law into the record and removes the necessity of our having to take judicial notice.”).

<sup>9</sup> Petitioner’s Rebuttal Brief, 75 TTABVUE 24-25.

### III. The Parties

Petitioner, a Korean company, is in the business of research and development of “health functional” ingredients,<sup>10</sup> as well as consumer products made with those health functional ingredients. Petitioner claims that, since June 2001, it has been conducting research and development regarding the use of silk fibroin peptide as a health functional supplement to benefit human brain health. Petitioner asserts that in 2004 it coined the marks BRAINFACITOR-7 and BF-7 for these functional health products. Petitioner says it has been using the BF-7 mark in the United States in connection with brain health functional supplements since 2009.<sup>11</sup>

Respondent, a California corporation, is a family business owned and operated by Thomas Chang and his wife, Eunjoo Chang, as well as two other relatives who are passive owners.<sup>12</sup> Respondent asserts it is engaged in two businesses; one is importing raw materials for the dietary supplement industry from Korea and reselling them to manufacturers in the United States; the second has been selling finished nutritional supplements in the United States.<sup>13</sup> Respondent claims ownership of the BF-7 mark and U.S. trademark registration therefor, which mark Respondent asserts it has been using in the United States in connection with dietary

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<sup>10</sup> In Korea, products generally known as nutritionals and dietary supplements are regulated as “functional health foods.” K. Chang Suppl. Decl., 64 TTABVUE 3, ¶ 6.

<sup>11</sup> Kim Decl., 29 TTABVUE 3-4, 6-7, ¶¶ 8-10, 18-20.

<sup>12</sup> T. Chang CX-Tr., 68 TTABVUE 30-34, 36-39, 160; and Exh. B-6, 68 TTABVUE 265-70.

<sup>13</sup> *Id.* at 39-46.



supplement pills since 2014, and in connection with dietary supplement products in raw ingredient form since 2015.<sup>14</sup>

#### **IV. Entitlement to a Cause of Action**

To establish entitlement to a statutory cause of action,<sup>15</sup> a plaintiff must demonstrate a real interest in the proceeding and a reasonable belief of damage. *Australian Therapeutic Supplies Pty. Ltd. v. Naked TM, LLC*, 965 F.3d 1370, 2020 USPQ2d 10837 at \*3 (Fed. Cir. 2020). *See also Empresa Cubana Del Tabaco v. Gen. Cigar Co. Inc.*, 753 F.3d 1270, 111 USPQ2d 1058, 1062 (Fed. Cir. 2014); *John W. Carson Found. v. Toilets.com, Inc.*, 94 USPQ2d 1942, 1945 (TTAB 2010). “A petitioner [seeking cancellation of a registration] may demonstrate a real interest and reasonable belief of damage where the petitioner has filed a trademark application that is refused registration based on a likelihood of confusion with the mark subject to cancellation.” *Australian Therapeutic*, 2020 USPQ2d 10837 at \*4 (citing *Empresa Cubana*, 111 USPQ2d at 1062).

Here, Petitioner owns a pending U.S. application (Serial No. 87597332) to register the BF-7 trademark for “dietary supplements; health food supplements; nutritional supplements, dietary supplements; health food supplements; [and] nutritional

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<sup>14</sup> T. Chang Decl., 50 TTABVUE 2-3, ¶¶ 2-4, and Exhs. A-C, 50 TTABVUE 5-13.

<sup>15</sup> Our decisions previously have analyzed the requirements of Trademark Act Sections 13 and 14, 15 U.S.C. §§ 1063 and 1064, under the rubric of “standing.” We now refer to this inquiry as entitlement to a statutory cause of action. Despite the change in nomenclature, our prior decisions and those of the U.S. Federal Circuit Court of Appeals interpreting Trademark Act Sections 13 and 14 remain applicable.

supplements.”<sup>16</sup> Respondent admits Petitioner is the owner of record of this pending trademark application.<sup>17</sup> Petitioner’s applied-for BF-7 mark was refused registration on grounds of likelihood of confusion with Respondent’s BF-7 mark and registration.<sup>18</sup> Further action on Petitioner’s BF-7 Application has been suspended pending resolution of this proceeding.<sup>19</sup>

We therefore find that Petitioner has demonstrated its entitlement to a statutory cause of action pursuant to Trademark Act Section 2(d). Having done so, Petitioner is entitled to rely on any statutory ground that negates Respondent’s right to the subject BF-7 registration and which was claimed in the Petition to Cancel. *Lipton Indus., Inc. v. Ralston Purina, Co.*, 670 F.2d 1024, 213 USPQ 185, 190 (CCPA 1982). As mentioned above, Petitioner’s claim on which we decide this proceeding is that Respondent is not, because it was not at the time of filing its underlying application, the rightful owner of the BF-7 mark for the goods identified in the registration pursuant to Trademark Act Section 1(a).<sup>20</sup>

## **V. Trademark Ownership: Applicable Law, Facts and Analysis**

Under Trademark Act Section 1(a)(1), 15 U.S.C. 1051(a)(1), only “[t]he owner of a trademark used in commerce may request registration of its trademark....”

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<sup>16</sup> Entire File History to Appln. Ser. No. 87597332, Resp-NoR, 46 TTABVUE 54-126.

<sup>17</sup> Petition to Cancel, 1 TTABVUE 5, ¶ 4; Answer, 4 TTABVUE 3, ¶ 4.

<sup>18</sup> Office of Action of December 14, 2017 in connection with Petitioner’s BF-7 Application, Resp-NoR, 46 TTABVUE 98-107.

<sup>19</sup> Suspension Notice issued in connection with Petitioner’s BF-7 Application, Resp-NoR, 46 TTABVUE 58-60.

<sup>20</sup> *Id.* at 10, ¶ 28.

Accordingly, only the owner of the mark may file an application seeking its registration. *Holiday Inn v. Holiday Inns, Inc.*, 534 F.2d 312, 189 USPQ 630, 635 n.6 (CCPA 1976) (“One must be the owner of a mark before it can be registered.”); *In re Deister Concentrator Co.*, 289 F.2d 496, 129 USPQ 314, 320 (CCPA 1961) (“Under section 1, only ‘[t]he owner of a trademark’ can apply for registration.”).

Therefore, “[a]n application filed by one who is not the owner of the mark sought to be registered is a void application.” *In re Tong Yang Cement Corp.*, 19 USPQ2d 1689, 1690 (TTAB 1991) (citing *In re Techsonic Indus., Inc.*, 216 USPQ 619 (TTAB 1982)). *See also Huang v. Tzu Wei Chen Food Co. Ltd.*, 849 F.2d 1458, 7 USPQ2d 1335 (Fed. Cir. 1988) (affirming Board’s holding that an application was void *ab initio* because the applicant was not the owner of the mark on the filing date); *Great Seats Ltd. v. Great Seats Inc.*, 84 USPQ2d 1235, 1239 (TTAB 2007) (“In a use-based application under Trademark Act Section 1(a), only the owner of the mark may file the application for registration of the mark; if the entity filing the application is not the owner of the mark as of the filing date, the application is void *ab initio*.”); Trademark Rule 2.71(d), 37 CFR 2.71§ (d) (“An application filed in the name of an entity that did not own the mark as of the filing date of the application is void.”).

Petitioner’s principal argument is that the silk fibroin nutritional supplement tablets bearing the BF-7 mark, the only product coming within the scope of goods identified in the registration on which Respondent relies to establish trademark ownership, were formulated, manufactured and packaged by third parties in Korea, namely Medience Co. Ltd. (“Medience”) and SmartNutri Co., Ltd. (“SmartNutri”),

over which Respondent had no control as to the quality of those goods. Therefore, Respondent is not the owner of the BF-7 mark as applied to the goods bearing the mark.<sup>21</sup> Respondent's principal argument is that control over the quality of the goods was maintained by Thomas Chang, the Chief Executive Officer of Respondent, who at the time in question was the owner and officer of SmartNutri, a company not a party to this proceeding.<sup>22</sup>

"It is fundamental that ownership of a mark is acquired by use, not by registration." *Lyons v. Am. Coll. of Veterinary Sports Med. & Rehab.*, 859 F.3d 1023, 123 USPQ2d 1024, 1027 (Fed. Cir.2017) (quoting *Holiday Inn*, 189 USPQ at 635 n.6). Petitioner contends the entity that "used" the BF-7 mark at the time Respondent's underlying trademark application was filed was SmartNutri, not Respondent. *In re Tong Yang Cement Corp.*, 19 USPQ2d 1689, 1690 (TTAB 1991) (where one entity owned the mark, but the application was filed by another legal entity, the application was found void ab initio). We consider the following factors to resolve trademark ownership disputes based on our review of the record as a whole: (1) the parties' manifestations of their objective intentions or expectations; (2) who the public associates with the mark; and (3) to whom the public looks to stand behind the quality of goods or services offered under the mark. *Lyons*, 123 USPQ2d at 1028. For purposes

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<sup>21</sup> Petitioner's Brief, 72 TTABVUE 14-15, 41-42; Petitioner's Rebuttal Brief, 75 TTABVUE 6-8.

<sup>22</sup> Respondent's Brief, 74 TTABVUE 24.

of this analysis, the “public” comprises the community of persons exposed to the mark.

*See Id.* at 1029.

Respondent’s Chief Executive Officer, Thomas Chang, testified:<sup>23</sup>

2. [Respondent] is the owner of all right, title, and interest in United States Trademark Registration No. 4,932,313 for [the mark] “BF-7” ....
3. [Respondent] has used the ... BF-7 mark in commerce continuously in the United States as early as December 14, 2014 ....
4. [Respondent] has sold dietary supplement products under the mark “BF-7” continuously from at least December 14, 2014 to present, that is the date of first payment by customer in the United States.
5. [Respondent] currently purchases the product sold as BF-7 from BrainON Corporation in the Republic of Korea.
6. [Respondent] has purchased its BF-7 products from BrainON Corporation since April 2, 2015.
7. The product sold as BF-7 was purchased from Medience Co. Ltd. in South Korea in the past.
8. [Respondent] has sold products marked with “BF-7” to both commercial distributors and individual customers.
9. Attached ... is a photograph[s] showing the ... BF-7 mark in use on dietary supplement pills. [Respondent] also marks dietary supplements with “BF-7” in other forms as well, such as in powder form.

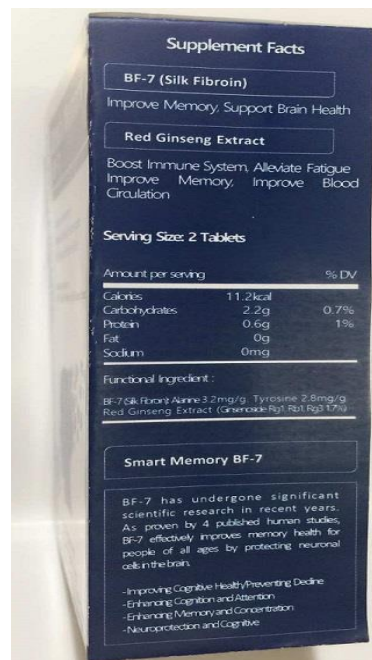
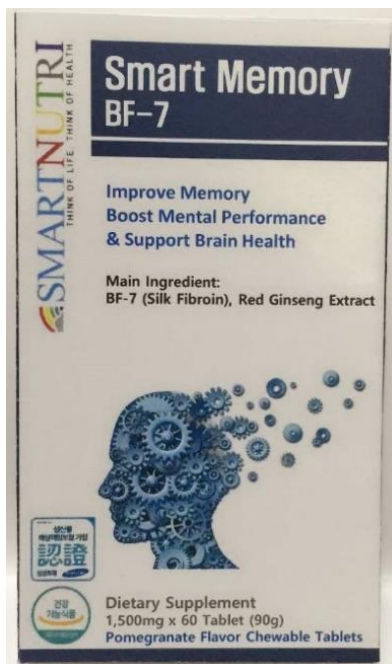
The photographs mentioned immediately above<sup>24</sup> depict the same packaging submitted with Respondent’s BF-7 trademark application,<sup>25</sup> reproduced below:

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<sup>23</sup> Chang Decl., 50 TTABVUE 2-3.

<sup>24</sup> *Id* at 12-13.

<sup>25</sup> Chang CX-Tr., 68 TTABVUE 76-88; Park CX-Tr., 69 TTABVUE 36-38.



Looking at Respondent's specimens of use, we observe that Respondent's company name is nowhere on the product box; rather (as explained below), the name of a Korean company, SmartNutri, is shown.

In 2005, Thomas Chang formed a company in South Korea ("Korea") called Sunbio Chemical (a company unrelated to Respondent). At that time, Sunbio Chemical was purchasing coenzyme Q10 in raw material (ingredient) form from Keum Chemicals in Korea and re-selling it to U.S. companies.<sup>26</sup> Although Thomas Chang kept this business active as a Korean company, Sunbio Chemical's operations went dormant in 2006 or 2007 because the ingredient it was selling was no longer available.<sup>27</sup>

In 2014, Thomas Chang re-named Sunbio Chemical, the Korean company, as SmartNutri. The re-named company resumed operations to promote and sell in Korea

<sup>26</sup> *Id.* at 63-68.

<sup>27</sup> *Id.* at 68-70.

six different finished products, one of them to be called SMART MEMORY containing BF-7. However, SmartNutri could not use the term “BF-7” in Korea because its silk fibroin peptide raw ingredients supplier, BrainON, Inc. (“BrainON”), asked Thomas Chang not to use that name. SmartNutri therefore created two different packaging labels for the finished product; one to be used in Korea without the BF-7 designation, the other to be used outside of Korea with the BF-7 designation – as is shown in the photographs above.<sup>28</sup>

The finished goods (tablets) bearing the product label SMART MEMORY BF-7, and manufactured from the silk fibroin peptide raw ingredient provided by BrainON, were produced once (and only once) in a small sample quantity (20-30 bottles) by Medience, of Chuncheon City, Korea.<sup>29</sup> Medience was the only company that manufactured the finished BF-7 product for SmartNutri.<sup>30</sup> Thomas Chang of SmartNutri and Dr. Sang Jae Park of Medience decided upon the formulation for the finished product.<sup>31</sup>

Except as partners for the manufacture of the SMART MEMORY BF-7 product, Medience and SmartNutri had no ownership interests in one another.<sup>32</sup> Medience and

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<sup>28</sup> *Id.* at 63-68, 70-75, 118-21.

<sup>29</sup> Chang CX-Tr., 68 TTABVUE 136-142; Park Decl., 48 TTABVUE 2-3, ¶¶ 3-4, 7; Park CX-Tr., 69 TTABVUE 19-34. Curiously, Lee Ji Won, a pharmacist and Director of Petitioner, obtained a signed and notarized statement from Dr. Park that Medience never produced any product called “Smart Memory BF-7.” Won Decl., 26 TTABVUE 2-3, ¶¶ 5-8; and Exh. A (Park Statement) 26 TTABVUE 6-11.

<sup>30</sup> Chang CX-Tr., 68 TTABVUE 112-14.

<sup>31</sup> Chang CX-Tr., 68 TTABVUE 118-121, 128-136; Park Decl., 48 TTABVUE 2-3, ¶¶ 3-4; Park CX-Tr., 69 TTABVUE 17-19.

<sup>32</sup> Park CX-Tr., 69 TTABVUE 38-40.

Respondent had no ownership interests in one another, and Thomas Chang never had any ownership interests in Medience.<sup>33</sup> Dr. Park identified Medience and Respondent as partners generally in the sense that Medience manufactured products for Respondent to sell, but Dr. Park did not identify any specific partnership between Medience and Respondent regarding the manufacture and sale of nutraceutical product named BF-7.<sup>34</sup>

The packaging bearing the BF-7 designation, as shown above, was prepared by a SmartNutri employee, Ayeon Kim, under Thomas Chang's direction. The product packaging, bearing text written in English, was specifically made for the United States, with the target customer base being the Korean community in the United States.<sup>35</sup>

In November or December of 2016, Korean authorities shut down SmartNutri's business operations in South Korea and confiscated its products.<sup>36</sup> Thereafter, Thomas Chang learned from BrainON that the Korean authorities also were pursuing intellectual property-related legal action against BrainON over the BF-7 product – at the instigation of Petitioner.<sup>37</sup>

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<sup>33</sup> Park CX-Tr., 69 TTABVUE 40-42.

<sup>34</sup> Park CX-Tr., 69 TTABVUE 40-41.

<sup>35</sup> Chang CX-Tr., 68 TTABVUE at 76-88; Park Decl., 48 TTABVUE 2-3, ¶¶ 5-6; Park CX-Tr., 69 TTABVUE 35-36.

<sup>36</sup> Chang CX-Tr., 68 TTABVUE at 88-92, 114-15.

<sup>37</sup> *Id.* at 125-129.



As noted, Respondent is a California corporation incorporated in 2004.<sup>38</sup> Respondent has granted Novel Ingredients the exclusive right to sell in the United States any finished products that have BF-7 (silk fibroin peptide) as an ingredient. Respondent has not, and does not, sell any finished products that have BF-7 (silk fibroin peptide) as an ingredient in the United States.<sup>39</sup> Respondent started arranging for shipments of bulk silk fibroin peptide raw materials in large drums to Novel Ingredients in the spring of 2015, and continued doing so through 2019.<sup>40</sup>

BrainON supplies the raw silk fibroin peptide product and Respondent sells that raw product in the United States; Respondent and BrainON have no formal other relationship by way of ownership, partnership, joint venture or a cooperation agreement.<sup>41</sup> Respondent's sole business is the importation and resale of raw materials for nutritional products, nothing else.<sup>42</sup>

Except for one transaction, Respondent's internal (confidential) ledger memorializes raw silk fibroin peptide product sales from May 2015 through March 2019.<sup>43</sup> The one exception is the sale in March 2016 of a 120-capsule bottle of a finished product under the name DR. BRAIN. All the other entries reflect the sale of

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<sup>38</sup> *Id.* at 160, and Exh. B-6 (Certificate of Incorporation) at 265-70.

<sup>39</sup> *Id.* at 142-43; 149-50.

<sup>40</sup> *Id.* at 142-144.

<sup>41</sup> *Id.* at 136-142, 152.

<sup>42</sup> *Id.* at 160.

<sup>43</sup> T. Chang CX-Tr., Exh. B-2, 68 TTABVUE 245-46 (Non-Confidential, Redacted version); 71 TTABVUE 33-34 (Confidential Version); Testimony concerning ledger, 68 TTABVUE 174-75 (Non-Confidential); 71 TTABVUE 13-22, 25 (Confidential).

raw silk fibroin peptide product sales to a single customer. All product sales disclosed on Respondent's internal ledger were to one company, which Thomas Chang stated in non-confidential testimony was Novel Ingredients.<sup>44</sup>

Of all the raw ingredient product sales reflected on Respondent's internal ledger, only the first two (in May 2015 and January 2016) are designated "Raw Material: SNC001 (BF-7 Silk Peptide)." Respondent submitted as evidence only the Purchase Orders corresponding to these first two sales entries (but no other Purchase Orders for the other product sales on Respondent's ledger). These Purchase Orders are on SmartNutri's letterhead, with Respondent listed as the "vendor."<sup>45</sup> The Purchase Orders give the clear impression that SmartNutri is the ultimate source of the product and Sunbio is a middle-man re-seller. Thomas Chang, in fact, confirmed that these Purchase Orders were indeed invoices that SmartNutri issued in 2015 and 2016, before the Korean authorities shut down SmartNutri.<sup>46</sup>

All the other raw ingredient entries on Respondent's sales ledger are designated "Raw Material:CQ001 (Cera-Q Silk Peptide – BF-7)." CERA-Q is a trademark used by and registered to Novel Ingredients in connection with "bioactive peptides with a unique amino acid structure[.] Cera-Q™ [otherwise known as BrainFactor-7 (BF-7)]

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<sup>44</sup> *Id.* at 48-55, 142-43, 149-50, 163-73

<sup>45</sup> Resp-NoR, 45 TTABVUE 59-60 (Confidential Version); 46 TTABVUE 130-31 (Non-Confidential, Redacted Version).

<sup>46</sup> T. Chang CX-Tr., 68 TTABVUE 193-95.

is a powerful new ingredient clinically shown to help support memory, mental sharpness and learning.”<sup>47</sup>

Photographs of the drums containing raw silk fibroin peptide materials and bearing BF-7 labels were not submitted into evidence. Thomas Chang testified that, consistent with the changed transaction entries shown on Respondent’s sales ledger (shifting from “Raw Material: SNC001 (BF-7 Silk Peptide)” to “Raw Material:CQ001 (Cera-Q Silk Peptide – BF-7)”), the name on the air shipment documents and product drum labels was changed from BF-7 to Cera-Q, as a favor to Respondent’s customer so as not to confuse further downstream purchasers of the product re-sold in this form.<sup>48</sup>

In an effort to demonstrate Respondent’s BF-7 product sales prior to 2015, Thomas Chang testified:

4. Sales of goods in 2014 are evidenced by email communications and payment records produced in the Notice of Reliance in this matter. The check produced in the Notice of Reliance was received by me as payment for products marked with “BF-7”. As is evident from the attached sales records, Sunbio has sold dietary supplement products under the mark “BF-7” continuously from at least December 14, 2014 to present, that is the date of first payment by customer in the United States.<sup>49</sup>

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<sup>47</sup> Ball Decl., 17 TTABVUE 6, ¶¶ 13-14 (quoting from Novel Ingredients’ website); Won Decl., 26 TTABVUE 4, ¶ 13(d) and Exh. G thereto, 26 TTABVUE 69-69 (pages from Novel Ingredients’ website quoted in Ball Decl.); Pet-NOR2, Exh. 5, 31 TTABVUE 5-37 (U.S. Reg. No. 5051182, and registration file history, for the mark CERA-Q, registered to Novel Ingredient Services, LLC).

<sup>48</sup> T. Chang CX-Tr., 71 TTABVUE 16-22. Although this testimony appears in the confidential portion of Thomas Chang’s testimony cross-examination transcript, we do not view this information as confidential. *Kohler Co. v. Honda Giken Kogyo K.K.*, 125 USPQ2d 1468, 1476 (TTAB 2017) (Board not bound by inappropriate designations of material as confidential).

<sup>49</sup> T. Chang Decl., 50 TTABVUE 2-3, ¶ 4.

The e-mail correspondence that Thomas Chang refers to was between himself and one customer (and only one customer) from October 2014 through February 2015 – with Thomas Chang using the following e-mail address: thomas@smartnutri.co.kr.<sup>50</sup> The customer issued a single check for the purchase, and the check was written to Sunbio Corporation.<sup>51</sup> The product was shipped in the same product box depicted in the photographs reproduced above, which Respondent filed as the specimens of use supporting Respondent’s BF-7 trademark application.<sup>52</sup>

Thomas Chang testified that Respondent’s only product marketing was through its website, and that Respondent never changed the content of the website.<sup>53</sup> Petitioner submitted into evidence pages from Respondent’s website captured in 2017.<sup>54</sup> These web pages only depict a silk fibroin product bearing the CERA-Q trademark. The record also contains a 2017 web page from Respondent’s customer Novel Ingredients, and that webpage depicts the same product and associated trademark promoted.<sup>55</sup> Petitioner also submitted into evidence pages from SmartNutri’s website as they appeared in 2016.<sup>56</sup> These web pages show a silk fibroin product promoted in association with the BF-7 trademark. Thomas Chang testified

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<sup>50</sup> Resp-NoR, 45 TTABVUE 56-58 (Confidential Version); 46 TTABVUE 127-29 (Non-Confidential, Redacted Version).

<sup>51</sup> *Id.* at 61 (Confidential Version); *Id.* at 13429 (Non-Confidential, Redacted Version).

<sup>52</sup> T. Chang CX-Tr., 68 TTABVUE 39-46, 76-92, 136-142, 176-85, 192-93.

<sup>53</sup> *Id.* at 185-87

<sup>54</sup> Won Decl., 26 TTABVUE 4, ¶ 13(b) and Exh. E thereto, 26 TTABVUE 63-65 (pages from Respondent’s website).

<sup>55</sup> *Id.* at 4, ¶ 13(d) and Exh. G thereto, *Id.* at 69-89 (pages from Novel Ingredients’ website).

<sup>56</sup> *Id.* at 4, ¶ 13(a) and Exh. D thereto, *Id.* at 28-62 (pages from SmartNutri’s website).

that the designation BF-7 was used on SmartNutri's website.<sup>57</sup> His testimony about use of the name BF-7 on Respondent's website is unclear because it is mixed with testimony concerning whether Respondent ever promoted the BF-7 product as a cure for any medical disease.<sup>58</sup> Respondent itself did not submit into evidence pages from its website or from SmartNutri's website.

Applying the factors set out in *Lyons*, 123 USPQ2d at 1028, we find:

- (1) from the parties' objective manifestations of their intentions, at the time Respondent filed its BF-7 trademark application, SmartNutri was the source of the finished SMART MEMORY BF-7 product – as demonstrated by Thomas Chang's and Dr. Park's testimony concerning the formulation, manufacturing, product quality control, labeling marketing and sale of the finished product.
- (2) At the time Respondent filed its application, the purchasing public (which the evidence establishes was only one customer) associated SmartNutri with the BF-7 mark and finished product – as shown by Thomas Chang's e-mail communications with the sole customer who purchased the product, the labeling of the product, and the marketing text and graphics on the SmartNutri website.
- (3) For the same reasons as stated immediately above, the public looked to SmartNutri to stand behind the quality of the goods offered under the BF-7 mark.

Based on these findings, all indicia point to SmartNutri as being the owner of the BF-7 mark when Respondent filed its underlying trademark application (on August 28, 2015).

## **VI. The “Related Company” Doctrine: Applicable Law, Facts and Analysis**

From the evidence of record, SmartNutri, not Respondent, appears to have been the owner of the BF-7 mark on the filing date of Respondent's underlying application.

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<sup>57</sup> T. Chang CX-Tr., 68 TTABVUE 61-62, 88-92, 125-29

<sup>58</sup> T. Chang CX-Tr., 68 TTABVUE 185-87.

The question remains whether Respondent is entitled to continue to claim the benefits of its registration. Specifically, we must decide whether on the filing date of its underlying trademark application, Respondent in any way controlled the nature and quality of the goods sold by SmartNutri such that SmartNutri's use of the BF-7 mark by SmartNutri inured to Respondent's benefit.

Trademark Act Section 5, 15 U.S.C. §1055, states in part as follows:

Where a registered mark ... is or may be used legitimately by related companies, such use shall inure to the benefit of the registrant ..., and such use shall not affect the validity of such mark or of its registration, provided such mark is not used in such manner as to deceive the public.

Section 45 of the Act, 15 U.S.C. §1127, defines "related company" as follows:

The term "related company" means 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.

Thus, Trademark Act Section 5 permits a registrant to rely on use of the mark by related companies. *Noble House Home Furnishings, LLC v. Floorco Enters., LLC*, 118 USPQ2d 1413, 1422 (TTAB 2016).

The essence of related-company use is the control exercised over the nature and quality of the goods or services on or in connection with which the mark is used. *Id.* When a mark is used by a related company, use of the mark inures to the benefit of the owner who controls the nature and quality of the goods or services. *Smith Int'l, Inc. v. Olin Corp.*, 209 USPQ 1033, 1044 (TTAB 1981) ("Section 5 of the statute provides that a mark may be used legitimately by related companies, and, if such companies are controlled as to the nature and quality of the goods on which the mark

is used by the related companies, such use inures to the benefit of the applicant-owner.”).

In a typical related company situation, the inherent nature of a parent company’s overall control over the affairs of its subsidiary will be sufficient to presume that the parent is adequately exercising control over the nature and quality of goods sold by the subsidiary under a mark owned by the parent, without the need for a license or other agreement. If there is any doubt on that score in a particular situation, it can be made clear by a proper trademark license agreement between the parent and its subsidiary. *Noble House*, 118 USPQ2d at 1422. Justice Brennan observed that “the parent corporation—not the subsidiary whose every decision it controls—better fits the bill as the true owner of any [trademark] property that the subsidiary nominally possesses.” *K Mart Corp. v. Cartier, Inc.*, 486 U.S. 281, 6 USPQ2d 1897, 1898 (1988) (concurring in part and dissenting in part).

In this case, Respondent states it has no predecessors, parent companies, subsidiaries, successors or affiliates.<sup>59</sup> Further, Petitioner inquired about BF-7 trademark licenses entered into between Respondent and others, as well as steps Respondent has taken to exercise quality control in connection with such licenses. In response, Respondent stated it would: (1) “produce any responsive, non-privileged documents evidencing a license agreement to use the mark “BF-7” in it[s] possession, custody or control pursuant to Fed. R. Civ. P. 33(d)”, and (2) “[t]o the extent any

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<sup>59</sup> Pet-NoR1, 28 TTABVUE 9, Int. Ans. No. 2.

license agreements [were] identified, Registrant [would] produce and identify documents sufficient to identify its steps taken to control quality pursuant to Fed. R. Civ. P. 33(d).”<sup>60</sup> No such licenses or quality control documents were made of record at trial.<sup>61</sup> Most telling, when it was asked to describe in detail its relations and communications with SmartNutri, Respondent said “SmartNutri ceased to do business in December, 2016 (after the filing date of the application). SmartNutri was owned one-hundred percent by Thomas Chang, but does not have any affiliation with Registrant.”<sup>62</sup> Thomas Chang, during cross-examination, testified that he made a point of keeping the businesses and customers of SmartNutri (f/k/a Sunbio Chemical) and Respondent separated.<sup>63</sup>

By all indications, therefore, Respondent did not exercise control over the nature and quality of goods sold by SmartNutri in connection with the BF-7 mark. Thomas Chang chose to structure his businesses using a legally distinct entity, which counts as a “person” under the Trademark Act Section 45, 15 U.S.C. § 1127 (“The term ‘person’ and any other word or term used to designate the applicant or other entitled to a benefit or privilege or rendered liable under the provisions of this Act includes ... a ... corporation ... or other organization capable of suing and being sued in a court of

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<sup>60</sup> *Id.* at 12, Int. Ans. Nos. 13 and 14.

<sup>61</sup> On cross-examination, Thomas Chang stated that the only BF-7 trademark license agreement Respondent has or had with any third party is or was with its customer Novel Ingredients. T. Chang CX-Tr., 68 TTABVUE 49-54, 149-50. Even that purported license agreement was not made of record, nor were its terms discussed, at trial.

<sup>62</sup> *Id.* at 12-13, Int. Ans. No. 15.

<sup>63</sup> T. Chang CX-Tr., 68 TTABVUE 63-68.



law.”). Such a business structure may have offered Thomas Chang some advantages, but it also comes with some strictures, and the existence of a separate and distinct legal entity (namely, SmartNutri Co., Ltd.) cannot be turned on or off at will to suit the occasion. SmartNutri was formed, maintained and controlled by Thomas Chang as a separate legal entity, yet Respondent, not SmartNutri, filed the BF-7 trademark application, asserting that Respondent actually had used that mark in commerce.

Because SmartNutri (i) used the BF-7 mark, (ii) was not under any control by Respondent with respect to the production, promotion or sale of the BF-7 finished product (tablets), (iii) had no agreements with Respondent concerning the use of the BF-7 mark, and (iv) with Medience controlled the nature and quality of the tablets sold under the mark, the use of the BF-7 mark by SmartNutri did not and does not inure to the benefit of Respondent, as registrant, because SmartNutri does not meet the definition of a related company (*i.e.*, an entity whose use of the mark is controlled by the registrant of the mark with respect to the nature and quality of the goods). *Noble House*, 118 USPQ2d at 1422. Accordingly, the product packaging and website materials that identify SmartNutri as the source of the BF-7 products cannot be deemed use of the mark by Respondent.

## **VII. Conclusion**

The evidence does not demonstrate that on the date the underlying application was filed, Respondent was the owner of the BF-7 mark by any customer-facing document, advertising, packaging or communication made of record. All indicia of trademark ownership in this proceeding points to SmartNutri as the owner when

Respondent filed the application in its own name. Since SmartNutri does not meet the definition of a related company, its use of the BF-7 mark does not inure to the benefit of Respondent. Respondent's underlying application for and resulting registration of the BF-7 mark are therefore void ab initio.

**Decision:** The Petition to Cancel Respondent's BF-7 registration is granted, on the grounds that Respondent was not the owner of the mark when its underlying application was filed pursuant to Trademark Act Section 1(a).