

This Opinion Is Not a
Precedent of the TTAB

Oral Hearing: January 24, 2023

Mailed: April 3, 2024

UNITED STATES PATENT AND TRADEMARK OFFICE

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Trademark Trial and Appeal Board

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DP Derm, LLC

v.

Derma Pen IP Holdings LLC

———
Cancellation No. 92073045

———
Stephen P. Horvat, Jacob W. Nelson, and Deborah R. Chandler of Anderson &
Karrenberg, for DP Derm, LLC.

Maria Johnson of De Novo Legal PC and Kevin Turney,
for Derma Pen IP Holdings LLC.

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Before Taylor, Greenbaum and Allard,
Administrative Trademark Judges.

Opinion by Taylor, Administrative Trademark Judge:

By way of background, this proceeding is just one of many that has taken place between the parties or their affiliates over the last ten years concerning the rights to the DERMAPEN mark (“Mark”), the subject of Registration No. 4096295 and the mark at issue here. The saga began when Derma Pen, LLC, the original registrant (“Registrant”), filed an application for registration of the Mark on June 29, 2011, for “skin treatment devices using multiple needles in a vibrating method for performing

skin treatment procedures” from which the involved Registration No. 4096295 issued. The following is a brief history of past litigation between the parties or their affiliates and the ownership history of Registration No. 4096295:

On August 1, 2013, in the District Court for the District of Utah, Case No. 2:13-cv-00729-DN-EJF styled *Derma Pen, LLC v. 4EverYoung Ltd., d/b/a DermapenWorld; Biosoft (AUST) Pty Ltd, d/b/a DermapenWorld; Equipmed International Pty Ltd, d/b/a Dermapenworld; and Stene Marshall, d/b/a Dermapenworld* (“*DermaPen, LLC v. 4EverYoung, et al.*”), before Judge David Nuffer, Registrant began litigation regarding the Mark against multiple international companies (the “Federal Litigation”).¹

After the initiation of the Federal Litigation, Registrant petitioned for bankruptcy in the District of Delaware (the “Bankruptcy Proceeding”).²

On December 19, 2014, the Bankruptcy Proceeding was dismissed, after the United States Bankruptcy Court for the District of Delaware found, inter alia, that “[t]he timing of the petition, and the lack of facts demonstrating that Derma Pen was

¹ Compare Pet. to Cancel, 1 TTABVUE 3, ¶ 6, with Answer to Pet. to Cancel, 4 TTABVUE 2, ¶ 6. We use the defined term “Federal Litigation” here, which is consistent with Respondent’s use of the same defined term discussed herein. See Answer to Pet. to Cancel, 4 TTABVUE 3, Answer ¶ 6. Citations in this opinion are to the TTABVUE docket entry number and, where applicable, the electronic page number where the document appears.

² Compare Pet. to Cancel, 1 TTABVUE 3, ¶ 9, with Answer to Pet. to Cancel, 4 TTABVUE 2, ¶ 9.

in financial distress at the time, indicate[d] the bankruptcy petition was filed to avoid the expenses of trial and the possibility of rulings against it.”³

On December 22, 2014, Derma Pen, LLL (“Registrant”) purported to assign the Mark to Michael E. Anderer (“Anderer”), and recorded the assignment with the U.S. Trademark Assignment Division (the “First Assignment”).⁴ During his trial testimony deposition in this matter, Anderer testified he is the owner of FD Holdings, LLC which, in turn, is the sole member and owner of Derma Pen IP Holdings LLC’s (“Respondent” or “DPIPH”).⁵ Respondent of DPIPH’s Member.⁶

On February 26, 2015, Anderer purported to assign the Mark to Dermagen International, LLC, and recorded the assignment with the U.S. Trademark Assignment Division (the “Second Assignment”).⁷

On March 25, 2015, Judge Nuffer held Anderer in contempt for making the Second Assignment while the Federal Litigation was pending.⁸

³ See 16 TTABVUE 104-108 (Mem. and Order Dismissing Bankruptcy Case, Dec. 19, 2014); also compare Pet. to Cancel, 1 TTABVUE 3, ¶ 10, with Answer to Pet. to Cancel, 4 TTABVUE 2, ¶ 10.

⁴ See 34 TTABVUE 23 (Trademark Assignment Cover Sheet, Dec. 22, 2014); *see also* 34 TTABVUE 24 (Trademark Assignment, Dec. 22, 2014).

⁵ 20 TTABVUE 3-5 (Anderer Dep., Feb. 19, 2021 (7:17-13:2)).

⁶ 20 TTABVUE 32.

⁷ See 34 TTABVUE 25 (Trademark Assignment Cover Sheet, Feb. 26, 2015); *see also* 34 TTABVUE 26-27 (Trademark Assignment Agreement, Feb. 26, 2015).

⁸ Compare Pet. to Cancel, 1 TTABVUE 4, ¶ 17, with Answer to Pet. to Cancel, 4 TTABVUE 3, ¶ 17.

As part of the contempt decree, Judge Nuffer ordered Anderer to create Respondent, i.e., Derma Pen IP Holdings LLC or DPIPH and transfer the Mark, along with the domain name “Dermapen.com” to it.⁹

On March 31, 2015, in compliance with Judge Nuffer’s order, Dermagen International, LLC purported to assign the Mark to DPIPH, and recorded the assignment with the U.S. Trademark Assignment Division (the “Third Assignment”).¹⁰

In this case, Respondent owns a registration on the Principal Register for the mark DERMAPEN, in standard characters, for goods identified as “skin treatment devices using multiple needles in a vibrating method for performing skin treatment procedures,” in International Class 10,¹¹ that is, the subject Mark of this proceeding.

DP Derm, LLC (“Petitioner” or “DP Derm”) seeks to cancel the registration on the following grounds: (1) abandonment based on nonuse of the mark in commerce for a period of more than three consecutive years, without an intent to resume use; (2) abandonment based on naked licensing; (3) abandonment based on an assignment in gross; and, essentially (4) nonuse in connection with Respondent’s Section 8 affidavit of continued use.¹²

⁹ Compare Pet. to Cancel, 1 TTABVUE 4, ¶ 18, with Answer to Pet. to Cancel, 4 TTABVUE 3, ¶ 18.

¹⁰ See 34 TTABVUE 28 (Trademark Assignment Cover Sheet, Mar. 31, 2015); see also 34 TTABVUE 29 (Trademark Assignment, Mar. 31, 2015).

¹¹ Registration No. 4096295 issued on February 7, 2012, and is renewed.

¹² Petitioner did not pursue the claims of abandonment based on an assignment in gross or nonuse at trial or in its Trial Brief. They are therefore waived. *Alcatraz Media, Inc. v. Chesapeake Marine Tour Inc.*, 107 USPQ2d 1750, 1753 (TTAB 2013), *aff’d*, 565 F. App’x 900 (Fed. Cir. 2014).

Respondent, in its answer, has admitted, among others things, the following:

Derma Pen, LLC one time was the owner of the domain name and operated the website www.dermapen.com.¹³

On August 1, 2013, in Civil No. 2:13-cv-00729-DN-EJF, before Judge David Nuffer, the Registrant began litigation regarding the Mark against multiple international companies (the “Federal Litigation”).¹⁴

Derma Pen, LLC was a debtor to Anderer.¹⁵

A petition for relief under the Bankruptcy Code was filed in the District of Delaware by Derma Pen, LLC.¹⁶

Anderer foreclosed on the property of Derma Pen, LLC.¹⁷

On March 25, 2015 in the [Federal] Litigation, Judge Nuffer held Anderer in contempt for making the Second Assignment [of the Mark].¹⁸

On March 30, 2015, in the [Federal] Litigation, Judge Nuffer ordered that Anderer create Owner [DPIPH], that Anderer transfer both the Mark and the domain name, Dermapen.com, to Owner [DPIPH].¹⁹

Owner [DPIPH] is only a holding company, not an operating company.²⁰

In response to the allegation that: “On February 26, 2015, Anderer purchased the property of Registrant at the Foreclosure Sale,” Respondent admits: “Admit in as

¹³ 4 TTABVUE 3, Answer ¶ 5.

¹⁴ 1 TTABVUE 4, Pet. to Can. ¶ 6; 4 TTABVUE 3, Answer ¶ 6.

¹⁵ 4 TTABVUE 3, Answer ¶ 7.

¹⁶ 4 TTABVUE 3, Answer ¶ 9.

¹⁷ 4 TTABVUE 4, Answer ¶ 13.

¹⁸ 1 TTABVUE 7, Pet. to Can. ¶ 17; 4 TTABVUE 4, Answer ¶ 17.

¹⁹ 1 TTABVUE 7, Pet. to Can. ¶ 18; 4 TTABVUE 4, Answer ¶ 18.

²⁰ 1 TTABVUE 8, Pet. to Can. ¶ 21; 4 TTABVUE 4, Answer ¶ 21.

much [sic] as Anderer obtained the rights of Derma Pen, LLC in the Mark and the assets and good will of Derma Pen, LLC.”²¹ Respondent otherwise denied the salient allegations in the Petition to Cancel.

Respondent also made thirteen (13) allegations under the heading “AFFIRMATIVE DEFENSES,” not all of which are true affirmative defenses. Of those allegations which are true affirmative defenses, Respondent proceeded to trial only as to its allegation that: “Petitioner’s claims are barred in whole or in part, because Petitioner is a successor in interest or affiliate to a party that, under the principles of res judicata and issue preclusion, have no standing to bring this action.”²² The remaining affirmative defenses of waiver, acquiescence, and laches were not pursued at trial, so we deem them waived or forfeited and give them no

²¹ 1 TTABVUE 10, Pet. to Can. ¶ 59; 4 TTABVUE 8, Answer ¶ 59.

²² 4 TTABVUE 11, ¶ 7. *See also* 4 TTABVUE 11, “Affirmative Defenses” ¶¶ 8 and 9. We note as to Respondent’s allegations concerning Petitioner’s purported lack of standing, 4 TTABVUE 11, “Affirmative Defenses” ¶ 6, that standing is now analyzed under the rubric of “entitlement to a cause of action.” *Spanishtown Enters., Inc. v. Transcend Resources, Inc.*, 2020 USPQ2d 11388, at *2 (TTAB 2020). Entitlement to a cause of action is an essential element in every inter partes case and, as such, need not be specifically pleaded. Accordingly, we additionally consider the allegations at 4 TTABVUE 11, “Affirmative Defenses” ¶¶ 8 and 9, to amplify Respondent’s position on standing.

Similarly, the allegations at ¶¶ 2 and 10 of the “Affirmative Defenses” (4 TTABVUE 10 and 11) are amplifications of Respondent’s denials and are treated as such. *See generally* TRADEMARK TRIAL AND APPEAL BOARD MANUAL (“TBMP”) § 311.02(d) (June 2023) and the cases cited therein.

Also, the Board’s jurisdiction is strictly limited to determining the “right to register.” *Frito-Lay N. Am. Inc. v. Princeton Vanguard LLC*, 100 USPQ2d 1904, 1907 (TTAB 2011) (citing TBMP § 102.01). Accordingly, the allegations set forth at ¶¶ 4, 5 and 11 of the “Affirmative Defenses,” respectively, concerning statute of limitations/repose, mitigating damage and purported violations by Petitioner’s attorneys of the Utah rules of professional conduct, are outside of the scope of the Board’s jurisdiction. Accordingly, we will not consider any arguments or evidence on those matters. Similarly, Respondent’s statement that the matter at issue is actively on appeal in the federal circuit (4 TTABVUE 12, “Affirmative Defenses” ¶ 12) is not a true affirmative defense.

further consideration. *Peterson v. Awshucks SC, LLC*, 2020 USPQ2d 11526, at *1 n.3 (TTAB 2020) (various affirmative defenses deemed waived because no evidence or argument presented at trial); *Syndicat Des Proprietaires Viticulteurs De Chateaneuf v. Pasquier DesVignes*, 107 USPQ2d 1930, 1931 n.6 (TTAB 2013) (affirmative defenses neither pursued at trial nor argued in brief deemed waived).²³

I. Preliminary Matters

A. Petitioner's Partially Deferred Motion to Strike

On December 14, 2021, Petitioner moved to strike the testimony declarations of Michael Anderer and Erin Turney and certain exhibits attached thereto or submitted under Respondent's November 29, 2021 Notice of Reliance, specifically the Trademark and Domain Name License Agreement between Derma Pen IP Holdings, LLC and FD Holdings, LLC ("license agreement") attached as Exhibit 1 to the Anderer declaration and Exhibits 7 and 8 of the notice of reliance, which Petitioner describes as consisting of invoices and customer inquiries. The Board, on April 29, 2022, issued an order denying the motion as to the declarations of Anderer and

²³ Respondent also alleges the "affirmative defense" of failure to state a claim upon which relief can be granted and it alleges a reservation of rights to assert further affirmative defenses (§§ 1 and 13 of the "Affirmative Defenses" 4 TTABVUE 10, 12), neither of which is a true affirmative defense. *See, e.g., Sabhnani v. Mirage Brands, LLC*, 2021 USPQ2d 1241, at *4 n.5 (TTAB 2021) (failure to state a claim is not a true affirmative defense) (citing *U.S. Olympic Comm. v. Tempting Brands Neth. B.V.*, 2021 USPQ2d 164, at *4 (TTAB 2021)); *Made in Nature, LLC v. Pharmavite LLC*, 2022 USPQ2d 557, at *6 (TTAB 2022) (reservation of rights to add affirmative defenses is improper under the federal rules because it does not give fair notice of the affirmative defense).

Turney and deferring the motion with respect to the license agreement and Exhibits 7 and 8 of the notice.²⁴

We now consider the deferred matters. Petitioner argues that the license agreement (Exhibit 1 to the Anderer decl.²⁵) as well as Exhibits 7 and 8²⁶ (invoices and customer inquiries) to Respondent's November 29, 2021 notice of reliance should be stricken on the ground that the documents were not sufficiently identified in Respondent's initial or pretrial disclosures and were not properly produced or identified in response to Petitioner's interrogatories and document requests.²⁷

In response to the motion, Respondent generally argues that the parties have been subject to litigation in reference to the subject mark for numerous years and that

²⁴ As also indicated in the order, the Anderer and Turney declarations, while submitted as exhibits under the notice of reliance, constitute trial testimony and are treated as such. *See* 44 TTABVUE 2. The Board also noted that while Petitioner asserted that some of the materials identified in Exhibits 7 and 8 were attached to the Turney declaration, none were found. To the extent that Respondent has submitted any of these materials as exhibits to other submissions, those and any other applicable duplicate materials also are subject to this ruling.

²⁵ 35 TTABVUE 423-443.

²⁶ 34 TTAB 497-779 and 35 TTABVUE 2-426.

²⁷ 37 TTABVUE 6. We note that Petitioner, at Appendix A of its main brief, reiterated as objections the materials that are subject to the deferred motion to strike, among others discussed below. *See* 55 TTABVUE 57-58. Also, although Petitioner did not make of record the documents produced by Respondent in response to Petitioner's requests for production of documents with its motion to strike, it did make them of record as Exhibit B to the [Rebuttal] Testimony Declaration of Christopher Taylor (*see* 50 TTABVUE 3, 16-160, 51 TTABVUE 2-114), which we more fully discuss in this section of the decision. Some of the materials in Exhibit B are illegible, however, they are clearly not the same as the materials provided as Exhibit F of the Taylor declaration (52 TTABVUE 15-334, 53 TTABVUE 2-390), which are copies of the materials submitted as Exhibits 7 and 9 of the above-referenced notice of reliance. The parties are reminded that they are responsible for ensuring that the evidence they introduce is legible. *See Weider Publ'ns, LLC v. D&D Beauty Care Co.*, 109 USPQ2d 1347, 1351 (TTAB 2014) (onus is on party making submissions to ensure that, at a minimum, "all materials are clearly readable by the adverse party and the Board."), appeal dismissed per stipulation, No. 14-1461 (Fed. Cir. 2014).

“nothing provided by Owner’s [Respondent] Notice of Reliance contained any information not previously known to Petitioner.”²⁸ More particularly, Respondent argues that:

Contrary to Petitioner’s assertion that Owner withheld evidence that unfairly prejudiced Petitioner as it was deprived of the “opportunity to obtain additional discovery related” to the documents authenticated by Mr. Anderer and Mrs. Turney. That is not the case. Owner has provided complete discovery to Petitioner’s requests with objections to the discovery requests. Petitioner did not hold a meet and confer or file any motion to compel to require these documents to be produced. Petitioner knew of their existence and that they were held by Owner under objection.²⁹

As to the argument that the license agreement or the documents submitted under Exhibits 7 and 8 were not properly produced or identified in response to Petitioner’s discovery requests, Petitioner served its first set of discovery requests on August 25, 2020, which included the following interrogatories:³⁰

Interrogatory No. 1: Please describe in full and complete detail every instance you have actually used the Mark since January 9, 2015.

Interrogatory No. 2: Please describe in full and complete detail what efforts, if any, you have made to use the Mark in commerce since January 1, 2015 to the present.

Interrogatory No. 4: Please describe the channels of distribution and/or intended channels of distribution for each product or service identified in response to Interrogatory No. 2.

²⁸ 41 TTABVUE 3.

²⁹ 41 TTABVUE 7.

³⁰ 37 TTABVUE 4, 69-70. (Mot. to Strike).

Interrogatory No. 5: If your response to Request for Admission No. 1 was anything less than an unequivocal admission, please identify and describe in detail the basis and reasons for such denial or qualification, and identify all documents which you believe support the denial or qualification.

Interrogatory No. 6: Please identify all facts and documents supporting your statement in paragraph 42 of your answer to the Petition in which you state “DPIPH . . . emphatically states that it has used the Mark in commerce.”

As to the required disclosures, Respondent, in its initial disclosures indicated, in pertinent part, “that the following categories of documents may be used to support their contentions and affirmative defenses”:³¹

6. Website screen shots of Registrant’s advertising and use of the trademark in commerce in underlying action and in connection with this action.

7. Packaging and labeling of Registrant’s use of the trademark in commerce in sales to customers.

8. Copies of devices used by Registrant in commerce utilizing the trademark in commerce.

And, in its Initial Pretrial Disclosures, Respondent indicated that the following things and documents may be introduced during its testimony period:³²

a. Documents evidencing Owner’s [Respondent] continued and ongoing use of the Mark in commerce, and documents evidencing Owner’s continued protection of the Mark.

i. Email and/or other documents pertaining to Petitioner’s attempted use to use [sic] Owner’s Mark in commerce.”

³¹ 37 TTABVUE 61. (Petitioner’s Mot. to Strike, Ex. 4).

³² 37 TTABVUE 86-87. (Petitioner’s Mot. to Strike, Ex. 7).

Fed. R. Civ. P. 37(c)(1) governs whether evidence will be excluded for failure to disclose, or allowed because the failure to disclose is substantially justified or harmless. *Great Seats Inc. v. Great Seats, Ltd.*, 100 USPQ2d 1323, 1327 (TTAB 2011) (citing *MicroStrategy, Inc. v. Business Objects, S.A.*, 429 F.3d 1344, 77 USPQ2d 1001, 1009-10 (Fed. Cir. 2005) and *Southern States Rack & Fixture, Inc. v. Sherwin-Williams Co.*, 318 F.3d 592, 597 (4th Cir. 2003)). The five-factor test to determine whether to strike pretrial disclosures involves: “1) the surprise to the party against whom the evidence would be offered; 2) the ability of that party to cure the surprise; 3) the extent to which allowing the testimony would disrupt the trial; 4) importance of the evidence; and 5) the nondisclosing party’s explanation for its failure to disclose the evidence.” *Great Seats*, 100 USPQ2d at 1327 (quoting *MicroStrategy*, 77 USPQ2d at 1009-10). A motion to strike “will be decided on the basis of all the relevant circumstances.” Trademark Rule 2.123(3), 37 C.F.R. § 2.123(3).

With regard to the license agreement, even if we broadly read statement “a” set forth above from Respondent’s pretrial disclosures, Respondent only indicated that it may introduce documents evidencing **Owner’s** [Respondent’s] “continued and ongoing use of the Mark in commerce.” There is no mention of any reliance on use by a licensee or any license agreement to evidence said use. As such, we find that the license agreement was an obvious surprise to Petitioner, particularly in view of Respondent’s failure to produce the document during discovery, discussed in detail below. To reopen discovery at this stage of the proceeding, even for the limited purpose of taking discovery solely as to the license agreement would clearly disrupt

the orderly prosecution of this case, making curing the delay impracticable. In addition, the license agreement is critical to Respondent's case and Petitioner would be prejudiced if required to defend against it at this late stage of the proceeding. Last, Respondent's unsupported contention that its notice of reliance does not include any information not previously known to Petitioner is simply unpersuasive. Accordingly, given the totality of the circumstances, the license agreement is properly excluded for Respondent's failure to disclose it in its pretrial disclosures.

As regards Respondent's failure to produce the license agreement during discovery, generally, a party that fails to provide relevant information requested during discovery will be precluded from using that information or witness at trial, unless the failure to disclose was substantially justified or is harmless. *Great Seats*, 100 USPQ2d at 1328. We find that the identification and production of a license agreement governing use of Respondent's mark by a licensee falls squarely within (1) Petitioner's Interrogatory No. 1, i.e., that Respondent describe what efforts it has made to use the Mark in commerce since January 1, 2015 to the present and (2) Respondent's request for production of documents "a," which seeks "documents evidencing Owner's [Respondent] continued and ongoing use of the Mark in commerce." We are not persuaded by Respondent's argument regarding Petitioner's failure to meet and confer or move to compel production of this document, because there is no evidence that Petitioner was aware that such a document existed, as it is in the total control of Respondent.

Notably, during discovery in the aforementioned Federal Litigation, Case No. 2:13-cv-00729-DN-EJF (D. Utah), Michael Anderer, along with Derma Pen, LLC's attorney, verified certain responses to interrogatories. In his February 19, 2021 testimony declaration in this case, Mr. Anderer was asked to read the following response to Interrogatory No. 8(a) of Plaintiff's Supplemental Response to Interrogatory No. 8 to Non-Parties Third Set of Interrogatories and Production of Documents (dated Oct. 5, 2018) in the Federal Litigation: "no licensing agreements have been entered into by Dermapen, LLC or any successor in interest licensing the rights to use the trademark DERMAPEN awarded to Plaintiff in the underlying matter," and to verify his signature on the response. *See* Anderer decl. pp. 24-32, Exs. P-7 and P-8.³³

Similarly, in the same Federal Litigation, Derma Pen, LLC's Rule 30(b) witness, Stewart Hennefer, on December 7, 2018, testified as follows:³⁴

Q. . . . Does FD Holdings have a license from any party or entity to use the Dermapen trademark?

A. I don't know.

³³ 20 TTABVUE 7-9, 44-51. Although objections to this testimony were raised during Mr. Anderer's deposition, those objection were not renewed in Respondent's brief. They are therefore waived. *See, e.g., Wet Seal Inc. v. FD Mgmt. Inc.*, 82 USPQ2d 1629, 1632 (TTAB 2007) (objection to testimony waived when not renewed in brief). *See also* TBMP § 707.04.

³⁴ 16 TTABVUE 116 (Petitioner's Not. of Rel., Ex. P-23 (emphasis added)). This testimony normally would not be considered an official record, which means it could not be properly made of record by notice of reliance alone. *See Brooks v. Creative Arts by Calloway LLC*, 93 USPQ2d 1823, 1825-26 (TTAB 2009) (applicant's own file copies of briefs from district court case not proper under notice of reliance as official records), *aff'd on other grounds, Creative Arts by Calloway, LLC v. Brooks*, 09-cv-10488 (SDNY December 27, 2012), *dismissed*, No. 13-147 (unpublished) (2d Cir. March 7, 2013). However, because Respondent did not object to this submission, we have considered it in our analysis.

Q. Who owns the Dermapen trademark?

....

THE WITNESS: I believe it's within FD Holdings or DPIP[H].

Q. . . . You don't know who owns the Dermapen mark?

A. One of those. I mean, I don't -- I don't know the setup of that.

Q. Okay. Just so we're clear, it's either FD Holdings, LLC, or Derma Pen IP Holdings?

A. I don't know.

Q. Are you aware of any licenses from any entity to any other entity to use the Dermapen mark?

A. No.

The above-referenced testimony undercuts Respondent's contention that Petitioner should have known about the existence of a license agreement.

Because our finding also encompasses Petitioner's renewed objections to the license agreement in its brief, we point out that in making this finding, we are not persuaded by Respondent's contention that by virtue of the Board's April 29, 2022 order on Petitioner's Motion to Strike giving "leave to Petitioner to conduct further discovery into the witnesses and the documents produced by these witnesses in Owner's [Respondent's] Notice of Reliance," which Petitioner did not do, "these witnesses and their statements are fully admissible."³⁵ While the Anderer and Turney declarations, themselves, are properly of record, the Board specifically deferred consideration of Petitioner's motion to strike as to Exhibit 1 – the license

³⁵ 58 TTABVUE 9 (Respondent's br. p. 8).

agreement – as well as to Exhibits 7 and 8 of Respondent’s November 29, 2021 Notice of Reliance. Respondent’s untimely disclosure and production of the license agreement resulted in surprise to Petitioner regarding Respondent’s intent to rely on the license agreement and impeded Petitioner’s ability to obtain additional discovery concerning the license agreement, the exact situation that pretrial disclosures and discovery responses are meant to prevent.

In view of the above, Petitioner’s motion to strike the purported license agreement between Respondent and FD Holdings, LLC is granted and the purported license agreement will not be further considered in our decision on this proceeding.³⁶

As regards Petitioner’s deferred motion to strike the documents at Exhibits 7 and 8 to Respondent’s notice of reliance,³⁷ described, respectively, as invoices and customer inquiries, we observe that the exhibits to the Taylor declaration, submitted by Petitioner more specifically discussed below, include copies of these documents. Accordingly, the motion to strike is rendered moot inasmuch as we find the

³⁶ We hasten to add that even if the purported license agreement were properly of record, it would carry little to no weight. This is so because, while executed, it is undated. The license agreement also includes the following definition: “Effective Date” shall mean the date of organization of FD Holdings, LLC whereby it became the sole member of DPIP[H].” See 35 TTABVUE 433. This definition, however, suffers the same deficiency as the agreement itself, because there is no indication in the record of when FD Holdings, LLC became the sole member of DPIP[H]. Without knowledge of the dates the license agreement was executed and effective, we cannot ascertain whether it was in actual effect during the relevant three-year time frame, beginning January 9, 2015.

We also find Respondent’s ostensible assertion of an oral license agreement by citing to, e.g., *Oreck Corp. v. Thompson Consumer Elec.*, 796 F. Supp. 1152, 1158 n.10 (S.D. Ind. 1992) for the proposition that “[a] trademark license may be oral as well as written,” see 58 TTABVUE 42 (Respondent’s br., p. 41), made for the first time on the final page of its brief, unsupported and manifestly untimely.

³⁷ We note that Petitioner included these materials in its Objections to Respondent’s Evidence set forth in its brief. See 55 TTABVUE 57.

documents need not be separately introduced by Respondent. “When evidence has been made of record by one party in accordance with these rules, it may be referred to by any party for any purpose permitted by the Federal Rules of Evidence.” Trademark Rule 2.122(a), 37 C.F.R. § 2.122(a). However, the invoices and customer inquiries are not generally admissible under notice of reliance alone. And, apparently contrary to Respondent’s intention, they were not authenticated by Respondent’s witnesses, Mr. Anderer and Ms. Turney, because the documents, themselves, were not uploaded or identified as being exhibits to those testimony declarations. Accordingly, their probative value is limited, and we will consider them only for what they show on their face. *Cf. Safer Inc. v. OMS Inv. Inc.*, 94 USPQ2d 1031, 1039-40 (TTAB 2010) (webpages “... have little probative value. They are admissible only to show what has been printed, not the truth of what has been printed.”); *Research in Motion Ltd. v. NBOR Corp.*, 92 USPQ2d 1926, 1929 (TTAB 2009) (“[A]lthough the printed publications are deemed of record, they merit consideration ... only for what the documents show on their face”).

B. The Parties’ Evidentiary Objections

1. Respondent’s Objections

Respondent has objected to the declaration of Christopher Taylor,³⁸ a paralegal at the office of Petitioner’s counsel, on several grounds: (1) that the declaration is hearsay; (2) that the declarant was not disclosed in Petitioner’s Initial or other Pre-trial disclosures; and (3) that the declaration was prepared to circumvent the Board’s

³⁸ 50 TTABVUE 2-7.

April 29, 2022 order, which allowed Petitioner time to take oral cross-examination of its witnesses, Michael Anderer and Erin Turney, regarding the evidence attached to their declarations. In footnote 10 of its brief (58 TTABVUE 44), Respondent made clear that it did not object to exhibits attached to the Taylor declaration, including those submitted by Petitioner at 51, 52 and 53 TTABVUE, because they are the same as those submitted by Respondent as exhibits to its notice of reliance (*see* 34, 35 and 36 TTABVUE).

As to the first ground, we do not consider the testimony given by Mr. Taylor hearsay, as it is directly supported by Mr. Taylor's personal knowledge and is relevant to demonstrate the nature of Petitioner's discovery requests and Respondent's responses. *See generally* TBMP § 703.01(o). Secondly, because Mr. Taylor's testimony directly addresses Respondent's evidentiary submissions, we find his identification in Petitioner's Rebuttal disclosures sufficient. Last, we simply are unpersuaded by Respondent's unsupported allegation that Petitioner is, in effect, attempting an end run around the Board's April 29, 2022 order.

Finally, Respondent objects to Petitioner's Rebuttal Notice of Reliance,³⁹ filed July 6, 2022, on the ground that it is untimely. The objection is overruled inasmuch as, in a June 6, 2022 order, the Board reset Petitioner's rebuttal period to close on July 6, 2022.

³⁹ 54 TTABVUE 1-6.

2. Petitioner's Objections

In addition to the renewed objection to Exhibits 7-8 discussed above, Petitioner also objects to additional portions of Respondent's Notice of Reliance, particularly, the exhibits at 34 TTABVUE 150-154, 335-338, 488-496 and 36 TTABVUE 140-148 (and any duplications thereof) described as photographs of product packaging. For the reasons set forth above in connection with the deferred Motion to Strike Exhibits 7 and 8 of the notice, we find the objections moot and will consider the evidence for whatever probative value it may have.

II. Description of the Record

Subject to our evidentiary rulings above, the record in this case consists of the pleadings and, by rule, the file of Respondent's involved registration. Trademark Rule 2.122(b)(1), 37 C.F.R. § 2.122(b)(1). In addition, during its assigned testimony period, Petitioner submitted the following:

- Petitioner's Notice of Reliance, filed February 23, 2021

on the following:⁴⁰

- o A true and correct copy of the Delaware State Division of Corporations entity details for Respondent, (current as of February 23, 2021). (16 TTABVUE 13).

- o A true, correct, and certified copy of Plaintiff's Supplemental Response to Interrogatory No. 8 to Non-Parties, including Joel and Sasha Marshall, Third Set of Interrogatories and Production of Documents, dated October 5, 2018, from the Federal Litigation. (16 TTABVUE 14-17).

⁴⁰ 16 TTABVUE 1-124.

o A true, correct, and certified copy of Plaintiff's Supplemental Response to Interrogatory No. 7(c) to Non-Parties Second Set of Interrogatories and Production of Documents, dated October 9, 2018, attached to Nonparties' Motion to Vacate and Modify Permanent Injunction, filed in the Federal Litigation. (16 TTABVUE 18-21).

o A true, correct, and certified copy of relevant portions of the November 6, 2018 deposition of Michael Anderer, attached as Exhibit 2 to Nonparties' Motion for Short Form Discovery re: Motion to Compel and For Sanctions re: Plaintiff's Deposition, pursuant to Rule 30(b)(6) of the Federal Rules of Civil Procedure ("FRCP") in the Federal Litigation. (16 TTABVUE 22-33). Including, specifically, the following portions of the deposition at 16 TTABVUE 24:8-17, 25:15-18, 26:13-23, 27:19-28:14, 29:6-20, 30:7- 8, and 31:14-46:12).

o A true, correct, and certified copy of relevant portions of the transcript of a December 17, 2018 Evidentiary Hearing held in the Federal Litigation. (16 TTABVUE 34-48). Including, specifically, the following portions of the hearing transcript at 16 TTABVUE 34-40:8, 41:9-23, 42:9-21, 43:18-44:22, 45:12-46:3, and 47:1-7.

o A true, correct, and certified copy of relevant portions of the Declaration of Michael Anderer, Dec. 13, 2018, filed in support of Respondent's briefing on the issue of abandonment, in the Federal Litigation. (16 TTABVUE 49-50). Including, specifically, the following portions of the declaration: 16 TTABVUE 50, ¶ 26, ¶ 29, and ¶ 31.

o A true, correct, and certified copy of relevant portions of Derma Pen, LLC's Brief of Appellants, Feb. 7, 2020, in *Derma Pen, LLC v. 4EverYoung Ltd., et al.*, No. 19-4114 (10th Cir.). (16 TTABVUE 51-56). Including, specifically, the following portions of the brief: 16 TTABVUE 52-55.

o A true, correct, and certified copy of Plaintiff's Response to Non-Parties Third Set of Interrogatories and Production of Documents; and Requests for Admissions, dated October 1, 2018, from the Federal Litigation. (16 TTABVUE 57-61). Including, specifically, the following responses: 16 TTABVUE 57-59, Interrogatory Nos. 8(a), 8(b), 8(c), and 9-11.

o A true, correct, and certified copy of the Findings of Fact, Conclusions of Law, and Order Regarding Abandonment, Contempt, and Discovery Sanctions, entered February 14, 2019, in the Federal Litigation. (16 TTABVUE 62-73).

o A true and correct, and certified copy of Derma Pen IP Holdings, LLC's Motion to Join Derma Pen's Ex Parte Motion for Order to Show Cause and Motion for Discovery, filed December 7, 2018, in the Federal Litigation. (16 TTABVUE 74-77).

o A true, correct, and certified copy of Docket Text Order #1243, entered December 11, 2018 in the Federal Litigation. (16 TTABVUE 78).

o A true, correct, and certified copy of Docket Text Notice #1269, entered December 16, 2018 in the Federal Litigation. (16 TTABVUE 79).

o A true, correct, and certified copy of Plaintiff's and Derma Pen IP Holdings, LLC's Briefing re: Issue of Abandonment [DKT. 1243], December 14, 2018, in the Federal Litigation. (16 TTABVUE 80-88).

o A true, correct, and certified copy of Plaintiff's and Derma Pen IP Holdings, LLC's Addendum to its Briefing on the Issue of Abandonment [DKT. 1243], Dec. 14, 2018, the Federal Litigation. (16 TTABVUE 89-93).

o A true, correct, and certified copy of Non-Parties' Briefing re: Abandonment, Dec. 14, 2018, the Federal Litigation. (16 TTABVUE 94-102).

o A true, correct, and certified copy of relevant portions of a Memorandum, Dec. 19, 2014, *In re Derma Pen, LLC*, Case No. 14-11894 (KJC) (Bankr. D. Del.). (16 TTABVUE 104-106).

o A true, correct, and certified copy of the Order Dismissing Bankruptcy Case, Dec. 19, 2014, *In re Derma Pen, LLC*, Case No. 14-11894 (KJC) (Bankr. D. Del.). (16 TTABVUE 107-108).

o A true, correct, and certified copy of Exhibit V to 4EverYoung and Stene Marshall's Motion to Dismiss the bankruptcy case of Derma Pen, LLC, Oct. 28, 2014, *In re*

Derma Pen, LLC, Case No. 14-11894 (KJC) (Bankr. D. Del.). (16 TTABVUE 109-110).

o A true, correct, and certified copy of relevant portions of the FRCP 30(b)(6) Deposition of Derma Pen, LLC (through 30(b)(6) witness Stewart Hennefer), Dec. 7, 2018, in the Federal Litigation. (16 TTABVUE 111-122). Including, specifically, the following portions of the deposition: 16 TTABVUE 113:13-114:25, 115:1-117:18, 118:25-119:19, and 120:3-21.

o A true, correct, and certified copy of the Order Granting Derma Pen IP Holdings LLC's Motion to Join, Dec. 26, 2018, in the Federal Litigation. (16 TTABVUE 123-124).

- Petitioner's Notice of Reliance, dated and filed February 23, 2021, includes a true and correct copy of the web page accessed at <https://dermapen.com/dermapen-3/>, last accessed Jan. 8, 2021. (16 TTABVUE 125-131).
- Petitioner's Supplement to Petitioner's Notice of Reliance dated and filed February 25, 2021 includes a true, correct, and certified copy of relevant portions of Derma Pen, LLC's Brief of Appellant, Feb. 7, 2020, *Derma Pen, LLC v. 4EverYoung Ltd., et al.*, No. 19-4114 (10th Cir.). (16 TTABVUE 1-9). Including, specifically, the following portions of the brief: 16 TTABVUE 6-9.⁴¹

⁴¹ Because this filing does not comprise an official record, it would ordinarily not be considered. However, in the absence of an objection, we will consider it for whatever value it may have.

- The trial testimony deposition of Joel Marshall, Petitioner’s CEO, dated February 17, 2021, filed February 25, 2021, with its accompanying exhibit. (19 TTABVUE 1-9).⁴²
- The trial testimony deposition of Michael Anderer, Respondent’s Member, dated February 19, 2021, filed March 4, 2021, with its accompanying exhibit. (20 TTABVUE 1-113).

During its rebuttal period, Petitioner made of record the following:

- The rebuttal testimony Declaration of Christopher Taylor, dated June 30, 2022, filed and served July 6, 2022, with accompanying exhibits. (50 TTABVUE 1-150; 51 TTABVUE 1-114; 52 TTABVUE 1-334; 53 TTABVUE 1-390).
- Petitioner’s Notice of Reliance (Rebuttal), dated and filed July 6, 2022, (54 TTABVUE 1-6), includes the following:

- o Petitioner’s First Set of Discovery Requests to Registrant, Aug. 25, 2020.

- o Registrant’s Responses to Petitioner’s First Set of Discovery Requests to Registrant, Oct. 2, 2020. (50 TTABVUE 17-150, 51 TTABVUE 2-97).

- o Registrant’s Initial Disclosures Pursuant to FRCP 26(a)(1)(A) and TBMP §401.02. (50 TTABVUE 9-15).

⁴² The text of Mr. Marshall’s and Mr. Anderer’s deposition transcripts were submitted in a format displaying four pages of testimony on each page. In electronic submissions to the Board, text “must be filed in at least 11-point type and double-spaced.” TBMP § 106.03(a)(1); Trademark Rules § 2.126(a)(1), 37 C.F.R. § 2.126(a)(1). The Board has discretion to refuse to consider submissions that do not comply with this requirement. The Board has considered the filing despite the resulting miniscule font. Future filings should comply with the submission requirements.

o Testimony Declaration of Christopher Taylor, dated June 30, 2022 and filed and served July 6, 2022, with its accompanying exhibits. (50 TTABVUE 1-150; 51 TTABVUE 1-114; 52 TTABVUE 1-334; 53 TTABVUE 1-390).

o Testimony Deposition of Michael Anderer, Respondent's Member, with accompanying exhibit. (20 TTABVUE 1-113).

During its testimony period, Respondent filed the following evidence:

- Respondent's Notice of Reliance, filed February 23, 2021, (34 TTABVUE 1-779; 35 TTABVUE 1-443; 36 TTABVUE 1-148), on the following:⁴³
 - o The United States Patent and Trademark Office (USPTO) file of the involved registration (Registration No. 4609295).
 - o Respondent's Answer to Petition to Cancel. (34 TTABVUE 10-22).

⁴³ The exhibits attached to Respondent's Notice of Reliance contained numerous duplications and confusing exhibit numbering, and some were illegible. Accordingly, we are uncertain if the pages at 34 TTABVUE 497-779 (HubSpot leads) and 35 TTABVUE 2-426 (invoicing documents) listed as exhibits to Respondent's Answers to Petitioner's Interrogatories were intended to constitute Exhibits 2-3 to the Turney declaration (36 TTABVUE 137-139), particularly, since Respondent included only the TTABVUE cite for the declaration itself. We accordingly treat the pages as submissions by notice of reliance, alone. In order to allow proper evaluation of a party's filings, Board submissions should meet the following criteria: 1) pages should be legible and easily read on a computer screen; 2) page orientation should be determined by its ease of viewing relevant text or evidence, for example, there should be no sideways or upside-down pages; 3) pages should appear in their proper order; 4) depositions and exhibits should be clearly labeled and numbered — use separator pages between exhibits and clearly label each exhibit using sequential letters or numbers.

In addition, as a general rule, a party may only rely on the discovery responses of the adverse party. *See generally* TBMP §§ 704.09 and 704.10, and the authorities cited therein. However, to the extent that Respondent's filings are otherwise appropriate for submission by notice of reliance alone, or have been properly authenticated, they have been considered in this decision.

In addition, as noted above, by rule, the file of the involved registration and the pleadings are automatically of record, and need not be resubmitted.

- o A copy of the December 22, 2014 Trademark Assignment Cover Sheet. (34 TTABVUE 23).
- o A copy of the December 22, 2014 Trademark Assignment. (34 TTABVUE 24).
- o A copy of the February 26, 2015 Trademark Assignment Cover Sheet. (34 TTABVUE 25).
- o A copy of the February 26, 2015 Trademark Assignment Agreement. (34 TTABVUE 26-27).
- o A copy of the March 31, 2015 Trademark Assignment Cover Sheet. (34 TTABVUE 28).
- o A copy of the March 31, 2015 Trademark Assignment. (34 TTABVUE 29).
- o Respondent's Initial Disclosures Pursuant FRCP 26(a)(1)(A) and TBMP § 401.02.6
- o Respondent's Response to Request for Admission No. 1 from Petitioner's First Set of Requests for Admissions. (34 TTAB 258).
- o Respondent's Answers to Petitioner's Requests for Production of Documents, specifically, Respondent's Answers to Requests for Production Nos. 1-3. (34 TTAB 258, 263, 266-487).
- o Respondent's Answers to Petitioner's Interrogatories. (34 TTABVUE 258-265); including Exhibits (34 TTABVUE 304 price lists; 34 NOR 339-343 packaging; 34 NOR 484-487 call scripts for sales; 34 NOR 497-509 email exchanges regarding purchases; 34 NOR 523-665 sales from internet and Hubspot).
- o Screenshot of WayBack site identifying the site www.dermapen.com in continual use from 2011 through present. (36 TTABVUE 2).
- o Declaration of Michael Anderer. (35 TTABVUE 427-443).
- o Declaration of Erin Lee Turney, Nov. 29, 2021, with accompanying exhibits. (36 TTABVUE 137-139).

o Screenshots of Internet materials, including webpages, (34 TTABVUE 31-35, 126-149, 240-257, 344-397; 36 TTABVUE 2-64), and Facebook posts (34 TTABVUE 398-469; 36 TTABVUE 65-136).

III. Entitlement to a Statutory Cause of Action

Petitioner's entitlement to a statutory cause of action, formerly referred to as "standing,"⁴⁴ must be established in this inter partes proceeding. *See Corcamore, LLC v. SFM, LLC*, 978 F.3d 1298, 2020 USPQ2d 11277, at *6-8 (Fed. Cir. 2020), cert. denied, 141 S. Ct. 2671 (2021); *Australian Therapeutic Supplies Pty. Ltd. v. Naked TM, LLC*, 965 F.3d 1370, 2020 USPQ2d 10837, at *3 (Fed. Cir. 2020), cert. denied, 142 S. Ct. 82 (2021). To establish entitlement to a statutory cause of action, a plaintiff must demonstrate: (i) an interest falling within the zone of interests protected by the statute, and (ii) proximate causation. *Corcamore*, 2020 USPQ2d 11277, at *4.

As proof of its entitlement to petition for cancellation, Petitioner has submitted the testimony of Joel Marshall, its CEO, wherein he testifies as follows:⁴⁵

Q. What is DP Derm's interest in [the DERMAPEN] trademark?

A. We are the distributor of DP Dermaceuticals for DermapenWorld, and they also sell a device which is called "Dermapen 4," which is a microneedling device. We would

⁴⁴ Our decisions have previously analyzed the requirements of Sections 13 and 14 of the Trademark Act, 15 U.S.C. §§ 1063 and 1064, under the rubric of "standing." As previously noted, 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. Court of Appeals for the Federal Circuit interpreting "standing" under Sections 13 and 14 of the Trademark Act remain applicable. *See Spanishtown Enters. v. Transcend Resources*, 2020 USPQ2d 11388, at *2.

⁴⁵ 19 TTABVUE 3 (Marshall test. pp 6-7).

like to sell that, but, obviously, with the current trademark issue.

Q. You say DermapenWorld sells that device. Where do they sell that device?

A. In various countries around the world.

Q. Do they sell that in the U.S.?

A. I'm not aware whether they do or not.

Q. Are you -- sorry. I apologize if I missed this in taking notes. Is Dermapen a general distributor for DermapenWorld?

A. DP Derm?

Q. Sorry. Yes. DP Derm.

A. Well, we distribute what we can, so we can distribute there at DP Dermaceuticals.

Q. In the U.S., correct?

A. Correct. Yes.

Q. Does DP Derm intent [sic] to use the Dermapen trademark or sell the devices in the U.S., if the current registration is canceled?

A. Yes. We would consider that, yes.

Q. Is that the plan?

A. It would be, yes. Yes, that's the plan.

Respondent conversely argues that Petitioner has no standing to bring this cancellation action because on May 8, 2017, the District Court for the District of Utah issued a Final Judgment against the named defendants, including Dermapenworld, Petitioner's above referenced licensee, citing specifically to the Federal Litigation at

Case No. 2:13-cv-00729, Dkt. 1043.⁴⁶ Respondent expounds that in its Final Judgment, the district court issued a permanent injunction against the defendants, specifically stating:⁴⁷

Defendants, their officers, agents, servants, employees, attorneys, licensees, and anyone in active concert or participation with, aiding, assisting, or enabling Defendants, are hereby permanently enjoined and restrained from using the DERMAPEN® Mark- including any variants thereof or similar wording - or the “DERMAPEN” tradename in the USA in connection with advertising, promoting, selling, offering for sale, distributing or importing any good or service[.]

Respondent again cites to the purported Final Judgment in the Federal Litigation at Case No. 2:13-cv-00729, Dkt.1043 at ¶3a.⁴⁸ The problem with this argument is that it is unsupported by record evidence. That is to say, while Respondent provided a citation to the “Final Judgment,” it did not provide a copy thereof or make it of record in this proceeding. We thus construe Respondent’s mere citation to the federal court record as a request that we take judicial notice of the final ruling. The Board may take judicial notice of the fact that Respondent was involved in a federal court action, provided that Respondent supplied the relevant case caption, including the case names and docket numbers. *See United States v. Jones*, 29 F.3d 1549, 1553 (11th Cir. 1994) (cited in *Omaha Steaks Int’l, Inc. v. Greater Omaha Packing Co.*, 908 F.3d 1315, 128 USPQ2d 1686, 1693 (Fed. Cir. 2018) (“[A] court may take judicial notice of a

⁴⁶ 58 TTABVUE 28. Respondent also cites to “Case No. 17-4096, Document 010110002262,” the purported appellate judgment in its favor. 58 TTABVUE 7.

⁴⁷ *Id.*

⁴⁸ *Id.*

document filed in another court ‘not for the truth of the matters asserted in the other litigation, but rather to establish the fact of such litigation and related filings.’” (*quoting Liberty Mut. Ins. Co. v. Rotches Pork Packers, Inc.*, 969 F.2d 1384, 1388 (2d Cir. 1992))). Although Respondent did not include the case names in its citation to the Federal Litigation, various documents therefrom are of record and we take judicial notice of the action between Respondent and, among others, DermapenWorld.

However, to the extent that Respondent is asking the Board to take judicial notice of the content of the Final Judgment in the Federal Litigation, we do not, as we are not required to search the dockets to determine the substance of the litigation referenced. *See Omaha Steaks v. Greater Omaha*, 128 USPQ2d at 1693 (“The Board is not required to scour, not just the dockets, but the multiple pleadings referenced in those dockets to determine the substance of the litigations referenced.”).

In the absence of proof that Petitioner is enjoined from bringing this action, we find that Mr. Marshall’s testimony that Petitioner is a distributor of dermaceutical devices, including a microneedling device, sufficiently establishes Petitioner’s entitlement to bring and maintain this cancellation, based on its status as a distributor of a competitor’s device and its intent to sell in the United States. *Cf. Empresa Cubana Del Tabaco v. Gen. Cigar Co.*, 753 F.3d 1270, 111 USPQ2d 1058, 1062 (Fed. Cir. 2014) (Cuban cigar manufacturer had standing to seek cancellation of competitor’s trademark registrations); *Books on Tape, Inc. v. Booktape Corp.*, 836 F.2d 519, 5 USPQ2d 1301, 1302 (Fed. Cir. 1987) (competitor “clearly has an interest

in the outcome beyond that of the public in general” in seeking cancellation).
Petitioner’s interest is thus squarely within the zone protected by the statute.

IV. Abandonment

As an initial matter, we address Petitioner’s claim that

[b]ecause the issue of abandonment was already decided in the Federal Litigation, and because the facts and parties (including Petitioner, Respondent, and Registrant) are the same as those that were involved when litigating the issue of abandonment in the Federal Litigation, the judgment in the prior action should be given preclusive effect in this cancellation proceeding.⁴⁹

As support for its claim that the doctrines of issue and claim preclusion apply, Petitioner introduced a certified copy of the “FINDINGS OF FACT, CONCLUSIONS OF LAW, AND ORDER REGARDING ABANDONMENT, CONTEMPT, AND DISCOVERY SANCTIONS” in the Federal Litigation.⁵⁰ The order issued by Judge David Nuffer reads in relevant part:⁵¹

FINDINGS OF FACT

3. DPIP is still the owner and registrant of the Mark [DERMAPEN] as of December 18, 2018.

Abandonment

5. The clear and convincing evidence shows that the registrant of the Mark has not used the Mark in the ordinary course of trade within a three-year period, which period began on January 9, 2015 (the “three-year period”).

⁴⁹ 55 TTABVUE 41. (Petitioner’s br., p. 40).

⁵⁰ 16 TTABVUE 62-72.

⁵¹ 62 TTABVUE 64, 65 and 131.

6. DPIP H has failed to produce credible evidence of actual use of the Mark by the owner of the Mark during the three-year period.

7. DPIP H has failed to produce credible evidence of actual use of the Mark during the three-year period by a “related company,” as that term is defined in 15 U.S.C. § 1127.

8. DPIP H has failed to produce persuasive evidence of the Mark owner’s control over use of the Mark by others, including by FD Holdings LLC (“FD Holdings”). Although there was evidence (without any quantification or exhibits) that FD Holdings sold product using the Mark, there was only slight evidence of the relationship between FD Holdings and DPIP H and no credible evidence of DPIP H’s control over the nature or quality of goods sold by FD Holdings.

9. DPIP H has failed to produce persuasive evidence of valid reasons excusing nonuse of the Mark during the three-year period.

10. This litigation, and the court’s orders in this litigation, did not prevent any owner of the Mark, including DPIP H, from using the Mark during the three-year period.

11. Evidence was presented that the registrant of the Mark did not intend to resume use of the Mark within the three-year period or within the reasonably foreseeable future, and there was not credible evidence of intent to resume use.

CONCLUSIONS OF LAW

Abandonment

27. Because the Mark has not been used in the ordinary course of trade within the three-year period, there is a rebuttable presumption of intent not to resume use of the Mark. [case citation omitted] DPIP H has failed to rebut this presumption.

28. DPIP H did not present credible evidence to rebut the presumption of abandonment of the Mark. DPIP H did not introduce credible evidence that it engaged in activities

during the three-year period to resume use of the Mark in trade. [case citation omitted]

29. DPIPH has failed to establish that FD Holdings is a “related company” under 15 U.S.C. § 1127 or that any use of the Mark by FD Holdings inured to the benefit of DPIPH.

30. For purposes of this proceeding- which is not a declaratory action regarding abandonment, and in which abandonment is a collateral issue- it appears that the Mark was abandoned.

Respondent argues that no preclusive effect should be given to the order issued in connection with the Federal Litigation because it specifically states: “For purposes of this proceeding – which is not a declaratory action regarding abandonment ... it **appears** that the [Mark] was abandoned.”⁵²

A. Claim Preclusion

Under the doctrine of claim preclusion, “a judgment on the merits in a prior suit bars a second suit involving the same parties or their privies based on the same cause of action.” *Jet, Inc. v. Sewage Aeration Sys.*, 223 F.3d 1360, 55 USPQ2d 1854, 1856 (Fed. Cir. 2000) (quoting *Parklane Hosiery Co. v. Shore*, 439 U.S. 322, 326 n.5 (1979)) (other citations omitted). For claim preclusion to apply, there must be:

- (1) identity of parties (or their privies);
- (2) an earlier final judgment on the merits of a claim; and
- (3) a second claim based on the same set of transactional facts as the first.

Id. (citing *Parklane Hosiery*, 439 U.S. at 326 n.5) (other citation omitted).

⁵² 58 TTABVUE 31; 16 TTABVUE 68 (emphasis added).

Here, we need look no further than the second prong of the test, as there has been no definitive final judgment as to the merits of the abandonment claim. As Respondent points out, the abandonment issue was categorized as a collateral issue and, while it “**appear[ed]**” to the court that the DERMAPEN mark had been abandoned by Respondent, the conclusions on abandonment were specifically applied to the Federal Litigation. We thus find that claim preclusion does not apply.

B. Issue Preclusion

The principle of collateral estoppel (issue preclusion) may bar relitigation of the same issue in a second action. *B&B Hardware, Inc. v. Hargis Indus., Inc.*, 575 U.S. 138, 113 USPQ2d 2045, 2051 (2015). “[T]he general rule is that ‘[w]hen 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 or a different claim.’” *Id.* (quoting RESTATEMENT (SECOND) OF JUDGMENTS § 27, p. 250 (1980)).

We recognize, as noted above, that there were some factual findings concerning abandonment in the Federal Litigation. However, because, for the reason discussed above, those did not lead to a definitive final (declaratory) judgment on the issue of abandonment, issue preclusion does not apply.

Having found that the doctrine of res judicata does not apply to Petitioner’s abandonment claim, we analyze that issue based on the arguments and evidence presented in this case.

C. Abandonment Resulting From Three Years Nonuse

Under Section 45 of the Trademark Act of 1946, 15 U.S.C. 1127, a mark shall be deemed abandoned:

(a) When its use has been discontinued with intent not to resume such use. Intent not to resume may be inferred from circumstances. Nonuse for 3 consecutive years shall be prima facie abandonment. "Use" of a mark means the bona fide use of such mark made in the ordinary course of trade, and not made merely to reserve a right in the mark....

There are two elements to an abandonment claim: non-use of the mark and intent not to resume use. Because registrations are presumed valid under 15 U.S.C. § 1057, the party seeking cancellation based on abandonment bears the burden of proving a prima facie case by a preponderance of the evidence. *Quality Candy Shoppes/Buddy Squirrel of Wisconsin Inc. v. Grande Foods*, 90 USPQ2d 1389, 1393 (TTAB 2007) (citing *On-Line Careline Inc. v. America Online Inc.*, 229 F.3d 1080, 56 USPQ2d 1471, 1476 (Fed. Cir. 2000)). If a plaintiff can show three consecutive years of nonuse, it has established a prima facie showing of abandonment, creating a rebuttable presumption that the registrant has abandoned the mark without intent to resume use. The burden of production (i.e., going forward) then shifts to the respondent to produce evidence that it has either used the mark or that it has intended to resume use (e.g., a convincing demonstration of "excusable non-use" that would negate any intent not to resume use of the mark). The burden of persuasion remains with the plaintiff to prove abandonment by a preponderance of the evidence. *See Imperial Tobacco Ltd. v. Philip Morris Inc.*, 899 F.2d 1575, 14 USPQ2d 1390, 1393 (Fed. Cir.

1990); *On-line Careline*, 56 USPQ2d at 1476; *Cerveceria Centroamericana, S.A. v. Cerveceria India, Inc.*, 892 F.2d 1021, 13 USPQ2d 1307, 1310 (Fed. Cir. 1989); *J.G. Hook, Inc. v. David H. Smith, Inc.*, 214 USPQ 662, 665 (TTAB 1982) (citing *Burroughs Wellcome Co. v. Warner-Lambert Co.*, 203 USPQ 191 (TTAB 1979)).

The key dates and events are set forth below:

**Current Ownership and Presumptive Abandonment
of the DERMAPEN Mark**

1. Ownership of the DERMAPEN Mark was transferred to Respondent, DPIP, in compliance with the Federal Litigation on March 31, 2015.⁵³

2. Owner [DPIP] admits that it is only a holding company, not an operating company.⁵⁴

3. The Operating Agreement of Derma Pen IP Holdings, LLC (“Agreement”) provides, inter alia, that:⁵⁵

Formation

1. By this Agreement the Members form a Limited Liability Company (the “Company”) in accordance with the laws of the State of Delaware. The rights and obligations of the Members will be as stated in the Delaware Limited Liability Company Act (the “Act”) except as otherwise provided here.

Purpose

3. The Company is organized for the conduct of any or all lawful affairs for which a limited liability company may be

⁵³ 35 TTABVUE 429 (Anderer decl. ¶ 14).

⁵⁴ 1 TTABVUE 8, Pet. to Can. ¶ 21; 4 TTABVUE 4, Answer ¶ 21.

⁵⁵ 20 TTABVUE 21, 23 (Anderer test. at Exhibit P-2) (emphasis added).

organized, however the Members intend the Company to act **solely as a holding entity for certain intellectual property assets.**

Term

4. The Company will continue until terminated as provided in this Agreement or may dissolve under conditions provided in the Act.

4. The three-year period of nonuse of the Mark commenced on January 9, 2015, when Respondent's predecessor in interest had no sales of any devices, products or inventory.⁵⁶ The testimony and evidence demonstrating nonuse of the Mark by Respondent establishes Petitioner's prima facie showing of abandonment.

Petitioner's Evidence of Nonuse of the DERMAPEN Mark by DPIPH

1. During discovery in the Federal Litigation, Michael Anderer, in his capacity as Derma Pen, LLC's witness pursuant to FRCP 30(b)(6), gave testimony verifying responses from Plaintiff's Supplemental Response to Interrogatory No. 7(c) to Non-Parties Second Set of Interrogatories and Production of Documents. In his February 19, 2021 testimony declaration in this case, Mr. Anderer agreed that the following language was contained in the above referenced response: "Since January 9, 2015, Plaintiff Derma Pen LLC has not had any unit sales of any devices, products or other inventory."⁵⁷

⁵⁶ See 20 TTABVUE 9 (Anderer test. 30:11-31:22) ("Since January 9, 2015, Plaintiff Derma Pen LLC has not had any unit sales of any devices, products or other inventory.").

⁵⁷ 20 TTABVUE 9 (Anderer test. 30:11-31:22); see also 16 TTABVUE 18-21 (Plaintiff's Supplemental Response to Interrogatory No. 7(c) to Non-Parties Second Set of Interrogatories and Production of Documents). We note the objections raised by Respondent during Mr. Anderer's deposition. However, those objections were not renewed in Respondent's brief and are therefore waived. See, e.g., *Wet Seal Inc. v. FD Mgmt.* 82 USPQ2d at 1632.

2. During the Federal Litigation, Anderer, in his capacity as Derma Pen LLC's witness pursuant to FRCP 30(b)(6), offered the following relevant testimony regarding current use of the Mark:

Q. Is anyone currently lawfully using the trademark in commerce?

A. Yes.

Q. Who?

A. That would be FD Holdings.

Q. One more time. FT Holdings?

A. FD. Stands for "fully differentiated holdings," meaning not Derma Pen.

Q. FD Holdings, is that a corporation?

A. It's an LLC.⁵⁸

Q. And what were Derma Pen IP Holdings, LLC's unit sales of product bearing the Dermapen mark in 2017?

A. I think I told you. That entity, you know, it wasn't an operational entity. Derma Pen IP Holdings never sold anything. It had -- you know, directly.

Q. Does FD Holdings -- does it have its own website?

A. No. But we still we do have DermaPen.com.

Q. And that URL, is that owned by FD Holdings?

A. FD Holdings or one of the -- one of the subsidiaries, yeah. I believe that was I believe that was -- like I told you, it was in state of transfer from -- Derma Pen IP Holdings had two assets: URL and the trademark. And those were in the process of - - just happened to be when we finalized it.

⁵⁸ 16 TTABVUE 24:8-17; *see also* 20 TTABVUE 64:8-17. Because Respondent did not object to this evidence, we have considered it in our decision.

When we finalized the foreclosure, we finalized the -- the appeal was finalized. We then -- and the judgment was finalized. We basically -- then we were comfortable moving it. So we started the process, or I started the process of that. Exactly where it is in the process, I have to check to see, you know, whether it's still with that entity, it's waiting on a signature or not. But those were not operational entities, and they were the ones so I'll have to -- you know, I'll just have to -- I'd have to research that, get that answer for you if you want to ask something relative to that company.

Q. So just to make it clear for the record, Derma Pen IP Holdings, LLC, that entity does not use the Dermapen trademark in commerce, correct?

A. Depends on how broadly you define "commerce." I guess it was defending the trademark. You know, it was basically sending out notices. They had -- basically, it was basically trying to defend the trademark, and then it was basically getting prepared to do once the -- once the foreclosure and once the lawsuit was finished. So -- but no, it doesn't -- it never was directly an operating company. It was really just set up as that holding company in the parameters of which were in the court order for setting up Derma Pen IP Holdings. And it was all done under the -- again, under the purview of the judge.

Q. Okay. So I just want -- and maybe the phrase "used in commerce" was a little too broad. Has Derma Pen IP Holdings ever had any unit sales of products bearing the Dermapen mark?

A. Not that -- not when it went back to again, I said it did not -- it did not sell product.⁵⁹

3. A screenshot taken from Respondent's website, as of January 8, 2021, reports that **"DPIPH remains the only party with the legal right to market**

⁵⁹ 16 TTABVUE 26:19-28:14; *see also* 20 TTABVUE 80:19-82:14.

DERMAPEN(R) goods in the United States,” and avers that “DPIPH does not currently market DERMAPEN(R) goods in the United States.”⁶⁰

Use of the DERMAPEN Mark in Commerce

1. To show its use of the DERMAPEN Mark in commerce, Respondent submitted price lists,⁶¹ product packaging,⁶² call scripts for sales,⁶³ email exchanges regarding purchases⁶⁴ and sales from the Internet and Hubspot.⁶⁵ As explained previously, we view this evidence, save the product packaging which was authenticated by the Turney declaration as noted below, only for what it shows on its face. As such, it does not demonstrate use of the Mark in commerce, much less how Respondent, who admittedly does not use the Mark in commerce, would benefit from the use of the Mark by FD Holdings, Inc. (“FD Holdings”), its parent.

2. Respondent also highlighted in its brief portions of the declaration testimony of Erin Turney, Respondent’s Co-Director of Education for FD Holdings, LLC and DPIPH, who testified as follows:⁶⁶

Since 2012, I have acted as Director of Education for the use of DERMAPEN[®] micro-needling products, including

⁶⁰ 19 TTABVUE 7-9 (emphasis in original supplied by Petitioner) (Marshall Decl., including Ex. P-1); *see also* 16 TTABVUE 125-131.

⁶¹ 34 TTABVUE 304 (Respondent’s November 29, 2021 Notice of Reliance).

⁶² 34 TTABVUE 339-343 (Respondent’s November 29, 2021 Notice of Reliance).

⁶³ 34 TTABVUE 484-487 (Respondent’s November 29, 2021 Notice of Reliance).

⁶⁴ 34 TTABVUE 497-509 (Respondent’s November 29, 2021 Notice of Reliance).

⁶⁵ 34 TTABVUE 523-665 (Respondent’s November 29, 2021 Notice of Reliance).

⁶⁶ 36 TTABVUE 137-139 (Turney decl.).

without limitation, the Mderma by Dermapen micro-needling product.⁶⁷

Additionally, I provide packaging of our products to end-users and customers once they have ordered the products bearing the DERMAPEN® Mark.⁶⁸

Since I have acted as Director of Education, at no times has there been a discontinuance of using the DERMAPEN® Mark in commerce.⁶⁹

We have actively used the website www.dermapen.com (the “Website”) and our Facebook page of Dermapen to market our products that bear the DERMAPEN® Mark.⁷⁰

We have received requests to purchase our products through our website.⁷¹

The Form Builder Submission accurately reflects prospective customers accessing our website looking to purchase our products.⁷²

Additionally, Registrant utilizes the services of third parties like Hub Spot to direct traffic to our Website for prospective sales.⁷³

Our invoices also bear the DERMAPEN® Mark.⁷⁴

⁶⁷ *Id.* at 138, ¶ 4.

⁶⁸ *Id.*, ¶ 5. Ms. Turney further introduced a “true and correct depiction of the packaging of the products” as Exhibit 1. *See id.* at ¶ 6, 36 TTABVUE 140-148.

⁶⁹ 36 TTABVUE 138, ¶ 7.

⁷⁰ *Id.*, ¶ 8.

⁷¹ *Id.*, ¶ 9. Ms. Turney also stated that “a true and correct copy and an accurate depiction of the ‘Form Builder Submission’ is attached as Exhibit 2.” The Exhibit, however, is missing from the submission.

⁷² *Id.*, ¶ 10.

⁷³ *Id.*, ¶ 11. Ms. Turney also averred that “a true and correct copy and accurate depiction of the ‘Hub Spot’ leads is attached as Exhibit 2.” The Exhibit, however, is missing from the submission.

⁷⁴ *Id.*, ¶ 12. The referenced exhibit, Exhibit 3, is missing.

Registrant has continually made promotions for sales of products bearing the DERMAPEN® Mark on the Website and on certain social media platforms.⁷⁵

Registrant has been in constant contact with customers, prospective customers, manufacturers and other third parties from the time rights were obtained in the DERMAPEN® Mark through the present.⁷⁶

3. Citing to invoices and “Form Builder Submission” leads attached to its notice of reliance, Respondent maintains that “Owner has further sold and transported products that bear the Mark and has not merely advertised and marketed products bearing the Mark.”⁷⁷

4. Citing to the same evidence, Respondent maintains that “at all relevant times since the Mark was registered with the USPTO, sales and transportation in interstate commerce have continued to exist.”⁷⁸

5. Stating that “[i]n furtherance of Owner’s [Respondent’s] use of the Mark in interstate commerce by means of sales of products, Owner [Respondent] has maintained sales forces”⁷⁹

⁷⁵ *Id.*, ¶ 16.

⁷⁶ *Id.*, ¶ 17.

⁷⁷ 35 TTABVUE 2-426; *see also* 34 TTABVUE 523-665.

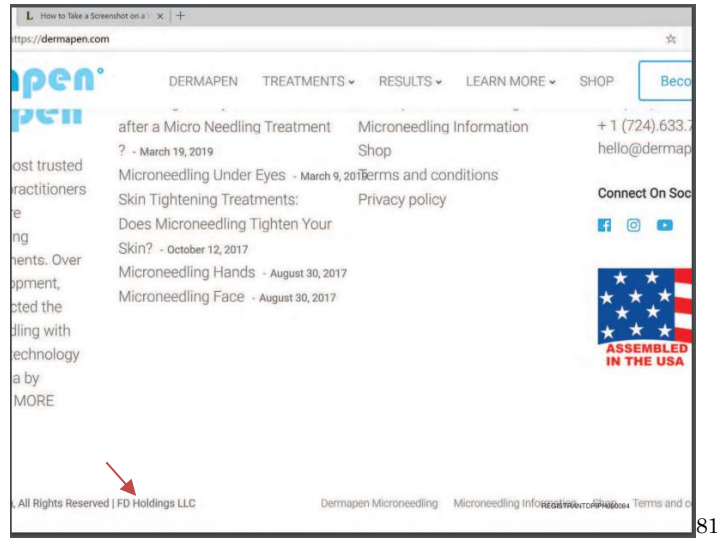
⁷⁸ *Id.*

⁷⁹ 58 TTABVUE 24. In setting forth this argument in its brief, Respondent added after the word “forces,” the following language: “through Anderer as sole and operating member and manager of Owner and operating manager of FD Holdings, LLC.” *Id.* This language, however, is not included in the Anderer declaration. It reads: “Registrant has maintained sales forces to sell the products bearing the mark, entered into manufacturing agreements for the manufacture and production of products bearing the Mark, and continued to use the Mark in commerce.” *See* 35 TTABVUE 430, ¶ 27.

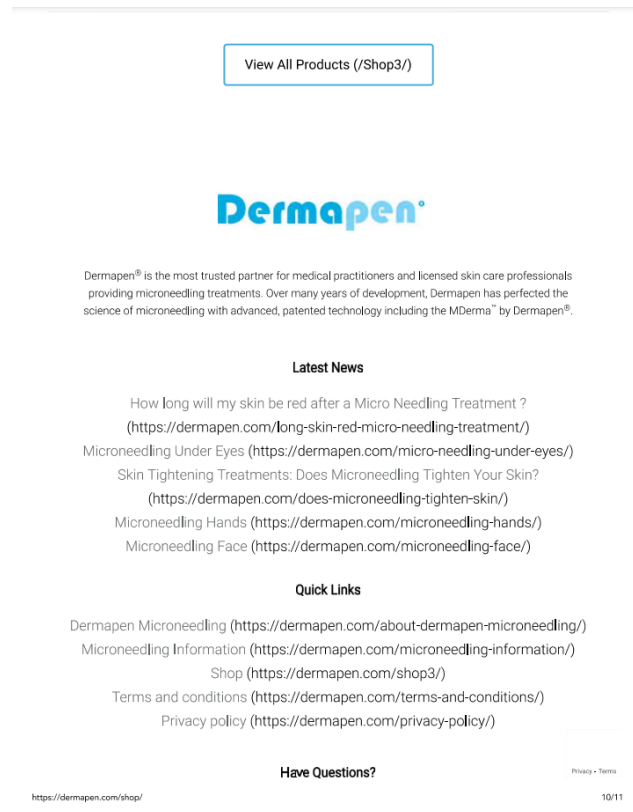
6. “Rather than merely advertising and marketing products that bear the Mark or simply placing the Mark on the website www.dermapen.com, Owner [Respondent] has continually offered promotions for sale of products bearing the Mark for customers to definitively sell and transport products bearing the Mark.”⁸⁰

A review of the evidence highlighted by Respondent, as well as the record as a whole, reveals very few references to either Respondent or FD Holdings in connection with the identified products sold under the DERMAPEN Mark, such that there would be an association to one or the other as to source. However, in the very few instances where there is some mention, it is to FD Holdings, and it is therefore FD Holdings that is likely to be associated with the DERMAPEN Mark. For example, in the following screenshot taken from the website dermapen.com, information regarding DERMAPEN’s microneedling devices note that all rights to the information displayed on the screenshot are with FD Holdings, LLC, and Respondent is not mentioned at all.

⁸⁰ 58 TTABVUE 25 citing 35 TTABVUE 431, ¶ 31. We note that Respondent did not originally include the purpose of its sales promotion in the Anderer declaration. However, the explanation clarifies rather than broadens the scope of the testimony and will be considered.



Another example from Respondent's website similarly mentions FD Holdings, LLC, but not Respondent.



81 50 TTABVUE 108 (Exhibits to Taylor decl.).


9/24/2020

Shop - Dermapen

+ 1 (888) 333.0509 – USA (tel:+18883330509)
+ 1 (724) 633.7620 (tel:+17246337620)
hello@dermapen.com (mailto:hello@dermapen.com)

Connect On Social

 (<https://www.facebook.com/dermapen>)

 (<https://www.instagram.com/dermapen>)

 (<https://www.youtube.com/dermapen>)

NOT ALL PRODUCTS AND INDICATIONS ARE LICENSED IN YOUR COUNTRY, PLEASE CHECK WITH YOUR LOCAL REPRESENTATIVE.

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82

We find the record replete with evidence of use, i.e., product packaging and invoices, which on their face, evidence sales of the DERMAPEN Mark in connection with the identified skin treatment devices. In addition, the record includes testimony regarding “Registrant’s” [FD Holdings] use and marketing of the DERMAPEN Mark in connection with the identified goods. There is also evidence of use of the DERMAPEN Mark in connection with social media and other forms of marketing. However, by Respondent’s own admission, and as confirmed in the record, none of those sales or other marketing efforts may be attributed to Respondent as it is merely a holding company with no operations.⁸³ Accordingly, unless FD Holdings’ use of the DERMAPEN Mark inures to Respondent’s benefit, Respondent can demonstrate no use of the DERMAPEN Mark, or intent to resume use thereof, during the critical three-year period commencing January 9, 2015.

⁸² 36 TTABVUE 55-56 (Respondent’s Not. of Rel.).

⁸³ 1 TTABVUE 8, Pet. to Can. ¶ 21; 4 TTABVUE 4, Answer ¶ 21.

Control of the DERMAPEN Mark

1. Respondent highlighted the following to evidence the common control of DPIPH and FD Holdings, LLC as regards the DERMAPEN Mark:

Owner [Respondent], by order of the Federal Court, was required to form Derma Pen IP Holdings, LLC and to assign the Mark to this entity.⁸⁴

Pursuant to the terms of the Operating Agreement upon formation of Owner, management of Owner was vested in the Members of Owner; specifically, Michael Anderer.⁸⁵

Anderer formed FD Holdings, LLC right after Owner [Respondent] was organized.⁸⁶

FD Holdings, LLC is the parent company of Derma Pen IP Holdings, LLC.⁸⁷

Michael Anderer is the Operating Manager and Member of FD Holdings, LLC.⁸⁸

Due to the fact that Anderer is the operating manager of FD Holdings, LLC and is also currently the operating manager of Owner [Respondent], at all times since the transfer of the Mark to Owner, Anderer has been in control of all business decisions and therefore retained full control

⁸⁴ Compare Pet. to Cancel, 1 TTABVUE 4, ¶ 18, with Answer to Pet. for Cancellation, 4 TTABVUE 3, ¶ 18. Respondent further noted that “[the assignment of the Mark] was not a business decision to transfer and assign the Mark to Owner, but rather was by virtue of order during the Federal Litigation.” 58 TTABVUE 25.

⁸⁵ 20 TTABVUE 23. Respondent expounded that as such, all business decisions, including control and supervision of the Mark and control over products bearing the Mark were vested solely with Michael Anderer. Respondent did not point to any documentation demonstrating how that control is exercised.

⁸⁶ 35 TTABVUE 427 (Anderer decl. ¶ 2). Respondent does not specify the date that FD Holdings, LLC was formed.

⁸⁷ 35 TTABVUE 427 (Anderer decl. ¶ 2).

⁸⁸ 35 TTABVUE 427 (Anderer decl. ¶ 1); 20 TTABVUE 23.

to supervise, manage, and control the quality of any goods bearing the Mark.⁸⁹

There is no competent evidence of any agreements between Respondent and FD Holdings regarding the DERMAPEN Mark that would support a finding that use of Respondent's Mark by FD Holdings inures to Respondent's benefit.

We acknowledge that Michael Anderer is the sole Operating Manager of FD Holdings and managing Member of Respondent, with both entities being limited liability companies. We further acknowledge that in his capacity as sole Operating Manager of FD Holdings, he asserts full control over all business decisions and therefore has complete authority to supervise, manage, and control the quality of any goods bearing the DERMAPEN Mark. Mr. Anderer, however, in his capacity as managing Member of Respondent, admitted there is no operation for him to manage or control; Respondent being only a holding company for the DERMAPEN Mark. Furthermore, the record is devoid of any information as to how Mr. Anderer's position as the sole manager of both discrete entities, in and of itself, results in a finding that Respondent, a mere holding company, controls the use of the Mark and the nature and quality of FD Holdings' skin treatment products. Put another way, even recognizing the common position Mr. Anderer holds with regard to both FD Holdings and Respondent, there is no specific evidence as to how he, as managing Member of Respondent, controls the nature and quality of the goods sold and marketed by FD

⁸⁹ Respondent cited to the Anderer declaration to support this statement. Markedly, there is nothing in the Anderer declaration, or elsewhere in the record, that specifies how Mr. Anderer maintains control and supervision over the quality of the goods bearing the DERMAPEN Mark.

Holdings. Moreover, to the extent there is any source-identifying information on Respondent's marketing materials, it identifies FD Holdings, not Respondent. We therefore can only conclude that Mr. Anderer, solely in his capacity as the Operating Manager of FD Holdings, exercised and exercises control over the Mark and the nature and quality of the goods identified thereunder.

Analysis

Against that backdrop, we consider whether Respondent has abandoned its DERMAPEN Mark based on three years of nonuse, with no intent to resume use. As argued by both Petitioner and Respondent, the critical issue in our analysis is whether Respondent exercised sufficient control over the Mark and the quality of the goods at issue such that use of the Mark by Respondent's parent company benefits Respondent. The parties diverge, however, with their choice of governing precedent. Therefore, we necessarily begin our discussion with the appropriate choice of law.

We reiterate, by Respondent's own admission, it is merely a holding company with no operations, and that Anderer is its sole Member.⁹⁰ The record further reflects that Respondent does not, and never has, engaged in the sale of any products or goods. Even so, Respondent posits that because there is a "unity of ownership" of the Mark between Respondent (subsidiary) and its parent company, FD Holdings, FD Holdings' use of the mark inures to Respondent's benefit. Concerning "unity of ownership," there is also no dispute that FD Holdings is the parent of Respondent and that

⁹⁰ 1 TTABVUE 8, Pet. to Can. ¶ 21; 4 TTABVUE 4, Answer ¶ 21; 20 TTABVUE 31 (Ex. P-2 to Anderer test. decl.).

Michael Anderer is the sole member and Operating Manager of FD Holdings.⁹¹ Therefore, Respondent argues, “unity of control establishes, vis-a-vi [sic], Anderer as controlling both FD Holdings (the parent) and Owner [Respondent] (the subsidiary) over the use of the Mark as a single source between the two affiliated companies.”⁹²

In making this argument, Respondent relies on *In re Wella A.G.*, 858 F.2d 725, 8 USPQ2d 1365 (Fed. Cir. 1988) in an effort to establish that Respondent and FD Holdings are “related companies” under the definition of that term as set forth in 15 U.S.C. § 1127 of the Lanham Act,⁹³ so that it may rely on use of the Mark made by FD Holdings. *Wella*, however, is clearly distinguishable from this proceeding. That case, as opposed to this one, involved the issue of likelihood of confusion and a potential bar to the registration of a mark and not the cancellation of a registered mark based on the issue of abandonment. In *Wella*, the critical issue before the court was whether the two involved companies constituted the “same source” of hair care products and not whether use by a respondent’s parent company inures to the benefit of its subsidiary. Moreover, *Wella* was decided almost thirty-five years ago, long before the Board issued its decision in *Noble House Home Furnishings, LLC v. Floorco*

⁹¹ See 20 TTABVUE 23, Ex. P-2.

⁹² 58 TTABVUE 38 (Respondent’s br. p. 37).

⁹³ As defined by the statute, “[t]he 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.’” Trademark Act § 45. See also Section 5 of the Trademark Act, 15 U.S.C. § 1055, which permits an applicant or registrant to rely on use of the mark by related companies.

Respondent also cited to the TRADEMARK MANUAL OF EXAMINING PROCEDURE (“TMEP”) § 1207.07(a). That section does not exist in the current edition of the TMEP, and Respondent did not provide a full citation, so we are unable to review historical treatment, if any.

Enterprises, LLC, 118 USPQ2d 1413 (TTAB 2016), which more closely aligns with the facts of this case.

We agree with Petitioner and find the Board's decision in *Noble House* instructive on the abandonment issue in this case. As in this case, in *Noble House*, the Board specifically considered the issue of whether "use of [a] mark by [a] parent entity inures to the benefit of the wholly-owned subsidiary when the parent entity controls the nature and quality of the goods and services." *Noble House*, 118 USPQ2d at 1421.

As just stated, Section 5 of the Trademark Act permits an applicant or registrant to rely on use of the mark by related companies. In analyzing the issue, the Board in *Noble House* explained:

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. 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 most situations, the inherent nature of the parent's overall control over the affairs of a subsidiary will be sufficient to presume that the parent is adequately exercising control over the nature and quality of goods and services sold by the subsidiary under a mark owned by the parent, without the need for a license or other agreement.

Id.

However, as Petitioner notes, "where the roles are reversed and ownership of a trademark is instead held by the subsidiary but goods are sold by the parent, there

is no inherent relationship upon which to rely.”⁹⁴ As discussed below, we find nothing in this record establishing that Respondent and FD Holdings are related companies.

Akin to *Noble House*, the record, here, reflects that “the parent company [] authorized its subsidiary, the Respondent, to be the owner of the registration at issue.” *Noble House*, 118 USPQ2d at 1421. We appreciate that the formation of Respondent as a separate legal entity was at the behest of the judge in the Federal Litigation, and as Respondent argues, “for the sole purpose of holding the Mark until final determination of the Federal Litigation.” Even so, the record reflects that long after the Federal Litigation concluded, Respondent was maintained⁹⁵ and controlled as a separate legal entity. At any time after the Federal Litigation ended, Respondent could have transferred ownership of the involved DERMAPEN Mark back to its parent.

We can only deduce from this record that the retention of the registration by Respondent was a business decision which, as articulated in *Nobel House*, has consequences. Respondent is a legally distinct subsidiary, which “counts as a ‘person’ under the Trademark Act.” 15 U.S.C. § 1127, Trademark Act § 45 (“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 law.”). *Id.* at 1422. Moreover, as further articulated in *Nobel House*, “[s]uch a business

⁹⁴ 62 TTABVUE 18 (Petitioner’s Reply br., p. 17).

⁹⁵ Indeed, Respondent filed the maintenance documents for the involved registration with the USPTO.

structure may offer some advantages, but it also comes with some strictures, and the existence of a separate and distinct legal entity (e.g., in this case a limited liability company) cannot be turned on or off at will to suit the occasion.” *Id.* Respondent has been maintained as a separate entity but it is its parent, FD Holdings, that actually uses the DERMAPEN Mark.

Because FD Holdings, Inc. (i) uses the DERMAPEN mark, (ii) controls Respondent (and not vice versa), (iii) on this record, has no agreements with Respondent concerning the use of the DERMAPEN mark, and (iv) controls the nature and quality of the goods sold under the mark, the use of the DERMAPEN mark by FD Holdings, Inc. does not inure to the benefit of Respondent, as registrant, because FD Holdings, Inc. 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). Accordingly, evidence of continued sales by FD Holdings, Inc. cannot be deemed use of the mark by Respondent and cannot show that Respondent intended to resume use of the DERMAPEN mark.

In view of the foregoing, we find that Respondent abandoned the DERMAPEN Mark by three years nonuse with no intent to resume use.

Decision: The petition for cancellation on the ground of abandonment is granted and Registration No. 4096295 will be cancelled in due course.⁹⁶

⁹⁶ In view of our decision to grant the cancellation on the ground abandonment, we need not reach Petitioner’s claim of abandonment by naked licensing. *See Venture Out Props. LLC v. Wynn Resorts Holdings LLC*, 81 USPQ2d 1887, 1894 (TTAB 2007) (“In view of our decision finding a likelihood of confusion, we need not reach the issue of dilution.”).