

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

FSW

THIS OPINION IS NOT A
PRECEDENT OF THE T.T.A.B.

Mailed: March 28, 2007

Cancellation No. 92045050

NASALOK COATING CORPORATION

v.

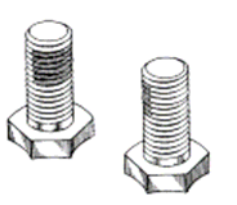
NYLOK CORPORATION

**Before Quinn, Bucher and Taylor,
Administrative Trademark Judges.**

By the Board:

Nasalok Coating Corporation ("Nasalok") has filed a petition to cancel the mark shown below on the grounds that the mark was procured by fraud, is functional, has not acquired distinctiveness, is generic, is a phantom mark and is ornamental.¹

¹ Reg. No. 2398840, registered October 31, 2000 for "metal externally threaded prevailing torque locking fasteners, namely screws, bolts, studs and shafts, and other specialty fasteners having a nylon locking element;" Section 8 affidavit accepted. The mark is described in the application as: "a patch of the color blue on a selected number of threads of an externally threaded fastener, with the blue patch extending more than 90 degrees and less than 360 degrees around the circumference of the fastener."



Nylok Corporation ("Nylok") has denied the salient allegations in the complaint and asserted as an affirmative defense that Nasalok's claims are barred by the doctrine of claim preclusion.

This case now comes before the Board on Nylok's motion for summary judgment on its affirmative defense of claim preclusion. Nylok asserts that the petition to cancel is barred by the infringement suit it brought against Nasalok in 2005 in the U.S. District Court for the Northern District of Illinois.² In that case, Nylok pleaded prior use of the color blue as a trademark for fasteners, ownership of registration no. 2398840, a likelihood of confusion, and damage from Nasalok's continued use of its color blue trademark. Nasalok defaulted, and the district court issued a default judgment against Nasalok. The court also issued an injunction against Nasalok, enjoining it from using the color blue for fasteners. In the injunction, the court held that Nylok is the "proper owner" of the registration; that the registration covers "the color blue trademark;" and that

² *Nylok Corporation v. Fastener World Incorporation, Cashi Components Corporation, Nasalok Components Corporation, Unilock Industrial Co., Ltd., and Nypatch Industrial Co., Ltd.*, Case No. 03C-8238.

Cancellation No. 92045050

"Nylok's color blue trademark is valid and enforceable in the United States of America." *Nylok v. Fastener, et. al.*, Case No. 03C-8238, *slip. op. page 3*, (N.D.Ill. May 31, 2005). Neither party has pointed to any subsequent history of this case and we thus presume no appeal was taken.

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 Systems*, 223 F.3d 1360, 55 USPQ2d 1854 (Fed. Cir. 2000), quoting *The Parklane Hosiery Co. v. Shore*, 439 U.S. 322, 326 n. 5 (1979). Thus, claim preclusion will bar a party in a second suit if: (1) there is identity of parties (or their privies); (2) there has been an earlier final judgment on the merits of a claim; and (3) the second claim is based on the same set of transactional facts as the first. *Jet*, 55 USPQ at 1856; see also *Lawlor v. National Screen Service Corp.*, 349 U.S. 322 (1955); and *Flowers Industries, Inc. v. Interstate Brands Corp.*, 5 USPQ2d 1580 (TTAB 1987).

Over the years, the doctrine has come to incorporate common law concepts of merger and bar, extending to those claims or defenses that could have been raised in the prior action. *Perma Ceram Enterprises Inc. v. Preco Industries Ltd.*, 23 USPQ2d 1134, 1138 (TTAB 1992); see also *Jet*, 55 USPQ2d at 1856 ("Claim preclusion refers to the effect of a

Cancellation No. 92045050

judgment in foreclosing litigation of a matter that never has been litigated, because of a determination that it should have been advanced in an earlier suit.”)

There is no dispute between the parties regarding factors (1) and (2): the parties (Nylok and Nasalok) are identical in both actions, and the infringement litigation resulted in a final judgment. The fact that the judgment was a result of Nasalok’s default is immaterial. “A default judgment can operate as *res judicata* in appropriate circumstances.” *Sharp Kabushiki Kaisha v. ThinkSharp Inc.*, 448 F.3d 1368, 79 USPQ2d 1376, 1378 (Fed. Cir. 2006); *see also Treadwell’s Drifters Inc. v. Marshak*, 18 USPQ2d 1318, 1321 (TTAB 1990).

Although Nasalok argues that there is a question as to whether the District Court was entitled to exercise personal jurisdiction over it because it is a Korean company, the court concluded that it had proper jurisdiction over Nasalok, finding that Nasalok transacted business in the judicial district and that the record showed it received proof of service of the complaint. In view thereof, Nasalok is precluded from claiming that the court lacked personal jurisdiction. Further, we reiterate that no appeal was taken from the District Court’s decision.

This case therefore reduces to an analysis of the transactional facts involved in the two causes of action.

Cancellation No. 92045050

Nasalok contends that a judgment on the merits of Nylok's claim of infringement in the civil action involved a different set of transactional facts than in this case, because the claims pleaded herein against Nylok have nothing to do with likelihood of confusion. Nylok responds that Nasalok bases its claims herein on the same set of transactional facts as it did in the civil action, namely, that Nylok falsely stated in the declaration in its trademark application, and in the statement of acquired distinctiveness under Section 2(f), that it was the exclusive user of the mark, despite its knowledge of use by Nasalok and others of the color blue in connection with fasteners.

We agree with Nylok that the same transactional facts are present herein as existed in the civil action. In its complaint in the civil action, Nylok claimed that the color blue had acquired distinctiveness as a trademark for its fasteners and that Nasalok had committed trademark infringement by using the color blue on its own line of fasteners. Nylok pleaded ownership of the registration that is the subject of this proceeding, and prayed that the court enjoin Nasalok "from using Nylok's trademarked color blue." At the time of the infringement suit, Nylok's statements of acquired distinctiveness were known to Nasalok, inasmuch as they were stated in the pleaded registration.

Cancellation No. 92045050

Thus, Nasalok's present claims arise out of the same transactional facts as those present in the civil action. They are an attack on the registration that was adjudicated in the prior case. The court's order specifically held that the "color blue trademark is valid and enforceable." This order encompassed the registration that issued for said color blue. Nasalok's claims herein that the registration was procured by fraud, is functional, has not acquired distinctiveness, is generic, is a phantom mark and is ornamental were necessary to that determination. Since they arise out of the same transactional facts as were present in the civil action, Nasalok is barred from relitigating them here.

Accordingly, Nylok's motion for summary judgment is hereby granted and the petition to cancel is dismissed with prejudice.