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UNITED STATES PATENT AND TRADEMARK OFFICE

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Trademark Trial and Appeal Board

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DIB Funding, Inc.

v.

Honson Luma

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Cancellation No. 92068284
(Registration No. 5396033)

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James R. Hastings of COLLEN IP,
for DIB Funding, Inc.

Honson Luma, pro se.

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Before Mermelstein, Wellington, and Larkin, Administrative Trademark Judges.

Opinion by Wellington, Administrative Trademark Judge:

Honson Luma ("Respondent" or "Luma"), is the owner of Registration No. 5396033 on the Principal Register of the mark **DIBCOIN** in standard characters for the following services:[1]

[1] The registration issued on February 6, 2018, based on an application filed on July 20, 2017, wherein Respondent claimed first use of the mark in connection with the services on July 5, 2016.

> Financial services, namely, providing a virtual currency for use by members of an on-line community via a global computer network; Financial services, namely, providing electronic transfer of a virtual currency for use by members of an on-line community via a global computer network in International Class 36.

DIB Funding, Inc. ("Petitioner") seeks to cancel the registration on the ground that Respondent was not the owner of the registered mark at the time of filing the underlying application, as required under Trademark Act Section 1(a), 15 U.S.C. § 1051(a).[2] Petitioner alleges that "Respondent knew at the time he filed [the application that] his statement that 'he believes that the applicant is the owner of the trademark/service mark sought to be registered' was false."[3] Specifically, Petitioner alleges that Respondent is "a former officer of Petitioner, [and] has acknowledged that DIBCOIN is an asset of [Petitioner]."[4] Petitioner pleads that it is the rightful owner of the registered mark and has filed an application to register the mark for "crypto currency coins," and that said application has been refused based on Respondent's registration.[5]

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[2] 1 TTABVUE (Petition for Cancellation). Petitioner also asserted likelihood of confusion and fraud as grounds for cancellation but did not pursue these grounds at trial or argue them in its trial brief. Accordingly, these claims are deemed waived and not given further consideration. *See Alcatraz Media Inc. v. Chesapeake Marine Tours Inc.*, 107 USPQ2d 1750, 1752 n.6 (TTAB 2013), *aff'd,* 565 F. Appx. 900 (Fed. Cir. 2014); *Joel Gott Wines LLC v. Rehoboth Von Gott Inc.*, 107 USPQ2d 1424, 1426 n.3 (TTAB 2013) (opposer's pleaded descriptiveness claim not argued in brief deemed waived); *Knight Textile Corp. v. Jones Inv. Co.*, 75 USPQ2d 1313, 1314 n.4 (TTAB 2005) (pleaded dilution ground not pursued in brief deemed waived).

[3] 1 TTABVUE 6 (¶ 18).

[4] *Id.* at 4 (¶ 9).

[5] *Id.* at 7 (¶¶ 26-28).

In his Answer, Respondent makes certain admissions, including that "DIBCOIN is an open source Bitcoin 2.0 protocol embedded on top of the bitcoin blockchain,"[6] but otherwise denies the salient allegations in the Petition for Cancellation.

The parties have fully briefed this cancellation proceeding.

I. The Record – Evidentiary Objections and Late Submissions

The record includes the pleadings and, by operation of Trademark Rule 2.122, 37 C.F.R. § 2.122, the involved registration file.

During its trial period, Petitioner submitted the testimony declaration, with accompanying exhibits, of Adam Petty, Petitioner's President and CEO.[7] Petitioner also filed a notice of reliance on the following materials: Respondent's responses to Petitioner's discovery requests, including interrogatories, requests for admissions and requests for production of documents; Internet printouts from websites, including articles and press releases involving use of the term DIBCOIN; and a printout from the Office's electronic database for Petitioner's pleaded application.[8]

Respondent, during his trial period, filed a copy of his testimony by declaration, with accompanying exhibits.[9] Respondent also filed a notice of reliance on the following materials: various email communications; a "DIBCOIN ledger"; a "Blockchain Timetable"; Petitioner's responses to Respondent's requests for

[6] 4 TTABVUE (Answer ¶ 8).

[7] 13 TTABVUE.

[8] 12 TTABVUE.

[9] 18 TTABVUE.

production of documents; an "Ambisafe Service Agreement"; and various Internet printouts, including articles, involving the cryptocurrency DIBCOIN.

During its rebuttal trial period, Petitioner filed the rebuttal testimony declaration of Adam Petty.[10]

Petitioner's Objections and Respondent's Untimely Submissions

Petitioner has raised objections in its trial briefs to Respondent's filing, on two different occasions, of two declarations and various other materials outside his assigned trial period.[11] Respondent did not address the objections or otherwise explain why his submissions should be considered properly made of record despite being filed outside his trial period.

Additionally, Respondent made 11 different submissions with the Board well after his assigned trial period and subsequent to the filing of the parties' trial briefs.[12] Indeed, Respondent filed these papers subsequent to the Board's designating this proceeding as "submitted for final decision" (29 TTABVUE). Respondent's filings, some captioned as "supplemental notice of reliance," presumably contain evidentiary materials that Respondent would like the Board to consider.

In general, a party's assigned trial period is the time when it may take testimony and introduce other evidence. See Trademark Rule 2.121, 37 C.F.R. § 2.121. *See also*, in general, TRADEMARK TRIAL AND APPEAL BOARD MANUAL OF PROCEDURE (TBMP)

[10] 20 TTABVUE.

[11] 23 TTABVUE 18 (Petitioner's objection); 21-22 TTABVUE (Respondent's declarations); 28 TTABVUE 7 (Petitioner's objection); 24-26 TTABVUE (Respondent's filings)

[12] 30-40 TTABVUE.

§ 700 et seq. (2020) (Trial Procedure and Introduction of Evidence). Evidence not obtained and filed in compliance with the rules of practice governing inter partes proceedings before the Board will not be considered by the Board. Rule 2.123(k), 37 C.F.R. § 2.123(k). *See also Maytag Co. v. Luskin's, Inc.*, 228 USPQ 747, 748 (TTAB 1986); *Binney & Smith Inc. v. Magic Marker Ind., Inc.*, 222 USPQ 1003, 1009 n.18 (TTAB 1984); and TBMP § 706.

Inasmuch as Respondent's objected-to submissions were filed outside his trial period and are not otherwise properly of record, Petitioner's objections are sustained and the objected-to materials are given no further consideration in this proceeding.[13] Respondent's additional filings are also manifestly untimely and we give them no further consideration. *Id.*

II. Background

This proceeding involves rights to registration of a mark involving cryptocurrency. Cryptocurrency is a digital asset designed to work as a medium of exchange wherein individual coin ownership records are stored in a digital ledger or computerized database using strong cryptography to secure transaction record entries, to control the creation of additional digital coin records, and to verify the transfer of coin ownership.[14] Many cryptocurrencies use decentralized computer networks based on blockchain technology (a distributed ledger enforced by the disparate computer

[13] To be clear, 21-22 and 24-26 TTABVUE are not of record.

[14] We take judicial notice definitions of "cryptocurrency" provided by Investopedia (www.investopedia.com), an online investment encyclopedia, and Merriam-Webster online dictionary (www.merriam-webster.com).

network).[15] Cryptocurrencies are generally not issued by any central governmental authority.[16]

The parties agree that DIBCOIN is "an open source Bitcoin 2.0 protocol embedded on top of the bitcoin blockchain."[17]

Petitioner is a company formed in 2015 for the purpose of "acquiring third-party companies through the use of crypto-currency."[18] [1] Petitioner's majority owner and Petitioner share the same name ("DIB Funding, Inc."); Petitioner is incorporated in Delaware and its majority owner in Michigan.[19] Petitioner's majority owner assigned Petitioner the "DIBCOIN intellectual property assets," according to Adam Petty, CEO for both corporations.[20]

In or around August, 2016, Respondent was appointed Vice President of Petitioner and Sunshine Capital, Inc. ("Sunshine"); the latter company was a majority-owned, publicly-traded company of Petitioner at the time and is now defunct.[21] Respondent signed a "compensation agreement" with Sunshine (identified as a "DIB Funding Company") wherein he was tasked with "provid[ing] general management services."[22]

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[15] *Id.*

[16] *Id.*

[17] See Note 6.

[18] 13 TTABVUE (Petty Dec. ¶¶ 3 and 5).

[19] *Id.*

[20] *Id.*, ¶¶ 5-6.

[21] *Id.*, ¶¶ 7-8 and Ex. A (press release); also 18 TTABVUE (Luma Dec. Ex. 1).

[22] 18 TTABVUE (Luma Ex. 2).

On September 16, 2016, Cision PR Newswire issued a press release titled "DIB Funding, Inc. Has Created the First Cryptocurrency, 'DIBCOIN,' to be Used by Sunshine Capital, Inc. for Asset Acquisitions," which describes the DIBCOIN as being a Sunshine product to "purchase assets and other corporations without diluting the shareholders of Sunshine."[23] On March 27, 2017, a second press release was issued, titled "Sunshine Capital, Inc. Announces That DIBCOIN Has Been Approved To Trade On the Livecoin Exchange." The second press release includes the following language:

> "We are about to make history," stated Adam Petty, President and CEO of Sunshine Capital, Inc. "Once DIBCOIN starts trading on the Live Coin Exchange, it automatically gives Sunshine Capital, Inc. a massive amount of liquid assets. Having DIBCOIN trading on the Livecoin exchanged is the first step in implementing our business plan."
>
> "In months, we have done something that takes other companies years to achieve!" exclaimed Honson Luma, Vice President of Sunshine Capital, Inc. "What the investment world needs to understand is that for every penny DIBCOIN trades at, it gives our Company approximately $40 Million Dollars in liquid assets. So a single penny should increase Sunshine Capital, Inc.'s book value approximately $2.35 a share."

On April 12, 2017, pursuant to an order from the U.S. Securities and Exchange Commission, Sunshine was suspended from trading in securities in the company.[24] At some point in time, presumably after the suspension, Sunshine dissolved.[25]

[23] Petty Dec. Exs. K-L.

[24] 18 TTABVUE (Luma Dec. ¶ 25 and Ex. 9).

[25] 20 TTABVUE (Petty Rebuttal Dec. ¶ 5).

On July 7, 2017, Respondent resigned from his position with Petitioner and Sunshine.[26] Approximately two weeks later, on July 20, 2017, Respondent filed the application that matured into the subject registration and claimed that he first used the mark in connection with the identified services on July 5, 2016.

The evidence does not clearly indicate when the DIBCOIN mark was first used in connection with cryptocurrency products and services. However, based on the testimony and issued press releases, discussed *supra*, there is no dispute that a DIBCOIN-branded cryptocurrency, and related technology, was operational prior to Respondent's resignation in July 2017.

As to the genesis of a DIBCOIN-branded cryptocurrency or related technology, Respondent avers that "in early 2016" he and two previously-associated officers of Petitioner and Sunshine "formed a loose partnership to help the company enter the cryptocurrency space."[27] However, Respondent does not state how he, as an individual, first began to use DIBCOIN in connection with cryptocurrency. Nevertheless, according to Respondent, he had a "gentlemen's agreement (separate from [Sunshine and Petitioner]," whereby he "could retain ownership and control over my Legacy Wallet and my intellectual property . . . [and] ownership, control and disposition of the coin I created."[28]

[26] *Id.*, Luma Dec. ¶ 27.

[27] 18 TTABVUE (Luma Dec. ¶ 4).

[28] *Id.* (Luma Dec. ¶ 14).

Petitioner, on the other hand, claims it coined the term DIBCOIN. Petitioner's President and CEO avers that DIB "stands for 'Do It Big,'" and "was derived by the incorporators of DIB Funding, Inc. [Petitioner] in October of 2015 when DIB Funding, Inc. was formed."[29] He further states that therefore "[t]he mark 'DIBCOIN' was created by [Petitioner] as the name of its cryptocurrency" and this "all occurred prior to Luma being involved with [Petitioner], or its publicly traded company, [Sunshine]."[30] Petitioner asserts that Respondent Luma was hired to "create crypto currencies for both [Sunshine and Petitioner] and get the crypto currencies listed on public exchanges."[31] Petitioner also asserts that the "relevant public associates the DIBCOIN mark with Petitioner," pointing to the press releases and an agreement with a third party cryptocurrency exchange accepting DIBCOIN as a depository item.[32]

III. Petitioner's Standing

Standing is a threshold issue that a plaintiff must prove in every inter partes case. *See Empresa Cubana Del Tabaco v. Gen. Cigar Co.*, 753 F.3d 1270, 111 USPQ2d 1058, 1062 (Fed. Cir. 2014). "The facts regarding standing ... are part of [a plaintiff's] case and must be affirmatively proved. Accordingly, [plaintiff] is not entitled to standing solely because of the allegations in its petition." *Lipton Indus., Inc. v. Ralston Purina Co.*, 670 F.2d 1024, 213 USPQ 185, 189 (CCPA 1982). Our primary reviewing court

[29] 20 TTABVUE (Petty Dec. ¶ 4).

[30] *Id*.

[31] 23 TTABVUE 11, citing to Petty Dec. ¶ 7 (13 TTABVUE).

[32] *Id*. at 12; Petty Dec. ¶ 23 and Ex. AH.

has enunciated a liberal threshold for determining standing: a plaintiff must demonstrate that it has a "real interest" in a proceeding beyond that of a mere intermeddler, and "a reasonable basis for his belief of damage." *Empresa Cubana*, 111 USPQ2d at 1062 (quotation omitted). A "real interest" is a "direct and personal stake" in the outcome of the proceeding. *Ritchie v. Simpson*, 170 F.3d 1092, 50 USPQ2d 1023, 1026 (Fed. Cir. 1999).

Petitioner's standing in this proceeding is clearly established through the testimony, with exhibits, of Petitioner's principal and Respondent himself. Essentially, the evidence shows that the parties were in business together in connection with a cryptocurrency under the mark DIBCOIN. Specifically, Petitioner's principal avers that Petitioner was incorporated with the express purpose of entering the cryptocurrency business and lays claim to the DIBCOIN mark. Respondent acknowledges that he signed a compensation agreement with Petitioner to assist Petitioner in its business endeavors.

Petitioner's application to register the same mark for cryptocurrency was also refused registration based on the involved registration and suspended pending the outcome of this proceeding.[33] *Lipton Indus.,* 213 USPQ at 189; *see also King Candy Co. v. Eunice King's Kitchen, Inc.*, 496 F.2d 1400, 182 USPQ 108, 110 (CCPA 1974); *L'Oreal S.A. v. Marcon*, 102 USPQ2d 1434, 1436 n.7 (TTAB 2012).

The aforementioned amply demonstrates that Petitioner has standing as plaintiff, and that it is not a mere intermeddler, and has a reasonable basis for its belief of

[33] *Id.*, Petty Dec. ¶¶ 34-36; Ex. AH.

damage in connection with Respondent's continued registration of the DIBCOIN mark. *Ritchie v. Simpson*, 50 USPQ2d at 1025-26.

IV. Petitioner's Non-Ownership Claim

Under Trademark Act Section 1(a), 15 U.S.C. § 1051(a), only the owner may apply to register a mark. Whoever controls the nature and quality of goods or services sold under a mark is the owner of that mark. *See In re Wella A.G.*, 229 USPQ 274, 278 (Fed. Cir. 1986). Under Trademark Act Section 5, 15 U.S.C. § 1055,

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

"The term 'related company' means any person whose use of a mark is controlled by the owner of the mark with respect to the nature and quality of the goods or services on or in connection with which the mark is used." Trademark Act Section 45, 15 U.S.C. § 1127.

As plaintiff in this proceeding, Petitioner must prove its claim by a preponderance of the evidence. *See Bose Corp. v. QSC Audio Prods. Inc.*, 293 F.3d 1367, 63 USPQ2d 1303, 1305 (Fed. Cir. 2002); *Sanyo Watch Co. v. Sanyo Elec. Co.*, 691 F.2d 1019, 215 USPQ 833, 834 (Fed. Cir. 1982) ("As the opposer in this proceeding, appellant bears the burden of proof which encompasses not only the ultimate burden of persuasion, but also the burden of going forward with sufficient proof of the material allegations of the Notice of Opposition, which, if not countered, negates appellee's right to a registration.").

We find that Petitioner has demonstrated by a preponderance of the evidence that Respondent was not the owner of the DIBCOIN mark on July 20, 2017, when Respondent filed the use-based application that matured into the subject registration. The evidence shows that Respondent's efforts and involvement with the DIBCOIN cryptocurrency coin, and related technology and services associated therewith, were done at the behest and on behalf of Petitioner in his position as Petitioner's Vice President.

The evidence shows that the DIBCOIN cryptocurrency was first created and promoted at the time when Respondent began working for Petitioner – in July 2016. The "compensation agreement" that Respondent signed with Sunshine also makes abundantly clear that Respondent was working on behalf of Sunshine and he agreed that he "shall use his best efforts to promote the interests of [Sunshine]."[34] The agreement further provided that "upon termination of this Agreement, the Vice President, shall, upon request forthwith return to [Sunshine] any and all materials whatsoever" regarding the business of Sunshine.[35]

During Respondent's tenure as Vice President for Sunshine and Petitioner up to his resignation in July 2017, Respondent was holding himself out as Sunshine's and Petitioner's representative and the DIBCOIN cryptocurrency was being held out to the public as a product of Petitioner, not Respondent. In email correspondence dated on and around September 26, 2016, from Respondent to a third-party, Respondent

[34] 18 TTABVUE 14 (Luma Dec. Ex. 2).

[35] *Id*. at 15.

identifies himself as "Vice president of [Petitioner and Sunshine]" and states that "we created DIBCOIN the currency for the two companies."[36] Respondent goes on to state in the email that "DIBCOIN has something backing it: [Petitioner] which own [sic] [Sunshine] which is a public company and if [Sunshine's ticker symbol] is worth $1 or 5 billion dollars it is more than what is backing Bitcoin."[37] The email is signed "Honson Luma, Vice President . . . Sunshine Capital, Inc. (SCNP) . . . DIB Funding, Inc."[38] As illustrated by the press releases that were issued in 2016 and 2017 (discussed *supra*, "Background"), the DIBCOIN cryptocurrency is described as a product of Petitioner.

Respondent, in his brief, makes various factual assertions in support of his contention that he was the creator and only owner of the mark DIBCOIN in connection with cryptocurrency. However, many of these assertions are either unsupported or contradicted by the evidence of record. Specifically, Respondent states that "DIBCOIN was created and used in commerce long before [Petitioner hired Luma in July or August 2017]."[39] Respondent, however, has not produced any evidence to substantiate his claim regarding creation of the mark or testified how he was using it prior to entering into the contract with Petitioner. Indeed, noticeably absent from his testimonial declaration is any specific averment as to Respondent's creating the DIBCOIN cryptocurrency on his own behalf and using the mark to

[36] 13 TTABVUE 27 (Petty Dec. Ex. F).

[37] *Id.*

[38] *Id.* at 28.

[39] 27 TTABVUE 17.

identify himself as the source for any DIBCOIN cryptocurrency or associated technology services. Respondent's assertion that he "sold and distributed the [cryptocurrency] coins under [the DIBCOIN mark]" is contrary to the email correspondence of record wherein Respondent seeks to have the cryptocurrency listed on exchanges while acting in his capacity as Vice President for Sunshine and Petitioner. Although Respondent, in later email correspondence, added the moniker "& Creator of DIBCOIN" immediately after his title, this still appeared above the names and contact information for Sunshine and Petitioner.[40] In other words, a third-party receiving this type of solicitation or correspondence would perceive Respondent as still acting on behalf of Petitioner and the mark DIBCOIN as being the property of the company(ies) whom Respondent was representing, not Respondent individually.

The mindset of the relevant public is expressed in email correspondence dated September 5, 2017 from counsel for Cryptopia, a third-party currency exchange operator, and addressed to both Respondent and Petitioner.[41] In responding to a request for Cryptopia to delist the DIBCOIN cryptocurrency and reacting to the ongoing dispute between Respondent and Petitioner, Cryptopia's counsel states:[42]

> [E]ven though our initial contact about listing DIBC [the trading symbol for DIBCOIN] was with Mr. Luma [Respondent], we have always believed that Mr. Luma was acting in his capacity as Vice-President of [Petitioner] and not Mr. Luma in his personal capacity. . . We therefore reject [Respondent's] proposition that our contract was with Mr. Luma, as

[40] 13 TTABVUE; Petty Dec. Ex. G.

[41] *Id*. at 319-323; Petty Dec. Ex. AI.

[42] *Id*. at 320.

> opposed to [Petitioner]. It follows that we are unable to completely disregard [Petitioner's President] Mr. Petty's position, especially when he spoke in the capacity as the President of [Petitioner].

Respondent also argues that he was the one who "exercised control over the nature and quality of goods on which mark appeared . . . communicated with the various exchanges continually with respect to enhancing the product, adding more exchanges, promotional activities, coin swaps and resumptions of pauses in trading . . . [and] responded to hacks of the system."[43] Again, there is no evidence of record to support Respondent's claims that even if he was driving force behind the DIBCOIN cryptocurrency, he was actively performing these duties on his own behalf and that the relevant purchasers of the cryptocurrency regarded Respondent as acting in his individual capacity and as owner of the DIBCOIN mark, versus acting on behalf of his employers Sunshine and Petitioner.

Respondent argues in his brief that he "paid for advertising and promotion of the trademarked [sic] initially."[44] Once more, there is no evidence showing that Respondent incurred expenses on his own for advertising cryptocurrency goods or services prior to the filing of the application on July 20, 2017, let alone that such advertising or promotion pointed to Respondent as the owner of the mark.

We further note that Respondent even acknowledges that Petitioner and Sunshine "sponsored promotions for use of their distribution of [the DIBCOIN cryptocurrency] coin"; however, Respondent contends that Petitioner's "promotion was as

[43] 27 TTABVUE 30.

[44] *Id*.

manufacturer, and not a distributor."[45] Regardless of how Respondent characterizes his relationship with Petitioner, there is no evidence indicating how Petitioner's promotion of the DIBCOIN mark in connection with cryptocurrency would inure to Respondent's personal benefit as putative owner of the mark.

Ultimately, the preponderance of the evidence shows that, at the time of filing his application that matured into the subject registration, Respondent was not the owner of the DIBCOIN mark in connection with the services listed in the registration. Petitioner has demonstrated that it, and its related company, Sunshine, were actually the entities using the mark throughout the relevant time period leading up to the filing of Respondent's application. The evidence does not show that Petitioner or Sunshine ever relinquished ownership or control of the mark to Respondent or anyone else. Because Respondent was not the owner at the time of filing, he was not eligible to apply to register the mark under Section 1(a), 15 U.S.C. § 1051(a), the application that matured into Respondent's registration was void ab initio, and the registration is thus void and is cancelled on this ground.

Decision: The petition to cancel Respondent's registration is granted on the ground that Respondent was not the owner of the mark at the time of filing the application that matured into the subject registration. Registration No. 5396033 will be cancelled in due course.

[45] 27 TTABVUE 18.