

**UNITED STATES DEPARTMENT OF COMMERCE
Patent and Trademark Office
Trademark Trial and Appeal Board
2900 Crystal Drive
Arlington, Virginia 22202-3513**

Mail date: July 22, 2004

Opposition No. 91/122524

X/Open Company Limited

v.

Wayne R. Gray

Cheryl Butler, Attorney, Trademark Trial and Appeal Board:

Discovery closed on August 7, 2003. In an order dated October 24, 2003, the Board reset testimony periods only, with first testimony to close on January 30, 2004. Proceedings were suspended on February 11, 2004 pending disposition of outstanding motions.

In a decision dated April 12, 2004, the Board granted applicant's (second) motion to amend his answer, counterclaim, and affirmative defenses; allowed opposer time to file an answer to applicant's second amended counterclaim and affirmative defenses; allowed opposer time to respond to applicant's motion to accept late service of his discovery responses; reopened discovery only with respect to the matters raised in applicant's amended pleaded; and otherwise reset testimony dates.

This case now comes up on applicant's fully-briefed motion to accept late service of his discovery responses; and opposer's fully-briefed motion for entry of a protective order.

Before turning to the contested matters, the Board briefly addresses other matters. Opposer's answer, filed May 12, 2004, to applicant's second amended counterclaim and affirmative defenses is noted and entered. The parties' stipulated motion, filed June 8, 2004, to suspend proceedings pending disposition of the outstanding contested motions is granted. Opposer's withdrawal of its unilateral motion, June 7, 2003, to suspend in view of the stipulation of June 8th is noted. Applicant's withdrawal, filed May 21, 2004, of its previously noticed (May 13, 2004) deposition of Novell, Inc. for May 25, 2004, in view of the stipulated suspension, is noted. The Board appreciates the parties' courtesies in clarifying the status of said matters.

Applicant's motion to accept late service of its discovery responses

On the last day of discovery, August 7, 2003, opposer served written discovery requests (interrogatories, document requests, and requests for admission) on applicant. On November 25, 2003, after the due date, applicant served responses to the requests. Opposer elected not to bring a motion to compel prior to the opening of the first testimony or otherwise complain about applicant's late responses. Actually, opposer does not complain now about the late received discovery responses with respect to

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applicant's responses to opposer's interrogatories and document requests; and no further consideration will be given to applicant's motion as to applicant's responses to opposer's interrogatories and document requests.¹ The dispute between the parties here involves opposer's requests for admissions. Thus, applicant's motion to accept late service of his discovery responses must be construed as a motion to withdraw the effective admissions and substitute substantive responses.

Pursuant to Fed. R. Civ. P. 36, if a party upon which requests for admission have been served fails to respond in a timely manner, the requests stand admitted unless the party is able to show that its failure to respond was the result of excusable neglect **or** unless a motion to withdraw or amend the admissions is filed and is granted by the Board.²

In support of its motion, applicant acknowledges that its responses were late. Applicant argues that its attorney, in July, 2003, hired a new secretary who had no prior legal

¹ Opposer indicates its understanding that a party which fails to respond to a request for discovery during the time allowed is deemed to have forfeited its rights to object to the discovery requests on the merits. However, opposer's understanding is not entirely accurate. Rather, **upon a motion to compel** filed by the propounding party, the Board **may** find that the responding party, having failed to respond during the allotted time, has forfeited its right to object to the discovery requests on their merits. See TBMP Section 527.01(c) (2nd ed. Rev. 1 March 2004). For reasons which will become clearer later in this order, applicant is not seeking to interpose objections regarding the matter in dispute between the parties.

² Where a responding party seeks to be relieved of the effect of the *untimeliness* of its response (i.e. that the admissions are deemed admitted), it must show excusable neglect. A responding party also may move to withdraw or amend admissions. See *Hobie Designs, Inc. v. Fred Hayman Beverly Hills, Inc.*, 14 USPQ2d 2064 (TTAB 1990).

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experience; that the new secretary did not follow instructions as to docketing and was fired in early September, 2003; and that applicant did not realize that the discovery requests were misplaced until October, 2003, upon which applicant completed the responses and served them in late November, 2003.³

In response, opposer argues that applicant has not shown excusable neglect for his late responses. More particularly, opposer argues that the docketing errors and office breakdowns experienced by applicant do not constitute excusable neglect; that applicant's delay between the time the oversight was discovered and the time he brought his motion (to accept late service of the discovery responses) was substantial, being about two months; and that such delay is prejudicial to opposer who "...relied upon the fact that Applicant failed to serve timely discovery responses, and the well established rule that such late responses stand admitted..."

In reply, applicant argues that the circumstances leading to the untimeliness of his response were not due merely to a docketing error in the office of his attorney, but to a "serious collapse" of procedural operations in August and September, 2003, resulting in the dismissal of the irresponsible employee.

There is no question that applicant's responses to opposer's requests for admission were untimely. The applicable standard in

³ Applicant indicates that he produced 2500 documents in response to opposer's document requests, thus suggesting that the preparation of the responses took some time.

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considering a motion to withdraw admissions (or, in this case, a motion to withdraw effective admissions) is set out in Fed. R. Civ. P. 36(b) and is tailored more precisely to the purposes of said Rule. The Rule provides that the court may permit withdrawal or amendment when to do so will aid in the presentation of the merits of the action and will not prejudice the party who made the admissions request. See Wright, Miller & Marcus, 8A Federal Practice and Procedure, Civil 2d §2264 (1994). Thus, the Board may permit withdrawal or amendment of an admission when the presentation of the merits of the proceeding will be subserved thereby, and the propounding party fails to satisfy the Board that withdrawal or amendment will prejudice said party in maintaining its action or defense on the merits. See Fed. R. Civ. P. 36(b); *Hobie Designs Inc. v. Fred Hayman Beverly Hills Inc.*, 14 USPQ2d 2064 (TTAB 1990); and TBMP Section 525 (2nd ed. Rev. 1 March 2004).

Here, upholding the admissions would eliminate, or substantially impair, presentation of the merits of the case; and opposer has not shown that it will be prejudiced by any withdrawal and amendment of applicant's admissions. (The loss of a potential windfall judgment does not amount to prejudice.)

In view thereof, applicant's motion to withdraw his admissions is granted; and the responses, served November 25, 2003, to opposer's request for admission are the operative responses.

Opposer's motion for entry of a protective order

The Board, in its April 12, 2004 decision, granted applicant's motion to amend his answer and counterclaim to include the additional grounds for the counterclaim titled as follows: Lack of Standing Due to Prior Transfer; Lack of Standing Due to Assignment in Gross; Fraudulent Deed of Assignment of the "Unix" Marks to Opposer; and Abandonment Due to Naked Licensing.

In support of its motion for a protective order, opposer argues that applicant "... has served 265 pages of discovery requests on X/Open and 19 pages of discovery request on third parties," in an attempt to reopen discovery outside the permitted parameter, which was limited in the Board's April 12, 2004 decision solely to the newly added grounds for the affirmative defenses and counterclaim. It is opposer's position that the subject matter of applicant's second amended counterclaim and, thus, discovery, is limited to "... the transfer of the UNIX trademark from X/Open's predecessor Novell, Inc. ("Novell") as X/Open claims, or The SCO Group, Inc. ("SCO"), as Gray incorrectly alleges." Opposer argues that applicant seeks discovery outside of Novell's transfer of the UNIX mark. Opposer requests that the Board order that it and its licensees need not respond to applicant's discovery requests or, in the alternative, need respond only to those requests within the scope of permitted discovery.

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In response, applicant argues (and notes that opposer admits later in its motion) that most of the 265 pages composing applicant's discovery requests include exhibits, intended by applicant to save time and effort for opposer.⁴ Applicant argues that its second amended counterclaim includes several topics, not limited to "... the transaction in which Novell transferred the marks to X/Open"; and that the Board, in reopening discovery directed to the newly pleaded matter, did not then limit or redefine the newly pleaded matter solely to such transaction, as opposer appears to advocate. Applicant acknowledges that opposer contacted applicant on May 19, 2004 by phone and letter in an effort to resolve the dispute. However, applicant argues that opposer "gave" applicant only 18-20 hours to agree to opposer's objection, threatening otherwise to file a motion for protective order, which was filed by opposer on May 20, 2004. Applicant contends that it did not refuse to revise its discovery requests, but "... merely pointed out to opposer that the schedule was unworkable but that 'we would certainly take another look at everything.'" Applicant indicates he is willing to compromise in many areas and has submitted revisions and withdrew many of his discovery requests.

In reply, opposer argues that applicant's amended counterclaims are "...but one claim with different names, all

⁴ The Board observes, too, that each of the twenty-six interrogatory requests was served on its own page, rather than condensed to two or three pages.

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relating to the alleged invalidity of the Novell-X/Open transfer..." Opposer argues that the modified requests are still improper; and that, given the limited scope of discovery, overly numerous. As examples of improper discovery subject matter, opposer contends that the following do not impact the validity of the transfer from Novell to X/Open: licensing by predecessors-in-interest to Novell, transfer of the UNIX source code;⁵ and documents between opposer and the USPTO concerning the UNIX marks.⁶

At the outset, it is generally inappropriate for a party to respond to a request for discovery by filing a motion attacking it, such as a motion for a protective order. Rather, the party ordinarily should respond by providing the information sought in those portions of the request that it believes to be

⁵ Netlingo defines "source code" as follows: The form in which a computer program or Web site is written. On the Internet, for example, the source code for a Web page could contain any of the following languages: HTML, JavaScript, Java, or SGML.

These codes, in turn, may call upon scripts or documents that are written in the same code or in an entirely different code, such as Perl, C++, or CGI. (www.netlingo.com/lookup.cfm?term=source%20code.)

Free On-line Dictionary of Computing defines "source code" as: The form in which a computer program is written by the programmer. Source code is written in some formal programming language which can be compiled automatically into object code or machine code or executed by an interpreter.

(<http://foldoc.doc.ic.ac.uk/foldoc/foldoc.cgi?source+code>.)

Software includes both source code written by humans and executable machine code produced by assemblers or compilers.

(<http://foldoc.doc.ic.ac.uk/foldoc/foldoc.cgi?software>.)

Onelook Dictionary Search. (www.onelook.com .)

⁶ As to this latter example, it would appear that any documents filed with or submitted to the USPTO are records available to the public.

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proper, and stating its objections to those which it believes to be improper. See TBMP Section 526 (2nd ed. Rev. 1 March 2004). In this case, opposer has exaggerated the volume of applicant's requests by including the exhibits provided gratuitously by applicant and by not recognizing that each of the interrogatory requests was served on its own page, rather than in a condensed format. Moreover, to the extent that opposer indicates it made a good faith effort to present and resolve the dispute, the Board finds that an ultimatum and a deadline (particularly an extremely short deadline) are not efforts undertaken in good faith to resolve any disputes.⁷

In view thereof, opposer's request that it need not respond at all to applicant's discovery requests is denied.

Applicant's additional grounds set forth in his second amended answer and counterclaim are not limited solely to "the transfer" transactions *per se* between Novell, Inc. and X/Open (1998) and/or SCO (1995). See applicant's affirmative defenses at paragraph nos. 20-23 and applicant's counterclaim allegations

⁷ The Board notes, too, that opposer admits that some of applicant's requests are proper. Thus, opposer's failure to observe the proper protocol with respect to moving for entry of a protective order, combined with presentation of a "good faith effort" to resolve the dispute, albeit gratuitous, and its exaggeration of applicant's discovery requests may be construed as obstructionist and dilatory. The parties are both reminded of the Board's inherent authority to manage the cases on its docket, including the authority to impose sanctions for improper and dilatory conduct that does not fall within the reach of other sanctioning provisions of the rules. See TBMP Section 527.03 (2nd ed. Rev. 1 March 2004). Both parties are advised that the Board may choose to exercise such sanctioning authority in the future.

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at paragraph nos. 10-14 of applicant's second amended answer, affirmative defenses and counterclaim (filed January 22, 2004). The areas identified by the Board, in its April 12, 2004 decision, as pertinent to applicant's permitted amended affirmative defenses and counterclaim, and as to the subject matter of reopened discovery, were not all-inclusive. The amended affirmative defenses and counterclaim raise questions as to the scope of the 1995 agreement between Novell and SCO, including whether the trademarks at issue here were assigned. The agreement also raises questions as to whether the Unix business and/or goods were transferred separately from the trademarks. Applicant brought amended claims involving "...an as-yet undisclosed re-licensing agreement dated May 10, 1994 from Novell to Opposer of one or both of the UNIX marks..." (listed in the attachments to the 1995 agreement between Novell and SCO), and its impact upon the validity of any transfer. Applicant brought claims alleging an assignment in gross, resulting from "no continuity of use" of the products because, as alleged, opposer took a bare assignment of the trademark to use with a new and different certification operation unrelated to the original Unix business (i.e., the UNIX marks were transferred separately from the Unix source codes, resulting in different products or abandonment of the products).⁸

⁸ Counterclaim defendant's involved goods are "computers" (Registration No. 1390593) and "computer programs" (Registration No. 1392203).

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Applicant provided numerous exhibits with the service of his discovery requests which permit opposer a chance to look at the information upon which applicant may be relying on in propounding his requests. This apparent courtesy provided by applicant does not amount to harassment in the discovery process. Moreover, applicant signaled his intent to be cooperative in this discovery process by revising many of his requests and withdrawing some of his requests.

The Board expects the parties to cooperate with one another in this proceeding, including discovery. Inasmuch as opposer put virtually every request in dispute, the Board offers only the guidelines below, and does not consider each and every request propounded by applicant.

Applicant's discovery requests concerning the transfers and chain of title to the UNIX marks, and goods, prior to ownership by Novell do not seem to be in dispute. That is, the parties appear to agree that AT&T was the original owner of the marks and relevant goods; that the relevant business and marks were transferred to Unix Systems Laboratories (USL); and that USL was purchased by and merged with Novell. Thus, applicant's discovery requests concerning "pre-Novell" ownership and conduct are outside the scope of permitted discovery. *See for example* document request nos. 13, 6; and interrogatories 11, 12.

Applicant's discovery requests seeking information and documents concerning communications with the USPTO relating to

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any UNIX mark are overly broad and, thus, beyond the scope of permitted discovery. *See for example* document request nos. 32-34; interrogatory 18. Application and registration files are public records, available to applicant. Applicant has not tailored his requests to specific types of documents or information, if any exist, that may not be in the application or registration files.

Applicant's discovery requests concerning UNIX specifications, source codes, and/or standards appear proper. In the event that applicant's claim that Novell transferred the UNIX marks to SCO in 1995 is not proven, and it is found that Novell transferred only the operating system specifications, source codes and/or standards, as opposer appears to argue, these discovery requests are directed to applicant's claim that there has been an assignment in gross. For example, information as to whether Novell sold to SCO older specifications, source codes and/or standards that Novell was no longer using, while retaining current successor specifications, source codes and/or standards for the goods with which the UNIX marks are used and registered is relevant to applicant's amended affirmative defenses and counterclaim. Equally so, information that Novell may have sold the only existing specifications, source codes and/or standards for the goods to SCO, retaining only the UNIX marks (later transferred to opposer) and, thus, potentially resulting in a different goodwill and different products, is also relevant. A

trademark cannot be sold separately from the essential assets used to make the product or service that the trademark identifies. See *Green River Bottling Co. v. Green River Corp.*, 997 F.2d 359, 27 USPQ2d 1304 (7th Cir. 1993).

Thus, opposer's request that it respond only to those discovery request arising from the amended counterclaim, said request being in accordance with the Board's April 12, 2004 decision anyway, is granted. However, the scope is not so limited as opposer would present, as discussed above; the Board has provided some additional guidance; and applicant has revised his requests in an attempt to resolve the dispute, including withdrawing some of the requests. In addition, applicant is permitted by the rules to seek discovery from opposer's purported licensees, following the correct procedure to do so. The scope of any such discovery sought falls is the same as that discussed here and in the April 12, 2004 decision.

In view thereof, opposer is allowed until **thirty days** from the mailing date of this order to respond to applicant's revised requests, except in the two areas noted above.

Discovery⁹ and trial dates are reset as indicated below:

THE PERIOD FOR DISCOVERY TO CLOSE: 8/31/04

⁹ Discovery is open directed solely to the matters arising from applicant's amended pleadings, as discussed more fully in this order and in the Board's April 12, 2004 decision.

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Testimony period for
plaintiff in the opposition to close: (opening thirty days
prior thereto) 11/29/04

Testimony period for defendant in the opposition
and as plaintiff in the counterclaim to close: 1/28/05
(opening thirty days prior thereto)

Testimony period for defendant in the counterclaim
and its rebuttal testimony as plaintiff in the
opposition to close: 3/29/05
(opening thirty days prior thereto)

Rebuttal testimony period for plaintiff in the
counterclaim to close: 5/13/05
(opening fifteen days prior thereto)

Briefs shall be due as follows:
[See Trademark rule 2.128(a)(2)].

Brief for plaintiff in the opposition shall be due: 7/12/05

Brief for defendant in the opposition and as
plaintiff in the counterclaim shall be due: 8/11/05

Brief for defendant in the counterclaim and its reply
brief (if any) as plaintiff in the opposition
shall be due: 9/10/05

Reply brief (if any) for plaintiff in the
counterclaim shall be due:

9/25/05

In each instance, a copy of the transcript of testimony together with copies of documentary exhibits, must be served on the adverse party within thirty days after completion of the taking of testimony. Rule 2.125.

Briefs shall be filed in accordance with Rule 2.128(a) and (b). An oral hearing will be set only upon request filed as provided by Rule 2.129.

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