

TTAB



May 3, 2007

United States Patent and Trademark Office  
Trademark Trial and Appeal Board  
P.O. Box 1451  
Alexandria, VA 22313-1451

Re: Opposer: Digi International Inc.  
Applicant: DigiPos Systems Inc.  
Opposition No.: 91163719  
Serial No.: 76/561,585  
Our File No.: 51307-469997

CERTIFICATE OF MAILING 37 C.F.R. 1.8	
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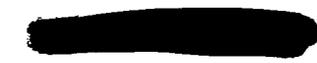
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cc: Serge Anissimoff, Esq.



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**IN THE UNITED STATES PATENT AND TRADEMARK OFFICE  
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD**

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Digi International Inc., )  
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                    Opposer )  
v. )  
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DigiPos Systems Inc., )  
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                    Applicant )  

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Opposition No. 91163719  
Serial No. 76/561,585

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**BRIEF FOR OPPOSER**

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## STATEMENT OF ISSUES

The issue before the Board is as follows:

Whether the Applicant's DIGIPOS mark so resembles DIGI's previously used and registered trademarks, service marks and trade name as to be likely to cause confusion, mistake, or deception under Section 2(d) of the Trademark Act, 15 U.S.C. § 1052(d).

## STATEMENT OF FACTS

### A. Facts Relating to Opposition

On December 29, 2004, Digi International Inc. (hereafter "DIGI" or "Opposer") filed a Notice of Opposition against registration of Application Serial No. 76561585 (the "Application"), filed November 21, 2003, by Applicant PC-POS North America, Inc. ("Applicant") seeking registration of the mark DIGIPOS for "computer hardware, peripheral equipment and software for use in controlling point-of-sale transactions, and managing point-of-sale information and all retail store management procedures." The application claims use in commerce since January 30, 2002, but has since been amended to claim a later first use date of July 25, 2002.

The Board instituted this proceeding on January 7, 2005.

On October 16, 2006, DIGI took the testimony of Joel Young<sup>1</sup>, Senior Vice President of Research and Development and Chief Technical Officer for DIGI, with Exhibits DX 1-32 deemed to have been entered into evidence with the provisions of 37 C.F.R. § 2.123(a)(1). On October 17, 2006, DIGI took the testimony of Jan McBride<sup>2</sup>, Director of Worldwide Communications for DIGI, with Exhibits DX 33-52, and of Brenda Mueller<sup>3</sup>, Controller of DIGI, with Exhibits DX 53-55<sup>4</sup>, both depositions deemed to have been entered into evidence through the provisions 37 C.F.R. § 2.123(a)(1) Applicant attended the depositions on both dates through it counsel Serge Anissimoff.

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<sup>1</sup> Testimony from Mr. Young will be referred to as JY, followed by the page number(s).

<sup>2</sup> Testimony from Ms. McBride will be referred to as JM, followed by the page number(s).

<sup>3</sup> Testimony from Ms. Mueller will be referred to as BM, followed by the page number(s).

<sup>4</sup> DIGI's Exhibits will be referred to as DX.

On January 12, 2007, Applicant took the deposition of Mark Leaper<sup>5</sup>, President and CEO of DigiPos Systems, with Exhibits 1 through 41<sup>6</sup>, deemed to have been entered into evidence with the provision of 37 C.F.R. § 2.123(a)(2) pursuant to stipulation of the parties. DIGI's attorney John Boyle attended the deposition.

On March 22, 2007, DIGI took the deposition of Joel Young, Volume II, with Exhibits 53 through 55 deemed to have been entered into evidence with the provisions of 37 C.F.R. § 2.123(a)(1), is submitted to the TTAB under separate cover on even date herewith under seal and marked "Confidential – Attorney's Eyes Only" pursuant to a Stipulated Protective Order.. The second deposition of Mr. Young<sup>7</sup>, was taken to enter testimony in rebuttal to statements made by Mr. Leaper in his deposition of January 12, 2007, statements to which the Opposer has objected, as discussed in more detail below. Applicant's counsel Serge Anissimoff attended the deposition by telephone, per stipulation of the parties.

**B. Facts Relating to DIGI's Trademark Registrations**

In its Notice of Opposition, DIGI alleged prior use and registration of the following eighteen (18) marks consisting of or including the term DIGI:

Mark	Reg. No./ Reg. Date	Serial No./ Filing Date	Goods/Services Int'l Class	Date of First Use in Commerce
DIGIBOARD	1,666,495 12/3/91	74/071,818 6/22/90	Microcomputer hardware and computer programs for use in communications, in Class 9	7/23/85
DIGI	2,630,891 10/8/02	76/258,111 5/16/01	Computer network connectivity hardware and computer network connectivity software, namely, multi-modem communication adapters, multiport serial adapters, USB-to serial converters, USB expansion hubs, USB remote access servers, terminal servers, printer servers, device servers, and	7/23/85

<sup>5</sup> Testimony from Mr. Leaper will be referred to as ML, followed by the page number(s).

<sup>6</sup> Applicant's Exhibits will be referred to as AX.

<sup>7</sup> Mr. Young's second testimony deposition will be referred to as JY2d, followed by the page number(s).

Mark	Reg. No./ Reg. Date	Serial No./ Filing Date	Goods/Services Int'l Class	Date of First Use in Commerce
			<p>network serial concentrators, all used to provide wired and wireless connectivity between local and wide area networks, to provide Universal Serial Bus (USB) connectivity, to provide remote access to local and wide area networks, to provide firewall security, and to provide Internet access, in Class 9;</p> <p>Consulting and design services in connection with computer network connectivity hardware, wired and wireless, and computer network connectivity software;</p> <p>maintenance, repair and technical support in the field of computer network connectivity hardware and computer network connectivity software, namely, telephone support provided to customers, in Class 42</p>	
<b>DIGI</b>	2,319,992 2/22/02	75/193,725 11/5/96	<p>Computer network connectivity hardware and software, in Class 9;</p> <p>Maintenance and/or repair of computer network connectivity hardware, in Class 37;</p> <p>Manufacture of computer network connectivity hardware to the specification of others, in Class 40;</p> <p>Training, namely, providing classes and seminars in the use of computer network connectivity hardware and software, in Class 41;</p> <p>Design for others of computer network connectivity hardware and software; maintenance, repair and technical support in the field of network connectivity hardware and software, namely, telephone support provided to purchasers and users of computer hardware and software, and writing of computer network connectivity software for others, in Class 42</p>	7/23/85
<b>DIGI &amp; Design</b>	2,019,613 11/26/96	74/547,516 7/11/94	<p>Microcomputer circuit boards and peripherals for use in connection with multi-user systems and local area networks; and microcomputer software, namely, software for operating such microcomputer</p>	July 1994

Mark	Reg. No./ Reg. Date	Serial No./ Filing Date	Goods/Services Int'l Class	Date of First Use in Commerce
			hardware, software for terminal emulation, software for data communications in multi-user systems, software for data communications in local area networks, and software for remote local area network access, in Class 9	
<b>DIGI INTERNATIONAL</b>	2,132,925 1/27/98	74/480,054 1/18/94	Microcomputer hardware, circuit boards, microcomputer peripherals, and software, namely, software for operating such microcomputer hardware, software for terminal emulation, software for data communications in multi-user systems, software for data communications in local area networks, and software for remote local area network access, all for use in data communications, in Class 9	4/30/97
<b>DIGI CLASSICBOARD</b>	2,148,245 3/31/98	75/118,415 6/13/96	Computer network connectivity hardware and software, in Class 9	9/13/96
<b>DIGI CONNECTS &amp; Design</b> 	2,193,984 10/6/98	74/655,746 4/4/95	Computer hardware and software for data communications and hardware and software designed to operate with data communications products, in Class 9	12/1/95
<b>DIGI &amp; Design</b> 	2,200,945 11/3/98	75/215,067 12/18/96	Computer network connectivity hardware and software, in Class 9; Maintenance and/or repair of computer network connectivity hardware, in Class 37; Manufacture of computer network connectivity hardware to the specification of others, in Class 40; Training, namely, providing classes and seminars in the use of computer network connectivity hardware and software, in Class 41; Design for others of computer network connectivity hardware and software; maintenance, repair and technical support in the field of network connectivity hardware and software, namely, telephone support provided to purchasers and users of computer hardware and software, and writing of computer network connectivity software for	July 1994

Mark	Reg. No./ Reg. Date	Serial No./ Filing Date	Goods/Services Int'l Class	Date of First Use in Commerce
<b>DIGI (Stylized)</b> 	2,317,478 2/15/02	75/193,524 11/5/96	<p>others, in Class 42</p> <p>Microcomputer circuit boards and peripherals for use in connection with multi-user systems and local area networks; and microcomputer software, namely, software for operating such microcomputer hardware, software for terminal emulations, software for data communications in multi-user systems, software for data communications in local area networks and software for remote local area network access, in Class 9;</p> <p>Maintenance and/or repair of computer network connectivity hardware, in Class 37;</p> <p>Manufacture of computer network connectivity hardware to the specification of others, in Class 40;</p> <p>Training, namely, providing classes and seminars in the use of computer network connectivity hardware and software, in Class 41;</p> <p>Design for others of computer network connectivity hardware and software; maintenance, repair and technical support in the field of network connectivity hardware and software, namely, telephone support provided to purchasers and users of computer hardware and software, and writing of computer network connectivity software for others, in Class 42</p>	7/23/85
<b>DIGI &amp; Design</b> 	2,369,665 7/25/00	75/207,246 12/3/96	<p>Maintenance and or repair of computer network connectivity hardware, in Class 37;</p> <p>Manufacture of computer network connectivity hardware and software to the specification of others, in Class 40;</p> <p>Training, namely, providing classes and seminars in the use of computer network connectivity hardware and software, in Class 41;</p> <p>Design for others of computer network connectivity hardware and software; maintenance, repair and technical support in the field of</p>	July 1994

Mark	Reg. No./ Reg. Date	Serial No./ Filing Date	Goods/Services Int'l Class	Date of First Use in Commerce
			network connectivity computer software, in Class 42	
<b>DIGI INTERNATIONAL</b>	2,392,683 10/10/00	75/576,649 10/27/98	Maintenance and/or repair of computer network connectivity hardware, in Class 37; Manufacture of computer network connectivity hardware and software to the specification of others, in Class 40; Training, namely providing classes and seminars in the use of computer network connectivity hardware and software, in Class 41; Design for others of computer network connectivity hardware and software and technical support in the field of network connectivity hardware and software, namely, providing information and instructions regarding products via telephone, telefax and via a global computer network, in Class 42	July 1994
<b>DIGI CONNECT</b>	2,912,411 12/21/04	76/554,843 10/14/03	Computer network connectivity hardware and computer network connectivity software, in Class 9	12/1/95
<b>DIGI ONE</b>	2,765,124 9/16/03	76/310,132 9/7/01	Computer network connectivity hardware, namely, external and embedded computer hardware used to network enable serial components, in Class 9	July 2001
<b>DIGI NEO</b>	2,01,154 3/25/03	76/239,207 4/11/01	Computer network connectivity hardware and computer network connectivity software, in Class 9	4/4/01
<b>DIGI CONNECTWARE</b> 	2,743,267 7/29/03	76/192,414 1/9/01	Computer network connectivity hardware for data communications, in Class 9	3/31/01
<b>DIGI ONE REALPORT</b>	2,802,150 1/6/04	76/492,566 2/26/03	Computer network connectivity hardware and software, namely, external and embedded computer hardware and embedded computer software used to network enable serial components, in Class 9	October 2001
<b>DIGI ONE IA REALPORT</b>	2,802,149 1/6/04	76/492,565 2/26/03	Computer network connectivity hardware and software, namely, external and embedded computer hardware and embedded computer software used to network enable	January 2002

Mark	Reg. No./ Reg. Date	Serial No./ Filing Date	Goods/Services Int'l Class	Date of First Use in Commerce
			serial components for industrial automation environments and applications, in Class 9	
<b>WWW.DIGI.COM</b>	2,624,198 9/24/02	76/261,216 5/22/01	Computer network connectivity hardware and computer network connectivity software, namely, multi-modem communication adapters, multiport serial adapters, USB-to serial converters, USB expansion hubs, USB remote access servers, terminal servers, print servers, device servers, and network serial concentrators, all used to provide wired and wireless connectivity between local and wide area networks, to provide Universal Serial Bus (USB) connectivity, to provide remote access to local and wide area networks, to provide firewall security, and to provide Internet access, in Class 9; Consulting and design services in connection with computer network connectivity hardware and computer network connectivity software; maintenance and repair of computer network software; and technical support services, namely, troubleshooting of computer hardware and software problems via a telephone support service provided to purchasers and users of network connectivity hardware and software, in Class 42	3/3/99

The above marks are collectively referred to as the "Digi Marks".

In its Notice of Reliance No. 2, Opposer submitted certified copies of Reg. Nos. 2019613, 2148245, 2193984, 2200945, 2317478, 2319992, 2369665, 2630891, 2912411, 2925639, 3021998, 3022000, and 3071921, and printouts from the PTO's TARR database showing evidence of registration and current status of Reg. Nos. 2907196, 2960718, 3038875, 2915625, 2802150, 2802149, 2801034, 2765124, 2624198, 2701154, 2743267, 2392683, 2616097, 2132925, and 1666495. As DIGI Exhibit No. 42, DIGI submitted a report listing all of

the active U.S. registrations and applications owned by the Opposer, including, but not limited to, the marks listed in the table above. In her testimony deposition, Jan McBride, Director of Worldwide Communications for DIGI, identified the report as a list of trademarks owned by the Opposer and attested to the fact that all of the marks shown on the report are currently in use by Opposer and that the marks have been used continuously since they were adopted. Ms. McBride also specifically identified photocopies of the registration certificates for U.S. Reg. Nos. 2,319,992, for the mark DIGI, 2,132,925 for the mark DIGI INTERNATIONAL, and 2,019,613, for the mark DIGI & DESIGN (Lined for the Color Green). (DX43,44,45).

DIGI has consistently monitored the use of the DIGI mark by other parties by subscribing to a Watch Service through its undersigned counsel and is notified of potentially infringing marks by said counsel. (JM 100). Over the years DIGI has brought actions in the TTAB when necessary to enforce its rights in the mark. Opposer's Answer to Applicant's Interr. No. 34 provides a list of the actions and their outcomes. Opposer has invested a great deal of money during the past twenty years in registering and enforcing its Digi Marks, as evidenced by the list of registrations it has obtained (DX42) and by the list of actions it has filed with the TTAB.(Opp.'s Answers to Appl.'s 1st Set of Interr., Nos. 60-72)

### **C. Company History and Extent of Use of the Digi Marks**

DIGI is a global leader in field of computer hardware used for device networking. (JY 124). Since its incorporation in 1985 under the name Digiboard, Inc., DIGI has sold products under the Digi Marks identified in Exhibit 42 and in the table above across the United States and throughout the world. The company went public in 1989 under the name Digi International and is traded on the Nasdaq National Market under the symbol DGII. (BM 8). Opposer. Net sales of products under the Digi Marks for the years 1986 through 2005 totaled more than two billion

dollars, \$2,017,886,000 to be exact. (BM 11-14, DX53) During its fiscal years 1995 through 2005, sales of products under the Digi Marks in the United States alone totaled \$1,245,252,000. (BM 11-14) (DX54)

The Opposer's core marks DIGI, and DIGIBOARD have been used prominently and continuously on products and packaging for products for more than twenty years and the mark DIGI & DESIGN (also referred to as the DIGI LOGO) has been used continuously since 1994, more than thirteen years. (JM46) The record contains numerous photos of products bearing the Digi Logo. (DX51, Pgs. 16, 18, 19, 20, 23, 24, 25, 26, 27, 47, and others). Exhibits show the DIGI mark and Digi Logo used on packaging (JM 46)(DX 46)), on product datasheets (JM 47) (DX1 through 26), on instructions and installation guides (JM 48)(DX 47), on DIGI's Website (JM 50)(DX 27, pg 1), on operations guides provided to OEMs (JM 50)(DX 48), on Products Catalogs (JM 53,54,56) (DX 49-51), on published white papers (JM 55), on Solution Guides (JM 57)(DX28), on Application Guides(JM59)(DX29) and at trade show exhibitions (JM 55,59-62, 65, 93, 94, 95, 96, 97)(DX 52) Jan McBride has testified that the mark is used on promotional items (JM62), on letterhead, invoices, and business cards (JM 63) and on DIGI's corporate headquarters building (JM 64).

DIGI aggressively markets its branded products within the vertical markets it has identified and, as part of that marketing, attends approximately thirty (30) trade shows and exhibitions each year (JM93) where it hosts a booth and displays products bearing the various Digi Marks. The trade shows are carefully selected by the marketing and sales teams to target the Opposer's vertical markets, which includes the Retail/POS market. (JM75,94-98)

Opposer also advertises its products and services through the preparation and distribution of newsletters. Two issues of an ongoing series of newsletters targeted to the Retail/POS market

titled "Digi Retail Connection", distributed to resellers, systems integrators and end user customers, are shown at DX36 and 37. (JM 74,75) These newsletters were first mailed out in the first quarter of 2002 and continues to be sent to customers every six weeks. (JM 31) The Solutions Guides and Applications Guides published by Opposer are used by sales people and channel salespeople as sales tools to demonstrate solutions using DIGI products and are left with customers by these salespeople. (JM 92,93)(DX 50). These Solution Guides and Application guides are also available online at [www.digi.com](http://www.digi.com). Opposer maintains an extensive Website at this Web address, which includes an online catalog, extensive information regarding products, including product datasheets, solution guides, application guides and an archive of White Papers published on various topics relating to computer technology. (JM88)

In the years since 1985, DIGI has acquired a number of companies with established brands of products, namely, Inside Networks, Inc., Netsilicon, Inc., Rabbit Semiconductors, Inc. and Maxstream, Inc. After each acquisition, DIGI immediately began to use Digi Marks on and in connection with the products sold by the newly acquired companies. (JM13, 15, 198-22, 80-82) While retaining the well-known marks used on products sold by Netsilicon and Inside Out Networks, Opposer altered the company logos to include the legend "a DIGI INTERNATIONAL Company" immediately under the Netsilicon and Inside Out Networks mark. (DX 27, pg 19) (JM 109-111) and obtained registrations for the marks in the new forms under Reg. Nos. 3,134,664 (INSIDE OUT NETWORKS A DIGI INTERNATIONAL COMPANY & DESIGN) and 2,801,034 (NETSILICON A DIGI INTERNATIONAL COMPANY & DESIGN. (DX42). In addition to marking the products with the new logos that include the DIGI INTERNATIONAL mark, Opposer ships the products in boxes bearing the DIGI & DESIGN Logo and the WWW.DIGI.COM marks, the standard shipping box for all but

the serial port products, which also bear the DIGIBOARD mark and the word INTERNATIONAL. (JM 81, 82) The Digi Logo, the Digi International name and/or mark, and other Digi Marks such as DIGI CONNECTWARE and/or WWW.DIGI.COM are also used on product datasheets, application guides, and other marketing materials relating to the products. (DX 150).

Further, the products of all companies owned by DIGI are advertised and sold in the DIGI Product Catalogs (DX 51) and on DIGI Website at www.DIGI.com/. (JM 80-82, )(DX 27) Anyone purchasing and using these co-branded products clearly has reason to understand that they originate from DIGI. During the past year, Netsilicon and Inside Out Networks were merged into Digi International and the products originating from these companies are now sold with the Digi Logo appearing on the product as well as on packaging, datasheets, and other collateral materials.(JM )

**D. Facts Regarding the Nature of Digi's Products and Their Use in the Marketplace**

DIGI's products have evolved over the past twenty years as the computer industry as a whole has evolved. (JY 8,9) The original products first sold under the Digi Marks in 1985 were multiport- adapter cards used in a computer or a server to provide additional serial ports for connecting peripheral devices such as scanners, cash registers, or printers to a computer or a server (JY 8) Over the years DIGI has continuously developed new products and product lines and also acquired companies specializing in other product lines, as discussed above. In addition to the original multiport adapter cards, DIGI now sells a variety of products that connect devices via Ethernet, via wireless networks, and via cellular networks, and have expanded the types of interfaces to include USB, video and others. (JY9) Any business that utilizes a computer network, which in today's world is potentially every business, is a customer or potential customer for

DIGI's products. DIGI organizes its products with its vertical, as shown on its Website and in its Product Catalog, with an industry-specific focus, broken down into the following categories:

- 1) Remote Device Management
- 2) Medical/Healthcare
- 3) Retail/POS
- 4) Building Automation/Security
- 5) Traffic Management
- 6) Utilities
- 7) Industrial Automation
- 8) Government

(DX51, Pg 6).

DIGI provides Application Guides for each of the above 8 specific industries, wherein the Opposer identifies the DIGI products that are suitable for each application. The Guides include descriptions of the particular applications and drawings that clearly detail the uses for particular DIGI products in various applications throughout these vertical markets.

The Application Guide relating to the Retail/POS sector is made of record at DX 29. This Retail/POS Application Guide identifies various customer groups within the larger Retail/POS sector, namely, Department Store Chain, POS System Manufacturer, Retail Distribution Center, Grocery Store, Convenience Store Chain, Consumer Electronics Retailer, Pay-at-the Pump Manufacturer, Entertainment Retailer, Commercial Paint Supply Retailer, and Kiosk Manufacturer. The Application Guide then goes on to identify the specific products it provides for use in each of these categories, which include products sold under Digi Marks HUBPORT, ANYWHEREUSB, PORTSERVER, DIGI NEO, ACCELEPORT and WATCHPORT. Each of these marks were used and registered prior to the first use of Applicant's mark DIGPOS and prior to the filing the date of the subsection application for registration of the DIGIPOS mark. (DX 42)

Again, while the products sold under the DIGI Marks can be used by virtually anyone who utilizes a computer network, there are specific market segments that represent large purchasers of DIGI's products. The "point-of-sale" sector is a big focus for DIGI in the marketing of its products. (JM 31) DIGI markets directly to the retail end customers via online and print publications and at trade shows (JM 31). DIGI'S Website at [www.DIGI.com](http://www.DIGI.com) has a section devoted to retail point-of-sale applications, and DIGI sends out a retail-focused newsletter every six weeks to approximately 10,000 customers. (JM at 31, 32) The newsletters are used to educate customers and potential customers on the solutions that DIGI provides in the retail market and on new products that are coming out. (JM 33) (DX 36, 37).

DIGI has been marketing specifically to the Retail/POS sector since at least as early as 1998. Specific marketing materials directed to point-of-sale and closely related applications are entered on the record as follows:

- DIGI's Exhibit No. 2 is a piece of advertising demonstrating the potential use of the Digi Rapidport product in a POS system, first published in 1998, as evidenced by the copyright notice.
- DIGI's Exhibit No. 3 is a Product Datasheet for the Acceleport Xe product, bearing a copyright notice of 1999, describing the potential use of the product in point-of-sale, data acquisition, factory automation and industrial control.
- DIGI's Exhibit No. 4 is a Product Datasheet for the Classicboard product, bearing a copyright notice of 1999, describing the product as "ideal for connecting cash registers, print receipt devices, scanners, and other peripheral devices in retail POS systems".
- DIGI Exhibit No. 5 is a Product Datasheet for the Etherlite product, bearing a copyright notice date of 1999, describing Digi Etherlite network serial concentrator used for

connecting asynchronous serial ports to a network. The Etherlite product, advertised, is recommended for use in “POS/retail, process control, data collection and console management”.

- DIGI Exhibit No. 7 is a Product Datasheet for the DIGI ONE REALPORT, with a copyright notice date of 1999, describing the use of the product in connecting serial devices to a network. The diagram on the front of the datasheet shows an example of use the DIGI ONE REALPORT product for connecting credit card readers to a PC server, clearly a point-of sale function.

- DIGI Exhibit No. 10, a Product Datasheet for the DIGI ONE SP product, bearing a copyright notice date of 1999, shows use of the DIGI ONE SP product in connecting hand held scanners to an Information Management System through the Ethernet.

- DIGI Exhibit No. 13 is a Product Datasheet for the DIGI NEO product, bearing a copyright notice date of 1999. The DIGI NEO product is used to network enable serial devices. A diagram shown on the datasheet demonstrates use of the DIGI NEO product in connecting a bar-code scanner, a credit card reader and a receipt printer to a server.

- DIGI Exhibit No. 14 is a Product datasheet for the PORTSERVER TS product, with a copyright notice date of 1999. The PORTSERVER TS product, bearing both the PORTSERVER mark and the DIGI LOGO, is used to connect individual devices to the network over industry stand Ethernet. It is recommend for retail/point of sale, building security and medical point-of-care applications. A diagram shows the PORTSERVER TS product connecting a bar-scanner and a credit card reader to a PC Server via the Ethernet.

- DIGI's Exhibit 16 is the Product Datasheet for the PORTSERVER TS 8/16 product, copyright notice 1999, showing use of the product in connecting a series of credit card, key card coders, and cash registers at a hotel front desk to the back office server via an Ethernet.

- DIGI's Exhibit No 19, a Product Datasheet for the ACCELEPORT Xr 920 product, bearing a copyright notice date of 1999-2002, showing use of the product in connecting a host of bank teller terminals to a server at a bank branch.

- DIGI's Exhibit No. 26, a Product Datasheet for the EDGEPORT/1 product, Copyright 2001, demonstrates use of the EDGEPORT product in connecting bar code scanners to a PC in a point-of-sale application.

Information provided on datasheets for numerous DIGI products has been introduced as Exhibits 2-27, and Joel Young has testified to the use of products in POS applications. (JY 11-61)

All of the above datasheets entered into the record by DIGI demonstrate use of products sold under the DIGI Marks in point-of-sale applications. However, the list is not exhaustive. The ANWHEREUSB and WATCHPORT products are also sold to customers for use in POS applications (JM36) In addition, in the period since the subject application was filed, DIGI has continued the natural expansion of its product line to include other products that are directly competitive with or closely related to the products sold under the DIGIPOS mark. DIGI's Exhibit No. 27 is a printout from the DIGI Website at [www.DIGI.com](http://www.DIGI.com) detailing the products currently identified under the market segment "Retail/POS". The pages included in this section include current datasheets and other informational materials. Newer product referenced in this section include the CONNECTPORT WAN VPN product, a cellular router that provides secure high speed wireless connectivity to equipment at remote locations, as shown on the diagram on the Product Datasheet as DX27, Pg. 5, and the CONNECTPORT DISPLAY product, a zero-client solution that eliminates the need for a dedicated PC at the point of sale. (DX27, Pg. 11)

Another new product line identified in the Opposer's "Retail/POS" section is the "USB PLUS SERIES", which allow serial devices to derive power directly from a PC rather than external power supplies (DX 27, pg 15). In addition, DIGI Exhibit No. 27 includes updated Product Datasheets for all of the products discussed in the paragraph above, including HUBPORT, EDGEPORT, WATCHPORT, DIGI ONE, DIGI NEO, ACCELEPORT, and PORTSERVER. Mr. Young has testified at length as to the specific uses of these products (JY 62-92). The record makes it clear that DIGI sells a full suite of products used in POS applications (JM40), and also makes clear that the majority of the products specifically applicable to POS applications were advertised and sold prior to the Applicant's date of first use and prior to the filing date of the subject application.

Opposer has entered testimony that DIGI considers the Applicant to be a direct competitor in the "point-of-sale" market space. (JY107)(JM 68) Mr. Young has testified that DIGI provides products and services to customers similar to those cited in case studies on the Applicant's Website and has, under a signed stipulation protecting the confidentiality of the information, named customers of DIGI that are in the same industry and directly compete with some of the customers identified on the Applicant's Website. Mr. Young has testified that DIGI provides equipment for the same types of retail solutions that Applicant sells, supplying components of similar systems for point-of-sales uses (JY 106, 115,116, 117, 120), and further states that DIGI competes directly with Applicant in the "zero-client space", defined by Mr. Young as "special computers configured for the point-of-sale marketplace"(JY107, 110). Specifically, the Retail Blade product sold by Applicant described by Applicant as being the "really our core product" (ML30),and bearing the DIGIPOS mark (DX32), directly competes

with the CONNECPORT DISPLAY product sold by DIGI and bearing the DIGI mark and the DIGI Logo. (DX 27, pg 11) (JY 118-120)

Further, "point-of-sale" applications do not exist independently. The retail customers who purchase the particular products that allow cashiers to scan purchases, read credit cards, ring up sales and transmit that information to a PC or a server are the same customers who maintain computer networks storewide, or enterprise wide, for performing all of the other functions of a business, including purchasing, inventory control, accounts payable, payroll and a myriad of other tasks. These customers may already be customers, or potential customers, for DIGI's other products that do not have an immediate power in the point-of-sale system. DIGI has since 1985 provided the computer hardware products that allow businesses, including retail stores and fast food restaurants, to operate their computer networks. After twenty years and more than a billion dollars in sales, U.S. customers are familiar with the DIGI brand used on computer hardware connectivity products. DIGI's products have been used by such businesses since the 1980 and as the networks have expanded, so have the applications for DIGI's products. "Point -of- sale" is merely one of many applications where DIGI provides products to fill the needs of its customers.

**E. Facts Regarding the Channels of Trade Through Which DIGI's Products Are Sold**

DIGI sells its products through three primary trade channels: Original Equipment Manufacturers ("OEMs"), Distributors and Resellers. (JM 28, 29, 71-76) DIGI's 2005 Product Catalog identifies its customers as ranging from device manufacturers to government agencies to turnkey solutions providers. (DX51, fifth page) OEM's integrate DIGI's products into their own branded products. (JM 71). Generally, it is the products known as embedded devices that are sold to OEMs. (JM73). For example, an OEM would purchase a DIGI embedded device to

build into a scanner it is manufacturing. The DIGI brand does not always appear on the finished OEM product. (JM73)

Distributors, on the other hand, purchase stock from DIGI which they then sell to customers, often resellers or systems integrators. (JM 72) As explained by Mr. Young, the distributors who handle DIGI's products are usually fulfillment distributors who take a very low margin markup. (JY2nd 13) These distributors carry product lines from many different manufacturers. They do not market the products, but simply fulfill the orders for the brands requested by customers. The advantage to purchasing from a distributor rather than from DIGI directly is that the purchaser does not have to make separate credit arrangements with each manufacturer whose products it buys. (JY2nd 14)

Resellers are the third major trade channel through which Dig's products are sold. Resellers, often referred to as VARs or "value added resellers", work with end user customers to devise solutions to problems and help them locate and purchase the appropriate products for their particular needs. (JM73). These resellers usually buy DIGI's products from a distributor, but in some cases large reseller buy directly from DIGI. (JM 39, 40) These resellers then use the DIGI products, in combination with products from other manufacturers such as printer and scanners, to configure and deliver turnkey solutions for end-user customers. (JM71) This turnkey solution will include one or more DIGI branded products.

In addition to these three primary channels of trade, DIGI also sometimes sells directly to end users. (JY 115-118,195) (See also 39, 41) If an end user customer asks to work directly with DIGI, it will accommodate that request for large customers who have sufficient technical staff to make the purchases and integrate the DIGI products into their systems. (JY2d, 9) DIGI also has a direct sales force that targets large end user customers. These customer usually fulfill

their orders through a distributor, although sometimes DIGI fulfills the order directly. (JY2nd,

9) Mr. Young has entered confidential testimony as to the identity of some of its end user customers. (JY2nd 9-11)(DX 54, 55) It is clear from the record that that DIGI and the Applicant are selling to the exact same class of end users, and have sold product used in POS systems to businesses who are direct competitors.

**F. Facts Relating To Applicant's Adoption and Use of the DIGIPOS Mark**

The Applicant's first use of the mark in commerce was July 25, 2002, seventeen (17) years after DIGI's began using the mark. Applicant's application for registration of the mark in the U.S. Patent and Trademark Office was filed November 21, 2003. Prior to filing the application, Applicant failed to conduct any availability search other than a direct hit search for DIGIPOS. (Appl.'s Resp on Opp. Interr. No. 11) In May 2005 the Applicant was contacted by Larry Kraft, Vice President of Sales and Marketing for DIGI (Appl.'s Resp. to Opp. Interr. No. 8) Mr. Kraft advised Applicant of DIGI's prior rights in the mark and of DIGI's concerns regarding confusion resulting from Applicant's continued use of the DIGIPOS mark in the retail sector which at that time Mr. Kraft said accounted approximately 10% of DIGI's considerable revenues. (Appl.'s Resp. to Opp. Interr. No. 8). Mr. Leaper testifies that the "call was not taken seriously". (Appl.'s Resp. to Opp. Interr. No. 8).

Despite being put on notice of Opposer's objections, the Applicant has continued to sell product in the U.S. to any customer having retail operations. (Appl.'s Resp. to Opp. Interr. No. 14). Applicant states that its goods and services are not specific to a "type or class" of retail customer." (Appl.'s Resp. to Opp. Interr. No. 14). Applicant further states that its revenues from sales in North America (in Canadian dollars) were:

- a) 2002/2003 - \$5 Million

- b) 2003/2004 - \$11 Million
- c) 2004/2005 - \$10 Million

(Appl.'s Resp. to Opp. Interr. No. 13).

Applicant has been asked repeatedly to identify the revenue from sales in the U.S. only but claims it is unable to do. When deposed, Mr. Leaper stated that sales are 80% U.S. and 20% Canada. (ML 47) Despite the claim that 80% of its revenues come from sales in the United States, Applicant has produced mostly evidence of very small sales to U.S. customers. (AX38) Mr. Leaper has testified that the single largest sale to a U.S. customer was an order for 10,000 Power POS units shipped to its customer Circuit City. (AX38)(ML 136). Most of the customers identified in the Applicant's case studies posted on its Website and entered into evidence through testimony by Mr. Leaper are customers in the U.K., Australia and other countries outside the United States. Opposer has objected to this evidence, as sales outside the United States are not relevant to this proceeding.

Applicant has defined its channels of trade as being 70% direct sales to end users and the remaining 30% through resellers and distributors. (ML34,39) Mr. Leaper describes the reseller as "value added resellers" or "independent software vendors". (ML 34) He describes the reseller relationship as one where applicant sells its hardware indirectly to the software provider who then works with the reseller to put together a solution for the end user. (ML39) Mr. Leaper identifies his competitors in this area as companies such as IBM, NCR, HP and Wincor Nixdorf. (ML 31, 37) some of whom are original equipment manufacturers (OEMs) who purchase product from DIGI. (JY 189) Finally, Mr. Leaper states that they also sell product through a distributor in the United States that is "100% focused on the retail sector. (ML39) Mr. Leaper also states that

at one time they had a relationship with a distributor by the name of Tech Data (ML 44) who is one of Opposer's largest distributors. (DX 33)

Much of Mr. Leaper's testimony with respect to his knowledge of DIGI and its products is contradictory and Opposer has objected to parts of it as being without foundation. Mr. Leaper claims to be unaware of Digi International prior to the May 2005 telephone call from Larry Kraft, , other than "seeing their advertisements in some publications and hearing their name" (ML 12-14) and "seeing them at a retail trade show". (ML 116) While claiming to have no personal knowledge of DIGI or its marketing efforts (ML116, 117), he still apparently feels comfortable in providing several pages of testimony as to the nature of DIGI's business and what their products do (ML36-38). On the one hand, when asked if DIGI's products have an application in the point-of-sale retail sector, Mr. Leaper testified that he has "very, very little personal knowledge whether they would or wouldn't have" (ML 99). A bit later he admits to having testified that DIGI was "involved in connecting computers with peripherals" (ML 14 and 105). Then, when describing how the DigiPoS PH 6000 product is involved in point of sale connectivity, he states "anyone that focuses on retail hardened based point of sale units focuses on providing connectivity between the main system and the peripherals...". In addition, Mr. Leaper states that "The reference point when we design products or IBM designs products, when retail hardened products get put together, the connectivity is really to connect the peripherals and provide data power for the peripherals that come as a complete solution." (ML 11) Connecting devices to other devices or back to computers across any sort of network is the business of the Opposer. (JY 126)

The contradictions do not stop with Applicant's testimony with regard to Opposer's products. The information provided by the Applicant on how its branded products are sold also

includes contradictory evidence and statements. ‘While testifying initially that the turnkey solutions sold as DigiPoS Systems, Mr. Leaper testified that “they all bear our DigiPoS Systems or DigiPoS logo.”(ML15) He identified the components of the “system” as an Intel-based computer, without specifying how that computer is branded. (ML16) He then went on to say that “From the Intel-based computer we also manufacture and/or resell DigiPos branded touch screens, non-touch screens, display devices, customer displays, printers, keyboard and scanners.” (ML16) However, when questioned in detail on the products comprising the DigiPoS system, it appears that products are included that do not carry the DigiPoS brand, such as Epson printers and Metrologic scanners. (ML22) And, although the Applicant makes a point of saying that they only sell turnkey solutions, the fact is that one of their largest documented sales in the United States was a shipment of 10,000 units of the DigiPoS Power POS stand alone product. (ML136) This product, along with the Millenium and the Retail Blade, are alternately described by Mr. Leaper as “Intel-based computers” or “microprocessors”, (ML 75,88, 127 ). These products are identical in function to products sold by DIGI and covered by multiple registrations owned by Opposer for DIGI marks covering computer hardware and microprocessors. (DX42) In fact, as attested to by Joel Young in his second deposition, DIGI is providing its directly competing CONNECTPORT DISPLAY product to a competitor of Circuit City for use in the same type of point-of-sale application. (JY 2nd)

As noted above, the marks of the parties differ only in the addition of the descriptive “POS” to the registered DIGI mark. The record shows ample evidence of descriptive use of the term “POS” as an acronym for “point of sale”, including exhibits produced by Opposer that show use of the term as far back as 1999, (DX5,20) Opposer currently uses the POS acronym extensively throughout its marketing and advertising materials to denote the “point-of-sale”

applications for its various products. (DX 27, 28, 29, 30) However, the best evidence of the descriptive, if not generic, nature of the term "POS" comes from the Exhibits submitted by the Applicant itself. Applicant's Website, marketing materials, press releases and even packaging are filled with descriptive uses of "POS". (See AX 9, 10, 19,20, 27, 29, 31, 32, 33, 34, 35, 41) The term POS is used interchangeably with the phrase "point-of-sale" throughout the Applicant's exhibits. Exhibit 34 headlines with a quote from Robert Marano of the Advanced Technology Group at PricewaterhouseCoopers stating "A genuine disruptive technology in the Retail POS market". Even packaging for the Applicant's product is filled with descriptive uses of the POS term, being sold in packages marked with the slogans "POS in a Box" and "The Ultimate POS Solution" (AX23). There can be no doubt that the acronym POS is wholly descriptive, if not generic, when used in connection with "point-of-sale" products. Notably, even though Mr. Leaper claims that "DIGI" is an acronym meaning "digital"(ML at 1010) the record contains not a single example of the Applicant's or any other party's using the DIGI mark as an acronym, or an abbreviation. There is absolutely no evidence that anyone uses the term "digi" interchangeably with the word "digital".

Further, the DIGIPOS mark is used in such a way that it clearly separates the two terms, "DIGI" and "POS." Mr. Leaper has testified, at ML 118 and 119, that the mark is always used with the capital "D", a capital "P" and a capital "S", with all the other letters in small print. The capital "P" and capital "S" is consistent with the most common usage of the acronym POS to designate Point of Sale, as confirmed by Mr. Leaper at ML129. Anyone viewing the mark as used on the Applicant's products, packaging, Website and marketing materials, as shown on the Exhibits, clearly views it as two separate terms "Digi" and "POS". The "Digi" component of the Applicant's mark is used in a font that is substantially similar to the font used by the Opposer for

the past twenty years, followed by the descriptive "PoS" term. Such usage encourages the mark to be enunciated as four syllables, Digi P o S, rather than as a two syllable word mark.

## **ARGUMENT**

### **A. DIGI Has Standing To Bring This Opposition**

A plaintiff may establish standing to bring an opposition on the ground of likelihood of confusion and other grounds by alleging and proving at trial that it has a real commercial interest in its own mark, plus a reasonable basis for its belief that it would be damaged by the registration of the mark in question. Ritchie v. Simpson, 50 USPQ2d 1023, 1025-26 (Fed. Cir. 1999).

DIGI has conclusively established its standing to bring this opposition through its presentation of evidence of its ownership of numerous prior-issued registrations for the DIGI Marks, and its prior use of the DIGI Marks and the DI trade name in connection with goods and services that are closely related and sometimes identical to those listed in Applicant's application for registration of the mark DigiPos. In addition, DIGI has submitted evidence that is sufficient to show that its likelihood of confusion claim is meritorious. Therefore, Opposer has proven a real interest in the outcome of this proceeding and a reasonable basis for its belief that it will be damaged by the registration of Applicant's DIGIPOS mark.

### **B. DIGI Has Priority of Use**

DIGI has clearly established priority of use, having made of record eighteen (18) registrations for the mark DIGI and marks beginning with the DIGI formative, all filed prior to the Applicant's November 21, 2003, date of filing for the DIGIPOS mark and all filed prior to the Applicant's claimed date of first use of the mark in commerce, namely, July 25, 2002. In addition, DIGI has provided evidence of use the DIGI mark in commerce for more than twenty years, since 1985, in connection with an ever expanding group of computer hardware and

software products used to provide connectivity in computer networks, including connectivity in retail and hospitality point-of-sale (“PoS”) systems, and related services. Accordingly, DIGI unquestionably has priority over Applicant.

**C. The Parties’ Marks Are Confusingly Similar**

The test for likelihood of confusion turns on whether the purchasing public is likely to mistakenly assume that the applicant’s goods or services originate with, are sponsored by, or are in some way associated with the goods or services sold under the opposing party’s trademark. In determining likelihood of confusion, the Board should consider evidence relating to the thirteen factors set for in In re Dupont De Nemours & Co. In re Dupont De Nemours & Co., 177 USPQ 563,567 (CCAP 1973). The Board need not consider each and every DuPont factor. Han Beauty, Inc. v. Alberto-Culver Co., 57 USPQ2d 1557, 1559 (Fed. Cir. 2001). Rather, the Board is required only to consider those factors that are most relevant in each case. DIGI submits that the most relevant factors in this case are: 1) The similarity of the goods and service 2) the presumption of identical channels of trade; 3) the similarities in the marks themselves; 4) the Applicant’s stylized use of the mark increases the likelihood of confusion; 5) the strength of the Digi Marks in the relevant industry ; and 6) the Applicant was careless in its adoption of the DIGIPOS mark.

**1. The Similarity of the Goods and Services**

Applicant’s goods, as described in its application, are identical in some respects and closely related in other respects, to the goods and services offered by DIGI under the Digi Marks and to the goods and services covered by DIGI’s registrations for the Digi Marks. In determining the similarity or relationship between the parties’ goods and services, the Board will not look beyond the scope of the goods and services identified in the application at issue.

Octocom Ys., Inc. v. Houston Computer Services, Inc., 16 USPQ2d 1783, 1788 (Fed. Cir. 1990)

(“The authority is legion that the question of registrability of an applicant’s mark must be decided on the basis of the identification of goods set forth in the application regardless of what the record may reveal as to the particular nature of an application’s goods, the particular channels of trade or the class of purchasers to which the sales of goods are directed.”) Moreover, neither the Board nor the courts will read limitations into an identification of goods and services.

Squirtco v. Tomy Corp., 216 USPQ 937, 940 (Fed. Cir. 1983).

Applicant’s goods as specified in its application are identical in some cases and closely related in other cases to the goods and services offered by DIGI under the Digi Marks and covered by the federal registrations for the Digi Marks. The parties respective goods as described in their respective application and registrations both cover, broadly, computer hardware” and “peripherals”, as well as software used to integrate these products into a network. Applicant’s software is described as “software for use in controlling point-of-sale transactions, and managing point-of-sale information and all retail store management procedures.” Various Digi Marks cover “microcomputer hardware, circuit boards, microcomputer peripherals, and software, namely, software for operating such microcomputer hardware, software for terminal emulation, software for data communications in multi-user systems, software for data communications in local area networks, and software for remote local area network access, all for use in data communications (Reg. Nos. 2630891, 2019613, 2132925, and 2317478), computer hardware and software for data communications and hardware and software designed to operate with data communications products” (2193984), and, very broadly, “Computer network connectivity hardware and software”(Reg. Nos 2148245, 2319992,2912411,2701154 and 2,200,945). The goods covered by the Registrant’s multiple registrations for the marks DIGI,

DIGIBOARD, DIGI & DESIGN, DIGI INTERNATIONAL , and others, are clearly broad enough to encompass the Applicant's description of goods, namely, "computer hardware, peripheral equipment and software for use in controlling point-of-sale transactions, and managing point-of-sale information and all retail store management procedures." Therefore, the goods must be viewed as identical.

The Opposer has also demonstrated, through evidence and testimony, that the Applicant's products and the Opposer's products are closely related, sometimes identical, and sometimes complementary. The primary function of several of DIGI's products is to connect serial devices and peripheral equipment to a network. See DX1-31. In many cases, the turnkey "point-of-sale" systems such as those sold by the Applicant essentially "plug in" to these products sold by DIGI to retailers for POS applications. Other DIGI products are pieces of peripheral equipment used as part of a POS system, such as the WATCHPORT and ANYWHEREUSB products. Finally, the Digi CONNECTPORT DISPLAY product competes with Applicant's microprocessor products for purchase by retailers as the "core" of the POS system. Both parties products are used by retail store owners and restaurants to ring up sales and transmit the sales information to a server, whether the server is located at the point-of-sale, in the back office or in a remote location.

The Applicant has tried to posture his product as being different from DIGI's products because they are sold as a complete turnkey solution. However, the Applicant's own testimony shows that its single largest sale in the United States, namely, the sale to Circuit City, was comprised only of Power POS microprocessors. (ML 136) Further, the "turn key solutions" sold by Applicant under its mark are comprised of the products of numerous manufactures. Applicant's President Mark Leaper has testified that the "turn key solutions" are comprised of an

Epson printer, a Metrologic or Symbol branded scanner, along with the components branded “DigiPoS”. Upon examination, Leaper estimates that 80% of the components comprising the systems are branded with the “DigiPos” mark. (ML42). Based upon the evidence, it is clear that Applicant sells computer hardware and computer peripherals under the “DigiPos” mark that it integrates into “turnkey solutions”, just as Opposer sells computer hardware and computer peripherals under the Digi Marks that are integrated into “turnkey solutions” by resellers.

To the extent that the parties goods are not identical, they are related and complementary. To support a refusal under Section 2(d), DIGI’s goods and the Applicant’s goods need not be identical or even competitive in nature. Instead, it is sufficient that the parties’ goods are related in some manner and/or that they are likely to be encountered by the same consumers under situation that would give rise to the mistaken belief that they originate from, or are in some way associated with, the same producer or provider. In re Int’l Tel. & Tel. Corp., 197 USPQ 910,911 (TTAB 1978). It is well settled that the use of similar trademarks on complementary computer products may cause a likelihood of confusion. See, e.g., In re Comagnie International Pour l’Informatique, 223 USPQ 363,364 (TTAB 1984) (finding applicant’s QUESTAR mark for computer hardware likely to cause confusion with prior registered QUESTAN mark for computer software).

For more than twenty years DIGI has sold products under the Digi Marks that are used to connect peripheral devices to a computer network, including peripheral devices used in point-of-sale installations. DIGI’s products have evolved as the computer industry has evolved and include products to provide connectivity between devices in almost every possible business or industrial application. Applicant has testified that “anyone that focuses on retail hardened based point of sale units focuses on providing connectivity between the main system and the

peripherals....". (ML110), and then acknowledges that Opposer is a connectivity provider and then states that "the connectivity is really to connect the peripherals and provide data power for the peripherals that come as a complete solution." (ML 111) As confirmed by the testimony of the Applicant, many of the Opposer's products are used to connect the type of product sold by the Applicant to a computer network. Accordingly, the Applicant's own testimony is contradictory to the position that the parties' goods are not closely related.

**2. The Parties' Customers, End Users, and Channels of Trade are Identical**

Because the Applicant's DIGIPOS application is unrestricted as to the channels of trade, the Board must presume that the parties goods and services will be offered in the same channels of trade. CBS Inv. v. Morrow, 218 USPQ 198, 199 (Fed. Cir. 1983); Hewlett-Packard Co. v. Packard Press Inc., 62 USPQ2d 1001, 1005 (Fed. Cir. 2002) ("[A]sent restrictions in the application and registration, goods and services are presumed to travel in the same channels of trade to the same class of purchasers."); Kangol Ltd. v. KangaRoos U.S.A., 23 USPQ2d 1945, 1946 (Fed. Cir. 1992). To the extent that the Applicant attempts to argue that the trade channels for its DIGIPOS products are different that the trade channels through which DIGI sells its products, such efforts to distinguish its trade channels must fail because the subject application contains no such restriction on channels of trade.

Moreover, the evidence of record establishes that the channels of trade are the same. Both parties sell through VAR Resellers, through distributors and directly to end users. Only the percentages of products sold through each channel varies, with the Applicant selling more in one channel and less in another. Further, it is indisputable that Applicant's intended customers and end users, namely , retail stores and restaurants, are identical to the customers and end users of DIGI's products. DIGI has been selling product used in point-of-sale applications through these

channels for more than twenty years. It is inevitable that some customers, upon hearing about DIGIPOS products, would assume that the products originate from the Opposer.

### **3. The Marks Are Confusingly Similar**

Applicant's mark DIGIPOS is different from DIGI's registered, incontestable block letter mark DIGI only in the addition of the descriptive, if not generic, acronym "POS". While marks must be compared in their entireties, one feature of a mark may be recognized as more significant in creating a commercial impression. Giant Food, Inc. v. Nation's Foodservice, Inc., 218 USPQ 390, 395 (Fed. Cir. 1983). See also In re National Data Corp., 224 USPQ 749 (Fed. Cir. 1985); Tektronix, Inc. v. Daktronics, Inc., 189 USPQ 693 (CCPA 1965). In Twin Lakes Telephone Cooperative, Inc. v. Twin Lakes Internet Service, Inc., 2005 WL 2543639 (Trademark Tr. & App. Bd. 2005), the Board held that the wording TWIN LAKES is the dominant part of each of the parties' marks because the other wording, namely, TELEPHONE COOPERATIVE CORPORATION, TELEPHONE COOPERATIVE, TELEPHONE and INTERNET SERVICE, INC. is highly descriptive, if not generic, for the services provided in connection with the mark and/or for the type of entity providing the services. Thus, because this wording merely and immediately informs the potential customer of the type of services to be rendered in connection with the mark, such wording does not serve to distinguish the parties' marks from each other. National Data, *supra*, 224 USPQ at 751. The Board went on to state "[R]ather, consumers will look to the TWIN LAKES portion of these marks as the source identifier. Although the additional wording in the marks is different, consumers will ascribe these differences to the differences in the services offered, rather than to a difference in the source of the services".

The case at hand is directly analogous to the TWIN LAKES case above. Opposer has introduced evidence of the descriptive, if not generic, meaning of the acronym POS, used throughout the retail industry and the computer industry supplying retail customers as meaning “point of sale”. The term POS is used interchangeably with phrase “point-of-sale” throughout both the Opposer’s and the Applicant’s advertising and marketing literature, and Applicant has testified that POS means “point of sale”. Accordingly, the addition of this highly descriptive acronym to the registered DIGI mark only serves to inform the potential purchasers of the type of product being offered under the registered DIGI mark.

Because the Opposer offers and advertises a line of products for use in POS applications under the Digi Marks, the addition of “POS” to the DIGI mark creates the impression that the products sold under the mark are a particular line of products sold by Opposer. DIGI itself sometimes uses other such acronyms, in addition to “POS”, to indicate a specific application for a product. Numerous examples of such use are shown in the Table of Content to Opposer’s 2005 Product Catalog (DX 51), including DIGI ONE® SP, DIGI CONNECT® SP, DIGI CONNECT Wi-SP, DIGI ONE® IAP, DIGI ONE® IA, DIGI ONE® SP IA, DIGI ONE® IA Modem, DIGI CONNECT® WAN, and others. The impression created by the DIGIPOS mark is very similar to the impression created by the marks listed above. Applicant’s claim that DIGIPOS is distinguishable from DIGI is as erroneous as would be a claim that DIGI IA or DIGI WAN is not confusingly similar to DIGI. Simply removing the space from between the registered mark and the descriptive acronym does not change the significance of the terms.

In addition, even if the POS acronym were not wholly descriptive, the term is still insufficient to distinguish the DIGIPOS mark from the registered DIGI mark. In finding that the Applicant’s mark POWERWAVE was confusingly similar to Bose Corp.’s registered marks

WAVE and ACOUSTIC WAVE, the Federal Circuit pointed out “[T]he Board itself, other courts and this court have been confronted frequently with situations similar to this one, in which a competing marks share a core portion of senior marks, and in which the competing mark was found too similar to the other mark to earn mark status for itself.” in Bose Corp v. QSC Audio Products, Inc., 293 Fed.3d 1367, 63 U>S>P>Q.2d 1303 (CA Fed. Cir. 2002). The Court cited the following examples of marks that have been found to be confusingly similar based upon a shared common component:

AQUA-CARE and WATER-CARE, BEER NUTS and BREW NUTS, BLUE SHIELD and RED SHIELD, GENTLE TOUCH and KIND TOUCH, MANPOWER and WOMANPOWER, DOWNTOWNER and UPTOWNER, WEED EATER and LEAF EATER, THERMO KING and ZERO KING. Certainly the Applicant’s use of the core component of the long list of registered Digi Marks shares the same problem, namely, that it is too similar to the Digi Marks to earn status for itself.

**4. Applicant’s Stylized Use of the DigiPoS Mark Further Increases the Likelihood of Confusion**

In cases where the mark is presented in a typed or standard character format, the Board must consider how the Applicant has actually used the mark. Phillips Petroleum Co. v. C.J. Webb, Inc., 442 F.2d 1376, 170 USPQ 35, 36. (CCPA 1971) “...We must not be misled by considering[applicant’s] mark only in its printed or typewritten form, with all the characters being of equal height.” Phillips Petroleum supra at 36. Applicant has testified that the DIGIPOS mark is always used with a capital “D”, a capital “P” and a capital “S”, with all the other letters in small print. (ML 119,120) Use of the POS acronym with a capital “P” and capital “S” is consistent with the most common usage of the acronym PoS to designate Point of Sale, as shown throughout the evidence submitted by both parties. Anyone viewing the mark as used on the

Applicant's products, packaging, Website and marketing materials, as shown on the Exhibits, clearly views it as two separate terms "Digi" and "PoS".

Likelihood of confusion between marks must be evaluated as to similarities in sound, meaning and appearance. Plough, Inc. v. Kreis Laboratories, 314 F.2d 635, 136 U.S.P.Q. 560 (9th Cir. 1963); AMF, Inc. v. Sleekcraft Boats, 599 F.2d 341, 204 U.S.P.Q. 808 (9th Cir. 1979); First Sav. Bank, F.S.B. v. First Bank System, Inc., 101 F.3d 645, 40 U.S.P.Q.2d 1865 (10th Cir. 1996). The Applicant's use of the mark as DigiPoS", increases the likelihood of confusion under all three prongs of the analysis. Visually, the "Digi" component of the Applicant's mark is used in a font that is substantially similar to the font used the Opposer for more than twenty years and is specifically protected by Reg. No. 2, 317,478, among others, as shown here: **Digi** .

The "PoS" component is set apart from the "Digi" component by the capitalization of the letter "P" and "S", creating the visual impression of two discrete terms, the second of which is no more the descriptive indicator for the products sold under the mark.

Not only are the marks visually even more similar when viewed as the Applicant always uses the mark, but the Applicant's usage of the mark in this manner virtually ensures that the mark will be enunciated as four syllables, namely, "Digi P o S", rather than as a two syllable word mark, adding significantly to the likelihood of confusion occurring between the spoken marks. Any purchaser familiar with the products of the Opposer hearing the spoken mark "Digi P o S" would naturally assume that the name refers to Opposer's PoS products. See The Black & Decker Corporation v. Emerson Electric Co., 2007 WL 894416 (Trademark Tr. & App. Bd.) ("Moreover, consumers who have only heard of Opposer's family of marks, such as through word-of-mouth recommendations, would not be aware of this difference in spelling at all").

“Finally, as to the meaning of the mark, the use by Applicant again just reinforces the descriptive nature of the “PoS” acronym, leading to the misleading conclusion that DigiPoS is a “PoS” product sold by DIGI or that the seller is somehow affiliated with DIGI. The mark DigiPoS, as consistently and exclusively used by the Applicant, is confusingly similar to the Opposer’s Digi Marks in sound, meaning and appearance.

**5. The Strength of DIGI’s Marks Supports a Finding of Likelihood of Confusion**

Admittedly, the term “DIGI” is not an arbitrary mark as used in connection with DIGI’s products. However, the mark is an inherently strong mark that has been found to be entitled to registration on the Principal Register numerous times, in standard character, stylized and design formats, with no claim to acquired distinctiveness. Over the past twenty years Opposer has built a family of marks all consisting of or including the DIGI component. The marks have been used continuously and consistently in such a way that the common element DIGI is indicative of the origin of the family. See J&J Snack Foods Corp. v. McDonald’s Corp., 18 USPQ2d 1889, 1981 (Fed. Cir. 1991) holding that “a family of marks is a group of marks having a recognizable common characteristic, wherein the marks are composed and used in such a way that the public associates not only the individual marks, but the common characteristic of the family, with the trademark owner”. DIGI has clearly used its marks in such a way as to meet this criteria.

The company name, which is used prominently and registered as a trademark and service mark, is DIGI INTERNATIONAL. The company Website is located at [www.digi.com](http://www.digi.com). The

company logo, , is used on most products (wherever space allows), on all product packaging and product catalogs, as well as on the Opposer’s website, on its building, on its newsletters and publications, and on all of its sales, marketing, and promotional materials. Over

the years Opposer has offered a broad range of products beginning with the DIGI mark, such as DIGIBOARD, DIGI CLASSICBOARD, DIGI NEO, DIGI ONE, DIGIFAX, DIGI CONNECTS, DIGI CONNECT, DIGI CONNECT WI-ME, DIGI CONNECT WI-EM, DIGI FLEX, DIGI ONE REALPORT, DIGI ONE IA REALPORT, DIGI PASSPORT, DIGI CONNECTWARE, and other variations of the above. As the evidence shows, Applicant's packaging, Website, product datasheets, and advertising materials consistently tie the various Digi Marks together, prominently displaying the DIGI & DESIGN Logo, referencing the WWW.DIGI.COM mark, showing the DIGI CONNECTWARE & DESIGN Logo, and otherwise emphasizing the DIGI trade name and trademarks. Such consistent use of the Digi Marks, and particularly the widespread and consistent use of the DIGI Logo, clearly creates the impression of a family of marks with a common element. The Opposer advertises and promotes its family of marks together, often picturing products on one page, all bearing the DIGI Logo and sold under the various Digi Marks listed above. See Black & Decker, supra at 18.

In addition to its long and extensive use of the Digi Marks, DIGI is the owner of twenty nine(29) federal registrations for marks consisting of or including the term "DIGI", including the eighteen marks identified in the table above, many of which are now incontestable. All eighteen of these marks were filed prior to Applicant's date of first use in the United States and prior to its date of filing. Accordingly, the family of the marks was well established prior to Applicant's adoption of the DIGIPOS mark.

Applicant in its Answer has denied that Opposer owns a family of marks and denies that the mark is a strong mark, but has failed to enter any meaningful evidence in support of its denials. As evidence of the supposed weakness of the incontestable DIGI mark, Applicant has submitted printouts of more than twelve hundred registrations. However, the Applicant has filed

to provide any evidence as to how these registrations might actually be relevant to the case at hand. The Applicant has not even supplied a list of the marks associated with the registration numbers, rather leaving it to the Opposer, and to the Board, to wade through hundreds of pages of irrelevant marks. The Applicant has evidenced the same carelessness in entering its evidence as it exhibited in its selection of the mark, as discussed below.

Opposer has reviewed a number of the registrations submitted by the Applicant and based upon that review it appears that the Applicant has made no effort to distinguish between marks that include words "digit" or "digital", as it has submitted copies of hundreds of registrations for marks that include those words and NOT the term "DIGI" used as a mark or as a prefix in a mark. The Applicant does not appear to understand that the words "digit" and "digital" are not the equivalent of the term "DIGI". Further, based upon Opposer's review, the goods and services covered by these registrations range from video games (see Reg. No. 2,786,989) to electric lighting controls (see Reg. No. 3162564), none of which are at all relevant to the question of whether the mark DIGIPOS is confusingly similar to the Digi Marks when used in connection with identical and closely related computer hardware products.

Further, even if the Board accepts the copies of the twelve hundred plus registrations submitted by the Applicant as being properly entered on the record, it is well settled that third-party registrations are not evidence of what happens in the marketplace or that the public is familiar with the use of the subject marks. See National Aeronautics & Space Administration v. Record Chemical Co., 185 USPQ563,567 (TTAB 1975). They do not provide evidence that the marks have been used to such an extent that customers have become accustomed to seeing the marks and hence have learned to distinguish them based on minor differences between the marks. See Smith Brothers Manufacturing Co. v. Stone Manufacturing Co., 476 F.2d 1004, 177

USPQ 462, 463 (CCPA 1973); and In re Hub Distributing, Inc., 218 USPQ 284, 285-86 (TTAB 1983).

Finally, even if the Board considers some of the registrations submitted by the Applicant to be relevant in that they begin with the DIGI prefix and cover goods somewhat relevant to the case at hand, these registrations can be distinguished from the mark of the Applicant in that many of the marks, when viewed as a whole, have connotations that are different than the Opposer's marks, whereas the Applicant's mark DIGIPOS has no connotation other than to suggest an entire line of product sold by the Opposer. *See Black & Decker, supra*, at footnote No. 9.

As its only other evidence of the supposed weakness of the DIGI mark, Applicant has submitted one definition from an online dictionary, that defines DIGI as acronym for digital. Applicant has submitted no evidence that the DIGI mark is used by the public, by the Opposer or the Applicant interchangeably with the word "digital" in the same way that the acronym POS is used for "point-of-sale." That is, simply, because no such evidence exists. There is not a shred of evidence, that demonstrates any use, in speech or in print, of the term "DIGI" as an abbreviation of or acronym for the word "digital".

If, in fact, the term DIGI were a widely recognized abbreviation of the word digital, the Applicant's mark as whole would be merely descriptive and, as such, it would be refused registration under Section 2(e) of the Lanham Act. Of course, this is not the case, as evidenced by the fact that the Opposer is the owner of two registrations for the mark DIGI in standard character format. As noted above, the Opposer's DIGI marks have in every case been found by the Trademark Office to be inherently distinctive and entitled to registration on the Principal Register. Finally,, even if the DIGI were not an inherently strong mark, the record shows that

the Opposer has acquired distinctive through more than twenty years of continuous use of the Digi Marks in connection with the sales of computer hardware and software products totaling more than two billion dollars. Accordingly, the Digi Marks owned by the Opposer should be afforded a broad scope of protection within the relevant industry.

**6. The Applicant has Been Careless in its Adoption of the DIGIPOS Mark**

The Applicant has stated that the only search conducted prior to adoption of the DIGIPOS mark was a direct hit search on an online database, which resulted in several thousand hits. The Applicant obviously made no attempt to narrow the results of this direct hit search to exclude marks including “digital” or “digit” or to look specifically for active marks covering “computer hardware” or “peripherals. When it failed to find an earlier filed application or registration for the exact mark DIGIPOS, Applicant adopted the mark and filed an application for registration without further investigation. Now that its application has been challenged, the Applicant’s defense is to attack the strength of the Opposer’s marks.

Had Applicant, as a newcomer to the U.S. computer hardware market in 2002, conducted a full search prior to adopting the DIGIPOS mark they would have no doubt become aware that DIGI owned numerous registrations and pending applications for the mark DIGI and variations thereof, all covering computer hardware and some covering computer software and peripherals as well. The failure of a large company to conduct a trademark search with sufficient lead time before launching a national advertising campaign with a new mark may be held against the company when the mark is found to be infringing. The District Court for the Northern District of Illinois found that “[d]efendant had a duty to ensure, through a proper and timely trademark search, that his campaign would not imitate an existing registered mark. As a highly sophisticated national marketer, defendant had access to every imaginable resource to avoid the

slightest possibility of confusion.” Sands, Taylor & Wood v. Quaker Oats Co., 18 U.S.P.Q.2d 1457 (N.D. Ill. 1990) (“additionally, having a paralegal make a cursory and incomplete investigation of the use made by federal registrants found on the search is part of a pattern of conduct which leads to a suggestion of “calloused indifference which is a factor suggesting [monetary] relief”). The First Circuit held that a failure to conduct a trademark search was evidence, along with other behavior, of willful infringement that justified an award of attorney's fees against the infringer. Tamko Roofing Products, Inc. v. Ideal Roofing Co., Ltd., 282 F.3d 23, 61 U.S.P.Q.2d 1865 (1st Cir. 2002)

While most courts stop short of finding that an Applicant has a duty to search prior to adoption of a mark, there appears to agreement that at a minimum such behavior is careless, which is exactly the attitude Applicant has displayed in its adoption and use of the DIGIPOS mark. *See* SecuraComm Consulting, Inc. v. Securacom, Inc., 166 F.3d 182, 49 U.S.P.Q.2d 1444 (3d Cir. 1999) As Opposer understands the Applicant’s theory of trademark law, any time an owner uses a part of a popular word as a suggestive mark, it is per se an abbreviation or an acronym for the word. Accordingly, under this theory, the INTEL mark, one of the world’s strongest brands, is no more than an abbreviation of, or acronym for, the word “intelligence”. As the PTO database contains thousands of registrations for marks including the formative “intel”, shouldn’t the Applicant be entitled to use and register “INTELPoS” as a trademark for computer hardware? Fortunately, this type of reasoning is not followed by the Courts or by the TTAB in evaluating the rights of owners. It is clear that the Applicant has not exercised reasonable care in the selection of a mark for its products and that it has adopted the confusingly similar DIGIPOS mark without careful consideration. If Applicant truly believes that “DIGI” is the equivalent of “digital”, it is free to adopt the mark DIGITALPOS without objection from Opposer.

## CONCLUSION

The Opposer is the owner of a family of registered marks all consisting of or including the term "DIGI", and is the owner of twenty-nine registrations for marks consisting of or beginning with "DIGI". Opposer has used the Digi Marks in connection with its sale of computer hardware and software products for more than twenty years. The record includes evidence of use of the mark on a wide variety of products, as well as evidence of use on packaging, advertising, marketing materials, promotional materials, instruction and installation guides, solutions guides, application guides, product datasheets, product catalogs, newsletters, on its website and on its corporate headquarters building. Since its formation in 1985 the Opposer has sold more than two billion dollars in products under the DIGI brand, with well over a billion dollars in sales in the U.S. since 1995. The Opposer has been exemplary in its efforts to register its marks and provide others with constructive as well as actual notice of its ownership of the Digi Marks.

The Applicant first used its DIGIPOS mark in the United States on July 25, 2002, more than fifteen years after the Opposer's first use of the mark. The Applicant carelessly adopted the DIGIPOS mark without conducting a meaningful search to determine if the mark was available for use and registration. The Applicant uses the mark on products that are closely related and in some cases essentially identical to the products sold under the Opposer's Digi Marks. In addition, the Applicant uses the mark in a stylized format that makes confusion even more likely to occur.

In view of the foregoing, Opposer respectfully requests that the Board sustain the Notice of Opposition on all grounds, and refuse registration of the Applicant's DIGIPOS mark.

Date: May 3, 2001

Respectfully submitted,



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**CERTIFICATE OF SERVICE**

I hereby certify that a true copy of the BRIEF FOR OPPOSER was served on May 3, 2007, by first class mail, postage prepaid, on the following attorney for Applicant:

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