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

Proceeding	91193064
Party	Defendant Saeilo Enterprises, Inc.
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IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD

Application Serial Number: 77/699,074
Mark: P9
Publication Date: August 11, 2009

FN HERSTAL,	)	
Opposer and Counterclaim Defendant,	)	
	)	Opposition No. 91193064
v.	)	March 11, 2011
	)	
Saeilo Enterprises, Inc.,	)	
Applicant and Counterclaim Plaintiff.	)	

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

SAEILO ENTERPRISES, INC.'S RESPONSE TO
OPPOSER'S MOTION TO DISMISS APPLICANT'S COUNTERCLAIM;
AND MOTION FOR LEAVE TO AMEND COUNTERCLAIM

Now comes Applicant, Saeilo Enterprises, Inc., with its Response To Opposer's Motion To Dismiss Applicant's Counterclaim; And Motion For Leave To Amend Counterclaim.

PROCEDURAL HISTORY

On January 3, 2011, FN Herstal ("Opposer") filed with the United States Patent and Trademark Office ("USPTO") a Motion to Dismiss the Counterclaim Petition to Cancel Opposer's Registration, which Petition was filed by Saeilo Enterprises, Inc. ("Applicant") on May 26, 2010.

Opposer's Motion requested that the Trademark Trial and Appeal Board ("TTAB") toll the time to file an answer to Applicant's Counterclaim and reset the trial schedule. In response, the TTAB suspended this proceeding, pending disposition of Opposer's Motion to Dismiss. The parties subsequently stipulated to an extension of time for Applicant to file a Response to Opposer's Motion to Dismiss, until March 11, 2011; the TTAB granted that extension.

Therefore, through its undersigned counsel, Applicant hereby files its timely Response to Opposer's Motion to Dismiss; or, in the alternative Applicant hereby moves the TTAB for leave to amend Applicant's Counterclaim Petition to Cancel Opposer's U.S. Trademark Registration No. 1994751 ("'751").

OPPOSER INCORRECTLY APPLIES LEGAL STANDARDS GOVERNING MOTIONS TO DISMISS AND FRAUD ON THE USPTO

In its Motion to Dismiss, Opposer cites *Xechem Intern. v. University of Tex. M.D. Anderson Cancer Ctr.* for the proposition that the non-moving party should be given the benefit of all factual inferences that logically follow from the pleadings. 382 F.2d 1324, 1326 (Fed. Cir. 2004); but Opposer incorrectly applies that principle.

Opposer distorts the factual statements made in Applicant's Counterclaim and denies Applicant the benefit of logical inferences following from the Counterclaim. Furthermore, Opposer's condescending arguments obfuscate the real issues pled in the Counterclaim, namely, that Opposer cannot justify the contradiction between its statements in the '995 prosecution and its statements in its present opposition to Applicant's subject Application, leading to the inescapable conclusion that either Opposer's present opposition fails, or its '751 registration is subject to cancellation.

APPLICANT HAS SATISFIED THE STANDARD OF ALLEGING FALSE REPRESENTATIONS OF FACT

A claim of fraud must be alleged with sufficient particularity. *American Flange & Manufacturing Co. v. Rieke Corp.*, 80 USPQ2d 1397 (TTAB 2006). Opposer's Motion to Dismiss incorrectly states that Applicant's Counterclaim fails to allege any false statements of fact made during the prosecution of U.S. Trademark Application No. 74/639,995 ("'995"), which underlies Opposer's subject '751 registration. Motion to Dismiss, p. 6. To the contrary, Counterclaim Paragraphs 1 through 7 do specify inconsistencies regarding Opposer's claims of likelihood of confusion between the parties' respective marks. There, Applicant points to several particular instances of Opposer's position in the prosecution of '995 being diametrically at odds with Opposer's position in the present proceeding.

Counterclaim Paragraphs 3 and 4 illustrate Applicant's line of argument that Opposer's own words mean either its opposition fails or its registration is subject to cancellation. Counterclaim Paragraphs 3 and 4 highlight passages wherein Opposer cites the mark P-9 (and 24 other third-party marks) to overcome the Examining Attorney's refusal to register P90 on the basis that it was confusingly similar to the marks P7 and P85. Applicant is showing the inconsistency between Opposer's arguments in the '995 prosecution and this proceeding – which Opposer knows cannot both be true.

In its Motion to Dismiss, Footnote 1, Opposer points out that the 1995 use of P-9 was attributed to Springfield Armory, not Applicant; no one argues that. The identity of the user of P-9 in 1995 is not at issue in this proceeding. In addition to being an uncontested point, this

statement by Opposer is irrelevant because Applicant is not relying on the date of use of P-9 [1]; Applicant's P9 claimed date of first use is January 31, 2000. Opposer misguidedly seems to think that Applicant is trying to establish that Applicant's use of P9 pre-dates Opposer's claimed use of P90; nowhere in this proceeding has Applicant made any such allegation.

It *is* relevant that, in order to get its mark P90 registered, Opposer *itself* asserted that the mark P-9 -- owned by the well-known firearms company Springfield Armory, used as a mark for guns, and featured in the famous "U.S. magazine on guns, 'Guns & Ammo'" -- was not confusingly similar to P90 used for firearms. It is also relevant that, under the USPTO's well-established "sight, sound, and meaning test," P-9 and P9 would be considered identical, or nearly identical, because the only difference is a hyphen, which does not alter the marks' identical sound and meaning, and only marginally changes the appearance. TMEP § 807.14(c), citing *In re Litehouse, Inc.*, 82 USPQ2d 1471 (TTAB 2007). Finally, it is also relevant that, like Springfield Armory, Applicant is a gun maker using its mark for firearms that are featured in gun enthusiast magazines, including "Guns & Ammo."

In its Motion to Dismiss, Footnote 2, Opposer takes pains to point out that the USPTO cited neither P-9 nor P9 against '995; this point is uncontested. Notably, Opposer also does not contest Applicant's statement that *Opposer itself* cited Springfield Armory's P-9 as not confusingly similar to Opposer's P90 during the prosecution of '995.

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[1] Opposer's Motion to Dismiss, Footnote 1, addresses Applicant's Counterclaim, Paragraph 4, statement that "Opposer[]...listed 25 marks...and P-9, the latter of which is Applicant's mark...." That sentence should have read "...and P-9, the latter of which is *the equivalent of* Applicant's mark." Applicant regrets this three-word omission.

APPLICANT HAS SHOWN THAT OPPOSER EITHER INTENDED TO DECEIVE THE USPTO IN THE '995 PROSECUTION, OR IS DECEIVING THE USPTO IN THE PRESENT PROCEEDING

The only way Opposer can hope to square its logical inconsistencies, which are enumerated in Applicant's Counterclaim, is to argue "change." Opposer's claims of changed products, consumer perceptions, markets, laws, and – a bizarre twist – the nature of the marks themselves ultimately reveal that Opposer's position is both factually and legally misguided.

THE PRODUCTS HAVE NOT CHANGED

Opposer's Motion to Dismiss says, "the goods here are different, Opposer's product line is not the same as it was then." In reality, the mark P90 was in 1996, and currently is, used for sub-machine guns sold to the military. By its own admission, Opposer does not sell to non-military parties. By law, Opposer *cannot* sell its P90 sub-machine guns to non-military. Opposer has not expanded its use of P90 into other goods since the mark's inception, and Opposer has indicated no plans to expand its use of P90 to other goods.

The products at issue in this proceeding have not changed, and there is no reason to conclude they are intended to.

CONSUMER PERCEPTIONS HAVE NOT CHANGED

Contemporary consumers are just as knowledgeable about firearms as they were in 1996 - if not moreso. The recent tragedy in Tucson, Arizona, is one among many that have brought national attention to gun violence. In response to increased awareness of such events, many civilians have purchased firearms, or at least read more about them and the industry. As the number of gun owners grows, so does the number of consumers with a working knowledge of the firearms industry. The inconsistencies in Opposer's logic in this regard are even more

pronounced when considering that the average consumer of Opposer's goods must be among the most highly sophisticated firearms purchaser: the military.

If consumer perceptions about firearms have changed at all between 1996 and today, the result has been greater knowledge – not less.

THE MARKETPLACE HAS NOT CHANGED

The marketplace for firearms sold under the mark P90 continues to be the military. The marketplace for firearms sold under the mark P9 continues to be non-military. Contrary to the Motion to Dismiss' suggestions that the marketplace for the P90 has changed, the sale and possession of machine guns by civilians is still strictly prohibited under, at least, 18 U.S.C. §922(o)(1). The logical disconnect between Opposer's arguments is readily apparent, given the legal environment surrounding firearms. The marketplace for military-grade firearms has not changed.

THE EXISTENCE OF GUN LAWS HAS NOT CHANGED

Opposer's Motion to Dismiss states that "in 1996...firearms in the US were highly regulated." The *National Firearms Act*, 26 U.S.C. §5849 *et seq.* and the *Firearms Owners' Protection Act*, 18 U.S.C. §921 *et seq.* continue to regulate firearms today - and in a way that could be characterized as "highly."

Opposer's marshaling of recent controversial Supreme Court decisions to intimate that the regulation of firearms has gone through some legal metamorphosis is an incorrect and misleading distraction from the real issues in this trademark proceeding's Counterclaim. It is notable that Opposer does not even attempt to educate the Motion's reader as to *how* "the entire marketplace for firearms [h]as [*sic*] been dramatically changed by" the cited case; the reader

apparently is to accept Opposer's conclusory statement as fact. To the contrary, the cases cited by Opposer do not stand for the proposition that firearms are any less heavily regulated today than they were in 1996; rather, they pertain to specific facts and circumstances that are unrelated to this proceeding and have little, if any, bearing on the amount of U.S. firearms regulation.

One regulation may sunset, others are promulgated anew. The specific federal or state law by which U.S. firearms were controlled in 1996 and are controlled today is not the subject of the present trademark dispute, except to the extent that it bears on the truth of Opposer's 1996 Response assertions, and those entered in its current opposition of Applicant's application. Applicant's Motion says guns were regulated then; whether characterized as "highly" or "very" or "somewhat" or "overly" or "insufficiently" or using any other adverb, it is an indisputable fact that the manufacture, distribution, sale, use, and all other aspects of firearms – including pistols and sub-machines guns – were regulated in 1996 and remain so today.

There has been no change of consequence to the present proceeding. A contention otherwise is a preposterous red herring. The existence of gun laws has not changed.

THE MARKS HAVE NOT CHANGED

It is also ridiculous to claim, as Opposer does, that "the current Opposition…is based on different marks and different goods" than the marks and goods in 1996. The marks were P9 and P90 in 1996, as they are today; the goods in question are firearms, as they are today.

With respect to the subject marks themselves, Opposer lodges a bizarre and unsubstantiated assertion that "the nature of the different character, "0" (zero), [*sic*] at issue here creates a much different situation." This statement begs the question, "'Much different' from what? Was the character '0' (whether zero or the letter 0) different in sight, sound, or meaning

in 1996 than today?" Opposer does not enlighten the Motion's reader as to the "situation" from which this undefined "situation" is "much different." This leaves the reader to speculate even more than the mystery of the effect of the aforementioned court case on gun laws.

Opposer follows this cryptic "much different" statement with the disjointed, "Where the only different character between two firearms marks is the numeral "0" (zero), following (to the right of) another numeral, consumers are more likely to think there is relatedness – the late comer's mark may be simply a less precise version of the original, or may otherwise enhance confusion. The reader is left to wonder about the magical quality of "the numeral '0' (zero)" and how Opposer has decided the character is a zero as opposed to the letter or a circle; why this character's position "following (to the right of) another numeral" is critical in consumers' perception of "relatedness," whether that perception would be different if the character were on the left of "another numeral," just how the presence of "another numeral" impacts that character, why a consumer would leap to the conclusion that either trademark is a sloppy version of the other; the basis for expecting a consumer will think one mark owner is sloppier ("less precise") in applying its mark; how else the character "0" "may enhance confusion" --- and why all these principles are specific to "*firearms* marks."

Opposer finally states, without support, "The marks here are different than those cited in the application." Again, Opposer leaves the reader with more questions than answers; e.g., How are the marks different?

Opposer does not give us this information because it does not exist. There is no reason to analyze P9 and P90 any differently today than the way they were analyzed in 1996. Many of the manufacturers listed in Opposer's January 12, 1996, Response still manufacture and sell pistols

using the same marks. Manufacturers of pistols continue to use alpha-numeric marks featuring the letter "P" followed by a number, just as Opposer stated in 1996.

The marks have not changed.

OPPOSER'S STATEMENTS IN THE '995 PROSECUTION WERE MATERIAL TO PROCURING THE RESULTING '751 REGISTRATION

Fraud occurs when an applicant or registrant knowingly makes false, material misrepresentations of fact. *American Flange (2006)*. Opposer maintains that if there were any false statements of fact made with intent to deceive they were immaterial. In reality, Opposer's 1996 statements at issue were material to the decision to grant the '995 application. It is no coincidence that eight months after Opposer filed the critical Response to Office Action, its P90 mark was entered on the Primary Register. Without the statements in that Response, the USPTO would have had no reason to withdraw its likelihood of confusion refusal. This shows that Opposer's argument in 1996 formed the basis for registration of the mark P90, and was therefore material.

APPLICANT HAS MET ITS BURDEN OF PROOF IN THE PRESENT PROCEEDING

Taking the pleadings as true, Applicant has met its burden of proving fraud on the USPTO by clear and convincing evidence. As indicated in the preceding sections, Applicant has alleged with specificity the inconsistencies between the prosecution of '751 and Opposer's arguments in the current proceeding. Arguing in a manner that is directly contradictory to one's former position, when the factual conditions supporting the arguments have not changed is unambiguous evidence that one of the arguments is specious.

CONCLUSION

Opposer's Motion to Dismiss Applicant's Counterclaim indicates that Applicant has failed to state a claim upon which relief can be granted. Applicant's Counterclaim clearly asserts that Opposer either used fraudulent statements of fact to procure its '751 registration for P90, or is using false statements of fact to support its present opposition to Applicant's application to register the mark P9.

Applicant has pled its claim with particularity; has refuted Opposer's specious claims of changed products, consumer perceptions, markets, laws, and the nature of the marks themselves; has shown Opposer's 1996 statements were material to '995's maturing to the '751 registration; and has met its burden of proof. There is no question that Applicant has stated a claim on which relief can be granted. Applicant respectfully requests that the TTAB deny Opposer's Motion to Dismiss the Counterclaim.

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Dated this 11th day of March, 2011.

Saeilo Enterprises, Inc.

By: _____

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CERTIFICATE OF ELECTRONIC FILING

I hereby certify that a copy of the foregoing "Saeilo Enterprises, Inc.'s Response To Opposer's Motion To Dismiss Applicant's Counterclaim; And Motion For Leave To Amend Counterclaim" was filed with the Trademark Trial and Appeal Board via the "Electronic System for Trademark Trials and Appeals" on the date below.

Signature: _____ Date: 3-11-11
Nancy Kennedy

CERTIFICATE OF SERVICE

I hereby certify that, on the date below, a true and complete copy of the foregoing "Saeilo Enterprises, Inc.'s Response To Opposer's Motion To Dismiss Applicant's Counterclaim; And Motion For Leave To Amend Counterclaim" has been deposited with the United States Postal Service as first class mail, postage prepaid, in an envelope addressed to: "Burton S. Ehrlich, Ladas & Parry LLP, 224 S. Michigan Avenue, Suite 1600, Chicago IL 60604."

Signature: _____ Date: 3-11-11
Nancy Kennedy