

ESTTA Tracking number: **ESTTA426633**

Filing date: **08/23/2011**

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

Proceeding	91200355
Party	Plaintiff Motorola Mobility, Inc., Motorola Trademark Holdings, LLC
Correspondence Address	Thomas M. Williams Winston & Strawn LLP 35 W. Wacker Drive Chicago, IL 60601-9703 UNITED STATES tmwilliams@winston.com, docketCH@winston.com, ahodgson@winston.com, iagarcia@winston.com
Submission	Other Motions/Papers
Filer's Name	Thomas M. Williams
Filer's e-mail	tmwilliams@winston.com
Signature	/s/Thomas M. Williams
Date	08/23/2011
Attachments	Opposer_s_Response_to_Applicant_s_Motion_to_Dismiss.pdf (23 pages) (95633 bytes)

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

Application Serial No. 78/575,442)	
Filed: February 25, 2005)	
Published: February 22, 2011, in the <i>Official Gazette</i>)	Opposition No. 91200355
For: SOUND MARK)	
)	
Motorola Mobility, Inc. and Motorola Trademark Holdings, LLC,)	
)	
Opposers,)	
vs.)	
Nextel Communications, Inc.)	
)	
Applicant.)	

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

OPPOSERS' RESPONSE TO APPLICANT'S MOTION TO DISMISS

Opposers Motorola Mobility, Inc. and Motorola Trademark Holdings, LLC (collectively, "Motorola" or "Opposers") hereby respond to Applicant's Motion to Dismiss Opposers' Functionality, Preclusion, and Fraud Claims Under Rule 12(b)(6).

I. Applicant's Motion to Dismiss is Improperly Directed to the Merits of the Pending Opposition, Not the Pleadings

The Board's standards applicable to a motion to dismiss are well-settled. "The purpose of a Rule 12(b)(6) motion is to challenge 'the legal theory of the complaint, not the sufficiency of any evidence that might be adduced' and 'to eliminate actions that are fatally flawed in their legal premises and destined to fail....'" *Fair Indigo LLC v. Style Conscience*, 85 U.S.P.Q.2d 1536, 1538 (T.T.A.B. 2007) (internal citations omitted). It is "a test solely of the legal

sufficiency of a complaint.” T.B.M.P. § 503.02 (3d. ed. rev. 2011) (citing *Advanced Cardiovascular Sys., Inc. v. SciMed Life Sys. Inc.*, 988 F.2d 1157, 1160, 26 U.S.P.Q.2d 1038, 1042 (Fed. Cir. 1993), and others). To survive a motion to dismiss, a complaint must “state a claim to relief that is plausible on its face.” *Id.* (citing *Bell Atlantic Corp. v. Twombly*, 550 U.S. 554, 570 (2007), and others).

Applicant Nextel’s Motion to Dismiss (“Mot. to Dismiss”) is directed to Motorola’s functionality, claim/issue preclusion, and fraud grounds for opposition. However, Nextel’s challenges to those grounds are primarily substantive arguments directed to the merits, rather than the pleadings. As a result, its motion is untimely because the case is only at the pleadings stage. Moreover, it relies in large part on matters outside the scope of the pleadings; particularly substantive evidence and arguments from the prior opposition between the parties involving the identical sound mark (“Chirp Tone”), *Nextel Communications v. Motorola, Inc.*, 91 U.S.P.Q.2d 1393 (T.T.A.B. 2009) (“*Nextel v. Motorola*”). While that prior proceeding is undisputedly relevant to the present case, its applicability is properly addressed during the merits stage of this proceeding.

Substantive challenges on the merits are proper only at the summary judgment stage¹ or at trial on the merits. “Whether a plaintiff can actually prove its allegations is a matter to be determined not upon motion to dismiss, but rather at final hearing or upon summary judgment, after the parties have had an opportunity to submit evidence in support of their respective positions.” T.B.M.P. § 503.02 (3d. ed. rev. 2011) (citations omitted). As described below, Motorola’s Notice of Opposition (“Opp.”) contains well-pleaded grounds for opposition.

¹ Under the new Board rules, Nextel’s Motion to Dismiss cannot be converted into a summary judgment motion. T.B.M.P. § 503.04 (3d. ed. rev. 2011) (discussing cases subject to the 2007 rules).

II. Opposers' Notice Properly Pleads Functionality

Nextel's Motion to Dismiss challenges the merits of Motorola's functionality grounds for opposition. However, that is improper at the pleadings stage. *See, e.g., Fair Indigo LLC*, 85 U.S.P.Q.2d at 1538. Motorola's only obligation at this stage is to plead facts that, taken as true, will plausibly state a functionality claim. Motorola has met this threshold.

De jure functionality is a valid ground for opposing a service mark application. *See, e.g., Duramax Marine, LLC v. R. W. Fernstrum & Co.*, 80 U.S.P.Q.2d 1780, 1792-93 (T.T.A.B. 2006). The Board recently addressed service mark functionality in the communications services context. *Cellco Partnership d/b/a Verizon Wireless v. AT&T Intellectual Prop. II, L.P.*, Cancellation No. 92/050,118 (T.T.A.B. Dec. 17, 2009) (not precedential). The *Cellco* proceeding involved a petition to cancel a Supplemental Register service mark consisting of a pictorial depiction of 5 vertical bars. The mark covered various telecommunications services in Class 38 (U.S.P.T.O. Supp. Reg. No. 3,411,218). The cancellation petitioner argued that the 5-bars design was functional because the wireless devices that were the "conduit" of the services displayed the mark to show signal strength. *Id.* at 4 n.1. In evaluating the respondent's motion for summary judgment, the Board reiterated its functionality test. "In determining whether matter sought to be registered is functional, the inquiry is whether the matter shown is 'essential to the use or purpose of the product or if it affects the cost or quality of the product.'" *Id.* at 5 (citations omitted).² In a separate opinion, the Board has also clarified that "competitive need" is an important inquiry in the service mark functionality analysis. *See In re Hudson News Co.*, 39 U.S.P.Q.2d 1915, 1917 (T.T.A.B. 1996). As it did in the *Cellco* case, the Board should allow Motorola's service mark functionality claim to proceed on the merits.

² The Board, in *Cellco*, ultimately denied respondent's summary judgment motion based on genuine issues of material fact regarding functionality and service mark use. *Id.* at 6.

Motorola's Notice of Opposition alleges sufficient facts to plead a functionality claim.

The Notice provides factual background for the applied-for Chirp Tone, namely, its function in connection with Nextel's applied-for services and Motorola's communications devices and infrastructure. (Opp. ¶¶ 4-5). It then alleges:

25. The Chirp Tone is functional when used in connection with the applied-for communications services. The Chirp Tone is an operational alert tone when used in connection with services provided via Motorola's proprietary iDEN® handsets and iDEN® infrastructure. The Chirp Tone provides an audible alert signal that the walkie-talkie service is enabled and that a channel is available for communications. The Chirp Tone is embedded into the iDEN® handsets and is essential to the provision of services provided via use of those handsets in the communications services context. Although Motorola, as the iDEN® handset manufacturer, affirmatively chose the Chirp Tone despite available alternative tones, the Chirp Tone is functional at the iDEN® service provider level because it cannot be removed or altered by iDEN® push-to-talk walkie-talkie communications services providers, such as Nextel and Southern, or by end-user consumers. Motorola's customers who offer iDEN®-based push-to-talk walkie-talkie communications services to consumers, including Nextel and Southern, could not provide these services without utilizing the Chirp Tone. As a result, the Chirp Tone is essential to the use or purpose of the applied-for services, and it affects the cost or quality of the applied-for services. Nextel's registration of the Chirp Tone, and its associated presumption of exclusive rights to use the Chirp Tone, would place its competitors who also provide communications services via Motorola's iDEN® handsets and iDEN® infrastructure at a significant non-reputation-related competitive disadvantage.

This paragraph alleges that the Chirp Tone is "essential to the use or purpose of the applied-for services" because it is "*embedded into the iDEN® handsets*" and "*cannot be removed or altered by ... communications services providers, such as Nextel and Southern, or by end-user consumers.*" (Opp. ¶ 25). Moreover, "*Motorola's customers who offer iDEN®-based push-to-talk walkie-talkie communications services to consumers, including Nextel and Southern, could not provide these services without utilizing the Chirp Tone.*" (Opp. ¶ 25). As to

“competitive need,” the Notice of Opposition alleges that “*Nextel’s registration of the Chirp Tone, and its associated presumption of exclusive rights to use the Chirp Tone would place its competitors who also provide communications services via Motorola’s iDEN® handsets and iDEN® infrastructure at a significant non-reputation-related competitive disadvantage.*” (Opp. ¶ 25). Taken as true, as they must be on a motion to dismiss, Motorola’s allegations set forth a plausible functionality claim under 15 U.S.C. § 1052(e)(5). *See Fair Indigo LLC*, 85 U.S.P.Q.2d at 1538.

Nextel’s Motion to Dismiss asserts that the Board must evaluate “*evidence*” of the *Morton-Norwich* factors. (Mot. to Dismiss at 7 (emphasis added)). While this is true at the merits stage, the Board need not evaluate any “*evidence*” at the pleadings stage. *See, e.g., Fair Indigo LLC*, 85 U.S.P.Q.2d at 1538 (“Applicant has confused the requirements for *pleading* [grounds for opposition] with the requirements for *proving* [grounds] at trial or on summary judgment.” (emphasis added)). Thus, Nextel’s *Morton-Norwich* arguments regarding Motorola’s evidence and proofs are premature. Motorola’s functionality pleadings are sufficient under the applicable Rule 8 pleading requirements.

Similarly, Nextel’s substantive argument regarding Motorola’s alleged ability “to use an entirely different electronic alert tone” in connection with its wireless devices is also premature. (Mot. to Dismiss at 8-9). It is a substantive defense to Motorola’s functionality challenge, which is inapplicable at the pleadings stage. *See Fair Indigo LLC*, 85 U.S.P.Q.2d at 1538. Moreover, even if the Board chooses to entertain Nextel’s “alternative mark” argument at the pleadings stage, it is misplaced because Motorola’s functionality challenge is based on the functionality of the mark in connection with the applied-for services, which are offered by Motorola’s customers—not Motorola. (Opp. ¶ 25). The inquiry is not whether *Motorola* could use a

different tone in manufacturing the essential infrastructure and handsets; it is whether Nextel's competitors—including Southern—could use a different tone without affecting the cost or quality of their competing communications services. As the Notice of Opposition alleges and explains, they cannot. (Opp. ¶ 25 (“*Nextel’s registration of the Chirp Tone, and its associated presumption of exclusive rights to use the Chirp Tone, would place its competitors who also provide communications services via Motorola’s iDEN® handsets and iDEN® infrastructure at a significant non-reputation-related competitive disadvantage.*”)).³ If Nextel disputes this allegation, it must do so on the merits at trial.

Moreover, Nextel's Motion to Dismiss concedes that Motorola's Notice of Opposition adequately pleads a functionality claim against certain services identified in the application. “Opposer's argument is unusual, in that it asserts that the Chirp Tone is ‘functional’ only with respect to a narrow category of services provided exclusively by the two purchasers of its own proprietary equipment, and that it is ‘essential’ to the provision of those IDEN-product-specific services only because Opposer has itself decided not to provide for the use of a different electronic tone for the ‘talk permit’ operational status alert on its devices.” (Mot. to Dismiss at 8 (citing Opp. ¶ 25)). This admission alone is sufficient to negate its motion to dismiss the functionality grounds. If Motorola's Notice of Opposition states a functionality claim with

³ Motorola has standing to assert functionality grounds for opposition because it is the manufacturer and licensor with respect to the handsets provided to Nextel and Southern, which emit the Chirp Tone. If Nextel obtains registration for the Chirp Tone, it could attempt to assert its service mark against Motorola's ongoing non-trademark use of the Chirp Tone. Nextel could also attempt to assert its Chirp Tone against Motorola's other customers, which would likely result in lost sales for Motorola while the litigation is pending. (Opp. ¶¶ 36-37). Any party who believes it is or will be damaged by registration of a mark has standing to file a complaint. At the pleading stage, all that is required is that a plaintiff allege facts sufficient to show a “real interest” in the proceeding, and a “reasonable basis” for its belief that it would suffer some kind of damage if the mark is registered. T.B.M.P. § 309.03(b) (3d. ed. rev. 2011) (citing *Ritchie v. Simpson*, 170 F.3d 1092, 50 U.S.P.Q.2d 1023, 1025 (Fed. Cir. 1999)). Further, if a party can show standing on one ground, it has the right to assert any other grounds in an opposition or cancellation proceeding. T.B.M.P. § 309.03(b) (3d. ed. rev. 2011) (citing *Enbridge, Inc. v. Excelerate Energy LP*, 92 U.S.P.Q.2d 1537, 1543 n.10 (T.T.A.B. 2009) (citation omitted)).

respect to the “iDEN-product-specific services”—as Nextel concedes—it would be improper to dismiss that ground from the case at the pleadings stage. Consequently, Nextel’s functionality arguments are improperly directed to the merits, not the pleadings. *See, e.g., Fair Indigo LLC*, 85 U.S.P.Q.2d at 1538.

III. Opposers’ Notice Pleads Sufficient Facts in Support of the Preclusion Claims

A. Issue Preclusion

To prevail on its issue preclusion (collateral estoppel) grounds, Motorola will ultimately need to prove: (1) identity of issues in a prior proceeding; (2) the issues were actually litigated; (3) the determination of the issues was necessary to the resulting judgment; and (4) the party defending against preclusion had a full and fair opportunity to litigate the issues.

DaimlerChrysler Corp. v. Maydak, 86 U.S.P.Q.2d 1945, 1948 (T.T.A.B. 2008).

Motorola’s Notice of Opposition pleads facts in support of each issue preclusion element, which is all that is required at the pleadings stage. The Notice provides factual background for the Chirp Tone, including the prior proceeding and Nextel’s pending application. (Opp. ¶¶ 6-16). It then alleges:

27. The Board sustained Nextel’s opposition to Motorola’s Chirp Tone trademark application in a June 12, 2009 precedential decision (*Nextel Communications, Inc. v. Motorola, Inc.* (T.T.A.B. Case No. 91/164,353)) published as *Nextel Communications, Inc. v. Motorola, Inc.*, 91 U.S.P.Q.2d 1393 (T.T.A.B. 2009). That proceeding involved the identical sound mark, namely, the Chirp Tone. In that proceeding, the Board held that the Chirp Tone was not registrable on the Principal Register because it was not inherently distinctive and had not acquired distinctiveness as a trademark in connection with the applied-for goods. The services identified in Nextel’s Chirp Tone service mark application at issue in this proceeding are inextricably related to the goods identified in Motorola’s Chirp Tone trademark application. Nextel provides those services via Motorola’s iDEN® handsets and iDEN® infrastructure. In fact, Nextel’s applied-for communications services are sold to consumers as a package together with

Motorola's iDEN® handsets. Consequently, the Chirp Tone cannot be deemed non-distinctive and unregistrable as a mark in connection with the goods, on one hand, while at the same time be deemed distinctive and registrable in connection with the related services, on the other hand.

28. The doctrine of issue preclusion operates as a bar to Nextel's pending application to register the Chirp Tone as a service mark:

- (a). The issues in the present Chirp Tone service mark opposition are identical to the issues in the prior Chirp Tone trademark opposition, namely, whether the Chirp Tone is distinctive and functions as a mark.
- (b). The issues were actually litigated in the prior Chirp Tone trademark opposition, resulting in a final judgment against Motorola's Chirp Tone trademark application.
- (c). The determination of the issues of distinctiveness and trademark use was necessary to the resulting judgment, namely, that the Chirp Tone was non-distinctive and did not function as a mark.
- (d). The party defending against preclusion had a full and fair opportunity to litigate the issues. In fact, as the party in the position as the plaintiff/opposer in the prior Chirp Tone trademark opposition (*Nextel Communications, Inc. v. Motorola, Inc.* (T.T.A.B. Case No. 91/164,353)), Nextel was the party who asserted and successfully proved the issues of non-distinctiveness and failure to function as a mark. In direct contrast to its prior position, upheld by the Board, Nextel now seeks to re-litigate these issues and prove that the Chirp Tone is distinctive and registrable on the Principal Register.

Nextel's challenges to Motorola's issue preclusion claim are largely arguments on the merits, which are inapplicable at the pleadings stage. For example, Nextel argues that "[t]he issues resolved in the prior proceeding, which Opposer identifies in support of its preclusion claim, differ materially from the issues presented in the current proceeding...." (Mot. to Dismiss at 12). This is a denial and a substantive argument. A motion to dismiss is not the proper vehicle for this type of challenge. *See Fair Indigo LLC*, 85 U.S.P.Q.2d at 1538. Nextel goes on to raise substantive and unsupported arguments regarding the nature of its services and the

conditions under which the Chirp Tone is emitted. (Mot. to Dismiss at 12). These arguments are not properly before the Board on a motion to dismiss.

Nextel also argues that “[Motorola] seeks to preclude the Board from considering evidence in this proceeding about whether [the Chirp Tone] is distinctive when used with respect to Applicant’s applied-for services, many of which do not involve the emission of [the Chirp Tone] in the course of their operation, and whether Applicant has used the mark in such a way that it has acquired distinctiveness with respect to Applicant’s services.” (Mot. to Dismiss at 11.) Motorola respectfully submits that *Nextel*—as the party filing a motion to dismiss—is the party seeking to “preclude the Board from considering evidence in this proceeding....” *Id.* Motorola’s grounds for opposition—including its preclusion grounds—should be adjudicated on the merits, not on a motion to dismiss. At the merits stage, Nextel will be entitled to present its defense explaining how its applied-for “Chirp Tone” communications services, which are provided via Nextel’s resale of Motorola’s “chirping” handsets,⁴ are allegedly separable and ultimately registrable. Although Nextel’s argument runs contrary to established case law concerning related goods and services, Nextel is free to pursue it at the merits stage. *See, e.g., In re Tires, Tires, Inc.*, 94 U.S.P.Q.2d 1154, 1157 (T.T.A.B. 2009) (collecting case law regarding distinctiveness of related goods and services). A motion to dismiss is premature.

B. Claim Preclusion

To prevail on its claim preclusion (*res judicata*) grounds, Motorola will ultimately need to prove: (1) there is identity of parties (or their privies); (2) there has been an earlier final judgment on the merits of a claim; and (3) the second claim is based on the same set of

⁴ (Opp. ¶ 27).

transactional facts as the first.” *Zoba Int’l Corp. v. DVD Format/LOGO Licensing Corp.*, 98 U.S.P.Q.2d 1106, 1109 (T.T.A.B. 2011).

Motorola’s Notice of Opposition pleads facts in support of each claim preclusion element, which is all that is required at the pleadings stage. The Notice provides factual background for the Chirp Tone, including the prior proceeding and Nextel’s pending application. (Opp. ¶¶ 6-16). It then alleges:

27. The Board sustained Nextel’s opposition to Motorola’s Chirp Tone trademark application in a June 12, 2009 precedential decision (*Nextel Communications, Inc. v. Motorola, Inc.* (T.T.A.B. Case No. 91/164,353)) published as *Nextel Communications, Inc. v. Motorola, Inc.*, 91 U.S.P.Q.2d 1393 (T.T.A.B. 2009). That proceeding involved the identical sound mark, namely, the Chirp Tone. In that proceeding, the Board held that the Chirp Tone was not registrable on the Principal Register because it was not inherently distinctive and had not acquired distinctiveness as a trademark in connection with the applied-for goods. The services identified in Nextel’s Chirp Tone service mark application at issue in this proceeding are inextricably related to the goods identified in Motorola’s Chirp Tone trademark application. Nextel provides those services via Motorola’s iDEN® handsets and iDEN® infrastructure. In fact, Nextel’s applied-for communications services are sold to consumers as a package together with Motorola’s iDEN® handsets. Consequently, the Chirp Tone cannot be deemed non-distinctive and unregistrable as a mark in connection with the goods, on one hand, while at the same time be deemed distinctive and registrable in connection with the related services, on the other hand.

29. The doctrine of claim preclusion operates as a bar to Nextel’s pending application to register the Chirp Tone as a service mark:

- (a). There is an identity of the parties. Nextel was the plaintiff/opposer challenging Motorola’s Chirp Tone trademark application, and Motorola’s predecessor-in-interest (Motorola, Inc.) was the defendant/applicant. In the present case, the parties are reversed: Motorola is the plaintiff/opposer and Nextel is the Chirp Tone defendant/applicant.
- (b). There was an earlier final judgment on the merits. The Board entered a final judgment against Motorola’s application to

register the Chirp Tone (*Nextel Communications, Inc. v. Motorola, Inc.* (T.T.A.B. Case No. 91/164,353)).

(c). The second claim is based on the same set of transactional facts as the first. The identical Chirp Tone is at issue in both proceedings. The proceedings involve the same issues and the same set of transactional facts, namely, whether the Chirp Tone that is emitted by Motorola's iDEN® handsets during the course of Nextel's applied-for communications services is distinctive and functions as a mark that is registrable on the Principal Register. Due to the relatedness between the iDEN® handsets and the iDEN®-based communications services, there is no distinguishable difference between Motorola's use of the Chirp Tone in connection with the goods at issue in the prior proceeding and Nextel's use of the Chirp Tone in connection with the applied-for services.

Similar to its challenges to Motorola's issue preclusion claim, Nextel's arguments against Motorola's claim preclusion claim are merits-based and inapplicable to a motion to dismiss. *See Fair Indigo LLC*, 85 U.S.P.Q.2d at 1538. While Nextel is correct that the Board did not issue a ruling on Nextel's pending Chirp Tone service mark application during the prior *Nextel v. Motorola* Chirp Tone trademark opposition proceeding, this is not dispositive of whether Motorola's claim preclusion grounds are viable. As Nextel notes, its Chirp Tone service mark application covering the identical sound mark was suspended during the prior *Nextel v. Motorola* opposition. (Mot. to Dismiss at 15). Motorola respectfully submits that its Notice of Opposition adequately pleads claim preclusion grounds and that it should be entitled to pursue those grounds at trial on the merits.

In sum, it is well-settled that at the pleadings stage, factual allegations must be taken as true. *See Fair Indigo LLC*, 85 U.S.P.Q.2d at 1538. Taken as true, these facts adequately plead plausible grounds for opposing Nextel's Chirp Tone application on issue and claim preclusion grounds. Nextel will have ample opportunity to challenge these grounds on the merits at the proper stage of the proceedings.

IV. Opposers' Notice Pleads Fraud Claims With Particularity

A. Motorola's Notice of Opposition

Motorola's Notice of Opposition adequately pleads fraud under the framework established by the Federal Circuit and Board. "Fraud in procuring a service mark occurs when an applicant knowingly makes false, material representations of fact in connection with an application." *Metro Traffic Control, Inc. v. Shadow Network Inc.*, 104 F.3d 336, 340, 41 U.S.P.Q.2d 1369, 1373 (Fed. Cir. 1997) (citing *Torres v. Cantine Torresella S.r.l.*, 808 F.2d 46, 47-48, 1 U.S.P.Q.2d 1483, 1483-84 (Fed. Cir. 1986)). The Federal Circuit revisited trademark fraud in 2009. "[A] trademark is obtained fraudulently under the Lanham Act only if the applicant ... knowingly makes a false, material representation with the intent to deceive the PTO." *In re Bose Corp.*, 580 F.3d 1240, 1245, 91 U.S.P.Q.2d 1938, 1941 (Fed. Cir. 2009).

The Board has applied the *In re Bose* standard within the context of Rule 12(b)(6) motions to dismiss. In doing so, it held that "[t]he elements of fraud must be pleaded with particularity in accordance with Fed. R. Civ. P. 9(b)." *Petroleos Mexicanos v. Intermiz S.A.*, Cancellation No. 92/052,292, 2010 WL 5574282 at *4 (T.T.A.B. Dec. 28, 2010). The penultimate fraud allegation in the *Petroleos* petition was:

"On information and belief, Respondent's statements to the USPTO attesting that it was using the PEMEX mark in interstate commerce in connection with all of the goods and services recited in [registration] were material misrepresentations that were intended to deceive the USPTO into believing that Respondent's Alleged Mark had met the statutory conditions for filing a Statement of Use required to grant a registration for the mark. Such statements were material because the USPTO would not have granted [registration] in the absence of Respondent attesting that it had met these requirements." (Petition ¶ 38.)

Petroleos, 2010 WL 5574282 at *5 (quoting petition for cancellation).

The Board clarified that in deciding a motion to dismiss, factual allegations pertaining to the fraud "must be accepted as true" and that allegations based on "information and belief" are

permissible so long as they are accompanied by a statement of facts upon which the belief is founded. *Id.* at *1, *4. Consequently, it denied respondent's motion to dismiss the cancellation petition. "Based on this pleading, petitioner alleges with particularity that respondent knowingly, with the intent to deceive the USPTO, made a material misrepresentation that it was using its mark in commerce in the United States on the identified goods and services as of the time it filed its statement of use, when no such use had been made." *Id.* at *5; *see also Meckatzer Lowenbrau Benedikt Weis KG v. White Gold, LLC*, 95 U.S.P.Q.2d 1185, 1187 (T.T.A.B. 2010) (denying motion to dismiss fraud grounds).

Motorola's Notice of Opposition also satisfies this fraud pleading standard. It alleges—with particularity—two fraudulent acts committed by Nextel in connection with its Chirp Tone service mark application. The first fraud is an over-inclusive recitation of services:

33. On February 25, 2005, Nextel filed a use-based service mark application asserting that the Chirp Tone was in use as a service mark in commerce in connection with a variety of communications services in International Class 38. As of the February 25, 2005 filing date of the use-based Chirp Tone service mark application (Ser.No. 78/575,442), Nextel had not made service mark use of the Chirp Tone in connection with any services other than, at most, two-way radio services offered via Motorola's, or its licensee's, iDEN® handsets and iDEN® infrastructure. Consequently, Nextel's claim that the Chirp Tone was used as a service mark in connection with the additional non-iDEN® services identified in the application was false, namely, "electric transmission of data, pictures, music, video, and other electronic information via wireless networks; Electronic transmission of text, images, data, music and information by means of cellular telephones, digital cellular telephones, mobile telephones, handheld units, namely, personal computers and digital assistants (PDAs), dispatch radios, and pagers; Paging services; Transmission of positioning, tracking, monitoring and security data via wireless communications devices; Mobile telephone communication services; Wireless data services for mobile devices via a wireless network for the purpose of sending and receiving electronic mail, facsimiles, data, images, music, information, text, numeric messaging and text messaging and for accessing a global

communications network; Telecommunication services, namely, providing user access to telephone and Internet wired or wireless networks for the transmission of voice, data, images, music or video via a combination of persistent interconnection and instant interconnection/instant interrupt technologies.” That false statement was material because the U.S.P.T.O. would not have allowed the application to proceed as a use-based application as to those services if it was aware that the mark was not in use therewith. However, the U.S.P.T.O. relied on that false statement and Nextel obtained a benefit that it would not have otherwise received, namely, publication of the Chirp Tone service mark application with the falsely-claimed services. Upon information and belief, Nextel knowingly and intentionally made that false material statement with the intent to deceive the U.S.P.T.O.

The second fraud is a fraudulent claim of “substantially exclusive” use of the Chirp Tone.

34. Moreover, on April 29, 2010, Nextel submitted a declaration alleging that it had made “substantially exclusive and continuous use in commerce” of the Chirp Tone. Nextel made this statement under oath in connection with an acquired distinctiveness claim under Section 2(f) relating to the iDEN®-based services identified in the Chirp Tone service mark application. However, Nextel submitted this claim despite actual knowledge that its largest iDEN® competitor, Southern, also used the Chirp Tone in connection with its directly competing iDEN®-based push-to-talk walkie-talkie services. In addition to its marketplace awareness of Southern’s activities, Southern’s use of the Chirp Tone, including Southern’s use in advertising its iDEN®-based services, was made of record during the *Nextel Communications, Inc. v. Motorola, Inc.* Chirp Tone trademark opposition proceeding (T.T.A.B. Case No. 91/164,353), which preceded the Section 2(f) declaration. Consequently, Nextel’s April 29, 2010 statement made under oath that its use of the Chirp Tone was “substantially exclusive” was knowingly false. That knowingly false statement was material at this juncture because the Board had already held that sound marks such as the Chirp Tone were not registrable without a showing of acquired distinctiveness. The U.S.P.T.O. would not have allowed the application to proceed as to those services if it was aware that Nextel’s use was not “substantially exclusive.” However, the U.S.P.T.O. relied on that false statement and Nextel obtained a benefit that it would not have otherwise received, namely, publication of the Chirp Tone service mark application. Upon information and belief, Nextel knowingly and intentionally made that false material statement with the intent to deceive the U.S.P.T.O.

Each of these fraud allegations is well-pleaded. They both allege, with particularity, that:

(1) **Nextel made false statements.** The pleadings, which must be taken as true at the Rule 12(b)(6) stage, allege that Nextel made two false statements. The first false statement is Nextel's overbroad list of services (Opp. ¶ 33). The second false statement is Nextel's false claim of "substantially exclusive" use of the Chirp Tone (Opp. ¶ 34). Motorola pleaded these factual allegations, which identified Nextel's false statements, with particularity. Motorola did not make these factual allegations on "information and belief." (Opp. ¶¶ 33, 34).

(2) **Nextel's false statements were material.** The pleadings allege that the false statements were material. As to the exaggerated list of services (Opp. ¶ 33), the pleading alleges: *"That false statement was material because the U.S.P.T.O. would not have allowed the application to proceed as a use-based application as to those services if it was aware that the mark was not in use therewith. However, the U.S.P.T.O. relied on that false statement and Nextel obtained a benefit that it would not have otherwise received, namely, publication of the Chirp Tone service mark application with the falsely-claimed services."* (Opp. ¶ 33).

As to the false claim of "substantially exclusive" use (Opp. ¶ 34), the pleading alleges: *"That knowingly false statement was material at this juncture because the Board had already held that sound marks such as the Chirp Tone were not registrable without a showing of acquired distinctiveness. The U.S.P.T.O. would not have allowed the application to proceed as to those services if it was aware that Nextel's use was not 'substantially exclusive.' However, the U.S.P.T.O. relied on that false statement and Nextel obtained a benefit that it would not have otherwise received, namely, publication of the Chirp Tone service mark application."* (Opp. ¶ 34).

Motorola pleaded these factual allegations, relating to materiality, with particularity. Motorola did not make these factual allegations on “information and belief.” (Opp. ¶¶ 33, 34).

(3) Nextel knowingly and intentionally made those false material statements with the intent to deceive the U.S.P.T.O. The Board has clarified that although the underlying factual circumstances constituting the alleged fraud must be pleaded with particularity under Rule 9(b), “intent, as a condition of mind of a person, may be averred generally.” *DaimlerChrysler Corp. v. American Motors Corp.*, 94 U.S.P.Q.2d 1086, 1088 (T.T.A.B. 2010) (citing Fed. R. Civ. P. 9(b)). As described above, the pleadings adequately allege that Nextel intended to deceive the U.S.P.T.O. when it made its false material misrepresentations.

As to Nextel’s intent with respect to its exaggerated list of services, the pleading alleges: “*Upon information and belief, Nextel knowingly and intentionally made that false material statement with the intent to deceive the U.S.P.T.O.*” (Opp. ¶ 33).

As to Nextel’s intent with respect to its false claim of “substantially exclusive” use, the pleading alleges: “... *Nextel submitted this claim despite actual knowledge that its largest iDEN® competitor, Southern, also used the Chirp Tone in connection with its directly competing iDEN®-based push-to-talk walkie-talkie services.... In addition ... Southern’s use of the Chirp Tone, including Southern’s use in advertising its iDEN®-based services, was made of record during the [prior proceedings], which preceded the Section 2(f) declaration. Consequently, Nextel’s April 29, 2010 statement made under oath that its use of the Chirp Tone was ‘substantially exclusive’ was knowingly false. ... Upon information and belief, Nextel*

knowingly and intentionally made that false material statement with the intent to deceive the U.S.P.T.O.” (Opp. ¶ 34).

These allegations relating to Nextel’s knowledge, state of mind and deceptive intent satisfy Rule 9(b). “Malice, intent, knowledge, and other conditions of a person’s mind may be alleged generally.” Fed. R. Civ. P. 9(b). Moreover, the “upon information and belief” language is permissible here because it is accompanied by a statement of facts upon which the belief is founded. *See Petroleos*, 2010 WL 5574282 at *4, *5. The statement of facts set forth in ¶¶ 33 and 34 identify with particularity Nextel’s knowingly false statements made in connection with the opposed application, as well as the materiality of those statements. For this reason, Nextel’s citations to *Asian and Western Classics B.V. v. Selkow*, 92 U.S.P.Q.2d 1478 (T.T.A.B. 2009) are readily distinguishable. In that case, “petitioner’s allegations ... regarding respondent’s alleged false statements to the Office [were] based *solely* upon information and belief.” *Id.* at 1479 (emphasis added). The allegations in *Asian and Western* failed to satisfy Rule 9(b) because “they [were] unsupported by any statement of facts providing the information upon which petitioner relies or the belief upon which the allegation is founded (i.e., known information giving rise to petitioner’s stated belief....”). *Id.* In contrast, Motorola’s Notice of Opposition alleges the underlying factual predicates with particularity; not on “information and belief.” (Opp. ¶¶ 33, 34). Motorola’s “upon information and belief” language is directed only to Nextel’s “intent, knowledge, and other conditions of a person’s mind,” which “may be alleged generally.” Fed. R. Civ. P. 9(b). Consequently, Motorola’s allegation of Nextel’s condition of mind “upon information and belief” is proper at the pleadings stage. *See Petroleos*, 2010 WL 5574282 at *4, *5.

B. Nextel's Substantive Arguments Regarding Fraud

1. Nextel's Overstated List of Services

Nextel argues that it had made “use” of the Chirp Tone in connection with all services identified in the application. (Mot. to Dismiss at 18). Of course, this is a substantive defense that Nextel will be entitled to assert at trial on the merits. At the pleadings stage, Motorola’s allegation that Nextel did not use the mark in connection with certain identified services must be taken as true. *Fair Indigo LLC*, 85 U.S.P.Q.2d at 1538. Nextel incorrectly characterizes this allegation—Nextel’s non-use—as being made on “information and belief.” It was not. It was a factual statement alleged with particularity. (Opp. ¶ 33). Motorola’s “information and belief” allegations were directed only to Nextel’s state of mind, which is entirely permissible under Rule 9(b). *See Petroleos*, 2010 WL 5574282 at *4, *5.

Motorola’s factual allegations regarding Nextel’s falsely exaggerated claims of use, as well as the materiality of those statements, were pleaded with particularity. Motorola invites the Board to compare its factual pleadings with those approved by the Board in *DaimlerChrysler*, 94 U.S.P.Q.2d 1086, 1088 (approving factual allegations such as “Registrant has never used its [mark] in commerce in connection with automobiles.”). Motorola’s factual allegations—including allegations that Nextel had not used the mark in connection with all applied-for services—must be taken as true. *Fair Indigo LLC*, 85 U.S.P.Q.2d at 1538. Nextel’s denials should be raised in an answer to the Notice of Opposition.

2. Nextel's “Substantially Exclusive” Use Claim

Nextel also argues that Motorola has improperly pleaded a fraud claim against Nextel’s claim of “substantially exclusive” use submitted in support of its Section 2(f) claim. In challenging this ground for opposition, Nextel merely raises a substantive defense. Nextel

suggests that its declaration was permissible based on its belief that the asserted third-party use was “inconsequential or infringing.” (Mot. to Dismiss at 20-21). As a defense, it has no bearing on the sufficiency of Motorola’s pleadings. Moreover, it is entirely unsupported. Nextel’s purported factual justification for the declaration is presumably based on evidence outside the scope of the pleadings because it is not in the record.⁵ It is a substantive defense that Nextel may attempt to prove at trial on the merits. *See, e.g., L.D. Kichler Co. v. Davoli, Inc.*, 192 F.3d 1349, 1352, 52 U.S.P.Q.2d 1307, 1309 (Fed. Cir. 1999) (holding that the extent of third-party use for Section 2(f) purposes constituted a genuine issue of material fact rendering summary judgment inappropriate). At the pleadings stage, Motorola’s well-pleaded allegation that Nextel was aware of the pleaded third-party use—based on Nextel’s competitive marketplace awareness⁶ and its entry into evidence in the prior opposition proceeding⁷—must be taken as true. *Fair Indigo LLC*, 85 U.S.P.Q.2d 1536, 1538. Nextel’s substantive defenses should be raised in an answer; not in a motion to dismiss.

Even assuming that its substantive “good faith” defense to Motorola’s Section 2(f) fraud claim was properly before the Board in a motion to dismiss—which Motorola disputes—Nextel’s reliance on *King Automotive, Inc. v. Speedy Muffler King, Inc.*, 667 F.2d 1008, 212 U.S.P.Q. 801 (C.C.P.A. 1981) is misplaced. *King Automotive* is the leading case on a trademark

⁵ Nextel has not cited any factual support for its purported belief that Southern’s use of the Chirp Tone was “inconsequential or infringing.” Its motion cites the *Nextel v. Motorola* decision as support (Mot. to Dismiss at 20-21, n.6), but it has presented no evidence—nor could it upon a motion to dismiss—establishing that Nextel’s Section 2(f) declarant relied on this opinion as justification for its claim of “substantially exclusive” use. If this is, indeed, Nextel’s defense, Nextel must prove this at trial.

⁶ Opp. ¶ 34 (“... Nextel submitted this claim despite actual knowledge that its largest iDEN® competitor, Southern, also used the Chirp Tone in connection with its directly competing iDEN®-based push-to-talk walkie-talkie services.”).

⁷ Opp. ¶ 34 (“In addition to its marketplace awareness of Southern’s activities, Southern’s use of the Chirp Tone, including Southern’s use in advertising its iDEN®-based services, was made of record during the [prior *Nextel v. Motorola*] Chirp Tone trademark opposition proceeding ... which preceded the Section 2(f) declaration.”).

applicant's duty of candor in connection with its trademark application oath. It relates solely to fraud allegations based on an applicant's awareness of third-party use within the context of its declaration that "no other person, firm, corporation, or association, to the best of his knowledge and belief, has the right to use such mark in commerce either in the identical form thereof or in such near resemblance thereto as to be likely ... to cause confusion" *Id.*, 667 F.2d at 1010, 212 U.S.P.Q. at 802 (quoting trademark application oath). The petition for cancellation at issue in *King Automotive* was defective because it contained no allegations relating to the applicant's/registrant's knowledge of third party concurrent uses that "would be likely to confuse," in violation of its application oath. *Id.*, 667 F.2d at 1011, 212 U.S.P.Q. at 803.

In contrast, the fraud at issue in the present Chirp Tone opposition involves Nextel's fraudulent declaration that its use of the Chirp Tone was "substantially exclusive." (Opp. ¶ 34).⁸ Nextel made this false statement in connection with its Section 2(f) claim of acquired distinctiveness, which is not limited to uses likely to cause confusion. Nextel affirmatively submitted this fraudulent claim of "substantially exclusive" use to overcome the Examining Attorney's distinctiveness refusal. (Opp. ¶ 34). Unlike *King Automotive*, the present claim does not involve fraud in connection with the duty of candor in an initial application oath. *King Automotive* does not address Section 2(f) declarations or Section 2(f) fraud. It relates solely to fraud in connection with the initial application oath. *King Automotive*, 667 F.2d at 1010, 212 U.S.P.Q. at 801.⁹ Unlike an initial application oath, a Section 2(f) claim of substantially exclusive use is not limited solely to third-party uses that are likely to cause confusion. *See* 15

⁸ Motorola also alleges fraud in connection with Nextel's exaggerated recitation of services. (Opp. ¶ 33). However, Nextel does not challenge that fraud allegation under the *King Automotive* rule.

⁹ Moreover, unlike the cancellation petitioner in *King Automotive*, Motorola is not urging the Board to draw any factual "inferences" regarding Nextel's knowledge of Southern's use of the Chirp Tone or to "imply" any factual circumstances constituting fraud. Motorola's Notice of Opposition pleads Nextel's fraudulent acts with particularity. (Opp. ¶¶ 33, 34). For example, Motorola expressly pleads that Nextel was aware of Southern's third-party use of the Chirp Tone. (Opp. ¶ 34).

U.S.C. § 1052(f); *Flowers Indus., Inc. v. Interstate Brands Corp.*, 5 U.S.P.Q.2d 1580, 1589 (T.T.A.B. 1987) (holding “descriptive” uses relevant to Section 2(f) analysis). As a result, *King Automotive* does not excuse Nextel’s fraudulent “substantially exclusive” claim, nor does it invalidate Motorola’s fraud pleadings. Motorola has adequately pleaded the underlying factual predicate for Nextel’s Section 2(f) fraud—with particularity—as well as Nextel’s state of mind. *See Petroleos*, 2010 WL 5574282 at *4, *5.

3. Patent Cases

Nextel also relies heavily on cases from the patent context, including *Exergen Corp. v. Wal-Mart Stores, Inc.*, 575 F.3d 1312, 91 U.S.P.Q.2d 1656 (Fed. Cir. 2009); *Glenayre Electronics, Inc. v. Jackson*, 443 F.3d 851, 78 U.S.P.Q.2d 1641 (Fed. Cir. 2006), and *Juniper Networks, Inc. v. Shipley*, 98 U.S.P.Q.2d 1491 (Fed. Cir. 2011) (citing *In re BP Lubricants USA, Inc.*, 637 F.3d 1307, 1311-12, 97 U.S.P.Q.2d 2025, 2027-28 (Fed. Cir. 2011)). (Mot. to Dismiss at 5, 17). To that end, the Federal Circuit recently revisited its *Exergen* holding in *In re BP Lubricants USA, Inc.*, 637 F.3d at 1311-12, 97 U.S.P.Q.2d at 2027-28. That decision examined pleading requirements for patent false marking claims under 35 U.S.C. § 292, which require intent to deceive. *Id.* *In re BP Lubricants* reiterated the well-settled Rule 9(b) doctrine holding that “malice, intent, knowledge, and other conditions of a person’s mind may be alleged generally.” *Id.*, 637 F.3d at 1311, 97 U.S.P.Q.2d at 2026. It confirms that at the pleadings stage Motorola is not required to present any sort of “smoking gun” evidence proving Nextel’s fraudulent intent. Motorola only needs to satisfy Rule 9(b), namely, by pleading underlying facts with particularity and state of mind generally. Fed. R. Civ. P. 9(b). Consequently, Nextel’s arguments regarding clear and convincing evidence, inferences, and burdens of proof are premature. Motorola is not required to prove its case at the pleadings stage. The Board’s

Petroleos decision sets forth the standards for evaluating a trademark fraud claim at the pleadings stage. *Petroleos*, 2010 WL 5574282 at *4. Motorola's Notice of Opposition satisfies this standard.

V. Conclusion

Nextel's Motion to Dismiss constitutes a challenge to the merits of Motorola's well-pleaded grounds for opposition. It is, in effect, an untimely motion for summary judgment or merits brief. At this stage of the proceedings, Motorola's only obligation is to plead sufficient facts to plausibly state claims for relief. Motorola submits that it has met this burden on all grounds pleaded in the Notice of Opposition. Consequently, Motorola respectfully requests the Board to deny the Motion to Dismiss.

Dated: August 23, 2011

Respectfully submitted,
WINSTON & STRAWN LLP

By: /s/Thomas M. Williams
Thomas M. Williams
Sara Skinner Chubb
35 West Wacker Drive
Chicago, IL 60601
Telephone (312) 558-3792
Facsimile (312) 558-5700
tmwilliams@winston.com
schubb@winston.com
Attorneys for Opposers
Motorola Mobility, Inc. and Motorola
Trademark Holdings, LLC

CERTIFICATE OF SERVICE

On August 23, 2011, I served the foregoing **OPPOSERS' RESPONSE TO APPLICANT'S MOTION TO DISMISS** on the parties in said action by depositing a true copy thereof with the United States Postal Service as first class mail, postage prepaid, at Chicago, Illinois, enclosed in a sealed envelope addressed to counsel of record for Applicant as follows:

John I. Stewart, Jr.
Crowell Moring
1001 Pennsylvania Avenue, N.W.
Washington, DC 20004-2595

Dated: August 23, 2011

By: /s/Thomas M. Williams
Thomas M. Williams

CHI:2566221.2