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

Proceeding	91200355
Party	Defendant S-N MERGER CORP.
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IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD

MOTOROLA MOBILITY, INC., and MOTOROLA TRADEMARK HOLDINGS, LLC,	)	
Opposers,	)	
v.	)	Opp. No.: 91/200,355 App. No.: 78/575,442 Pot. Mark: SOUND MARK
NEXTEL COMMUNICATIONS, INC.	)	
Applicant.	)	

APPLICANT'S REPLY TO
OPPOSER'S RESPONSE TO MOTION TO DISMISS

Applicant Nextel Communications, Inc. ("Applicant" or "Nextel") hereby replies to the Opposers' Response to Applicant's Motion to Dismiss ("Response") filed by Motorola Mobility, Inc. and Motorola Trademark Holdings, LLC ("Opposer" or "Motorola") on August 23, 2011. The Response argues that Applicant's Motion to Dismiss Opposer's claims of (1) functionality, (2) issue preclusion and claim preclusion, and (3) fraud on the Patent and Trademark Office ("Nextel's Motion") should be denied.

Opposer misconstrues the arguments set forth in Nextel's Motion, mischaracterizing them as based on the merits or on extrinsic evidence rather than on the fatal flaws in Motorola's own Notice of Opposition as pleaded. The Supreme Court has held that the adequacy of a complaint depends on whether it has alleged sufficient specific facts to support a plausible claim. *Bell Atlantic Corp. v. Twombly,* 550 U.S. 544, 570 (2007). As explained in Nextel's Motion, Opposer's Notice of Opposition, on its face, fails to allege facts necessary to state a claim with

respect to each of the specified grounds. Such claims, which "are fatally flawed in their legal premises and destined to fail," are properly dismissed under Rule 12(b)(6) and TBMP Rule 503. *See Fair Indigo LLC v. Style Conscience,* 85 USPQ2d 1536, 1538 (TTAB 2007) (*quoting Advanced Cardiovascular Systems Inc. v. SciMed Life Systems Inc.,* 988 F.2d 1157, 1160, 26 USPQ2d 1038, 1041 (Fed. Cir. 1993)). Paragraphs 25-30 and 33-35 of the Notice of Opposition should be dismissed.

I. MOTOROLA'S NOTICE OF OPPOSITION FAILS ON ITS FACE TO STATE A CLAIM THAT THE NEXTEL CHIRP IS FUNCTIONAL

Motorola's Response asserts that Nextel's Motion challenges the merits of Motorola's Notice of Opposition rather than the adequacy of its allegations under the Federal Rules to state a functionality claim. Response at 3, 5, 7. But as Nextel's Motion explains, the Opposition fails on its face to state a claim that the Nextel Chirp is unregistrable on the grounds that it is "de jure functional" under 15 U.S.C. § 1052(e)(5).

An overarching flaw in Motorola's Opposition is that, even with respect to Nextel's applied-for services as to which the Chirp is emitted as an audible alert signal during part of the provision of the services, the Opposition carefully and consistently words its allegations to include an express limitation that is fatal to the purported claim of functionality under Section 2(e)(5). Instead of alleging that the Chirp is essential to the provision of telecommunications services, or even to the provision of walkie-talkie services, it alleges only that the Chirp is essential to the provision of walkie-talkie telecommunications services when they are provided using the particular Motorola phones that emit the particular Chirp. Opp. at ¶ 25; *see* Nextel's Motion at 7-8. Opposer's claim is thus expressly based on the existence of an artificial

constraint that is entirely within Motorola's own control.[1] It argues that the Chirp is "essential" because Opposer itself has decided not to provide for the use of a different tone. *See* Opp. at ¶ 25. Having failed to obtain a trademark registration for the Chirp, Motorola now appears to be attempting to assert some kind of "self-help" technology bar to Nextel's registration. But its expressly limited allegations are plainly insufficient, on their face and as a matter of law, to state a claim of de jure functionality under Section 2(e)(5).

Indeed, the petition in the *Cellco* case featured in Motorola's own Response included an allegation that "virtually all wireless phone manufacturers and wireless telecommunications service providers" used icons identical to the respondent's mark in order to show the signal strength of their telecommunications services. *Cellco Partnership d/b/a Verizon Wireless v. AT&T Intellectual Property II, L.P.,* Cancellation No. 92/050,118, at 3, 4 n.1 (TTAB Dec. 17, 2009) (not precedential) (emphasis added). In stark contrast to the *Cellco* Petition to Cancel, which survived a summary judgment motion, Motorola's Opposition here alleges no facts at all that would support an inference that there is a "competitive need" (cited by Motorola as "an important inquiry in the service mark functionality analysis," Response at 3) for competing telecommunications service providers to use the Chirp in order to provide telecommunications services generally, or even to provide competing walkie-talkie services. *See* Nextel's Motion at 6-7, 9; *Qualitex Co. v. Jacobson Products Co,* 514 U.S. 159, 165, 34 USPQ2d 1161, 1163-64

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1 Opposer asserts that it "affirmatively chose the Chirp Tone despite available alternative tones," and that the tone "cannot be removed or altered" by its customers or their customers. Opp. at ¶ 25.

(1995). Motorola's expressly limited allegations fail to state a valid claim of functionality under 15 U.S.C. § 1052(e)(5).

Moreover, even if Motorola's allegations had not been expressly restricted so that they do not claim that the Chirp is essential for competitors to offer the applied-for services,[2] Motorola's allegations also fail to state specific facts sufficient to allow the Board to draw an inference of "de jure" rather than "de facto" functionality.[3] To be sure, Motorola's Notice of Opposition asserts "labels and conclusions, and a formulaic recitation of the elements" of a functionality claim. *See Bell Atlantic Corp. v. Twombly*, 550 U.S. at 555. But the Notice of Opposition alleges no facts that would address or satisfy the criteria the Board considers in finding de jure functionality. *See* Nextel's Motion at 9.

Motorola's conclusory statements that the Nextel Chirp is "essential to the use" of the applied-for-services and "affects the cost or quality" of those services, Opp. at ¶ 25, are unsupported by specific factual allegations, or are actually contradicted by the expressly limited allegations that are made in the Opposition. They do not meet Motorola's obligation, under

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2 The Opposition alleges no facts whatsoever to support a claim that the Nextel Chirp is "functional" with respect to Nextel's applied-for services that do not involve the emitting of the Chirp as an audible alert signal (*i.e.*, services other than walkie-talkie services), which provides a separate additional ground for dismissing Opposer's claim with respect to all such services under Rule 12(b)(6). Nextel's Motion at 8, 10; *see* Opp. at ¶ 25.

3 Motorola also argues that Nextel's Motion improperly insists that the Board must consider evidence at this stage of the proceedings in order to dismiss Motorola's functionality claim. Response at 5. But that is a misstatement of Nextel's Motion. Motorola's argument quotes the section of the Motion in which Nextel was merely describing the legal standard for finding de jure functionality. *See id.*, *citing* Nextel's Motion at 7. But Nextel's actual argument in support of dismissal under Rule 12(b)(6) was simply that "no facts are alleged in the Notice of Opposition at all regarding any of the four *Morton-Norwich* factors." Nextel's Motion at 9.

Federal Rule of Civil Procedure 8(a)(2), to allege sufficient facts to state a claim that is "plausible on its face," *see Bell Atlantic Corp. v. Twombly*, 550 U.S. at 570, and Opposer's functionality claim should be dismissed under Rule 12(b)(6).

II. MOTOROLA'S ASSERTIONS THAT NEXTEL'S APPLICATION IS BARRED BY ISSUE PRECLUSION AND CLAIM PRECLUSION FAIL TO STATE FACTS NECESSARY TO SUPPORT THOSE ASSERTIONS

Motorola's claim preclusion and issue preclusion counts are also fatally flawed. The essential prerequisite for a valid preclusion claim is, as Motorola concedes, the litigation or resolution of an identical issue in a prior proceeding. *See* Response at 7, 9-10. The Notice of Opposition, on its face, fails to state a valid claim of issue preclusion or claim preclusion because the facts it alleges plainly establish not only that the issue in the prior proceeding was not identical to that raised in this proceeding, but also that the issue actually raised in this proceeding was expressly not determined in the prior proceeding.

First, the ultimate issue resolved by the Board in the prior proceeding was whether the Chirp had acquired distinctiveness as a mark for Motorola. *See* Opp. at ¶¶ 6, 27, 29(b). The issue in this proceeding, by contrast, is whether the Chirp has acquired distinctiveness as a mark for Nextel. The law provides for registration of a mark only for particular goods or services of the particular applicant.[4] *See* 15 U.S.C. §§ 1051(a), 1052. The Notice of Opposition thus fails

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[4] Motorola's assertion that "established case law regarding related goods and services" holds that a decision on the "distinctiveness" of a mark for goods precludes registration of the mark for related services, *see* Response at 9, is both wrong and misleading. The case it cites, and all of the cases collected therein, involve an initial finding that a purported mark is generic for the applied-for goods, and is thus also generic for the service of selling those same goods. *In re Tires, Tires, Tires, Inc.*, 94 USPQ2d 1154, 1157 (TTAB 2009). The initial finding here was not that the Chirp is generic, but that it had not acquired distinctiveness as a source identifier for Motorola.

on its face to state a preclusion claim, and must be dismissed under Rule 12(b)(6). To hold otherwise would be to turn trademark law on its head.

Second, the Board's decision in the prior proceeding, which Motorola identifies as the sole foundation for its preclusion arguments, expressly stated that it was not deciding the question of whether the Chirp had acquired distinctiveness for Nextel or serves as a trademark for Nextel services. *See* Nextel's Motion at 13-15. Motorola urges the Board to ignore this fact, and argues that its own contra-factual allegations must be taken as true in considering Nextel's Motion. Response at 8, 11. But in evaluating a 12(b)(6) motion to dismiss, the Board may consider documents incorporated into the opposition by reference and matters of which a court may take judicial notice. *See Tellabs, Inc. v. Makor Issues & Rights, Ltd.,* 551 U.S. 308, 322 (2007). The Board need not accept assertions of law, unwarranted factual inferences, or "mere unsupported conclusions of fact or mixed fact and law." *See Glenayre Electronics Inc. v. Jackson*, 443 F.3d 851, 855, 78 USPQ2d 1641, 1644 (Fed. Cir. 2006); *Northern Trust Co. v. Peters,* 69 F.3d 123, 129 (7th Cir. 1995). The Board thus need not ignore the fact that it expressly held in a published precedential opinion, cited repeatedly in Motorola's Notice of Opposition and explicitly relied on as the sole foundation for Motorola's preclusion argument, that it was <u>not</u> deciding a particular issue, in considering a motion to dismiss Motorola's claim asserting that it <u>had</u> decided that issue. There is little reason to litigate the preclusion issues when it is obvious on the face of the Notice of Opposition that Motorola relies solely on a decision in which the Board held that the issues Motorola is now seeking to preclude were expressly not being decided.

III. MOTOROLA'S ASSERTIONS THAT APPLICANT COMMITTED FRAUD ON THE PATENT AND TRADEMARK OFFICE FAIL AS A MATTER OF LAW.

Motorola's claims that Nextel committed fraud on the Trademark Office fail to meet the requirements of Rule 9(b) of the Federal Rules of Civil Procedure and should be dismissed. *See* Nextel's Motion at 15-22. Motorola's Response concedes that Rule 9(b) sets special pleading requirements, but argues that the factual allegations in its Notice of Opposition meet those pleadings standards, as interpreted by a number of recent cases. Response at 12-13, 17, 18, 21-22. Its arguments, however, are based on misstatements of the facts and holdings of those cases. Instead of supporting Motorola's arguments, they actually support Nextel's Motion to Dismiss Motorola's fraud claims.

Motorola first cites *Petroleos Mexicanos v. Intermiz S.A.*, Cancellation No. 90/052,292 2010 WL 5574282[sic] (TTAB Dec. 28, 2010). Response at 12-13. It quotes only the "penultimate fraud allegation" in the petition at issue in the *Petroleos* case, which states conclusory allegations similar to those in Motorola's Opposition, and then quotes the Board's conclusion that "[b]ased on this pleading, petitioner alleges with particularity" each of the elements of a fraud claim, thus supporting the denial of the respondent's motion to dismiss. *Id.* But Motorola fails to quote the language from the petition's first fraud allegation, in which the petitioner alleged, "<u>based on the results of an investigation it conducted</u>," that respondent had not sold any goods or services in the United States using the mark at issue. *Petroleos,* 2010 WL 5574284 at *4 (emphasis added). In light of this additional fact, omitted by Motorola, the Board's conclusion that the petitioner in *Petroleos* had pleaded fraud with particularity has no bearing on the adequacy of Motorola's unsupported assertions of false statements by Nextel.

Similarly, Motorola cites *Meckatzer Lowenbrau Benedikt Weis KG v. White Gold, LLC,* 95 USPQ2d 1185 (TTAB 2010) as denying a motion to dismiss a fraud claim. Response at 13. But in that case as well, the Board quoted the detailed allegation in the petition for cancellation that the petitioner had hired a private investigator who had learned directly from the respondent and a number of its U.S. distributors and vendors that the respondent had used the registered mark with respect to only one of its applied-for products. *Id.,* 95 USPQ2d at 1186. The Board denied the motion to dismiss, on the basis that the allegations were "sufficiently specific and particular" under Rule 9(b). *Id.,* 95 USPQ2d at 1187. Again, this decision does not save Motorola's unsupported claim.

Motorola next boldly

> invites the Board to compare its factual pleadings with those approved by the Board in *DaimlerChrysler,* 94 USPQ2d 1086, 1088 (approving factual allegations such as 'Registrant has never used its [mark] in commerce in connection with automobiles.').

Response at 18. But its quotation only of a single conclusory allegation misleadingly suggests that the Board held such an allegation adequate under Rule 9(b). Motorola fails to quote the immediately preceding allegations, which included more detailed assertions of non-use, each supported by citations to Registrant's responses to requests for admission. *DaimlerChrysler Corp. v. American Motors Corp.,* 94 USPQ2d 1086, 1088 (TTAB 2010) (*quoting* ¶¶ 24, 25, 27).

These cases, holding that allegations of non-use explicitly supported by specifically pleaded party admissions or the results of investigations are sufficient under Rule 9(b), simply do not provide any support for the sufficiency of Motorola's unsupported allegations here.

Motorola's attempt to distinguish the directly applicable precedent of *King Automotive, Inc. v. Speedy Muffler King, Inc.,* 667 F.2d 1008, 212 USPQ 801 (CCPA 1981) is similarly

unavailing. *See* Response at 19-21. In *King Automotive,* the petitioner alleged that the respondent knew, based on a trademark search report it had received, of "third-party use of MUFFLER KING." 667 F.2d at 1011. Here, Motorola asserts that Nextel was aware of "third-party use of the Chirp Tone." *See* Response at 20 n.9 (citing Opp. ¶ 34). The Court in *King Automotive* held that asserted knowledge of third-party use alone was insufficient to support petitioner's conclusory statement that the respondent had known its declaration to be false, since the actual declaration was that it knew of no other person who had "the right to use such mark in commerce" either in identical or confusingly similar form, and the petition failed to allege any facts to support an inference that respondent believed or did not believe that the known third-party use met those additional criteria. 667 F. at 1010-11. In exactly the same way here, Nextel's actual declaration was not that its use was exclusive, but that it was substantially exclusive. Motorola's allegation that Nextel knew of third-party use of the Chirp simply does not support its conclusory allegation that the declaration was knowingly false, because it failed to allege any facts that would support an inference that Nextel believed or did not believe that the alleged third-party use met the additional criteria established by the PTO's rules and case law for determining whether use of a mark has been "substantially exclusive." *See* Nextel's Motion at 20-22.

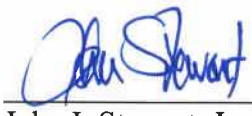
Finally, Motorola cites the recent decision of *In re BP Lubricants USA Inc.,* 637 F.3d 1307 (Fed. Cir. 2011), as somehow supporting its arguments. Response at 21. But the Court found in *BP Lubricants* that specific allegations that the defendant knew or should have known that its patents had expired, that it was sophisticated and experienced with respect to patents, and that it falsely marked its goods for the purpose of deceiving the public and competitors were <u>insufficient</u> to state a fraud-like false marking claim. 637 F.3d at 1309, 1312. Instead of

confirming, as Motorola asserts, that no "smoking gun" evidence of fraudulent intent needs to be presented at the pleadings stage, *see* Response at 21, the Federal Circuit found that the complaint had alleged "no specific underlying facts from which we can reasonably infer the requisite intent," and took the extraordinary step of granting a writ of mandamus ordering the district court to grant the motion to dismiss the complaint, which it had previously denied. 637 F.3d at 1312-13. Rather than vindicating Motorola's inadequate fraud claims, the decision strongly supports Nextel's Motion to Dismiss.

CONCLUSION

For the reasons stated above, Applicant Nextel Communications, Inc. respectfully requests that Opposer's claims based upon the grounds of Functionality, Issue Preclusion and Claim Preclusion, and Fraud on the Patent and Trademark Office (comprising paragraphs 25-30 and 33-35 of its Notice of Opposition) be dismissed.

Respectfully submitted,



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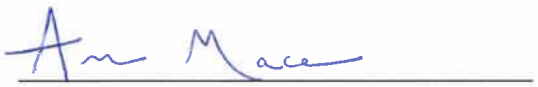
September 12, 2011

CERTIFICATE OF SERVICE

I hereby certify that a true and complete copy of the foregoing APPLICANT'S REPLY TO OPPOSER'S RESPONSE TO MOTION TO DISMISS was served on counsel for Opposer this 12th day of September, 2011, by sending same via First Class Mail, postage prepaid, to:

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