

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

wbc

Mailed: January 29, 2014

Opposition No. 91213605

Spec Research, Inc.

v.

Applied Micro Circuits
Corporation

Wendy Boldt Cohen, Interlocutory Attorney:

Pursuant to Fed. R. Civ. P. 26(f) and Trademark Rules 2.120(a)(1) and (2), the parties to this proceeding conducted a discovery conference on January 29, 2014.¹ Participating in the conference were opposer's counsel, Thomas Chan, applicant's counsel, Elisabeth O'Neill and Belinda Scrimenti, applicant's in-house counsel, William Caraccio and Raj Jaipershad, and Board interlocutory attorney, Wendy Boldt Cohen.

The Board is an administrative tribunal that is empowered solely to determine the right to register and which has no authority to determine the right to use a mark or any infringement or unfair competition issues and no injunctive

¹Applicant requested Board participation in the discovery conference on January 21, 2014.

authority. See TBMP § 102.01 (3d ed. rev.2 2013). A Board *inter partes* proceeding, such as this case, is similar to a civil action in a Federal district court. There are pleadings, a wide range of possible motions, discovery (a party's use of discovery depositions, interrogatories, document requests, and requests for admission to ascertain the facts underlying its adversary's case), a trial, and briefs, followed by a decision on the case. As the plaintiff, opposer has the burden of establishing its claims at trial by a preponderance of the evidence. See *ProQuest Information and Learning Co. v. Island*, 83 USPQ2d 1351 (TTAB 2007); *Genesco Inc. v. Martz*, 66 USPQ2d 1260 (TTAB 2003).

The Board does not preside at the taking of testimony. Rather, all testimony is taken out of the presence of the Board during the assigned testimony, or trial, periods, and the written transcripts thereof, together with any exhibits thereto, are then filed with the Board. No paper, document, or exhibit will be considered as evidence in the case unless it has been introduced in evidence in accordance with the applicable rules.²

²The parties are advised that, if a document obtained from the Internet identifies its date of publication or date that it was accessed and printed, and its source (e.g., the URL), it may be admitted into evidence by way of a notice of reliance in the same manner as a printed publication in general circulation in accordance with Trademark Rule 2.122(e). See *Safer Inc. v. OMS Investments Inc.*, 94 USPQ2d 1031 (TTAB 2010).

The Board reminds the parties of the automatic imposition of the Board's standard protective order in this case. The standard form protective order is online at <http://www.uspto.gov/trademarks/process/appeal/guidelines/stndagmnt.jsp>. If the parties wish to add or modify any provisions to the standard protective order, they may negotiate an amended protective agreement, subject to Board approval.

The Board further reminds the parties that neither the exchange of discovery requests nor the filing of a motion for summary judgment (except on the basis of *res judicata* or lack of Board jurisdiction) can occur until the parties made their initial disclosures as required by Fed. R. Civ. P. 26(f). See Trademark Rules 2.120(a)(3) and 2.127(e)(1).

The parties indicated that they have had preliminary settlement discussions. The parties were informed that the Board is generous with periods of extension or suspension to facilitate settlement discussions, although the Board does not get involved in the substantive settlement negotiations.

In view of the nature of the claim herein, this proceeding appears well-suited for ACR. The parties are directed to review the Board's website regarding ACR at http://www.uspto.gov/trademarks/process/appeal/TTAB_ACR_Options.jsp; and

http://www.uspto.gov/trademarks/process/appeal/Accelerated_Case_Resolution_ACR_notice_from_TTAB_webpage_12_22_11.pdf.

If the parties later agree to pursue ACR after some disclosures and discovery, they should notify the Board attorney assigned to this case by not later than two months from the opening of the discovery period.

Stipulations/Filings

The parties agreed to service pursuant to Trademark Rule 2.119(b)(4), with an email copy provided as a courtesy to the email addresses noted in the record, pursuant to Trademark Rule 2.119(b)(6). Because the parties have stipulated to accept service by first class or express mail with service by email as a courtesy, the parties may take advantage of the five additional days for service provided under Trademark Rule 2.119(c).

The parties are urged to file all submissions through the Board's Electronic System for Trademark Trials and Appeals (ESTTA) database, available online at <http://estta.uspto.gov>. Throughout this proceeding, the parties should review the Trademark Rules of Practice and the Trademark Board Manual of Procedure ("TBMP"), online at: <http://www.uspto.gov/trademarks/process/appeal/index.jsp>. The Board expects all parties appearing before it to comply with the Trademark Rules of Practice and where applicable,

Opposition No. 91213605

the Federal Rules of Civil Procedure, online at:

<http://www.law.cornell.edu/rules/frcp/>.

Pleadings

The Board has reviewed the pleadings in this case. Opposer has adequately pleaded its standing. *See, e.g., Lipton Industries, Inc. v. Ralston Purina Co.*, 670 F.2d 1024, 213 USPQ 185 (CCPA 1982); TBMP § 309.03(b). That is, the statements in paragraphs 2-3 in the notice of opposition set forth allegations of facts which, if proven, would show a personal interest in the outcome of the proceeding and a reasonable basis for a belief of damages. *See Universal Oil Prod. Co. v. Rexall Drug & Chem. Co.*, 463 F.2d 1122, 1123, 174 USPQ 458, 459 (CCPA 1972). In addition, opposer sets forth a claim of likelihood of confusion with its alleged prior use of XGENE under Trademark Act Section 2(d), 15 U.S.C. Section 1052(d), in the notice of opposition. *See In re E. I. du Pont de Nemours & Co.*, 476 F.2d 1357, 177 USPQ 563 (CCPA 1973); *King Candy Co. v. Eunice King's Kitchen, Inc.*, 496 F.2d 1400, 182 USPQ 108 (CCPA 1974); TMEP § 1207.01 *et seq.*

Applicant, in its answer, denied the salient allegations in the notice of opposition and raised ten affirmative defenses.

In paragraphs 14-15 of applicant's first affirmative defense, applicant claims opposer lacks standing to bring this action. "Lack of standing is not an affirmative defense. Standing is an element of [opposer's] claim." *Blackhorse v. Pro Football Inc.*, 98 USPQ2d 1633, 1637 (TTAB 2011). Accordingly, the Board *sua sponte* **strikes paragraph 14-15 in applicant's first affirmative defense.** See TBMP § 506.01.

Inasmuch as applicant, in paragraph 16 of the first affirmative defense, claims opposer has "abandoned its XGENE mark for at least three years," applicant appears to be raising an affirmative defense of abandonment. A mark is considered to be abandoned as a result of nonuse under Section 1127 of the Trademark Act, 15 U.S.C. § 1127 when its use has been discontinued with intent not to resume such use. Intent not to resume may be inferred from circumstances. Nonuse for 3 consecutive years shall be prima facie evidence of abandonment. In order to set forth a cause of action that mark has been abandoned, "the facts alleged must set forth a prima facie case of abandonment by a pleading of at least three consecutive years of non-use or must set forth facts that show a period of non-use less than three years coupled with an intent not to resume use." *Otto Int'l Inc. v. Otto Kern GmbH*, 83 USPQ2d 1861, 1863 (TTAB 2007) (citing Section 45

of the Trademark Act; *Imperial Tobacco Ltd. v. Phillip Morris Inc.*, 899 F.2d 1575, 14 USPQ2d 1390 (Fed. Cir. 1990).

Although applicant raises this claim against opposer's purported common law rights³ and alleges three years of non-use by opposer, applicant has not alleged three consecutive years of non-use. Accordingly, the claim of abandonment is not properly pleaded. **Paragraph 16 of applicant's first affirmative defense is hereby sua sponte stricken.** See TBMP § 506.01.

In applicant's second, third, fourth, and fifth affirmative defenses it sets forth allegations which are directed at a likelihood of confusion analysis and appear to go to the merits of the case. The defendant in a Board proceeding should not argue the merits of the allegations in a complaint but rather should state, as to each of the allegations contained in the complaint, that the allegation is either admitted or denied. See Trademark Rule 2.106(b)(1); TBMP § 311.02. Notwithstanding the foregoing, inasmuch as applicant's allegations give opposer a more

³ Abandonment is one of the statutory grounds for cancellation of a trademark registration under § 14(3) of the Trademark Act, 15 U.S.C. § 1064(3); see also Trademark Act § 45(2), 15 U.S.C. § 1127 (a mark shall be deemed to be "abandoned" when in the course of conduct the owner causes the mark to lose its significance as a mark). An allegation of abandonment with respect to a registration, is an attack on the validity of that registration and thus, an improper collateral attack on that registration.

complete notice of its position, the Board treats applicant's allegations as amplifications of its denials. See *Order of Sons of Italy in America v. Profumi Fratelli Nostra AG*, 36 USPQ2d 1221, 1223 (TTAB 1995); *Harsco Corp. v. Electrical Sciences, Inc.*, 9 USPQ2d 1570 (TTAB 1988).

In applicant's sixth affirmative defense, applicant alleges opposer has failed "to state facts sufficient to constitute a valid opposition" which appears to be a claim that opposer has failed to state a claim for which relief can be granted. For the reasons already noted herein, opposer has adequately pleaded its standing and its claim of likelihood of confusion. Accordingly, **paragraph 29 of applicant's sixth affirmative defense is hereby sua sponte stricken.** See TBMP § 506.01.

Applicant's seventh affirmative defense alleges that "opposer engaged in conduct that constituted waiver and release of its rights to oppose." It is unclear if this is a restatement of applicant's ninth affirmative defense of unclean hands, discussed *infra*, or if applicant is attempting to raise a different defense. In short, it is unclear what defense applicant is alleging or to what conduct or action applicant is referring. The allegations of the affirmative defense are merely conclusory in nature without providing facts which constitute a basis therefor, and which provide

Opposition No. 91213605

fair notice thereof. See *Midwest Plastic Fabricators*, 5 USPQ2d 1067; *Heisch*, 45 USPQ2d 1219; TBMP § 311.02(b).

Accordingly, applicant's **paragraph 30 of the seventh affirmative defense is hereby sua sponte stricken**. See TBMP § 506.01.

Applicant's eighth affirmative defense attempts to raise a claim of laches.⁴ The elements of laches are (1) unreasonable delay in assertion of one's rights against another; and (2) material prejudice to the latter attributable to the delay. *Christian Broadcasting Network Inc. v. ABS-CBN International*, 84 USPQ2d 1560, 1572 (TTAB 2007); *Bridgestone/Firestone Research Inc. v. Automobile Club d l'Ouest de la France*, 245 F.3d 1359, 58 USPQ2d 1460, 1462-1463 (Fed. Cir. 2001). Applicant has neither alleged unreasonable delay nor material prejudice. Rather, applicant has merely asserted the defense in a conclusory fashion without providing facts which constitute a basis therefor, and which provide fair notice thereof. See *Midwest Plastic Fabricators*, 5 USPQ2d 1067; *Heisch v. Katy Bishop Prod.*, 45 USPQ2d 1219 (N.D. Ill. 1997); TBMP § 311.02(b). Accordingly, applicant's laches defense is insufficiently pleaded and

⁴Defenses of laches, acquiescence and estoppel generally not available in opposition proceedings. See *Barbara's Bakery Inc. v. Landesman*, 82 USPQ2d 1283, 1292 n. 14 (TTAB 2007). Laches generally does not begin to run until publication of the application for opposition. *Land O' Lakes Inc. v. Hugunin*, 88 USPQ2d 1957, 1959 (TTAB 2008).

paragraph 31 of the eighth affirmative defense is hereby sua sponte stricken. See TBMP § 506.01.

Applicant's ninth affirmative defense attempts to raise a claim of unclean hands. "It is a rule of equity that a plaintiff must come with 'clean hands', i.e., he must be free from reproach in his conduct. But there is this limitation to the rule: that his conduct can only be excepted to in respect to the subject matter of his claim; everything else is immaterial." *VIP Foods, Inc. v. V.I.P. Food Products*, 200 USPQ 105, (TTAB 1978) (quoting *Black's Law Dictionary*, Third Edition (1933)). Thus, the concept of unclean hands must be related to a plaintiff's claim, and misconduct unrelated to the claim in which it is asserted as a defense does not constitute unclean hands. *Tony Lama Company, Inc. v. Anthony Di Stefano*, 206 USPQ 176, 179 (TTAB 1980); see *Phonak Holding AG v. Resound GMBH*, 56 USPQ2d 1057, 1059 (TTAB 2000).

Applicant's defense is insufficiently pleaded because it is unclear what misconduct by opposer is alleged in applicant's claim of "unclean hands" and applicant has not alleged how that misconduct, if proven, prevents opposer from prevailing on its pleaded claim of likelihood of confusion. See *Green Spot (Thailand) Ltd. v. Vitasoy Internat'l Holdings Ltd.*, 86 USPQ2d 1283, 1285 n.4 (TTAB 2008); *Midwest Plastic Fabricators Inc.*, 5 USPQ2d at 1069 (TTAB 1987). Accordingly,

paragraph 32 of the ninth affirmative defense in applicant's answer is hereby sua sponte stricken by the Board. See TBMP § 506.01.

In applicant's tenth affirmative defense, it attempts to reserve the right to raise additional defenses at a later date which is not an affirmative defense inasmuch as it attempts to "[reserve] the right to raise and assert such additional defenses." This merely paraphrases Fed. R. Civ. P. 15, does not include any affirmative defense and thus, **paragraph 33 of applicant's tenth affirmative defense is hereby sua sponte stricken** by the Board. See Fed. R. Civ. P. 12(f); TBMP § 506.01. If applicant wishes to later amend its pleading to raise any affirmative defenses or otherwise, it will need to do so pursuant to Fed. R. Civ. P. 15. See Trademark Rule 2.107; TBMP § 507.⁵

Schedule

Dates remain as set in the Board notice instituting the above-captioned proceeding. The next significant due date is February 28, 2014, when the parties' initial disclosures are due. In such disclosures, the parties should provide to each other

⁵ "The Board liberally grants leave to amend pleadings at any stage of a proceeding when justice so requires, unless entry of the proposed amendment would violate settled law or be prejudicial to the rights of the adverse party or parties." TBMP § 507.02 and cases cited therein.

the name and, if known, the address and telephone number of each individual likely to have discoverable information – along with the subjects of that information – that the disclosing party may use to support its claims or defenses, unless the use would be solely for impeachment [and] a copy – or a description by category and location – of all documents, electronically stored information, and tangible things that the disclosing party has in its possession, custody, or control and may use to support its claims or defenses, unless the use would be solely for impeachment.

Fed. R. Civ. P. 26(a)(1)(A)(i) and (ii). The parties need not file those disclosures with the Board.

The Board thanks the parties for their participation.