

**THIS OPINION IS NOT A
PRECEDENT OF THE TTAB**

Mailed:
May 10, 2012

Hearing Date:
November 22, 2011

UNITED STATES PATENT AND TRADEMARK OFFICE

Trademark Trial and Appeal Board

American Computer Associates, Inc.

v.

Model American Computer Corporation

Cancellation No. 92023939

Robert Rosenthal of Howard IP Law Group, for American
Computer Associates, Inc.

Peter E. Nussbaum of Wolff & Samson, for Model American
Computer Corporation.

Before Grendel, Bergsman, and Ritchie, Administrative
Trademark Judges.

Opinion by Ritchie, Administrative Trademark Judge:

This is a cancellation proceeding in which American
Computer Associates, Inc. ("Petitioner") seeks to cancel
Registration No. 1599395, owned by Model American Computer
Corporation ("Respondent"), for MODEL AMERICAN, and design,
as shown below, for "computer hardware, namely processor,

keyboard, monitor and memory unit and computer utility programs"¹:

MODEL AMERICAN

In the petition for cancellation, petitioner asserts that it uses the MODEL AMERICAN mark and design on its own computer products. (Pet. Para. 5). Petitioner further asserts that Respondent has ceased used of the mark on the goods for which it has registered them for at least three years with no intent to resume use, thereby resulting in a legal abandonment of the mark *Id.* at Para. 11-12.

Respondent filed an answer denying the salient allegations of the petition. Both parties filed briefs and Petitioner filed a Reply brief. At the request of Respondent, an oral hearing was presided over by this panel on November 22, 2011.

Record and Evidentiary Issues

This case has been languishing for over 15 years. The petition for cancellation was filed on May 15, 1995. The parties have filed numerous motions and suspensions. Much of the testimony in the case is over ten years old. In that regard, we note that the parties could have been more expeditious in bringing the case to resolution.

¹ Registered on June 5, 1990. Section 8 affidavit accepted. Renewed twice.

The record consists of the pleadings; the file of the involved application; and the following:

1. Petitioner's testimonial deposition of Arthur R. Eglington, petitioner's former counsel, dated November 30, 2000;
 2. Petitioner's testimonial deposition of Roger A. Hammond, a computer programmer, dated December 4, 2000;
 3. Petitioner's testimonial deposition of Mark A. Fanelli, petitioner's founder and president, dated November 29, 2000;
 4. Petitioner's Notice of reliance, containing definitions of the term "utility program";
 5. Respondent's testimonial deposition of Michael Shane, shareholder in Respondent, and licensee of the MODEL AMERICAN logo, dated April 4, 2003;
 6. Respondent's testimonial deposition of Rollin Binzer, a graphic designer, dated April 4, 2003;
 7. Respondent's testimonial deposition of Robert Mull, a graphic designer, dated September 8, 2003;
 8. Respondent's testimonial deposition of Wayne Morrison, the receiver in charge of the affairs of respondent, dated March 31, 2003; and
 9. Respondent's notice of reliance on
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- a. Petitioner's responses to Respondent's first set of interrogatories;
- b. Copies of documents identified and produced by Petitioner in response to Respondent's first set of interrogatories;
- c. A copy of a nonprecedential Board decision involving a cancellation on the grounds of abandonment brought against Respondent for Registration No. 1599395, by a different petitioner, *Zoom Telephonics v Model American Computer Corp*, Canc. 23,672, decision dated January 20, 1998, and granting summary judgment in favor of Respondent;
- d. The combined Sections 8 and 9 Declaration and accompanying specimen filed by Respondent for Registration No. 1599395, dated June 2, 2000;
- e. Dictionary definitions of "utility" and "software"; and
- f. The declaration of Marvin Garellek, president of ICBB, Respondent's sublicense, dated February 18, 1999, as submitted in support of Respondent's opposition to Petitioner's cross-motion for summary judgment.

Petitioner objected to certain of Respondent's evidence by filing a motion to strike with its brief. In particular,

petitioner moved to strike the declaration of Marvin Garellek filed with Respondent's notice of reliance, since the parties had not stipulated to file evidence via affidavit or declaration in lieu of testimonial deposition. Respondent replied in response that Mr. Garellek is a resident of Canada "who could not be readily deposed during the course of Respondent's testimony period." (resp's brief at 46). Parties are encouraged to agree to time-saving devices such as submitting testimony by declaration. See 37 CFR 2.123(b). However, absent a stipulation, a party may not simply submit a declaration, which does not entitle the other party to cross-examination or even objection. See *Tri-Star Marketing LLC v. Nino Franco Supmanti S.R.L.*, 84 USPQ2d 1912, 1914 (TTAB 2007) (sustaining objection to declaration absent stipulation of parties); *Marshall Field & Co. v Mrs. Fields Cookies*, 25 USPQ2d 1321, 1326 (TTAB 1992) (sustaining objection to submission of discovery depositions filed improperly as testimonial depositions). Accordingly, we grant this motion to strike and we have not considered the testimony from Marvin Garellek.

Petitioner also filed a motion to strike Ex. 21 to the testimony of Michael Shane as not being a proper business record. The exhibit consists of a description of sales from the sublicense of the mark at issue in this proceeding. As described by Mr. Shane, "It is a document that, a typical

document that we would get from Mighty/ICBB, outlining the sales of the units, the returns of the units, the net sales by month, how many units were sold, and then multiplying to see what the balance was or is to Model American. TEOPN on Model American's behalf." (Shane depo. at 37-38). We find that it was properly established as a business record, and this motion to strike is denied.

Standing

Petitioner has asserted that it is involved in selling computer products and services (Fanelli depo. at 94) and that it has filed an application to register the mark MODEL AMERICAN (Eglington depo. at 145-149). Petitioner has therefore established its interest as a competitor. See *Lipton Industries, Inc. v. Ralston Purina Co.*, 670 F.2d 1024, 213 USPQ 185 (CCPA 1982); *Cerveceria Modelo S.A. de C.V. v. R.B. Marco & Sons Inc.*, 55 USPQ2d 1298 (TTAB 2000); and *Hartwell Co. v. Shane*, 17 USPQ2d 1569 (TTAB 1990). Accordingly, we find that petitioner here has shown that it has a reasonable belief of damage and a real interest in this proceeding. Therefore it is not a mere intermeddler, and has established its standing. 15 U.S.C. §1064.

Abandonment

Petitioner asserts that Respondent has abandoned the mark in its Registration No. 1599395 by ceasing use of the

mark for the goods for which it is registered for a period of at least three years prior to the commencement of this cancellation proceeding with no intent to resume use. (Pet. at Para. 11-12). Section 14(3) of the Trademark Act, (15 U.S.C. §1064(3)), lists, as one of the grounds for cancellation, abandonment, and Section 45 of the Act, 15 U.S.C. §1127, in pertinent part, defines "abandonment" of a mark as follows:

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. "Use" of a mark means the bona fide use of such mark made in the ordinary course of trade, and not made merely to reserve a right in a mark.

There are two elements to an abandonment claim: non-use and an intent not to resume use. A plaintiff must show both of these elements unless it can show three years of nonuse, which *prima facie* establishes abandonment, in which case the burden shifts to the defendant to show either that it has used the mark, or that it has an intent to resume use. See *Cerveceria Centroamericana S.A. v. Cerveceria India Inc.*, 892 USPQ2d 1307, 1309 (Fed. Cir. 1989).

Respondent does not deny that due to its financial difficulties at the time, a court of the State of Massachusetts appointed a receiver for the company on February 18, 1992 (Morrison depo at 7-9, Ex. 1), and that

Respondent has been prohibited by order of the court from undertaking business, including use of the mark in Registration No. 1599395, since that date. *Id.* at 20. However, Respondent has presented evidence that it had licensed the mark prior to the entry of receivership to a company called Advanced Computer Concepts, which continued to sell off inventory under the mark during the time period 1992-1993. (Shane depo at 15). Respondent also submitted evidence of a court-approved license for the mark, entered into by the receiver, on behalf of Respondent, with licensee The Entrepreneur's Office Products Network Limited ("TEOPN") on August 31, 1992. (Morrison depo. at 18-19, and Exhibit 4). This license agreement includes a provision requiring "quality control" (Section 1.3). It allows TEOPN to sublicense the mark. (Section 1.2). The term of the license is through December 31, 2012, and is renewable. (Section 5.1). The license contemplates royalties of 3%. (Section 3.1-3.3).

Mr. Shane testified that "immediately" after the TEOPN license was completed and approved by the court, TEOPN began "test marketing some notebooks with a 900 concept to recruit, to learn about and recruit entrepreneurs to sell the notebook with Model American logo." (Shane depo. at 22). According to Mr. Shane's testimony, in the 1992-1993 time period, TEOPN test-marketed notebook computers under the

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MODEL AMERICAN mark. However, the concept did not come to fruition economically, and the company decided to table that marketing strategy, possibly for a later date. *Id.* at 23-24. Meanwhile, TEOPN sought sublicensees. *Id.* at 25.

TEOPN executed a sublicense agreement with a company called Mighty Information Company on February 21, 1995. (Shane depo. at 29, and Ex. 16) Mighty subsequently changed its name to ICBB. *Id.* at 25-26; 37-38. The sublicense includes many of the same provisions as the license agreement between Respondent and TEOPN. *Id.* at Ex. 16. The parties agreed that Mighty/ICBB would sublicense the MODEL AMERICAN mark for its "Plan A Business Plan and Marketing Plan software packages." (Section 1.1.). This is the product on which ICBB continues to use the mark. (Shane at 37-38; 54). The receiver attests to having received "approximately \$9,054.24" in revenue on behalf of Respondent and its creditors via the sublicense during the course of the receivership. (Morrison at 34 and Exs. 9A and 9B). He also advised the court that he saw this cancellation proceeding and the previous one by Zoom Telephonics (now resolved in favor of Respondent) as impeding "the cash flow to the estate." *Id.* at 32-34. Mr. Shane testified that royalties from the sublicense began in 1995 (Shane depo. at 27).

Petitioner asserts that despite the aforementioned testimony and evidence, Respondent abandoned the mark during the 1992-1995 time period. In particular, Petitioner alleges that even if we were to find some use of the mark by the sublicensee on its Plan A product, it would not inure to the benefit of Respondent, since the Plan A software is not a "computer utility program" as contemplated by the identification of goods.

Petitioner submitted several definitions of "utility programs" with its notice of reliance. These are exemplified by the following:

utility program: "a program that performs a specific task related to the management of computer functions, resources, or files, as password protection, memory management, virus protection, and file compression." *American Heritage Dictionary* (4th ed. 2000).

utility program: "a program designed for general support of the processes of a computer"
Ultralingua, Inc. www.ultralingua.com (2007).

Petitioner also submitted witness testimony, stating that the Plan A product would not fall under the definition of a "utility software program." (Fanelli depo. at 75 (no "utility software programs" found with Plan A product)). However, Respondent, to the contrary, presented testimony

from two witnesses that indeed it does. (Morrison depo. at 47-48 ("To me, utility refers to something that is a benefit, and a computer program would be a beneficial computer program."); and Shane depo. at 54-55 ("I certainly heard it called computer utility software"). The record is not clear on this point, and the burden is on Petitioner to prove its case. The specimen of record shows the following from the packaging of the Plan A software, as submitted with Petitioner's Section 8 affidavit:

Plan A Business PlanWorks
VERSION 8

FOR YOUR STARTUP OR EXISTING BUSINESS

The Painless Business Plan Solution

With Plan A Business PlanWorks you can easily create the strategic document and financial projections that lenders and investors expect...and you need to operate smart. No guessing about what to write or how to write it. No number-crunching required. Its information-driven Strategic Plan Writer and Automated Financial Planner do the hard work for you, and make your job easy.

POWERFUL The Strategic Plan Writer screens over 40 topics of ready-to-use text with selectable options. The Automated Financial Planner develops your spreadsheets automatically.

SIMPLE Just select the options that fit your needs and type in the information you are prompted for. The Plan Writer lets you add or delete, cut-and-paste, customize text. The Financial Planner lets you do what-if scenarios.

HELPFUL Help is always on screen or available at the click of your mouse. Guidance tools help you choose options, make assumptions, enter your information—guide you step-by-step from start to printout.

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With an unclear definition as to what constitutes a "computer utility program," and testimony from several witnesses that this product meets the definition, we find that it does.

Accordingly, we find that, for the reasons discussed, Petitioner has not proven its case that Respondent abandoned the MODEL AMERICAN mark between the three-year period from the date Respondent entered receivership and ceased operation in February 1992 until this cancellation was instituted in May 1995. Although Respondent ceased its own use of the mark immediately, within the year it licensed the mark to TOEPN. TOEPN test-marketed the mark on notebook computers to entrepreneurs in the 1992-1993 time period. TOEPN then sublicensed the mark to Mighty/ICBB on February 21, 1995 for use on its "Plan A Business Plan and Marketing Plan software packages." Respondent received payments under the sublicense, beginning that same year. For these reasons, we find that the use of the mark was never discontinued by those whose actions inure to the benefit of Respondent during the relevant time period.

Even if we were to find three years of nonuse, thereby shifting the burden to Respondent, we still would find that at all relevant times Respondent intended to resume use of the mark. (Shane depo. at 24 (Respondent considering re-establishing market for notebooks "to this day"; Morrison

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depo. at 28, 40). Our primary reviewing court gives us guidance in this regard. We find that in examining Respondent's actions regarding its decision to license the mark, as well as its filing of Section 8 and 9 affidavits, "common sense" dictates that Respondent indeed intended to keep the brand alive. *Crash Dummy Movie LLC*, 601 F3d 1387, 94 USPQ2d 1315, 1317 (Fed. Cir. 2010) ("[C]ommon sense supports the conclusion that Mattel would not have recorded Tyco's trademark assignment with the USPTO in 1998 unless it intended to use the CRASH DUMMIES mark within the foreseeable future.").

Nevertheless, Petitioner not having set forth a *prima facie* case of abandonment, the cancellation is denied.

Decision: The petition to cancel is dismissed.