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

Proceeding	92051170
Party	Plaintiff O2Micro International Limited
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and the TTAB's Order in the present proceeding dated June 17, 2010. Specifically, the Board stated as follows:

Petitioner's original pleading regarding respondent's alleged false statements to the Office are based solely upon information and belief. These allegations fail to meet the Fed.R.Civ.P. 9(b) requirements as they are 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, or a statement regarding evidence that is likely to be discovered* that would support a claim of fraud.)(emphasis added).

The Amended Petition for Cancellation does precisely what the Board described. In particular, Petitioner's pleading of fraud rests on sufficient, specific underlying facts from which the Board may reasonably infer that Respondent acted with the requisite state of mind. *See Meckatzer Lowenbrau Benedikt Weiß KG v. White Gold, LLC*, 2010 WL 1946273 (T.T.A.B. 2010).

Petitioner has made direct reference to the substance of an outside investigator's report which disclosed Respondent's alleged licensee's non-use of the subject trademark for many years prior to Respondent's filing of an application for renewal of its registration. Petitioner's allegations are not based solely on "information and belief," but are also based on the results of an investigation which revealed that Respondent was not using its mark on the goods listed in its Application for Renewal at the time the Application for Renewal was filed, and other facts set forth in the Amended Petition.

Petitioner specifically alleges in the Amended Petition that "Respondent committed fraud on the Patent and Trademark Office in the procurement of renewal of the O2 Registration by making material representations of fact in its declarations which it knew or should have known to be false," and "Renewal was granted for the O2 Registration based on Respondent's intentionally deceptive statements and declarations fraudulently made to procure renewal."

These allegations are sufficiently specific and particular under Fed. R. Civ. P. 9(b). Under this standard, petitioner has sufficiently alleged fraud.

Respondent Motion to Dismiss includes the standards for a Motion to Dismiss. In addition, the Motion includes discussion of decisions which set forth the requirements for *proving* an allegation of fraud, for example by “direct evidence or circumstantial evidence so long as it is clear and convincing.” Respondent argues that Petitioner has not shown clear and convincing evidence. Yet such is not required in order to withstand a motion to dismiss in this case. Respondent’s discussion ignores the basic question of a sufficient *allegation* of fraud. The facts identified in the amended petition are clear, specific, and sufficient to form the basis of a reasonable belief regarding Respondent’s intent.

Respondent also argues that the amended petition “contains no facts about the investigation.” Clearly paragraphs 6, 7, 8 and 9 set forth such facts.

Respondent’s suggestion that Petitioner will rely on the Board’s recent *Meckatzer* decision is helpful in that the allegations in the pleading in *Meckatzer* were essentially identical to those of the present case. Furthermore, Petitioner has identified specific facts in addition to an investigator’s report, namely the information on the website from which Respondent’s evidence of use were obtained, stating the product was discontinued, and the 2000 copyright notice on the data sheet Respondent submitted as evidence of use. This combination of facts: the investigator’s report, SGI’s website stating the “O2” product was discontinued, and the nine year old data sheet submitted as a specimen of use, are sufficient to form the basis of a reasonable belief regarding Respondent’s intent.

Respondent’s Motion to Dismiss also argues that the substitute specimens submitted after commencement of this proceeding comprise proof that the trademark was in use for the

identified goods at the time of the renewal application. This argument, regardless of its merit, does not rebut the allegation that the alleged fraud occurred at the time the renewal application was filed. Petitioner also disagrees that a SIM card sold confidentially to an OEM comprises use in commerce of “computer hardware and computer operating systems software and instructional manuals therefore sold as a unit therewith” as identified in the registration which is the subject of this proceeding. Respondent’s discussion and arguments regarding the nature and purported use of “O2” in this connection is not relevant with respect to whether Petitioner’s pleading adequately alleges fraud under the standards set forth in *Bose*.

III. PETITIONER’S CLAIM OF ABANDONMENT

Petitioner specifically alleges in the Amended Petition that “Registrant unreasonably and intentionally chose to rely on its Licensee, Silicon Graphics, Inc., to inform Registrant when it discontinued sale of products under the “O2” mark and did not inquire into its Licensee’s use or sales under the mark at the time the Renewal Application was filed although the specimen submitted by Registrant in the Renewal Application had a copyright notice date of 2000 and was found on a page depicting discontinued products.” This allegation is sufficiently specific and particular under Fed. R. Civ. P. 9(b). Under this standard, petitioner has sufficiently alleged abandonment by naked licensing.

The Lanham Act clearly carries the view that controlled licensing does not work an abandonment of the licensor's registration, while a system of naked licensing does. *Dawn Donut Co. v. Hart's Food Stores, Inc.*, 267 F.2d 358, 367, 121 U.S.P.Q. 430 (2d Cir. 1959)

15 U.S.C.A. § 1055 provides: “Where a registered mark or a mark sought to be registered is or may be used legitimately by related companies, such use shall inure to the benefit of the registrant or applicant for registration, and such use shall not affect the validity of such mark or of its registration, provided such mark is not used in such manner as to deceive the public.” And 15 U.S.C.A. § 1127 defines “related company” to mean “any person who legitimately controls or is *controlled by the registrant* or applicant for registration in respect to the nature and quality of the goods or services in connection with which the mark is used.” (emphasis added)

Petitioner’s amended claim of abandonment based on naked licensing is based on such facts as would, if proved, establish that Petitioner has valid grounds for seeking cancellation of the subject registration. Fed.R.Civ.P. 12(b)(6).

In its Motion for Summary Judgment dated October 14, 2009, Respondent’s own statements admit that it did not exercise the degree of control over the nature and quality of the products sold by its licensee as required by the Trademark Act. If Respondent was controlling the activities of its licensee and controlling the quality of the goods produced by its licensee under the registered mark, Respondent would have discovered its licensee’s discontinued use of the registered mark. As stated by Respondent in its Motion for Summary Judgment, as well as the Motion to Dismiss which is now before the Board, Respondent allegedly placed a clause within its license agreement which placed an affirmative duty on its licensee to inform Respondent of its discontinued use of the mark. Respondent further states that it was not informed by its licensee of its discontinued use of the mark, and so Respondent *presumed* the mark was still in use. These facts support a reasonable conclusion that if it was Respondent’s presumption, rather than knowledge, that the mark was still in use by its licensee, it is highly unlikely that Respondent was controlling its licensee to the extent required by the Act, otherwise

it would have discovered the discontinuance on its own. The facts presented by Respondent alone are sufficient to form a reasonable belief that Respondent insufficiently policed and inspected its licensee's operations to control the quality of the products they sold under its trademarks to the public thereby resulting in abandonment of its mark. Thus, it is based on Respondent's own statements, which is supported by the evidence obtained through its investigation, as identified in its amended Petition, that Petitioner forms a reasonable basis for its claim of abandonment by way of naked licensing.

In addition, Petitioner specifically alleges in its Amended Petition, that the mark shown in the O2 Registration has not been used by Respondent or its predecessor in interest for more than three years and neither Respondent nor its predecessor in interest had an intent to resume use of the mark during that period thereby resulting in abandonment. Petitioner sets forth specific facts in its Amended Petition to support its claim of abandonment by way of non-use for at least three years with no intent to resume use.

In its Amended Petition, Petitioner sets forth with particularity the facts which form its reasonable belief that Respondent abandoned its use of the registered mark at least three years ago with no intent to resume use. Specifically, as discovered in an investigation and set forth in its Amended Petition, Respondent's predecessor in interest stated that it discontinued use of the registered mark approximately seven years ago, if not more. In addition, an investigation revealed that Respondent listed the goods previously sold under the registered mark on a page of its website titled "Legacy Products" and states that states that the page contains information for products which are "no longer manufactured or sold by SGI." These facts clearly and sufficiently set forth Petitioner's reasonable belief that the mark was abandoned by Respondent.

Furthermore, Petitioner's Amended Petition sets forth with specificity and particularity the facts which form its reasonable belief that the assignment of the registered mark from SGI to Respondent was an assignment in gross, thereby rendering it invalid.

One may oppose registration or petition to cancel a registration on the ground of alleged abandonment. *See Liquid Glass Enterprises, Inc. v. Liquid Glass Industries, Ltd.*, 14 U.S.P.Q.2d 1976 (E.D. Mich. 1989) (registration cancelled for abandonment resulting from an assignment in gross). *See Otis Elevator Co. v. Echlin Mfg.*, 187 U.S.P.Q. 310 (T.T.A.B. 1975) (registration owned by remote assignee after assignment in gross: cancelled for abandonment); *Johanna Farms, Inc. v. Citrus Bowl, Inc.*, 468 F. Supp. 866, 199 U.S.P.Q. 16 (E.D.N.Y. 1978) (dictum that abandonment results if assignor transfers mark without good will: "his good intentions will not breathe life back into the devitalized mark").

Petitioner clearly sets forth that by way of an investigation, Petitioner obtained facts which indicate that SGI abandoned the registered mark long before it was assigned to Respondent. Specifically, the Amended Petition identifies that the investigation revealed that SGI discontinued the sale of goods under the registered mark at least seven years prior to the investigation, which occurred in 2009, which was approximately five years prior to the assignment of the registration to Respondent which was recorded with the Trademark Office on October 29, 2007. These facts are specific and particular and form the reasonable belief that the assignment of the registered mark was in gross. Thus, the allegation of assignment in gross was sufficiently alleged by Petitioner under Fed. R. Civ. P. 9(b).

IV. RESPONDENT'S ANSWER TO FIRST AMENDED PETITION FOR CANCELLATION INCLUDES PREVIOUSLY STRICKEN DEFENSES

Respondent has included with its Motion to Dismiss, and as an alternative, an Answer to the First Amended Petition for Cancellation. Petitioner notes the Answer includes as affirmative defenses 2 and 3, defenses were ordered stricken by the Board's order dated April 14, 2010. Should the Board deny the Motion to Dismiss, Petitioner requests the Respondent submit an amended Answer removing the stricken defenses.

V. CONCLUSION

WHEREFORE, Petitioner respectfully requests that Respondent's Motion to Dismiss be DENIED in all respects.

O2Micro International Limited

Dated: 8/10/2010

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CERTIFICATE OF SERVICE

It is hereby certified that a true and complete copy of the subject Petitioner's Opposition to Registrant's Motion to Dismiss First Amended Petition for Cancellation was served upon the Respondent via First Class mail, postage prepaid, this 10th day of August, 2010 to the following address:

Linda Kurth
Baker & Rannells PA
575 Route 28, Suite 102
Raritan NJ 08869

By: Teresa C. Tucker
Teresa C. Tucker