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

Proceeding	92051821
Party	Defendant DVD Format/Logo Licensing Corporation
Correspondence Address	Mark I. Peroff Hiscock & Barclay LLP Seven Times Square New York, NY 10036 UNITED STATES wbrownlow@paulweiss.com, rparker@paulweiss.com
Submission	Motion to Dismiss - Rule 12(b)
Filer's Name	Suzanne Salgado
Filer's e-mail	ssalgado@paulweiss.com
Signature	/Suzanne Salgado/
Date	01/21/2010
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**In the United States Patent and Trademark Office
Before the Trademark Trial and Appeal Board**

ZOBA INTERNATIONAL CORP., DBA
CD DIGITAL CARD,

Petitioner,

v.

DVD FORMAT/LOGO LICENSING
CORPORATION,

Registrant.

Cancellation No. 92051821

**REGISTRANT’S MOTION TO DISMISS THE PETITION
TO CANCEL REGISTRATION NO. 2,711,602**

Petitioner seeks cancellation of a registered trademark for the familiar DVD logo, Registration No. 2,711,602 (the “602 registration”). Registrant respectfully moves pursuant to 37 C.F.R. § 2.116 and Federal Rule of Civil Procedure 12(b)(6) for dismissal of the petition for failure to state a claim on which relief can be granted.

The grounds for dismissal are straightforward. First, Petitioner’s prior claims for cancellation of registrations identical to the ‘602 registration were dismissed with prejudice by the United States District Court for the Southern District of New York. Accordingly, Petitioner’s claims are barred under the doctrine of claim preclusion (or *res judicata*). Second, Petitioner’s pleadings are deficient because, as a matter of law, they do not properly plead grounds for cancellation of the mark.

The factual background relevant to each of these points, drawn from the Petition itself and from public records,¹ is discussed in conjunction with the relevant legal arguments below.

¹ In ruling on a motion to dismiss, the Board may consider public documents, including court records. *See Staehr v. Hartford Fin. Servs. Group, Inc.*, 547 F.3d 406, 424 (2d

ARGUMENT

I. PETITIONER’S CLAIMS ARE BARRED UNDER WELL-RECOGNIZED *RES JUDICATA* PRINCIPLES

This is Petitioner’s second attempt to cancel registrations in a group of works that Petitioner refers to as the “DVD LOGO FAMILY OF MARKS.” (Petition, ¶ 11) Having bargained for dismissal of the first attempt *with prejudice*, this second attack is barred.

A. The District Court Dismissed with Prejudice Petitioner’s Counterclaims for Cancellation of Identical Registrations

In *DVD Format/Logo Licensing Corporation v. U-Tech Media USA LLC and Zoba International Corp., d/b/a/ CD Digital Card*, No. 09 Civ. 5461 (filed June 12, 2009, S.D.N.Y.), Registrant asserted a number of claims against Petitioner, including infringement of two registered trademarks identical to the mark at issue here. (Petition, ¶ 3 and Exhibit A thereto at ¶¶ 51-58 (asserting claim for infringement of Reg. Nos. 2,295,726 and 2,381,677 (referred to as the ‘726 and ‘677 registrations, respectively))) Petitioner answered the complaint and filed counterclaims. *See Answer and Counterclaims of Defendant Zoba International Corp., d/b/a/ CD Digital Card*, attached hereto as Exhibit 1. In its Second, Third and Fourth Counterclaims, Petitioner, as counterclaim-plaintiff, sought cancellation of the ‘726 and ‘677 registrations. *See Exhibit 1, ¶¶ 83, 101-112*. As grounds for cancellation, Petitioner alleged that Registrant had

Cir. 2008) (district court was permitted to take judicial notice of “state court complaints, and regulatory filings” in deciding motion to dismiss). Moreover, the Board may consider documents attached to or referenced in the Petition. *See Chambers v. Time Warner, Inc.*, 282 F.3d 147, 153 (2d Cir. 2002) (“Even where a document is not incorporated by reference [in the complaint], a court may nevertheless consider it [in a motion to dismiss] where the complaint ‘relies heavily upon its terms and effect,’ which renders the document ‘integral’ to the complaint.”) (citations omitted).

misused the marks (citing 15 U.S.C. §§ 1119 and 1064(3)); that the marks had become generic or descriptive and/or functional (citing the same provisions); and that the registrations had been obtained or renewed on a “false and fraudulent basis.” *Id.* (citing 15 U.S.C. §§ 1119, 1058 and 1064(3)).

Registrant and Petitioner resolved their dispute and, on November 18, 2009, the district court entered a “Stipulation and Order of Dismissal of Defendant Zoba International Corp. with Prejudice.” (Exhibit 2 hereto.) The district court’s order states in pertinent part: “[T]he Complaint and all of Plaintiff’s claims, and the Answer and Counterclaims and *all of Defendant’s counterclaims in this action are dismissed with prejudice.*” *Id.* (emphasis added).

As the District Court was entering its order of dismissal with prejudice, Petitioner filed the first of three petitions to cancel the ‘726, ‘677 and ‘602 registrations. *See* Cancellation Nos. 92051714 (filed Nov. 10, 2009, seeking cancellation of the ‘726 registration) and 92051821 (filed December 4, 2009, seeking cancellation of the ‘677 registration). Petitioner asserts in all three proceedings that the marks should be cancelled on the same grounds asserted in its district court counterclaims, including fraud, abandonment-uncontrolled licensing, abandonment-failure to police, and abandonment-nonuse/misuse.

As we explain in Part II, none of these grounds has merit as a matter of law. The Board need not reach that issue, however, as Petitioner’s claims are barred by *res judicata*.

B. *Res Judicata* Bars Petitioner’s Effort to Revive the Claims that the District Court Dismissed with Prejudice

Under the Federal Rules of Civil Procedure, a *res judicata* defense may be asserted in a motion to dismiss. See *Sassower v. Abrams*, 833 F.Supp. 253, 264 n.18 (S.D.N.Y. 1993) (“it is well settled that a court may dismiss a claim on *res judicata* or collateral estoppel grounds on a Rule 12(b)(6) motion”).

The *res judicata* doctrine protects, among other things, a party’s reasonable expectations as to the finality of judgments and protects against duplicative proceedings. *Parklane Hosiery Co. v. Shore*, 439 U.S. 322, 326 (1979). Thus, at its core, *res judicata* ensures that “a judgment on the merits in a prior suit bars a second suit involving the same parties or their privies based on the same cause of action.” *Jet, Inc. v. Sewage Aeration Systems*, 223 F.3d 1360, 1362 (Fed. Cir. 2000), quoting *Parklane Hosiery*, 439 U.S. at 326; see *Lawlor v. National Screen Serv. Corp.*, 349 U.S. 322, 326 (1955).

The Court of Appeals for the Federal Circuit has held that the *res judicata* doctrine bars relitigation of claims in an administrative tribunal in the same way, and to the same extent, that it bars relitigation in a federal court. “The evils of vexatious litigation and waste of resources are no less serious because the second proceeding is before an administrative tribunal.” *Young Engineers, Inc. v. U.S. Intern. Trade Com’n*, 721 F.2d 1305, 1315 (Fed. Cir. 1983); see *Nasalok Coating Corp. v. Nylok Corp.*, 522 F.3d 1320 (Fed. Cir. 2008) (affirming dismissal of trademark cancellation proceedings on *res judicata* grounds following district court litigation).

The Federal Circuit has set out a three-part test for application of the *res judicata* doctrine. There must be (1) identity of parties (or their privities); (2) an earlier

final judgment on the merits of a claim; and (3) “a second claim based on the same set of transactional facts as the first.” *Jet, Inc.*, 223 F.3d at 1362.

Each prong of this test is met here. First, the parties to the first lawsuit and this proceeding are identical. Petitioner here was counterclaim-plaintiff in the district court. Registrant was counterclaim-defendant there, and is opposing the Petitioner/counterclaim plaintiff’s cancellation claims here. (*See* Exhibit 1.)

Second, the District Court’s dismissal with prejudice constitutes an adjudication of the merits for purposes of applying *res judicata* principles. *See Young Engineers*, 721 F.2d at 1314 (“principles of merger and bar may apply even though a judgment results by default, consent, or dismissal with prejudice although care must be taken to ensure fairness in doing so”); *Peterson v. U.S.*, 2009 WL 1979263, *7 (Fed. Cl. 2009), *appeal dismissed* 2009 WL 3832547 (Fed. Cir. 2009), *citing Scott Aviation v. U.S.*, 953 F.2d 1377, 1378 (Fed. Cir. 1992) (“[a] dismissal with prejudice effectively renders an adjudication on the merits”).

Third, Petitioner’s claims here are based on “the same set of transactional facts” as its district court counterclaims. For purposes of this analysis, the Federal Circuit looks to the test in Restatement (Second) of Judgments (“*Restatement*”) § 24, which confirms that *res judicata* principles “extinguish all rights of the plaintiff against the defendant with respect to all or any part of the transaction, *or series of connected transactions*, out of which the action arose.” *Young Engineers*, 721 F.2d at 1314 (*quoting Restatement*, § 24(1) (emphasis added)). Although this issue is to be addressed “pragmatically,” *Jet, Inc.*, 223 F.3d at 1362, the operative rule is that “a party *must* raise in a single lawsuit all of the grounds for recovery arising from a single transaction or

series of transactions that *can* be brought together.” *Mars Inc. v. Nippon Conlux K.K.*, 58 F.3d 616, 619 (Fed. Cir. 1995) (emphasis added).

Applying these principles, the Board has held that the operative standard for identifying whether two marks meet the “single transaction or series of transactions” test “is whether the previous mark and the present mark are so much alike that they create a continuing commercial impression.” 6 McCarthy on Trademarks and Unfair Competition § 32:82; *see The Institut National des Appellations d’Origine v. Brown-Forman Corp.*, 47 U.S.P.Q.2d 1875, 1894-1895 (TTAB 1998) (the Board “focus[es] on whether the defendant’s mark involved in the earlier proceeding was the same mark as the defendant’s mark involved in the later proceeding”); *compare Chromalloy American Corp. v. Kenneth Gordon (New Orleans), Ltd.*, 736 F.2d 694, 697-698 (Fed. Cir. 1984) (differences in the trademarks barred application of *res judicata* principles; “The ‘transactional facts’ are different in that a different mark used over a different period of time is involved”).

Here, as noted above, Petitioner itself refers to the ‘602 registration, and the two marks at issue in the district court, as belonging to the same “DVD LOGO FAMILY OF MARKS.” (Petition, ¶ 11) In addition, Petitioner, in its allegations directed to standing, acknowledges that the three marks are part of a single unit. Petitioner says that Registrant’s district court complaint “could be amended or otherwise re-filed to include the allegations that Petitioner is infringing the subject Mark. Petitioner . . . is in continued peril of suffering duplicative costs related to litigation over the subject Mark.” (Petition, ¶ 3) With these assertions, Petitioner itself bundles the three marks as

part of a single transaction or series of connected transactions. Registrant, not Petitioner, is “suffering duplicative costs related to litigation over the subject Mark.”

Even without Petitioner’s concessions, the three marks fall directly within the Federal Circuit’s and the Board’s “single transaction or series of transactions” test. Petitioner also recognizes that “[a]ll of the logo designs are identical” and that the various trademarks are “‘licensed’ and/or otherwise handled under the same set of ‘licensing’ guidelines by [Registrant].” (Petition, ¶ 5) As Petitioner alleges, all of the marks in the DVD LOGO FAMILY OF MARKS cover a combination of DVD discs and/or playback equipment. (Petition, ¶ 11) And all three marks are challenged on virtually identical grounds, including, *e.g.*, alleged fraud, abandonment, and mis-use.

Petitioner’s allegations in the district court and in this proceeding – both directed to a purported fraudulent registration, abandonment, and mis-use of the marks – rest on a common nucleus of operative facts. In these circumstances, all three marks “form a convenient trial unit” and are related in origin and motivation to uniquely identify a standard DVD product. *Hemphill v. Kimberly-Clark Corp.*, 530 F.Supp.2d 108, 111 (D.D.C. 2008), *affd.* 335 Fed.Appx. 964 (Fed. Cir. 2008), (dismissing as barred an infringement claim under claim 2 of a patent following dismissal of a lawsuit asserting infringement of claim 1 of the same patent). In this respect, too, the “DVD LOGO FAMILY OF MARKS” are “series of connected transactions” within the Federal Circuit’s test.

Finally, the application of *res judicata* principles in this case is fair to both parties and is consistent with the doctrine’s fundamental purpose of finality in litigation. Under the Federal Circuit’s holding in *Nasalok Coating*, Petitioner’s counterclaims in the

district court action were permissive, not mandatory. 522 F.3d at 1328 (cancellation counterclaims are not compulsory in a proceeding for trademark infringement).

Petitioner thus chose, at its own volition, to seek cancellation of only two of the “DVD LOGO FAMILY OF MARKS” when it filed its counterclaim in the district court.

Having voluntarily split its claim by seeking the cancellation of only some members of the trademark “FAMILY,” and having bargained to dismiss those claims with prejudice, Petitioner foreclosed its option to bring serial challenges against the other marks. To hold otherwise would condone Petitioner’s improper relitigation of issues identical to those it raised before and that it could have brought when it asserted (and then relinquished) its cancellation claims in the district court. Application of *res judicata* principles here simply holds Petitioner to the consequences of its litigation strategy.

Thus, when Petitioner stipulated to the dismissal of its cancellation counterclaims with prejudice, any argument it might have had for the cancellation of the ‘602 registration was extinguished as well. Its attempt to resurrect that claim before the Board is barred. *See Nasalok Coating Corp.*, 522 F.3d at 1329 (affirming dismissal of a cancellation petition as an improper collateral attack on a prior district court judgment).

II. IF THE BOARD REACHES THE MERITS OF PETITIONER’S CLAIMS, THE PETITION SHOULD BE DISMISSED FOR FAILURE TO STATE A CLAIM

A. Petitioner’s Claims are Subject to a Stringent Pleading Standard

Under Fed. R. Civ. P. 12(b)(6), dismissal is required when a petition fails to state a viable claim. *See Ashcroft v. Iqbal*, 129 S. Ct. 1937, 1949 (2009). To survive a motion to dismiss, “a complaint must contain sufficient factual matter, accepted as true, to ‘state a claim to relief that is plausible on its face’.” *Id.*, quoting *Bell Atl. Corp. v. Twombly*, 550 U.S. 544, 570 (2007). A petitioner may not satisfy this standard with

conclusory allegations; “[t]hreadbare recitals of the elements of a cause of action, supported by mere conclusory statements, do not suffice.” *Iqbal*, 129 S. Ct. at 1949. Likewise, “where the well-pleaded facts do not permit the court to infer more than the mere possibility of misconduct, the complaint has alleged — but it has not ‘show[n]’ — ‘that the pleader is entitled to relief’.” *Id.* at 1950, *quoting* Fed. R. Civ. P. 8(a)(2). In short, the pleading must allege *facts*, and the allegations “must be enough to raise the right to relief above the speculative level.” *Twombly*, 550 U.S. at 555.

The standard applicable to fraud claims is even more stringent. Under Fed. R. Civ. P. 9(b), a pleading “must state with particularity the circumstances constituting fraud or mistake.” “A party seeking cancellation of a trademark registration for fraudulent procurement bears a heavy burden of proof.” *In re Bose Corp.*, 580 F.3d 1240, 1243 (Fed. Cir. 2009). As the Board held in *Asian and Western Classics B.V. v. Lynne Selkow*, 92 U.S.P.Q.2d 1478 (TTAB 2009), “In petitioning to cancel on the ground of a fraud, a petitioner must allege the elements of fraud with particularity,” and “the pleadings [must] contain explicit rather than implied expression of the circumstances constituting fraud.” *Id.* at 1478, *quoting King Auto., Inc. v. Speedy Muffler King, Inc.*, 667 F.2d 1008, 1010 (C.C.P.A 1981).

B. Petitioner’s Fraud Claim Should be Dismissed for Improper Pleading of Essential Elements

Petitioner’s first claim sounds in fraud. Petitioner alleges that Registrant’s assignor, Time Warner Entertainment LP (hereinafter “TW LP”), filed a Statement of Use (attached hereto as Exhibit 3) that referred to a product manufactured by Panasonic. According to Petitioner, the submission was fraudulent “because the Specimens filed by Applicant in support of its Statement of Use were examples of a product manufactured by

Panasonic, Inc. Panasonic, Inc. was not a limited partner, agent, or licensee of [TW LP].” (Petition, ¶ 15) These allegations are patently insufficient to state a cognizable fraud claim.

“Fraud in procuring a trademark registration or renewal occurs when an applicant knowingly makes false, material representations of fact in connection with his application.” *In re Bose*, 580 F.3d at 1243 (internal quotation marks and citation omitted). At the outset, therefore, to sustain a fraud claim, Petitioner must allege a material misrepresentation of fact. In addition, cancellation for fraud requires that the pleadings offer a plausible allegation that the applicant subjectively intended to mislead the government. *See id.*; *see also Money Store v. Harriscorp Fin., Inc.*, 689 F.2d 666, 670 (7th Cir. 1982) (“[f]raud will be deemed to exist only when there is a deliberate attempt to mislead the Patent Office into registering the mark”). Failure to plead any essential element justifies dismissal of the claim. *See e.g. Koehler v. Bank of Bermuda (New York) Ltd.*, 1998 WL 557595, *9 (S.D.N.Y. 1998), *affd.* 209 F.3d 130 (2d Cir. 2000), *amended* 229 F.3d 424 (2d Cir. 2000), (“the complaint must contain allegations concerning each of the material elements necessary to sustain recovery under a viable legal theory”).

Applying these principles, and the pleading standards discussed above, Petitioner’s fraud claim should be dismissed on three separate grounds.

First, Petitioner’s fraud claim should be rejected for failure to plead an essential element of its claim. As noted above, both the Federal Circuit and this Board have held intent to be an essential element of fraud. “There is no fraud if a false misrepresentation is occasioned by an honest misunderstanding or inadvertence without a

willful intent to deceive.” *In re Bose Corp.*, 580 F.3d at 1246; *see Asian and Western Classics*, 92 U.S.P.Q.2d at 1479 (“A pleading of fraud on the USPTO must also include an allegation of intent”). As Petitioner does not allege intent at all, its Petition fails to state a claim for fraud.²

Second, Petitioner purports to support its claim with allegations of what “Applicant knew or should have known.” (Petition, ¶ 16) The Federal Circuit and the Board have rejected this constructive theory of fraud. *See In re Bose Corp.*, 580 F.3d at 1244-1246; *Asian and Western Classics*, 92 U.S.P.Q.2d at 1479.

Third, Petitioner’s fraud claim does not identify a material misrepresentation, much less describe a misrepresentation with the particularity required by Rule 9(b). Petitioner alleges only that TW LP’s submission included “examples of a product manufactured by Panasonic” and that “Panasonic . . . was not a limited partner, agent, or licensee of the [LP].” (Petition, ¶ 15) Where is the alleged false, material misrepresentation? That the specimen was a Panasonic product was apparent from the specimen itself (*see* Exhibit 3), and Petitioner does not allege that the applicant misrepresented the source of the specimen (even if that were possible). Likewise, Petitioner does not point to any statement by applicant suggesting that Panasonic was a member of the limited partnership. Indeed, Petitioner’s pleading suggests (correctly) that Panasonic was a licensee authorized to use the mark. (Petition, ¶¶ 4, 6)³ Absent a

² Moreover, it is not clear how Petitioner possibly could allege intent to deceive when the allegations point at most to the fact that Panasonic manufactured the specimen and that Panasonic and the applicant were different entities – neither of which was discussed or concealed during the application process.

³ Even giving Petitioner’s pleading every possible benefit of the doubt, the worst it alleges is a mistake: that the applicant did not address the connection between

plausible allegation of a material misrepresentation, the fraud claim fails. Here, Petitioner offers no such allegation at all.

C. Petitioner’s “Abandonment-by-Uncontrolled-Licensing” Claim is Legally Deficient

Petitioner’s second claim for cancellation sounds in abandonment by uncontrolled licensing. (Petition, ¶ 17) “[U]ncontrolled[] licensing of a mark occurs when a licensor allows a licensee to use the mark on any quality or type of good the licensee chooses.” *Stanfield v. Osborne Industries, Inc.*, 52 F.3d 867, 871 (10th Cir. 1995), *cert. denied* 516 U.S. 920 (1995). If a licensor fails to “take some reasonable steps to prevent misuses of his trademark in the hands of others,” *Dawn Donut Co. v. Hart’s Food Stores, Inc.*, 267 F.2d 358, 367 (2d Cir. 1959), the mark is deemed abandoned and forfeited.

The Petition purports to identify three grounds for the claim that Registrant has abandoned the mark. According to the Petition, Registrant purportedly permits its shareholders to use the mark without a license, does not exercise any routine testing or examination of licensees’ products, and permits unlicensed use of the mark (or use that is not in compliance with Registrant’s DVD specifications). (Petition, ¶ 17).⁴

Each of these propositions is alleged “on information and belief.” Such allegations are insufficient. As the Board has held, “[U]nder USPTO Rule 11.18, the

Panasonic and applicant. That error does not amount to fraud. *See In re Bose*, 580 F.3d at 1245-46 (distinguishing between a false statement and a fraudulent statement); *Airport Canteen Services, Inc. v. Farmer’s Daughter*, 184 U.S.P.Q. 622, 627 (TTAB 1974) (“A misunderstanding . . . yes, but fraud, no”).

⁴ To the extent that these allegations overlap with the allegations regarding Registrant’s alleged failure to police, *see infra*, those arguments are incorporated into this section, and *vice versa*.

factual basis for a pleading requires either that the pleader know of facts that support the pleading or that evidence showing the factual basis is ‘likely’ to be obtained after a reasonable opportunity for discovery or investigation.” *Asian and Western Classics*, 92 U.S.P.Q.2d at 1479. Other than its assumptions, Petitioner offers no factual basis for its allegations at all. It provides no facts regarding Registrant’s licensing practices or other assertions that suggest the possibility of fruitful discovery on this issue. On this basis alone, the abandonment allegations should be dismissed.

With respect to the “information and belief” allegation that Registrant’s shareholders are not required to be licensees, the pleading is that Registrant has ten shareholders, and that three of them (Philips, Sony, and Time Warner) are not licensees. (Petition, ¶¶ 4, 6) These allegations regarding the shareholders’ licensee status are incorrect, but for present purposes it is sufficient to state that Petitioner does not specify an instance – much less a pattern – of uncontrolled use of the mark.

Plaintiff’s bare “information and belief” allegations regarding Registrant’s failure to sponsor any examination of licensed products is also deficient. In fact, Petitioner acknowledges that Registrant requires “verification” of licensed products by a qualified lab. (Petition ¶¶ 12, 13) In addition, Petitioner’s allegations are an about-face from the position it took a few months ago, when it disclaimed knowledge of Registrant’s verification program altogether. In the district court complaint, Registrant alleged: “DVD FLLC [Registrant] also oversees a program by which its licensees verify their understanding of, and compliance with, the DVD specifications.” (Petition, Exhibit A, ¶ 15) In its Answer, Petitioner “denie[d] knowledge or information sufficient to form a belief as to the truth” of those allegations. (Exhibit 1, ¶ 15) Petitioner now

acknowledges Registrant's verification program. If Petitioner can now plead "on information and belief" that it has new knowledge regarding these activities, then it is incumbent upon Petitioner to plead those facts. Its bare-bones pleading "on information and belief" is inadequate to sustain its abandonment claim.⁵

Finally, the allegation that "Registrant permits unlicensed use of the subject Mark, or use that is not compliant with Registrant's DVD specifications for extensive periods of time with indifference" (Petition, ¶ 17), does not meet any reasonable level of plausibility. As Petitioner acknowledges, Registrant sued Petitioner in district court for infringement because Registrant used the marks on unlicensed products – hardly evidence of a permissive approach suggestive of "abandonment." Moreover, the abandonment claim once again is inconsistent with Petitioner's own allegations. According to Petitioner, it has a "real interest in the proceedings [for cancellation]" and "a reasonable basis for its belief of damage" precisely because Registrant has taken an aggressive stance in prosecuting Petitioner's infringing conduct in federal court and Petitioner fears registrant will continue to do so. (Petition ¶ 3) Petitioner's concerns about Registrant's infringement claims jibe not at all with its claim that Registrant tolerates infringement for "extensive periods of time with indifference." (Petition, ¶ 17) Rather, Petitioner's allegations show a registrant that takes its enforcement and policing obligations seriously. *See e.g. Hermes Intern. v. Lederer de Paris Fifth Ave., Inc.*, 219 F.3d 104, 110 (2d Cir. 2000) ("[f]ar from establishing that

⁵ Information regarding DVD FLLC's verification program is publicly available, and refers to provisions in the standard DVD FLLC license agreement. *See* http://www.dvdfllc.co.jp/verification/vr_next.html. Given Petitioner's invocation of the license agreement in the Petition, the license terms are appropriately considered here. As shown on Registrant's website, the verification provisions of the license (*see* Article 4) are detailed and specific.

Hermès' designs have be[en abandoned], the evidence [] suggests that Hermès' designs continue to indicate their source, and that Hermès vigorously pursued manufacturers of knockoff goods in an effort to protect its mark”).

In short, petitioner’s grounds for cancellation on the basis of abandonment by uncontrolled licensing are bare-bones statements with no supporting factual allegations, contradicted by publicly available documentary evidence. Moreover, they are inconsistent with Petitioner’s own allegations in this proceeding. As such, even under a generous view of the pleading standard, it simply cannot be said that any branch of this claim asserts a plausible theory of relief, as *Iqbal* and *Twombly* require. Accordingly, dismissal pursuant to Rule 12(b)(6) is warranted.

D. Petitioner’s “Abandonment–by-Failure-to-Police” Claim has no Basis

Petitioner’s next claim, for cancellation on the basis of abandonment by failure to police (Petition, ¶ 18), also falls well short of the *Iqbal/Twombly* mark. Abandonment under 15 U.S.C. § 1127 occurs “[w]hen any course of conduct of the owner, including acts of omission as well as commission, causes the mark to . . . lose its significance as a mark.” In support of its abandonment claim, Petitioner alleges only that “Registrant permits unlicensed use of the subject Mark, or use that is not compliant with Registrant’s DVD specifications for extensive periods of time with indifference.” (Petition, ¶ 18) Petitioner again offers these allegations on information and belief, and points to no instance in which Registrant has permitted unlicensed use of the mark.

Initially, Petitioner has failed to plead a critical element of its claim. “Evidence of a trademark owner's failure to prosecute infringers [in the absence of a licensing scheme] is relevant to a determination of . . . abandonment only where such failure amounts to the mark's losing significance as an indication of source.” *Sweetheart*

Plastics, Inc. v. Detroit Forming, Inc., 743 F.2d 1039, 1048 (4th Cir. 1984) (emphasis added); see *Herman Miller, Inc. v. Palazzetti Imports and Exports, Inc.*, 270 F.3d 298, 317 (6th Cir. 2001); 3 McCarthy on Trademarks and Unfair Competition § 17:5.

Inasmuch as Petitioner does not allege that the registered trademark has lost any indication of its meaning (Petition ¶¶ 17, 18), the claim is fatally defective and should be dismissed.

Moreover, as noted above, Petitioner's abandonment allegations are inconsistent with its allegations in support of its standing to bring this claim. Petitioner cannot have it both ways. Having alleged (Petition, ¶ 3) that "continued registration of the subject Mark places Petitioner in peril," presumably of a lawsuit by Registrant – a reasonable belief, given that Registrant has already sued Petitioner for improper use of the mark – Petitioner's unsubstantiated abandonment allegation cannot stand.

In addition, U.S. Government records (of which the Board may take judicial notice) show that Registrant has taken significant steps to police its trademarks more broadly through recordation of the '677 and '726 marks with Customs and Border Protection. See Exhibits 4-5 (showing recordation of these marks). By the recordation of the marks, Registrant has taken significant steps to ensure that DVDs and DVD equipment bearing any member of DVD FAMILY OF MARKS without authorization do not enter the country. Having failed to allege any facts to support its "indifference" charge, and in the face of this public information regarding Registrant's enforcement efforts – information that Petitioner's pre-filing obligation should have uncovered – the abandonment claim should be rejected.

E. Petitioner’s Claim that the Mark at Issue is a Certification Mark Fails to State a Claim Under the Lanham Act

Petitioner challenges the ‘602 registration on the theory that the trademark is actually a certification mark. (Petition, ¶¶ 19-20) Because this claim is both without any foundation in law and has no support in Petitioner’s allegations, it should now be dismissed.

As a threshold matter, Petitioner has not alleged a proper statutory ground for cancellation of a mark that, as here, was registered more than five years prior to the commencement of the cancellation proceeding. The Federal Circuit has held that “[a]ny ‘duty’ owed by an applicant for trademark registration must arise out of the statutory requirements of the Lanham Act’[.]” *In re Bose Corp.*, 580 F.3d at 1243, quoting *Bart Schwartz Int’l Textiles, Ltd. v. Fed. Trade Comm’n*, 289 F.2d 665, 669 (C.C.P.A. 1961). The provision of the Lanham Act that lists the available grounds for cancellation of a trademark registration, 15 U.S.C. § 1064(3), does not specify cancellation because the mark should have been registered as a certification mark. Furthermore, Registrant’s research has not produced a single case, either in the federal courts or at the Board, in which a petitioner secured cancellation of an incontestable, registered trademark on that ground.⁶

In any event, even assuming *arguendo* that Petitioner offers a cognizable ground for cancellation, Petitioner offers no factual allegations to support its contention

⁶ Notably, the statute explicitly provides for the cancellation of a registered certification mark which is being misused as a trademark or a service mark. *See* 15 U.S.C. §§ 1054; 1064 (3), (5); 3 McCarthy on Trademarks and Unfair Competition §§ 19:94; 20:61. The fact that Congress considered and legislated on the situation in which a certification mark is misused as a trademark, but not in the situation alleged here, further confirms that the statute does not authorize Petitioner’s claim.

that the mark is a certification mark rather than a trademark. A trademark is defined to “include[] any word, name, symbol, or device, or any combination thereof . . . used by a person . . . to identify and distinguish his or her goods, including a unique product, from those manufactured or sold by others and to indicate the source of the goods, even if that source is unknown.” 15 U.S.C. § 1127. Conversely, a certification mark is defined to mean, insofar as appears to be relevant here, a symbol used “to certify regional or other origin, material, mode of manufacture, quality, accuracy, or other characteristics of such person’s goods or services.” *Id.* As the Board held over 30 years ago,

The key to distinguishing between the use of a trademark through related companies and use thereof as a certification mark is essentially the purpose and function that the mark performs in the marketplace, namely, whether its serves to indicate origins of goods or services or to convey a guarantee of quality.

In re Monsanto Co., 201 U.S.P.Q. 864, 869-870 (TTAB 1978).

Critically, beyond a formulaic recitation of the statutory language, Petitioner does not allege that Registrant guarantees or certifies the quality of goods on which the mark appears. Rather, as the Petition and the complaint that Petitioner attached to and incorporated into its Petition make clear, Registrant licenses the mark to identify and distinguish products manufactured according to the specifications for standard DVD products. (*See* Petition, ¶ 15 and Exhibit A thereto, ¶¶ 16, 22-23.) The mark (like its siblings in the DVD LOGO FAMILY OF MARKS) distinguishes these standard DVD products from other products, such as Blu-ray or CD products, DVD+RW discs, and even Petitioner’s own “Flex DVDs.” (*See* Exhibit 1, ¶ 28 (referring to Petitioner’s product as “Flex DVDs or Flex VCDs.”)) By statutory definition, the mark is a trademark, not a certification mark.

This result is consistent with PTO practice. The PTO regularly grants trademark, not certification mark, registrations to applicants that license specifications or other technologies, and that authorize use of their trademarked logos to differentiate those products from others. *See e.g.* Registration Nos. 2,893,319 (PictBridge by Canon K.K.); 2,812,438 (DVB Project); 2,361,147 (Dolby Digital); 2,984,867 (THX). Were the Board retroactively to classify the instant trademark as a certification mark, it would be calling into question the PTO's prior practice and questioning these well-known, well-established trademarks as well.

In sum, Petitioner has attempted to plead to a claim that has no statutory basis and has absolutely no factual support in the Petition. The claim should be dismissed.

CONCLUSION

For the foregoing reasons, Registrant DVD Format/Logo Licensing Corporation respectfully requests that the Petition be dismissed with prejudice.

Respectfully submitted,



Robert P. Parker

Email: rparker@paulweiss.com

Paul, Weiss, Rifkind, Wharton & Garrison LLP

2001 K Street, N.W.

Washington, D.C. 20006

Tel. (202) 223-7339

Fax (202) 204-7350

Steven C. Herzog

Email: sherzog@paulweiss.com

Winston R. Brownlow

Email: wbrownlow@paulweiss.com

Paul, Weiss, Rifkind, Wharton & Garrison LLP

1285 Avenue of the Americas

New York, NY 10019

Tel (212) 373-3000

Fax (212) 757-3990

Dated: January 21, 2010

Exhibit 1

Keith D. Nowak
 William F. Sondericker
 Susan B. Kalib
 CARTER LEDYARD & MILBURN LLP
 2 Wall Street
 New York, New York 10005
 (212) 732-3200
Attorneys for Zoba International Corp., d/b/a CD Digital Card

UNITED STATES DISTRICT COURT
 SOUTHERN DISTRICT OF NEW YORK

-----X	
DVD FORMAT/LOGO LICENSING CORP.,	. Index No. 09 CV 5461 (PAC) (MHD)
	.
Plaintiff,	.
	.
- against -	.
	.
U-TECH MEDIA USA LLC and ZOBA	. ANSWER AND COUNTERCLAIMS
INTERNATIONAL CORP., d/b/a CD	. OF DEFENDANT ZOBA
DIGITAL CARD,	. INTERNATIONAL CORP., d/b/a
	. <u>CD DIGITAL CARD</u>
Defendants.	.
-----X	

Defendant Zoba Internationals Corp., d/b/a CD Digital Card (“CDDC”), by and through its attorneys, Carter Ledyard & Milburn LLP, responds to the allegations of Plaintiff DVD Format/Logo Licensing Corp.’s (“DVD FLLC” or “Plaintiff”) Complaint as follows.

1. States that paragraph 1 of the Complaint consists primarily of conclusory statements, argument, or conclusions of law, to which no response is necessary, except admits that DVD FLLC owns certain familiar and ubiquitous trademark registrations referred to in paragraph 16 of the Complaint.
2. States that paragraph 2 of the Complaint consists primarily of conclusory statements, argument, or conclusions of law, to which no response is necessary.

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3. States that paragraph 3 of the Complaint consists primarily of conclusory statements, argument, or conclusions of law, to which no response is necessary.

4. Denies that DVD FLLC has since 2000 been “responsible for the publication of the technical specifications for the standard DVD formats” and is the exclusive licensor of “the technical specifications and the DVD logo,” and denies knowledge or information sufficient to form a belief as to the truth of the remaining allegations contained in paragraph 4 of the Complaint.

5. Denies the allegations contained in paragraph 5 of the Complaint.

6. Admits that CDDC is a disc replicator and a DVD FLLC licensee; admits that CDDC manufactures DVDs that are 0.6 millimeters thick and that the DVDs bend with little effort; denies the remaining allegations contained in paragraph 6 of the Complaint which relate to CDDC; and denies knowledge or information sufficient to form a belief as to the truth of the remaining allegations contained in paragraph 6 of the Complaint which do not relate to CDDC.

7. Denies the allegations contained in paragraph 7 of the Complaint.

8. Denies the allegations contained in paragraph 8 of the Complaint.

9. States that paragraph 9 of the Complaint consists primarily of conclusory statements, argument, or conclusions of law, to which no response is necessary.

10. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 10 of the Complaint.

11. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 11 of the Complaint.

12. Admits the allegations contained in paragraph 12 of the Complaint.

13. States that paragraph 13 of the Complaint consists primarily of conclusory statements, argument, or conclusions of law, to which no response is necessary.

14. States that paragraph 14 of the Complaint consists primarily of conclusory statements, argument, or conclusions of law, to which no response is necessary.

15. Denies that DVD FLLC has established and maintains programs to enforce and protect its intellectual property rights around the world and denies knowledge or information sufficient to form a belief as to the truth of the remaining allegations contained in paragraph 15 of the Complaint.

16. Admits that DVD FLLC's trademarks are famous and distinctive, and denies that the DVD logo is associated with DVD products that are designed and manufactured in accordance with the information, know-how and trade secrets in the DVD Format Books, and denies knowledge or information sufficient to form a belief as to the truth of the remaining allegations contained in paragraph 16 of the Complaint.

17. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 17 of the Complaint.

18. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 18 of the Complaint.

19. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 19 of the Complaint.

20. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 20 of the Complaint.

21. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 21 of the Complaint.

22. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 22 of the Complaint.

23. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 23 of the Complaint.

24. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 24 of the Complaint.

25. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 25 of the Complaint.

26. Admits that DVD FLLC and CDDC entered into a Non-Disclosure Agreement effective as of October 23, 2008 and that the parties entered into a License Agreement effective as of November 21, 2008, which incorporates the earlier Non-Disclosure Agreement by reference, and denies the remaining allegations contained in paragraph 26 of the Complaint.

27. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 27 of the Complaint.

28. Admits that CDDC has manufactured and distributed in the United States DVDs that are 0.6 millimeters thick, which are known as FLEX DVDs and FLEX VCDs, states that CDDC's promotional materials speak for themselves, and denies the remaining allegations contained in paragraph 28 of the Complaint.

29. Denies the allegations contained in paragraph 29 of the Complaint, except admits that CDDC has manufactured and sold approximately 300,000 Flex DVD products for and to IMM Studio, a division of Interactive Media Marketing Inc. ("IMM"), a member of the DVD Forum, with the DVD logo embodied thereon at the direction of IMM.

30. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 30 of the Complaint.

31. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 31 of the Complaint.

32. Denies the allegations contained in paragraph 32 of the Complaint as they relate to CDDC's products, and denies knowledge or information sufficient to form a belief as to the truth of the remaining allegations contained in paragraph 32 of the Complaint.

33. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 33 of the Complaint.

34. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 34 of the Complaint.

35. Denies the allegations contained in paragraph 35 of the Complaint as they relate to CDDC, and denies knowledge or information sufficient to form a belief as to the truth of the remaining allegations contained in paragraph 35 of the Complaint.

36. Denies the allegations contained in paragraph 36 of the Complaint as they relate to CDDC, and denies knowledge or information sufficient to form a belief as to the truth of the remaining allegations contained in paragraph 36 of the Complaint.

37. Denies the allegations contained in paragraph 37 of the Complaint.

38. Repeats and realleges the foregoing paragraphs of this Answer as if set forth in full herein.

39. Denies the allegations contained in paragraph 39 of the Complaint as they relate to CDDC, and denies knowledge or information sufficient to form a belief as to the truth of the remaining allegations contained in paragraph 39 of the Complaint.

40. Denies the allegations contained in paragraph 40 of the Complaint as they relate to CDDC, and denies knowledge or information sufficient to form a belief as to the truth of the remaining allegations contained in paragraph 40 of the Complaint.

41. Denies the allegations contained in paragraph 41 of the Complaint as they relate to CDDC, and denies knowledge or information sufficient to form a belief as to the truth of the remaining allegations contained in paragraph 41 of the Complaint.

42. Repeats and realleges the foregoing paragraphs of this Answer as if set forth in full herein.

43. Denies the allegations contained in paragraph 43 of the Complaint.

44. Denies the allegations contained in paragraph 44 of the Complaint.

45. Denies the allegations contained in paragraph 45 of the Complaint.

46. Repeats and realleges the foregoing paragraphs of this Answer as if set forth in full herein.

47. Denies the allegations contained in paragraph 47 of the Complaint as they relate to CDDC, and denies knowledge or information sufficient to form a belief as to the truth of the remaining allegations contained in paragraph 47 of the Complaint.

48. Denies the allegations contained in paragraph 48 of the Complaint as they relate to CDDC, and denies knowledge or information sufficient to form a belief as to the truth of the remaining allegations contained in paragraph 48 of the Complaint.

49. Denies the allegations contained in paragraph 49 of the Complaint as they relate to CDDC, and denies knowledge or information sufficient to form a belief as to the truth of the remaining allegations contained in paragraph 49 of the Complaint.

50. Denies the allegations contained in paragraph 50 of the Complaint as they relate to CDDC, and denies knowledge or information sufficient to form a belief as to the truth of the remaining allegations contained in paragraph 50 of the Complaint.

51. Repeats and realleges the foregoing paragraphs of this Answer as if set forth in full herein.

52. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 52 of the Complaint.

53. Denies the allegations contained in paragraph 53 of the Complaint.

54. Denies the allegations contained in paragraph 54 of the Complaint.

55. Denies the allegations contained in paragraph 55 of the Complaint.

56. Denies the allegations contained in paragraph 56 of the Complaint.

57. Denies the allegations contained in paragraph 57 of the Complaint.

58. Denies the allegations contained in paragraph 58 of the Complaint.

59. Repeats and realleges the foregoing paragraphs of this Answer as if set forth in full herein.

60. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 60 of the Complaint.

61. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 61 of the Complaint.

62. Denies the allegations contained in paragraph 62 of the Complaint.

63. Denies the allegations contained in paragraph 63 of the Complaint.

64. Denies the allegations contained in paragraph 64 of the Complaint.

65. Denies the allegations contained in paragraph 65 of the Complaint.

66. Denies the allegations contained in paragraph 66 of the Complaint.

AS AND FOR A FIRST AFFIRMATIVE DEFENSE

67. The Complaint fails to state a claim against Defendant CDDC.

AS AND FOR A SECOND AFFIRMATIVE DEFENSE

68. DVD FLLC does not make or sell DVDs or DVD equipment and is not harmed by CDDC's manufacture and sale of Flex DVDs or Flex VCDs that allegedly damage DVD equipment or DVDs, and lacks standing to sue CDDC for such alleged harm arising from CDDC's sales of its DVD products.

AS AND FOR A THIRD AFFIRMATIVE DEFENSE

69. By reason of DVD FLLC's delay for many years (as more fully set forth in paragraphs 85 through 90 hereof and repeated and realleged herein by reference) and during the entirety of 2009 and its failure to assert its claims until service of its Complaint herein on CDDC, the claims DVD FLLC asserts in its Complaint are barred by the doctrine of laches.

AS AND FOR A FOURTH AFFIRMATIVE DEFENSE

70. For the same reasons set forth in paragraph 69 repeated herein with the same force and effect, DVD FLLC's claims asserted in its Complaint are barred by waiver and by estoppel.

AS AND FOR A FIFTH AFFIRMATIVE DEFENSE

71. By reason of the allegations set forth in CDDC's Counterclaims at paragraphs 75 through 118 repeated herein with the same force and effect, Plaintiff's claims are barred in whole or in part by its unclean hands, its trademark misuse, and its unfair competition in seeking to utilize trademark law, among other things, to suppress competition.

AS AND FOR A SIXTH AFFIRMATIVE DEFENSE

72. By reason of the allegations of paragraphs 75 through 118 repeated herein with the same force and effect, the claims alleged in the Complaint are barred by economic duress exerted by the Plaintiff on CDDC.

AS AND FOR A SEVENTH AFFIRMATIVE DEFENSE

73. By reason of the allegations set forth herein at paragraphs 75 through 118 repeated herein with the same force and effect, the claims alleged in the Complaint are barred because Plaintiff's alleged DVD logo trademark has lost its significance as a designation of Plaintiff as its source or origin and has become synonymous with the common name for and identification of DVDs.

AS AND FOR AN EIGHTH AFFIRMATIVE DEFENSE

74. Plaintiff is not entitled to any monetary relief because any alleged infringement, which CDDC denies, was not willful for the reason inter alia that any use of the DVD logo was at the direction of the customer whom CDDC understood had the right and/or permission to have the DVD logo applied to DVD discs made for the customer.

CDDC'S COUNTERCLAIMS AGAINST DVD FLLC

75. Defendant CDDC, by and through its attorneys Carter Ledyard & Milburn LLP, pursuant to Federal Rule of Civil Procedure 13, files Counterclaims against DVD FLLC and avers as follows:

FIRST COUNTERCLAIM

Damages for Antitrust Violations - Clayton Act §4 (15 U.S.C. § 15)

76. This claim arises under the antitrust laws of the United States including Section 4 of the Clayton Act (15 U.S.C. §15) and Section 1 of the Sherman Act (15 U.S.C. §1) for injury CDDC has sustained to its business and property.

77. Counterclaimant Plaintiff Zoba International Corp., d/b/a CD Digital Card, (“CDDC”) is a California corporation with its principal place of business in Rancho Cucamonga, California.

78. Plaintiff Counterdefendant DVD Format/Logo Licensing Corp., d/b/a DVD FLLC (“DVD FLLC”) is a Japanese licensing corporation, with its principal place of business in Tokyo, Japan.

79. Upon information and belief, shareholders/members of DVD FLLC – named as co-conspirators in the violations alleged herein – are Hitachi, Ltd., Mitsubishi Electric Corporation, Panasonic Corporation, Thomson, Time Warner, Inc., Toshiba Corporation, Victor Company of Japan, Ltd. and DVD Copy Control Association (DVD CDA); Toshiba Corporation is a dominant shareholder/member and a former Toshiba employee is the President of Plaintiff.

80. CDDC, an innovator, producer and manufacturer, offers a full range of products and services, which serve as a one-stop solution for all its customers’ media needs, including CD, DVD and HD (high definition) replication.

81. CDDC has been in the CD and DVD business since 1999 and began manufacturing DVDs in 2004 pursuant to license agreements with Philips and Toshiba and CDDC has paid hundreds of thousands of dollars of royalties to Philips and Toshiba.

82. CDDC developed its own product which it calls the "Flex DVD" and has filed three patent applications to protect this product. The Flex DVD is 0.6 mm – one half the thickness of a standard DVD and is flexible. As a result, the Flex DVD is the "green" alternative to the standard DVD as it takes less energy to produce, is 100% recyclable, weighs 50% less than other DVDs, thereby reducing shipping costs, and is produced with one half the CO2 emissions of a standard DVD. The Flex DVDs are compatible and interchangeable with standard DVDs. In 2007, CDDC began selling its Flex DVDs, has sold more than three million, and has received no complaints on operability of its product with existing hardware.

83. Plaintiff DVD FLLC was established in 2000, and since then, has been responsible for the publication of technical specifications for the standard DVD format. Plaintiff is the owner of U.S. Trademark Registration Nos. 2,295,726 and 2,381,677 (the "DVD logo"), which relate to the registered mark with the letters DVD above an image of a DVD. DVD is an acronym for "digital video discs" or "digital versatile discs." CDDC repeats and alleges here the averments in paragraph 108 hereof with the same force and effect.

84. Upon information and belief, Plaintiff has entered into licenses for its DVD format and for its DVD logo with over 400 licensees in the United States and in foreign countries and engages in interstate and U.S. foreign commerce including entering a license agreement with CDDC as set forth below.

85. In 2007 CDDC inquired about a license from DVD CCA which licenses encryption software known as the Content Scrambling System ("CSS") owned by Toshiba and Panasonic Corporation, also a shareholder/member of DVD FLLC, for DVDs to prevent knock-off copying of the content of the DVD. DVD CCA determines how protected content on DVD discs may be used and DVD CCA's CSS license covers an essential facility for replicators and

other implementation of DVD products for manufacture and sale in the Market. DVD CCA declined to grant the requested CSS encryption software license to CDDC unless CDDC first obtained a DVD license from DVD FLLC. CDDC contacted DVD FLLC for a DVD license but declined to take the two licenses for cost reasons. As early as 2007, upon information and belief, Plaintiff was aware or had constructive knowledge that CDDC was making and selling DVDs.

86. In July 2008, Plaintiff demanded that CDDC purchase a license for its technical information and its trademark DVD logo, asserting that CDDC was operating in violation of Plaintiff's unspecified "rights." At that time, CDDC had been making DVDs for more than four years and the Flex DVD for more than one year pursuant to a license granted by Philips. Philips' licensees are listed on the Philips' website and, as set forth in paragraph 79 hereof, Philips is a shareholder/member of DVD FLLC.

87. CDDC is a replicator and has no need for the alleged technical information and license offered by Plaintiff. As a replicator CDDC produces DVDs based on a Master DVD provided by a customer. The Master DVD is used in conjunction with turn key replicator equipment purchased by CDDC to produce the final DVDs and all necessary technical information is included in the Master DVD and/or the replicator equipment. CDDC does not make use of any additional technical information to produce DVDs. However, (i) DVD CCA would not give CDDC a CSS license if CDDC did not purchase a DVD license from Plaintiff and, (ii) since Plaintiff did not inform CDDC that its 0.6 mm Flex DVDs would not comply with the requirements and would not be covered by the license, and (iii) since Plaintiff asserted that Plaintiff would sue CDDC to bar it from selling any DVDs whether or not those DVDs were produced using Plaintiff's technical information, CDDC was forced to acquiesce in Plaintiff's demands.

88. In November 2008, given that CDDC had no apparent choice and without advice of counsel, CDDC signed a one-year license agreement (ending in December 2009) with Plaintiff based on an understanding that the license would apply to its Flex DVD which Plaintiff knew (or had constructive knowledge) that CDDC was already selling when Plaintiff gave CDDC the license.

89. Shortly after signing the license agreement with Plaintiff, CDDC also developed its own logo which CDC uses on its Flex DVD.

90. Upon information and belief, in or about early 2009 a customer, IMM ordered and CDDC sold approximately 300,000 Flex DVDs to IMM bearing the DVD logo at IMM's direction. At that time CDDC had no indication from licensors DVD FLLC or Philips or Toshiba or otherwise of any alleged impropriety in use of the DVD logo on 0.6 mm discs on which CDDC had been paying substantial royalties to Philips and Toshiba as set forth in paragraph 81 hereof. Shortly thereafter DVD FLLC took the industry-wide position that CDDC's 0.6 mm-thick optical disc is not compliant with the specifications in the DVD Format Books and therefore violates the license agreement, and DVD FLLC warned that manufacturing non-compliant DVD products could lead to termination of the license.

91. Upon information and belief Philips, Sony and Pioneer, who are also member/shareholders of DVD FLLC and LG Electronics Inc., do not object to the manufacture and sale of 0.6 mm discs as being unsuitable, non-compliant, not consistent or not interchangeable with DVD products used with existing DVD hardware equipment.

92. The said 1.2 mm and the 0.6 mm optical DVD discs are compatible with standard DVD hardware and equipment and the said 0.6 flex optical discs are interchangeable and suitable for use to the same extent as the 1.2 mm discs.

Antitrust Violations

93. DVD FLLC and the co-conspirators have engaged in a combination in unreasonable restraint of trade and commerce in the U.S. market comprised of the manufacture and sale of 1.2 mm DVDs and 0.6 mm Flex DVDs and Flex VCDs (the "Market"). Such combination and conspiracy consists of a continuing agreement, scheme, plan and concert of action among DVD FLLC and the co-conspirators to suppress innovative products and the competition that those products provide and increasingly do and will provide. Among other things, DVD FLLC and the co-conspirators have agreed and acted in the following ways in furtherance of such combination and conspiracy and with the intent and for the specific purpose of excluding CDDC and CDDC's products and the entire sale of 0.6 mm Flex DVDs from the Market:

(a) to devise, utilize and assert a licensing requirement for the use of the DVD logo tied to use of the CSS encryption software and specifications for DVDs that exclude competitive DVD products.

(b) to promulgate approved specifications and standards that licensees would be and are required to meet in order to have a license to use the DVD FLLC famous DVD logo and to agree with or cause DVD CCA not to grant DVD CCA's encryption CSS software license to any manufacturer of DVDs that does not have a license from DVD FLLC.

(c) to produce and distribute to licensees DVD Format Books to replicators such as CDDC who do not need or want them.

(d) to engage in a verification program to require adherence to Plaintiff's technical specifications to the exclusion of competitive products in the Market.

(e) to "police" allegedly "non-compliant" licenses and non-compliant products and take action to deter non-compliant licensees from appearing in the Market including engaging counsel to take legal action including against allegedly non-compliant licensees and enjoin the manufacture and sale of allegedly non-compliant products such as the 0.6 mm Flex DVD.

(f) to proclaim and misrepresent that 0.6 mm discs are not operable with standard DVD video equipment and are not interchangeable with standard DVD format discs.

(g) to prevent sellers of allegedly non-compliant products from claiming, representing or advertising that such products are equally usable with standard DVD formats such as DVD video hardware equipment.

(h) to require applicants for a DVD Format license to admit in prior Non Disclosure Agreements that the DVD Format books contain trade secrets when in fact the specifications for the 1.2 mm DVD described in the DVD Format books are in the public domain and not subject to confidentiality, proprietary ownership or enforcement claims by DVD FLLC.

(i) to control the licensing of the CSS encryption software and to restrict licenses of CSS only to replicators of DVDs in the Market including CDDC who first take and pay for a second license from DVD FLLC.

94. In or by March 2009, approximately five months after Plaintiff induced and coerced CDDC into purchasing a license, Plaintiff sent a notice to all licensed replicators that the 0.6 mm “thin disc” (which includes CDDC’s Flex DVD) was not format compliant, and that further manufacture of the 0.6 mm disc was a “serious breach” of the license agreement which would lead to early termination of the license.

95. Plaintiff wrongfully takes the position in its Complaint that CDDC is misusing the license to create its 0.6 mm Flex DVDs, a license that CDDC did not and does not need or want for its Flex DVDs, threatens termination of the license for production of CDDC’s 1.2 mm DVDs, and seeks to enjoin the sale of 0.6 mm DVDs altogether on the alleged ground that, now that CDDC has received Plaintiff’s technical specifications, CDDC is and will be misappropriating those technical specifications and alleged trade secrets after termination of the license.

96. Plaintiff is wrongfully misusing the market power of the “incontestable,” “distinctive”, “famous” and “ubiquitous” registered DVD logo trademark, upon information and belief, by requiring the majority of DVD manufacturers in the Market, including CDDC, to purchase licenses to manufacture and produce DVDs, by unlawfully attempting to force CDDC to stop its production and sale of its 0.6 mm DVDs, or to lose CDDC’s license of the DVD logo trademark, which CDDC uses for its 1.2 mm DVDs.

97. Plaintiff leveraged the use of the license, DVD format books and the DVD logo to enhance and increase license fees and royalty payments to the coconspirators such as the royalties licensees like CDDC pay to Philips and other members/shareholders so as to exclude 0.6 mm discs from the Market.

98. The effects of the aforesaid acts and conduct in furtherance of the aforesaid combination and conspiracy on interstate commerce and competition therein and in the Market are as follows:

(a) innovation and competition in new and innovative DVD discs such as the 0.6 mm disc in the Market has been and will continue to be wrongfully and unlawfully suppressed.

(b) consumers of DVD products throughout the United States are and will continue to be deprived of the benefits of new and improved products and free competition.

(c) the reduction of competition and the exclusion and suppression of 0.6 mm discs from and in the Market suppresses price competition in DVD optical discs and results in artificially higher price levels for DVD products which are subject to license fees and royalty payments to Plaintiff and the co-conspirators and raises the cost and prices of DVD products.

99. By reason of the aforesaid combination and conspiracy, CDDC has been injured and damaged in its business and property, will continue to be so injured and damaged, and will suffer irreparable harm and damage if DVD FLLC continues to restrain CDDC from doing business and making and selling both 1.2 mm and 0.6 mm products.

100. Pursuant to Section 4 of the Clayton Act (15 U.S.C. §15), CDDC is entitled to recover from DVD FLLC treble damages sustained by CDDC and its costs and reasonable attorneys' fees on this counterclaim in this action.

SECOND COUNTERCLAIM

Cancellation of Trademark under 15 U.S.C. §§ 1119 and 1064(3)

101. Repeats and realleges the allegations of 76 through 100 with the same force and effect as if set forth herein in full.

102. DVD FLLC has unduly delayed in asserting its claims against CDDC and has exerted economic duress over CDDC to force CDDC to purchase a license for Plaintiff's technical specifications which DVD FLLC knew that CDDC did not and does not need and has wrongfully and unlawfully combined that license with the DVD trademark logo, thereby wrongfully misusing the market power associated with its trademark to force CDDC to stop the manufacture and sale of its 0.6 mm DVDs.

103. By reason of all of the foregoing, CDDC challenges the "incontestability" of the said trademark pursuant to 15 U.S.C. §1115 (b)(7) in that such wrongful misuse of the market power associated with the DVD logo trademark violates the U.S. antitrust laws.

104. By reason of the foregoing, pursuant to 15 U.S.C. §1119, CDDC is entitled to an order declaring that Plaintiff's registration for the DVD logo trademark be cancelled and directing the U.S. Patent and Trademark Office to make appropriate entry in the records of that Office consistent with such declaratory judgment of cancellation.

THIRD COUNTERCLAIM

Cancellation of Trademark under 15 U.S.C. §§ 1119 and 1064(3)

105. Repeats and realleges the allegations of 77 through 104 with the same force and effect as if set forth herein in full.

106. Plaintiff's DVD logo trademark registration specifically states as follows:
"No claim is made to the Exclusive Right to use "DVD" apart from the mark as shown."
Plaintiff has no claim to the letters "DVD".

107. The primary significance of the DVD logo is as a generic and/or descriptive and/or functional term in connection with the product for which it is registered and has been used and is not a designation of source or origin of the DVD logo with DVD FLLC.

108. The DVD logo has become so commonplace in use on DVDs irrespective of manufacturer or source that the DVD logo has lost its significance as a trademark for DVD FLLC rather than as an identification of the source of any goods of DVD FLLC advertised, marketed, sold, or used in connection with the mark.

109. The DVD logo is associated with all DVDs generally such that the primary significance of the trademark in the minds of the consuming public is not the producer but the product.

FOURTH COUNTERCLAIM

Cancellation of Trademark under 15 U.S.C. §§ 1119, 1058 and 1064(3)

110. Repeats and realleges the allegations of 77 through 109 with the same force and effect as if set forth herein in full.

111. Upon information and belief, pursuant to 15 U.S.C. §1058(b), DVD FLLC has filed with the United States Patent and Trademark Office ("USPTO") an affidavit or affidavits, together with "specimens or facsimiles" showing the alleged current use of the DVD logo, as part of its renewal of its trademark registration. Upon information and belief, the specimens submitted by DVD FLLC to the USPTO were examples and/or images used by entities other than DVD FLLC. Upon information and belief, DVD FLLC did not submit to USPTO any specimens or facsimiles evidencing its own use of the DVD logo as a trademark for its own goods.

112. Upon information and belief, DVD FLLC does not actually use the DVD logo as a trademark for its own goods, and, accordingly, pursuant to 15 U.S.C. §1064(3), its registration should be cancelled on the grounds that said registration was obtained and/or renewed on the false and fraudulent basis that DVD FLLC was using the DVD logo.

FIFTH COUNTERCLAIM

Injunction

113. Repeats and realleges the allegations of 76 through 112 with the same force and effect as if set forth herein in full.

114. By reason of all of the foregoing, the license agreement should be canceled and DVD FLLC should be restrained and enjoined by order of this Court during the pendency of this action and permanently from using the license agreement and/or the trademark license of the DVD logo against CDDC and DVD FLLC should be similarly enjoined from any other interference with CDDC's use or application of the DVD logo to its products.

SIXTH COUNTERCLAIM

Unfair Trade Practices

115. Repeats and realleges each of the allegations of paragraphs 77 through 114 inclusive with the same force and effect as though alleged in full.

116. DVD FLLC, contrary to its claims and contrary to its license agreement, does not possess any non-confidential propriety trade secrets in DVD discs and has no alleged trade secret rights to license to CDDC the same being published by ECMA-267 and/or in the public domain.

117. By reason of all of the foregoing acts and conduct of DVD FLLC, DVD FLLC has unclean hands and has engaged in inequitable conduct and unfair trade practices that

renders unenforceable its license with CDDC and renders baseless its claims of proprietary “rights” and trade secrets allegedly violated by CDDC.

118. By reason of all of the foregoing DVD FLLC’s license with CDDC should be declared a nullity and cancelled by this Court and CDDC is entitled to recover the damages it has sustained by reason of the acts and conduct of DVD FLLC as alleged herein.

119. WHEREFORE, CDDC respectfully requests that this Court render judgment:

A. dismissing the Complaint;

B. declaring that Plaintiff’s DVD logo trademark registrations be cancelled and directing the U.S. Patent and Trademark Office to make appropriate entry in the records of that Office consistent with such declaratory judgment; and

C. declaring that Plaintiff has engaged in unfair competition, has unclean hands and that Plaintiff’s license agreement with CDDC of November 8, 2008 be declared a nullity and cancelled.

D. canceling and enjoining Plaintiff from enforcing the license against CDDC or terminating CDDC’s use of the generic DVD logo on CDDC’s 1.2 mm products.

E. enjoining Plaintiff from claiming, representing, indicating, suggesting or seeking to impose any limitation on CDDC that CDDC’s 0.6 mm Flex DVD discs are unsuitable, not compatible, not interchangeable, not usable or unsatisfactory for use with standard DVD hardware and equipment.

F. declaring that CDDC has the unqualified right to use the generic term DVD in connection with its products, free of any claim by Plaintiff.

G. awarding CDDC treble the amount of damages it sustained as a result of DVD FLLC's violations of the antitrust laws alleged in the First Counterclaim.

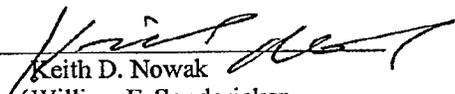
H. awarding CDDC the amount of damages it sustained as a result of the acts and conduct of DVD FLLC as alleged in the Fifth Counterclaim, plus interest thereon as allowed by law.

I. awarding CDDC its reasonable attorneys' fees and the costs of this action.

J. granting such further and different relief to CDDC as may be just.

Dated: New York, New York
July 16, 2009

CARTER LEDYARD & MILBURN LLP

By: 

Keith D. Nowak
William F. Sondericker
Susan B. Kalib

Two Wall Street
New York, New York 10005
212-732-3200 (telephone)
212-732-3232 (facsimile)

Attorneys for Defendant,
Zoba International Corp., d/b/a CD Digital Card

Exhibit 2

USDC SDNY
DOCUMENT
ELECTRONICALLY FILED
DOC #:
DATE FILED: 13 NOV 2009

CRUTTY, J

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

DVD FORMAT/LOGO LICENSING CORP.,

Plaintiff,

v.

U-TECH MEDIA USA LLC and ZOBA
INTERNATIONAL CORP. d/b/a CD
DIGITAL CARD CORP.,

Defendants.

5461
09-cv-5461 (PAC)

+ Order

STIPULATION OF DISMISSAL OF DEFENDANT ZOBA INTERNATIONAL
CORP. WITH PREJUDICE

IT IS HEREBY STIPULATED AND AGREED by and between Plaintiff
DVD Format/Logo Licensing Corporation ("Plaintiff") and Defendant Zoba International
Corp., d/b/a C.D. Digital Card ("Defendant"), that the Complaint and all of Plaintiff's
claims, and the Answer and Counterclaims and all of Defendant's counterclaims in this

Ⓣ action are dismissed with prejudice. Each party shall bear its own costs and attorneys' fees.
PTC has been marked OFF the court calendar. The Clerk of Court
is directed to close this case.

*The 11/19/09
Clerk of Court*

Dated: November 12, 2009

CARTER, LEDYARD & MILBURN LLP

By: *William F. Sondericker*
William F. Sondericker, Esq.

sondericker@clm.com
2 Wall St.
New York, NY 10005-2072
Telephone: (212) 732-3200
Facsimile: (212) 732-3232

Attorney for Defendant Zoba International
Corp.

PAUL WEISS RIFKIND WHARTON &
GARRISON LLP

By:

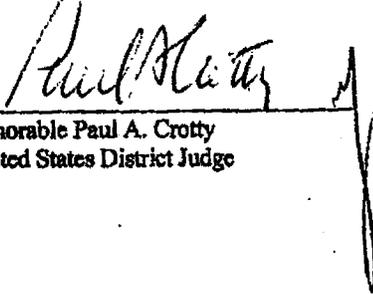

Steven C. Herzog, Esq.

sherzog@paulweiss.com
1285 Avenue of the Americas
New York, NY 10019-6064
Telephone: (212) 373-3317
Facsimile: (212) 492-0317

*Attorney for Plaintiff DVD Format
Logo/Licensing Corp.*

SO ORDERED:

November ¹³ 2009



Honorable Paul A. Crotty
United States District Judge

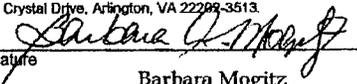
Exhibit 3

Atty Ref.: 169.0101

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
STATEMENT OF USE UNDER 37 C.F.R. 2.88, WITH DECLARATION

Mark: **DVD and Design**

Serial No.: **75/560,839**

"EXPRESS MAIL" Mail Label No.: EV 118961689 US	
I hereby certify that this paper or fee is being deposited with the United States Postal Service "Express Mail Post Office to Addressee" service under 37 C.F.R. § 1.10 on the date indicated below and is addressed to the Commissioner for Trademarks, 2900 Crystal Drive, Arlington, VA 22209-3513.	
Signature	
Printed Name	Barbara Mogitz
Date	November 25, 2002

TO THE COMMISSIONER FOR TRADEMARKS:

APPLICANT: TIME WARNER ENTERTAINMENT COMPANY, L.P.
NOTICE OF ALLOWANCE ISSUE DATE: November 28, 2000

Applicant requests registration of the above-identified trademark in the United States Patent and Trademark Office on the Principal Register established by the Act of July 5, 1946 (15 U.S.C. 1051 et seq., as amended). One specimen showing the mark as used in commerce is submitted with this Statement.

Applicant is using the mark in commerce on or in connection with the following goods listed in the Request to Divide Application: **Blank optical discs for use through recording as carriers for data, sound, images, computer games, computer programs and map information; personal computers; optical disc readers; computer game equipment containing memory devices, namely, optical discs; CD players; hand-held karaoke players; digital video cameras; digital still video cameras. The remaining goods are hereby deleted from the application.**

12/13/2002 6THMAS2 00000002 75560839

01 FC:6003

100.00 DP

-Date of first use of the mark anywhere: **October 1996**

-Date of first use of the mark in commerce which U.S. Congress may regulate: **October 1996**

The undersigned, being hereby warned that willful false statements and the like so made are punishable by fine or imprisonment, or both, under Section 1001 of Title 18 of the United States Code, and that such willful false statements may jeopardize the validity of the application or any registration resulting therefrom, declares that he/she is properly authorized to execute this Statement of Use on behalf of the applicant; he/she believes the applicant to be the owner of the trademark sought to be registered; the mark is now in use in commerce; and all statements made of his/her own knowledge are true and all statements made on information and belief are believed to be true.

**TIME WARNER ENTERTAINMENT
COMPANY, L.P.**

Dated: November 25, 2002

By: 
Name: Keith E. Danish
Title: Attorney for Applicants

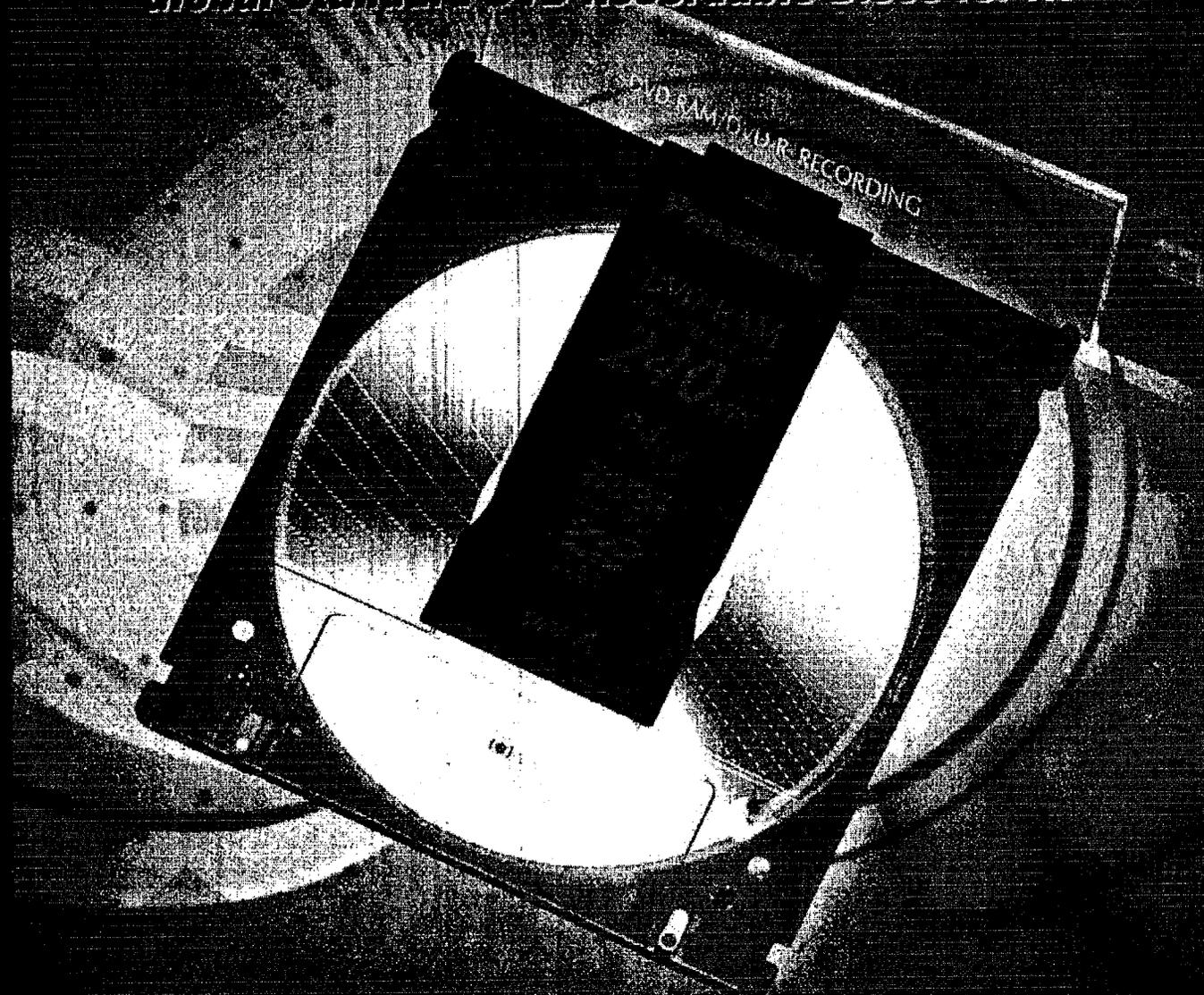
Attorneys:

Trademark & Patent Counselors of America, P.C.
915 Broadway
New York, NY 10010-7108
Telephone: (212) 387-0247
E-mail: efile@tmcounselors.com

2002

Panasonic

DVD-RAM & DVD-R
Global Standard DVD Recordable Discs for AV



DVD-RAM / R Disc Line-up Catalog

AVC Media Business Unit, AVC Company, Matsushita Electric Industrial Co., Ltd.



DVD-RAM

The World's Standard Rewritable DVD For AV Recording.

The new recording media further expands the possibilities of today's digital AV equipment. The 4.7GB (single-sided) disc holds up to 6 hours of high-quality images and sounds, and the 9.4GB (double-sided) disc holds up to 12 hours. DVD-RAM eliminates the need for rewinding or fast-forwarding to enable super-fast scrubbing and seeking. DVD-RAM also provides a large amount of memory for recording.

DVD-RAM Advantages

Easy Handling and Extra Protection

Easy-to-handle cartridge types offer the extra protection against scratches, fingerprints and dust, for safe storage of important video or data.

Durable Storage Performance

Panasonic's phase-change recording technology makes it possible to write and rewrite approximately 100,000 times.

Precision laser power control contributes to record and write simultaneously (Direct Overwrite), which achieves high data transfer rate up to 22.16Mbps.

High Density Recording layer for 120 min (single-sided) / 240 min (double-sided) recording in SP Mode

DVD-RAM has high density recording, thanks to the high technology method to record data on both Land and Groove.

DVD-RAM has minimum mark length of $0.42 \mu\text{m}$ and minimum track pitch $0.615 \mu\text{m}$ for high density.

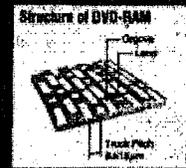
CPRM

The content protection for recordable media (CPRM) technology, a "copyright protection technique", allows recording of contents distributed with a one-copy limit.

Remountable type



LM-AB120/LM-AD240



9.4GB/Double-Sided, Cartridge



4.7GB/Single-Sided, Cartridge

LM-AB120



4.7GB/Single-Sided, Non-Cartridge

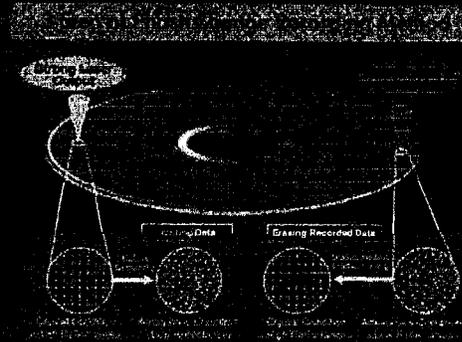


Exhibit 4



DHS.gov

IPRS INTELLECTUAL PROPERTY RIGHTS SEARCH

Keyword: 02-00447



HELP | ABOUT | PRINT | KEYBRD SHORTCUTS

Search:

Filter:

Results [1 - 1] of 1 records | Search took 0.36 Seconds

Effective Expiration	Title Product	Description	Owner	Contact Name	Firm Name	Recordation No. Agency No.	Type
7/2/2002 8/29/2010	DVD (PLUS DESIGN) COMPACT DISCS 472037	NO CLAIM IS MADE TO THE EXCLUSIVE RIGHT TO USE "DVD", APART	DVD FORMAT/LOGO LICENSING CORP.	ROBERT P. PARKER	PAUL WEISS RIFKIND WHARTON	TMK 02-00447 2,381,677	Trademark

Results [1 - 1] of 1 records | Search took 0.36 Seconds

Exhibit 5



DHS.gov

IPRS INTELLECTUAL PROPERTY RIGHTS SEARCH

Keyword



[HELP](#) | [ABOUT](#) | [PRINT](#) | [KEYBRD SHORTCUTS](#)

Search | | | | | | | |

Filter | | | | | |

Results [1 - 1] of 1 records | Search took 0.34 Seconds

Effective Expiration	Title Product	Description	Owner	Contact Name	Firm Name	Recordation No. Agency No.	Type
1/5/2010 11/30/2019	DVD AND DESIGN IC 009. OPTICAL DISC PLAYERS; COMPACT DISCS CONTAINING DIGITAL INFORMATION FOR DISPLAY OF FILMED PRODUCTS.	WORD MARK AND DESIGN, DVD AND DESIGN, DISC PLAYERS, COMPACT DISCS CONTAINING DIGITAL; NO CLAIM IS MADE TO THE EXCLUSIVE RIGHT TO USE "DVD" APART FROM THE MARK AS SHOWN.	DVD FORMAT/ LOGO LICENSING CORP	ROBERT P. PARKER, ESQ.	PAUL, WEISS, RIFKIND, WHARTON & GARRISON	TMK 00-00247 2295726	Trademark

Results [1 - 1] of 1 records | Search took 0.34 Seconds

**In the United States Patent and Trademark Office
Before the Trademark Trial and Appeal Board**

ZOBA INTERNATIONAL CORP., DBA
CD DIGITAL CARD,

Petitioner,

v.

DVD FORMAT/LOGO LICENSING
CORPORATION,

Registrant.

Cancellation No. 92051821

CERTIFICATE OF SERVICE

The undersigned hereby certifies that the accompanying MOTION TO DISMISS was served this 21st day of January 2010 upon counsel for Petitioner by overnight courier and by email at the following email address:

Mr. Karl Steins
karl@steins-patents.com



Robert P. Parker, Esq.
Email: rparker@paulweiss.com
Paul, Weiss, Rifkind, Wharton & Garrison LLP
2001 K Street, N.W.
Washington, D.C. 20006
Tel. (202) 223-7339
Fax (202) 204-7350

Dated: January 21, 2010