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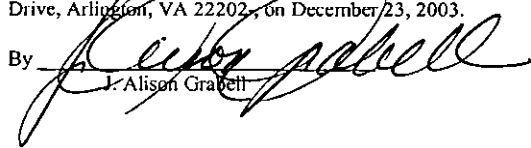
**IN THE UNITED STATES PATENT AND TRADEMARK OFFICE  
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD**

In the Matter of Application Serial No. 76/201,442  
Filed January 29, 2002  
Mark: THINK! COMPUTER PRODUCTS and Design  
Published in the Official Gazette of March 26, 2002

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THINK COMPUTER CORPORATION, )  
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                                  Opposer, )  
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                                  vs. )  
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H. CO. COMPUTER PRODUCTS, INC., )  
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                                  Applicant. )  
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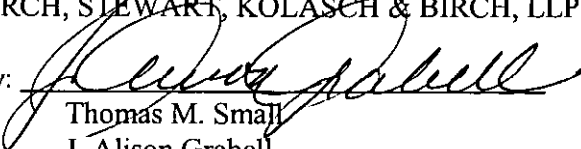
Opposition No. 125,553  
Serial No.: 76/201,442  
Mark: THINK! COMPUTER PRODUCTS  
and Design

12-30-2003  
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CERTIFICATION UNDER 37 CFR 1.8  
I hereby certify that this correspondence is being deposited with the United States Postal Service as First Class Mail in an envelope addressed to: TTAB Commissioner for Trademarks, 2900 Crystal Drive, Arlington, VA 22202, on December 23, 2003.  
By:   
J. Alison Grabbell

**APPLICANT'S MAIN BRIEF**

Dated: December 23, 2003

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**TABLE OF CONTENTS**

<b>I.</b>	<b><u>INTRODUCTION</u></b> .....	1
<b>II.</b>	<b><u>DESCRIPTION OF THE RECORD</u></b> .....	2
<b>III.</b>	<b><u>RECITATION OF FACTS</u></b> .....	3
	<b>A.</b> <b><u>Applicant’s Application</u></b> .....	3
	<b>B.</b> <b><u>The Applicant</u></b> .....	4
	<b>C.</b> <b><u>The Opposer</u></b> .....	5
<b>IV.</b>	<b><u>ARGUMENT</u></b> .....	8
	<b>A.</b> <b><u>Applicant Is The Senior User Of The THINK COMPUTER Mark</u></b> .....	8
	<b>B.</b> <b><u>Opposer’s Attempt to Tack On Alleged Prior Use Of The THINK Name Is Insufficient Because Opposer Began Using The Name At Least Two Years After Applicant</u></b> .....	9
	<b>1.</b> <b>Applicant’s Evidence of Prior Use is Substantial And Uncontroverted</b> .....	10
	<b>2.</b> <b>Opposer Has No Evidence To Support Prior Use Of The THINK Name or Mark</b> .....	10
	<b>3.</b> <b>Applicant’s Name Change Reflects Long Use Of, And Customer Association With, Applicant’s THINK Mark</b> .....	12
	<b>C.</b> <b><u>Opposer’s Arguments Regarding Likelihood Of Confusion And And Actual Confusion Are Irrelevant to the Critical Issue of Priority</u></b> .....	12
	<b><u>CONCLUSION</u></b> .....	13

**TABLE OF AUTHORITIES**

**CASES**

<i>Brookfield Communications, Inc. v. West Coast Entertainment Corp.</i> , 50 USPQ2d 1545, 1555 (9 <sup>th</sup> Cir. 1999) .....	11
<i>Hydro-Dynamics, Inc. v. George Putnam &amp; Co.</i> , 1 USPQ2d 1772, 1773-74 (Fed. Cir. 1987) .....	10
<i>Imagexpo LLC v. Microsoft Corp.</i> , 284 F. Supp. 2d. 365 (E.D. Va. 2003) .....	7
<i>In re Electrolyte Laboratories, Inc.</i> , 16 USPQ2d 1239, 1240 (Fed. Cir. 1990) .....	4
<i>JSB Int'l, Inc. v. Auto Sound North, Inc.</i> 215 USPQ 60, 61 (TTAB 1982) .....	8, 9
<i>T.A.B. Systems v. Pac-Tel Teletrac</i> , 37 USPQ2d 1879, 1883 (Fed. Cir. 1996) .....	11

**OTHER AUTHORITIES**

J. Thomas McCarthy, 4 <u>McCarthy on Trademarks and Unfair Competition</u> , § 25:73-3 (West 2003) .....	11
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THINK COMPUTER CORPORATION,	)	
	)	Opposition No. 125,553
	)	Serial No.: 76/201,442
Opposer,	)	Mark: THINK! COMPUTER PRODUCTS
	)	and Design
vs.	)	
	)	
H. CO. COMPUTER PRODUCTS, INC.,	)	
	)	
Applicant.	)	

**APPLICANT'S MAIN BRIEF**

**I.**

**INTRODUCTION**

Think Computer Corporation ("Opposer"), an Illinois corporation, has opposed an application filed by Applicant H. Co. Computer Products, Inc., a California corporation, for registration of THINK! COMPUTER PRODUCTS and Design for "computers, computer hard disks, computer video cards, computer fax/modems, computer motherboards, computer disk drives, computer cables, computer drive disk drive controllers, computer monitors, computer cases, computer keyboards, computer mice, computer speakers".<sup>1</sup> Opposer has alleged that

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<sup>1</sup> Application Serial No. 76/201,442, filed on January 29, 2001, alleging dates of first use of February 18, 2000.

Applicant's mark, as applied to its goods, so resembles Opposer's common law mark THINK COMPUTER for "computer programs, computers, computer peripherals and personal digital assistants for business, entertainment, scientific, technical, commercial, educational and personal uses, in the fields of operating systems, database systems, word processing, scheduling, electronic mail, spreadsheets, presentations, network browsing, and instructional manuals distributed therewith."

The only issue in this opposition is priority of use of the THINK mark. Applicant asserts dates of first use in January 1993, prior to those set forth in its application, Answer ¶ 9; Applicant's Depo. 13:20-23; Confid. Ex. 25, and prior to Opposer's claimed earliest use of the Think designation in 1995. Opposer's Depo. 7:20 – 8:7.

Based on Applicant's documented and uncontroverted first use of the THINK mark as early as January 1993 on Applicant's goods, Applicant claims priority over Opposer's use, if any, of its THINK COMPUTER name or common law mark or other Think-derivative designation no earlier than February 10, 1995. Accordingly, Opposer's opposition is not well-founded and should be dismissed.<sup>2</sup>

## II.

### **DESCRIPTION OF THE RECORD**

The record consists of the files of Applicant's Application Serial No. 76/201,442; Opposer's Application Serial No. 78/100,628; Stipulated Protective Order, received at the Trademark Trial and Appeal Board on February 19, 2003; Applicant's Responses to Opposer's

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<sup>2</sup> Applicant also believes that there is a likelihood of confusion with Opposer's mark THINK COMPUTER such that Opposer's suspended application Serial No. 78/100,628, filed January 2, 2002, should be finally refused registration.

Interrogatories; Opposer's Responses to Applicant's Interrogatories; Opposer's Admissions to Applicant's Requests for Admissions; copies of Applicant's Trademark Registrations Nos. 2,558,495 and 2,561,585; trial testimony of Opposer's President and Chief Executive Officer, Aaron Greenspan and accompanying Exhibits Nos. 1-15 (June 25, 2003) ("Opposer's Depo."); and trial testimony of Applicant's Secretary, Saed Hojreh and accompanying Exhibits Nos. 21-48 (August 22, 2003) ("Applicant's Depo.").

### III.

#### **RECITATION OF FACTS**

Attached hereto as Exhibit A is a time line showing Applicant's continuous use of the THINK Mark since January 1993 and Opposer's claimed use of the THINK name since February 10, 1995, for the Board's reference.

#### **A. Applicant's Application**

Applicant filed Application Serial No. 76/201,442 on January 29, 2001, for THINK! COMPUTER PRODUCTS and Design, in connection with "computers, computer hard disks, computer video cards, computer fax/modems, computer motherboards, computer disk drives, computer cables, computer drive disc drive controllers, computer monitors, computer cases, computer keyboards, computer mice, computer speakers". The mark as shown below was published for opposition on March 26, 2002.



Opposer's Depo., Ex. 8 at TCC00301-00302.

The record shows that the parties have disregarded the design portion of Applicant's mark because the "THINK" word portion of the parties' respective marks is dominant. *In re Electrolyte Laboratories, Inc.*, 16 USPQ2d 1239, 1240 (Fed. Cir. 1990) ("There is no general rule as to whether letters or design will dominate in composite marks...."); Opposer's Brf. Part V.A.1. at 9-11.

**B. The Applicant**

In 1987, Applicant H. Co. Computer Products, Inc. began selling computer memory upgrades and eventually manufacturing them. Applicant manufactures computers, hard drives, video cards, memory upgrades, networking products, cables, monitors, compact disks, all of which bear the THINK mark. Applicant's Depo. 8:23 – 9:6. Applicant is also qualified to do business in Alaska, Washington, Nevada, Nebraska, Ohio, Minnesota, Virginia, New York and Indiana, among other states. Applicant's Depo. 7:10-17. Applicant is the owner of Registration No. 2,558, 295 for THINK! NETWORKING PRODUCTS and Registration No. 2,561,585 for THINK! MEMORY PRODUCTS. Applicant's Trademark Registrations; Applicant's Depo. 7:20 - 8:5.

Since 1993, Applicant has continuously used the THINK mark on its goods. Applicant's Depo. 13:20-23; Applicant's Confid. Depo. 19:6-25; 20: 20:1-9; 22:21 – 28:20; Confid. Exs. 25-31. Applicant's aggregate gross annual sales of all goods bearing Applicant's THINK COMPUTER mark from 1993 to 2003 total approximately \$25 million. Applicant's Confid. Depo. 29:5-21. From 1993 through 1999, the period encompassing Opposer's claimed use of various "THINK" designations, Applicant's aggregate gross annual sales of all goods bearing the THINK COMPUTER mark were approximately \$1,370,000. Specifically, in 1993, Applicant realized gross annual sales of goods bearing the THINK mark of approximately \$60,000. Applicant's Confid. Depo. 20:10 – 22:20; Confid. Ex. 25. In 1994, Applicant's gross annual sales of goods bearing the THINK mark were approximately \$100,000. Applicant's Confid. Depo. 23:9-11; Confid. Ex. 26. In 1995, Applicant's gross annual sales of goods bearing the THINK mark were approximately \$160,000. Applicant's Confid. Depo. 25:8-11; Confid. Ex. 27. In 1996, Applicant's gross annual sales of goods bearing the THINK mark were approximately \$150,000. Applicant's Confid. Depo. 26:12-14; Confid. Ex. 28. In 1997, Applicant's gross annual sales of goods bearing the THINK mark were approximately \$200,00. Applicant's Confid. Depo. 27:2-4; Confid. Ex. 29. In 1998, Applicant's gross annual sales of goods bearing the THINK mark were approximately \$300,000. Applicant's Confid. Depo. 29:1-4; Confid. Ex. 30. In 1999, Applicant's gross annual sales for goods bearing the THINK mark were approximately \$400,000. Applicant's Confid. Depo. 28:18-20; Confid. Ex. 31.

**C. The Opposer**

Opposer is Think Computer Corporation. Aaron Greenspan is Opposer's president and chief executive officer. Opposer's Depo. 5:17-20. Mr. Greenspan claims that while he was a



student, he gave a computer database on disk, called the Think School database, to his school in or about February 1995. Opposer's Depo. 9:2 – 10:9.<sup>3</sup> Mr. Greenspan has no knowledge or records of ever having provided the disk to other schools. Opposer's Depo. 50:13-16. Mr. Greenspan, on Opposer's behalf, testified that "I do not recall exactly when I began using the name Think Computer or even Think, though, I do know it was in October, or even late September, of 1995." Opposer's Depo. 60:6 – 61:7; Ex. 8 at TCC 00348-00355.

From about October 1995 to November 1996, Mr. Greenspan, as an individual, also provided computer consulting, networking, database development and web site design services under the names Think Technologies and Think International. Opposer's Depo. 14:3-18. Mr. Greenspan first used Think Technologies as a trade name in or about September or October 1995. Opposer's Depo. 8:3-7, 61:2-7. Mr. Greenspan provided services including computer consulting, networking, database development and some web site design under that name. Opposer's Depo. 8:14-19. Mr. Greenspan, still as an individual, began using the trade name Think International in or about April 1996, offering the same services as he did under the name Think Technologies, Opposer's Depo. 11:2-14. Mr. Greenspan also used the name as a label for himself to receive mail from other services. Opposer's Depo. 13:18 – 14:1. Mr. Greenspan has offered no evidence showing trademark use of these names.

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<sup>3</sup> Mr. Greenspan states that the floppy disk provided to his school was labeled "Think School" and that the splash screen and an "about" box that appeared after one started the program stated that the program was written by Think Technologies. Opposer's Depo. 10:10-17; 37:20 – 38:11; Ex. 2 at TCC 00011-TCC 00015. It is questionable whether such claimed references to Think Technologies and Think School are proper trademark use. Even if they are, they first occurred more than two years after Applicant's documented first use of the THINK mark.

In or about November 1996, Mr. Greenspan began using the trade name Think Computer on business cards and letterhead, providing the same services that he provided under the Think Technologies and Think International names. Opposer's Depo. 14:3-18, 15:7-8. Mr. Greenspan's earnings from services he provided between 1994 and 1996 totaled \$240.00. Opposer's Depo. 63:1-23.<sup>4</sup>

In or about 1997 or 1998, Mr. Greenspan began using the name Think Computer on a web site listing his services. Opposer's Depo. 11:8-23, 76:12 – 78:8; Ex. 9 at TCC 00373.

On April 30, 1998, Opposer incorporated in Ohio as Think Computer Corporation. Opposer's Depo. 22:22 - 23:1. Opposer provides computer repair, training on software and hardware, networking, web design, desk top publishing, database development and custom software development services. Opposer's Depo. at 19:16 - 20:1. Opposer primarily provides services under the Think Computer name. Opposer's Depo. 54:12-21. To the extent that Opposer provides goods, they are provided under the names Whiteboard for a web-based content management system<sup>5</sup> and Think Computer Secondbase for a relational database system that works via the Internet. Opposer's Depo. 20:2-9.

Opposer has admitted that it did not use a THINK-derivative mark or trade name before February 1995. Opposer's Admission No. 1; Opposer's Depo. 57:17 – 58:16. Opposer has further admitted that it has no evidence of use by Opposer or by Aaron Greenspan of a THINK-

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4 From 1994 to October 1995, Mr. Greenspan operated under the name Troubleshooting prior to using the name Think Technologies. Opposer's Depo. 7:1-10.

5 The term "whiteboard" is a generic term meaning a computer software technology which allows the user to write on a whiteboard and then print out or save the writing to a computer. See *Imagexpo LLC v. Microsoft Corp.*, 284 F. Supp. 2d. 365 (E.D. Va. 2003), a copy of which is attached hereto as Exhibit B.

derivative mark, THINK-derivative designation or trade name containing the word “think” prior to February 10, 1995. Opposer’s Admission No. 2; Opposer’s Depo. 69:1-22.<sup>6</sup>

#### IV.

#### ARGUMENT

Applicant’s priority of use of the THINK Mark is the critical issue to be determined in this opposition. Applicant has offered substantial and uncontroverted evidence that it began using the THINK COMPUTER mark on its goods in January 1993, and has continuously used the THINK COMPUTER Mark on its goods to the present. Opposer, on the other hand, may have begun using a “Think” designation no earlier than February 1995 and it is arguable whether that alleged use, or any subsequent use, was trademark use. Based on the record and the evidence in this case, the Board must determine that Applicant is the prior user of the THINK COMPUTER mark and, accordingly, must dismiss the opposition.

#### **A. Applicant Is The Senior User Of The THINK COMPUTER Mark.**

The critical issue in this proceeding is priority of use. *JSB Int’l, Inc. v. Auto Sound North, Inc.* 215 USPQ 60, 61 (TTAB 1982). Applicant adopted and first used the THINK! COMPUTER PRODUCTS mark on complete computers at least as early as January 20, 1993. Applicant’s Depo. 8:6-22, 9:7-11, 55:19-24, 55:22-24; 60:1 – 61:5; Exs. 24, 45, 46. Applicant’s use has been continuous since 1993. Applicant’s Depo. 61:6-21, Ex. 48. Since its earliest use, Applicant has sold its goods in most states, if not every state, throughout the United States. Applicant’s Confid. Depo 30:2-14; Confid. Ex. 32. Applicant’s evidence of prior use of the

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<sup>6</sup> After filing this Opposition, Opposer filed an application to register the mark THINK COMPUTER, Application Serial No. 78/100628, claiming first use dates of May 2, 1997. Opposer’s application has been suspended pending the outcome of this Opposition.

mark is uncontroverted in the record and conclusively establishes that Applicant is the senior user of the THINK mark. In contrast, Opposer has admitted that it or Aaron Greenspan did not use any THINK mark or trade name before February 1995. Opposer's Depo. 57:7 – 58:16.<sup>7</sup> Opposer has also admitted that it has no evidence of use of a Think-derivative mark, Think-derivative designation or trade name containing the word "Think" prior to February 10, 1995. Opposer's Depo. 59:1-22.<sup>8</sup> In fact, Opposer does not even claim any use of the name Think Technologies until October 1995. Opposer's Depo. 75:5-9. Thus, Opposer has shown no use of the THINK name or mark prior to Applicant's documents first use. Applicant has shown overwhelmingly that it is the senior user of the THINK Mark.

**B. Opposer's Attempt To Tack On Alleged Prior Use Of The Think Name Is Insufficient Because Opposer Began Using The Name At Least Two Years After Applicant.**

Opposer appears to be relying on Aaron Greenspan's claimed use of the THINK mark no earlier than February 10, 1995 to establish that Mr. Greenspan's alleged prior use of the Think Computer name can be tacked on to Opposer's use of the THINK mark to establish priority over Applicant's use. *JSB v. Auto Sound North*, 215 USPQ at 62 and n.6 (presuming that incorporation of a prior business entity with trademark rights transferred ownership of such rights to the corporation, absent a retention of rights by the individuals with licenses to the new corporation). Opposer, however, has no evidence that it used the THINK mark before Applicant.

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<sup>7</sup> Opposer produced no supplemental documents during discovery or following its trial testimony, Opposer's Depo. 57:22 – 58:21; 59:1 – 60:3, and did not offer evidence of any use of a THINK mark or name before February 1995.

<sup>8</sup> Opposer produced no supplemental documents or evidence of any use of a THINK mark or name

**1. Applicant's Evidence Of Prior Use Is Substantial And Uncontroverted.**

Applicant's uncontroverted evidence establishes that it used the THINK COMPUTER mark as early as January 1993. Applicant's Depo. 52:16 – 53:2, Ex 41. Opposer used a THINK name or mark no earlier than February 10, 1995. Opposer's Admission No. 2; Opposer's Depo. 69:1-22. Thus, any use of the term "Think" by Opposer occurred at least two years after Applicant's first use of the THINK mark on its goods. Regardless of Applicant's date of first use as claimed in its application, Applicant is permitted to prove, and has met its burden to prove, that its date of first use of the THINK COMPUTER mark predates Opposer's. *Hydro-Dynamics, Inc. v. George Putnam & Co.*, 1 USPQ2d 1772, 1773-74 (Fed. Cir. 1987).

**2. Opposer Has No Evidence To Support Prior Use Of The THINK Name Or Mark.**

To claim prior rights in a THINK-derivative name or mark, Opposer must prove by clear and convincing evidence that it used a THINK-derivative name or mark before Applicant. *Id.* at 1773. Opposer's evidence cannot sustain any assertion of senior rights. Assuming, *arguendo*, that Mr. Greenspan used the word "Think" as a trademark when he created the software program that he stored on a disk and labeled "Think School disk", which Applicant argues was neither trade name nor trademark use, his purported first use on the disk was no earlier than February 10, 1995. Opposer's Depo. 9:2-13; 10:2-9. This was long after Applicant's clearly-established first use date of January 1993.

Moreover, Applicant's evidence in support of a tacking claim is insufficient, even assuming such claim were available. In support of its claim, Opposer refers to domain name registrations for thinkcomputer.com, thinkcomputer.org and thinkcomputer.net. Opposer

registered its domain names no earlier than 1998. Opposer's Depo. 76:12 – 78:8; Ex. 9 at TCC 00373-00377. Mere registration of domain names does not necessarily support a claim of tacking for trademark purposes. See J. Thomas McCarthy, 4 McCarthy on Trademarks and Unfair Competition, § 25:73-3 (West 2003); *Brookfield Communications, Inc. v. West Coast Entertainment Corp.*, 50 USPQ2d 1545, 1555 (9<sup>th</sup> Cir. 1999). In any event, Opposer's registrations were too late, coming some five years after Applicant's first use of its THINK *mark*.

The Federal Circuit set forth a test for establishing analogous trademark use in *T.A.B. Systems v. Pac-Tel Teletrac*, 37 USPQ2d 1879, 1883 (Fed. Cir. 1996) (stating, "Thus, under any and all articulations of the test, it is actual public perception that is required", not merely the party's *intent* to create an association "between the mark, the services offered, and a single source"). Applicant fails to satisfy this test. In support of its tacking attempt, Opposer claims it sent "thousands of e-mail messages from the thinkcomputer.com domain name to customers, potential customers, and referral sources with the mark THINK COMPUTER within each e-mail." Opposer's Depo. 16-19; Ex. 9 at TCC 00465-00478. Moreover, Opposer has not offered sufficient evidence either documenting that "thousands" of such messages were sent or identifying their recipients. Consequently, the few e-mail messages in the record establish no more than Opposer's intention and, at best, establish it too late.

Opposer also claims that it has publicized the name "THINK COMPUTER Corporation" in widely-circulated periodicals since 1997. Opposer's Brf. at 5. Even were that true, Opposer's evidence consists primarily of interviews with Mr. Greenspan and no evidence of the periodicals' circulation. Opposer's Depo. 39:1-10; Ex. 3. Moreover, the earliest dated "coverage" did not occur until March 1998. Ex. 3 at TCC 00060.

**3. Applicant's Name Change Reflects Long Use Of, And Customer Association With, Applicant's THINK Mark.**

Unlike Opposer, Applicant actually used its THINK mark on goods since at least as early as January 1993. The record amply supports Applicant's use. Based on this continuous use, in 2000 Applicant changed its name from H. Co. Computer Products to Think Computer Products after studies determined that H. Co.'s "retail customers more readily identified with the Think Computer Products brand than the H. Co. name." Applicant's Depo. 46:23 – 47:23; 56:18 – 57:7; Ex. 48. Opposer, in contrast, has not substantiated and cannot substantiate any arguable claim to analogous trademark use of a "Think" name or mark dating back to any time before February 1995, at the earliest.

Opposer's attempt at tacking is insufficient and fails to establish Opposer's priority.

Opposer has only established, if anything, a date of first use long after Applicant's.

**C. Opposer's Arguments Regarding Likelihood Of Confusion and Actual Confusion Are Irrelevant to the Critical Issue of Priority.**

Applicant concedes for the purposes of this proceeding that there is a likelihood of confusion between the name THINK COMPUTER and the mark THINK! COMPUTER PRODUCTS based on the similarities between the marks and the relatedness of the respective goods. Opposer's Brf. at 8-13. Likelihood of confusion is, however, irrelevant because Applicant has priority of use. For this same reason, also irrelevant is Opposer's argument regarding some actual confusion.

## CONCLUSION

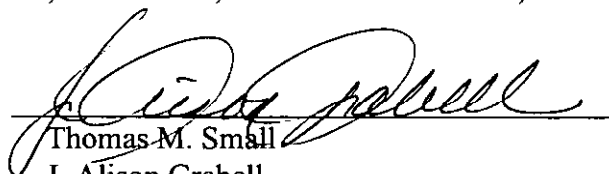
Priority is the only issue to be determined in this opposition. Applicant has overwhelmingly established that it has priority. Applicant first used the THINK mark on its computer goods as early as January 1993, at least two years before Aaron Greenspan's arguable first use of a "Think" designation on a computer disk given to a school, almost three years before Mr. Greenspan began using the name Think Technologies and approximately five years before Mr. Greenspan registered the "think" domain names. Opposer's attempt to tack on use of various "Think" names fails for the same reasons – such use, if it occurred, came too late. Accordingly, the Board should dismiss this opposition and allow registration of Applicant's THINK! COMPUTER and Design mark.

Respectfully submitted,

Dated: December 23, 2003

BIRCH, STEWART, KOLASCH & BIRCH, LLP

By:



Thomas M. Small

J. Alison Grabell

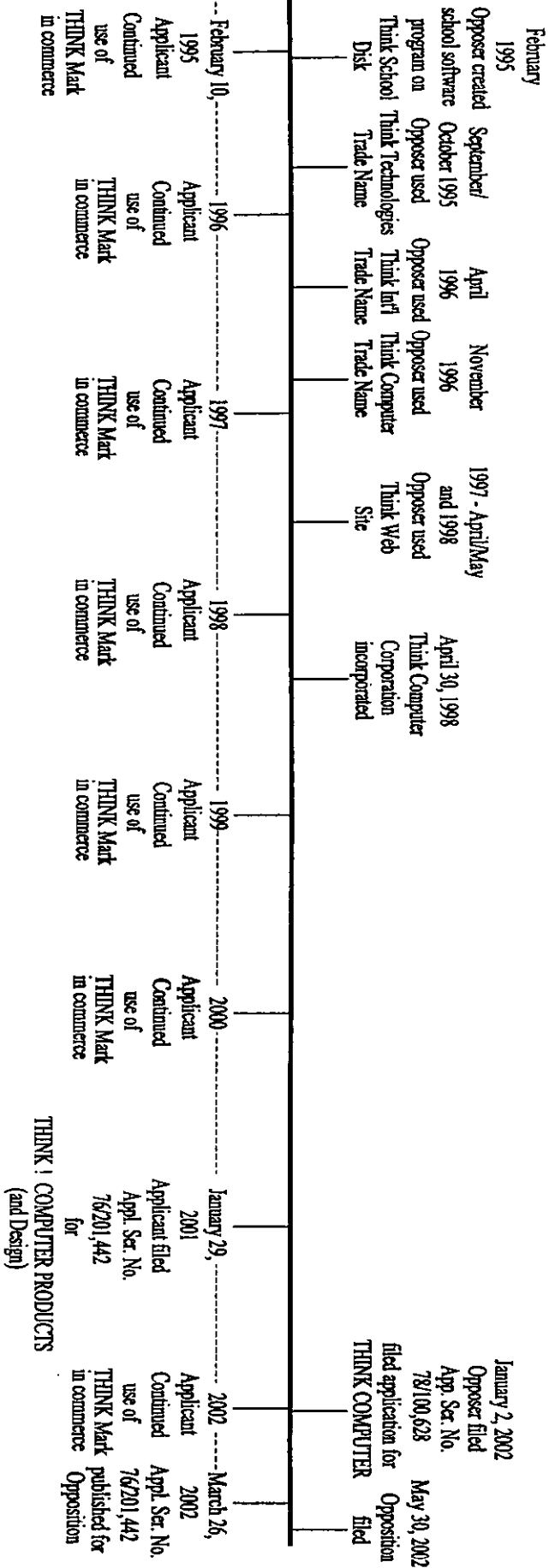
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# TIME LINE OF PARTIES' USE AND USE IN COMMERCE OF THINK MARK



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284 F. Supp. 2d 365; 2003 U.S. Dist. LEXIS 16983, \*

**IMAGEXPO, L.L.C.**, Plaintiff, v. **MICROSOFT CORPORATION**, Defendant.

Civil Action No.: 3:02CV751

UNITED STATES DISTRICT COURT FOR THE EASTERN DISTRICT OF VIRGINIA, RICHMOND DIVISION

284 F. Supp. 2d 365; 2003 U.S. Dist. LEXIS 16983

September 23, 2003, Decided

September 23, 2003, Filed

**PRIOR HISTORY:** Imagexpo, L.L.C. v. Microsoft Corp., 2003 U.S. Dist. LEXIS 16310 (E.D. Va., Sept. 11, 2003)

**DISPOSITION:** [\*1] Defendant's motion for partial summary judgment dismissing plaintiff's claim for contributory infringement denied. Defendant's motion for partial summary judgment limiting damages to inducement measured by actual use granted in part and denied in part.

**CASE SUMMARY**



**PROCEDURAL POSTURE:** Defendant corporation filed a motion for partial summary judgment dismissing plaintiff patentee's claim for contributing infringement and limiting damages to inducement measured by actual use.



**OVERVIEW:** The corporation's software packages combined several functions, one of which required the end-user to practice the patentee's patented method. The court held that disputed issues of material fact relevant to the question of the corporation's alleged substantial non-infringing use precluded summary judgment. The corporation argued that the patentee could not recover damages or royalties for indirect infringement, under either 35 U.S.C.S. § 271(b) (inducement) or 35 U.S.C. § 271(c) (contributory infringement), for those units of the corporation's software that were distributed but had not yet been "used." The court held that although the burden was on the patentee to show a correlation between those units of the corporation's software that it had distributed and those through which it had actually induced an end user to employ an infringing application, the patentee could do so by circumstantial evidence. The proof did not need to be one-to-one, but it could be extrapolated from otherwise-reliable and competent evidence. Whether the patentee's proof was capable of establishing damages for indirect infringement for every unit distributed was a question for the trier of fact.

**OUTCOME:** The court granted in part and denied in part the corporation's motions for partial summary judgment.


**CORE TERMS:** infringement, software, noninfringing, patented, user, indirect, contributory, distributed, patent package, whiteboard, commodity, suitable, royalty, staple, summary judgment, oral argument, infringing, technology, infringer, inducing, commerce, induced, circumstantial evidence, statutory language, patented process, matter of law, incidentally, one-to-one, practicing

**LexisNexis (TM) HEADNOTES - Core Concepts - ♦ [Hide Concepts](#)**


Patent Law > Infringement > Acts\_of\_Infringement   
HN1  See 35 U.S.C.S. § 271(c).


Patent\_Law > Infringement > Burdens\_of\_Proof   
HN2  35 U.S.C.S. § 271(c) liability requires a showing (1) that the device sold was used in practicing a patented process; (2) that the seller knew it was especially made for that purpose; and (3) that the device sold was not a staple or commodity suitable for a substantial noninfringing  
USE More Like This Headnote

**HN3** ↓ The court must determine whether contributory infringement exists by applying the statutory language of 35 U.S.C.S. § 271(c) to the specific facts of the case. [More Like This Headnote](#)

Patent Law > Infringement > Acts of Infringement 

**HN4** ↓ Additional functions in a device that practices a patented method does not diminish direct infringement and, therefore, the fact that the device sold has other functions which are performed simultaneously with the patented method does not otherwise substantiate a noninfringing use for the purposes of 35 U.S.C.S. § 271(c). [More Like This Headnote](#)

Patent Law > Infringement > Summary Judgment 


Patent Law > Infringement > Acts of Infringement 

**HN5** ↓ Whether the device or product was, in effect, a combination of separable functions in a single package, one of which leads to infringement, or a device or product designed for other purposes which, because of the limits of technology, necessarily and incidentally permits the practice of the patented method if those other purposes are to be accomplished was a question of fact for the jury to decide. [More Like This Headnote](#)

Patent Law > Remedies > Damages 

**HN6** ↓ Upon a finding of infringement, the court shall award damages adequate to compensate for the infringement, but in no event less than a reasonable royalty for use made of the invention by the infringer along with interest and costs. 35 U.S.C.S. § 284. [More Like This Headnote](#)

Patent Law > Infringement > Burdens of Proof 

Patent Law > Remedies > Damages 

**HN7** ↓ If not every sale leads to an instance of infringement, it logically follows that not every lost sale profit should be compensated by the party inducing infringement. Therefore, in cases in which there is a question whether every sale leads to an instance of direct infringement, a patentee must establish the connection between sales and direct infringement. However, the plaintiff is not required to demonstrate a one-to-one correspondence between units sold and directly infringing customers. Proof of inducing infringement or direct infringement may be shown by circumstantial evidence. [More Like This Headnote](#)

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**JUDGES:** Henry E. Hudson, United States District Judge.

**OPINIONBY:** Henry A. Hudson

**(Microsoft's Motions for Partial Summary Judgment Dismissing Imagexpo's Claim for Contributory Infringement and Limiting Damages to Inducement Measured by Actual Use)**

This matter is before the Court on Microsoft Corporation's ("Microsoft's") Motions for Partial Summary Judgment Dismissing Imagexpo's Claim for Contributory Infringement and Limiting Damages to Inducement Measured by Actual Use. The Court has reviewed the extensive memoranda and accompanying exhibits filed by both sides.

On September 15, 2003, the Court heard oral argument on all of Microsoft's pending motions for partial summary judgment. The Court ruled from the bench as to a majority of the issues, but it took the two above-described motions under advisement. The Court has again reviewed the extensive memoranda of law submitted by the parties, the case law discussed [\*3] therein, and a transcript of the oral argument. For the reasons stated on record, and for the reasons that follow, Microsoft's Motions for Partial Summary Judgment Dismissing Imagexpo's Claim for Contributory Infringement and Limiting Damages to Inducement Measured by Actual Use will be denied.

**I. Contributory Infringement Under 35 U.S.C. § 271(c)**

According to the statutory language of 35 U.S.C. § 271(c) ("§ 271(c)"):

*HN1* whoever sells a ... material or apparatus for use in practicing a patented process, constituting a material part of the invention, knowing the same to be especially made or especially adapted for use in an infringement of such patent, and *not a staple article or commodity of commerce suitable for substantial noninfringing use*, shall be liable as a contributory infringer.

35 U.S.C. § 271(c) (emphasis added). Thus, § 271(c) *HN2* liability requires a showing (1) that the device sold used in practicing a patented process; (2) that the seller knew it was especially made for that purpose; and (3) that the device sold was not a staple or commodity suitable for a substantial noninfringing [\*4] use. For purposes of this motion only, direct infringement and knowledge are assumed, and Microsoft focuses its summary judgment argument solely on the third requirement of § 271(c), liability for contributory infringement.

In this context, Plaintiff argues that neither of the accused software applications, Buddy Browser or whiteboard, is a staple article or commodity of commerce suitable for any substantial noninfringing use. Microsoft's position, on the other hand, is that the products at issue are not the single applications of Buddy Browser and whiteboard, but rather, MSN 8 and NetMeeting, as suites or packages of software. The MSN 8 suite adds parental controls, a jukebox, e-mail filter, and photo-supporting email software to the accused Buddy Browser function, and the NetMeeting suite adds application sharing, file transfer, and chat features to the accused whiteboard feature. Thus, Microsoft contends, because both MSN 8 and NetMeeting contain non-infringing applications and functions other than Buddy Browser and whiteboard, this Court must find that Microsoft is not and cannot be liable for contributory infringement because both software packages are capable of substantial noninfringing [\*5] uses. n1

----- Footnotes -----

n1 At this juncture, the Court need not decide whether to evaluate only the specific accused functions, as Plaintiff advocates, or to evaluate the suites, as Microsoft advocates. As will become obvious, even assuming, *arguendo*, that Microsoft is correct in its interpretation, whether the product has substantial noninfringing uses is a material question of disputed fact.

----- End Footnotes -----

Again, assuming *arguendo* that Microsoft is correct in its interpretation of the products at issue, the question becomes whether Microsoft's addition of non-accused functions to either of the software suites transforms that suite, making it capable of a substantial, noninfringing use. This, like all questions of non-infringement, is a factual determination. See *Moleculon Research Corp. v. CBS, Inc.*, 793 F.2d 1261, 1269-70 (Fed. Cir. 1986).

*HN3* The Court must determine whether contributory infringement exists by applying the statutory language of § 271(c) to the specific facts of this case. As one court has noted, [\*6] however, "section 271(c) covers a lot of ground, and the cases which interpret it are relatively few in number. One is left with the conclusion that the fact variations which may invoke § 271(c) are infinite and that standards derived from a specific fact situation are

In the final analysis, each of the Microsoft software packages at issue combines a number of functions, one of which, it is assumed for purposes of this motion, would require the software user to practice Plaintiff's patented method. Can Microsoft escape liability for contributory infringement by combining additional software applications with the patented applications and calling the result a "staple article or commodity of commerce suitable for substantial noninfringing use?" In this Court's opinion, the answer to this question hinges on issues of fact.

Although this is a technologically complex, fact-specific inquiry, in making its analysis the court found helpful, by analogy, the court's reasoning in *Oak Industries*. In the *Oak Industries* case, the litigation [\*7] focused on a method used in a cable converter box to eliminate interference from particular cable channels. *Oak Indus.*, 697 Supp. at 988. As is true in the immediate case, in its complaint, the plaintiff charged the defendant with both inducement and contributory infringement of its method patent. *Id.* at 989.

In a motion for summary judgment, the defendant in *Oak Industries* urged the trial court to find, as Microsoft did here, that it could not be liable for contributory infringement as a matter of law. *Id.* at 990. In support of its motion, Defendant Zenith argued that because its primary accused device enabled the practice of not only the method patent in question, but also of a method for expanding the number of available channels, a method for unscrambling protected signals, and a method for operating and responding to individual subscriber homes, its converters were capable of substantial noninfringing uses. *Id.*

The trial court disagreed, saying:

HN4 Additional functions in a device that practices a patented method does not diminish direct infringement and, therefore, the fact that the device sold has other functions [\*8] which are performed simultaneously with the patented method does not otherwise substantiate a noninfringing use for the purposes of § 271(c). This rule flows directly from the logic of the patent laws. To hold to the contrary would allow sellers of products that are clearly intended to infringe a patented method to avert liability simply by adding functions to that device.

*Oak Indus.*, 697 F. Supp. at 995. Moreover, in evaluating the substantial noninfringing use question, the court concluded that HN5 whether the device or product was, "in effect, a combination of separable functions in a single package, one of which leads to infringement, or a device [or product] designed for other purposes which, because of the limits of technology, necessarily and incidentally permits the practice of the patented method if those other purposes are to be accomplished" was a question of fact for the jury to decide. *Id.* at 996.

The same is true in the immediate case. One question the Court finds unanswered, here, is whether and how intricately each software package combines the patented method with additional software applications? Are the Microsoft software [\*9] suites a combination of separable functions, or is each suite designed such that, due to the limits of technology, each necessarily and incidentally practices the patented method in order to accomplish its purpose? Stated another way, even if Microsoft made every effort to remove Buddy Browser and whiteboard from its software suites, would the remaining technology, used to practice the other functions in MSN8 and NetMeeting nevertheless permit a user to practice the patented method? These are disputed questions of material fact that the Court finds relevant to the question of substantial noninfringing use. It cannot properly be resolved on summary judgment. Consequently, Microsoft's motion is denied.

## II. Limiting Damages to Actual Use

In this inartfully-styled summary judgment motion, which Microsoft entitles "Motion for Partial Summary Judgment Limiting Damages to Inducement Measured by Actual Use," Microsoft argues that Imagexpo cannot recover damages or royalties for any form of indirect infringement, under either 35 U.S.C. § 271(b) (inducement) or 35 U.S.C. § 271(c) (contributory infringement), for those units of MSN8 [\*10] and NetMeeting that were distributed but have not yet been "used." In support of its motion, Microsoft argues that if no end user has yet employed a particular unit of MSN8 or NetMeeting, that unit has not caused any direct infringement on the patented method; thus, there can be no indirect infringement to form a basis for § 271 liability. Consequently, as a matter of law, Microsoft contends that it cannot be held liable for any existing unit of MSN8 and NetMeeting that has never been employed by a user.

----- Footnotes -----

for multiple end users to employ the applications included in that particular software package.

----- End Footnotes-----

In opposition, Imagexpo argues that because the bases for liability on indirect infringement are different from those underlying direct infringement, the remedies are separate and distinct. [\*11] In support of its position, Imagexpo posits that "evidence that the contributing or inducing party intended that the accused product or component be used in an infringing manner is sufficient" to show liability under 35 U.S.C. § 271(b) & (c).

In patent jurisprudence, the settled rule of damages provides that <sup>HN6</sup> upon a finding of infringement, "the court shall award damages adequate to compensate for the infringement, but in no event less than a reasonable royalty for use made of the invention by the infringer" along with interest and costs. 35 U.S.C. § 284 (emphasis added). In Imagexpo's opinion, this means that, upon proof of infringement, it is entitled to a reasonable royalty for Microsoft's use of the patent. Microsoft, on the contrary, argues that on Imagexpo's claims of indirect infringement, the infringer is not Microsoft but the end user. Thus, Microsoft contends, damages for indirect infringement are limited to those distributed units on which a third party was induced to act. Accordingly, the controlling question is whether, upon proof of all of the elements of indirect infringement, Imagexpo is entitled to a reasonable [\*12] royalty based on all units of MSN8 and NetMeeting that have been distributed by Microsoft only on those distributed units that Imagexpo can prove actually have been employed by an end user, as the induced infringer.

<sup>HN7</sup> "If not every sale leads to an instance of infringement, it logically follows that not every lost sale profit should be compensated by the party inducing infringement. Therefore, in cases in which there is a question whether every sale leads to an instance of direct infringement, a patentee must ... establish the connection between sale and direct infringement." *Chiuminatta Concrete Concepts, Inc. v. Cardinal Industries, Inc.*, 1 Fed. Appx. 879, 884, 2001 WL 21304 (Fed. Cir.). n3 However, the plaintiff is not required to demonstrate a one-to-one correspondence between units sold and directly infringing customers. *Id.* at 884. "Proof of inducing infringement or direct infringement may be shown by circumstantial evidence." *Id.* See also *Hilgraeve, Inc. v. Symantec Corp.*, F. Supp. 2d , 2003 U.S. Dist. LEXIS 12687, (E. D. Mich. July 16, 2003), 2003 WL 21698100 \*6.

----- Footnotes-----

n3 Although, as an unpublished opinion, *Chiuminatta* is not binding precedent, this Court finds the logic and analysis used by the Federal Circuit Court of Appeals therein to be equally applicable in the context of the immediate motion.

----- End Footnotes----- [\*13]

Thus, it is this Court's opinion that although the burden is on Imagexpo to show a correlation between those units of MSN8 and NetMeeting that Microsoft has distributed and those through which it has actually induced an end user to employ an infringing application, Imagexpo may do so by circumstantial evidence. This proof need not necessarily be one-to-one, but it may be extrapolated from otherwise-reliable and competent evidence. Whether Imagexpo's proof is capable of establishing damages for indirect infringement for every unit of MSN8 and NetMeeting Microsoft has distributed, however, is a question for the trier of fact, not this Court. Consequently, Microsoft's Motion for Partial Summary Judgment Limiting Damages to Inducement Measured by Actual Use is granted in part and denied in part.

An appropriate Order will accompany this memorandum opinion.

Henry E. Hudson

United States District Judge

Date: Sept 23, 2003

Richmond, VA

Date/Time: Thursday, December 18, 2003 - 3:32 PM EST

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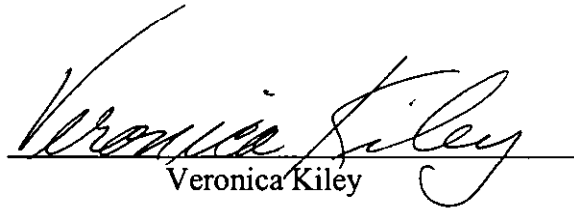
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CERTIFICATE OF SERVICE

I hereby certify that a true copy of the foregoing **APPLICANT'S MAIN BRIEF** has been served on Opposer on the date indicated below by depositing same with the United States Postal Service, first class postage prepaid, and addressed to its attorney John Pickerill, Esq. and Molly O'Brien Loussaert, Esq., Fredrikson & Byron, P.A., 4000 Pillsbury Center, 200 South Sixth Street, Minneapolis, MN 55402-1425.

Dated: December 2, 2003

  
Veronica Kiley