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

Proceeding	91154398
Party	Defendant Drowning Pool
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DROWNING POOL, LLC, a Texas Limited Liability Company, Opposer, v. DROWNING POOL, a California partnership. Applicant.	Opposition No. 91154398 Mark: DROWNING POOL Serial No. 76/287792 Filed: July 20, 2001 Published: November 12, 2002

APPLICANT'S MOTION FOR RECONSIDERATION OF FINAL DECISION

TO OPPOSER AND ITS ATTORNEYS OF RECORD, APPLICANT HEREBY GIVES NOTICE OF ITS MOTION FOR RECONSIDERATION OF FINAL DECISION:

I. INTRODUCTION

The Board's decision sustaining the opposition is erroneous on at least three points:

1) The Board erred by failing to identify *when* Opposer's alleged standing arose and therefore fails to support its holding. *Minneapolis & St. Louis R.R. Co. v. Peoria & Perkin Union Ry. Co.,* 270 U.S. 580, 586 (1926); *Gaia Technologies, Inc. v. Reconversion Technologies, Inc. et al,* 93 F.3d 774, 779-80 (Fed. Cir. 1996).

2) The Board erred by accepting fraudulent declarations and testimony from Opposer and not terminating the opposition for fraud. *Standard Knitting v.*

Toyota Jidosha Kabushiki Kaisha, 77 USPQ,2d 1917 (TTAB 2006); *Medinol Ltd. v. Neuro Vasx Inc.,* 67 USPQ2d 1205 (TTAB 2003); TBMP §527.03, FN359; *Chambers v. NASCO, Inc.*, 501 U.S. 32, 111 S.Ct. 2123, 115 L.Ed.2d 27, rehearing denied, 501 U.S. 1269, 112 S.Ct. 12, 115 L.Ed.2d 1097 (1991).

3) The Board erred by failing to give weight to sales made by Applicant's record label and finding abandonment contrary to the specific terms of 15 U.S.C. §1127. *Electro Source, LLC v. Brandess-Kalt-Aetna Group, Inc. et al,* 458 F.3d 931, 936 (9th Cir. 2006); *In re Polar Music International AB,* 714 F.2d 1567, 1568-69 (Fed. Cir. 1983); *Marshak v. Treadwell,* 240 F.3d 184, 199 (3rd Cir. 2001); and, *The Kingsmen v. K-Tel International Ltd.,* 557 F.Supp. 178, 183 (S.D.N.Y. 1983).

Accordingly, Applicant respectfully requests that the Board reconsider its final decision, dismiss the opposition and allow Applicant's registration to issue.

II. THE BOARD ERRED BY NOT ADDRESSING *WHEN* OPPOSER'S ALLEGED STANDING AROSE.

The Board's decision fails to address the most salient issue regarding Opposer's standing, namely the time when said standing was supposedly acquired. In fact, the Board's decision fails to identify *any* specific dates when Opposer, Drowning Pool LLC, allegedly acquired standing. Well-settled United States Supreme Court and Federal Circuit authority holds that Opposer must have standing at the time suit is filed. *Minneapolis & St. Louis R.R. Co. v. Peoria & Perkin Union Ry. Co.,* 270 U.S. 580, 586 (1926); *Gaia Technologies, Inc. v. Reconversion Technologies,*

Inc. et al, 93 F.3d 774, 779-80 (Fed. Cir. 1996). The present opposition was filed by Opposer on December 19, 2002. Thus, as a matter of law, Opposer was required to have standing by that date and no later. *Id.*

The Board's decision appears to base Opposer's standing on alleged common law rights established by the general partnership of Stevie Benton, Michael Luce, C.J. Pierce and David Williams (hereinafter "The Dallas Band.") However, no assignment of trademark rights from the general partnership occurred until **April 7, 2004**, more than a year after the opposition began. [Benton I, p. 108: 13-14 and Exhibit 115.] The fact that it was styled as a *nunc pro tunc* assignment is irrelevant. The Federal Circuit admonished, "Allowing a subsequent assignment to automatically cure a standing defect would unjustifiably expand the number of people who are statutorily authorized to sue." *Gaia Technologies, Inc., supra,* 93 F.3d at 779-80. It is clear error to base Opposer's standing on a post-Opposition assignment of trademark rights.

The Board next states with regard to standing:

> These individuals all were members of the Texas general partnership that recorded and performed music under the DROWNING POOL mark from 1995 until 2002. Subsequently, these individuals became members of the Texas limited liability company that brought this opposition proceeding. As members of opposer, these individuals continue to record and perform music under the DRWONING POOL (sic) mark. (Board's Decision, p. 8.)

However, the Board's decision again neglects to address the timing issue of standing. The Dallas Band members did not become members of Opposer Drowning Pool LLC until at least June 23, 2005, two and a half *years* after the opposition was started. [Applicant's Notice of Reliance, Exhibits 180 and 182; Depo. of C.J. Pierce, Exhibit 205.] In fact, the entity Drowning Pool LLC was without assets, suspended and unable to conduct business due to tax forfeiture from July 9,

2004 through January 20, 2005. [Applicant's Notice of Reliance, Exhibit 180, pp. 2-4.] Opposer has offered absolutely no evidence that the entity Drowning Pool LLC has itself ever used the mark, Drowning Pool, before or after December 19, 2002.

On December 19, 2002, Opposer Drowning Pool LLC had no common trademark rights and had no common members with the Dallas band. Therefore, Opposer, as a matter of law could not establish standing on that date and is not allowed to manufacture standing after that date. *Minneapolis & St. Louis R.R. Co. v. Peoria & Perkin Union Ry. Co.,* 270 U.S. 580, 586 (1926); *Gaia Technologies, Inc. v. Reconversion Technologies, Inc. et al,* 93 F.3d 774, 779-80 (Fed. Cir. 1996).[1] Accordingly, Applicant respectfully requests reconsideration on the issue of Opposer's standing or, alternately, clarification of the Board's decision for purpose of appeal, namely *on what date* did Opposer establish its standing and *how* did Opposer do so.

III. THE BOARD ERRED BY NOT ADDRESSING OPPOSER'S FRAUDULENT DECLARATIONS AND FALSE TESTIMONY AND FAILING TO DISMISS THE OPPOSITION.

Opposer has submitted no less than three materially false declarations to the PTO. [Benton I, Exhibit 117, pp. 5-6 and Exhibit 118, p. 6 and Benton I, pp. 71:8 –73:15.] Michael Luce submitted the first two materially false declarations. Michael J. Luce, as "Member/Manager" of Drowning Pool LLC, signed the declaration under penalty of perjury (18 U.S.C. §1001) for U.S. Trademark Application Serial No. 76/305,997 on August 22, 2001.

1 Though not asserted in its decision, the Board also cannot base Opposer's standing on the trademark applications filed by Opposer as those applications were void due to defects that cannot be cured by assignment or amendment. (*See* Applicant's Trial Brief, p. 21.)

[Benton I, Exhibit 117, pp. 5-6.] Michael J. Luce, as "Member/Manager" of Drowning Pool LLC, signed the declaration under penalty of perjury (18 U.S.C. §1001) for U.S. Trademark Application Serial No. 76/365,925 on August 22, 2001 as well. [Benton I, Exhibit 118, p. 6.] Luce's declarations were and are clearly false, as Opposer Drowning Pool LLC did not exist until August 19, **2002**. [Applicant's Notice of Reliance, Exhibit 180, p. 1.] Moreover, Mr. Luce was not a member or manager of Drowning Pool LLC until at least June 23, 2005. [Applicant's Notice of Reliance, Exhibits 180 and 182; Pierce, Exhibit 205.] Accordingly, Mr. Luce was not authorized to sign the application declarations and the applications are void. 37 C.F.R. §2.33(a)("The application must include a statement that is signed and verified (sworn to) or supported by a declaration under §2.20 by a person properly authorized to sign on behalf of applicant.")(emphasis added.) Opposer has offered no evidence that these declaration were truthful. These declarations are materially false because Opposer used those trademark applications to allege standing in this action. *See* Notice of Opposition, p.2.

The third materially false declaration was offered by Stevie Benton in opposition to Applicant's motion for summary judgment. (*See* Docket Entry No. 15 and Benton I, pp. 71:8–73:15.) Mr. Benton *admits* that his declaration was false and a lie. *Id.* However, he waited nearly a year to recant his false testimony and, tellingly, not until Applicant's motion for summary judgment had been denied. This declaration is materially false because Opposer used Benton's declaration in the opposition to the motion for summary judgment to try to establish a date of first use, namely 1995, during a period of time when Applicant had allegedly abandoned its mark.

Mr. Benton then continued to offer materially false testimony at trial. Mr. Benton claimed that he coined the name "Drowning Pool" for the Dallas band, that he created the Dallas band, and that he appeared on the compilation album, Lost in Dallas (the basis for Opposer's alleged date of first use). [Benton I, pp. 6:24 – 8:8 and Benton I, pp. 8:16 – 10:12.] His claims are false. Three different witnesses independently testified that Sean Field Hall, and not Stevie Benton, named the Dallas Band. [Hall, pp. 4:16 – 5:5; Baker, p. 4:17-22; and Painter, pp. 4:22 – 5:3.] Four different witnesses independently testified that Thomas Driver played the bass on the song "Skin" from the "Lost in Dallas" album and Mr. Benton did not appear at all on that album. [Hall, pp. 5:23 – 7:10; Baker, pp. 6:19 – 7:23; Painter, pp. 5:13 – 6:16; Driver, pp. 4:11 – 5:18; and Exhibit 1.]

Rather than "forming the band" as Mr. Benton claimed, he was the last to join the Dallas band when he answered a "want-ad" for a bassist in a local music magazine. [Hall, pp. 6:6 – 717 and 8:10-9:14; Baker, p. 7:8-23 and pp. 9:8-10:23; Painter, p. 7:4-21; Driver, 5:13-18; and Exhibit 104.] During Mr. Benton's testimony, he confirmed that he had seen the ad, Exhibit 104. [Benton I, p. 83:3-4.] Mr. Benton confirmed that he is a bassist for the Dallas band. [Benton I, p. 84:6-8.] However, when confronted with documentary evidence that he did not create the Dallas band, i.e. Exhibit 104, Mr. Benton clung to his falsehood:

Q: And are you claiming that this notice ran in this magazine for a bassist for this same group of guys that were in the original Drowning Pool that you joined, and you did not join them?

A. No. I will say that they joined with me. [Benton I, p. 84:9-13.] (emphasis added)

The Board has rightfully and repeatedly held that materially false testimony by declaration or deposition is fraud and will not be tolerated. *See Standard Knitting v. Toyota Jidosha Kabushiki Kaisha,* 77 USPQ,2d 1917 (TTAB 2006); *Medinol Ltd. v. Neuro Vasx Inc.,* 67 USPQ2d 1205 (TTAB 2003); and *Mister Leonard, Inc. v. Jacques Leonard Couture, Inc.*, 23 USPQ2d 1064, 1065 (TTAB 1992). Regarding false declarations, the Board in *Medinol, supra,* admonished, "Statements made with such degree of solemnity clearly are - or should be - investigated thoroughly prior to signature and submission to the USPTO." 67 USPQ2d at 1216. While Applicant acknowledges that these cases address fraud in an applicant's application, the standard for truth telling should be no less stringent for Opposers. Moreover, there is no reason why this standard cannot or should not extend to parties in *inter partes* proceedings as the Board has the inherent power to sanction parties for bad faith and/or fraudulent conduct. *See* TBMP §527.03, FN359; *Chambers v. NASCO, Inc.*, 501 U.S. 32, 111 S.Ct. 2123, 115 L.Ed.2d 27, rehearing denied, 501 U.S. 1269, 112 S.Ct. 12, 115 L.Ed.2d 1097 (1991) (stating that this inherent power "stems from the very nature of courts and their need to be able to manage their own affairs so as to achieve the orderly and expeditious disposition of the cases").

In *Medinol,* the Board explained the petitioner's position:

> Petitioner's position is that fraud in procuring a registration taints the entire registration. If it were otherwise, applicants would have little incentive to tell the truth; if caught in their misstatements, they could merely delete any unused goods, but would end up with no less than what they were entitled to claim in the first place, with no adverse consequences. *Medinol, supra,* 67 USPQ2d 1205, 1208 (TTAB 2003).

This standard should extend to all parties in *inter partes* actions. Parties, opposers or applicants, will have little or no incentive to tell the truth during proceedings if when they are caught, the

declarant can merely recant the lie or count on the Board ignoring the falsehoods and applying no adverse consequences to the offending party.

In its present decision, the Board did not strike any of the false testimony or decline to consider the false testimony in its decision. (Board's decision, pp. 3-4.)[2] Moreover, the Board made no reference to the multiple instances of undisputedly false testimony offered to the Board by Opposer including testimony that Opposer *admits* was a lie. [Benton I, pp. 71:8–73:15.] This is clear error. Materially false testimony before the Board must have consequences. Accordingly, Applicant respectfully requests reconsideration of the Board's failure to dismiss the opposition based on Opposer's fraud through repeated false testimony or, alternately, clarification for appeal why the Board chose to admit Opposer's false testimony into evidence without comment or consequence.

2 The Board also declined to consider Opposer's violation of the discovery order against Opposer. (*See* Applicant's Brief, p. 26, FN3.)

IV. THE BOARD ERRED BY FAILING TO GIVE PROPER WEIGHT TO SALES OF APPLICANT'S TRADEMARKED GOODS BY APPLICANT AND APPLICANT'S RECORD LABEL AS REQUIRED BY 15 U.S.C. §1127.

The standards for use and abandonment are set by 15 U.S.C. §1127. The Ninth Circuit in *Electro Source, LLC v. Brandess-Kalt-Aetna Group, Inc. et al,* 458 F.3d 931, 936 (9th Cir. 2006)(citing §1127) explained, "a mark shall be deemed to be in use in commerce (1) on goods when – (A) it is placed in any manner on the goods or their containers or the displays associated therewith or on the tags or labels affixed thereto . . . and (B) the goods are sold or transported in commerce..." (emphasis added.) The Ninth Circuit continued:

> Section 1127 thus provides that 'use' of a trademark defeats an allegation of abandonment when: the use includes placement on goods sold or transported in commerce; is bona fide; is made in the ordinary course of trade; and is not made merely to reserve a right in a mark. Critically, for present purposes, nothing in the plain meaning of §1127 excludes from the protections of the statute use of a trademark by a struggling or even a failing business that meets these requirements. *Id.* at 936 (footnote omitted.)

The Federal Circuit supports this view of abandonment. *Person's Co. v. Christman*, 900 F.2d 1565, 1571 (Fed. Cir. 1990). The number of sales or degree of success by Applicant is irrelevant to the issue of abandonment. *Id.* The Federal Circuit in *Person's, supra,* held:

> Although sales by Christman and his corporation Team Concepts, Ltd. were often intermittent and the inventory of the corporation remained small, such circumstances do not necessarily imply abandonment. There is also no rule of law that the owner of a trademark must reach a particular level of success, measured either by the size of the market or by its own level of sales, to avoid abandoning a mark. *Id.* at 1571.

While the Board characterizes Applicant's use of its Drowning Pool mark as "sporadic" from 1990 to 2003, there is no evidence that Applicant completely ceased use of the mark for a period

exceeding three years. In fact, Applicant has presented evidence that goods bearing the Drowning Pool mark were offered for sale or sold in commerce for *every* year from 1990 to 2003. *See* Timeline of Exhibits appendix attached hereto. Thus, the Board's discussion regarding whether Applicant intended to abandon its mark is irrelevant, e.g. the use of "R.I.P.D.P" on a Mumbles album. *Electro Source LLC, supra*, at 937. The Ninth Circuit admonished, "[U]nless the trademark use is actually terminated, the intent not to resume prong of abandonment does not come into play." *Id.* at 937-938; *and see Money Store v. Harriscorp Fin., Inc.,* 689 F.2d 666, 675-676 (7th Cir. 1982).

The Board's decision states:

> Further, residual goodwill in a mark by virtue of a long shelf life and continued sales by applicant's distributor is of little moment here. A party cannot defend against a claim of abandonment by relying on some residual goodwill generated through post-abandonment sales of its products by distributors or retailers. (Board's decision, p. 20.)(citation omitted.)

However, this erroneously ignores the role of Independent Project Records ("IPR".) IPR is Applicant's record label. [Licher, p. 6:24-25 and pp. 7-22 and p. 24: 21-24.] IPR and its predecessor, Nate Starkman and Sons, sold Applicant's albums for Applicant continuously from 1986 to 2002 as part of Applicant's ordinary course of business. *Id.* The owner of IPR, Bruce Licher, testified that IPR made substantial sales of Drowning Pool recordings from 1990 to 2002. In support of this testimony, he produced numerous invoices and inventory sheets showing sales of Drowning Pool recordings from 1990 to 2002. [*See* Licher, p. 45:8-24; p.46: 2-15; pp. 46:16-47:20; p. 48:2-18; pp.53:6 – 54:3; p.54: 4-17; p. 55:8-21; and Exhibits 144, 157, 158, 159, 160, 161, 166, 167, and 168.]

The sale of recordings by its record label inures to the benefit of Applicant. *In re Polar Music International AB,* 714 F.2d 1567, 1568-69 (Fed. Cir. 1983); *Marshak v. Treadwell,* 240 F.3d 184, 199 (3rd Cir. 2001); and, *The Kingsmen v. K-Tel International Ltd.,* 557 F.Supp. 178, 183 (S.D.N.Y. 1983). The Court in *The Kingsmen*, *supra,* found usage based on the plaintiffs' contract with Jerden Music, Inc. and Scepter Records for the sale of records. *The Kingsmen*, *supra,* 557 F.Supp at 182. In *Marshak, supra,* the Court specifically referred to the payment of royalties by Atlantic Records, The Drifters' record label, for record sales. Marshak, *supra,* 240 F.3d at 188. Moreover, in *In re Polar Music International AB, surpa,* where Atlantic Records was the label for appellant "ABBA", the Federal Circuit explained, "Atlantic's use of the marks inures to the benefit of appellant." Sales of a music group's recordings by a record label under the music group's trademark clearly inure to the benefit of the music group. Applicant and its Drowning Pool mark, as a repository of goodwill for Applicant, certainly benefit from sales of Drowning Pool recordings by its record label. The Board's decision to the contrary is clear error.

Applicant never ceased use of its Drowning Pool trademark. *See* Timeline appendix. Applicant presented evidence that it continuously used the Drowning Pool mark from 1984 to 2003. There is no evidence or authority that sales by a group's record label are not part of the ordinary course of trade. Opposer has offered no evidence that Applicant or its record label made bad faith or sham sales or was merely operating a trademark maintenance program. Pursuant to 15 U.S.C. §1127, Applicant did not abandon its trademark. *Electro Source, LLC v. Brandess-Kalt-Aetna Group, Inc. et al,* 458 F.3d 931, 936 (9th Cir. 2006). Therefore, Applicant

respectfully requests reconsideration of the Board's decision finding abandonment of Applicant's Drowning Pool trademark.

V. CONCLUSION

Applicant respectfully requests that the Board reconsider its final decision, dismiss the opposition and allow Applicant's registration to issue.

Respectfully submitted,

DROWNING POOL

Dated: August 10, 2007

By: /s/Gordon E. Gray III

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CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing **APPLICANT'S MOTION FOR RECONSIDERATION OF FINAL DECISION** was mailed first class mail, postage prepaid, to: J. Rodgers Lunsford III, Smith, Gambrell & Russell, LLP, 1230 Peachtree Street, N.E., Suite 3100,Promenade II, Atlanta, GA 30309-3592, attorney for the Opposer, on this August 10, 2007.

/s/ Gordon E. Gray III
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Applicant Drowning Pool's Timeline of Sales, Licensing and Advertising Activity