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

Proceeding	91154398
Party	Plaintiff Drowning Pool LLC
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IN THE UNITED STATES PATENT & TRADEMARK OFFICE
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DROWNING POOL, LLC, A Texas limited liability company, Opposer, v. DROWNING POOL, a California general partnership consisting of Adam Elesh and Brett Smith, both citizens of the United States, Applicant.	)	Opposition No.: 91154398

OPPOSER'S RESPONSE TO APPLICANT'S MOTION FOR RECONSIDERATION OF FINAL DECISION

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I. INTRODUCTION

Because (i) implicit in the Board's determination that Opposer has standing to prosecute the Opposition is the conclusion that Opposer had standing at the time the Opposition was filed, (ii) Applicant's charges of fraud are not relevant or material to the Opposition or are inappropriate labels for disputed testimony, and (iii) the Board applied the correct law to accurate factual findings, Applicant's Motion for Reconsideration is without merit and should be denied.

II. ARGUMENT AND CITATION OF AUTHORITY

A. OPPOSER OWNS THE DROWNING POOL MARK AND HAS STANDING TO BRING THIS OPPOSITION.

Opposer has operated as a continuous business enterprise since 1995 and has continuously used the Drowning Pool mark throughout that ten-year time-span. Based on that continuous use, Opposer's standing in the pending Opposition is beyond dispute.[1] Applicant, however, attempts to devise a standing issue where none exists by mistakenly focusing on the change in Opposer's business form in 2002. Applicant's entire standing argument is based on the false premise that the LLC that was formed at that point was somehow unrelated to the Texas general partnership that had existed before it. This fundamental error of fact vitiates Applicant's legal argument.

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[1] In applying the broad language of 15 U.S.C. § 1063 regarding standing, the Federal Circuit has held that "an opposer must meet two judicially-created requirements in order to have standing -- the opposer must have a 'real interest' in the proceedings and must have a 'reasonable' basis for his belief of damages." *Ritchie v. Simpson,* 170 F.3d 1092, 1095, 50 U.S.P.Q.2d 1023, 1025 (Fed. Cir. 1999). These two requirements have been liberally construed. *See Universal Oil Prods. Co. v. Rexall Drug & Chem. Co.,* 463 F.2d 1122, 1124, 174 U.S.P.Q. 458, 459-60 (C.C.P.A. 1972). Given Opposer's extensive continuous use of the mark since 1995 and Applicant's attempt to now cash in on the goodwill that Opposer has developed in the mark over those ten years, the fact that Opposer meets the liberal interpretation of the two broad *Ritchie* standards would be entirely self-evident if not for Applicant's misplaced focus on Opposer's change in business form.

The record in the present Opposition clearly demonstrates that Opposer Drowning Pool LLC is simply the current form of the business enterprise that has been in continuous operation since 1995. The record shows that from 1995 until 2002, Stevie Benton, C.J. Pierce, and Mike Luce (and the latters' predecessors) operated as a Texas general partnership under the Drowning Pool mark (Opp. Ex. 10 to Childress Dep. at Tab 2).[2] Then, on August 19, 2002, and at the direction of Opposer's manager and accountants (Bassman Dep. 56:23 to 58:5), Opposer's attorneys changed the form of the business enterprise to a limited liability company named Drowning Pool LLC, with Stevie Benton, Mike Luce and C.J. Pierce as its members and officers. (App. Exs. 112 and 113 to Benton Dep. I and Opp. Not. Rel. II).[3] It is clear that the intent of all of the parties involved was that the LLC would serve as the new business form for the enterprise that had previously been operated as a general partnership. First, the LLC assumed the exact same name – Drowning Pool – that the Texas general partnership had used. Second, the two entities were comprised of the same principals. This is evidenced by the LLC's August 19, 2002 Unanimous Consent Resolutions, which list Stevie Benton as the President of the LLC, Mike Luce as the Vice President, and C.J. Pierce as the Secretary/Treasurer. (App. Exs. 112 and 113 to Benton Dep. I and Opp. Not. Rel. II).[4] The same Resolutions also show

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[2] For further evidence of Opposer's pre-2002 use of the mark, see Opp. Exs. 1-3 to Mike Mongillo Declaration and Opp. Exs. 1-7 to Brady Brock Declaration.

[3] That the management that directed this change assumed that the LLC would continue the business enterprise begun by the general partnership is evidenced by Jason Childress's response to the question of how long the Drowning Pool general partnership had been a client of his: "I believe from the middle of 2002 *until it converted to an LLC or they became an LLC in 2002* - sorry, from the middle of 2000 to 2002." (Childress Dep. 6:5-7) (emphasis added).

[4] This intent is also evidenced in Stevie Benton's deposition testimony. When asked why he believed he was a member of Drowning Pool Touring LLC, a related entity created at the same time as Drowning Pool LLC to handle the "touring side" of Drowning Pool's business, Benton

that the membership interest in the LLC was to be evenly divided between Pierce, Benton, Luce, and the Estate of David Williams.[5] Even more convincing are the enterprise's 2000-2003 tax returns. Until 2002, Curo Financial Management, the accounting firm for the continuing business enterprise, filed the enterprise's tax returns identifying the business enterprise as a general partnership. (Opp. Exs. 6 and 7 to Childress Dep.). Beginning in 2002 and again in 2003, Curo Financial filed returns for the **same** business enterprise, only this time designating the enterprise as an LLC. (Opp. Exs. 8 and 9 to Childress Dep.). This fact in and of itself renders Applicant's factual position untenable, and it is telling that Applicant omits any discussion of the band's tax returns from its standing analysis.

Following the creation of the LLC in August of 2002, its three named officers – Stevie Benton, Mike Luce, and C.J. Pierce – used the Drowning Pool mark to identify the services rendered by them as officers of the LLC.[6] The three officers first collaborated

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responded: "It's Drowning Pool Touring LLC. I'm in Drowning Pool. It kind of makes sense to me." (Benton Dep. I 107:13-14).

[5] Applicant notes that Paul Bassman was originally listed as the founding member of the LLC (App. Not. Rel. Ex. 180), but this does not, as Applicant apparently suggests, contradict the basic fact that the intent of all of the parties involved was for the LLC to continue the business enterprise of the Texas general partnership. Bassman's testimony shows that the inclusion was an oversight, as he stated "I would never be a member of Drowning Pool LLC. That's not what I do. I'm a manager of the band, not a member of the company." (Bassman Dep. 53:6-8). This oversight was corrected by the redemption of membership interest that Bassman signed effective from August 19, 2002, the date of the LLC's formation. (Opp. Ex. 205 to Pierce Dep.). In any event, Bassman, as the band's manager (Bassman Dep. 5:5 to 6:22), clearly was not a disinterested interloper, as Applicant apparently suggests.

[6] This use, coupled with the prior use of the mark by the general partnership, is sufficient in and of itself to establish ownership of the mark for purposes of this Opposition. However, Applicant asserts, on page 4, fn. 1, and again at pages 4 to 5 of its Motion for Reconsideration, that alleged technical deficiencies in Opposer's applications to register the Drowning Pool mark vitiate the ownership interest that had already attached through the continuous use. This argument is incorrect as a matter of law, and in fact the rule to the contrary was explicitly cited in *Kingsmen,* upon which Applicant so heavily relied throughout its Trial Brief. As *Kingsmen* stated: "[I]t is *settled law* that a trademark such as Kingsmen *need not* be registered. . . . *'Usage, not registration, confers the*

with singer Rob Zombie to record a song for the "Daredevil" movie soundtrack in late 2002. (Benton Dep. I 58:2 - 59:4). Next, the three officers, with new lead singer Jason Jones, recorded a new album, entitled "Desensitized," that was released in April of 2004. (Benton Dep. I 67:15-24). The three officers (plus Jones) then toured approximately 30-40 cities across the United States as part of the "Headbangers Ball" tour before leaving to tour Europe for a month. (Benton Dep. I 68:5-24). The three officers (plus Jones) then returned to complete their U.S. tour, which ended on December 8, 2004, and was followed by a show in Mexico City on January 15, 2005. (Benton Dep. I 69:6-13). There is no evidence in the record that any of the above listed tour performances or album releases under the Drowning Pool mark were conducted by anyone other than the officers of Drowning Pool LLC as a continuation of the business enterprise begun in 1995. This continuous use by the officers of the LLC clearly establishes the requisite standing under the liberal standard the Board and the Federal Circuit have adopted.[7]

Based on this corrected factual background, Applicant's reliance on *Gaia Technologies, Inc. v. Reconversion Technologies, Inc.*, 93 F.3d 774, 39 U.S.P.Q.2d 1826 (Fed. Cir. 1996) is misplaced. *Gaia* dealt with two unrelated parties who had conducted an arms-length negotiation to transfer intellectual property rights from one to the other, and the *Gaia* court held that the party bringing the infringement suit did not have the requisite standing because, while the transfer of rights had been *contemplated* at the time the suit

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right to a trademark.' " Kingsmen v. K-Tel Int'l Ltd., 557 F. Supp. 178, 181, 220 U.S.P.Q. 1045, 1047 (S.D.N.Y. 1983) (citations omitted) (emphasis added).

[7] In addition, Drowning Pool LLC's standing is in no way affected by its temporary suspension in 2004. (Opp. Not. Rel. II). Under Texas law, a corporation that obtains reinstatement of its corporate privileges upon paying its delinquent taxes, as Drowning Pool LLC did in 2005 (Opp. Not. Rel. II), has standing to proceed with a suit commenced before the forfeiture. *Speier Tire Co. v. Tom Benson Chevyway Rental & Leasing, Inc.*, 643 S.W.2d 772, 773 (Tex. App. 1982).

was brought, the transfer had not yet actually occurred. *Id.* at 779-80, 39 U.S.P.Q.2d at 1831. *Gaia* is thus inapposite, given that in the present Opposition Drowning Pool LLC and the Texas general partnership were not, as were the parties in *Gaia,* unrelated entities dealing in arms-length transactions, but rather were simply different forms of the same business enterprise. The appropriate analogy is instead set forth in *Hylo Co., Inc. v. Jean Patou, Inc.,* where the court stated:

> There has been some question raised as to appellant's right to the mark "Joy Suds." However, the record shows that the original Hylo Company, Inc., which was issued the mark "Joy Suds" was dissolved and its business taken over by a partnership composed of the persons who owned all of the stock in that corporation. *Later, the partnership formed a new corporation, Hylo Company, Inc., in which they owned all of the stock. Each of the business enterprises maintained the use of the mark "Joy Suds."* On these stated facts, we agree with the holding of the Examiner of Interferences that the present Hylo Company, Inc., is the "present successor to the business, and good will associated therewith, formerly conducted by the original registrant, and, therefore, it must be regarded as the owner of the mark "Joy Suds," used therein . . . .

Hylo Co. v. Jean Patou, Inc., 215 F.2d 282, 284, 103 U.S.P.Q. 52, 54 (C.C.P.A. 1954) (citations omitted) (emphasis added). Just as the business enterprise in *Hylo* transformed from a corporation into a partnership and subsequently into a second corporation without incurring any adverse effects on its standing to protect its trademark rights, Opposer's standing is likewise not affected by the change in business form that occurred in 2002. Moreover, here the LLC was actually formed at the time of filing of the Opposition, whereas in *Gaia* the transaction was only contemplated.

Opposer's standing is also affirmed by *Universal Oil Products v. Rexall Drug and Chemical Co.,* in which the court held that a parent corporation has standing to bring an opposition on behalf of a wholly owned subsidiary, because the parent could reasonably believe that damage to the subsidiary would naturally lead to financial injury to itself.

Universal Oil Prods. Co v. Rexall Drug & Chem. Co., 463 F.2d 1122, 1124, 174 U.S.P.Q. 458, 460 (C.C.P.A. 1972). *Universal Oil Products* rebuts Applicant's formalistic contention that Drowning Pool LLC does not have standing by explicitly stating that an enterprise can bring an opposition so long as that enterprise could incur some financial detriment from the adverse consequence in question. Clearly Drowning Pool LLC and its members/officers stand to incur financial detriment if Applicant is allowed to cash in on the goodwill that the LLC has created, and the LLC equally stood to incur the same financial detriment on December 19, 2002, when it filed the current Opposition.[8] Thus, Applicant's focus on the 2004 *nunc pro tunc* assignment is misplaced, for at least two reasons. First, that assignment did not attempt to *create* standing retroactively, as Applicant asserts, but rather simply *confirmed* what had been the case all along.[9] Second, and more importantly, ***no*** assignment (*nunc pro tunc* or otherwise) was needed to create standing, because the test for standing is not whether an opposer ***owns*** a particular mark; but rather whether an opposer has a real interest in the proceedings and a reasonable basis for his belief of damages. *Ritchie*, 170 F.3d at 1095.

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[8] Applicant concedes, and Opposer does not dispute, that ***this*** is the pertinent question – whether Opposer had standing as of December 19, 2002. (Applicant's Motion for Reconsideration at 2-3). But Opposer cannot understand why, after correctly stating that rule, Applicant then does an about face and asks the Board to address the irrelevant issue of on what *specific date* the Opposer established its standing. (Applicant's Motion for Reconsideration at 2 and 4). As Applicant concedes, the answer to this question *does not matter*, so long as Opposer had standing on December 19, 2002 – which it clearly did. Applicant's argument is akin to a carnival worker questioning the calibration of a measuring stick before letting a grown man board the merry-go-round – so long as the rider is above the minimum height (say four feet), it does not matter whether he is 6'1" or 6'2".

[9] Given that "[t]he law does not require futile or needless formalities," *Salem Trust Co v. Federal Nat'l Bank,* 11 F. Supp. 105, 109 (D. Mass. 1934), the *nunc pro tunc* assignment was not required, but was meant simply to effectuate the result that all parties to the continuing business enterprise originally intended: the LLC, as the business successor to the general partnership, continued the business enterprise and possessed the rights to the Drowning Pool mark.

Finally, important public policy considerations further support the conclusion that Opposer had standing to bring and prosecute this Opposition. Even if the Board were to find a technical defect in standing, the current matter would not end there. Instead, Opposer, in whatever form the Board deemed proper, would simply file a petition to cancel. A holding on standing is not a judgment on the merits and thus does not have any preclusive effect for later adjudication. *See Media Techs. Licensing, LLC v. Upper Deck Co.,* 334 F.3d 1366, 1369-70, 67 U.S.P.Q.2d 1374, 1376 (Fed. Cir. 2003); *Procter & Gamble Co. v. Paragon Trade Brands, Inc.,* 917 F. Supp. 305, 311, 38 U.S.P.Q.2d 1678, 1683 (D. Del. 1995) ("A decision regarding standing is not a decision on the merits."). Given that this case has been fully discovered, nothing new would happen, and the Board would simply have to consider the exact same evidence once more, in its entirety.[10] This would do nothing more than delay the inevitable conclusion, thus placing a significant burden on both the Board and the parties, without benefiting any. Such an outcome

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[10] On this point, it should be noted that Applicant did not raise standing as an affirmative defense in its Answer to the Notice of Opposition, but has instead raised it later in the proceedings after extensive discovery had been taken on the substantive issues of the Opposition. Applicant's standing contention is therefore not only wrong, it is also untimely. *But see Citicorp v. Morley Cos.,* 2004 WL 838401 (T.T.A.B. Sept. 16, 2003) (This decision may not be cited as precedent of the Trademark Trial & Appeal Board). Interestingly, if the Opposition had been filed in the name of the Texas general partnership or in the names of its individual members, as Applicant seems to suggest, Applicant would undoubtedly have asserted that such entities lacked standing based on the creation of the LLC prior to the filing of the Opposition and the filing of the 2002 and 2003 business tax returns in the name of the LLC. Simply stated, the LLC is the real party in interest and the proper Opposer. Nevertheless, FED. R. CIV. P. 17(a) provides in pertinent part:

> No action shall be dismissed on the ground that it is not prosecuted in the name of the real party in interest until a reasonable time has been allowed after objection for . . . joinder . . . of, the real party in interest; and such . . . joinder . . . shall have the same effect as if the action had been commenced in the name of the real party in interest.

Thus, the Board could, on its own motion, simply add the Texas General Partnership and/or its individual members (residents of Texas) as parties Opposer (thus combining every "Texas" entity

squarely contradicts the established public policy of promoting judicial economy through the prevention of needless, duplicative litigation. *See Parklane Hosiery Co. v. Shore,* 439 U.S. 322, 326, 99 S.Ct. 645, 649 (1979). Given these public policy concerns, and the Board's and the Federal Circuit's history of liberally interpreting the standing requirement for oppositions, Opposer's standing in the present Opposition should be beyond dispute.

B. APPLICANT'S CLAIMS OF FRAUD ARE WHOLLY IMMATERIAL AND INAPPROPRIATE.

Having failed to support its red herring standing argument, Applicant next resorts to a futile attack on Opposer's veracity. Both of Applicant's claims of fraud – one pertaining to Mike Luce and the other pertaining to Stevie Benton – are wholly immaterial.

First, Applicant inappropriately focuses on the dates on which Mike Luce signed two trademark applications. (Applicant's Motion for Reconsideration at 4-5). But, as Applicant's own cases acknowledge, one of the required elements of a fraud claim is that the alleged falsity be material. *E.g., Standard Knitting Ltd. v. Toyota Jidosha Kabushiki Kaisha*, 77 U.S.P.Q.2d 1917, 1926 (T.T.A.B. 2006) ("[T]o constitute fraud on the PTO, the statement must be (1) false, (2) a material representation and (3) made knowingly.") (citations omitted). And as discussed in detail footnote 6 above, these applications are immaterial to the standing issue, as noted in the *Kingsmen* case on which Applicant relied so heavily in its Trial Brief. Nothing further need be added on this point, other than to note the disingenuous of Applicant's attempt to argue that the applications were material to the standing issue when *Kingsmen* held that they were not.

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that has had rights in the Drowning Pool mark) and proceed to dispose of the Opposition on the reasoning that it has already proffered.

Applicant next launches an unjustified and unfair personal attack on Stevie Benton based on Mr. Benton's embellishment of how Opposer selected its Drowning Pool mark, an embellishment fitting of a rock band. (Applicant's Motion for Reconsideration at 5-8). Such embellishment mistakenly found its way into Mr. Benton's Declaration and, unsolicited, the oversight was brought to the attention of the Board by Mr. Benton. (Benton Dep. I 62:21 to 64:8). Specifically, Mr. Benton admitted that the embellishment had been recited to the press as a humorous story of the inspiration behind Applicant's adoption of its mark Drowning Pool, and explained that its inclusion in his declaration was initially overlooked. (Benton Dep. II 25:8 to 28:20). Yet Applicant ignores Mr. Benton's candidness about his self-corrected error.

Even more egregious, Applicant again utterly fails to show how Mr. Benton's self-corrected error is somehow "material." Applicant alleges that Mr. Benton's Declaration was material because Opposed used it to establish a date of first use, namely 1995. (Applicant's Motion for Reconsideration at 5). But the self-corrected error dealt with *why* Mr. Benton coined the name Drowning Pool,[11] not *when* the name was coined. Applicant has simply confused the standard – the question is not whether Mr. Benton's *Declaration* is material (it clearly is); but rather whether the *alleged falsity contained therein* is material (it clearly is not).

Applicant next moves to disputing Mr. Benton's testimony regarding: 1) who coined the name Drowning Pool; 2) who created the band Drowning Pool; and 3) whether Mr. Benton appeared on the "Lost in Dallas" album. (Applicant's Motion for Reconsideration at 6). But Applicant does not even *attempt* to allege that any of these

three issues are in any way material to the instant Opposition. Applicant then amazingly asks the Board to reconsider its decision not to dismiss the Opposition based on the existence of these immaterial issues of fact. This requested relief is not merely disproportionate, it is disconsonant, and it is telling that Applicant cites to no case in which an Opposition was dismissed simply because of the existence of a disputed immaterial fact.

C. THE BOARD HAS ALREADY EXHAUSTIVELY ANALYZED APPLICANT'S ABANDONMENT OF THE DROWNING POOL MARK, AND APPLICANT PRESENTS NO NEW FACTS OR ARGUMENTS IN ITS MOTION TO RECONSIDER TO QUESTION THE PROPRIETY OF THIS ANALYSIS.

The Board in its Opinion has already considered in exhaustive detail, and has already rejected, each of Applicant's various futile arguments against the obvious conclusion that Applicant both 1) affirmatively abandoned the Drowning Pool mark when it changed its name to Mumbles; and 2) presumptively abandoned the Drowning Pool mark based on its failure to make bona fide use of the mark for various three-year periods. In Section IV of its Motion for Reconsideration, Applicant asks the Board to completely reconsider its exhaustive analysis on these points, but provides no new arguments to support its request. Because the Board has already applied the correct law to accurate factual findings, there is no reason why the Board's previous final decision should be reconsidered, much less changed. Therefore, there is simply no benefit in readdressing the Board's rejection of Applicant's factual arguments as a result of which Applicant's Motion for Reconsideration should be denied.

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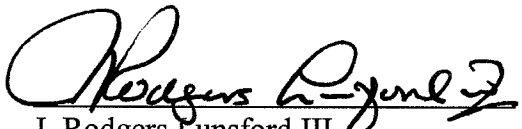
[11] Specifically, whether Mr. Benton coined the name because a movie of the same name was playing during a "significant personal experience." (Benton Dep. I 62:21 to 64:8; Benton Dep. II 25:8 to 28:20).

III. CONCLUSION.

For all the reasons stated herein and in Opposer's Trial Brief, Applicant has abandoned ownership of the Drowning Pool mark and, as a result, the Opposition should be sustained. Applicant has provided nothing new in its Motion for Reconsideration and its Motion should be denied.

This 29th day of August, 2007.

Respectfully submitted,



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CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing OPPOSER'S REPSPONSE TO APPLICANT'S MOTION FOR RECONSIDERATION OF FINAL DECISION was mailed to the following via United States first class mail, postage prepaid:

Gordon E. Gray III
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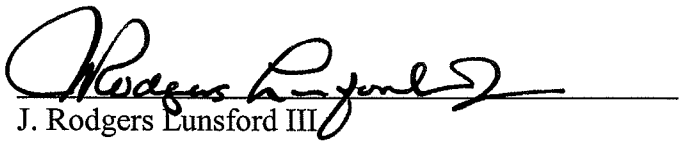
This 29th day of August, 2007.



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