ESTTA Tracking number: **ESTTA179267**

Filing date: **12/06/2007**

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

Proceeding	91157315
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Date	12/06/2007
Attachments	21799553.pdf (13 pages)(41577 bytes)

Attorney's Docket No.: 02103-008PP1

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

In the matter of Application Serial No. 76/304,063
For the Mark HEXAWAVE
Published in the Official Gazette on March 18, 2003 at TM 278

Bose Corporation, Opposer, v. Hexawave, Inc., Applicant.	Opposition No. 91157315

United States Patent and Trademark Office
Trademark Trial and Appeal Board
P.O. Box 1451
Alexandria, VA 22313-1451

REQUEST FOR RECONSIDERATION OR MODIFICATION OF THE DECISION DATED NOVEMBER 6, 2007

Under the provisions of 37 C.F.R. § 2.144 applicant respectfully requests that the Trademark Trial and Appeal Board reconsider its decision mailed November 6, 2007 finding that Bose committed fraud on the USPTO in maintaining Registration No. 1,644,789, and ordering the cancellation of the registration, or modify the decision to require that Bose amend the goods identified in the registration to delete "audio tape players and cassette recorders", for the reasons set forth below.

I THE DECISION OVERLOOKED THE PLAIN LANGUAGE OF THE STATUTE THAT SAYS A MARK IS USED ON GOODS WHEN IT IS PLACED IN ANY MANNER ON THE GOODS AND THE GOODS ARE TRANSPORTED IN COMMERCE.

The Board erred when it held that a trademark owner must "own" the goods at the time it transports them in commerce in order to satisfy the Lanham Act's definition of "use in commerce" set forth in 15 USC § 1127. Slip Op. 12-13. The plain language of the statute does not require such a showing. 15 U.S.C. § 1127.

15 U.S.C. § 1127 sets forth the requirements for "use" of a mark "in commerce":

> The term "use in commerce" means the bona fide use of a mark in the ordinary course of trade, and not made merely to reserve a right in a mark. For purposes of this chapter, 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, or if the nature of the goods makes such placement impracticable, then on documents associated with the goods or their sale, and (B) the goods are sold or transported in commerce. 15 U.S.C. § 1127 (emphasis added).

The statute simply requires that a mark be placed on goods and the goods be transported in commerce, actions which Bose undertook when it applied the WAVE mark to the goods in question, and subsequently repaired and transported those goods in commerce to customers. The statute does not require that Bose have "legal title" to the goods at the time it transports them. *See* 15.U.S.C. § 1127.

The Board also erred to the extent it held that the time between Bose applying the WAVE mark to the goods and Bose transporting the goods preclude Bose from being in compliance with the statutory requirements of 15 U.S.C. § 1127. Slip op. 15-16. The statute does not require objective "timeliness" between the acts of "placing" and "transporting." *See* 15 U.S.C. § 1127.

II THE BOARD'S DECISION RELIED ON CASE LAW THAT IS INAPPLICABLE HERE, AND THUS THE BOARD HAS NOT SHOWN THAT BOSE'S STATEMENTS IN THE SECTION 8/9 RENEWAL WERE FALSE.

When Bose applied the WAVE mark to the goods in question and subsequently repaired and transported the goods in commerce, Bose satisfied the statutory definition of use in commerce. Although the Board faults Bose for failing to point to case law that is on point, neither Applicant nor the Board has produced any case law to the contrary.

Instead, the Board misapplies the holding in *Standard Pressed Steel Co. v. Midwest Chrome Process Co.*, 183 USPQ 758 (TTAB 1974) and concludes that Bose was required to have "ownership of the goods" at the time it transported the goods, in order to satisfy the statutory definition of use in commerce. Slip op. 15-16. The Board also misreads *Karl Storz Endoscopy-America v. Surgical Technologies, Inc.*, 285 F.3d 848 (9th Cir. 2002) as stating unequivocally that repair and return of trademarked goods to the entity who requested the repair can never result in a use in commerce. Bose respectfully requests that the Board reconsider its finding that Bose's statements in the Section 8/9 renewal for Registration No. 1,633,789 were false.

1. *Standard Pressed Steel* Does Not Require That Bose Have Legal Title In The Goods.

Contrary to the Board's assertion, *Standard Pressed Steel* does not stand for the proposition that a party must have ownership in the form of legal "title" to the goods at the time they are transported in order to meet the statutory definition of "use in commerce." Slip Op. 12-13; *see also*, *Standard Pressed Steel*, 183 USPQ at 765; 15 U.S.C. § 1127. The holding in *Standard Pressed Steel* instead distinguished between transporting that is done by the party who is the source of the goods (thus the "owner" of the goods) and transporting that is done by a party

who is not the source of the goods (and thus not an "owner" of the goods). *Id.* In that case, the Board determined that the applicant did not use its mark in commerce (despite placing the mark on goods and transporting the goods in commerce) because applicant was at no time the *source* of those goods. *Id.* Instead, the Board found that the applicant had merely performed a service (plating the goods) and that such activity did not create trademark rights in applicant's mark for goods that it did not source:

> It is readily apparent that applicant was not at that time and is not now commercially engaged either in the manufacture and/or sale of fasteners as such; that applicant's primary business is the job plating of fasteners and other metal parts produced and/or owned by others; that applicant has used and/or sold the mark "UNBAR" solely to identify a proprietary plating process; and that the fasteners involved in these shipments were plated with the "UNBAR" process and used to demonstrate and solicit sales for the "UNBAR" process rather than to promote the sale of fasteners. Thus, under this set of circumstances, it must be concluded that the initial shipment in commerce on which the subject application is predicated constitutes an insufficient basis or foundation for the registration of "UNBAR" as a trademark for fasteners. *Id.* (emphasis added).

The Board in *Standard Pressed Steel* noted that "the key is title and ownership", and the Board has grasped onto this language to support its contention that Bose needed to possess legal "title" to the WAVE goods at the time it repaired and transported them to customers. Slip Op. 13; *Standard Pressed Steel*, 183 USPQ at 765. However, the Board in that case used the terms "title" and "ownership" to identify the party who was the ultimate *single source* of the goods, notwithstanding that they may have engaged another party to manufacture the goods for them, and from whom they would have to obtain "ownership and title" of the goods:

> There is no question but that a party need not be a manufacturer of goods to own a trademark. In fact, any person, in the normal channels of distribution including a manufacturer...can be the owner of a trademark "in commerce" if he applies or has someone in his behalf apply his own trademark to the goods to which he has acquired ownership and title and sells or merely transports such goods in commerce as his own product with the mark, as applied thereto, serving to identify the particular product as emanating from the shipper or seller in his own capacity. The essence is title and ownership which bestows upon the person possessing such attributes the unhampered right or freedom to dispose of his products in any manner appropriate and consonant with law. *Id.* (emphasis added).

Here, the Board appears to misapprehend the distinction between having legal title to goods and being the source of the goods, classifying both concepts under same rubric of "ownership". In supposed contrast to the holding in *Standard Pressed Steel*, the Board points to a number of cases where transportation of goods was found to be use in commerce, and notes that "in all of these examples the entity transporting the goods owned the goods at the time of transportation." Slip Op. 13-14. However, these cases are *not* noteworthy because the parties asserting use in commerce had *legal title* to the goods when they transported them, but rather, they are noteworthy because the parties who transported the goods and claimed use in commerce were the *source of the goods*, unlike the applicant in *Standard Pressed Steel*. *Standard Pressed Steel*, 183 USPQ at 765; *see also, e.g.*, *International Mobile Machines Corp. v. International Tel. & Tel. Corp.*, 800 F.2d 1118, (Fed. Cir. 1986).

By the Board's definition, anytime a trademark owner sold its goods to a third-party retailer or distributor, and thereby surrendered its legal title in the goods, the subsequent transporting of those goods by the retailer or distributor would not constitute use in commerce of the trademark owner's mark that would inure to the benefit of the trademark owner. Of course that cannot be the case.

Bose's position is not altered by the statutory definition of a "trademark" cited by the Board in its decision. Slip Op. 10. The Board should have given no consideration to Applicant's argument that "'[o]ne can hardly be said to be making use of one's mark on or in connection with certain goods when they are not one's own goods.'" Again, the Board is confusing source with title. The Act's definition of "trademark" is "any word, name, symbol, or device, or any combination thereof – (1) used by a person...to identify and distinguish his or her goods...and to indicate the source of the goods, even if the source is unknown." 15 U.S.C. § 1127 (emphasis added).

Bose acknowledges that once its WAVE goods are sold, legal title resides with the customers. However, the trademark significance of the WAVE mark on these goods does not cease when the goods are physically transferred from Bose to a customer. In taking possession of the goods the customer does not become the "source" of the goods or acquire rights in the trademark that appears on the goods. Neither is the trademark significance of a mark that appears on a product extinguished at the moment it is sold to a customer. The WAVE goods are Bose goods and remain so where they "identify and distinguish [Bose's] goods...and indicate the source of the goods" to be Bose. *See* 15 U.S.C. § 1127.

In addition, to the extent the Board found that the time between Bose placing the WAVE mark on the goods and Bose transporting the goods to customers precludes the transaction from qualifying as a use in commerce, Bose notes that the Board points to no case law or statutory language that requires objective "timeliness" between the acts of "placing" and "transporting."

2. *Karl Storz* Does Not Preclude A Finding That Repair And Transporting Of Goods Is A Use In Commerce.

The Board wrongly relies on *Karl Storz Endoscopy, Inc. v. Surgical Technologies, Inc.*, 285 F.3d 848 (9th Cir.) in concluding that Bose's transportation of WAVE goods back to customers after their repair by Bose does not constitute use in commerce. Slip. Op. 13. First of all, *Karl Storz* does *not* stand for the overarching proposition that a repair and subsequent transporting of goods can *never* be use in commerce of the mark that appears on the goods. *Karl Storz*, 285 F.3d at 855 ("[N]othing in the language of the statute itself expressly precludes a repair or reconstruction from constituting a 'use in commerce.'").

In fact, the court determined that in certain situations, the repair and subsequent transporting of goods *will* in fact constitute use in commerce: "We conclude that where the substance of [the third party's] repair or rebuild was the construction of a different product associated with the [trademark owner's] trademark, there was a use in commerce. *See id.* at 856 (emphasis added).

Primarily however, the Board's reliance on this case is misplaced because *Karl Storz* and the cases that follow it are not aligned with the present situation in respect of one critical fact: In *Karl Storz*, the party transporting the goods was *not* the trademark owner, but rather an unrelated third party, whereas here Bose is the trademark owner and source of the goods. *See id.* at 852. *See also, Cartier v. Symbolix, Inc.*, 454 F. Supp. 2d 17 (S.D.N.Y 2006); *Rolex Watch, U.S.A., Inc. v. Michel Co.*, 179 F.3d 704, 713-14 (9th Cir.1999). The *Karl Storz* court made clear that its inquiry was limited to the situation where the repair and transporting is done by a third party, *not* the trademark owner:

> There is no bright line test for determining whether a company that repairs or reconstructs goods and retains the original manufacturer's trademark on the goods is using the mark in commerce. However, there are a number of factors to consider in determining whether the company has made a different product." *Id.* at 856 (emphasis added).

Thus, to the extent the Board relies on *Karl Storz* in determining that Bose's repair and transporting of its own WAVE goods does not constitute use in commerce of the WAVE mark, this determination should be reconsidered where the *Karl Storz* facts are inapposite to the case at bar.

III. THE BOARD HAS NOT SHOWN THAT BOSE LACKED A REASONABLE AND HONEST BELIEF THAT STATEMENTS MADE IN THE SECTION 8/9 RENEWAL WERE TRUE.

The Board erred when it found that "it was not reasonable for [Bose] to believe that repair services constituted use of the mark in connection with the 'sale or transportation' of 'his or her [e.g., Bose's] goods.'" Slip. Op. 14. Without explanation, the Board rejects Bose's reliance on the plain statutory language of 15 U.S.C. § 1127 as evidence of Bose's reasonable belief that the WAVE mark was in use in commerce by virtue of the Bose repair and transporting program. As discussed above, the statute does not require that Bose have legal title to the goods at the time they are transported, in order for such an action to qualify as use in commerce.

Moreover, it was incorrect for the Board to hold that "nor is it clear from the record that opposer inquired as to its use on the goods prior to signing the Section 8/9 renewal or investigated whether such a belief regarding the repair was warranted." Slip. Op. 16. On the contrary, the record is replete with testimony and evidentiary submissions from Bose showing that Mr. Sullivan knew at the time the Section 8/9 renewal was

signed that the goods at issue, bearing the WAVE mark, were part of an on-going repair program, which involved transporting the goods to customers in commerce in boxes bearing the WAVE mark. *See, e.g.*, January 26, 2006 Deposition of Mark Sullivan, 17:10-13, and Exhibits 66-74 (hereinafter "Sullivan 1/26/06 Deposition"), and March 30, 2006 Deposition of Mark Sullivan (hereinafter "Sullivan 3/30/06 Deposition").

An unreasonable belief is one that is based upon a lack of inquiry, or an inquiry that is plainly insufficient. *See Medinol Ltd. v. Neuro Vasx, Inc.*, 67 USPQ.2d 1205, 1209-10 (TTAB 2003). Here, the Board offers no explanation as to why Bose's belief that the statements it made in the Section 8/9 renewal, which were based upon Bose's understanding of the plain language of the statute was unreasonable. Unlike the cases cited by the Board (Slip. Op. 15), there is no case law here that is directly on point – on either side of the issue – that would reduce Bose's belief that repairing and transporting goods bearing the WAVE mark constitutes use in commerce, to an unreasonable one. The absence of case law that addresses this precise issue cannot act as both a shield and a sword for the Board.

Moreover, there is ample evidence in the record that Bose had a reasonable belief that transporting the repaired WAVE goods back to customers constituted use of the goods in commerce. Mr. Sullivan, Bose's General Counsel, testified that at the time he signed the Section 8/9 renewal document, he understood that Bose was using the WAVE mark in commerce on the goods in question because it was repairing goods bearing the WAVE mark and subsequently transporting the goods back to customers in boxes bearing the WAVE mark. *See, e.g.,* Sullivan 1/26/06 Deposition, 11-12; 17:9-13. When Mr.

Sullivan was asked whether the statement made in the Section 8/9 renewal with respect to use of the goods in commerce was true, Mr. Sullivan responded:

A: Yes.
Q: Why was it true?
A: It's my understanding that at that time this product was being repaired. And in the process of repairs, the product was being transported back to customers.

Id. at 12:1-8.

Mr. Sullivan testified specifically about his reasonable belief that "transporting" the WAVE goods constitutes use in commerce:

Q: Okay. Now you understand that obviously selling a product constitutes use under trademark laws?
A: Yes.
Q: But you also understood separately that transporting constitutes sufficient use as well?
A: Yes.
Q: That's your testimony?
A: That's my testimony, yes.

Sullivan 3/31/2006 Deposition, 8:10-18.

Mr. Sullivan also testified at length about how the WAVE goods were transported to customers:

Q: Now when Bose finishes repairing a unit, they obviously have to package it to return it, if they're shipping it back to the sender?
A: Correct.
Q: Does Bose have any guidelines on how this is done?
A: It's, you know, again, there are—I'm certain there are guidelines.
Q: Okay.
A: If you want me to describe the guidelines, I can try to give you an idea of what I believe the guidelines are.
Q: If you could paraphrase or summarize, I'm sorry?
A: Usually the box-the request is that they return the unit in the box that it was purchased in. Usually that's what happens, and it's repacked and sent back in a new box. Sometimes, obviously the people don't keep the box. The product comes in however they've packaged it through the post office

or DHL or however they send it to the company and then Bose will have—repair it, repackage it in our own box and send it back to the customer.

Q: Okay.
A: So it's always sent back to the consumer in our own box.
Q: What does that box look like?
A: It's a box that the product is in. Maybe you could be more specific.
Q: Let me be more specific. What markings or labels does that box have?
A: I don't know exactly. I would assume it has the box that it would have been manufactured in.
Q: Okay. So you don't know if it would have said Wave on the outside of it or not?
A: It certainly would say Wave on the outside.

Id. at 15:23-24 -17:1-13 (emphasis added).

Mr. Sullivan's testimony that the WAVE mark was applied to boxes into which the repaired goods were placed prior to their being transported back to customers also evidences a reasonable belief that the WAVE mark was being used "in commerce" during the repair and transporting transaction.

The entire body of testimonial and documentary evidence supports only one conclusion: that Bose had a sufficiently reasonable belief that its repair and transporting of its own WAVE goods constituted use of the WAVE mark in commerce at the time Mr. Sullivan signed the Sec. 8/9 renewal.

Where "it is clear that not all incorrect statements constitute fraud", *Medinol v. Neuro-Vasx*, 67 USPQ.2d at 1210, to the extent the Board upholds its findings with respect to the use in commerce issue, but determines that Bose had a sufficiently reasonable belief that the statement made in the Section 8/9 renewal was true, Bose respectfully requests that the Board modify its November 6, 2008 decision to allow Registration No. 1, 633,789 to remain in force, with the addition of an amendment

deleting "AUDIO TAPE RECORDERS AND PLAYERS" and "AND CASSETTE RECORDER COMBINATIONS" from the identification of goods.

CONCLUSION

In view of the foregoing, it is respectfully requested that this request for reconsideration be reheard and Applicant's counterclaim dismissed, or in the alternative, that the Board modify its decision and allow Registration No. 1, 633,789 to remain in force, with the addition of an amendment deleting "AUDIO TAPE RECORDERS AND PLAYERS" and "AND CASSETTE RECORDER COMBINATIONS" from the identification of goods.

Respectfully submitted,

Date: December 6, 2007

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CERTIFICATE OF SERVICE

The undersigned hereby certifies that a copy of the foregoing Request for Reconsideration or Modification of the Decision Dated November 6, 2007 has this 6th of December 2007 been mailed by prepaid first class mail to the below-identified attorney at his/her place of business:

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