Hearing:
February 9, 2010

**THIS OPINION IS NOT A PRECEDENT OF THE TTAB**

Mailed:
April 23, 2010
Bucher

**UNITED STATES PATENT AND TRADEMARK OFFICE**

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**Trademark Trial and Appeal Board**

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Taiwan Semiconductor Manufacturing Co., Ltd.
v.
Semiconductor Manufacturing International (Shanghai) Corporation

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Opposition Nos. 91171146 and 91171147
against Serial Nos. 78377294 and 78377300

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Thomas C. Flynn and Bijal Vakil of White & Case LLP for Taiwan Semiconductor Manufacturing Co., Ltd.

Kristopher L. Reed and David E. Sipiora, of Townsend and Townsend and Crew LLP for Semiconductor Manufacturing International (Shanghai) Corporation.

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Before Bucher, Grendel and Kuhlke, Administrative Trademark Judges.

Opinion by Bucher, Administrative Trademark Judge:

Semiconductor Manufacturing International (Shanghai) Corporation seeks registration on the Principal Register of the following mark:

for goods and services identified as follows:

> "semiconductors and integrated circuits, semiconductors and integrated circuits, namely, application-specific integrated circuits, logic chips, mixed signal chips and memory chips; parts and chip packaging for semiconductors and integrated circuits, namely, application-specific integrated circuits, logic chips, mixed signal chips and memory chips; packaged semiconductors and integrated circuits, namely, application-specific integrated circuits, logic chips, mixed signal chips and memory chips; photo masks; integrated circuit cards and boards; wafers, namely, those comprising germanium/silicon; transistors; magnetic coded cards for use in consumer electronic products; printed circuits; blank smart cards and sim cards for use in consumer electronic products; micro display devices, namely, liquid crystal displays on silicon panel; epoxy probe cards for use in testing" in International Class 9;[1]
>
> "custom manufacture of wafers, semiconductors and integrated circuits, including application-specific integrated circuits, logic devices, mixed-signal devices and memory devices; manufacture of wafers, semiconductors and integrated circuits, including application-specific integrated circuits, logic devices, mixed-signal devices and memory devices, to the order and/or specification of others; wafer, semiconductor and integrated circuit manufacturing, assembling and packaging services to the order and/or specification of others; semiconductor and integrated circuit cutting, molding and etching to the order and/or specification of others; integrated circuit wafer foundry services to the order and/or specification of others; integrated circuit photo mask and electronic chip or computer chip manufacturing to the order and/or specification of others; wafer, chip and semiconductor manufacturing to the order and/or specification of others, integrated circuit assembling services to the order and/or specification of others; silicon wafer photolithography, etching, thin film, diffusion, ion implanting and chemical mechanical polishing services to the order and/or specification of others; manufacture of printed circuits to the order and/or specification of others; photo mask manufacturing services to the order and/or specification of others; wafer probing services to the

[1] Serial No. 78377294 was filed on March 2, 2004 based upon applicant's allegation of a *bona fide* intention to use the mark in commerce.

order and/or specification of others; manufacture of micro display devices, including liquid crystal on silicon devices, to the order and/or specification of others; manufacture of smart cards and sim cards to the order and/or specification of others" in International Class 40 [2]

and

"design of wafers, semiconductors and integrated circuits, including application-specific integrated circuits, logic devices, mixed-signal devices and memory devices, for others; custom design of wafers, semiconductors and integrated circuits, including application-specific integrated circuits, logic devices, mixed-signal devices and memory devices, to the specification of others; simulation, namely, testing, verification and analysis of wafers, semiconductors and integrated circuits, including application-specific integrated circuits, logic devices, mixed-signal devices and memory devices, for others; design of printed circuits for others; photo mask design services for others; design of micro display devices, including liquid crystal on silicon devices, for others; design of smart cards and sim cards for others" in International Class 42.[3]

Registration has been opposed by Taiwan Semiconductor Manufacturing Co., Ltd. As its grounds for opposition, opposer asserts that applicant's mark when used in connection with its goods and services so resembles opposer's previously used and registered marks as shown below:

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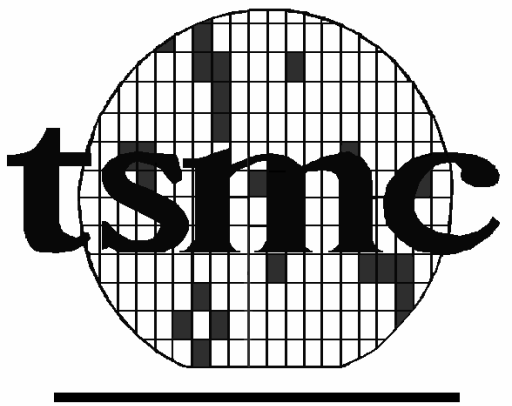
[2] Application Serial No. 78377300 was also filed on March 2, 2004, with the services in International Class 40 based upon claims of first use anywhere and first use in commerce at least as early as March 1, 2004.

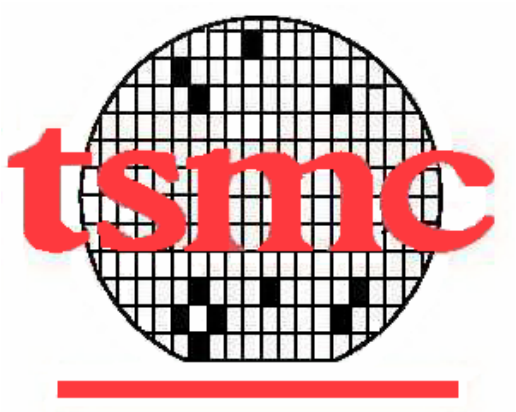
[3] *Id.* Services in International Class 42 are based upon applicant's allegation of a *bona fide* intention to use the mark in commerce.




for "semiconductors and integrated circuits" in International Class 9;[4] and

for "custom manufacture of semiconductor wafers and integrated circuits" in International Class 40;[5]

and




for "custom manufacture of semiconductors, memory chips, wafers and integrated circuits" in International Class 40;

for "product research, custom design and testing for new product development, and technology consultation services regarding electrical and electronic products, semiconductors, semiconductor systems, semiconductor

[4] Registration No. 1869425 issued on December 27, 1994; renewed. The lining is a feature of the mark and does not indicate color.

[5] Registration No. 2227071 issued on March 2, 1999; renewed. The lining shown in the mark is a feature of the mark and is not intended to indicate color. The mark consists in part of a stylized printed circuit board design.

cell libraries, wafer and integrated circuits" in International Class 42;[6] and

for "semiconductors, memory chips, wafers and integrated circuits" in International Class 9,[7]

as to be likely to cause confusion, to cause mistake or to deceive under Section 2(d) of the Lanham Act, 15 U.S.C. § 1052(d). Notice of Opposition ¶ 8. In addition, opposer asserts a claim of dilution under Section 43(c) of the Trademark Act, 15 U.S.C. § 1125(c). Notice of Opposition ¶¶ 5, 7, 9 and 10. However, inasmuch as opposer has not argued dilution in its brief, we have only considered the claim of priority of use and likelihood of confusion under Trademark Act Section 2(d), 15 U.S.C. § 1052(d).

Applicant, in each of its answers, denied the essential allegations in the oppositions. The two oppositions were consolidated for purposes of trial, briefing and oral argument, and will be decided herein with a single decision.

[6] Registration No. 3011280 issued on November 1, 2005. The color red is claimed as a feature of the mark. The color red appears in the lettering TSMC as well as in the horizontal line beneath the lettering.

[7] Registration No. 3011498 issued on November 1, 2005. The color red is claimed as a feature of the mark. The color red appears in the lettering TSMC as well as in the horizontal line beneath the lettering.

## ***Preliminary Matters***

### ***Applicant's Objections to Trial Testimony of Brad Paulsen and Charles Byers as to issue of likelihood of confusion:***

Applicant objects to portions of the trial testimony declarations (as well as any citations thereto) of two of opposer's employees, Charles Byers and Brad Paulsen,[8] as containing lay witnesses improperly offering opinion testimony based upon scientific, technical, or other specialized knowledge, in violation of Rule 701 and Rule 702 of the Federal Rules of Evidence.

Both Mr. Byers and Mr. Paulsen declared that members of the relevant public could be misled into associating applicant with opposer due to the alleged similarities between the parties' marks. First, we find that this opinion testimony satisfies the rational-basis and helpfulness requirements of Fed. R. Evid. 701, and thus is admissible as lay opinion testimony under that Rule. Hence, this objection is overruled. On the other hand, the ultimate question of likelihood of confusion under Section 2(d) is one of law for this tribunal, and we have given no weight to the speculations of Mr. Byers and Mr. Paulsen on this point. *See The Mennen Co. v. Yamanouchi*

[8] Charles Byers testimony declaration, ¶ 28, and Brad Paulsen testimony declaration, ¶ 19.

*Pharmaceutical Co., Ltd.*, 203 USPQ 302, 305 (TTAB 1979). We note further that their opinion testimony has minimal probative value as to consumer perception.

***Applicant's Objections (based on relevancy) to Trial Testimony Declaration of Dr. Richard Thurston as to litigation and settlement agreement between opposer and applicant***

Applicant objects to portions of the trial testimony declaration of Dr. Richard Thurston[9] as irrelevant and hence inadmissible under Rules 401 and 402 of the Federal Rules of Evidence, claiming that there is nothing in these records showing that any of the previous disputes and litigations referenced by Dr. Thurston involved any of the marks involved in this proceeding.

However, we find that even if these previous disputes did not involve any of the marks involved in this proceeding, this trial testimony declaration satisfied the lenient standard for relevance under Rule 401 of the Federal Rule of Evidence.[10] To the extent this testimony is not otherwise found inadmissible, evidence of an

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[9] Richard Thurston testimony declaration, ¶¶ 8-19.

[10] **Rule 401. Definition of "Relevant Evidence"**
"Relevant evidence" means evidence having any tendency to make the existence of any fact that is of consequence to the determination of the action more probable or less probable than it would be without the evidence.

applicant's bad faith adoption of its mark is relevant to our likelihood of confusion analysis under several of the listed *du Pont* factors.[11] Hence, this objection is overruled.

***Applicant's Objections (based on inadmissibility of settlement agreements and negotiations) to Trial Testimony Declaration of Dr. Richard Thurston***

Finally, applicant objects to evidence of the settlement negotiations and a subsequent 2005 agreement referenced in the trial testimony declaration of Dr. Richard Thurston[12] as violating Rule 408 of the Federal Rules of Evidence.

However, we agree with opposer that nothing in this declaration or the attached exhibits is evidence of any negotiation or of any positions taken by either party during negotiations related to this trademark opposition, nor does it involve confidential information. The relevant documents are publicly available documents – including some made available by applicant – referencing a concluded agreement between the parties that resolved issues in other intellectual property litigation. These

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[11] *L.C. Licensing Inc. v. Cary Berman*, 86 USPQ2d 1883 (TTAB 2008).

[12] Richard Thurston testimony declaration, ¶¶ 8-19.

documents and related portions of Dr. Thurston's testimony declaration provide context for these trademark oppositions – not to prove liability in this trademark action or to prove the amount recoverable in this trademark action. Hence, this objection is overruled.

## ***The Record***

In addition to the pleadings, the files of opposed application Serial Nos. 78377294 and 78377300 are part of the record without any action by the parties. Trademark Rule 2.122(b), 37 C.F.R. § 2.122(b). Additionally, opposer introduced the following evidence:[13]

- The testimony declaration of Dr. Richard L. Thurston and exhibits [A-K] thereto, taken on January 16, 2009, served on January 23, 2009, and filed on July 2, 2009;
- The testimony declaration of Bradford Paulsen and exhibits [A & B] thereto, taken on January 21, 2009, served on January 23, 2009, and filed on July 2, 2009;
- The testimony declaration of Charles Byers and exhibits [A-N] thereto, taken on January 23, 2009, served on January 23, 2009, and filed on July 2, 2009;
- The testimony deposition of Bradford Paulsen and exhibits [1-36] thereto, taken on February 5, 2009, filed on July 2, 2009;
- Opposer's first Notice of Reliance and exhibits [A&B] thereto, served and filed on February 13, 2009; and

[13] The parties stipulated to allow certain testimony by affidavit or declaration. Trademark Rule 2.123(b).

opposer's second Notice of Reliance in Reply to Testimony of Applicant SMIC and exhibits [A-E] thereto, served and filed May 26, 2009.

- The testimony declaration of Yung Liu and exhibits [1-6] thereto, taken and served on March 31, 2009, and filed on April 13, 2009;
- The testimony declaration of Ching-Chen Chang (Francis Chang) and exhibits [A-D] thereto, taken and served on March 31, 2009, and filed on April 13, 2009;
- The cross-examination testimony deposition of Yung Liu and exhibits [1-3] thereto, taken April 7, 2009;
- The cross-examination testimony deposition of Ching-Chen Chang and exhibits [1-4] thereto, taken April 8, 2009;

Applicant introduced into the record the following evidence:

- Applicant's Notice of Reliance and exhibits thereto, served April 10, 2009 and filed on April 13, 2009.

## ***Factual Findings***

### ***Opposer***

Opposer was founded in 1987 based upon a new business model, namely the world's first dedicated semiconductor foundry. It provides a full range of semiconductor manufacturing and related services to companies that design and sell semiconductors and integrated circuits. As seen in the recitations above, these services include integrated circuit design services, mask services, wafer

fabrication services, assembly and test services, prototyping services, and design for manufacturing services. Many of the companies that use opposer's services do not operate their own fabrication facilities ("fabs"), and are therefore known as "fabless" semiconductor companies. Before TSMC was established, semiconductor companies usually performed both design and manufacturing services. According to opposer, with the creation of this radical new business model, it was able to focus on its own capital-intensive, fabrication process technology, manufacturing excellence, delivery, and customer service. This separation of operations allowed its customers, the "fabless" semiconductor companies, to focus solely on software innovation and design. A significant portion of opposer's sales have been to companies headquartered in the United States.

***Applicant***

Applicant was founded in 2000, and operates semiconductor fabrication facilities throughout China, with customer service and marketing offices in the United States, Europe, and Japan. On August 15, 2001, applicant filed an application to register an earlier version of its

house mark, shown at right.[14] Less than two weeks after filing this application, applicant announced the adoption of the mark shown on the first page of this decision, which is the mark shown in the drawings of both opposed applications herein.


## ***Standing and Priority***

Because opposer has properly made its pleaded registrations of record, and because opposer's likelihood of confusion claim is not wholly without merit, we find that opposer has established its standing to oppose registration of applicant's mark. *See Lipton Industries, Inc. v. Ralston Purina Co.*, 670 F.2d 1024, 213 USPQ 185 (CCPA 1982); *see also Cunningham v. Laser Golf Corp.*, 222 F.3d 943, 55 USPQ2d 1842 (Fed. Cir. 2000).

Moreover, because opposer has made the pleaded registrations summarized above properly of record, Section 2(d) priority is not an issue in this case as to the marks

[14] Serial No. 76299389 for "custom manufacture of semiconductor wafers and integrated circuits" was filed on August 15, 2001, with a claim of priority in the U.S. under Section 44(d) of the Act, based upon a Taiwanese application. This application was abandoned July 25, 2003 based upon applicant's failure to respond to an Office Action.

and goods and services covered by said registrations. *See King Candy Co. v. Eunice King's Kitchen, Inc.*, 496 F.2d 1400, 182 USPQ 108 (CCPA 1974).

## ***Likelihood of Confusion***

### ***The renown of the prior mark***

Opposer has been using its TSMC and design mark continuously since August 1988, and has spent many years and millions of dollars building its reputation and goodwill. Between media advertising and industry technology symposia costs, opposer spends well in excess of a million dollars each year in the U.S. Opposer continues as the world's largest dedicated semiconductor foundry. A significant intellectual property portfolio reflects its commitment to innovation. Over the years, opposer has been recognized with many awards of excellence. Although exact figures are confidential, the value of the TSMC brand in the United States, as set by a global brand consultancy firm in 2005, is in the neighborhood of ten billion dollars US. Fame "varies along a spectrum from very strong to very weak." *In re Coors Brewing Co.*, 343 F.3d 1340, 68 USPQ2d 1059 (Fed. Cir. 2003). "Because of the extreme deference that we accord a famous mark in terms of the wide latitude of legal protection it receives,

and the dominant role fame plays in the likelihood of confusion analysis, it is the duty of the party asserting that its mark is famous to clearly prove it." *Lacoste Alligator S.A. v. Maxoly Inc.*, 91 USPQ2d 1594, 1597 (TTAB 2009). As a result of this evidence, we conclude that opposer's mark when used in connection with its goods and services in the semiconductor industry, while not famous at the far end of the spectrum, has achieved a high degree of public recognition and renown. For these reasons, we find that this critical *du Pont* factor weighs in favor of a finding of likelihood of confusion.

***Relationship of the goods and services:***

Both parties in this proceeding operate large, dedicated semiconductor foundries. We find, first, that applicant's goods and services as identified in the applications are *identical* to the goods and services identified in opposer's registrations, i.e., semiconductors, memory chips, integrated circuits in International Class 9 [Registration Nos. 1869425 and 3011498 versus Serial No. 78377294]; custom manufacturing of the above goods in International Class 40 [Registration No. 2227071 and Class 40 in Registration No. 3011280 versus Class 40 services in Serial No. 78377300]; and design,

testing, etc., of the above goods in International Class 42 [Class 42 services in Registration No. 3011280 versus Class 42 services in Serial No. 78377300].

***The similarity of trade channels***

We further find that these identical goods and services are or would be marketed in identical trade channels to identical classes of customers. None of applicant's and none of opposer's identifications of goods and/or recitations of services includes any limitations or restrictions as to the trade channels or purchasers for the goods and services, and we therefore presume that the identified goods include all types of semiconductors, memory chips, and integrated circuits, and that the custom manufacturing, design and testing services are all marketed in all normal trade channels and to all normal classes of purchasers for such goods and services. *In re Elbaum*, 211 USPQ 639 (TTAB 1981). For these reasons, we find that the third *du Pont* factor also weighs in favor of a finding of likelihood of confusion.

***Similarity of the marks***

We now turn to consider the similarity or dissimilarity of the marks when compared in their entireties in terms of appearance, sound, connotation and

commercial impression. *See Palm Bay Imports, Inc. v. Veuve Clicquot Ponsardin Maison Fondee En 1772*, 396 F.3d 1369, 73 USPQ2d 1689 (Fed. Cir. 2005).

We make this determination in accordance with the following principles. The test, under this *du Pont* factor, is not whether the marks can be distinguished when subjected to a side-by-side comparison, but rather whether the marks are sufficiently similar in terms of their overall commercial impressions that confusion as to the source of the goods and services offered under the respective marks is likely to result.

Moreover, in cases such as this, where applicant's goods and services are identical to the opposer's goods and services, the degree of similarity between the marks that is required to support a finding of likely confusion is less than it would be if the goods and services were not identical. *Century 21 Real Estate Corp. v. Century Life of America*, 970 F.2d 874, 877, 23 USPQ2d 1698, 1701 (Fed. Cir. 1992), *cert. denied* 506 U.S. 1034 (1992).

While applicant is correct in noting that the marks must be compared in their entireties, it is well settled that more weight may be given to one feature of a mark if such feature is more prominent. *See In re National Data Corp.*, 732 F.2d 1056, 224 USPQ 749, 751 (Fed. Cir. 1985)

["[T]here is nothing improper in stating that, for rational reasons, more or less weight has been given to a particular feature of a mark, provided the ultimate conclusion rests on consideration of the marks in their entireties. Indeed, this type of analysis appears to be unavoidable"].

We find that the most prominent features of both parties' marks are the imagery of a circular wafer grid combined with the placement of multiple letters across the center of them.

In both marks, the circular wafer design has a solid line outer boundary and is subdivided into small rectangular or square sections. Both marks contain four initials vertically centered over the circular wafer element, with the first and final letters of both the letters TSMC and SMIC extending beyond the outer boundary of the wafer element. Of the respective four-letter initialisms of the parties, they each contain three of the same letters ("S," "M" and "C"). And finally, the same three letters are presented in exactly the same order.

Opposer's "Corporate Identity Systems Manual" refers to its logotype as being depicted in "lower-case Times New Roman Bold" lettering. While applicant is correct that its letters are upper-case, italicized and *sans serif*, the

overall similarity in non-distinctive, traditional fonts is obvious.

Our principal reviewing Court has held that arbitrary arrangements of letters should be given a wide scope of protection, given that the recall among purchasers is often hazy and imperfect under these circumstances:

> On the issue that letters are confusing, this court also agrees with the Board. It is more difficult to remember a series of arbitrarily arranged letters than it is to remember figures. *Dere v. Institute for Scientific Information, Inc.*, 420 F.2d 1068, 1069, 164 USPQ 347, 348 (CCPA 1970). *See also Crystal Corp. v. Manhattan Chemical Manufacturing Co.*, 75 F.2d 506 (CCPA 1935); *Edison Brothers Stores v. Brutting E.B. Sport-International*, 230 USPQ 530, 533 (TTAB 1986).

*Weiss Associates Inc. v. HRL Associates Inc.*, 902 F.2d 1546, 14 USPQ2d 1840 (Fed. Cir. 1990). In at least one case where the goods were not even competitive, similar letters were sufficient to find a likelihood of confusion: "But defendant mistakes the degree of similarity that is required in such circumstances. Initials, by their very nature, are abbreviations, a shortened version designed to be comprehended at a glance. If the number of letters is the same, and there is a significant overlap in the letters used, that is generally sufficient to sustain a claim of similarity." *Continental Connector Corp., v. Continental Services Corp.,* 492 F.Supp 1088, 207 USPQ 60, 65-66

(D. Conn. 1979) [**CCC** and **CSC** found confusingly similar]]; *see also Jackes-Evans Manufacturing Co. v. Jaybee Manufacturing Corp.*, 481 F.2d 1342, 179 USPQ 81 (CCPA 1973)[**JE** and **JB** found confusingly similar]; and *Helen Schy-Man-Ski & Sons v. S.S.S. Co.*, 73 F.2d 624, 23 USPQ 286 (CCPA 1934) [**S.M.S.** and **S.S.S.** found confusingly similar].

While both marks are clearly abbreviations for the respective company names, when used as the parties' house marks, the letter combinations have to be viewed as arbitrary.

Applying these principles in the present case, we find, first, that applicant's mark is similar to opposer's registered marks in terms of appearance.

Similarly, as to connotation, inasmuch as both letter combinations are arbitrary in the context of the relevant goods and services, it would be hard to argue that such similar marks could create different meanings.

While as spoken there are clear differences in the beginning sounds of the leading letters, this alone is not enough to create sufficient distinctions in the highly-similar commercial impressions created by the respective marks.

We agree with opposer that it is the cumulative effect of several characteristics of opposer's and

applicant's marks that create a similar commercial impression: the design of a circle with the pattern of small rectangles or squares, the use of a four-letter initialism (including three of the same letters, occurring in the same order) vertically-entered across the center of the wafer, without any other distinctive flourishes.

In comparing the marks within the above-noted legal parameters and taking into account the renown of opposer's marks, we find the points of similarity outweigh the dissimilarities. *Esso Standard Oil Co. v. Sun Oil Co.*, 229 F.2d 37, 108 USPQ 161, 163 (D.C. Cir. 1956).

***The number and nature of similar marks in use on similar goods and services***

Applicant has placed into the record examples of third parties in the field of semiconductor fabrication and related fields having composite marks which have a printed circuit board, or "wafer" design. Some are drawn from trademark registrations and others from the Internet:

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[16]

[17]

[18]

[19]

[20]

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[15] For, *inter alia*, "original equipment manufactured products, namely, electronic image processing units sold to automated electronics production equipment manufacturers for insertion in their equipment" in International Class 9. The owner of Registration No. 1501021 (issued on August 23, 1988; renewed) offers vision and inspection solutions for the semiconductor and the electronics assembly markets, not semiconductor manufacturing services.

[16] According to opposer's research, Waftech SDN BHD makes wafer handling equipment but not the wafers themselves. http://semiconwest08.bdmetrics.com/portal/ViewCompany.aspx?id=5325530

[17] In addition to the fact that this registration was cancelled under Section 8 of the Act, this mark was registered for use on a myriad of goods and services unrelated to the goods and services sold by applicant and opposer. Registration No. 2745977 issued on August 5, 2003.

[18] For "measuring instruments for measuring light or light patterns, distances, temperature, pressure, or liquid or gas flow, analog and digital semiconductor circuits, sensors, electronic actuators, integrated circuits, chips, data carriers provided with layouts" in International Class 9. The owner of Registration No. 1494812 (issued on July 5, 1988; renewed) manufactures machine tools and measuring instruments, and as such it does not appear to be a dedicated semiconductor foundry.

[19] Eltek appears to be a reseller of products made by other companies. http://www.eltek-semi.com/

[20] As the name suggests, HTA Photomask manufactures photomasks, a small step of the semiconductor manufacturing process. http://www.htaphotomask.com/

[21]

[22]

[23]

[24]

[25]

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[21] For "installation and repair of electronic diagnostic apparatus, namely, equipment used to test semiconductor wafers and integrated circuits; repair of lasers used in the manufacture of semiconductor wafers" in International Class 37; "manufacture of semiconductors, integrated circuits, silicon chips and silicon wafers to order and specification of others; custom assembly of semiconductor devices for others, namely, the custom mounting and enclosure of semiconductor components, semiconductor chips, wafer components, charged coupled devices and image sensors; custom singulated marking services, namely, imprinting and etching of letters, numerals and symbols on silicon chips for others" in International Class 40; "design and testing of semiconductor wafers and integrated circuits for others" in International Class 42. The owner of Registration No. 2802747 (issued on January 6, 2004) appears to provide only semiconductor back-end services such as testing and burn-in.

[22] For "arranging and conducting business conferences and exhibitions in the field of semiconductor fabrication" in International Class 35. Registration No. 3039469 issued on January 10, 2006.

[23] In addition to the fact that this registration was cancelled under Section 8 of the Act, this mark was registered for software to be used in semiconductor manufacturing, not a dedicated semiconductor foundry. Registration No. 2520407 issued on December 18, 2001.

[24] Vistec does not appear to be a dedicated semiconductor foundry or manufacturer, inasmuch as it provides key technologies used by all leading semiconductor manufacturers. http://www.vistec-semi.com/

[25] This mark is registered in International Class 7 for "machine parts; namely, graphite wafer-holders for semi-conductor manufacturing machines" and the company does not appear to provide semiconductor manufacturing services. Registration No. 1646466 issues on May 28, 1991; renewed. Drawing is lined for the colors blue, purple and red.

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[27]

[28]

[29]

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[32]

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[26] JEMI (Joint Equipment and Materials Initiative) is a European organization dedicated to supporting the European micro- and nano-technology sectors. http://www.jemiuk.com/

[27] According to opposer's research, IDB appears to be a reseller of wafers, not a dedicated semiconductor foundry, or even designer. http://www.idbtechnologies.co.uk/

[28] For "flash integrated semi-conductor memories, embedded flash integrated semi-conductor memories, combo flash integrated semi-conductor memories and logic integrated semiconductor memories" in International Class 9. Eon, the owner of Registration No. 3195673 (issued on January 9, 2007) is a fabless semiconductor company.

[29] OSEMI provides epiwafers to the semiconductor industry, but does not appear to be a manufacturer of integrated circuits. http://osemi.com/

[30] K&Us Equipment sells excess preowned semiconductor equipment for processing and testing and is not a dedicated semiconductor foundry or manufacturer. http://www.kandus.com/

[31] Dynatex is focused on wafer/diode die separation products and is not a dedicated semiconductor foundry. http://www.dynatex.com/

[32] Yield Engineering Systems builds plasma cleaning and stripping equipment used for precise surface treatment and surface modification in semiconductor processing but it does not manufacture semiconductor wafer. http://plasmaclean.com/

We begin by noting that the probative value of much of this evidence is severely limited. Registrations, in particular cancelled registrations, are not evidence of use and have little to no probative value in relation to this *du Pont* factor. *AMF Incorporated v. American Leisure Products, Inc.*, 474 F.2d 1403, 177 USPQ 268 (CCPA 1973); *Action Temporary Services Inc. v. Labor Force Inc.*, 10 USPQ2d 1307 (Fed. Cir. 1989). In most of these composite marks, the lettering of the literal elements is not centered over the wafer. Many of these marks have other distinctive matter. Some are clearly spoken words or acronyms, not initialisms. None of these companies appear to be direct competitors to opposer and applicant. Some are engaged in activities marginally related to semiconductor manufacturing, while others provide pre-or post-manufacturing goods and/or services.

Moreover, even examples of marks in cancelled third-party registrations where the goods and/or services were only tangentially-related to the goods and services of dedicated

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[33] SELA develops, manufactures, and markets automated sample preparation equipment having a focus on engineering and failure analysis for the semiconductor industry. rather than manufacturing semiconductor wafers. http://www.sela.com/

[34] ALSI appears to provide only laser dicing services rather than any manufacturing services. http://www.alsi-international.com/

foundries (i.e., from copies of registrations introduced during the testimony declaration of Ching-Chen Chang and the cross-examination phase of the testimony deposition of Bradford Paulsen) served to demonstrate the myriad of ways one can design a composite mark incorporating the imagery of a silicon wafer without complete mimicry of opposer's mark:





Only two owners of the third-party marks highlighted by applicant appear at present to manufacture semiconductors at all:


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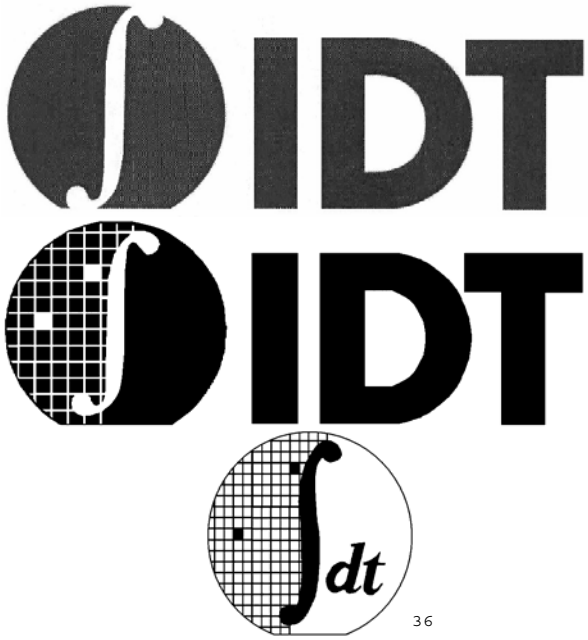


36

Among all the alleged third-party marks, opposer notes that these two marks [ASMC and IDT] are quite dissimilar from opposer's marks. ASMC's mark is oval-shaped, not round. The oval shape is dominated by a triangular arrow shaped device, not squares or rectangles. The letters making up the company name do not span across the center of the oval device, instead they are located below or to the right of the oval. Similarly, IDT's letters do not span across the circle. In each variation,

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[35] ASMC is an analog-only foundry, and so appears to offer only a partial range of foundry services. http://www.asmcs.com/

[36] IDT does appear to manufacture at least some semiconductor devices, but the evidence is thin on whether or not they compete with TSMC and SMIC, or operate farther down the value chain in more finished products, rather than semiconductors and integrated circuits themselves. http://www.idt.com/

the circle is prominently divided in half by the integral sign [∫]. Furthermore, even though it seems that ASMC and IDT manufacture semiconductors of some kind, they are not known by Mr. Paulsen to be competitors of applicant or opposer.

By contrast, opposer notes that the marks of the other two companies ranked among the top-four dedicated semiconductor foundries in the world (i.e., in addition to opposer in first place and applicant in fourth)[37] – and hence, the most direct, actual competitors of both parties – were not included in this survey, presumably, opposer argues, because they have quite dissimilar marks:

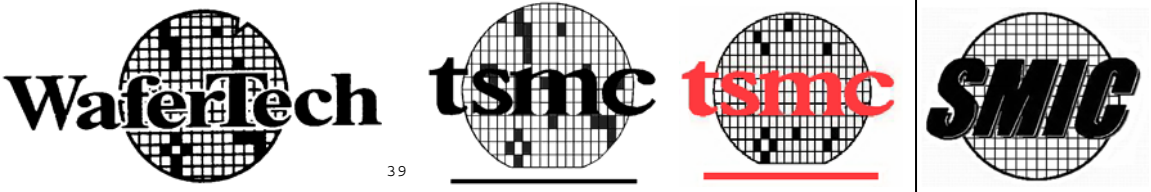
| United Microelectronics Corporation | Chartered / Global Foundries |
|---|---|

To the extent that opposer has indicated it had no

[37] Applicant acknowledges its distant fourth place status to TSMC, UMC and Chartered in its own internal documents. *See* SMIC's SEC Form 20-F for FY 2004, at 39.

problem with applicant's '389 design (shown at right), it is clear that applicant moved closer to opposer's marks with a redesign selected days after filing the '389 application.


Applicant never used this designation in the United States.[38] Instead, it adopted the SMIC and design mark:




[39]

At a minimum, applicant's evidence of third-party use does not, in any way, weaken the strength of opposer's marks or limit the scope of protection to be accorded opposer's marks. In fact, given the evidence of record discussed above, applicant appears to have created at most a temporary marker with the '389 design, but immediately moved toward an overall look that would seem, at the very least, to create the impression that SMIC might well be a related company to TSMC.

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[38] Applicant's first supplemental responses to opposer's second set of requests for admissions to applicant, response to request # 36.

[39] WaferTech LLC is opposer's affiliated fab located in Washington State, and a plaintiff in several of the law suits opposer has brought against applicant, *infra*.

***Sophistication of customers:***

Applicant argues that all relevant customers of the semiconductors and integrated circuit manufacturing services involved herein are highly sophisticated and hence, they cannot be confused by similar trademarks. However, as noted by opposer, even if customers are knowledgeable about semiconductors it does not follow that they are immune from source confusion. Such consumers may well believe mistakenly that two companies are affiliated in some way because their marks are confusingly similar. This is particularly true when, as here, the respective branding devices used on or in connection with identical and directly-competitive goods or services are so very similar in overall commercial impressions.

In weighing this factor, we find that if SMIC is allowed to register a trademark that suggests an affiliation with opposer, even the sophisticated consumers who have in the past purchased TSMC's services may be misled. *In re Toshiba Medical Systems Corp.*, 91 USPQ2d 1266 (TTAB 2009). At best for applicant, this is a neutral *du Pont* factor.

***Period of contemporaneous use without actual confusion***

We turn next to the *du Pont* factor dealing with the length of time during and conditions under which there has been contemporaneous use without evidence of actual confusion. Applicant argues that inasmuch as these two marks have coexisted in the marketplace for more than a decade without any incidents of actual confusion, this provides strong evidence that confusion is not likely to occur in the future.

However, as noted by our reviewing Court, while a showing of actual confusion would be highly probative, the lack of evidence of actual confusion carries little weight. *In re Majestic Distilling Co.*, 315 F.3d 1311, 65 USPQ2d 1201, 1205 (Fed. Cir. 2003); and *J.C. Hall Co. v. Hallmark Cards, Inc.*, 340 F.2d 960, 144 USPQ 435, 438 (CCPA 1965).

Furthermore, although applicant claims more than a billion dollars US in annual worldwide sales, the record does not contain revenue figures for the United States alone. And although applicant estimates annual advertising expenses in the United States in the millions of dollars US, applicant acknowledges that much of this involves the costs of its primary website accessible worldwide. Further complicating applicant's showing from this record is that much of what applicant calls "marketing and advertising"

material is not clearly for use in the United States, and is inexplicably labeled "confidential"! None of the other examples of "representative documents showing examples of use of the mark which is the subject of this opposition" (blank invoice form and blank letterhead, both with applicant's Shanghai address; blank purchase requisition form; and packing list showing a shipment to a company in Korea) ground the use of the mark in the United States. SMIC's several SEC filings of record shed no light on the answer to this question. Hence, if indeed opposer has not yet been harmed by actual confusion caused by applicant's use of a confusingly similar mark in the United States, it may well be that applicant has simply not yet made significant use of its mark among relevant consumers in the United States.

In any event, we are mindful of the fact that the test under Section 2(d) of the Act is likelihood of confusion, not actual confusion. This is, at best for applicant, a neutral *du Pont* factor.

***Any other established fact probative of the effect of use***

As to any other facts that may be probative of the effect of applicant's intentions to adopt and use its claimed mark, applicant's history with opposer clearly

deserves mention. To the extent that the issue of likelihood of confusion is not free from doubt, we find it appropriate to look to applicant's intentions. *Roger & Gallet S.A. v. Venice Trading Co. Inc.*, 1 USPQ2d 1829 (TTAB 1987).

Applicant, a Chinese foundry, arrived on the scene thirteen years after opposer's founding. Only two years after applicant was founded, a Taiwanese Court issued an injunction prohibiting applicant from soliciting or hiring certain classes of opposer's employees.[40]

Opposer then filed four separate law suits against applicant between December 2003 and August 2004, including multiple claims of patent infringement, unfair competition, trade secrets misappropriation, and interference with business relationships.[41] As part of a January 2005 settlement of these actions, applicant agreed to pay opposer 175 million dollars US[42] and promised that it would cease and abstain from making:

> … statements that will suggest or imply to any third party (including but not limited to customers) that SMIC's processes use or are derived from TSMC Information, or are "based on TSMC's processes," are "TSMC

[40] Declaration of Richard Thurston, ¶ 8.

[41] Declaration of Richard Thurston, ¶¶ 9-12.

[42] SMIC's SEC Form 20-F for FY 2004, at 11.

> compatible," are "TSMC like," or otherwise suggest a use or derivation from TSMC Information, compatibility with TSMC's processes or technology arising from TSMC Information, or endorsement by TSMC. However SMIC may state that its operations are "foundry compatible" according to generally accepted industry standards.[43]

Despite applicant's warrants promising to avoid suggestions of an association with opposer and its technologies, applicant's subsequent behavior has forced opposer to initiate further litigation seeking injunctive relief and monetary damages against applicant for failing to fulfill its obligations under this agreement, which litigation is still ongoing.[44]

In a recent domain name dispute, a third party who had registered the domain name www.tsmc.asia was ordered to transfer the domain name to opposer. The Panel found that the respondent in that case acted in bad faith in registering and using this domain name to route Internet traffic to applicant's [SMIC's] website. Although there was insufficient evidence to prove a relationship between the respondent and SMIC, the Panel found that SMIC was

[43] Declaration of Richard Thurston, ¶¶ 13-15.

[44] Declaration of Richard Thurston, ¶¶ 16-19.

benefiting "from the goodwill and commercial value created and enjoyed by the Complainant in its TSMC marks."[45]

From this history of litigation between the parties we find that applicant has been complicit in multiple attempts to misappropriate and infringe opposer's intellectual property rights. As noted above, this evidence is admissible and relevant to our determination of likelihood of confusion.

Applicant appears, in part, to attempt to rebut opposer's showing of bad faith by arguing that inasmuch as it adopted the SMIC and design mark (which is the subject of these proceedings) in August 2001, this was well prior to the succession of later litigations. However, the settlement agreement itself makes it clear that the period of late 2001 was the very time when applicant achieved its "lightening-fast ramp-up, at such little cost, by stealing and misusing TSMC's confidential semiconductor processing technology." In addition to infringing patents, SMIC was expressly soliciting a high-level TSMC employee to provide applicant with a detailed listing of seven bulleted categories of some of opposer's most sensitive trade secrets. Thus, the evidence of record establishes that

[45] Opposer's Second Notice of Reliance, Exhibit E at 9.

applicant was focused on benefiting itself by siphoning off opposer's employees, technology and other intellectual property rights, established customers, etc.

Furthermore, in spite of these other examples of unfair competition, opposer was willing to live with applicant's earlier mark as shown in the drawing of the '389 application. Yet, at the very same time that applicant was involved in an array of business practices involving unfair competition, it also moved inexorably closer to opposer's long-established mark:


Applicant's actions, taken as a whole, demonstrate a history of blatant disregard for opposer's intellectual property rights. Accordingly, to the extent that applicant's intentions enter into our likelihood of confusion determination herein under the final *du Pont* factor, they weigh against applicant.[46]

[46] We add that our determination herein does not rely upon our resolution of this particular "catch-all" *du Pont* factor.

## ***Conclusion***

In balancing the relevant *du Pont* factors, given the identical goods, services and trade channels, the similarity of the marks, and the renown of opposer's marks, despite the sophistication of the purchasers, we hold that there is a likelihood of confusion as between applicant's mark and opposer's marks, such that registration of applicant's mark is barred under Trademark Act Section 2(d). To the extent that any doubts might exist as to the correctness of our conclusion, we resolve such doubts against applicant. *See Century 21 Real Estate Corp.*, 23 USPQ2d at 1701*; Ava Enterprises Inc. v. Audio Boss USA Inc.*, 77 USPQ2d 1783 (TTAB 2006)*;* and *Baseball America Inc. v. Powerplay Sports Ltd.*, 71 USPQ2d 1844 (TTAB 2004).

*Decision:* The opposition is sustained as to opposer's claim of priority and likelihood of confusion and registration to applicant is hereby refused as to both involved applications under Section 2(d) of the Lanham Act.