ESTTA Tracking number: **ESTTA36865**

Filing date: **06/27/2005**

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

Proceeding	91165017
Party	Plaintiff SIGHTSOUND TECHNOLOGIES, INC. ,
Correspondence Address	WILLIAM K. WELLS KENYON & KENYON 1500 K STREET, N.W., SUITE 700 WASHINGTON, DC 20005
Submission	Opposer's Opposition to Applicant's Motion to Stay
Filer's Name	Susan A. Smith
Filer's e-mail	ssmith@kenyon.com
Signature	/susan smith/
Date	06/27/2005
Attachments	SightSound Opposition to Motion to stay.pdf (6 pages) Ex. A SS Objection to Motion to Reopen Bankruptcy.pdf (73 pages)

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

In the Matter of:

Application Serial No.	78414770
For the Mark:	NAPSTER LIGHT
Publication Date:	March 29, 2005

SightSound Technologies, Inc.,	:	
	:	
Opposer,	:	
	:	
v.	:	Opposition No. 91165017
	:	
Napster, LLC,	:	
	:	
Applicant.	:	

OPPOSER'S OPPOSITION TO APPLICANT'S MOTION TO STAY

Applicant Napster, LLC ("Napster") seeks to stay this proceeding on the basis of a bankruptcy case and a patent infringement case; however, as the bankruptcy case is closed and as the patent case is indefinitely stayed, neither provides a sufficient basis to suspend this proceeding. Napster's motion to stay this proceeding is simply a device to avoid adjudication of the abandonment of its trademark rights and should be denied.

I. BACKGROUND

Napster's predecessor in interest, Napster, Inc., was embroiled in a highly publicized battle with the music industry arising from its operation of an Internet-based "service" that facilitated rampant music piracy. Nearly twenty record companies sued Napster, Inc. for contributory and vicarious copyright infringement and related causes of action, and this action was soon joined by a class of music publishers. A California district court found a likelihood of success on the merits of the copyright infringement claim and issued a preliminary injunction

against Napster, Inc. and stated in its opinion that Napster, Inc. "contributed to illegal copying on a scale that is without precedent…" *A&M Records, Inc. v. Napster, Inc.*, 114 F. Supp. 2d 896, 927 (N.D. Cal. 2000). In upholding the injunction (with modification) against Napster, Inc., the Ninth Circuit confirmed the rampant infringement that Napster, Inc. was engaged in:

> Napster, by its conduct, knowingly encourages and assists the infringement of plaintiffs' copyrights.
>
> The district court . . . properly found that Napster materially contributes to direct infringement.
>
> Napster's failure to police the system's "premises," combined with a showing that Napster financially benefits from the continuing availability of infringing files on its system, leads to the imposition of vicarious liability.

A&M Records, Inc. v. Napster, Inc., 239 F.3d 1004, 1020, 1022, 1024 (9th Cir. 2001). Thus, two federal courts unequivocally stated that Napster, Inc. was an infringer of intellectual property rights, namely, copyrights.

Despite this unsavory reputation, Applicant's parent, Roxio, Inc. ("Roxio"), decided to purchase the NAPSTER trademark through Napster, Inc.'s bankruptcy case in the U.S. Bankruptcy Court for the District of Delaware (the "Bankruptcy Court").

In October 2004, SightSound sued Roxio and its subsidiary, Applicant Napster, LLC ("Napster") for patent infringement in the U.S. District Court for the Western District of Pennsylvania (the "Pennsylvania District Court"). In the course of that litigation, Roxio and Napster challenged SightSound's patent rights underlying the suit and sought re-examination of those patents in the PTO. SightSound noted the irony of this request by pointing out that the Napster name "had been synonymous with the most well-known violation of intellectual property rights…." Despite the clear and unequivocal ruling of two federal courts that Napster, Inc. had indeed violated intellectual property rights on an unprecedented scale, Roxio and

Napster counterclaimed for defamation, trade libel, commercial disparagement, and related causes of action (collectively, the "defamation claims") all based on this single statement by SightSound.

SightSound moved to dismiss the defamation claims on the ground that the statement was truthful. However, before there could be an adjudication on the merits by the Pennsylvania District Court, Roxio and Napster requested and obtained an indefinite stay of the entire district court proceeding so that the PTO could reexamine SightSound's patents.

SightSound viewed Napster's defamation claims as an inherent rejection of the reputation and goodwill of the prior owner of the marks, Napster, Inc. Thus, SightSound instituted this opposition proceeding on the grounds that, *inter alia*, Napster apparently had abandoned the NAPSTER mark.

Napster then sought to reopen the bankruptcy case to prevent SightSound from maintaining this proceeding, allegedly on the grounds that SightSound is "attacking" the Bankruptcy Court's Sale Order. However, as explained in detail in SightSound's objections to the motion to reopen, SightSound is not attacking the Sale Order, but instead seeks a determination of Napster's trademark rights subsequent to the acquisition. (*See* Exhibit A hereto.) The motion to reopen is currently being briefed and is scheduled for oral argument on August 15, 2005.

Napster now moves to stay this TTAB proceeding on the basis of the bankruptcy "proceeding" and the Pennsylvania District Court action.

II. ARGUMENT

Napster's motion to stay this proceeding is improper as it is based on a bankruptcy case that is closed and on a Pennsylvania District Court case that is non-joined and indefinitely stayed. Napster's attempt to avoid an adjudication on the merits should not be permitted.

A. The Bankruptcy "Proceeding" Is Closed

Napster argues that the Board should stay this proceeding on the basis of a bankruptcy proceeding that is closed. While Napster seeks to reopen the bankruptcy case, there is no indication that the Bankruptcy Court will do so. Indeed, SightSound has strongly contested Napster's motion to reopen on numerous procedural and substantive grounds. (*See* Exhibit A hereto.) It is Napster's burden to convince the Bankruptcy Court to reopen the case and SightSound believes that Napster cannot meet that burden. Napster's request to stay this proceeding on the basis of a closed case should be denied.

B. The Issues In The Pennsylvania District Court Case Have Not Been Joined

The defamation claims asserted in the Pennsylvania District Court case have not been joined and could be dismissed, and thus are not the proper basis for suspension of this proceeding. According to TTAB rules, absent consent of the parties, it is improper for the TTAB to stay a case where the issues in the other proceeding have not been joined and, thus, it is not clear whether the determination of the other proceeding will have a bearing on the TTAB proceeding. Trademark Trial and Appeal Board Manual of Procedure (TBMP), § 510.02(a). In the Pennsylvania District Court case, Napster has filed defamation claims against SightSound; however, SightSound moved to dismiss those claims and no answer has been filed. Thus, the defamation issues have not been joined and it is not clear if they will even survive the pleading stage. As such, it is impossible to tell what claims or issues relevant to the TTAB proceeding, if any, will be before the Pennsylvania District Court. For this reason alone, suspension of this proceeding on the basis of the Pennsylvania District Court proceeding would not be appropriate.

Furthermore, at Napster's request, the Pennsylvania District Court case has been stayed indefinitely. Napster has not presented any authority, and SightSound is not aware of any, holding that the Board should suspend a proceeding on the basis of a federal court case that is

DOCKET ALARM

Explore Litigation Insights

Docket Alarm provides insights to develop a more informed litigation strategy and the peace of mind of knowing you're on top of things.

Real-Time Litigation Alerts

Keep your litigation team up-to-date with **real-time alerts** and advanced team management tools built for the enterprise, all while greatly reducing PACER spend.

Our comprehensive service means we can handle Federal, State, and Administrative courts across the country.

Advanced Docket Research

With over 230 million records, Docket Alarm's cloud-native docket research platform finds what other services can't. Coverage includes Federal, State, plus PTAB, TTAB, ITC and NLRB decisions, all in one place.

Identify arguments that have been successful in the past with full text, pinpoint searching. Link to case law cited within any court document via Fastcase.

Analytics At Your Fingertips

Learn what happened the last time a particular judge, opposing counsel or company faced cases similar to yours.

Advanced out-of-the-box PTAB and TTAB analytics are always at your fingertips.

API

Docket Alarm offers a powerful API (application programming interface) to developers that want to integrate case filings into their apps.

LAW FIRMS
Build custom dashboards for your attorneys and clients with live data direct from the court.

Automate many repetitive legal tasks like conflict checks, document management, and marketing.

FINANCIAL INSTITUTIONS
Litigation and bankruptcy checks for companies and debtors.

E-DISCOVERY AND LEGAL VENDORS
Sync your system to PACER to automate legal marketing.