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

<b>Proceeding</b>	92044347
<b>Party</b>	Defendant Napster, Inc. Napster, Inc. 600 Chesapeake Drive Redwood City, CA 94063
<b>Correspondence Address</b>	MICHAEL T. ZELLER QUINN EMANUEL URQUHART OLIVER & HEDGES 865 SOUTH FIGUEROA STREET, 10TH FLOOR LOS ANGELES, CA 90017
<b>Submission</b>	Reply in Further Support for Petition for Stay
<b>Filer's Name</b>	Michael T. Zeller
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<b>Signature</b>	/Michael T. Zeller/
<b>Date</b>	06/30/2005
<b>Attachments</b>	Reply.pdf ( 12 pages ) SupplementalDeclaration.pdf ( 69 pages )

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

In the Matter of:

Trademark Reg. No. 2575170  
Registration Date: June 4, 2002  
For the Mark: NAPSTER

Trademark Reg. No. 2841431  
Registration Date: May 11, 2004  
For the Mark: NAPSTER

Trademark Reg. No. 2843786  
Registration Date: May 18, 2004  
For the Mark: NAPSTER

Trademark Reg. No. 2843405  
Registration Date: May 18, 2004  
For the Mark: NAPSTER & Design

Cancellation No. 92044347

**RESPONDENT AND REGISTRANT**  
**NAPSTER, LLC'S REPLY IN**  
**FURTHER SUPPORT FOR PETITION**  
**FOR STAY**

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SIGHTSOUND TECHNOLOGIES, INC.,

*Petitioner,*

v.

NAPSTER, LLC,

*Respondent.*

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Commissioner of Trademarks  
P.O. Box 1451  
Arlington, Virginia 22313-1451

## Introduction

The circumstances here amply warrant a stay, and Petitioner is not being candid with the Board. The Petition for Cancellation is based upon, and overlaps with, counterclaims that Respondent filed in a suit pending before the United States District Court for the Western District of Pennsylvania. Indeed, Petitioner now has admitted that the Petition for Cancellation involves issues “already” before the Pennsylvania District Court and that it brought the Petition as a strategic counter-strike in response to those counterclaims. Although Petitioner suggests that this cancellation action should proceed anyway because the Pennsylvania District Court suit is stayed for the time being, that contention is unsupported by law or logic. Any rulings by the Board will not be binding on the District Court, so both the Board’s and the parties’ resources will be wasted by litigating here issues that will have to be relitigated in the Pennsylvania District Court when the stay there is lifted. Furthermore, any grievance Petitioner allegedly has about the District Court’s stay can and should be addressed to that Court. What Petitioner surely may not do, however, is seek to circumvent the District Court’s stay Order by prosecuting a duplicative proceeding in this forum – which is precisely what Petitioner attempts here.

The Petition does not stop at just raising issues that were already joined in the Pennsylvania District Court and that remain pending there, however. It also collaterally attacks the Order of yet another Court by alleging that the Board should cancel the NAPSTER Registrations because their transfer pursuant to a Sale Order of the United States Bankruptcy Court for the District of Delaware was invalid. Since that Court is best situated to construe its own orders and is familiar with the bankruptcy’s voluminous record, Respondent filed a motion in the Bankruptcy Court on May 20, 2005 to enforce the Sale Order and the Asset Purchase

Agreement that the Court had approved.<sup>1</sup> By that motion, Respondent and its parent, Roxio, Inc., have asked the Bankruptcy Court to determine that the Sale Order and Asset Purchase Agreement mean what they say: that notwithstanding the Petition for Cancellation's allegations, the Registrations and their good will were validly assigned in the bankruptcy proceedings.

In opposing the present stay motion, Petitioner argues that there is no indication that the Bankruptcy Court will consider the relief requested by Respondent and that the Petition for Cancellation does not challenge the Bankruptcy Court's Sale Order. Even apart from the fact that the allegations of the Petition contradict the latter assertion, as discussed below the Bankruptcy Court expressly stated at an initial hearing on June 13, 2005 that the Petition *does* challenge the effect of the Bankruptcy Court's Sale Order and indicated that such issues will be determined by the Bankruptcy Court at a future hearing currently set for August 2005.

Because matters pending before the District Court and the Bankruptcy Court clearly may have a bearing on issues raised by the Petition, the most efficient, appropriate course is to stay this proceeding until the other actions are completed.

### **Argument**

#### **A. The Petition Raises Issues Pending Before The Bankruptcy Court**

Petitioner initially argues that the Petition for Cancellation "is not attacking the [Bankruptcy Court's] Sale Order, but instead seeks a determination of Napster's trademark rights subsequent to the acquisition." Opp., pp. 3-4.<sup>2</sup> However, it cannot be seriously disputed that the

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<sup>1</sup> A copy of the Motion to Reopen Chapter 11 Case and Enforce Sale Order is Exh. 1 to the Declaration of Michael T. Zeller in support of Respondent and Registrant Napster, LLC's Petition for Stay, dated May 24, 2005 and previously filed ("5/24/05 Zeller Dec.").

<sup>2</sup> As supporting "proof," Petitioner attaches the objections that it had filed with the Bankruptcy Court in response to Respondent's motion. Petitioner also claims that Respondent's motion in

Petition explicitly challenges the validity of the assignment of the NAPSTER Registrations from Napster, Inc., the original registrant, that had been approved by the Bankruptcy Court's Sale Order on November 27, 2002. Indeed, the Petition specifically alleges that (i) "the Napster Marks were *not validly transferred from Napster, Inc.*"--the Debtor in the bankruptcy case--to Roxio (and subsequently to Respondent) because Roxio purportedly had "*acquired the Napster Marks without the goodwill associated with the business*"<sup>3</sup> and (ii) the NAPSTER ITU Applications "*were void as of the date of attempted assignment from Napster, Inc.*"--which is specifically identified as having occurred "on November 27, 2002," *i.e.*, the date of the Bankruptcy Court's Sale Order--because Roxio was "not a successor" of Napster, Inc.'s business.<sup>4</sup>

More importantly, the Bankruptcy Court has already considered and *rejected* Petitioner's claim that it has not attacked the Sale Order in the Petition for Cancellation and stated on the record at a hearing on June 13, 2005 that the Petition in fact *does* challenge the Sale Order:<sup>5</sup>

MS. UHLAND [bankruptcy counsel for Respondent and Roxio, Inc.]: . . . But [there is] really only one fundamental question, which is were the good will and the [NAPSTER] marks transferred [in the bankruptcy proceedings]? And a clarifying order or an order enforcing [this] from [the] Court, we think is in the best interest of the entire process to streamline that.

We also think it's necessary because *notwithstanding [SightSound's] statements in the objection, that they're not attacking the sale order, the actual pleadings in TTAB, which we've cited to in our reply, do state without clarifying the -- that it was post sale [conduct] or not, that these assets were not validly transferred to Roxio.*

Therefore, we do --

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the Bankruptcy Court "is currently being briefed and is scheduled for oral argument on August 15, 2005." Opp., p. 4. As explained below, these assertions are false or misleading at best.

<sup>3</sup> Petition at ¶¶ 4, 5 (emphasis added).

<sup>4</sup> Petition at ¶ 8 (emphasis added).

<sup>5</sup> A copy of the Transcript of Motion to Reopen and Enforce Sale Order is attached as Exh. A to the Supp. Decl. of Michael T. Zeller, dated June 30, 2005 and filed herewith ("Supp. Zeller Dec.").

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