

THIS DISPOSITION
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OF THE TTAB

UNITED STATES PATENT AND TRADEMARK OFFICE
Trademark Trial and Appeal Board
P.O. Box 1451
Alexandria, VA 22313-1451

Taylor

Mailed: March 17, 2005

Cancellation No. 92043487

Brenda D. Lewis and
William L. Flowers

v.

Microsoft Corporation

Before Bottorff, Rogers and Drost,
Administrative Trademark Judges.

By the Board:

This case now comes up for consideration of respondent's motion (filed August 16, 2004) to dismiss this proceeding pursuant to Fed. R. Civ. P. 12(b)(6) on the ground that the claims asserted in the petition for cancellation are precluded under the doctrine of *res judicata*. The motion is fully briefed. Additionally, because the parties draw support for their respective positions by referencing matters outside of the pleadings, we have treated respondent's motion to dismiss as one for summary judgment under Fed. R. Civ. P. 56. *See, for example*, FRCP 12(b); and *Advanced Cardiovascular Systems Inc. v. SciMed Life Systems Inc.*, 988 F.2d 1157, 26 USPQ2d 1038 (Fed. Cir. 1993).

Background

By way of background, Microsoft Corporation owns Registration No. 1872264 for the mark WINDOWS for "computer programs and manuals sold as a unit; namely graphical operating environment programs for microcomputers."¹ Brenda D. Lewis and William L. Flowers seek to cancel the registration on the grounds that they established prior rights to the word "WindowPad," and any derivative thereof, in 1984, when they began publishing, advertising, selling and distributing a "completed functional computer software product to end-use consumers across state lines via interstate commerce under the WindowPad mark; that petitioners have common law trademark rights in the name of WindowPad, and any derivative thereof under Section 2(d) of the Lanham Act; that petitioners have not abandoned their common-law trademark rights to WindowPad; that respondent did not begin using the word WINDOWS for a completed software product sold to end-use consumers across state lines via interstate commerce until 1985, more than one year after petitioners; that despite petitioners' established prior use of WindowPad, respondent filed an application for registration of the mark WINDOWS, which matured into the

¹ Registration No. 1872264 registered January 10, 1995, Section 8 affidavit accepted and combined Section 8 and 9 affidavit filed, and reciting October 18, 1983 as the date of first use and date of first use of the mark in commerce.

involved registration; that consequently, "at all relevant times, Respondent has been a distributor of Petitioner's [sic] goods bearing a derivative of Petitioner's WindowPad mark"; that petitioners did not consent to respondent's use or registration of "a derivative of Petitioner's [sic] WindowPad mark"; that respondent did not own the WINDOWS mark as respondent alleged in its application to the Patent and Trademark Office for registration of the subsequently registered involved mark; that respondent did not use the WINDOWS mark on a completed, functional computer software product sold to end-use consumers across state lines via interstate commerce until 1985, yet respondent stated on its application for the involved registration that its first use of WINDOWS was October 18, 1983; and that therefore, when respondent submitted its sworn statement of use² to the Office indicating that it first used its WINDOWS mark on a completed, functional computer software product in interstate commerce, the statement was knowingly false.

Petitioners further allege that respondent knowingly and fraudulently alleged its ownership of the WINDOWS mark, with intent to deceive the Office in order to obtain a registration; and that respondent knowingly and fraudulently "reaffirmed Respondent's use in commerce of the WINDOWS mark

² We presume that petitioners are referring to respondent's asserted first use in commerce date.

... in the Amendment to Allege Use³ filed on January 1, 2000 in connection with the application that matured into U.S. Registration No. [1872264] with intent to deceive the Office in order to obtain a registration for its involved mark."

Petitioners also allege that "there was no bona fide use of Respondent's mark WINDOWS ... in commerce prior to the filing of the use-based application on August 20, 1990..."; and that respondent did not have a bona fide intent to use the mark in connection with the identified goods, namely graphical operating environment programs for microcomputers as of the filing date of its application that matured into the involved registration.

Respondent, in its answer, has denied the salient allegations of the petition for cancellation. Respondent also has advanced several affirmative defenses, including a claim that the facts, issues and claims asserted in petitioners' petition for cancellation have been adjudicated by the Board in a previous proceeding and are barred by the doctrine of *res judicata*.

Parties' Arguments

Turning now to the merits of respondent's motion for summary judgment, respondent contends that the claims asserted in the petition for cancellation are barred by *res*

³ The Board presumes that petitioners are referring to the Section 8 affidavit filed by respondent on January 12, 2000.

judicata because they depend on factual allegations and issues previously adjudicated in *En Fleur Corporation v. Microsoft Corporation*, TTAB Cancellation No. 92026548, an action brought by petitioners through their wholly-owned and controlled corporation. More specifically, respondent contends that in the prior action, the Board ruled against petitioners on all of the issues they raise here, finding, *inter alia*, that respondent Microsoft was the senior user, that its WINDOWS mark had acquired strong secondary meaning, and that Petitioners had abandoned their alleged WindowPad mark (TTAB order July 24, 2002); that petitioners had a full and fair opportunity to litigate these issues during the five years that the prior action was before the Board; and that respondent should not be asked again to defend against Petitioners' claims when the Board has already found them to be without merit.⁴

⁴ The prior action was based on the issues of likelihood of confusion and priority of use. In particular, En Fleur Corporation asserted that it was the publisher and distributor of an "integrated windowing and note processing utility software program" sold under the common law trademark WindowPad. Petitioner claimed prior use of the WindowPad trademark in interstate commerce since 1984. As an additional ground for cancellation, petitioner alleged, as amended, that respondent's WINDOWS trademark was descriptive of the goods specified in the registration and had not acquired distinctiveness.

In that action, the Board made the following findings of fact and rulings of law:

- (1) that respondent's WINDOWS mark was not descriptive and had acquired distinctiveness (noting that inasmuch as the parties had argued the issue of descriptiveness rather

Last, respondent argues that allowing petitioners to proceed in this case would unduly prejudice respondent. For these reasons, respondent maintains that petitioners' "renewed" petition for cancellation of Registration No. 1872264 should be dismissed with prejudice.

As evidentiary support for its motion, respondent has submitted the declaration of William Ferron, Jr., counsel for respondent, attesting to the facts surrounding the prior proceeding and introducing: a copy of the petition to cancel filed in Cancellation No. 92026548 ("the prior action"); a copy of the answer filed in the prior action; a copy of the Board's April 25, 2000 decision on a motion for summary judgment filed in the prior action; a copy of the Board's April 3, 2001 decision on a motion to dismiss under Trademark Rule 2.132(a) filed in the prior action; excerpts from the deposition of William Flowers wherein Mr. Flowers attested that petitioners herein are the sole share holders of En Fleur Corporation, the prior petitioner; a copy of the Board's July 24, 2002 final decision issued in the prior

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- than genericness, the Board would treat the issue as so pleaded);
- (2) that petitioner's WindowPad mark is descriptive and did not acquire distinctiveness; and
 - (3) that with no sales since 1987, at the latest, petitioner had abandoned any rights they had in the WindowPad mark.

The Board further noted that petitioner En Fleur could not claim any rights in a mark abandoned more than a decade ago, making it unnecessary for the Board to consider whether there was a likelihood of confusion between the parties' respective marks.

action; a copy of En Fleur's motion to amend the caption of its appeal of the Board decision to the Court of Appeals for the Federal Circuit⁵; a copy of the Federal Circuit's order denying the motion to amend because Mr. Flowers was not a party to the Board case; a copy of the order dismissing the appeal to the Federal Circuit; and excerpts of the briefs filed by the parties in the prior proceeding.

In response to the motion for summary judgment, petitioners contend that, "although arising out of the same facts," the former proceeding before the Board involved different issues than the one presented in the present proceeding. Petitioners also contend that the sole issue in this cancellation proceeding is fraud.

Specifically, petitioners argue that respondent defrauded the USPTO by stating that it first used "Windows 1.0" in commerce as defined by 15 U.S.C. § 1127 and sold the software products with the name WINDOWS in interstate commerce to end-use consumers in 1983; that respondent now admits to the fact that Windows 1.0 did not enter mainstream commerce for sale to end-use consumers until 1985; that respondent, or its attorney, is guilty of fraud upon the Office because it knew or should have known that the

⁵ Although captioned as a motion to amend the caption of the appeal, William L. Flowers sought to be substituted for En Fleur Corporation as appellant, so that he could proceed pro se.

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statement of Use in Commerce⁶ date was 1985 not 1983 as indicated in its application; and that respondent committed fraud by knowingly and willfully making this statement; and that accordingly, the registration should be cancelled.

Petitioners also have claimed ownership of a copyright for the software product WindowPad and have advanced arguments that the Board applied "an improper judicial standard of abandonment" in its previous decision and that its copyrighted work cannot be abandoned without an express intent or overt act by petitioners to abandon. It appears that petitioners are under the mistaken belief that rights accrued under copyright protection and trademark rights in the term WindowPad are the same. Any copyright protection petitioners may have in the "WindowPad" product is irrelevant to petitioners' claims of trademark rights in that term. Accordingly, the Board has given no consideration to petitioners' claim of ownership of a copyright for WindowPad or to petitioners' arguments regarding the abandonment of a copyright. Notably, petitioners' trademark rights to the WindowPad mark were adjudicated by the Board in Cancellation No. 92026548.

In that regard, petitioners appear to misapprehend the decisions that were issued in Cancellation No. 92026548.

⁶ We again presume that petitioners are referring to respondent's asserted first use in commerce date.

For example, petitioners contend that their WindowPad mark is a valid trademark based upon the Board's decision of April 25, 2000 on Microsoft's motion for summary judgment. By that decision, the Board merely found that genuine issues of material fact concerning En Fleur's abandonment of the WindowPad mark remained for trial. In the final decision, issued July 24, 2002, the Board found that petitioner En Fleur did not rebut respondent's prima facie showing that petitioner had abandoned the WindowPad mark through non-use. The Board further concluded that "[b]ecause petitioner cannot claim rights in a mark it abandoned more than a decade ago, we do not even get to the question of whether the marks, as applied to the goods of the parties, so resemble each other that confusion is likely."⁷

⁷ While indicating that the present petition is based solely on fraud, petitioners invite the Board to review the issue of likelihood of confusion and/or "reverse confusion" and to "correct the prior error" on the issue of abandonment. Petitioners are advised that if they desired Board review of the decisions issued in connection with Cancellation No. 92026548, they could have filed requests for reconsideration. Inasmuch as the time for filing requests for reconsideration of the decisions issued in Cancellation No. 92026548 is long past, those decisions are final and are not subject to review.

Petitioners further appear to be under the mistaken belief that the United States Court of Appeals for the Federal Circuit would presently consider a renewed motion for reinstatement of En Fleur's appeal from the Board's decision in Cancellation No. 92026548. Although the Court, in a July 31, 2003 order, indicated that it would "consider a renewed motion for reinstatement only if it is submitted by counsel admitted to the bar of this court who concurrently enters an appearance on behalf of En Fleur," the time to submit a renewed motion has long passed. (See Exhibit J to Respondent's construed motion for summary judgment).

Petitioners have supported their opposition brief with the declaration of William Flowers attesting to the ownership of En Fleur Corporation by petitioners and that the fraud and "reverse confusion" claims were not issues "litigated on the merits" in the prior proceeding. Petitioners have also submitted a copy of the final decision, issued July 24, 2002, in the prior proceeding; a copy of the answer filed in the prior proceeding; a copy of the Board's April 25, 2000 decision on a motion for summary judgment filed in the prior proceeding; a copy of a cease and desist letter dated September 2, 1992 from petitioner, Brenda Lewis, to respondent; and a copy of a second cease and desist letter dated March 6, 1995 from petitioner, Brenda Lewis, to respondent.⁸

In reply, respondent contends that petitioners have admitted all the factual elements necessary for *res judicata*; that petitioners' request that the Board "correct its error" in the prior action further confirms their attempt to relitigate the same issues; and that petitioners cannot avoid *res judicata* by restyling their prior claims as a "new" fraud claim because the Board already found

⁸ Petitioners have also submitted "CORRECTED PAGES OF PREVIOUSLY SUBMITTED PLEADINGS." A review of the paper reveals that it is a proposed amendment to the petition for cancellation. The filing should have been accompanied by a motion to amend inasmuch as there has been an answer filed in this case. Accordingly, it has not been considered in this decision.

respondent's statements regarding its first use date of WINDOWS not fraudulent.

Respondent further argues that even if the Board were to find that the date of first use asserted in the underlying application inaccurate, the remedy would be to correct the registration, not cancel the registration. Respondent explains that a later first-use date would not change the outcome here where the Board conclusively held petitioner's alleged WindowPad mark was merely descriptive and was abandoned by petitioners in 1987 at the latest. Petitioners' descriptive and abandoned mark, respondent argues, cannot be the basis of a cancellation action.

Respondent also argues that even if the fraud claim were new, it would still be barred by claim preclusion because the claim could have been raised in the previous case, as evidenced by petitioner En Fleur "squarely raising it in its appeal brief."

Respondent submitted a second declaration of its attorney, William Ferron introducing: a copy of En Fleur's December 9, 2002 Appellant Brief to the Federal Circuit, appealing prior Cancellation No. 92026548; a copy of petitioner En Fleur's October 26, 2001 trial brief in the prior proceeding; a copy of the Federal Circuit docket for petitioner's appeal of the prior proceeding from the on-line PACER database; a copy of the Federal Circuit's June 12,

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2003 order dismissing petitioner's appeal; and a copy of the Federal Circuit's July 31, 2003 order denying petitioner's motion for reconsideration.

Discussion

In order to determine if the decision in Cancellation No. 92026548 has preclusive effect on this case, we must discuss the doctrine of claim preclusion (*res judicata*). Claim preclusion occurs: "[w]hen a valid and final judgment rendered in an action extinguishes the plaintiff's claim pursuant to the rules of merger or bar ... the claim extinguished includes all rights of the plaintiff to remedies against the defendant with respect to all or any part of the transaction, or series of connected transactions, out of which the action arose." *Vitaline Corp. v. General Mills Inc.*, 891 F.2d 273, 13 USPQ2d 1172, 1173 (Fed. Cir. 1989), citing to Restatement (Second) of Judgments §24(1) at 196. Under claim preclusion a plaintiff is barred from a "subsequent assertion of the same transactional facts in the form of a different cause of action or theory of relief." See, *Vitaline Corp. v. General Mills Inc.*, 13 USPQ2d at 1174 (citations omitted). Therefore, a subsequent action will be barred by claim preclusion if the following factors are present: (1) there is identity of parties or their privies; (2) the second claim is based on the same set of transactional facts as the

first; and (3) there has been a final judgment on the merits. *Jet Inc. v. Sewage Aeration Systems*, 223 F.3d 1360, 55 USPQ2d 1854, 1856 (Fed. Cir. 2000).

As regards factor one, the identity of parties or their privies, "[p]rivity has been characterized as a relationship where 'there was a substantial identity of parties'."

Symbol Technologies Inc. v. Metrologic Instruments Inc. 21 USPQ2d 1481, 1488 (D.N.J. 1991) quoting *Chicago, Rock Island & Pac. Ry. v. Schendel*, 270 U.S. 611, 621 (1926). Although petitioners technically were not parties to the prior litigation, the basis for applying preclusion against them rests on their actual participation in the prior litigation. Section 39 of the Restatement (Second) of Judgments (1982) states the applicable black-letter law:

A person who is not a party to an action but who controls or substantially participates in the control of the presentation on behalf of a party is bound by the determination of issues decided as though he were a party.

See also 18 Wright & Miller, *Federal Practice and Procedure* § 4451 (updated by pocket part 2004).

Herein, petitioners admit that they are the sole shareholders of En Fleur Corporation, the prior petitioner. Additionally, the record of the prior action reveals that William Flowers, chief executive officer of En Fleur, controlled the prior litigation between the closely held corporation, En Fleur and Microsoft. As such, petitioners

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are bound by the dismissal of the first petition. See e.g., *Kreager v. General Electric Co.*, 497 F.2d 468, 472 (2d Cir. 1974)(The president and sole shareholder of a corporation was bound by the corporation's defeat in an action that he effectively controlled); and *Spickler v. Flynn*, 494 A.2d 1369, 1373 (Me. 1985)(The controlling shareholder of a close corporation was bound by the judgment against the corporation in litigation that the shareholder had controlled on behalf of the corporation). In fact, petitioners admit not only that the transactional facts in each case are the same, but also acknowledge that the parties are legally the same when they argue "[t]he present Cancellation Proceeding No. 92043487, although arising out of the same facts and same parties, is not based upon any issue in the prior proceeding. The issue in this Cancellation is Fraud..." (Petitioners' brief in opposition to summary judgment at page 5)(emphasis in the original).

Turning to factor two, the requirement that the subsequent claim be based on the same transactional facts as the first, there can be no doubt that the transactional facts which are the basis of petitioners' "new" claim of fraud in this proceeding are the same facts that formed the basis of the claims of priority of use and likelihood of confusion in the prior proceeding. Inasmuch as the new fraud claim arises out of the same transactional facts as

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the prior priority of use and likelihood of confusion claims, the fraud claim could have, and should have, been brought in the prior proceeding.

With regard to factor three, the requirement that there must have been a final decision on the merits, by its decision in Cancellation No. 92026548, the Board rendered final judgment against petitioner En Fleur and dismissed the case with prejudice finding that petitioner had abandoned the WindowPad mark.

As noted above, under claim preclusion a plaintiff is barred from a subsequent assertion of the same facts in the form of a different cause of action. *Id.* Thus, inasmuch as petitioners' "new" fraud claim for cancellation arises out of the same facts as the priority of use and likelihood of confusion claims asserted in the prior cancellation proceeding, the fraud claim is barred by *res judicata*.⁹

Moreover, even if petitioners' fraud claim, i.e., their claim that respondent committed fraud on the Office by reciting an incorrect first use date, was not barred by *res judicata*, it is not a valid claim for cancellation. This is

⁹ Apart from the issue of claim preclusion, we note that each party to an action before the Board must establish its own standing. See e.g., *Jewelers Vigilance Committee, Inc. v. Ullenberg Corp.*, 823 F.2d 490, 2 USPQ2d 2021 (CAFC 1987). In that regard, petitioners have asserted that they have standing in this case based on their ownership of the WindowPad mark. There is a question, however, of whether petitioners are estopped from asserting such ownership inasmuch as the prior petitioner, En

so because "[f]raud in procuring a trademark registration or renewal occurs when an applicant knowingly makes false, material representations of fact in connection with his application." *Torres v. Cantine Torresella S.r.l.*, 808 F.2d 46, 1 USPQ2d 1483, 1484 (Fed. Cir. 1986)(citations omitted). Thus, according to *Torres*, to constitute fraud on the Patent and Trademark Office, the statement must be (1) false, (2) a material representation, and (3) made knowingly. Herein while petitioners allege that respondent's asserted first use date is incorrect, petitioners do not dispute that respondent made use of its mark prior to the filing date of the underlying application.¹⁰ An erroneous date of first

Fleur Corporation, based its standing in the prior action on its ownership of the WindowPad mark.

¹⁰ Although petitioners pleaded that:

22. Upon information and belief, there was no bona fide use of Respondent's mark Windows, which is a derivative of Petitioner's WindowPad mark, in commerce prior to the filing of the use-based application on August 20, 1990 for its fraudulently obtained registration; and
23. Upon information and belief, Respondent did not have a bona fide intent to use the mark in connection with the identified goods, namely graphical operating environment programs for microcomputers as of the filing date, August 20, 1990,

petitioners concede in their response to the motion for summary judgment that "[R]espondent's Windows software version 1.0 did not make its debut until November 1985 with the name Windows affixed upon it. Hence the correct First Use In Commerce date for the Windows mark is 1985." Indeed, petitioners now seek to "correct" paragraphs 22 and 23 of the petition for cancellation to allege:

use could not result in the allowance of a registration which would otherwise not be allowed, as long as there was technical trademark use prior to the filing date of the application. Thus, the date of first use asserted by respondent in its application, even if false, is not a material representation and cannot be said to constitute fraud on the Patent and Trademark Office. See e.g. *Georgia-Southern Oil, Inc. v. Harvey Richardson*, 16 USPQ2d 1723 (TTAB 1990)(Erroneous date of first use could not possibly result in allowance of registration that otherwise would not be allowed, as long as technical trademark use occurred prior to filing of application, and thus date of first use alleged in application cannot, even if false, constitute fraud on Patent and Trademark Office.); *Colt Industries Operating Corp. v. Olivetti Controllo Numerico S.p.A.*, 221 USPQ 73, 76 (TTAB 1983); and *Autac Incorporated v. Walco Systems, Inc.* 195 USPQ 11 (TTAB 1977).

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22. Upon information and belief, there was no bona fide use of Respondent's mark Windows, which is a derivative of Petitioner's WindowPad mark, in commerce between 1983 through October 1985 prior to the filing of the use-based application on August 20, 1990 for its fraudulently obtained registration.
 23. Upon information and belief, Respondent did not have a bona fide intent to use the mark in connection with the identified goods, namely graphical operating environment programs for microcomputers in 1983 as related in the use in commerce statement of its application filed on August 20, 1990.

Decision

In view of the foregoing, respondent's motion for summary judgment is hereby granted and the petition for cancellation is dismissed with prejudice.

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