

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF DELAWARE

MICROCHIP TECHNOLOGY, INC., :
 :
 Plaintiff, :
 :
 v. :
 :
MOTOROLA, INC., :
 :
 Defendant. :

Civil Action No. 01-264-JJF

John W. Shaw and Sara Beth A. Reyburn, Esquires of YOUNG,
CONAWAY, STARGATT & TAYLOR, LLP, Wilmington, Delaware.
Of Counsel: Edward A. Pennington, Esquire of SWIDLER, BERLIN,
SHEREFF, FRIEDMAN, LLP, Washington, D.C.
Attorneys for Plaintiff.

Jack B. Blumenfeld, Esquire of MORRIS, NICHOLS, ARSHT & TUNNELL,
Wilmington, Delaware.
Of Counsel: Roberta Horton, Michael Songer, James Walsh, and
Jonathan Hooks, Esquires of ARNOLD & PORTER, Washington, D.C.
Attorneys for Defendant.

MEMORANDUM OPINION

May 28, 2002
Wilmington, Delaware

FARNAN, District Judge

Presently before the Court is a Motion To Stay This Action (D.I. 18) filed by Defendant, Motorola, Inc. (hereinafter "Motorola"). For the reasons set forth below, Motorola's Motion (D.I. 18) will be granted.

I. BACKGROUND

Plaintiff, Microchip Technology, Inc. (hereinafter "Microchip") is the owner of a U.S. trademark registration, which issued in 1981, for the mark "PIC." (D.I. 22 at 2). Microchip's "PIC" products are used in industries such as automotive, telecommunications, household appliances, and security. (D.I. 22 at 3). Motorola uses the designation "PIC" in marketing its products as an acronym for various terms including "personal interactive communicators," "program interrupt controller," "programmable interrupt controller," "position independent code," "personal intelligent communicator," "PC interrupt controller," and as a portion of other names and claimed trademarks, such as "CORE-PIC," "GPIC (Galileo Discovery Programmable Interrupt Controller)," and "EPIC (Embedded Programmable Interrupt Controller)." (D.I. 22 at 3).

In September 2000, Microchip notified Motorola of its rights to the "PIC" trademark and requested that Motorola cease all unauthorized use. (D.I. 22 at 3). Because Motorola continued to use the "PIC" designation, on April 24, 2001, Microchip initiated

this action. (D.I. 22 at 3). By its Complaint, Microchip alleges federal and common law trademark infringement, false designation of origin, trademark dilution, unfair competition, and deceptive trade practices. (D.I. 22 at 3). On May 29, 2001, Motorola filed an Answer asserting abandonment as an affirmative defense, as well as a counterclaim alleging that Microchip's "PIC" mark has become generic, and therefore, the "PIC" registration should be cancelled pursuant to 15 U.S.C. §1119. (D.I. 19 at 2).

Before the parties engaged in any discovery, this action was stayed for several months pending mediation before Judge Thyng. (D.I. 19 at 2). The mediation occurred on November 20, 2001, but was unsuccessful. (D.I. 19 at 2). On November 28, 2001, Motorola filed a petition with the Trademark Trial and Appeal Board (hereinafter "TTAB"), seeking cancellation of Microchip's trademark registration for "PIC" on the grounds that it is a generic term for integrated circuit chips. (D.I. 19 at 2-3). On April 9, 2002, the TTAB issued an Order suspending the TTAB proceedings pending final disposition of the civil action in this Court. (D.I. 40). The TTAB, however, noted that in the event this Court "elects to suspend the civil action to await determination of the Board proceeding, the Board will go forward with its proceeding." (D.I. 40, Ex. A at 3-4).

Subsequent to the unsuccessful mediation, the parties exchanged discovery requests. (D.I. 19 at 3). As of the filing date of Motorola's Motion To Stay (i.e. December 26, 2001), no documents had been produced, no written responses had been served, and no depositions had been noticed or taken. (D.I. 19 at 3). On 2/20/02, the Court entered a Scheduling Order setting 9/13/02 as the discovery cutoff date, 12/15/02 as the deadline for filing dispositive motions, 4/3/03 as the pre-trial date, and 5/12/03 as the trial date. (D.I. 29). The parties have since noticed depositions and responded to various interrogatories and document requests.

II. DISCUSSION

Motorola contends that the Court should exercise its discretion and stay this action in order to permit the TTAB to resolve the issue of whether "PIC" is a generic term that is not entitled to trademark protection. (D.I. 19 at 1). According to Motorola, the Court can stay this action by either exercising its inherent power to promote economy of judicial time and effort, or invoking the "primary jurisdiction" doctrine, which "comes into play whenever enforcement of the claim requires the resolution of issues which . . . have been placed within the special competence of an administrative body." (D.I. 19 at 3-4); Driving Force, Inc. v. Manpower, Inc., 498 F.Supp. 21, 24 (E.D. Pa. 1980); See also Texace, Inc. v. Borda, 383 F.2d 607, 608 (3rd Cir. 1967).

Motorola contends that the TTAB regularly decides issues of genericism and would be a material aid to this Court, as an opinion from the TTAB would significantly expedite the Court's treatment of the issues presented. (D.I. 19 at 60.

Specifically, Motorola contends that if the TTAB determines that Microchip's "PIC" designation is generic, and the Court adopts that determination, this decision would warrant dismissal of Microchip's entire suit. (D.I. 19 at 9). Motorola further contends that a stay would not harm or prejudice either party, since Motorola has been using "PIC" for many years and there is no expedited proceedings pending in this Court. (D.I. 19 at 13).

In response, Microchip contends that Motorola's reliance on the "primary jurisdiction" doctrine is misplaced. (D.I. 22 at 1). Microchip contends that the "primary jurisdiction" doctrine should only be applied when: 1) uniformity of regulation is appropriate; or 2) there is a need for an initial consideration of the problem by a tribunal with specialized knowledge. (D.I. 22 at 6). Additionally, Microchip contends that the "primary jurisdiction" doctrine should not be applied when the district court proceedings involve issues that would not be present in the TTAB proceeding. (D.I. 22 at 9-10). Because the genericism of the "PIC" designation is not a question that is within the special expertise of the TTAB, and because genericism is only one of several issues pending before this Court, Microchip contends

that the doctrine of primary jurisdiction is not applicable.

(D.I. 22 at 1-2).

Microchip further contends that it would suffer prejudice in the event a stay is granted, and that a stay would not expedite the proceedings in this action or promote judicial efficiency.

(D.I. 22 at 2). Microchip contends that a cancellation proceeding before the TTAB will likely run for years from the time of initiation, and that, regardless of the outcome, TTAB's decision must be reviewed by this court de novo. (D.I. 22 at 2, 11). Additionally, Microchip contends that any delay works to its disadvantage in combating genericide, as additional time will only provide Motorola the opportunity to increase its misuse of the "PIC" designation. (D.I. 22 at 14). According to Microchip, the fairest and most efficient course of action is to deny Motorola's Motion To Stay and proceed in this Court, which is capable of resolving all of the issues between the parties.

(D.I. 22 at 1-2).

After reviewing the parties' arguments and the applicable law on this issue, the Court concludes that Motorola's Motion To Stay (D.I. 18) should be granted. A court has the inherent power to stay an action in the interests of efficient and fair resolution of the disputed issues. See Texaco, Inc. v. Borda, 383 F.2d 607, 608 (3rd Cir. 1967). In addition to this inherent power, a court may also enter a stay under the doctrine of

primary jurisdiction. Application of the primary jurisdiction doctrine is appropriate when there is a need for an initial consideration of issues by an agency with specialized knowledge, and those issues have been placed before that agency by the parties. See Consolidated Rail Corp. v. City of Dover, 450 F.Supp. 966 (D.Del. 1978). In determining whether to apply the doctrine of primary jurisdiction, courts typically focus on whether the agency's decision could be dispositive of the district court action. See American Bakeries Co., 650 F.Supp. 563 (D. Minn. 1986) (holding that "the case for permitting the PTO to proceed first is bolstered where the PTO adjudication might serve as a final disposition of the matter"); Goya Foods v. Tropicana Prods. Inc., 846 F.2d 848 (2nd Cir. 1988) (holding "if a district court action involves only the issue of whether a mark is entitled to registration [(i.e., the same issue as was then before the TTAB)] . . . , the doctrine of primary jurisdiction might well be applicable"); E & J Gallo Winery v. F & P S.p.A., 899 F.Supp. 465, 468 (E.D. Cal. 1994) (holding that fact that issues raised in TTAB proceeding were "not dispositive" was the "most important" factor in denying a stay).

In this case, a determination that the "PIC" designation is generic, if adopted by the Court, would be dispositive of all of Microchip's claims, as each claim depends on Microchip owning a valid trademark. Additionally, because the TTAB is often called

upon to determine whether a commonly-used word or term is generic, the issue of genericism is within the special expertise of the TTAB. See Continental Airlines, Inc. v. United Air Lines, Inc., 53 U.S.P.Q.2d 1385 (TTAB Jan. 7, 2000) (holding that the term "e-ticket" for computerized reservation and ticketing services is generic); In re 3Com Corp., No. 74/495, 184, 2000 WL 1182872 (TTAB Aug. 14, 2000) (holding that "ATMlink" for computer network components was generic). Accordingly, despite Microchip's contentions, application of the primary jurisdiction would not be improper.

In an attempt to convince the Court that a stay would not expedite the proceedings in this action or promote judicial efficiency, Microchip contends that, regardless of the outcome, the TTAB's decision must be reviewed by this Court de novo. While Microchip is correct that the Court must review any TTAB decision, Microchip misrepresents the standard by which a TTAB decision is reviewed. The district court's role in reviewing a TTAB decision has been described as "unique," in that the Court acts as both a reviewing body and as a fact-finder. See CVP Systems, Inc. v. M-Tek Incorporated, 32 U.S.P.Q.2d 1951 (N.D. Ill. 1994); see also Loglan Institute v. Logical Language Group, 962 F.2d 1038, 1040 (Fed. Cir. 1992) (holding that it is "well settled" that a TTAB decision "must be accepted as controlling upon a finding of fact . . . unless the contrary is established

by testimony which in character and amount carries thorough conviction"). The standard of review has been explained as follows:

It is true that new evidence must itself be considered de novo by the district court - in the sense of being fairly weighed without placing a thumb on the scales of dismissing it out of hand. The evidence must then be weighed against the Board's findings under the thorough conviction standard. Unless the new evidence leads to a thorough conviction that a finding of the Board is incorrect, that finding is controlling.

Spraying Systems Co. v. Delvan, Inc., 975 F.2d 387, 391 (7th Cir. 1992).

In light of the deference that a district court must give to a TTAB decision under the "hybrid" standard of review and the fact that the genericism of the "PIC" designation is a dispositive issue, the Court concludes that staying this action to await a decision from the TTAB would promote judicial efficiency by either narrowing the issues for trial or making this case ripe for summary judgement. For these reasons, the Court will grant Motorola's Motion To Stay This Action (D.I. 18).

III. CONCLUSION

For the reasons discussed, the Motion To Stay This Action (D.I. 18) filed by Motorola will be granted.

An appropriate Order will be entered.

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF DELAWARE

MICROCHIP TECHNOLOGY, INC., :
 :
Plaintiff, :
 :
v. : Civil Action No. 01-264-JJF
 :
MOTOROLA, INC., :
 :
Defendant. :

ORDER

At Wilmington this 28th day of May, 2002, for the reasons set forth in the Memorandum Opinion issued this date;

IT IS HEREBY ORDERED that:

- 1) Motorola's Motion To Stay This Action (D.I. 18) is GRANTED;
- 2) This case is administratively CLOSED;
- 3) The parties shall promptly notify the Court when the TTAB has reached a decision regarding the genericism of the "PIC" designation.

JOSEPH J. FARNAN, JR.
UNITED STATES DISTRICT JUDGE