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7
8 UNITED STATES DISTRICT COURT
9 NORTHERN DISTRICT OF CALIFORNIA

10 DONGXIAO YUE,

11 Plaintiff,

12 v.

13
14 MSC SOFTWARE CORPORATION, and
DOES 1-10, inclusive,

15
16 Defendants.
17

Case No.: 15-cv-5526-PJH

**PLAINTIFF DONGXIAO YUE'S
OPPOSITION TO DEFENDANT MSC
SOFTWARE CORPORATION'S MOTION
TO DISMISS THE TRADEMARK
INFRINGEMENT CLAIM**

Date: February 24, 2016

Time: 9:00 A.M.

Courtroom: 3, 3rd Floor

Judge: Honorable Phyllis J. Hamilton

TABLE OF CONTENTS

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

I. INTRODUCTION	1
II. PLAINTIFF HAS ADEQUATELY STATED TRADEMARK CLAIMS UNDER THE MISTAKEN AFFILIATION PRONG AND THE FALSE DESIGNATION OF ORIGIN PRONG OF SECTION 43(a) OF THE LANHAM ACT.	1
1. Plaintiff has adequately stated a mistaken affiliation claim against MSC for its unauthorized use of the PowerRPC trademark.	3
A. MSC used Plaintiff's PowerRPC trademark in interstate commerce .	3
B. MSC's unauthorized use of the PowerRPC trademark is likely to cause confusion under the mistaken affiliation prong of Lanham Act §43(a)(1).	3
2. Plaintiff has adequately stated a false designation of origin claim.	5
III. MSC MISCHARACTERIZED PLAINTIFF'S TRADEMARK CLAIMS	6
CONCLUSION	8

TABLE OF AUTHORITIES

CASES

Adobe Sys. Inc. v. Christenson,
891 F. Supp. 2d 1194 (D. Nev. 2012) 8

Craigslist v. 3Tans.
942 F.Supp.2d 962, 978 (N.D. Cal. 2013)..... 8

Dastar Corp. v. Twentieth Century Fox Film Corp.,
539 U.S. 23, 123 S. Ct. 2041 (U.S. 2003) 7, 8

Dow Jones & Co. v. Int'l Sec. Exch., Inc.,
451 F.3d 295 (2d Cir. 2006) 8

Montgomery v. Noga,
168 F. 3d 1282 (11th Cir. 1999)..... 1, 2, 3, 4, 5, 6, 8

Network Automation, Inc. v. Advanced Systems Concepts, Inc.,
638 F. 3d 1137 (9th Cir. 2011) 4

Polar Bear Prods. v. Timex Corp.,
384 F.3d 700 (9th Cir. 2004) 7

Sybersound Records, Inc. v. UAV Corp.,
517 F.3d 1137 (9th Cir. 2008)..... 7, 8

STATUTES AND RULES

15 U.S.C. § 1125(a)(1) 2, 4, 6

Fed. R. Civ. Proc. 12(d)..... 9

Lanham Act § 43(a) 1, 2, 5

Lanham Act § 43(a)(1)(A)..... 5, 6, 7

Lanham Act § 43(a)(1)(B) 7

1 **I. INTRODUCTION**

2 Since 2005, Defendant MSC has incorporated Plaintiff's PowerRPC software and code in
3 MSC's commercial products such as PATRAN and SuperModel. MSC has also used Plaintiff's
4 PowerRPC trademark in connection with MSC's infringement of the copyrights in Plaintiff's
5 software. After many months of negotiation between Plaintiff and MSC had failed to resolve the
6 matter, Plaintiff commenced this copyright and trademark action. Complaint ¶¶11-77.

7 In response to the Complaint, MSC files a partial motion to dismiss Plaintiff's trademark
8 claim. MSC asks the Court to adopt the following sweeping rule:

9 Quite simply, referring to another product by name is not trademark
10 infringement. This is true regardless of whether the use of the mark
11 was authorized by its owner. It is also true regardless of whether the
use of copyrighted material was licensed.

12 Def. Motion at p.2:14-16. MSC's proposition above is essentially this: unauthorized use of a
13 copyright owner's trademark in connection of copyright infringement cannot be the basis of a
14 claim for trademark infringement.

15 As will be shown below, the cases MSC cited do not logically support its proposed
16 sweeping rule, and the authorities that MSC neglected to cite have explicitly rejected similar
17 arguments. Plaintiff has adequately stated trademark claims for mistaken affiliation and false
18 designation of origin. The Court should deny MSC's motion to dismiss.

19 Plaintiff's opposition is based on this opposition brief, the declaration of Dongxiao Yue in
20 opposition to Defendant's motion to dismiss ("Yue Decl."), the declaration of Dongxiao Yue in
21 response to defense counsel's characterizations of prior litigation history, the pleadings and
22 documents filed in this action, and other materials and arguments the Court may consider.

23 **II. PLAINTIFF HAS ADEQUATELY STATED TRADEMARK CLAIMS UNDER**
24 **THE MISTAKEN AFFILIATION PRONG AND THE FALSE DESIGNATION OF**
25 **ORIGIN PRONG OF SECTION 43(a) OF THE LANHAM ACT.**

26 The trademark infringement facts in this case are very similar to those in the case of
27 *Montgomery v. Noga*, 168 F. 3d 1282 (11th Cir. 1999). In the instant case, MSC copied Plaintiff's
programs and code into MSC PATRAN and other MSC products, and used Plaintiff's PowerRPC

1 trademark in its installation guides, three MSC programs and possibly other places. Yue Decl. ¶8.
 2 In *Montgomery*, defendants copied a picture-displaying program named VPIC onto photo CD-
 3 ROM discs, and included the term "VPIC" in the "help menu". *Id.* at 1301.

4 Based on the near identical fact pattern, the *Montgomery* court held "as a matter of law that
 5 that Montgomery has stated a claim against the defendants under the false designation of origin
 6 and mistaken affiliation prongs of section 43(a) of the Lanham Act."¹ *Montgomery*, 168 F. 3d at
 7 1298. As the court explained, 15 U.S.C. § 1125(a)(1)(A) contains two prongs: (1) The mistaken
 8 affiliation prong prescribes liability for "[a]ny person who, on or in connection with any goods . . . ,
 9 uses in commerce any word, term, name, symbol, or device, or any combination thereof, . . .
 10 [which] is likely to cause confusion, or to cause mistake, or to deceive as to the affiliation,
 11 connection, or association of such person with another person"; (2) The false designation of
 12 origin prong prescribes liability for "[a]ny person who, on or in connection with any goods . . . ,
 13 uses in commerce any . . . false designation of origin . . . [which] is likely to cause confusion, or to
 14 cause mistake, or to deceive . . . as to the origin, sponsorship, or approval of his or her goods . . .
 15 by another person"). *Id.* at 1297, fn. 25.

16 Plaintiff's trademark claims mirror the ones endorsed by *Montgomery*.

17
 18 ¹ The Lanham Act § 43(a)(1), 15 U.S.C. § 1125(a)(1), states:

19 Any person who, on or in connection with any goods or services, or any container for goods, uses
 20 in commerce any word, term, name, symbol, or device, or any combination thereof, or any false
 designation of origin, false or misleading description of fact, or false or misleading representation
 of fact, which—

21 (A) is likely to cause confusion, or to cause mistake, or to deceive as to the affiliation,
 22 connection, or association of such person with another person, or as to the origin,
 sponsorship, or approval of his or her goods, services, or commercial activities by another
 23 person, or

24 (B) in commercial advertising or promotion, misrepresents the nature, characteristics,
 25 qualities, or geographic origin of his or her or another person's goods, services, or
 commercial activities,

26 shall be liable in a civil action by any person who believes that he or she is or is likely to be
 27 damaged by such act.

1 **1. Plaintiff has adequately stated a mistaken affiliation claim against MSC for its**
2 **unauthorized use of the PowerRPC trademark.**

3 The Complaint alleges that MSC used the PowerRPC trademark in interstate commerce
4 without authorization, such use is likely to cause confusion under the mistaken affiliation prong of
5 subsection 43(a)(1)(A) of the Lanham Act, and there is resulting damage. Complaint ¶¶69-77.

6 **A. MSC used Plaintiff's PowerRPC trademark in interstate commerce .**

7 MSC admits that it used the PowerRPC trademark in the "PATRAN® 2008 r1 Installation
8 and Operation Guide". MSC then states that there is only **one** use of the "PowerRPC" in the 150
9 page document. Def. Motion at p.4:23. MSC's position is potentially misleading.

10 The Complaint does not allege that there was only one use of the PowerRPC trademark by
11 MSC, nor does it allege that "PATRAN® 2008 r1" was the only infringing version. MSC's
12 infringing conduct dated back to 2005. Complaint ¶50. In the 2012 version of PATRAN alone,
13 MSC used the PowerRPC trademark in least five places. In addition to the PATRAN installation
14 guide, MSC used the word "PowerRPC" four times in three MSC script files named
15 "sm_install_precopy.bat", "smremove_portmap.bat" and "sminstall_portmap.bat". Yue Decl. ¶8.
16 MSC has created many infringing versions of PATRAN since 2005 (Complaint ¶¶24, 50),
17 discovery may reveal many additional uses of the PowerRPC trademark by MSC.

18 **B. MSC's unauthorized use of the PowerRPC trademark is likely to cause confusion under**
19 **the mistaken affiliation prong of Lanham Act §43(a)(1).**

20 The Complaint alleges that "Defendants' use of the PowerRPC trademark is likely to
21 deceive others as to represent a connection, license or association between MSC and Plaintiff."
22 Complaint ¶72. The likelihood of confusion allegedly caused by Defendant's unauthorized use of
23 Plaintiff's trademark is of the same type recognized by *Montgomery* under near identical fact
24 patterns. The Complaint further alleges that "[b]y Defendants' unauthorized use of the PowerRPC
25 trademark, the users of MSC software would not know that their use of PowerRPC was
26 unauthorized and that they needed to obtain a license from Plaintiff for their use of PowerRPC in
27 running the MSC applications." Complaint ¶73. Plaintiff's allegations mirror those accepted by

1 Montgomery. 168 F. 3d at 1298. Plaintiff has thus adequately alleged the likelihood of confusion
2 caused by MSC's use of the PowerRPC trademark under the mistaken affiliation prong of section
3 43(a) of the Lanham Act.

4 The type of confusion likely caused by MSC's unauthorized use of the PowerRPC
5 trademark is typical in software piracy cases. Like those customers who unknowingly purchased
6 pirated CD-ROM discs labeled with Microsoft trademarks, MSC customers who installed the
7 infringing MSC products would not know that the PowerRPC software incorporated in MSC's
8 commercial products were illegal copies.

9 MSC contends that because PowerRPC was indeed used in MSC's software, its use of the
10 "PowerRPC" was "truthful and accurate" and a "nondeceptive description". MSC further asserts
11 that it did not use "PowerRPC" in "sales materials or advertisements". MSC confuses Plaintiff's
12 "mistaken affiliation" claim with a "false advertising" claim. Plaintiff does not allege that MSC
13 falsely represented others' products as PowerRPC. Instead, Plaintiff alleges that MSC's use of the
14 PowerRPC trademark is likely to cause confusion of "affiliation, connection, or association", in
15 violation of 15 U.S.C. § 1125(a)(1)(A).

16 MSC argues that Plaintiff provided "no factual support" for the allegation that users of
17 MSC software "would not know that they needed to obtain a license" for Plaintiff's software.
18 MSC's argument fails for two reasons.

19 **First**, "actual confusion is not necessary to a finding of likelihood of confusion under the
20 Lanham Act." Network Automation, Inc. v. Advanced Systems Concepts, Inc., 638 F. 3d 1137,
21 1151 (9th Cir. 2011) (internal citations omitted).

22 **Second**, had MSC's customers² not been confused by MSC's use of the PowerRPC
23 trademark, they would have known that MSC software contained illegal copies of infringing
24 software and would have long voiced their concerns to either MSC or Plaintiff. In contradiction to
25 the absence of confusion, no MSC customer has contacted Plaintiff regarding PowerRPC license

26 _____
27 ² The customers of MSC are mostly corporations and institutions.

1 in MSC products. Yue Decl. ¶9. In the 2008 installation guide MSC submitted, MSC listed many
2 specific trademarks belonging to their respective owners, and specific third party software
3 belonging to their respective copyright owners. But nowhere did MSC state that PowerRPC was
4 third party software and it was unlicensed. The fact that no MSC customer has ever contacted
5 Plaintiff regarding the licensing of PowerRPC in MSC products is consistent with the existence of
6 actual customer confusion and is in fact a proof by contradiction the likelihood of confusion.

7 In sum, Plaintiff has adequately stated a trademark claim under the mistaken affiliation
8 prong of subsection 43(a)(1)(A) of the Lanham Act.

9 **2. Plaintiff has adequately stated a false designation of origin claim.**

10 The fact pattern for false designation of origin in this case is also near identical to that in
11 *Montgomery*, and the false designation of origin claim in this case tracks closely to the claim
12 endorsed by that court. Copyright infringement alone "does not amount to a . . . false designation
13 to establish a claim under § 43(a)," such a claim requires the existence of "some affirmative act
14 whereby [the defendant] falsely represented itself as the owner of [the plaintiff's computer
15 program]". *Montgomery*, 168 F.3d at 1299. The affirmative act taken by the defendants in
16 *Montgomery* was to claim copyright and ownership of the infringing product which incorporated
17 plaintiff's program. *Id.* at 1298-9. Here, MSC did the same.

18 In *Montgomery*, "Montgomery created VPIC for the purpose of allowing computer users to
19 view picture files. Without reprogramming VPIC, the defendants incorporated it into their CD-
20 ROM discs for the purpose of allowing users to view the pictures on the discs." *Id.* at 1299, fn.27.
21 The court held that defendants' "claim of ownership was sufficient to allow Montgomery to state a
22 claim against the defendants under section 43(a) for false designation of origin." *Id.* at 1298-9.
23 MSC has committed the same type of violations: it took Plaintiff's copyrighted programs,
24 components and code, incorporated and packaged these copyrighted works in infringing MSC
25 products, claimed copyrights and ownership of the infringing MSC products and licensed them to
26 others as if they are its own.

1 Like the defendants in *Montgomery*, MSC included illegal copies of Plaintiff's copyrighted
2 programs and source code in MSC products.

3 Like the *Montgomery* defendants, MSC also took the affirmative act to claim proprietary
4 ownership and copyright on the infringing MSC products. Yue Decl. ¶¶10-11. Defendants passed
5 off PowerRPC "as their own property." Complaint ¶72.

6 Plaintiff has therefore adequately stated a claim for false designation of origin.

7 **III. MSC MISCHARACTERIZED PLAINTIFF'S TRADEMARK CLAIMS**

8 As shown above, Plaintiff's trademark claims are based on subsection 43(a)(1)(A) of the
9 Lanham Act (15 U.S.C. § 1125(a)(1)(A)). Specifically, Plaintiff alleges likelihood of confusion
10 under its "mistaken affiliation prong" and "false designation prong." MSC spends much effort in
11 discussing cases about subsection 43(a)(1)(B), which is commonly referred to as "false
12 advertising", as in misrepresenting the "nature, characteristics, and qualities" of goods or services
13 "in commercial advertising or promotion." Just like the *Montgomery* defendants, MSC
14 mischaracterized Plaintiff's trademark claims.

15 MSC relies heavily on *Sybersound Records, Inc. v. UAV Corp.*, 517 F.3d 1137 (9th Cir.
16 2008), a subsection 43(a)(1)(B) false advertising case. The facts in *Sybersound* did not involve the
17 unauthorized use of any trademarks. Instead, Sybersound alleged that defendants made
18 "misrepresentations under § 43(a)(1)(B) of the Lanham Act" "by misrepresenting their compliance
19 with the Customers' licensing policies." *Sybersound*, 517 F.3d at 1143. The Ninth Circuit found
20 that Sybersound did not have standing to sue on copyright and declined to allow competitors to
21 use the Lanham Act "to litigate the underlying copyright infringement when they have no standing
22 to do so." *Id.* at 1144. The instant action is different. Plaintiff does **not** allege that MSC
23 misrepresented the "nature, characteristics, and qualities" of its products in violation of subsection
24 43(a)(1)(B) of the Lanham Act. Plaintiff's claims are founded upon § 43(a)(1)(A) for mistaken
25 affiliation and false designation of origin.

26 "Copyright and trademark are related but distinct property rights." *Polar Bear Prods. v.*
27 *Timex Corp.*, 384 F.3d 700, 720 (9th Cir. 2004). The U.S. Supreme Court noted that Lanham Act

1 violation claims "would undoubtedly be sustained if [defendant] had bought some of [plaintiff's]
2 videotapes and merely repackaged them as its own."³ Dastar Corp. v. Twentieth Century Fox Film
3 Corp., 539 U.S. 23, 31 (U.S. 2003).

4 Neither Sybersound nor Dastar precludes trademark claims in connection with copyright
5 infringement. In both Sybersound and Dastar, the plaintiffs had no valid copyright claim,
6 indicating that a trademark claim may depend on the copyright claim. "The Copyright Act
7 provides no recourse for [a plaintiff] to prevent others from trading on [plaintiff's] name and mark,
8 and thus does not overlap with the present Lanham Act claim." Craigslit v. 3Taps, 942 F.Supp.2d
9 962, 978 (N.D. Cal. 2013). As discussed above, Plaintiff has sufficiently stated mistaken
10 affiliation and false designation of origin claims against MSC.

11 Defendant cites Dow Jones & Co. v. Int'l Sec. Exch., Inc., 451 F.3d 295 (2d Cir. 2006).
12 The facts in Dow Jones were very different: Dow Jones created an exchange traded fund (ETF)
13 named "DIAMONDS"; the defendant there announced that it would create options for the
14 DIAMONDS ETF and was sued for infringing the DIAMONDS mark. The Dow Jones court
15 explained: "While a trademark conveys an exclusive right to the use of a mark in commerce in the
16 area reserved, that right generally does not prevent one who trades a branded product from
17 accurately describing it by its brand name, **so long as the trader does not create confusion by**
18 **implying an affiliation with the owner of the product.**" *Id.* at 308 (boldface added). The key is
19 the likelihood of confusion. MSC did not tell its customers that PowerRPC was third party
20 software and it had no license. MSC acted just like the software pirate in Montgomery. The crucial
21
22

23 ³ In Dastar, the false designation of origin claim against Dastar failed because the video clips it
24 took were in the public domain and Dastar was indeed the "origin" of the edited products. The
25 Supreme Court noted that the Copyright Act "carefully limited" the attribution right to specified
26 works of visual art. "Recognizing in § 43(a) a cause of action for misrepresentation of authorship
27 of **noncopyrighted** works (visual or otherwise) would render these limitations superfluous."
(boldface added). Since the Copyright Act does not provide a remedy for falsely claiming
28 ownership and copyright on **copyrighted** non-visual-art works, the copyright owner should be
able to seek relief under the trademark law for such injury.

