

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

Leo Stoller d/b/a
CENTRAL MFG.
P.O. Box 35189
Chicago, IL 60707

TTAB

Opposition No: 91160234

Opposer,

Trademark:

AIRFRAME BUSINESS
SOFTWARE, INC.

vs.

Airframe Business Software, Inc.
800 Southwood Blvd, Suite 105
Incline Village, NV 89451

Applicant.



TTAB/NO FEE

08-24-2004

U.S. Patent & TMO/TM Mail Rcpt Dt. #78

**OPPOSER'S RESPONSE TO APPLICANT'S
MOTION FOR RULE 11 SANCTIONS**

NOW COMES the Opposer in response to Applicant's Motion For Rule 11 Sanctions, and states as follows:

The Board issues an order on August 14, 2004, giving the Opposer a limited extension of time to file a response to Applicant's cross-motion for Rule 11 sanctions.

The Board denied the Opposer an extension to file a reply to Applicant's oppositions to Opposer's motion to strike Applicant's affirmative defenses, to dismiss Applicant's counter-claims. The Opposer filed its reply on August 11, 2004:

**OPPOSER'S REPLY TO APPLICANT'S OPPOSITION
TO OPPOSER'S MOTIONS: 1) TO STRIKE AFFIRMATIVE DEFENSES; 2) TO DISMISS
APPLICANT'S COUNTERCLAIMS UNDER FRCP 12(b); 3) FOR RULE 11 SANCTIONS
and OPPOSER'S RESPONSE TO APPLICANT'S
MOTION FOR RULE 11 SANCTIONS**

In view of the fact that the Board has denied Opposer's motion for an extension to file the said reply which also contained Opposer's preliminary respond to Applicant's Motion for Rule 11 Sanctions, the Opposer is now compelled to withdraw its initial response filed on August 11, 2004, to Applicant's Motion for Rule 11 which should have been pled in a separate pleading. In view of the Board's order granting the Opposer thirty days to respond to Appli-

cant's Motion for Rule 11, the Opposer herewith is filing its said response.

Applicant's Motion for Rule 11 is based upon Applicant's allegation that Opposer has filed a frivolous Motion to Strike Affirmative Defenses, Motion to Strike Counterclaims and Motion for Rule 11 Sanctions.

The Opposer has established that Opposer's Motion to Strike Affirmative Defenses, Motion to Strike Counterclaims and Motion for Rule 11 Sanctions are meritorious. Applicant's said Motion for Rule 11 represents nothing more than a retaliatory response to Opposer's valid Motion to Strike Affirmative Defenses, Motion to Strike Counterclaim and Motion for Rule 11 Sanctions.

Applicant's frivolous, retaliatory Motion for Rule 11 is, in itself, additional sanctionable conduct by the Applicant, evidencing that this Board should send a message that the filing of frivolous affirmative defenses should not be met by a frivolous retaliatory motion for Rule 11 sanctions. Applicant's frivolous Motion for Rule 11 Sanctions represents additional support for the ultimate sanction that this Board should issue against the Applicant which is denying Applicant registration of the mark sought to be registered, and dismissing Applicant's counterclaims with prejudice.

The Applicant goes on to make further misrepresentations of the law by citing to other unrelated cases, *S Industries v. Centra 2000*; *S Industries v. Diamond Multimedia*; *S Industries Inc. v. Lamb-Weston, Inc.* and *Central Mfg. Inc. v. Third Millenium Technology, Inc.* The said cases are unrelated to the case at bar and have no precedent value to the current case. The Applicant has merely attempted to prejudice this Honorable Board against the Opposer. See *Central Mfg. Inc. v. Stealth Laboratories, LLC.*, Opposition No. 117,366, Decision dated June 6, 2001 by TTAB Judges Wendel, Holtzman and Rogers: "Merely reciting opposer's (alleged) bad actions in other, unrelated litigation does not automatically confer 'bad actor' status on opposer in this proceeding."

Applicant's Motion for Rule 11 Sanctions which was an attempt to have the Board sanction the Opposer was filing an allegedly frivolous Motion to Strike Applicant's affirmative defense of failure to state a claim upon which relief can be granted.

Fed. R. Civ. P. 12(f) provides for the striking from a pleading of any insufficient

defense or any redundant, immaterial, impertinent, or scandalous matter. However, motions to strike are not favored, and matter will not be stricken unless it clearly has no bearing upon the issues in the case. See *Leon Shaffer Golnick Advertising, Inc. v. William G. Pendill Marketing Co., Inc.*, 177 USPQ 401 (TTAB 1973).

Applicant's defense that the notice of opposition fails to state a claim for relief (Affirmative Defense No. 1) is insufficient as a matter of law. See *5A Wright, Miller & Marcus, Federal Practice and Procedure: Civil 2d §1381 (2d ed. 2004)*. Opposer has alleged, inter alia, that it owns several registrations for the mark AIRFRAME, that it has prior use of its AIRFRAME mark in connection with a wide variety of goods and services, that its AIRFRAME mark became famous in 1999, that Applicant's recited services are similar and/or related to Opposer's goods and services, that there is likelihood of confusion between Applicant's mark AIRFRAME BUSINESS SOFTWARE, INC. as used in connection with Applicant's services and Opposer's family of AIRFRAME marks as used in connection with a wide variety of goods and services, and that Applicant's mark would cause dilution of Opposer's AIRFRAME marks. These pleadings are sufficient to *allege* a cause of action. Whether Opposer's allegations regarding the relatedness of the parties' respective goods and services are, in fact, true is not a matter for determination at this time. For purposes of evaluating the sufficiency of pleadings, all averments must be taken as true and construed in the light most favorable to the pleading party. See *Advanced Cardiovascular Systems, Inc. v. SciMed Life Systems, Inc.*, 988 F.2d 1157, 26 USPQ2d 1038 (Fed. Cir. 1993).

The Opposer was justified in requesting that the Board strike Applicant's second affirmative defense to all causes of action.

The Applicant's Motion for Rule 11 Sanctions is frivolous on its face.

"1. Opposer's Notice of Opposition constitutes action taken without merit and without good faith.

2. Opposer specifically alleges use and registration of a mark constituting 'business software, including database management for email programs; web site development, web site management and hosting, etc.' (See Notice of Opposition, Paragraph 22), when Opposer has no such registration descriptions on file with the U.S. Patent and Trademark Office.

3. Opposer does not and cannot present factual evidence of use in commerce of goods and services meeting the description set forth in the preceding paragraph.

4. Opposer is frivolously and abusively forwarding this opposition action without a good faith argument that Applicant's application should be denied pursuant to 15 USC @. 1052 or any other applicable law.

5. Opposer's opposition should be denied in its entirety due to Opposer's promulgation of bad faith litigation in this opposition action."

Opposer asserts that Applicant's Second Affirmative Defense falls because of its failure to plead fraud with particularity.

As to Applicant's allegation in Second Affirmative Defense in Paragraph 1, that Opposer's Notice of Opposition constitutes action taken without merit and without good faith, Applicant's said Affirmative Defense is deficient in that it does not proof facts sufficient to state a defense.

As to Applicant's allegation in Second Affirmative Defense in Paragraph 2, Applicant does not plead what registrations Opposer is relying on. Is it clear from Opposer's Paragraph 22 of its Notice of Opposition that the Opposer is claiming common law rights on similar and competitive goods and also holds rights on goods listed in Opposer's Federal Trademark Registrations. In no part of Opposer's opposition does the Opposer claim to hold the Federal Trademark Registration on business software, including database management for email programs; web site development; web site hosting, etc. As a result, the Board should strike Paragraph 2 of Applicant's Second Affirmative Defense.

Further, the Board should strike Paragraphs 3, 4 and 5 of Applicant's Second Affirmative Defense because it does not plead facts with particularity and sufficient to support a fraud claim.

Applicant's counterclaims for cancellation also falls, for it fails to inform the Opposer of a well plead fraud claim; plead with particularity. A necessary element of fraud is intent and the Applicant fails to plead the Opposer's intent to defraud. Opposer asserts that Applicant's counterclaim should be stricken for failure to state a proper claim.

**APPLICANT VIOLATED RULE 11 FOR
FILING FRIVOLOUS AFFIRMATIVE DEFENSES**

Applicant's filing of its Affirmative Defenses falls squarely within the perimeters of Rule 11. Applicant's frivolous Affirmative Defense No. 1 - Failure to State a Cause of Action, is a case in point. As previously stated in this pleading, Opposer has established that it stated a claim for relief, and that Applicant's Affirmative Defense of failure to state a cause of action is not only frivolous, but such a filing under the circumstances should be governed by a violation of Rule 11. Thus, when this Board finds that the Opposer has stated a claim and that Applicant's First Affirmative Defense, Failure to State a Cause of Action, is stricken, the Board should impose a sanction in the form of denying Applicant registration of the mark sought to be registered.

Rule 11 is intended to deter dilatory or abusive pre-trial tactics and to streamline litigation by excluding baseless filings. See *Fries v. Helsper*, 146 F.3d 452, 458 (7th Cir.), cert. denied, 525 U.S. 930 (1998). See *Cooter & Gell v. Hartmarx Corp.*, 496 U.S. 384 (1990); *Pavelic & LeFlore v. Marvel Entertainment Group*, 493 U.S. 120 (1989); *Harlyn Sales Corp. Profit Sharing Plan v. Kemper Fin. Servs.*, 9 F.3d 1263, 1270 (7th Cir. 1993) (sanctions serve many purposes -- deterrence, punishment, compensation, streamlining dockets -- but deterrence is the primary goal). The Opposer asserts that the Applicant has submitted the affirmative defenses and has shown some improper motive by doing so.

The Opposer asserts that the goal of Rule 11 is not only deterring impropriety, but also frivolous filings of improperly plead affirmative defenses.

To constitute a frivolous legal position for Rule 11 purposes, it must be clear that there is no chance of success. *Pierce v. F.R. Tripler & Co.*, 955 F.2d 820, 830 (2d Cir. 1992); *In re Grantham Bros.*, 922 F.2d 1438, 1422 (9th Cir. 1991) ("frivolous claim" defined as one that is "legally unreasonable, or without legal foundation"); *Hudson v. Moore Bus Forms, Inc.*, 836 F.2d 1156, 1159 (9th Cir. 1987); *Szabo Food Serv. Inc. v. Canteen Corp.*, 823 F.2d 1073, 1085 (7th Cir. 1987).

Applicant's first frivolous Affirmative Defense "Failure to State a Cause of Action" falls squarely within the legal position for Rule 11, in that there is no chance for the Applicant to succeed on this affirmative defense. This is exactly like the case of *Lockheed Martin Energy Systems, Inc. v. Slavin*, 190 F.R.D. 449 (E.D. Tenn. 1999), where the defendant violated Rule 11 by asserting a number of frivolous defenses, knowing that such assertions lacked evidentiary support and were not warranted by existing law.

Applicant's objection to Opposer's Motion for Rule 11 is without merit and the Board should grant Opposer's Motion for Rule 11 and issue a sanction against the Applicant in the form of denying its application sought to be registered and to deny Applicant's counterclaims with prejudice.

SUMMARY

The Opposer in response to Applicant's frivolous cross-motion for Rule 11, has established a clear basis for asserting that Applicant has filed frivolous Affirmative Defenses that do not comply with FRCP Rule 11. The only appropriate sanction would be for the Board to grant Opposer's Motion to Strike Affirmative Defenses, Motion to Dismiss Applicant's Counterclaims Under FRCP 12(b) and to grant Opposer's Motion for Rule 11 Sanctions. Sanctioning the Applicant by denying the Applicant registration of the mark sought to be registered and dismissing Applicant's counterclaims with prejudice. The Opposer respectfully asserts that for this Board to ignore the opportunity to grant the ultimate sanction to the Applicant is to send a message that parties who practice before this Board can get away with ignoring the FRCP and the Trademark Rules without any penalty whatsoever.

WHEREFORE, the Opposer prays that the Board deny Applicant's cross-motion for Rule 11 Sanctions; to grant Opposer's Motion to Strike Affirmative Defenses and to dismiss Applicant's counterclaim; to grant Opposer's Motion for Rule 11 Sanctions, and issue an appropriate sanction to the Applicant in the form of denying Applicant's registration of the mark sought to be registered and dismissing Applicant's counterclaims, with prejudice.

By: Leo Stoller

Leo Stoller
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773-283-3880 FAX 708 453-0083

Date: August 20, 2004

Certificate of Mailing

I hereby certify that the foregoing *Motion* is being deposited with the U.S. Postal Service as First Class Mail in an envelope addressed to:

TTAB/NO FEE
Assistant Commissioner of Patents and Trademarks
2900 Crystal Drive
Arlington, Virginia 22202-3513

Leo Stoller

Leo Stoller
Date: August 20, 2004

Certificate of Service

I hereby certify that this *Motion* is being sent by U.S. Mail and deposited with the U.S. Postal Service by First Class Mail, in an envelope addressed to:

Ann Rosevear
WALSH, BAKER & ROSEVEAR, P.C.
9468 Double R. Blvd., Suite A
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Leo Stoller

Leo Stoller
Date: August 20, 2004

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UNITED STATES DEPARTMENT OF COMMERCE
Patent and Trademark Office
Trademark Trial and Appeal Board
2900 Crystal Drive
Arlington, Virginia 22202-3513

Mailed: August 14, 2004

Opposition No. 91160234

Leo Stoller

v.

AIRFRAME BUSINESS SOFTWARE,
INC.

Cheryl Goodman, Interlocutory Attorney:

This case now comes up on opposer's motion to extend time to respond to applicant's cross motion for Rule 11 sanctions and to file replies to applicant's oppositions to opposer's motion to strike applicant's affirmative defenses, to dismiss applicant's counterclaims and to opposer's motion for Rule 11 sanctions, filed July 19, 2004. Applicant has responded in opposition thereto.

Inasmuch as the time for reply may not be extended opposer's request to file replies to its motion to strike, motion to dismiss and motion for sanctions are denied. See Trademark Rule 2.127(a) ("the time for filing a reply brief will not be extended").

The Board will now consider opposer's request to file a response to applicant's cross motion for Rule 11 sanctions.

In support of its motion, opposer states that it needs additional time due to "prior pending obligations" involving a Federal Circuit appeal. Opposer also argues that its requested thirty-day extension will not prejudice applicant.

In response, applicant argues that opposer's motion is frivolous, not made in good faith and is for purposes of delay.

In reply, opposer argues that "opposer has sole responsibility for a dozen inter partes pleadings all at about the same time and is unable to respond . . . within the time provided; and that good cause exists for granting the extension.

Upon careful consideration of the parties' arguments, the Board finds good cause for granting a limited extension of time for opposer to file a response to applicant's cross motion for Rule 11 sanctions. See e.g., *See Societa Per Azioni Chianti Ruffino Esportazione Vinicola Toscana v. Colli Spolentini Spoletoducale SCRL*, 59 USPQ2d 1383 (TTAB 2001).

Opposer is allowed until THIRTY DAYS from the mailing date of this order to file its response to applicant's cross-motion for Rule 11 sanctions.

Proceedings herein are suspended pending disposition of the motion to dismiss. Any paper filed during the pendency of this motion which is not relevant thereto will be given no consideration. See Trademark Rule 2.127(d).