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

Proceeding	91188704
Party	Defendant DHC Assets Limited Partnership
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In the Matter of Application Serial No. 77/465,234	)	
Published in the Official Gazette on October 7, 2008	)	OPPOSITION NO. 91188704
ILIKE, INC. Opposer, v. DHC ASSETS LIMITED PARTNERSHIP, Applicant.	)	

APPLICANT'S OPPOSITION TO OPPOSER'S MOTION FOR JUDGEMENT ON THE PLEADINGS OR IN THE ALTERNATIVE MOTION TO STRIKE

Applicant, DHC Assets Limited Partnership ("Applicant" hereinafter), hereby opposes iLike, Inc.'s ("Opposer") Motion for Judgment on the Pleadings or in the Alternative Motion to Strike ("Motion"). Further, in the event the Board determines that any affirmative defense is insufficient, the Applicant moves for leave to amend the Answer. In support of its opposition, Applicant states as follows.

Background

Applicant filed an application for registration of the GARAGE BRAND mark on May 4, 2008. The GarageBrand.com site has been in use for nearly four years as the blog/podcast of trademark attorney Dana Robinson, who used the blog to talk about legal

matters related to small businesses (e.g. "garage brands"). In September of 2008, the United States Patent and Trademark Office ("USPTO") approved the application and published it for opposition. However, on February 4, 2009, Opposer filed a Notice of Opposition to the registration based on its belief there is a likelihood of confusion with its GARAGEBAND and GARAGEBAND.COM trademarks. It appears Opposer operates a website for garage bands at garageband.com.

On March 14, 2009, Applicant timely filed an answer to Opposer's Opposition. In that Answer, Applicant properly asserted several affirmative defenses, including failure to state a claim, laches, acquiescence, estoppel, unclean hands, waiver, fraud, and other affirmative defenses. On March 2009, Opposer filed a Motion for Judgment on the Pleadings or, alternatively, to strike the affirmative defenses, alleging the defenses asserted by Applicant are improperly plead, or in some cases "half-baked."

Applicant contends the affirmative defenses asserted in the Answer are proper and now opposes Opposer's Motion.

Argument

TMBP 506.01 states, "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 also, *See Giant Food, Inc. v. Standard Terry Mills, Inc.*, 229 USPQ 955 (TTAB 1986). Thus, even when technically appropriate and well-founded, motions to strike affirmative defenses often are not granted in the absence of a showing of prejudice to the moving party. *See* Wright & Miller, Federal Practice § 2d 1381. TMBP 506.01 further states:

> The primary purpose of pleadings, under the Federal Rules of Civil Procedure, is to give fair notice of the claims or defenses asserted. Thus, the Board, in its discretion, may decline to strike even objectionable pleadings where their inclusion will not prejudice the adverse party, but rather will provide fuller notice of the basis for a claim or defense. A defense will not be

stricken as insufficient if the insufficiency is not clearly apparent, or if it raises factual issues that should be determined on the merits.

With these standards in mind, Defendant respectfully contends that Opposer's Motion should not be granted for the reasons set forth below.

A. Applicant's affirmative defenses meet applicable pleading requirements

An answer may contain a short and plain statement of any defenses, including affirmative defenses. Affirmative defenses are subject to the same pleading requirements as is the complaint. That is, the elements of a defense should be stated simply, concisely, and directly. *See* TBMP §311.02(b).

Federal courts generally require that an affirmative defense need only be plead with enough specificity to give the opposing party "fair notice" of the defense being advanced. *Woodfield v. Bowman*, 193 F.3d 354, 362 (5th Cir. 1999). When civil fraud is plead, the provisions of Fed. R. Civ. P. 9 must be met. However, it is not clear that the same pleading requirements are required for a claim or defense that an application was obtained by filing a statement of use that included goods or services that were not in fact in use at the time (and therefore "fraudulent").

Opposer contends Applicant's "bald assertions" fail to meet the above-described pleading requirements. However, Applicant contends it has included sufficient factual allegations to provide the minimum notice in support of the affirmative defenses asserted and, therefore, the affirmative defenses are properly plead and should not be stricken.

Applicant has alleged specific facts showing that (1) Opposer has no actual belief that it would be damaged by the registration of Applicant's mark, (2) Opposer has acted in bad faith in this Opposition, and (3) there is no actual likelihood of confusion between the two marks. Clearly, these specific facts, and all others plead by Applicant, are

sufficient to support the affirmative defenses alleged by Applicant. Therefore, the affirmative defenses should stand.

B. Applicant's affirmative defense of failure to state a claim should not be stricken.

Federal Rule of Civil Procedure 12(b) permits a defendant to assert the defense of failure to state a claim in its answer. *See* 37 C.F.R. §§ 2.106(b)(1) and 2.114(b)(1). It is well settled that failure to state a claim upon which relief may be granted is a "perfectly appropriate affirmative defense to include in the answer." *SEC v. Toomey*, 866 F.Supp 719, 723 (S.D.N.Y. 1992). Furthermore, while the defense may be redundant in that it is akin to a general denial, "there is no prejudicial harm to plaintiff and the defense need not be stricken. *Simon v. Manufacturers Hanover Trust Co.*, 849 F.Supp 880, 882 (S.D.N.Y.1994).

In order to overcome a defense of failure to state a claim, an opposer must have (1) a real interest in the proceedings and (2) a reasonable basis for believing it would be damaged by the registration. *Universal Oil Prod. Co. v. Rexall Drug & Chem. Co.*, 59 C.C.P.A. 1120, 463 F.2d 1122, 1123, 174 USPQ 458, 459 (C.C.P.A.1972). Here, and in the Answer, Applicant contends that Opposer has not established these elements and, therefore, has failed to state a claim upon which relief may be granted.

To establish a "real interest" in the proceeding, Opposer must show a direct injury to himself. *Jewelers Vigilance Committee, Inc. v. Ullenberg Corp.,* 823 F.2d 490, 2 USPQ2d 2021 (Fed.Cir.1987). In its Answer, Applicant contends Opposer has not established a direct injury to itself will result from the registration of Applicant's mark. The two marks are different in sound, sight, and meaning, identify unrelated services, and are marketed to different consumers. Therefore, there is no likelihood of confusion

between the two marks, and Opposer would not be damaged by the registration of Applicant's mark.

Furthermore, Opposer has not established a reasonable basis for believing it would be damaged by the registration of Applicant's mark. As described above, there is no likelihood of confusion between the two marks. Furthermore, Opposer has failed to oppose third party use, and in at least one case, registration of identical marks, where there is a true likelihood of confusion with Opposer's mark. As such, Applicant contends Opposer has instituted these proceedings in bad faith, rather than out of an actual belief it would be damaged by the registration of Applicant's mark. The words "garage band" have a longstanding meaning for new musical groups. Opposer appears to believe it invented the phrase, and is attempting to broaden its rights beyond those to which it is entitled, including to Applicant's novel use of "Garage Brand" for a blog about small businesses.

For the reasons described above and because Opposer would not be prejudicially harmed by Applicant's assertion of the affirmative defense of failure to state a claim, the defense should stand.

C. Applicant's defenses of laches and acquiescence should not be stricken.

Opposer alleges the affirmative defenses of laches, waiver, estoppel and acquiescence fail as a matter of law. Applicant contends these defenses are properly plead. However, if the Trademark Trial and Appeal Board ("TTAB") finds these defenses are insufficient as a matter of law, Applicant respectfully requests leave to amend its Answer as further requested below.

An answer may contain any defense, including the affirmative defenses of laches, estoppel, acquiescence, and waiver. *See* 37 C.F.R. §§ 2.106(b)(1) and 2.114(b)(1). The elements of laches include (1) unreasonable dely in assertion of one's rights against another; and (2) material prejudice to the latter attributable to the delay. *Lincoln Logs Ltd. v. Lincoln Pre-Cut Log Homes, Inc.*, 23 USPQ2d 1701.

Applicant believes discovery may reveal that Opposer improperly delayed in opposing the registration of Applicant's trademark. GARAGE BRAND was used for several years without any objection by Opposer. Applicant contends discovery may show that Opposer was aware of this use and therefore, improperly delayed to the prejudice of the Applicant. As a result, Applicant contends these defenses are proper as a matter of law. "A defense will not be stricken as insufficient if the insufficiency is not clearly apparent, or if it raises factual issues that should be determined on the merits" TMBP 506.01.

D. Applicant's affirmative defenses of estoppel and waiver are proper as a matter of law.

Opposer improperly contends Applicant's defenses of estoppel and waiver are "disingenuous" because Applicant failed to allege any grounds in support of these defenses. However, Applicant has asserted a factual basis in support of this defense and, therefore, the defenses are proper.

In the Answer, Applicant alleged Opposer may have engaged in misleading conduct that caused Applicant to assume rights would not be asserted against it, in support of these defenses. Applicant alleged Opposer failed to oppose any third party registrations that are more likely to be confused with Registrant's mark than is Applicant's. Applicant contends this conduct is misleading in that it caused Applicant to

assume Opposer would also fail to oppose its application. As a result of this conduct, Applicant continued to invest in its GARAGE BRAND mark.

Furthermore, GARAGE BRAND was used on the garagebrand.com site from about September 2005. Applicant believes discovery may reveal Opposer was aware of this use, but failed to object to this use or assert any rights over the mark to Applicant's detriment. Opposer's lack of action caused Applicant to wrongfully assume Opposer would not assert rights over the mark in the future and, therefore, Applicant continued to invest considerable time and money in developing its Garage Brand name.

E. The defense of unclean hands is proper and should not be stricken.

The defense of unclean hands must "be plead with the specific elements required to establish the defense." *Reis Robotics USA, Inc. v. Concept Industries, Inc.*, 462 F.Supp.2d 897, 907 (N.D.Ill.2006). In the Answer, Applicant clearly plead specific allegations of conduct in support of the unclean hands defense. Applicant states "Opposer has instituted this action in bad faith. There are many other similar marks on the market…which Opposer…has not pursued." Clearly, these are specific allegations that support the defense of unclean hands. As such, the defense should stand.

F. The defense of fraud is proper

Rule 9(b) of the Federal Rules of Civil Procedure requires that the affirmative defense of fraud must be alleged with particularity. While the Applicant's pleading is actually for fraud in the filing of a statement of use which included goods and services that were not actually in use, Applicant has met the 9(b) pleading requirement and, therefore, the defense should not be stricken.

Applicant believes the Statement of Use filed by Opposer for GARAGEBAND.COM may have set forth goods and services that were not actually in use at the time of filing. In this regard, the affirmative defense of fraud anticipates discovery might reveal facts that would invalidate Opposer's registration. If Opposer's Federal trademark registration was granted on grounds of a fraudulent statement or Statement of Use, then this alone would be a valid defense to Opposer's claims in the present case. Additionally, Opposer's Statement of Use for GARAGEBAND.COM did not show use of that mark, but rather showed use of GARAGEBAND alone. This adds additional doubt concerning the validity of Opposer's underlying registration, and may be grounds for an affirmative defense by Applicant that Opposer's conduct in obtaining the underlying registration should be a bar against its assertions in the present case.

Furthermore, fraud in a trademark application is not necessarily identical to a typical civil fraud count, but an allegation that the trademark application is invalidated or rendered void by stating use beyond the scope of what was actually in use. This type of fraud renders a registration either invalid (cancellable) or void *ab initio*, *Medinol Ltd. v. Neuro Vasx, Inc.*, 67 USPQ2d 1205 (TTAB 2003). Nevertheless, Applicant has met the pleading requirements of Rule 9(b) in pleading this affirmative defense. In its Answer, Applicant contends Opposer has acted fraudulently by "filing a fraudulent Statement of Use" and/or by "filing applications for its GARAGEBAND mark based on a bona fide intent when in fact it does not have a bona fide intent to use its mark for all of the goods and services identified in the Registration or in Opposer's other pending applications." It is not as if Applicant merely asserted fraud in a generalized way, which is what Rule 9(b) intends to discourage. The basis for Applicant's fraud claim is clear enough to provide

sufficient notice of the basis of the claim. Thus, Applicant has alleged specific facts in support of its affirmative defense of fraud. As such, Opposer's Motion to Strike this affirmative defense is without merit and should be denied.

G. Applicant should be granted leave to amend its answer.

If the TTAB should find Applicant's affirmative defenses failed to comply with applicable requirements, Applicant requests leave to amend its answer in order to comply with the requirements set forth by the Board. For example, if the Board deems that sufficient "facts" were not alleged in support of its affirmative defenses, the TTAB should first grant leave to amend rather than strike the defense. Leave to amend is liberally granted (TMBP 503.03). Applicant should be granted leave to amend its answer if the TTAB finds the affirmative defenses insufficient.

Conclusion

As described above, Applicant has properly asserted the aforementioned affirmative defenses in the Answer. Because the affirmative defenses were properly plead and affirmative defenses should generally not be stricken, Opposer's Motion should be denied. Furthermore, if the TTAB agrees with Opposer regarding Opposer's contentions in the Motion, Applicant should first be granted leave to amend the Answer.

Respectfully submitted,

Date: April 20, 2009

By:_____
Dana B. Robinson, Esq.
Attorney for Applicant

CERTIFICATE OF SERVICE

I hereby certify that a true copy of the foregoing Opposition to Opposer's Motion for Judgment on the Pleadings or in the Alternative Motion to Strike was on this date served by First-Class mail, postage prepaid, on Attorney for Opposer:

Rochelle D. Alpert
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Date: April 20, 2009

By:_____
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