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

Proceeding	91194188
Party	Defendant Sprinkles Cupcakes, Inc.
Correspondence Address	JOHN J SLAFSKY WILSON SONSINI GOODRICH & ROSATI 650 PAGE MILL ROAD PALO ALTO, CA 94304-1050 UNITED STATES trademarks@wsgr.com, jslafsky@wsgr.com, hhire@wsgr.com, eminjarez@wsgr.com, rben-veniste@mayerbrown.com, rassmus@mayerbrown.com
Submission	Reply in Support of Motion
Filer's Name	Hollis Beth Hire
Filer's e-mail	hhire@wsgr.com, jslafsky@wsgr.com, trademarks@wsgr.com
Signature	/Hollis Beth Hire/
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IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
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Soft Serve, Inc. d/b/a/ Sprinkles,	)	**Opposition No. 91194188**
	)	Opposition No. 91195669
Opposer,	)	Opposition No. 91195985
	)	Opposition No. 91195986
v.	)	Opposition No. 91196035
	)	Opposition No. 91196061
Sprinkles Cupcakes, Inc.,	)	Opposition No. 91196087
	)	
Applicant.	)	Cancellation No. 92053109
	)	Cancellation No. 92054376
	)	Cancellation No. 92054401
	)	

APPLICANT'S REPLY IN FURTHER SUPPORT OF ITS MOTION FOR LEAVE TO AMEND ANSWER

Pursuant to Trademark Trial and Appeal Board Manual of Procedure § 507, and Federal Rule of Civil Procedure 15, Applicant Sprinkles Cupcakes, LLC ("Sprinkles"), successor-in-interest to Sprinkles Cupcakes, Inc., submits this Reply in further support of its request for leave to amend its Answers to the Notices of Opposition and Petitions for Cancellation in the above-cited proceedings to add the affirmative defense of unclean hands, and to re-allege the affirmative defenses of laches, waiver, acquiescence, and estoppel with further factual basis in support of them.

I. INTRODUCTION

Opposer/Petitioner Soft Serve, Inc.'s ("Soft Serve's") Opposition is based on two faulty premises: that Sprinkles "delayed" in filing its Motion for Leave to Amend and that the affirmative defenses in the proposed First Amended and Consolidated Answer were "all previously . . . urged and found lacking by the Board." These assertions are simply untrue. In fact, (1) Sprinkles did not delay in bringing the motion; the case was suspended from August 26, 2011 to December 20, 2012, and the Motion was filed just 2 months after the suspension was lifted; and (2) the unclean hands defense has never been asserted, let alone rejected by the Board.

The laches, acquiescence, estoppel, and waiver defenses were dismissed sua sponte on March 13, 2012 -- during the suspension – for lack of detail in the pleading, not because the defenses themselves were "lacking." In Sprinkles' proposed Amended Answer, these defenses have been re-alleged with additional supporting information, to cure the pleading problem that the Board recognized during the suspension.

II. ARGUMENT

A. Allegations of Delay Are Misguided – This Action Was Suspended

As Soft Serve is well aware, this matter was on suspension from August 26, 2011 to December 20, 2012 as a result of its summary judgment motion. Regardless, Soft Serve did not even mention the suspension in its Opposition. Indeed, the word "suspension" or "suspended" does not even appear in the Opposition. Instead, Soft Serve's arguments are based on Sprinkles' alleged "fail[ure] to attempt to reassert these defenses" until now. See Opp. at 4. Sprinkles was simply not able to pursue a motion for leave to amend, or to file any other paper unrelated to Soft Serve's motion for summary judgment, from August 26, 2011 until December 20, 2012. It was during this period that Sprinkles' affirmative defenses for laches, acquiescence, estoppel, and waiver were dismissed sua sponte for lack of sufficient allegations in the original Answers, and it was during this period that Soft Serve engaged in, and Sprinkles learned of the conduct that gives rise to Sprinkles' alleged unclean hands defense. Sprinkles brought its Motion for Leave to Amend at its earliest opportunity.[1]

Soft Serve claims to have "informed" Sprinkles "of its social media advertising at least as early as August 10, 2010." Opp. at 2 (emphasis in original). However, even a quick glance of

[1] Soft Serve does not argue that the time elapsed from the end of the suspension on December 20, 2012 to the time of filing the Motion is somehow undue "delay" – instead Soft Serve merely pretends as though there was no suspension of the action. Regardless, it is notable that such a brief period at this stage of the action – i.e., before the start of the testimony periods, and even during the discovery period – does not constitute "delay" in bringing the Motion. See Mot. at 11-12 and cases cited.

the document cited to support this assertion shows that it is not accurate. The interrogatory response that Soft Serve claims "informed" Sprinkles of its social media activity merely stated that the SPRINKLES mark had "appeared in . . . at least one Facebook page." Soft Serve did not indicate that it maintained a designated Facebook page or any other social media presence, only that the SPRINKLES name had "appeared in" someone's Facebook page. Soft Serve was not specific about what Facebook page, and did not produce documents to guide Sprinkles to a designated Facebook page. Indeed, Soft Serve's designated Facebook page under the account name "SprinklesDMV" did not exist in 2010 – the account timeline indicates that the user "joined Facebook" on February 8, 2011. See Declaration of Hollis Hire filed with the Motion for Leave to Amend, ¶ 15, Exh. K. Soft Serve did not then, and still has not, informed Sprinkles of this Facebook page or any other social media presence in interrogatory responses or document productions, though Soft Serve did and still does have the obligation to supplement its responses with this new information. To say that Soft Serve "informed" Sprinkles of its social media presence in August 2010 is inaccurate and misleading.

Soft Serve then points out that the Facebook page includes posts from "as long ago as 2011 . . . [and] 2012," Opp. at 2 (emphasis in original), citing these dates to argue, again, that Sprinkles delayed in bringing this Motion. As explained above and in Sprinkles' Motion, however, Soft Serve did not disclose these activities in discovery, and Sprinkles did not find them independently until after the case was suspended on August 26, 2011. See Mot. at 11.

B. The Board Has Not Already Considered the Proposed Affirmative Defenses

It is also inaccurate to state that the unclean hands defense was "already urged, explored, and rejected," as Soft Serve states. See Opp. at 2. The facts underlying the unclean hands defense, which Sprinkles learned independently during the suspension of the action, were merely mentioned in the Board's Order denying Soft Serve's motion for summary judgment. The Board stated that "[Sprinkles] did not plead an unclean hands defense in its answer and thus cannot rely thereupon in opposition to the motion for summary judgment." Order at 5, n.4. Sprinkles had

not had an opportunity to amend its answer to include such a defense at the time; it seeks this amendment now, so it is not again denied the chance to make its case for unclean hands at trial.

Similarly, the defenses of laches, acquiescence, estoppel, and waiver have not been considered on the merits. In an Order concerning the pending summary judgment motion, the Board sua sponte dismissed the defenses because they did not provide sufficient factual basis. See March 13, 2012 Order. Sprinkles' re-alleged defenses have the required factual basis to support the allegations.

C. Sprinkles Seeks an Opportunity to Prove Its Affirmative Defenses at Trial

Soft Serve dismisses its recent conduct as "joining the millions of other businesses promoting themselves through social media, for the purpose of selling cupcakes (which Plaintiff has every right to sell). See Opp. at 2. This statement is a red herring – Sprinkles is not claiming that Soft Serve cannot have a social media presence. Indeed, the "millions" of other business that Soft Serve claims utilize social media for the purpose of selling cupcakes demonstrate that many businesses engage in social media without adopting Sprinkles' specific social media language and promotions. Soft Serve, however, did mimic Sprinkles' social media "whisper" campaigns on Facebook and on Twitter. This conduct in combination with its other recent conduct – adding a "cupcakes" sign to its existing exterior signage, adding point-of-sale displays to its interior signage, and emphasizing "Sprinkles cupcakes" in advertising – is sufficient to support Sprinkles' allegation of unclean hands.

In any event, Sprinkles need not prove its affirmative defenses now. The allegations in the Proposed Amended and Consolidated Answer are more than sufficient to support the defenses. Soft Serve does not, in earnest, challenge the adequacy of Sprinkles' pleadings – it makes no such statement about the adequacy of the factual basis for the unclean hands defense, and makes only a conclusory argument that the remaining defenses are "lacking in substance." The one statement in the proposed Amended Answer that Soft Serve addresses specifically is the allegation that Soft Serve had constructive notice of Sprinkles' rights since 2007; Soft Serve feigns ignorance about what the reference to 2007 could refer to. See Opp. at 4. When read with

the Petitions for Cancellation (themselves only comprising of 2 paragraphs of allegations), as an answer must be, it is clear that this date refers to the challenged marks' registration dates. See TBMP § 311.02(b) ("In Board cancellation proceedings, these defenses [laches and acquiescence] start to run from the date of registration . . . .").

Sprinkles has alleged sufficient facts to state its defenses, and more is not required at this time; it would likewise be inappropriate to expect the Board to rule on the ultimate issue of whether the defenses apply at this time. Instead, the Board need only determine whether Sprinkles has alleged enough facts, consistent with notice pleading standards, to state a defense. *See Focus 21 Int'l Inc. v. Pola Kasei Kogyo Kabushiki Kaisha*, 22 U.S.P.Q.2d 1316, 1318 (T.T.A.B. 1992) (when granting leave to amend the Board does not consider whether claims will ultimately be successful, only whether a sufficient basis has been set forth for the claim); Fair Indigo LLC v. Style Conscience, 85 U.S.P.Q.2d 1536, 1539 (T.T.A.B. 2007) (". . . under the notice pleading rules applicable to this proceeding opposer is only required to state a valid claim."). Here, Sprinkles has alleged more than enough facts to provide notice of the defenses.

D. The Board Liberally Grants Leave to Amend

"Consistent with Fed. R. Civ. P. 15(a), the Board liberally grants leave to amend pleadings at **any stage** of the proceeding when justice requires, unless entry of the proposed amendment would violate settled law or be prejudicial to the rights of the adverse party." Zanella Ltd. v. Nordstrom Inc., 90 U.S.P.Q.2d 1758, 1759 (T.T.A.B. 2008) (emphasis added). In practice, the Board has determined that there is no prejudice to the adverse party when the motion for leave to amend is brought before the start of the trial periods, as this Motion was. See *Harley Int'l LLC v. Vol*ta, 82 U.S.P.Q.2d 1339, 1341 (T.T.A.B. 2007) (granting leave to amend when party moved to amend pleadings prior to the trial period and the record indicated no prejudice).

In its opposition, Soft Serve has not specified any prejudice it will suffer. Soft Serve's only attempt to establish prejudice was a passing reference, very cursorily, to generalized "delay" and ambiguous "expense." See Opp. at 4. Though Soft Serve does not provide any

indication as to what "delay" it is referring to, it must be focusing on Sprinkles' request for an additional 60 days to take discovery. This assertion, then, is not an argument that the amendments themselves will cause prejudice to Soft Serve, but rather that the request for additional time to take discovery somehow causes it harm. In any event, Soft Serve has not indicated how the additional 60-day period to take further discovery will affect it negatively or why this small period should be considered a "delay" in the context of this lengthy proceeding, largely consisting so far of Soft Serve's premature summary judgment proceedings. Soft Serve further has not indicated what additional "expense" it will be subjected to that will cause it prejudice. Such indefinite assertions do establish any prejudice to Soft Serve. See Commodore Elec. V. CBM Kabushiki Kasiha, 26 U.S.P.Q. 2d 1503, 1505-06 (T.T.A.B. 1993) (granting leave to amend and finding no prejudice to adverse party when opposer sought leave to amend three days before close of discovery, applicant claimed prejudice arose from delay and inability to take discovery).

In contrast, denying the Motion will prejudice Sprinkles, as it will remove from consideration affirmative defenses that Sprinkles should have an opportunity to present at trial.

E. Discovery

Sprinkles has requested a limited time (60 days) to conduct discovery on its affirmative defenses. Sprinkles was not able to conduct adequate discovery previously, as its request to take discovery concerning laches, acquiescence, estoppel, and waiver were denied when the Board struck the affirmative defenses in its March 13, 2012 Order. Sprinkles also needs the additional time and deposition to probe recent activity of Soft Serve that occurred during the discovery period.

Despite this request in its Motion, Sprinkles did serve discovery concerning the affirmative defenses during the discovery period. Upon Soft Serve's request, Sprinkles agreed to postpone Soft Serve's responses to this discovery until after this Motion is decided. (Soft Serve neglected to mention this agreement in its opposition, and instead requested that the Board grant additional time – this request is moot.)

III. CONCLUSION

For the reasons set forth above and in Sprinkles' Motion for Leave to Amend, Sprinkles respectfully requests that its Motion for Leave to Amend be granted, and that its Proposed First Amended and Consolidated Answer (in the form attached as Exhibit A to the Declaration of Hollis Hire filed in support of the Motion) be submitted. Sprinkles further requests that it be allowed a limited period (60 days) to take discovery on these defenses, including a deposition of Thomas Orban.

Dated: March 20, 2013

Respectfully submitted,

WILSON SONSINI GOODRICH & ROSATI
Professional Corporation

By: _____
John L. Slafsky
Hollis Beth Hire

Attorneys for Applicant
SPRINKLES CUPCAKES, LLC

CERTIFICATE OF SERVICE

I, Elvira Minjarez, declare:

I am employed in Santa Clara County. I am over the age of 18 years and not a party to the within action. My business address is Wilson Sonsini Goodrich & Rosati, 650 Page Mill Road, Palo Alto, California 94304-1050.

I am readily familiar with Wilson Sonsini Goodrich & Rosati's practice for collection and processing of correspondence for mailing with the United States Postal Service. In the ordinary course of business, correspondence would be deposited with the United States Postal Service on this date.

On this date, I served the following:

APPLICANT'S REPLY IN FURTHER SUPPORT OF ITS MOTION FOR LEAVE TO AMEND ANSWER

on each person listed below, by placing the document(s) described above in an envelope addressed as indicated below, which I sealed. I placed the envelope(s) for collection and mailing with the United States Postal Service on this day, following ordinary business practices at Wilson Sonsini Goodrich & Rosati.

Thomas J. Vande Sande
Timothy Harker
Hall & Vande Sande, LLC
10220 River Road, Suite 200
Potomac, MD 20854

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct. Executed at Palo Alto, California on March 20, 2013.

Elvira Minjarez