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

Proceeding	91208855
Party	Defendant The Wine Group LLC
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1 **BEFORE THE UNITED STATES PATENT AND TRADEMARK OFFICE**
2 **TRADEMARK TRIAL AND APPEAL BOARD**

3
4 Application Serial No. 85/736,374

5 Mark: (B)URBAN

6 Class: 33

7 _____)
8 **GREATER LOUISVILLE**)
9 **CONVENTION & VISITORS**)
10 **BUREAU,**)

11 Opposer/Respondent)

12 v.)

13 **THE WINE GROUP, LLC.,**)

14 Applicant/Counterclaimant.)
15 _____)

Opposition No: 91208855

**OPPOSITION TO MOTION TO AMEND
OR, IN THE ALTERNATIVE, MOTION
TO STRIKE AFFIRMATIVE DEFENSES**

16 This memorandum responds to Opposer/Respondent's (GLCVB) Motion to Amend. The
17 motion should be denied because neither of the two proposed affirmative defenses states a claim
18 on which relief could be granted and, as pleaded, they are futile. Alternatively, if the Board
19 determines that this opposition memorandum is untimely or that the Board's Order granting the
20 motion to amend should not be reconsidered, Applicant requests that this be treated as a motion
21 to strike.

22 **BACKGROUND**

23 Applicant's (TWG) mark is B(URBAN) for bourbon. GLCVB owns two registrations in
24 Class 35: URBAN BOURBON TRAIL and URBAN BOURBON. It also owns an allowed
application URBAN BOURBON EXPERIENCE. All are for chamber of commerce services.

1 GLCVB filed a Notice of Opposition against Applicant's (TWG) application on January
2 15, 2013 (Docket No. 1). TWG responded by filing an Answer and Counterclaim on January 24,
3 2013 (Docket No. 5). GLCVB answered and asserted certain affirmative defenses on February
4 26, 2013 (Docket No. 7). TWG moved to strike Affirmative Defenses 2-4 on March 6, 2013
5 (Docket No. 8). GLCVB responded to the motion by filing the motion to amend its Answer to
6 elaborate on two of the affirmative defenses, laches and unclean hands (Docket Nos. 11), and
7 claimed that the motion should be denied on that basis (Docket No. 10). TWG filed a Reply to
8 the motion noting that the motion had been conceded and advising the Board that it would be
9 filing a timely response to the motion to amend (Docket No. 12). Responding to the motion to
10 dismiss by filing a motion to amend is not a proper response to the motion; it is a separate
11 motion that must be decided on its merits.

12 LEGAL STANDARDS

13 GLCVB's motion correctly states that Federal Rule of Civil Procedure 15 (a) requires
14 that leave to amend should be given freely. However, it is also hornbook law that amendments
15 that are futile or that fail to state a claim should not be granted. *See Klamath-Lake*
16 *Pharmaceutical Association v. Klamath Medical Service Bureau*, 701 F.2d 1276, 1293 (9th Cir.),
17 *cert. denied*, 464 U.S. 822 (1983); *Commodore Electronics Ltd. v. CBM Kabushiki Kaisha*, 26
18 U.S.P.Q. 2d 1503 (TTAB 1993); *CBA v. Mercandante*, 23 U.S.P.Q.2d 1784 (TTAB 1992);
19 *Microsoft Corp. v. Qantel Business Systems Inc.*, 16 U.S.P.Q.2d 1732 (TTAB 1990); *Midwest*
20 *Plastic Fabricators Inc. v. Underwriters Laboratories, Inc.*, 5 U.S.P.Q.2d 1067 (TTAB 1987),
21 *affirmed*, 906 F.2d 1568 (Fed. Cir. 1990); TMEP § 507.02 at 500-32 & n. 119.

22 In evaluating the two proposed affirmative defenses, the Board should apply the standard
23 of Federal Rule of Civil Procedure 12(b)(6), which permits dismissal for "failure to state a claim
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1 upon which relief can be granted." Dismissal is appropriate where the Complaint or defense
2 lacks a cognizable legal theory or sufficient facts to support same. *See Balistreri v. Pacifica*
3 *Police Dep't*, 901 F.2d 696, 699 (9th Cir. 1990). The Board must accept as true all "well-pleaded
4 factual allegations." *Ashcroft v. Iqbal*, 556 U.S. 652, 129 S. Ct. 1937, 1950 (2009). However, it is
5 not "required to accept as true allegations that are merely conclusory, unwarranted deductions of
6 fact, or unreasonable inferences." *Sprewell v. Golden State Warriors*, 266 F.3d 979, 988 (9th Cir.
7 2001); *see also Doe I v. Wal-Mart Stores, Inc.*, 572 F.3d 677, 683 (9th Cir. 2009). "In sum, for a
8 Complaint to survive a motion to dismiss, the non-conclusory factual content, and reasonable
9 inferences from that content, must be plausibly suggestive of a claim entitling the plaintiff to
10 relief." *Moss v. U.S. Secret Service*, 572 F.3d 962, 969 (9th Cir. 2009) (citations omitted).

11 Here, even if the Board accepted the pleaded "facts" as true, they fail to state cognizable
12 defenses on which the Board could grant relief.

13 **PROPOSED SECOND AFFIRMATIVE DEFENSE (Laches)**

14 GLCVB's proposed laches defense alleges that TWG knew of GLCVB's registrations at
15 least as early as the date of TWG's application, September 24, 2012. Despite this knowledge,
16 TWG did not petition to cancel either until January 24, 2013. This nine (9) month delay caused
17 prejudice to GLCVB. (Docket No. 11 at p. 2).

18 This does not state a laches defense.

19 1. Mere "knowledge" of the other party is insufficient to establish a laches claim.
20 Laches requires knowledge of the party AND knowledge that it has **a cause of action** against it.
21 *Bridgestone/Firestone Research Inc. v. Automobile Club de l'Ouest de la France*, 245 F.3d 1359
22 (Fed. Cir. 2001); *see National Cable Television Ass'n, Inc. v. American Cinema Editors, Inc.*,
23 937 F.2d 1572, 1581 (Fed. Cir. 1991) ("Logically, laches begins to run from the time action
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1 could be taken against the acquisition by another of a set of rights to which objection is later
2 made”); see *Lincoln Logs Ltd. v. Lincoln Pre-Cut Log Homes Inc.*, 971 F.2d 732 (Fed. Cir.
3 1992); *Panda Travel, Inc. v. Resort Option Enterprises, Inc.*, 94 U.S.P.Q.2d 1789 (TTAB 2009)
4 (“Laches begins to run from the time action could be taken.”)

5 The proposed laches defense does not plead that TWG had knowledge of a cause of
6 action against GLCVB, nor can it. As detailed in TWG’s original Motion (Docket No. 8), TWG
7 did not have any standing (injury) on which to bring a cause of action on the date it filed its
8 application; it did not have filing or use priority and there was no reason to believe that its
9 application for bourbon in Class 33 would conflict with GLCVB’s registrations in Class 35 for
10 chamber of commerce services. Standing arose only when the injury occurred, i.e. when
11 GLCVB opposed the application on January 15, 2013, and asserted that there was a likelihood of
12 confusion between the marks (Docket No. 1). Thereafter TWG acted promptly by filing the
13 Counterclaim on January 24 – nine (9) days later (Docket No. 5). Without standing to bring a
14 cause of action, the laches “clock” never began running. In short, the only reason that the
15 Counterclaim exists is because GLCVB opposed TWG’s application. Otherwise, TWG would
16 have had no standing to challenge GLCVB’s registrations.

17 Thus, at best, the period of “delay” was nine (9) days which is less than the period given
18 to an applicant under the Board’s rules and the Scheduling Order in the case (Docket No. 2) to
19 respond to a Notice of Opposition. As a matter of law, a party filing a responsive pleading
20 within the time allotted by the Rules and the Scheduling Order can never be deemed to have
21 unreasonably “delayed.” See *Panda Travel*, 94 U.S.P.Q.2d at 1797; *Callaway Vineyard &*
22 *Winery v. Endsley Capital Group Inc.*, 63 U.S.P.Q.2d 1919, 1923 (TTAB 2002).

1 2. In addition, TWG’s claim against registration no. 4,178,113 is that the GLCVB
2 engaged in naked licensing, i.e., it failed to control the quality of the services rendered under the
3 mark. The laches defense does not apply in these circumstances. *Midwest Plastic Fabricators*
4 *Inc. v. Underwriters Laboratories Inc.*, 5 U.S.P.Q.2d 1067 (TTAB 1987).

5 3. The laches doctrine does not require a party to act **immediately**. Laches only
6 occurs when there has been an “undue” or unreasonable delay in asserting the cause of action.
7 *Bridgestone/Firestone*, 245 F. 3d 1359, 1362-1363. The proposed laches defense is deficient
8 because it never claims that the alleged five month “delay” was undue or unreasonable. As a
9 matter of law it is neither, and TWG can find no case where a five month delay has ever been
10 held to be unreasonable. *See Jarrow Formulas, Inc. v. Nutrition Now, Inc.*, 304 F.3d 829, 838
11 (9th Cir. 2002)(laches presumed not to apply if the action is brought within the three year statute
12 of limitations period). No facts are pleaded which would make plausible the claim that the delay
13 was undue or unreasonable.

14 4. The allegation that GLCVB suffered prejudice from the five month delay such
15 that TWG’s counterclaim should be barred is also implausible. Prejudice in this context requires
16 that GLCVB took some action in reliance on the fact that TWG did not petition to cancel its
17 registrations sooner in September 2012. *See Bridgestone/Firestone*, 245 F. 3d 1359, 1362-1363.
18 No facts are alleged that would make this a plausible claim.

19 5. At bottom, GLCVB’s theory of laches makes no sense. Under its theory, an
20 applicant would be obligated to identify every conceivable opposer before filing an application,
21 investigate them, and petition to cancel their registration(s) concurrently with the filing of the
22 application. An applicant could never assert a counterclaim against the owner of a registered
23 mark in an opposition proceeding because such claims would always be time-barred. That
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1 would be an absurd result. An applicant does not have standing to bring a cancellation action
2 unless it has injury or a genuine interest in the outcome of the proceedings, such as when it has
3 use or filing priority, its application is refused based on a Section 2 (d) objection, or its
4 application is opposed. The first two do not exist here: this is an intent-to-use application and the
5 Examining Attorney did not refuse registration based on GLCVB's registered marks. Absent
6 standing, the laches clock never begins running so there is no legal obligation to take any action
7 whatsoever.

8 **PROPOSED THIRD AFFIRMATIVE DEFENSE (Unclean Hands)**

9 GLCVB's proposed unclean hands defense alleges that TWG knew of GLCVB's marks,
10 that it seeks to free-ride on their goodwill, that there is no factual basis for the counterclaim, and
11 that the counterclaim was brought for an allegedly improper purpose, namely, to "pressure"
12 GLCVB to settle.¹ (Docket No. 11 at p. 3).

13 This does not state an unclean hands defense.

14 The doctrine of unclean hands does not empower the Board to engage in a roving
15 commission to determine which party "wears the white hat." Rather, it is an equitable doctrine
16 that permits denial of relief because the right being asserted has been acquired or maintained in
17 bad faith or in an inequitable way. *See Coach, Inc. v. Kmart Corps.*, 756 F.Supp.2d 421, 429-
18 430 (N.D.N.Y.2010). The focus is always on the right being asserted. *Warner Bros. Inc. v. Gay*
19 *Toys, Inc.*, 724 F.2d 327, 334 (2d Cir. 1983)("the defense of unclean hands applies only with

20 ¹ GLCVB also alleges that TWG "explicitly engaged in such pressure." This reference
21 should be stricken as impertinent and scandalous. As opposing counsel well knows, the only
22 communication between the parties has been a settlement demand that was made by the
23 undersigned counsel on March 7, 2013. This was rejected out-of-hand within minutes of its
24 receipt. Such settlement communications are inadmissible under Federal Rule of Evidence 408.
Thus, claiming that "pressure" to settle the case constitutes unclean hands is futile because there
can never be any admissible evidence to prove it.

1 respect to the right in suit.") As one court stated: "What is material is not that the plaintiff's
2 hands are dirty, but that he dirtied them in acquiring the right he now asserts." *Project Strategies*
3 *Corp. v. National Communications Corp.*, 948 F. Supp. 218, 227 (E.D.N.Y. 1996) (quoting
4 *Republic Molding Corp. v. B.W. Photo Util.*, 319 F.2d 347, 349-50 (9th Cir. 1963)).

5 GLCVB makes no allegations concerning TWG's acquisition of its contingent trademark
6 rights and, therefore, does not properly plead a factual basis for an unclean hands defense.
7 Instead, it asserts three things, none of which can constitute unclean hands. First, it asserts that
8 TWG has no factual basis for its claims.² This cannot serve as a basis for an unclean hands
9 defense; it is merely stating that TWG cannot prove its case. *Cf. See Harjo v. Pro Football Inc.*,
10 30 U.S.P.Q.2d 1828 (TTAB 1994)(lack of standing is not a proper affirmative defense); *S.C.*
11 *Johnson & Son, Inc. v. GAF Corp.*, 177 U.S.P.Q. 720 (TTAB 1973)("failure to state a claim" is
12 not a proper affirmative defense).³

13 Second, GLCVB asserts that TWG intends to use the mark to free-ride on GLCVB's
14 goodwill. Putting side the fact that there is no factual basis for this assertion because it is not
15 true, this is merely a statement that it believes there is infringement and that it is intentional. The
16 Board does not adjudicate infringement claims; it only determines the right to register. To the
17 extent that TWG's claimed intent is relevant, it would be considered in the Board's analysis of

18 ² Each of TWG's allegations was pleaded as on information and belief. Curiously,
19 GLCVB's allegations of TWG's knowledge and intent are not pleaded as on information and
20 belief; they are pleaded as if they are established facts. How GLCVB would know these "facts"
21 prior to taking discovery is not explained, but making such unqualified claims without any
22 factual basis is the same conduct attributed to TWG that GLCVB characterizes as unclean hands.

23 ³ Again, the argument makes no sense. According to GLCVB, a counterclaimant could,
24 after discovery, fully prove its case but be denied relief because it did not have enough facts to
prove it when it filed the initial pleading. This would impose a requirement greater than that in
the Federal Rule 11 (b)(3), which requires that "the factual contentions have evidentiary support
or, if specifically so identified, [i.e. if pleaded on information and belief] will likely have
evidentiary support after a reasonable opportunity for further investigation or discovery."

1 “other considerations” in its analysis of the *DuPont* factors on GLCVB’s case-in-chief. Taking
2 one *DuPont* factor (intent) and converting it to an unclean hands defense in a cancellation
3 counterclaim is a novel theory that has no legal basis.

4 Finally, GLCVB asserts that the counterclaim was brought for an improper purpose,
5 namely, to “pressure” GLCVB into settling. This allegation does not support an unclean hands
6 defense because it has nothing to do with the acquisition of the rights being asserted. Moreover,
7 the whole point of a **counterclaim** in an opposition proceeding is to attack the rights being
8 asserted by the opposer. This inevitably creates settlement “pressure” because it places
9 opposer’s registrations at risk. Many events in litigation create “pressure” on a party to settle:
10 filing a motion to dismiss, noticing and taking depositions, serving written discovery requests or
11 filing a motion for summary judgment. If GLCVB now feels “pressure” to settle the case, this is
12 a problem of its own making; it should have anticipated that TWG might vigorously defend the
13 opposition and that this might include exposing the defects in the registrations.

14 The Board should not cast acts undertaken by counsel in the prosecution or defense of a
15 case as “unclean hands” simply because they may create “pressure” to settle. This would
16 discourage settlement. It would also be an exercise in futility because it would necessarily
17 require an inquiry into counsel’s subjective intent in making tactical decisions and taking actions
18 during litigation, subject matters that are absolutely protected by the attorney-client privilege and
19 work product immunity. Since TWG has no intention of waiving these privileges, GLCVB’s
20 claim is futile because it could never introduce admissible evidence in support of its theory.

21 At bottom, as with the laches claim, GLCVB has failed to state a claim on which relief
22 can be granted.

23 //

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1 **PROOF OF SERVICE**

2 On April 5, 2013, I caused to be served the following document:

3 **OPPOSITION TO MOTION TO AMEND OR, IN THE ALTERNATIVE,**
4 **MOTION TO STRIKE**

5 on Opposer by placing a true copy thereof in the United States mail enclosed in an envelope,
6 postage prepaid, addressed as follows to their counsel of record at his present business address:

7 John A. Galbreath
8 Galbreath Law Offices
9 2516 Chestnut Woods Ct.
Reiseterstown, MD 21136-5523

10 Executed on April 5, 2013 at Half Moon Bay, California.

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