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

Proceeding	91217792
Party	Plaintiff Andale Energy Drink Co., LLC
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Submission	Reply in Support of Motion
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Date	01/16/2015
Attachments	REPLY in Support of Opposer's Motion to Strike Portions of Applicant's Counter-claims and Affirmative Defenses.pdf(169565 bytes)

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

Andale Energy Drink Co., LLC,)	
)	
Opposer,)	Opposition No. 91217792
)	Serial No. 85/891,919
v.)	Mark: DALÉ
)	
ACP IP, LLC,)	
)	
)	
Applicant.)	
)	
)	

**REPLY IN SUPPORT OF MOTION TO STRIKE APPLICANT'S FIRST
COUNTERCLAIM AND AFFIRMATIVE DEFENSES**

Opposer, Andale Energy Drink Co., LLC ("Opposer") hereby submits its Reply in support of its Motion to Strike Applicant, ACP IP, LLC's ("Applicant") first counterclaim for "likelihood of confusion" and ¶¶ 1, 2, 4, and 5 of its "affirmative defenses" contained in its Answer, which are legally insufficient and improper as a matter of law.

**Applicant's Counterclaim for Priority and Likelihood of Confusion is Implausible and
Cannot Proceed under Twombly/Iqbal**

In its Opposition Brief, Applicant applies the wrong pleading standard to measure the sufficiency of its counterclaim for "priority and likelihood of confusion", incorrectly citing *Harsco Corp. v. Elec. Sciences, Inc.*, 9 U.S.P.Q.2d 1570, 1571 (TTAB 1988), for the proposition that "the purpose of pleadings is to give fair notice to a claim" and "a party is allowed reasonable latitude in

its statement of its claims".¹

It is well settled that Applicant must "state a claim to relief that is plausible on its face". TMBP § 503.02 (emphasis added); *Ashcroft v. Iqbal*, 129 S. Ct. 1937, 1950, 173 L. Ed. 2d 868 (2009) ("[O]nly a complaint that states a plausible claim for relief survives a motion to dismiss"); *Bell Atl. Corp. v. Twombly*, 550 U.S. 544, 545, 127 S. Ct. 1955, 167 L. Ed. 2d 929 (2007) ("Asking for plausible grounds does not impose a probability requirement at the pleading stage; it simply calls for enough facts to raise a reasonable expectation that discovery will reveal evidence [to support plaintiff's claims]"). Applying the correct—and heightened—pleading standard as required by the Supreme Court under *Twombly/Iqbal*, Applicant's counterclaim for priority and likelihood of confusion is implausible because the underlying allegations in ¶¶ 3, 4, 6, and 8—even if assumed to be true—cannot establish any trademark rights in DALÉ for energy drinks or related goods *as a matter of law*.

Specifically, Applicant argues that its counterclaim is sufficient even though it is based solely on allegations that "DALÉ" is a "prominent lyric" in the music of an unrelated third party, "Armando Perez p/k/a Pitbull", and that Applicant (but not Mr. Perez) has used DALÉ for musical recordings, live performances, apparel, and as "tagline" for advertising the beverages and automobiles of unrelated third parties since 2004. Counterclaims, ¶¶ 3-4. However, even assuming the truth of these allegations, the mere fact that "Armando Perez p/k/a Pitbull" (who is not even a party to this proceeding) has uttered the word DALÉ to promote his music and in advertising for the apparel of others, and as a "tagline" for advertising the beverages and automobiles of unrelated third parties, simply cannot create trademark rights in DALÉ for energy

¹ Applicant's opposition to Opposer's Motion to Strike ("Opposition to Motion to Strike") at 3.

drinks or related beverages for Applicant. To be clear, **Applicant has not alleged that it has ever used DALÉ for energy drinks or related goods, and therefore Applicant cannot prove at trial that it owns any trademark rights in DALÉ for energy drinks or related beverages.** Simply put, Applicant's mere allegations that it advertised the music of "Pitbull", who sometimes utters the word DALÉ in songs and in commercials promoting the various products of others, could not possibly establish trademark rights in DALÉ for energy drinks or related beverages for Applicant as a matter of law. Inasmuch as it will be *impossible* for Applicant to prove priority of use of DALÉ for energy drinks or related goods based on these allegations, the claim falls far short of alleging a "plausible claim for relief" as required under *Twombly/Iqbal*. Accordingly, the counterclaim for priority and likelihood of confusion must be stricken because the allegations fail to state a plausible claim for relief.

Applicant mischaracterizes Opposer's Motion as raising "evidentiary matters"² and "asking the Board to prematurely determine the substance of [Applicant's] Counterclaims".³ However, the purpose of Opposer's Motion (as it pertains to Applicant's counterclaim) is not to challenge the truth of the allegations. Nor does Opposer raise "evidentiary matters" as Applicant suggests. Rather, ***even assuming the truth of the allegations, the Board should strike the counterclaim because the allegations of use of DALÉ as a song lyric and for advertisements of the various goods of others cannot establish prior use of DALÉ as a trademark for energy drinks or related goods as a matter of law.*** The parties and the Board should not be burdened with discovery and trial on a counterclaim that is not plausible and does not satisfy the heightened

² Applicant's brief in opposition to Opposer's Motion to Dismiss ("Opposition to Motion to Dismiss"), at 2.

³ Opposition to Motion to Strike, at 4.

pleading standard of *Twombly/Iqbal*. Accordingly, Applicant's counterclaim for priority and likelihood of confusion should be stricken as insufficient as a matter of law.⁴

Applicant's "Affirmative Defenses" of Failure to State a Claim and Lack of Standing, ¶¶ 1, 4 and 5, are Insufficient and Must be Stricken

Applicant attempts to save its bare-bones "affirmative defense" of "failure to state a claim", ¶ 1, by belatedly explaining the purported grounds for the defense in its opposition brief.

Applicant's statement of the grounds for this "affirmative defense" is both untimely and misplaced (the grounds are not explained in the pleading). Moreover, this "defense" is insufficient as a matter of law.

Applicant's position that Opposer "fails to state a claim" for priority and likelihood of confusion is based on its continued argument that Applicant "has been using the DALÉ trademark since at least as early as 2004 with 'a variety of goods and services, including musical recordings, video recordings, live performances, apparel and in television commercials for products such as soft drinks, alcoholic beverages and automobiles'".⁵ As explained above, these allegations (assuming their truth) fail to show prior use of DALÉ as a trademark for energy drinks. Moreover, Opposer has clearly pled a plausible claim of priority and likelihood of confusion, including

⁴ The Board should note that Applicant's opposition brief contains a false and defamatory statement that Opposer's Motion to Strike "is plagiarized" from a motion to strike filed by another party in a different proceeding in June of 2013. Opposition to Motion to Strike at 2, fn. 2. Opposer's counsel filed virtually the same motion to strike in a different proceeding under similar circumstances *almost one year earlier* in July of 2012 (KERAGEN, Cancellation Proceeding No. 92055603, Dkt. No. 8, a copy of which is attached hereto as Exhibit A). Thus, Opposer's counsel used a nearly-identical brief almost one year before the allegedly plagiarized 2013 brief even existed. Applicant's counsel should have diligently checked her facts before recklessly including a false and defamatory allegation of "plagiarism" in her brief.

⁵ Opposition to Motion to Strike, at 6.

standing, in its Notice of Opposition.⁶ Thus, even if the Board considers the affirmative defense of "failure to state a claim", this affirmative defense is legally insufficient as a matter of law and should be stricken.

Applicant's fourth⁷ and fifth⁸ "affirmative defenses" are essentially allegations that Opposer lacks standing. These are likewise insufficient because Opposer has clearly pled its standing in the Notice of Opposition.⁹ Accordingly, Applicant's first, fourth, and fifth "affirmative defenses" of ¶¶ 1, 4, and 5 are all legally insufficient and should be stricken.

Applicant's "Affirmative Defense" of "Unclean Hands", ¶ 2, is Improper and Should be Stricken

Applicant's "affirmative defense" of "Unclean Hands", ¶ 2, is based solely on bald accusations of "harassment and extortion" which are highly inflammatory, improper, legally meaningless, and irrelevant to the trademark registration issues in this proceeding. Although Applicant's Answer is completely devoid of factual allegations supporting this "harassment and extortion", Applicant again belatedly attempts to explain the purported basis in its opposition brief: "This [harassment and extortion] is evident from Andale's subsequent demands that Mr. Perez agree to a 'cross promotion of goods or services between Andale Energy Drink and Armando

⁶ Notice of Opposition, ¶¶ 3, 4, 11-16 (allegations of Opposer's ownership the ANDALE! trademarl registration, common law rights in ANDALE! for energy drinks, and allegation that Opposer would be "damaged" by Applicant's registration of DALÉ, i.e., standing).

⁷ "Opposer has not been and will not be damaged by the registration of the mark DALÉ". Answer at ¶ 4.

⁸ "Opposer has not established that it has standing to maintain its claims against Applicant." Answer at ¶ 5.

⁹ Notice of Opposition, ¶¶ 14-16 (allegations that Opposer would be "damaged" by Applicant's registration of DALÉ).

Perez/Pitbull".¹⁰ Again, Applicant's explanation in its brief (but nowhere to be found in its pleading) is both untimely and misplaced, and therefore fails to give Opposer fair notice of the grounds for the defense as required by Fed. R. Civ. P. 8(b) and TBMP § 311.02(b)).

More importantly, Applicant's allegations of "harassment and extortion" are insufficient to bar Opposer's valid claim as a matter of law. Applicant's subjective purported belief that Opposer filed this opposition for the purpose of "harassment and extortion" is simply not a defense to a valid claim of priority and likelihood of confusion, and Applicant cites no authority to the contrary. The parties and the Board should not be burdened by discovery and trial on the non-issue of "harassment and extortion", which has no bearing on the issue of the registrability of DALÉ. Last, the Board should be aware that Applicant mischaracterizes the parties' pre-opposition settlement discussions in its brief. Opposer made no such alleged "demand" for a cross promotion of goods or services between Applicant and Opposer. In any event, the parties' confidential settlement discussions are inadmissible and irrelevant under Rule 408 of the Federal Rules of Evidence, and Applicant should not have alluded to such discussions in its brief.

Overall, Applicant's allegations of "harassment and extortion" are devoid of any specific factual allegations and fail to state any legally cognizable ground for barring Opposer's valid claim. Accordingly, Applicant's "unclean hands" affirmative defense fails to meet the standard of providing fair notice to Opposer, as set forth in Fed. R. Civ. P. 8(b) and TBMP § 311.02(b), and therefore should be stricken as legally insufficient.

¹⁰ Opposition to Motion to Strike, at 8.

CONCLUSION

Based on the foregoing, Opposer respectfully requests that its Motion to Strike Applicant's First Counterclaim and Affirmative Defenses be granted, and that the above matter be stricken and given no further consideration.

Respectfully submitted,

Date: January 16, 2015

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PROOF OF SERVICE

I hereby certify that a true and complete copy of the foregoing **REPLY IN SUPPORT OF MOTION TO STRIKE APPLICANT'S FIRST COUNTERCLAIM AND AFFIRMATIVE DEFENSES** has been served on Jaime Rich Vining, the listed Correspondent for Applicant, on January 16, 2015, via First Class U.S. Mail, postage prepaid to:

Jaime Rich Vining
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EXHIBIT A

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Filing date: **07/27/2012**

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

Proceeding	92055603
Party	Plaintiff Keragen, LLC
Correspondence Address	PAULO A DE ALMEIDA PATEL & ALUMIT PC 16830 VENTURA BLVD, SUITE 360 ENCINO, CA 91436 UNITED STATES Paulo@PatelAlumit.com
Submission	Motion to Strike
Filer's Name	Paulo A. de Almeida
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Date	07/27/2012
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**IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD**

KERAGEN, LLC,)	
)	
Petitioner,)	Cancellation No. 92055603
)	Registration No. 3661472
v.)	Mark: KERAGEN
)	
MDMA PUBLISHING, INC.,)	
)	
)	
Respondent.)	
)	
)	
)	
)	

MOTION TO STRIKE REGISTRANT'S AFFIRMATIVE DEFENSE

Pursuant to the Federal Rules of Civil Procedure (“Fed. R. Civ. P.”) Rule 12(f) and § 506.01 of the Trademark Trial and Appeal Board Manual of Procedure (“TBMP”), Petitioner, Keragen, LLC (“Keragen”) hereby moves the Trademark Trial and Appeal Board (“TTAB”) to strike a portion of Registrant, MDMA Publishing, Inc.'s (“Registrant”) First Amended Answer to Keragen's Petition to Cancel, which is improper and legally insufficient as a matter of law.

INTRODUCTION

On May 11, 2012, Petitioner filed a Petition to Cancel against the trademark KERAGEN, Reg. No. 3661472, owned by Registrant, to which Registrant filed its Answer on July 2, 2012. The Registrant subsequently filed its First Amended Answer (“Answer”) on July 9, 2012. Petitioner now moves to strike Applicant’s affirmative defense appearing in ¶ 14 of the Answer, as the affirmative defense is merely a bare, conclusory statement that does not provide any notice to Petitioner as to the basis for the defense as required by the TBMP rules and the FRCP. As such, Petitioner moves to strike ¶ 14 of Applicant’s Answer for the reasons set forth below.

ARGUMENT

“[T]he Board may order stricken from a pleading any insufficient defense or any redundant, immaterial, impertinent or scandalous matter.” Fed. R. Civ. P. 12(f); *Ohio State University v. Ohio University*, 51 USPQ2d, 1289, 1292 (TTAB 1999); TBMP § 506.01. Although motions to strike are not favored, *id.*, they are permissible and will be granted when appropriate. *Id.* The claimed affirmative defense in the Answer does not meet the standards established by § 311.02(b) of the TBMP, which states that “the pleading should include enough detail to give the plaintiff fair notice of the basis for the defense.” Fed. R. Civ. P. Rule 8(b); *Fair Indigo LLC v. Style Conscience*, 85 USPQ2d 1536, 1538 (TTAB 2007); *McDonnell Douglas Corp. v. National Data Corp.*, 228 USPQ 45, 47 (TTAB 1985) (bald allegations without further details are insufficient to provide fair notice). Registrant has not met this standard as the defense asserted is merely bare bones and conclusory in nature. By not pleading the necessary elements to establish the affirmative defense, neither Petitioner nor the Board has fair notice of the basis of the defense. Moreover, the affirmative defense asserted by Registrant does not amount to an appropriate defense. As such, the “affirmative defense” should be stricken as improper and legally insufficient.

Registrant’s Affirmative Defense is Improper and Legally Insufficient, and Should be Stricken

As an initial matter, Registrant’s Affirmative Defense is merely a bare, conclusory assertion which the courts have held as legally insufficient as it does not provide proper notice to the Petitioner. See *Northwestern Corp. v. Gabriel Mfg. Co., Inc.*, Not Reported in F.Supp., 1996 WL 732519 (N.D. Ill. 1996) (striking bare bones affirmative defense of failure to state a claim upon which relief can be granted); *Tome Engenharia E. Transporrtes, Ltd. v. Malki*, Not Reported

in F.Supp., 1996 WL 172286 (N.D. Ill 1996), *Flazsa v. TNT Holland Motor Exp., Inc.*, 155 F.R.D. 612, 614 (N.D.Ill 1994), and *In re Olympia Brewing Co. Securities Litigation*, Not Reported in F.Supp., 1985 WL 3928 (N.D. Ill 1985). While affirmative defenses should be stated simply, concisely, and directly, Fed. R. Civ. P. 8(d)(1), they must provide enough detail to give the plaintiff fair notice of the basis for the defense. *Fair Indigo*, 85 USPQ2d at 1538; *McDonnell Douglas Corp.*, 228 USPQ at 47 (bald allegations in the language of the statute do not provide fair notice of the basis of the defense); TBMP §311.02(b). Here, Registrant’s affirmative defense baldly states “The Petition fails to state a claim upon which relief may be granted”, without providing Petitioner with any specifics regarding how or why the Registrant believes the claim to be insufficient. The Board has held, as it should here, that such a bare, conclusory statement fails to properly notify the Petitioner of any specific deficiencies within the Petition, and thus Registrant’s affirmative defense is legally insufficient and should be stricken.

However, even ignoring the fact that the affirmative defense is legally insufficient, this “defense” does not actually amount to an affirmative defense at all. An affirmative defense is a defense that assumes the allegations in a complaint to be true and then goes on to assert new matter that eliminates or limits the defendant’s ordinary liability stemming from those allegations. *Amanda Blackhorse, Marcus Briggs, Phillip Gover, Jillian Pappan, and Courtney Tsotigh v. Pro Football, Inc.*, 98 USPQ2d 1633 (TTAB 2011); *See Black’s Law Dictionary* 451 (8th ed. 2004). Such a defense does not negate the elements of the cause of action, but rather provides an explanation that bars the claim entirely. *Id.* As such, the Board has consistently held that failure to state a claim upon which relief can be granted is not an appropriate affirmative defense, as “it relates to an assertion of the insufficiency of the pleading of [plaintiff’s] claim rather than a statement of a defense to a properly pleaded claim.” *Castro v. Cartwright*, Opposition No.

91188477 (September 5, 2009); See *Hornblower & Weeks, Inc. v. Hornblower & Weeks, Inc.*, 60 USPQ2d 1733, 1738 n. 7 (TTAB 2001) (The pleaded “affirmative defense” of failure to state a claim upon which relief can be granted, is not a true affirmative defense and shall not be considered as such).

Nevertheless, it is well settled that a motion to strike this “defense” may be used by the Petitioner to test its sufficiency prior to trial. *Order Sons of Italy in America v. Profumi Fratelli Nostra AG*, 36 USPQ2d 1221, 1222-23 (TTAB 1995); *Harjo v. Pro Football, Inc.*, 1994 WL 262249, 30 USPQ2d 1828, 1830 (TTAB 1994); *S.C. Johnson & Son, Inc. v. GAF Corporation*, 177 USPQ 720 (TTAB 1973). Accordingly, to withstand the “defense” of failure to state a claim upon which relief can be granted, Petitioner need only allege that (1) the Petitioner has standing to maintain the proceeding, and (2) a valid ground exists for cancelling the mark. *Id.*; *Bayer Consumer Care AG v. Belmora LLC*, 90 USPQ2d 1587 (TTAB 2009); *Fair Indigo*, 85 USPQ2d at 1538; *Lipton Industries, Inc. v. Ralston Purina Co.*, 670 F.2d 1024, 213 USPQ 185, 187 (CCPA 1982). Additionally, “the Petition must be examined in its entirety, construing the allegations therein liberally, as required by Fed. R. Civ. P. 8(f), to determine whether it contains any allegations which, if proved, would entitle plaintiff to the relief sought.” *Fair Indigo*, 85 USPQ2d at 1538.

In order to show standing, the Petition must allege facts sufficient to show that Petitioner has a real interest in the proceeding, and a reasonable basis for its belief that it would suffer some kind of damage if Registrant’s mark is maintained on the register. *Ritchie v. Simpson*, 170 F.3d 1092, 50 USPQ2d 1023, 1025 (Fed. Cir. 1999); *Lipton Industries, Inc.*, 213 USPQ at 189; TBMP § 309.03(b). Here, Petitioner claims in the Petition that its KERAGEN mark, Appln No. 85524355, was filed on January 24, 2012, and that Registrant’s KERAGEN mark of Reg. No. 3661472 has

been cited as a bar to registration of Petitioner's mark. Petition, ¶¶ 1-2. The Board has consistently held that such a showing clearly establishes Petitioner's standing in a cancellation proceeding. See *Nextel Communications Inc. v. Motorola Inc.*, 91 USPQ2d 1393, 1400 (TTAB 2009); *Hiraga v. Arena*, 90 USPQ2d 1102, 1106-7 (TTAB 2009); *Great Seats Ltd. v. Great Seats Inc.*, 84 USPQ2d 1235, 1237 (TTAB 2007); *Cerveceria Modelo S.A. de C.V. v. R.B. Marco & Sons, Inc.*, 55 USPQ2d 1298, 1300 (TTAB 2000); and *Hartwell Co. v. Shane*, 17 USPQ2d 1569, 1570 (TTAB 1990); TBMP § 309.03(b).

In addition to standing, Petitioner must also plead at least one statutory ground for the cancellation. TBMP § 309.03(c). Such acceptable grounds include abandonment of the registered mark due to nonuse with intent not to resume use, Trademark Act § 45, 15 U.S.C. § 1127; TBMP § 309.03(c)(11), as well as fraud during the procurement and maintenance of the registration. TBMP § 309.03(c)(17); Fed. R. Civ. P 9(b); *In re Bose Corp.*, 580 F.3d 1240, 91 USPQ2d 1938 (Fed. Cir. 2009); *DaimlerCrysler Corp. v. American Motors Corp.*, 94 USPQ2d 1086 (TTAB 2010). Petitioner clearly pleaded the grounds of abandonment, Petition ¶¶ 1-5, including nonuse with intent not to resume use, along with allegations and facts which, if proved, would entitle Petitioner to the relief sought. Petitioner has also adequately pleaded fraud during the procurement of the registration, including facts in support of this claim. ¶¶ 6-13.

Not only is Registrant's Affirmative Defense merely a bare, conclusory assertion that the courts have consistently stricken as failing to properly notify the plaintiff of any specific issues in the Petition, but the Board has consistently held that failure to state a claim upon which relief can be granted is not an affirmative defense at all. Nonetheless, the Petition clearly establishes Petitioner's standing and pleads a statutory ground for the cancellation by setting forth allegations and facts, which if proved would entitle Petitioner to the relief sought in this proceeding.

Therefore, the Petition is sufficient and Registrant's affirmative defense should be stricken.

CONCLUSION

Based on the foregoing, Petitioner respectfully requests that Petitioner's Motion to Strike Registrant's Affirmative Defense be granted, and that the above matter be stricken from Registrant's Answer.

Respectfully submitted,

Date: July 27, 2012

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PROOF OF SERVICE

I hereby certify that a true and complete copy of the foregoing **MOTION TO STRIKE REGISTRANT'S AFFIRMATIVE DEFENSE** has been served on MDMA PUBLISHING, INC., the listed Correspondent for Respondent, on July 27, 2012, via First Class U.S. Mail, postage prepaid to:

MDMA PUBLISHING, INC.
6363 WILSHIRE BLVD STE 350
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UNITED STATES

/Paulo A. de Almeida/
Paulo A. de Almeida