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

Proceeding	91218431
Party	Plaintiff Double Down, Inc.
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Attachments	Reply ISO Rule 56(d) motion.pdf(141033 bytes) Bielinski Declaration in Support of Reply on Rule 56(d) Motion.pdf(80515 bytes)

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

<p>DOUBLE DOWN, INC., Petitioner/Opposer,</p> <p>vs.</p> <p>IGT, Registrant/Applicant.</p>	<p>Opposition No. 91218431 (Parent)</p> <p>Mark: DOUBLE DOWN STUD (Serial No. 86/244,094)</p> <p>Cancellation No. 92059996</p> <p>Mark: DOUBLEDOWN CASINO (Reg. No. 3,885,409)</p>
<p>IGT, Petitioner,</p> <p>vs.</p> <p>DOUBLE DOWN, INC., Registrant.</p>	<p>Cancellation No. 92060105</p> <p>Mark: DOUBLE DOWN SALOON (Reg. No. 3,754,434)</p>

**REPLY IN SUPPORT OF MOTION FOR ADDITIONAL DISCOVERY PURSUANT TO FEDERAL RULE
OF CIVIL PROCEDURE 56(d) OR, ALTERNATIVELY, TO EXTEND RESPONSE DEADLINE TO
MOTION FOR SUMMARY JUDGMENT PURSUANT TO TRADEMARK RULE 2.127(e)**

I. INTRODUCTION

IGT's opposition to DDI's request for additional discovery does nothing to detract from the merits of DDI's request—rather, it only serves to emphasize that DDI needs discovery to respond to IGT's MSJ. IGT asks the Board to deny DDI additional discovery and proceed on IGT's MSJ, when the parties are in the middle of discovery on issues critical to IGT's laches argument. Essentially, IGT is asking the Board to "take its word for it" that the paltry 635 pages of documents that it cherry picked to disclose to DDI (about 500 pages are "affiliate agreements," most of which IGT produced after DDI filed its motion), and "facts" (yet-to-be-explored through deposition) contained in declarations from IGT, constitute the universe of relevant information on the issue of laches. Absolutely not.

IGT's first argument, that DDI is somehow making a "*post hoc* rationalization" regarding any delay in filing its petition, is contradicted by the history of DDI's knowledge of the CASINO Mark, set forth in DDI's motion. That is, DDI filed this cancellation proceeding after it learned that IGT was changing the

nature of the services it provides under the DOUBLE DOWN CASINO brand—in other words, after it learned that IGT was encroaching on its rights in the casino space. Thus, DDI's progressive encroachment theory—which existed at the time DDI filed this proceeding and is only being developed factually through discovery—is no "*post hoc* rationalization" for any delay in filing its cancellation. Moreover, the cases IGT cites on this issue support the argument that DDI should have the benefit of a full record before opposing IGT's MSJ.

IGT's second argument regarding the "futility" of DDI's request fares no better, as IGT presents arguments that are irrelevant to the merits of DDI's motion. Rather, IGT argues the merits of its laches defense and DDI's anticipated theory of progressive encroachment, which need to be fleshed out during discovery. And, just like the cases cited in IGT's first argument, those cited in the "futility" argument demonstrate that the types of evidence tribunals consider in the laches context are precisely those DDI seeks through its discovery.

For all of these reasons, DDI respectfully requests that the Board grant its request for additional discovery. If the Board is not inclined to grant DDI's request, then DDI requests an additional thirty days after the Board's order on its motion within which to file a response to IGT's MSJ.

II. ANALYSIS

A. IGT's Progressive Encroachment On DDI's Rights Partly Formed The Basis Of This Cancellation Proceeding And DDI's Position Is Therefore Not Based On Any "Post Hoc Rationalization"

IGT's argument regarding any alleged "*post hoc* realization" fails on both the facts and the law. Specifically, DDI was aware of the basic factual basis for its progressive encroachment theory—namely, IGT's movement of the DOUBLE DOWN CASINO brand into the casino space—prior to the time it filed this action. This is evident from DDI's moving papers on its request for additional discovery and the attached declaration of P Moss. (See, e.g., Declaration of P Moss, ¶ 9, stating "until approximately September 2013, DDI was unaware that IGT or its predecessors in interest intended to use the CASINO Mark in connection or partnership with online casino services or brick-and-mortar licensed gaming establishments"). What little information DDI has learned in discovery about all of the ways that IGT has changed its use of the CASINO Mark therefore does not impermissibly form the basis for its theory;

rather, it support's DDI's pre-existing knowledge and theory of its case—¹which only reinforces the need to allow DDI additional discovery.

IGT's reliance on the "*post hoc* rationalization" argument from *Hot Wax, Inc. v. Turtle Wax, Inc.*—where the plaintiff attempted to develop a theory based on facts contradicted by the record—simply does not fit here. The *Hot Wax* court determined that the plaintiff's delay was unreasonable because the plaintiff admitted that it learned of the defect in the defendant competitor's products that formed the basis of its suit during a specific time frame **decades** before it filed suit. 191 F.3d 813, 823 (7th Cir. 1999). This admission was inconsistent with the plaintiff's "post hoc rationalization" that the defendant's marketing became false and misleading over the course of time. *Id.* In other words, the *Hot Wax* court simply recognized that the plaintiff could not argue an "evolutionary development" of wrongful conduct when it admitted it knew defendant's conduct was wrongful nearly thirty years before filing suit. *Id.* *Hot Wax* lies in stark contrast to the facts presented here, where DDI's pre-litigation position that IGT has progressively encroached on its rights is simply being developed through discovery.

Notably, the court's statement in *Grupo Gigante SA De CV v. Dallo & Co.*—the other case on which IGT relies for this "*post hoc* realization" theory—falls short of what IGT claims. 391 F.3d 1088, 1103 (9th Cir. 2004). The *Grupo Gigante* court merely noted that it was not clear whether the plaintiff only learned during discovery one particular fact on which the plaintiff relied in arguing it had been diligent in enforcing its mark. *Id.* Then, the court found that even if plaintiff was aware of it, the single fact did not justify plaintiff's actions in light of other facts in the record. *Id.* The case therefore does not stand for the broad proposition that "facts learned during discovery cannot excuse plaintiff's delay in bringing infringement suit because plaintiff did not have 'the benefit of that knowledge before [the] litigation started.'" (Opp. at 3.)

¹ DDI's position has not changed from the filing of its petition. DDI complied with its obligations to place IGT on notice of its claims through the petition. IGT's Footnote 1, implying that DDI's petition is insufficiently pled on the issue of progressive encroachment, is therefore a nonstarter. Because progressive encroachment is an exception to the affirmative defense of laches, it is illogical to imply DDI was required to raise progressive encroachment in its petition, before IGT raised the laches defense in its answer.

Certainly, neither *Hot Wax* nor *Grupo Gigante* stand for the proposition that discovery cannot be had on the issue of progressive encroachment. To the contrary, at the time the trial courts in *Hot Wax* and *Grupo Gigante* ruled on the parties' motions for summary judgment, the courts relied on information produced by **both parties** on what appear to be fully developed discovery records. See *Hot Wax*, 191 F.3d at 822-24 (emphasizing what evidence in "the record" supported its conclusions on plaintiff's delay, and noting evidence on defendant's investment in the brand (necessarily produced by defendant) in concluding that defendant suffered prejudice); *Grupo Gigante*, 391 F.3d at 1102-03 (in discussing progressive encroachment, finding that defendant's "use of the [] mark has not changed since" three years prior to plaintiff filing suit—a finding that necessarily came from evidence produced in discovery of defendant's use of the mark). Thus, by filing its motion for summary judgment before DDI has an opportunity to, for example, examine IGT's witnesses on the facts IGT cites to support alleged prejudice and the extent to which IGT has changed its use of the CASINO Mark, IGT seeks to deprive DDI of the very evidence judges rely on in the laches and progressive encroachment analyses.²

B. IGT's Futility Argument Only Demonstrates That The Board Should Allow DDI Additional Discovery

1. IGT's Futility Argument Improperly Focuses On The Merits Of IGT's Laches Defense And DDI's Undeveloped Theory of Progressive Encroachment, Which Are Irrelevant To DDI's Motion

IGT's argument that additional discovery would be futile because such evidence would not support a theory of progressive encroachment preemptively disputes the merits of a legal theory that DDI has not had the opportunity to develop. To be sure, DDI's motion does not attempt to prove a theory of progressive encroachment. DDI is merely pointing to evidence in IGT's possession—which DDI has requested and IGT has withheld—that could substantiate DDI's theory of progressive encroachment.

² For the same reasons, contrary to IGT's contention, this is not a case where the facts relevant to DDI's delay are necessarily within DDI's possession. Compare *Bad Boys Bail Bonds, Inc. v. William Lee Yowell*, 115 U.S.P.Q.2d 1925, 2015 WL 5895959, at *5 (T.T.A.B. Aug. 21, 2015) (denying Rule 56(d) relief because "the essence of [registrant's] motion [for summary judgment] focuses on the asserted nonuse of the applied-for mark by [concurrent use applicant], and any evidence related to [concurrent use applicant's] use of its mark would be in its own possession, custody, or control"). That is, unlike the registrant in *Bad Boys*—who could not possess the information on the adverse party's use of the mark needed to defeat the motion for summary judgment—IGT possesses relevant evidence on the issues on progressive encroachment related to IGT's use of the CASINO Mark and alleged prejudice it has suffered.

In disputing the merits of a progressive encroachment theory, IGT asserts that “[p]rogressive encroachment cannot be found where the allegedly expanded services remain within the scope of the registration.” (Opp. at 4). IGT goes on to argue that because DDI did not dispute the characterization of IGT’s services as “an online computer game,” DDI cannot substantiate a theory of progressive encroachment. To be sure, DDI’s alleged failure to “dispute the dispositive fact that DOUBLEDOWN CASINO remains what it always has been—an online game” is not a concession that IGT’s encroachment is within the scope of IGT’s registration for the CASINO Mark. (Opp. at 2). Again, DDI needs additional discovery before it can dispute IGT’s conclusory assertions that the services IGT offers under the CASINO Mark are “subsumed within the description’ of services” in its registration. (Opp. at 5).

Further, DDI does not “improperly conflate[] growth with progressive encroachment” as IGT contends. (Opp. at 6). DDI’s discussion regarding IGT’s growth does not go to the merits of a progressive encroachment theory. Rather, DDI highlights IGT’s growth to demonstrate the need for additional discovery. As explained in DDI’s motion, “IGT’s broad assertions—supported only by affidavit—do not tell the full story.” (Mot. at 10).

2. IGT’s Futility Argument Contradicts Its Assertion That All Relevant Evidence Is in DDI’s Possession

By arguing the merits of its laches defense, IGT only demonstrates that DDI needs the discovery it seeks. Importantly, IGT relies on cases that considered the very evidence IGT tells the Board it need not disclose. In other words, IGT asks the Board to deny DDI access to the same information the tribunals relied on in cases IGT cites in support of its futility argument. In doing so, IGT ignores that “[t]he two foundational inquiries of undue or unreasonable delay and prejudice are questions of fact.” *Ava Ruha Corp. v Mother’s Nutritional Center, Inc.*, 113 U.S.P.Q.2d 1575, 2015 WL 496141, at *4 (T.T.A.B. Jan. 29, 2015). In fact, the decisions IGT cites on the merits of DDI’s progressive encroachment argument include discussions about evidence that was presented by the party asserting the laches defense.

For example, the *Ava Ruha* panel considered (among other things) the following evidence in the record, which was developed through discovery:

- in examining the reasonableness of petitioner's delay in filing, the panel considered the extent to which the respondent "redirected its business so that it more squarely competed with Petitioner," *Ava Ruha*, 2015 WL 496141, at *6; and
- in examining the potential economic prejudice to respondent, the panel considered **undisputed** evidence "that Respondent changed its economic position during the period of Petitioner's delay by Respondent's continued use, promotion, and development of its" marks (*Ava Ruha*, 2015 WL 496141, at *9)—in other words, the petitioner in *Ava Ruha* at least had a chance to explore the issue of the respondent's economic prejudice through discovery.

Likewise, the courts in IGT's cited cases regarding growth relied on developed factual records on laches issues:

- *Tillamook Country Smoker, Inc. v. Tillamook Cnty. Creamery Ass'n*, 465 F.3d 1102, 1110 (9th Cir. 2006) (in considering progressive encroachment argument, court considered facts developed in discovery such as facts specific to the defendant's redesign of its labels, and facts related to argument that defendant had expanded into different markets);
- *Internet Specialties West, Inc. v. Milon-DiGiorgio Enters., Inc.*, 559 F.3d 985, 991-92 (9th Cir. 2009) (in determining whether defendant progressively encroached on plaintiff's services, discussing facts related to defendant's alleged shift into new markets; and, in discussing prejudice, analyzing evidence presented at trial to determine whether defendant's claim of prejudice was based on mere expenditures in promoting the name rather than an investment in the mark);
- *Prestwick Grp., Inc. v. Landmark Studio Ltd.*, No. 14-CV-731-JPS, 2015 WL 2384191, at *6 (E.D. Wis. May 19, 2015) (noting that progressive encroachment focuses on whether defendant "materially altered" its infringing activity, and analyzing facts related to the parties' respective market growth);

- *Saul Zaentz Co. v. Wozniak Travel, Inc.*, 627 F. Supp. 2d 1096, 1115 (N.D. Cal. 2008) (on progressive encroachment, "balancing the facts" presented by the parties as to whether defendant's initial use of the mark was *de minimus*, and facts related to parties' arguments on business growth and the manner in which the marks were used); and
- *Wisconsin Cheese Group, Inc. v. V V Supremo Foods, Inc.*, 537 F. Supp. 2d 994, 1002 (W.D. Wisc. 2008) (noting that progressive encroachment applies to cases in which there has been a change in marketing that worsened the potential likelihood of confusion, and examining evidence presented by parties on the alleged changes to the business).

In relying on these cases, IGT wholly contradicts its previous assertion that "[a]ll information relevant to DDI's reasons for delay in petitioning to cancel the CASINO Mark are necessarily within DDI's possession, not IGT's." (Opp. at 3).

Because progressive encroachment would excuse DDI's any delay in filing its petition, any evidence in IGT's possession that is relevant to a progressive encroachment analysis is necessarily essential to DDI's opposition. Contrary to IGT's assertion, it has not produced "substantial discovery" regarding IGT's marketing efforts and target consumer base. As discussed in DDI's motion, IGT objected to many of DDI's interrogatories and document requests, and promised to produce documents it has still failed to produce. (Mot. at 7-9.) Prior to DDI filing its motion, IGT produced a total of 1,461 pages of documents, of which DDI believes approximately 1,249 are only tangentially related to the issues presented by IGT's MSJ and DDI's Rule 56(d) motion (approximately 581 pages of SEC Form 10-K documents, 416 pages of USPTO and related records—primarily the parties' application files and registrations for the marks at issue in this proceeding, and 252 pages of documents specific to IGT's DOUBLE DOWN STUD mark). (Bielinski Dec., ¶¶ 2-3.) Then, **only after DDI filed its Rule 56(d) motion**, IGT produced an additional 423 pages of affiliate agreements. (Bielinski Dec., ¶ 4.) DDI respectfully submits that—particularly given IGT's claim that, for example, it spent over \$100 million solely on marketing and promoting the DOUBLE DOWN CASINO brand (see MSJ, at 4)—635 pages of documents, most of which are the affiliate agreements, cannot be "substantial" evidence of IGT's marketing efforts and consumer base.

C. In The Event That The Board Denies DDI's Request For Additional Discovery, Allowing An Additional Thirty Days For DDI To Respond Is Reasonable

DDI does not dispute that because DDI's request for additional discovery is made in good faith, good cause exists for a thirty-day extension. (Compare Mot. at 12 with Opp. at 2). While IGT alleges that the request is "excessive" in light of the passage of time between the date of DDI's motion and now, IGT was complicit in the delay to date because the parties were engaged in settlement negotiations. (Opp. at 2.) Moreover, after DDI filed its motion, IGT produced additional documents—which DDI will need to examine with an eye towards opposing the MSJ if necessary. Under these circumstances, in the event the Board denies DDI's request for further discovery, a thirty-day extension of time in which to oppose IGT's MSJ is reasonable.

III. CONCLUSION

Based on the foregoing and DDI's Motion, DDI requests that the Board allow DDI additional discovery on the issues of fact identified in the Motion, so that DDI can meaningfully respond to IGT's MSJ. Alternatively, DDI requests that the Board grant DDI an additional thirty days from the date of any order denying additional discovery, for DDI to respond to the merits of IGT's MSJ.

Respectfully submitted,

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Date: December 7, 2015

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PROOF OF SERVICE

Erin Lewis, an employee of Brownstein Hyatt Farber Schreck, LLP, says that on December 7, 2015, she served a copy of **REPLY IN SUPPORT OF MOTION FOR ADDITIONAL DISCOVERY PURSUANT TO FEDERAL RULE OF CIVIL PROCEDURE 56(d) OR, ALTERNATIVELY, TO EXTEND RESPONSE DEADLINE TO MOTION FOR SUMMARY JUDGMENT PURSUANT TO TRADEMARK RULE 2.127(e)** upon Hope Hamilton at the law firm of Holland and Hart via email to the following addresses:

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I declare that the statement above is true to the best of my information, knowledge and belief.

/s/ Erin Lewis

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

<p>DOUBLE DOWN, INC., Petitioner/Opposer,</p> <p>vs.</p> <p>IGT, Registrant/Applicant.</p>	<p>Opposition No. 91218431 (Parent)</p> <p>Mark: DOUBLE DOWN STUD (Serial No. 86/244,094)</p> <p>Cancellation No. 92059996</p> <p>Mark: DOUBLEDOWN CASINO (Reg. No. 3,885,409)</p>
<p>IGT, Petitioner,</p> <p>vs.</p> <p>DOUBLE DOWN, INC., Registrant.</p>	<p>Cancellation No. 92060105</p> <p>Mark: DOUBLE DOWN SALOON (Reg. No. 3,754,434)</p>

**DECLARATION OF LAURA BIELINSKI, ESQ., IN SUPPORT OF REPLY IN SUPPORT OF MOTION
FOR ADDITIONAL DISCOVERY, PURSUANT TO FEDERAL RULE OF CIVIL PROCEDURE 56(D) OR,
ALTERNATIVELY, TO EXTEND RESPONSE DEADLINE TO MOTION FOR SUMMARY JUDGMENT
PURSUANT TO TRADEMARK RULE 2.127(E)**

I, Laura Bielinski, Esq., hereby declare as follows:

1. I am an attorney with the law firm Brownstein Hyatt Farber Schreck, LLP, counsel for Double Down, Inc., a Nevada corporation and a party in the above-captioned proceedings before the Trademark Trial and Appeal Board. The facts stated herein are true and correct and of my own personal knowledge and my review of the information produced in, and related to, the above-captioned proceedings.

2. Prior to DDI filing its motion, IGT produced a total of 1,461 pages of documents, of which DDI believes approximately 1,249 are only tangentially related to the issues presented by IGT's MSJ and DDI's Rule 56(d) motion.

3. Specifically, of the 1,461 pages originally produced, approximately 581 pages are SEC Form 10-K documents, 416 pages are USPTO and related records—primarily the parties' application files and registrations for the marks at issue in this proceeding, and 252 pages are documents specific to IGT's DOUBLE DOWN STUD mark.

4. Then, **only after DDI filed its Rule 56(d) motion**, IGT produced an additional 423 pages of affiliate agreements. In total, I believe IGT has produced approximately 500 pages of affiliate agreements.

5. Aside from the discovery requests and responses attached to DDI's Rule 56(d) motion, the foregoing is the entirety of IGT's production of documents to date.

I declare under penalty of perjury under the laws of the United States that the foregoing is true and correct.

Executed on December 7, 2015, in Santa Barbara, California.



LAURA BIELINSKI

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