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

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|------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Proceeding | 91221438 |
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**IN THE UNITED STATES PATENT AND TRADEMARK OFFICE BEFORE THE
TRADEMARK TRIAL AND APPEAL BOARD**

Application Serial. No.: 86/174,797
Mark: THE NODE FIRM
IC: 042
Applicant: YLD Limited
Filed: January 24, 2014

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THE NODE FIRM, LLC,

Opposition No.: 91221438
Serial No.: 86174797

Opposer,

v.

YLD LIMITED,

Applicant.

-----X

**MEMORANDUM OF APPLICANT YLD LIMITED IN
FURTHER SUPPORT OF YLD LIMITED'S MOTION TO
DISMISS THE NODE FIRM, LLC'S OPPOSITION**

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Applicant YLD Limited (“Applicant” or “YLD”), through its undersigned counsel, respectfully submits this memorandum in further support of the Applicant’s motion to dismiss the Petition for Opposition (“Opposition”) filed by The Node Firm, LLC (“Opposer”) against Application Serial No. 86/174,797 (the “Application”), pursuant to Rule 12(b)(1) of the Federal Rules of Civil Procedure, and the Trademark Trial and Appeal Board’s (the “Board” or “TTAB”) Manual of Procedure (“TBMP”) on the grounds that the Opposition was untimely and as such the Board lacks jurisdiction over this proceeding.

PRELIMINARY STATEMENT

As set forth in Applicant’s motion to dismiss the Opposition, the Board lacks jurisdiction over this proceeding as a result of Opposer’s failure to: (1) file a timely Opposition; and (2) plead facts that would constitute a “showing” of privity between Opposer The Node Firm LLC– the party that filed the Notice of Opposition – and Node Source, LLC (“Node Source”) the party that requested extensions of time to file the Opposition.

In opposing Applicant’s motion to dismiss, Opposer contends that YLD’s motion to dismiss is procedurally improper and takes positions that are contradictory to the positions taken by YLD in *YLD Limited v. The Node Firm, LLC et al.*, Civil Action No. 1:15-cv-00855-JPO (S.D.N.Y. Feb. 5, 2015), which is currently pending in the United States District Court, Southern District of New York (“the Civil Action”).

As set forth herein, Opposer’s arguments are unsubstantiated and without merit. The suggestion that a motion to dismiss for lack of subject matter jurisdiction may not be made at the outset of a proceeding where the pleading fails to recite facts to show that the Board in fact has subject matter jurisdiction over this proceeding, contradicts the entire purpose of Rule 12(b)(1) and (h)(3) which provides that such a motion may be made at any time, and well settled law holding that

subject matter jurisdiction is a threshold matter.

Additionally, Applicant has not taken any positions that are contradictory. The issue here is simple – Opposer has failed to plead or otherwise make a showing of privity, which is required pursuant to TBMP 303.05(b) and should be made “in the form of a recitation of the facts on which the claim of privity is based, and must be submitted either with the opposition, or during the time allowed by the Board in its letter requesting an explanation of the discrepancy.” *See* TBMP 303.05(b). Opposer’s argument that Applicant’s has alleged that The Node Firm LLC, fraudulently transferred its assets, does not relieve Opposer of its obligation to make a showing of privity in connection with this proceeding, where here, YLD’s allegations have not been admitted by Opposer or Node Source LLC.

For the reasons set forth herein, and in Applicant’s moving papers, the Opposition should be dismissed.

ARGUMENT

Opposer The Node Firm LLC did not obtain any extension of time to oppose Applicant’s Mark and its pleading fails to allege any facts, as required by TBMP § 303.05(b) and 206.02, that would allow the Board to find that there was a sufficient showing that privity exists between The Node Firm LLC, the Opposer, and non-party Node Source, LLC, the entity that filed and was granted the extensions. As a result, this Opposition should be deemed untimely and dismissed for lack of subject matter jurisdiction.

A. Applicant’s Motion to Dismiss is Procedurally Proper

As an initial matter, YLD was not required to make a request to suspend this proceeding prior to moving to dismiss the Opposition, as Opposer suggests. *See* Opp. Br. at p.1. Notably absent from Opposer’s brief is any citation to authority that would require Applicant to request suspension

of this proceeding prior to filing a motion to dismiss for lack of subject matter jurisdiction.

Pursuant to the TBMP, “there is a wide range of motions which may be filed in inter partes proceedings before the board.” *See* TBMP § 502.01; 37 CFR § 2.116(a); *See also* Fed. R. Civ. P. 12(b)(1). Additionally, the TBMP states that, “[w]hen any party files a motion to dismiss . . . the case will be suspended by the TTAB with respect to all matters not germane to the motion and no party should file any paper which is not germane to the motion except as otherwise specified in the Board’s suspension order.” *See* 37 CFR § 2.127(d). Moreover, “[w]hen there is pending before the Board both a motion to suspend and a motion which is potentially dispositive of the case, the potentially dispositive motion may be decided before the question of suspension is considered regardless of the order in which the motions were filed.” *See* 37 CFR § 2.117(b). Here, Applicant’s motion to dismiss for lack of subject-matter jurisdiction was timely filed and is potentially dispositive of this case. Following the filing of Applicant’s motion the Board issued an order dated June 1, 2015 suspending the proceedings in this opposition “pending disposition of Applicant’s motion to dismiss.” *See* June 1, 2015 Order. As a result, the Board may properly decide the motion now.

B. Applicant Is Not Required to Wait for the Board to Request An Explanation Regarding the Discrepancy Between The Node Firm, LLC and Node Source LLC

Pursuant to the TBMP, a party in privity with a potential opposer may step into the potential opposer’s shoes and file a notice of opposition upon making a “showing” of privity, defined as, “a recitation of the facts on which the claim of privity is based.” *See* TBMP § 303.05(b); 37 C.F.R. §2.102; *see also* TBMP 206.01(b).

Opposer argues that only the Board may challenge an opposer for failing to make a “showing” of privity. However, this contention flies in the face of well-settled law.

Pursuant to the Fed. R. Civ. P. 12(h)(3), “[i]f the court determines at any time that it lacks subject-matter jurisdiction, the court must dismiss the action.” *See* Fed. R. Civ. P. 12(h)(3).

Additionally, the lack of subject matter jurisdiction is specifically identified as one of the defenses that any party may assert by motion to dismiss. *See* Fed. R. Civ. P. 12(b)(1). *See also Renaissance Rialto Inc. v Ky Boyd*, 107 U.S.P.Q.2d 1083 (PTO May 31, 2013) (dismissing opposition where opposer did not file the notice of opposition during the proper time, and is not in privity with the party that did so, thus the Board has no jurisdiction).

In its opposition brief, Opposer attempts to distinguish the cases such as *Renaissance Rialto Inc.*, by arguing that since the Board in *Renaissance Rialto Inc.*, decided the issue of privity only after discovery, that dismissal on a motion to dismiss, prior to discovery is improper.

But this is not the case. Notably, in *Renaissance Rialto Inc.*, the Board specifically noted that

[i]t would have been a better practice for applicant to have brought the jurisdictional issue to the Board for a ruling in an earlier motion. However, jurisdiction remains an issue throughout a proceeding, and we therefore determine it now. Fed. R. Civ. P. 12(h)(3) ('If the court determines at any time that it lacks subject-matter jurisdiction, the court must dismiss the action.').

Renaissance Rialto Inc., 107 U.S.P.Q.2d at 1084 n.4. *See also Cass Logistics Inc. v McKesson Corp.*, 27 U.S.P.Q.2d 1075 (PTO Apr. 27, 1993) (treating a summary judgment motion as a motion to dismiss for lack of jurisdiction and granting motion to dismiss for lack of jurisdiction where party that filed opposition was a different entity than the party that requested the initial extension and the opposer failed to make a showing of privity or mistake).

Here, Applicant has properly raised a threshold jurisdictional matter on a motion to dismiss for lack of subject matter jurisdiction pursuant to Fed. R. Civ. P. 12(b)(1). The issue of whether Opposer has sufficiently pled facts to show privity may be decided on a motion to dismiss. *See Cass Logistics Inc.*, 27 U.S.P.Q.2d at 1077; *Renaissance Rialto Inc.*, 107 U.S.P.Q.2d 1083. It is clear from the face of the Opposition that Opposer failed to plead a "showing" of privity and

therefore the Opposition must be dismissed for lack of jurisdiction.

Opposer's reliance on *Mo. Silver Pages Directory Publ'g Corp. Inc. v. Sw Bell Media, Inc.*, 6 U.S.P.Q.d2 1028 (PTO January 11, 1988), to support its contention that the Board should determine the issue of privity only after discovery, is misplaced. In *Mo. Silver Pages Directory Publ'g Corp. Inc.*, the Board held that based on the information in both the notice of opposition and Mr. Carlson's affidavit, that there was an issue of fact as to whether Silver Pages Advertising and Publishing Co., Inc, was or is in privity with at least one of the two parties who originally requested the extension of time. *Id.* at 1032.

Here, Opposer has provided no information nor has it alleged facts to show how it is in "privity" with Node Source, LLC, the entity that requested the extensions. Similarly in opposing Applicant's motion, Opposer has failed to provide documents or affidavits that would provide information on this issue, which could be used to remedy the defect in its pleading.

Instead, Opposer claims that this threshold issue of jurisdiction should not be decided because "The record is devoid of any evidence that would permit the Board to decide the privity issue based on YLD's motion alone." However the record is only devoid of evidence and allegations regarding privity, because Opposer failed to properly plead facts showing privity or provide any evidence.

As the Board alludes to in *Renaissance*, the timeliness of the Notice of Opposition is a threshold jurisdictional issue which does not require discovery to decide. *See Renaissance Rialto Inc.*, 107 U.S.P.Q.2d, at 1084. Opposer had the opportunity to plead the necessary facts to make a "showing" of privity under TBMP 303.05(b), which on a motion to dismiss would need to be construed as true, and it failed to do so. Opposer further had the opportunity to provide additional information or evidence showing that it is in privity with Node Source, LLC, in opposing Applicant's instant motion, all of which is presumably within Opposer's control. Yet again, Opposer has failed to do so—seemingly intentionally. In opposing Applicant's motion, Opposer offered no

documentary evidence, or affidavits, that included facts which would sufficiently show that privity existed. Opposer's failure to make a satisfactory showing of privity in its pleading, makes its Opposition deficient on its face, untimely and the Board's jurisdiction nonexistent.

Opposer's conclusory allegation that the parties are in "privity" falls short of standards for pleading under the Federal Rules of Civil Procedure established by the Supreme Court in *Iqbal* and *Twombly*. See e.g. *Ashcroft v. Iqbal*, 556 U.S. 662 (2009) (claimant must allege well pleaded factual matter, more than threadbare recitals and conclusory statements); *Bell Atl. Corp. v. Twombly*, 550 U.S. 544 (2007).

Opposer argues that these standards do not apply to pleading a showing of privity under the TBMP. While Applicant disagrees for the reasons set forth in its moving papers, the end result is the same as the TBMP establishes the same standard by requiring the opposer to make a showing of privity in the form of "a recitation of the facts on which the claim of privity is based." See TBMP 303.05(b). Regardless of whether the Board holds that the Opposer is required to plead under the standard established in *Iqbal* and *Twombly*, or pursuant to the TBMP 303.05(b), the fact remains that Opposer is required to recite facts that amount to more than a conclusory statement, and here it has failed to do so.

Additionally, there is no support for Opposer's contention that the "showing" of privity is optional, or that an applicant must wait for the Board to request an explanation. The plain language of TBMP 303.02(b), which is notably contained in the chapter 300 of the TBMP governing "Pleadings" states that "[t]he 'showing' of privity ***should be in the form of a recitation of the facts on which the claim of privity is based, and must be submitted*** either with the opposition, *or* during the time allowed by the Board in its letter requesting an explanation of the discrepancy. TBMP § 303.05(b) (Emphasis added).

Clearly, an applicant who believes that privity has not been sufficiently pled or otherwise

shown, is entitled to move to dismiss based on lack of jurisdiction. *See Renaissance Rialto Inc.*, 107 U.S.P.Q.2d at 1084 n.4 (noting that it would have been better practice for the applicant to have brought the “jurisdictional issue to the Board for a ruling in an earlier motion.”). TBMP 303.05(b) merely provides an opposer with an opportunity to cure a defective pleading by providing a recitation of facts to the Board, in the event that it failed to do so sufficiently in its notice of opposition. There is no support for the contention that Applicant is required to wait for the Board to request an explanation when there is a jurisdictional threshold issue that is apparent on the face of the pleadings. Here, Opposer has not pled a recitation of facts on which the claim of privity is based, nor has this information been supplied elsewhere, and as such the Opposition should be dismissed.

C. Applicant Is Not Taking Contradictory Positions

Similarly without merit is Opposer’s contention that Applicant’s motion contradicts its allegations that Opposer fraudulently conveyed its assets to Node Source LLC, and NodeSource, Inc., in YLD’s Complaint (“Complaint”) or Amended Complaint (the “Amended Complaint”) that were filed in the Civil Action.

There is no contradiction here. Applicant has made numerous allegations to support its claims that The Node Firm, LLC fraudulently conveyed its assets to Node Source LLC. *See* Klein Decl., Ex. G (Complaint), ¶¶58-63, 144-152; Ex. I (Amended Complaint) ¶¶61-68, 154-218. Applicant maintains its belief that The Node Firm LLC did in fact fraudulently convey its assets as pled in the Complaint and Amended Complaint—however Opposer has yet to admit those allegations.

To the contrary, Opposer seemingly plans to deny the allegations that it fraudulently conveyed its assets to Node Source LLC. In its motion to transfer venue and dismiss YLD’s fraudulent conveyance claim in the Complaint, Opposer stated that YLD’s allegations were “entirely unfounded in fact.” *See* Klein Decl., Ex. H (Defendants’ Memorandum of Law) at p. 21. Opposer

cannot dispute YLD's allegations in one proceeding and rely on them to establish subject matter jurisdiction here. That would constitute taking contradictory positions.

YLD's position is entirely consistent. YLD believes that The Node Firm LLC fraudulently conveyed some or all of its assets to Node Source, LLC, as pled in the Civil Action. Furthermore, to the extent that one of the assets conveyed was purported rights in and to "The Node Firm" name, and/or that Node Source LLC, absorbed the entire business of The Node Firm, LLC, and is operating as a mere continuation, it is simply YLD's position in accordance with TBMP 303.05(b) that Opposer should plead those facts that it believes satisfy the "privity" exception, which it has invoked in filing this Opposition.

The burden to make a showing of privity rests squarely on the shoulders of Opposer, and here, Opposer has not stated the facts that would establish privity in connection with "The Node Firm" name, nor has it admitted YLD's allegations that Opposer fraudulently conveyed all of its assets to Node Source in the Civil Action.

If Opposer is prepared to concede to YLD's allegations in the Amended Complaint that it fraudulently conveyed all of its assets to Node Source, LLC, YLD would consider the issue of privity to have been sufficiently pled.

CONCLUSION

Based upon the foregoing, Opposer's Opposition failed to plead the required showing of privity and it has since failed to cure the pleading's defect. Accordingly, the Opposition is untimely and must be dismissed for lack of jurisdiction. Opposer's remedy is to file a petition for cancellation should the registration issue.

Dated: New York, New York
June 29, 2015

Respectfully Submitted,

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CERTIFICATE OF SERVICE

The undersigned hereby certifies that on the 29th day of June, 2015, a true and accurate copy of the foregoing **MEMORANDUM OF APPLICANT YLD LIMITED IN FURTHER SUPPORT OF YLD LIMITED'S MOTION TO DISMISS THE NODE FIRM, LLC'S OPPOSITION** was served within the time permitted by the Board rules *via* first class mail and electronic mail for delivery to the following addressee(s):

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Dated: 6/29/15 Signature: 
SARAH M. MATZ