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

Proceeding	92053066
Party	Plaintiff Road Tools Inc.
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Submission	Motion to Dismiss - Rule 12(b)
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Date	12/04/2010
Attachments	Motion Dismiss-Strike.pdf (12 pages)(430327 bytes) Exhibit A good standing cert.pdf (1 page)(61196 bytes)

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

In the matter of U.S. Registration No. **3527661**

Mark: CoolPAD 酷派

Registration Date: November 4, 2008

Road Tools LLC Petitioner, v. Yulong Computer Telecommunication Scientific (Shenzhen) Co., Ltd. Registrant	)	Cancellation No.: 92-053066

MOTION TO DISMISS COUNTERCLAIM COUNT TWO
AND MOTION TO STRIKE AFFIRMATIVE DEFENSES

COMES NOW Petitioner, Road Tools, LLC and motions the Board to dismiss Count Two[1] of the Registrant's Counterclaim and strike the bulk of Registrant's Affirmative Defenses. Registrant is concurrently filing an Answer to the Counterclaim and Answering Count One of the Counterclaim and Answering Count Two in the alternative event the Board denies the instant motion to dismiss. TBMP §503.01

[1] Registrant/Counterclaimant asserted a First Basis for its Counterclaim (Abandonment) herein referred to as Count One, and a Second Basis for its Counterclaim (Trademark Misuse) herein referred to as Count Two.

I. PROCEDURAL POSTURE AND INTRODUCTION

Petitioner Road Tools LLC, (hereinafter Petitioner or Road Tools) filed this Cancellation matter asserting one count of likelihood of confusion under Section 2(d) of the Lanham based on Road Tools' federal trademark Reg. No. 2563728 ("the '728 registration") and sought Cancellation of Registrant's federal trademark Reg. No. 3527661 ("the '661 Registration).

Both the '728 registration and the '661 registration cover the identical mark COOLPAD albeit the '661 registration also includes the addition of Chinese characters.

The Petitioner's '728 Registration is incontestable under Section 15 of the Lanham Act based on use of the mark COOLPAD on the goods identified in the registration in United States commerce for more than five continuous years. Conversely, Registrant, Yulong Computer Telecommunication Scientific, a foreign Chinese corporation, obtained its '661 registration based under Section 44(e) of the Lanham Act and has never asserted use of its COOLPAD mark in the United States.

Importantly, Registrant/Counterclaimant does not plead that is commenced use of its mark in the United States but instead pleads that it "seeks to avoid future potential likelihood of confusion as between [the respective marks] and further wishes that [Petitioner's] '728 registration is never asserted against it in the future." Counterclaim at Paragraph 2. Notwithstanding Registrant's pleadings acknowledging potential future likelihood of confusion and/or avoidance of same, Registrant asserts an independent claim for Trademark Misuse. The doctrine of trademark misuse is only an affirmative defense to a claim of trademark infringement, not applicable in this administrative proceeding, and otherwise not ripe.

Without actual use in commerce there can never be infringement and this matter is not a civil infringement action. The only issue at bar in this administrative proceeding is whether the Registrant's '661 registration was entitled to registration in the first place in view of Petitioner's instant challenge based under a Section 2(d) of the Lanham Act.

Registrant counters with a kitchen-sink approach of affirmative defenses and counterclaims, none of which have any merit. But for a lone administrative technicality discussed herein concerning an involuntary administrative dissolution which has since be resolved, the counterclaims and affirmative defenses are mere attorney argument without any factual support in the pleadings. In view of the barrage of affirmative defenses and inapplicable counterclaim grounded on the theory of Trademark Misuse, Petitioner hereby motions to dismiss the Trademark Misuse count and strike affirmative defenses.

II. COUNT TWO FAILS TO STATE A CLAIM UPON WHICH RELIEF CAN BE GRANTED BECAUSE THE LAW DOES NOT RECOGNIZE A CAUSE OF ACTION FOR TRADEMARK MISUSE.

Registrant's Count Two alleges a cause of action for trademark misuse. In support of said cause of action, Registrant alleges at paragraph thirteen that Petitioner has not used its mark since at least as early as April 30, 2009 and the mark is not presently in use. Registrant further alleges at paragraph fourteen that Petitioner's use if any since May of 2009 "has been used solely as to misrepresent the source of the goods." As applied to a motion to dismiss, assuming the pled facts as true, neither allegation supports a legally cognizable claim of trademark misuse.

Paragraph fifteen of the counterclaim alleges that Petitioner's assertion of rights in its '728 registration, without prior notice to the Registrant, and after Petitioner's legal entity was involuntarily dissolved results in "trademark misuse." Here to, taken as true for purposes of a motion to dismiss, prior notice or an involuntarily dissolved legal status notwithstanding, such does not support a legally cognizable claim for trademark misuse.

None of the allegations as pled by Registrant in its Counterclaim support a claim of trademark misuse because there is no independent cause of action for trademark misuse.

"Trademark misuse is not an independent cause of action, but is, instead only an affirmative defense to a trademark infringement claim." *Famolgy Com v. Perot Systems Corp.* 158 F. Supp. 2d 589 (E.D. Pa. 2001); citing *Dunn Computer Corp. v. Loudcloud, Inc.*, 133 F. Supp. 2d 823, 830 (E.D. Va. 2001); and *Juno Online Services, L.P. v. Juno Lighting, Inc.* 979 F. Supp. 984, 685-87(N.D. Ill. 1997).

A search conducted of the Trademark Office Board on-line Final Decisions by the undersigned failed to reveal any case where the Board has recognized or mentioned an independent cause of action for trademark misuse. Registrant's allegations of trademark misuse are mere attorney argument and the Second Count of trademark misuse should be dismissed in its entirety.

III. REGISTRANT'S AFFIRMATIVE DEFENSES SHOULD ALL BE STRICKEN WITH THE EXCEPTION OF NUMBERS 2, 13, 14, AND 15.

The thrust of Registrant's Affirmative Defenses, and Counterclaims, is that because Petitioner, a Massachusett's legal entity, was listed as involuntarily dissolved administratively, the Petitioner therefore has no rights to assert in this matter or lacks

standing or grounds. Attached at Exhibit A hereto is a Certificate of Good Standing issued by the Commonwealth of Massachusetts dated November 12, 2010 indicating that Petitioner, Road Tools, LLC ("the LLC") is indeed a legally organized entity in accordance with Massachusetts law; the LLC has not filed a certificate of cancellation or withdrawal; and the LLC is in good standing have paid all dues and annual reports.

The fact that for a period of time Road Tools LLC was listed as being administratively in arrears for failing to timely file it annual reports and dues with the Massachusetts Commonwealth, such that it resulted in an involuntary status of "administratively dissolved," does not prevent the legal entity from existing or asserting its trademark rights in a court of law or this administrative proceeding. The fact is the administrative technicality has been corrected and the Petitioner is no longer listed as administratively dissolved.

Registrant's Affirmative Defense No. 2 although technically allowable when filed, is now moot but at least it was initially a properly pled affirmative defense. Similarly, Affirmative Defenses Nos. 13-15 explain in detail why Registrant believes it may prevail in defending against Petitioner's Section 2(d) claim asserting a likelihood of confusion. These three latter enumerated defenses, albeit technical not defenses but affirmative pleadings appear well pled.

The remaining Affirmative Defenses all fail to meet the requirements of a properly pled Affirmative Defense and should be stricken for the reasons noted as follows.

A. The Standard For A Motion To Strike.

Upon motion, or upon its own initiative, the Board may order stricken from a pleading *any insufficient defense* or any *redundant*, immaterial, impertinent, or scandalous matter. Fed. R. Civ. P. 12(f) (emphasis added); *see also*, TBMP 506.01. The Board has the authority to strike a redundant defense. *Textron, Inc. v. Gillette Co.*, 180 USPQ 152, 154 (TTAB 1973) (allegations in answer which merely reiterated denial of likelihood of confusion without anything adding substance thereto stricken as redundant); *W.R. Grace & Co. v. Arizona Feeds*, 195 USPQ 670 (Comm'r 1977) (affirmative defenses stricken as redundant because same allegation formed basis for counterclaim).

The Board also has the authority to strike an affirmative defense for failure to state a claim upon which relief may be granted where the complaint does in fact state a claim. *Gould Inc. v. Sanyo Electric Co.*, 179 USPQ 313 (TTAB 1973).

1. Registrant's First Affirmative Defense Fails To Provide Adequate Notice Of The Defense And Should Be Stricken.

Registrant's First Affirmative Defense should be stricken because it does not allege <u>any</u> facts to support the defense. "An answer may contain any defense, including the affirmative defenses of unclean hands, laches, estoppel, acquiescence, fraud, mistake, prior judgment, or any other matter constituting an avoidance or affirmative defense." 37 C.F.R. 2.106(b)(1). Affirmative defenses are subject to the pleading requirements of Fed. Civ. P. Rules 8 and 9. *See, e.g., Stowe Woodward L.L.C. v. Sensor Prods.*, 230 F.R.D. 463, 466-70 (W.D. Va. 2005). The elements of a defense should be stated simply, concisely, and directly, Fed. Civ. P. 8(e)(1), and sufficient facts must be pled that render the affirmative defense "plausible on its face." *See, Hayne v. Green Ford Sales, Inc.*, 263 F.R.D. 647, 649-50 (D.

Kan. 2009) (applying the heightened pleading standard of *Bell Atlantic v. Twombly*, 550 U.S. 544 (2007) and *Ashcroft v. Iqbal*, 129 S.Ct. 1937 (2009) to affirmative defenses).

Registrant's First Affirmative Defense is insufficient on its face because it does not allege how Petitioner has failed to state the grounds upon which relief can be granted. *See, Hayne*, 263 F.R.D. at 649-50. Registrant has not identified a single element not pled by Petitioner. Such blanket affirmative defenses are insufficient under the Supreme Court's heightened pleadings standards of *Twombly* and *Iqbal*, and Registrant's First Affirmative Defense should be stricken.

Contrary to Registrant's First Affirmative Defense, Petitioner pled each and every element of the cause of action. Priority of use is alleged in Paper 1 and lists first use as early as 1997. *See*, Paper 1, "Petition To Cancel" paras. 1, 3, 4, 5. A likelihood of confusion, and resulting damage, is alleged in paras. 34, 35 and 36. *See*, Paper 1, "Petition to Cancel"

For these reasons, Registrant's unsupported First Affirmative Defense should be stricken.

2. Registrant's Third Affirmative Defense For Abandonment is redundant of Registrant's First Count in its Counterclaim with respect to the federal registration and under common law.

37 C.F.R. § 2.106(b)(2) requires that any defense attacking the validity of a registration be plead as compulsory counterclaim. Registrant has filed a counterclaim for abandonment making the third affirmative defense redundant. The Third Affirmative Defense should be stricken as redundant.

3. Registrant's Fourth, Fifth, Sixth, Seventh, Eighth, Ninth, and Tenth Affirmative Defenses Each Fail To Provide Adequate Notice Of The Defenses And Should Be Stricken.

The elements of a defense should be stated simply, concisely, and directly, Fed. Civ. P. 8(e)(1), and sufficient facts must be pled that render the affirmative defense "plausible on its face." *See, Hayne v. Green Ford Sales, Inc.*, 263 F.R.D. 647, 649-50 (D. Kan. 2009) (applying the heightened pleading standard of *Bell Atlantic v. Twombly*, 550 U.S. 544 (2007) and *Ashcroft v. Iqbal*, 129 S.Ct. 1937 (2009) to affirmative defenses). Here, in each paragraph, Registrant simply recites affirmative defenses without any facts to support the elements of the respective defenses. No facts are pled to support (4) a lack of trademark rights; (5) laches; (6) estoppel; (7) acquiescence; (8) no legal use in commerce; (9) unclean hands; and (10) void or invalid registration.

For example, the defense of acquiescence requires that the Registrant establish elements including affirmative consent. See *Seller Agency Council, Inc. v. Kennedy Center for Real Estate Educ., Inc.,* No. 08-56791 (9th Cir. Sept. 3, 2010). The Ninth Circuit in the Seller case detailed that a *prima facia* defense of acquiescence requires the elements of 1) the senior user actively represented that it would not assert a right or a claim; (2) the delay between the active representation and assertion of the right or claim was not excusable; and (3) the delay caused the defendant undue prejudice. *Id.*

In this case, Registrant expressly plead there has been no communication between the parties. See Paragraph 15 of Registrant's Affirmative Defenses. Without any communication or interaction between these parties prior to the initiation of the instant

action, it is impossible for Petitioner to have actively represented a consent to the Registrant concerning rights to the mark COOLPAD. Registrant failed to plead the elements of acquiescence and the defense should be stricken.

Similarly, laches requires the element of a prejudicial delay. This is not pled or supported by any facts. Unclean hands requires some malfeasance under an equity theory but here to no facts recited in support of the unclean hands defense.

Each of the affirmative defense has legal elements which the Registrant would be required to plead and prove. Not facts have been pled and instead the Registrants merely cites a laundry list of legal theories. Each of these defenses is bald and provides no notice to Petitioner as required. Factual allegations supporting the elements of each of the defenses is totally absent. Hence these defenses should be stricken.

4. Registrant's Eleventh Affirmative Defense should be stricken because Trademark Misuse is not applicable in this Administrative Proceeding.

As discussed *supra* with respect to the Motion to Dismiss Count Two for Trademark Misuse, the doctrine of trademark misuse has been applied by civil courts in infringement cases in a few and limited cases. However, in this case, use is not an issue, only the right to register or more precisely the right to maintain a registration which issued under Section 44(e). [2]

Registrant has not pled use of its COOLPAD and Chinese character mark and infringement is not an issue. As such the doctrine of Trademark Misuse in entirely inapplicable. Affirmative Defense Eleven should be stricken.

[2] It is recognized that Registrant attempts to make Petitioner's use an issue by pleading abandonment but such pleadings are unrelated to the issue of trademark misuse or at the least there is no coherent factual basis for a connection in the Registrant's pleadings.

5. **Registrant's Twelfth Affirmative Defense should be stricken as mere redundancy.**

Affirmative Defense No. 12 denies a likelihood of confusion exists and that consumers will not be confused. Registrant denied Petitioner's allegations numbered 31-36 alleging a likelihood of confusion. Therefore the defense is redundant pleading. A redundant defense may be stricken under Fed. R. Civ. P. 12(f) and the Board has the authority to strike a redundant defense. *Textron*, 180 USPQ at 154 (TTAB 1973) (allegations in answer which merely reiterated denial of likelihood of confusion without anything adding substance thereto stricken as redundant); *Order of Suns of Italy in America v. Profumi Fratelli Nostra AG*, 36 USPQ2d 1221, 1223 (TTAB 1995) (defense stricken as redundant, that is, as nothing more than a restatement of a denial in the answer and does not add anything to that denial); See also *W.R. Grace & Co. v. Arizona Feeds*, 195 USPQ 670 (Comm'r 1977) (affirmative defenses stricken as redundant because same allegation formed basis for counterclaim). Compared to Registrant's Thirteenth through Fifteenth Affirmative Defenses, the Twelfth Affirmative Defense does not add any substance. The Twelfth affirmative defense should be stricken as redundant.

CONCLUSION

For the foregoing reasons, Petitioner respectfully requests that the Board dismiss Count II and strike Registrant's First, and Third through Twelfth affirmative defenses with prejudice.

Respectfully submitted,
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December 4, 2010

Certificate of Service

I hereby certify that a copy of the foregoing Motion has been forwarded to Registrant's currently listed correspondence address and contact information according to the current records as contained in the U.S. Patent and Trademark Office records as appears below, by prepaid United States mail this day, December 4, 2010.

Stephen L. Anderson
Anderson & Associates
27247 Madison Ave., Suite 120
Temecula, CA 92590
Tel: 951-296-1700
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Dated: December 4, 2010

Jeffrey H. Greger

Exhibit A

The Commonwealth of Massachusetts

Secretary of the Commonwealth

State House, Boston, Massachusetts 02133

William Francis Galvin
Secretary of the Commonwealth

November 12, 2010

TO WHOM IT MAY CONCERN:

I hereby certify that a certificate of organization of a Limited Liability Company was filed in this office by

ROAD TOOLS, LLC

in accordance with the provisions of Massachusetts General Laws Chapter 156C on **April 24, 1997.**

I further certify that said Limited Liability Company has filed all annual reports due and paid all fees with respect to such reports; that said Limited Liability Company has not filed a certificate of cancellation or withdrawal; and that said Limited Liability Company is in good standing with this office.

I also certify that the names of all managers listed in the most recent filing are: **JAMES MACEACHREN**

I further certify, the names of all persons authorized to execute documents filed with this office and listed in the most recent filing are: **JAMES MACEACHREN**

The names of all persons authorized to act with respect to real property listed in the most recent filing are: **JAMES MACEACHREN**

In testimony of which,
I have hereunto affixed the
Great Seal of the Commonwealth
on the date first above written.

William Francis Galvin

Secretary of the Commonwealth

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