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

Proceeding	92054468
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COMES NOW Registrant Michael J. McKelvey d/b/a Aquarobic International (“Registrant”) and for its Opposition to the Motion to Dismiss and Motion to Strike filed by Petitioner Aqua-Aerobic Systems, Inc. (“Petitioner”) states as follows:

PRELIMINARY STATEMENT

Petitioner has brought this proceeding to cancel Registrant’s registration of the AQUAROBIC mark. Registrant filed an Answer and asserted a Counterclaim. Petitioner, in turn, has moved to dismiss Registrant’s Counterclaim and to “strike” the defenses that Registrant asserted in its Answer. Petitioner contends that Registrant’s position “must fail” for three “separate and independent reasons.”

This Court should deny Petitioner’s motions. The three arguments that Petitioner advances in its brief are not “separate and independent”—they all stem from Petitioner’s misapplication of the concept of “superior rights” in a mark. Superior rights can arise through common law in a particular territory. Or they can arise nationwide through registration. Petitioner, however, ignores this distinction and conflates local “superior rights” with seniority nationwide. It implies that a user’s prior common-law trademark rights in a particular area somehow is “superior” to another user’s later common-law use in a different area. This is not so.

The gist of Registrant’s counterclaim is that when Petitioner applied to register its AQUAROBIC INTERNATIONAL® mark (1) Registrant had existing common-law rights in certain regions of the United States, and (2) Registrant knew of Petitioner’s common law rights, yet misrepresented to the PTO that no other person had the right to use the mark or a similar mark. In its brief, however, Petitioner blurs the distinction between common-law rights and rights pursuant to federal registration. And it claims that Registrant’s Counterclaim pleads facts that show that Petitioner was “the” senior user of its mark AQUA-AEROBIC®. The reality is that, at the time Petitioner registered its mark, *both* parties had been using the marks in the

United States for several years, albeit in different areas and for different uses. More to the point, Registrant had—and continues to have—superior rights in its marks AQUAROBIC and AQUAROBIC INTERNATIONAL® in the territory where Registrant was using the marks at the time that Petitioner federally registered its AQUA-AEROBIC® mark. These matters are well pled in Registrant’s Answer and Counterclaim. And they demonstrate that Petitioner’s application was fraudulent.

As explained below, Petitioner’s Motion to Dismiss fails for three reasons. **First**, the Motion is founded on the mistaken assumption that Registrant’s counterclaim pleads facts that show that Petitioner was “the” senior user of its mark AQUA-AEROBIC®. This is not so. The Counterclaim alleges facts showing that Petitioner did not register its mark until after *both* parties had acquired senior common-law rights to the marks in their respective areas and fields of use. **Second**, Registrant sufficiently pled facts showing Petitioner’s knowledge of Registrant’s common-law rights. It alleged a 1990-1992 correspondence where Petitioner contacted Registrant alleging infringement, at a time when Petitioner itself had nothing more than common-law rights in its territory. This correspondence supports Registrant’s assertion that Petitioner knew of Registrant’s superior rights in Registrant’s territory and areas of business. And it also shows that Petitioner believed that there was a likelihood of confusion between the two marks. Contrary to Petitioner’s arguments, these are not “conclusory” statements—they are concrete allegations that substantiate Registrant’s fraud allegations. **Third**, Petitioner misapplies the intent element. It claims that Registrant must plead that Petitioner intended to mislead the Patent and Trademark Office with alleged misrepresentations. The case law, however, shows that Registrant need only show that (1) Petitioner did not inform the PTO of its knowledge of another user who had rights in the mark, and (2) that Petitioner did so with the intent of

procuring a registration to which it was not entitled. Registrant has pled facts showing that Petitioner, with full knowledge of Registrant's common-law rights, did not inform the PTO of Registrant's rights. And it did so with the intent of procuring a registration to which it was not entitled. These allegations state a claim for fraudulent procurement of a trademark registration.

Petitioner's Motion To Strike likewise suffers from the above three infirmities. In addition, the motion is improper because the pleading requirements for affirmative defenses differ from the pleading standards for complaints and claims for relief. Striking affirmative defenses at the pleading stage is both procedurally improper and contrary to the interest of judicial efficiency.

For all these reasons, amplified below, the Board should deny Petitioner's motions.

FACTS AND BACKGROUND

Aquarobic International is the successor in interest to Aquarobic Limited, which in turn is the successor in interest to the assets of the Aquarobic self-contained wastewater-treatment-products business of Waltec Industries Limited ("Waltec"). (Counterclaim ¶¶ 2-3). Waltec filed a trademark application in Canada for Aquarobic in connection with wastewater-treatment products on July 16, 1971, established a first use date in Canada on October 31, 1972, and obtained a Canadian registration on November 24, 1972. (Counterclaim ¶ 4). Waltec began selling its wastewater treatment products under the AQUAROBIC mark in the United States through U.S. distributors, including James Steffey and his business Aquarobic USA, Ltd. Waltec's first use in commerce of AQUAROBIC in the United States occurred at least as early as October 13, 1978. (Counterclaim ¶ 6). In 1980, Daniel Pavon formed the Ontario company, Aquarobic Limited, and purchased the assets of Waltec's Aquarobic business for both Canada and the United States, and continued to sell wastewater treatment systems under the AQUAROBIC mark. (Counterclaim ¶ 7). Pavon reorganized Aquarobic Limited and formed

Aquarobic International, Inc. on April 21, 1992, which was incorporated in Virginia and continued to sell wastewater treatment systems under the AQUAROBIC mark. (Counterclaim ¶ 8). In 2009, Michael McKelvey acquired all of the shares of Aquarobic International and continues to sell wastewater treatment systems under the AQUAROBIC mark. (Counterclaim ¶ 9).

Between 1990 and 1992, Petitioner contacted Registrant, which at that time was owned and operated by Pavon in the United States and Canada, alleging infringement of its common-law rights in the mark AQUA-AEROBIC. (Counterclaim ¶¶ 11-12). Registrant denied the infringement allegations and put Petitioner on notice that Registrant had superior preexisting common-law rights in its AQUAROBIC mark. (Counterclaim ¶ 13). Petitioner sent no further correspondence to Registrant, acquiescing to Registrant's claim of superior rights. (Counterclaim ¶ 14). Thereafter, Registrant and Petitioner concurrently sold their proprietary wastewater treatment systems under their respective marks in their respective fields of use with no issue for 20 years.

On January 22, 1996, Petitioner filed its application for the mark AQUA-AEROBIC in International Class 007 for "mechanical mixers used in industrial and municipal waste water treatment" with an alleged first use date of March 1981, and International Class 011 for "waste water treatment systems comprised of aerators, mixers, diffusers, filters, and water cooling units; granular and cloth media filters used in industrial and municipal waste water treatment; contained flow floating mechanical aerators used in industrial and municipal waste water treatment" with an alleged first use date of March 1970, Serial No. 75046341. (Counterclaim ¶ 15; Petition ¶ 11). Petitioner's website indicates that Petitioner's predecessor in interest manufactured "AQUA-JET" beginning in 1969, but did not legally adopt the name "Aqua-

Aerobic Systems, Inc.” until 1976. (Counterclaim ¶ 16). Petitioner’s registration for the AQUA-AEROBIC® mark issued on April 29, 1997, Registration No. 205978,¹ Petitioner renewed its registration for the mark on March 22, 2008, and Petitioner filed for incontestability under 15 U.S.C. § 1065. (Counterclaim ¶ 18).

When filing and renewing its trademark application for the AQUA-AEROBIC® mark with the Patent and Trademark Office, as required by Section 1(a)(3) of the Lanham Act, Petitioner, by and through its agent, signed a declaration stating that: “to the best of the verifier’s knowledge and belief, no other person has the right to use such mark in commerce either in the identical form thereof or in such near resemblance thereto as to be likely, when used on or in connection with the goods of such other person, to cause confusion, or to cause mistake or to deceive.” (Counterclaim ¶ 19).

On October 20, 2009, Registrant applied for registration of its AQUAROBIC INTERNATIONAL® mark, which issued on October 5, 2010, Registration No. 3,858,155. (Petition ¶ 5). Petitioner filed a Petition for Cancellation of Registrant’s AQUAROBIC INTERNATIONAL® mark on September 7, 2011. Registrant filed its Answer and Counterclaim for cancellation of Petitioner’s AQUA-AEROBIC® mark on December 14, 2011.

ARGUMENT

I. The Board should dismiss Petitioner’s Motion to Dismiss Registrant’s Counterclaim.

A. Legal Standards

Federal Rule of Civil Procedure 8(a)(2) requires “a short and plain statement of the claim showing that the pleader is entitled to relief,” in order to “give the defendant fair notice of what

¹ Registrant misstated in ¶ 17 Counterclaim the date on which Petitioner’s registration issued as February 4, 1997, which was the date Petitioner’s application was published for opposition.

the . . . claim is and the grounds upon which it rests.” *Bell Atlantic Corp. v. Twombly*, 550 U.S. 544, 127 S.Ct. 1955, 167 L.Ed.2d 929 (2007) (quoting *Conley v. Gibson*, 355 U.S. 41, 47, 78 S.Ct. 99, 2 L.Ed.2d 80 (1957)). To survive a Rule 12(b)(6) motion to dismiss for failure to state a claim, a complaint must allege sufficient facts to state a claim for relief that is plausible on its face. *Id.* at 544. The factual allegations contained in the complaint must be enough to raise a right to relief above the speculative level to one that is plausible on its face, rather than merely conceivable. *Id.* at 570.

“In the context of cancellation proceedings before the Board, a claim is plausible on its face when the petitioner pleads factual content that if proved, would allow the Board to conclude, or draw a reasonable inference that, the petitioner has standing and that a valid ground for cancellation exists.” *Corporacion Habanos SA v. Rodriguez*, 99 USPQ2d 1873 (TTAB 2011) (citing *Twombly*, 550 U.S. at 556). In particular, a petitioner need only allege enough factual matter to suggest its claim is plausible and to “raise a right to relief above the speculative level.” *Id.*

Where, as here, fraud is alleged, “Rule 9(b) requires a plaintiff to plead in detail ‘the specific who, what, when, where, and how’ of the alleged fraud.” *In re BP Lubricants USA Inc.*, No. 960, 2011 WL 873147, at *2 (Fed. Cir. Mar. 15, 2011) (quoting *Exergen Corp. v. Wal-Mart Stores, Inc.*, 575 F.3d 1312, 1327 [91 USPQ2d 1656] (Fed. Cir. 2009)). However, Rule 9(b) also states that “[m]alice, intent, knowledge, and other conditions of mind of a person may be averred generally.” Fed. R. Civ. P. 9(b). The Federal Circuit has held that although a “plaintiff may plead upon information and belief under Rule 9(b), our precedent, like that of several regional circuits, requires that the pleadings allege sufficient underlying facts from which a court may

reasonably infer that a party acted with the requisite state of mind.” *In re BP Lubricants USA Inc.*, 97 USPQ2d 2025 (Fed. Cir. 2011) (quoting *Exergen Corp.*, 575 F.3d at 1327).

To withstand a motion to dismiss, therefore, a plaintiff claiming that the declaration or oath in defendant's application for registration was executed fraudulently must allege particular facts which, if proven, would establish that: (1) there was another use of the same or a confusingly similar mark at the time the oath was signed; (2) the other user had legal rights that were superior to applicant's; (3) applicant knew that the other user had rights in the mark that were superior to applicant's, and either believed that a likelihood of confusion would result from applicant's use of its mark or had no reasonable basis for believing otherwise; and (4) applicant, in failing to disclose these facts to the Patent and Trademark Office, intended to procure a registration to which it was not entitled. *Intellimedia Sports Inc. v. Intellimedia Corp.*, 43 USPQ2d 1203, 1205 (TTAB 1997) (citing *International House of Pancakes, Inc. v. Elca Corp.*, 216 USPQ 521 (TTAB 1982); *King Automotive, Inc. v. Speedy Muffler King, Inc.*, 667 F.2d 1008, 212 USPQ 801 (CCPA 1981); *American Security Bank v. American Security and Trust Company*, 571 F.2d 564, 197 USPQ 65 (CCPA 1978); *Kemin Industries, Inc. v. Watkins Products, Inc.*, 192 USPQ 327 (TTAB 1976); *Colt Industries Operating Corp. v. Olivetti Controllo Numerico S.p.A.*, 221 USPQ 73 (TTAB 1983); *SCOA Industries Inc. v. Kennedy & Cohen, Inc.*, 188 USPQ 411 (TTAB 1975)).

B. Petitioner misconstrues and misapplies “superior legal rights.”

In its Motion to Dismiss, Petitioner argues that Registrant “concedes” that Petitioner is “the senior user of the mark” and that Registrant “fails to allege that it had legal rights superior to Petitioner’s” when Petitioner registered its AQUA-AEROBIC® mark in 1996. (Pet.’s Mot. to Dismiss at p. 6). Petitioner’s argument misconstrues Registrant’s Counterclaim and completely

ignores common-law rights, which are the *only* rights that either party had in their respective marks before 1996. Petitioner’s rights in its AQUA-AEROBIC mark from its claimed date of first use of March 1970 until January 1996 were common-law rights, limited to the goods, territory, and field of use in which it was using the mark. When Registrant began using its AQUAROBIC mark in the United States at least as early as October 1978—and its AQUAROBIC INTERNATIONAL mark at least as early as 1992—Registrant, too, acquired common-law rights in the territory in which it was using its marks. The parties were concurrently using their respective marks on their respective goods in their respective territories and fields of use, building goodwill in their common-law trademarks, for nearly two decades before Petitioner federally registered its mark, and for more than 30 years before Petitioner filed its Petition for Cancellation of Registrant’s mark.

“The owner of a trademark need not register his or her mark in accordance with the Lanham Act in order to use the mark in connection with goods or to seek to prevent others from using the mark.” *In re Int’l Flavors & Fragrances, Inc.*, 183 F.3d 1361, 1366 (Fed. Cir. 1999) (citing *In re Beatrice Foods Co.*, 57 C.C.P.A. 1302, 429 F.2d 466, 472, 166 USPQ 431, 435 (1970) (“Rights appurtenant to the ownership of a federal trademark registration . . . may be considered supplemental to those recognized at common law, stemming from ownership of a trademark.”)). Further, Section 7(c)(1) of the Trademark Act provides that “filing of the application to register such mark shall constitute constructive use of the mark, conferring a right of priority, nationwide in effect, on or in connection with the goods or services specified in the registration against any other person *except for a person whose mark has not been abandoned and who, prior to such filing has used the mark.*” 15 U.S.C. § 1057(c) (emphasis added).

Thus, a “prior user” is a party who began using the mark before the registrant’s application date, even if the prior use was “junior” to the registrant.

Furthermore, despite the elevated status of an incontestable registration, under Section 15 of the Trademark Act, incontestability is expressly subject to any user’s common law rights that existed at the time of registration in any particular territory based on use that continues to the present. Section 15 expressly states that, if certain conditions are met, a registered mark shall be incontestable “except to the extent, if any, to which the use of a mark registered on the principal register infringes a *valid right acquired under the law of any State or Territory* by use of a mark or trade name continuing from a date prior to the date of registration under this Act of such registered mark.” 15 U.S.C. § 1065. Therefore, the prior user in a territory will continue to have rights superior to those of the registrant in that territory. Even an incontestable registration does not bestow the exclusive right to use the mark where a prior user has established rights that existed before the registration. A prior user who sold goods bearing the mark in an area before use in that area by the owner of an incontestable registration—and before the registration date—has superior rights and can block the registrant’s use of the mark in that area.

Additionally, Section 33(b)(5) recognizes a defect to the incontestability of a mark as to a junior user of a mark where the junior user’s mark was “adopted without knowledge of the registrant’s prior use and has been continuously used by such party or those in privity with him from a date prior to (A) the date of constructive use of the mark established pursuant to section 7(c), (B) the registration of the mark under this Act, or (C) publication of the registered mark under subsection (c) of section 12 of this Act: Provided, however, that this defense or defect shall apply only for the area in which such continuous prior use is proved.” 15 U.S.C. § 1115(b)(5). “It has been held that if two parties acquire common-law rights in a trademark in different areas

and the prior user registers the mark, then the registered owner's rights can become incontestable but the other common-law owner retains exclusive rights to the mark in areas where his rights antedated registration.” *Wrist-Rocket Mfg. Co., Inc. v. Saunders Archery Co.*, 578 F.2d 727, 730 (8th Cir. 1978) (citing *Old Dutch Foods, Inc. v. Dan Dee Pretzel & Potato Chip Co.*, 477 F.2d 150, 157 (6th Cir. 1973); *Burger King of Florida, Inc. v. Hoots*, 403 F.2d 904 (7th Cir. 1968)). Thus, it is well settled that the Trademark Act recognizes a junior user’s common law trademark rights as “superior rights” in its territory—even as to a registered senior user with incontestable status.

The declaration provided by Petitioner in filing its application to register the mark AQUA-AEROBIC in 1996 required Petitioner to swear that: “to the best of the verifier’s knowledge and belief, *no other person has the right to use such mark* in commerce either the identical form thereof or in such near resemblance thereto as to be likely, when used on or in connection with the goods of such other person, to cause confusion, or to cause mistake, or to deceive.” The declaration does not require the applicant to declare that no other person has the *exclusive* right, or that no other person has a *registered* right, or even that no other person began using the mark *before* applicant. To the contrary, the declaration requires applicant to declare that no other person has *any* right to use the mark or a similar mark in commerce—including a common-law right in a territory based on prior use in that territory.

In its Counterclaim, Registrant pleads facts sufficient to show that it had common law rights in the mark AQUAROBIC before Petitioner filed its application for the mark AQUA-AEROBIC. This is so even if Registrant’s use preceded Petitioner use, as they were in different areas. Registrant’s Counterclaim demonstrates that Registrant was using its AQUAROBIC mark in Canada as early as 1972 and in Virginia as early as 1978, and that Registrant was using its

AQUAROBIC INTERNATIONAL® mark in the United States as early as 1992. All of these uses began before Registrant filed its registration application in 1996. It is clear that Registrant's territory was distinct from Petitioner's Illinois-based territory. And it is also clear that the goods and channels of trade were distinct—the two parties did not even learn of and/or act upon each other's use of their mark until sometime between 1990 and 1992. Registrant therefore has pled facts demonstrating that, as of the time of Petitioner's registration in 1996, Registrant's legal rights in its marks were superior to Petitioner's in the areas in which Registrant was using the mark.

C. Registrant has sufficiently pled that Petitioner knew or should have known that Registrant had superior rights in its territory to use the mark.

In its Motion to Dismiss, Petitioner asks the rhetorical question: “how could Petitioner believe that Registrant had a right to use a mark similar?” (Pet.'s Mot. to Dismiss at p. 6). The answer is simple: Registrant claimed superior rights over Petitioner between 1990-1992, and Petitioner did not dispute it, acquiescing to Registrant's superior rights. Between 1990 and 1992, when Petitioner and Registrant each had common law rights in their respective marks in their respective territories, Petitioner contacted Registrant, alleging infringement of its common law rights in the mark AQUA-AEROBIC. Registrant responded to Petitioner's infringement allegations and asserted its superior common-law rights in the territory in which it was selling under its marks. Petitioner did not respond to Registrant's assertion of superior rights nor did Petitioner take any further action against Registrant until it filed its Petition for Cancellation of Registrant's mark in 2011. It is reasonable to infer that Petitioner was satisfied with Registrant's assertion of its rights and acquiesced to Registrant's continued use of its marks for another two decades.

As previously stated, Rule 9(b) requires that “[m]alice, intent, *knowledge*, and other conditions of mind of a person may be averred generally.” Fed. R. Civ. P. 9(b) (emphasis added). With regard to this element, the Board has held that “[t]he plaintiff must plead particular facts which, if proven, would establish that, as of the application filing date, the defendant believed that the third party had superior or clearly established rights and that a likelihood of confusion would result from applicant’s use of the mark.” *Intellimedia Sports Inc.*, 43 USPQ2d at 1205. The specific facts pled by Registrant in its Counterclaim regarding Petitioner’s contact with Registrant several years prior to Registrant filing its application are more than sufficient to show that Petitioner knew that Registrant had clearly established rights, as shown by Registrant’s acquiescence to Registrant’s continued use of its marks. The correspondence likewise shows that Petitioner believed there may be a likelihood of confusion between the marks.

Petitioner’s argument that Registrant did not plead that Petitioner knew or should have known that Registrant had a superior right to use the mark fails as a matter of law. Petitioner bases its argument on the false assumption that Registrant did not have any rights superior to Petitioner’s at the time Petitioner registered its mark. Because Registrant had superior common-law rights in its mark, and because Registrant has adequately pleaded that Petitioner knew of those rights at the time it registered its mark, Petitioner’s Motion to Dismiss should be denied.

D. Petitioner misstates and misconstrues the “intent” element.

In its Motion to Dismiss, Petitioner incorrectly describes the fourth element needed to show that a party has made a fraudulent-declaration in a registration application. Petitioner asserts that Registrant failed to plead that Petitioner intended to mislead the Trademark Office. (Pet.’s Mot. to Dismiss at p. 10). But the Board has repeatedly found that, to establish the intent element, a party need only allege that “applicant, in failing to disclose [applicant’s knowledge of

another user who has superior rights to applicant] to the Patent and Trademark Office, intended to procure a registration to which it was not entitled.” *Intellimedia Sports Inc.*, 43 USPQ2d at 1205 (internal citations omitted).

Registrant’s Counterclaim specifically alleges that Petitioner, in filing its application and signing the accompanying declaration, did *not* disclose its knowledge of Registrant’s rights to use a mark that Petitioner believed was confusingly similar to its own mark. Petitioner was not entitled to registration of nationwide rights. And Petitioner certainly intended to procure its registration. It follows that Petitioner intended to procure a registration for nationwide rights in its mark to which it was not entitled. Under settled Board law, no further allegations of an attempt to inveigle the PTO are necessary to establish Petitioner’s fraudulent-application claim.

II. Petitioner’s Motion to Strike Registrant’s Affirmative Defenses is improper.

In addition to moving to dismiss Registrant’s Counterclaim, Petitioner asks the Board to strike Registrant’s affirmative defenses. In doing so, Petitioner invokes the *Twombly* and *Iqbal* 12(b)(6) standards for dismissing a cause of action for failure to state a claim. This is improper. Neither *Twombly* nor *Iqbal* addresses defensive pleadings. Indeed, Federal Rules of Civil Procedure 8(b) and 8(c), which govern the pleading of affirmative defenses, have less stringent pleading standards than Federal Rule of Civil Procedure 8(a), which sets the standard of pleading for complaints and claims for relief.

Federal Rule of Civil Procedure 8(b) requires a defendant to merely state its defenses “in short and plain terms.” Federal Rule of Civil Procedure 8(c) is even less stringent, only mandating that a defendant “affirmatively state” its affirmative defenses. Neither subsection applying to affirmative defenses requires a “showing” from the pleader like that of Rule 8(a) to demonstrate an entitlement to relief. *See Schlieff v. Nu-Source, Inc.*, 2011 U.S. Dist. LEXIS

44446, at *24 (E.D. Minn. April 25, 2011); *Holdbrook v. SAIA Motor Freight Line, LLC*, 2010 U.S. Dist. LEXIS 29377, at *4-5 (D. Colo. Mar. 8, 2010); *Tyco Fire Products LP v. Victaulic Co.*, 2011 U.S. Dist. LEXIS 40012, *16 (E.D. Pa. April 13, 2011). Rather, the pleading requirements for affirmative defenses of Federal Rules of Civil Procedure 8(b) and 8(c) are:

markedly less demanding than that of Rule 8(a), where a pleading must *show* an entitlement to relief. The rule drafters chose to use different language in the three sections. The court cannot overlook that difference and require a factual showing where the rules do not require such a showing.

Falley v. Friends Univ., 787 F.Supp.2d 1255, 1258 (D. Kan. 2011).

In addition to this procedural flaw, Petitioner's arguments in favor of striking Registrant's Affirmative Defenses fail on their merits. In its attack of Registrant's First Affirmative Defense, Petitioner argues that a defense that is "substantially similar" to a stricken counterclaim should be stricken as redundant and impertinent. Clearly, this issue is not ripe, as Registrant's Counterclaim has in fact not been—and should not be—dismissed. Further, Registrant's Counterclaim alleging Petitioner's fraud in the procurement of its trademark registration is in support of the cancellation of Petitioner's mark, whereas, Registrant's Affirmative Defense for Fraud and Unclean Hands goes to Petitioner's standing in bringing its Petition for Cancellation of Registrant's marks, which are two separate and distinct issues.

In its attack of Registrant's Second Affirmative Defense, Petitioner argues that Registrant's Estoppel Affirmative Defense is immaterial, but provides no cognizable support for its argument—once again presupposing that the Board will dismiss Registrant's Counterclaim. Moreover, to the extent that Petitioner asserts that there is no likelihood of confusion, mistake, or deception between the marks, those statements should bar Petitioner from arguing the contrary in the proceeding against Registrant's mark.

Finally, Petitioner claims that Registrant improperly seeks Amendment as an affirmative defense. As an initial matter, the law is clear that a registrant in an *inter partes* proceeding may seek a substantive amendment to the registration at issue—even over the objection of the other party—where the Board grants a motion to this effect.² See 37 C.F.R. § 2.133(a) (stating that a party may amend the registration “upon motion granted by the Board”); TMPB § 514.03 (“The Board, in its discretion, may grant a motion to amend an application or registration which is the subject of an *inter partes* proceeding, even if the other party or parties do not consent thereto.”). The only issue here is whether this can be raised for the first time as an “affirmative defense,” or whether, instead, a Registrant can raise the issue as a motion. Although the TMPB expressly mandates that certain kinds of registration amendments—i.e., those restricting the identification of goods and services—be denominated as affirmative defenses, it is silent on other kinds of amendments. Registrant intends to exercise its right to seek amendment via motion in this proceeding. So out of an abundance of caution, it pleaded the matter as an affirmative defense, thereby placing Petitioner on notice of Registrant’s intent to amend.

No good deed goes unpunished. Having been alerted to this intention to amend, Petitioner now complains that the matter is not technically an affirmative defense. But whether this defense is properly denominated as an “affirmative defense” or is simply a matter that should be raised by motion is, at this point, largely a matter of semantics. The right to raise the issue in an *inter partes* proceeding is clear. At the appropriate time, Registrant will file a formal motion to amend. Petitioner’s Motion to Strike this defense should be denied.

² Other than geographic scope, which must be done via a concurrent-use registration proceeding.

CONCLUSION

Registrant has pleaded concrete facts that are sufficient to establish (1) that Registrant had superior common-law rights in its mark at the time that Petitioner registered its mark, (2) that Petitioner knew of such rights at the time it registered its mark, in light of correspondence in the early 1990s, (3) that Petitioner believed the marks to be confusingly similar, yet (4) Petitioner did not disclose those facts when it applied to register its marks, thereby intending to procure nationwide rights in its mark—rights to which it was not entitled. These allegations are more than sufficient to support Registrant’s Counterclaim and its affirmative defenses. For these reasons, Registrant respectfully requests that the Board DENY Petitioner’s Motion to Dismiss and Motion to Strike.

Respectfully submitted,

Dated: February 22, 2012

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CERTIFICATE OF SERVICE

The undersigned hereby certifies that a true and correct copy of the foregoing was served by electronic mail and regular mail, postage prepaid, on counsel for Petitioner Aqua-Aerobic Systems, Inc., this 22nd day of February, 2012, addressed as follows:

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