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UNITED STATES PATENT AND TRADEMARK OFFICE
Trademark Trial and Appeal Board
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Mailed: November 13, 2014

Cancellation No. 92058621

Thru, Inc.

v.

Dropbox, Inc.

By the Trademark Trial and Appeal Board:

Now before the Board is Petitioner's motion, filed July 15, 2014, for partial summary judgment on Respondent's affirmative defenses of failure to state a claim, laches, acquiescence, waiver and equitable estoppel.

The motion is accompanied by no evidence but for a copy of Respondent's answer and consists of merely argument that Respondent will not be able to prove the various defenses. Petitioner asks that the Board strike these defenses.

In response, Respondent argues that the motion is without supporting evidence and should "properly be treated as a motion for judgment on the pleadings." Respondent submits that it has pleaded sufficient facts to establish its affirmative defenses and when taken as true, there are issues of disputed facts which require denial of judgment on the pleadings.

In reply, Petitioner argues that Respondent's defenses are either factually or legally insufficient under the "undisputed facts of the case."

A motion for summary judgment without supporting evidence is the functional equivalent of a motion to dismiss for failure to state a claim upon which relief can be granted or a motion for judgment on the pleadings. TBMP Section 528.04 (2014). A motion for judgment on the pleadings only has utility when all material allegations of fact are admitted in the pleadings and only question of law remain. 5A Wright & Miller, Federal Practice & Procedure, Civil 3d § 1367 (2013). Here, material allegations of fact are neither admitted nor uncontroverted in the pleadings. However, a motion for judgment on the pleadings also provides a way for a party to challenge the sufficiency of an affirmative defense. Wright & Miller, Federal Practice and Procedure Civil 3d § 1380 (2013) (although a motion to strike is the primary procedure for objecting to an insufficient defense under the federal rules of civil procedure a party may challenge the sufficiency of an affirmative defense by way of a motion for judgment on the pleadings). Therefore, the Board construes Petitioner's motion as challenging the sufficiency of Respondent's affirmative defenses and tantamount to a motion to strike. A defense will not be stricken if the insufficiency of the defense is not clearly apparent, or if it raises factual issues that should be determined on a hearing on the merits. Wright & Miller, Federal Practice and Procedure: § Civil 3d Section 1381 (2013).

Failure to set forth sufficient facts to entitle plaintiff to relief

With regard to this defense, the question to be determined is whether the petition to cancel sets forth facts which, if proved, would entitle Petitioner to the relief it seeks.

Petitioner has sufficiently alleged standing by its allegation of priority and likelihood of confusion and use and ownership of a DROPBOX mark. *William & Scott Co. v. Earl's Restaurants Ltd.*, 30 USPQ2d 1870, 1873 n.2 (TTAB 1994) (opposer's allegations of priority and likelihood of confusion "constitute a legally sufficient pleading" of opposer's real interest in the proceeding for purposes of standing).

Petitioner has sufficiently alleged the likelihood of confusion ground by pleading priority of use¹ and allegations that Respondent's mark as applied to its services so resembles the mark previously used by Petitioner as to be likely to cause confusion or mistake. *Intersat Corp. v. International Telecommunications Satellite Organization*, 226 USPQ 154 (TTAB 1985).

Accordingly, Petitioner's motion is granted and the failure to state a claim defense is stricken as insufficient.

Laches

A prima facie defense of laches requires a showing of (1) unreasonable delay in asserting one's rights against another, and (2) material prejudice to the latter as a result of the delay. *Lincoln Logs Ltd. v. Lincoln Pre-cut Log*

¹ Petitioner has alleged use at least earlier than Respondent's constructive use date and the first use dates asserted in the application.

Homes, Inc. , 971 F.2d 732, 23 USPQ2d 1701, 1703 (Fed. Cir. 1992). The defense must be tied to the registration of the mark, not use of the marks.

Here, Respondent has asserted actual notice by Petitioner of use of the mark, unreasonable delay in filing the petition to cancel the registration, and prejudice based on promotion, investment, acquisition of third party rights, and developed goodwill in the mark. Accordingly, the allegation of laches is sufficient.

In view thereof, Petitioner's motion is denied with regard to this defense.

Waiver

The defense of waiver is “an intentional relinquishment or abandonment of a known right or privilege.” *Johnson v. Zerbst*, 304 U.S. 458, 464, (1938); see *Seaboard Lumber Co. v. United States*, 903 F.2d 1560, 1563 (Fed. Cir. 1990) (“Waiver requires only that the party waiving such right do so ‘voluntarily’ and ‘knowingly’ based on the facts of the case”) (citations omitted)). A waiver need not be express, but may be inferred from a pattern of conduct. *Seaboard Lumber*, 903 F.2d at 1563, 1588 (“Waiver can be either express or implied”) (citations omitted). The defense must be tied to the registration of the mark, not use of the mark.

As presently pleaded, the allegations do not set forth any facts that Petitioner intentionally relinquished or abandoned its right to object to registration of the DROPBOX mark. Therefore, this defense is insufficient.

Accordingly, Petitioner's motion is granted and this defense is stricken.

Acquiescence

The defense of acquiescence requires proof of three elements: (1) That the other party actively represented that it would not assert a right or a claim; (2) that the delay between the active representation and assertion of the right or claim was not excusable; and (3) that the delay caused undue prejudice. *Coach House Restaurant Inc. v. Coach and Six Restaurants Inc.*, 19 USPQ2d 1401, 1409 (11th Cir. 1991). The defense must be tied to the registration of the mark, not use of the mark, and requires plaintiff's conduct to expressly or by clear implication consent to, encourage, or further the activities of the defendant with regard to registration. *Panda Travel, Inc. v. Resort Option Enterprises, Inc.*, 94 USPQ2d 1789, 1797 fn. 21 (TTAB 2009).

As presently pleaded, these allegations do not set forth any facts that Petitioner consented to, encouraged or furthered Respondent's registration of the mark (as they are based on lack of communication or inaction and are related to use, not registration) nor do the allegations assert inexcusable delay or undue prejudice.

Accordingly, the defense is insufficient. In view thereof, Petitioner's motion is granted, and this defense is stricken.

Equitable Estoppel

The elements of equitable estoppel are (1) misleading conduct, which may include not only statements and action but silence and inaction, leading

another to reasonably infer that rights will not be asserted against it; (2) reliance upon this conduct; and (3) due to this reliance, material prejudice if the delayed assertion of such rights is permitted. *Lincoln Logs Ltd. v. Lincoln Pre-Cut Log Homes, Inc.*, 971 F.2d 732, 23 USPQ2d 1701, 1703 (Fed. Cir. 1992). The defense must be tied to the registration of the mark, not use of the mark.

Although Respondent has alleged silence and inaction by Petitioner, none of these allegations set forth any facts of misleading conduct by Petitioner related to the registration of the DROPBOX mark and Respondent's reliance thereon that Petitioner would not object to the registration of the mark. Accordingly, this defense is insufficient. In view thereof, Petitioner's motion is granted and this defense is stricken.

In summary, Petitioner's motion is granted with respect to the first, fourth, fifth, and sixth affirmative defenses and denied with respect to the third affirmative defense.

When affirmative defenses are stricken for insufficiency, leave may be granted to replead. Accordingly, Respondent is allowed until November 28, 2014 to replead the fourth, fifth and sixth affirmative defenses, if it can in good faith do so. Fed. R. Civ. P. 11. In the event Respondent fails to file an amended pleading, these defenses stand as stricken.

Proceedings are resumed.

Dates are reset as follows:

Deadline for Discovery Conference

12/7/2014

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Discovery Opens	12/7/2014
Initial Disclosures Due	1/6/2015
Expert Disclosures Due	5/6/2015
Discovery Closes	6/5/2015
Plaintiff's Pretrial Disclosures Due	7/20/2015
Plaintiff's 30-day Trial Period Ends	9/3/2015
Defendant's Pretrial Disclosures Due	9/18/2015
Defendant's 30-day Trial Period Ends	11/2/2015
Plaintiff's Rebuttal Disclosures Due	11/17/2015
Plaintiff's 15-day Rebuttal Period Ends	12/17/2015

In each instance, a copy of the transcript of testimony, together with copies of documentary exhibits, must be served on the adverse party within thirty days after completion of the taking of testimony. Trademark Rule 2.125.

Briefs shall be filed in accordance with Trademark Rules 2.128(a) and (b). An oral hearing will be set only upon request filed as provided by Trademark Rule 2.129.