

ESTTA Tracking number: **ESTTA671271**

Filing date: **05/08/2015**

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

Proceeding	91218846
Party	Plaintiff Seaside Community Development Corp
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Date	05/08/2015
Attachments	Opp # 91218846 - Seaside's Mot to Strike Appl's Affirm Defenses in Amended Answer.pdf(503913 bytes)

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

In the matter of application Serial No. **86/188,378**
Filed February 8, 2014
For the mark **SEASIDE**
Published in the OFFICIAL GAZETTE on June 17, 2014

Seaside Community Development Corp.,

Opposer,

v.

Tri-Coastal Design Group, Inc.,

Applicant.

Opposition No. 91218846

**SEASIDE'S MOTION TO STRIKE APPLICANT'S AFFIRMATIVE DEFENSES
IN AMENDED ANSWER**

Pursuant to Rule 12(f) of the Federal Rules of Civil Procedure and Section 506 of the TBMP, Opposer Seaside Community Development Corporation ("Seaside" or "Opposer") hereby moves to strike each of the affirmative defenses alleged in the Amended Answer filed by Applicant Tri-Coastal Design Group, Inc. ("Applicant"). Seaside's Motion to Strike Applicant's affirmative defenses is filed timely pursuant to TBMP § 506.02 (a party has 26 days from date of service of a pleading to file a motion to strike matter from that pleading if service of the pleading was made by first-class mail, "Express Mail," or overnight courier); 37 CFR § 2.119(c).

Because the resolution of this motion will define and potentially narrow the issues for discovery and trial in this opposition proceeding, Seaside requests that the Board suspend these proceedings, pursuant to Section 510.01(a) of the TBMP and 37 CFR § 2.117(c), pending the ruling on the motion.

I. FACTUAL BACKGROUND

On October 15, 2014, Seaside timely opposed Applicant's intent-to-use application to register SEASIDE, filed on February 8, 2014, (Serial No. 86/188,378) for "Bath gel; Bath salts; Bath soaps; Body cream; Body lotion; Body oil; Body powder; Body scrub; Body sprays; Bubble bath; Lip balm; Lip gloss; Liquid soap" ("Application") because of a likelihood of confusion between the applied-for SEASIDE designation and Seaside's pre-existing and, in some cases, incontestable rights in its SEASIDE federal registrations, marks at common law, and trade name ("SEASIDE® marks and name"), all long used in connection with a variety of goods and services, including retail store services, and gift and sundry items, such as those for which Applicant has applied. *See* Notice of Opposition, (Dkt. 1) ("Not. of Opp.").

Applicant filed (but did not serve) its *initial* Answer to the Notice of Opposition on October 17, 2014 (*see* Dkt. 4), in which Applicant alleged seventeen invalid, inapplicable, and boilerplate affirmative defenses (Dkt. 4, pp. 2-4) and improperly requested costs and attorneys' fees. On March 31, 2015, the Board granted Seaside's timely motion to strike all seventeen boilerplate affirmative defenses and Applicant's request for attorneys' fees and costs, and further denied Applicant's motion to amend its Answer to add certain counterclaims. *See* Board's Decision re Motion to Strike (Dkt. 12) ("Board's Decision").

On April 9, 2015, Applicant filed a Request for Reconsideration (Dkt. 13) arguing that the Board erred in striking Applicant's first affirmative defense of failure to state a cause of action upon which relief may be granted. In that request, however, Applicant improperly restates the same arguments it already made in its opposition to Seaside's motion to strike. On that basis (as well as on other grounds), Seaside opposed the motion for reconsideration. *See* Applicant's

Request for Reconsideration (Dkt. 13) (“Req. for Recon.”) and Seaside’s Opposition to Applicant’s Request for Reconsideration (“Opp. to Req. for Recon.”) (Dkt.16).

Notwithstanding its Request for Reconsideration, Applicant filed an Amended Answer on April 13, 2015, just four days later, asserting three re-pleaded affirmative defenses: (1) failure to state a claim upon which relief can be granted, (2) estoppel, and (3) unclean hands. *See* Amended Answer (Dkt. 14).

Revealingly, in its Request for Reconsideration, Applicant does not raise any legitimate error as to the Board’s prior ruling on these very same defenses. *See* Req. for Recon. (Dkt. 13). As to its failure to state a claim defense, Applicant essentially restates the very same defense already stricken by the Board. With regard to the other two defenses — estoppel and unclean hands — Applicant fails to allege cognizable facts to support these defenses. Applicant only reveals its own faulty logic.

Thus, each of the affirmative defenses asserted are invalid and should be stricken from the Answer without leave to amend.

II. ARGUMENT

A. Applicant’s First Affirmative Defense Is Barred By the Board’s Order on Seaside’s Motion to Strike

The first affirmative defense re-asserted in Applicant’s Amended Answer again alleges Seaside has failed to state a cause of action upon which relief can be granted. This affirmative defense, however, is governed by the law of the case — the Board’s March 31, 2015 order — which specifically found that Seaside’s Notice of Opposition sufficiently states a cause of action under Section 2(d) and struck Applicant’s failure to state a claim defense from its initial Answer on that ground. Decision, at pp. 11–13 (Dkt. 12). While Applicant has filed a Request for Reconsideration of the Board’s order on this issue (Dkt. 13), to which Seaside filed an opposition

(Dkt. 16), the Board's decision was entirely correct, and Applicant has provided no valid arguments or authority otherwise in its reconsideration motion. *See* Opp. to Req. for Recon. (Dkt. 16).

In its Amended Answer, Applicant also provides no factual allegations which would justify a defense that was previously found meritless to be re-asserted. By its initial Motion to Strike (Dkt. 6), Seaside properly tested the sufficiency of Applicant's 12(b)(6) defense and *ipso facto* the sufficiency of Seaside's own pleading. After reviewing Seaside's Notice of Opposition, the Board determined that it contained sufficient factual allegations that, if proven, would establish Seaside's standing, priority, and Section 2(d) claim, thereby stating a claim upon which relief could be granted. *See* Board's Decision, 11-13 (Dkt 12). On that basis, The Board granted Seaside's motion to strike Applicant's 12(b)(6) defense. The Board did not allow Applicant the opportunity to re-assert this defense, as there are no set of facts on which it could stand. *Id.* Yet that is precisely what Applicant did.

In its first affirmative defense, Applicant asserts that "Nowhere in or otherwise attached to the Notice of Opposition does Opposer present any allegation or evidence that supports Opposer's use of SEASIDE in connection with bath & body products prior to the date Applicant filed its application for the trademark SEASIDE, which is the subject of this proceeding." *See* Amended Answer, at p. 2 (First Affirmative Defense) (Dkt. 14). To the contrary, Seaside's Notice of Opposition makes it clear that this argument is utterly without merit.

To withstand an allegation that an opposer's pleading fails to state a claim upon which relief can be granted, an opposer need only *allege* sufficient factual content that, if proved, would allow the Board to conclude, or to draw a reasonable inference, that (1) the opposer has standing to maintain the proceeding, and (2) a valid ground exists for opposing the registration. *Doyle v.*

Al Johnson's Swedish Restaurant & Butik Inc., 101 USPQ2d 1780 (TTAB 2012), citing *Young v. AGB Corp.*, 152 F.3d 1377, 47 USPQ2d 1752, 1754 (Fed. Cir. 1998); *Order of Sons of Italy*, 36 USPQ2d at 1222; and TBMP § 503.02 (2014). For purposes of ruling on the Applicant's 12(b)(6) defense, all well-pleaded allegations in the opposition must be accepted as true, and the notice of opposition must be construed in the light most favorable to Seaside. See *Order of Sons of Italy*, 36 USPQ2d at 1222.

Under this standard, it is axiomatic that a pleading requires no proof or “evidence” of anything — only sufficient factual allegations. In this regard, Seaside's allegation of use of the name and mark SEASIDE in connection with bath, body and fragrance products before Applicant filed the opposed application could not be clearer:

4. Seaside has owned and used its SEASIDE® marks and name, and the other marks and names containing the SEASIDE® mark (collectively referred to as the “SEASIDE Marks and Name”) in interstate commerce since well prior to the February 8, 2014 filing date of the opposed designation, including for various bath, body and fragrance products.”

See Notice of Opposition (Dkt. 1), at ¶ 4 (“Not. of Opp.”). Accordingly, Applicant's assertion cannot and does not withstand scrutiny. Seaside's well-pled allegations, as well as the Board's finding of the sufficiency of the allegations of the Notice of Opposition to state a cause of action, control. Applicant's additional language in support of its first affirmative defense simply does not change this outcome — the affirmative defense should be stricken.

As the Board previously held, Seaside has sufficiently pled that it owns and has used SEASIDE® and other SEASIDE marks for a wide range of goods and services, including THE SEASIDE STYLE mark for “on-line retail store services featuring gifts, housewares, home furnishings, clothing, shoes and sundries,” and has sufficiently alleged that these various gifts and sundries include SEASIDE bath, body and fragrance products. See Not. of Opp., at ¶¶ 2–5

(Dkt. 1) and Board's Decision, at pp. 11–13 (Dkt. 12). All of these uses were commenced before Applicant's opposed intent-to use application was filed. *See* Not. of Opp., at ¶ 4. Given these well-pleaded allegations in the Notice of Opposition must be accepted as true and must be construed in the light most favorable to Seaside, and given that Applicant has done nothing more, because it cannot, to support its first affirmative defense other than to deny the well-pleaded allegations, Applicant's first affirmative defense should be stricken.

B. Applicant's Factual Allegations Supporting its Second Affirmative Defense Do Not Give Rise to a Claim of Estoppel

Applicant's second affirmative defense asserts that Seaside's claims are barred by the doctrine of estoppel. Amended Answer, at pp. 3–4 (Second Affirmative Defense). It is well settled that estoppel requires "some affirmative act by opposer which led applicant to reasonably believe that opposer would not oppose applicant's registration of its mark." *DAK Indus. Inc. v. Daiichi Kosho Co. Ltd.*, 25 USPQ2d 1622, 1625 (TTAB 1993). The elements of equitable estoppel are: (1) misleading conduct which leads 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. *See Lincoln Logs Ltd. v. Lincoln Pre-Cut Log Homes Inc.*, 971 F.2d 732, 23 USPQ2d 1701 (Fed. Cir. 1992), citing *A.C. Aukerman Co. v. R.L. Chaides Construction Co.*, 960 F.2d 1020, 22 USPQ2d 1321 (Fed. Cir. 1992). Normally, estoppel is not a viable affirmative defense in opposition proceedings. *Barbara's Bakery Inc. v. Landesman*, 82 USPQ2d 1283, 1292 n.14 (TTAB 2007) (defenses of laches, acquiescence or estoppel generally not available in opposition proceeding). This case does not present any different result.

To support its estoppel affirmative defense, Applicant makes multiple leaps of logic, asserting that because THE SEASIDE STYLE registration covers online retail store services

featuring (among other things) “gifts” and “sundries,” Applicant “reasonably infer[red] that rights will not be asserted against [it] when using SEASIDE in connection with bath & body products,” and that Applicant “relied on Opposer’s description of the goods in its registration when deciding to file its application for the mark SEASIDE; and as a result of such reliance Applicant has now been materially prejudiced.” Amended Answer, at p. 3. However, these so-called factual allegations do not support a claim of estoppel against Seaside. The lynchpin of Applicant’s reliance on these facts is faulty, at best, and so is its conclusion.

There is nothing in trademark law requiring the goods or services descriptions of the parties’ respective marks to be exactly the same to bring an opposition, as Applicant seems to erroneously have thought in selecting a potential designation as a mark. Indeed, case law recognizes that retail services for goods and the goods themselves are related goods and services sufficient to establish likelihood of confusion. *See, e.g., In re Hyper Shoppes (Ohio), Inc.*, 837 F.2d 463, 6 USPQ2d 1025 (Fed. Cir. 1988) (BIGGS for retail grocery and general merchandise store services likely to be confused with BIGGS for furniture); *The Wet Seal, Inc. v. FD Management, Inc.*, 82 USPQ 2d 1629, 1640 (TTAB 2007) (women’s clothing stores and cosmetics found to be related); *In re Peebles, Inc.*, 23 USPQ2d 1795, 1796 (TTAB 1992) (“As we have said before there is no question that store services and the goods which may be sold in that store are related goods and services.”). The fact that the goods or services listed in the opposed application are not exactly delineated in a cited registration’s description does not provide a guarantee or a defense against a likelihood of confusion claim.

Here, Seaside alleges registrations covering retail store services — SEASIDE® (U.S. Reg. No. 1877936) and THE SEASIDE STYLE® (U.S. Reg. No. 3846308) — and alleges that the retail stores offered offer, among other products, bath and body products and candles. *See*

Not. of Opp. at ¶¶ 1-5. Thus, Seaside’s retail store services, which are covered by both SEASIDE and THE SEASIDE STYLE registrations, are necessarily related to goods sold in retail stores for purposes of the likelihood of confusion analysis. Indeed, based on Seaside’s alleged registrations, the Board may find that Applicant’s applied-for products are related to, or within the natural field of expansion of, the goods and services covered by Seaside’s registrations, particularly given that the marks are identical and Seaside uses its SEASIDE name and marks for a wide array of goods and services. *See, In re Shell Oil Co.*, 992 F.2d 1204, 26 U.S.P.Q.2d 1687, 1689 (Fed. Cir. 1993) (“Even when goods are services are not competitive or intrinsically related, the use of identical marks can lead to the assumption that there is a common source”).

Applicant’s allegations demonstrate nothing more than its own faulty logic and lack of understanding of basic trademark law (and oppositions). The alleged facts do not allege any misleading conduct on the part of Seaside from which there could be a reasonable reliance by Applicant. Accordingly, the re-alleged estoppel defense is invalid and should be stricken, just like the original affirmative defense

C. Applicant’s Factual Allegations Supporting its Third Affirmative Defense Do Not Give Rise to a Claim of Unclean Hands

Applicant’s third affirmative defense asserts that all of Seaside’s claims are barred by the doctrine of unclean hands. Amended Answer, at p. 4 (Third Affirmative Defense). Using the same leaps of logic as with its estoppel defense, Applicant asserts that Seaside’s use of the terms “gifts” and “sundries” in THE SEASIDE STYLE registration’s services description is “an “improper and unethical” practice by Seaside “to use only general catchall terms in its goods hoping that any unidentified future business activities would be covered.” *Id.*

To the contrary, goods and service descriptions are approved by the Examining Attorney

during the examination process and the Examining Attorney will object if the description is not sufficiently clear. TMEP § 1402.01(e) (“The examining attorney may require amendment of the identification of goods and/or services to ensure that it is clear and accurate and conforms to the requirements of the statute and rules.”). On its face, there is simply nothing nefarious about the description of services for Seaside’s registrations. Same or similar descriptions have been approved for other registrations. By way of example, a registration for E! NEWS (U.S. Registration No. 4564418) covers “Retail store services featuring *gifts*, souvenirs, snack food, magazines, newspapers, books and *other sundries*” in International Class 35; a registration for SEAMLESS (U.S. Registration No. 4071652) covers “On-line ordering services featuring meals and *sundry gifts*; on-line billing services for meals and *sundry gifts*” in International Class 35, and a registration for BRIGHT SIDE MARKET (U.S. Registration No. 4651879) covers “*Gift and sundries* retail store services located in hotels; Retail store services located in hotels featuring snacks, beverages, quick meals, frozen foods, *sundries*, personal care and electronic items” in International Class 35. (Emphasis added.). Tellingly, Applicant has cited not one case that provides that purported ambiguities in the description of goods or services alone can justify an unclean hands defense.

Thus, Applicant’s additional “facts” to support an unclean hands affirmative defense do not withstand scrutiny. Accordingly, this re-alleged defense remains invalid and should be stricken.

III. CONCLUSION

For these reasons, each of the three affirmative defenses Applicant asserts in its Amended Answer is invalid and fails to allege cognizable facts that would support the application of the

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asserted defense. Accordingly, Seaside requests the Board strike all three affirmative defenses, without leave to amend.

Dated: May 8, 2015

Respectfully submitted,

By: /s/ Rochelle D. Alpert
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CERTIFICATE OF SERVICE

I am a resident of the State of California and over the age of eighteen years, and not a party to the within action; my business address is One Market, Spear Street Tower, San Francisco, CA 94105.

On **May 8, 2015**, I served the within documents:

SEASIDE'S MOTION TO STRIKE AFFIRMATIVE DEFENSES IN APPLICANT'S AFFIRMATIVE ANSWER




by placing the document(s) listed above in a sealed envelope with postage thereon fully prepaid, in the United States mail at San Francisco, California addressed as set forth below.

**TEDD S. LEVINE
LAW OFFICES OF TEDD S. LEVINE LLC
1305 FRANKLIN AVE , STE 300
GARDEN CITY, NY 11530-1630**

I am readily familiar with the firm's practice of collection and processing correspondence for mailing. Under that practice it would be deposited with the U.S. Postal Service on that same day with postage thereon fully prepaid in the ordinary course of business. I am aware that on motion of the party served, service is presumed invalid if postal cancellation date or postage meter date is more than one day after date of deposit for mailing in affidavit.

Executed on **May 8, 2015**, at San Francisco, California. I declare under penalty of perjury, under the laws of the United States of America, that the foregoing is true and correct.



Yelena Lolua