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

Proceeding	91223181
Party	Defendant The Network Advantage Card, LLC.
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Attachments	NetworkAdvantage_TM response to Opposer's Brief.pdf(165492 bytes)

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

Independent Health Association, Inc. Opposer, v. The Network Advantage Card, LLC Applicant.	Opposition No. 91223181 Mark: NETWORK ADVANTAGE CARD Application No. 86517436

Commissioner for Trademarks
P.O. Box 1451
Alexandria, VA 22313-1451

ATTN: Trademark Trial and Appeal Board

REPLY BRIEF IN SUPPORT OF APPLICANT'S MOTION TO AMEND ANSWER TO ADD COMPULSORY COUNTERCLAIM AND TO ADD AFFIRMATIVE DEFENSES

The Network Advantage Card, LLC ("**Applicant**") hereby submits this Reply Brief in Support of the Motion to Amend its Answer to Independent Health Association, Inc.'s ("**Opposer's**") Notice of Opposition and include Counterclaims for cancellation of pleaded Reg. Nos. 4748611 and 4545064 as well as Affirmative Defenses related to those counterclaims pursuant to TBMP § 502.02(b).

In an effort to avoid reargument of points already presented in Applicant's Motion, those presented below are provided to particularly respond and draw the Trademark Trial and Appeal Board's (TTAB's) attention to several points raised in Opposer's Brief.

A. Citations used to Support Opposer's Argument that Applicant's Motion is Untimely Are Misleading, and their Holdings are not Applicable to the Present Case

Both cases cited by Opposer to support their argument that Applicant's motion is untimely stand for the proposition, in relevant part, that facts learned over the course of *prior dealings* between the parties cannot be later relied on as "newly learned" facts that oblige a party to file a compulsory counterclaim. Distinguishably, the parties here have had no prior dealings, and the relevant facts were learned only over the course of informal discovery conducted when Applicant's counsel's attempts to engage Opposer in meaningful negotiations were ignored for several months. An outline of attempted negotiations is provided under heading B of this paper.

More particularly, the TTAB found the Applicant in *Jack Rajca v. New Yorker S.H.K. Jeans GmbH & Co. KG*, Opposition No. 91213585 (TTABVUE Docket entry no. 18) was in possession of facts and documents forming the basis of its proposed counterclaims because of their involvement in two prior Board cancellation proceedings with the same Opposer. These proceedings occurred long before the filing of its answer on December 16, 2013 in the new opposition. Indeed, the facts and documents that would be relevant to the counterclaim were available "as early as 2000, the year applicant petitioned to cancel Opposer's pleaded registration…" *Id*. at 4. The TTAB explicitly noted that facts used to support Applicants counterclaims were:

> the same types of documents, i.e., invoices and pictures of t-shirts, that were submitted as specimens of use in the underlying application of petitioner's

> registration and *would have formed part of the record in the prior cancellation proceeding respondent brought against petitioner's pleaded registration*,

which occurred 13 years prior to Applicant's motion. *Id*. (emphasis added) (citations omitted). In addition, these types of documents had also been provided by Applicant in the case as part of a motion for Rule 56(d) discovery filed almost three months prior to the Applicant's motion. *Id*.

The decision in *Rajca* is non-precedential and is not, therefore, binding on this matter TMEP § 705.05. Any persuasive value that it may hold is limited by the wildly distinguishable facts of this case. For instance, the parties in *Rajca* participated in three (3) proceedings against one another over the course of about 13 years. Pleadings, motions, and discovery made during the earlier proceedings had made relevant explicitly of record and available to the moving applicant before it had even filed its answer in the latest opposition. Here, acquaintance between Applicant and Opposer was not made until August 6, 2015, when Opposer's Notice of Opposition was received by Applicant, and no communications between the parties have been made outside of this proceeding. Additionally, formal discovery has yet to take place, in large part because of Opposer's failure early on to respond to Applicant's attempts at settling this case.

For similar reasons, the present case is distinguishable from *Vitaline Corp. v. General Mills, Inc.*, in which the Federal Circuit found that the clear requirement of Trademark Rule 2.114(b)(2)(i) to promptly plead a counterclaim in a cancellation proceeding once grounds for the counterclaim are learned was not met because 1) relevant facts providing the basis for Petitioner's counterclaim had been provided with an affidavit and specimen submitted before Petitioner filed its answer in a proceeding against the same party three years prior, and 2) Petitioner erroneously filed its claim as part of a new cancellation petition rather than as a counterclaim in the earlier proceeding. 891 F.2d 273, 13 USPQ2d 1172 (Fed. Cir. 1989).

Thus, holdings in cases relied upon by Opposer in which the parties all had prior dealings with each other, and facts relevant to the moving parties' counterclaims were made of record by way of various procedural actions do not apply to this case.

B. Opposer's Representation of Discovery and Negotiation Talks in this Matter are Misleading and in the Interest of Justice Should Be Afforded Little Weight in Ruling on Applicant's Motion

Though the official discovery period in this case opened on October 15, 2015, it is well understood in the legal profession that *informal* discovery begins and continues from the moment an attorney receives a client's matter. Further, in order for the Board's discovery conference requirements to be meaningful and serve their intended purpose, "the parties must present to each other the merits of their respective positions with the same candor, specificity, and support *during informal negotiations* as during the briefing of discovery motions." *Amazon Technologies Inc. v. Wax*, 93 USPQ2d 1702, 1075 (TTAB 2009) (emphasis added) (citations omitted).

Opposer's repeated insistence that no discovery has taken place should have no bearing on the outcome in the motion before the Board, except insofar as Opposer's early failure to engage in meaningful dialogue, in response to Applicant's attempts at beginning informal negotiations, delayed the discovery process and effectively subverted Applicant's discovery of facts relevant to the counterclaim.

The following is a summary of correspondences provided to illustrate the difficulty encountered by Applicant while pursuing this matter. First, on November 17, 2015, an offer of settlement was proposed via email by the undersigned attorney for Applicant.

Absent confirmation of receipt by counsel for Opposer, Applicant's attorney sent a follow-up email to Opposer's attorney on November 24, 2015, to which she replied Applicant could expect something "shortly."

Then, absent receipt of any substantive response to his initial offer of settlement for more than four (4) weeks, Applicant's attorney again attempted to follow-up with counsel for Opposer via email on December 14, 2015.

Additional follow-up emails were sent to Opposer's attorney by Applicant's attorney on January 15, 2016 and February 3, 2016. Counsel for Applicant finally received substantive response to his offer of settlement on behalf of Applicant on February 19, 2016, more than three (3) months following his initial offer.

To characterize negotiations simply as "stalled" (Opposer's Brief in Opposition No. 91223181, page 5) is to grossly underrepresent Applicant's effort to engage Opposer in meaningful discussion on the issues. In addition, Opposer's repeated assertions that discovery has not yet taken place 1) marginalizes the role a party's informal discovery plays in litigation and 2) obscures the role Opposer played in effectively delaying any discovery.

To these points, "settlement talks" referenced by Opposer transpired only between February 19th, 2016 (when Opposer's attorney first substantively responded to Applicant's attorney) and March 11th, 2016 (when Applicant filed its Motion to Amend). Applicant only became aware of facts giving rise to its counterclaim while conducting informal discovery in consideration of Opposer's correspondence at the end of February. Upon informally discovering facts supporting its counterclaim, Applicant informed Opposer of these facts. Opposer proceeded to summarily dismiss them in an email, on the day Applicant filed its motion, as being incorrect.

In the same email, Opposer also informed Applicant that it would not address the merits of the discovered facts.

Applicable federal rules state that "[t]he court should freely give leave [to amend] when justice so requires." Fed. R. Civ. P. 15(a)(2). It would be unjust to ascribe delay, if any, in discovering facts and filing related claims to Applicant in this case in light of proceedings outlined above.

In view of the foregoing, it is respectfully requested that the Board Grant Applicant's Motion to Amend Answer to Add Compulsory Counterclaim and to Add Affirmative Defenses.

Respectfully submitted,

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DATED: April 13, 2016

CERTIFICATION UNDER 37 C.F.R. §1.8

I hereby certify that this REPLY BRIEF IN SUPPORT OF APPLICANT'S MOTION TO AMEND ANSWER TO ADD COMPULSORY COUNTERCLAIM AND TO ADD AFFIRMATIVE DEFENSES is being filed electronically with the United States Patent and Trademark Office utilizing the *Electronic System for Trademark Trials and Appeals* on this 13th day of April, 2016.

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CERTIFICATE OF SERVICE

I certify that a true copy of this REPLY BRIEF IN SUPPORT OF APPLICANT'S MOTION TO AMEND ANSWER TO ADD COMPULSORY COUNTERCLAIM AND TO ADD AFFIRMATIVE DEFENSES was served upon the Opposer by depositing a copy thereof with the U.S. Postal Service, via first class mail, postage prepaid, directed to Opposer:

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5555 Main Street
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Dated: April 13, 2016

By: /OEK/

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