

UNITED STATES PATENT AND TRADEMARK OFFICE
Trademark Trial and Appeal Board
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General Contact Number: 571-272-8500

EJW

Mailed: May 27, 2016

Opposition No. 91223181

Independent Health Association, Inc.

v.

The Network Advantage Card, LLC.

ELIZABETH J. WINTER, INTERLOCUTORY ATTORNEY:

This case now comes up for consideration of Applicant's fully briefed motion (filed March 11, 2016) to amend its answer to add compulsory counterclaims and related affirmative defenses.

Applicant seeks to amend its answer to include compulsory counterclaims to cancel Opposer's two pleaded registrations on the grounds that the registered marks are not used in interstate commerce. Applicant also seeks to amend its affirmative defenses to include an allegation related to its proposed counterclaims. Applicant submitted an amended answer and counterclaims, along with its motion to amend. As grounds for its motion, Applicant explains that after settlement discussions with Opposer stalled, Applicant discovered that the specimens of use submitted with Opposer's statements of use (submitted in regard to the underlying applications to the pleaded registrations) assertedly show that Opposer's services are only provided to New York residents. Applicant also states that the proposed new ground of failure

to use the registered marks in interstate commerce was not previously known to Applicant.

In response, Opposer points out that no discovery has been exchanged between the parties and that the specimens of use submitted with the applications underlying Opposer's pleaded registrations were publicly available at the time the original answer was filed. Therefore, Opposer argues that the information upon which Applicant bases its proposed counterclaims is not newly discovered evidence. In addition, Opposer contends that the proposed amendment is futile because the claim is subject to being dismissed because Opposer's services are used in association with health plans throughout the United States.

In reply, Applicant emphasizes that it only recently became aware of the asserted facts underlying the proposed amendments while conducting "informal discovery" in February, 2016, and that Opposer "effectively subverted Applicant's discovery of facts relevant to the counterclaim" (8 TTABVUE 5) by failing to engage in a meaningful, informal negotiations.

- *Decision*

Trademark Rule 2.107(a) and Fed. R. Civ. P. 15(a) encourage the Board to look favorably on motions to amend, stating that "leave shall be freely given when justice so requires." Nevertheless, if allowance of the amendment would cause undue prejudice or be futile, amendment will be denied. *See Foman v. Davis*, 371 U.S. 178, 182 (1962); and *W.R. Grace & Co. v. Arizona Feeds*, 195 USPQ 670, 671 (TTAB 1977).

As regards compulsory counterclaims, to be timely, such counterclaims must be

brought as part of defendant's answer, if available, or promptly after the grounds therefor are learned. Trademark Rule 2.106(b)(2) provides in relevant part as follows (emphasis added):

“(i) A defense attacking the validity of any one or more of the registrations pleaded in the opposition shall be a compulsory counterclaim if grounds for such counterclaim exist *at the time when the answer is filed*. . . . If grounds for a counterclaim are learned during the course of the opposition proceeding, the counterclaim shall be pleaded promptly after the grounds therefor are learned. . . .”

Thus, in the present case, the Board must determine whether Applicant knew of the grounds at the time it filed its answer or whether the grounds for the counterclaim existed at the time the answer was filed and, if not, whether Applicant filed its counterclaim promptly upon learning of those grounds. *See* Trademark Rule 2.106(b)(2). *See also Turbo Sportswear Inc. v. Marmot Mountain Ltd.*, 77 USPQ2d 1152, 1155 (TTAB 2005) (amendment allowed because information upon which counterclaims were based was not previously available).

The Board is not persuaded by Applicant's argument that it only became aware of the grounds for cancellation of Opposer's pleaded registrations when it recently researched the history of Opposer's pleaded registrations. Applicant should have researched the history of Opposer's pleaded registrations at least seven months ago, prior to filing its answer, to determine the nature of Opposer's use of its pleaded marks. *Cf.* TBMP § 509.01(b)(2) (2015) (motion to reopen a testimony period to introduce newly discovered evidence must include showing that the evidence was newly discovered and could not have been discovered earlier through the exercise of reasonable diligence). The Board also fails to see how Opposer prevented Applicant

from discovering information regarding Opposer's use of its pleaded marks. The information upon which it bases the grounds for cancellation of Opposer's pleaded registrations was publicly available well in advance of when Opposer substantively responded to Applicant's settlement proposal. Specifically, the specimens of use upon which Applicant relies have been available since prior to the issuance of the subject registrations. To allow Applicant to commence a compulsory counterclaim at this late juncture would reward Applicant for its apparent lack of diligence in reviewing available materials related to Opposer's use of the marks in its pleaded registrations. In view of the foregoing, Applicant's motion to amend its pleading to include counterclaims and a related affirmative defense is **denied**. *See S & L Acquisition Co. v. Helene Arpels Inc.*, 9 USPQ2d 1221, 1224 (TTAB 1987) (because claim was available at the time the answer was filed, Board denied motion for leave to amend answer to include counterclaim).¹ Accordingly, Applicant's answer filed on September 15, 2015, remains Applicant's pleading of record.

Proceeding Resumed; Trial Dates Reset

This proceeding is resumed. The Board notes that at the time this proceeding was suspended for Applicant's motion, approximately one month remained in the discovery period. Accordingly, trial dates are reset to include the remaining thirty days in the discovery period. Trial dates are reset as shown in the following schedule:

Discovery Closes	6/26/2016
Plaintiff's Pretrial Disclosures Due	8/10/2016

¹ Inasmuch as the Board has determined that the motion is untimely, the Board need not reach whether the new claims are futile.

Plaintiff's 30-day Trial Period Ends	9/24/2016
Defendant's Pretrial Disclosures Due	10/9/2016
Defendant's 30-day Trial Period Ends	11/23/2016
Plaintiff's Rebuttal Disclosures Due	12/8/2016
Plaintiff's 15-day Rebuttal Period Ends	1/7/2017

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. *See* Trademark Rule 2.125, 37 C.F.R. § 2.125.

Briefs shall be filed in accordance with Trademark Rules 2.128(a) and (b), 37 C.F.R. §§ 2.128(a) and (b). An oral hearing will be set only upon request filed as provided by Trademark Rule 2.129, 37 C.F.R. § 2.129.

