

ESTTA Tracking number: **ESTTA795369**

Filing date: **01/17/2017**

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

Proceeding	91230610
Party	Plaintiff Confluence Technologies, Inc.
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Date	01/17/2017
Attachments	Reply to Applicants Opposition to Motion to Strike.pdf(53967 bytes)

defenses and contends that Opposer is precluded from challenging the registration based on several flawed conclusions.

1. Opposer’s Motion Should Be Granted for the Affirmative Defenses to which Applicant Has Failed To Respond.

Aside from a generalized statement that its affirmative defenses were sufficiently pleaded, Applicant does not offer any argument¹ in response to Opposer’s challenge to its affirmative defenses of failure to state a claim (First Affirmative Defense); fair use (Second Affirmative Defense); abandonment (Third Affirmative Defense); standing (Fourth Affirmative Defense); waiver (Sixth Affirmative Defense); no trademark use (Seventh Affirmative Defense); and bad faith (Eighth Affirmative Defense). On this basis alone, Opposer’s motion to strike and/or its motion for partial judgment on the pleadings should be granted as to these affirmative defenses.

2. Applicant Is Required to Provide Sufficient Detail to Give Opposer Fair Notice of the Basis for Its Purported Affirmative Defenses.

Applicant erroneously claims that it need not allege the factual basis for its affirmative defenses because such defenses are not subject to the pleading standard under *Bell Atlantic v. Twombly*, 550 U.S. 544 (2007), and *Ashcroft v. Iqbal*, 556 U.S. 662 (2009). In support, Applicant relies partly on case law that was decided nearly five decades before *Twombly*.² Nonetheless, contrary to Applicant’s position, the majority of district courts that have considered

¹ In explaining its silence, Applicant stated that “[a]n exhaustive discussion of the sufficiency of each of the Applicant’s affirmative defenses is not required[.]” Opposition at p. 4.

² Applicant cited *Liquidometer Corp. v. Capital Airlines, Inc.*, 24 F.R.D. 319 (D. Del. 1959), for the proposition that Rule 8(e) does not require a defense to be elaborated. See Opposition at p. 2-3. In addition to being decided before *Twombly*, the main issue in *Liquidometer* was the sufficiency of answers to interrogatories. Applicant also cited four post-*Twombly* decisions. *Id.* at p. 3.

pleading standards for affirmative defenses have concluded that they must be alleged with sufficient detail to set forth a plausible claim of relief. *See, e.g., Barnes v. AT & T Pension Ben. Plan-Nonbargained Program*, 718 F. Supp. 2d 1167, 1171 (N.D. Cal. 2010) (explaining that “the vast majority of courts presented with the issue have extended *Twombly*’s heightened pleading standard to affirmative defenses” (citations omitted)).³

For example, in a carefully reasoned opinion, the Northern District of Ohio examined the rationale in *Twombly* and found that it applied equally to affirmative defenses. *HCRI TRS Acquirer, LLC v. Iwer*, 708 F. Supp. 2d 687, 691 (N.D. Oh. 2010). In so holding, the court acknowledged that some courts have concluded the language of Federal Rule of Procedure 8(c), which governs affirmative defenses, does not mandate the pleader “show” it is entitled to prevail on its defenses. *Id.* at 690 (citations omitted). As Applicant submits, a plaintiff can explore the bases for a defendant’s affirmative defenses during discovery. *See* Opposition at 3.

However, the *HCRI* court observed that the rationale underlying *Twombly* rests, in part, on reducing costs related to investigating meritless claims. *HCRI*, 708 F. Supp. 2d at 691 (citation omitted). The court further reasoned that “[b]oilerplate affirmative defenses that provide little or no factual support can have the same detrimental effect on the cost of litigation as poorly worded complaints.” *Id.* at 691 (citation omitted). As a result, the court concluded that affirmative defenses must be pled with enough information to provide a “plausible, factual basis for the assertion[.]” *Id.* (citation omitted). *See also Topline Solutions, Inc. v. Sandler Sys., Inc.*, 2010 WL2998836, *1 (D. Md. July 27, 2010) (finding that an affirmative defense must be pled

³ In a case cited by Applicant, the court set forth an extensive list of twenty-three district court opinions holding *in favor* of extending the heightened pleading standard to affirmative defenses. *See Lane v. Page*, 272 F.R.D. 581, 589 n.5 (D. N.M. 2011). As such, Applicant’s assertion that “the requirement of ‘factual support’ [for affirmative defenses] is completely unsupported by any case law,” is without merit and contrary to case law that Applicant itself cites. *See* Opposition at 4.

in a way that is “intelligible, gives fair notice, and is plausibly suggested by the facts” (citation and internal quotation marks omitted)).

In its Answer, Applicant merely recites boilerplate affirmative defenses in rote fashion and fails to provide any factual underpinnings for the defenses. As a result, Opposer has no notice of the facts that allegedly support the asserted defenses. Because Applicant has wholly failed to plead a plausible, factual basis for its affirmative defenses, Opposer’s motion should be granted.

3. Applicant Impermissibly Alleges An Additional Affirmative Defense In Its Opposition.

In its Answer, Applicant asserted ten affirmative defenses that did not include the *Morehouse* Defense. Nonetheless, Applicant argues *for the first time* in its Opposition brief that Opposer may not challenge its registration of CONFLUENCE under this defense. In taking this position, Applicant appears to conflate the *Morehouse* Defense with the affirmative defense of estoppel, and then raises it again in conjunction with acquiescence and laches.

While related to laches or acquiescence, the *Morehouse* Defense is a separate doctrine that may apply when the applicant has an existing registration for a mark that is the same or substantially identical to the opposer’s mark. *See Morehouse Mfg. Corp. v. J. Strickland & Co.*, 407 F.2d 881 (C.C.P.A. 1969). The Federal Circuit has explained: “The prior registration or *Morehouse* defense is an equitable defense, to the effect that if the opposer cannot be further injured because there already exists an injurious registration, the opposer cannot object to an additional registration that does not add to the injury.” *O-M Bread, Inc. v. U.S. Olympic Comm.*, 65 F.3d 933, 938 (Fed. Cir. 1995).

Accordingly, to the extent that the *Morehouse* Defense is a separate defense that Applicant did not plead in its Answer, any discussion related to the *Morehouse* Defense should not be considered.

4. The Doctrines of Laches, Estoppel and Acquiescence Do Not Apply in This Matter Because Applicant’s Prior Registration Is Not the Same or Substantially Identical To the Proposed Registration.

Applicant presents the same argument in support of its laches, estoppel and acquiescence defenses. Applicant essentially argues that Opposer cannot challenge the proposed registration because Applicant already holds a prior registration for CONFLUENCE in related goods and services, Serial No. 79061333. However, none of these defenses are applicable here because Applicant’s prior registration differs materially from its proposed registration.

As an initial matter, Applicant does not address laches, estoppel and acquiescence in any detail. Nor does Applicant offer specific support showing that it satisfies the elements of each defense.⁴ In general, Applicant notes only that laches and acquiescence require an unreasonable delay in asserting one’s rights and material prejudice resulting to the other party as a result. This is a mischaracterization of the acquiescence defense, which is a type of estoppel based on conduct by the opposer that “expressly or by clear implication, assents to, encourages, or furthers the activity on the part of the defendant, which is now objected to.” *Hitachi Metals Int’l v. Yamakyu Chain Kabushiki Kaisha*, 1981 WL 48128, *12 (TTAB Apr. 14, 1981). It differs from laches in that “[l]aches implies a merely passive assent, while acquiescence implies active assent.” *Id.* (citation omitted).

⁴ 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, 734 (Fed. Cir. 1992) (citation omitted).

In any event, Applicant claims that Opposer's challenge to the registration is unreasonably delayed because Opposer should have asserted its rights in 2009 against Applicant's prior registration for CONFLUENCE. It is well-established that laches does not begin to run until the mark is published for opposition. *DAK Indus. Inc. v. Daiichi Kosho Co. Ltd.*, 25 U.S.P.Q. 2d 1622, 1624 (TTAB 1992) (citing *Nat'l Cable Television Assoc., Inc. v. Am. Cinema Editors, Inc.*, 937 F.2d 1572 (Fed. Cir. 1991)). Yet there is an exception that permits a laches defense to be based on an applicant's prior registration when certain conditions are met. Namely, the applicant's prior registration must be for the same or substantially identical mark and the mark must be used for the same or substantially identical goods. *TBC Corp. v. Grand Prix Ltd.*, 1989 WL 274376, *1 (TTAB May 30, 1989) (citations omitted).

In this case, the exception does not apply because the proposed registration for CONFLUENCE differs materially from Applicant's prior registration. The prior registration for CONFLUENCE expressly *excludes* the type of goods and services that are covered by Opposer's CONFLUENCE registrations. Specifically, Applicant's prior registration for CONFLUENCE states that it does not include goods "being computer software . . . for managing mutual funds, financial benefit plans, pooled investment products or financial portfolios." Registration 3673264. However, this language is not included in Applicant's proposed registration.

In addition, Applicant's proposed registration encompasses entirely different goods and services. The prior registration was related to downloadable enterprise wiki collaboration computer software, whereas Applicant's proposed registration is for computer software for content sharing and collaboration. Applicant argues that its proposed and prior registrations cover "highly similar goods and services," but the registrations plainly describe different types of programs and are neither the same nor substantially identical in nature.

Even if the goods or services overlap in some manner, which is not apparent in the registrations at issue, this is not sufficient to support a defense based on a prior registration. *See Disney Enterprises, Inc. v. Ronica Holdings Ltd.*, 2015 WL 2441549, *5 (TTAB Apr. 29, 2015) (explaining that overlapping goods and services do not constitute the prior registration defense “where the opposed application also includes goods and services which are different from those listed in the registration”); *LA FARA Importing Co. v. F. Lli de Cecco di Filippo Fara S. Martino*, 1988 WL 252404, *4 (TTAB July 28, 1988) (finding prior registration defense inapplicable where the prior registration was for alimentary paste used in cooking and the proposed registration was for coffee, sugar, rice, cakes and sauces); *DC Comics Inc. v. Scholastic Magazines, Inc.*, 1980 WL 39357, (TTAB Oct. 24, 1980) (“Because the mark and goods in the pre-existing registration cannot be considered the legal equivalent of the marks and goods which are the subject of the involved applications, the existence of the registration does not preclude opposer from the possibility of damage as a result of the registrations sought herein.”).

Likewise, Applicant’s prior registration does not support the defenses of estoppel or acquiescence. The prior registration is not the same or substantially identical such that Opposer can be precluded from asserting its rights vis-à-vis the proposed registration. Accordingly, Applicant has not established any plausible basis to support its claims for laches, estoppel or acquiescence.

III. CONCLUSION

For the reasons stated above, Opposer Confluence Technologies, Inc. respectfully requests the Board to issue judgment on the pleadings as to each of the alleged affirmative defenses, or, alternatively, to strike each of the purported affirmative defenses so that this proceeding may move forward on the only issue properly before the Board – whether Applicant’s application should be refused registration because the applied-for designation is confusingly similar to Confluence’s incontestable registrations for the identical mark.

Respectfully submitted,

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CERTIFICATE OF SERVICE

The undersigned hereby certifies that a copy of the foregoing REPLY TO APPLICANT'S OPPOSITION TO COMBINED MOTION TO STRIKE was served by first-class mail, postage prepaid, upon:

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on this 17th day of January, 2017.

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