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

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| Proceeding | 91239796 |
| Party | Defendant<br>Promontory Interfinancial Network, LLC |
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| Submission | Motion to Strike |
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| Signature | /JDL/ |
| Date | 10/24/2018 |
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**IN THE UNITED STATES PATENT AND TRADEMARK OFFICE**
**BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD**

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| Nusenda Federal Credit Union, | ) | |
| | ) | |
| Opposer, | ) | |
| | ) | |
| v. | ) | Opposition No. 91239796 |
| | ) | |
| Promontory Interfinancial Network, LLC | ) | |
| | ) | |
| Applicant. | ) | |
| | ) | |

**MOTION TO STRIKE**
**OPPOSER'S AFFIRMATIVE DEFENSES**

Pursuant to Rule 12(f) of the Federal Rules of Civil Procedure, Applicant, Promontory Interfinancial Network, LLC ("PIN" or "Applicant"), hereby moves the Trademark Trial and Appeal Board (the "Board") to strike all of the "Affirmative Defenses" pleaded in the Answer of Opposer, Nusenda Federal Credit Union ("Nusenda" or "Opposer").

With regard to the first pleaded defense, in the alternative, PIN requests that it be awarded judgment, because the impropriety of that defense already has been considered and decided by the Board. The legal sufficiency of the counterclaim is now law of the case.

## I. PROCEDURAL BACKGROUND

This opposition proceeding was instituted on March 1, 2018. The opposition was based upon a registration owned by Nusenda, and claimed a likelihood of confusion under Section 2(d) of the Trademark Act.

PIN timely filed its Answer on April 10, 2018. The Answer addressed the allegations in the Notice of Opposition and included a counterclaim for partial cancellation and for a restriction of the pleaded registration under Section 18 of the Trademark Act.

Rather than filing an Answer to the Counterclaim, Nusenda chose to file a motion to dismiss the counterclaim. Nusenda argued that the counterclaim failed to allege facts sufficient to support the requested relief. Upon conclusion of full briefing of the motion, the Board held that the counterclaim was legally sufficient, and that it stated a claim for relief that could be granted if supported by proof. Consequently, on September 12, 2018, the Board denied the motion to dismiss.

On October 4, 2018,[1] Nusenda filed its Answer to the Counterclaim and included five enumerated "affirmative defenses."[2]

Pursuant to Fed. R. Civ. P. 12(f), the Board may order stricken from a pleading any insufficient or impermissible defense, or any immaterial matter. See also, Trademark Rule 2.116(a), 37 C.F.R. § 2.116(a).

## II. ARGUMENT

### A. Nusenda's First Purported Defense is not a Cognizable Defense, and the Issue Raised Already has been Decided in this Case and Cannot be Re-litigated.

Nusenda's First Affirmative Defense reads:

"[PIN]'s Counterclaim fails to state a cause of action upon which relief may be granted."

Although listed as a "defense," this allegation does not actually amount to an affirmative defense at all, and cannot not be treated as one.

[1] Generally, an answer to a counterclaim should be filed within 21 days after service of the counterclaim. F.R Civ. P 12(a)(1)(B). Inasmuch as the trial schedule in the Board Order of September 12, 2018 deciding the motion to dismiss did not include a specific deadline for answering the counterclaim, PIN is not asserting herein that Nusenda's Answer should be rejected due to untimeliness.

[2] The second enumerated affirmative defense asserts that the counterclaim is barred by principles of "waiver" and "estoppel." These principles establish independent defenses, and will be treated as such herein.

An affirmative defense is one that assumes the allegations in a complaint to be true and then goes on to assert new matter that either eliminates or limits the ordinary and usual liability stemming from those allegations. *Amanda Blackhorse, Marcus Briggs, Phillip Gover, Jillian Pappan, and Courtney Tsotigh v. Pro Football, Inc.*, 98 USPQ2d 1633 (TTAB 2011). A defense of "fails to state a cause of action" does not seek to negate the elements of the cause of action, but rather asserts a basis for barring the claim entirely. *Id.* For this reason, the Board has consistently held that failure to state a claim upon which relief can be granted is not an appropriate affirmative defense, as it relates to an assertion of the *insufficiency of the pleading* of a claim rather than a statement of a defense to a properly pleaded claim. See *Hornblower & Weeks, Inc. v. Hornblower & Weeks, Inc.*, 60 USPQ2d 1733, 1738 n. 7 (TTAB 2001) (The pleaded "affirmative defense" of failure to state a claim upon which relief can be granted is not a true affirmative defense and shall not be considered as such).

It is well settled that when an allegation of "failure to state a claim" is included in an answer as a defense, a motion to strike this "defense" may be used by a party to test the sufficiency of its pleading prior to trial. *Order Sons of Italy in America v. Profumi Fratelli Nostra AG*, 36 USPQ2d 1221, 1222-23 (TTAB 1995); *Harjo v. Pro Football, Inc.*, 1994 WL 262249, 30 USPQ2d 1828, 1830 (TTAB 1994); and *S.C. Johnson & Son, Inc. v. GAF Corporation*, 177 USPQ 720 (TTAB 1973).

Thus, while PIN could test the defense through the instant motion to strike, consideration of the merits of such a motion to strike the first affirmative defense is not necessary in this case because the legal sufficiency of PIN's counterclaims already has been tested. As noted above, the Board's Order of September 12, 2018 determined that PIN's counterclaims properly plead a claim upon which relief can be granted.

Having lost its motion to dismiss PIN's counterclaims, it is wholly improper for Nusenda to try to re-litigate the issue by asserting an equivalent denial of legal sufficiency in the guise of an affirmative defense. The legal sufficiency of PIN's counterclaims has been established – it is the law of the case. Under the law of the case doctrine, the Board will not revisit its conclusion. *Threshold.TV, Inc. and Blackbelt TV, Inc. v. Metronome Enterprises, Inc.*, 96 USPQ2d 1031 (TTAB 2010) (law of the case doctrine holds that a court generally should not reopen issues decided in earlier stages of the same litigation, citing, *Agostini v. Felton*, 521 U.S. 203, 236 (1997)).

Therefore, the first purported affirmative defense of "failure to state a claim" is an improper, insufficient and immaterial pleading and should be stricken. In the alternative, the Board should apply the law of the case doctrine and enter judgment in favor of PIN on the first affirmative defense, since the viability of the counterclaim already has been decided in this case.

**B. Opposer's Pleading of "Waiver" and "Estoppel" is Insufficient to State a Defense Based Upon Either of these Principles.**

Nusenda's second enumerated affirmative defense reads:

"[PIN]'s Counterclaim is barred by principles of waiver and estoppel."

Affirmative defenses should be stated simply, concisely, and directly, Fed. R. Civ. P. 8(d)(1), but they must provide enough detail to give the opposing party fair notice of the basis for the defense. *Fair Indigo LLC v. Style Conscience*, 85 USPQ2d 1536, 1538 (TTAB 2007); *McDonnell Douglas Corp. v. National Data Corp.*, 228 USPQ 45, 47 (TTAB 1985) (bald allegations in the language of the statute do not provide fair notice of the basis of the defense); TBMP §311.02(b). Here, Nusenda's Second Affirmative Defense baldly states that the

principles of the defenses of waiver and estoppel are applicable, without even attempting to provide PIN with a clue as to why these defenses pertain.

To state a sufficient claim in a Board proceeding, an allegation "must contain sufficient factual matter, accepted as true to state a claim to relief that is plausible on its face." *Doyle v. Al Johnson's Swedish Restaurant,* 101 USPQ2d 1780, 1782 (TTAB 2012). Threadbare recitals of elements of a claim, supported merely by conclusory statements are insufficient. *Id.*

Far from satisfying the pleading requirement of setting forth facts in connection with each defense which, if proven, would entitle Nusenda to prevail on the affirmative defense, the defenses are devoid of any facts at all! The alleged defenses are conclusory and boilerplate in nature, with the result that they fail to give PIN fair notice of the basis for the defenses. The Board consistently has held, as it should here, that such bare conclusory statements fail to properly notify the opposing party of any specific issues, and that such an affirmative defense is legally insufficient and should be stricken.

The elements of equitable estoppel are (1) misleading conduct 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.,* 23 USPQ2d 1701, 1703 (Fed Cir. 1992).

Nusenda has not pleaded any facts which could support any of these elements. Indeed, the pleadings contain no hint of any interaction between the parties prior to the institution of this proceeding.

There are no allegations that Nusenda was induced to do anything regarding its mark because of the conduct of PIN. Nor has Nusenda alleged either its reliance on the conduct of PIN, or any prejudice resulting from such reliance. Consequently, Nusenda's pleading of

estoppel is insufficient as a matter of law. See, *Gastown Inc. of Delaware v. Gas City Ltd.*, 187 USPQ 760 (TTAB 1975); *Lincoln Logs Ltd v. Lincoln Pre-Cut Log Homes, Inc., supra*, (summary judgment affirmed because Applicant had made no representation to Opposer that it would not oppose Opposer's mark).

Similarly, a successful defense of waiver would require Nusenda to prove that PIN acted in a manner to cause a loss of a known right. Waiver must constitute some knowing and intentional action to relinquish its rights. *E.g., adidas-America, Inc. v. Payless Shoesource, Inc*., 546 F. Supp. 1029, 1074 (D. Ore. 2008). No actions of PIN are anywhere referenced in the defense, and the bare pleading doesn't provide PIN with sufficient notice of the nature of the claim of waiver.

Accordingly, the affirmative defenses of waiver and estoppel contained in paragraph two of the Affirmative Defenses to the Counterclaim should be stricken from the Answer. See, *Textron, Inc. v. The Gillette Company*, 180 USPQ 152 (TTAB 1973).

**C. Nusenda's Pleading of The Doctrine of Trademark Misuse is Insufficient, and the doctrine has no applicability to the relief sought in the Counterclaim.**

Nusenda's third enumerated affirmative defense reads:

"[PIN]'s Counterclaim is barred by its own misuse of the mark it is seeking to register."

The doctrine of trademark misuse[3] is usually asserted in the context of an infringement action in district court brought to enforce trademark rights. *E.g., Dunn Computer Corp. v Loudcloud, Inc*., 57 USPQ2d 1626 (E.D. Va. 2001). In this opposition proceeding, there is no claim of infringement, and PIN's use of its mark is not at issue. Here, PIN is seeking to register

[3] Trademark misuse is essentially a claim of "unclean hands". See, 6 *McCarthy on Trademarks and Unfair Competition*, § 31.44.

its mark by way of an application that is based upon intent-to-use, pursuant to Section 1(b) of the Trademark Act. Thus, the doctrine of trademark misuse has no applicability to the issues raised by the counterclaim.

To the extent that the principle of trademark misuse could be asserted in an opposition proceeding, establishing trademark misuse is a highly fact-specific endeavor. Nusenda's failure to allege any facts dooms the defense from any possible consideration. See discussion of pleading requirements in section B above. Thus, the insufficient and immaterial pleading of paragraph three of the Affirmative Defenses to the Counterclaim should be stricken.

**D. Nusenda's Pleading Of "False Representations" Is Insufficient, And Provides No Basis As An Affirmative Defense For The Relief Sought In The Counterclaim.**

Nusenda's fourth enumerated affirmative defense reads:

"[PIN]'s Counterclaim is barred by virtue of the false representations in its application concerning the services covered by the mark it is seeking to register."

As with the other purported defenses, Nusenda does not provide fair notice of the basis of its claim. If there were any "false representations," they should be easy to specify. Yet, Nusenda would have this proceeding go forward while keeping PIN in the dark about the allegedly false representations that supposedly were made, and why they might affect PIN's entitlement to relief on its counterclaim.

Nusenda seeks to raise the specter that PIN has committed some kind fraud committed by making false representations. Fraud especially must be pleaded with particularity. Fed. R. Civ. P. 9(b). Here, Nusenda's non-specific pleading is insufficient. See, *SaddeSprings, Inc. v. Mad Croc Brands, Inc.,* Cancellation No. 92055493 (TTAB March 31, 2014) (allegations insufficient where they did not specify which statements were false, or which allegedly false statements were

material). Since the statements are supposedly part of the record of the opposed application, Nusenda easily could have made a specific allegation, but it did not.

Nor does the purported defense address the issue of intent, which would be a prerequisite for any false statement to be given legal effect. This is another threadbare allegation that does not comply with proper pleading requirements. See discussion of pleading requirements in section B above.

Thus, the claim of "false representations" in paragraph four of the Affirmative Defenses to the Counterclaim is an insufficient and immaterial defense, which should be stricken.

### E. Nusenda's Pleading Of "Bad Faith Conduct" Is Insufficient, And Provides No Basis As An Affirmative Defense For The Relief Sought In The Counterclaim.

Nusenda's fifth enumerated affirmative defense reads:

"[PIN]'s Counterclaim is barred by its bad faith conduct in describing the services it provides as banking services, both in any materials it has used in connection with its business activities and in its application to register the mark that is the subject of Nusenda's Opposition."

Once again, as with the other purported defenses, Nusenda makes a conclusory statement unsupported by any specific allegation. What descriptions of its services were made in bad faith? What are the facts supporting a characterization of bad faith? In absence of these allegations, the claim is defective.

For the same reasons applicable to defenses two through four, this conclusory defense is insufficient. Thus, the assertion of "bad faith conduct" alleged in paragraph five of the Affirmative Defenses to the Counterclaim is an insufficient and immaterial defense, which should be stricken.

## III. CONCLUSION

PIN respectfully requests that the Board strike each of Opposer's Affirmative Defenses. or, alternatively with respect to the first defense, enter judgment in favor of PIN, so that the opposition proceeding may move forward on the issues properly before the Board, and the issues for discovery and trial can be limited to those that are appropriate.

Respectfully submitted,

**PROMONTORY INTERFINANCIAL NETWORK, LLC**

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**CERTIFICATE OF SERVICE**

I hereby certify that a copy of the foregoing document was served on Jeffrey L. Squires, at his address of record, Peacock Law P.C., P.O. Box 26927, Albuquerque, NM 87125 by electronic mail to: docketing@peacocklaw.com, jsquires@peacocklaw.com, dpeacock@peacocklaw.com, and fyobino@peacocklaw.com on the 24th day of October, 2018.

*/Joseph D. Lewis/*
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