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

Proceeding	91256417
Party	Defendant Expensify. Inc.
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Date	07/27/2020
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**IN THE UNITED STATES PATENT AND TRADEMARK OFFICE BEFORE THE
TRADEMARK TRIAL AND APPEAL BOARD**

In the matter of
Trademark Application Serial Nos. 88/660,297 and 88/660,306
Filed: October 18, 2019
Published: December 17, 2019
Mark: SMARTSCAN

Intuit, Inc.)	
)	Opposition No. 91256417
Plaintiff,)	
)	
v.)	
)	
Expensify, Inc.,)	
)	
Defendant.)	
)	

**EXPENSIFY, INC.’S ANSWER TO NOTICE OF OPPOSITION &
AFFIRMATIVE DEFENSES**

Applicant, EXPENSIFY, INC. (“Expensify”) hereby answers and responds to the Notice of Opposition (“Petition”) filed on June 15, 2020 by Intuit, Inc. (“Opposer”) as follows:

EXPENSIFY AND IT’S SMARTSCAN BRAND

1. Expensify was founded in 2008 in San Francisco, California, United States of America ("US") by the current CEO of Expensify, David Barrett. Expensify designs and develops software, in particular, an expense management system for personal and business use, operated by consumers through a mobile and web based application (the "Expensify App"), as well as a corporate card for businesses.
2. Expensify has offices in a number of countries including in the US (San Francisco, California, Portland, Oregon, New York City, New York, and Ironwood, Michigan); the United Kingdom (London) and Australia (Melbourne) with 135 employees around the world. Expensify

has plans to continue to expand its presence globally in the future.

3. Expensify is the fastest-growing receipt and expense management company in the world, with more customers than the rest of the industry combined. As of today's date, there are more than 9 million users and 85,000 customers across more than 169 countries.

4. The Expensify App, featuring Expensify's SMARTSCAN technology, is one of the world's leading applications for expense management, having received numerous industry awards and accolades. By way of example:

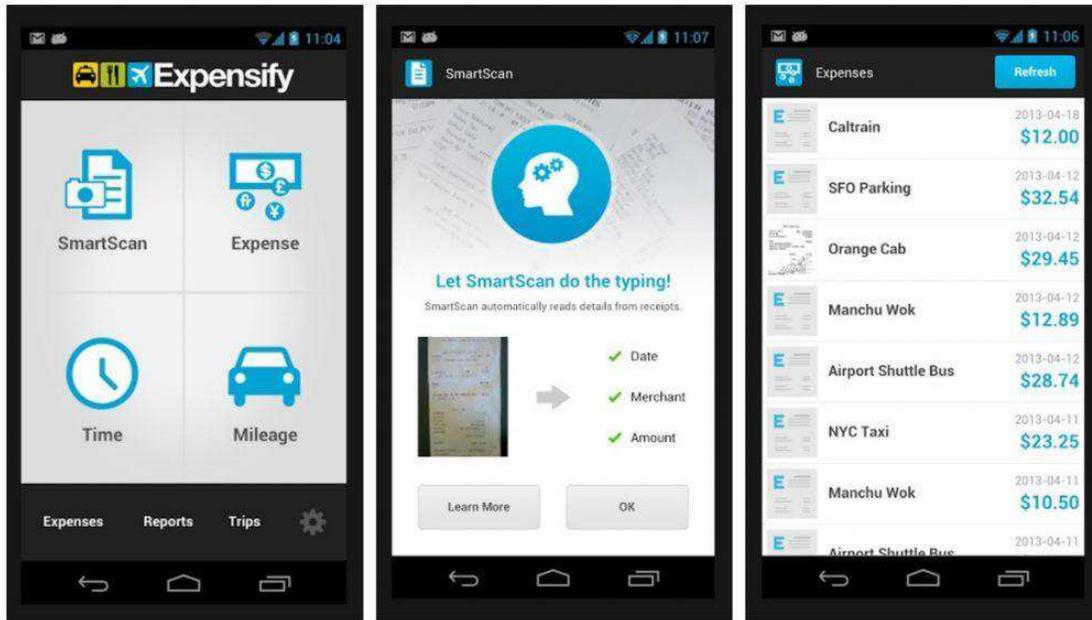
- a. in 2015, Forbes named Expensify one of the hottest start-ups of 2015, and in 2016, Forbes included Expensify in the Best 100 Cloud Companies Worldwide.
- b. Expensify was also listed by Fast Company as one of the world's top 10 most innovative companies of 2015.
- c. in 2016, Expensify received two awards at Accountex, the leading independent accounting conference, winning the Meridian in Technology Award for the Best Partner program and the public vote for the User Favorite Award for best expense management app; and
- d. in 2017, 2018, 2019, 2020, Expensify won the CPA Practice Advisor award for Expense and Travel Management Solutions.
- e. in 2016, Expensify was chosen as the sole preferred expense and receipt management tool for CPA.com and the AICPA. This is an exclusive relationship and a significant honor in the accounting industry.
- f. Expensify has also won major partnership awards from numerous financial software developers such as App Partner of the Year award from Xero in 2017 and SuiteCloud Innovator of the Year from NetSuite in 2018.

- g. in 2019 Expensify won 7 awards at Cannes Lions International Festival of Creativity. This was for our extraordinary advertising campaigns.
 - h. in 2020, Expensify brought home a Yellow Pencil at the very prestigious D&AD awards in the UK. Expensify won top honors in the “Integrated” advertising category for our “Expensify This” campaign that featured an integration of SMARTSCAN and the Expensify App in commercials.
5. The Expensify App, including the SMARTSCAN technology, is now integrated with all major accounting packages, including Intuit QuickBooks Online and Intuit QuickBooks Desktop, as well as all major corporate and personal credit cards, to simplify expense reports for individuals, employees and accountants.

THE EXPENSIFY APPLICATION AND SMARTSCAN FEATURE

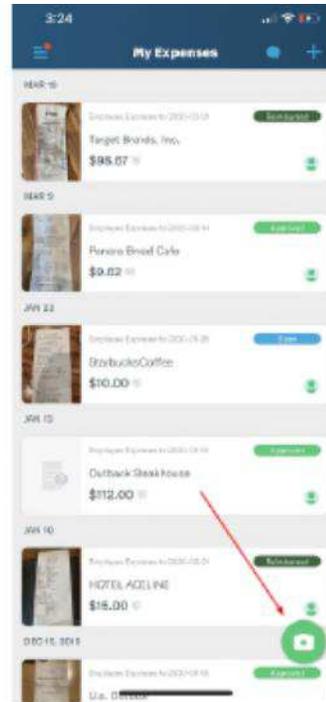
6. The Expensify App was first launched in 2009 and the mobile application has been available on the AppStore and on the Google Apps Marketplace since at least May 2010.
7. The Expensify App tracks receipts and manages expenses such as fuel, travel and meals. The Expensify App enables users to track personal receipts, submit business expenses for approval and collect expense reports from colleagues. The Expensify App works as a standalone tool but also integrates with other accounting, Enterprise Resource Planning ("ERP") and travel software. The integration of the Expensify App in this respect includes financial applications (for example Xero, **Intuit QuickBooks**, NetSuite, and Sage Intacct), ERP software and can also automatically import expenses incurred with partner companies Trainline, TravelPerk, and Uber. The data from the Expensify App can also be extracted so as to prepare VAT Reclamation Reports for submission to the relevant tax authorities.
8. Expenses can be manually input into the Expensify App or imported from other software,

but the unique and integral feature of the Expensify App is the patented optical character recognition ("OCR") technology and process for automating receipt reimbursement, called SMARTSCAN (see US patent numbers US8861861 and US9196006), which enables receipt details to be automatically extracted and coded. The Expensify App and the display of SMARTSCAN therein is shown immediately below.



9. After tapping the green SMARTSCAN camera button (the "SMARTSCAN Icon") in the Expensify App, users can use the camera on their phone to take a photo of their receipts.

EXPENSES



10. Expensify's SMARTSCAN technology then automatically inspects (or "reads") the relevant receipt, extracts and transcribes the details. SMARTSCAN technology analyses the text to determine which parts correspond to the merchant name, amount, currency and date of the purchase. The Expensify App then processes the receipt and automatically allows users to categorise, allocate and organise their expenses. A report is generated ready to be submitted for reimbursement within the app or via web browsers. This process renders paper or hard copy receipts redundant and greatly increases the ease and speed by which expenses can be assessed and approved. The automated process is shown below.

Real Time Expense Reporting



11. In addition to the SMARTSCAN feature on users' phones which uses OCR technology to automatically generate expense reports, a user can also send a digital or emailed receipt directly to Expensify where a similar SMARTSCAN feature is used to extract the relevant details and generate an expense report.

INITIAL USE OF THE SMARTSCAN BRAND

12. The SMARTSCAN technology was introduced into the worldwide Expensify application in May 2011. Use of the SMARTSCAN mark in connection with the SMARTSCAN technology and services provides Expensify with common law trademark rights under US common law principles as early as May 2011.
13. On 26 January 2012, the SMARTSCAN term was formally introduced to customers in a blog post on the ExpensifyBlog written by CEO David Barrett.
14. On 22 February 2012, Expensify filed US Trademark Application No. 85549447 for the mark SMARTSCAN in class 42 in relation to the following services "providing a website which features on-line non-downloadable software which enables users to perform

scanning and character recognition of receipts, odometer readings, and business cards for use in an automated generation of expense reports that are categorized according to individuals, entities, and/or expense categories". SMARTSCAN was registered on the Supplemental Trademark Register on 19 February 2019.

15. On 18 June 2012, SMARTSCAN, which was previously an opt-in feature, had become so popular with users that it was enabled as the default on the Expensify App and where it has been featured ever since.

EXPENSIFY CUSTOMER EDUCATION & ON BOARDING PROCESS

16. Expensify engages with its customers from the initial stage of marketing its product to them in presentations, during the on-boarding and set up process when new customers are shown by the Concierge virtual assistant how to use the product, and on an ongoing basis as customers are directed to and prompted to visit the wealth of training resources available online. Furthermore, continued use of the Expensify app increases a customer's familiarity with all aspects of the product. As demonstrated below, customers are continually educated about and directed to the SMARTSCAN technology and brand.
17. SMARTSCAN is used in direct presentations to customers; in presentations to potential partners to educate them about Expensify and SMARTSCAN; to accounting firms interested in joining the ExpensifyApproved! Program; on a conference floor at conferences and partner summits to help develop interest by those passing by formal presentations/speaking sessions. References to SMARTSCAN appear throughout Expensify's marketing materials, press releases and trade shows. For example,

EASE OF USE

Bottom Up Adoption & User-First Features Drive



SmartScan



Email



Mileage Tracking



Bank Import



18. Presentations have also been provided directly to Intuit, American Express and Citi as part of commercial discussions with each of those partners seeking to license the SMARTSCAN technology for themselves.

EXPENSIFY HAS A CLOSE RELATIONSHIP WITH INTUIT

19. Intuit is a US business and financial software company that develops and sells financial, accounting and tax preparation software for small businesses, accountants and individuals. It is headquartered in Mountain View, California and has offices all over the world.
20. QuickBooks is an accounting software package developed and marketed by Intuit and primarily targeted at SMEs. Since 2013, Intuit has been one of Expensify's preferred platform partners and the two businesses have worked together regularly since at least 2012. With the QuickBooks integration for example, expenses that have been created in the Expensify App (i.e. by using SMARTSCAN) can be coded and exported straight into QuickBooks. Intuit offers a number of other features and products with the QuickBooks software under monthly plans, including among others things, a receipt scanning facility

and a VAT checker which have no connection with Expensify or Expensify's SMARTSCAN feature.

21. Since at least 2012, Expensify and Intuit have jointly attended and promoted the QuickBooks software and the Expensify App and SMARTSCAN technology. This has included attendances at QuickBooks Connect, Firm of the Future events (hosted by Intuit), numerous industry conferences and also Expensify events. Expensify hosted Intuit representatives at ExpensiCon in 2016 and ExpensiCon II in 2018.
22. Since at least 2014, Expensify and Intuit have collaborated in the sales, marketing and promotion of the Expensify App and SMARTSCAN feature.
23. Furthermore, Expensify has conducted a number of meetings with Intuit in relation to the integration of the Expensify App and SMARTSCAN technology into the Intuit platform. This included meetings on 6 September 2016, 23 September 2016, 14 October 2016 and 9 November 2016 (this meeting was with Sasan Goodarzi, the current Intuit CEO). These conversations progressed to the point where on 15 November 2016; a meeting entitled "Expensify OCR kick off" was put together and attended by Intuit's CTO team and Expensify's management team.
24. An example of the close nature of these two companies is demonstrated by Expensify's Free Lunch program, where Intuit employees used Expensify and Expensify's SMARTSCAN feature to scan receipts of their lunches and get reimbursed. This was a coordinated training program to expose Intuit employees to Expensify's technology so that they could promote it better.
25. Since 10 August 2011 to 3 June 2020, Intuit employees have continued to use Expensify in some business capacity by using the SMARTSCAN technology to convert receipts into

expenses. Kris Halvorsen was a prevalent user starting from 11 July 2012 to 3 June 2020, which is interesting as he was formerly Intuit's CTO and Chief Innovation Office during his time at Intuit from February 2006-October 2019. Boris Federov was another user from 2 November 2016 to 12 January 2017 and his role at Intuit is listed as a Principal Product Manager. In addition to those two gentlemen, approximately 696 Intuit employees have used Expensify and SmartScan.

26. In addition to other marketing efforts, Expensify and Intuit collaborated on an intense development to give Intuit the ability to sell Expensify directly through Intuit's QuickBooks Online for Accountants, which utilized the AppDirect platform. Intuit received a 44% discount to sell Expensify vs list pricing, as part of its QuickBooks Online for Accountants Portal, which launched in 2018 in the US, UK, Canada and Australia. Expensify was the sole receipt and expense management tool until the partnership was disbanded in 2019.
27. Additionally, the QuickBooks Online for Accountants program was accompanied by a heavy co-marketing campaign that featured Intuit directly promoting Expensify and SMARTSCAN technology to its customers.
28. Intuit is and has been one of Expensify's preferred platform partners and the two businesses have worked together regularly since at least 2012. By virtue of the commercial cooperation between the parties, there was a general sense of duty to one another in promoting each other's services and products.

EXPENSIFY ENFORCES ITS MARKS

29. Expensify has enforced, and continues to zealously enforce, its trademarks against persons or entities who improperly use its marks. Most notably, Expensify sued Nexonia, a direct competitor, for unauthorized use of the SMARTSCAN trademark in the U.S. District Court

for the Western District of North Carolina. Nexonia publically stated in its December 9, 2015 press release that SMARTSCAN had acquired distinctiveness:

Nexonia apologizes for their use of the term and applauds Expensify for its innovation. Nexonia agrees that Expensify has prior use of this trademark, and that in Nexonia's opinion the SmartScan Mark has acquired distinctiveness.

<https://www.nexonia.com/nexonia-announces-amicable-settlement-lawsuit-expensify/>

(emphasis added)

30. Therefore, the SMARTSCAN mark has acquired distinctiveness via evidence consistent with that above, plus more that will be introduced. The use has been substantially exclusive and continuous for over five years.

RESPONSE TO NUMBERED PARAGRAPHS

As to the first, unnumbered paragraph, Expensify admits that it has applied for Federal registration of SMARTSCAN in Application Serial Nos. 88/660,297 and 88/660,306. Except as expressly admitted, Expensify lacks sufficient knowledge and information to form a belief as to the truth of the remaining allegations, and basing its denial thereon, denies each and every allegation.

1. Answering paragraph 1, Expensify admits the allegations of paragraph 1.
2. Answering paragraph 2, Expensify lacks sufficient knowledge and information to form a belief as to the truth thereof, and basing its denial thereon, denies each and every allegation.
3. Answering paragraph 3, Expensify lacks sufficient knowledge and information to form a belief as to the truth thereof, and basing its denial thereon, denies each and every allegation.
4. Answering paragraph 4, Expensify denies the allegations of paragraph 4.
5. Answering paragraph 5, Expensify denies the allegations of paragraph 5.
6. Answering paragraph 6, Expensify admits that it seeks to register SMARTSCAN

on the principal register associated with the goods, services, and classes as listed in the application. Except as expressly admitted, Expensify denies each and every allegation.

7. Answering paragraph 7, Expensify lacks sufficient knowledge and information to form a belief as to the truth thereof, and basing its denial thereon, denies each and every allegation.

8. Answering paragraph 8, Expensify admits that it has used the term “SmartScans” in some of its customer facing communications. Except as expressly admitted, Expensify denies each and every allegation.

9. Answering paragraph 9, Expensify denies the allegations of paragraph 9.

10. Answering paragraph 10, Expensify denies the allegations of paragraph 10.

11. Answering paragraph 11, Expensify denies the allegations of paragraph 11.

12. Answering paragraph 12, Expensify denies the allegations of paragraph 12.

13. Answering paragraph 13, Expensify lacks sufficient knowledge and information to form a belief as to the truth thereof, and basing its denial thereon, denies each and every allegation.

14. Answering paragraph 14, Expensify denies the allegations of paragraph 14.

15. Answering paragraph 15, Expensify denies the allegations of paragraph 15.

16. Answering paragraph 16, Expensify admits the allegations of paragraph 16.

17. Answering paragraph 17, Expensify denies the allegations of paragraph 17.

18. Answering paragraph 18, Expensify denies the allegations of paragraph 18.

19. Answering paragraph 19, Expensify denies the allegations of paragraph 19.

20. Answering paragraph 20, Expensify denies the allegations of paragraph 20.

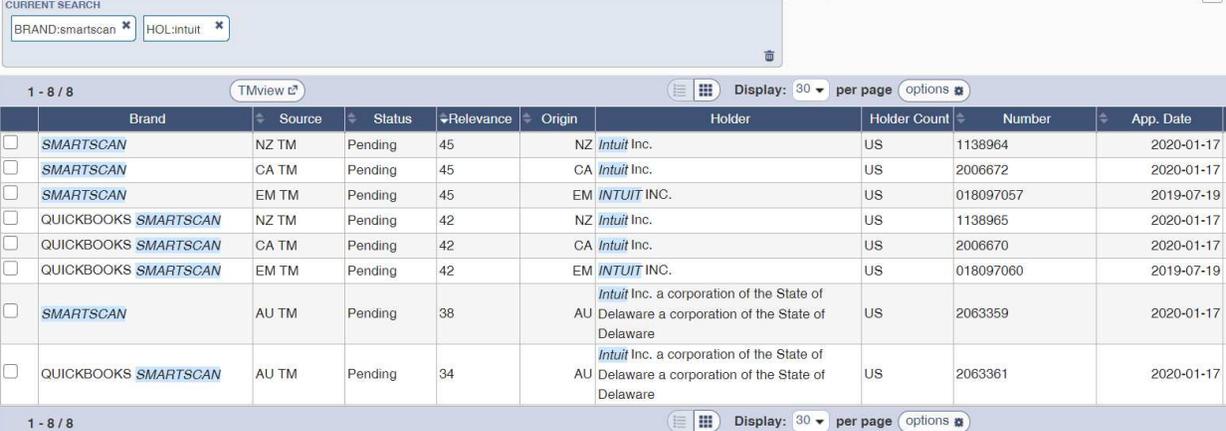
21. Paragraph 21 states a legal conclusion and therefore no answer is required, however, should such an answer be required, Expensify denies the allegations of paragraph 21 and demands strict proof thereof.

22. Answering paragraph 22, Expensify denies the allegations of paragraph 22.

23. Paragraph 23 states a legal conclusion and therefore no answer is required, however, should such an answer be required, Expensify denies the allegations of paragraph 23 and demands strict proof thereof.

AFFIRMATIVE DEFENSES

1. Opposer comes with unclean hands. Opposer has harassed Expensify across the globe, in bad faith, attempting to thwart its use of SMARTSCAN, without sufficient grounds. Opposer has applied for protection for SMARTSCAN in other countries, arguing that the use is not descriptive. For instance, from the database at www3.WIPO.int/branddb/en/:



The screenshot shows a search interface with the following search criteria: BRAND:smartscan and HOL:intuit. The results table is as follows:

	Brand	Source	Status	Relevance	Origin	Holder	Holder Count	Number	App. Date
<input type="checkbox"/>	SMARTSCAN	NZ TM	Pending	45	NZ	Intuit Inc.	US	1138964	2020-01-17
<input type="checkbox"/>	SMARTSCAN	CA TM	Pending	45	CA	Intuit Inc.	US	2006672	2020-01-17
<input type="checkbox"/>	SMARTSCAN	EM TM	Pending	45	EM	INTUIT INC.	US	018097057	2019-07-19
<input type="checkbox"/>	QUICKBOOKS SMARTSCAN	NZ TM	Pending	42	NZ	Intuit Inc.	US	1138965	2020-01-17
<input type="checkbox"/>	QUICKBOOKS SMARTSCAN	CA TM	Pending	42	CA	Intuit Inc.	US	2006670	2020-01-17
<input type="checkbox"/>	QUICKBOOKS SMARTSCAN	EM TM	Pending	42	EM	INTUIT INC.	US	018097060	2019-07-19
<input type="checkbox"/>	SMARTSCAN	AU TM	Pending	38	AU	Intuit Inc. a corporation of the State of Delaware a corporation of the State of Delaware	US	2063359	2020-01-17
<input type="checkbox"/>	QUICKBOOKS SMARTSCAN	AU TM	Pending	34	AU	Intuit Inc. a corporation of the State of Delaware a corporation of the State of Delaware	US	2063361	2020-01-17

2. The SMARTSCAN mark has acquired distinctiveness via evidence to be submitted and that use has been substantially exclusive and continuous for over five years.

3. Opposer has been a contractual licensee, and remains a licensee whether by implied license or contractual license, of SMARTSCAN and other Expensify marks for use in promoting only Expensify products and services. Opposer is therefore estopped from opposing these applications. "In general, courts and the Trademark Trial and Appeal Board ("TTAB") have held that licensee estoppel does apply to trademark licenses. For example, in *A & M Wings, Inc., v. Glenn Thompson*, Cancellation No. 92064044 (T.T.A.B. 2019), the TTAB applied licensee

estoppel to dismiss a licensee's claim that its licensor had abandoned its trademark. *See also* § 18:43.50. Implied license, 3 McCarthy on Trademarks and Unfair Competition § 18:43.50 (5th ed.) concerning trademark implied licenses.

4. Opposer lacks standing to file this opposition. Standing is a threshold issue that must be proven by the plaintiff in every *inter partes* case. *See Empresa Cubana Del Tabaco v. Gen. Cigar Co.*, 753 F.3d 1270, 111 USPQ2d 1058, 1062 (Fed. Cir. 2014), *cert. denied*, 135 S. Ct. 1401 (2015). The U.S. Court of Appeals for the Federal Circuit, has enunciated a standard for determining standing, namely that “[a] petitioner is authorized by statute to seek cancellation of a mark where it has both a real interest in the proceeding as well as a reasonable basis for its belief of damage.” *Id.* at 10623 (citing *Ritchie v. Simpson*, 170 F.3d 1902, 50 USPQ2d 1023, 1025-26 (Fed. Cir. 1999)); *see also Coach Services Inc. v. Triumph Learning LLC*, 668 F.3d 1356, 101 USPQ2d 1713, 1727 (Fed. Cir. 2012). A “real interest” is a “direct and personal stake” in the outcome of the proceeding. *Ritchie v. Simpson*, 50 USPQ2d at 1026. Under the “real interest” requirement, a plaintiff must have “a legitimate personal interest in the opposition.” With respect to the second inquiry, the plaintiff’s belief of damage “must have a reasonable basis in fact.” *Coach Servs. v. Triumph Learning*, 101 USPQ2d at 1727 (internal citations omitted); *see generally* 3 J. Thomas McCarthy, *McCarthy on Trademarks and Unfair Competition* § 20:7 (5th ed. & Nov. 2018 update). Here, Opposer has not sufficiently pled and will be unable to prove that it has standing. Further, Opposer is contractually estopped from opposing Expensify’s mark because it has been a licensee of Expensify trademarks for use in promoting only Expensify products and services, and remains a licensee whether by implied license or contractual license, including SMARTSCAN, and therefore lacks standing (*see above*).

WHEREFORE, Expensify prays that the

1. Opposer and all persons or entities in privy, concert or alter ego with it take nothing.
2. Opposer's petition be denied in its entirety.
3. Opposer's petition be dismissed with prejudice and costs assessed to the Opposer.

Respectfully submitted,

Dated: July 27, 2020

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