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

Proceeding no.	91266802
Party	Defendant Sezzle Inc.
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IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD

ITS, Inc.,

Opposer,

v.

Opposition No. 91266802
Serial No. 88891706

Sezzle, Inc.,

Applicant.

APPLICANT'S REPLY TO OPPOSER'S RESPONSE TO SEZZLE'S MOTION TO EXTEND AND REQUEST FOR BOARD TO STRIKE REFERENCE TO FED. R. EVID 408 SETTLEMENT DISCUSSIONS FROM OPPOSER'S RESPONSE

Applicant Sezzle, Inc. ("Sezzle" or "Applicant") by and through its counsel, hereby submits its reply in support of its motion for an extension of 45 days of the current discovery period and requests the Board to strike any and all references to Fed. R. Evid. 408 settlement discussions from Opposer's Response.

I. GOOD CAUSE EXISTS FOR ALLOWING THE EXTENSION.

Contrary to the arguments put forth by ITS, good cause does exist for granting a mutual 45-day extension of the discovery period. As previously stated, the appropriate standard for allowing an extension of a prescribed period prior to the expiration of the term is "good cause." *See* Fed. R. Civ. P. 6(b). Generally, the Board is liberal in granting extensions of time before the period to act has elapsed so long as the moving party has not been guilty of negligence or bad faith and the privilege of extensions is not abused. The moving party has the burden of persuading the Board that it was diligent in meeting its responsibilities and should therefore be

awarded additional time. See *Sunkist Growers, Inc. v. Benjamin Ansehl Co*., 229 U.S.P.Q. 147 (TTAB 1985).

A. Applicant has been Diligent During the Discovery Period.

Contrary to Opposer's accusations, Applicant has been diligent in meeting its discovery responsibilities throughout the discovery period and timely served its 30(b)(6) deposition notice.[1] On September 17, 2021, Sezzle served its Interrogatories and Document Requests on ITS. *See* Declaration of Todd R. Fronek in Support of Applicant's Motion to Extend ("Fronek Dec. 6 Decl."), ¶ 3, (Doc. 10, p.8-9). On November 17, 2021, ITS requested a 30(b)(6) deposition of Sezzle's witness. See *Id.* Sezzle has not objected to this deposition and has, and still is, willing to work with ITS to find a time and place that is convenient for both parties. On November 22, 2021, Sezzle responded to written discovery requests (interrogatories, requests for production of documents, and requests for admission) and has supplemented them. See *Id*. On December 3, 2021, Sezzle timely noticed ITS with a 30(b)(6) deposition to be taken December 6, 2021.[2] Sezzle remains open to schedule the parties' respective 30(b)(6) depositions on dates and locations that are mutually convenient, including as ITS may request. See *Id*.

B. Applicant's Delay was not Caused by Inexcusable Negligence or Bad Faith.

According to the Board, the determination of whether a party's neglect is excusable is

> at bottom an equitable one, taking account of all relevant circumstances surrounding the party's omission. These include . . . the danger of prejudice to the [nonmovant], the length of the delay and its potential impact on judicial proceedings, the reason for the delay, including whether it was within the reasonable control of the movant, and whether the movant acted in good faith.

[1] Opposer by its own admission claims, during discovery "Sezzle was able to serve interrogatories, document requests and provide formal objections and responses from ITS's Interrogatories and Requests for Production." (Doc. 13, p. 5)

[2] See *Duke Univ. v. Haggar Clothing, Inc*. 54 U.S.P.Q.2d 1443 (TTAB 2000) (holding three-days' notice of deposition for the witness was reasonable.)

Pumpkin Ltd. v. the Seed Corps, 43 U.S.P.Q.2d 1582 (TTAB 1997) (*citing Pioneer Investment Servs. Co. v. Brunswick Assocs. Ltd. P'ship et al*., 507 U.S. 380 (1993)). Upon considering the relevant factors listed above, the clear conclusion to be drawn is that any neglect on behalf of Applicant leading to a delay in noticing a 30(b)(6) deposition was excusable and a 45-day mutual extension of the discovery period should be granted.

(i) Circumstances Surrounding the Delay were outside of Sezzle's Control.

Between late October and the beginning of December Applicant's counsel was overwhelmed with a crush of pressing litigation matters. *See* Fronek Dec. 6 Decl. ¶ 4. During that time, Applicant continued to respond to discovery requests and supplement its document production. Applicant in good faith asked ITS to consent to a mutual 45-day extension before the close of discovery on December 6, 2021 for the limited purpose of allowing both Parties to take their respective 30(b)(6) depositions. *See Id*. ¶ 5. ITS refused to consent to this request leaving Applicant in a bind to notice and complete the 30(b)(6) deposition before the close of discovery and having to file an unconsented Motion to Extend. (Doc. 10). Applicant's counsel were called to address other pressing litigation matters, some of which constituted "bet the company" proceedings, which were outside of their control during the last couple months of the discovery period. This fact shows that the mild delay in noticing ITS' Rule 30(b)(6) deposition was not caused by neglect and Applicant's request for an extension should be granted. ITS argues that the cases cited by Sezzle showing that the press of litigation constitutes good cause are distinguishable from the current situation.[3] However, ITS has failed to point to any authority that holds that the press of other litigation does not constitute good cause to extend the discovery

[3] *Societa Per Azioni Chianti Ruffino Esportazione Vinicola Toscana v. Colli Spolentini Spoletudacale SCRL*, No. 115956, 2001 WL 609673 at *1 (T.T.A.B. May 2, 2001); *see also Kelima K LLC v. Wardrobe Therapy, LLC*, No. 91217702, 2015 WL 9906652 at *2 (T.T.A.B. Nov. 30, 2015)

period.[4] In the absence of contrary authority, the press of other litigation that necessarily occupied Applicants' counsel constitutes good cause for granting Applicant's 45-day extension request.

(ii) Opposer is not Prejudiced by Allowing Applicant a 45-Day Extension to Take a 30(b)(6) Deposition.

ITS has not shown that its ability to present its case will be prejudiced by granting Applicant a 45-day extension to take 30(b)(6) deposition. Indeed, Sezzle's motion for a 45-day extension of time will ensure that both parties are able to complete their 30(b)(6) depositions.[5] *See Pumpkin, Ltd. v. The Seed Corps,* 43 U.S.P.Q.2d 1582 (TTAB 1997); *Pratt v. Philbrook*, 109 F.3d 18 (1st Cir. 1997). ITS alleges it will be prejudiced by allowing Sezzle an extension to take a 30(b)(6) deposition because ITS will have to spend additional resources and Sezzle will have the opportunity to strengthen its case. Opposer's concern about granting the extension will allow Applicant to strengthen its case is pure speculation. If its case is well-founded, which presumably ITS would like the Board to believe it is, then allowing Sezzle to take fact discovery may not necessarily strengthen Sezzle's defense. Further, when ITS started this opposition it understood that this proceeding would be expensive. When filing its opposition, ITS would have expected to defend a Rule 30(b)(6) deposition, and the fact that it will still have do so does not subject it to extra expense. Indeed, if ITS is exposed to any additional expense, that expense will be self-inflicted and result from the unnecessary motion practice that could have been avoided if ITS had simply cooperated and agreed to extend the fact discovery period. *See infra* at 6-7.

[4] *Societa Per Azioni Chianti Ruffino Esportazione Vinicola Toscana*, 2001 WL 609673 at *1 (holding that the Board is aware of no authority which holds that the press of other litigation does not constitute good cause for an extension of time under Fed. R. Civ. P. 6(b)(1)).

[5] Sezzle has offered to take the 30(b)(6) deposition noticed on December 3, 2021 at a convenient date provided the 45-day extension is granted.

Contrary to what ITS would have the Board believe Sezzle has the right to defend itself. Being placed at a disadvantage because it cannot conduct a 30(b)(6) deposition due to a delay caused by circumstances outside of its control would contravene the interests of justice. Giving each party a mutual opportunity to take a 30(b)(6) deposition, as was always the parties' expectation will not prejudice Opposer's position. It will, however, ensure that the Opposition is procedurally fair.

(iii) Forty-Five Days will have Little Impact on Judicial Proceedings.

A forty-five day extension of the discovery period will have little impact on the judicial proceedings, particularly because both parties have requested an extension with which to complete 30(b)(6) depositions. Because an extension is inevitable, the Board should ensure that the extension is put to its best use by providing an opportunity for both parties to take 30(b)(6) depositions.

(iv) Sezzle did not Act in Bad Faith.

As late November/early December of 2021 approached, it was clear that the discovery period would need to be extended to accommodate ITS' 30(b)(6) deposition. ITS waited until December 3, 2021 to formally propose a suspension of deadlines of the discovery period to take this deposition. Sezzle agreed provided the extension was mutual. While Sezzle has been and is willing to accommodate ITS in scheduling a 30(b)(6) deposition, ITS has chosen to take a different approach. Rather than being reasonable and agreeing to a mutual extension of time, ITS has engaged in gamesmanship. Both parties need an extension of the discovery period to take a 30(b)(6) deposition. ITS fails to acknowledge the effect of it serving its 30(b)(6) deposition notice on November 17, 2021 – a little over two weeks before Sezzle noticed its own request for a 30(b)(6) deposition. Fronek Dec. 6 Decl., ¶ 3, (Doc. 10, p.8-9). Notably,

Thanksgiving was on November 25, 2021, a federal holiday. As a practical matter, Thanksgiving and the scheduling difficulties that accompany it left little time before the close of fact discovery for ITS to depose an available witness on Sezzle's behalf. Given the holiday season and the resurgence of Covid and its resultant scheduling difficulties, the parties should have reasonably agreed to accommodate each other. While Sezzle was willing to do so, ITS refused, instead necessitating nearly two months of unnecessary motion practice.

II. THE PARTIES HAVE A DUTY TO COOPERATE.

According to TMEP 408.01, the Parties have a duty to cooperate. "The Board expects the parties (and their attorneys or authorized representatives) to cooperate with one another in the discovery process." Sezzle has been cooperative throughout this proceeding and worked with ITS to find a mutually agreeable time and location for ITS to take its 30(b)(6) deposition. Sezzle was/is willing to consent to ITS' request for an extension of time to take its 30(b)(6) deposition provided the extension of the discovery period is applied mutually.

The Parties could have easily resolved this dispute if ITS had behaved in a cooperative fashion and agreed to a mutual extension of time for each to take a 30(b)(6) deposition. Instead, ITS refused to agree to a mutual extension of time, forcing both parties to file unconsented requests for extensions of time. Seeing the two unconsented cross-motions for extensions of time, the Interlocutory Attorney reached out to help the Parties resolve this issue in a telephone conference. (Doc. 11). While Applicant was eager to resolve this dispute, Opposer insisted on continuing its challenge to Applicant's extension of time and Sezzle's ability to take a 30(b)(6) deposition. (Doc. 9). Clearly, the Interlocutory Attorney was seeking to assist the Parties to resolve their differences without requiring the parties to fully brief the issue. ITS should not be

rewarded for refusing to cooperate with Sezzle, and in the process unnecessarily increasing both parties' costs, as it would go against the Board's intent for the Parties to cooperate.

III. THE BOARD SHOULD STRIKE ANY REFERENCE TO RULE 408 SETTLEMENT COMMUNICATIONS FROM OPPOSER'S RESPONSE.

In responding to Sezzle's Motion to Extend, ITS filed and specifically referenced communications in this matter that were exchanged between the parties pursuant to Fed. R. Evid. 408. Specifically, ITS included as part of its response Exhibit C, which includes an email from Todd Fronek, dated October 20, 2021, that is marked as "FOR SETTLEMENT PURPOSES ONLY – SUBJECT TO F.R.E. 408." Not only did ITS include Exhibit C, but it also quoted the specific Sezzle communication sent pursuant to the Rule 408 designation. (Doc. 13, pp. 2, 7-8 and Exh. C, pp. 20-22). This improper citation to clearly designated Rule 408 settlement communications is indicative of ITS' general approach to the conclusion of fact discovery in this matter.

Citing settlement communications that are subject to Fed. R. Evid. 408 in support of an argument that one's opponent has allegedly acted unreasonably is improper. See *Monster Energy Co. v. The Great Lakes Brewing Co*., 2015 WL 9901180 at *3, n. 18 (TTAB May 28, 2015) ("we agree with Opposer that *it is improper* for Applicant to assert details regarding the parties' settlement negotiations in an attempt to persuade the Board that Opposer has acted unreasonably in prosecuting the oppositions.") (emphasis added). Basing its argument on Sezzle's statements made in connection with settlement negotiations is not only improper but also requires that the Rule 408 material improperly cited by ITS "shall not be considered." *The Village Recorder v. Roger Schnur*, 2013 WL 3191217 at *3 (TTAB May 20, 2013); *see also id*. ("Because the subject matter of the letter appears to be related to the purposes of settlement, under Rule 408, the letter *is not admissible for purposes of establishing or disputing opposer's*

claims.") (Emphasis added). By not only citing a designated settlement communication but also quoting the very language addressing settlement, ITS appears to have knowingly and intentionally chosen to proceed with this improper submission.[6]

Sezzle requests that the Board strike all references to the inadmissible Rule 408 settlement discussions in ITS' Response to Sezzle's Motion to Extend including Exhibit C and all references to it in the text of the Response. The Board should not consider Exhibit C or statements referencing the protected settlement discussions in considering the outcome of this Motion.

IV. CONCLUSION

For the foregoing reasons as well as those set forth in its opening memorandum, Sezzle respectfully requests that the Board find good cause exists for granting Sezzle a 45-day extension

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[6] On January 19, 2022, Sezzle's counsel informed ITS' counsel that its reliance on Sezzle's Rule 408 communications was improper under Board precedent set forth in the *Monster Energy Co*. and *The Village Recorder* cases (cited above). Based on this precedent, Sezzel's counsel requested that ITS voluntarily withdraw its improper Response to Sezzle's Motion to Extend, and refile without the offending materials. On January 21, 2022, ITS' counsel informed Sezzle that it would not withdraw its Response. In doing so, ITS ignored Sezzle's citation of the *Monster Energy Co*. and *The Village Recorder* cases, and instead responded as follows:

> We disagree with your assertion and will not be withdrawing our responsive brief and/or exhibits. Federal Rule of Evidence 408 does not preclude all uses of settlement communications. Rather, it precludes the use of settlement communications to prove/disprove liability or the amount of a disputed claim. As our brief makes clear, we are in no way advancing your statements to prove Sezzle's liability in this action, and as such, we properly used your statements in our brief/exhibits.
>
> Further, as subsection (b) states, settlement communications may be offered for another purpose. *Hunter v. Shield*, No. 2:18-CV-1097, 2021 WL 3046642, at *9 (S.D. Ohio July 20, 2021) (finding counsel's email admissible under Rule 408(b) because although counsel sent the email to opposing counsel in the context of discussing settlement, opposing counsel was not using the email to disprove the validity or amount of the claim against counsel's client).

of the discovery period and that the Board also strike Opposer's references to Rule 408 settlement discussions that were included in their Response.

Dated: February 1, 2022

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CERTIFICATE OF SERVICE

I hereby certify that on February 1, 2022, I caused a true and correct copy of the foregoing Applicant's Reply to Opposer's Response to Sezzle's Motion to Extend and Request for Board to Strike Reference to Fed. R. Evid 408 Settlement Discussions from Opposer's Response in PDF format, to be served by email upon the following attorneys of record for Opposer:

Clinton Newton, CNEWTON@shb.com, CGNTMDocket@shb.com.

/*Christopher A. Young*/
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