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

Proceeding no.	91266802
Party	Plaintiff ITS, Inc.
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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 No. 88/891,706



For the Mark:

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ITS, Inc.,

Opposer,

v.

Opposition No. 91266802

Serial No. 88/891,706

Sezzle Inc.,

Applicant.

**ITS'S OPPOSITION TO SEZZLE'S CROSS-MOTION TO STRIKE
REFERENCE TO FED. R. EVID 408 SETTLEMENT DISCUSSIONS FROM
ITS'S RESPONSE TO SEZZLE'S MOTION TO EXTEND**

Pursuant to Trademark Rule 2.127(a), Opposer ITS, Inc. ("ITS") submits the following response to Applicant Sezzle, Inc.'s ("Sezzle") Cross-Motion to Strike Reference to Federal Rule of Evidence 408 Settlement Discussions in ITS's Response to Sezzle's Motion to Extend (Doc. 15).

I. INTRODUCTION

In its Reply in support of its motion to bilaterally extend discovery 45 days, Sezzle included a new motion to the Board, requesting that the Board "strike any and all references to Fed. R. Evid. 408 settlement discussions from Opposer's Response." (Doc. 15 at 1). While the Board does not normally consider "further papers in support or in opposition to a motion" (Trademark Rule 2.127(a)), where a party makes a new motion to the Board a response is warranted. Here, Sezzle's reply brief addresses ITS's responses to Sezzle's motion to extend (*see* Doc. 15 at Sections I-II),

but then includes a new evidentiary motion to strike. (*See id.* at Section III). Because Sezzle includes a novel cross motion seeking to exclude and strike arguments based on the Federal Rules of Evidence in its Reply, ITS's present response addressing solely that new issue is permissible and necessary.

In its cross-motion, Sezzle asks the Board to strike ITS's Exhibit C that quotes Sezzle's refusal of ITS's offer to extend the discovery deadline while the parties continued settlement discussions. However, Sezzle's motion fails based on the plain language of Fed. R. Evid. 408. ITS's citation to Sezzle's email communications had no relation to the validity of ITS's claims in its opposition, the amount of damages at issue, or any witness testimony. Instead, Sezzle's statement regarding its refusal to extend the discovery deadline was factual evidence related to Sezzle's diligence in completing timely discovery in this case. Because Rule 408 does not apply to this scenario, the Board should not strike ITS's citation and arguments related to Sezzle's repeated prior refusal to extend discovery deadlines.

II. RULE 408 DOES NOT BAR SEZZLE'S STATEMENTS REFUSING OFFERS TO EXTEND THE DISCOVERY DEADLINE IN THIS CASE

Federal Rule of Evidence 408 instructs that "conduct or a statement made during compromise negotiations about a claim" are inadmissible "either to prove or disprove the validity or amount of a disputed claim or to impeach by a prior inconsistent statement or a contradiction." Fed. R. Evid. 408(a). First, Rule 408 does not apply to the statement quoted from Exhibit C because it was not offered to prove the validity of ITS's underlying opposition claim, the amount in controversy in this case, or to impeach a witness. ITS cited to Exhibit C as factual evidence that Sezzle declined multiple offers from ITS to extend the discovery deadline in this case. (Doc. 14 at 7–8). Notably, Sezzle's Reply asks the Board to "take[] account of all relevant circumstances" to determine that Sezzle was diligent, not negligent, and acting in good faith leading up to its

motion to extend on the last day of discovery. (Doc. 15 at 2–6 (internal quotations and citations omitted)). Sezzle’s refusal of ITS’s offer in Exhibit C is one “relevant circumstance” regarding Sezzle’s awareness of the discovery deadline and lack of diligence in serving timely discovery. However, it was not offered for anything related to ITS’s underlying claims in the opposition, the amount in controversy between the parties, or to impeach a witnesses’ testimony. Accordingly, as a threshold issue, Sezzle’s cross-motion fails because Rule 408 does not apply here.

III. SEZZLE’S STATEMENTS WERE OFFERED FOR A PERMISSIBLE PURPOSE

In support of its motion, Sezzle argues that the Board must strike ITS’s arguments related to Sezzle’s refusal of offers to extend the discovery deadline because they were in an email exchange that included settlement discussions and “marked as ‘FOR SETTLEMENT PURPOSES ONLY – SUBJECT TO F.R.E. 408.’” (Doc. 15 at 7). But, statements are not *per se* barred simply because they happened during settlement discussion—they are barred only in the actual circumstances directly prohibited by the text of Rule 408. *Bad Boys Bail Bonds, Inc. v. Yowell*, No. 94002552, 2015 WL 5895959, at *6 (TTAB Aug. 21, 2015) (“While Fed. R. Evid. 408(a) makes inadmissible evidence of certain conduct or statements made during settlement negotiations, it does not render inadmissible all materials produced during settlement discussions.”); *see also* Fed. R. Evid. 408(b) (explicitly stating that evidence from Rule 408 settlement discussions is admissible “for another purpose, such as proving a witness’s bias or prejudice, negating a contention of undue delay, or proving an effort to obstruct a criminal investigation or prosecution”). Indeed, the Board will consider evidence from Rule 408 discussions when they are not offered for the purposes expressly defined in Rule 408(a), such as to prove motive (rather than liability) or to demonstrate that an adverse parties “actions . . . are part of an effort to ‘obstruct prosecution.’” *See e.g., Central Mfg. Co. v. Outdoor Innovations, L.L.C.*, No. , 2003 WL 1905441, at **1–2 (TTAB Apr. 17, 2003); *see also Resolution Trust Corp. v.*

Blasdell, 154 F.R.D. 675, 681 (D. Ariz. 1993) (considering evidence from settlement discussions because the proponent “clearly did not introduce th[e] evidence to prove liability, but rather to reveal to the court what it perceives as the [opposing party]’s improper retaliatory motive for filing this action . . .”).

Here, as noted above, Sezzle’s refusal to accept ITS’s repeated offer to extend the discovery deadline is wholly unrelated to ITS’s opposition claim or the amount at issue between that parties. Rather, Sezzle’s refusal shows that it was aware of the discovery deadline in this case and its corresponding obligation to timely serve discovery—like ITS did. Sezzle chose to refuse ITS’s offers, and then did not exercise the necessary diligence to serve reasonably timely discovery. This is a key factual circumstance the Board can and should consider when deciding Sezzle’s motion to bilaterally extend discovery. Because the statement from Exhibit C was not offered to prove any underlying liability or amount in controversy in this case, Rule 408 does not render it inadmissible.

Sezzle’s case law that it relies upon for its argument is also inapposite. First, Sezzle cites *Monster Energy Co. v. The Great Lakes Brewing Co.*, No. 91203639, 2015 WL 9901180 at *3 n.18 (TTAB May 28, 2015) to argue that settlement communications cannot be admitted to show that an opposing party’s actions were unreasonable. (Doc. 15 at 7). However, in that case the “applicant [did] not submit[] any evidence regarding the parties’ settlement discussions, [so] there [was] no evidence to exclude pursuant to Rule 408.” *Monster Energy*, 2015 WL 9901180 at *3 n.18. While the Board generally remarked on the use of evidence from settlement negotiations, it was doing so in the context of a motion for summary judgment—not a motion to extend a discovery deadline—and instructed that it had “given [the Rule 408] argument no consideration.” *Id.* Next, Sezzle relies on *The Village Recorder v. Schnur*, for the general proposition that Rule 408 prohibits

evidence from settlement discussions “for purposes of establishing or disputing opposer’s claims.” (Doc. 15 at 7–8 (citing *The Village Recorder v. Schnur*, No. 91195190, 2013 WL 3191217 at *3 (TTAB May 20, 2013)). That basic proposition is not in dispute. However, in *Village Recorder*, the proponent of the evidence introduced the evidence to demonstrate “that applicant had a bad faith intent to sell the infringing application and domain name to opposer.” *The Village Recorder*, 2013 WL 3191217 at *3. The Board rightfully found the evidence inadmissible under Rule 408, because it was being offered to prove the validity of a substantive claim at issue in that case. In the situation at hand, however, as detailed above, Sezzle’s refusal of ITS’s offer to extend the discovery deadline has no relation to the validity of any underlying claim in ITS’s opposition.

IV. CONCLUSION

Sezzle requested the Board exclude evidence under Rule 408 that has no bearing on ITS’s underlying opposition claims or the amount of controversy in this case. Doing so would violate the plain language of the rule, and would ignore directly relevant circumstances regarding Sezzle’s diligence in serving timely discovery in this case. Because ITS offered the statement in Exhibit C for a reason unrelated to the underlying claim or the amount in controversy, the Board should deny Sezzle’s cross-motion to strike.

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CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing document has been filed through the TTAB's online filing system (ESTTA) and served by forwarding said copy on February 22, 2022, via email to the following email address of record:

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