O1 2 3 4 5 6 7 UNITED STATES DISTRICT COURT 8 CENTRAL DISTRICT OF CALIFORNIA 9 10 Desert European Motorcars, EDCV 11-197 RSWL (DTBx) Ltd., a California 11 corporation, ORDER Re: Plaintiff's 12 Plaintiff, Motion To Strike, Or In The Alternative, For 13 More Definite Statement [15] v. 14 Desert European Motorcars, Inc., dba Desert European 15 Motorcars, an Arizona 16 corporation, and DOES 1-10 inclusive, 17 Defendants. 18 Desert European Motorcars, Inc., dba Desert European 19 Motorcars, an Arizona 20 corporation, 21 Counterclaimant, 22 v. 23 Desert European Motorcars, Ltd., a California 24 corporation 25 Counterdefendant. 26 27 On August 23, 2011, Plaintiff and Counterdefendant 28 Desert European Motorcars, Ltd.'s Motion to Strike, or

in the alternative, For More Definite Statement [15] came on for regular calendar before this Court. Having considered all the papers and arguments pertaining to this Motion, the Court NOW FINDS AND RULES AS FOLLOWS:

The Court hereby **GRANTS IN PART AND DENIES IN PART**Plaintiff and Counterdefendant's Motion.

I. <u>Legal Standard</u>

Federal Rule of Civil Procedure 12(f) sets forth that "[t]he court may strike from a pleading an insufficient defense or any redundant, immaterial, impertinent, or scandalous matter." Fed. R. Civ. P. 12(f). Federal Rule of Civil Procedure 8(b)(A) requires that a party state a short and plain statement in its defenses when responding to a pleading. Fed. R. Civ. P. 8(b)(A). However, properly pleaded affirmative defenses must "give plaintiff fair notice of the defense." Wyshak v. City Nat'l Bank, 607 F.2d 824, 827 (9th Cir. 1979). Where a court strikes an affirmative defense, leave to amend should be freely given so long as there is no prejudice to the moving party. Id. at 826.

Plaintiff and Counterdefendant Desert European Motorcars, Ltd. ("Plaintiff") moves to strike all twenty-eight of Defendant and Counterclaimant Desert European Motorcars, Inc.'s ("Defendant") affirmative defenses and portions of Defendant's Answer and Counterclaim pursuant to Federal Rule of Civil Procedure 12(f). In the alternative, Plaintiff moves

for a more definite statement pursuant to Federal Rule of Civil Procedure 12(e).

II. Discussion

A. Plaintiff's Request for Judicial Notice

The Court **GRANTS** Plaintiff's Request for Judicial Notice of the motion to suspend granted by the Trademark Trial and Appeal Board pursuant to Federal Rule of Evidence 201. Fed. R. Evid. 201. See United States v. 14.02 Acres of Land More or Less in Fresno Cnty., 547 F.3d 943, 955 (9th Cir. 2008) (citing Interstate Natural Gas Co. v. S. Cal. Gas Co., 209 F.2d 380, 385 (9th Cir. 1954)).

B. Plaintiff's Motion to Strike Defendant's Affirmative Defenses

1. <u>Plaintiff's Motion To Strike The First</u>

<u>Affirmative Defense Of Failure To State A</u>

<u>Claim</u>

The Court **GRANTS** Plaintiff's Motion to Strike the first affirmative defense of Failure to State a Claim.

The Court finds that failure to state a claim is an assertion of a defect in Plaintiff's prima facie case, and not an affirmative defense. <u>J & J Sports</u>

<u>Prods., Inc. v. Enedina Soto</u>, 2010 WL 3911467, at

*1 (S.D. Cal. Sept. 28, 2010). Furthermore, the Court finds that this affirmative defense is a mere legal conclusion without supporting facts linking that theory to the Case at bar, and therefore is insufficient to give Plaintiff fair notice of the basis of this

defense. Qarbon.com, Inc. v. eHelp Corp., 315 F. Supp.
2d 1046, 1049 (C.D. Cal. 2004),

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Accordingly, the Court STRIKES without leave to amend Defendant's first affirmative defense of Failure to State a Claim.

2. <u>Plaintiff's Motion To Strike The Second</u> Affirmative Defense Of Unclean Hands

The Court **GRANTS** Plaintiff's Motion to Strike the second affirmative defense of Unclean Hands.

The Court finds that Defendant's second affirmative defense fails to allege sufficient facts so as to put Plaintiff on fair notice of the defense. See CTF Dev., Inc. v. Penta Hospitality, LLC, 2009 WL 3517617, *7 (N.D. Cal. Oct. 26, 2009) (finding that "simply stating that a claim fails due to plaintiff's unclean hands is not sufficient to notify the plaintiff what behavior has allegedly given them 'unclean hands'"). Specifically, the Court finds this affirmative defense "simply states a legal conclusion or theory without the support of facts explaining how it connects to the instant case," and is therefore insufficient to provide fair notice to Plaintiff. Pepsico, Inc. v. J.K. Distribs., Inc., 2007 WL 2852647, at *2 (C.D. Cal. Sept. 14, 2007).

Accordingly, the Court **GRANTS** Plaintiff's Motion to Strike the second affirmative defense of Unclean Hands. However, because Defendant may be able to allege additional facts here to support this affirmative

defense, the Court STRIKES with 20 days leave to amend Defendant's second affirmative defense of Unclean Hands.

3. <u>Plaintiff's Motion To Strike The Third</u> Affirmative Defense Of Failure To Mitigate

The Court **DENIES** Plaintiff's Motion to Strike the third affirmative defense of Failure to Mitigate.

"[C]ourts have typically held that a generalized statement ... meets defendant's pleading burden with respect to the affirmative defense of damage mitigation." Bd. of Trs. of San Diego Elec. Pension Trust v. Bigley, Elec., Inc., 2007 WL 2070355, at *3 (S.D. Cal. July 12, 2007). As such, the Court finds that, while this affirmative defense contains a generalized statement, Defendant has met his pleading burden here with respect to this defense.

Accordingly, the Court **DENIES** Plaintiff's Motion to Strike the third affirmative defense of Failure to Mitigate.

4. <u>Plaintiff's Motion To Strike The Fourth</u> Affirmative Defense Of Waiver

The Court **GRANTS** Plaintiff's Motion to Strike the fourth affirmative defense of Waiver.

To establish waiver, Defendant must show that Plaintiff intentionally relinquished or abandoned a known right. <u>United States v. Perez</u>, 116 F.3d 840, 845 (9th Cir. 1997). <u>See J&J Sports Prods.</u>, Inc. v. <u>Montanez</u>, 2010 WL 5279907, at *3.

Here, Defendant's Answer and Counterclaim fails to set forth any facts with respect to this alleged waiver. As such, the Court finds that this affirmative defenses is a mere reference to a legal doctrine and is insufficient to give Plaintiff fair notice of the alleged acts giving rise to this defense. See

Qarbon.com Inc. v. eHelp Corp., 315 F. Supp. 2d 1046, 1049 (N.D. Cal. 2004) (noting that "[a] reference to a doctrine, like a reference to statutory provisions, is insufficient notice" and does not meet the pleading standard of Rule 8(b)).

Accordingly, the Court **GRANTS** Plaintiff's Motion to Strike the fourth affirmative defense of Waiver.

However, because Defendant may be able to allege additional facts to support this affirmative defense, the Court **STRIKES** with 20 days leave to amend Defendant's fourth affirmative defense of Waiver.

5. <u>Plaintiff's Motion To Strike The Fifth</u> <u>Affirmative Defense Of Estoppel</u>

The Court **GRANTS** Plaintiff's Motion to Strike the fifth affirmative defense of Estoppel.

To establish a defense of estoppel, "a party must show that the adverse party, either intentionally or under circumstances that induced reliance, engaged in conduct upon which [the relying party] relied and that the relying party acted or changed [its] position to [its] detriment." Solis v. Couturier, 2009 WL 2022343, at *2 (E.D. Cal. July 8, 2009).

Here, Defendant's Answer and Counterclaim fails to set forth any facts or information with respect to Plaintiff's inducement or Defendant's detrimental reliance. As such, the Court finds that Defendant merely pleads a legal conclusion here, and therefore fails to give Plaintiff fair notice of the conduct giving rise to this defense. See id.

Accordingly, the Court GRANTS Plaintiff's Motion to Strike the fifth affirmative defense of Estoppel. However, because Defendant may be able to allege additional facts to support this affirmative defense, the Court STRIKES with 20 days leave to amend Defendant's fifth affirmative defense of Estoppel.

6. <u>Plaintiff's Motion To Strike The Sixth</u>

<u>Affirmative Defense Of Statute Of</u>

Limitations

The Court **GRANTS** Plaintiff's Motion to Strike the sixth affirmative defense of Statute of Limitations.

The Court finds that Defendant fails to plead sufficient facts here to give Plaintiff fair notice as to how this Action is barred by the applicable statute of limitations. See J&J Sports Prods., Inc. v. Montanez, 2010 WL 5279907, at *3 (E.D. Cal. Dec. 13, 2010)(striking defendants' affirmative defense for statute of limitations based on the fact that defendants failed to plead any facts or legal theory to give plaintiff notice of how the action was barred by the statute of limitations). Specifically, Defendant

fails to plead any facts here regarding this defense, merely setting forth that the Action is barred by the applicable statutes of limitations. See CTF Dev., Inc. v. Penta Hospitality, LLC, 2009 WL 3517617, at *8 (N.D. Cal. Oct. 26, 2009). As such, the Court finds that this affirmative defense pleads a legal conclusion and therefore fails to give Plaintiff fair notice of the defense.

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Accordingly, the Court GRANTS Plaintiff's Motion to Strike the sixth affirmative defense of Statute of Limitations. However, because Defendant may be able to allege additional facts to support this affirmative defense, the Court STRIKES with 20 days leave to amend Defendant's sixth affirmative defense of Statute of Limitations.

7. <u>Plaintiff's Motion To Strike The Seventh</u> <u>Affirmative Defense Of Laches</u>

The Court **GRANTS** Plaintiff's Motion to Strike the seventh affirmative defense of Laches.

"[L]aches is a valid defense to Lanham Act claims for both monetary damages and injunctive relief."

Miller v. Glenn Miller Prods., 318 F. Supp. 2d 923, 941 (C.D. Cal. 2004). In order to establish the defense of laches, "a defendant must allege 'neglect or delay in bringing suit to remedy an alleged wrong, which taken together with lapse of time and other circumstances, causes prejudice to the adverse party and operates as an equitable bar.'" Advanced Cardovascular Sys, Inc. v.

Medtronic, Inc., 1996 WL 467273, at *4 (N.D. Cal. July
24, 1996)(quotation omitted).

Here, the Answer and Counterclaim fails to set forth any facts regarding how Plaintiff's conduct allegedly gave rise to this defense of laches. As laches is an equitable doctrine and "its application depends on the facts of the particular case," the Court finds that Defendant fails to set forth sufficient facts to give Plaintiff fair notice of the conduct giving rise to this defense. Id.

Accordingly, the Court **GRANTS** Plaintiff's Motion to Strike the seventh affirmative defense of Laches. However, because Defendant may be able to allege additional facts to support this affirmative defense, the Court **STRIKES** with 20 days leave to amend Defendant's seventh affirmative defense of Laches.

8. <u>Plaintiff's Motion To Strike The Eighth</u>
Affirmative Defense Of Good Faith

The Court **GRANTS** Plaintiff's Motion to Strike the eighth affirmative defense of Good Faith.

Defendant's eight affirmative defense alleges that "it acted in good faith with respect to the matters asserted in the [First Amended Complaint]." [Def.'s Answer and Counterclaim, 8.] While "[g]ood faith or lack of wrongful intent does not provide valid defense to charge of trademark infringement," the Court finds that the Answer and Counterclaim fails to set forth sufficient facts regarding the applicability of this

defense to the additional claims at issue in this Action. Coca-Cola Co. v. Overland, Inc., 692 F.2d 1250 (9th. Cir. 1982). Therefore, the Court finds that Defendant fails to give Plaintiff fair notice as to the nature of this defense. See J&J Sports Prods., Inc. v. Montanez, 2010 WL 5279907, at *3 (E.D. Cal. Dec. 13, 2010).

Accordingly, the Court GRANTS Plaintiff's Motion to Strike the eighth affirmative defense of Good Faith. However, because Defendant may be able to allege additional facts to support this affirmative defense, the Court STRIKES with 20 days leave to amend Defendant's eighth affirmative defense of Good Faith.

9. <u>Plaintiff's Motion To Strike The Ninth</u> <u>Affirmative Defense Of Privilege</u>

The Court **GRANTS** Plaintiff's Motion to Strike the ninth affirmative defense of Privilege.

Here, Defendant's Answer and Counterclaim fails to set forth any facts with respect to this defense of privilege. As such, the Court finds that Defendant's Answer and Counterclaim is "completely devoid of facts or allegations suggesting how the defenses might apply to this case," and therefore fails to give Plaintiff fair notice of this defense. Scott v. Fed. Bond & Collection Serv., Inc., 2011 WL 176846, at *5 (N.D. Cal. Jan. 19, 2011). See Qarbon.com Inc. v. eHelp Corp., 315 F. Supp. 2d 1046, 1049 (N.D. Cal. 2004).

Accordingly, the Court GRANTS Plaintiff's Motion to

Strike the ninth affirmative defense of Privilege.

However, because Defendant may be able to allege
additional facts to support this affirmative defense,
the Court STRIKES with 20 days leave to amend
Defendant's ninth affirmative defense of Privilege.

10. <u>Plaintiff's Motion To Strike The Tenth</u> <u>Affirmative Defense Of Lack Of Personal</u> Jurisdiction

The Court **DENIES** Plaintiff's Motion to Strike the tenth affirmative defense of Lack of Personal Jurisdiction.

The Court finds Defendant has met its pleading burden here with respect to this affirmative defense. Specifically, the Answer and Counterclaim set forth sufficient facts regarding the nature of this defense, such as the allegation that Defendant is organized under the laws of Arizona, has its principal place of business in Tucson, Arizona and does its business exclusively in the state of Arizona. [Def.'s Answer and Counterclaim, 2.] As such, the Court finds that Defendant pleads sufficient facts here to withstand this Motion to Strike. See Monster Cable Prods., Inc. v. Avalanche Corp., 2009 WL 650369, at *3 (N.D. Cal. March 11, 2009).

Accordingly, the Court **DENIES** Plaintiff's Motion to Strike the tenth affirmative defense of Lack of Personal Jurisdiction.

11. Plaintiff's Motion To Strike The Eleventh

Affirmative Defense Of No Likelihood Of Confusion

The Court **GRANTS** Plaintiff's Motion to Strike the eleventh affirmative defense of No Likelihood of Confusion.

"[D]enials of the allegations in the Complaint or allegations that the Plaintiff cannot prove the elements of his claims are not affirmative defenses."

Scott., 2011 WL 176846, at *6. Here, this affirmative defense is an allegation that Plaintiff cannot prove an element of its claim for trademark infringement based on the fact that there is allegedly no likelihood of confusion. See 15 U.S.C. § 1114(1). See also Wetzel's Pretzels, LLC v. Johnson, 2011 WL 2533315 (C.D. Cal. June 27, 2011)(noting that likelihood of confusion is a central element for a trademark infringement claim). Therefore, the Court finds that this is an assertion of a defect in Plaintiff's prima facie case and not an affirmative defense.

Accordingly, the Court STRIKES without leave to amend Defendant's eleventh affirmative defense of No Likelihood of Confusion.

12. <u>Plaintiff's Motion To Strike The Twelfth</u> <u>Affirmative Defense Of Fair Use</u>

The Court **GRANTS** Plaintiff's Motion to Strike the twelfth affirmative defense of Fair Use.

Fair use is an defense to trademark infringement, and is defined by the Lanham Act as a "defense when

'the use of the ... term, or device charged to be an infringement is a use, otherwise than as a mark, ... of a term or device which is descriptive of and used fairly and in good faith only to describe the [defendant's] goods or services[.]'" Bell v. Harley

Davidson Motor Co., 539 F. Supp. 2d 1249, 1256 (S.D. Cal. 2008)(quoting 15 U.S.C. § 1115(b)(4)). "The precise elements of the classic fair use defense are that the defendant (1) is not using the term as a trademark, (2) uses the term only to describe its goods and services, and (3) uses the term fairly and in good faith." Bell, 539 F. Supp. 2d at 1257.

2.4

The Court finds that Defendant fails to set forth sufficient facts to put Plaintiff on fair notice of this defense of fair use. Specifically, the Answer and Counterclaim fails to set forth facts regarding the collective elements of this defense and how it applies to this instant Action. Monster Cable Prods., Inc., 2009 WL 650369, at *1 (N.D. Cal. March 11, 2009).

Accordingly, the Court GRANTS Plaintiff's Motion to Strike the twelfth affirmative defense of Fair Use. However, because Defendant may be able to allege additional facts to support this affirmative defense, the Court STRIKES with 20 days leave to amend Defendant's twelfth affirmative defense of Fair Use.

13. <u>Plaintiff's Motion To Strike The</u>

<u>Thirteenth Affirmative Defense Of</u>

Acquiescence

The Court **GRANTS** Plaintiff's Motion to Strike the thirteenth affirmative defense of Acquiescence.

"An infringement action may be barred by the doctrine of estoppel by acquiescence where the owner of the trademark, by conveying to the defendant through affirmative word or deed, expressly or impliedly consents to the infringement." Sara Lee Corp. v.

Kayser-Roth Corp., 81 F.3d 455, 463 (4th Cir. 1996).

This defense implies active consent to an infringing use of the mark.

Here, Defendant's Answer and Counterclaim fails to set forth any facts concerning how Plaintiff's actions gave rise to this defense of acquiescence. As such, the Court finds that this affirmative defense is conclusory and fails to give Plaintiff fair notice. See Schecter v. Comptroller, 79 F.3d 265, 270 (2d Cir. 1996).

Accordingly, the Court GRANTS Plaintiff's Motion to Strike the thirteenth affirmative defense of Acquiescence. However, because Defendant may be able to allege additional facts to support this affirmative defense, the Court STRIKES with 20 days leave to amend Defendant's thirteenth affirmative defense of Acquiescence.

14. <u>Plaintiff's Motion To Strike The</u>

<u>Fourteenth Affirmative Defense Of Innocent</u>

<u>Intent</u>

The Court **DENIES** Plaintiff's Motion to Strike the

fourteenth affirmative defense of Innocent Intent.

Defendant appears to be asserting here the affirmative defense of "innocent use." 15 U.S.C. § 1115(b)(5) sets forth that innocent use is a defense to trademark infringement when the party charged with infringement continuously used the mark "without knowledge of the registrant's prior use" from a date prior to (A) the date of constructive use of the mark ..., (B) the registration of the mark ..., or (C) publication of the registered mark." 15 U.S.C. § 1115(b)(5).

Here, Defendant alleges in its Answer and Counterclaim that it used the mark "Desert European Motorcars," without knowledge of Plaintiff's use of the mark, prior to the date of Plaintiff's registration of the mark. As such, the Court finds that Defendant has set forth sufficient facts to survive this Motion to Strike, as Plaintiff is on fair notice of the nature of this defense based on the allegations in the Answer and Counterclaim. See Monster Cable Prods., Inc., 2009 WL 650369, at *3.

Accordingly, the Court **DENIES** Plaintiff's Motion to Strike the fourteenth affirmative defense of Innocent Intent.

15. <u>Plaintiff's Motion To Strike The Fifteenth</u> Affirmative Defense Of Descriptive

The Court **GRANTS** Plaintiff's Motion to Strike the fifteenth affirmative defense of Descriptive.

"The Supreme Court has held that a trademark deemed incontestable under the terms of the Lanham Act cannot be challenged on the ground that the trademark is merely descriptive." Regal Industs., Inc. v. Genal Strap, Inc., 1993 WL 149983, at *1 (E.D. Pa. May 10, 1993)(citing Park 'N Fly, Inc. v. Dollar Park & Fly, Inc., 469 U.S. 189, 201 (1985)). However, an allegation that a trademark is not descriptive has been found to be relevant in determinating whether there is likelihood of confusion. See Munters Corp. v. Matsui Amer., Inc., 909 F.2d 250, 252 (7th Cir. 1990).

2.4

The Court finds Defendant has failed to meet its pleading burden with respect to this affirmative defense. Specifically, the Answer and Counterclaim contain no facts "suggesting how the defenses might apply to this case," and therefore fails to give Plaintiff fair notice of this defense. Scott v. Fed. Bond & Collection Serv., Inc., 2011 WL 176846, at *5 (N.D. Cal. Jan. 19, 2011).

As such, the Court **GRANTS** Plaintiff's Motion to Strike the fifteenth affirmative defense for Descriptive. However, because Defendant may be able to allege additional facts to support this affirmative defense, the Court **STRIKES** with 20 days leave to amend Defendant's fifteenth affirmative defense of Descriptive.

16. <u>Plaintiff's Motion To Strike The Sixteenth</u>
Affirmative Defense Of Fraud

The Court **GRANTS** Plaintiff's Motion to Strike the sixteenth affirmative defense of Fraud.

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Pursuant to Federal Rule of Civil Procedure 9(b), Defendant must state with particularity the circumstances constituting the alleged fraud. Fed. R. Civ. P. 9(b). See Operating Eng'rs' Pension Trust Fund v. Fire Rock Prods. Co., 2010 WL 2635782, at *4 (N.D. Cal. June 30, 2010)(noting that defendant must plead the affirmative defense of fraud with particularity). Allegations of fraud must be specific enough to give "defendants notice of the particular misconduct which is alleged to constitute the fraud charged so that they can defend against the charge and not just deny that they have done anything wrong." Bly-Magee v. California, 236 F.3d 1014, 1019 (9th Cir. 2001).

The Court finds that Defendant fails to state with particularity the circumstances surrounding the alleged fraud here. Defendant's sixteenth affirmative defense alleges only that Defendant is "informed and believes and thereon alleges that the claims found within the FAC are barred by Plaintiff's fraud." [Def.'s Answer and Counterclaim, 9.] Therefore, Defendant "simply states a legal conclusion or theory without the support of facts explaining how it connects to the instant case." Pepsico, Inc. v. J.K. Distribs., Inc., 2007 WL 2852647, at *2 (C.D. Cal. Sept. 14, 2007). As such, the Court finds Defendant has failed to meet the heightened pleading requirement set forth under Federal

Rule of Civil Procedure 9(b).

Accordingly, the Court GRANTS Plaintiff's Motion to Strike the sixteenth affirmative defense of Fraud. However, because Defendant may be able to allege additional facts to support this affirmative defense, the Court STRIKES with 20 days leave to amend Defendant's sixteenth affirmative defense of Fraud.

17. <u>Plaintiff's Motion To Strike The</u> <u>Seventeenth Affirmative Defense Of</u> Trademark Misuse

The Court **GRANTS** Plaintiff's Motion to Strike the seventeenth affirmative defense of Trademark Misuse.

The Court finds that this affirmative defense is duplicative and unnecessary, as Defendant has already pled the affirmative defense of unclean hands. Specifically, trademark misuse concerns the alleged misconduct of the plaintiff with regard to its trademark, and as such, like the defense of unclean hands, this defense is based on Plaintiff's alleged past misconduct and asserts that Plaintiff is therefore prevented from bringing this present Action based on this past misconduct. See Waco-Porter Corp. v. Tubular

¹ The Court also notes that the defense of trademark misuse itself had a fragmented history and may not even exist as its own separate defense. See, e.g., Juno Online Servs., L.P. v. Juno Lighting, Inc., 979 F.Supp. 684, 687-91 (N.D. Ill. 1997) (noting that because the "plaintiff has failed to point the court to a single case in which an American court has used trademark misuse affirmatively, the court is quite skeptical to allow an affirmative claim for trademark misuse").

Structures Corp. of Am., 222 F.Supp. 332 (S.D. Cal. 1963). See Kema, Inc. v. Koperwhats, 2010 WL 3464708, at *9 (N.D. Cal. Sept. 1, 2010)(finding defendant's affirmative defense of trademark misuse duplicative because defendant had also plead the defense of unclean hands). As such, the Court finds this affirmative defense is duplicative and unnecessary and should therefore be stricken. Fed. R. Civ. P. 12(f).

Accordingly, the Court STRIKES without leave to amend Defendant's seventeenth affirmative defense of Trademark Misuse.

18. <u>Plaintiff's Motion To Strike The</u> <u>Eighteenth Affirmative Defense Of</u> <u>Invalidity of Trademark</u>

The Court **GRANTS** Plaintiff's Motion to Strike the eighteenth affirmative defense of Invalidity of Trademark.

The Court finds that Defendant has failed to plead sufficient facts regarding this affirmative defense of invalidity of the mark. The Answer and Counterclaim fails to allege facts regarding the basis of the allegedly invalidity of the marks here, as the affirmative defense only pleads that "the claims are barred by the invalidity of Plaintiff's purported marks." [Def.'s Answer and Counterclaim, 10.] As such, the Court finds that this defense is a mere legal conclusion without supporting facts linking this theory to the Case at bar, and therefore fails to put

Plaintiff on fair notice of the basis of this defense. Pepsico, Inc., 2007 WL 2852647, at *2.

Accordingly, the Court **GRANTS** Plaintiff's Motion to Strike the eighteenth affirmative defense of Invalidity of Trademark. However, because Defendant may be able to allege additional facts to support this affirmative defense, the Court **STRIKES** with 20 days leave to amend Defendant's eighteenth affirmative defense of Invalidity of Trademark.

19. <u>Plaintiff's Motion To Strike The</u> <u>Nineteenth Affirmative Defense Of Remedies</u> At Law Are Adequate

The Court **GRANTS** Plaintiff's Motion to Strike the nineteenth affirmative defense of Remedies At Law Are Adequate.

The Court finds that Defendant fails to set forth any facts with respect to the nature or basis of defense. As such, the Court finds that Defendant's Answer and Counterclaim is "completely devoid of facts or allegations suggesting how the defenses might apply

While Plaintiff argues that the alleged invalidity of trademark should instead be asserted as a counterclaim, the Court finds that invalidity of trademark can constitute an affirmative defense, as long as Defendant pleads sufficient facts regarding the basis for the invalidity of the marks. See, e.g., Mag Instrument, Inc. v. JS Prods., Inc., 595 F. Supp. 2d 1102 (C.D. Cal. 2008)(discussing the defendant's affirmative defense of invalidity of the trademark); Computerland Corp. v. Microland Computer Corp., 586 F. Supp. 22 (N.D. Cal. 1984)(noting that "invalidity or unprotectability of a registered trademark is effectively an affirmative defense to claims of infringement, unfair source designation and other allegations of unfair competition").

to this case," and therefore fails to give Plaintiff fair notice of this defense. Scott v. Fed. Bond & Collection Serv., Inc., 2011 WL 176846, at *5 (N.D. Cal. Jan. 19, 2011). See J & J Sports Prods., Inc. v. Jimenez, 2010 WL 5173717, at *2 (S.D. Cal. Dec. 15, 2010)(granting plaintiff's motion to strike the affirmative defense of "adequate remedy at law" because it was a mere boilerplate recitation).

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Accordingly, the Court GRANTS Plaintiff's Motion to Strike the nineteenth affirmative defense of Remedies At Law Are Adequate. However, because Defendant may be able to allege additional facts to support this affirmative defense, the Court STRIKES with 20 days leave to amend Defendant's nineteenth affirmative defense of Remedies At Law Are Adequate.

20. <u>Plaintiff's Motion To Strike The Twentieth</u>

<u>Affirmative Defense Of No Irreparable Harm</u>

The Court **GRANTS** Plaintiff's Motion to Strike the twentieth affirmative defense of No Irreparable Harm.

The Court finds that, similar to the nineteenth affirmative defense, Defendant's Answer and Counterclaim fails to set forth any facts with respect to the affirmative defense of No Irreparable Harm. Therefore, the Court finds that Defendant has failed to meet its pleading burden here, as "[b]ased on the pleadings, Plaintiff cannot know the intent or nature of the affirmative defenses pleaded." <u>J & J Sports</u> <u>Prods., Inc.</u>, 2010 WL 5173717, at *2.

Accordingly, the Court GRANTS Plaintiff's Motion to Strike the twentieth affirmative defense of No Irreparable Harm. However, because Defendant may be able to allege additional facts to support this affirmative defense, the Court STRIKES with 20 days leave to amend Defendant's twentieth affirmative defense of No Irreparable Harm.

21. Plaintiff's Motion To Strike The TwentyFirst Affirmative Defense Of Not

Distinctive And Has Not Acquired Secondary
Meaning

The Court **DENIES** Plaintiff's Motion to Strike the twenty-first affirmative defense of Not Distinctive And Has Not Acquired Secondary Meaning.

A plaintiff in a trademark infringement claim has the burden to prove that the mark is "distinctive."

Kendall-Jackson Winery v. E. & J. Gallo Winery, 150

F.3d 1042, 1046-47 (9th Cir. 1998). A mark or product is distinctive upon a showing that it has acquired a secondary meaning. Wal-Mart Stores, Inc. v. Samara

Bros., Inc., 529 U.S. 205, 216, (2000).

Here, Defendant alleges that "Plaintiff's trademark claims based on Plaintiff's purported [mark] is barred because the mark is not distinctive and has not acquired secondary meaning." [Def.'s Answer and Counterclaim, 10.] The Court finds that Defendant has sufficiently plead this defense here, as Defendant sets forth the claims to which this affirmative defense

applies, as well as the nature of this defense. <u>See Monster Cable Prods, Inc. v. Avalanche Corp.</u>, 2009 WL 650369, *1 (N.D. Cal. March 11, 2009)(finding that the plaintiff had provided fair notice of the affirmative defense of lack of required distinctiveness when the defendant had alleged that the marks were "insufficiently distinctive").

Accordingly, the Court **DENIES** Plaintiff's Motion to Strike the twenty-first affirmative defense of Not Descriptive and Has Not Acquired Secondary Meaning.

22. <u>Plaintiff's Motion To Strike The Twenty-Second Affirmative Defense Of Claims</u> <u>Barred Under 15 U.S.C. § 1115</u>

The Court **GRANTS** Plaintiff's Motion to Strike the twenty-second affirmative defense of Claims Barred Under 15 U.S.C. § 1115.

Once incontestability of a mark has been established, "only those eight defenses enumerated in [section] 1115(b) can be interposed in an action for trademark infringement." Protech Diamond Tools, Inc. v. Liao, 2009 WL 1626587 (N.D. Cal. June 8, 2009).

The Court finds that Defendant fails to provide Plaintiff with fair notice as to how 15 U.S.C. § 1115 bars Plaintiff's claims here. Pepsico, 2007 WL 2852647, at *2. Specifically, eight defenses are enumerated under Section 1115(b), but the Answer and Counterclaim fails to set forth facts or allegations here regarding the specific defense or defenses under Section 1115(b)

that bar Plaintiff's claims in this Action. Therefore, the Court finds that Defendant has not met his pleading burden here with respect to this affirmative defense, as Plaintiff does not have fair notice of how the claims in this Action are barred by this statute.

Accordingly, the Court GRANTS Plaintiff's Motion to Strike the twenty-second affirmative defense of Claims Barred Under 15 U.S.C. § 1115. However, because Defendant may be able to allege additional facts to support this affirmative defense, the Court STRIKES with 20 days leave to amend Defendant's twenty-second affirmative defense of 15 U.S.C. § 1115.

23. <u>Plaintiff's Motion To Strike The Twenty-</u> <u>Third Affirmative Defense Of Improper</u> <u>Venue</u>

The Court **DENIES** Plaintiff's Motion to Strike the twenty-third affirmative defense of Improper Venue.

The Court finds Defendant has met its pleading burden here with respect to this affirmative defense of Improper Venue. Specifically, the Answer and Counterclaim set forth sufficient facts regarding the nature of this defense, such as the fact that Defendant is organized under the laws of Arizona and has its principal place of business in Tucson, Arizona. [Def.'s Answer and Counterclaim, 2.] Moreover, the Answer and Counterclaim allege that Defendant does not conduct business in the state of California, and but instead conducts business exclusively in the state of Arizona.

[Id.] As such, the Court finds that Defendant pleads sufficient facts here to withstand this Motion to Strike, as Plaintiff has fair notice of the asserted defense. See Monster Cable Prods., Inc., 2009 WL 650369, at *3.

2.4

Accordingly, the Court **DENIES** Plaintiff's Motion to Strike the twenty-third affirmative defense of Improper Venue.

24. <u>Plaintiff's Motion To Strike The Twenty-</u> <u>Fourth Affirmative Defense of Common Law</u> Good Faith Junior User

The Court **DENIES** Plaintiff's Motion to Strike the twenty-fourth affirmative defense of Common Law Good Faith Junior User.

"Under the Tea Rose-Rectanus doctrine, priority of use of a mark in one area of the United States does not give rights to prevent its use by a good faith and innocent user in a remote geographic area." Grupo Gigante S.A. de C.V. v. Dallo & Co., Inc., 119 F. Supp. 2d 1083, 1090 (C.D. Cal. 2000), vacated and remanded on other grounds, 391 F.3d 1088 (9th Cir. 2004). This common law doctrine "provides for a defense for a junior user if that user proves that (1) its first use was in good faith and (2) its first use was in a remote area." Wood v. Apodaca, 375 F. Supp. 2d 942, 948 (N.D. Cal. 2005). "A 'remote' territory is one where, at the critical date of the junior user's first use, the senior user's mark was not known by customers in that

territory, such that no one would have been confused as to the source." Hispanic Broad. Corp. v. Educ. Media
Found., 2003 WL 22867633, at *6 (C.D. Cal. Oct. 30, 2003) (quotation omitted).

Here, Defendant alleges in its Answer and Counterclaim that it began using the mark "Desert European Motorcars" in or about March 2006, without any knowledge or notice of Plaintiff's use, and that it sells exclusive in Tucson, Arizona, 350 miles away from where Plaintiff runs its car dealership in Rancho Mirage, California. [Def.'s Answer and Counterclaim, 12.] As such, the Court finds that Defendant has pled sufficient facts here to withstand this Motion to Strike, as Plaintiff has fair notice of this asserted defense. See Monster Cable Prods., Inc., 2009 WL 650369, at *3.

Accordingly, the Court **DENIES** Plaintiff's Motion to Strike the twenty-fourth affirmative defense of Common Law Good Faith Junior User.

25. <u>Plaintiff's Motion To Strike The Twenty-</u> <u>Fifth Affirmative Defense Of Claims Barred</u> Under 15 U.S.C. § 1057

The Court **GRANTS** Plaintiff's Motion to Strike the twenty-fifth affirmative defense of Claims Barred Under 15 U.S.C. § 1057.

15 U.S.C. § 1057 sets forth that, contingent on the registration of a mark on the Principal Register, the filing of the application to register such mark shall

constitute constructive use of the mark, conferring a right of priority except against any person whose mark has not been abandoned and who, prior to the application, has either used or filed an application themselves. 15 U.S.C. § 1057(c)

Here, Defendant asserts the defense that it was not on constructive notice of Plaintiff's trademark because of its prior use of the mark in question. However, the Answer already contains language alleging that Defendant was not on constructive notice based on its prior use. Moreover, as Section 1057 only lays out a definition of constructive use, it is therefore not a proper affirmative defense in and of itself. Therefore, the Court finds this affirmative defense both redundant and improper. Fed. R. Civ. P. 12(f).

Accordingly, the Court STRIKES without leave to amend Defendant's twenty-fifth affirmative defense of Claims Barred Under 15 U.S.C. § 1057.

26. <u>Plaintiff's Motion To Strike The Twenty-Sixth Affirmative Defense Of Concurrent</u>
Use

The Court **DENIES** Plaintiff's Motion to Strike the twenty-sixth affirmative defense of Concurrent Use.

The Lanham Act "allows the concurrent registration and use of the same or similar trademarks in commerce where a court of competent jurisdiction determines that such use is appropriate or where 'confusion, mistake or deception is not likely to result from the continued

use by more than one person of the same or similar marks under conditions and limitations as to the mode or place of use of the marks or the goods in connection with which the marks are used, provided they become 'entitled to use such marks as a result of the concurrent lawful use in commerce prior to ... the date[] of any registration under the Act. GTE Corp.

v. Williams, 649 F. Supp. 164, 167 n. 3 (D. Utah 1986).

A party may seek concurrent use registration based on a court determination of concurrent use rights. 37 C.F.R.
§ 2.99(f)(1).

The Court finds that Defendant has sufficiently pled this affirmative defense of concurrent use. Specifically, Defendant sets forth in its Answer and Counterclaim that its date of first use was prior to the filing date of Plaintiff's registration and that both Parties were using the mark in commerce, alleging Defendant uses the mark "Desert European Motorcars" exclusively in Tucson while Plaintiff instead uses the mark in California. See BellSouth Corp. v. DataNational Corp., 60 F.3d 1565, 1571 (Fed. Cir. 1995). As such, the Court finds that Defendant has pled sufficient facts here to put Plaintiff on fair notice regarding this defense.

Accordingly, the Court **DENIES** Plaintiff's Motion to Strike the twenty-sixth affirmative defense of Concurrent Use.

27. Plaintiff's Motion To Strike The Twenty-

Seventh Affirmative Defense Of Claims Barred Under 15 U.S.C. § 1067

The Court **GRANTS** Plaintiff's Motion to Strike the twenty-seventh affirmative defense of Claims Barred Under 15 U.S.C. § 1067.

15 U.S.C. § 1067 sets forth the procedure for filing an opposition to registration, an application to register as a lawful concurrent user or for an application to cancel the registration of a mark. 15 U.S.C. § 1067. As such, the Court finds that Defendant's affirmative defense here is improper, as the statute merely sets forth filing procedures and fails to give rise to an affirmative defense. See Sec. People, Inc. v. Classic Woodworking, LLC, 2005 WL 645592, *2 (N.D. Cal. March 4, 2005).

Accordingly, the Court STRIKES without leave to amend Defendant's twenty-seventh affirmative defense of Claims Barred Under 15 U.S.C. § 1067.

28. <u>Plaintiff's Motion To Strike The Twenty-</u> <u>Eighth Affirmative Defense Of Claims</u> Barred Under 15 U.S.C. § 1069

The Court **GRANTS** Plaintiff's Motion to Strike the twenty-eighth affirmative defense of Claims Barred Under 15 U.S.C. § 1069.

15 U.S.C. § 1069 sets forth that "[i]n all inter partes proceedings equitable principles of laches, estoppel, and acquiescence, where applicable may be considered and applied." 15 U.S.C. § 1069. However, in

its Answer and Counterclaim, Defendant has pled the affirmative defenses of laches, estoppel and acquiescence. As such, the Court finds that this affirmative defense is duplicative and redundant. Fed. R. Civ. P. 12(f).

Accordingly, the Court STRIKES without leave to amend Defendant's twenty-eighth affirmative defense of Claims Barred Under 15 U.S.C. § 1069.

C. Plaintiff's Motion To Strike Portions Of Answer And Counterclaim

Plaintiff also moves to strike portions of the Answer and Counterclaim pursuant to Federal Rule of Civil Procedure 12(f).

1. <u>Plaintiff's Motion To Strike Defendant's</u> <u>Allegation Regarding Constructive Notice</u>

Plaintiff first moves to strike the phrase in the Answer and Counterclaim that Defendant "expressly denies that [Defendant] was on ... constructive notice that Plaintiff had registered with the United States Patent and Trademark Office and was so protected."

[Def.'s Answer and Counterclaim, at 3:11-13.]

Plaintiff argues that this allegation should be stricken because it is wrong as a matter law, given 15 U.S.C. § 1072 of the Lanham Act provides that Registration of a mark constitutes constructive notice of the Plaintiff's claim of ownership.

The Court **DENIES** Plaintiff's Motion to Strike Defendant's allegation regarding constructive notice.

15 U.S.C. § 1072 sets forth that "the filing of the application to register such mark shall constitute constructive use of the mark." 15 U.S.C. § 1072.

However, 15 U.S.C. § 1057(c) also sets forth that the filing of this application will not constitute constructive notice against a person whose mark has not been abandoned and who, prior to the filing of such application, used the mark, filed an application to register the mark, or has filed a foreign application to register the mark and timely files an application to register the mark. 15 U.S.C. § 1057(c).

Defendant alleges in its Answer and Counterclaim that it used the mark prior to Plaintiff's filing of its trademark application, and therefore asserts it was not on constructive notice of the mark here. As such, the Court finds that Plaintiff fails to establish that this phrase is insufficient as a matter of law, as Defendant has pled sufficient facts here regarding its allegation that it was not on constructive notice of Plaintiff's registration of the mark.

Accordingly, the Court **DENIES** Plaintiff's Motion to Strike with regard to this phrase regarding constructive notice.

2. <u>Plaintiff's Motion To Strike Defendant's</u> <u>Request For Attorney's Fees</u>

Plaintiff next moves to strike the two phrases contained in the Answer and Counterclaim setting forth that Defendant is seeking attorneys fees in this

Action.³

2.8

The Court **GRANTS** Plaintiff's Motion to Strike Defendant's prayer for attorney's fees here.

The Lanham Act provides that "[t]he court in exceptional cases may award reasonable attorney fees to the prevailing party." 15 U.S.C. § 1117(a). A trademark infringement case is exceptional when the record supports a finding that the defendant's infringement was malicious, fraudulent, willful, or deliberate. See Derek Andrew, Inc. v. Poof Apparel Corp., 528 F.3d 696, 702 (9th Cir. 2008). However, when the defendant seeks attorney's fees, the Ninth Circuit has held that an award of attorney's fees is warranted if the defendant can show that the trademark infringement action was "either groundless, unreasonable, vexatious, or pursued in bad faith." Cairns v. Franklin Mint Co., 292 F.3d 1139, 1156 (9th Cir. 2002) (internal citations omitted).

The Court finds that Defendant has failed to sufficient plead its prayer for attorneys fees. Specifically, the Answer and Counterclaim fails to allege that this is an exceptional case here, nor does it allege any facts regarding the groundless, unreasonable, or vexatious nature of this Action. See

³ Specifically, Plaintiff seeks to strike the phrase that it is seeking "attorneys fees" on page 11, line 18 of the Answer and Counterclaim, and "reasonable attorney's fees pursuant to the provisions of any applicable statute or law" on page 14, line 14.

<u>id.</u> As such, the Court finds that Defendant fails to put Plaintiff on fair notice of the facts underlying this request for attorney's fees such as to defend against the charge.

Accordingly, the Court **GRANTS** Plaintiff's Motion to Strike and **STRIKES** with 20 days leave to amend Defendant's prayer for attorney's fees.

3. <u>Plaintiff's Motion To Strike Defendant's</u>

<u>Phrase Regarding Its Intention To File A</u>

Petition To Cancel Plaintiff's Trademark

Plaintiff moves to strike the phrase in the Answer and Counterclaim setting forth that Defendant intends to file a petition to cancel Plaintiff's trademark, or in the alternative, a petition to concurrently use the term "Desert European Motorcars." [Def.'s Answer and Counterclaim, at 13:6-8.] Plaintiff argues that this phrase is now immaterial, as Defendant's petition to cancel Plaintiff's trademark has now been stayed pending the outcome in this present Action. [Pl.'s Request for Judicial Notice, Ex. 1.]

The Court **GRANTS** Plaintiff's Motion to Strike the phrase at issue here.

The Court finds that this phrase regarding

Defendant's intent of filing a petition to cancel

Plaintiff's trademark is immaterial here.

Specifically, while Defendant has filed its petition to cancel Plaintiff's trademark, this petition has been stayed pending the outcome of this present Action.

Therefore, the Trademark Trial and Appeal Board will not rule on Defendant's petition prior to the resolution of the rights of the Parties in this instant Action. [Pl.'s Request for Judicial Notice, Ex. 1.]

As such, the Court GRANTS Plaintiff's Motion to Strike and STRIKES with 20 days leave to amend the phrase in the Answer and Counterclaim regarding Defendant's intention of filing a petition to cancel Plaintiff's trademark, or in the alternative, to concurrently use the term "Desert European Motorcars."

4. <u>Plaintiff's Motion To Strike Defendant's</u> <u>Request For An Injunction</u>

Plaintiff finally moves to strike Defendant's phrase in the Answer and Counterclaim setting forth that Defendant is seeking "preliminary and permanent injunctive relief restraining and enjoining [Plaintiff] from attempting to enforce an injunction against, or otherwise prevent [Defendant] from using the term "Desert European Motorcars." [Def's Answer and Counterclaim, 14:11-15.]

The Court **GRANTS** Plaintiff's Motion to Strike this request for injunctive relief. The Court finds that this request is improper, as Defendant effectively requests that the Court issue an injunction that prevents Plaintiff from enforcing its own injunction.

Accordingly, the Court GRANTS Plaintiff's Motion and STRIKES with 20 days leave to amend this request for injunctive relief.

D. Plaintiff's Motion For A More Definite Statement

Finally, the Court **DENIES** Plaintiff's Motion for a More Definite Statement Pursuant to Federal Rule of Civil Procedure 12(e). As noted above, Defendant has set forth sufficient facts with regard to the third, tenth, fourteenth, twenty-first, twenty-third, twenty-fourth, and twenty-sixth affirmative defenses, as well as its allegation regarding constructive notice.

III. Conclusion

For the reasons stated above, the Court **GRANTS IN**PART AND DENIES IN PART Plaintiff's Motion to Strike,

or in the alternative, For A More Definite Statement.

IT IS SO ORDERED.

DATED: August 25, 2011

- / **|**

RONALD S.W. LEW

HONORABLE RONALD S.W. LEW Senior, U.S. District Court Judge