

1 PERRY R. CLARK, State Bar No. 197101
 Law Offices of Perry R. Clark
 2 825 San Antonio Road
 Palo Alto, CA 94303
 3 Telephone: (650) 248-5817
 Facsimile: (650) 618 8533
 4 perry@perryclarklaw.com

5 Attorney for Plaintiff
 PETROLIAM NASIONAL BERHAD
 6 (PETRONAS)

7
 8 UNITED STATES DISTRICT COURT
 NORTHERN DISTRICT OF CALIFORNIA
 9 OAKLAND DIVISION

10	PETROLIAM NASIONAL BERHAD)	CASE NO.: 09-CV-5939 PJH
11	(PETRONAS),)	
12	Plaintiff,)	OPPOSITION TO MOTION FOR
13	vs.)	LEAVE TO AMEND ANSWER TO
14	GODADDY.COM, INC.,)	ADD COUNTERCLAIM AND
15	Defendant.)	ADDITIONAL AFFIRMATIVE
)	DEFENSES
)	Date: August 10, 2011
)	Time: 2 p.m.

1 **I. INTRODUCTION**

2 GoDaddy’s motion to amend should be denied because it is late and because the proposed
3 amendments are futile.

4 Although the deadline to amend the pleadings in this case is July 21, 2011, GoDaddy
5 waited to file its motion until June 30, 2011 and, as a result, the hearing date for the motion is
6 August 10, 2011. As a result, and assuming GoDaddy prevails on its motion, the earliest its
7 pleading could be amended is August 10, 2011, well after the deadline for amending the
8 pleadings.

9 Even if its motion were timely, GoDaddy’s new counterclaim and amended affirmative
10 defenses are futile. GoDaddy’s counterclaim is futile because it fails to plead that it will be
11 damaged by the continued *registration* of the Petronas mark, which is required in order to confer
12 standing on a party seeking the cancellation of a trademark registration. As for the amended
13 affirmative defenses, GoDaddy’s proposed amendments fail to plead all of the elements for each
14 of its affirmative defenses.

15 **II. GODADDY FAILS TO PLEAD STANDING FOR ITS COUNTERCLAIM
16 SEEKING CANCELLATION OF THE PETRONAS REGISTRATION**

17 GoDaddy’s counterclaim for cancellation of the Petronas registration is futile because it
18 fails to plead any facts which, if true, would establish GoDaddy’s standing to assert the
19 counterclaim. The trademark cancellation statute, 15 U.S.C. §1064, limits standing by stating
20 that “a petition to cancel a registration of a mark . . . may . . . be filed by any person who believes
21 that he is or will be damaged by the registration of a mark.” It is well settled that to establish
22 standing under 15 U.S.C. § 1064, “a petitioner must show a real and rational basis for his belief
23 that he would be damaged by the registration sought to be cancelled, *stemming from an actual*
24 *commercial or pecuniary interest in his own mark.*” *Star-Kist Foods, Inc. v. P.J. Rhodes & Co.*,
25 735 F.2d 346, 349 (9th Cir. 1984) (emphasis added) (noting that “[e]xamples of what courts have

1 countenanced as reasonable bases are: an assertion of a likelihood of confusion between the
2 petitioner’s mark and the registered mark at issue . . . or a rejection of an application during
3 prosecution.” (citations omitted)). Thus, “[w]hen a petitioner has no right to use a name shown
4 in a registered trademark of another party, that petitioner has no standing to seek cancellation of
5 the trademark.” *General Healthcare Limited v. Qashat*, 254 F. Supp.2d 193, 204 (D. Mass.
6 2003) (citing *In Re Houbigant, Inc.*, 914 F. Supp. 997, 1002 (S.D.N.Y. 1996).

7 Here, GoDaddy does not state, much less plead facts which would establish, that it has
8 any interest in or right to use the Petronas trademark or any other trademark that “is or will be
9 damaged” by the continued the registration of the Petronas trademark. GoDaddy specifically
10 pleads, in paragraph 93 of its answer to the complaint in this case, that “GoDaddy admits that it
11 does not claim ownership in the Petronas trademark.” (Slafsky Decl. Ex. A ¶93). And nowhere
12 in its answer and counterclaim does GoDaddy plead any “use” of the Petronas trademark that
13 would support such a claim to ownership. Indeed, GoDaddy repeatedly and specifically denies
14 even that it “used the ‘petronastower.net’ and ‘petronastowers.net’ domain names.” (Doc. No.
15 69 ¶¶63-65; Slafsky Decl. Ex. A ¶¶63-65).

16 By failing to plead any use, right, or interest in a trademark that has been or would be
17 damaged by the registration of the Petronas trademark, GoDaddy has failed to plead the “real
18 interest” required to establish standing to petition for cancellation. “The case law establishes
19 ‘that when a plaintiff has no right to use a name shown in a registered trademark of a defendant,
20 that plaintiff has no standing to seek cancellation of the trademark.’” *Houbigant*, 914 F. Supp. at
21 1002 (citing *Ging v. Showtime Entertainment, Inc.*, 570 F. Supp. 1080, 1084 (D. Nev. 1983);
22 *Avedis Zildjian Co. v. Fred Gretsch Mfg. Co.*, 251 F.2d 530 (2nd Cir. 1958)).

23 Rather than alleging any use or interest in the Petronas trademark as a basis to claim
24 standing, GoDaddy pleads in its counterclaim that is has been damaged “by the Petronas
25

1 Registration, as Petronas is relying on that registration as a basis for this action for
2 cybersquatting and other related claims.” (Slafsky Decl. Ex. A ¶ 19). Avoiding litigation for
3 infringement of a registered trademark, however, has long been rejected as a “real interest” that
4 would confer standing to petition for the cancellation of a trademark registration. “[I]t is well
5 settled . . . that the mere threat of a suit for infringement and/or the filing and litigation of an
6 opposition proceeding does not, *per se*, constitute damage within the meaning of Section 13 and
7 14 of the Statute.” *Yard-Man, Inc. v. Getz Exterminators, Inc.*, 157 U.S.P.Q. 100, 1968 WL
8 8094 (T.T.A.B. 1968); *see also McCarthy J., McCarthy on Trademarks and Unfair Competition*,
9 §20:12 (2010) (“No ‘damage’ results from infringement suit against opposer.”). As the
10 predecessor court to the Federal Circuit explained, “while a registration of the trademark at issue
11 may give applicant some tactical advantages in other litigation between the parties, we do not
12 agree that this constitutes ‘damage’ to appellant in the sense contemplated by Sec. 13 of the
13 Lanham Act (15 U.S.C. § 1064).” *Morton Foods, Inc. v. Frito Co.*, 50 C.C.P.A. 1105 (Ct. of
14 Customs and Pat. Appeals 1963) (holding, “in view of infringement action against opposer based
15 in part on the unregistered mark,” no “damage” would arise out of the “registration of the mark
16 by reason of the advantages that would accrue to applicant as plaintiff in the infringement suit.”).

17 **III. GODADDY’S AMENDED AFFIRMATIVE DEFENSES ARE FUTILE**

18 Of the eleven affirmative defenses in GoDaddy’s answer to the amended complaint,
19 GoDaddy moves to amend all of them except its First Affirmative Defense and Second
20 Affirmative Defense. All of the proposed amendments are futile because they fail to plead all of
21 the essential elements of each defense, as set forth below.

22 **A. Third Affirmative Defense: Waiver, Estoppel, and Laches**

23 Although it is not clear why GoDaddy treats waiver, estoppels, and laches as a single
24 affirmative defense, it nonetheless fails to plead facts that would support any of these defenses.

25

1 As for waiver, GoDaddy fails to plead any facts that would establish Petronas’s “clear,
2 decisive, and unequivocal” intent to relinquish any of its trademark rights. *Groves v. Prickett*,
3 420 F.2d 1119, 1125 (9th Cir.1970) (“An implied waiver of rights will be found where there is
4 ‘clear, decisive and unequivocal’ conduct which indicates a purpose to waive the legal rights
5 involved.”)). “Waiver is the intentional relinquishment of a known right with knowledge of its
6 existence and the intent to relinquish it.” *United States v. King Features Entm't, Inc.*, 843 F.2d
7 394, 399 (9th Cir.1988). “Although mere silence can be a basis for a claim of estoppel when a
8 legal duty to speak exists, waiver must be manifested in an unequivocal manner” *Duncan v.*
9 *Office Depot*, 973 F.Supp. 1171, 1177 (D.Or.1997); *see also United States v. Amwest Surety Ins.*
10 *Co.*, 54 F.3d 601, 602–03 (9th Cir.1995).

11 Here, GoDaddy alleges only that “Petronas waited until 2009 to take any action with
12 regard to one of the domain names at issue and waited until 2010 to take action with regard to
13 the other domain name at issue.” (Slafsky Decl. Ex. A ¶ 104). This is insufficient, however,
14 because “even if [plaintiff] failed to take preventative measures to stop [defendant’s]
15 infringement-related activities, failure to act, without more, is insufficient evidence of the
16 trademark owner’s intent to waive its right to claim infringement.” *Novell, Inc. v. Weird Stuff,*
17 *Inc.*, No. C92–20467, 0094 WL 16458729, at *12–13 (N.D.Cal. Aug.2, 1993).

18 With respect to estoppel, GoDaddy fails to plead virtually all of the required elements
19 needed to state a claim, including that Petronas knew of the alleged infringement and that
20 GoDaddy was misled to its detriment by some conduct of Petronas. “Unlike waiver, estoppel
21 focuses not on a party’s intent, but rather on the effects of his conduct on another. Estoppel
22 arises only when a party’s conduct misleads another to believe that a right will not be enforced
23 and causes him to act to his detriment in reliance upon this belief.” *Novell*, 0094 WL 16458729,
24 at * 13 (*citing Saverslak v. Davis–Clever Produce Co.*, 606 F.2d 208, 213 (7th Cir.1979)).

1 Here, GoDaddy fails to plead that it was misled or that Petronas caused it to take some
2 action to GoDaddy's own detriment. GoDaddy also fails to allege that Petronas knew of the
3 infringement for any significant period of time before taking action, which is required to
4 establish estoppel. *Lehman v. United States*, 154 F.3d 1010, 1016 (9th Cir.1998).

5 GoDaddy's laches defense is similarly deficient. Laches is a disfavored defense in
6 trademark cases, *E. & J. Gallo Winery v. Pasatiempos Gallo, S.A.*, 905 F.Supp. 1403, 1414
7 (E.D.Cal.1994), and available "only where the trademark holder knowingly allowed the
8 infringing mark to be used without objection for a lengthy period of time." *Brookfield Comms.,*
9 *Inc. v. West Coast Entertainment Corp.*, 174 F.3d 1036, 1061 (9th Cir.1999). To prevail on a
10 laches defense, "a defendant must prove: (1) the claimant unreasonably delayed in filing suit;
11 and (2) as a result of the delay, the defendant suffered prejudice." *Danjaq LLC v. Sony Corp.*,
12 263 F.3d 942, 955 (9th Cir. 2001).

13 As with estoppel, GoDaddy's pleading is completely silent as to the length of the alleged
14 delay or when Petronas allegedly learned of the infringement. For laches, the relevant delay is
15 the period that begins when the plaintiff knew (or should have known) of the allegedly infringing
16 conduct and ends with the initiation of the lawsuit in which the defendant seeks to assert the
17 laches defense. *Kling v. Hallmark Cards, Inc.*, 225 F.3d 1030, 1036 (9th Cir.2000) ("any delay
18 is to be measured from the time that the plaintiff knew or should have known about the potential
19 claim at issue"). In addition, GoDaddy has failed to allege any prejudice resulting from any
20 delay by Petronas.

21 **B. Fourth Affirmative Defense: Acquiescence**

22 GoDaddy's affirmative defense of acquiescence is futile because it fails to plead two
23 required elements of that defense. The elements of acquiescence are: "(1) the senior user
24 actively represented that it would not assert a right or a claim; (2) the delay between the active
25 representation and assertion of the right or claim was not excusable; and (3) the delay caused the

1 defendant undue prejudice.” *Times Mirror Magazines, Inc. v. Field & Stream Licenses Co.*, 294
2 F.3d 383, 395 (2d Cir.2002) (internal quotation marks omitted).

3 With respect to acquiescence, GoDaddy alleges only that “Petronas did not take any
4 action with regard to the domain names at issue for approximately six years and thereby
5 acquiesced and forfeited any right to complain about the conduct that forms the basis for its
6 allegations.” (Slasfky Decl. Ex. A ¶ 105). As such, GoDaddy fails to plead any representation
7 by Petronas or any prejudice to GoDaddy and thus fails to plead the first and third elements of
8 acquiescence identified above.

9 **C. Fifth Affirmative Defense: Statute of Limitations (Cal. Bus. Prof. Code §**
10 **17208)**

11 GoDaddy’s fifth affirmative defense is futile because it fails to allege any facts which
12 would establish that any of Petronas’s causes of action “accrued” more than four years before
13 Petronas filed this suit, as required by Cal. Bus. Prof. Code § 17208. Under California law, the
14 statute of limitations begins to run at “the time when the cause of action is complete with all of
15 its elements” unless accrual of the cause of action is postponed by the claimant's failure to
16 discover the cause of action. *Nor art v. Upon Co.*, 21 Cal, 4th 383, 397 (1999). “A plaintiff has
17 reason to discover a cause of action when he or she ‘has reason at least to suspect a factual basis
18 for its elements.’” *Keilholtz v. Superior Fireplace Co.*, 2009 WL 839076 (N.D.Cal., 2009)
19 (quoting *Grisham v. Philip Morris U.S.A., Inc.*, 40 Cal.4th 623, 54 Cal.Rptr.3d 735, 151 P.3d
20 1151 (2007)). Thus, when the plaintiff has notice or information of circumstances that would put
21 a reasonable person on inquiry notice, or has the opportunity to obtain knowledge from sources
22 open to his or her investigation, the statute commences to run. *Id.*

23 Here, GoDaddy fails to state—much plead facts that would show—when any of
24 Petronas’s causes of action accrued and, thus, fails to plead facts that would support its fifth
25 affirmative defense. In addition, GoDaddy admits that it did not begin to commit the actions

1 forming the basis of its liability in the complaint until April 2007, well within the four year
2 statute of limitation. (Slafsky Decl. Ex. A ¶ 43; Compl. Doc. No. 69 ¶ 43).

3 **D. Sixth Affirmative Defense: Misrepresentation of Fact**

4 GoDaddy's sixth affirmative defense—Misrepresentation of Fact—is futile because
5 GoDaddy fails to plead any grounds that would constitute a defense to any claim in this case.
6 Although not entirely clear, it appears that GoDaddy's sixth affirmative defense is based on an
7 assertion that Petronas is guilty of "unclean hands" arising from two alleged misrepresentations.

8 First, GoDaddy alleges that Petronas's complaint "contains numerous factually inaccurate
9 allegations." (Slafsky Decl. Ex. A ¶ 107). Petronas's conduct in bringing this suit, however,
10 cannot form the basis for a finding of "unclean hands." "It is a well-settled principle of
11 trademark law that the defense of unclean hands applies only with respect to the right in suit."
12 *Liz Claiborne, Inc. v. Mademoiselle Knitwear, Inc.* 13 F.Supp.2d 430, 445 (S.D.N.Y.1998) As
13 explained in *Sears Roebuck & Co. v. Sears plc*, 744 F.Supp. 1297 (D.Del.1990):

14 While bringing a lawsuit brings the contested issue before the court, the
15 act of bringing suit is not, itself, the matter concerning which a plaintiff
16 seeks relief. Thus, the Court must focus on alleged inequitable conduct in
the gaining or the use of the right being contested, not alleged inequitable
conduct in the bringing of the lawsuit.

17 *Id.* at 1310; *see also* 5 *J. Thomas McCarthy, McCarthy on Trademarks and Unfair Competition* §
18 31:51 (4th ed.1998) ("The act of bringing the lawsuit is not the subject matter concerning which
19 plaintiff seeks relief. Unclean hands must relate to the getting or using the alleged trademark
20 rights.").

21 Second, GoDaddy alleges that Petronas "has made false or improper representations with
22 intent to induce the U.S. Patent and Trademark Office to issue a trademark registration."
23 (Slafsky Decl. Ex. A ¶ 107). In addition to failing to identify any specific "trademark
24 registration," GoDaddy fails to plead the required elements of a *prima facie* case of fraud on the
25 Patent and Trademark Office, namely, "(1) the false representation regarding a *material* fact; (2)

1 the registrant's knowledge or belief that the representation is false (scienter); (3) reasonable
2 reliance on the misrepresentation; and (4) damages proximately resulting from such reliance.”

3 *San Juan Prods. v. San Juan Pools of Kansas*, 849 F.2d 468, 473 (10th Cir. 1988).

4 **E. Seventh and Eighth Affirmative Defenses: Invalid Trademark**

5 GoDaddy’s seventh affirmative defense alleges that “the Plaintiff’s alleged trademark is
6 invalid” and “Plaintiff’s alleged trademark registration is invalid” and its eighth affirmative
7 defense alleges that Petronas “lacks standing” because “it does not possess valid United States
8 trademark rights in the alleged mark.” With respect to the invalidity of “Plaintiff’s alleged
9 trademark,” GoDaddy’s seventh and eighth affirmative defenses are futile because they fail to
10 identify any specific trademark, the length of time of the alleged abandonment, any facts that
11 would establish the intent required for abandonment, or the intent not to resume use. 15 U.S.C. §
12 1127 (“A mark shall be deemed abandoned when its use has been discontinued with intent not to
13 resume such use.”). As for the “registration,” GoDaddy’s affirmative defenses simply mimic its
14 counterclaim, which fails as set forth above.

15 **F. Ninth Affirmative Defenses: Failure to Mitigate Damages**

16 GoDaddy’s ninth affirmative defense is futile because it fails to plead each of the
17 elements required for the defense of failure to mitigate damages. To prove a failure to mitigate,
18 a defendant must show: (1) what reasonable actions the plaintiff ought to have taken, (2) that
19 those actions would have reduced the damages, and (3) the amount by which the damages would
20 have been reduced. *Koppers Co. v. Aetna Cas. and Surety Co.* 98 F.3d 1440, 1448 (3d Cir.
21 1996). Here, GoDaddy makes no attempt to show how any action of Petronas would have
22 reduced its damages or by how much and, as such, its ninth affirmative defense is futile.

23 **G. Tenth Affirmative Defense: Failure to Join an Indispensible Party**

24 GoDaddy’s tenth affirmative defense is futile because it fails identify any party that is
25 allegedly “indispensible” to this action. “The burden is on the party raising the defense of failure

1 to join an indispensable party to show that the person or entity who was not joined is needed for
2 a just adjudication.” *Ford v. Keystone*, 2006 WL 800759 (E.D. Mich. 2006) (citing Charles Alan
3 Wright, Arthur R. Miller & Edward H. Cooper, Federal Practice and Procedure 3d § 1609, p.
4 129-30). Here, GoDaddy fails to make any allegation that any of the parties identified in its
5 tenth affirmative defense are needed for just adjudication of this matter.

6 **H. Eleventh Affirmative Defense: Unclean Hands**

7 GoDaddy’s eleventh affirmative defense merely repeats the allegations in its sixth
8 affirmative defense and is futile for the same reasons, explained above.

9 **IV. CONCLUSION**

10 For the reasons set forth above, GoDaddy’s motion for leave to amend should be denied.

11 Dated: July 14, 2011

LAW OFFICES OF PERRY R. CLARK

12

13

By: /s/ Perry R. Clark
Perry R. Clark
Attorney for Plaintiff
PETROLIAM NASIONAL BERHAD

14

15

16

17

18

19

20

21

22

23

24

25