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 14 GODADDY.COM, INC.

15 UNITED STATES DISTRICT COURT  
 16 NORTHERN DISTRICT OF CALIFORNIA  
 17 OAKLAND DIVISION

18	PETROLIAM NASIONAL BERHAD,	)	CASE NO: 09-CV-5939 PJH
		)	
19	Plaintiff,	)	<b>DEFENDANT’S REPLY IN</b>
		)	<b>FURTHER SUPPORT OF MOTION</b>
20	vs.	)	<b>FOR LEAVE TO AMEND ITS</b>
		)	<b>ANSWER</b>
21	GODADDY.COM, INC.,	)	
		)	Date: August 10, 2011
22	Defendant.	)	Stipulated Time: 9:00 a.m.
		)	Judge: Hon. Phyllis J. Hamilton

23 **I. INTRODUCTION**

24 In its Opposition to the Motion for Leave to Amend of Defendant GoDaddy.com, Inc.  
 25 (“Go Daddy”), Plaintiff Petroliam Nasional Berhad (“Plaintiff” or “Petronas”) would impose  
 26 new and onerous requirements on any defendant wishing to plead affirmative defenses or a  
 27 counterclaim; standards that even it, in the initial complaint or the First Amended Complaint, did  
 28 not meet. Petronas does not contest that leave to amend should be liberally granted under Rule  
 15. Nor does Petronas argue that Go Daddy unduly delayed filing of the amended pleading, that  
 Go Daddy filed in bad faith, or that any proposed amendment would cause prejudice to Petronas.

Petronas’ only substantive argument is that Go Daddy’s proposed amendments – all of

1 them – are futile.<sup>1</sup> This position is untenable. Go Daddy has sufficiently pleaded in its proposed  
2 counterclaim that it “has been damaged and will likely continue to be damaged by the Petronas  
3 Registration, as Petronas is relying on that registration as a basis for this action for  
4 cybersquatting and other related claims,” ¶ 19, and Go Daddy’s revised affirmative defenses  
5 provide more than enough factual allegations to provide Petronas “fair notice” of the defenses.

6 **II. GO DADDY’S ALLEGATIONS OF STANDING ARE SUFFICIENT TO**  
7 **MAINTAIN ITS COUNTERCLAIM**

8 Notably, Petronas does not argue that the allegations in Go Daddy’s counterclaim –  
9 namely, that Petronas has abandoned the mark in the registration for failure to use the mark as a  
10 trademark in the U.S., and that the registration was improperly issued – are futile. Instead,  
11 Petronas asserts a misdirected argument that Go Daddy somehow lacks standing to assert the  
12 counterclaim. This argument must fail.

13 Petronas is using the registration as a sword against Go Daddy in a federal lawsuit. This  
14 is sufficient to confer standing to seek cancellation of the trademark registration. *See World*  
15 *Market Center Venture, LLC v. Texas Int’l Prop. Assocs.*, 2009 WL 3303758, at \*3 (D. Nev.  
16 October 14, 2009) (“[Defendant] is correct that being sued for infringement is sufficient to  
17 support standing for a counterclaim for cancellation.”); *Roxbury Entm’t v. Penthouse Media Gr.,*  
18 *Inc.*, 2009 WL 2950324, at \*3 (C.D. Cal. April 3, 2009) (finding standing when counterclaimants  
19 “ha[d] a real interest in seeking cancellation of the registrations by virtue of Plaintiff having filed  
20 the instant lawsuit and Plaintiff’s demand that Defendants cease and desist all sales and  
21 promotions of [Plaintiff’s mark]”); *Triple-I Corp. v. Hudson Assocs. Consulting, Inc.*, 2009 WL

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22  
23 <sup>1</sup> Petronas also asserts in its introduction that Go Daddy’s motion for leave to amend was  
24 untimely, because it was filed only 21 days before the deadline to amend pleadings. *See*  
25 *Petronas Opp.* at 2. The Court’s scheduling Order of June 1, 2011 states: “LAST DAY TO  
26 AMEND PLEADINGS: no later than 90 days before fact discovery cutoff date a motion or a  
27 stipulation must be *filed*.” (Dkt #92, emphasis added). Go Daddy filed its motion for leave to  
28 amend on June 30, well before the “90 days before fact discovery cutoff” date: July 21. Also,  
Go Daddy filed its motion promptly (within three weeks) of learning that the Patent and  
Trademark Office decided, *sua sponte*, to suspend its trademark cancellation claim there; and Go  
Daddy’s motion and proposed pleading – which offered additional factual allegations in the  
affirmative defenses – was filed *within two days* of Petronas’ motion to strike affirmative  
defenses. There is no credible argument that Go Daddy’s motion was in any way “late.”

1 2162513, at \*3 (D. Kan. July 17, 2009) (“[A party’s] belief that it will be damaged due to the  
2 [trademark registrant’s] threat of litigation is sufficient to assert a ‘real interest’” under the  
3 Lanham Act); *Aerogroup Int’l, Inc. v. Marlboro Footworks, Ltd.*, 977 F. Supp. 264, 267 & n.2  
4 (S.D.N.Y. 1997) (“[Defendant] is requesting cancellation by way of a counterclaim in an  
5 infringement lawsuit, and [defendant] has unquestionably been injured by the fact that [plaintiff]  
6 has filed suit against it for infringement.”) *aff’d*, 152 F.3d 948 (Fed. Cir.), cert. denied, 525 U.S.  
7 948 (1998); *see also Tonka Corp. v. Tonka Tools, Inc.*, 229 USPQ 857, 859 (TTAB 1986)  
8 (“Petitioner has a real interest in seeking to cancel a registration that has been asserted, even  
9 defensively, in a civil action in the U.S. District Court.”). Even the U.S. Patent and Trademark  
10 Office’s own rules governing cancellation proceedings specifically provide for standing in  
11 circumstances when the trademark registrant has asserted its registration against the other party  
12 in litigation. *See Trademark Trial and Appeal Board Manual of Procedure*, § 309.03(b) (“A real  
13 interest in the proceeding and a reasonable belief of damage may be found, for example, where  
14 [a party] pleads (and later proves) . . . [the trademark registrant] has relied on its ownership of its  
15 application or registration in another proceeding between the parties.”).<sup>2</sup> In *Roxbury*  
16 *Entertainment v. Penthouse Media Group*, 2009 WL 2950324, at \*3 (C.D. Cal. April 3, 2009),  
17 for example, the defendant filed counterclaims to cancel the trademark registrations the plaintiff  
18 asserted in the litigation. The plaintiff sought summary judgment for lack of standing, arguing,  
19 as Petronas does here, that the plaintiff’s assertion of the registrations in the case do not confer  
20 standing, because the counterclaimant had not pleaded its own interest in the trademarks. *See id.*  
21 The Court rejected the argument: “Defendants are not mere intermeddlers, but rather have a  
22 personal interest in the outcome of this case beyond that of the general public. A real  
23 controversy exists between the parties because an actual dispute regarding the use of Plaintiff’s  
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27 <sup>2</sup> This language is in both the current edition of the Manual, released May 2011 (available at  
28 [http://www.uspto.gov/trademarks/process/appeal/Chapter\\_300.pdf](http://www.uspto.gov/trademarks/process/appeal/Chapter_300.pdf)), and the prior version, from  
March 2004 (available at [http://www.uspto.gov/trademarks/process/appeal/tbmp\\_ed2\\_rev1.pdf](http://www.uspto.gov/trademarks/process/appeal/tbmp_ed2_rev1.pdf)).

1 registered trademarks led to this action.”<sup>3</sup> *Id.*

2 The cases cited by Petronas in its opposition are out of context, out of date, and have  
3 been specifically disavowed in later cases in this circuit. *See Roxbury*, 2009 WL 2950324, at \*3  
4 (declining to apply a “pecuniary interest” test as set forth in *Star-Kist Foods, Inc. v. P.J. Rhodes*  
5 & *Co.*, 735 F.2d 346 (9th Cir. 1984), because “the reasoning in *Star-Kist* did not change the  
6 general standing rule that a petitioner need only show a personal interest in the outcome of the  
7 case beyond that of a mere intermeddler.”). Thus, Petronas’ reliance on *Star-Kist* and *Yard-Man*  
8 is misplaced, as was the plaintiff’s identical argument in *Roxbury*: “Plaintiff’s argument that  
9 Defendants’ counterclaims must be dismissed for failure to allege the ‘requisite pecuniary or  
10 financial damage to their own identical or similar mark in Route 66 [the trademark in the  
11 registration]’ misapprehends the law.”<sup>4</sup>

12 Petronas also argues that Go Daddy’s denial of any “use” of the domain name deprives it  
13 of standing to challenge the registration. *See Opp.* at 3. This argument is obtuse. Though Go  
14 Daddy denies any “use” of the domain names as defined under the Anticybersquatting Consumer  
15 Protection Act,<sup>5</sup> the “use” of the trademark contemplated by cases discussing standing is much

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17 <sup>3</sup> As a counterclaimant, Go Daddy stands in even better position to challenge a registration  
18 asserted against it in the complaint. *See Finanz St. Honore B.V. v. Johnson & Johnson*, 85  
19 U.S.P.Q.2d 1478, 1479 (TTAB 2007) (“As a counterclaim plaintiff, [defendant] need not allege  
20 its standing to challenge the pleaded registrations because its standing is inherent.”); *Carefirst of*  
21 *Maryland, Inc. v. FirstHealth of the Carolinas Inc.*, 2005 WL 2451671, at \*10 (TTAB 2005)  
22 (“[Defendant], by virtue of its position as defendant in the opposition, has standing to seek  
23 cancellation of the pleaded registrations.”); *see also* Trademark Trial and Appeal Board Manual  
24 of Procedure, § 309.03(b) (“A counterclaimant’s standing to cancel a pleaded registration is  
25 inherent in its position as defendant in the original proceeding.”).

26 <sup>4</sup> Petronas also misleadingly cites to part of the relevant discussion in the McCarthy treatise  
27 (*see Opp.* at 4), but fails to include the conclusion of the cited section: “However, more recent  
28 liberalized decisions permitting standing to oppose may put these earlier decisions [*Morton*  
*Foods* and *Yard-Man*] in doubt.” *See* McCarthy, Thomas J., McCarthy on Trademarks and  
Unfair Competition, § 20:12. McCarthy also cites *Pizza Donini, Inc. (Massachusetts) v. Pizza*  
*Donini, Inc. (Canada)*, 2002 WL 31173412 (TTAB 2002) (“As to respondent’s reliance on . . .  
the proposition that mere threat of a lawsuit does not constitute damage under the Trademark  
Act, such reliance is misplaced.”) (citations omitted). *Id.*

29 <sup>5</sup> “Use” of a domain name pursuant to the ACPA is restricted to the registrant of the domain  
30 name or the registrant’s “authorized licensee.” 15 U.S.C. 1125(d)(1)(D). Go Daddy is neither  
31 the registrant nor the registrant’s licensee, so it has not “used” the domain name under the  
32 ACPA.

1 more liberal, corresponding to the dictionary definition of the term. Go Daddy admits that the  
2 disputed domain names, which allegedly contain Petronas' trademark, were registered with Go  
3 Daddy. Such involvement, in combination with the federal lawsuit Petronas has filed against it  
4 based on the registration, and the fact that Go Daddy is a counterclaimant in the action, represent  
5 more than enough of a "real interest" in the proceeding, qualifying Go Daddy to challenge the  
6 trademark registration Petronas is hoping to use against it. *See Roxbury*, 2009 WL 2950324, at  
7 \*3, n.1 ("It is well established that '[t]he issue in [a cancellation] proceeding ... is not whether  
8 petitioner owns the mark in question or is entitled to registration thereof but whether the  
9 presumptions flowing from respondent's registration would be damaging to petitioner's  
10 continued use of the term.' This interpretation of the standing rule is consistent both with the  
11 plain language of the statute, which only requires a belief that the petitioner 'is or will be  
12 damaged' by a registration, and with the clear trend of liberalizing the standing requirements, as  
13 exemplified by the extension of standing to government agencies and trade associations."  
14 (quoting *Koplin v. Phillips*, 133 U.S.P.Q. 622 (T.T.A.B.1962) and citing *Jewelers Vigilance*  
15 *Comm., Inc. v. Ullenberg Corp.*, 823 F.2d 490, 493 (Fed.Cir.1987) ("There is no question that a  
16 trade association, having a real interest in the outcome of the proceedings, may maintain an  
17 opposition without proprietary rights in a mark or without asserting that it has a right or has an  
18 interest in using the alleged mark sought to be registered by an applicant."); *Books on Tape, Inc.*  
19 *v. Booktape Corp.*, 836 F.2d 519, 520 (Fed.Cir.1987) (finding that the Trademark Trial and  
20 Appeal Board's holding that the "petitioner has no standing to bring a cancellation  
21 proceeding ...' because it has not established proprietary rights in [the mark] is wrong as a matter  
22 of law.")).

23 Because there is good reason to rid the trademark register of "dead wood," the fact that  
24 Go Daddy's counterclaim alleges abandonment and improper registration should also be factored  
25 into the standing analysis. *See Lipton Indus., Inc. v. Ralston Purina Co.*, 670 F.2d 1024, 1029-30  
26 (CCPA 1982) ("In determining the requirements for standing, this court has taken into  
27 consideration that no ex parte vehicle for removing 'dead' registrations from the register is  
28 provided in the statute except for the provisions of section 8 (15 U.S.C. s 1058) requiring an

1 affidavit or declaration of use to be filed during the sixth year of its term. There is no procedure  
2 for the Commissioner of Patents and Trademarks to initiate action against defunct marks which  
3 appear in registrations. Thus, . . . the public interest is served, . . . in broadly interpreting the class  
4 of persons Congress intended to be allowed to institute cancellation proceedings.”) *See also The*  
5 *Trademark Law Revision Act of 1988*, 8-SPG Franchise L.J. at \*24 (Spring 1989) (A principal  
6 benefit intended by The Trademark Law Revision Act of 1988 was that “[d]eadwood that now  
7 clogs the register will be cleared, thus freeing otherwise unavailable marks and improving the  
8 reliability of the register.”); Federal Register Notice of July 12, 2011 (“If a registered mark is not  
9 actually in use in the United States, or is not in use on all the goods/services in the registration,  
10 [certain] costs and burdens [to potential new users of the trademark] may be incurred  
11 unnecessarily. Thus, accuracy and reliability of the trademark register help avoid such needless  
12 costs and burdens, and thereby benefit the public.”).

13 **III. GO DADDY’S PROPOSED AFFIRMATIVE DEFENSES PROVIDE FAIR**  
14 **NOTICE OF THE FACTUAL BASES FOR THE DEFENSES**

15 Petronas argues that the affirmative defenses as stated in Go Daddy’s proposed Answer  
16 are “futile” because they do not allege each element that would be required of a plaintiff  
17 affirmatively pleading such claims in a complaint. Petronas cites no authority for this position,  
18 and no authority to contradict the prevailing standard: “The key to determining the sufficiency of  
19 pleading an affirmative defense is whether it gives plaintiff fair notice of the defense.” *Simmons*  
20 *v. Navajo Cnty., Ariz.*, 609 F.3d 1011, 1023 (9th Cir. 2010) (citing *Wyshak v. City Nat’l Bank*,  
21 607 F.2d 824, 827 (9th Cir. 1979) and *In re Sterten*, 546 F.3d 278, 285 (3d Cir. 2008) (noting  
22 that “the proper focus of our inquiry” is whether the plaintiff was “specifically deprived [] of an  
23 opportunity to rebut that defense or alter litigation strategy accordingly”). Indeed, to adopt  
24 Petronas’ unsupported arguments would be to impose a new pleading standard for federal  
25 defendants, requiring the affirmative defenses to be just as detailed as the affirmative complaint  
26 (if not more so), regardless of the facts that a defendant has only 21 days under the Federal Rules  
27 to respond to a complaint, that a defendant is compelled to include many of the affirmative  
28 defenses in the initial answer, and that such allegations must be included before the parties have

1 even begun discovery in the action. Numerous courts have declined to impose such an  
2 obligation. *See, e.g., Garber v. Mohammadi*, 2011 WL 2076341, at \*4 (C.D. Cal. Jan. 19, 2011)  
3 (declining to extend *Twombly* pleading standard to affirmative defenses); *Baum v. Faith Techs.,*  
4 *Inc.*, 2010 WL 2365451, at \*3 (N.D. Okla. June 9, 2010) (“Plaintiff seems to suggest that  
5 *Twombly* would require defendants to allege specific facts directly corresponding to each  
6 required element of an affirmative defense. This goes far beyond what *Twombly* requires in even  
7 a *complaint*, which is allegations sufficient to raise a right to relief above the speculative level.  
8 An affirmative defense may be plausible even if all the facts necessary to prove its applicability  
9 have not been established.”) (emphasis in original, internal quotations and citations omitted).  
10 Petronas’ invitation to this Court to impose new requirements should be declined as well.

11 Using the correct standard – whether Petronas has fair notice of the alleged defenses –  
12 there is no dispute that the affirmative defenses are adequately pleaded. Petronas does not even  
13 argue that it lacks fair notice of the defenses; only that the proposed amendments do not include  
14 every element of the claim in the defense. *See Opp.* at 1, 4. Go Daddy has discussed the  
15 sufficiency of each proposed affirmative defense in its July 12, 2011 Opposition to Petronas’  
16 pending Motion to Strike, at 3-7 (Dkt #98), and specifically incorporates such arguments here.

#### 17 **IV. CONCLUSION**

18 For the foregoing reasons, neither the proposed counterclaim nor the proposed revised  
19 affirmative defenses are “futile.” *See Hip Hop Beverage Corp. v. RIC Representcoes*  
20 *Importacao e Comercio, Ltde*, 220 F.R.D. 614, 622-23 (C.D. Cal. 2003) (“An amendment is  
21 ‘futile’ only if it would clearly be subject to dismissal.”) (citing *DCD Programs, Ltd v. Leighton*,  
22 833 F.2d 183, 188 (9th Cir. 1987)). Go Daddy’s request to amend its Answer should therefore  
23 be granted. *See Eminence Capital, LLC v. Aspeon, Inc.*, 316 F.3d 1048, 1051 (9th Cir. 2003)  
24 (“Generally, Rule 15 advises the court that ‘leave shall be freely granted when justice so  
25 requires.’ This policy is ‘to be applied with extreme liberality.’”) (citations omitted).

26 Go Daddy respectfully reiterates its request that the Court grant its Motion for Leave to  
27 Amend its Answer to Petronas’ First Amended Complaint so that Go Daddy may add additional  
28 affirmative defenses and assert its counterclaim for cancellation of Petronas’ Trademark

1 Registration, and that the Court enter the Amended Answer and Counterclaim attached to the  
2 June 30, 2011 Declaration of John L. Slafsky in Support of Defendant's Motion for Leave to  
3 Amend as Exhibit A.

4  
5 Dated: July 21, 2011

WILSON SONSINI GOODRICH & ROSATI  
Professional Corporation

7  
8 By: /s/ John L. Slafsky  
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