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UNITED STATES DISTRICT COURT

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SOUTHERN DISTRICT OF CALIFORNIA

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LEADERSHIP STUDIES, INC., dba
CENTER FOR LEADERSHIP
STUDIES, a California corporation,

CASE NO. 15cv1831-WQH-KSC

11

Plaintiff/Counterclaim-Defendant,
v.

ORDER

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BLANCHARD TRAINING AND
DEVELOPMENT, INC., a California
corporation, and Does 1-10, inclusive,

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Defendant/Counterclaim-Plaintiff.

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HAYES, Judge:

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The matter before the Court is the Motion to Dismiss the Counterclaim and Strike the Third Affirmative Defense filed by Plaintiff and Counterclaim-Defendant Leadership Studies, Inc. (“Leadership”). (ECF No. 54).

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I. Background

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On August 17, 2015, Leadership commenced this action by filing a complaint against Defendant/Counterclaim-Plaintiff Blanchard Training and Development, Inc. (“Blanchard”). (ECF No. 1). On November 9, 2015, Leadership filed a first amended complaint. (ECF No. 10). On April 13, 2016, Leadership filed a second amended complaint. (ECF No. 27). On November 7, 2016, Leadership filed the Third Amended Complaint (ECF No. 49) (“TAC”), which is the operative complaint in this matter. On

1 November 23, 2016, Blanchard filed an Answer to the Third Amended Complaint,
2 Affirmative Defenses, and Counterclaim for Cancellation of Trademark. (ECF No. 52).

3 On December 19, 2016, Leadership filed the Motion to Dismiss the Counterclaim
4 for Cancellation of Trademark and Strike the Third Affirmative Defense of Estoppel by
5 Naked Licensing. (ECF No. 54). On January 9, 2017, Blanchard filed a response in
6 opposition. (ECF No. 55). On January 13, 2017, Leadership filed a reply. (ECF No.
7 56).

8 **II. Allegations of the Third Amended Complaint (ECF No. 49)**

9 Leadership “is a corporation organized and existing under the laws of the State
10 of California and doing business and having offices in Cary, North Carolina.
11 Leadership Studies is engaged in the business of teaching and promoting the
12 “Situational Leadership Model,” which enables managers, salespeople, peer leaders,
13 teachers, and parents to interface with and influence others more effectively.” *Id.* at 2.
14 Blanchard “is a corporation organized and existing under the laws of California and
15 doing business and having offices in Escondido, California. Blanchard is engaged in the
16 business of leadership training, which includes development and implementation of
17 leadership training models for businesses that wish to increase productivity and
18 efficiency among their workforces.” *Id.*

19 “The founder of Leadership Studies, Paul Hersey, developed a theory concerning
20 a methodology for leaders to influence others based on their readiness for a particular
21 task. He named the model ‘Situational Leadership.’” *Id.* at 3. “Ken Blanchard worked
22 with Dr. Hersey as Dr. Hersey developed his theory. Dr. Blanchard became a partner
23 in Dr. Hersey’s company, Center for Leadership Studies.” *Id.* at 3-4.

24 “In 1980 Dr. Blanchard sold his interest in Center for Leadership Studies and he
25 was paid thirty thousand dollars (\$30,000.00) incrementally through 1981 for his
26 interest in the company.” *Id.* at 4. “In conjunction with the sale of his interest in Center
27 for Leadership Studies, Dr. Blanchard released any and all rights he had in any
28 materials copyrighted by Center for Leadership Studies including those in which he had

1 any role in preparing.” *Id.* “In 1982, Blanchard also assigned to Center for Leadership
2 Studies its interest in then-pending a trademark application before the United States
3 Patent and Trademark Office for the mark ‘Situational Leadership,’ including ‘all right,
4 title and interest in and to said mark, together with the good will of the business
5 symbolized by the mark,’ bearing serial number 73283537.” *Id.* “When Dr. Blanchard
6 decided he wanted to branch out on his own and provide management training through
7 his company, Blanchard, [Dr. Blanchard] wanted to use the concepts that he had worked
8 on with Dr. Hersey[.]” *Id.* “Dr. Hersey agreed to license the right to use the mark
9 ‘SITUATIONAL LEADERSHIP’ with the understanding that Dr. Blanchard’s use of
10 the Mark would inure to the benefit of Dr. Hersey’s company, Leadership Studies.” *Id.*

11
12 “Accordingly, Leadership Studies and Blanchard entered into a license agreement
13 (the ‘License Agreement’) on or about December 19, 1987, pursuant to which
14 Leadership Studies licensed to Blanchard the right to use Leadership Studies’ trademark
15 ‘SITUATIONAL LEADERSHIP’ under the condition that ‘(1) BLANCHARD shall
16 utilize the mark “SITUATIONAL LEADERSHIP” only in association with goods and
17 services which meet or exceed a level of quality exemplified by the goods and services
18 presently offered under the mark “SITUATIONAL LEADERSHIP”’” *Id.* “In the
19 License Agreement, Blanchard acknowledges Leadership Studies’ ownership of the
20 ‘Situational Leadership®’ trademark (the ‘Mark’). Blanchard further agrees to the
21 additional condition that ‘In utilizing the mark “SITUATIONAL LEADERSHIP”,
22 BLANCHARD shall at all times use the appropriate statutory notice symbol in
23 conjunction therewith[.]’” *Id.* at 5. “The License Agreement also requires that
24 ‘BLANCHARD shall inform LEADERSHIP STUDIES of any infringement of the
25 [Mark].’” *Id.* “The License Agreement also requires that ‘BLANCHARD shall inform
26 LEADERSHIP STUDIES of any infringement of the [Mark].’ The License Agreement
27 does not grant Blanchard rights to assign or sublicense the Mark, other than in
28 conjunction with the sale of Blanchard’s entire business, in which case Blanchard is

1 required to offer Leadership Studies a right of first refusal.” *Id.*

2 “The Mark ‘Situational Leadership®’ is the subject of a valid trademark
3 registration by Leadership Studies with the U.S. Patent and Trademark Office
4 (Registration No. 3,407,887) for educational kits[.]” *Id.* “The Mark ‘Situational
5 Leadership®’ also is the subject of a valid trademark registration by Leadership Studies
6 with the U.S. Patent and Trademark Office (Registration No. 4,222,028) for audio and
7 video recordings featuring educational material[.]” *Id.* at 5-6. “Leadership Studies
8 learned that Blanchard, in violation of the parties’ respective rights and duties under the
9 Licensing Agreement, has commenced a pattern and practice of registering the marks
10 ‘Situational Leadership’ and ‘Situational Leadership II’ in other countries.” *Id.* at 7.

11 “The derivative junior marks ‘Situational Leadership II’ and ‘SLII’ are
12 confusingly similar to Leadership Studies’ registered senior mark, ‘Situational
13 Leadership®.’” *Id.* at 9. “Blanchard’s use of the derivative junior marks ‘Situational
14 Leadership II’ and ‘SLII’ are likely to cause, and cause, consumer confusion, thereby
15 infringing upon the Leadership Studies’ rights to its mark, ‘Situational Leadership.’ In
16 fact, Blanchard markets ‘Situational Leadership II’ (‘SLII’) as another version of
17 ‘Situational Leadership,’ which confirms that it seeks to benefit from the goodwill and
18 secondary meaning associated with the mark, ‘Situational Leadership®,’ but now seeks
19 to attribute the goodwill of both the senior and junior marks to Blanchard instead of
20 Leadership Studies.” *Id.* “Blanchard increasingly provides information to prospective
21 clients and on its website that emphasizes the ‘vast’ differences between Situational
22 Leadership and ‘Situational Leadership II’/‘SLII’, and now disparages both the
23 foundation and content of Situational Leadership®, all to the detriment of the
24 Situational Leadership® Mark.” *Id.*

25 “On September 25, 2015, subsequent to the filing of the original complaint in the
26 instant action, and in response to the instant action, Blanchard filed a separate lawsuit
27 against Leadership Studies . . . (the ‘Blanchard Lawsuit’) that asserted claims that are
28 affirmative defenses to the instant action.” *Id.* at 10. “The Blanchard Lawsuit alleged

1 that Leadership Studies is precluded from asserting claims against Blanchard related to
2 Leadership Studies' Mark because, inter alia, Leadership Studies allegedly did not
3 adequately police Blanchard's use of the Mark and that the License Agreement that has
4 governed Blanchard's use of the Mark since 1987 is a naked license." *Id.* "The
5 Blanchard Lawsuit asserted positions concerning the ownership of the Mark, and the
6 validity of the License Agreement, that are contrary to the express terms of the License
7 Agreement and the parties' course of conduct pursuant to the License Agreement." *Id.*
8 at 10-11.

9 "On September 30, 2015 Leadership Studies sent a letter to Blanchard
10 terminating the License Agreement on the grounds that Blanchard had materially
11 breached its terms and conditions." *Id.* at 11. "Despite the termination of the License
12 Agreement, Blanchard continues to use the Mark, more often than not without
13 attribution." *Id.*

14 In the Third Amended Complaint, Leadership alleges nine causes of action: (1)
15 breach of written contract; (2) breach of the covenant of good faith and fair dealing; (3)
16 trademark infringement under the Lanham Act, § 43(A) and 15 U.S.C. § 1125; (4)
17 trademark infringement via reverse confusion under the Lanham Act, § 43(A) and
18 15 U.S.C. § 1125; (5) fraud in obtaining registered marks under 15 U.S.C. §§ 1064(3)
19 & 1119; (6) unfair competition; (7) copyright infringement; (8) accounting; and (9)
20 declaratory relief. (ECF No. 49).

21 **III. Allegations of the Counterclaim (ECF No. 52 at 42-53)**

22 In its Answer to the Third Amended Complaint, Blanchard contends that "Ken
23 Blanchard and Paul Hersey first met in 1966 at Ohio University. . . . Ken Blanchard
24 agreed to join Paul Hersey as a co-author of the book that would become Management
25 of Organizational Behavior." (ECF No. 52 at 43-44). "In 1978, Ken Blanchard
26 founded Blanchard Training to continue and expand his work with Situational
27 Leadership and the further development of the Situational Leadership Theory." *Id.* at
28 45. "From 1979 to 1981, Blanchard Training and Leadership Studies collaborated as

1 partners, though their partnership agreement expressly permitted the partners to
2 “participate in other business ventures of every kind whether or not those other business
3 ventures compete with the partnership” without sharing income or profit derived from
4 any such other business venture.” *Id.*

5 “In 1981, as Blanchard Training continued to grow and Ken Blanchard continued
6 to teach and lecture on Situational Leadership, Blanchard Training and Leadership
7 Studies began to follow separate paths, and Blanchard Training left the partnership
8 consisting of Blanchard Training, Leadership Studies, and Keilty, Incorporated.” *Id.*
9 “Blanchard Training’s success in the following years was fueled by the work that Ken
10 Blanchard and his associates at Blanchard Training were doing to create a new version
11 of the original Situational Leadership Theory, model, and application that they referred
12 to as ‘Situational Leadership II’ and/or ‘SLII.’” *Id.* at 46. “By the early 1980s, the
13 success of Ken Blanchard and Blanchard Training began to impact the competitive but
14 friendly relationship between Blanchard Training and Leadership Studies.” *Id.*

15 “After several years of operating independently of each other, the companies
16 negotiated an arrangement whereby each company would continue to use the
17 SITUATIONAL LEADERSHIP mark independently of each other, in perpetuity,
18 without any inspection rights, exercise of quality control, or payments of royalties.” *Id.*
19 at 47. “The arrangement was memorialized in an agreement executed on December 19,
20 1987 (the ‘1987 Agreement’).” *Id.* “The 1987 Agreement nominally identified
21 Leadership Studies as the owner of the SITUATIONAL LEADERSHIP trademark and
22 Blanchard Training as the licensee, but in the execution version of the 1987 Agreement
23 the parties deleted and removed the single quality control provision by crossing it out
24 and initialing their deletions[.]” *Id.* “In a memorandum dated December 22, 1987, Ken
25 Blanchard explained the 1987 Agreement to Blanchard Training’s associates, stating
26 that ‘we have agreed...without inspection rights. For us the inspection rights was a deal
27 killer. We didn’t want Hersey looking over our shoulder.’” *Id.* at 48.

28 “The only surviving reference to ‘quality’ in the 1987 Agreement is a reference

1 to use of ‘the mark “SITUATIONAL LEADERSHIP” only in association with goods
2 and services that meet or exceed a level of quality exemplified by the goods and
3 services presently offered under the mark “SITUATIONAL LEADERSHIP.”’
4 However, this reference to ‘quality’ provided Leadership Studies with no ability to
5 control the level of quality on an ongoing basis, by virtue of inspections or otherwise.”
6 *Id.* “Blanchard Training was permitted under the 1987 Agreement to sublicense the
7 SITUATIONAL LEADERSHIP mark, as the license extended ‘to all materials and
8 services produced by or under the direction of BLANCHARD and products sold or
9 service delivered by persons/entities authorized by BLANCHARD.’ Blanchard
10 Training authorized other ‘persons/entities’ to sell such products and deliver such
11 services.” *Id.* “In failing to include a quality control provision, the 1987 Agreement
12 lacked the most basic and essential provision of a trademark license.” *Id.*

13 “In the decades following the execution of 1987 Agreement, Leadership Studies
14 and Blanchard Training openly competed with each other and both companies were
15 aware that the other company was independently producing materials to teach, deliver,
16 and train its own version of Situational Leadership, which Blanchard Training sought
17 to distinguish by use of the names ‘Situational Leadership II’ and/or ‘SLII.’” *Id.* at 49.
18 “Leadership Studies did not control or supervise Blanchard Training’s use of the
19 SITUATIONAL LEADERSHIP mark at any time after the execution of 1987
20 Agreement. . . . Leadership Studies has failed to prevent or control the widespread
21 uncontrolled use of the SITUATIONAL LEADERSHIP mark by third parties.” *Id.* at
22 50. “For example, a current Google search reveals numerous unauthorized third party
23 uses of ‘situational leadership,’ in a generic manner to refer to a theory regarding leader
24 training and development, as well as to identify related goods or services apparently not
25 controlled by Leadership Studies.” *Id.* Blanchard alleges a counterclaim for
26 Cancellation of Trademark against Leadership pursuant to 15 U.S.C. § 1119.

27 **IV. Analysis**

28 **A. Motion to Dismiss the Counterclaim for Cancellation of Trademark**

1 **i. Contentions of the Parties**

2 Leadership contends that the licensee estoppel doctrine bars Blanchard from
3 challenging the validity of the trademark because of Blanchard’s status as a licensee.
4 Leadership asserts that it agreed to license the use of the “Situational Leadership”
5 trademark to Blanchard in 1987. Leadership contends that the Court must assume, for
6 the purpose of this Motion, that the 1987 Agreement was not terminated. (ECF No. 56
7 at 5). Leadership contends that “the licensee estoppel doctrine forbids a continuing
8 licensee like Blanchard to challenge the validity of the ‘SITUATIONAL
9 LEADERSHIP®’” trademark. *Id.* at 5-6. Leadership contends, “Because the
10 Counterclaim relies entirely on alleged facts and events during the term of the License,
11 it should be dismissed without leave to amend.” (ECF No. 54-1 at 20).

12 Blanchard contends that the licensee estoppel doctrine is not applied rigidly
13 against all licensees to bar adverse claims by a licensee against its licensor. Blanchard
14 contends that “it would be premature to apply the licensee estoppel doctrine on a
15 motion to dismiss, as the parties dispute whether the 1987 Agreement has been
16 terminated, and various courts have held that termination would make licensee estoppel
17 not applicable[.]” (ECF No. 55 at 7). Blanchard asserts that Leadership has taken the
18 position that the 1987 Agreement has been terminated, while Leadership also contends
19 that the Agreement requires the Court to apply the licensee estoppel doctrine.
20 Blanchard contends that, “While Leadership Studies is entitled to plead inconsistent
21 theories in the alternative, the fact that Leadership Studies pleads a theory of liability
22 that various courts have found inconsistent with licensee estoppel weighs against
23 applying licensee estoppel at the pleading stage in this case.” *Id.* at 20.

24 **ii. Applicable Law**

25 A motion to dismiss a counterclaim brought pursuant to Federal Rule of Civil
26 Procedure 12(b)(6) is analyzed under the same standard as a Rule 12(b)(6) motion to
27 dismiss a plaintiff’s complaint. *See Oracle Am., Inc. v. CedarCrestone, Inc.*, 938 F.
28 Supp.2d 895, 900 (N.D. Cal. 2013). Federal Rule of Civil Procedure 12(b)(6) permits

1 dismissal of a claim for relief for “failure to state a claim upon which relief can be
2 granted[.]” Fed. R. Civ. P. 12(b)(6).

3 “A district court’s dismissal for failure to state a claim under Federal Rule of
4 Civil Procedure 12(b)(6) is proper if there is a ‘lack of a cognizable legal theory or the
5 absence of sufficient facts alleged under a cognizable legal theory.’” *Conservation*
6 *Force v. Salazar*, 646 F.3d 1240, 1242 (9th Cir. 2011) (quoting *Balistreri v. Pacifica*
7 *Police Dep’t*, 901 F.2d 696, 699 (9th Cir. 1988)). “To survive a motion to dismiss, a
8 plaintiff’s complaint must have sufficient facts ‘to state a facially plausible claim to
9 relief.’” *Id.* (quoting *Shroyer v. New Cindular Wireless Servs., Inc.*, 622 F.3d 1035,
10 1041 (9th Cir. 2010)). “A claim has facial plausibility when the plaintiff pleads factual
11 content that allows the court to draw the reasonable inference that the defendant is liable
12 for the misconduct alleged.” *Ashcroft v. Iqbal*, 556 U.S. 662, 678 (2009) (citing *Bell*
13 *Atl. Corp. v. Twombly*, 550 U.S. 544, 556 (2007)). “In sum, for a complaint to survive
14 a motion to dismiss, the non-conclusory ‘factual content,’ and reasonable inferences
15 from that content, must be plausibly suggestive of a claim entitling the plaintiff to
16 relief.” *Moss v. U.S. Secret Serv.*, 572 F.3d 962, 969 (9th Cir. 2009) (quoting *Ashcroft*,
17 556 U.S. at 678).

18 In *Pac. Supply Co-op v. Farmers Union Cent. Exch. Inc.*, 318 F.2d 894 (9th Cir.
19 1963), the Court of Appeals identified “the long settled principle of law that a
20 licensee . . . of a trademark or trade name may not set up any adverse claim in it as
21 against its licensor.” *Id.* at 908. The Court of Appeals stated that “a recognized
22 licensee[’s]” use of a trademark pursuant to a license agreement “sets up no rights in
23 that licensee adverse to the terms of the license and the actual circumstances of the use.”
24 *Id.* at 908-09. This principle has been referred to by courts as the “licensee estoppel
25 doctrine.” See *Robanda Intern., Inc. v. Parkinson*, No. 13cv490 BTM(BLM), 2013 WL
26 4039835, at *3 (S.D. Cal. Aug. 6, 2013) (Moskowitz, C.J.) (concluding that the doctrine
27 of licensee estoppel articulated by the Court of Appeals in *Pac. Supply* may apply to
28 prevent the plaintiff/licensee of a licensing agreement still in effect from challenging

1 the validity of the defendant/licensor’s trademark); *Monster, Inc. v. Dolby Labs.*
2 *Licensing Corp.*, 920 F. Supp.2d 1066, 1076-77 (N.D. Cal. 2013) (“The licensee
3 estoppel doctrine precludes a licensee from challenging the validity of the licensor’s
4 trademark based upon conduct that occurred during the life of its license, particularly
5 with respect to the licensee itself.”) (citing *Pac. Supply*, 318 F.2d at 908); *Gold Club-*
6 *SF, LLC v. Platinum SJ Enter.*, Case No. 13-cv-03797-WHO, 2013 WL 5273070, at
7 *10 (N.D. Cal. Sept. 18, 2013) (stating that “the doctrine of licensee estoppel” may
8 prevent the licensee from challenging the validity of a trademark).

9 However, courts have generally applied the doctrine to prevent adverse claims
10 by a licensee against its licensor while the license agreement between the parties is in
11 effect. *See Robanda*, 2013 WL 4039835, at *3 (“Because the license agreement is still
12 in effect, Plaintiff may be barred by the doctrine of licensee estoppel from challenging
13 the validity of Defendant’s ownership or potential abandonment of the trademark until
14 the license expires.”); *Monster, Inc.*, 920 F. Supp.2d at 1077 (stating that the doctrine
15 only applies to preclude a licensee’s challenge to a licensor “based upon conduct that
16 occurred during the life of [the licensor’s] license”).

17 **iii. Analysis**

18 In the TAC, Leadership alleges that on September 30, 2015, it “sent a letter to
19 Blanchard terminating the License Agreement on the grounds that Blanchard had
20 materially breached its terms and conditions.” (ECF No. 49 at 11). In its answer to the
21 TAC, Blanchard

22 admits that it received a letter dated September 30, 2015 from Leadership
23 Studies purporting to terminate the perpetual, royalty-free 1987
24 Agreement. Blanchard Training denies that Leadership Studies had the
25 right to terminate the 1987 Agreement, and Blanchard Training denies that
26 the termination was effective.

27 (ECF No. 52 at 10). Blanchard contends that the Court should not apply the doctrine
28 of licensee estoppel because the parties dispute whether the 1987 Agreement has been
effectively terminated. (ECF No. 55 at 19-20). Leadership contends that “the Court
must assume that the 1987 License Agreement was not terminated for purposes of this

1 Motion.” (ECF No. 56 at 5).

2 Once a court determines the existence of a license agreement, the licensee
3 estoppel doctrine may apply to prevent a licensee from “set[ting] up any adverse claim
4 in it as against its licensor.” *Pac. Supply*, 318 F.2d at 908. The parties have identified
5 cases in which the licensee estoppel doctrine has been applied to preclude a licensee
6 from asserting an adverse claim against its licensor – both when the underlying license
7 agreement remains valid during the pendency of the action, and when the underlying
8 license agreement has been terminated *by the licensee* after the action has been filed.
9 *Compare Robanda*, 2013 WL 4039835, at *3, with *Edwin K. Williams & Co., Inc. v.*
10 *Edwin K. Williams & Co.-East*, 542 F.2d 1053, 1058-60 (9th Cir. 1976) (applying
11 doctrine to prevent licensee from asserting counterclaim that underlying license was
12 invalid after the agreement had been purportedly repudiated *by the licensee* after the
13 action had been filed) (emphasis added).

14 However, the Court does not conclude at the motion to dismiss phase that
15 Leadership, as a licensor, may terminate the 1987 Agreement and subsequently rely
16 upon the existence of the Agreement to estop its licensee Blanchard from asserting a
17 counterclaim challenging the validity of the trademark. Further, in the event that
18 Leadership prevails on its claim that the 1987 Agreement was terminated by the
19 September 30, 2015 letter to Blanchard, estoppel may not apply to prevent Blanchard
20 from challenging the validity of the trademark based upon conduct that took place while
21 the Agreement was not in effect. The Court cannot conclude at this stage of the
22 proceedings that the licensee estoppel doctrine applies as a matter of law to preclude
23 Blanchard from challenging the validity of the trademark. Accordingly, Defendant’s
24 Motion to Dismiss the counterclaim is DENIED.

25 **B. Motion to Strike the Third Affirmative Defense of Estoppel by Naked**
26 **Licensing**

27 **i. Contentions of the Parties**

28 Leadership contends that the licensee estoppel doctrine bars the defense of naked

1 licensing “if it is based upon facts occurring during the license term.” (ECF No. 54-1
2 at 26). Leadership contends that the third affirmative defense should be stricken
3 because it “challenges [Leadership’s] ability to enforce its trademark for the same
4 reasons as those alleged in the Counterclaim.” *Id.* at 27.

5 Blanchard contends that its third affirmative defense for estoppel by naked
6 licensing differs from its counterclaim for cancellation of trademark. Blanchard asserts
7 that the defense of naked licensing relies upon facts pertaining to estoppel of licensor
8 Leadership, while its counterclaim pertains to licensee estoppel. Blanchard contends
9 that “[t]he Third Affirmative Defense and Counterclaim seek entirely different forms
10 of relief and are underpinned by a variety of facts, only some of which overlap.” (ECF
11 No. 55 at 24).

12 **ii. Applicable Law**

13 Federal Rule of Civil Procedure 12(f) states that a “court may strike from a
14 pleading an insufficient defense or any redundant, immaterial, impertinent, or
15 scandalous matter.” Fed. R. Civ. P. 12(f). The purpose of Rule 12(f) “is to avoid the
16 expenditure of time and money that must arise from litigating spurious issues by
17 dispensing with those issues prior to trial[.]” *Sidney-VinSTEIN v. A.H. Robins Co.*, 697
18 F.2d 880, 885 (9th Cir. 1983). “Affirmative defenses are insufficient as a matter of law
19 where there are no questions of fact, [] any questions of law are clear and not in
20 dispute, and [] under no set of circumstances could the defense succeed.” *Hernandez*
21 *v. Cty. of Monterey*, 306 F.R.D. 279, 284-85 (N.D. Cal. 2015) (citations and quotation
22 marks omitted).

23 **iii. Analysis**

24 In its third affirmative defense for estoppel by naked licensing, Blanchard asserts
25 that Leadership “is estopped from enforcing the terms of any trademark license
26 conveyed to Blanchard Training in the 1987 Agreement.” (ECF No. 52 at 37).
27 Construing the facts in the light most favorable to the non-moving party Blanchard, the
28 Court cannot conclude that Leadership is entitled to prevail on its claim that

1 Blanchard's naked licensing affirmative defense is inapplicable to this case as a matter
2 of law. Therefore, the Court concludes that the Motion to Strike the third affirmative
3 defense is DENIED.

4 **V. Conclusion**

5 IT IS HEREBY ORDERED that the Motion to Dismiss the Counterclaim and
6 Strike the Third Affirmative Defense filed by Plaintiff and Counterclaim-Defendant
7 Leadership (ECF No. 54) is DENIED.

8 DATED: August 2, 2017

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10 **WILLIAM Q. HAYES**
11 United States District Judge
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