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UNITED STATES DISTRICT COURT  
CENTRAL DISTRICT OF CALIFORNIA

578539 B.C., LTD., a Canadian  
corporation trading as CANADIAN  
MAICO

Plaintiff,

vs.

J. GARY KORTZ, an individual residing  
in this District doing business as SOCAL  
MAICO,

Defendant.

\_\_\_\_\_  
J. GARY KORTZ, an individual residing  
in this District doing business as SOCAL  
MAICO,

Counterclaimant,

vs.

578539 B.C., LTD., a Canadian  
corporation trading as CANADIAN  
MAICO,

Counterdefendant.

) CASE NO. CV 14-04375 MMM (MANx)  
)  
) ORDER GRANTING PLAINTIFF/  
) COUNTERDEFENDANT’S MOTION TO  
) DISMISS COUNTERCLAIMS AND  
) GRANTING IN PART AND DENYING IN  
) PART PLAINTIFF/  
) COUNTERDEFENDANT’S MOTION TO  
) STRIKE AFFIRMATIVE DEFENSES

On June 6, 2014, 578539 B.C., Ltd., trading as Canadian Maico, (“Maico”) filed this  
trademark infringement action against J. Gary Kortz, doing business as SoCal Maico (“Kortz”).<sup>1</sup>

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<sup>1</sup>Complaint, Docket No. 1 (June 6, 2014).

1 On June 30, 2014, Kortz answered the complaint and asserted counterclaims against Maico.<sup>2</sup> On  
2 July 14, 2014, Maico filed a motion to strike Kortz’s affirmative defenses and dismiss his  
3 counterclaims.<sup>3</sup> Kortz opposes the motion.<sup>4</sup>

4 Pursuant to Rule 78 of the Federal Rules of Civil Procedure and Local Rule 7-15, the court  
5 finds this matter appropriate for decision without oral argument, vacates the hearing calendared  
6 for October 20, 2014, and takes the matter off calendar.

7  
8 **I. FACTUAL BACKGROUND**

9 **A. Facts Alleged in the Complaint**

10 Maicowerk A.G. was a German motorcycle manufacturer founded in 1926; it primarily  
11 manufactured small motorcycles for civilian and military use.<sup>5</sup> Following World War II,  
12 Maicowerk motorcycles became favorites of motocross racing enthusiasts.<sup>6</sup> Maicowerk, however,  
13 experienced financial difficulties beginning in the 1970’s and went out of business in the 1980’s.<sup>7</sup>

14 Plaintiff 5778539 B.C., Ltd., is a Canadian corporation that was founded in 1996 and  
15 trades under the name Canadian Maico.<sup>8</sup> Maico’s goal was to rebuild Maicowerk’s business by  
16 restoring and selling genuine Maicowerk motorcycles, as well as parts that could be used by others

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<sup>2</sup>Answer to Complaint, Docket No. 10 (June 30, 2014) (“Answer”); Counterclaim against  
20 Counterdefendant 578539 B.C., Ltd. (“Counterclaim”), Docket No. 11 (June 30, 2014).

21 <sup>3</sup>Motion to Dismiss Counterclaims and Strike Affirmative Defenses (“Motion”), Docket  
22 No. 14 (July 14, 2014).

23 <sup>4</sup>Opposition to Motion to Dismiss Counterclaims (“Counterclaim Opposition”), Docket No.  
24 23 (Sept. 30, 2014); Opposition to Motion to Strike Affirmative Defenses (“Aff. Def.  
25 Opposition”), Docket No. 24 (Sept. 30, 2014).

26 <sup>5</sup>Complaint, ¶ 7.

27 <sup>6</sup>*Id.*

28 <sup>7</sup>*Id.*

<sup>8</sup>*Id.*, ¶¶ 3, 8.

1 to restore and maintain Maicowerk motorcycles.<sup>9</sup> Maico sells Maicowerk parts and motorcycles  
2 via mail order and on its website, www.maicomotorcycles.com.<sup>10</sup> Since its founding, Maico has  
3 been very successful; its business has grown beyond Western Canada and it now serves  
4 Maicowerk motorcycle enthusiasts in the United States and Canada, as well as internationally.<sup>11</sup>

5 Maico allegedly holds under Federal Registration Nos. 4,137,895 and 4,156,487 for the  
6 Maico trademark and design – the word Maico and a large “M” superimposed over a shield (the  
7 “Maico marks”).<sup>12</sup> The Maico marks allegedly appear on Maicowerk motorcycles, Maicowerk  
8 motocross cycles, and structural parts used in Maicowerk motorcycles.<sup>13</sup> Maico contends that the  
9 Maico marks are arbitrary and fanciful and have no meaning outside their use by Maico to  
10 distinguish its products from those offered by others.<sup>14</sup> It also maintains that the Maico marks  
11 have been continuously promoted and used in the United States such that they have become well-  
12 known for goods originating with Maico, particularly among motocross motorcycle enthusiasts.<sup>15</sup>

13 Maico asserts that Gary Kortz observed the success of its business and decided to start a  
14 business offering the same goods and services.<sup>16</sup> Kortz does business under the name “SoCal  
15 Maico.”<sup>17</sup> Although Maico initially welcomed the increased competition, it alleges that Kortz  
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19 <sup>9</sup>*Id.*, ¶ 8.

20 <sup>10</sup>*Id.*

21 <sup>11</sup>*Id.*, ¶¶ 8-9.

22 <sup>12</sup>*Id.*, ¶ 10.

23 <sup>13</sup>*Id.*, ¶ 11.

24 <sup>14</sup>*Id.*, ¶ 12.

25 <sup>15</sup>*Id.*

26 <sup>16</sup>*Id.*, ¶ 13.

27 <sup>17</sup>*Id.*

1 wanted to limit its sales to Canada.<sup>18</sup> To that end, Kortz purportedly embarked on a scheme to  
2 destroy the goodwill among American customers that Maico had developed since its founding.<sup>19</sup>

3 On April 15, 2014, Kortz applied to register his logo with the United States Patent and  
4 Trademark Office (“USPTO”).<sup>20</sup> His application stated that he intended to use the mark in  
5 connection with “on-line retail store services featuring new and used Maico motorcycle parts” and  
6 his website [www.socalmaico.com](http://www.socalmaico.com).<sup>21</sup> Kortz’s logo allegedly incorporates Maico’s federally  
7 registered trademarks.<sup>22</sup> After applying to register the trademark, Kortz petitioned to have the  
8 USPTO cancel Maico’s Registration No. 4,156,487, asserting that only he should be able to  
9 register and use the Maico marks in the United States.<sup>23</sup>

10 Maico contends that in addition to copying the Maico marks deliberately, Kortz has made  
11 false and degrading statements about Maico and its goods to potential customers.<sup>24</sup> Specifically,  
12 Kortz allegedly sent demand letters to Maico’s suppliers and posted false and defamatory  
13 statements about Maico on numerous websites.<sup>25</sup> Maico asserts that Kortz made the statements  
14 to harm its business and reputation so that customers would choose to do business with Kortz  
15 rather than Maico.<sup>26</sup> Maico alleges that Kortz’s repeatedly false statements have caused substantial  
16 economic loss and injury.<sup>27</sup> It also asserts that Kortz engaged in these activities without its

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18 <sup>18</sup>*Id.*, ¶ 14.

19 <sup>19</sup>*Id.*

20 <sup>20</sup>*Id.*, ¶ 15.

21 <sup>21</sup>*Id.*

22 <sup>22</sup>*Id.*

23 <sup>23</sup>*Id.*

24 <sup>24</sup>*Id.*, ¶ 16.

25 <sup>25</sup>*Id.*

26 <sup>26</sup>*Id.*

27 <sup>27</sup>*Id.*

1 permission and deliberately to mislead consumers and cause them to believe that Kortz and his  
2 goods are associated with Maico.<sup>28</sup> Maico maintains that consumers will be confused by Kortz’s  
3 conduct and will falsely associate Kortz’s goods and services with authentic Maico goods and  
4 services.<sup>29</sup>

5 It pleads claims for (1) trademark infringement under the Lanham Act, 15 U.S.C. § 1114;  
6 (2) infringement of unregistered trademark and trade name rights under the Lanham Act, 15  
7 U.S.C. § 1125; (3) common law trademark and trade name infringement; (4) violation of  
8 California’s Unfair Competition Law (“UCL”), California Business and Professions Code  
9 § 17200, *et seq*; and (5) trade libel.<sup>30</sup>

10 In his answer, Kortz pleads seventeen affirmative defenses: (1) failure to state a claim on  
11 which relief can be granted; (2) fair use; (3) innocent infringement; (4) statute of limitations;  
12 (5) laches; (6) waiver, acquiescence, and estoppel; (7) non-infringement; (8) no causation; (9) no  
13 damage; (10) unclean hands; (11) lack of irreparable harm; (12) adequacy of remedy at law;  
14 (13) failure to mitigate; (14) First Amendment; (15) duplicative claims; (16) fraud; and  
15 (17) invalid intellectual property.<sup>31</sup>

16 **B. Facts Alleged in the Counterclaim**

17 In his counterclaim, Kortz alleges that Maicowerk was a German motorcycle manufacturer  
18 that is not currently conducting business and that has abandoned its registered trademarks.<sup>32</sup> Kortz  
19 asserts that Maico registered Maicowerk’s abandoned trademarks with the USPTO under Federal  
20 Registration Nos. 4,137,895 and 4,156,487,<sup>33</sup> despite the fact that it had not received an  
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22 <sup>28</sup>*Id.*, ¶ 17.

23 <sup>29</sup>*Id.*

24 <sup>30</sup>*Id.*, ¶¶ 18-34.

25 <sup>31</sup>Answer, ¶¶ 35-51.

26 <sup>32</sup>Counterclaim, ¶ 1.

27 <sup>33</sup>*Id.*, ¶ 2.

1 assignment of any of Maicowerk’s rights, reputation or goodwill.<sup>34</sup> Kortz contends that  
2 Maicowerk’s reputation and goodwill persists, and that there is still a market for authentic  
3 Maicowerk motorcycles, parts, and accessories in the United States.<sup>35</sup>

4 Kortz purportedly sells authentic Maicowerk motorcycles and parts and that he uses the  
5 Maico marks “as appropriate and necessary in his business.”<sup>36</sup> He contends that by using the  
6 Maico marks, Maico has traded on Maicowerk’s goodwill, and caused confusion as to the source  
7 or origin of its goods and services. Kortz asserts that Maico’s continued use of the marks will  
8 likely cause future confusion as to the source of its goods.<sup>37</sup> Such consumer confusion is allegedly  
9 likely to arise because Maicowerk or its successor has continued goodwill associated with the  
10 Maico marks and Maico’s use of the marks will cause confusion among consumers as to the origin  
11 of Maico’s goods and services.<sup>38</sup>

12 Kortz pleads counterclaims for common law unfair competition; declaratory relief; and  
13 false advertising and false designation of origin under § 43(a) of the Lanham Act.<sup>39</sup>

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15 **II. DISCUSSION**

16 **A. Maico’s Alleged Failure to Meet and Confer**

17 Kortz argues that Maico’s motion should be denied because it failed to comply with Local  
18 Rule 7-3.<sup>40</sup> Local Rule 7-3 provides, in relevant part:

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21 <sup>34</sup>*Id.*, ¶ 3.

22 <sup>35</sup>*Id.*, ¶ 3.

23 <sup>36</sup>*Id.*, ¶¶ 4, 9.

24 <sup>37</sup>*Id.*, ¶¶ 7, 8.

25 <sup>38</sup>*Id.*, ¶¶ 6-7, 19.

26 <sup>39</sup>*Id.*, ¶¶ 5-21.

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28 <sup>40</sup>Counterclaim Opposition at 3-4; Aff. Def. Opposition at 3-4.

1 “In all cases . . . , counsel contemplating the filing of any motion shall first contact  
2 opposing counsel to discuss thoroughly, preferably in person, the substance of the  
3 contemplated motion and any potential resolution. The conference shall take place  
4 at least seven (7) days prior to the filing of the motion. If the parties are unable to  
5 reach a resolution which eliminates the necessity for a hearing, counsel for the  
6 moving party shall include in the notice of motion a statement to the following  
7 effect: ‘This motion is made following the conference of counsel pursuant to L.R.  
8 7-3 which took place on (date).’” CA CD L.R. 7-3 (emphasis original).

9 When a party fails to comply with Local Rule 7-3, the court may, in its discretion, refuse  
10 to consider the motion. See, e.g., *Singer v. Live Nation Worldwide, Inc.*, No. SACV 11-0427  
11 DOC (MLGx), 2012 WL 123146, \*2 (C.D. Cal. Jan. 13, 2012) (denying a motion for summary  
12 judgment because the moving party failed to comply with Local Rule 7-3); *Alcatel-Lucent USA,*  
13 *Inc. v. Dugdale Communications, Inc.*, No. CV 09-2140 PSG (JCx), 2009 WL 3346784, \*4 (C.D.  
14 Cal. Oct. 13, 2009) (“The meet and confer requirements of Local Rule 7-3 are in place for a  
15 reason, and counsel is warned that nothing short of strict compliance with the local rules will be  
16 expected in this Court. Thus, the motion is . . . denied for failure to comply with Local Rule 7-  
17 3”).

18 Maico represents that the parties met and conferred as required by Local Rule 7-3 between  
19 June 23 and July 6. Kortz does not dispute that such communications took place, but argues that  
20 they did not constitute the necessary pre-filing conference because he did not file an answer to  
21 Maico’s complaint until June 30, 2014.<sup>41</sup> Kortz asserts that the only correspondence between the  
22 parties after June 30 was a letter Maico sent on July 6 referencing the motions.<sup>42</sup> Kortz contends  
23 Maico did not attempt to have an in-person or telephonic conference prior to sending the letter  
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27 <sup>41</sup>Counterclaim Opposition at 3; Aff. Def. Opposition at 3.

28 <sup>42</sup>Counterclaim Opposition at 4; Aff. Def. Opposition at 4.

1 and should have filed its motions later than it did so that it could conduct a proper Rule 7-3  
2 conference.<sup>43</sup>

3 Maico counters that the parties had multiple detailed conversations concerning Kortz's  
4 counterclaims and defenses, which began when Kortz threatened to file a motion to dismiss  
5 Maico's complaint.<sup>44</sup> It also asserts it sent Kortz a detailed letter explaining the grounds for  
6 dismissal and striking of affirmative defenses it would raise in its motion.<sup>45</sup> Maico contends it  
7 offered to have an additional conference concerning the motion, but Kortz did not request that  
8 one take place.<sup>46</sup>

9 The court concludes that Maico has satisfied Local Rule 7-3. It appears the parties had a  
10 meaningful conference regarding Maico's intended motion to dismiss and strike. Even crediting  
11 Kortz's statement that Maico did not conduct an in-person or telephonic conference with his  
12 lawyer after Kortz filed an answer to the complaint, it appears counsel adequately met and  
13 conferred. Maico's letter references substantive conversations between counsel regarding Kortz's  
14 affirmative defenses and counterclaims that took place before the answer and counterclaims were  
15 filed; these conversations apparently detailed Maico's objections and put Kortz on notice of its  
16 intention to file a motion to dismiss and strike. Although an in-person conference is preferable  
17 under the Local Rules, it is not mandatory. Here, the parties had several in-person or telephonic  
18 conferences prior to the date Kortz filed his answer. It is undisputed, moreover, that Maico sent  
19 Kortz a thorough, detailed letter explaining its position and setting forth the arguments and  
20 authority it would cite in its moving papers eight days before filing the motion. There is no  
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24 <sup>43</sup>*Id.*

25 <sup>44</sup>Reply in Support of Motions to Dismiss and Strike, Docket No. 25 (Oct. 6, 2014) at 8.

26 <sup>45</sup>*Id.*

27 <sup>46</sup>*Id.* at 8-9.



1 evidence that any purported failure to meet and confer personally prejudiced Kortz’s ability to  
 2 respond meaningfully to the motion. The court therefore turns to the merits of the motion.<sup>47</sup>

3 **B. Maico’s Motion to Dismiss**

4 **1. Legal Standard Governing Motions to Dismiss Under Rule 12(b)(6)**

5 A Rule 12(b)(6) motion tests the legal sufficiency of the claims asserted in the complaint.  
 6 A Rule 12(b)(6) dismissal is proper only where there is either a “lack of a cognizable legal  
 7 theory,” or “the absence of sufficient facts alleged under a cognizable legal theory.” *Balistreri*  
 8 *v. Pacifica Police Dept.*, 901 F.2d 696, 699 (9th Cir. 1988). The court must accept all factual  
 9 allegations pleaded in the complaint as true, and construe them and draw all reasonable inferences  
 10 from them in favor of the nonmoving party. *Cahill v. Liberty Mut. Ins. Co.*, 80 F.3d 336, 337-38  
 11 (9th Cir. 1996); *Mier v. Owens*, 57 F.3d 747, 750 (9th Cir. 1995).

12 The court need not, however, accept as true unreasonable inferences or conclusory legal  
 13 allegations cast in the form of factual allegations. See *Bell Atlantic Corp. v. Twombly*, 540 U.S.  
 14 544, 553–56 (2007) (“While a complaint attacked by a Rule 12(b)(6) motion to dismiss does not  
 15 need detailed factual allegations, a plaintiff’s obligation to provide the ‘grounds’ of his  
 16 ‘entitle[ment] to relief’ requires more than labels and conclusions, and a formulaic recitation of  
 17 the elements of a cause of action will not do”). Thus, a plaintiff’s complaint must “contain  
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19 <sup>47</sup>Even had Maico failed to comply with Local Rule 7-3, the court would elect to consider  
 20 the merits of the motion. Failure to comply with the Local Rules does not automatically require  
 21 the denial of a party’s motion, particularly when the nonmoving party has suffered no apparent  
 22 prejudice as a result of the failure to comply. See *ECASH Techs., Inc. v. Guagliardo*, 35 Fed.  
 23 Appx. 498, 500 (9th Cir. May 13, 2002) (Unpub. Disp.) (“The Central District of California’s  
 24 local rules do not require dismissal of appellee’s motions for failure to satisfy the meet-and-confer  
 25 requirements nor do they even provide for such a harsh penalty” (citations omitted)); *Brodie v.*  
 26 *Board of Trustees of California State University*, No. CV 12-07690 DDP (AGR<sub>x</sub>), 2013 WL  
 27 4536242, \*1 (C.D. Cal. Aug. 27, 2013) (considering the merits of a motion despite counsel’s  
 28 failure to comply with Local Rule 7-3); *Williams-Ilunga v. Gonzalez*, No. CV 12-08592 DDP  
 (AJW<sub>x</sub>), 2013 WL 571795, \*4 (C.D. Cal. Feb. 13, 2013) (same); *Reed v. Sandstone Properties,*  
*L.P.*, No. CV 12-05021 MMM (VBK<sub>x</sub>), 2013 WL 1344912, \*6 (C.D. Cal. Apr. 2, 2013) (same);  
*Thomas v. U.S. Foods, Inc.*, No. 8:12-cv-1221-JST (JEM<sub>x</sub>), 2012 WL 5634847, \*1 n. 1 (C.D.  
 Cal. Nov. 14, 2012) (same); *Wilson-Condon v. Allstate Indemnity Co.*, No. CV 11-05538 GAF  
 (PJW<sub>x</sub>), 2011 WL 3439272, \*1 (C.D. Cal. Aug. 4, 2011) (same).

1 sufficient factual matter, accepted as true, to ‘state a claim to relief that is plausible on its face.’  
2 . . . A claim has facial plausibility when the plaintiff pleads factual content that allows the court  
3 to draw the reasonable inference that the defendant is liable for the misconduct alleged.” *Ashcroft*  
4 *v. Iqbal*, 556 U.S. 662, 678 (2009); see also *Twombly*, 550 U.S. at 545 (“Factual allegations must  
5 be enough to raise a right to relief above the speculative level, on the assumption that all the  
6 allegations in the complaint are true (even if doubtful in fact)” (citations omitted)); *Moss v. United*  
7 *States Secret Service*, 572 F.3d 962, 969 (9th Cir. 2009) (“[F]or a complaint to survive a motion  
8 to dismiss, the non-conclusory ‘factual content,’ and reasonable inferences from that content, must  
9 be plausibly suggestive of a claim entitling the plaintiff to relief,” citing *Iqbal* and *Twombly*).

## 10 **2. Whether Kortz Has Article III Standing To Bring His Counterclaims**

11 The jurisdiction of federal courts is defined and limited by Article III of the United States  
12 Constitution. To sue in federal court, a plaintiff must first show that he has Article III standing.  
13 *Flast v. Cohen*, 392 U.S. 83, 96 (1968). A party invoking federal jurisdiction bears the burden  
14 of demonstrating that he has standing to sue. See *FW/PBS, Inc. v. City of Dallas*, 493 U.S. 215,  
15 231 (1990) (“[I]t is the burden of the ‘party who seeks the exercise of jurisdiction in his favor’ .  
16 . . ‘clearly to allege facts demonstrating that he is a proper party to invoke judicial resolution of  
17 the dispute’” (internal citations omitted)); *Warth v. Seldin*, 422 U.S. 490, 508 (1975) (“[A]  
18 plaintiff who seeks to challenge exclusionary zoning practices must allege specific, concrete facts  
19 demonstrating that the challenged practices harm him, and that he personally would benefit in a  
20 tangible way from the court’s intervention”).

21 The elements of standing are “an indispensable part of the plaintiff’s case.” *Lujan v.*  
22 *Defenders of Wildlife*, 504 U.S. 555, 561 (1992). Thus, “each element must be supported in the  
23 same way as any other matter on which the plaintiff bears the burden of proof, i.e., with the  
24 manner and degree of evidence required at the successive stages of the litigation.” *Id.*; see also  
25 *Lujan v. National Wildlife Federation*, 497 U.S. 871, 883-85 (1990) (assessing plaintiff’s standing  
26 under Rule 56 standards, as the dispute regarding standing arose in the context of a motion for  
27 summary judgment); *Gladstone, Realtors v. Village of Bellwood*, 441 U.S. 91, 114-15 & n. 31  
28 (1979). At the pleadings stage, general factual allegations of injury resulting from defendant's

1 conduct may suffice to plead standing, since in deciding a motion to dismiss, courts “presum[e]  
2 that general allegations embrace those specific facts that are necessary to support the claim.” See  
3 *Defenders of Wildlife*, 504 U.S. at 561 (quoting *National Wildlife Federation*, 497 U.S. at 889).

4 “The requisite elements of Article III standing are well established: ‘A [p]laintiff must  
5 allege personal injury fairly traceable to the defendant’s allegedly unlawful conduct and likely to  
6 be redressed by the requested relief.’” *Hein v. Freedom From Religion Foundation, Inc.*, 551  
7 U.S. 587, 598 (2007) (citing *Allen v. Wright*, 468 U.S. 737, 751 (1984)). The “injury in fact”  
8 prong of Article III standing requires that a plaintiff “have suffered an invasion of a legally  
9 protected interest which is (a) concrete and particularized, and (b) actual or imminent, not  
10 conjectural or hypothetical.” *Defenders of Wildlife*, 504 U.S. at 560 (internal citations omitted).

11 Maico argues that Kortz lacks standing to bring his counterclaims because he has suffered  
12 no injury as a result of Maico’s allegedly unlawful conduct. Maico contends that Kortz is merely  
13 attempting to “vindicate the rights” of Maicowerk or its successor in interest, and/or to protect  
14 consumers generally.<sup>48</sup> Kortz counters that he is not attempting to vindicate Maicowerk’s rights,  
15 but “defending and establishing his use of the Maico Marks.” He asserts that he “is harmed by  
16 [Maico’s] attempted exclusive use and failure to dis[as]sociate [itself] from German Maicowerk.”<sup>49</sup>

17 The counterclaims contains no allegations of injury to Kortz, and most specifically, no  
18 injury that is both so “concrete and particularized” and “actual or imminent” as to satisfy the  
19 “injury in fact” prong for Article III standing. Contrary to the assertions in his opposition,<sup>50</sup> Kortz

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21 <sup>48</sup>Motion at 2 (“Defendant also does not have standing to raise the claims; he does not plead  
22 any injury to him or any protected interest of his from the alleged acts of unfair competition”);  
23 *id.* at 6 (“Defendant has no standing to raise claims on behalf of the Germany company (or its  
24 unknown successors, if any) to vindicate its alleged rights”); *id.* at 11 (“[Defendant] has not  
25 alleged injury to any protected interest owned by him. He simply does not have standing to  
26 vindicate the once-protected interest of a company that has been defunct for twenty five years and  
27 whose rights have admittedly been abandoned”).

26 <sup>49</sup>Counterclaim Opposition at 5.

27 <sup>50</sup>“It is well settled that standing cannot be ‘inferred argumentatively from averments in the  
28 pleadings,’ but rather ‘must affirmatively appear in the record.’” *National Licensing Ass’n, LLC*

1 does not allege any present or likely future injury to his business or protectable interests; he  
 2 merely pleads consumer confusion based on a purported association between the defunct German  
 3 manufacturer, Maicowerk, and Maico's products.<sup>51</sup> Kortz concedes that he is not Maicowerk's  
 4 successor in interest and that he has not received an assignment of Maicowerk's interests in its  
 5 "valuable goodwill and reputation." Because Kortz admittedly has no protectable legal interest  
 6 in Maicowerk's purported goodwill and reputation, he cannot assert injury based on damage to  
 7 that goodwill and reputation. Because he sues as a competitor, and not as a member of the public  
 8 confused by Maico's use of the Maico marks, he cannot assert injury to consumers as a basis for  
 9 his claims. Because Kortz has not alleged any cognizable injury-in-fact, he has not adequately  
 10 pled that he has Article III standing. See *Doran v. 7-Eleven, Inc.*, 524 F.3d 1034, 1050 (9th Cir.  
 11 2008) ("The elements of standing are not mere pleading requirements, but rather must be  
 12 supported by sufficient evidence. Importantly, standing requires that the party seeking review be  
 13 himself among the injured. To establish that the plaintiff suffered an injury in fact, it must be  
 14 'concrete and particularized,' which requires that '*the injury must affect the plaintiff in a personal*  
 15 *and individual way,*'" citing *Defenders of Wildlife*, 504 U.S. at 560, 561 n. 1 (emphasis added)).

16 The gravamen of Kortz's counterclaim is that Maico's use of its registered marks, which  
 17 are identical to Maicowerk's abandoned marks, confuses *Maico's customers* and has caused

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 19 *v. Inland Joseph Fruit Co.*, 361 F.Supp.2d 1244, 1248 (E.D. Wash. 2004) (quoting *Grace v. Am.*  
 20 *Cent. Ins. Co.*, 109 U.S. 278, 284 (1883); *Mansfield, C. & L.M.R. Co. v. Swan*, 111 U.S. 379,  
 21 382 (1884)). Accordingly, the court looks to the counterclaims to determine whether Kortz has  
 standing to sue.

22 <sup>51</sup>Counterclaim, ¶ 7 ("[Kortz] alleges that [Maico] has traded upon the Maicowerk's  
 23 goodwill, and has caused confusion and the likelihood of confusion to the public as to the source  
 24 or origin of its [Maico's] products"); *id.*, ¶ 8 ("[Kortz] alleges that [Maico] is in the future likely  
 25 to cause confusion as to the source or origin of its [Maico's] goods and services"); *id.*, ¶ 16  
 26 ("[Maico's] use of the MAICO Marks is deceptive. It confuses consumers by conveying a false  
 27 connection of [Maico's] goods, services, and business with Maicowerk. [Maico's] use of the  
 28 MAICO Marks further confuses consumers by conveying a false designation of origin of  
 [Maico's] goods and services"); *id.*, ¶ 19 ("[Maico's] acts have caused, and are likely to continue  
 to cause, confusion as to the origin of goods and services under the MAICO Marks. Consumers  
 are likely to believe the goods and services of Counterdefendant originate with the original Maico  
 manufacturer, Maicowerk, or its proper successor or assignee").

1 damage to Maicowerk’s goodwill. While Kortz pleads that he too uses the Maico marks in his  
2 business,<sup>52</sup> he alleges no facts from which the court can plausibly infer that he has or is likely to  
3 experience a concrete, personal injury due to Maico’s use of Maicowerk’s marks, as required for  
4 Article III standing. He does not plead that Maico’s customers would otherwise do business with  
5 him. See *TrafficSchool.com, Inc. v. Edriver Inc.*, 653 F.3d 820, 825 (9th Cir. 2011) (“In a false  
6 advertising suit, a plaintiff establishes Article III injury if some consumers who bought the  
7 defendant’s product under a mistaken belief fostered by the defendant would have otherwise  
8 bought the plaintiff’s product”). Nor does he plead that Maico’s allegedly misleading use of the  
9 Maicowerk’s trademarks is likely to cause injury to his business or other protectable interests in  
10 the future. Cf. *Krottner v. Starbucks Corp.*, 628 F.3d 1139, 1142 (9th Cir. 2010) (“A plaintiff  
11 may allege a future injury in order to comply with [the injury-in-fact] requirement, but only if he  
12 or she ‘is immediately in danger of sustaining some direct injury as the result of the challenged  
13 . . . conduct and the injury or threat of injury is both real and immediate, not conjectural or  
14 hypothetical,” citing *Scott v. Pasadena Unified Sch. Dist.*, 306 F.3d 646, 656 (9th Cir. 2002)).  
15 Kortz does not allege that *his* business reputation has been damaged by Maico’s use of its  
16 registered marks or that he has lost sales and customers; rather, he appears to plead that  
17 Maicowerk’s goodwill and reputation have been damaged.<sup>53</sup> For all of these reasons, the  
18 counterclaim does not plead that Kortz has suffered injury-in-fact as a result of Maico’s use of  
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27 <sup>52</sup>*Id.*, ¶ 9 (“[Kortz] uses the MAICO Marks as appropriate and necessary in his business”).

28 <sup>53</sup>*Id.*, ¶¶ 6-7, 16, 19.

1 Maicowerk's abandoned marks. Accordingly, Kortz lacks Article III standing to bring his  
2 counterclaims and the court dismisses the counterclaims without prejudice.<sup>54</sup>

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4 <sup>54</sup>Because Kortz has failed adequately to allege injury-in-fact and thus to show that he has  
5 Article III standing to sue, the court need not consider whether he has adequately alleged that he  
6 is among the individuals who has a right to sue for false advertising and false designation of origin  
7 under the Lanham Act. It notes, however, that the Supreme Court recently held that, "[t]o invoke  
8 the Lanham Act's cause of action for false advertising, a plaintiff must plead (and ultimately  
9 prove) an injury to a commercial interest in sales or business reputation proximately caused by the  
10 defendant's misrepresentations." *Lexmark International, Inc. v. Static Control Components, Inc.*,  
11 134 S. Ct. 1377, 1395 (2014). As noted, Kortz does not allege that *his* sales or business  
12 reputation have been injured by Maico's purported misrepresentations. Rather, he alleges that  
13 Maicowerk's goodwill and reputation have been damaged and that Maico's customers are being  
14 deceived. This is not sufficient to sue under the Lanham Act. Compare *id.* at 1393 ("To begin,  
15 Static Control's alleged injuries – lost sales and damage to its business reputation – are injuries  
16 to precisely the sorts of commercial interests the Act protects. Static Control is suing not as a  
17 deceived consumer, but as a 'perso[n] engaged in' 'commerce within the control of Congress'  
18 whose position in the marketplace has been damaged by Lexmark's false advertising. There is  
19 no doubt that it is within the zone of interests protected by the statute"); *id.* at 1391 ("We thus  
20 hold that a plaintiff suing under § 1125(a) ordinarily must show economic or reputational injury  
21 flowing directly from the deception wrought by the defendant's advertising; and that that occurs  
22 when deception of consumers causes them to withhold trade from the plaintiff. That showing is  
23 generally not made when the deception produces injuries to a fellow commercial actor that in turn  
24 affect the plaintiff"). As Kortz has not alleged *any injury* to his sales or reputation, he has not  
25 adequately pled that he is among the individuals who are entitled to sue under section 32(a) of the  
26 Lanham Act.

27 As the *Lexmark* Court noted, § 43(a) "creates two distinct bases of liability: false  
28 association, § 1125(a)(1)(A), and false advertising, § 1125(a)(1)(B)." See *id.* at 1384 (citing  
*Waits v. Frito-Lay, Inc.*, 978 F.2d 1093, 1108 (9th Cir. 1992)). Section 1125(a)(1)(A) provides  
a cause of action against anyone who falsely designates the origin of its goods in a way that it "is  
likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, connection, or  
association of such person with another person, or as to the origin, sponsorship, or approval of  
his or her goods, services, or commercial activities by another person." 15 U.S.C.  
§ 1125(a)(1)(A). It is not clear that Kortz alleges a false association claim, as his § 43(a) cause  
of action references only false advertising. (See Counterclaim, ¶ 20.) Although few courts have  
had the opportunity to consider whether *Lexmark*'s discussion of statutory standing applies equally  
to § 43(a) false association claims, some have assumed that it does. See, e.g., *Lundgren v.*  
*AmeriStar Credit Solutions, Inc.*, \_\_ F.Supp.2d \_\_, 2014 WL 4079962, \*9 n. 4 (W.D. Pa. Aug.  
18, 2014) ("The Court recognizes that the *Lexmark* decision addressed a false advertising claim  
and not a false association claim. . . . The Court . . . assumes, without deciding, that *Lexmark*  
applies to a false association claim"); *Ahmed v. Hosting.com*, \_\_ F.Supp.2d \_\_, 2014 WL  
2925292, \*6 (D. Mass. June 27, 2014) ("While the *Lexmark* case was decided in a false

1           **C.     Maico’s Motion to Strike**

2                   **1.     Legal Standard Governing Motions to Strike**

3           Rule 12(f) allows a court to “strike from a pleading an insufficient defense or any  
4 redundant, immaterial, impertinent, or scandalous matter.” FED.R.CIV.PROC. 12(f). “The  
5 essential function of a Rule 12(f) motion is to ‘avoid the expenditure of time and money that must  
6 arise from litigating spurious issues by dispensing with those issues prior to trial.” *Bureerong v.*  
7 *Uvawas*, 922 F.Supp. 1450, 1478 (C.D. Cal. 1996) (quoting *Fantasy, Inc. v. Fogerty*, 984 F.2d  
8 1524, 1527 (9th Cir. 1993), overruled on other grounds, 510 U.S. 517 (1994)). Motions to strike  
9 under Rule 12(f) are “generally regarded with disfavor because of the limited importance of  
10 pleading in federal practice, and because they are often used as a delaying tactic.” *Neilson v.*  
11 *Union Bank of Cal., N.A.*, 290 F.Supp.2d 1101, 1152 (C.D. Cal.2003).

12           “An affirmative defense may be insufficient as a matter of pleading or as a matter of law.  
13 It may be insufficiently pleaded where it fails to provide the plaintiff with fair notice of the defense  
14 asserted.” *Vogel v. Huntington Oaks Del. Partners, LLC*, 291 F.R.D. 438, 440 (C.D. Cal. 2013)  
15 (citing *Wyshak v. City Nat. Bank*, 607 F.2d 824, 827 (9th Cir. 1979)). “It also may be  
16 insufficient as a matter of law where ‘there are no questions of fact, . . . any questions of law are  
17 clear and not in dispute, and . . . under no set of circumstances could the defense succeed.’” *Id.*  
18 (quoting *Ganley v. County of San Mateo*, No. C06–3923 THE, 2007 WL 902551, \*1 (N.D. Cal.  
19 Mar. 22, 2007). If a motion to strike is granted, “[i]n the absence of prejudice to the opposing  
20 party, leave to amend should be freely given.” *Wyshak*, 607 F.2d at 826.

21                   **2.     Whether the Court Should Strike Kortz’s Affirmative Defenses**

22           As noted, Kortz pleads the following affirmative defenses: (1) failure to state a claim upon  
23 which relief can be granted; (2) fair use; (3) innocent infringement; (4) statute of limitations;  
24 (5) laches; (6) waiver, acquiescence, and estoppel; (7) non-infringement; (8) no causation; (9) no

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26 advertising context, it is unclear whether the Supreme Court’s holding extends to false association  
27 claims, as is at issue here. . . . [T]his Court need not resolve the issue here, and assumes without  
28 deciding that *Lexmark* applies in false association claims”). Because it is unclear that Kortz has  
pled such a claim, the court declines to address the issue.

1 damage; (10) unclean hands; (11) lack of irreparable harm; (12) adequacy of remedy at law;  
 2 (13) failure to mitigate; (14) First Amendment; (15) duplicative claims; (16) fraud; and (17)  
 3 invalid intellectual property.<sup>55</sup> Maico moves to strike each affirmative defense on the grounds that  
 4 it is either immaterial or implausible and fails to provide fair notice of the defense asserted.<sup>56</sup>

5 **a. Whether the Court Should Strike the Allegedly Immaterial**  
 6 **Affirmative Defenses**

7 Maico asserts that ten of the asserted defenses are not affirmative defenses at all, but simply  
 8 denials of some element of Maico's affirmative claims. As a result, it contends, the following  
 9 defenses should be stricken as "redundant, immaterial, impertinent, or scandalous matter": (1)  
 10 failure to state a claim upon which relief can be granted; (3) innocent infringement; (7) non-  
 11 infringement; (8) lack of causation of damages; (9) no damages; (11) lack of irreparable harm;  
 12 (12) adequacy of remedy at law; (13) failure to mitigate damages; (15) duplicative claims; and (17)  
 13 invalid intellectual property.<sup>57</sup>

14 "Affirmative defenses plead matters extraneous to the plaintiff's *prima facie* case, which  
 15 deny plaintiff's right to recover, even if the allegations of the complaint are true." *J&J Sports*  
 16 *Products, Inc. v. Terry Trang Nguyen*, No. C 11-05433 JW, 2012 WL 1030067, \*3 (N.D. Cal.  
 17 Mar. 22, 2012) (citing *Fed. Deposit Ins. Corp. v. Main Hurdman*, 655 F.Supp. 259, 262 (E.D.  
 18 Cal. 1987) (in turn citing *Gomez v. Toledo*, 446 U.S. 635, 640-41 (1980)). In contrast, "denials  
 19 of allegations in the complaint or allegations that the plaintiff cannot prove the elements of his  
 20 claims are not affirmative defenses." *G&G Closed Circuit Events, LLC v. Nguyen*, No. 10-CV-  
 21 00168-LHK, 2010 WL 3749284, \*6 (N.D. Cal. Sept. 23, 2010).

22 The defenses Maico challenges are not affirmative defenses, but rather denials of some  
 23 aspects of Maico's complaint. Kortz's first affirmative defense must be stricken because failure  
 24 to state a claim upon which relief can be granted addresses the elements of plaintiff's claims and

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 26 <sup>55</sup>Answer, ¶¶ 35-51.

27 <sup>56</sup>Motion at 12-14.

28 <sup>57</sup>*Id.* at 12-13.



1 is properly raised through denial of plaintiff’s allegations or an appropriate motion. See *Harris*  
2 *v. Chipotle Mexican Grill, Inc.*, No. CIV 2:13–2472 WBS EFB, 2014 WL 5035952, \*2 (E.D.  
3 Cal. Oct. 7, 2014); see also *Nguyen*, 2010 WL 3749284 at \*5; *Barnes v. AT&T Pension Ben.*  
4 *Plan-Nonbargained Program*, 718 F.Supp.2d 1167, 1174 (N.D. Cal. 2010) (“Failure to state a  
5 claim is not a proper affirmative defense but, rather, asserts a defect in Barnes’ prima facie case”).  
6 Similarly, innocent infringement is not an affirmative defense because under the Lanham Act, the  
7 absence of intent is not a defense to infringement. See *Brookfield Communications v. West Coast*  
8 *Entertainment*, 174 F.3d 1036, 1060 (9th Cir. 1999) (“Importantly, an intent to confuse  
9 consumers is not required for a finding of trademark infringement,” citing *Dreamwerks*  
10 *Production Group v. SKG Studio*, 142 F.3d 1127, 1132 (9th Cir. 1998)).

11 Kortz’s seventh, eighth, ninth, eleventh, twelfth, thirteenth, and fifteenth defenses are not  
12 proper affirmative defenses, as they merely deny elements of Maico’s affirmative claims or, in  
13 the case of the “duplicative claims” defense, attack the legal sufficiency of the claims. As noted,  
14 a proper affirmative defense does not assert that plaintiff cannot establish the factual elements of  
15 its claims and show its entitlement to judgment as a matter of law based on those facts, but that  
16 matters extraneous to plaintiff’s *prima facie* case preclude liability. Maico alleges that Kortz has  
17 infringed its registered Maico marks, that it has been damaged by that infringement, and that it  
18 will experience irreparable injury in the absence of injunctive relief.<sup>58</sup> Defenses asserting that  
19 Kortz did not infringe the marks, that Maico was not damaged, and that it did not suffer  
20 irreparable injury and has an adequate remedy at all merely deny the allegations in Maico’s  
21 complaint. They do not plead extraneous matter that precludes the imposition of liability assuming  
22 Maico’s allegations are true. The court therefore grants Maico’s motion to strike these defenses.  
23 See, e.g., *J&J Sports*, 2012 WL 1030067 at \*3 (striking defenses asserting “lack of allegations  
24 entitling Plaintiff to pecuniary damages”); *Nguyen*, 2010 WL 3749284 at \*5 (striking affirmative  
25 defenses of “failure to mitigate damages,” “lack of damages,” and “lack of allegations entitling  
26 Plaintiff to punitive damages”); *Barnes*, 718 F.Supp.2d at 1174-75 (striking “negative defenses,”

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28 <sup>58</sup>See Complaint, ¶¶ 15-17.

1 including “not entitled to injunctive relief,” because they simply denied the allegations in the  
2 complaint); *Quintana v. Baca*, 233 F.R.D. 562, 565-67 (C.D. Cal. 2005) (striking negative  
3 defenses related to damages).

4 As respects Kortz’s seventeenth affirmative defense for “invalid intellectual property,”  
5 Kortz appears to allege that Maico’s marks are unenforceable or not protectable. Kortz alleges  
6 that “[p]laintiff’s intellectual property rights, which it seeks to enforce, are not protectable, are  
7 invalid, were improperly issue[d], and/or are subject to cancellation.”<sup>59</sup> This conclusory statement  
8 is insufficient to put Maico on notice of the basis for the defense. See *Wyshak*, 607 F.2d at 827  
9 (“The key to determining the sufficiency of pleading an affirmative defense is whether it gives  
10 plaintiff fair notice of the defense”). On this basis alone it must be stricken, although it is  
11 appropriate to afford Kortz leave to amend in the event he can allege an appropriate basis for  
12 asserting the marks’ unenforceability and invalidity.

13 The court notes that, based on Kortz’s other allegations, the factual basis for this defense  
14 may well be that the marks previously belonged to Maicowerk and Maicowerk purportedly retains  
15 the “goodwill” associated with them. This appears to be an insufficient basis upon which to  
16 contend the marks are invalid. “Once abandoned, a mark may be seized immediately and the  
17 person doing so may build up rights against the whole world.” J. Thomas McCarthy, MCCARTHY  
18 ON TRADEMARKS AND UNFAIR COMPETITION, §17.2 (4th ed. 2014). See *ITC Ltd. v. Punchgini,*  
19 *Inc.*, 482 F.3d 135, 147 (2d Cir. 2007) (“If . . . an owner ceases to use a mark without an intent  
20 to resume use in the reasonably foreseeable future, the mark is said to have been ‘abandoned.’  
21 Once abandoned, a mark returns to the public domain and may, in principle, be appropriated for  
22 use by other actors in the marketplace”); see also *General Healthcare Ltd. v. Qashat*, 364 F.3d  
23 332, 338 (1st Cir. 2004) (considering the case of a party that reasonably believed a mark had been  
24 abandoned and successfully sought to build up rights in the mark, the court said: “We have no  
25 illusions that Qashat sought to do anything but capitalize on the legacy of HCI’s operations in the  
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28 <sup>59</sup>Answer, ¶ 51.

1 Middle East, but the record indicates this was permissible behavior based on the reasonable belief  
2 that the mark was [abandoned and thus] available for appropriation”).<sup>60</sup>

3 After abandonment, those who then adopt the mark must turn to the basic rules of  
4 trademark priority to determine priority of use and ownership. See, e.g., *California Cedar*  
5 *Products Co. v. Pine Mountain Corp.*, 724 F.2d 827, 830-31 (9th Cir. 1984) (court resolved  
6 priority of use of trademark by parties that made sales after a third party’s formal abandonment  
7 of mark). Parties that adopt an abandoned mark must take steps to avoid a likelihood of confusion  
8 arising from an association with the former owner. See J. Thomas McCarthy, *supra*; *Peter Luger*  
9 *Inc. v. Silver Star Meats Inc.*, No. Civ.A.01-1557, 2002 WL 1870066 (W.D. Pa. May 17, 2002)  
10 (a former employee and family member attempted to appropriate the LUGER mark for meat  
11 products after the former owner agreed to cease using the mark as the result of a lawsuit, and  
12 court granted an injunction to prevent confusion caused by the “residual association” of the mark  
13 with the prior owner and to prevent defendant from capitalizing on the corporate history and  
14 reputation of the mark); *Hornblower & Weeks Inc. v. Hornblower & Weeks Inc.*, 60 U.S.P.Q.2d  
15 1733, 2001 WL 1512024, \*8 (T.T.A.B. July 30, 2001) (granting summary judgment in favor of  
16 the adopter of an abandoned mark and against the party that had earlier abandoned it and opposed  
17 registration by the adopter, because “there [was] no genuine dispute that [the adopter] adopted a  
18 mark that even [the opposer] believed had been abandoned and which was viewed by [that party]  
19 and relevant regulatory authorities as available for adoption; and [the opposer] . . . produced no  
20 evidence, or raised any expectation that at trial it could produce evidence, that [the adopter] [was]  
21 using the adopted HORNBLOWER & WEEKS mark to fraudulently trade on the reputation of  
22 others”).

23 Generally, however, their failure to do so subjects them to liability *to the former owner* of  
24 the mark. See RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 30, cmt. a (1995) (“A  
25 designation that has been abandoned . . . may for a time retain its significance as an indication of  
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27 <sup>60</sup>Kortz’s counterclaim alleges that Maicowerk abandoned the Maico marks and that Maico  
28 obtained valid registrations for the Maico marks that are the subject of this action. (Counterclaim,  
¶¶ 1-2.)

1 association with the former user. During the period of this residual significance, use of the  
2 designation by another is likely to be perceived by prospective purchasers as an indication of  
3 association with the former user. . . . Although a subsequent user of an abandoned mark will not  
4 be subject to liability for trademark infringement, use of an abandoned designation in a manner  
5 likely to deceive or mislead a significant number of prospective purchasers may subject the user  
6 to liability *to the former owner* under the general rule proscribing misrepresentations of source  
7 stated. . . . Subsequent users, although free to use the abandoned designation, may thus be  
8 required to take precautions necessary to avoid a likelihood of confusion if the designation retains  
9 its association with the former owner” (emphasis added)). While there may be affirmative  
10 defenses that a party in Kortz’s position – who itself has appropriated the mark – could plead  
11 based on a misleading suggestion of association with the former trademark owner, invalidity and  
12 unenforceability would not appear to be among them.

13 Because the factual basis for Kortz’s seventeenth affirmative defense is unclear, however,  
14 the court need not resolve this question finally. Rather, it will strike the defense, but afford Kortz  
15 an opportunity to amend to plead a valid factual basis for the defense if there is one.

16 **b. Whether the Court Should Strike the Allegedly Implausible**  
17 **Affirmative Defenses**

18 Maico contends that Kortz’s remaining defenses should be stricken because his conclusory  
19 pleading of them does not plausibly suggest a factual basis for them or give adequate notice to  
20 Maico of the nature of the defenses.<sup>61</sup> Maico seeks to strike the following defenses on this basis:  
21 (2) fair use; (4) statute of limitations; (5) laches; (6) waiver, acquiescence, estoppel; (10) unclean  
22 hands; (14) First Amendment; and (16) fraud on the Trademark Office.<sup>62</sup> The court considers  
23 each defense in turn.

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<sup>61</sup>Motion at 13-16.

<sup>62</sup>*Id.*

1 Kortz's fair use defense alleges that "the claims made in the Complaint are barred, in  
2 whole or in part, by the doctrines of fair use, nominative fair use and/or descriptive fair use."<sup>63</sup>  
3 While fair use is admittedly a defense to trademark infringement claims, *Horphag Research Ltd.*  
4 *v. Pellegrini*, 337 F.3d 1036, 1040-41 (9th Cir. 2003) ("There are two fair use defenses to  
5 trademark infringement. . . . [N]ominative fair use and classic fair use"), Kortz alleges no facts  
6 that put Maico on notice of the factual basis for his assertion of it. While Kortz offers a factual  
7 basis for the defense in his opposition,<sup>64</sup> his pleading of it is deficient and it must be stricken as  
8 a result. See *Nguyen*, 2010 WL 3749284 at \*3 (striking various affirmative defenses as  
9 insufficient because each amounted to a "bare statement of a legal doctrine lacking any articulated  
10 connection to the claims in this case").

11 Maico next argues that Kortz's statute of limitations defense must be stricken because there  
12 is no statute of limitations on Lanham Act claims.<sup>65</sup> Kortz correctly counters that Lanham Act  
13 claims are subject to statutes of limitations borrowed from state law. See *Jarrow Formulas, Inc.*  
14 *v. Nutrition Now, Inc.*, 304 F.3d 829, 836-38 (9th Cir. 2002) ("[W]e have stated that § 43(a)  
15 borrows a state limitations period as a statute of limitations defense"). Importantly, however, in  
16 trademark infringement actions, "the statute of limitations bars only monetary relief for the period  
17 outside the limitations period." *DC Comics v. Towle*, 989 F.Supp.2d 948, 971 (C.D. Cal. 2013)  
18 (citing *Jarrow*, 304 F.3d at 835-36). To plead the defense properly, therefore, Kortz must  
19 reference the state statute and the length of the limitations period on which he relies so that Maico  
20 can determine whether it seeks damages subject to a limitations defense.

21 Kortz's laches defense pleads that "[p]laintiff's claims are barred by laches, in that [it] has  
22 unreasonably delayed efforts to enforce [its] rights, if any, despite its full awareness of  
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26 <sup>63</sup>Answer, ¶ 36.

27 <sup>64</sup>Aff. Def. Opposition at 7.

28 <sup>65</sup>Motion at 14.

1 [d]efendant’s existence and actions.” Maico argues that the answer fails to plead any facts that  
2 would make a claim of laches plausible.<sup>66</sup> The court agrees.

3 The pleading of affirmative defenses is governed by Rule 8(c) of the Federal Rules of Civil  
4 Procedure.<sup>67</sup> Following *Twombly* and *Iqbal*, district courts in the Ninth Circuit have reached  
5 different conclusions as to whether the plausibility standard set forth in *Twombly* and *Iqbal* for the  
6 pleading of claims under Rule 8(a) applies to affirmative defenses. Compare *Meas v. CVS*  
7 *Pharmacy, Inc.*, No. 11CV0823 JM (JMA), 2011 WL 2837432, \*3 (S.D. Cal. July 14, 2011)  
8 (declining to apply the *Twombly/Iqbal* standard to affirmative defenses); *Garber v. Mohammadi*,  
9 No. CV 10-7144 DDP (RNB), 2011 WL 2076341, \*4 (C.D. Cal. Jan. 19, 2011) (same) with  
10 *Dodson v. Strategic Restaurants Acquisition Co. II, LLC*, 289 F.R.D. 595, 602-03 (E.D. Cal.  
11 2013) (applying the *Twombly/Iqbal* standard to affirmative defenses); *Barnes*, 718 F.Supp.2d at  
12 1171-72 (same). “[T]he vast majority of courts presented with the issue have extended *Twombly*’s  
13 heightened pleading standard to affirmative defenses.” *Barnes*, 718 F.Supp.2d at 1171-72  
14 (collecting cases); see also *Hayne v. Green Ford Sales, Inc.*, 263 F.R.D. 647, 650 (D. Kan. 2009)  
15 (collecting cases that have applied the *Twombly/Iqbal* standard to affirmative defenses).

16 The rationale underlying *Twombly* and *Iqbal* indicates that it should apply equally to the  
17 pleading of affirmative defenses. The standard is based on a desire to ensure that the opposing  
18 party has notice of the basis of the claim. See *Iqbal*, 556 U.S. at 680. The court can see no  
19 reason why the same standard should not apply to affirmative defenses, which are governed by  
20 Rule 8, and which the defendant bears the burden of proving. The court agrees with courts that  
21 have concluded that “applying the standard for heightened pleading to affirmative defenses serves  
22 a valid purpose in requiring at least some factual basis for pleading an affirmative defense and not  
23 adding it to the case simply upon some conjecture that it may somehow apply.” *Barnes*, 718  
24 F.Supp.2d at 1172 (citing *Hayne*, 263 F.R.D. at 650).

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26 <sup>66</sup>Motion at 14.

27 <sup>67</sup>Rule 8(c) provides: “In responding to a pleading, a party must affirmatively state any  
28 avoidance or affirmative defense.” FED.R.CIV.PROC. 8(c).

1 As currently pled, Kortz’s laches defense is implausible. His assertion that Maico  
2 “unreasonably delayed efforts to enforce [its] rights” is a mere legal conclusion because no facts  
3 are pled that demonstrate unreasonable delay. Consequently, the court concludes that the defense  
4 should be stricken.

5 Kortz’s sixth affirmative defense, which pleads waiver, acquiescence, and estoppel, asserts  
6 that Maico “acquiesc[ed] [in] [d]efendant’s use of the MAICO marks in the past, . . . [and in] the  
7 use of the MAICO marks by third parties.” It also asserts that Maico “fail[ed] to police the MAICO  
8 marks . . . with third parties using [them].”<sup>68</sup> While this provides some factual detail beyond that  
9 offered in support of other affirmative defenses, it does not satisfy the plausibility standard of  
10 *Iqbal* and *Twombly* because it provides, at most, broad assertions without factual detail. Kortz  
11 does not state when or for how long a period of time Maico acquiesced in his or third parties’ use  
12 of the marks, nor how the acquiescence manifested itself. He similarly does not detail the manner  
13 in which Maico failed to police use of its marks by others. Consequently, the court grants  
14 Maico’s motion to strike the defense.

15 Kortz’s tenth affirmative defense – unclean hands – states: “Plaintiff[’s] claims are barred  
16 by the doctrine of unclean hands because [it] is misappropriating the residual goodwill of  
17 Maicowerk, registered deceptive trademarks with the United States Patent and Trademark Office,  
18 and is confusing consumers by using the MAICO marks due to the false designation of origin and  
19 false connection to Maicowerk.”<sup>69</sup> The comments to the Restatement (Third) of Unfair  
20 Competition indicate that misleading use of an abandoned trademark by a subsequent adopter can  
21 provide a basis for assertion of an unclean hands defense. See RESTATEMENT (THIRD) OF UNFAIR  
22 COMPETITION § 30, cmt. a (1995) (“Rights acquired in the designation by the subsequent user may  
23 then be limited under the rules relating to unclean hands. . .”). While only the former owner of  
24 the trademark can assert affirmative claims based on such misleading use, unclean hands is a  
25 defense that is available to any party whom the adopter of the mark asserts an infringement claim

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27 <sup>68</sup>Answer, ¶ 40.

28 <sup>69</sup>Answer, ¶ 44.

1 against. For this reason, and because the basis for the affirmative defense is adequately stated in  
2 Kortz's answer, the court denies Maico's motion to strike the defense.

3 Kortz's fourteenth affirmative defense is captioned "First Amendment."<sup>70</sup> It states: "The  
4 claims of this Complaint are barred, in whole or in part, by the First Amendment to the  
5 Constitution of the United States."<sup>71</sup> Kortz contends the defense should not be stricken because  
6 he is not using the Maico marks as a source identifier for his goods.<sup>72</sup> "A defendant's general  
7 reference to a legal doctrine – without providing factual allegations in support of the defense or  
8 setting forth the elements of the defense – does not give the plaintiff fair notice of the defense."  
9 *J&J Sports*, 2012 WL 1030067 at \*1-2 (citing *Qarbon.com, Inc. v. eHelp Corp.*, 315 F.Supp.2d  
10 1046, 1049-50 (N.D. Cal. 2004)). Kortz's bare assertion that the First Amendment bars Maico's  
11 claims fails to give Maico notice of the nature of the defense he asserts. The court therefore  
12 grants Maico's motion to strike the defense.

13 Maico argues that Kortz's sixteenth affirmative defense for fraud<sup>73</sup> does not satisfy the  
14 pleading requirements of Rule 9(b).<sup>74</sup> The court agrees. Kortz fails to allege any facts concerning  
15 the purported fraud with particularity. See *Operating Engineers' Pension Trust Fund v. Fife Rock*  
16 *Products Co.*, No. C 10-00697 SI, 2010 WL 2635782, \*4 (N.D. Cal. June 10, 2010) (striking an  
17 affirmative defense of fraud for failure to plead with particularity under Rule 9(b)); *Intel Corp.*  
18 *v. Hyundai Electronics America, Inc.*, 692 F.Supp. 1113, 1115-16 (N.D. Cal. 1987) (striking a  
19 fraud on the Patent Office defense for failure to allege fraud with particularity under Rule 9(b)).  
20 Moreover, even under Rule 8, the defense as currently pled is implausible, as Kortz pleads no  
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22  
23 <sup>70</sup>Motion at 15-16.

24 <sup>71</sup>Answer, ¶ 48.

25 <sup>72</sup>Aff. Def. Opposition at 8-9.

26 <sup>73</sup>Answer, ¶ 50 ("The claims made in the Complaint are barred, in whole or in part, by  
27 fraud on the United States Patent & Trademark Office").

28 <sup>74</sup>Motion at 16.

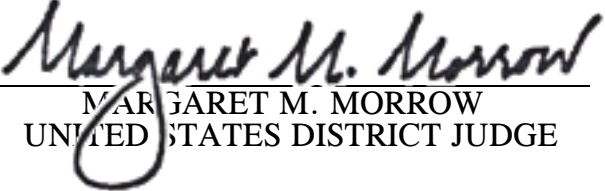


1 factual allegations concerning the fraud committed. The court therefore strikes Kortz's sixteenth  
2 affirmative defense.

3  
4 **III. CONCLUSION**

5 For the reasons stated, Maico's motion to dismiss the counterclaims is granted. Maico's  
6 motion to strike Kortz's affirmative defenses is granted as to all defenses except the tenth  
7 affirmative defense for unclean hands. Kortz may file an amended counterclaim and/or amended  
8 affirmative defenses that address the deficiencies noted herein within twenty (20) days of the date  
9 of this order. No new claims or affirmative defenses may be pled.

10  
11 DATED: October 16, 2014

  
MARGARET M. MORROW  
UNITED STATES DISTRICT JUDGE