

**IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF GEORGIA
ATLANTA DIVISION**

ZAXBY’S FRANCHISING LLC,

Plaintiff,

v.

**JOELLA’S IP, LLC AND
SCHULTE RESTAURANT
GROUP, LLC,**

Defendants.

**Civil Action No. 1:20-cv-00299-
SDG**

**DEFENDANTS’ MOTION FOR LEAVE TO FILE FIRST AMENDED
ANSWER AND COUNTERCLAIM AND INCORPORATED
MEMORANDUM OF LAW**

Pursuant to Federal Rules of Civil Procedure 15 and 16, Defendants Joella’s IP, LLC and Schulte Restaurant Group, LLC (collectively “Defendants”) move this Court for leave to file Defendants’ First Amended Answer and Counterclaim.

I. INTRODUCTION

In its First Amended Complaint, Plaintiff Zaxby’s Franchising LLC (“Zaxby’s”) accuses Defendants of infringing on two of its trademarks. In the few months that have passed since Defendants answered the First Amended Complaint, Defendants have diligently investigated Zaxby’s claim. During that investigation, and in preparing its defense for this case, Defendants have recently obtained

evidence demonstrating that at least one of the two trademarks at issue is not entitled to protection under the Lanham Act and should be cancelled.

Specifically, one aspect of analyzing Zaxby's infringement claim is ascertaining whether Zaxby's trademarks are valid and enforceable. In conducting that analysis, Defendants examined Zaxby's Trademark Registration No. 4090478, which consists of nothing more than a chicken inside of a circle:



(hereafter, the “Zaxby Chicken Image Mark”). *See e.g.*, Dkt. No. 22, ¶ 15, Exhibit.

B.

Under the Lanham Act, a trademark cannot be enforced if the mark is generic. *See, e.g.*, 15 U.S.C. §§ 1064, 1115(b); *TE-TA-MA Truth Found. - Family of URI, Inc. v. World Church of the Creator*, 297 F.3d 662, 665 (7th Cir. 2002); *Holland & Co. v. Holland*, 2011 U.S. Dist. LEXIS 170638, *12 (N.D. Ga., Dec. 14, 2011) (“‘generic’ marks are not entitled to trademark protection”). One way that can occur is if the mark or substantially similar marks become so prolific within the industry as to cause the mark to become representative of the class of products, *e.g.*, chicken

restaurants.¹ *Sandshaker Lounge & Package Store LLC v. Quietwater Entm't Inc.*, 602 F. App'x 784, 787 (11th Cir. 2015); *Hunt Masters, Inc. v. Landry's Seafood Restaurant*, 240 F.3d 251, 254-55 (4th Cir. 2001); *Engineered Arresting Sys.*, , 356 F. Supp. 3d at 1337-38. That is precisely the case here.

In just the last few weeks, while preparing their defense of this case, Defendants have amassed evidence showing that the Zaxby's Chicken Image Mark is generic because logos or images of a chicken in a circle are ubiquitous in the chicken restaurant industry. See Exhibit C (Rosenwasser Declaration) ¶¶ 7-10. Indeed, Defendants have recently identified numerous logos or other imagery used by chicken restaurants that are substantially similar to, and in some cases nearly identical to, Zaxby's Chicken Image Mark. *Id.* As just some examples:

¹ “Even if the public associates the goods with a particular source, generic terms for goods cannot receive trademark protection.” *Engineered Arresting Sys. Corp. v. Atech, Inc.*, 356 F. Supp. 3d 1323, 1337-38 (N.D. Ala. 2018) (citing *Welding Servs., Inc. v. Forman*, 509 F.3d 1351, 1357 (11th Cir. 2007) (“Courts have generally held that a term used generically cannot be appropriated from the public domain; therefore, even if the name becomes in some degree associated with the source, a generic mark cannot achieve true secondary meaning.”). “Accordingly, evidence of secondary meaning and confusion is irrelevant unless the mark is non-generic in the first place.” *Id.* (citing *Miller's Ale House, Inc. v. Boynton Carolina Ale House, LLC*, 702 F.3d 1312, 1321 (11th Cir. 2012)).



In light of this recently-discovered evidence, which Defendants only searched for as part of their defense of this case, *id.* ¶ 6, Defendants seek leave to amend so they can add a counterclaim requesting that this Court enter an Order cancelling Zaxby’s Chicken Image Mark pursuant to Section 37 of the Lanham Act. *See, e.g., Te-Ta-Ma Truth Found. - Family of Uri*, 297 F.3d at 665 (trademark unenforceable when it is generic); *Royal Palm Props., LLC v. Pink Palm Props., LLC*, 950 F.3d 776, 782 (11th Cir. Feb. 18, 2020) (“The Lanham Act gives federal courts the authority to cancel trademarks that the PTO has registered.”) (citing 15 U.S.C. § 1119); *Id.* at *32 (“A mark may be cancelled . . . at any time if, *inter alia*, the mark has become generic, functional, or abandoned, or the mark was obtained or is being used fraudulently.”) (quoting *Soro v. Citigroup*, 287 F. App’x 57, 59 (11th Cir. 2008) and citing 15 U.S.C. §§ 1064(1), (3)). Such relief is warranted to prevent Zaxby’s from using its unenforceable mark as an anti-competitive tool, which is precisely what it is trying to do in this case.

Because the Scheduling Order in this case does not provide a deadline for amending the pleadings, this Motion is governed by Fed. R. Civ. P. 15. Under that

rule, courts are to “freely give leave when justice so requires.” Fed. R. Civ. P. 15(a)(3); *Shipner v. E. Air Lines, Inc.*, 868 F.2d 401, 406-07 (11th Cir. 1989) (“Rule 15(a) severely restricts the district court’s freedom, directing that leave to amend shall be freely given when justice so requires.”). Justice requires leave here.

Zaxby’s is attempting to use an unenforceable trademark to threaten a substantially-smaller company into incurring enormous time and expense changing numerous aspects of its business, including, without limitation, its exterior signage, interior décor, website, menus, displays, cups, and social media accounts. Defendants are entitled to fully defend themselves against such threats. Further, Zaxby’s can only blame itself for Defendants recent discovery that its Chicken Image Mark is unenforceable, which led to the proposed counterclaims. Had Zaxby’s not filed this (meritless) action, Defendants would not have been forced to incur the time and expense of researching the validity of Zaxby’s Chicken Image Mark. But, having now been forced into this position, Defendants should be able to fully enforce their rights and protect the rights of other chicken restaurants that may be improperly threatened by Zaxby’s.

Further, while prejudice is not an element under Rule 15, Zaxby’s can hardly claim prejudice here. For one, discovery only started in earnest a few months ago. As a result, the parties are still engaged in written discovery and no depositions have

occurred. Moreover, and significantly, the discovery Defendants are seeking to defend against Zaxby's claims is nearly identical to the discovery Defendants need to prove the counterclaims they seek to assert. Indeed, the documents that will show that Zaxby's affirmative claims fail because its Chicken Image Mark is unenforceable *are the same documents* that Defendants will use to show that Zaxby's Chicken Image Mark should be cancelled. Justice – as well as fairness and efficiency – dictate that these issues should all be resolved in a single lawsuit.

For these and other reasons discussed below, Defendants respectfully request leave to file their First Amended Answer and Counterclaim.

II. PROCEDURAL POSTURE OF THIS CASE

This case started in earnest only a few months ago. Zaxby's filed its First Amended Complaint on June 1, 2020, which first added Defendant Schulte Restaurant Group, LLC ("Schulte") as a party. *See* Dkt. Nos. 21, 22. As a result, Defendants filed their joint Answer to the Amended Complaint roughly four months ago. *See* Dkt. No. 27. Since that time, the parties have engaged in written discovery, which is not complete.² Notably, not a single deposition has been taken.³

² The parties continue to confer to address purported deficiencies in the written discovery responses. Defendants also intend to serve additional written discovery.

³ Defendants are concerned about the effectiveness of video (as opposed to in person) depositions. Thus, Defendants anticipate that there may be some delays in taking depositions due to the ongoing unfortunate circumstances relating to COVID-19.

On October 19, 2020, the parties filed a Joint Motion to Amend the Scheduling Order to extend the discovery and summary judgment deadlines given, *inter alia*, the ongoing COVID-19 pandemic. *See* Dkt. No. 52.⁴ That Motion was granted the following day. *See* Dkt. No. 53. Pursuant to the Court's October 20 order, fact and expert discovery are scheduled to close in February and May of next year, followed by a June 2021 deadline for summary judgment. *Id.* While Defendants hope to meet these deadlines, in the event a short extension is required, this case has still moved relatively fast, particularly in light of the pandemic. Indeed, even if the deadlines are extended two months, this case will be through fact discovery less than one year after Schulte was first named as a party in the First Amended Complaint.

Defendants now move the Court for leave to add trademark cancellation claims against Zaxby's. A true and correct copy of Defendants' First Amended Answer and Counterclaim is attached hereto as Exhibit A.⁵

⁴ Throughout the year, this Court has entered several general orders in response to the exigent circumstances created by the ongoing COVID-19 pandemic. *See e.g.*, March 23, 2020 Order (Dkt. 7); April 2, 2020 Order (Dkt. 10); May 5, 2020 Order (Dkt. 17); May 27, 2020 Order (Dkt. 19); July 2, 2020 Order (Dkt. 33); July 13, 2020 Order (Dkt. 34); August 4, 2020 Order (Dkt. 42); September 2, 2020 Order (Dkt. 49); September 29, 2020 Order (Dkt. 51).

⁵ "A motion for leave to amend should either set forth the substance of the proposed amendment or attach a copy of the proposed amendment." *Long v. Satz*, 181 F.3d 1275, 1279 (11th Cir. 1999); *accord Rance v. Winn*, 287 F. App'x 840, 841 (11th Cir. 2008).

ARGUMENT AND CITATION TO AUTHORITY

I. THIS MOTION IS GOVERNED BY RULE 15.

This Court’s Scheduling Order does *not* set a deadline to amend pleadings. *See* Dkt. No. 16. Where, as here, the Scheduling Order does not include a deadline to amend pleadings, “whether leave to amend should be granted is governed by the more liberal standard set forth in Rule 15(a).” *Alcoa Inc. v. Universal Alloy Corp.*, 2016 U.S. Dist. LEXIS 200070, *7 (N.D. Ga., Aug. 31, 2016). And the “good cause” standard of Fed. R. Civ. P. 16(b) does not apply: “the Court is ‘constrained by the facts to find that the good cause standard of Rule 16(b) is not applicable because this Court never set any deadlines for amended pleadings.’” *Id.* (quoting *Massengale v. Hill*, No. 105CV0189TWT, 2006 WL 83429, at *3 (N.D. Ga. Jan. 10, 2006) (internal quotations omitted); *see also Insect Sci. Res., LLC v. Timberline Fisheries Corp.*, 2008 U.S. Dist. LEXIS 128452, *13 (N.D. Ga., Nov. 30, 2008) (analyzing motion for leave under Rule 15 and holding “[i]n the absence of a specific deadline for amending pleadings in the scheduling order, the undersigned concludes that [the moving party] need not satisfy the Rule 16(b)(4) good cause standard”) (citing *Datastrip Int’l Ltd. v. Intacta Techs., Inc.*, 253 F. Supp. 2d 1308, 1317 (N.D. Ga. 2003) (Story, J.) (“Because the Scheduling Order does not contain limitations for amending pleadings, the Rule 16 good cause requirement is not applicable.”)).

II. DEFENDANTS EASILY SATISFY THE RULE 15 STANDARD, WHICH PROVIDES THAT LEAVE TO AMEND SHOULD BE “FREELY GIVE[N]”.

A. THE BURDEN TO SATISFY RULE 15 IS LOW.

Under Fed. R. Civ. P. 15, a pleading may be amended “with the opposing party’s written consent or the court’s leave.” Fed. R. Civ. P. 15(a)(2). Courts are to “freely give leave when justice so requires.” Fed. R. Civ. P. 15(a)(3); *Shipner v. E. Air Lines, Inc.*, 868 F.2d 401, 406-07 (11th Cir. 1989) (“Rule 15(a) severely restricts the district court’s freedom, directing that leave to amend shall be freely given when justice so requires.”). “This mandate is to be heeded.” *Foman v. Davis*, 371 U.S. 178, 182, 83 S. Ct. 227, 230, 9 L. Ed. 2d 222 (1962). “All facts alleged by [the moving party] are assumed to be true for purposes of deciding the motion to amend and are construed in a light most favorable to . . . the moving party.” *Modi v. Alexander*, 2020 U.S. Dist. LEXIS 177727, *4, n.3 (N.D. Ga., Sep. 28, 2020) (citing *Foman*, 371 U.S. at 182).

“[L]eave to amend must be granted absent a specific, significant reason for denial.” *Spanish Broadcasting Sys. of Fla., Inc. v. Clear Channel Comms., Inc.*, 376 F.3d 1065, 1077 (11th Cir. 2004). “In the absence of any apparent or declared reason—such as undue delay, bad faith or dilatory motive on the part of the movant, repeated failure to cure deficiencies by amendments previously allowed, undue

prejudice to the opposing party by virtue of allowance of the amendment, futility of amendment, etc.—the leave sought should, as the rules require, be ‘freely given.’” *Foman* 371 U.S. at 182 (quoting Fed. R. Civ. P. 15(a)). “There must be a substantial reason to deny a motion to amend.” *Laurie v. Alabama Court of Criminal Appeals*, 256 F.3d 1266, 1274 (11th Cir. 2001) (holding that leave to amend is to be freely given, absent substantial reason to deny the motion).

B. DEFENDANTS SATISFY THE RULE 15 STANDARD.

There are several reasons why justice requires leave to amend here.

FIRST, Defendants have not unduly delayed, engaged in bad faith, shown dilatory motive, or repeatedly failed to cure deficiencies. On the contrary, Defendants are moving the Court for leave to add a trademark cancellation counterclaim shortly after concluding their investigation as to whether a good faith basis exists to assert such a claim. *See Exhibit C* (Rosenwasser Declaration) ¶¶ 6-11. More specifically, prior to Zaxby’s asserting infringement claims against them here, Defendants had no reason to investigate the validity and enforceability of Zaxby’s Chicken Image Mark. *Id.* ¶ 6. Thus, Defendants only began to analyze the validity of Zaxby’s Chicken Image Mark after Zaxby’s raised its (meritless) infringement claims. And, rather than rush to this Court with a half-investigated theory of invalidity, Defendants handled this matter properly and professionally, by

waiting to assert their counterclaims until after they completed an adequate investigation to confirm that their counterclaims were valid. *Id.* ¶¶ 7-11. Defendants should not be punished for conducting an appropriate investigation before filing their counterclaims. *See, e.g., Toland v. Phoenix Ins. Co.*, 2018 U.S. Dist. LEXIS 233334, at *7 (N.D. Ga. June 7, 2018) (no undue delay when defendant did not identify counterclaim until it finished investigation during discovery); *see also generally Inst. For Motivational Living, Inc. v. Sylvan Learning Ctr.*, 2008 U.S. Dist. LEXIS 9631, at *12 (W.D. Pa. Feb. 8, 2008) (delay in bringing infringement action was excusable because it was caused by “a good faith effort to investigate the merits of the action”); *FMC Corp. v. Control Solutions, Inc.*, 369 F. Supp. 2d 539, 573 (E.D. Pa. 2005) (plaintiff’s “conscientious decision to fully investigate the very serious infringement charges before filing suit will not give rise to a viable laches defense.”).

In short, far from showing bad faith or a dilatory motive, the Defendants acted thoughtfully, carefully and in accordance with their duties. Yet, they also acted swiftly enough to ensure that their counterclaims did not cause undue prejudice or delay. Defendants’ Motion is filed almost seven months before the current deadline for dispositive motions, *see* Dkt. No. 53, and courts routinely grant leave when such a substantial amount of time remains in the case. *See, e.g., Seong Ho Hwang v. Gladden*, 2019 U.S. Dist. LEXIS 225410, *5 (M.D. Ala. Jan. 9, 2019) (granting

motion to amend pleading filed “before expiration of the discovery deadline, prior to defendants’ motion for summary judgment, and over nine months prior to trial”); *Insect Sci. Res.*, 2008 U.S. Dist. LEXIS 128452 at *16 (N.D. Ga., Nov. 30, 2008) (finding no undue delay in part because the attempt to amend “was still within the discovery period” and “was therefore not made at a time that was so late in the litigation process”) (citing *Campbell v. Emory Clinic*, 166 F.3d 1157, 1162 (11th Cir. 1999) (“[U]ndue delay [is] inherent in an amendment asserted *after the close of discovery* . . .”) (emphasis added)).

SECOND, Zaxby’s cannot truthfully contend that they will suffer any prejudice – let alone the required “undue prejudice” – if Defendants’ Motion is granted. As of the date of this Motion, only written discovery has been served, and even the written discovery process is not complete. *See Insect Sci. Res.*, 2008 U.S. Dist. LEXIS 128452 at *16 (no undue prejudice in part because “the discovery period had not ended” and finding the opposing party’s “complaint that the addition of the [new] claim would force it to engage in new discovery . . . unpersuasive”).

Moreover, and significantly, the information sought in written discovery largely overlaps with the information relevant to Defendants’ proposed counterclaim. As part of its defense against Zaxby’s affirmative claims, Defendants intend to prove that Zaxby’s Chicken Image Mark is unenforceable because it is

generic. *See Sandshaker Lounge & Package Store LLC*, 602 F. App'x at 787; *Hunt Masters, Inc.*, 240 F.3d at 254-55. The evidence relevant to proving that defense ***is the same evidence*** that Defendants will use to prove their proposed counterclaims; *i.e.*, to prove that the Zaxby Chicken Image Mark is generic and thus should be cancelled. *See, e.g.*, Defendants First Set of Requests for Production of Documents, Request No. 12 (“All Documents concerning, evidencing, supporting, referencing, or otherwise relating to the use of chickens in the trademarks, service marks, or logos of restaurants.”). Further, as noted above, no depositions have been taken in this case. Thus, there is no need to re-depose any witnesses or redo any other aspect of this case.

Even if Defendants’ counterclaim were to result in some additional discovery, that alone is not enough to deny Defendants’ Motion. *See D.H. Pace Co. v. AOD Group, LLC*, 2014 U.S. Dist. LEXIS 78311 at *15 (N.D. Ga., June 9, 2014) (holding the defendant’s “generalized request for additional discovery is not sufficient to deny the addition of the trademark cancellation claim, and the claim is allowed”); *Insect Sci. Res.*, 2008 U.S. Dist. LEXIS 128452 at *19 (rejecting argument that new claim would prejudice the opposing party by “forc[ing] it to engage in new discovery” and noting any delay “can be minimized by reopening the discovery period for a limited time”). Similarly, even if Defendants’ proposed amendment is “untimely”, that does

not warrant denying Defendants' Motion. *See, e.g., D.H. Pace Co.*, 2014 U.S. Dist. LEXIS 78311, *15, 2014 WL 2574545 (granting defendant's motion for leave to add trademark cancellation claim pursuant to Fed. R. Civ. P. 15 and 16, despite motion to amend answer being untimely under the existing discovery schedule). "The mere passage of time, without anything more, is an insufficient reason to deny leave to amend." *Floyd v. E. Airlines, Inc.*, 872 F.2d 1462, 1490 (11th Cir. 1989), *rev'd on other grounds*, 499 U.S. 530, 111 S. Ct. 1489, 113 L. Ed. 2d 569 (1990).

THIRD, justice – as well as fairness and efficiency – warrants the grant of Defendants' Motion. If the Motion is denied, Defendants will have to file a new, separate lawsuit to cancel Zaxby's trademark, which is inefficient for the parties and the Court. *See e.g., Lockheed Martin Corp. v. L-3 Communs. Corp.*, 2007 U.S. Dist. LEXIS 101871 (N.D. Ga., May 15, 2007) (allowing a defendant to pursue claims in a separate action that were originally brought as counterclaims after court denied Rule 16 motion to amend).⁶ Given that the facts and evidence relevant to

⁶ In *Lockheed Martin*, this Court denied a defendant's motion for leave to assert a counterclaim for failing to meet Rule 16's "good cause" standard. *See id.* at *3. The defendant subsequently refiled the same claims in a separate action, which the opposing party sought to enjoin. *Id.* at *3-4. This Court allowed the defendant's newly-asserted claims to move forward, rejecting plaintiff's argument that the defendant's claims were compulsory counterclaims. The Court explained that "[a] counterclaim acquired by defendant after he has answered will not be considered compulsory, even if it arises out of the same transaction as does plaintiff's claim." *Id.* at *7 (quoting 6 Wright and Miller, Federal Practice and Procedure § 1411). The

Defendants’ defense of this action are the same facts and evidence that will be used to prove Defendants’ counterclaims, it makes no sense for these competing claims to be heard in separate actions where the parties will face two sets of nearly identical discovery, duplicate depositions of the same witnesses, duplicate briefing of the same issues, and face the potential for inconsistent results. The more efficient approach, and the approach that justice requires, is to resolve all the issues once in the same case.

For these reasons, the Motion should be granted. *See, e.g., Williams v. Bank of Am.*, N.A., 2013 U.S. Dist. LEXIS 193719, *13 (N.D. Ga., Oct. 1, 2013) (granting motion to amend pleading in the interest of justice because no undue delay or prejudice); *Insect Sci. Res.*, 2008 U.S. Dist. LEXIS 128452 at *26 (same); *see also Bryant v. Dupree*, 252 F.3d 1161, 1165 (11th Cir. 2001) (“Because there is no evidence that allowing an amendment at this stage would prejudice [the opposing party], the district court should have allowed the [amended pleading].”).

C. GOOD CAUSE EXISTS TO GRANT DEFENDANTS’ MOTION.

Even if Rule 16 did apply, the “good cause” standard is clearly satisfied. Rule 16 allows for the modification of a scheduling order “for good cause and with the

court found that the defendants “learned of the factual bases for the claims brought in the new . . . action well after the deadline for filing amended pleadings in the instant litigation” and denied plaintiff’s motion to enjoin. *Id.* at *7-8.

judge's consent." Fed. R. Civ. P. 16(b)(4). "What constitutes good cause sufficient to justify the modification of a scheduling order necessarily varies with the circumstances of each case." *Crutchfield Props. LLP v. Ashgan Prods., LLC*, 2018 U.S. Dist. LEXIS 224631, *5 (N.D. Ga., Sept. 28, 2018) (quoting 6A Charles Alan Wright & Arthur R. Miller, *Federal Practice and Procedure* § 1522.2 (3d ed. 2012)). "Whether 'to allow amendment under Rule 16 rests with the Court's sound discretion.'" *Id.* (quoting *Friedman v. Coffman*, No. 10-60989-Civ, 2012 WL 668021, at *1 (S.D. Fla. Feb. 29, 2012)).

In order to establish "good cause," the party seeking the extension "must have been diligent." *Leathers v. State Farm Mutual Auto Ins. Co.*, 2012 WL 13014020 at *2 (N.D. Ga. 2012); *New Generation Christian Church v. Rockdale County*, No. 1:12-cv-02138, 2014 U.S. Dist. LEXIS 40691, at *7 (N.D. Ga., March 27, 2014) ("Good cause requires that the party seeking amendment was diligent.") (quoting *Sosa v. Airprint Sys., Inc.*, 133 F.3d 1417, 1418 (11th Cir. 1998)). Diligence is the key to satisfying the good cause requirement of Rule 16(b). *Sosa v. Airprint Sys., Inc.*, 133 F.3d 1417, 1418 (11th Cir. 1998)) (citing advisory committee's notes).

"The Eleventh Circuit has found three factors a court must consider when evaluating diligence: '(1) [whether] the [party seeking amendment] failed to ascertain facts prior to filing the [pleading] and to acquire information during the

discovery period; (2) [whether] the information supporting the proposed amendment was available to the [party seeking amendment]; and (3) even after acquiring information, [whether] the [party seeking amendment was] delayed in asking for amendment.” *Access Point Fin., Inc. v. Exit-Indy Suites, LLC*, 2016 U.S. Dist. LEXIS 30315, *4, 2016 WL 892240 (N.D. Ga., Mar. 9, 2016) (alterations in original) (quoting *Auto-Owners Ins. Co. v. Ace Elec. Serv., Inc.*, 648 F. Supp. 2d 1371, 1375 (M.D. Fla. 2009) (citations omitted)).

First, “Defendants did not fail to acquire information during the discovery period.” *Access Point Fin.*, 2016 U.S. Dist. LEXIS 30315, at *6. During discovery, Defendants obtained information and knowledge showing that Zaxby’s mark is generic and should be canceled. Like the defendants in *Access Point Fin.*, here “Defendants base the proposed counterclaim on information that was obtained, corroborated, or clarified during discovery.” *Id.* (finding first factor in favor of moving party and noting “[t]his acquisition of information during discovery suggests that Defendants were reasonably diligent in seeking out and securing that information”).

Second, Defendants “propose to amend their [pleading] based on information learned as a result of [discovery].” *Id.* at *6. As stated above, Defendants would have no need to investigate the validity of Zaxby’s Chicken Image Mark prior to being

accused of trademark infringement. Once this lawsuit was filed, Defendants acted diligently to prepare their defense, which included investigating whether Zaxby's Chicken Image Mark is enforceable. It was only during the course of preparing their defense for this case that Defendants learned that Zaxby's Chicken Image Mark is generic, unenforceable and should be cancelled. Therefore, the second factor also weighs in favor of granting Defendants' Motion. *See D.H. Pace*, 2014 U.S. Dist. LEXIS 78311 at *8 (finding the moving party "first learned the basis for its [trademark cancellation] claim . . . during discovery in this case" and holding the movant had therefore "shown good cause to seek leave to plead the trademark cancellation claim"); *see also Loggerhead Turtle v. County Council of Volusia County, Fla.*, 148 F.3d 1231, 1256 (11th Cir. 1998) (finding no undue delay in part because the case was not one where the facts supporting the proposed amendment were known at the time of the original pleading).

Third, Defendants acted promptly to file this Motion after learning of the information forming the basis of its trademark cancellation counterclaim. Like the defendants in *Access Point Fin.*, Defendants acted promptly to "file[] their [a]mendment before the end of the extended discovery period." *See id.* at *7 (finding third factor in favor of moving party). Accordingly, even assuming *arguendo* Rule

16's "good cause" standard applied, all three factors underlying that standard weigh in favor of Defendants and warrant the grant of this Motion.

III. CONCLUSION

For all the reasons set forth above, Defendants respectfully request leave to file their First Amended Answer and Counterclaim.

Respectfully submitted this 11th day of December, 2020.

/s/ Steven J. Rosenwasser

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CERTIFICATE OF COMPLIANCE WITH LOCAL RULE 7.1D

I hereby certify that the foregoing document was prepared in Times New Roman, 14-point font, as provided by Local Rule 7.1D.

/s/ Steven J. Rosenwasser

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Georgia Bar No. 614908

Counsel for Defendants

CERTIFICATE OF SERVICE

I hereby certify that on this date, I electronically filed this DEFENDANTS' MOTION FOR LEAVE TO FILE FIRST AMENDED ANSWER AND COUNTERCLAIM AND INCORPORATED MEMORANDUM OF LAW using the CM/ECF system which will automatically send email notification of such filing to all attorneys of record.

This 11th day of December, 2020.

Respectfully submitted,

/s/ Steven J. Rosenwasser

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