

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

EXECUTIVE DATA SYSTEMS, INC.

Plaintiff,

-against-

ZOLA MEDIA LLC,

Defendant.

Case No. 1:17-cv-6339(LGS)

**ANSWER OF DEFENDANT
ZOLA MEDIA LLC**

Defendant Zola Media LLC (“Zola”), as and for its Answer to the allegations against it in the Complaint of Plaintiff Executive Data Systems (“EDS”), alleges as follows:

1. Denies the allegations in paragraph 1 of the Complaint except to admit that the Complaint alleges certain claims.
2. Denies knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 2 of the Complaint, except alleges that EDS is not entitled to any relief or damages.
3. Denies knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 3 of the Complaint.
4. Admits the allegations in paragraph 4 of the Complaint.
5. Denies the allegations in paragraph 5 of the Complaint to the extent that “doing business” is a legal conclusion except admits that it owns and operates <zolamedia.com> and <zolasuite.com>.
6. Admits that the Court has subject matter jurisdiction pursuant to 15 U.S.C. § 1121 and 28 U.S.C. §§ 1331, 1338(a), and 1367, but otherwise denies the allegations in paragraph 6 of

the Complaint.

7. Admits that Zola is based in Port Washington, New York and is subject to personal jurisdiction in this District, but otherwise denies the allegations in paragraph 7 of the Complaint.

8. Admits that venue is proper in this district and Zola transacts business in this District, but otherwise denies the allegations in paragraph 8 of the Complaint.

9. Denies knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 9 of the Complaint.

10. Denies knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 10 of the Complaint.

11. Denies knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 11 of the Complaint except alleges that the ALL-IN-ONE mark is not a valid trademark.

12. Denies knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 12 of the Complaint.

13. Denies knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 13 of the Complaint.

14. Denies knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 14 of the Complaint.

15. Denies knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 15 of the Complaint.

16. Denies knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 16 of the Complaint.

17. Denies knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 17 of the Complaint.

18. Denies knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 18 of the Complaint.

19. Admits the allegations in paragraph 19 of the Complaint.

20. Admits the allegations in paragraph 20 of the Complaint to the extent it understands the ambiguous terminology “legal organizations” and “legal consultants”.

21. Denies knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 21 of the Complaint.

22. Denies the allegations in paragraph 22 of the Complaint.

23. Denies the allegations in paragraph 23 of the Complaint, except to admit that it markets, promotes and sells its ZOLASUITE platform through its publically accessible website, at trade shows, in person and at legal conferences.

24. Admits the allegations in paragraph 24 of the Complaint.

25. Denies knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 25 of the Complaint, except to allege that Zola is not using the EDS mark or a mark that is substantially similar to the EDS mark as a source identifying trademark.

See Comp. Ex. B.

26. Denies the allegations in paragraph 26 of the Complaint, except to admit that EDS sent a letter dated June 1, 2017 alleging certain purported rights and making certain frivolous demands.

27. Admits the allegations in paragraph 27 of the Complaint, and further alleges that the letter of June 1, 2017 did not set forth any sustainable claims and alleges that a further

response was sent by Zola through its counsel.

28. Denies knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 28 of the Complaint, except to allege that there was no reason for Zola to capitulate to EDS's frivolous demands that amount to nothing more than trademark bullying.

29. Denies knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 29 of the Complaint, except to allege that there was no reason for Zola to capitulate to EDS's frivolous demands that amount to nothing more than trademark bullying.

30. Denies the allegations in paragraph 30 of the Complaint, except to allege that Zola does not use the EDS Mark or a substantially similar mark as a source identifying trademark in connection with the marketing and sale of its goods and services. *See* Comp. Ex. B.

31. Admits the allegations in paragraph 31 of the Complaint.

32. Denies the allegations in paragraph 32 of the Complaint, except to allege that there is no reason for EDS to monitor, enforce or maintain any quality control standards concerning the ZOLASUITE goods and services.

33. Denies the allegations in paragraph 33 of the Complaint, except to allege that Zola does not use the EDS Mark or a substantially similar mark as a source identifying trademark in connection with the marketing and sale of its goods and services. *See* Comp. Ex. B.

34. Denies the allegations in paragraph 34 of the Complaint.

35. Denies the allegations in paragraph 35 of the Complaint.

36. Denies the allegations in paragraph 36 of the Complaint.

37. Denies the allegations in paragraph 37 of the Complaint, except to allege that EDS is not entitled to any remedy at law.

38. In response to paragraph 38 of the Complaint, Zola repeats and realleges its

responses to paragraphs 1 through 37 as if fully set forth herein.

39. Denies the allegations in paragraph 39 of the Complaint.

40. Denies the allegations in paragraph 40 of the Complaint.

41. Denies the allegations in paragraph 41 of the Complaint, except to allege that Zola does not use the EDS Mark as a source identifying trademark. *See* Comp. Ex. B.

42. Denies the allegations in paragraph 42 of the Complaint, except to allege that Zola does not use the EDS Mark as a source identifying trademark. *See* Comp. Ex. B.

43. Denies the allegations in paragraph 43 of the Complaint.

44. Denies the allegations in paragraph 44 of the Complaint.

45. In response to paragraph 45 of the Complaint, Zola repeats and realleges its responses to paragraphs 1 through 44 as if fully set forth herein.

46. Denies the allegations in paragraph 46 of the Complaint except to allege that the Complaint sets forth certain frivolous claims.

47. Denies the allegations in paragraph 47 of the Complaint.

48. Denies the allegations in paragraph 48 of the Complaint.

49. Denies the allegations in paragraph 49 of the Complaint.

50. Denies the allegations in paragraph 50 of the Complaint.

51. Denies the allegations in paragraph 51 of the Complaint.

52. Denies the allegations in paragraph 52 of the Complaint.

53. Denies the allegations in paragraph 53 of the Complaint.

54. Denies the allegations in paragraph 54 of the Complaint.

55. Denies the allegations in paragraph 55 of the Complaint.

56. Denies the allegations in paragraph 56 of the Complaint.

57. In response to paragraph 57 of the Complaint, Zola repeats and realleges its responses to paragraphs 1 through 56 as if fully set forth herein.

58. Denies the allegations in paragraph 58 of the Complaint.

59. Denies the allegations in paragraph 59 of the Complaint.

60. In response to paragraph 60 of the Complaint, Zola repeats and realleges its responses to paragraphs 1 through 59 as if fully set forth herein.

61. Denies the allegations in paragraph 61 of the Complaint.

62. Denies the allegations in paragraph 62 of the Complaint.

63. Denies the allegations in paragraph 63 of the Complaint.

64. In response to paragraph 6 of the Complaint, Zola repeats and realleges its responses to paragraphs 1 through 63 as if fully set forth herein.

65. Denies knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 65 of the Complaint except admits that Zola engages in business and trade in U.S. commerce.

66. Denies the allegations in paragraph 66 of the Complaint.

67. Denies the allegations in paragraph 67 of the Complaint.

68. Denies the allegations in paragraph 68 of the Complaint.

69. Denies knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 69 except to allege that EDS is not entitled to injunctive relief.

70. Denies the allegations in paragraph 70 of the Complaint.

71. Denies the allegations in paragraph 71 of the Complaint.

FIRST AFFIRMATIVE DEFENSE

72. The Complaint fails to state a claim upon which relief can be granted.

SECOND AFFIRMATIVE DEFENSE

73. Plaintiff's claims are barred by the doctrine of unclean hands.

THIRD AFFIRMATIVE DEFENSE

74. Plaintiff's claims are barred by the doctrine of waiver.

FOURTH AFFIRMATIVE DEFENSE

75. Plaintiff's claims are barred by the doctrine of trademark misuse.

FIFTH AFFIRMATIVE DEFENSE

76. Plaintiff has used its trademark registration for anticompetitive purposes in violation of the Lanham Act, 15 U.S.C. § 1115(b)(7), rather than to legitimately protect its trademark.

SIXTH AFFIRMATIVE DEFENSE

77. Plaintiff's ALL-IN-ONE trademark is generic.

SIXTH AFFIRMATIVE DEFENSE

78. Plaintiff's alleged trademark is not inherently distinctive and lacks secondary meaning.

NINTH AFFIRMATIVE DEFENSE

79. Zola does not use the "All-in-One" verbiage as a source identifying trademark.

TENTH AFFIRMATIVE DEFENSE

80. Zola is not liable for monetary damages because it did not act willfully.

ELEVENTH AFFIRMATIVE DEFENSE

81. Monetary damages are not available because the Zola's use of the "All-in-One" verbiage in a generic manner did not proximately cause injury to Plaintiff and there is no evidence of actual confusion.

WHEREFORE, Zola respectfully requests that the Court:

- (a) dismiss the Complaint with prejudice and award judgment to Zola;
- (b) award Zola its attorneys' fees and costs; and
- (c) grant it such other and further relief as the Court deems just and proper.

DEFENDANT'S COUNTERCLAIMS

Counterclaim Plaintiff Zola Media LLC ("Zola") for its counterclaims against Counterclaim Defendant Executive Data Systems, Inc. ("EDS") alleges as follows:

JURISDICTION

1. This action arises under the trademark laws of the United States, 15 U.S.C. § 1068. This Court has jurisdiction under 28 U.S.C. §§ 1331 and 1338(a) and (b), and § 1367, and 15 U.S.C. § 1121.

PARTIES

2. Upon information and belief, EDS is a corporation organized and existing under the laws of the State of Florida and having an office and principal place of business at 6100 Blue Lagoon Drive, Suite 350, Miami, Florida 33126.

3. Zola is a corporation organized and existing under the laws of the State of New York having a principal place of business located at 10 Harbor Park Drive, Suite 101, Port Washington, New York 11050.

JURISDICTION AND VENUE

4. This Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 1331 and 1338(a), and 15 U.S.C. §§ 1119 and 1121.

5. Upon information and belief, EDS has conducted and continues to conduct business transactions within this District.

6. Venue is proper in this judicial district pursuant to 28 U.S.C. § 1391(b) because

EDS has filed a federal complaint in the Southern District of New York alleging infringement of the trademark that is subject to the instant petition to cancel.

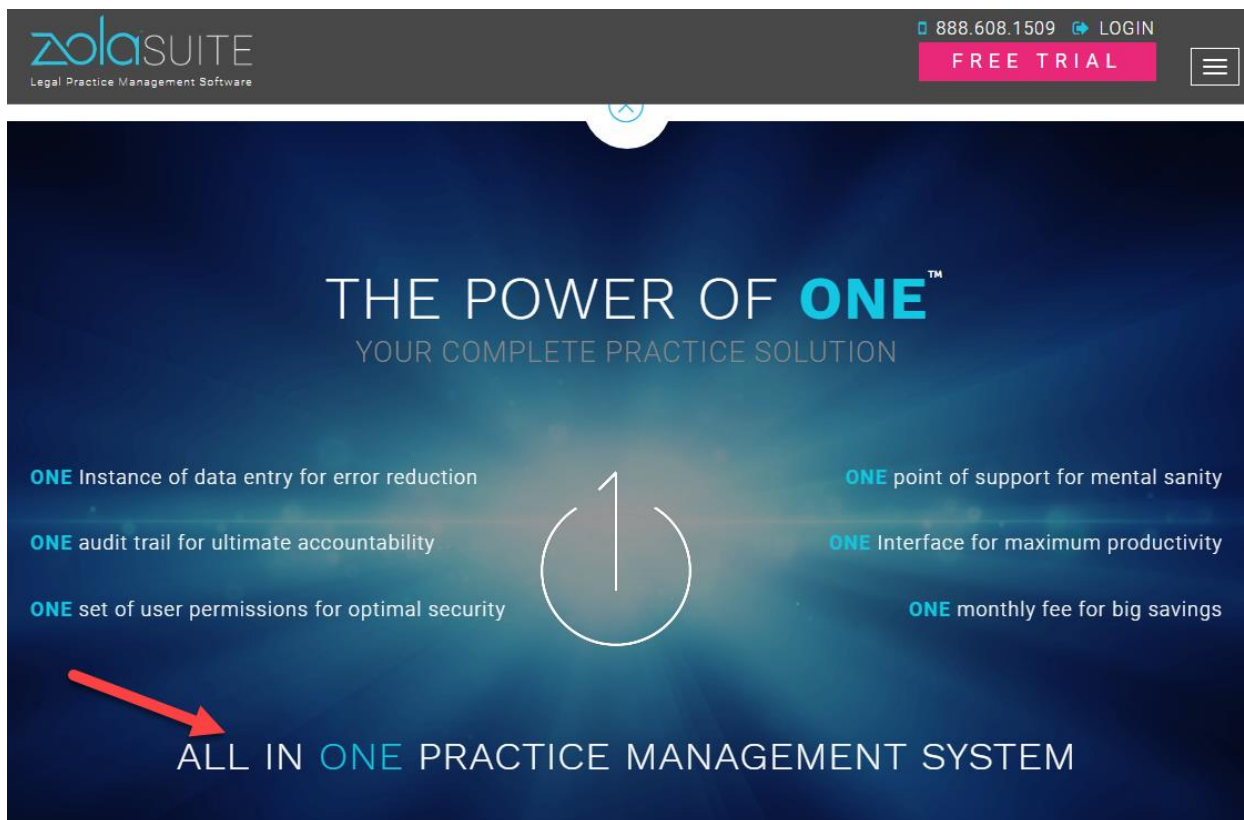
FACTS

7. Zola is the victim of trademark bullying. EDS is wielding its purported trademark registration in an effort to stifle a small competitor from using generic verbiage in connection with the promotion of its goods and services sold under a fanciful mark – ZOLASUITE.

8. In particular, Zola has developed an all-in-one practice management software system that it markets and promotes under the ZOLASUITE brand name.

9. The only source identifying trademark Zola uses to identify its integrated practice management software system is the fanciful ZOLASUITE mark.

10. On its website located at <zolasuite.com>, Zola includes a statement that its ZOLASUITE software is an “All In One Practice Management System.”



A true and correct screenshot from Zola's website is attached hereto as Ex. 1.

11. Over the course of the summer of 2017, Zola received a letter from EDS, through its attorneys, demanding that it cease use of the phrase "all-in-one" identified in Paragraph 10 above on the grounds that Zola's use infringed upon its intellectual property rights.

12. Upon information and belief, EDS is the owner of U.S. Trademark Registration No. 4,138,015 for the mark ALL-IN-ONE, which identifies the following services: computer software all for use in connection with the legal industry, namely, computer software for billing, accounting, conflict resolution, docketing, document management, imaging, document assembly, and report writing and to facilitate workflow, scheduling and creating, profiling and saving documents; computer software for management of the routing, sharing and storage of scanned documents using digital technology; computer software for business analysis and intelligence monitoring of law firm company statistics, profitability and decision making; computer software for searching and retrieving content from a global computer network such as the internet, and for storage, management and sharing of the retrieved content in a local network database; computer software for allowing remote access and sharing of data files; and computer software for use in the field of law providing law forms and related business and litigation document support. Attached as Exhibit 2 is a true and correct copy of the ALL-IN-ONE registration.

13. Counterclaim Defendant's ALL-IN-ONE registration is subject to cancellation on the grounds that the mark consists entirely of a generic term.

14. The phrase "all-in-one" is widely used as a generic term throughout the United States by the general population, and in the legal industry, to refer to the types of software identified in Counterclaim Defendant's ALL-IN-ONE registration.

15. Upon information and belief, the primary significance of the ALL-IN-ONE

designation to the relevant public are the goods identified in the registration, not the purported producer of those goods.

16. Upon information and belief, the primary significance of the ALL-IN-ONE designation is to describe the type of product rather than the producer of the goods.

17. The primary significance of the ALL-IN-ONE verbiage is apparent from publications, articles and websites that use the ALL-IN-ONE verbiage to describe the type of products identified in the Counterclaim Defendant's registration that are sold by third parties that are not related to, associated with, licensed by or otherwise affiliated with EDS.

18. The American Bar Association ran a story in the summer of 2014 entitled *All-in-One Practice Management Applications*. The ABA article specific states:

Do you wish you could get your law practice more under control? Do you feel that with some better tools and know-how you could get a lot more done? You are not alone. Lawyers everywhere are scrambling to serve existing clients, attract new ones, and keep up with all the administrative work.

All-in-one practice management applications provide the tools to take control. Your path to a more streamlined, profitable practice includes these basic steps: (1) choosing a practice management application; (2) converting clients, matters, and other data; and (3) learning the new system. This article can help you with the first step, making a choice from a bewildering variety of options.

A true and correct copy of the ABA article is attached hereto as Exhibit 3.

19. Fittingly, the ABA article includes an image of an "all-in-one" tool to support the theory that lawyers need one software that provides all the tools to manage their practice:



See Ex. 3.

20. Upon information and belief, the relevant consuming public understands that there are two types of software used to run small law firms: “all-in-one” software and “best-of-breed” software.

21. An article called *How to Determine the Best Legal Practice Management Solution for Your Firm* states that there are two main types of software: “**all-in-one** and best-of-breed.”

The section describing the generic category of “all-in-one” software states:

All-in-one solutions provide both front and back office functionality including: time and billing; accounting; case management; and document management. Best-of-breed solutions focus on a specific area or areas, providing more options for customization as well as greater emphasis on functionality. Examples of best-of-breed solutions include document management, contact management, and case and matter management.

While an **all-in-one** software package provides both front and back office capability, it will likely lack depth of functionality. If the firm is looking to find a solution for more than one practice area or has complex needs for storing information and automation, then looking past the all-in-one solutions to a best-of-breed solution will provide for a higher degree of functionality.

Another difference between the **all-in-one** systems and the best-of-breed systems is the level of customization. Best-of-breed allows for an a la carte approach to software -- each firm is allowed to choose which modules best suit its needs and then configure those packages, as opposed to taking a one-size-fits-all approach. The word "configure" may imply a more complicated implementation, but it also allows for a more process-oriented approach and will most likely increase acceptance among users. If a firm is looking for a solution for multiple practice areas, or more specialized types of law, best-of-breed solutions may provide a tighter fit and allow for adaptation to unique process flows.

Integrations are important as well. While an all-in-one solution may provide full coverage for office applications, it may be difficult to incorporate any existing software into the new **all-in-one** system. Some best-of-breed solutions offer a broad range of integrations with popular applications, so a firm may be able to leverage existing investments in software into a solution that meets specific needs.

A true and correct copy of the *How to Determine the Best Legal Practice Management Solution for Your Firm* article is attached hereto as Exhibit 4.

22. Upon information and belief, both parties offer software that falls into the “all-in-one” generic category.

23. The Florida Bar Association also published an article about the “things to consider when shopping for law practice management software.” The Florida Bar advised that one important consideration is whether “you want an **all-in-one** solution.” A true and correct copy of the Florida Bar Association article is attached hereto as Exhibit 5.

24. The Illinois Bar State Association ran an article on the subject matter: “What's this tool? It's called practice management software, or, sometimes, case management software. This **all-in-one** software helps lawyers integrate and manage all aspects of their practices.” A true and correct copy of the Illinois Bar Association article is attached hereto as Exhibit 6.

25. In addition to the publications by the bar associations identified above, additional articles have published that use “all-in-one” to identify a general class of software designed and sold by entities other than EDS. For example:

- Jarvis Legal’s practice management software described as “an **all-in-one** tool helping thousands of lawyers run their practice smoothly from anywhere at anytime.” Other competitors are also listed in this article as providing “all-in-one” software, among them is EDS.
- An article rating law practice management software uses “all-in-one” to describe software providers other than EDS:
 - “AbacusLaw is a good fit for firms that want an **all-in-one** solution with access to a provide cloud server and desktop software.”
 - “Leap is a good fit for solo small attorneys looking for a robust **all-in-one** solution.”
 - “ProLaw is a good fit for firms looking for an **all-in-one** solution to managing their practice, but it’s not cloud-based and it may be overkill for many small firms.”
- Software Advice reviews legal management software uses “all-in-one” to describe systems sold by entities other than EDS:
 - “CosmoLex is a cloud-based legal management software that offers advanced features and fully-integrated applications for an **all-in-one** solution.”
- Review of legal management software uses “all in one” in connection with providers other than EDS. In particular, describing MyCase: “The software is an **all-in-one** legal management tool.”

- PC Law promoted as follows: “More than 15,000 law firms nationwide get paid faster by using PCLaw as their **all-in-one** billing and accounting solution.”
- Review of legal management software uses “all in one” in connection with providers other than EDS: “The specialty of the [LegalTrek] app is it delivers an **all-in-one** approach to managing, billing, and organizing clients, documents, etc.”
- Article on Beyond Square One about legal practice management systems describes CosmoLex’s product as an “**all in one** web-based system that is accessible from PC, Mac, tablet or even your mobile phone.”
- Among benefits offered by the Florida bar are discounts for access to various legal practice management systems. When describing Cosmolex, the Florida Bar page states: CosmoLex combines practice management, billing, and account (No QuickBooks required), **all in one** login” and for RPost states “RMail is an **all-in-one** email platform ...”
- GetApp lists numerous software systems and describes MyCase as “the premier **all-in-one** web-based practice management software for lawyers.”
- RocketMaster described as offering an “**all-in-one** legal practice management platform with the most powerful, easy-to-use time and billing software in the industry.”
- OTB article discussing legal practice management systems states that “some of these legal-specific applications are ‘**all in one**’ applications that provide integrated billing, accounting, case management, document and email management and some are “best of breed” that handle one such function well.”

True and correct copies of these publications are attached hereto as Exhibit 7.

26. Upon information and belief, EDS has not licensed the use of the ALL-IN-ONE trademark to any of the third parties referenced in the publications attached in Exhibit 7.

27. The term “all-in-one” is widely used as a generic term throughout the industry to refer to specialized practice management software for lawyers, which is the type of software identified in EDS’s registration. *See* Ex. 2. Below are just a few examples of many uses of “all-in-one” by competitors to describe the type of software EDS and Zola have each designed and sell:

- CosmoLex uses “**All-in-One** Legal Practice Management” to identify legal software that has the same functionality as that offered by EDS and Zola. CosmoLex also states that its cloud-based law practice management software that integrates accounting, time tracking, billing, email and document management, tasks and calendaring “**all in one**” application.

Throughout the website CosmoLex uses “all-in-one” to describe its product’s features.

- MyCase touts its law firm management software as an “**all-in-one**, affordable and intuitive legal practice management system designed for the modern law firm.” The website further states that “thousands of attorneys and legal professionals use MyCase’s **all-in-one** legal practice management software....”
- Rocket Matter offers an “**all-in-one** legal practice management platform.”
- NuLaw, powered by Salesforce, provides an “**all-in-one** legal management solution for your law firm.”
- CoCounselor describes its software as “The **All-In-One** Platform Modernizing the Way Law Firms Are Managing Cases.”
- AbacusNext software allows professional information about each client matter to be accessible “**all in one**” place.
- ProTempus advertises that it “offers an **all-in-one** software solution.”
- Client testimonial for the LEAP software states “what distinguishes LEAP from other legal software is that it truly encompasses everything you need for your practice to thrive. LEAP is a matter management system, time tracking software, law firm marketing tool, and legal client portal **all-in-one**.”
- Kleos promotes its software as keeping “documents, emails, tasks, calendars and billing **all in one** place.”
- Legal365 uses “**All-in one**” solution to describe its law practice management system.
- Coyote Analytics states that its document management system provides “everything you need, **all in one** place.”

True and correct copies of these publications are attached hereto as Exhibit 8.

28. Upon information and belief, EDS has not licensed the use of the ALL-IN-ONE trademark to any of the third parties referenced in Exhibit 8.

29. The “all-in-one” verbiage is even used to describe practice management systems that have similar functionality for other professions. *See, e.g.*, <https://www.practicesuite.com/practice-management-software/> (medical practice management software website states “When it comes to shopping for an **all-in-one** office solution”);

<http://www.pulseinc.com/solutions/all-in-one/> (“All-in-One Healthcare Management Solutions.”); <http://www.curemd.com/all-in-one.asp> (“**All-in-One** EHR, PM and Medical Billing”); <https://www.simplepractice.com/> (medical practice management software allows professionals to access “notes, scheduling and billing **all in one** place.”). True and correct copies of these website printouts are attached hereto as Exhibit 9.

30. Upon information and belief, EDS has not licensed the use of the ALL-IN-ONE trademark to any of the third parties referenced in the website printouts attached in Exhibit 9.

31. As shown with the *small* sampling of articles and websites noted above and attached as Exhibits 3-9, the phrase “all-in-one” does not create, in and of itself, a distinctive commercial impression apart from the generic meaning of the phrase.

32. As shown with the *small* sampling of articles and websites noted above and attached as Exhibits 3-9, the “all-in-one” verbiage when considered in the context of the goods immediately conveys a complete software system that manages all of the software needs of a practicing attorney.

33. As shown with the *small* sampling of articles and websites noted above and attached as Exhibits 3-9, the primary significance of the “all-in-one” to the relevant public is the goods themselves, not the producer (of which there are scores).

34. Upon information and belief, consumers who are familiar with “all-in-one” software will understand that EDS’s mark means the software identified in the registration and that such goods do not emanate from one particular source.

35. The registered mark is used in its ordinary meaning to describe a precise type of legal management software, a meaning that is part of the industry’s vernacular as shown in Exhibits 3-9.

36. For these reasons, Counterclaim Defendant's ALL-IN-ONE mark is generic and should be cancelled.

COUNT I

Cancellation of U.S. Registration No. 4,138,015 for the mark ALL-IN-ONE

37. Counterclaim Plaintiff repeats and realleges each and every allegation set forth in Paragraphs 1 through 36 above as if fully set forth herein.

38. U.S. Trademark Registration No. 4,138,015 should be cancelled pursuant to Sections 14 and 37 of the Lanham Act, 15 U.S.C. §§ 1064 and 1119 because the phrase "all-in-one" is generic and incapable of functioning as a trademark for the goods identified in the registration.

39. Counterclaim Plaintiffs will be damaged by the continued registration of the ALL-IN-ONE verbiage for the goods identified because such continued registration imperils Zola's ability to use the verbiage in a generic manner in connection with its own software as is done by others in the industry.


PRAYER FOR RELIEF

WHEREFORE, Counterclaim Plaintiff pray for judgment as follows:

- A. Direct the U.S. Patent and Trademark Office to cancel U.S. Reg. No. 4,138,015;
- B. Award Counterclaim Plaintiff its reasonable attorneys' fees and costs relating to this action, pursuant to 15 U.S.C. § 1117; and
- C. Award such other and further relief as this Court deems appropriate.

Dated: November 6, 2017
New York, New York

PRYOR CASHMAN LLP

By: 

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