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IN THE UNITED STATES PATENT AND TRADEMARK OFFICE  
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD

Proceeding	91219179
Party	Plaintiff Spliethoff's Bevrachtungskantoor B.V.
Correspondence Address	J MICHAEL PENNEKAMP FOWLER WHITE BURNETT PA 1395 BRICKELL AVENUE, ESPIRITO SANTO LPAZA, 14TH FLOOR MIAMI, FL 33131 UNITED STATES jpennekamp@fowler-white.com, bhackney@fowler-white.com, start@fowler-white.com, lparker@fowler-white.com, jmp@fowler-white.com
Submission	Motion to Amend Pleading/Amended Pleading
Filer's Name	J. Michael Pennekamp, Esquire
Filer's e-mail	jpennekamp@fowler-white.com, start@fowler-white.com, lparker@fowler-white.com, jmp@fowler-white.com, drodriguez@fowler-white.com
Signature	/J. Michael Pennekamp/
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IN THE UNITED STATES PATENT AND TRADEMARK OFFICE  
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD

Opposition No. 91219179

Serial No. 86031633

SPLIETHOFF'S BEVRACHTINGSKANTOOR B.V.,

Opposer,

v.

UNITED YACHT TRANSPORT LLC.,

Applicant.

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**OPPOSER'S REPLY IN SUPPORT OF MOTION FOR  
LEAVE TO FILE THIRD AMENDED NOTICE OF OPPOSITION**

Opposer SPLIETHOFF'S BEVRACHTINGSKANTOOR B.V. ("Spliethoff"), by and through its undersigned counsel, pursuant to 37 C.F.R. § 2.107, 37 C.F.R. § 2.127(a) and Rule 15(a) of the Federal Rules of Civil Procedure, hereby files its reply in support of its June 7, 2016 Motion for Leave to File Third Amended Notice of Opposition to Applicant UNITED YACHT TRANSPORT LLC.'s trademark application to add the opposition ground of lack of priority based on "unlawful use" to Spliethoff's opposition to Application Serial No. 86031633 for the mark "UNITED YACHT TRANSPORT" (the "Application")(the "Mark")(the "Motion") and to include supporting factual allegations regarding this ground.

In its Response in Opposition (DE 32), Applicant argues that Spliethoff's Motion (DE 26) should be denied on the grounds of "undue delay" and prejudice to Applicant. Both of these arguments are unfounded and the Motion should be granted.

**A. Spliethoff Promptly Filed Its Motion to Amend After Obtaining Evidence from the Federal Maritime Commission to Support the Opposition Ground of Unlawful Use**

Applicant's "undue delay" argument ignores the evidence submitted in support of Spliethoff's Motion that Applicant's publication of an NVOCC number on Applicant's website after the February 8, 2016 date of Applicant's licensure was the triggering event which brought the issue whether Applicant was required to be licensed as an "ocean transport intermediary" under the Shipping Act of 1984 ("Shipping Act") to Spliethoff's attention and caused Spliethoff to begin investigating the potential opposition ground of "unlawful use." *See* DE 27: Declar. of Tart and Exhibits "A" – "C" thereto. Applicant's publication of an NVOCC license number, more than two years after it started business operations as a yacht transport company, was unusual. The "high number" of the license itself also suggested a recently-issued license. Applicant's own actions raised "red flags" which prompted Spliethoff to investigate Applicant's licensure and the potential opposition ground of "unlawful use." Spliethoff acted expeditiously by serving written discovery on Applicant on March 25, 2016, April 7, 2016 and April 22, 2016 regarding Shipping Act compliance and by making a Freedom of Information Act ("FOIA") request on April 5, 2016 upon the Federal Maritime Commission for information concerning Applicant's NVOCC license and any dealings between the Commission and Applicant regarding the Shipping Act.

Applicant refused to answer any of Spliethoff's written discovery on this subject, on the basis of "relevancy." However, Spliethoff obtained documents from the Federal Maritime Commission on April 27, 2016 and May 13, 2016 which supported the proposed opposition ground and proceeded to file its Motion on June 7, 2016. *See* DE 27: ¶¶ 8 and 9 and Ex. "B" and "C" thereto. These documents included a copy of Applicant's NVOCC license issued on February 8, 2016 and the

"Warning Letter" dated March 29, 2016 re: "Violations of the Shipping Act" which the Federal Maritime Commission's Bureau of Enforcement issued to Applicant. As its name suggests, the "Warning Letter" cited Applicant for "apparent violations" of the Shipping Act but stated that the Bureau did not presently intend to seek enforcement action against Applicant because Applicant had obtained an ocean transport intermediary license and taken other steps to comply with the Act. In its Warning Letter, the Bureau also recommended that Applicant's legal counsel undertake a thorough review of Applicant's operations to "ensure that UYT is operating in full compliance with the requirements of the Shipping Act and with the Commission's regulations." (DE 27: Composite Ex. "C").

There was no undue delay in the filing of Spliethoff's Motion. In fact, the Commission's Bureau of Enforcement (the prosecutorial arm of the federal agency responsible for administering and enforcing the Shipping Act) did not begin investigating Applicant until 2015 and did not issue its Warning Letter citing Applicant for violating the Shipping Act, stated to be based on "records and information provided to the Bureau," until March 29, 2016. (*See* DE 27: Tart Declar. ¶ 9 and Composite Exhibit "C"). Under exemptions from disclosure under FOIA, no evidence pertaining to the Bureau's investigation of Applicant was available to the public until the federal agency's investigation was closed, presumably after the March 29, 2016 Warning Letter was issued.<sup>1</sup> Therefore, Spliethoff could not obtain any evidence regarding the Commission's investigation of Applicant until it was closed.

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<sup>1</sup> At 5 U.S.C. § 552(b)(7), the Freedom of Information Act exempts from mandatory disclosure information pertaining to an active investigation of a subject by a federal agency on the grounds that this information includes "records or information compiled for law enforcement purposes" which "could reasonably be expected to interfere with enforcement proceeding" under (7)(A) or otherwise could interfere with the integrity of an ongoing investigation for the reasons set forth in 5 U.S.C. § 552(b)(7)(B) – (F).

Applicant's argument that Spliethoff could have discovered (even before the Commission's Bureau of Enforcement opened or completed its investigation of Applicant) that Applicant was operating unlawfully and moved to amend earlier should be given short shrift. This argument is highly misleading because, by emphasizing the purported significance of the "absence" of a license published online,<sup>2</sup> Applicant sidesteps the dispositive issue whether Applicant's business model required it to be licensed under the Shipping Act. A similar argument was made and rejected by the Board in *Marshall Field & Co. v. Mrs. Field's Cookies*, 11 USPQ2d 1355, 1359 (TTAB), a cancellation proceeding in which the party opposing amendment asserted that the movant "should have" identified fraud as an additional ground for cancellation of the subject registration from reviewing the file history of the registration and moved to amend earlier. In explaining its decision to permit amendment, the Board in *Marshall Field & Co.* explained as follows:

This brings us now to plaintiff's arguments that defendant delayed unduly in asserting its counterclaim and that therefore the counterclaim should not be permitted. More particularly, plaintiff alleges that the first ground for defendant's counterclaim is untimely inasmuch as registrant acknowledged in the application itself the believed existence of third-party users and that if defendant had exercised due diligence in obtaining the file history of the registration for which cancellation is sought, the asserted grounds for the counterclaim, if any, would have been learned sooner.

The Board is not persuaded that the factual basis for the allegation that plaintiff committed fraud in alleging "substantially exclusive" use of the mark for the five years preceding the filing date of the application that evolved into this registration would have been revealed merely from a review of the file history of the registration herein challenged, and therefore we are not persuaded that defendant delayed unduly in asserting this ground for cancellation. A pleading of fraud requires a showing of intent and, in this case, also requires a showing of the extent of third party uses known to

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<sup>2</sup> In addition, contrary to Applicant's assertion, there is no statutory requirement under the Shipping Act that a licensed entity publish its license number on its website. This is another reason why the "absence" of a license on Applicant's website prior to February or March 2016 was not noteworthy.

plaintiff at the time it filed its Section 2(f) affidavit. This type of information ordinarily is obtainable only through discovery. In this case, the record reveals that defendant obtained the information necessary to assert its counterclaim through the production of documents and the taking of depositions of several persons, including the affiant, throughout July and September of 1988. Defendant's counterclaim was pleaded promptly thereafter and before discovery in this proceeding had closed. Moreover, we agree with defendant that the concept of "undue delay" is inextricably linked with the concept of prejudice to the non-moving party and, in this case, we find no such prejudice.

11 USPQ2d at 1358.

As in *Marshall Field & Co.*, Spliethoff was required to investigate the opposition ground of "unlawful use" before seeking to plead this ground and it was reasonable for Spliethoff to assume that Applicant was operating lawfully unless and until it obtained evidence to the contrary. As Applicant is well aware, having recently been the subject of an investigation by the Commission's Bureau of Enforcement, whether an shipping company is required to be licensed as an ocean transport intermediary under 46 U.S.C. § 40901 turns on whether the particulars of an entity's business operations fall within statutory definitions of the following terms defined in the noted subsections of 46 U.S.C. § 40102: "common carrier" (6), "non-vessel-operating common carrier" (16), "ocean common carrier" (17), "ocean freight forwarder" (18), "ocean transport intermediary" (19), "service contract" (20), "shipment" (21) and "shipper" (22). This was not information about Applicant available to Spliethoff online. Spliethoff acted properly and timely in filing its motion for leave to amend shortly after it obtained evidence from the Federal Maritime Commission to support the proposed opposition ground of "unlawful use."

It is noteworthy that Applicant does not contend that the proposed opposition ground would be futile. Applicant does not deny that its unlicensed operations violated the Shipping Act or address the merits of the proposed opposition ground of "unlawful use." Instead, Applicant attempts to

maneuver around the "elephant in the room" (Spliethoff's discovery that the Commission's Enforcement Bureau investigated Applicant and issued a warning citation to Applicant for violating the Shipping Act) by seeking to block the proposed amendment.

The *Media Online* decision cited by Applicant is inapposite and does not support denial of Spliethoff's Motion. (Opp. at 2 – 4). The Trademark's Board's decision denying leave to amend in *Media Online* was based upon its express finding that "[t]he new claims appear to be based on facts within petitioner's knowledge at the time the petition to cancel was filed." (emphasis supplied). In so ruling, the Board in *Media Online* cited its 2001 decision in *Trek Bicycle Corp.*, another decision where a motion for leave to amend was denied because it was "based on facts known to opposer prior to institution of the case" and the delay in moving to amend was "unexplained." (emphasis supplied). Unlike the above cases, only after it received evidence from the Federal Maritime Commission in response to its FOIA request did Spliethoff learn facts which supported the filing of its Motion.

Applicant also asserts that Spliethoff's Motion should be denied because Spliethoff did not learn of the opposition ground through discovery but rather in response to a FOIA request of a federal agency. (Opp. at 3). However, as Applicant acknowledges, the reason that Spliethoff did not learn of this opposition ground in discovery is because Applicant "objected on relevancy grounds and did not provide information in response to the [Spliethoff's discovery] requests." Applicant's admitted "stonewalling" of Spliethoff's discovery to investigate the proposed amendment ground of "unlawful use" served on March 25, 2016, April 7, 2016 and April 22, 2016 is not a persuasive argument with which to oppose a motion for leave to amend. To the contrary, Applicant's efforts to obstruct Spliethoff's discovery aimed at investigating this potential opposition ground is a strong

factor in favor of granting amendment, rather than denying it.<sup>3</sup> And, as previously noted, only the fact that the Commission's Bureau of Enforcement apparently had concluded its investigation of Applicant allowed Spliethoff to obtain a copy of the Warning Letter in response to its FOIA request.

**B. Granting Spliethoff's Motion Would Not Prejudice Applicant**

Granting Spliethoff's Motion would not result in prejudice to Applicant. Applicant argues that "[it] would suffer prejudice if Spliethoff is permitted to add its new claim" (Opp. at 3) but fails to specify any manner in which it would be prejudiced if the proposed amendment were allowed. When Spliethoff's Motion was filed, discovery was still open and no depositions had been taken. The June 16, 2016 Order entered herein (DE 31) suspended this proceeding for an indefinite period on Applicant's Motion (DE 29) to allow for completion of Applicant's proposed deposition upon written question of a foreign non-party under the Hague Convention. Discovery conducted under the Hague Convention is a lengthy and cumbersome process, which Applicant is just beginning.<sup>4</sup> See TBMP 404.03(c)(2)(description of the lengthy steps involved for letters rogatory or letters of request under the Hague Convention to obtain discovery of a foreign non-party).

Under Fed. R. Civ. P. 15, "the policy of granting leave is to be a liberal one, and ordinarily the Court should grant leave to amend whenever doing so will not unduly delay trial of the case or prejudice the other party." *Microsoft Corp. v. Qantel Business Systems Inc.*, 16 USPQ2d 1732, 1733

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<sup>3</sup> Applicant certainly was aware following its receipt of the Enforcement Bureau's March 29, 2016 Warning Letter that "unlawful use" was a potential opposition ground in this proceeding but nonetheless Applicant served "relevancy" objections to each of Spliethoff's written discovery requests (admissions, interrogatories and requests for production) served by Spliethoff in late March and April 2016 on this subject in an effort to prevent Spliethoff from obtaining evidence from Applicant supportive of opposition based on "unlawful use."

<sup>4</sup> On June 23, 2016, Applicant filed its Motion for Leave to File Motion for Issuance of Letters of Request for International Judicial Assistance Pursuant to the Hague Convention on the Taking of Evidence Abroad in Civil or Commercial Matters. (DE 34).

– 34 (TTAB 1990)(petitioner's amendment allowed to add another ground for cancellation where discovery was still open and respondent did not show that "any undue prejudice would result from the amendment of the petition"). "Rule 15(a) of the Federal Rules of Civil Procedure specifies that leave to amend pleadings shall be freely given when justice so requires, and in view thereof, the Board liberally grants leave to amend pleadings where the other party will not be prejudiced thereby." *Flatley v. Trump*, 11 USPQ2d 1284, 1286 (TTAB 1989)(After respondent filed a motion for summary judgment, Board granted petitioner's motion for leave to amend pleadings to add to the petitions the designation "THE CASTLE" "as a trade name in a manner analogous to trademark use in connection with hotels, motels and associated services," noting in the decision that "[i]nasmuch as these cases are still in the discovery stage, respondent would not be prejudiced by allowance of the proposed amendment."); *Buffett v. Chi-Chi's, Inc.*, 226 USPQ 428, 429 (TTAB 1985)(Board permitted opposer's amendment to amend its opposition to assert claims under Sections 2(d) and 2(e)(1) of the Lanham Act where proceeding had been pending more than one year and motion was filed one month after applicant filed motion for summary judgment; Board reset the discovery deadline to permit applicant to take discovery on newly-asserted opposition grounds and avoid any prejudice to applicant).

If Spliethoff's Motion is granted, Applicant would have ample time and opportunity to respond to the proposed opposition ground. Since the amendment ground of "unlawful use" is based on facts within the knowledge of Applicant and is unrelated to Applicant's proposed international discovery of foreign non-parties under the Hague Convention, it would move this proceeding forward, in an orderly manner and without prejudice to Applicant, if the Board granted the instant Motion to amend and required Applicant to serve its responses to Spliethoff's outstanding written

discovery, served in March and April 2016 regarding the subject of "unlawful use," during the same time period that Applicant is pursuing its international discovery.

Lastly, if amendment is permitted, it likely would not be necessary for Applicant to conduct any third party discovery concerning the issue of "unlawful use" as this opposition ground is based exclusively on Applicant's business operations and activities and the application of the Shipping Act to same. The relevant knowledge and documents which pertain to Applicant's compliance/non-compliance with the Shipping Act's licensure, bonding and tariff requirements are within Applicant's possession or control. Presumably this evidence would be readily available to Applicant as it would likely be all or substantially all of the same information and documents that were relevant and responsive to the Bureau of Enforcement's 2015 and 2016 investigation of Applicant regarding the Shipping Act.

### **C. Conclusion**

The proposition under Fed. R. Civ. P. 15(a) that leave to amend shall be liberally granted applies in favor of granting Spliethoff's Motion in that amendment would not prejudice Applicant and Spliethoff filed its motion to amend to add the opposition ground of "unlawful use" during the discovery stage of this proceeding and promptly after it obtained evidence from the Federal Maritime Commission to support this opposition ground. After Applicant received only a warning from the Federal Maritime Commission and avoided an enforcement action and penalties under the Shipping Act, Applicant now opposes Spliethoff's Motion in an effort to escape potential legal consequences for its Application under trademark law arising from the proposed opposition ground of "unlawful use." However, under Fed. R. Civ. P. 15(a), leave to amend should be freely granted.

Opposition No. 91219179  
Opposer's Reply in Support of  
Motion for Leave to File Third  
Amended Notice of Opposition

For the reasons and authorities set forth herein and in Spliethoff's Motion and supporting Memorandum of Law and Declaration filed June 7, 2016, Opposer Spliethoff Bevrachtingskantoor B.V, prays that the Board grant Spliethoff's Motion for Leave to File its Third Amended Notice of Opposition.

Respectfully submitted,

/s/ J. Michael Pennekamp

J. Michael Pennekamp

Fla. Bar No. 983454

Email: [jpennekamp@fowler-white.com](mailto:jpennekamp@fowler-white.com)

Sandra I. Tart

Fla. Bar No. 358134

Email: [start@fowler-white.com](mailto:start@fowler-white.com)

FOWLER WHITE BURNETT, P.A.

Brickell Arch

1395 Brickell Avenue

14<sup>th</sup> Floor

Miami, Florida 33131

Telephone: (305) 789-9200

Facsimile: (305) 789-9201

*Counsel for Opposer*

**CERTIFICATE OF SERVICE**

I hereby certify that a true and correct copy of the foregoing Opposer's Reply in Support of Motion for Leave to File Third Amended Notice of Opposition has been e-filed via ESTTA and served upon Bryan D. Hull, Esquire, counsel for Applicant United Yacht Transport, LLC, by email to [bhull@bushross.com](mailto:bhull@bushross.com), this 4<sup>th</sup> day of July, 2016.

/s/ Sandra I. Tart  
Sandra I. Tart