

UNITED STATES PATENT AND TRADEMARK OFFICE
Trademark Trial and Appeal Board
P.O. Box 1451
Alexandria, VA 22313-1451

Mailed: September 10, 2013

Cancellation No. 92054201

Dan Foam ApS

v.

Sleep Innovations, Inc.

Cheryl S. Goodman, Interlocutory Attorney:

This case now comes up on respondent's motion, filed May 31, 2013, to amend its answer to add an affirmative defense. The motion is fully briefed.

Respondent seeks to amend its answer to assert the "additional affirmative defense" that "Petitioner cannot be damaged by U.S. Registration No. 3,916,902 based upon Registrant's ownership of a prior existing incontestable registration, namely U.S. Registration No. 3,137,309 for a substantially identical mark that covers substantially identical goods." Respondent advises that it "inadvertently omitted from its Answer" the affirmative defense and discovered this when the Board pointed it out on summary judgment. Respondent asserts that it "produced certain information concerning the Word Mark during discovery in this proceeding" such that petitioner is

"deemed to have constructive notice of Registrant's claim of ownership in the Word Mark based upon its registration." Respondent also states that it would have "no objection to reopening the discovery period for a brief period of time" but adds that the defense will require little if any discovery as "[t]he only legal issues raised by the affirmative defense are legal issues: whether the Word Mark and Registrant's Marks are substantially identical and whether the goods covered by both marks are substantially identical." Respondent further submits that petitioner would not be prejudiced because the defense is "a valid and recognized affirmative defense in an inter partes proceeding" and the interests of justice will be served by permitting respondent to amend its answer.

In response, petitioner complains that "nearly two years later," respondent seeks to amend its answer to assert this defense but it is "simply too late." Petitioner argues that discovery is closed and it has not had time to "collect discovery" or "move for summary judgment on this issue." Petitioner contends that it would be "severely prejudiced" because discovery would need to be reopened and would delay final resolution of this proceeding. Petitioner points out that "this defense was available to Registrant at the time it filed its Answer

nearly two years ago" and respondent's inadvertence is "not an acceptable excuse for this untimely and prejudicial amendment." Petitioner further argues that respondent provided "no suitable explanation" as to its failure to assert the affirmative defense.

In reply, respondent contends that there is no prejudice because petitioner had constructive notice of the registration which is public record as well as actual notice of the registration through respondent's discovery responses. Respondent points out that petitioner has not identified what discovery it would require if leave to amend were granted, but submits that issues raised by such a defense are legal issues which do not require additional discovery and that "most if not all, of the information related to the Word Mark has been produced or is a matter of public record."

Under Fed. R. Civ. P. 15(a), leave to amend pleadings shall be freely given when justice so requires. Consistent therewith, the Board liberally grants leave to amend pleadings at any stage of the proceeding when justice requires, unless entry of the proposed amendment would violate settled law or be prejudicial to the rights of the adverse party. *See, for example, Commodore Electronics Ltd. v. CBM Kabushiki Kaisha*, 26 USPQ2d 1503 (TTAB 1993);

and *United States Olympic Committee v. O-M Bread Inc.*, 26 USPQ2d 1221 (TTAB 1993). The timing of the motion for leave to amend is a major factor in determining whether an adverse party would be prejudiced by allowance of the proposed amendment. See TBMP § 507.02 (3d ed. rev.2 2013) and cases cited therein.

A prior registration defense "is an equitable defense, to the effect that if the opposer cannot be further injured because there already exists an injurious registration, the opposer can not object to an additional registration that does not add to the injury." *O-M Bread, Inc. v. U.S. Olympic Committee*, 65 F.3d 933, 36 USPQ2d 1041 (Fed. Cir. 1995) citing *Morehouse Mfg. Corp. v. J. Strickland & Co.*, 407 F.2d 881, 160 USPQ 715 (CCPA 1969). A prior registration or Morehouse defense is an equitable defense in the nature of laches or acquiescence. *TBC Corp. v. Grand Prix Ltd.*, 12 USPQ2d 1311, 1313 (TTAB 1989); 3 J. McCarthy, *McCarthy on Trademarks & Unfair Competition* § 20:38 (4th ed. 2013).

Although petitioner has argued that it will be severely prejudiced by allowance of the amendment, due to the reopening of discovery and any resultant delay in the proceeding, the Board is not persuaded that reopening discovery would be unduly burdensome or protracted given

the nature of the proposed defense. The Board also is not convinced that any potential delay in the final disposition rises to the level of undue prejudice, as any delay will not be substantial given the nature of the defense.¹

Compare Matter of Forseth, 24 B.R. 443, 446 (E.D.Wis. 1982) (granting defendant leave to amend affirmative defenses where plaintiff was able to conduct additional discovery and there was no suggestion that additional discovery would be protracted or unduly burdensome) to *H.L. Hayden Co. v. Siemens Medical Systems*, 112 F.R.D. 417, 419 (S.D.N.Y.1986) (finding amendment prejudicial as the degree to which it would delay the final disposition of the action was substantial).

Additionally, aside from petitioner's constructive and actual notice of respondent's prior registration, respondent in its answer alleged as a fourth affirmative defense that "laches bars Petitioner's claims and Petitioner is estopped from seeking cancellation of SI's Registration." ² Because the prior-registration doctrine is considered one in the nature of laches or acquiescence, the

¹ In any event, proceedings have been suspended since May 13, 2013 for the purpose of the parties considering accelerated case resolution, and subsequently this motion.

² See *Lincoln Logs Ltd. v. Lincoln Pre-Cut Log Homes, Inc.*, 971 F.2d 732, 734, 23 USPQ2d 1701 (Fed. Cir. 1992) (laches may be based upon plaintiff's failure to object to defendant's registration of substantially the same mark).

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Board considers that that the prior registration defense was encompassed by the broad allegation of laches in respondent's answer, filed on August 11, 2011. *Tillamook Country Smoker, Inc. v. Tillamook County Creamery Ass'n.*, 333 F.Supp.2d 975 (D.Or.,2004) (considering the prior registration defense on summary judgment, even though not specifically pleaded as it was encompassed by laches defense alleged in answer); *Shurfine Foods Inc. v. The Kingsford Products Company*, Opposition No. 91107628 2001 WL 243400 (March 9, 2001) (same).

Accordingly, the Board finds no prejudice in allowing applicant to amend its answer to specifically allege a prior registration defense. Additionally, the amendment is sufficiently pleaded.³

In view thereof, leave to amend is granted and the amended answer is accepted.

Additionally, the Board reopens discovery for the purpose of allowing petitioner to take discovery on respondent's prior registration defense.

Discovery reopened, set to close

9/29/13

³ The Board notes that a decision to allow an amendment to a pleading does not depend on whether the Board believes the moving party will prevail on the claim or defense sought to be added; rather, a proposed pleading need only be legally sufficient.

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Plaintiff's Pretrial Disclosures Due ⁴	11/3/2013
Plaintiff's 30-day Trial Period Ends	12/18/2013
Defendant's Pretrial Disclosures Due	1/2/2014
Defendant's 30-day Trial Period Ends	2/16/2014
Plaintiff's Rebuttal Disclosures Due	3/3/2014
Plaintiff's 15-day Rebuttal Period Ends	4/2/2014

In each instance, a copy of the transcript of testimony together with copies of documentary exhibits, must be served on the adverse party within thirty days after completion of the taking of testimony. Trademark Rule 2.125.

Briefs shall be filed in accordance with Trademark Rules 2.128(a) and (b). An oral hearing will be set only upon request filed as provided by Trademark Rule 2.129.

⁴ The pretrial disclosure deadline is reset to allow for the supplementation of petitioner's pretrial disclosures. In the event that the disclosures are not to be supplemented, petitioner need not re-serve its disclosures.