

THIS ORDER IS NOT A
PRECEDENT OF THE
TTAB

UNITED STATES PATENT AND TRADEMARK OFFICE
Trademark Trial and Appeal Board
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mbm

May 19, 2020

Opposition No. 91205049 (**Parent**)
Opposition No. 91205093

Productos Lacteos Tocumbo, S.A. DE C.V.

v.

PLM Operations, LLC¹

Opposition No. 91205466
Opposition No. 91205468
Opposition No. 91245908
Opposition No. 91249913

PLM Operations, LLC

v.

Productos Lacteos Tocumbo, S.A. DE C.V.

By the Trademark Trial and Appeal Board:

This proceeding now comes up on the following: (1) the motion (filed October 31, 2019) of Productos Lacteos Tocumbo, S.A. DE C.V. (“Prolacto”) to set aside default in

¹ The caption has been changed to reflect the substitution of PLM Operations, LLC, for Paleteria La Michoacana, LLC. Paleteria La Michoacana, LLC filed a name change to Paleteria La Michoacana (Sub), Inc. on April 10, 2014. Reel/Frame 5258/0110. Paleteria La Michoacana (Sub), Inc. then assigned the entire interest in and to each of its marks and involved applications in these proceedings to PLM Operations, LLC (“PLM”). For convenience, the Board refers to these parties as “PLM” in this order.

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Opposition No. 91249913;² (2) the motion (filed January 17, 2020) of PLM Operations, LLC (“PLM”) to dismiss the counterclaims in Opposition No. 91245908;³ and (3) Prolacto’s motions (filed November 30, 2019)⁴ to consolidate all of these proceedings.

I. Motion to Consolidate

Prolacto seeks to consolidate all of the above-captioned proceedings.⁵ PLM does not oppose consolidation, but rather argues that Prolacto’s default in Opposition No. 91249913 must be decided first.⁶

In the interests of efficiency and in the Board’s inherent authority to manage its own docket, the Board addresses consolidation contemporaneously with the pending motions in Opposition Nos. 91245908 and 91249913.

When cases involving common questions of law or fact are pending before the Board, the Board may order consolidation of the cases. *See* Fed. R. Civ. P. 42(a); *Regatta Sport Ltd. v. Telux-Pioneer Inc.*, 20 USPQ2d 1154, 1156 (TTAB 1991); *Estate of Biro v. Bic Corp.*, 18 USPQ2d 1382, 1384 n.3 (TTAB 1991). In determining whether to consolidate proceedings, the Board will weigh the savings in time, effort, and

² Prolacto’s Motion in Opposition No. 91249913, 6 TTABVUE. Prolacto’s change of correspondence address, also filed on October 31, 2019 (7 TTABVUE), is noted. The Board’s records have been updated accordingly.

³ PLM’s Motion to Dismiss in Opposition No. 91245908, 21 TTABVUE.

⁴ Prolacto’s Motion to Consolidate as filed in Opposition No. 91245908, 17 TTABVUE.

⁵ Both parties also discuss further consolidation with Cancellation Nos. 92070644 and 92070670. Inasmuch as these petitions to cancel were denied on May 13, 2020, the motion to consolidate is moot with respect to these proceedings.

⁶ 11 TTABVUE 2-3 in 91249913.

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expense that may be gained from consolidation against any prejudice or inconvenience that may be caused thereby.

Consolidation may be ordered upon motion granted by the Board, or upon stipulation of the parties approved by the Board, or upon the Board's own initiative. *See, e.g., Hilson Research Inc. v. Society for Human Resource Management*, 27 USPQ2d 1423, 1424 n.1 (TTAB 1993); *Regatta Sport Ltd.*, 20 USPQ2d at 1156. Consolidation is discretionary with the Board. *See* TRADEMARK TRIAL AND APPEAL BOARD MANUAL OF PROCEDURE (TBMP) § 511 (June 2019); *see also Honda Giken Kogyo Kabushiki Kaisha v. H-D Michigan Inc.*, 43 USPQ2d 1526, 1527 (TTAB 1997) (Board's inherent authority to manage cases on its docket).

The parties in each of these proceedings are the same and the proceedings involve some common questions of law and fact. Accordingly, the motion to consolidate is granted to the extent that Opposition Nos. 91205049, 91205093, 91205466, 91205468, 91245908, and 91249913 are hereby consolidated and may be presented on the same record and briefs. *See Hilson Research Inc.*, 27 USPQ2d at 1424 n.1; *Helene Curtis Industries Inc. v. Suave Shoe Corp.*, 13 USPQ2d 1618, 1619 n.1 (TTAB 1989).

The Board file will be maintained in Opposition No. 91205049 as the “parent” case. From this point on, only a single copy of any motion and any paper should be filed, and each such motion or paper should be filed in the parent case only, but caption all consolidated proceeding numbers, listing the parent case first.⁷

⁷ The parties should promptly inform the Board of any other Board proceedings or related cases within the meaning of Fed. R. Civ. P. 42, so that the Board can consider whether further consolidation is appropriate.

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Despite being consolidated, each proceeding retains its separate character and requires entry of a separate judgment. The decision on the consolidated cases shall take into account any differences in the issues raised by the respective pleadings; a copy of the decision shall be placed in each proceeding file.

Upon consolidation, in accordance with Board practice, discovery, disclosure and trial dates are reset to conform to the dates latest set in the proceedings that are being consolidated. In this case, the parties are in different postures. Prolacto is the plaintiff in Opposition Nos. 91205049 and 91205093, while PLM is the plaintiff in Opposition Nos. 91205466, 91205468, 91245908, and 91249913. Dates are reset accordingly at the end of this order.

II. Prolacto's Motion to Set Aside Default in Opposition No. 91249913

Pursuant to the Board's August 1, 2019 institution order in Opposition No. 91249913 (2 TTABVUE), Prolacto's answer to the notice of opposition was due by September 10, 2019. Prolacto did not file an answer to the notice of opposition by such date, nor did it file a timely motion to extend its time to answer. In view thereof, the Board issued a notice of default on September 20, 2019 (4 TTABVUE) requiring Prolacto to show cause within thirty days of the date of the order why judgment should not be entered against it. On October 25, 2019, Prolacto filed an answer to the notice of opposition and counterclaims (5 TTABVUE), but did not file a timely response to the Board's notice of default. On October 31, 2019, Prolacto filed a motion to set aside default and accept the late-filed answer and counterclaims (6 TTABVUE).

In support of its motion, Prolacto contends that it was not notified of the proceeding by its former counsel until “days before” the deadline to file an answer.⁸ Prolacto’s counsel asserts that its delay was occasioned by difficulty in communicating with its client and Prolacto’s former counsel, as well as Prolacto’s counsel’s involvement in other proceedings and the difficulties in preparing its answer and counterclaims in this proceeding.⁹ Prolacto further asserts that PLM will not be prejudiced by the short delay.¹⁰

In response, PLM argues that it is clear Prolacto knew about the proceeding in advance of the deadline to file an answer and does not explain why it failed to file an answer or an extension of time to respond.¹¹ Additionally, PLM argues that Prolacto’s response to the notice of default is untimely and that Prolacto filed its answer and counterclaims six days prior to its response to the notice of default.¹² PLM further argues that Prolacto fails to provide a declaration or affidavit in support of its motion and fails to provide adequate detail regarding its delay.¹³

The standard for determining whether default judgment should be issued against a defendant for failure to timely file an answer is Fed. R. Civ. P. 55(c), which reads in pertinent part: “[t]he court may set aside an entry of default for good cause.” Good

⁸ 6 TTABVUE 7 in Opposition No. 91249913.

⁹ *Id.*

¹⁰ *Id.* at 9.

¹¹ 8 TTABVUE 7 in Opposition No. 91249913.

¹² *Id.*

¹³ *Id.*

cause is generally found to have been established if the defendant's delay was not the result of willful conduct or gross neglect, if the delay will not result in substantial prejudice to the plaintiff, and where the defendant has a meritorious defense. *Fred Hayman Beverly Hills, Inc. v. Jacques Bernier, Inc.*, 21 USPQ2d 1556, 1557 (TTAB 1991).

In this case, PLM does not claim prejudice as a result of the delay, nor is there evidence of prejudice to PLM on the record. Mere delay in adjudication of a plaintiff's claims is insufficient to constitute prejudice. *See Regatta Sport, Ltd. v. Telux-Pioneer, Inc.*, 20 USPQ2d 1154, 1156 (TTAB 1991).

Although there is no evidence of willful conduct or bad faith on the part of Prolacto on the record, the Board notes that Prolacto does not contend that it was unaware of the deadline for filing an answer in this proceeding. Rather, Prolacto appears to contend that its delay was caused, at least in part, by the time taken to draft the answer and counterclaims and determining the appropriate response.¹⁴

Prolacto has not provided any justification for its failure to file an extension of time prior to the deadline or to timely respond to the notice of default. Moreover, despite having prepared and filed a lengthy answer and counterclaims on October 25, 2019, Prolacto waited another six days before filing a motion to set aside default. Based on Prolacto's motion, it appears that Prolacto was aware of the proceeding in advance of the answer deadline and Prolacto's current counsel delayed in responding

¹⁴ Prolacto asserts in its reply brief that there was "confusion over which lawyer was handling the matter," 9 TTABVUE 8, but in its motion to set aside default, Prolacto's counsel states that Prolacto authorized him to "take over the matter for the purpose of filing an Answer or other response" "[i]mmediately after being notified of the Default," 6 TTABVUE 7.

to the notice of default or seeking an extension while he investigated and drafted lengthy counterclaims. Indeed, in its reply in support of its motion to set aside default, Prolacto asserts that its counsel spent “several weeks” preparing its answer and counterclaims filed on October 25, 2019.¹⁵ Prolacto provides no explanation for why neither its former counsel nor its current counsel sought an extension of time to file an answer or to respond to the notice of default.

Notwithstanding the foregoing, it is the Board’s policy to determine cases on their merits and the Board is very reluctant to enter default judgment for failure to file a timely answer and tends to resolve any doubt on the matter in favor of the defendant. *See* TBMP § 312.04 and authorities cited therein. Additionally, it is well-established that a trial on the merits is favored over a default judgment. *See, e.g., Information Sys. and Networks Corp. v. U.S.*, 994 F.2d 792, 795 (Fed. Cir. 1992).

The Board further finds that by the submission of an answer that denies the essential allegations of PLM’s pleading, Prolacto has adequately shown that it has a meritorious defense. *See DeLorme Publishing Co. v. Eartha’s Inc.*, 60 USPQ2d 1222, 1224 (TTAB 2000) (all that is required is a plausible response to the allegations in the complaint).

In view of the foregoing, Prolacto’s motion to set aside the notice of default and accept its late-filed answer is granted. Prolacto is warned, however, that the Board is unlikely to extend such leniency in the future.

¹⁵ 9 TTABVUE 3 in Opposition No. 91249913.

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PLM is allowed until **TWENTY DAYS** from the date of this order in which to file and serve an answer or otherwise respond to the counterclaims. PLM should file its answer to the counterclaims separately in Opposition No. 91244913, as an exception to the general rule that all filings be made in the parent case only.

III. PLM’s Motion to Dismiss Prolacto’s Counterclaims in Opposition No. 91245908

PLM seeks to dismiss Prolacto’s counterclaims in Opposition No. 91245908, or in the alternative, to “suspend” the counterclaims pending disposition of Opposition No. 91249913. As the basis for its motion, PLM argues that Prolacto’s counterclaims in Opposition No. 91245908 are duplicative of its counterclaims in Opposition No. 91249913.

In response,¹⁶ Prolacto argues that the “factual and allegations in [Prolacto’s] Counterclaims in this action differ from the ‘913 matter in many respects and are not identical.”¹⁷ Additionally, Prolacto argues that, inasmuch as the Board had not yet decided its motion to set aside default in Opposition No. 91249913, the counterclaims were not duplicative.¹⁸

As set forth above, the Board grants Prolacto’s motion to set aside default and accept its late-filed answer and counterclaims in Opposition No. 91249913. Accordingly, Prolacto has asserted counterclaims to cancel PLM’s Registration Nos.

¹⁶ Prolacto’s response to the motion to dismiss includes multiple pages of discussion of a prior proceeding between the parties that is wholly irrelevant to the subject motion. Any brief in response to a motion should be limited to the issues properly before the Board.

¹⁷ 22 TTABVUE 13 in Opposition No. 91245908.

¹⁸ *Id.*

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5757880 and 5757881 in both Opposition Nos. 91249913 and 91245908. Although the pleadings are not identical, both sets of counterclaims seek to cancel the same registrations on the same grounds, namely, nonuse, fraud, likelihood of confusion, and res judicata. Accordingly, the counterclaims in Opposition No. 91245908 are dismissed as a nullity inasmuch as they are duplicative of the counterclaims previously filed in Opposition No. 91249913.¹⁹

In its response to the motion to dismiss, Prolacto also argues that the Board should issue a notice of default and order PLM to show cause why judgment should not be entered against it for failure to file a timely answer to the counterclaims. 21 TTABVue 2. Inasmuch as the Board grants PLM's motion to dismiss the counterclaims as duplicative of those asserted in Opposition No. 91249913, Prolacto's request for an order to show cause is **denied** as moot. Moreover, to the extent Prolacto is arguing that PLM was in technical default for failing to file an answer to its counterclaims, the argument is without merit. PLM's filing of a motion to dismiss constitutes a response to the counterclaims and tolled the time for PLM to file an answer.

IV. Schedule

These consolidated proceedings are resumed. The counterclaims in Opposition Nos. 91205049 and 91205093 are referred to as a counterclaim ("CC") in the schedule

¹⁹ Although Prolacto argues vaguely that the factual bases for the counterclaims are different in the two proceedings, it is entirely unclear how this is or could be the case. Both counterclaims seek to cancel the same registrations on the same grounds. To the extent Prolacto included additional or different factual detail in the counterclaims in Opposition No. 91245908, Prolacto's remedy would lie in a motion for leave to amend pursuant to Fed. R. Civ. P. 15(a).

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below.²⁰ Opposition Nos. 91205466, 91205468, 91245908, and 91249913 are also treated effectively as a CC in Opposition No. 91205049, the parent case. The counterclaim in Opposition No. 91249913 is treated effectively as a counter-counterclaim (“CCC”). Accordingly, in the schedule set forth below, the Board refers to the parties as follows: Prolacto is the Plaintiff and PLM is the Defendant in Opposition Nos. 91205049 and 91205093; PLM is the CC Plaintiff and Prolacto is the CC Defendant in 91205049, 91205093, 91205466, 91205468, 91245908, and 91249913; Prolacto is the CCC plaintiff and PLM is the CCC Defendant in Opposition No. 91249913.

Remaining dates are reset as follows:

PLM’s Answer to Counterclaim in Opposition No. 91249913 Due ²¹	6/18/2020
Deadline for Discovery Conference	7/18/2020
Discovery Opens	7/18/2020
Initial Disclosures Due	8/17/2020
Expert Disclosures Due	12/15/2020
Discovery Closes	1/14/2021
Pretrial Disclosures Due for Prolacto as Plaintiff in Opposition Nos. 91205049 and 91205093 and as CCC Plaintiff in Opposition No. 91249913	2/28/2021
30-day Trial Period Ends for Prolacto as Plaintiff in Opposition Nos. 91205049 and 91205093 and as CCC Plaintiff in Opposition No. 91249913	4/14/2021
Pretrial Disclosures Due for PLM as Defendant in Opposition Nos. 91205049 and 91205093, as CCC Defendant in Opposition No. 91249913, and as CC Plaintiff in Opposition Nos. 91205049, 91205093, 91205466, 91205468, 91245908, and 91249913	4/29/2021
30-day Trial Period Ends for PLM as Defendant in Opposition Nos. 91205049 and 91205093, as CCC Defendant in Opposition No.	6/13/2021

²⁰ The Board notes that the counterclaims appear identical and duplicative.

²¹ PLM should file its answer to the counterclaim separately in Opposition No. 91249913 as an exception to the general rule that all filings be made in the parent case only.

91249913, and as CC Plaintiff in 91205049, 91205093, 91205466, 91205468, 91245908, and 91249913	
Pretrial Disclosures Due for Rebuttal of Prolacto as Plaintiff in Opposition Nos. 91205049 and 91205093, as CCC Plaintiff in Opposition No. 91249913, and as CC Defendant in Opposition Nos. 91205049, 91205093, 91205466, 91205468, 91245908, and 91249913	6/28/2021
30-day Trial Period Ends for Rebuttal of Prolacto as Plaintiff in Opposition Nos. 91205049 and 91205093, as CCC Plaintiff in Opposition No. 91249913, and as CC Defendant in Opposition Nos. 91205049, 91205093, 91205466, 91205468, 91245908, and 91249913	8/12/2021
Pretrial Disclosures Due for Rebuttal of PLM as CC Plaintiff in Opposition Nos. 91205049, 91205093, 91205466, 91205468, 91245908, and 91249913	8/27/2021
15-day Trial Period Ends for Rebuttal of PLM as CC Plaintiff in Opposition Nos. 91205049, 91205093, 91205466, 91205468, 91245908, and 91249913	9/26/2021
Opening Brief Due for Prolacto as Plaintiff in Opposition Nos. 91205049 and 91205093, as CCC Plaintiff in Opposition No. 91249913	11/25/2021
Combined Brief Due for PLM as Defendant in Opposition Nos. 91205049 and 91205093, as CCC Defendant and Opposition No. 91249913, as CC Plaintiff in Opposition Nos. 91205049, 91205093, 91205466, 91205468, 91245908, and 91249913	12/25/2021
Combined Rebuttal Brief Due for Prolacto as Plaintiff in Opposition Nos. 91205049 and 91205093, as CCC Plaintiff in Opposition No. 91249913, and as CC Defendant in Opposition Nos. 91205049, 91205093, 91205466, 91205468, 91245908, and 91249913	1/24/2022
Rebuttal Brief Due for PLM as CC Plaintiff in Nos. 91205049, 91205093, 91205466, 91205468, 91245908, and 91249913	2/8/2022
Request for Oral Hearing (optional) Due	2/18/2022

Generally, the Federal Rules of Evidence apply to Board trials. Trial testimony is taken and introduced out of the presence of the Board during the assigned testimony periods. The parties may stipulate to a wide variety of matters, and many requirements relevant to the trial phase of Board proceedings are set forth in Trademark Rules 2.121 through 2.125. These include pretrial disclosures, the manner and timing of taking testimony, matters in evidence, and the procedures for

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submitting and serving testimony and other evidence, including affidavits, declarations, deposition transcripts and stipulated evidence. Trial briefs shall be submitted in accordance with Trademark Rules 2.128(a) and (b). Oral argument at final hearing will be scheduled only upon the timely submission of a separate notice as allowed by Trademark Rule 2.129(a).

TIPS FOR FILING EVIDENCE, TESTIMONY, OR LARGE DOCUMENTS

The Board requires each submission to meet the following criteria before it will be considered: 1) pages must be legible and easily read on a computer screen; 2) page orientation should be determined by its ease of viewing relevant text or evidence, for example, there should be no sideways or upside-down pages; 3) pages must appear in their proper order; 4) depositions and exhibits must be clearly labeled and numbered – use separator pages between exhibits and clearly label each exhibit using sequential letters or numbers; and 5) the entire submission should be text-searchable. Additionally, submissions must be compliant with Trademark Rules 2.119 and 2.126. Submissions failing to meet all of the criteria above may require re-filing. **Note:** Parties are strongly encouraged to check the entire document before filing.²² The Board will not extend or reset proceeding schedule dates or other deadlines to allow time to re-file documents. For more tips and helpful filing information, please visit the [ESTTA help](#) webpage.

²² To facilitate accuracy, ESTTA provides thumbnails to view each page before submitting.