

ESTTA Tracking number: **ESTTA609277**

Filing date: **06/11/2014**

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

Proceeding	91207525
Party	Defendant Starbucks Corporation DBA Starbucks Coffee Company
Correspondence Address	JULIA ANNE MATHESON FINNEGAN HENDERSON FARABOW GARRETT & DUNNER 901 NEW YORK AVE NW WASHINGTON, DC 20001-4432 UNITED STATES julia.matheson@finnegan.com, docketing@finnegan.com, jacob.mersing@finnegan.com, whitney.cooke@finnegan.com, judy.valusek@finnegan.com
Submission	Motion to Amend/Amended Answer or Counterclaim
Filer's Name	Julia Anne Matheson
Filer's e-mail	julia.matheson@finnegan.com, docketing@finnegan.com, anna.balishina@finnegan.com, whitney.cooke@finnegan.com, judy.valusek@finnegan.com
Signature	/Julia Anne Matheson/
Date	06/11/2014
Attachments	6-11-14 Motion for Leave to File An Amended Answer and Counterclaim.pdf(558406 bytes)

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

<p>TAZA SYSTEMS, LLC,</p> <p style="text-align: center;">Opposer,</p> <p style="text-align: center;">v.</p> <p>STARBUCKS CORPORATION dba STARBUCKS COFFEE COMPANY,</p> <p style="text-align: center;">Applicant.</p>	<p>Opposition No. 91207525</p> <p>Mark: TAZO Serial No.: 85439878 Filed: October 5, 2011</p>
--	---

**APPLICANT’S MOTION FOR LEAVE TO FILE
AN AMENDED ANSWER AND COUNTERCLAIM**

Pursuant to Rule 15 of the Federal Rules of Civil Procedure and 37 CFR § 2.106, Applicant Starbucks Corporation dba Starbucks Coffee Company (“Applicant” or “Starbucks”), moves to amend the Answer to assert an affirmative defense of priority and a counterclaim for partial cancellation/restriction of Opposer Taza Systems, LLC’s (“Taza”) pleaded Registration Nos. 3439240, 3213261, and 3213262 (“Taza’s Registrations”) under § 18 of the Lanham Act, 15 U.S.C. § 1068, to “restaurant and bar services, namely ethnic Lebanese restaurant and bar services.”

I. RELEVANT BACKGROUND FACTS

On September 5, 2012, Taza filed a notice of opposition against Starbucks’ Application Serial No. 85439878 for the mark TAZO for “restaurant, cafe, cafeteria, snack bar, tea house, coffee bar and coffee house, carry out restaurant, and take out restaurant services; catering services; contract food services; food and beverage preparation” in Class 43 and “franchising, namely, providing technical assistance in the establishment and operation of restaurants, cafes, tea houses, coffee houses, and snack bars” and related services in Class 35.

On April 16, 2013, Starbucks filed its Answer, asserting, among other affirmative defenses, its long-standing use of valid and subsisting U.S. Registration No. 2005769 (issued October 8, 1996), Reg. No. 2036503 (issued February 11, 1997), Reg. No. 2036502 (issued February 11, 1997), and Reg. No. 2281225 (issued September 28, 1999), all for the TAZO marks covering beverages, and all predating Taza's Registrations and/or Taza's alleged first use date.

For the next year, the parties were engaged in good faith settlement negotiations, but were unable to resolve the dispute. The parties have only recently been actively engaged in discovery. In April 2014, Starbucks served its interrogatories and document requests on Taza, and Taza served its responses in May 2014. Taza served its interrogatories and document requests on Starbucks in May 2014, and Starbucks served its discovery responses on June 10, 2014.

In discovery, Starbucks confirmed that Taza is offering only ethnic Lebanese restaurant services under the TAZA marks. When preparing its discovery responses, Starbucks found information and records, including food services contracts, evidencing that it has been offering catering services under the TAZO mark since as early as 1994. Starbucks is in the process of producing these and other relevant documents to Taza on a rolling basis.

II. ARGUMENT

It is well settled that amendment of a pleading "should be allowed with great liberality at *any* stage of the proceeding where necessary to bring about a furtherance of justice unless it is shown that entry of the amendment would violate settled law or be prejudicial to the rights of any opposing parties." *Am. Optical Corp. v. Am. Olean Tile Co., Inc.*, 168 USPQ 471, 473 (TTAB 1971) (emphasis added); *see also* Fed. R. Civ. P. 15; TBMP § 507.02 ("Leave *must* be freely given when justice so requires.") (emphasis added).

Regarding counterclaims, “[i]f grounds for a counterclaim are learned during the course of the opposition proceeding, the counterclaim shall be pleaded promptly after the grounds therefor are learned.” TBMP § 313.01 (citing 37 CFR § 2.106(b)(2)(i)).

A. Starbucks’ Amendment Is Timely

Here, justice clearly requires that Starbucks be allowed to amend its Answer to assert the affirmative defense of priority and a counterclaim for partial cancellation of Taza’s Registrations. Starbucks promptly filed this motion after becoming aware of documents evidencing that it has been offering catering services under the TAZO mark since as early as 1994 (i.e., at least ten years before Taza’s claimed first use date).

Likewise, Starbucks confirmed in discovery that Taza offers only ethnic Lebanese food in its restaurants and is promptly seeking leave to assert a counterclaim restricting Taza’s Registrations to ethnic Lebanese restaurant services to clarify the true nature of Taza’s services, and as a means of distinguishing between the parties’ true trade channels and services.

B. Taza Will Not Be Prejudiced by the Amendment

It is well established that the Board liberally grants leave to amend pleadings at *any stage* of a proceeding when justice so requires. *Focus 21 Int’l, Inc. v. Kasei Kogyo Kabushiki Kaisha*, 22 USPQ2d 1316, 1318 (TTAB 1992); *Cool-Ray Inc. v. Eye Care, Inc.*, 183 USPQ 618, 621 (TTAB 1974). In keeping with this liberal policy, the Board has granted motions for leave to amend pleadings during discovery and even at much later stages in the case. *PRL USA Holdings, Inc. v. Young*, 2013 WL 5820848, at *2 (TTAB Oct. 16, 2013) (holding that “[i]t appears unlikely that applicant will be prejudiced by allowance of the amendment” because “[t]rial has not yet begun”); *Am. Optical Corp.*, 168 USPQ 471 (applicant allowed to amend answer to add affirmative defenses after the close of opposer’s testimony period); *U.S. Olympic Committee v. O-M Bread Inc.*, 26 USPQ2d 1221, 1222 (TTAB 1993)(“applicant would not be prejudiced

because the proceeding is still in the pre-trial phase”); *Caron Corp. v. Helena Rubenstein, Inc.*, 193 USPQ 113 (TTAB 1976) (“since neither party has as yet taken testimony ... it is adjudged that it is not too late for the pleadings to be amended”); *Mack Trucks, Inc. v. Monroe Auto Equip. Co.*, 182 USPQ 511, 512 (TTAB 1974) (“applicant would not be unduly prejudiced by reason of the entry of the proposed amendment since no testimony on the case has as yet been taken”).

Here, Taza will not be prejudiced by the proposed amendment. The case is currently in the discovery stage, and no testimony has yet been taken. Starbucks is in the process of producing documents to Taza evidencing its priority in the TAZO mark for catering services. And in support of its counterclaim for partial cancellation/restriction, Starbucks is relying on public information and/or information uniquely in control of Taza to support its contention that Taza’s Registrations should be limited to ethnic Lebanese restaurant services. There is no need to reopen proceedings and/or extend discovery, and Taza will have an opportunity to respond to this evidence during its testimony period, if desired.

Moreover, in its original Answer, Starbucks asserted facts germane to both its affirmative defense of priority and counterclaim for partial cancellation. Specifically, as one of its affirmative defenses, Starbucks asserted that it has “long-standing and valid prior rights in the coined and distinctive TAZO mark” in connection with beverages. (Answer ¶ 11.) As to partial cancellation (i.e., restriction of Taza’s Registrations to ethnic Lebanese restaurant services), Starbucks stated in its original Answer that Taza’s “goods and services, and channels of trade differ from those of Applicant, and thus avoid a likelihood of confusion.” The new affirmative defense and counterclaim are an expansion of the initial allegations, providing additional details/support based on the information uncovered in discovery. *Olympic Committee*, 6 USPQ2d at 1222 (“[O]pposer’s amendment to the pleading is essentially just an expansion of its

initial allegation, and merely provides additional details. As such, the amendment cannot be considered prejudicial.”).

C. Starbucks’ Amendment Is Legally Sufficient

Finally, Starbucks’ amendment and counterclaim should be allowed because they are legally sound. The allegations set out in Paragraph 12 and the Counterclaim in the attached Amended Answer adequately state the bases for the affirmative defense and counterclaim.

As to the defense of priority, Starbucks has pled that it has longstanding and valid prior rights in the coined and distinctive TAZO mark in connection with catering services since at least 1994, which use predates Taza’s Registrations and any date of first use alleged by Taza.

Regarding the counterclaim for partial cancellation/restriction of Taza’s Registrations to reflect that Taza offers “ethnic Lebanese restaurant and bar services,” Starbucks has alleged that (1) the partial cancellation will avoid a likelihood of confusion with Starbucks’ applied-for mark and (2) Taza does not use its marks on services to which the restriction applies (i.e., services other than ethnic Lebanese restaurant and bar services).

III. CONCLUSION

Based on the above facts and authorities, Starbucks respectfully requests that the Board grant leave to file the attached Amended Answer.

Dated: June 11, 2014

By: /Julia Anne Matheson/

Julia Anne Matheson
Anna B. Naydonov
Finnegan, Henderson, Farabow,
Garrett & Dunner, L.L.P.
901 New York Ave., N.W.
Washington, D.C. 20001-4413
Telephone: 202-408-4000
Facsimile: 202-408-4400

Attorneys for Applicant
STARBUCKS CORPORATION DBA
STARBUCKS COFFEE COMPANY

CERTIFICATE OF SERVICE

I certify that a true and accurate copy of the foregoing APPLICANT'S MOTION FOR LEAVE TO FILE AN AMENDED ANSWER AND COUNTERCLAIM was served on this 11th day of June by first-class mail, postage prepaid, on counsel for Opposer at the following address:

Edward T. Saadi, Esq.
Edward T. Saadi, LLC
970 Windham Court, Suite 7
Boardman, OH 44512

/Anna Naydonov/
Anna Naydonov

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

<p>TAZA SYSTEMS, LLC,</p> <p style="text-align: center;">Opposer,</p> <p style="text-align: center;">v.</p> <p>STARBUCKS CORPORATION dba STARBUCKS COFFEE COMPANY,</p> <p style="text-align: center;">Applicant.</p>	<p>Opposition No.: 91207525</p> <p>Mark: TAZO Serial No.: 85439878 Filed: October 5, 2011</p>
--	---

AMENDED ANSWER AND COUNTERCLAIM

Starbucks Corporation dba Starbucks Coffee Company (“Applicant”) answers the Notice of Opposition filed by Taza Systems, LLC (“Opposer”) against its pending Application Serial No. 85439878 and asserts a counterclaim and affirmative defenses as follows.

In regard to the preamble in the Notice of Opposition, Applicant denies that Opposer is or would be damaged by registration of Applicant’s mark Serial No. 85439878. With respect to the numbered Paragraphs in the Notice of Opposition, Applicant answers as follows:

1. Applicant lacks sufficient information to form a belief as to the truth or falsity of the allegations in Paragraph 1 of the Notice of Opposition, and therefore denies them.
2. Applicant lacks sufficient information to form a belief as to the truth or falsity of the allegations in Paragraph 2 of the Notice of Opposition, and therefore denies them.
3. Applicant lacks sufficient information to form a belief as to the truth or falsity of the allegations in Paragraph 3 of the Notice of Opposition, and therefore denies them.
4. Admitted.
5. Admitted.

6. Applicant incorporates by reference its responses and/or answers to Paragraphs 1-5 above.

7. Denied.

8. Denied.

9. Denied.

AFFIRMATIVE DEFENSES AND ALLEGATIONS

10. Opposer has failed to state a claim upon which relief may be granted.

11. Applicant has longstanding and valid prior rights in the coined and distinctive TAZO mark. Among others, Applicant owns valid and subsisting U.S. Registrations No. 2005769 (issued October 8, 1996); No. 2036503 (issued February 11, 1997); No. 2036502 (issued February 11, 1997); and No. 2281225 (issued September 28, 1999); all for TAZO marks covering beverages, and all prior to the filing date of Opposer's pleaded registrations and any date of first use alleged by Opposer.

12. Applicant also has priority over Opposer based on its long-standing and valid prior rights for the TAZO mark in connection with catering services since 1994, which significantly predates the filing date of Opposer's pleaded registrations and any date of first use alleged by Opposer.

13. Opposer's mark, goods and services, and channels of trade differ from those of Applicant, and thus avoid a likelihood of confusion.

14. Opposer's alleged marks pleaded in the Notice of Opposition are weak, and entitled to a narrow scope of protection. There are numerous third-party prior marks comprised of or containing TAZA, a term meaning "cup" or "bowl" or "fresh," for food and beverage

products and restaurant services that remain in use, pending or registered, and unchallenged by Opposer.

15. Applicant reserves all affirmative defenses under Rule 8(c) of the Federal Rules of Civil Procedure, the Lanham Act, and any other defenses or counterclaims at law or in equity, that may now exist or in the future be available based on discovery and further factual investigation in this case.

**COUNT I
COUNTERCLAIM FOR PARTIAL CANCELLATION OF
REGISTRATION NOS. 3439240, 3213261, AND 3213262 UNDER § 18 OF THE
LANHAM ACT, 15 U.S.C. § 1068**

1. Petitioner Starbucks Corporation dba Starbucks Coffee Company is a Washington corporation located at 2401 Utah Avenue South, Seattle, Washington 98134.

2. Starbucks has been continuously using the mark TAZO in connection with beverage catering services in the United States since 1994. Starbucks owns valid and subsisting U.S. Registration No. 2005769 (issued October 8, 1996), Reg. No. 2036503 (issued February 11, 1997), Reg. No. 2036502 (issued February 11, 1997), and Reg. No. 2281225 (issued September 28, 1999), all for the TAZO mark covering beverages.

3. On October 5, 2011, Starbucks filed Application Serial No. 85439878 for the mark TAZO for *inter alia* “restaurant, cafe, cafeteria, snack bar, tea house, coffee bar and coffee house, carry out restaurant, and take out restaurant services; catering services; contract food services; food and beverage preparation” in Class 43 and “franchising, namely, providing technical assistance in the establishment and operation of restaurants, cafes, tea houses, coffee houses, and snack bars” and related services in Class 35.

4. Respondent Taza Systems, LLC, is a limited liability company of the State of Ohio with a principal place of business at 14518 Detroit Ave., Lakewood, Ohio, 44107.

5. Respondent claims ownership of Registrations No. 3439240 for the mark TAZA (registered on June 3, 2008), No. 3213261 for the mark TAZA A LEBANESE GRILL (registered on February 27, 2007), and No. 3213262 for the mark TAZA A LEBANESE GRILL and Design (registered on February 27, 2007), all broadly covering “restaurant and bar services” (the “Taza Registrations”).

6. On September 5, 2012, Taza filed a notice of opposition against Starbucks’ Application Serial No. 85439878 for the mark TAZO for “restaurant, cafe, cafeteria, snack bar, tea house, coffee bar and coffee house, carry out restaurant, and take out restaurant services; catering services; contract food services; food and beverage preparation” in Class 43 and “franchising, namely, providing technical assistance in the establishment and operation of restaurants, cafes, tea houses, coffee houses, and snack bars” and related services in Class 35 alleging a likelihood of confusion with the Taza Registrations.

7. Starbucks believes that it is being, and will be damaged by the continued presence on the Register of the unrestricted Taza Registrations because Taza is opposing Starbucks’ Application Serial No. 85439878 based on those registrations.

8. Upon information and belief, Taza uses the marks in its Taza Registrations only for ethnic Lebanese restaurant and bar services.

9. Upon information and belief, Taza does not use its marks in the Taza Registrations on any restaurant and/or bar services other than ethnic Lebanese restaurant and bar services.

10. Taza should not be entitled to maintain its Taza Registrations with a broad description of services as “restaurant and bar services” because it does not reflect the true services Taza offers under its marks.

11. Taza's Registrations should be partially cancelled/restricted to "restaurant and bar services, namely ethnic Lebanese restaurant and bar services."

12. Such partial cancellation of Taza's Registrations to "restaurant and bar services, namely ethnic Lebanese restaurant and bar services" both serves equity and will avoid a likelihood of confusion with Starbucks' applied-for TAZO mark because Starbucks' mark has never been offered and is not intended to be offered in connection with ethnic Lebanese restaurant or bar services and travels through different trade channels.

WHEREFORE, Starbucks respectfully requests that Opposition No. 91207525 be dismissed with prejudice, and that the U.S. Patent and Trademark Office allow Application Serial No. 85439878 to issue into a registration. Further, Applicant believes that it is being, and will be damaged by the continued registration of Registration Nos. 3439240, 3213261, and 3213262 and respectfully requests that the above counterclaim be sustained, and that these registrations be partially cancelled/restricted to "restaurant and bar services, namely ethnic Lebanese restaurant and bar services."

The counterclaim filing fees of \$300 have been submitted electronically. Any deficiency in the fees should be charged to Deposit Account No. 06-0916.

Respectfully Submitted

Dated: June 11, 2014

/Julia Anne Matheson /
Julia Anne Matheson
Anna B. Naydonov
FINNEGAN, HENDERSON, FARABOW,
GARRETT & DUNNER, LLP
New York Avenue, NW

Washington, D.C. 20001-4413
Telephone: (202) 408-4000
Facsimile: (202) 408-4400

CERTIFICATE OF SERVICE

I certify that a true and accurate copy of the foregoing AMENDED ANSWER was served on this 11th day of June by first-class mail, postage prepaid, on counsel for Opposer at the following address:

Edward T. Saadi, Esq.
Edward T. Saadi, LLC
970 Windham Court, Suite 7
Boardman, OH 44512

/Anna Naydonov/
Anna Naydonov