

UNITED STATES PATENT AND TRADEMARK OFFICE
Trademark Trial and Appeal Board
P.O. Box 1451
Alexandria, VA 22313-1451
General Contact Number: 571-272-8500

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Mailed: February 11, 2015

Opposition No. **91207525**

Taza Systems, LLC

v.

Starbucks Corporation DBA Starbucks
Coffee Company

Yong Oh (Richard) Kim, Interlocutory Attorney:

This matter comes up on a series of motions filed by the parties: (1) Opposer's motion to suspend for expert-related discovery (filed May 23, 2014), (2) Applicant's motion for leave to amend its answer and add a counterclaim (filed June 11, 2014), (3) Applicant's motion to compel discovery (filed July 15, 2014), and (4) Opposer's motion for a protective order (filed July 16, 2014). The motions have been fully briefed save for the motion for a protective order.

Opposer's Motion to Suspend for Expert Discovery

On May 23, 2014, Opposer notified the Board of Applicant's expert disclosure made on May 13, 2014, and moved to suspend this matter, pursuant to TBMP § 401.03 (2014), to facilitate discovery related thereto. In support of a sixty-day suspension, Opposer notes that Applicant's disclosure "exceeds 400 pages in total length" and "raises complex issues pertaining to

the purported expert's linguistic, psycholinguistic, and sociolinguistic analysis of the parties' respective marks." *Opposer's Notice of Expert Disclosure*, p. 2. Applicant opposes Opposer's request for a sixty-day suspension of this matter and instead offers a sixty-day extension of expert discovery.

TBMP § 401.03 provides that upon a party's disclosure of an expert, the Board may suspend proceedings to allow for expert-related discovery. While the Board may opt not to suspend a matter and instead allow expert discovery to run concurrently with non-expert discovery where a party discloses its expert early in the discovery period, such is not the case here where Applicant disclosed its expert on the last day for expert disclosures, i.e., thirty days prior to the close of discovery. As Applicant disputes neither the length of its disclosure nor the complexity of the issues raised therein as claimed by Opposer, and in the interests of promoting a greater exchange of information and the orderly administration of this proceeding, *see General Council of the Assemblies of God v. Heritage Music Foundation*, 97 USPQ2d 1890, 1893 (TTAB 2011), Opposer's motion to suspend this matter to allow for a rebuttal expert is hereby **GRANTED**.¹ Proceedings herein are **SUSPENDED for sixty days** following the mailing date of this order to allow for rebuttal expert disclosure.

¹ Applicant's suggestion to extend (and therefore reopen) the time for expert disclosure and related discovery is not well taken as there has been no showing of excusable neglect, let alone a need, to reopen the expert disclosure period. *See Fed. R. Civ. P. 6(b)(1)(B)*.

Applicant's Motion for Leave to Amend Pleading

On June 11, 2014, Applicant filed a motion to amend its answer “to assert an affirmative defense of priority and a counterclaim for partial cancellation/restriction of Opposer[’s pleaded registrations²] under Section 18 of the Lanham Act, 15 U.S.C. § 1068, to ‘restaurant and bar services, namely ethnic Lebanese restaurant and bar services.’”

Fed. R. Civ. P. 15(a)(1) permits a party to amend its pleading as a matter of course within 21 days after service of the pleading or, if the pleading is one to which a responsive pleading is required, within 21 days after service of a responsive pleading or 21 days after service of a motion under Rule 12(b), (e), or (f), whichever is earlier. Otherwise, under Fed. R. Civ. P. 15(a)(2), a party may amend its pleading only with the opposing party’s written consent or leave of the court.

² Registration No. 3213261 for TAZA A LEBANESE GRILL in standard characters for “restaurant and bar services” in International Class 43 with a disclaimer of LEBANESE GRILL. Registered on the Principal Register on February 27, 2007, based on an underlying application filed May 5, 2006, under Section 1(a) of the Trademark Act. Section 8 affidavit accepted February 8, 2013 and Section 15 affidavit acknowledged on September 20, 2013.

Registration No. 3213262 for TAZA A LEBANESE GRILL in stylized form for “restaurant and bar services” in International Class 43 with a disclaimer of LEBANESE GRILL. Registered on the Principal Register on February 27, 2007, based on an underlying application filed May 5, 2006, under Section 1(a) of the Trademark Act. Section 8 affidavit accepted February 9, 2013 and Section 15 affidavit acknowledged on September 20, 2013.

Registration No. 3439240 for TAZA in standard characters for “restaurant and bar services” in International Class 43. Registered on the Principal Register on June 3, 2008, based on an underlying application filed March 30, 2007, under Section 1(a) of the Trademark Act. Section 8 affidavit accepted June 16, 2013 and Section 15 affidavit acknowledged on May 7, 2014.

As Applicant’s proposed amendment is outside the time frame of Fed. R. Civ. P. 15(a)(1), Applicant seeks to amend its pleading pursuant to Rule 15(a)(2) which directs a court to “freely give leave when justice so requires.” In other words, “[i]n the absence of any apparent or declared reason – such as undue delay, bad faith or dilatory motive on the part of the movant, repeated failure to cure deficiencies by amendments previously allowed, undue prejudice to the opposing party by virtue of allowance of the amendment, futility of amendment, etc. – the leave sought should, as the rules require, be ‘freely given.’” *Foman v. Davis*, 371 U.S. 178, 182 (1962) (quoted with approval in *Commodore Electronics Ltd. v. CBM Kabushiki Kaisha*, 26 USPQ2d 1503, 1505 (TTAB 1993)). Consistent therewith, the Board has recognized that “amendments to pleadings 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.” *American Optical Corp. v. American Olean Tile Co., Inc.*, 168 USPQ 471, 473 (TTAB 1971).

Counterclaim to Restrict Registrations (Section 18 of the Lanham Act)

In opposing Applicant’s motion to amend its pleading, Opposer argues that “[c]ounterclaims to cancel pleaded registrations in opposition proceedings are governed by 37 CFR 2.106(b)(2)(i), *not* by the ‘when justice requires’ language of the FRCP” and, therefore, by the terms of that

provision, the proposed amendment is untimely. *Opposition to Motion to Amend*, pp. 2-4 (emphasis in original). Applicant contends otherwise, essentially asserting that Fed. R. Civ. P. 15(a) and Trademark Rule 2.106(b)(2)(i) are not mutually exclusive and that the latter “does not change the governing standard under Rule 15(a) that allows amending pleadings at any stage of the proceeding ‘when justice so requires.’” *Reply in Support of Motion to Amend*, pp. 1-2.

Trademark Rule 2.106(b) provides as follows:

(2)(i) A defense attacking the validity of any one or more of the registrations pleaded in the opposition shall be a compulsory counterclaim if grounds for such counterclaim exist at the time when the answer is filed. If grounds for a counterclaim are known to the applicant when the answer to the opposition is filed, the counterclaim shall be pleaded with or as part of the answer. If 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. A counterclaim need not be filed if it is the subject of another proceeding between the same parties or anyone in privity therewith.

Thus, while it is true that counterclaims to cancel a pleaded registration in a Board opposition proceeding are governed by Trademark Rule 2.106(b)(2)(i), *see TBC Corp. v. Grand Prix Ltd.*, 12 USPQ2d 1311, 1313 (TTAB 1989), the rule has no applicability to Applicant’s counterclaim as proposed herein as a counterclaim seeking to restrict, in some manner, the goods or services of a pleaded registration pursuant to Section 18 of the Trademark Act so as to avoid a likelihood of confusion is in the nature of an equitable remedy and does not constitute an attack on the validity of the registration. *See Eurostar*

Inc. v. "Euro-Star" Reitmoden GmbH & Co. KG, 34 USPQ2d 1266, 1271 n.3 (TTAB 1994). As such, consideration of Applicant's proposed restriction in the context of Trademark Rule 2.106(b)(2)(i) is neither necessary nor proper.

Turning then to the question of sufficiency, a party seeking to restrict the goods or services in an adversary's registration under Section 18 in the context of a likelihood of confusion claim must plead and prove that 1) the entry of a proposed restriction to the goods or services in its opponent's registration will avoid a finding of likelihood of confusion and 2) the opponent is not using its mark on those goods or services that will be effectively excluded from the registration if the proposed restriction is entered. *Id.* at 1270. In reviewing Applicant's amended pleading, the Board finds that Applicant has sufficiently pled its Section 18 claim. Opposer's contention that the counterclaim would serve no useful purpose because it will not avoid a finding of likelihood of confusion is not well taken as the question of likelihood of confusion is one of law based on underlying facts, *see In re Coors Brewing Co.*, 343 F.3d 1340, 1343, 68 USPQ2d 1059, 1061 (Fed. Cir. 2003), which is to be resolved during trial or on summary judgment rather than on a motion to amend a pleading.

As to Opposer's claim of prejudice, it is unpersuasive as Opposer has failed to articulate what additional discovery it would need concerning a Section 18 counterclaim to restrict Opposer's own registrations. Furthermore, Opposer's assertion that Applicant has been in possession of information

relating to the counterclaim for nearly twenty years is misplaced and inaccurate as the information referred to by Opposer relate to Applicant's proposed claim of priority as opposed to Applicant's Section 18 claim.

In view thereof, Applicant's motion for leave to amend its answer to add a counterclaim to restrict Opposer's pleaded registrations under Section 18 of the Trademark Act is hereby **GRANTED**.

Priority

Applicant also seeks to assert an "affirmative defense" of priority. However, priority is not in issue in an opposition where the opposer pleads (and later proves) that it owns a registration for its pleaded mark. See *King Candy Co. v. Eunice King's Kitchen, Inc.*, 496 F.2d 1400, 182 USPQ 108, 110 (CCPA 1974). Therefore, absent a counterclaim or a separate petition to cancel any of the pleaded registrations (as opposed to a claim to restrict goods or services under Section 18), the Board will not entertain a claim of priority as against those registrations. See *Lexicon, Inc. v. Lexicon Music, Inc.*, 225 USPQ 201, 205 (TTAB 1985). Accordingly, Applicant's motion for leave to amend its answer to assert priority as a defense is hereby **DENIED**.

The amended pleading and counterclaim filed with Applicant's motion to amend is **ACCEPTED with the priority claim stricken** and is now Applicant's operative pleading herein. Notwithstanding the suspension of this matter, *see supra*, Opposer's answer thereto is due within **THIRTY DAYS** of the mailing date of this order.

Applicant's Motion to Compel Responses to Discovery

On April 11, 2014, Applicant served its first sets of interrogatories and document requests. *Declaration of Anna B. Naydonov in Support of Motion to Compel* (“*Naydonov Dec.*”), ¶¶ 2-3. Opposer served its responses on May 16, 2014. *Id.*, ¶¶ 4-5. The parties subsequently engaged in correspondence concerning perceived deficiencies in Opposer’s discovery responses but were unable to resolve them. *Id.*, ¶¶ 6-7. As a result, Applicant filed this motion to compel on July 15, 2014.

Preliminarily, in view of the June 4, 2014, and June 25, 2014, correspondences between the parties, the Board finds the good faith requirement of Trademark Rule 2.120(e)(1) discharged.

Turning to the merits of the motion, Applicant seeks documents responsive to Document Request Nos. 4-8 and 22 and further responses to Interrogatory Nos. 6, 7 and 10. In declining to respond to these requests, Opposer has lodged two sets of objections to Applicant’s discovery requests: 1) fails to comply with the “reasonable particularity” requirement of Fed. R. Civ. P. 34(b) and 2) irrelevant and not reasonably calculated to lead to the discovery of admissible evidence.

Failure to Comply with Fed. R. Civ. P. 34(b)

Opposer has objected to the following document requests:

Request No. 4:

Documents sufficient to identify Opposer’s Services.

Request No. 5:

Documents sufficient to identify the channels of trade (e.g., restaurants, retail stores, etc.) in which Opposer currently markets, offers, and sells; had marketed, offered, and sold; and intends to market, offer, and sell products and services under Opposer's Marks.

Request No. 6:

Documents sufficient to show all geographic areas (city and state) in which Opposer advertises, promotes, offers, and/or sells products and services under Opposer's Marks.

Request No. 7:

Documents sufficient to identify all locations or prospective locations, including but not limited to retail stores, discount stores, grocery stores, restaurants, and malls in or from which Opposer has ever advertised, promoted, offered, rendered, sold, or used, or intended to advertise, promote, offer, render, sell, or use products and services under Opposer's Marks.

Request No. 8:

Documents sufficient to identify the type of purchaser to whom Opposer currently markets, offers, and sells; has marketed, offered, and sold; and intends to market, offer, and sell products and services under Opposer's Marks.

Request No. 22:

Documents sufficient to identify the annual advertising and promotional expenditures for each of the products and services offered under Opposer's Marks from the first use of Opposer's Marks to the present.

Fed. R. Civ. P. 34(b)(1)(A) provides that a request for documents "must describe with reasonable particularity each item or category of items to be inspected." Pursuant thereto, Opposer objects to these requests on grounds that the terms "sufficient to show" or "sufficient to identify" lack the "reasonable particularity" required under Fed. R. Civ. P. 34(b) to allow Opposer "to determine what documents [Applicant] is seeking, and what

[Applicant] deems ‘sufficient.’” *Opposition to Motion to Compel*, pp. 1-2. Opposer’s objection is not well taken.

The “item or category of items to be inspected” is readily apparent from a plain reading of Applicant’s requests, e.g., channels of trade [Request No. 5], geographic areas [Request No. 6], type of purchaser [Request No. 8], and the mere use of “sufficient to show” or “sufficient to identify” as a preamble in the requests fails to obscure or otherwise make indefinite the information Applicant seeks. That the parties may subsequently disagree as to the sufficiency of the documents produced does not render the request so vague or indefinite under Fed. R. Civ. P. 34 as to preclude a response thereto. Accordingly, this objection is overruled.

Not Reasonably Calculated to Lead to the Discovery of Admissible Evidence

Opposer’s second objection, i.e., that the discovery requested by Applicant is irrelevant and not reasonably calculated to lead to the discovery of admissible evidence, is directed to Document Request Nos. 5 through 8 and Interrogatory Nos. 6, 7 and 10.³ These discovery requests concern the nature of Opposer’s services and their channels of trade, geographic scope and

³ Interrogatory No. 6: Describe the channels of trade (e.g., restaurants, retail stores, etc.) in which Opposer currently markets, offers, and sells; has marketed, offered, and sold; and intends to market, offer, and sell any products or services under Opposer’s Marks.

Interrogatory No. 7: Describe the classes of purchasers to whom Opposer has marketed, offered, and sold; and intends to market, offer, and sell any products or services under Opposer’s Marks.

classes of purchasers, all of which are properly discoverable in the context of a likelihood of confusion claim. *See In re E. I. du Pont de Nemours & Co.*, 476 F.2d 1357, 177 USPQ 563 (CCPA 1973). Nevertheless, Opposer contends that because this opposition proceeding is based on “[Opposer’s] ownership of three federally registered marks” and not on prior common law use, “the issue of likelihood of confusion ... should be decided on the basis of the identification of services set forth in [Opposer’s] pleaded registrations” which “contain no restriction whatsoever as to trade channels, classes of purchasers, or geographic scope,” thereby obviating the need for any discovery relating thereto. *Opposition to Motion to Compel*, pp. 3-5.

While the Board does not disagree on this point, *see Stone Lion Capital Partners, L.P. v. Lion Capital LLP*, 746 F.3d 1317, 110 USPQ2d 1157, 1162 (Fed. Cir. 2014) (finding it proper “to focus on the application and registrations rather than on real-world conditions, because ‘the question of registrability of an applicant’s mark must be decided on the basis of the identification of goods set forth in the application’”) (*quoting Octocom Sys., Inc. v. Houston Comp. Servs. Inc.*, 918 F.2d 937, 942 (Fed. Cir. 1990)), in view of Applicant’s counterclaim to restrict the services identified in Opposer’s registrations, which the Board has allowed *supra*, the discovery requests at

Interrogatory No. 10: Describe Opposer’s Services, including but not limited to whether Opposer offers take-out or takeaway services to customers, and the geographic scope of such services.

issue are permissible, relevant and reasonably calculated to lead to the discovery of admissible evidence.

In view thereof, Applicant's motion to compel is hereby **GRANTED** and **Opposer is ordered to provide complete responses to Interrogatory Nos. 6, 7 and 10 and Document Request Nos. 4, 5, 6, 7, 8 and 22 within THIRTY DAYS of the mailing date of this order.**

Opposer's Motion for Protective Order

On June 12, 2014, Applicant served Opposer with Applicant's Requests for Admission consisting of 183 numbered requests. On July 16, 2014, Opposer moved for a protective order shielding it from responding to the requests which Opposer characterizes as "clear harassment" as well as overbroad, unduly burdensome and unreasonably cumulative. *Motion for Protective Order*, p. 1.

In moving for a protective order, the movant must certify that it has made a good faith effort to resolve the dispute without Board intervention. *See* Fed. R. Civ. P. 26(c)(1); *The Phillies v. Philadelphia Consolidated Holding Corp.*, 107 USPQ2d 2149, 2151-52 (TTAB 2013). The question of whether sufficient good faith efforts were actually made, however, is a determination to be made by the Board. As such, it is incumbent upon the certifying party to provide "documentation or other information indicating that a good faith effort was in fact made." *Giant Food, Inc. v. Standard Terry Mills, Inc.*, 231 USPQ 626, 632 (TTAB 1986). Opposer has failed to submit

any type of evidence, or to even provide any details, demonstrating the efforts it undertook, in good faith, to resolve the issues that are the subject of its motion. As such, the Board need not consider Opposer's motion. Nonetheless, in the interest of moving this matter forward, the Board has exercised its discretion to consider the motion and dispose of the issues raised therein.

While it is generally inappropriate to respond to a discovery request with a motion seeking a protective order, a party may properly do so for good cause to protect itself "from annoyance, embarrassment, oppression, or undue burden or expense." Trademark Rule 2.120(f). Establishing good cause requires "a particular and specific demonstration of fact" rather than "stereotyped and conclusory statements," *FMR Corp. v. Alliant Partners*, 51 USPQ2d 1759, 1761 (TTAB 1999), and it is not enough to merely show that the difficulty of managing the litigation will increase; the moving party must demonstrate that its ability to litigate will be prejudiced. *The Phillies*, 107 USPQ2d at 2153.

By its motion, Opposer contends that Applicant's 183 requests for admission are "excessive and unduly burdensome" and that the scope of the requests "far exceeds the bounds of proper and relevant discovery." *Motion for Protective Order*, pp. 3-5. When considered individually, Opposer makes various objections to Applicant's admission requests, e.g., seeks information already provided or a legal conclusion or exceeds the scope of pleadings, yet fails to identify the specific requests to which a particular objection may

apply or to articulate why a particular request is unduly burdensome. Similarly, when the requests are considered as a whole, Opposer merely states that they are either large or excessive in number such that “the burden upon Opposer, in both time and expense, in gathering and providing the information required to formulate responses to [the requests] would be extensive.” *Id.*, pp. 3 and 5.

These contentions are not well taken in the context of a motion for a protective order as they are, without more, mere “conclusory statements” that lack the requisite particularity and specificity of fact to establish the good cause necessary for the issuance of a protective order. Moreover, Opposer fails to demonstrate how its ability to litigate will be prejudiced by Applicant’s requests.

Accordingly, Opposer’s motion for a protective order is hereby **DENIED. Opposer is ordered to provide complete responses to Applicant’s Requests for Admission within THIRTY DAYS of the mailing date of this order**

Conclusion

Upon resumption, dates are **RESET** as follows:

Plaintiff's Pretrial Disclosures	5/18/2015
30-day testimony period for plaintiff's testimony to close	7/2/2015
Defendant/Counterclaim Plaintiff's Pretrial Disclosures	7/17/2015
30-day testimony period for defendant and plaintiff in the counterclaim to close	8/31/2015

Counterclaim Defendant's and Plaintiff's Rebuttal Disclosures Due	9/15/2015
30-day testimony period for defendant in the counterclaim and rebuttal testimony for plaintiff to close	10/30/2015
Counterclaim Plaintiff's Rebuttal Disclosures Due	11/14/2015
15-day rebuttal period for plaintiff in the counterclaim to close	12/14/2015
Brief for plaintiff due	2/12/2016
Brief for defendant and plaintiff in the counterclaim due	3/13/2016
Brief for defendant in the counterclaim and reply brief, if any, for plaintiff due	4/12/2016
Reply brief, if any, for plaintiff in the counterclaim due	4/27/2016

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 taking of testimony. Trademark Rule 2.125.

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

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