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

Proceeding	91224000
Party	Plaintiff Spiritline Cruises LLC
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IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD

SPIRITLINE CRUISES, LLC,

Opposer,

v.

TOUR MANAGEMENT SERVICES, INC.

Applicant.

Opposition No. 91224000

Mark: CHARLESTON HARBOR TOURS
Serial No.: 86334681

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**Opposer's Reply to Applicant's Response in Opposition to Opposer's
Motion for Leave to File an Amended Notice of Opposition**

INTRODUCTION

Opposer SpiritLine Cruises, LLC ("SpiritLine") seeks to amend its notice of opposition to conform to facts revealed during discovery. These facts lead to the conclusion that "Charleston Harbor Tours" is entirely descriptive, has been in continuous use by multiple parties for many years, and on that basis alone Applicant Tour Management Services, Inc. ("TMS") has no right to Federal registration. These facts further demonstrate that application Serial No. 86334681 is void *ab initio* as having been filed by an entity other than an owner.¹

"The liberal pleading policy in the Rules prevents dismissal of a meritorious action for purely formal or technical reasons." *Murphy v. White Hen Pantry Co.*, 691 F.2d 350, 353 (7th Cir. Wis. 1982). Rather, "[l]eave to amend a complaint should be freely given in the absence of undue delay, bad faith, undue prejudice to the opposing party, repeated failure to cure deficiencies, or futility." *Foman v. Davis*, 371 U.S. 178, 182 (1962). The burden is on the party opposing the amendment to show that there is reason to deny leave. *In re Vitamins Antitrust Litigation*, 217 F.R.D. 30, 32 (D.D.C. 2003).

¹ An applicant cannot "own" an entirely descriptive mark, but the term is used herein in its statutory and case law sense.

Applicant's Response in Opposition to Opposer's Motion for Leave File an Amended Notice of Opposition fails to point to any substantive facts that would show bad faith on the part of Opposer or that allowing the amended claims would unduly prejudice Applicant, and similarly fails to identify any information that Applicant would need from further discovery in order to potentially rebut Opposer's amended claims.

Presumably, Applicant does not need to serve discovery requests upon itself in order to answer the amended pleadings about Applicant's internal agreements and ownership relationships established by Applicant or its principal prior to or during this opposition.

To the contrary, *Applicant* did not produce documents TOU00710 and TOU00711 until 6 and 10 weeks (respectively) *after* the close of discovery; *after* the motion for summary judgment was filed; *after* Opposer's motion to amend; and (perhaps most ironically) *after* Applicant's own response to the motion to amend. Applicant's tardy production of potentially relevant documents puts both Opposer and the Board in the position of speculating as to what other relevant facts Applicant may decide to disclose, and whether those facts will require yet further pleading or discovery or both. Applicant's late production has denied Opposer the opportunity to build a full record and has prejudiced the Board's ability to evaluate a complete record in the context of a dispositive motion.

Therefore, Opposer "ought to be afforded an opportunity to test [its] claim[s] on the merits." *Foman*, 371 U.S. at 182.

ARGUMENT

A. No undue delay—Generally

Opposer has promptly moved for leave to amend its Notice of Opposition to add two grounds for opposition. Applicant's pretense of umbrage is remarkable given that on January 10, 2017 (six weeks after the close of discovery) *Applicant* produced a document (TOU00710) alleging a transaction between The Kent Group and TMS, and on February 8,

2017 (10 weeks after the close of discovery and 8 days after *Applicant* filed its answer to the motion to amend) *Applicant* produced yet another document (TOU00711; a complex confidential financial spreadsheet), presumably for the purpose of bolstering *Applicant's* case in some fashion.

Contrary to *Applicant's* assertions, this case has moved promptly once discovery was initiated. *Applicant* requested the only extensions taken during discovery on the basis of the arrival of hurricane Matthew (in the Charleston Harbor) during October 2016. (Exhibit A). In agreeing to that modest extension, *Opposer*—arguably to its own disadvantage—voluntarily forfeited some of the interval between the close of discovery and the opening of *Opposer's* trial testimony.

Between *Applicant's* first production of documents and things on August 3 and the close of discovery on November 28, (an interval of less than 4 months) the parties carried out several rounds of document exchange and conducted seven (7) depositions.

Once discovery closed on November 28, 2016, *Opposer* filed its motion for summary judgment on December 23, 2016 (19 business days later), and upon receiving the Board's January 6 dismissal of several allegedly unpled claims, *Opposer* immediately filed its motion to amend on January 11, 2017 (i.e. within 3 business days).

Various extensions and discussions carried out between *Applicant's* counsel and *Opposer's* prior counsel represent the main portion of the "16 months" argued by *Applicant*, and when *Opposer's* counsel of record suggested that the case should move along, *Applicant's* counsel essentially asked "what's the rush"? (Exhibit B.)

Applicant bears the burden of showing that *Opposer* unduly delayed bringing its claim. *Applicant's* burden would only shift to *Opposer* after "significant delay." *Te-Moak Bands of W. Shoshone Indians v. United States*, 948 F.2d 1258, 1262-633 (Fed. Cir. 1991)

(the movant need only show a valid reason for the neglect and delay in bringing its claim sooner if there has been “significant delay”).

Significant delay, however, is not created “[m]erely because a claim was not presented as promptly as possible.” *Carson v. Polley*, 689 F.2d 562, 584 (5th Cir. Tex. 1982). Rather, significant delay arises only under “flagrant examples of delay, disruption of the litigation, or prejudice” such as where a “plaintiff [allows] the case to languish in inactivity for nearly a year between the filing of the complaint and the eventual setting of the trial date.” *Id* at 585.

Discovery to date has also demonstrated that Application No. 86334861 is void *ab initio*; Section B herein.

On January 6, 2017, the TTAB notified Opposer that its original pleadings lacked sufficient support for some of the claims set out in its Motion for Summary Judgment. On January 11, 2017, Opposer promptly responded with a Motion for Leave to Amend its pleadings to include the claims set out in Opposer’s Motion for Summary Judgment.

As demonstrated by Applicant’s tardy production of TOU00710 and TOU00711, all of the evidence supporting the amended pleadings has either been in Applicant’s hands for years, or was placed in the public domain by Applicant or Mr. Scribner, Applicant’s principal (e.g., corporate filings). On its face, Document TOU00710 is dated December 10, 2010 and TOU00711 presents data allegedly dating from 2010-2015.

Opposer’s motion to amend is thus timely.

B. No Undue Delay—Ownership Issues (“void *ab initio*”)

Applicant argues that Opposer “admits to November 9, 2016 [the date of Mr. Scribner’s deposition] as the date on which Opposer became aware of its proposed claims.” November 9, 2016, however, merely marks the date Opposer first became aware that Mr. Scribner held interests in more than two companies relating to tour boat services in the

Charleston Harbor and that such interests very likely related to Applicant's potential failure to acquire assets of the Kent Group and any goodwill in the alleged mark.

Opposer's counsel immediately requested copies of the transactional materials relevant to trademark validity and ownership (Scribner transcript at page 24, lines 6-18) and then repeated the request later in the deposition (*Id.* at page 27, lines 6-16) (Exhibit C) and finally in a written request on November 28, 2016.²

Opposer had initially asked for such records in Opposer's First Request for Production to Applicant (June 3, 2016). Applicant failed to produce any of the requested documentation of any attempt (proper or improper) to transfer any alleged trademark rights from any predecessor to Applicant before the close of discovery on November 28, 2016 or before the December 23, 2016 filing date of Opposer's Motion for Summary Judgment. In the absence of such evidence of any transfer from The Kent Group Inc. to TMS, the record demonstrates that Application No. 86334861 was void *ab initio*.

Public records listing vessels licensed by the Coast Guard to carry passengers indicate that Applicant's principal (Robert Scribner) keeps ownership of his three Charleston Harbor tourism boats in three separate companies³, presumably intentionally.

At the beginning of his deposition, and as is common practice, Opposer's undersigned counsel asked Mr. Scribner if he would answer all questions truthfully and completely. Mr. Scribner agreed to do that, but when asked about other companies that he owned in the tour business in the Charleston Harbor area, Mr. Scribner initially maintained his silence (presumably intentionally) about the corporate structure that

² Logically, if November 9 (Mr. Scribner's deposition) is the date when Opposer learned of its potential void *ab initio* claims, then November 9 is the date that Applicant's counsel learned the same thing. Mr. Scribner, of course, knew his companies' corporate structures all along.

³ The Carolina Belle is owned by Harbor Cruises of Charleston; the Carolina Queen is owned by Applicant Tour Management Services; and the Pride (aka "The Schooner Pride") is owned by Charleston Schooner Pride, LLC). According to Applicant, these boats make up the "fleet" of "Charleston Harbor Tours".

included Harbor Cruises of Charleston, LLC and never mentioned Charleston Schooner Pride, LLC, the entity that owns one of the three vessels that operate publicly under Mr. Scribner's common umbrella. (Exhibit D).

Therefore Opposer's request to amend based on the ownership evidence (or lack thereof) is entirely timely.

C. No Undue Delay—Generic Trademark

In its original Notice of Opposition, Opposer identified genericness as grounds for opposition in the ESTTA cover sheet and in paragraphs 18 and 19. Opposer respectfully submits that the short dismissal of the genericness claim in the Interlocutory Attorney's January 6, 2017 communication is at a minimum premature.

From the "undue delay" standpoint, however, Mr. Scribner's November 9, 2016 deposition was the first opportunity for Opposer to learn that Applicant had failed to ask any third parties to cease use of the alleged "Charleston Harbor tours" mark, despite the continuous and open descriptive third party usage of the phrase for years.

Opposer thus moved in good faith to amend its Notice of Opposition to emphasize genericness as grounds for rejecting Application Serial No. 86334681 based upon evidence obtained during Discovery. Applicant has therefore failed to establish that Opposer unduly delayed in moving for leave to amend its Notice of Opposition to plead genericness.

"If the underlying facts or circumstances relied upon by a plaintiff may be a proper source of relief, he ought to be afforded an opportunity to test his claim on the merits."

Foman, 371 U.S.at 182.

Applicant argues that Opposer fails to base its claim that Applicant's conduct renders the alleged mark generic on some statutory ground. Paragraph 24 of the proposed amended Notice of Opposition, however, clearly states that "Applicant's registration should be refused under 15 U.S. Code § 1127 because the mark has become the generic name for

the goods or services with which it is used.” Paragraphs 22-23 of the amended Notice of Opposition further state the general facts of Applicant’s own conduct that render the mark generic and preclude Applicant’s registration of the mark.

Under 15 U.S. Code § 1127, “when any course of conduct of the owner, including acts of omission as well as commission, causes the mark to become the generic name for the goods or services on or in connection with which it is used or otherwise to lose its significance as a mark,” the mark will no longer be considered registrable.

Therefore, Opposer’s proposed amendment to assert the claim that Applicant’s conduct renders the alleged mark generic states a proper source of relief and Applicant has failed to establish that the claim is futile.

D. No Undue Delay—No Undue Prejudice

Applicant has failed to show how it would be unduly prejudiced by Opposer’s amended complaint. “[V]irtually every amendment to a complaint results in some degree of prejudice to the defendant in that the potential for additional discovery arises as well as the possibility of a delay of the trial date.” *Lanigan v. LaSalle Nat’l Bank*, 108 F.R.D. 660, 662 (N.D. Ill. 1985). A motion for leave to amend, however, should only be denied if its allowance would cause “undue prejudice” to the nonmovant. *Hess v. Gray*, 85 F.R.D. 15, 20 (N.D. Ill. 1979). Undue prejudice arises where the amended claim “at least entails more than an alternative claim or a change in allegations of the complaint” that would further “require expensive and time-consuming additional discovery.” *Lanigan*, 108 F.R.D. 660, at 662 (quoting *A Cherney Disposal Co. v. Chicago Suburban Refuse Disposal Corp.*, 68 F.R.D. 383, 385 (N.D. Ill. 1975)); See also *Amendola v. Bayer*, 907 F.2d 760, 764 (7th Cir. 1990).

Applicant argues that “prejudice and undue delay are inherent in an amendment filed this late in litigation” and proceeded to cite several cases in which leave to amend was denied. In each of the cases cited by Applicant, however, leave to amend was denied

because of various factors independent of the quantified period of time before the amendment was filed, such as futility or requiring additional discovery of facts. See *Solomon v. N. Am. Life & Cas. Ins. Co.*, 151 F.3d 1132, 1138-39 (9th Cir. Cal. 1998)(“allowing the motion would have required re-opening discovery” and the amended claims failed to state a claim for which relief could be granted); *Murphy*, 691 F.2d at 354 (7th Cir. Wis. 1982)(the theory underlying the new claim had previously been expressly disclaimed by counsel); *Maynard v. Bd. of Regents*, 342 F.3d 1281, 1287 (11th Cir. Fla. 2003)(amending the complaint would have required additional discovery); *Daly v. Sprague*, 675 F.2d 716, 722 (5th Cir. Tex. 1982)(the movant requested that Discovery be reopened to discover new facts to support the claim).

The addition of Opposer’s proposed claims, however, would not warrant further discovery of facts from Opposer, and Applicant has failed to identify what facts it could hope to obtain through discovery that could rebut Opposer’s claims.

In fact, by offering 5 years of financial data 10 weeks after the close of discovery, Applicant has placed Opposer in the position of needing further discovery.

In regards to Opposer’s first added claim that Application No. 86334861 was void *ab initio*, Applicant had every opportunity—and was explicitly asked on June 3, 2016 (interrogatories), November 9, 2016 (deposition), and again on November 28, 2016 (letter)—to produce documentation evidencing Applicant’s alleged acquisition of the assets and goodwill in the alleged mark.

Absent documents produced by Applicant, Opposer could not possibly possess or control any document or testimony that Applicant could use to clarify Applicant’s internal ownership relationships, to rebut Applicant’s own testimony, or to negate Applicant’s own descriptive use. Rather, all non public documents and evidence pertaining to this claim

belong to Applicant, and if in Applicant's possession, should have been produced in response to Opposer's repeated requests.

In regards to Opposer's second added claim that the mark has become generic as a result of Applicant's conduct, evidence of Applicant's own descriptive use of, and Applicant's failure to ever address other users of, the phrase "Charleston Harbor tours" only came to light during discovery. Opposer now moves to amend its Notice of Opposition based on that evidence.

The addition of Opposer's genericness claim would not warrant further discovery of facts because (1) Applicant has explicitly admitted that Applicant has never requested that third parties stop using "Charleston Harbor tours" to describe their services and (2) Applicant's own documents demonstrate Applicant's descriptive use of the mark.

Furthermore, Opposer's Motion for Leave to Amend the Notice of Opposition followed Opposer's Motion for Summary Judgment, which previously set out Opposer's arguments in support of the additional claims. Action on Opposer's Motion for Summary Judgment, however, has been suspended pending the disposition of Opposer's Motion for Leave to Amend. Therefore, Opposer's Motion for Leave to Amend the Notice of Opposition has provided Applicant with more time (rather than less) in which to formulate its response to Opposer's Motion for Summary Judgment.

The allowance of Opposer's proposed claims, therefore, would not necessitate further discovery of facts and Applicant has failed to establish how it would be unduly prejudiced by allowing Opposer to amend its Notice of Opposition to add either claim.

SUMMARY AND CONCLUSION

Opposer's undue delay? *Applicant* produced presumably relevant documents six and 10 weeks after the close of discovery.

Opposer's bad faith? *Applicant* produced five years of financial records 10 weeks after the close of discovery.

Opposer's dilatory motive? *Applicant* produced five years of financial records more than eight months after first requested, three months after Mr. Scribner's deposition and two months after the close of discovery.

In the interest of justice, form should not trump substance. An amendment serves the interest of justice because it allows the Board to render a full decision on the merits rather than on a mere technicality. Applicant has failed to meet its burden to specifically state facts explaining why the amended claims would unduly prejudice Applicant, or to provide any facts showing bad faith by Opposer. Moreover, Applicant's arguments that Opposer unduly delayed in bringing its claims and that one of its proposed claims is futile are entirely unmeritorious. Opposer, therefore, respectfully requests that the Board grant Opposer leave to file its amended Notice of Opposition.

Respectfully submitted,

PARSONS SUMMA



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February 16, 2017

20170216_Response to Applicants Reply to Leave to Amend.docx

Exhibit A

From: Edward Fenno [mailto:efenno@fennolaw.com]
Sent: Monday, October 10, 2016 9:27 AM
To: Philip Summa
Cc: Christina Humphries
Subject: RE: Opposition No. 91224000; Charleston Harbor Tours; Serial No. 86334681; Our File 1861.006

Mr. Summa --

Thank you for your email. As you anticipated, we were closed from mid-day Wednesday to

mid-day today due to the hurricane. Prior to that, our client contact (Bob Scribner) was out of town and out of contact for more than 2 weeks. He is back now and is "digging out" like the rest of us. We are scheduled to speak with him tomorrow, although he has already expressed to me that it would be very difficult for him to go forward with his deposition this soon after his return and the storm. Can we call you later in the day tomorrow or early Wednesday to discuss possible extensions -- both of the discovery cutoff and his deposition date? At that time, we could also talk to you about anything else you might want to discuss. Thanks.

-- Edward

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Exhibit B

On Oct 17, 2016, at 7:09 PM, Edward Fenno <efenno@fennolaw.com> wrote:

Phil --

I am surprised at your insistence on pressing forward with Mr. Benthall's deposition this week. Are we not getting an extension in discovery until 11/23 or so?

In case you are wondering, I do not represent Mr. Benthall, nor did I suggest to him to have his deposition postponed. But I certainly think he had good grounds for his request. Among other things, as your email admits, you failed to have anyone personally serve him with the subpoena -- relying on the questionable method of service by FedEx instead.

I look forward to hearing how this matter is resolved. I will keep my calendar open for Thursday afternoon just in case.

-- Edward

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Exhibit C

Scribner, Robert, (Page 24:6 to 24:18)

24

6 A Misspoke. Tour Management Services was
7 created on the date that's indicated on these
8 documents, and it was set up as ultimately something
9 that the assets of The Kent Group were transferred
10 to to move from an LLC to a corporate structure, and
11 that happened in 2011.

12 Q So there's a transfer of assets in 2011?

13 A Correct.

14 Q Is that in writing?

15 A Yes, it is.

16 MR. SUMMA: We'd like to request
17 that even if under confidentiality eyes only.

18 BY MR. SUMMA:

Scribner, Robert, (Page 27:6 to 27:16)

27

6 Q So in 2011 the assets that had belonged
7 to The Kent Group became the assets of Tour
8 Management Services?

9 A Correct.

10 Q And that was done formally with transfer
11 of paperwork and so forth?

12 A Correct.

13 MR. SUMMA: Again, I'll repeat that
14 we'd want to see that relationship on paper.

15 (Exhibit No. 49 marked for
16 identification.)

Exhibit D

Scribner, Robert, (Pages 5:21 to 6:1)

5

21 Q Now, we are interested in finding out
22 everything you know about all the subject matter
23 that relates to this opposition. We are looking for
24 complete and full answers. Is there any reason you
25 can't give us that information as we go forward?

6

1 A I will give you what I recall.

Scribner, Robert, (Page 18:16 to 18:20)

18

16 Q What are the other business or what is
17 the other business, singular or plural, to which you
18 give attention?

19 A I own another tourism business in New
20 York called Hudson River Cruises & Events, Inc.

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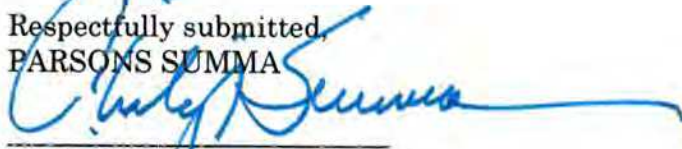
CERTIFICATE OF SERVICE

I hereby certify that a true copy of the foregoing *Reply to Applicant's Response in Opposition to Opposer's Motion for Leave to File an Amended Notice of Opposition* was served on counsel for Applicant, this 16th day of February, 2017 by sending the same by first class mail, postage prepaid, and by electronic mail to:

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Respectfully submitted,
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