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

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| Proceeding no. | 91245800 |
| Party | Plaintiff<br>Constellation Brands U.S. Operations Inc. |
| Correspondence address | KENNETH L WILTON<br>SEYFARTH SHAW LLP<br>2029 CENTURY PARK EAST STE 3500<br>LOS ANGELES, CA 90266<br>UNITED STATES<br>Primary email: Kwilton@seyfarth.com<br>Secondary email(s): Emaluf@seyfarth.com, TTABDocket@seyfarth.com, hkang@seyfarth.com, jheinbockel@seyfarth.com<br>310-277-7200 |
| Submission | Motion to Amend Pleading/Amended Pleading |
| Filer's name | John C. Heinbockel |
| Filer's email | jheinbockel@seyfarth.com |
| Signature | /John C. Heinbockel/ |
| Date | 03/30/2022 |
| Attachments | FINAL - Opposers Reply ISO Motion to Amend w Declaration.pdf(280631 bytes ) |

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

In the Matter of Application Serial Nos.:
87945310 (HENRY WALKER CRABB)
87944993 (HENRY WALKER (H.W.) CRABB)
87944990 (HENRY WALKER (H.W.))
87944988 (HENRY WALKER)
87945312 (H.W. CRABB)
87945302 (HENRY W. CRABB)
Published in the Official Gazette of November 13, 2018

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| CONSTELLATION BRANDS U.S. OPERATIONS, INC.,<br><br>Opposer,<br><br>v.<br><br>THE VINEYARD HOUSE LLC,<br><br>Applicant. | Opposition No. 91245800 (Parent)<br>Opposition No. 91246515 |

**OPPOSER'S REPLY BRIEF IN SUPPORT OF**
**OPPOSER'S MOTION FOR LEAVE TO AMEND NOTICE OF OPPOSITION**
**IN PARENT PROCEEDING (OPP. NO. 91245800)**

> "…Opposer is acting in bad faith to further delay these proceedings or prejudice Applicant as Applicant prepares to send out its discovery requests."

March 10, 2022: Applicant's Opposition to Opposer's Motion for Leave to Amend. [23 TTABVUE 5.]

> "We are seeking an extension of all currently set dates (including discovery deadlines). At this point, we think 6 months would be appropriate given the circumstances."

March 23, 2022: Applicant's Counsel's correspondence. [Reply Wilton Decl. Ex. A.]

## INTRODUCTION

This proceeding is a consolidated opposition involving five claims and eight applications. On February 19, 2022, Opposer sought leave to amend the operative Notice of Opposition in one of the two consolidated oppositions, Opposition No. 91245800. [22 TTABVUE.] Opposer proposes amending the Notice of Opposition to include three additional grounds for opposition. All three "new" grounds for opposition are already at issue between the parties in the consolidated child opposition, No. 91246515, and in two related oppositions, Nos. 91264970 and 91264972.

Each of the claims Opposer seeks leave to plead in the Amended Notice of Opposition involve the same central set of facts and issues: does Applicant have the right to register CRABB-formative trademarks, even though the use of such marks would deceive consumers, cause confusion with Opposer's previously-used marks, and falsely suggest an association with Opposer? Thus, Opposer's motion was not simply filed out of the blue. Rather, Opposer seeks to ensure that the claims raised in the '800 opposition conform with the facts and issues that the parties are already litigating.

Applicant opposes the motion, arguing that it is untimely and would prejudice Applicant, although Applicant is unable to explain how. Applicant insists that litigating these claims would create an undue burden, either because the parties had already exchanged discovery, or because Applicant would have to "re-draft" discovery that it had not yet served—Applicant is apparently unsure which. Applicant further asserts that addressing the new claims would require it to "reconsider its approach and strategy" [23 TTABVUE 7], but does not explain why it would need to do so when Opposer has already asserted the same claims and the same previously-used marks within this very consolidated proceeding.

Applicant further asserts that Opposer seeks to delay these proceedings in bad faith. Now, and in direct contradiction of its protestations of undue delay, Applicant has signaled its intent to seek to further delay these proceedings for an "undetermined" amount of time for reasons Applicant has yet to disclose: Just two weeks after opposing this motion, Applicant's counsel requested a six month extension of deadlines in *all* CRABB-formative proceedings because "our client is unavailable and we are unable to communicate with him for a period of time, the length of which is currently undetermined." [Reply Wilton Decl. Ex. A.]

Opposer's amendment is timely, will cause no undue prejudice to Applicant, is not made in bad faith, and is not futile. Accordingly, the Board should grant Opposer's motion and allow it leave to amend.

## BACKGROUND AND RELEVANT TIMELINE

These consolidated opposition proceedings are part of a larger universe of disputes between Opposer and entities owned by Mr. Jeremy Nickel. Since 2018, the parties have litigated ten oppositions and cancellations between Opposer and Applicant, three oppositions between Opposer and To Kalon Stock Farm, LLC (a company controlled by Applicant's sole managing member, Mr. Nickel), and two lawsuits before the United States District Court for the Northern District of California. [Wilton Reply Decl. ¶ 2.] All of these disputes center around what the District Court described as Mr. Nickel's "unambiguous" intent to create as association in the mind of consumers between his goods and those that consumers understand to be sourced from those formerly emanating from H.W. Crabb's historic To Kalon Vineyard [22 TTABVUE 62:3-5], despite factual findings that Applicant's goods do not have any such connection [id. at 63:15-16].

Opposer filed Opposition No. 91245800 on January 12, 2019. [1 TTABVUE.] Applicant moved to dismiss on February 13, 2019. [4 TTABVUE.] Applicant then filed a civil

action in the United States District Court for the Northern District of California (the "Civil Action") on March 18, 2019. Opposer moved to suspend the opposition pending the results of the Civil Action on May 13, 2019. [12 TTABVUE.] Applicant opposed the motion. [14 TTABVUE]. The Board granted Opposer's Motion on June 24, 2019 [15 TTABVUE], and the proceedings remained suspended for over two years, until July 19, 2021. [18 TTABVUE.] The Board consolidated Opposition Nos. 91245800 and 91246515 on January 10, 2020 [16 TTABVUE.]

When the Board resumed the proceedings in July 2021, it denied Applicant's motion to dismiss the '800 proceeding [18 TTABVUE 10]. The Board set Applicant's time to Answer for September 20, 2021. [Id. at 16]. Applicant, however, filed its Answer just one week later, on July 26, 2021. [21 TTABVUE.] As discussed in the moving papers, for the next six months the parties engaged in settlement negotiations with the aim to resolve *all* of proceedings pending between them. [22 TTABVUE 4-5.]

Following the confirmation from Applicant in late January, 2022 that Opposer's December, 2021 settlement proposal was not accepted, Opposer filed this motion and, on March 11, 2022, Opposer served Applicant with written discovery requests in these consolidated proceedings and, on March 18, 2022, Opposer served Applicant with notices of deposition of Applicant and Mr. Nickel. [Reply Wilton Decl. ¶ 3.]

Discovery is also ongoing in the related proceedings involving CRABB-formative marks, Opposition Nos. 91264970 and 91264972. [Id. at ¶ 4.] Applicant provided deficient written discovery responses and has failed to produce documents in those proceedings, and Opposer sent Applicant's counsel letters concerning Applicant's deficient discovery responses and failure to produce documents in those matters on March 14, 2022 (the '970 opposition) and March 18, 2022 (the '972 opposition). [Id. at ¶ 5].

Instead of responding to either discovery letter, or making efforts to schedule the noticed depositions, on March 23, 2022, Applicant's counsel contacted Opposer to request a six month extension of all deadlines in all four CRABB-formative oppositions pending between the parties. [Id. at ¶ 6, Ex. A.][1] Counsel offered no explanation for the request, simply writing that "the client is unavailable and we are unable to communicate with him for a period of time, the length of which is currently undetermined." [Id. Ex. A.]

## ARGUMENT

In deciding whether to grant leave to amend, the Board may consider undue delay, prejudice to the opposing party, bad faith or dilatory motive, futility of the amendment, and whether the party has previously amended its pleadings. *See Foman v. Davis*, 371 U.S. 178, 182 (1962); *W.R. Grace & Co. v. Ariz. Feeds*, 195 USPQ 670, 671 (Comm'r Pat. 1977); *Kemin Foods, L.C. v. Pigmentos Vegetales Del Centro S.A. de C.V.*, 464 F.3d 1339, 80 USPQ2d 1385, 1395 (Fed. Cir. 2006); *Am. Express Mktg. & Dev. Corp. v. Gilad Dev. Corp.*, 94 USPQ2d 1294, 1297 (TTAB 2010). *See also* TBMP § 507.02 (2021). Each of these factors weigh in Opposer's favor.

### 1. Amendment Is Proper Because Opposer's Request Would Not Prejudice Applicant

When this motion was filed, two months were remaining in the current discovery period. At that point, neither party had previously requested an extension of deadlines. In short, there was ample time remaining for both parties to serve written discovery and sufficient opportunity to extend all deadlines as needed to complete discovery.

[1] In light of the activity in these proceedings that required Applicant to further respond to discovery, produce documents, and appear for depositions, the timing of the request to extend is suspect. Opposer will address the request on its merits if, in fact, Applicant seeks to extend dates.

Applicant argues that the timing of Opposer's motion is prejudicial because it would impose on Applicant the "undue burden" of having to revise its prepared discovery requests. Such inconveniences, however, do not constitute prejudice. Rather, a party is prejudiced when, for example, witnesses or evidence have become unavailable due to the passage of time. *See DeLorme Publishing Co. v. Eartha's Inc.*, 60 USPQ2d 1222, 1224 (TTAB 2000). Applicant has not and cannot point to any such prejudice.

Board precedent establishes that there generally will be no prejudice to a defendant if the defendant is allowed a full opportunity for discovery on the issues raised in the amended pleading and where extending the discovery period further will not significantly delay the proceedings. *Boral Ltd. v. FMC Corp.*, 59 USPQ2d 1701, 1703-04 (TTAB 2000) (motion to amend granted more than two years after original pleading where time remained in discovery and Board could reopen time for discovery). Applicant has had such an opportunity. Unlike the federal cases Applicant relies on, this case is far from "well after the close of discovery and on the eve of summary judgment proceedings." [23 TTABVUE 6 (quoting *Feldman v. Am. Memorial Life Ins. Co.*, 196 F.3d 783 (7th Cir. 1999)).] Rather, discovery has not yet closed. And because the same claims Opposer seeks to add to the Notice of Opposition in the '800 opposition are already at issue in this consolidated opposition, granting Opposer's motion is far from a "switcheroo." [23 TTABVUE 6 (quoting *Johnson v. Cypress Hill*, 641 F.3d 867, 872 (7th Cir. 2011)).]

Applicant states in its opposition brief that "Applicant and Opposer have already exchanged discovery" [23 TTABVUE 3], intimating that discovery had already commenced on the claims as originally pleaded. In fact, Applicant only served its written discovery on March 14, 2022, four days *after* it filed its opposition brief, and just days before the last day to serve discovery. [Wilton Decl. ¶ 7]. In other words, while Applicant complains that it would

prejudiced by the amendment, the reality is that Applicant took no steps to conduct discovery until *after* this motion was filed.

Applicant then alleges that it had "already prepared discovery requests, and commenced preparation of its strategy and supporting documents for the opposition based on the controlling Notice of Opposition." [23 TTABVUE 5.] But Applicant fails to acknowledge that the claims Opposer seeks leave to assert are already at issue in these consolidated proceedings. That Applicant's written discovery and litigation strategy required revisions, despite the fact that these claims are already at issue in this proceedings, is not evidence of prejudice. And, because the claims are already at issue, not only in these consolidated proceedings, but also in two other proceedings between Opposer and Applicant involving similar CRABB-formative trademarks, any such revisions should not have encumbered Applicant with burdensome expenses or hardships.

The same operative set of facts, each involving applications filed by Applicant to register CRABB-formative marks and Opposer's previously used TO KALON and HWC trademarks, is already at issue in the '515, '970, and '972 oppositions. The '515 opposition is consolidated with the '800 opposition that is the subject of Opposer's motion. The discovery period is still open in all three Oppositions, and discovery is not complete. Thus, allowing amendment would not place an undue burden on Applicant or require Applicant to expend significant additional resources. In fact, the amendment will cause the litigation of these related proceedings to be more efficient.

**2. <u>Opposer's Amendment is Timely</u>**

Although the original Notice of Opposition was filed in January 2019, there has been a relatively limited actual opportunity to amend the Notice. Shortly after Applicant filed its original motion to dismiss, it forced Opposer to defend itself in a federal lawsuit. [13

TTABVUE 2.] Opposer appointed new counsel [8 TTABVUE] and the proceedings were then suspended for more than two years. [15 TTABVUE; 18 TTABVUE.] Once the proceedings were resumed, Applicant filed its Answer with nearly two months remaining in its time to answer, thereby preventing Opposer from amending by right. [21 TTABVUE.] And in the intervening period, Applicant repeatedly engaged Opposer in settlement discussions. [22 TTABVUE 44-45 (Wilton Decl.) ¶¶ 10, 13-15.] Any delay by Opposer to seek amendment until after the deterioration of settlement discussions was reasonable under the circumstances.

The Board considers more than the passage of time when analyzing the timeliness of a motion to amend. Lengthy suspensions, and even circumstances where a party had good cause to believe the matters may be suspended, weigh against a filing of undue delay. *Ashland Licensing & Intellectual Prop. LLC v. Sunpoint International Group USA Corp.,* 119 USPQ2d 1125, 1131 (TTAB 2016) (motion to amend petition granted where delay in filing motion was due to multiple intervening suspensions and, when not actually suspended, reason to believe proceedings would be suspended).

Here, the proceedings were suspended for more than two years due to the Civil Action. Applicant emphasizes that it has been more than seven months since the proceedings resumed. But Applicant ignores that the parties engaged in further settlement discussions *after* the proceedings resumed, in part driven by the District Court's $2.3 million fee award against Applicant that issued just two days after Applicant filed its Answer in this proceeding. [22 TTABVUE 5.] Opposer's motion comes on the heels of Applicant's determination that it no longer has the intention of settling. [Id.]

If Applicant is concerned that the time remaining in discovery, which has still not closed, is insufficient, Applicant is within its rights to request extensions. And the Board may, in its equitable powers, extend the calendar as necessary. *See*, *e.g.*, *Space Base Inc. v. Stadis Corp.*, 17

USPQ2d 1216, 1217 n.1 (TTAB 1990) (allowing opposer to amend its pleading as late as during its testimony period because amendment was in the interests of justice and judicial economy, and since any prejudice could be mitigated by reopening discovery). Opposer would consent to extending the discovery period, if the extension were predicated on Applicant participating in discovery. Applicant's counsel's statement that "our client is unavailable and we are unable to communicate with him for a period of time, the length of which is currently undetermined," however, calls into question whether such participation will occur, extension or no extension.

**3. Amendment is Proper Because Opposer Has Not Acted in Bad Faith**

There is no evidence that Opposer has acted in bad faith or with dilatory motive in waiting until now to seek leave to amend the Notice of Opposition. *See Am. Express Mktg. & Dev. Corp.*, 94 USPQ2d at 1297 (no bad faith found; motion to amend denied on other grounds). Opposer has not played "hide the ball" or refrained from amending earlier in furtherance of a strategic gambit. Opposer seeks to bring consistency and economy to this dispute by amending one of four operative and related notices of opposition to add claims pleaded in the other three.

**4. Opposer's Amendment is Not Futile**

Applicant argues that Opposer's motion should be denied "primarily because it is futile." [23 TTABVUE 2.] But Applicant does not, and cannot, provide any support for that assertion.

A motion to amend may be denied if the proposed claims are legally futile. *Foman v. Davis*, 371 U.S. 178, 182 (1962); *Sanofi-Aventis v. Apotex Inc.*, 659 F.3d 1171 , 100 USPQ2d 1756, 1763-64 (Fed. Cir. 2011). A claim that is futile is one that fails to state a claim, would be subject to a successful motion to dismiss on some other basis, or would serve no useful purpose. *See Octocom Systems Inc. v. Houston Computer Services Inc.*, 918 F.2d 937, 16 USPQ2d 1783 (Fed. Cir. 1990). Even a proposed claim that is insufficient as presently pleaded, but that could be amended to state a valid claim, is not considered futile. *See, e.g., Polaris Indus. v. DC*

*Comics*, 59 USPQ2d 1798, 1800 (TTAB 2001) (where proposed pleading of dilution was legally insufficient, leave to re-plead allowed).

Opposer's claims are viable. The grounds Opposer seeks leave to plead have been asserted in the operative Notices of Opposition in three other proceedings between the Parties, all of which are at issue. And the viability of the claims Opposer seeks to assert here were expressly addressed by the parties in the '515 Opposition.

Applicant argues that Opposer's "new" proposed claims are futile because "Opposer does not have any rights to the CRABB mark" and has not produced evidence of the same in other related proceedings. [23 TTABVUE 7.] Not only does Applicant misconstrue the proposed claims, it also conflates Opposer's purported inability to prove its claims with its right to assert them in the first place. First, Opposer has not asserted rights to a CRABB trademark. Opposer has instead asserted that Applicant's use of CRABB is misdescriptive, creates a false association with Opposer's TO KALON marks, and is likely to cause confusion with Opposer's HWC marks. But even if it had asserted rights in a CRABB trademark, whether Opposer would be able to prove its claim is not the standard of futility. The standard is whether the proposed amended pleading states claims upon which relief can be granted. It does.

## CONCLUSION

Accordingly, for the foregoing reasons, Opposer respectfully requests that the Board grant this motion and permit Opposer to file its Amended Notice of Opposition in the form found at 22 TTABVUE 13-24.

SEYFARTH SHAW LLP

Date: March 30, 2022

By: */s/ Kenneth L. Wilton*
Kenneth L. Wilton
John C. Heinbockel

Attorneys for Opposer
Constellation Brands U.S. Operations, Inc.

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

In the Matter of Application Serial Nos.:
87945310 (HENRY WALKER CRABB)
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| CONSTELLATION BRANDS U.S. OPERATIONS, INC.,<br><br>Opposer,<br><br>v.<br><br>THE VINEYARD HOUSE LLC,<br><br>Applicant. | Opposition No. 91245800 (Parent)<br>Opposition No. 91246515 |

**REPLY DECLARATION OF KENNETH L. WILTON IN SUPPORT OF OPPOSER'S MOTION FOR LEAVE TO AMEND NOTICE OF OPPOSITION IN PARENT PROCEEDING NO. 91245800**

I, Kenneth L. Wilton, hereby declare under penalty of perjury:

1. I am a partner in the firm Seyfarth Shaw LLP, attorneys for Opposer Constellation Brands U.S. Operations, Inc. ("Opposer") in these opposition proceedings. I submit this reply declaration in support of Opposer's Motion For Leave To Amend Notice Of Opposition In Parent Proceeding No. 91245800. I make this declaration based on personal knowledge of the facts and circumstances set forth herein and on my review of the documents attached hereto.

2. These consolidated opposition proceedings are part of a larger universe of disputes between Opposer and entities owned by Mr. Jeremy Nickel. Since 2018, the parties

have litigated ten oppositions and cancellations between Opposer and Applicant The Vineyard House LLC ("Applicant"), three oppositions between Opposer and To Kalon Stock Farm, LLC (a company controlled by Applicant's sole managing member, Mr. Nickel), and two lawsuits before the United States District Court for the Northern District of California (consolidated before the United States District Court for the Northern District of California under *The Vineyard House v. Constellation Brands U.S. Operations, Inc.*, Case No. 19-cv-01424 (the "Civil Action")).

3. Following the filing of this motion, on March 11, 2022, Opposer served Applicant with written discovery requests in these consolidated proceedings and, on March 18, 2022, Opposer served Applicant with notices of deposition of Applicant and Mr. Nickel.

4. Discovery has also been ongoing in the related proceedings involving CRABB-formative marks, Opposition Nos. 91264970 and 91264972, with the parties having exchanged written discovery.

5. Unfortunately, Applicant provided deficient written discovery responses and has failed to produce documents in the related proceedings, Opposition Nos. 91264970 and 91264972. As a consequence, Opposer sent Applicant's counsel letters concerning Applicant's deficient discovery responses and failure to produce documents in those matters on March 14, 2022 (the '970 opposition) and March 18, 2022 (the '972 opposition).

6. Instead of responding to either discovery letter, on March 23, 2022, I received an email from Applicant's counsel that stated:

> I wanted to follow up with you regarding the pending Board proceedings between our respective clients (Opposition Nos. 91245800, 91246515, 91264972 and 91264970)
>
> Due to an unforeseen event, the client is unavailable and we are unable to communicate with him for a period of time, the length of which is currently undetermined.

> As a result, we are seeking an extension of all currently set dates (including discovery deadlines). At this point, we think 6 months would be appropriate given the circumstances.
>
> Please advise if your client will consent to this extension. If not, we intend on filing an appropriate motion in these proceedings.

A true and correct copy of Applicant's counsel's March 23, 2022 email is attached hereto as Exhibit A.

7. Applicant served its first set of written discovery in these consolidated proceedings on March 14, 2022, four days after it filed its opposition brief, and just days before the last day to serve discovery.

I declare under penalty of perjury under the laws of the United States that the foregoing is true and correct. Executed this 30th day of March, 2022 at Los Angeles, California.

*/Kenneth L. Wilton/*_____
Kenneth L. Wilton

# EXHIBIT A

**Wilton, Kenneth**

**From:** Seror, Matthew L. <mseror@buchalter.com>
**Sent:** Wednesday, March 23, 2022 3:32 PM
**To:** Wilton, Kenneth
**Cc:** Heinbockel, John; Kang, Helen; Bhatti, Farah P.
**Subject:** Constellation v. Vineyard House Proceedings [IWOV-BN.FID2786059]



Ken-

I wanted to follow up with you regarding the pending Board proceedings between our respective clients (Opposition Nos. 91245800, 91246515, 91264972 and 91264970)

Due to an unforeseen event, the client is unavailable and we are unable to communicate with him for a period of time, the length of which is currently undetermined.

As a result, we are seeking an extension of all currently set dates (including discovery deadlines). At this point, we think 6 months would be appropriate given the circumstances.

Please advise if your client will consent to this extension. If not, we intend on filing an appropriate motion in these proceedings.

Buchalter

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**CERTIFICATE OF SERVICE**

I hereby certify that on March 30, 2022, I served this OPPOSER'S REPLY BRIEF IN SUPPORT OF OPPOSER'S MOTION FOR LEAVE TO AMEND NOTICE OF OPPOSITION IN PARENT PROCEEDING (OPP. NO. 91245800) on the Applicant by mailing a copy thereof by email to ipdocket@buchalter.com, fbhatti@buchalter.com, mseror@buchalter.com, hblan@buchalter.com.

*/s/ John C. Heinbockel*
John C. Heinbockel