

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

February 9, 2021

Opposition No. 91264929

Top Tobacco, L.P.

v.

Potomac Tobacco Company Limited

Lawrence T. Stanley, Jr., Interlocutory Attorney:

This case now comes up on Opposer's motion, filed November 4, 2020, to strike Applicant's affirmative defenses. The motion is fully briefed.


The Board has carefully considered all of the parties' arguments, presumes the parties' familiarity with the bases for their filings, and does not recount the facts or arguments here except as necessary to explain this decision. *See Guess? IP Holder LP v. Knowluxe LLC*, 116 USPQ2d 2018, 2019 (TTAB 2015).


Background

On September 22, 2020, Opposer filed a notice of opposition against Applicant's application Serial No. 88917699 for the mark SUPERMATCH, in standard

characters, for “cigars; cigarettes” in International Class 34.¹ 1 TTABVUE. In its notice of opposition, Opposer alleges prior use and registration of the following marks:

- SUPERMATIC, in standard characters, for “cigarette tubes” in International Class 34;²
- SUPERMATIC, in standard characters, for “hand-held machines for injecting tobacco into cigarette tubes; machines allowing smokers to make cigarettes by themselves” in International Class 34;³

-  for “hand-held machines for injecting tobacco into cigarette tubes; machines allowing smokers to make cigarettes by themselves” in International Class 34;⁴

-  for “cigarette tubes” in International Class 34;⁵ and

- SUPERMATIC, in standard characters, for “hand-held machines and parts therefor for rolling cigarettes and for filling cigarettes paper tubes with tobacco.”⁶

As grounds for opposition, Opposer pleads priority and likelihood of confusion under Section 2(d) of the Trademark Act. 1 TTABVUE.

In its answer, Applicant denies the salient allegations in the notice of opposition and asserts the following affirmative defenses:

1. When Opposer filed applications to register its alleged mark SUPERMATIC for hand-held machines for injecting tobacco into

¹ Filed May 15, 2020, based on an allegation of a bona fide intent to use the marks in commerce under Section 1(b) of the Trademark Act, 15 U.S.C. § 1051(b).

² Registration No. 5722157; issued April 9, 2019.

³ Registration No. 5898590; issued October 29, 2019.

⁴ Registration No. 5898589; issued October 29, 2019.

⁵ Registration No. 5722158; issued April 9, 2019.

⁶ Registration No. 3022409; issued December 6, 2005; renewed.

cigarette tubes, machines allowing smokers to make cigarettes by themselves, cigarette tubes and hand-held machines and parts therefore for rolling cigarettes and for filling cigarettes paper tubes with tobacco, with the U.S. Patent and Trademark Office, Applicant's related company Potomac Tobacco Company, besloten vennootschap met beperkte aansprakelijkheid was the owner of active U.S. Registration No. 4434423 for the mark SUPERMATCH for tobacco, cigarettes and cigars.

2. Opposer has claimed ownership of U.S. Registration No. 3,022,409 issued December 6, 2005 for the mark SUPERMATIC for hand-held machines and parts therefor for rolling cigarettes and for filling cigarettes paper tubes with tobacco, which coexisted on the federal record with Applicant's related company's U.S. Registration No. 4,434,423 issued November 19, 2013, for the mark SUPERMATCH for tobacco, cigarettes and cigars.
3. Applicant is the owner of registrations for its SUPERMATCH trademark in twenty-nine (29) countries and jurisdictions throughout the world including some jurisdictions where the Opposer's claimed mark SUPERMATIC and the subject applied-for mark coexist.
4. Applicant will rely on any and all valid defenses, which may be developed through discovery and/or the testimony periods in this opposition proceeding.

4 TTABVUE 2-4.

On November 4, 2020, Opposer filed a motion to strike Applicant's four affirmative defenses. 5 TTABVUE. In response, Applicant opposed Opposer's motion to strike Applicant's first and second affirmative defenses and withdrew its third and fourth affirmative defenses. 8 TTABVUE. Accordingly, Applicant's third and fourth affirmative defenses are **withdrawn**, and Opposer's motion to strike Applicant's third and fourth affirmative defenses is **moot**.

Applicable Law

The Board may strike from a pleading any insufficient defense, or any redundant, immaterial, impertinent, or scandalous matter. Fed. R. Civ. P. 12(f); *Am. Vitamin Prods. Inc. v. Dow Brands Inc.*, 22 USPQ2d 1313, 1314 (TTAB 1992); TRADEMARK TRIAL AND APPEAL BOARD MANUAL OF PROCEDURE (TBMP) § 506.01 (2020). Motions to strike are not favored, and as such, a defense will not be stricken as insufficient if the insufficiency is not clearly apparent, or if it raises factual issues that should be determined on the merits. TBMP § 506.01. The primary purpose of the pleadings, under the Federal Rules of Civil Procedure, is to give fair notice of the claims or defenses asserted. *See McDonnell Douglas Corp. v. Nat'l Data Corp.*, 228 USPQ 45, 47 (TTAB 1985); TBMP § 309.03(a)(2). Thus, the Board, in its discretion, may decline to strike even objectionable pleadings where their inclusion will not prejudice the adverse party, but rather will provide fuller notice of the basis for a claim or defense. *Harsco Corp. v. Elec. Sciences Inc.*, 9 USPQ2d 1570, 1571 (TTAB 1988).

The Parties' Arguments

Opposer argues that: (1) to the extent Applicant's first and second affirmative defenses purport to "assert some type of estoppel, waiver or laches defense[,] such defenses are not available in an opposition proceeding (5 TTABVUE 3-4); and (2) to the extent the first and second affirmative defenses purport to assert a "prior registration defense[,] such a defense "is legally untenable on the facts alleged" (*id.* at 3; *see also id.* at 5).

In response, Applicant argues that: (1) its first and second affirmative defenses amplify the denials in Applicant's answer (8 TTABVUE 2); (2) the affirmative defenses of estoppel and acquiescence preclude Opposer's claim and have been sufficiently pleaded (*id.* at 3-4); and (3) Opposer misstates the timeline of events related to the prior registration owned by a related company of Applicant (*id.*).

In reply, Opposer argues that: (1) Applicant concedes that its first and second affirmative defense is limited to a prior registration defense (9 TTABVUE 2); (2) the prior registration defense cannot apply to the facts as alleged because the alleged prior registration had expired by the time that Applicant filed the involved application and Applicant was not the owner of the prior registration in any event (*id.* at 2-4); and (3) to the extent Applicant's first and second affirmative defenses can be read as asserting acquiescence generally, Applicant has not pleaded any facts to support such a defense (*id.* at 4-5).

Analysis

To the extent that Applicant intended to assert a prior registration defense, also known as the "*Morehouse* defense," based on the alleged ownership of Registration No. 4434423 by a "related company" (i.e., "Potomac Tobacco Company, besloten vennootschap met beperkte aansprakelijkheid"), Applicant has not sufficiently pleaded a *Morehouse* defense. The *Morehouse* defense is an equitable defense in the nature of laches, estoppel or acquiescence. *TBC Corp. v. Grand Prix Ltd.*, 12 USPQ2d 1311, 1313 (TTAB 1989). The *Morehouse* defense is available in situations where a registrant already owns a registration for the same (or substantially similar) mark

and goods or services, and which registration has not been challenged. It is based on the theory that a plaintiff cannot be injured by a later registration because there already exists a similar registration and, therefore, an additional registration for the same or substantially similar mark and goods or services can no more injure the plaintiff than the prior registration. *Morehouse Mfg. Corp. v. J. Strickland & Co.*, 407 F.2d 881, 160 USPQ 715, 717 (CCPA 1969).

“Because the injury contemplated under the *Morehouse* doctrine is injury not from a party’s prior use of a mark, but rather from the party’s ownership of a registration for the mark, it necessarily follows that the registration must be in existence in order to form the basis of an affirmative defense, and that an expired registration may not form the basis of a valid *Morehouse* defense.” *Land O’ Lakes, Inc. v. Hugunin*, 88 USPQ2d 1957, 1958-59 (TTAB 2008); *cf. Action Temporary Servs. Inc. v. Labor Force Inc.*, 870 F.2d 1563, 10 USPQ2d 1307, 1309 (Fed. Cir. 1989) (“It is well established that, pursuant to section 22 of the Lanham Act, a registration provides constructive notice for all use during the existence of the registration. However, a canceled registration does not provide constructive notice of anything.”) (internal citations omitted).

Here, Applicant does not allege that the prior registration (Registration No. 4434423) still exists. Indeed, in Opposer’s motion to strike, Opposer contends that Registration No. 4434423 was canceled due to the registrant’s failure to file an acceptable declaration under Section 71 of the Trademark Act, *see* 5 TTABVue 3 n.1,

and Applicant concedes in its response to Opposer's motion to strike that Registration No. 4434423 was cancelled.⁷

In view thereof, to the extent Applicant purports to assert a *Morehouse* defense, Applicant's first and second affirmative defenses are **stricken**.⁸ See Fed. R. Civ. P. 12(f).

To the extent Applicant's first and second affirmative defenses can be read to assert the defenses of estoppel and acquiescence, the defenses are not sufficiently pleaded. The affirmative defenses of estoppel, laches, and acquiescence generally are not applicable in opposition proceedings because these defenses start to run from the time a mark is published for opposition, not from the time of knowledge of use. *Nat'l Cable Television Ass'n Inc. v. Am. Cinema Editors Inc.*, 937 F.2d 1572, 19 USPQ2d 1424, 1432 (Fed. Cir. 1991); *Barbara's Bakery, Inc. v. Landesman*, 82 USPQ2d 1283, 1292 n.14 (TTAB 2007). Applicant has not alleged any facts or events occurring between the time its mark was published for opposition and the filing of the notice of opposition. Inasmuch as the opposition was filed within the time allowed therefore,

⁷ The date of expiration of Registration No. 4434423 is not dependent on the date the Office undertook the ministerial function of entering the cancellation into the USPTO database. Inasmuch as the registrant did not file any paper to maintain the registration, the registrant's rights in the prior registration were extinguished on the day after its sixth anniversary date. See *Land O' Lakes, Inc.*, 88 USPQ2d at 1959.

⁸ The Board notes that Applicant does not allege how it is "related" to Potomac Tobacco Company, besloten vennootschap met beperkte aansprakelijkheid. Unlike with the laches defense, see discussion *infra*, the question of whether Applicant owned the prior registration does not arise with respect to the *Morehouse* defense. Even if applicant owned the prior registration, or could show it was a successor-in-interest to the registrant, because the registration has expired, it may not form the basis of a *Morehouse* defense. See *Land O' Lakes, Inc.*, 88 USPQ2d at 1959 n.5.

Applicant has not alleged a plausible defense of estoppel or acquiescence, and it does not appear that such affirmative defenses are available to Applicant.

Lastly, to the extent Applicant's first and second affirmative defenses can be read to assert the defense of laches, the defense is not sufficiently pleaded. Although the affirmative defenses of estoppel, laches, and acquiescence generally are not applicable in opposition proceedings, "a claim of unreasonable delay by an opposer in asserting rights may be based on the opposer's failure to object to an applicant's earlier registration of the same mark for the same goods." *Land O' Lakes, Inc.*, 88 USPQ2d at 1959. "The defense may be asserted even if the prior registration has expired, although in such case, the period of delay (beginning on the issue date of the prior registration) ends with the expiration of the prior registration." *Id.* "This is because, once it expires, the registration no longer serves as constructive notice of the registrant's claim of ownership thereof." *Id.* See also Section 22 of the Trademark Act, 15 U.S.C. § 1072; *Teledyne Techs. Inc. v. W. Skyways Inc.*, 78 USPQ2d 1203, 1210 n.10 (TTAB 2006); *Aquion Partners L.P. v. Envirogard Prods. Ltd.*, 43 USPQ2d 1371, 1373 n.8 (TTAB 1997).

To prove laches, in addition to showing unreasonable delay, the applicant must show it has suffered material prejudice as a result of the delay. *Aquion Partners*, 43 USPQ2d at 1373. The defense "usually requires factual development beyond the content of the pleadings. The facts evidencing unreasonableness of the delay and material prejudice to the defendant cannot be decided against the plaintiff based solely on presumptions." *Id.*

Here, Applicant does not sufficiently allege that Opposer unreasonably delayed in failing to object to the prior registration during the time it was in existence, or whether Applicant suffered material prejudice as a result of the alleged delay. As a threshold matter, the constructive notice provisions of Section 22 of the Trademark Act benefit the registrant of the mark and its assignees. The doctrine of laches may be invoked only by one who has been prejudiced by the conduct relied upon to create the laches. Accordingly, a party may not base such a defense on the purported rights of third parties with whom it is not in privity. See, e.g., *Plus Prods. v. Pharmavite Pharm. Corp.*, 221 USPQ 256, 258 (TTAB 1984); *Textron, Inc. v. Gillette Co.*, 180 USPQ 152, 154 (TTAB 1973). Applicant alleges that Registration No. 4434423 was owned by “related company” Potomac Tobacco Company, besloten vennootschap met beperkte aansprakelijkheid (4 TTABVUE 3), but Applicant does not allege whether it is a successor-in-interest to the “related company” or otherwise allege its privity with the “related company.” See *Land O’ Lakes, Inc.*, 88 USPQ2d at 1960.

In view of the foregoing, Opposer’s motion to strike Applicant’s first and second affirmative defenses is **granted**, and the first and second affirmative defenses are **stricken**.

Summary

Opposer’s motion to strike Applicant’s first and second affirmative defenses is **granted**, and the first and second affirmative defenses are **stricken**.

Applicant’s third and fourth affirmative defenses are **withdrawn**, and Opposer’s motion to strike Applicant’s third and fourth affirmative defenses is **moot**.

It is the Board’s policy to allow amendment of defective pleadings, particularly where the offending pleading is the initial pleading. *See, e.g., Intellimedia Sports Inc. v. Intellimedia Corp.*, 43 USPQ2d 1203, 1208 (TTAB 1997). As such, Applicant is allowed until **March 2, 2021** in which to file and serve an amended answer which sufficiently sets forth, with plausible factual support, revised affirmative defenses to the extent that any such defenses may be properly asserted based on the circumstances of the case, failing which the opposition will move forward only on Applicant’s denials of Opposer’s pleaded claim. Any subsequent requests to amend the pleadings must be resolved by way of a motion for leave to amend.

Proceedings Resumed and Dates Reset

Proceedings are **resumed** and dates are reset as follows:

Deadline for Discovery Conference	4/1/2021
Discovery Opens	4/1/2021
Initial Disclosures Due	5/1/2021
Expert Disclosures Due	8/29/2021
Discovery Closes	9/28/2021
Plaintiff’s Pretrial Disclosures Due	11/12/2021
Plaintiff’s 30-day Trial Period Ends	12/27/2021
Defendant’s Pretrial Disclosures Due	1/11/2022
Defendant’s 30-day Trial Period Ends	2/25/2022
Plaintiff’s Rebuttal Disclosures Due	3/12/2022
Plaintiff’s 15-day Rebuttal Period Ends	4/11/2022
Plaintiff’s Opening Brief Due	6/10/2022
Defendant’s Brief Due	7/10/2022
Plaintiff’s Reply Brief Due	7/25/2022
Request for Oral Hearing (optional) Due	8/4/2022

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 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).