TTAB

Docket No. 25898.021 TRADEMARK

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

73358902

NORTH ATLANTIC OPERATING COMPANY, INC., NORTH ATLANTIC TRADING COMPANY and NATIONAL TOBACCO COMPANY, L.P.,

Petitioners,

v.

DRL ENTERPRISES, INC.,

Registrant.

Cancellation No. 92043031

PETITIONERS' REPLY TO REGISTRANT'S RESPONSE TO PETITIONER'S MOTION TO STRIKE ANSWER AND TO REQUEST THAT THE BOARD ACCEPT ITS PREVIOUSLY-FILED ANSWER

Petitioners North Atlantic Operating Company, Inc., North Atlantic Trading Company and National Tobacco Company, L.P.'s ("Petitioners") hereby submit their Reply[1] to the Registrant DRL Enterprises, Inc.'s ("Registrant") Response to the Motion to Strike the late-filed Answer of Registrant to "set the record straight" with respect to several misstatements set forth in the Response.

First, Registrant asserts that the Petitioners should "know better" than to believe Registrant was trying to "slip" its Answer in by filing it without first seeking the Board's leave to do so. Since no such motion was ever filed by Registrant at the time it late-filed its Answer,

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[1] Petitioners acknowledge that this Reply is late. However, to date, Petitioners' counsel has never received a copy of the Registrant's Response. Registrant's response was found only late last week after a search of the TTAB Status area of the PTO website was conducted by Petitioners counsel BECAUSE no Response had been received. TTAB Petitioners respectfully request that the Honorable Board enter this Reply into the record.

[redacted]

08-21-2006

U.S. Patent & TMOfc/TM Mail Rcpt Dt. #

I hereby certify that this correspondence is being deposited with the U.S. Postal Service as **First Class Mail** in an envelope addressed to Commissioner for Trademarks, P.O. Box 1451, Alexandria, Virginia 22313-1451 on

August 15, 2006 (Date of Deposit)

Lauren Cunningham (Print name)

Lauren Cunningham (Signature)

there are only two conclusions that could have been drawn – that Registrant had simply forgotten to obey the explicit Board Order, or, as it claims, it felt it didn't need to comply with that Order because the parties were engaged in settlement negotiations. Either way, the filing of the Answer without any notification to the Board of this late filing is indeed a clear effort to circumvent the clear directive of the Board.

Registrant's "good cause" for violating the Board's Order and filing its Answer late was its asserted belief that the parties were engaged in settlement negotiations. In fact, some settlement negotiations have taken place with regard to much broader issues than those raised solely in this and the other matters pending before the TTAB. How this would have obviated Registrant's requirement to file its Answer is unknown. In fact, it begs the question of why, if Registrant didn't believe it needed to file an Answer due to settlement negotiations, did it file one at all? The answer is, as Registrant knows full well, that those negotiations were being conducted with the explicit agreement between the parties that there would be no tolling of any deadlines, and that no standstill of any kind was or would be in place. Therefore, it was incumbent upon Registrant to have complied with the Board's Order, or at least to have sought an extension of that time from the Board. Registrant did neither. Instead, it simply filed its Answer more than one month after the Board's deadline.

Next, the Registrant accuses the Petitioner of "employing dilatory tactics in the hope of reaching a procedural resolution to this matter." The irony of this statement simply cannot be ignored. In fact, it was Registrant's own motions to dismiss filed in this and the two other cancellation proceedings involving Registrant's "numerical" registrations that led to the Board's Order denying that motion and ordering the Registrant to Answer. Had the Registrant simply filed its answer when it was originally due, instead of moving, on two separate occasions, to

dismiss Petitioners' Petitions to Cancel, it would not be in the position it is currently in – in violation of the Board's Order.

Registrant also asserts that Petitioners have not been prejudiced by the delay. In fact, it is the existence of these registrations alone that has and will continue to cause prejudice to Petitioners (as well as other entities in this industry). Registrant uses these "marks" (which are no more than decimal numbers of sizes for cigarette papers) as a "Sword of Damocles" over the heads of Petitioners and others, asserting rights that by all rights should not exist. Registrant attempts to limit use, not only of identical and similar decimal numbers, but their fractional equivalents as well (*i.e.*, 1¼, 1-1/2, etc.), attempting to forestall any reference to size designations by competitors – notwithstanding the need of all in the industry to differentiate to the general public different sizes of cigarette rolling papers. Thus, each day that passes in which Registrant possesses registrations for their generic numeric designations, Petitioners are prejudiced.

Finally, while Registrant asserts that default judgments are "disfavored" and that the TTAB is "reluctant to enter a default judgment for failure to file a timely answer . . .", Registrant here went beyond simply filing its answer late. Not only did it file its answer late without seeking Board leave to do so, it did so in violation of the Board's explicit Order requiring it to file an Answer within a certain time period, an Order the Board issued in response to Registrant's own motion to dismiss. It is Registrant's cavalier dismissal of its obligations without so much as a request for leave to file late or a request to Petitioners for an extension that should not be countenanced by the Board. And here, where no credible good cause has been

asserted by Registrant for its actions, the striking of Registrant's answer and the entry of judgment by default is appropriate.[2]

CONCLUSION

For the foregoing reasons, Petitioners again assert that its Motion to strike Registrant's answer should be granted and, as a result, judgment by default be entered against Registrant.

Dated: New York, New York
August 15, 2006

Respectfully submitted,

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[2] Petitioners would also like to touch briefly on Registrant's "apology" to the Board. Petitioners do not recall seeing any such "apology" when it filed not one, but two motions to dismiss the instant action, which, ironically, led to the Order with which Registrant has failed to comply. Nor did Petitioners see any "apology" when Registrant filed its answer more than one month after the Board's explicit Order. No, it is only when Petitioners, who are acting fully within the scope of the Trademark Rules and Federal Rules of Civil Procedure by having brought the instant motion, and are seeking Board intervention, that an "apology" is issued by Registrant. Perhaps instead of apologizing to the Board when it is being used in the manner in which it was created, Registrant should be apologizing instead for violating the Board's Order and filing its Answer late, without seeking leave by which to do so – which is what led to the instant motion in the first place.

CERTIFICATE OF SERVICE

The undersigned hereby certifies that the foregoing Petitioners' Reply To Registrant's Response To Petitioner's Motion To Strike Answer And To Request That The Board Accept Its Previously-Filed Answer was served on Registrant by mailing a true and correct copy thereof to Applicant's attorneys, Neal Gerber & Eisenberg, Two North LaSalle Street, Suite 2300, Chicago, IL 60601; attn: Lee C. Eulgen, Esq., this 15th day of August, 2006.

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