

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

Mailed: June 14, 2017

Cancellation No. 92065406

Plaza Izalco, Inc.

v.

Pharmadel LLC

**M. Catherine Faint,
Interlocutory Attorney:**

Pursuant to Fed. R. Civ. P. 26(f) and Trademark Rules 2.120(a)(1) and (2), the parties to this proceeding conducted a discovery conference on June 7, 2017 with Board participation. Also before the Board was Petitioner's contested motion, filed April 14, 2017, to strike affirmative defenses. Participating in the conference were Petitioner's counsel, Oliver A. Ruiz, Atty., and Respondent's counsel, Robert R. Jimenez, Atty. This order memorializes what transpired during the conference as well as providing additional guidance for both parties.

The Board asked if the parties were involved in any other Board proceeding (to determine whether consolidation was appropriate) or in litigation in court (to determine whether suspension was appropriate). The Board was informed that the parties were not so involved. The parties also informed the Board that they have been discussing settlement. At the end of the teleconference, the parties agreed to suspend proceedings to further pursue settlement, resuming June 22, 2017.

1. *Email Service*

Pursuant to Trademark Rule 2.119(b) service of papers must be made via email unless otherwise stipulated by the parties.

2. *The Board's Standard Protective Order*

The Board advised the parties that the Board's standard protective order is in place in this case governing the exchange of confidential and proprietary information and materials. The parties may view the order here: <https://www.uspto.gov/trademarks-application-process/appealing-trademark-decisions/standard-documents-and-guidelines-0>. The parties informed the Board that a supplemental protective order was under consideration. The parties are advised that if they agree to changes to the standard protective order, they must submit a signed revised order to the Board for approval.

3. *Electronic Resources*

The Board has an electronic filing system that is different than the one used to file Trademark applications and updates to registrations. This system, named ESTTA, may be accessed via the Board's website: <http://estta.uspto.gov/>. Addresses can be changed easily through an electronic form. Also, consented motions to extend or suspend can be filed and normally an automatic grant of the motion will be generated.

Also available to the parties is the Board's TTABVue system which contains all of the Board's electronic files, including the one for this case.

4. *Initial Disclosures*

Pursuant to the Board's rules, neither the exchange of discovery requests nor the filing of a motion for summary judgment, except on the basis of res judicata or lack of Board jurisdiction, can occur until the parties have made their initial disclosures, as required by Fed. R. Civ. P. 26(f).

The Board clarifies that under Trademark Rule 2.120(a)(3), "A party must make its initial disclosures prior to seeking discovery, absent modification of this requirement by a stipulation of the parties approved by the Board, or a motion granted by the Board, or by order of the Board." Thus once an individual party has made its initial disclosures it may serve discovery, even if the other party has not yet served its initial disclosures. The Board views this as a means to aid settlement discussions between the parties.

5. *Pleadings/Motion to Strike Affirmative Defenses*

With regard to the pleadings, the Board noted that the petition to cancel alleges likelihood of confusion pursuant to Trademark Act § 2(d) and that the mark is primarily merely a surname pursuant to Trademark Act § 2(e)(4). Petitioner has claimed ownership of an application refused registration based on Respondent's registration for KOFAL, and alleges common law rights in the mark COFAL. Petitioner has adequately alleged standing and the ground of likelihood of confusion.

Petitioner has the burden of proof in this proceeding. A likelihood of confusion determination under Section 2(d) is based on an analysis of all of the facts in evidence that are relevant to the factors bearing on the likelihood of confusion issue (the

Cancellation No. 92065406

duPont factors). See *In re E. I. duPont de Nemours & Co.*, 476 F.2d 1357, 177 USPQ 563 (CCPA 1973). There are 13 *duPont* factors. However, not all of the *duPont* factors are relevant or of similar weight in every case. Indeed, any one of the factors may control a particular case. *In re Dixie Rests., Inc.*, 105 F.3d 1405, 41 USPQ2d 1531, 1533 (Fed. Cir. 1997).

Section 2(e)(4) of the Trademark Act precludes registration of a mark on the Principal Register that is “primarily merely a surname” without a showing of acquired distinctiveness under Section 2(f) of the Act, 15 U.S.C. § 1052(f). A term is primarily merely a surname if, when viewed in relation to the goods or services for which registration is sought, its primary significance to the purchasing public is that of a surname. *In re Eximius Coffee, LLC*, 120 USPQ2d 1276, 1277 (TTAB 2016). Such a claim may be brought in a cancellation proceeding where the mark is fewer than five years old and without regard to priority. See *Fioravanti v. Fioravanti Corrado S.R.L.*, 230 USPQ 36 (TTAB 1986) (finding claim that mark is primarily merely surname does not depend upon plaintiff’s possession of superior proprietary right).

The answer denies the salient allegations in the complaint and asserts seven “affirmative defenses” and an eighth paragraph entitled “Affirmative Defenses Reserved.” The first affirmative defense is failure to state a claim upon which relief can be granted and the second affirmative defense is lack of standing. Respondent argues the defenses are allowed under case law and that they function as amplification of its fourth affirmative defense, a *Morehouse* defense. Respondent’s third affirmative defense is that it began use of its marks KOFAL and KOFAL-T prior

Cancellation No. 92065406

to Petitioner's application for registration; fifth affirmative defense that Petitioner's mark is primarily merely a surname; sixth affirmative defense is estoppel based on Petitioner's failure to oppose Respondent's KOFAL-T registration; and the seventh affirmative defense is waiver also based on failure to oppose KOFAL-T.

Pursuant to Fed. R. Civ. P. 12(f), the Board may order stricken from a pleading any insufficient or impermissible defense, or any redundant, immaterial, impertinent or scandalous matter. *See also* Trademark Rule 2.116(a); and TBMP § 506 (2016). Motions to strike are not favored, and matter will not be stricken unless it clearly has no bearing upon the issues in the case. *See, e.g., Ohio State Univ. v. Ohio Univ.*, 51 USPQ2d 1289, 1293 (TTAB 1999); and *Harsco Corp. v. Electrical Sci. Inc.*, 9 USPQ2d 1570 (TTAB 1988). Inasmuch as the primary purpose of pleadings under the Federal Rules of Civil Procedure is to give fair notice of the claims or defenses asserted, the Board 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. *See, e.g., Order of Sons of Italy v. Profumi Fratelli Nostra AG*, 36 USPQ2d 1221, 1223 (TTAB 1995) (amplification of applicant's denial of opposer's claims not stricken). Further, 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. *See generally*, 5C Wright & Miller, *Federal Practice & Procedure Civil* 3d § 1381 (Westlaw update 2017). Nonetheless, the Board grants motions to strike in appropriate instances.

An affirmative defense is a defendant's assertion raising new facts and arguments that, if true, will defeat the plaintiff's claim, even if all allegations in the complaint

Cancellation No. 92065406

are true. See *H.D. Lee Co. v. Maidenform Inc.*, 87 USPQ2d 1715, 1720 (TTAB 2008). A legally sufficient pleading of each defense must include enough factual detail to provide Petitioner fair notice of the basis for the defense. Fed. R. Civ. P. 8(b)(1) and 12(f); see e.g., *IdeasOne, Inc. v. Nationwide Better Health, Inc.*, 89 USPQ2d 1952, 1953 (TTAB 2009); *Midwest Plastic Fabricators, Inc. v. Underwriters Labs., Inc.*, 5 USPQ2d 1067, 1069 (TTAB 1980). A party must allege sufficient facts beyond a tender of “naked assertion[s]” devoid of “further factual enhancement,” to support its claims or defenses. *Ashcroft v. Iqbal*, 556 U.S. 662, 663 (2009), quoting *Bell Atl. Corp. v. Twombly*, 550 U.S. 544, 570 (2007).

a. First Affirmative Defense

By its First Affirmative Defense, Respondent alleges Petitioner has failed to state a claim upon which relief may be granted. Because Respondent did not file a motion to dismiss this cancellation under Fed. R. Civ. P. 12(b)(6), the Board will treat this defense as having been waived. See *Motion Picture Ass'n of America Inc. v. Respect Sportswear Inc.*, 83 USPQ2d 1555, 1557 fn.5 (TTAB 2007). Moreover, to overcome an allegation of failure to state a claim upon which relief can be granted, Petitioner need only adequately plead both its standing and a ground for cancellation of Respondent’s mark. See *Young v. AGB Corp.*, 152 F.3d 1377, 47 USPQ2d 1752, 1754 (Fed. Cir. 1998); TBMP § 503.02.

After a review of the petition to cancel, the Board finds Petitioner has adequately pleaded its standing by alleging facts which demonstrate a real interest in the outcome of this proceeding. See *Ritchie v. Simpson*, 50 USPQ2d 1023 (Fed. Cir. 1999);

Cancellation No. 92065406

Lipton Indus., Inc. v. Ralston Purina Co., 670 F.2d 1024, 1028, 213 USPQ 185, 189 (CCPA 1982). Specifically, Petitioner alleges common law rights in and use of the mark COFAL for similar goods long prior to Respondent's filing date and claimed date of first use in commerce, as well as ownership of an application that has been refused registration based on Respondent's registration, and alleges a likelihood of confusion at paragraph seven of the petition to cancel.

Pleading of a belief in damage is adequate for pleading standing. Also, a plaintiff can rely on refusal of its application under Trademark Act Section 2(d), 15 U.S.C. Section 1052(d), based on likelihood of confusion with a defendant's involved registration as a means of establishing its standing to bring a proceeding to cancel that registration. *See Continental Grain Co. v. Strongheart Prods., Inc.*, 9 USPQ2d 1238 (TTAB 1988). Petitioner has adequately pleaded a claim of priority and likelihood of confusion under Trademark Act § 2(d), 15 U.S.C. § 1052(d). *See King Candy Co. v. Eunice King's Kitchen, Inc.*, 182 USPQ 108 (CCPA 1974).

In view thereof, Respondent's First and Second Affirmative Defenses are **stricken**.

b. Third Affirmative Defense

Respondent's third affirmative defense is more in the nature of amplification of Respondent's denials. That is Respondent alleges prior use of its marks. *See Morgan Creek Prods., Inc. v. Foria Int'l Inc.*, 91 USPQ2d 1134, 1136 (TTAB 2009) (defendant's "affirmative defenses" amplified its denials of plaintiff's allegations regarding likelihood of confusion); *Humana Inc. v. Humanomics Inc.*, 3 USPQ2d 1696, 1697 n.5

(TTAB 1987) (allegations under heading “affirmative defenses” were arguments in support of denial of claim rather than true affirmative defenses and were treated as such).

Accordingly, the motion to strike is **denied** as to the Third Affirmative Defense.

c. Fourth, Sixth and Seventh Affirmative Defenses

Respondent’s fourth affirmative defense, that the petition to cancel fails because of the *Morehouse* defense, is an equitable defense that applies where a defendant owns a prior registration for essentially the same mark identifying essentially the same goods or services that are the subject of the involved registration. *See O-M Bread, Inc. v. United States Olympic Comm.*, 65 F.3d 933, 36 USPQ2d 1041 (Fed. Cir. 1995); *Citigroup Inc. v. Capital City Bank Group, Inc.*, 94 USPQ2d 1645, 1651 (TTAB 2010), *citing Morehouse Mfg. Corp.*, 160 USPQ at 717; *Green Spot (Thailand) Ltd. v. Vitasoy Int’l Holdings Ltd.*, 86 USPQ2d 1283, 1285 (TTAB 2008).

Likewise, Respondent’s Sixth Affirmative Defense, estoppel and Seventh Affirmative Defense, waiver, provide sufficient detail to fairly place Petitioner on notice of the basis for the defenses. *See IdeasOne*, 89 USPQ2d at 1953.

Respondent has adequately alleged the defenses. The factual or legal determination of whether Respondent may prevail is left to summary judgment or final determination.

Accordingly, the motion to strike is **denied** as to the Fourth, Sixth and Seventh Affirmative Defenses.

d. Fifth Affirmative Defense

Respondent alleges that Petitioner's mark KOFAL is primarily merely a surname and cannot register as a matter of law. This is not really an affirmative defense, but the Board will treat it as an amplification of Respondent's denials and does not strike it at this time.

Accordingly, the motion to strike is **denied** as to the Fifth Affirmative Defense.

e. "Reservation of Rights"

Respondent alleges an unenumerated eighth paragraph that alleges to "reserve the right" to raise other affirmative defenses at a later date. Respondent should note that a defendant cannot reserve some unidentified defenses, because such a "reservation" does not provide plaintiff with fair notice of any such defenses. Whether or not Respondent may, at some future point, add an affirmative defense would be resolved by way of a motion to amend for Board approval. See Fed. R. Civ. P. 15(a).

In view thereof, the "Affirmative Defenses Reserved" paragraph is **stricken**.

6. Discovery

There was some discussion of ways to possibly streamline discovery, but the parties did not stipulate to any measures limiting discovery. Counsel also believed that there would not be significant electronically stored information (ESI) required in this case. The parties believed that the usual discovery rules would suffice for this proceeding.

The parties **agreed** that discovery responses and documents would be provided electronically via a mutually agreed electronic format.

The parties are reminded that the Board is an administrative tribunal that determines the registrability of trademarks. If the case should progress so far, the parties should be mindful when submitting trial evidence to the Board that the better practice is to focus on supporting, only to the extent required by the pertinent burden of proof, the facts to be established.

7. *Accelerated Case Resolution (“ACR”)*

The Board encourages settlement of matters between the parties and the parties are continuing to discuss settlement at this time. While the Board does not conduct settlement conferences, there is an ACR procedure available. The Board explained that the ACR procedure is an expedited procedure for obtaining a final decision from the Board. In order to pursue ACR, the parties must stipulate that the Board can make findings of fact. The parties may review the more detailed information about ACR at the Board’s website.

The parties were not interested in the ACR procedure at this time, but needed more time to discuss settlement and perhaps conduct some initial discovery. Should the parties agree to use the ACR procedure, the parties are reminded that they may stipulate to facts after the close of the initial disclosure period and to a shortening of the discovery period. *See* Trademark Rule 2.120(a)(2). The Board advises the parties that if the parties agree to pursue ACR, they should notify the Board in writing as soon as possible.

The parties may also enter other stipulations, as discussed, to streamline the trial procedure or final decision.

8. *Schedule*

Proceedings are suspended for settlement through June 21, 2017, and resume on June 22, 2017. Dates are reset as set out below.

Discovery Opens	June 22, 2017
Initial Disclosures Due	July 22, 2017
Expert Disclosures Due	November 19, 2017
Discovery Closes	December 19, 2017
Plaintiff's Pretrial Disclosures Due	February 2, 2018
Plaintiff's 30-day Trial Period Ends	March 19, 2018
Defendant's Pretrial Disclosures Due	April 3, 2018
Defendant's 30-day Trial Period Ends	May 18, 2018
Plaintiff's Rebuttal Disclosures Due	June 2, 2018
Plaintiff's 15-day Rebuttal Period Ends	July 2, 2018
BRIEFS SHALL BE DUE AS FOLLOWS:	
Plaintiff's Main Brief Due	August 31, 2018
Defendant's Main Brief Due	September 30, 2018
Plaintiff's Reply Brief Due	October 15, 2018

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).
