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UNITED STATES PATENT AND TRADEMARK OFFICE
Trademark Trial and Appeal Board
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General Contact Number: 571-272-8500

CME

Mailed: August 26, 2015

Cancellation No. 92059264

Nebraska Brewing Co.

v.

Emerald City Beer Company, LLC

Before Ritchie, Wolfson, and Masiello,
Administrative Trademark Judges.

By the Board:

This case now comes up on Petitioner's motion for summary judgment, filed March 27, 2015. The motion is fully briefed.¹

Background

Petitioner has filed a petition for cancellation of Respondent's Registration No. 4200096 for the mark BETTY BLACK LAGER, in standard characters, for "beer."² In its petition for cancellation, Petitioner alleges prior common law use of the marks BLACK BETTY IMPERIAL STOUT and BLACK BETTY RUSSIAN IMPERIAL

¹ No consideration will be given to Respondent's surreply, filed June 16, 2015, since surreplies are prohibited. See Trademark Rule 2.127(e) (allowing the Board to consider reply briefs, but providing that "[t]he Board will consider no further papers in support of or in opposition to a motion for summary judgment"); see also *No Fear Inc. v. Rule*, 54 USPQ2d 1551, 1553 (TTAB 2000); TBMP § 502.02(b) (2015).

² Filed November 15, 2011; issued August 28, 2012; based on an allegation of use of January 1, 2012; "black lager" disclaimed.

STOUT for beer (collectively the “BLACK BETTY marks”), and that use of Respondent’s mark is likely to cause confusion therewith.

In its answer, Respondent admits the following allegations:³

- “Registrant filed the application that matured into U.S. Registration No. 4,200,096 on November 15, 2011 as an intent-to-use application and, upon information and belief, it did not commence use of the mark BETTY BLACK LAGER for the goods identified therein – namely, beer – until on or about January 2012.” Petition to Cancel at ¶ 3;
- “Registrant’s use and registration of the trademark BETTY BLACK LAGER are without Petitioner’s consent or permission.” Petition to Cancel at ¶ 5;
- “On or about April 16, 2014, Registrant, through its counsel, sent Petitioner a letter in which it asserted that it was the owner of U.S. Registration No. 4,200,096, that Petitioner’s use of the mark BLACK BETTY RUSSIAN IMPERIAL STOUT is confusingly similar to the mark shown in U.S. Registration No. 4,200,096 and infringes Registrant’s rights in the registered mark, and demanded that Petitioner cease and desist any and all use of the term BLACK BETTY.” Petition to Cancel at ¶ 6 (internal quotations omitted); and
- “Upon information and belief, Registrant’s BETTY BLACK LAGER mark shown in U.S. Registration No. 4,200,096 so resembles Petitioner’s BLACK BETTY marks as to be likely, when used in connection with beer, to cause confusion or to cause a mistaken belief that the Registrant or its BETTY BLACK LAGER beer is in some way connected with or licensed or approved by Petitioner.” Petition to Cancel at ¶ 7.

Respondent denies the remaining salient allegations in the petition for cancellation and asserts various “affirmative defenses.”

³ Rather than use the word “admit,” Respondent “affirms” the allegations. Notwithstanding Respondent’s word choice, it is clear that by using the term “affirm” Respondent intended to admit the allegations. Accordingly, and because Respondent has not denied the allegations, we treat them as admitted. Fed. R. Civ. P. 8(b)(6) (“An allegation – other than one relating to the amount of damages – is admitted if a responsive pleading is required and the allegation is not denied.”).

Petitioner's Motion for Summary Judgment

Summary judgment is appropriate only where there are no genuine disputes as to any material facts, thus allowing the case to be resolved as a matter of law. Fed. R. Civ. P. 56(a). The party seeking summary judgment bears the burden of demonstrating the absence of any genuine dispute of material fact, and that it is entitled to a judgment under the applicable law. *See Celotex Corp. v. Catrett*, 477 U.S. 317, 323 (1986); *Sweats Fashions, Inc. v. Pannill Knitting*, 833 F.2d 1560, 4 USPQ2d 1793, 1796 (Fed. Cir. 1987). A factual dispute is genuine if, on the evidence of record, a reasonable fact finder could resolve the matter in favor of the non-moving party. *See Opryland USA Inc. v. Great Am. Music Show Inc.*, 970 F.2d 847, 23 USPQ2d 1471, 1472 (Fed. Cir. 1992); *Olde Tyme Foods, Inc. v. Roundy's, Inc.*, 961 F.2d 200, 22 USPQ2d 1542, 1544 (Fed. Cir. 1992). Evidence on summary judgment must be viewed in a light most favorable to the non-movant, and all justifiable inferences are to be drawn in the non-movant's favor. *Lloyd's Food Prods., Inc. v. Eli's, Inc.*, 987 F.2d 766, 25 USPQ2d 2027, 2029 (Fed. Cir. 1993); *Opryland USA*, 23 USPQ2d at 1472. The Board may not resolve genuine disputes as to material facts; it may only ascertain whether genuine disputes as to material facts exist. *See Lloyd's Food Prods.*, 25 USPQ2d at 2029; *Olde Tyme Foods*, 22 USPQ2d at 1544.

Standing

The declaration of Petitioner's president, Paul Kavulak (the "Kavulak Declaration"), and exhibits attached thereto demonstrate Petitioner's standing as

they establish Petitioner's common law rights in the mark BLACK BETTY IMPERIAL STOUT. *See infra* at pp. 5-8; *see also Giersch v. Scripps Networks Inc.*, 90 USPQ2d 1020, 1022 (TTAB 2009) ("Petitioner has established its common-law rights in the [pleaded mark], and has thereby established his standing to bring this proceeding."). Respondent's admission of paragraph 6 of the petition to cancel in its answer and its admission (in response to Petitioner's requests for admission) that it sent a cease and desist letter to Petitioner asserting that there is likelihood of confusion between the parties' marks further support a finding of Petitioner's standing. *See Answer*, ¶ 6; *Motion*, Exhibit J, ¶ 4, and Exhibits L and M, Respondent's Responses to Petitioner's Request for Admission Nos. 14-15; *cf. Fed. R. Civ. P. 36(b)* ("A matter admitted under this rule is conclusively established unless the court, on motion, permits the admission to be withdrawn or amended."); *Texas Dept. of Transp. v. Tucker*, 95 USPQ2d 1241, 1244 (TTAB 2010) (admission conclusively establishes matter that is the subject of request for admission); *Ipcor Corp. v. Blessings Corp.*, 5 USPQ2d 1974, 1977 (TTAB 1988) (cease and desist letter sent by defendant coupled with plaintiff's use of mark sufficient to establish standing).

Accordingly, we find that there are no genuine disputes of material fact regarding Petitioner's standing. *See Ritchie v. Simpson*, 170 F.3d 1092, 50 USPQ2d 1023, 1025 (Fed. Cir. 1999); *Lipton Indus., Inc. v. Ralston Purina Co.*, 670 F.2d 1024, 213 USPQ 185, 189 (CCPA 1982).

Priority

For Petitioner to prevail on its claim of likelihood of confusion based on common law rights in the BLACK BETTY marks, “the mark[s] must be distinctive, inherently or otherwise, and [Petitioner] must show priority of use.” *Wet Seal Inc. v. FD Mgmt. Inc.*, 82 USPQ2d 1629, 1634 (TTAB 2007) (citing *Otto Roth & Co. v. Universal Foods Corp.*, 640 F.2d 1317, 209 USPQ 40 (CCPA 1981)). With respect to distinctiveness, Petitioner acknowledges that “IMPERIAL STOUT” and “RUSSIAN IMPERIAL STOUT” describe the type of beer that Petitioner sells in connection with its BLACK BETTY marks. Motion at p. 11, n.6; Kavulak Declaration, ¶ 6. In addition, the term “black” may be descriptive of the dark color of Petitioner’s beer as indicated by Respondent’s disclaimer of the term “black” in its involved registration. Nevertheless, there is nothing in the record that shows that the BLACK BETTY marks are merely descriptive in their entirety. Nor has Respondent submitted any evidence or even alleged that Petitioner’s BLACK BETTY marks are not distinctive as applied to beer. Accordingly, we find that there are no genuine disputes of material fact regarding the distinctiveness of the BLACK BETTY marks in their entirety.

Turning to priority, Respondent has admitted in response to a request for admission that it “made no use in commerce of the mark BETTY BLACK LAGER for beer prior to [the] November 15, 2011 filing date of U.S. Registration No. 4,200,096.” Motion, Exhibit J, ¶ 4, and Exhibits L and M, Respondent’s Response to Petitioner’s Request for Admission No. 4. Accordingly, the earliest date upon which

Respondent may rely for purposes of priority is the November 15, 2011 filing date of Respondent's underlying application. *See* Fed. R. Civ. P. 36(b); *See Texas Dept. of Transp.*, 95 USPQ2d at 1244 (TTAB 2010); *Giersch*, 90 USPQ2d at 1022-23 (“It is well settled that in the absence of any evidence of earlier use, the earliest date upon which respondent may rely is the filing date of its underlying application.”)

In support of its allegation of priority, Petitioner has submitted the Kavulak Declaration, in which its president, Paul Kavulak, attests that:

- “In 2009 [Petitioner] introduced its BLACK BETTY IMPERIAL STOUT beer (sometimes referred to as its BLACK BETTY RUSSIAN IMPERIAL STOUT beer).”⁴ Kavulak Declaration, ¶ 4;
- “Since the beer’s introduction in 2009, [Petitioner] has continuously used its BLACK BETTY mark in connection with the sale and marketing of its BLACK BETTY IMPERIAL STOUT beer.” *Id.* at ¶ 5;
- “By mid-2011, and before the November 15, 2011 filing date of U.S. Reg. No. 4,200,096, [Petitioner’s] BLACK BETTY IMPERIAL STOUT beer was available to consumers under the BLACK BETTY mark in at least the following eight states: Nebraska, California, Massachusetts, Missouri, North Carolina, New York, Pennsylvania and Wisconsin. The beer is sold at bars, restaurants, and in select stores.... In addition to selling its beer through distributors, [Petitioner] has also continuously sold its BLACK BETTY IMPERIAL STOUT beer at its own Omaha brew pub.” *Id.* at ¶ 11; and
- “Since mid-2011, [Petitioner’s] distribution of BLACK BETTY IMPERIAL STOUT beer has continued to grow and the geographic area in which it is available has expanded.” *Id.* at ¶ 12.

In addition, Petitioner has submitted corroborating evidence consisting of: (1) a “picture of the label that is used on bottles of [its] BLACK BETTY IMPERIAL

⁴ Paragraph 4 of the Kavulak Declaration identifies two marks: BLACK BETTY IMPERIAL STOUT and BLACK BETTY RUSSIAN IMPERIAL STOUT. However, in the remainder of the Kavulak Declaration and accompanying documentary evidence, Petitioner’s beer is referred to only as BLACK BETTY IMPERIAL STOUT beer. Accordingly, our determination regarding priority is limited to the BLACK BETTY IMPERIAL STOUT mark.

STOUT beer” and which “has been in use since approximately early 2010,” *id.* at ¶ 10 and Exhibit B thereto; (2) a “picture of the label that was used on [its] BLACK BETTY IMPERIAL STOUT beer prior to [early 2010],” *id.* and Exhibit C thereto; and (3) representative samples of invoices from December 15, 2009 through June 13, 2011 “show[ing] shipments of [Petitioner’s] BLACK BETTY IMPERIAL STOUT beer to distributors” in Nebraska, California, Massachusetts, Missouri, North Carolina, New York, Pennsylvania and Wisconsin.⁵ *Id.* at ¶ 11 and Exhibit D thereto.

The Kavulak Declaration and corroborating documentary evidence are clear and convincing evidence of Petitioner’s first use of the mark BLACK BETTY IMPERIAL STOUT for beer, and are uncontradicted by Respondent.⁶ They establish Petitioner’s continuous use of the mark BLACK BETTY IMPERIAL STOUT for beer since 2009. *See Nat’l Bank Book Co. v. Leather Crafted Prods., Inc.*, 218 USPQ 827, 828 (TTAB 1993) (acknowledging that oral testimony may be sufficient to prove the first use of a party’s mark when it is based on personal knowledge, it is clear and convincing, and it has not been contradicted); *GAF Corp. v. Amatol Analytical Servs., Inc.*, 192 USPQ 576, 577 (TTAB 1976) (“It is established that ownership of a trademark and of a trademark registration *as well as use of a mark* may be established by the oral testimony of a single witness where such testimony is clear, consistent, convincing, circumstantial and uncontradicted.”) (emphasis added).

⁵ These items have been authenticated by the Kavulak Declaration.

⁶ Indeed, Respondent did not submit any evidence regarding priority nor did it argue the merits of the issue.

Because Petitioner has established use of its mark prior to the filing date of Respondent's underlying application, and Respondent has submitted no evidence of its own earlier use, Petitioner has carried its burden of establishing that there are no genuine disputes of material fact regarding its prior rights in the mark BLACK BETTY IMPERIAL STOUT for beer.

Likelihood of Confusion

Petitioner asserts that likelihood of confusion is not in dispute because Respondent has admitted to such in its answer and discovery responses and because prior to the commencement of this proceeding, Respondent sent Petitioner a letter demanding that it cease and desist use of its pleaded mark based on a likelihood of confusion with Respondent's involved mark. *See* Motion, pp. 5-6 and 10-11. Respondent does not challenge this position or otherwise address likelihood of confusion in any way. Accordingly, and because Respondent has admitted that confusion is likely in its answer, *see* Petition to Cancel at ¶ 7; Answer at ¶ 7, we deem it to be conceded that confusion is likely to result from the parties' contemporaneous use of their respective marks in connection with beer. *See T.A.B. Sys. v. PacTel Teletrac*, 77 F.3d 1372 (Fed. Cir. 1996) (recognizing that applicant "conceded the existence of a likelihood of confusion" in its answer, but vacating and remanding the Board's decision with respect to the issue of priority, which applicant contested); *Raintree Pub'l, Inc. v. Brewer*, 218 USPQ 272, 275-76 (TTAB 1983) (deeming likelihood of confusion conceded where there was "nothing in respondent's brief or in its evidence to contest the allegation that confusion of the two marks is

likely among the ultimate purchasers of [the parties'] goods”); *Sunbeam Corp. v. J.A. Henckels Zwillingswerk AG*, 168 USPQ 185 (TTAB 1970) (“In its answer as originally filed and as subsequently amended, applicant has conceded opposer’s claim of likelihood of confusion....”).

Conclusion Regarding Standing, Priority and Likelihood of Confusion

We find that there are no genuine disputes of material fact regarding Petitioner’s standing and priority. Moreover, Respondent admits that its mark “so resembles Petitioner’s BLACK BETTY marks as to be likely, when used in connection with beer, to cause confusion or to cause a mistaken belief that the Registrant or its BETTY BLACK LAGER beer is in some way connected with or licensed or approved by Petitioner.” Petition at ¶ 7. Therefore, all elements of the claim of likelihood of confusion have been established, but in order to determine whether Petitioner is entitled to judgment on its claim, we must consider Respondent’s affirmative defenses.

Respondent’s Affirmative Defenses

The Board may strike from a pleading any insufficient defense, or any redundant, immaterial, impertinent or scandalous matter. *See* Fed. R. Civ. P. 12(f); *Am. Vitamin Prods. Inc. v. DowBrands Inc.*, 22 USPQ2d 1313, 1314 (TTAB 1992); TBMP § 506.01 (2015). 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* TBMP § 506.01.

Affirmative Defense 1: “The Petition to Cancel fails to state a claim upon which relief may be granted.”

An assertion that a pleading fails to state a claim upon which relief can be granted is not a true affirmative defense because it relates to an assertion of the insufficiency of the pleading rather than a statement of a defense to a properly pleaded claim. *See Hornblower & Weeks Inc. v. Hornblower & Weeks Inc.*, 60 USPQ2d 1733, 1738 n.7 (TTAB 2001). Nonetheless, we have reviewed the allegations in the petition for cancellation and find that Petitioner has sufficiently alleged both its standing and a valid ground for cancellation by pleading prior use of the BLACK BETTY marks for beer and a plausible claim of likelihood of confusion. *See Giersch*, 90 USPQ2d at 1022-23 (likelihood of confusion claim based on prior common law rights). Accordingly, “affirmative defense” 1 is **STRICKEN**.

Affirmative Defense 2: “Petitioner is barred in whole or in part from seeking cancellation of the Registrant’s trademark under the doctrines of laches, estoppel, waiver and unclean hands.”

Affirmative defenses, like claims in a petition for cancellation, must be supported by enough factual background and detail to fairly place the claimant on notice of the basis for the defenses. *See IdeasOne Inc. v. Nationwide Better Health Inc.*, 89 USPQ2d 1952, 1953 (TTAB 2009); *Ohio State Univ. v. Ohio Univ.*, 51 USPQ2d 1289, 1292 (TTAB 1999) (noting that the primary purpose of pleadings “is to give fair notice of the claims or defenses asserted”); *see also* TBMP § 311.02(b). Here, Respondent’s affirmative defenses of laches, estoppel, waiver and unclean hands are bald conclusory allegations that are not supported by any facts. Nonetheless, Petitioner has not objected that the affirmative defenses have been

inadequately pleaded, and with respect to laches, the parties have argued and submitted evidence regarding the merits of the defense. Accordingly, we deem Respondent's answer amended by agreement of the parties to adequately allege an affirmative defense of laches. *See Paramount Pictures Corp. v. White d/b/a/ R.I. Prods.*, 31 USPQ2d 1768, 1772 (TTAB 1994) (deeming opposer's pleading amended where on summary judgment non-moving party did not object, but rather treated unpleaded claim on its merits), *aff'd mem.*, 108 F.3d 1392 (Fed. Cir. 1997); TBMP §528.07(a) (“[I]f the parties, in briefing a summary judgment motion, have treated an unpleaded issue on its merits, and the nonmoving party has not objected to the motion on the ground that it is based on an unpleaded issue, the Board may deem the pleadings to have been amended, by agreement of the parties, to allege the matter.”). We discuss the defense of laches more fully, *infra*.

The parties in their briefs make passing reference to estoppel, waiver, and unclean hands but such references are insufficient to deem the pleadings amended by agreement of the parties. Accordingly, the affirmative defenses of estoppel, waiver and unclean hands are **STRICKEN** as inadequately pleaded notwithstanding that Petitioner did not challenge the affirmative defenses on this basis. Moreover, because proceedings are on the eve of trial and Respondent has not alleged or argued any facts supporting the specific elements of estoppel, waiver and unclean hands, we do not grant Respondent time to replead these affirmative defenses. Respondent, however, may move for leave to amend its answer to assert such affirmative defenses if the facts so warrant.

Affirmative Defense 3: “Petitioner has acquiesced in Registrant’s adoption, registration and use of the mark that is subject to the Petition to Cancel and the claim is therein barred in whole or in part.”

Affirmative Defense 4: “The U.S. PTO has previously identified [the] trademark RED BETTY, [R]egistration [N]o. 4,339,542, as possibly conflicting with Registrant’s mark. Please see the corresponding Office Action attached hereto as Exhibit A. Accordingly, the Registrant received consideration from the owner of the RED BETTY mark and then entered into a coexistence agreement allowing the RED BETTY trademark to proceed under the U.S. PTO’s review process. Petitioner’s failure to register their own mark, and its continued acquiescence to the registration of other conflicting marks, including without limitation, the mark registered by the Registrant as well as the RED BETTY mark, bars any claims to cancel the Registrant’s mark.”

We construe Affirmative Defense 4 as an amplification of Affirmative Defense 3, and therefore, we address these “affirmative defenses” together. Acquiescence is different from the affirmative defense of laches and requires that a defendant plead and prove that the: (1) claimant actively represented that it would not assert a right or claim; (2) delay between the active representation and assertion of the right or claim was not excusable; and (3) delay caused the defendant undue prejudice. *See Coach House Rest. Inc. v. Coach and Six Rest., Inc.*, 934 F.2d 1551, 19 USPQ2d 1401, 1409 (11th Cir. 1991). Respondent has not adequately alleged these elements and the parties have not argued the elements of acquiescence in their briefs. Accordingly, “affirmative defenses” 3 and 4 are **STRICKEN**.

Again, we do not provide Respondent an opportunity to replead given the late stage of this proceeding and because the asserted facts regarding acquiescence are subsumed in Respondent’s affirmative defense of laches. Nonetheless, Respondent is not precluded from filing a motion for leave to amend its answer to adequately plead such facts as would support an affirmative defense of acquiescence.

Laches

We now consider Respondent's affirmative defense of laches. Upon careful consideration of the arguments and evidence presented by the parties, and drawing all inferences with respect to the motion in favor of Respondent as the non-movant, we find that there are genuine disputes of material fact regarding whether the length of Petitioner's delay in filing its petition to cancel Respondent's involved registration was unreasonable and whether Respondent has been prejudiced by the delay. With respect to prejudice, Respondent's managing member and founder has attested that "[a]fter the Mark was registered on August 28, 2012, Registrant took steps to develop, manufacture, market, brand and distribute products using the Mark. I never would have permitted Registrant to expend capital on a trademark that was not federally protected or that was in use by any other company." Declaration of Richard E. Hewitt II, ¶ 5; *see also Christian Broad. Network, Inc. v. ABS-CBN Int'l*, 84 USPQ2d 1560 (TTAB 2007) ("Economic prejudice arises from investment in and development of the trademark, and the continued commercial use and economic promotion of a mark over a prolonged period adds weight to the evidence of prejudice.") (internal quotations omitted). These statements raise a genuine dispute of material fact regarding whether Respondent has suffered prejudice as a result of Petitioner's delay in filing the petition to cancel Respondent's registration. Accordingly, Petitioner is not entitled to judgment as a matter of law on the defense of laches, and this issue remains for trial.

Accelerated Case Resolution Recommended

Because the affirmative defense of laches is the only matter remaining for trial, the parties may wish to stipulate to resolution of this defense by means of the Board's accelerated case resolution ("ACR") procedure, either on the current record, or on the current record as supplemented by the parties.⁷ The parties are encouraged to jointly contact the interlocutory attorney assigned to this proceeding by telephone before September 25, 2015 to discuss the possibility of ACR, any desire to supplement the record and an agreed schedule for proceeding under ACR. The Board's ACR procedures can be tailored to the parties' needs, positions and schedules. In the event the parties agree to ACR using the summary judgment briefs and evidence, along with any supplementation they may agree would be appropriate, they will need to stipulate that the Board may determine any genuine disputes of material fact that the Board may find to exist. *See* TBMP §§ 528.05(a)(2), 702.04 and 705.

If the parties choose to forego ACR in favor of a full trial, any testimony and evidence introduced during trial should be limited to Respondent's affirmative defense of laches.

⁷ Absent an agreement to proceed under ACR, the parties should note that the evidence submitted in connection with Petitioner's motion for summary judgment is of record only for consideration of that motion. To be considered at final hearing, any such evidence must be properly introduced in evidence during the appropriate trial period. *See Levi Strauss & Co. v. R. Josephs Sportswear Inc.*, 28 USPQ2d 1464 (TTAB 1993); *Pet Inc. v. Bassetti*, 219 USPQ 911 (TTAB 1983); *Am. Meat Inst. v. Horace W. Longacre, Inc.*, 211 USPQ 712 (TTAB 1981).

Dates Reset

Proceedings are resumed and dates are reset as follows:

Plaintiff's 30-day Trial Period Ends	10/25/2015
Defendant's Pretrial Disclosures Due	11/9/2015
Defendant's 30-day Trial Period Ends	12/24/2015
Plaintiff's Rebuttal Disclosures Due	1/8/2016
Plaintiff's 15-day Rebuttal Period Ends	2/7/2016

In each instance, a copy of the transcript of testimony, together with copies of documentary exhibits, must be served on the adverse party within thirty days after completion of the taking of testimony. Trademark Rule 2.125.

Briefs shall be filed in accordance with Trademark Rules 2.128(a) and (b). An oral hearing will be set only upon request filed as provided by Trademark Rule 2.129.
