

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

In the matter of Applications:
Serial Nos.: 78/126,968 and 78/126,971
Filed: May 7, 2002
Applicant: ForeScout Technologies, Inc.
Marks: ACTIVESCOUT and FORESCOUT
Published in the Official Gazette of November 12, 2002



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U.S. Patent & TMO/TM Mail Rpt Dt. #74

NetScout Systems, Inc.,)
)
Opposer,)
)
v.)
ForeScout Technologies, Inc.,)
)
Applicant.)

Opposition No. 91158578

**OPPOSER'S OPPOSITION TO APPLICANT'S MOTION TO SET ASIDE DEFAULT;
REPLY TO APPLICANT'S OPPOSITION TO OPPOSER'S MOTION FOR DEFAULT
JUDGMENT; AND OPPOSITION TO APPLICANT'S MOTION FOR LEAVE TO FILE
LATE ANSWER**

Opposer, NetScout Systems, Inc., hereby responds to the "Motion to Set Aside Default, Opposition to Opposer's Motion for a Default Judgment and Motion for Leave to File a Late Answer," filed by the Applicant, ForeScout Technologies, Inc. ("Applicant's Motion").

I. STATEMENT OF FACTS

Opposer stands behind the facts contained in its original Motion for Default Judgment ("Opposer's Motion"). Therefore, Opposer will not restate the facts contained in Opposer's Motion. In the Declaration of Jennifer K. Lawson ("Lawson Decl."), attached, Opposer does respond to several statements contained in Applicant's Motion and the supporting Certification of T. Kent Elliott ("Elliott Certification"), which Opposer believes in good faith to be inaccurate

and/or misleading and/or in need of clarification. Specifically, while Applicant claims that it has received “mixed and confusing signals from the Opposer, in connection with this Opposition,” such is not the case. See Lawson Decl. ¶¶ 2-10.

II. OPPOSER’S INTENTIONS HAVE ALWAYS BEEN CLEAR

Applicant suggests that statements of Ms. Lawson (which have been misconstrued and taken out of context) somehow help Applicant show that it acted in good faith and is deserving of additional time to answer. Applicant appears to suggest that Ms. Lawson was unclear on Opposer’s position. In fact, Opposer did everything possible to clarify its position, but because of Applicant’s indecisiveness and apparent unwillingness to instruct its own counsel, Opposer was forced to file its Motion.

Ms. Lawson made it abundantly clear that Opposer fully intended to move for a judgment of default, which, in fact, it did. Lawson Decl. ¶¶ 4-8. Ms. Lawson likewise made it abundantly clear that Opposer would seek to suspend the discovery and testimony periods, which, in fact, it did. Id. To make matters even more clear, undersigned counsel served its papers on Applicant’s former counsel (still of record), as well as on Ayelet Steinitz, whom former counsel stated had taken over handling the case for Opposer. As a further courtesy, undersigned counsel sent its papers to T. Kent Elliot the following day when Mr. Elliott requested by phone that Ms. Lawson do so. Lawson Decl. ¶ 9.

Even if Applicant had assumed that Opposer had lost faith in its case – and it would have been foolish to so assume – the next leap, that Opposer somehow acknowledged the supposed invalidity of its own claims, is simply false. Opposer initiated these proceedings for the very reason that it believed it had – and has – valid claims. Whether Applicant made erroneous assumptions in March 2002 about the merits of this action bears no relation to Applicant’s

subsequent delay in answering the Notice of Opposition in April 2004. The law requires that Applicant show good cause for failure to answer; what it believed two years before the answer was due, or two months after the answer was due, is not relevant to this determination.

Mr. Elliott's assertions also are irrelevant for the simple reason that Applicant was served with the Notice of Opposition in November 2003, which Opposition Applicant knew of and was required to respond to. Most significantly, whether a judgment of default should be entered does not depend on the behavior, acts, and statements of the moving party; rather, it depends on the behavior, acts, and/or statements of the party in default. The question is not whether Applicant was confused; the question is whether Opposer has shown good cause. It absolutely has not. Accordingly, Opposer respectfully requests that the Board grant Opposer's Motion for Default Judgment and deny Applicant's Motion for Leave to File a Late Answer.

III. APPLICANT HAS NOT MET THE "GOOD CAUSE" STANDARD FOR FILING A LATE ANSWER

A finding that default should not be entered against a defendant is found only where the defendant has made a showing of "good cause." Such a showing exists when "the defendant shows that (1) the delay in filing an answer was not the result of willful conduct or gross neglect on the part of the defendant, (2) the plaintiff will not be substantially prejudiced by the delay, and (3) the defendant has a meritorious defense to the action." TBMP § 312.03. The delay here was unquestionably within Applicant's control and, moreover, was the result of gross neglect. Applicant admits that it ignored communications from counsel. Elliott Cert. ¶ 12. Applicant admits that it allowed a FedEx package (typically enclosing time-sensitive materials) from previous counsel to sit unopened from April to July 2004. Id. Furthermore, Applicant

apparently placed a so-called “junior employee”¹ in charge of an opposition proceeding. Elliott Cert. ¶ 11. Willfully ignoring counsel and time sensitive materials, and not attending to the opposition despite knowledge of the proceedings, certainly amounts to willful conduct and/or gross neglect. See Pumpkin, Ltd. v. The Seed Corps, 1997 WL 397495 (TTAB 1997) (“[O]pposer’s failure to present evidence during its assigned testimony period was caused by circumstances wholly within opposer’s reasonable control, i.e., the failure of opposer’s counsel’s docketing system.”); CTRL Sys., Inc. v. Ultraphonics of N. Am., Inc., 52 USPQ2d 1300 (TTAB 1999) (“[I]t is well settled that the client and the attorney share a duty to remain diligent in prosecuting or defending the client’s case; that communication between the client and attorney is a two-way affair; and that action, inaction or even neglect by the client’s chosen attorney will not excuse the inattention of the client so as to yield the client another day in court.”). Hence, Applicant simply has not met the “good cause” standard on this point.

Applicant’s Motion makes vague allusions to a “unilateral ‘withdrawal’” of representation² and an “executive who no longer existed.”³ Such vague suggestions of some confusion on Applicant’s part also do not satisfy the required showing of good cause. None of the changes of executives at the Applicant company, or the previous counsel of record, are relevant to the facts causing the delay, however. Indeed, the sole cause of the delay was that a

¹ The Elliott Certification refers to a junior employee who used to work for Applicant’s former vice president of marketing. Elliott Cert. ¶ 11. Although Applicant is vague and does not identify this individual, it appears that the junior employee in question is Ayelet Steinitz. There is serious question whether, in fact, Ms. Ayelet was a junior employee, as Mr. Elliott states. At no time during Ms. Lawson’s conversations with Mr. Elliott did Mr. Elliott ever indicate his belief that Ms. Steinitz was mishandling this proceeding.

² Applicant does not state whether it fired its previous counsel, whether its previous counsel failed to act on instructions, whether its previous counsel filed withdrawals of representation with the Patent and Trademark Office (which does not appear to have occurred). Where Applicant is late in filing an Answer – and indeed has yet to file an answer – more than vague language is required.

³ Applicant also alludes to “an executive who no longer existed.” Applicant does not, however, argue that it failed to receive any papers from the Board, Opposer, or Applicant’s previous counsel. Indeed, there is no reason to believe that Applicant failed to receive any papers in this case. The mere claim that some unnamed executive “no longer existed,” whatever that means, does not in any way show good cause in Applicant’s failure to answer.

“junior employee began to ignore ‘stuff’ from the [previous law] firm.” Elliott Certification (Cert.) ¶ 12.

In DeLorme Publishing Co. v. Eartha’s Inc., 60 USPQ2d 1222 (TTAB 2000), the Board entered a judgment of default against an applicant/defendant on the ground that its conduct – filing a six-month late answer, rather than taking other, appropriate action, because it viewed the notice of opposition as “incomplete” – amounted to gross neglect. The Board entered a default judgment, even though there was no specific prejudice to the opposer and even though the defendant had shown it had a meritorious defense. DeLorme Publishing, 60 USPQ2d 1222. By contrast, in this case, there will be significant prejudice to Opposer if this default is not entered. Each day that goes by, Opposer is harmed by the continued existence of Applicant’s marks in the records of the Patent and Trademark Office. Among other things, their existence inhibits Opposer’s ability to police its marks. Furthermore, Opposer already has expended resources to bring this matter to closure and did so in good faith. Opposer should not suffer from the dilatory and inattentive behavior of Applicant by having to wait for Applicant’s Answer and the commencement of proceedings. As stated in the above-cited cases, Applicant’s gross neglect was all its own, and does not constitute good cause. The Board should enter a judgment of default against this grossly negligent Applicant.

IV. RESPONSE TO MOTION TO SET ASIDE DEFAULT/ REPLY REGARDING MOTION FOR DEFAULT JUDGMENT

Trademark Rule 2.106(a) provides that “If no answer is filed within the time set, the opposition may be decided as in case of default.” 37 C.F.R. § 2.106(a). As Applicant notes, “the standard for determining whether default judgment should be entered against the defendant, for its failure to file a timely answer to the complaint, is the Fed. R. Civ. P. 55(c) standard, which

Applicant was quite aware of its deadline to answer, having already filed and been granted an extension of time to

requires that the defendant show good cause why default judgment should not be entered against it.” TBMP § 508 (emphasis added). Applicant’s Motion states that the reasons for its delay were a “daunting combination of factors hardly within its control, as well as mixed and confusing signals from the Opposer, in connection with this Opposition.” As stated above, Opposer’s “signals” – filing a consolidated opposition proceeding based on likelihood of confusion – could not be more clear. It is necessary to turn to the Elliott Certification for more information on the “daunting combination of factors hardly within its control.”

As it turns out, these factors were all within Applicant’s control. The gist of Applicant’s argument is this: it should not be held responsible for admittedly ignoring communications from its former counsel of record; and Opposer was willing to give it more time, in any case. The first alleged excuse amounts to nothing other than willful conduct and/or gross neglect. The second is outright false and, in any event, does not alleviate Applicant from its obligation to answer.

According to Applicant, a “junior employee” working for Applicant’s former Vice President of Marketing ignored “stuff” received from Opposer’s counsel of record. Elliott Cert. ¶ 12. As stated above, the law is clear that failing to communicate with one’s lawyer does not excuse one from attending to deadlines. CTRL Sys., Inc. v. Ultraphonics of N. Am., Inc., 52 USPQ2d 1300 (TTAB 1999). Likewise, errors in one’s docketing system do not pardon a party in default. Pumpkin, Ltd. v. The Seed Corps, 1997 WL 397495 (TTAB 1997). Contrary to Applicant’s assertions, every circumstance it alleges caused it to ignore its deadline to answer was within its own control. Its reasons for failing to do so are grossly negligent.

The Elliott Certificate further states that Applicant believed Opposer “would ... consider stipulating to an additional, final extension of time while ForeScout got up to speed on this matter.” Elliott Cert. ¶ 15. Nothing said by Ms. Lawson, or anyone representing Opposer, could

do so. It is irrelevant whether executives have come and gone.

reasonably have led Applicant to this conclusion. As stated above, Opposer filed its Motion for Default Judgment, which makes its intentions clear and unambiguous. Furthermore, Applicant's new claim that it needed to "g[e]t up to speed on this matter" is disingenuous; there is no question that Applicant had a copy of the Consolidated Notice of Opposition and knew it had a deadline to answer, having already sought and obtained one. Ms. Lawson made the additional courtesy calls notifying Applicant of Applicant's filings for default. Lawson Decl. ¶¶ 4-7. There was no need for Applicant to "get up to speed." A judgment of default should be entered against Applicant.

V. RESPONSE TO MOTION FOR LEAVE TO FILE LATE ANSWER

Applicant's Motion asks the Board for leave to file a late Answer. Applicant has failed to follow appropriate procedure, however, in that it failed to file its proposed late Answer with its Motion. The TBMP is clear that "When a defendant who has not yet filed an answer to a complaint files a response to a notice of default, or to a motion for default judgment, the late answer normally should be submitted with the response." TBMP § 312.01. The circumstances where a proposed answer need not be filed include "cases where the defendant has not received the copies of the complaint and notification letter sent to it by the Board, or where the parties have settled the case or agreed to an extension of the defendant's time to file an answer." *Id.* That is, an answer must be filed with the motion requesting that it be accepted, except where the applicant cannot (as when the applicant does not have a copy of the notice of opposition) or when the applicant need not (as when the case has been settled) do so, neither circumstance existing here. Still, to date, Applicant has failed to file its late-filed Answer, even though the Board requires it to have done so. This requirement is not mere procedure. It prevent prejudice to the movant, who has endured months of delay and continued use by Applicant of its infringing

trademarks.⁴ Opposer is further prejudiced because the continued pending status of Applicant's infringing marks in the records of the Patent and Trademark Office negatively impacts Opposer's ability to enforce its rights against third parties. As Applicant has not shown good cause, and further delay would substantially prejudice Opposer, Applicant's request to file a late answer should be denied.

VI. CONCLUSION.

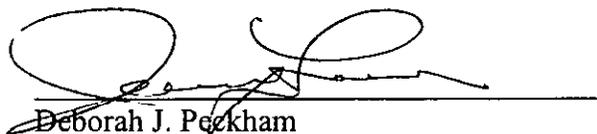
In light of the foregoing, Opposer respectfully requests that default judgment be entered against Applicant, in accordance with § 2.106(a) of the Trademark Rules, and that Applicant not be given an opportunity to file an Answer at this late date.

Date: August 4, 2004

Respectfully submitted,

NETSCOUT SYSTEMS, INC.

By its Attorneys



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⁴ There were additional months of delay when the Board failed to process Opposer's Consolidated Notice of Opposition until eight months after it was filed. While this error is not Applicant's fault, allowing Applicant to delay this matter further and to benefit from its own gross negligence will cause further substantial prejudice to Opposer.

CERTIFICATE OF MAILING

I hereby certify that a true and correct copy of the foregoing, with Declaration of Jennifer K. Lawson, is being deposited with the United States Postal Service as first class mail, postage prepaid, in an envelope addressed to: Commissioner for Trademarks, 2900 Crystal Drive, Arlington, Virginia, 22202-3514, this 4th day of August 2004.


Jennifer K. Lawson

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing, with Declaration of Jennifer K. Lawson, is being deposited with the United States Postal Service as first class mail, postage prepaid, in an envelope addressed to Ronald D. Coleman, Esq., Coleman & Weinstein, Applicant's counsel, 410 Park Avenue, 15th Floor, New York, New York, 10022, this 4th day of August 2004.


Jennifer K. Lawson

**IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
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v.)	Opposition No. 91158578
)	
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)	
Applicant.)	
)	

DECLARATION OF JENNIFER K. LAWSON

I, Jennifer K. Lawson, the declarant, hereby state that:

1. I am an associate of the law firm Testa, Hurwitz & Thibault, LLP, counsel for Opposer. I submit this Affidavit in support of Opposer's Opposition to Applicant's Motion to Set Aside Default; Reply to Applicant's Opposition to Opposer's Motion for Default Judgment; and Opposition to Applicant's Motion for Leave to File Late Answer.

2. I believe, in good faith, that some of the statements contained in Applicant's Motion to Set Aside Default, Opposition to Opposer's Motion for a Default Judgment and Motion for Leave to File a Late Answer and the supporting Certification of T. Kent Elliott are inaccurate, and/or misleading, and/or require clarification.

3. Applicant's Answer to the Consolidated Notice of Opposition was due on or before April 30, 2004. Not having received an answer or other responsive pleading from Applicant by

the deadline (and still not having received one), Opposer decided to move for a judgment of default. As the discovery period set in the Board's November 25, 2003 Order was set to close on June 12, 2004, Opposer also decided to file a request to suspend all discovery and testimony deadlines, in order to preserve its rights should the Board not grant Opposer's Motion for Default Judgment.

4. For this latter motion to suspend dates, on or about June 8, 2004, I, in good faith, called Applicant's counsel of record, Amanda Thompson of the law firm Barnes & Thornburg LLP, to obtain Applicant's consent to the discovery and testimony suspension.

5. Another Barnes & Thornburg attorney, Julia Gard, told me that Ms. Thompson had only just left Barnes & Thornburg days before – on or about June 5, 2004. Ms. Gard also told me that Barnes & Thornburg had ceased representing Applicant several months before Ms. Thompson's departure. Ms. Gard told me that Ayelet Steinitz, an employee of Applicant, was the contact at Applicant for the opposition proceeding.

6. On or about June 9, 2004, I called Ms. Steinitz with the same good faith request: to obtain consent for the alternative motion for a suspension of the discovery and testimony dates. Ms. Steinitz told me that she needed to ask her "boss." When I spoke to her again, she stated that she believed, based on conversations with her "boss," that Applicant would withdraw the two applications that are the subject of this opposition proceeding, but she was not able to state definitely whether and when this withdrawal would take place.

7. I told Ms. Steinitz that Opposer was upon a deadline to make its filings (because the discovery period was set to close), but that Applicant could still withdraw its applications even after Opposer's filings.

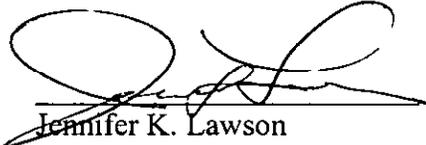
8. Applicant filed its Motion for Default Judgment and Motion to Suspend All Discovery and Testimony Deadlines on June 14, 2004. Applicant served such papers on Julia Gard of Barnes & Thornburg, since that firm was still of record, as well as on Ms. Steinitz at Applicant's address.

9. The following day – on June 15, 2004 – T. Kent Elliott called me about Opposer's filings, and told me that he believed Applicant would decide to withdraw the two applications at issue. During that call, Mr. Elliott asked me to send him courtesy copies of the previous day's filings, which I agreed to do.

10. In the cover letter to Mr. Elliott, I wrote that I would "wait to hear from [him] on ForeScout's plans with regard to this action." In writing this, I sought to ascertain whether in fact, and when, Applicant would withdraw the two applications in question, as Ms. Steinitz and Mr. Elliott had reported that Applicant intended to do. Applicant's current interpretation is misleading, and not what Applicant understood at the time.

11. The undersigned being warned that willful false statements and the like are punishable by fine or imprisonment, or both, under 18 U.S.C. § 1001, and that such willful false statements and the like may jeopardize the validity of the application or document or any registration resulting therefrom, declares that all statements made of her own knowledge are true; and all statements made on information and belief are believed to be true.

Date: August 4, 2004



Jennifer K. Lawson