

ESTTA Tracking number: **ESTTA298363**

Filing date: **07/30/2009**

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

Proceeding	91168015
Party	Defendant Kern, David A
Correspondence Address	ALLISON L. RAPP LUTZKER & LUTZKER LLP 1233 20th Street NW, Suite 703 Washington, DC 20036 UNITED STATES allison@lutzker.com
Submission	Response to Board Order/Inquiry
Filer's Name	Allison L. Rapp
Filer's e-mail	allison@lutzker.com
Signature	/allison rapp/
Date	07/30/2009
Attachments	073009 Final Motion for leave to resubmit July 14 filing.doc.pdf ( 12 pages ) (342981 bytes )

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

SIGNAL INVESTMENT &	)	
MANAGEMENT CO.,	)	
	)	
Opposer,	)	
	)	
v.	)	Opposition No. 91168015
	)	
DAVID A. KERN	)	
	)	
Applicant.	)	
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Motion for Leave to Resubmit Filing of  
July 14, 2009 Due to ETAS Problem

Counsel for Applicant has learned that, for unknown reasons related to the ETAS filing system or Counsel's use of same, the enclosed "Applicant's Response to Opposer's Motion to Compel Discovery Responses and Motion to Reset Testimony Period" (the "Filing") was uploaded to the ETAS system on July 14, 2009 in a manner whereby only the signatures and some surrounding typed characters are visible in TTAB records. Accordingly, Applicant hereby requests leave to resubmit the Filing in order to provide the Board with a legible copy of same.

As averred in the enclosed Declaration of Allison L. Rapp ("Rapp Decl."), a fully legible copy of the Filing was served upon Opposer on July 14, 2009. (Rapp Decl., ¶3).

Applicant submits that the instant motion is supported by good cause insomuch as access to a readable copy of the Filing is necessary to the Board's proper review of the underlying matter. Applicant further submits that the legibility problem with the Filing should be deemed the result of excusable neglect because the problem appears to be a function of the ETAS system that occurred after Applicant's counsel viewed an uploaded copy of the documents during the

filing process; because the Filing was properly served on July 14, 2009, thereby avoiding prejudice to Opposer; and because this Motion is being filed prior to the expiration of Opposer's reply period, thereby avoiding any delay of Board action on the underlying matter.

Respectfully submitted,



Allison L. Rapp  
Lutzker & Lutzker LLP  
1233 20<sup>th</sup> St. NW, Ste 703  
Washington, D.C. 20036

Phone: (202) 408-7600

Fax: (202) 408-7677

Date: July 30, 2009

Counsel for David A. Kern

**CERTIFICATE OF SERVICE**

The undersigned hereby certifies that on July 30, 2009, a copy of the foregoing document was deposited in the U.S. mail, first class, postage prepaid, addressed to:

Douglas T. Johnson  
Miller & Martin PLLC  
Suite 1000 Volunteer Building  
832 Georgia Ave.  
Chattanooga, Tennessee 37402

By:



Allison L. Rapp

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

SIGNAL INVESTMENT &	)	
MANAGEMENT CO.,	)	
	)	
Opposer,	)	
	)	
v.	)	Opposition No. 91168015
	)	
DAVID A. KERN	)	
	)	
Applicant.	)	
_____	)	

Declaration of Allison L. Rapp in Support of  
Applicant’s Motion for Leave  
to Resubmit Filing Of July 14, 2009 Due to ETAS Problem

**Allison L. Rapp**, being duly sworn, deposes and says:

1. I am over eighteen (18) years of age and believe in the obligations of an oath. I submit this declaration in support of Applicant’s Motion for Leave to Resubmit Filing Of July 14, 2009 Due to ETAS Problem.

2. On July 14, 2009, I filed a copy of the enclosed document entitled “Applicant’s Response to Opposer’s Motion to Compel Discovery Responses and Motion to Reset Testimony Period” (the “Filing”) using the ETAS system. The Filing appeared to have been properly uploaded to the system.

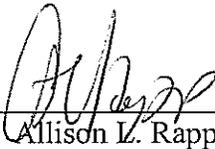
3. Also on July 14, 2009, using United States Mail first class, postage prepaid, I served upon counsel for Opposer a fully legible copy of the Filing.

4. I subsequently learned through a phone call from Angela Lycos,

Interlocutory Attorney, that the July 14 upload of the Filing was defective. Upon further investigation, I learned that only the signatures throughout the Filing, along with a few typed characters in immediate proximity thereto, are visible in TTAB records.

5. Based on the foregoing, I am submitting for Board consideration, concurrently with this Motion, a duplicate copy of the Filing.

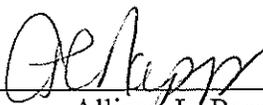
I declare under penalty of perjury that the foregoing is true and correct. Executed on July 30, 2009 in Washington, DC.

  
\_\_\_\_\_  
Allison L. Rapp

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The undersigned hereby certifies that on July 30, 2009, a copy of the foregoing document was deposited in the U.S. mail, first class, postage prepaid, addressed to:

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By:   
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Applicant's Response to Opposer's Motion to Compel Discovery Responses and  
Motion to Reset Testimony Period

**I. Background**

On May 25, 2009, The Board issued an Order under Trademark Rule 2.128(a)(3), 37 CFR §2.128(a)(3), granting Opposer in this matter, Signal Investment & Management Co. ("Opposer") fifteen days in which to show cause as to why its failure to file a brief on the merits should not be treated as a concession of the case. (Board Order of May 25, 2009, hereinafter "Show Cause Order.") For the reasons set forth below, Applicant requests that Opposer's response to the Show Cause Order ("Response") be rejected and the motions set forth therein ("Motion to Compel" and "Motion to Reopen the Testimony and Briefing Periods") be denied.

**II. Opposer's Response to the Show Cause Order Fails to Evince Opposer's Continuing Interest in Adjudication on the Merits**

If a show cause order is issued under Rule 2.128(a)(3) and the plaintiff files a response indicating that it has not lost interest in the case, the show cause order will be considered discharged and judgment will not be entered against the plaintiff for failure to file a brief on the merits. TBMP §536. The purpose of Rule 2.128(a)(3) is simply to confirm that the party in position of plaintiff "still wishes to obtain an adjudication of the case on the merits." TBMP §536. Absent such confirmation, judicial resources might be wasted on the adjudication of disputes where the plaintiff had lost interest in its case or where the parties had, for example, failed to notify the Board of a settlement.

Significantly, Opposer's Response to the Show Cause Order all but confirms that Opposer has, in fact, lost interest in having its complaint adjudicated on the merits. First,

Opposer failed to properly serve a copy of its June 24, 2009 response to the show cause order (Response<sup>1</sup>) upon Applicant's counsel.<sup>1</sup> Second, according to the Response:

“In this proceeding, Opposer would prefer to secure a settlement in accordance with its proposal of July 7, 2008, or alternatively, to secure dismissal of the proceeding without prejudice, or as a final alternative to have answers to the discovery served in 2006 compelled and testimony and briefing schedule reset.” (Response at 2.)

Plaintiff cites no authority for the proposition that its continuing interest in settlement and/or a stipulated withdrawal of its complaint meets the threshold requirement under Rule 2.128(a)(3) that the plaintiff “still wish to obtain an adjudication of the case on the merits.” Nevertheless, the Board is not in a position to compel a settlement or stipulated dismissal of the proceeding. The best it can do is consider what Opposer styles as its “final alternative”: an order compelling Applicant's response to certain discovery requests served in 2006 and resetting the parties' testimony and briefing schedules. Thus, even assuming that Opposer's Response conveys sufficient interest in adjudication to satisfy the requirements of Rule 2.128(a)(3), the Board must deny Opposer's Motion to Compel Discovery and Motion to Reopen the Testimony and Briefing Periods, and on that basis, must enter a default judgment against Opposer.

### **III. Opposer's Motion to Compel Discovery Must Be Denied as Untimely**

It is well-settled that a motion to compel discovery must be filed prior to the commencement of the first testimony period as originally set or as reset. 37 CFR 2.120(e) (“A motion to compel discovery must be filed prior to the commencement of the first testimony period as originally set or as reset.”); *Virgin Enterprises Ltd. v. Rosenruist*, 2205 TTAB LEXIS 365, at n. 9 (TTAB 2005); *McDonald's Corp. v. Vision Sales and Marketing Corp.*, 2004 TTAB LEXIS 350, at n.3 (TTAB 2004). There is no provision in the rule for Board discretion.

In this proceeding, the most recent scheduling order—issued by the Board on July 22, 2008—set the commencement of Opposer's testimony period at October 25, 2009. (Board Order of July 22, 2008.) Opposer filed its Motion to Compel on June 24, 2009, almost eight months subsequent to the commencement of its first testimony period and only in response to the Board's Show Cause Order.

Moreover, even if Opposer were to prevail on its June 24, 2009 Motion to Reopen its Testimony period, its Motion to Compel would still be untimely because it was not filed prior to commencement of Opposer's *first* testimony period. See Board Order of April 2, 2007 in *Lee*

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<sup>1</sup> On June 24, 2009, Opposer served a copy of its response upon counsel for the Applicant at an address that is inconsistent with Applicant's correspondence address as shown in TTAB records and at which Applicant's counsel has not maintained an office for approximately two and one half years. On July 6, 2009, apparently after learning of its error from the U.S. Postal Service, Opposer forwarded to Applicant's counsel, by U.S. first class mail, its original service copy of the June 24 filing. No effort was made to promptly inform Applicant's counsel of the error by email or telephone, and no new Certificate of Service was filed with the Board.

*Co. v. Maidenform, Inc.*, Opposition 91,168,309 at p. 2 (citing, cf., *La Maur, Inc. v. Bagwells Enterprises, Inc.*, 193 USPQ 234 (Comm'r 1976) (“If testimony periods are reset prior to the opening of the plaintiff’s testimony period-in-chief, a motion to compel filed before a first trial period opens is timely. However, once the first trial period opens, a motion to compel filed thereafter is untimely, even if it is filed prior to the opening of a rescheduled testimony period-in-chief for plaintiff.”); accord *Lee Co. v. Maidenform, Inc.*, 2008 87 USPQ2d (BNA) 1715, at n. 10 (TTAB 2008). Accordingly, Opposer’s Motion to Compel must be denied as time-barred, without regard to the Board’s disposition of Opposer’s concurrently-filed Motion to Reopen the Testimony and Briefing periods.

#### **IV. Registrant Has Not and Cannot Establish That Its Failure to Timely File Testimony Resulted From Excusable Neglect**

In analyzing excusable neglect, the TTAB relies upon the Supreme Court opinion in *Pioneer Investment Services Co. v. Brunswick Associates Limited Partnership*, 507 U.S. 380 (1993). See, e.g., *Old Nutfield Brewing Co. v. Hudson Valley Brewing Co.*, 65 USPQ2d 1701, 1702-04 (T.T.A.B. 2002) (applying *Pioneer* test for excusable neglect in the context of a TTAB proceeding). The Supreme Court characterized the excusable neglect standard as an equitable inquiry into all relevant circumstances surrounding the party’s omission, namely: (1) the danger of prejudice to the [non-moving party], (2) the length of the delay and its potential impact on judicial proceedings, (3) the reason for the delay, including whether it was within the reasonable control of the movant, and (4) whether the movant acted in good faith. As will be discussed below, Registrant’s failure to timely advance the instant proceedings resulted entirely from factors within Registrant’s control and is consistent with a pattern of bad faith on the part of Registrant. Moreover, the length of Registrant’s delay has caused significant prejudice to the interests of both Applicant and the Board—prejudice that will be compounded if Registrant’s motions are granted.

##### **A. Registrant’s Delay Was Caused by Reasons Entirely Subject to Registrant’s Control**

It has been held that the third *Pioneer* factor—the reason for the delay and whether it was within the reasonable control of the movant—is most important to the excusable neglect analysis. See *Atlanta-Fulton County Zoo Inc. v. DePalma*, 45 U.Sp.Q.2d 1858, 1859 (TTAB 1998); *Pumpkin Ltd v. Seed Corps.*, 43 USPQ2d (BNA) 1582, 1586, at n. 7. Thus, this factor is discussed first.

Signal has argued that its delay in filing a motion to reopen the testimony period in this proceeding was a belief that the case would settle. Board precedent clearly establishes even a reasonable belief in settlement prospects does not relieve an opposer of its duty under Trademark Rule 2.132 to come forward with evidence to support its case. *Atlanta-Fulton County Zoo. v. DePalma*, 45 USPQ2d (BNA) 1858 (TTAB 1998) (“As regards opposer’s contention that the parties were continuing to explore settlement possibilities during opposer’s testimony period, it is well established that the mere existence of settlement negotiations does not justify a party’s

inaction or delay.”). Thus, Opposer’s sole justification for his failure to prosecute must fail on its face.

Moreover, Applicant acknowledges that the parties did agree on settlement parameters very early in the pendency of this proceeding and, on that basis, shared a belief that the case would settle. (Rapp Decl.) However, by email of September 24, 2008, Opposer was put on clear notice by Applicant that settlement prospects were in serious jeopardy, because Applicant was unwilling to agree to a particular material term that Opposer had expressed commitment to by email dated July 7, 2008. (Rapp Decl.) Thus, by the time Opposer’s testimony period commenced on October 25, 2009, Opposer’s counsel had no reasonable basis for a continuing belief that settlement was of sufficient certainty as to render unnecessary a motion to compel discovery responses and/or a motion to extend trial dates.

Moreover, as January 23, 2009, Applicant’s counsel had not received a response to her email of September 24, 2008. (Rapp Decl.) Accordingly, Applicant’s counsel forwarded a copy of said email to counsel for Opposer and reiterated Applicant’s unwillingness to agree to any settlement incorporating the term that had become, since at least as early as July 2008, the sole remaining issue between the parties. (Rapp Decl.) In the January 23, 2009 email, Applicant’s counsel noted that although she was “reluctant to pursue a Motion to Dismiss for Failure to Prosecute,” she was “under pressure [from Applicant] to conclude a settlement or move forward before the TTAB.” (Rapp Decl.) Thus, to the extent that Opposer’s counsel was, prior to January 23, 2009, acting under a misguided belief that settlement was a certainty, such ambiguity was dispelled as of that date.

**B. Registrant’s Delay of Approximately 8 Months Will Adversely Impact The Board’s Interest in Judicial Efficiency and Will Prejudice Applicant’s Interest in Obtaining its Registration and Containing its Legal Costs**

In its response to the Board’s Order to Show Cause, Registrant contends that its delay in moving to reopen testimony is “minimal” “given the delays by Applicant in responding to settlement proposals.” Opposer conspicuously omits reference to its own delays throughout the course of this proceeding. Moreover, the delay that must be considered in this context is the length of time the Opposition is likely to remain pending if the Opposer’s motion is granted, relative to the length of time that the Opposition would have remained on the Board’s docket if Registrant had taken testimony at the appropriate time. *Old Nutfield Brewing Co. v. Hudson Valley Brewing Co.*, 65 USPQ2d at 1701-02.

In *Old Nutfield Brewing Co.*, the opposer failed to take testimony in the scheduled period, and then moved to reopen because of excusable neglect, based in part on the applicant’s failure to serve an answer. 65 USPQ2d at 1701-02. In evaluating the second *Pioneer* factor, the TTAB noted its interest in the expeditious resolution of its caseload and stated: “If not for opposer’s failure to take testimony as scheduled, this case would have already been briefed, and quite possibly already been decided on the merits, even allowing for an oral hearing. If we were to grant opposer’s motion to reset its testimony period, trial periods would not close until at least the end of this year.” *Id.* The Board also noted that its own workload is unnecessarily increased when it must devote time and resources to ruling on motions resulting from avoidable delays,

and further, that such increased workload adversely affects other litigants before the Board. *Id.* at 1703 (citation omitted).

This is not a case in which Opposer inadvertently missed a deadline and then promptly pursued relief upon learning of his omission. Rather, this is a case in which Opposer simply ignored trial dates based on an unfounded and unilateral belief that settlement would be forthcoming. As a result, if the Board grants Opposer's Motions, this matter will remain pending on the Board's docket for at least eight to ten months following the date on which it would otherwise have been disposed of, depending on how long Opposer's Motion remains pending before the Board. The application at issue in this proceeding will remain in suspension during the period. Thus, Opposer's delay seeking relief from its own neglect is significant and has been prejudicial to both Applicant and to the Board. Thus, the delay should not be permitted by the Board.

### **C. Registrant's Inexcusable Neglect Is Consistent With Bad Faith**

While a finding of inexcusable neglect need not be predicated on a finding of bad faith, it bears noting that this is not the first time Opposer has failed to respect the integrity of TTAB scheduling orders. In January of 1999, a proceeding bought by Chattem, Inc., Opposer's predecessor-in-interest, against Application Serial No. 75/205,403 (HERPESOL for "medicated lip balm"), resulted in a default judgment against Opposer following the defendant's submission of a Motion to Dismiss for Failure to Prosecute. At the very least, Opposer clearly had reason to be aware of the consequences of failing to prosecute its case.

### **V. The Board Should Grant a Default Judgment Against Opposer**

If a show cause order under Rule 2.128(a)(3) has been discharged, but the record shows that the plaintiff failed, during its testimony period, to take any testimony or offer any other evidence in its behalf, the Board, in lieu of resetting the times for filing remaining briefs in the case, may enter judgment against plaintiff for failure to prove its case. *See Gaylord Entertainment Co. v. Calvin Gilmore Productions, Inc.*, 59 USPQ2d 1369 (TTAB 2000); *see also* TBMP §536. It would be a waste of Applicant's and Board resources to reset the briefing periods in this proceeding where Opposer has presented no evidence at trial to support its case. A brief may not be used as a vehicle for the introduction of evidence. TBMP §801.01.

For the reasons set forth herein, Applicant respectfully requests that the Board deny Opposer's Motion to Compel, deny Opposer's Motion to Reset the Testimony and Briefing Periods, and enter a default judgment against Opposer for failure to prosecute its case.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "A. Rapp", is written over a horizontal line.

Allison L. Rapp  
Lutzker & Lutzker LLP  
1233 20<sup>th</sup> St. NW, Ste 703  
Washington, D.C. 20036

Phone: (202) 408-7600  
Fax: (202) 408-7677

Date: July 14, 2009

Counsel for David A. Kern

**CERTIFICATE OF SERVICE**

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By:

A handwritten signature in cursive script, appearing to read "Allison L. Rapp", is written over a horizontal line.

Allison L. Rapp