

UNITED STATES PATENT AND TRADEMARK OFFICE
Trademark Trial and Appeal Board
P.O. Box 1451
Alexandria, VA 22313-1451

Goodman

Mailed: September 28, 2012

Opposition No. 91190899

Sharp Kabushiki Kaisha, a/t/a
Sharp Corporation

v.

Onsharp, Inc.

By the Board:

As background, answer to the amended notice of opposition was due on March 24, 2012.¹ No answer was filed, and on May 10, 2012, the Board issued notice of default.

Applicant filed its response to the notice of default on June 6, 2012 seeking to set aside default which opposer has opposed.

Good cause for discharging default is generally found if (1) the delay in filing is not the result of willful conduct or gross neglect, (2) the delay will not result in substantial prejudice to the opposing party, and (3) the defendant has a meritorious defense. *Fred Hayman Beverly Hills Inc. v. Jacques Bernier Inc.*, 21 USPQ2d 1556 (TTAB

¹ The amended notice of opposition was filed to clarify opposer's dilution claim to specify that its marks were famous before the alleged date of first use by applicant and to assert additional registrations in support of its likelihood of confusion and dilution claim.

1991). When considering these factors, the Board keeps in mind that the law strongly favors determination of cases on their merits. *Paolo's Associates Ltd. Partnership v. Bodo*, 21 USPQ2d 1899, 1902 (Comm'r Pat. 1990). See also *Int'l Painters and Allied Union and Indus. Pension Fund v. H.W. Ellis Painting Co., Inc.*, 288 F.Supp.2d 22, 25 (D.D.C. 2003) ("Default judgments are generally disfavored by courts, because entering and enforcing judgments as a penalty for delays in filing is often contrary to the fair administration of justice"). Good cause is a more liberal standard than vacating a default judgment under Fed. R. Civ. P. 60(b). *Coon v. Grenier*, 867 F.2d 73, 76 (1st Cir. 1989).

Meritorious Defense

Applicant concurrently submitted its answer with its motion to set aside default. Applicant argues that the answer satisfies the requirement that it has a meritorious defense.

Opposer has not argued that applicant has not established a meritorious defense.

The Board finds that applicant set forth a meritorious defense by filing an answer. *DeLorme Publishing Co. v. Eartha's Inc.*, 60 USPQ2d 1222, 1224 (TTAB 2000) (plausible response to allegations in notice of opposition all that required for meritorious defense). See also, *Mathon v. Marine Midland Bank, N.A.*, 875 F. Supp. 986, 993 (E.D.N.Y.

1995) ("A meritorious defense is established by Rule 55 standards by setting forth denials and defenses in an answer").

Prejudice to Opposer

With regard to the question of prejudice, substantial prejudice within the meaning of Rule 55(c) does not result from delay alone. Rather, the plaintiff must demonstrate that the default caused some actual harm to its ability to litigate the case, such as diminishing the amount of available evidence, increased difficulties of discovery, or the thwarting of plaintiff's recovery or remedy. 10 C. Wright, A. Miller, M. Kane & R. Marcus, Federal Practice and Procedure Civil 3d Section 2699 (2012).

With regard to the question of prejudice, applicant argues that opposer will not be prejudiced by entry of applicant's answer given the minimal additions to the amended pleading.

Opposer has not argued that it will be prejudiced by setting aside default.

The Board finds that setting aside default will not cause substantial prejudice to opposer inasmuch as mere delay alone does not establish prejudice. *DeLorme Publishing Co. v. Eartha's Inc.*, 60 USPQ2d at 1222; see also *Capital Yacht Club v. Vessel AVIVA*, 228 F.R.D. 389, 394 (D.D.C. 2005) (It is well established, however, that "delay

and legal costs are part and parcel of litigation and typically do not constitute prejudice for the purposes of Rule 55(c)"). In addition, there is no prejudice to accepting the answer to the amended pleading. All the issues before the parties had been framed by the initial pleading and applicant's answer thereto, as the amended pleading sought only to clarify the dilution claim and add additional pleaded registrations.

Willfulness or Gross Neglect

Applicant argues that there was no willfulness or gross neglect in failing to answer the amended complaint as pro-se applicant "misunderstood that Exhibit A" was the amended opposition that it was to answer. Applicant submits that it believed it would be served with the amended notice of opposition by opposer. Applicant further asserts its belief that "no action was needed" with respect to filing an answer "due to the insubstantial changes made" to the amended notice of opposition. Applicant also contends that the parties were attempting to settle the matter.

In response, opposer argues that while the parties had attempted to settle the matter initially, no new negotiations have occurred in over a year and that assertions of settlement are an attempt to mislead the Board. Opposer also complains that non-compliance with the Board's order establishes that applicant "is not acting in

good faith in this matter" as applicant "consciously chose to ignore the Board's [February 23, 2012] order" which set the time to file an answer to the amended notice of opposition. Opposer argues that applicant's failure to answer evidences an "objective intent not to defend the opposition" and that such actions were grossly negligent or willful. Opposer also complains about applicant's other failures including its failure to sign the amended protective order or to comply with the Board's discovery order.

In reply, applicant argues that opposer's opposition focuses on issues irrelevant to the motion i.e., outstanding discovery responses. Applicant submits that its belief that the parties would again attempt to settle the matter was based on a March 14, 2012 telephone call from opposer's counsel and follow-up emails to discuss settlement.

"Mere negligence or failure to act reasonably is not enough to sustain a default" under Fed. R. Civ. P. 55(c). *U.S. v. \$22,050 in U.S. Currency*, 595 F.3d 318, 327 (6th Cir. 2010). Although the Board finds that applicant's explanation evidences that applicant was certainly neglectful, the Board does not find that applicant's failure to answer rises to the level of gross neglect.

The Board also finds that default was not willful.² Here, the issues had already been framed by the earlier pleadings as the amended complaint merely added two pleaded registrations and amended one sentence. If the failure to file an answer lacks substantive significance in a case, courts have found that such failure is not willful. See *Ramsey v. Allstate Ins. Co.*, No. 1:09-CV-207, 2011 WL 5520644 (S.D. Ohio November 14, 2011) (finding default was not willful where the "amended complaint was essentially a technical formality to tidy up the pleadings. Allstate's failure to file an answer under these circumstances can be considered no more than a venial sin"). Cf. *Information Systems and Networks Corp. v. U.S.*, 994 F.2d 792 (Fed. Cir. 1993) (discussing willfulness in context of Rule 60(b) and stating that a factor that negates the idea of willfulness is that failure to file an answer is of any substantive significance). In this case, the amended pleading added nothing substantive other than to clarify the allegation of fame in the context of the dilution claim and to allege additional pleaded registrations.

Accordingly, the Board finds that the failure to answer the amended complaint was not willful.

² With respect to opposer's complaints regarding discovery and the signing of the protective agreement, the Board finds that those matters do not establish willfulness for purposes of applicant's failure to file an answer to the amended complaint.

In summary, the Board finds that applicant has established that default was not willful or the result of gross neglect, that it has a meritorious defense, and that opposer will not be substantially prejudiced. In view thereof, the Board finds good cause for setting aside default.

Entry of default is set aside, and applicant's answer to the amended notice of opposition is accepted.

Dates are reset as follows:

Plaintiff's Pretrial Disclosures	10/18/2012
Plaintiff's 30-day Trial Period Ends	12/2/2012
Defendant's Pretrial Disclosures	12/17/2012
Defendant's 30-day Trial Period Ends	1/31/2013
Plaintiff's Rebuttal Disclosures	2/15/2013
Plaintiff's 15-day Rebuttal Period Ends	3/17/2013

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.

***By the Trademark Trial
and Appeal Board***