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

Proceeding	91193249
Party	Defendant Innovative Formulas, LLC
Correspondence Address	FARHAD NOVIAN NOVIAN & NOVIAN, LLP 1801 CENTURY PARK E , SUITE 1201 LOS ANGELES, CA 90067-2314 UNITED STATES
Submission	Other Motions/Papers
Filer's Name	Joseph A. Lopez
Filer's e-mail	joseph@novianlaw.com
Signature	/Joseph A. Lopez/
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FARHAD NOVIAN
JOSEPH A. LOPEZ
NOVIAN & NOVIAN, LLP
1801 Century Park East, Suite 1201
Los Angeles, California 90067
Telephone: (310) 553-1222
Facsimile: (310) 553-0222

Attorneys for Defendant
INNOVATIVE FORMULAS, LLC

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

PRECISE NUTRTION INT'L, INC. v. INNOVATIVE FORMULAS, LLC	Opposition No. 91193249 **MOTION TO SET ASIDE DEFAULT; DECLARATIONS OF COLIN REID-ROSE AND FARHAD NOVIAN FILED CONCURRENTLY IN SUPPORT THEREOF**

I.

Introduction

Pursuant to Federal Rule of Civil Procedure ("FRCP") 55(c), and Trademark Trial And Appeal Board Manual Of Procedure ("TBMP") § 312.01 and 312.02, Defendant Innovative Formulas, LLC ("Innovative") hereby requests that the default entered against it in the above referenced opposition be set aside for good cause.

II.

Statement of Facts

On December 29, 2009, Defendant's application for Mark "Vital4Life" was

published for opposition under Serial No. 77810378 (hereafter, the "Mark"). Plaintiff's thereafter filed an opposition on January 4, 2010.

Defendant's registered attorney under the application for this Mark is the law offices of Novian & Novian, LLP ("NNLLP"). Innovative does not monitor its own trademarks, but instead has assigned NNLLP to handle and monitor all of its trademark activity. [Declaration of Farhad Novian ("Novian Dec."), ¶ 3] This is why NNLLP has listed itself as the attorney of record, so that opposing counsel looking to file any opposition or cancellation proceedings can directly contact NNLLP as counsel of record. Typically, opposing counsel will contact us asking if we want to enter into a co-use agreement or making some other offer, and will serve a copy of the opposition or cancellation moving papers on our offices. Mr. Novian has never been contacted by the attorney of record for opposing party, Jay H. Geller, nor was he served with copies of the opposition proceeding. [Novian Dec., ¶¶ 4-5].

NNLLP also receives all notices dealing with trademark applications via electronic mail from either the United States Patent and Trademark Office ("USPTO") or its Trademark Trial and Appeal Board ("TTAB") once it has registered as the attorney of record [Novian Dec., ¶ 6]. However, NNLLP received no notice of this opposition proceeding via electronic mail. [Novian Dec., ¶ 6-7].

The first date on which NNLLP was notified of the cancellation proceeding was March 8, 2010, when it received a notification via regular mail that default had been entered against Innovative. All such notices are scanned into the system directory with a paper copy inserted into the physical file by Colin Reid-Rose, the filing clerk for NNLLP, and Mr. Reid-Rose is also responsible for checking the regular mail on a daily basis for such notices. [Declaration of Colin Reid-Rose ("Reid-Rose Dec.), ¶ 2]. Mr. Reid-Rose never received any notice of the opposition either by electronic mail or regular mail. The only notices that Mr. Reid-Rose received in response to the application for the Mark were notices for

extension of time to oppose filed by a Melaleuca, Inc. and a 4Life Trademarks, LLC (neither of which are a party to the instant action) and the notices of default mailed by the TTAB on March 2, 2010. [Reid-Rose Dec., ¶ 3]

Nor has any notification of the opposition, or copy of the opposition, been received by NNLLP via electronic mail. Farhad Novian is the managing partner of NNLLP and responsible for managing its day to day affairs. He is also the attorney of record for Innovative in the instant matter. [Novian Dec., ¶ 3, 6-7]

Previously, Josh Mendelsohn was the attorney primarily responsible for handling all trademark matters under the USPTO and TTAB, including trademark opposition proceedings. On December 23, 2009, Mr. Mendelsohn left NNLLP. [Novian Dec., ¶ 7]. It is possible that the application was filed with Mr. Mendelsohn's e-mail address as the e-mail address of record, and that the notification was not received because, thereafter, Mr. Mendelsohn's e-mail address was removed from the server. However, messages previously delivered to Mr. Mendelsohn's e-mail address were rerouted to the address of Mr. Novian, but Mr. Novian has never received any notices from the USPTO or TTAB via electronic mail pertaining to the instant action. [Novian Dec., ¶ 7].

III.

Legal Argument

The standard for whether or not a default should be set aside is whether or not the defendant shows "good cause." *FRCP* 55. The standard for good cause, as determined by the TTAB, is: (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* § 312.02.

As stated above in the statement of facts, there is no willful, or grossly negligent, failure by Defendant to file an answer in the instant matter. NNLLP lists itself as the attorney of record on all trademark applications expecting that it will be served by opposing counsel with all opposition proceeding papers,

especially in such cases as this where it monitors marks on behalf of its clients. NNLLP has conducted a thorough investigation and found no evidence that it was served with a copy of the notice or the opposition, and thus could not possibly file and answer to an opposition of which it was not aware. When there is no evidence that failure was wilful, costs incurred in preparing and filing a motion will not be found sufficient to support a finding of prejudice. *Id., citing* Paolo's Associates Limited Partnership v. Paolo Bodo, 21 USPQ2d 1899, (no evidence that failure was willful; costs incurred in preparing and filing motion not sufficient to support finding of prejudice).

Gross negligence is a high standard, and examples cited as such in the *TBMP* include failure to file an answer six months after the due date, far beyond the approximately one and a half months since the due date in the instant action, which only occurred as a result of NNLLP having failed to been served. *Id., citing* DeLorme Publishing Co v. Eartha's Inc., 60 USPQ2d 1222, 1557 (although no specific prejudice to opposer, and while meritorious defense was shown, Board found applicant's conduct amounted to gross neglect and granted motion for default judgment where applicant filed its answer six months late, viewing the notice of opposition as "incomplete," instead of filing appropriate motion or taking other appropriate action).

Inadvertence of counsel is also a recognized grounds for overturning a default and, while NNLLP maintains that there was no "inadvertence" on its part because it was never served with the opposition, it is nonetheless the result of counsel having not been served that Defendant has not filed an answer and, on that basis, the default should be overturned. *Id., citing* Fred Hayman Beverly Hills, Inc. v. Jacques Bernier, Inc., 21 USPQ2d 1556, 1557 (failure to answer due to inadvertence on part of applicant's counsel).

Typically, the submission of an answer is considered satisfactory for satisfying there is a meritorious defense. *Id., citing* Djeredjian v. Kashi Co., 21 USPQ2d 1613, 1615 (TTAB 1991) (the two other factors having been shown,

applicant was allowed time to show meritorious defense by submission of answer). Furthermore, "the showing of a meritorious defense does not require an evaluation of the merits of the case. All that is required is a plausible response to the allegations in the complaint." *Id., citing* DeLorme, supra at 1224.

Defendant believes that it has such a meritorious defense and can demonstrate such in a filed answer. However, while it is preferred that a proposed answer is to be filed with a motion to set aside default, *TBMP* § 312.01 provides 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. However, in some cases it may not be necessary for the defendant to submit its answer with the response. Examples include cases where the defendant has not received the copies of the complaint and notification letter sent to it by the Board...

Defendant having never received a copy of the complaint or notification letter, it is therefore exempt from having to file a proposed answer in this case. NNLLP has not had time to prepare a proposed answer due to the research it has undertaken since receiving the notice of default, which has required a factual investigation and legal research in preparation of this motion. However, having now downloaded a copy of the notice and opposition from the TTAB website after being made aware of the default, Defendant intends to file a proposed answer within a short period of time hereafter, or however soon after as the TTAB may deem appropriate if the Motion to Set Aside Default is granted.

FRCP 55 is to be liberally construed in order to provide relief from onerous consequences of defaults and default judgments, to provide relief from the onerous consequences of such an entry, and with any doubt being resolved in favor of setting aside. Tolson v. Hodge, (N.C. 1969) 411 F.2d 123; Barber v. Turberville, 218 F.2d 34; Horn v. Intelectron Corp., (S.D.N.Y.1968), 294 F.Supp. 1153; Singer Co. v. Greever and Walsh Wholesale Textile, Inc., (E.D.Tenn.1977), 82

F.R.D. 1; Johnson v. Harper, (D.C.Tenn.1975), 66 F.R.D. 103; Hamilton v. Edell, (E.D.Pa.1975), 67 F.R.D. 18.

TBMP § 312.01 likewise states:

> In exercising that discretion, the Board must be mindful of the fact that it is the policy of the law to decide cases on their merits. Accordingly, the Board is very reluctant to enter a default judgment for failure to file a timely answer, and tends to resolve any doubt on the matter in favor of the defendant.

Accordingly, the Board should liberally construe the statute in this instant matter and grant the Motion to Set Aside Default, so that the opposition may be litigated on its merits as is preferred under the law.

IV.

Conclusion

For the foregoing reasons, the Motion to Set Aside Default should be granted, and Defendant should be given leave to file an Answer.

DATED: March 31, 2010

Novian & Novian, LLP

JOSEPH A. LOPEZ
Attorneys for Defendant
Innovative Formulas, LLC

DECLARATION OF COLIN REID-ROSE

I, Colin Reid-Rose, do hereby declare:

1. I am over the age of eighteen. I have personal knowledge of the following facts and, if called upon to do so, I could and would competently testify thereto. I submit this Declaration in support of Plaintiff's Motion to Set Aside Default.

2. I am the filing clerk for Novian & Novian, LLP ("NNLLP"). In the course of my regular duties, I open the mail on a daily basis and am responsible for delivering all notices related to trademarks to the appropriate attorneys. My regular routine is to scan the notice into the NNLLP computer network and e-mail a copy to the managing partner of the firm and the trademark attorney. I then insert the paper copy into the physical file.

3. I have never received any notice of the above referenced opposition. The only notices that I have received through the mail with respect to Innovative Formulas, LLC's applications for registration of "Vital4Life" trademarks are notices for extension of time to oppose filed by a Melaleuca, Inc. and a 4Life Trademarks, LLC (neither of which are a party to the instant action) and the notices of default mailed by the TTAB on March 2, 2010.

4. I declare under penalty of perjury under the laws of the United States that the foregoing is true and correct.

March 31, 2010

COLIN REID-ROSE

DECLARATION OF FARHAD NOVIAN

I, Farhad Novian, do hereby declare:

1. I am over the age of eighteen. I have personal knowledge of the following facts and, if called upon to do so, I could and would competently testify thereto. I submit this Declaration in support of Plaintiff's Motion to Set Aside Default.

2. I am the managing partner for Novian & Novian, LLP ("NNLLP"). I am responsible for managing the day-to-day affairs of NNLLP and assigning various matters to the attorneys under my supervision. I am responsible for managing almost all client relationships with the firm and make firing and hiring decisions with respect to attorneys and staff.

3. I am responsible for managing all trademark matters as it relates to NNLLP's client, Innovative Formulas, LLC ("Innovative"). Innovative has instructed me on a number of occasions that they do not monitor their own trademark activity. As such, they have designated us to handle all of their applications. I am listed as the attorney of record on the trademark application for the above listed opposition.

4. In the course of our trademark applications, I am routinely listed as the contact attorney along with NNLLP. Typically, during the course of an opposition proceeding, opposing counsel will use this information to contact me and make a demand or attempt to reach some sort of compromise, usually by virtue of a co-use agreement. Similarly, since NNLLP and myself are listed on such trademark applications, we (and our clients) expect that NNLLP will be served with any opposition, cancellation or other proceedings that relate to such applications.

5. To my knowledge and recollection, I have never spoken with Mr. Jay H. Geller, the attorney of record on the opposition for Precise Nutrition Int'l, Inc., nor have I received anything in the way of communication from him on this opposition proceeding. Furthermore, I have never been served with any papers

with respect to this matter, seen any moving papers related to it, or was even aware of it, prior to and excluding the mailing notices of default to NNLLP.

6. As the attorney of record on all trademark applications, I routinely receive notices from the United States Patent and Appeal Board ("USPTO") and its Trademark Trial and Appeal Board ("TTAB") via electronic mail. I have never received notification of the cancellation proceeding from either the USPTO or TTAB via electronic mail.

7. Previously, Josh Mendelsohn from our office was the primary trademark attorney, and was sometimes listed as the contact person on applications. Mr. Mendelsohn left NNLLP on December 23, 2010 and all of his e-mails were rerouted to my account. The opposition proceeding was initiated on January 4, 2010, according to documents available on the TTAB website, after the date on which Mr. Mendelsohn left NNLLP and his mail was rerouted to my inbox. If Mr. Mendelsohn was ever provided with electronic notice of the opposition proceedings, it was not forwarded to my inbox.

8. I declare under penalty of perjury under the laws of the United States that the foregoing is true and correct.

March 31, 2010

JM A Lep for
Farhad Novian

FARHAD NOVIAN