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Filing date: **12/03/2013**

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

Proceeding	91212553
Party	Defendant 365 Laboratories, LLC
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Submission	Other Motions/Papers
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Date	12/03/2013
Attachments	130075.tm.01.motion to set aside default and supporting documents.pdf(309420 bytes)

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

In the Matter of Trademark Application No. 85812336
For the mark: NATURE365 (and Design)
Date Published: May 21, 2013

Whole Foods Market IP, L.P.)	
)	
Opposer,)	Opposition No. 91212553
)	
v.)	
)	
365 LABORATORIES, LLC)	
)	
Applicant.)	
)	

MOTION TO SET ASIDE DEFAULT AND MOTION FOR LEAVE TO FILE A LATE ANSWER

Applicant, 365 LABORATORIES, LLC, by and through its undersigned counsel, submits the following MOTION TO SET ASIDE DEFAULT AND MOTION FOR LEAVE TO FILE A LATE ANSWER pursuant to 37 C.F.R. § 2.116(a) and Fed. R. Civ. P. 55 (c) and the Declaration of Craig S. Kirsch in support of the aforesaid motions.

MEMORANDUM OF LAW

I. STATEMENT OF FACTS AND PRELIMINARY STATEMENT

As set forth in the Default Order, entered by Board on November 14, 2013, Petitioner, filed its Notice of Opposition on September 18, 2013 and the TTAB Trial Order listed October 28, 2013 as the date for Applicant to timely file its Answer. Applicant's counsel filed its Notice

of Appearance on September 23, 2013 and began settlement discussions with Opposer's counsel shortly thereafter. Counsel for Applicant and Opposer have been in regular communication regarding a possible settlement of this matter and counsel even exchanged electronic mail communications on October 28, 2013, the same date that the Trial Order stated Applicant's answer was due. Applicant's counsel was operating under the mistaken belief that an extension had been filed and that the dates as stated in the Trial Order dated September 18, 2013 had actually been reset. The entry of the Default in the instant Opposition Proceeding on November 14, 2013 has brought to the attention of Applicant's counsel that an extension was in fact not filed or entered in the instant proceeding. Counsel for Applicant proposed that a Stipulation to Set Aside the Default entered by the Board on November 14, 2013, however, counsel for Opposer was not amenable to such a proposition and hence the instant MOTION TO SET ASIDE DEFAULT AND MOTION FOR LEAVE TO FILE A LATE ANSWER is being filed today.

II. LEGAL ARGUMENT

In considering whether to set aside a default judgment, the TTAB has stated that "[t]he 'good and sufficient cause' standard, in the context of [37 C.F.R. § 2.132(a)], is equivalent to the 'excusable neglect' standard which would have to be met by any motion under Fed. R. Civ. P. 55 (c)." HKG Indus., Inc. v. Perma-Pipe Inc., 49 USPQ2d 1156, 1157 (T.T.A.B.1998). Thus Applicant's motion to reopen the opposition proceeding and set aside the default entered on November 14, 2013 is made pursuant to that Rule. In analyzing excusable neglect, the TTAB has relied on the Supreme Court's discussion of excusable neglect in Pioneer Investment Services

Co. v. Brunswick Associates Limited Partnership, 507 U.S. 380, 113 S.Ct. 1489, 123 L.Ed.2d 74 (1993). See, e.g., Mattel, Inc. v. Henson, 88 Fed. Appx. 401 (Fed. Cir. 2004) (confirming applicability of Pioneer factors to TTAB proceedings).

The Pioneer case dealt with a bankruptcy rule permitting a late filing if the movant's failure to comply with an earlier deadline 'was the result of excusable neglect.'" 507 U.S. at 382, 113 S.Ct. 1489. The Supreme Court defined the inquiry into excusable neglect as:

at bottom an equitable one, taking account of all relevant circumstances surrounding the party's omission. These include . . . the danger of prejudice to the [nonmoving party], the length of the delay and its potential impact on judicial proceedings, the reason for the delay, including whether it was within the reasonable control of the movant, and whether the movant acted in good faith. *Id.* at 395, 113 S.Ct. 1489.

In practice before this Board in particular, the TTAB "is lenient in accepting late-filed answers" when the delay is not excessive. See, Mattel, Inc. v. Henson, 88 Fed. Appx. at 401, n.1.

Moreover, Board policy is explained as follows in TBMP § 312.02 (2d ed. rev. 2004):

Good cause why default judgment should not be entered against a defendant, for failure to file a timely answer to the complaint, is usually found 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. 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.

The determination of whether default judgment should be entered against a party lies within the sound discretion of the Board. 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.

Under the circumstances, the Board has ample reason to employ its leniency and authorize the late filing of an Answer. It is hard to imagine how Opposer could have been prejudiced in the time between October 28, 2013 and now. For the last several months Applicant's common law marks and Opposer's registered trademark have coexisted, with no objection from Opposer. Applicant does not, however, urge estoppel on this motion (as to the substance of the Opposition). Applicant merely raises this issue to demonstrate that Opposer has not been harmed in any quantum greater than it had already been for the previous several months, by virtue of the delay since the October 28, 2013 deadline, and cannot demonstrate prejudice.

Indeed, the lack of prejudice is clear from Opposer's several communications seeking a definitive resolution of the Opposition – moreover Opposer communicated its latest position regarding a settlement the day the Trial Order stated that Applicant's answer was due! Opposers' counsel's response on October 28, 2013 does not suggest any sense of urgency and it certainly appears or at least it appeared to Applicant's counsel that the Parties were engaged in good faith settlement discussions at least as late as October 28, 28, 2013, the date that the Trial Order stated that Applicant's answer was due.

In the instant proceeding, there is no impact on other pending judicial proceedings. The reason for the delay is fairly characterized as honest error resulting from a miscommunication between the Parties' attorney's at a point when the Parties were engaged in good faith settlement negotiations as such, there is not an issue of bad faith. As such, the delay in filing the answer was not the result of willful conduct or gross neglect on the part of the Applicant, as discussed above Opposer will not be substantially prejudiced by the delay, and Applicant has meritorious defenses to Opposer's complaint as set forth in the attached proposed answer.

Default judgment is an extreme sanction, and “a weapon of last, not first, resort.” Martin v. Coughlin, 895 F. Supp. 39 (N.D.N.Y. 1995). Ultimately, there is no reason in this situation to depart from the well-known preference in the federal courts that litigation disputes be resolved on their merits. See, Richardson v. Nassau County, 184 F.R.D. 497, 501 (E.D.N.Y. 1999).

III. CONCLUSION

For the foregoing reasons, Applicant respectfully requests that the default entered in this matter be set aside, that leave be granted to file a late Answer, and that Applicant's late answer be accepted and considered in the instant proceeding.

Respectfully submitted,
By: /Craig S Kirsch/
Craig S. Kirsch
Attorney for Applicant
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CERTIFICATE OF SERVICE

It is hereby certified that a copy of the foregoing **MOTION TO SET ASIDE DEFAULT AND MOTION FOR LEAVE TO FILE A LATE ANSWER** was served via email to the party listed below on this the 3rd day of December and was simultaneously served by electronic filing upon ESTTA, upon the Board on that same date.

Jered E. Matthyse
Pirkey Barber PLLC
600 Congress Avenue Suite 2120
Austin, TX 78701
UNITED STATES
jmatthyse@pirkeybarber.com

By: /Craig S Kirsch/
Craig S. Kirsch

**IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
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Opposer,)	Opposition No. 91212553
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v.)	
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365 LABORATORIES, LLC)	
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Applicant.)	
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**AFFIDAVIT OF TESTIMONY OF CRAIG S. KIRSCH, ESQ. IN SUPPORT OF
APPLICANT'S MOTION TO SET ASIDE DEFAULT AND MOTION FOR LEAVE TO
FILE A LATE ANSWER**

STATE OF FLORIDA
County of Dade

BEFORE ME, the undersigned authority, personally appeared, CRAIG S. KIRSCH, who, after being duly sworn, deposes and says the following:

1. Affiant is over the age of 18 and has personal knowledge as to the truthfulness of the statements contained herein.
2. Affiant is an attorney in good standing licensed to practice before the state courts of Florida and the Courts of the District of Columbia Court of Appeals as well as before the United States Patent and Trademark Office.
3. Affiant is the attorney of record for 365 Laboratories, LLC. the Applicant, in the instant Opposition Proceeding.

4. Affiant filed a Notice of Appearance on September 23, 2013 as Attorney of Record for Applicant in the instant Opposition Proceeding.

5. Even prior to filing a Notice of Appearance with the Trademark Trial and Appeal Board (the "Board"), Affiant and Opposers' counsel, Jered Matthyse, began communicating regarding a possible settlement to the instant proceeding.

6. The latest settlement communication was exchanged between Affiant and Opposers' counsel on October 28, 2013, wherein details of a proposed settlement were discussed.

7. During the settlement discussions Affiant believed that as settlement discussions were underway, the pending deadlines as set forth in the Board's Trial Order dated September 18, 2013 were being tolled during settlement discussions.

8. Affiant was under the mistaken belief that an extension to file Applicant's Answer was entered between the Parties.

9. It was only after the Board entered a Default Order on November 14, 2013 that Affiant realized that an extension had not been filed with the Board.

10. Since learning of the Default, Applicant has been diligent in attempting to set said Default aside.

11. Timing has been an issue as the Thanksgiving Holiday has made it difficult for Affiant to communicate with opposing counsel and all other parties involved.

12. Affiant has attempted to resolve this matter by way of the entry of a Stipulation to Set Aside the Board's Default; however, opposing counsel was not amenable to such a solution, therefore requiring the instant Motion and supporting documents.

13. Applicant's motion and the accompanying documents including this Affidavit are being filing in good faith.

FURTHER AFFIANT SAYETH NAUGHT.

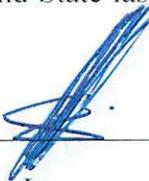


Craig S. Kirsch

STATE OF FLORIDA)
COUNTY OF MIAMI-DADE)

BEFORE ME, the undersigned authority, duly authorized in the State aforesaid and in the County aforesaid to administer oaths and take acknowledgments, personally appeared on the date specified below **Craig S. Kirsch**, who is personally known to me, or who has produced Florida Drivers License as identification.

WITNESS my hand and official seal in the County and State last aforesaid, this 3rd day of December 2013.



Notary Public
State of Florida, at Large



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Applicant.)	
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APPLICANT'S ANSWER TO NOTICE OF OPPOSITION

Applicant, 365 LABORATORIES, LLC, by and through its undersigned counsel, hereby submits is ANSWER TO NOTICE OF OPPOSITION in connection with above referenced Mark and pleads and avers as follows:

1. Applicant denies knowledge and information sufficient to admit or deny the allegations of ¶ 1.
2. Applicant denies knowledge and information sufficient to admit or deny the allegations of ¶ 2.
3. Applicant denies knowledge and information sufficient to admit or deny the allegations of ¶ 3.
4. Applicant denies knowledge and information sufficient to admit or deny the allegations of ¶ 4.

5. Applicant denies knowledge and information sufficient to admit or deny the allegations of ¶ 5.

6. Applicant denies knowledge and information sufficient to admit or deny the allegations of ¶ 6.

7. Applicant admits the allegations of ¶ 7.

8. Applicant admits the allegations of ¶ 8.

9. Applicant denies knowledge and information sufficient to admit or deny the allegations of ¶ 9.

10. Applicant denies knowledge and information sufficient to admit or deny the allegations of ¶ 10.

11. Applicant denies each and every allegation contained in ¶ 11.

12. Applicant admits the allegations of ¶ 12; however, it is Applicant's position that Opposer's permission or approval is not required.

13. Applicant denies each and every allegation contained in ¶ 13.

14. Applicant denies each and every allegation contained in ¶ 14.

15. Applicant denies each and every allegation contained in ¶ 15.

AFFIRMATIVE DEFENSES

First Affirmative Defense

Opposer fails to state a claim upon which relief can be granted.

Second Affirmative Defense

There is no likelihood of confusion, mistake or deception because, *inter alia*, the marks in question are not confusingly similar as they differ significantly in appearance, phonetic sounding and connotation.

Third Affirmative Defense

Opposer is impermissibly violating the anti-dissection rule by dissecting Applicant's Mark into its composite parts in order to allege confusion between the marks in question.

Fourth Affirmative Defense

Applicant's mark and the commercial impression created therefrom must be viewed in its entirety as it appears to the public if a proper likelihood of confusion analysis is to be conducted. The commercial impressions of the marks in question are widely disparate when viewed in their entireties as viewed and perceived by the consuming public.

Respectfully submitted,
By: /Craig S Kirsch/
Craig S. Kirsch
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Miami, Florida 33132
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Jered E. Matthysse
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Austin, TX 78701
UNITED STATES
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By: /Craig S Kirsch/
Craig S. Kirsch