

UNITED STATES PATENT AND TRADEMARK OFFICE
Trademark Trial and Appeal Board
2900 Crystal Drive
Arlington, Virginia 22202-3513

Ryan

MAILED: June 5, 2003

Cancellation No. 40,714

Dada Corporation

v.

Damani Dada Enterprises, Inc.

Before Seeherman, Hairston, and Bucher,
Administrative Trademark Judges.

By the Board.

This case now comes up for consideration of respondent's February 3, 2003 motion to set aside a default judgment pursuant to Fed. R. Civ. P. 60(b). Petitioner's February 24, 2003 objections are noted.

Background

A brief history of the prosecution of this proceeding will be helpful.

1. Petitioner filed, on June 24, 2002, a petition to cancel Registration No. 2,074,086 for the mark DAMANI DADA for various items of clothing in International Class 25. The petition to cancel identifies the original registrant, Kyarra Inspires Incorporated ("Kyarra"), as the respondent.

2. At the time proceedings commenced, the records of the USPTO's Assignment Branch showed an assignment of the involved registration to Damani Dada Enterprises, Inc. ("Damani"), a Maryland corporation located at 377 Brightseat Road, Capital Heights, Maryland 20785 ("the Maryland address"). The assignment to Damani was executed on June 9, 1999 and recorded on July 12, 1999 at Reel/Frame 1926/0414.

Cancellation No. 40,714

3. The Board, on July 3, 2002, mailed the notice instituting this proceeding to the parties. The Board named Damani as the respondent and mailed respondent's copy of the institution notice to the Maryland address set forth in the USPTO assignment records.

4. On July 12, 2002, the respondent's copy of the institution notice was returned by the U.S. Postal Service as undeliverable, with no forwarding address provided.

5. The Board was unable to find a correct address for the respondent.

6. Inasmuch as the Board was unable to effect service of notice of this proceeding on the respondent Damani by mail, the Board suspended this proceeding on September 6, 2002; notice by publication in the Official Gazette was effected on October 8, 2002, as prescribed by Trademark Rule 2.118.

7. No answer or appearance was received within the time allowed by the published notice. Accordingly, the Board granted the petition to cancel and entered judgment against respondent under Fed. R. Civ. P. 55(b) on January 16, 2003.

8. A motion was filed by Damani on February 3, 2003 to set aside the default judgment. Petitioner filed a timely response.

The Parties' Arguments

In support of its motion, respondent argues that its delay in answering was inadvertent and the result of excusable neglect, arising from respondent's lack of notice, non-receipt of the Board's institution notice, and non-receipt of its service copy of the petition to cancel. Respondent asserts that there has been no substantial prejudice to petitioner by the delay and that respondent has a meritorious defense to the action.

With respect to notice of this proceeding, respondent asserts that: it did not receive actual notice of this proceeding until January 24, 2003, when its counsel was notified "through a letter it received from co-counsel in a separate

Cancellation No. 40,714

matter"; the institution notice was returned to the Board as undeliverable because respondent, since January 2000, had twice relocated its business operations to locations in New York and no longer received correspondence at the Maryland address; respondent on April 5, 2002 had filed with the USPTO a written power of attorney designating its counsel at the firm Pryor, Cashman, Sherman & Flynn LLP to receive all correspondence in connection with the involved registration, but that power of attorney was not entered into the USPTO records; on two occasions, respondent notified the Post Office of its address changes and provided forwarding address information therefor; and the Board erred when it mailed the institution notice to respondent (at its "expired" Maryland address), rather than to respondent's counsel.

Respondent also argues that, to some extent, petitioner is at fault for the Board's inability to effect service by mail in this case. Respondent asserts that petitioner had actual knowledge that respondent's predecessor-in-interest Kyarra and respondent both were represented by the Pryor Cashman firm in connection with a related proceeding, Cancellation No. 40,616,¹ involving rights in petitioner's pleaded registration. Had petitioner been reasonably diligent in investigating respondent's

¹ Inasmuch as the petitioner in Cancellation No. 40,616 is still listed as Kyarra, Damani Dada Enterprises, Inc. is not currently a party to that proceeding. Although the USPTO assignment records (Reel 1926, Frame 0414) reflect a transfer of Reg. No. 2,074,086 from Kyarra to Damani Dada Enterprises, Inc., the listed parties to separate Board proceedings must be the same before considering consolidation of these two proceedings.

Cancellation No. 40,714

last known address prior to filing the petition to cancel in this case, petitioner would have contacted respondent's counsel to ascertain a current address for respondent and provided that address to the Board in the petition to cancel. See Trademark Rule 2.112(a).

In support of its motion, respondent includes a declaration from its counsel, Teresa A. Lee, with exhibits,² attesting to those facts asserted relative to notice of this proceeding, the related proceeding Cancellation No. 40,616, and the grounds for respondent's defense. Additionally, respondent submits a declaration of its President and Chief Executive Officer, Dwayne Lewis, attesting to the facts relative to respondent's address changes, its retention of counsel at the Pryor Cashman firm, and to its knowledge of this proceeding and non-receipt of the petition to cancel and the Board's notification thereof.

In its response brief, petitioner counters respondent's arguments regarding lack of notice and contends that the service on respondent was "valid." With respect to the service by mail, petitioner asserts that: respondent was not diligent in its actions to maintain a current and accurate correspondence address with the USPTO despite two different relocations over a two year period; respondent is without justification for blaming the USPTO for not entering a change of address for the involved

² Exhibits A consists of a copy of respondent's April 5, 2002 power of attorney, filed in connection with two applications and the involved registration, together with proof of filing; Exhibits B through F include evidence in support of respondent's claim that it has a meritorious defense to the petition to cancel.

Cancellation No. 40,714

registration inasmuch as respondent's April 5, 2002 power of attorney was "fatally defective" and failed to comply with Trademark Rules 2.17(d) and 2.18; it was unreasonable for respondent to rely on the U.S. Post Office to forward mail through two different address changes over a two year period, especially when respondent has an affirmative obligation to notify the USPTO directly; since the time of respondent's first relocation in January 2000, respondent had assumed the risk for failing to receive critical correspondence from the Trademark Office and/or the Board concerning its registration; and that, petitioner had no obligation to contact the Pryor Cushman firm to ascertain respondent's last known address for service of the notice of proceeding in this case inasmuch as, prior to respondent's February 3, 2003 motion, petitioner had no knowledge of the relationship between the Pryor Cashman firm, Damani and Kyarra and because Damani is not a named party to Cancellation No. 40,616.

Petitioner further argues that respondent has not challenged the validity of the service by publication. Petitioner contends that: respondent is presumed to have received notice of this proceeding pursuant to Trademark Rule 2.118 in the Official Gazette on October 8, 2002; and respondent has failed to explain why its counsel did not receive timely notice by publication, notwithstanding its counsel's experience in the practice of trademark law and familiarity with Official Gazette monitoring

practices. Moreover, petitioner disputes whether respondent has asserted a meritorious defense to this action.

Analysis

Once default judgment has actually been entered against a defendant pursuant to Fed. R. Civ. P. 55(b), that judgment may be set aside only in accordance with Fed. R. Civ. P. 60(b), which governs motions for relief from final judgment.³ See Fed. R. Civ. P. 55(c), and 6 Moore's Federal Practice, Section 55.10 (2d ed. 1985). See also *Waifersong Ltd. Inc. v. Classic Music Vending*, 976 F.2d 290, 24 USPQ2d 1632 (6th Cir. 1992). Fed. R. Civ. P. 60(b) provides that ". . . upon such terms as are just, the court may relieve a party . . . from final judgment . . . for the following reasons: (1) mistake, inadvertence, surprise, or excusable neglect . . ." ⁴

As clarified by the Supreme Court in *Pioneer Investment Services Company v. Brunswick Associates Limited Partnership*, 507 U.S. 380 (1993), and followed by the Board in *Pumpkin, Ltd. v. The Seed Corps*, 43 USPQ2d 1582 (TTAB 1997), the inquiry as to whether a party's neglect is excusable is:

³ It is noted that the Board views default judgments for failure to timely answer complaints with disfavor and generally tends to treat motions under Fed. R. Civ. P. 55(c) and 60(b) for relief from such a judgment with more liberality than other motions under Rule 60(b) for relief from other types of judgments. See *Djeredjian v. Kashi Co.*, 21 USPQ2d 1613 (TTAB 1991); *Regatta Sport Ltd. v. Telux-Pioneer Inc.*, 20 USPQ2d 1154 (TTAB 1991); TBMP Sections 317.03 and 545.

⁴ The Board finds, as an initial matter, that, inasmuch as respondent's motion to set aside the default judgment was filed two and one-half weeks after such judgment was entered, the motion is timely. See Fed. R. Civ. P. 60(b); TBMP Section 545.

Cancellation No. 40,714

at bottom an equitable one, taking account of all relevant circumstances surrounding the party's omission. These include . . . [1] the danger of prejudice to the [nonmovant], [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.

Pioneer, 507 U.S. at 395. In subsequent applications of this test, several courts have stated that the third *Pioneer* factor, namely the reason for the delay and whether it was within the reasonable control of the movant, might be considered the most important factor in a particular case. See *Pumpkin Ltd.* at 1586, footnote 7 and the cases cited therein.

Turning to the first *Pioneer* factor, we find in favor of the respondent. On this record, we find no evidence that petitioner will be prejudiced beyond the mere delay in this proceeding inasmuch as there is no indication of unavailable witnesses or lost evidence. Additionally, petitioner is without justification for asserting prejudice due to possible reliance on the default judgment herein. Petitioner should have been aware of the possibility that this case might not ultimately rest on respondent's default, particularly in light of its involvement in a cancellation proceeding with respondent's predecessor Kyarra, the entity originally identified in the petition to cancel as the owner of the involved registration for this case.

We consider next the second *Pioneer* factor, the length of delay and its potential impact on judicial proceedings. If we assume the delay pertains to respondent's failure to answer following the published notice of proceedings in Fall 2001, we

Cancellation No. 40,714

find that respondent acted promptly and diligently upon becoming aware of this proceeding and upon the entry of default judgment against it. Accordingly, the length of the delay and its potential impact on these proceedings is not unreasonable. As such, we find this factor favors respondent.

Turning next to the reason for the delay, it appears that the circumstances were ultimately within the reasonable control of respondent. When we consider why the default occurred here, we cannot ignore the delay of two years by respondent in filing a change of address notification with the USPTO. The proper notification of address changes in connection with registered marks clearly falls within the control of the respondent. Also, it is undisputed that the Board served notice of the petition to cancel by publication in the Official Gazette and that respondent failed to serve an answer thereto. Nonetheless, we recognize that respondent did make some efforts to ensure that correspondence from the USPTO would reach it, including filing change of address notices with the Postal Service, and a power of attorney with respect to the registration which gave its counsel's address. Further, the Board must balance the reason for the delay with the other factors enumerated by the Supreme Court in *Pioneer* to take into account all of the relevant circumstances in determining whether respondent's actions constitute a sufficient showing of excusable neglect.

Additionally, respondent should not blame petitioner for the lack of notice. The petitioner was under no obligation to

Cancellation No. 40,714

conduct a special investigation as to the ownership and address of the involved registration and had only to provide the Board with whatever information petitioner had concerning the name and address of the current owner of the involved registration.⁵ See TBMP §312.

As we look to the fourth *Pioneer* factor, we find no evidence of bad faith on the part of respondent. This factor, thus, falls on the side of respondent.

Another factor to be considered in determining a motion to vacate a default judgment for failure to answer the complaint is whether the defendant has demonstrated that it has a meritorious defense to the action. See TBMP Sections 317.03 and 545; *Djeredjian v. Kashi Co.*, 21 USPQ2d 1613 (TTAB 1991); *Regatta Sport Ltd. v. Telux-Pioneer Inc.*, 20 USPQ2d 1154 (TTAB 1991). It is clear that respondent intends to defend its registration. Once respondent files its answer to the petition to cancel herein, the Board will presume that respondent has demonstrated a meritorious defense to this action. See *Fred Hayman Beverly Hills, Inc. v. Jacques Bernier, Inc.*, 21 USPQ2d 1556 (TTAB 1991) (by the submission of an answer which is not frivolous, applicant has adequately shown that it has a meritorious defense.)

⁵ Nonetheless, we find specious petitioner's claim that it had no knowledge of any connection between Kyarra, Damani, and the Pryor Cashman firm, given the fact that petitioner had incorrectly named Kyarra as the owner of the involved registration in its complaint and in view of petitioner's prior involvement in Cancellation No. 40,616 wherein Kyarra is the named plaintiff represented by the Pryor Cashman firm.

Cancellation No. 40,714

Because the Board generally tends to treat motions under Fed. R. Civ. P. 55(c) and 60(b) for relief from default judgment with more liberality than other motions under Rule 60(b) and upon consideration of the totality of the circumstances in this case, we find that respondent's failure to timely act before the entry of default judgment was the result of excusable neglect. The motion to set aside the default judgment is therefore **granted** pending the filing, within the time set forth below, of a proper answer which shall serve as sufficient proof of respondent's asserted meritorious defense to this action.

Proceedings are now **resumed**. Copies of the July 3, 2002 notice of proceedings and the petition to cancel are attached to respondent's copy of this order. Respondent is ordered to file its answer within **THIRTY** days of the mailing date set forth on page one of this order.⁶

Discovery is open. The close of discovery and trial dates are **reset** as indicated below.⁷

⁶ The power of attorney and change of correspondence address filed by respondent on February 3, 2003 is noted.

⁷ If the parties seek any further extensions to the trial schedule in this case, any future consented motions to extend should set forth all dates in the format shown in this order. See Trademark Rule 2.121(d).

DISCOVERY PERIOD TO CLOSE:	December 3, 2003
30-day testimony period for party in the position of plaintiff to close:	March 2, 2004
30-day testimony period for party in the position of the defendant to close:	May 1, 2004
15-day rebuttal period for party in the position of the plaintiff to close:	June 15, 2004

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 Rule 2.128(a) and (b).

An oral hearing will be set only upon request filed as provided by Trademark Rule 2.129.

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