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

Proceeding	92046637
Party	Plaintiff MATTRESS FIRM INC.
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Attachments	MF Reply to Registrant Rsp to Mtn to Reopen.pdf (6 pages)(551488 bytes)

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

In the Matter of	§	
Cancellation No. 92046637	§	
Of Registration No. 3088627	§	
For Mark **BUY IT TODAY, SLEEP ON IT TONIGHT**	§	
	§	
MATTRESS FIRM, INC.,	§	
	§	
Petitioner,	§	**Cancellation No. 92046637**
	§	
	§	
vs.	§	
	§	
LIVING SPACES FURNITURE, LLC,	§	
	§	
Registrant,	§	

MATTRESS FIRM, INC.'S REPLY TO REGISTRANT'S RESPONSE TO THE MOTION TO REOPEN AND EXTEND TESTIMONY PERIOD

Petitioner Mattress Firm, Inc. ("Petitioner") submits the following Reply to Registrant Living Spaces Furniture, LLC's ("Registrant") Response to the Motion to Reopen and Extend Testimony Period as follows.

SUMMARY OF ARGUMENT

In response to Registrant's Motion to Dismiss, Petitioner moved to reopen and extend its testimony period and argued that its failure to enter evidence was based upon Registrant's promise to extend the testimony if a settlement could not be reached. Rather than own up to its gamesmanship, Registrant's response to this argument is simply that Petitioner should not have relied on the word of Registrant's counsel. Indeed, Registrant admits it told Petitioner, both before and after the close of the testimony period, that it would extend the testimony period if the parties' settlement negotiations fell through. Registrant went back on its word in bad faith and served the Motion to Dismiss on Petitioner in the same mailing as a letter rejecting Petitioner's settlement offer. The Board should not reward such tactics.

ARGUMENT

Registrant correctly notes that Petitioner is entitled to an extension of the testimony period if Registrant's failure to enter testimony is based on excusable neglect. In Petitioner's Motion to Reopen and Extend Testimony Period, Petitioner explains that its neglect is excusable because it relied upon the express written and oral promises made by counsel for Registrant to extend the testimony period if settlement could not be reached.

A. The Factors for Excusable Neglect Favor Petitioner

The four factors in determining excusable neglect are (1) danger of prejudice to the Registrant; (2) length of the delay and its impact on the proceedings; (3) the reason for the delay; and (4) whether the Petitioner acted in good faith. *See FirstHealth of the Carolinas Inc. v. CareFirst of Maryland Inc.* 81 U.S.P.Q.2d 1919, 1921 (Fed. Cir. 2007). All of these weigh in favor of a finding of excusable neglect.

First, there is no danger of prejudice to Registrant. Obviously, since Registrant previously agreed to extend the testimony deadlines, Registrant cannot claim to be prejudiced by having its promise enforced.

For the same reason, there will be little delay or impact on these proceedings. Presumably, the Board would have granted a joint motion to extend the testimony period. Thus, granting Petitioner's Motion to Reopen and Extend the Testimony Period does nothing to delay the proceedings beyond what the parties had already agreed to (prior to Registrant changing its mind).

Third, the reason for the delay—reliance upon the promises of counsel for Registrant—is the strongest reason to deny the Motion to Dismiss and grant the Motion to Reopen and Extend the Testimony Period. As mentioned the Motion to Reopen and Extend the Testimony Period, Petitioner's delay in taking testimony is a direct result on the promises made by counsel for

Registrant. Counsel for Registrant Carrie Shufflebarger blatantly admits in her Declaration that "I agreed if the parties were not able to settle the matter, we would need to talk about changing the trial dates." *See* Exhibit B to Registrant's Response to the Motion to Reopen and Extend the Testimony Period. Counsel for Petitioner followed up with his phone call with Ms. Shufflebarger with an email to both Ms. Shufflebarger and lead counsel Mr. Frey indicating the parties' agreement to extend the deadlines if there could be no settlement. *See* Exhibit 3 to the Motion to Reopen and Extend the Testimony Period. Despite having the opportunity to respond to this email and explain that no such agreement existed, neither counsel for Registrant ever made such a response. Either counsel for Registrant acknowledged that such an agreement existed, or counsel was taking advantage of Petitioner's reliance on such an agreement. In either case, Petitioner had good reason for its failure to introduce evidence during the testimony period as it was seeking to resolve this matter while relying on promises of opposing counsel to extend the testimony period if resolution efforts failed.

Finally, with respect to the fourth factor, there is no doubt that Petitioner acted in good faith. Petitioner was seeking to resolve this matter, and in good faith abstained from unnecessarily running up litigation costs while settlement negotiations were underway. Indeed, Registrant has not made any argument that Petitioner acted in bad faith.

All four of the factors listed in *FirstHealth of the Carolinas Inc., supra*, weigh in favor of a finding of excusable neglect. Accordingly, the Board should deny Registrant's Motion to Dismiss and grant Petitioner's Motion to Reopen and Extend Testimony Period.

B. Registrant's Caselaw Does Not Support Its Position

In an effort to establish that Petitioner's reliance on Registrant's agreement to extend the testimony period should be ignored, Registrant cites to a single Board opinion for the proposition

that by allowing the testimony period to lapse, Petitioner ran the risk of dismissal. *See* Response at 6(citing *PolyJohn Enterprises Corp. v. 1-800-Toilets Inc.*, 61 U.S.P.Q.2d 1860, 1862 (T.T.A.B. 2002)). The *PolyJohn* case, however, actually supports Petitioner's argument against dismissal. In *PolyJohn*, the parties had no history of granting discovery extensions and there was no promise made by opposing counsel regarding extension of the testimony period. The Board specifically stated that the lack of these elements distinguished *PolyJohn* from a previous Board decision in which the Board denied a similar motion to dismiss. *Id.* at 1862 (citing *Fort Howard Paper Co. v. Kimberly-Clark Corp.*, 216 U.S.P.Q. 617 (T.T.A.B. 1982)).

As the Board states in *PolyJohn*, the *Fort Howard* opinion is distinguishable because in that case the pattern of conduct between the parties (evidenced by substantial correspondence extending discovery response deadlines) established excusable neglect. *Id.* The opposer in *Fort Howard* reasonably believed that it would have an extension to respond to discovery and enter testimony based on the numerous extensions granted by the applicant, and thus the opposer's neglect was excusable. *Fort Howard Paper Co.*, 216 U.S.P.Q. at 618. Similar to *Fort Howard*, Petitioner submitted substantial correspondence between the parties establishing multiple discovery extensions and an agreement to attempt the settle the case or to reset the deadlines settlement failed. Just as in *Fort Howard*, such correspondence and agreements distinguish the facts of this case from those of the *PolyJohn* opinion, and excusable neglect exists in this case.

C. Registrant Has Acted In Bad Faith

Finally, Registrant's gamesmanship should not be rewarded. Registrant readily admits that it discussed (repeatedly) extending all deadlines in this matter if settlement could not be reached, yet as soon as settlement negotiations fell through Registrant immediately went back on its word and filed the Motion to Dismiss. The only excuses offered up by Registrant are: 1) the

associate working on the file did not have authority to enter into any agreement and therefore such agreement should be ignored; 2) lead counsel for Registrant was on vacation when the agreement was first discussed; and 3) the fact that lead counsel again offered to extend the deadlines should be ignored because such offer occurred after the end of the testimony period. None of these arguments address the fact that Petitioner, in good faith, sought to resolve this matter and relied upon the word of Registrant's counsel. Once settlement negotiations broke off, Petitioner should have been able to reopen and extend the testimony period pursuant to its agreement with Registrant. Unfortunately, Registrant has acted in bad faith and filed the Motion to Dismiss, serving the Motion in the same mailing as the letter rejecting Petitioner's settlement offer. Registrant's bad faith should not be rewarded.

CONCLUSION

For the reasons set forth above, Petitioner respectfully requests the Board deny Registrant's Motion to Dismiss and grant Petitioner's Motion to Reopen and Extend Testimony Period. Petitioner further requests all such other relief to which it may be justly entitled.

Respectfully submitted,

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ATTORNEYS FOR PETITIONER,
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CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing document was electronically submitted on the 25th day of October, 2007 to the United States Patent and Trademark Office and has been forwarded to all counsel of record via first class mail pursuant on the 25th day of October, 2007.

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