

RABINOWITZ, BOUDIN, STANDARD, KRINSKY & LIEBERMAN, P.C.

ATTORNEYS AT LAW
45 BROADWAY, SUITE 1700
NEW YORK, NY 10006-3791

TELEPHONE (212) 254-1111
FACSIMILE (212) 674-4614
www.rbskl.com

SOLICITOR

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U.S. PATENT & TRADEMARK OFFICE

VICTOR RABINOWITZ (1911-2007)
LEONARD B. BOUDIN (1912-1989)

MICHAEL KRINSKY
ERIC M. LIEBERMAN
DAVID B. GOLDSTEIN

LINDSEY FRANK

COUNSEL

TERRY GROSS
CRAIG KAPLAN
CHRISTOPHER J. KLATELL

July 9, 2013

VIA EXPRESS MAIL

Office of the Solicitor
Mail Stop 8
U.S. Patent and Trademark Office
PO Box 1450
Alexandria, Virginia 22313-1450

Re: *Corporacion Habanos, S.A., et al. v. Abraham Flores, et al. (TTAB, Canc. No. 92052146): Petitioners' Opposition to Respondents' Claim of Excusable Neglect for Untimely Filing of Notice of Appeal*

Dear Director:

Petitioners Corporacion Habanos, S.A. and Empresa Cubana del Tabaco, through undersigned counsel, respectfully submit this letter in opposition to the July 5, 2013 letter of Respondents Abraham Flores and Juan Rodriguez ("Respondents' Letter"), through counsel, in which they claim that their admittedly untimely appeal to the Federal Circuit should be accepted on the grounds of "excusable neglect" pursuant to 37 CFR § 2.145(e).

Respondents utterly fail to meet the excusable neglect standard set out by the U.S. Supreme Court, adopted by the Board, and applicable to the Director under 37 CFR § 2.145(e). There is no dispute that the appeal was untimely, as the Notice of Appeal was due April 1, 2013, but not filed until April 11. Respondents' counsel admits that the claimed reason for the delay – a purported "docketing error" with another case – was within his reasonable control. Not surprisingly, the highly implausible claim of a docketing error – which in any event cannot establish excusable neglect – is unsupported by *any* facts or evidence, let alone the requisite particular, specific detailed evidence. Thus, Respondents fail the most important excusable neglect factor: the reason for the delay, including whether it was within the reasonable control of the movant.

The record further establishes that Respondents have failed to act in good faith both with respect to their untimely appeal and throughout this proceeding. Indeed, at every turn, Respondents and their counsel have ignored the Board's rules and orders, acting as if they do not apply to them. There is no reason for the Director to allow counsel once again to mock the

Board's and the USPTO's deadlines and procedures by excusing counsel's unjustified, unexplained failure to file a timely appeal.

PROCEDURAL BACKGROUND

Petitioners commenced this proceeding on March 1, 2010, almost three and a half years ago. After the Board denied original Respondent Juan Rodriguez's motion to dismiss for lack of standing (Dkt 16), Respondent failed to file an Answer, and Petitioners moved for a default judgment (Dkt 17). Respondent then switched to current counsel, who, in his Notice of Appearance, "advise[d] the Board that it [*sic*] fully intends to press forward with a defense in this matter" (Dkt 19), after which Petitioners withdrew the motion for default judgment (Dkt. 21).

Respondents' counsel thereafter refused to provide requested discovery and refused even to respond to Petitioners' attempts to address the refusal to provide discovery, ultimately resulting in the Board's September 20, 2012 Order granting Petitioners' motion to compel discovery (Dkt. 31). After Respondent substantially failed to comply with that Order, Petitioners moved for entry of judgment granting their Petition to Cancel (Dkt. 35).¹ Respondents chose not to respond to or in any way contest the motion for sanctions.

On January 31, 2013, the Board granted the unopposed motion for sanctions, and ordered that "*judgment is hereby entered against respondent, the petition to cancel is granted, and Registration No. 3542236 will be cancelled in due course.*" (Dkt. 38, emphasis added). Pursuant to 37 CFR § 2.145(d), Respondents had until Monday, April 1, 2013, to appeal from the Board's January 31, 2013 decision.² Pursuant to the Board's entry of judgment on January 31, 2013, the Commissioner for Trademarks cancelled the registration at issue on February 7, 2013, stating in her cancellation notice, "The petition of [Petitioners] *having been granted on January 31, 2013*, Registration No. 3542236 is hereby cancelled." (Dkt. 39, emphasis added).

On April 11, 2013, ten (10) days after the April 1 appeal deadline, Respondents, through their counsel, filed their appeal papers. Although counsel acknowledged Respondents were appealing (or petitioning) from the Board's judgment, he did not attach the judgment to the appeal papers. Instead, counsel asserted in his Petition for Review that the "Trademark Trial and Appeal Board Order" was "entered on February 7, 2013," and attached the *Commissioner's* February 7 cancellation notice, *but not* the Board's January 31 judgment.

Notably, Respondents' counsel, who holds himself out as an experienced trademark attorney, makes no claim that he actually believed the Commissioner's February 7 cancellation notice was the appealable judgment of the Board, or that he actually believed the appeal was

¹ On November 30, 2012, after Rodriguez failed to comply with the Board's discovery Order, and after the filing of the motion for sanctions, Rodriguez sought to substitute Abraham Flores for Rodriguez, pursuant to a purported transfer of the registration at issue to Flores (Dkt. 36). On December 18, 2012, the Board ordered that Flores be *joined* as a Respondent with Rodriguez (Dkt. 37).

² The appeal deadline was April 1, 2013, rather than March 31, 2013 (and not April 2, as Respondents mistakenly claim), whether because one day is added when the two-month period includes February 28, or because March 31 fell on a Sunday. *See* 37 CFR § 2.145(d)(2).

timely when filed. Counsel also provides no explanation as to why he did not seek an extension request from the Director at that time, but instead waited almost another three months to do so.

On May 16, 2013, the Director filed in the Federal Circuit a “Notice Forwarding Certified List for *Untimely Appeal*,” which stated: “A notice of appeal to the United States Court of Appeals for the Federal Circuit was untimely filed on April 11, 2013, in the [USPTO] in connection with the above-identified cancellation proceeding.... The Director notes that the Notice of Appeal *was due on Monday, April 1, 2013....*” Fed. Cir. Doc. 1-3, at 8-9 (bold, underline original, italics added). Respondents provide no explanation as to why they did not at that time request an extension of time to file their appeal.

On June 5, 2013, the Federal Circuit directed Respondents-Appellants to show cause by July 5, 2013 “why this appeal should not be dismissed as untimely.” Fed Cir. Doc. No. 13, at 2. Without explanation, Respondents waited yet another 30 days, until July 5, to request an extension from the Director for their untimely appeal.

ARGUMENT

The controlling analysis to determine whether a party has shown “excusable neglect” is set out in *Pioneer Investment Services Company v. Brunswick Associates Ltd. Partnership*, 507 U.S. 380, 395 (1993), which the Board adopted in *Pumpkin Ltd. v. The Seed Corps*, 43 USPQ2d 1582, 1586 (TTAB 1997), and which is applicable to the Director pursuant to 37 CFR § 2.145(e). Although various factors surrounding the party’s failure to act diligently are considered, the Board has repeatedly held that the third *Pioneer* factor – “the reason for the delay, including whether it was within the reasonable control of the movant” – is the most important *Pioneer* factor. *Pumpkin Ltd.*, 43 USPQ2d at 1587 & n. 7; *see also* TBMP § 509.01(b)(1) (citing and discussing cases). Respondents cannot establish excusable neglect, because they cannot satisfy this most important *Pioneer* factor, and the other, less significant *Pioneer/Pumpkin* factors weigh against them, including whether the movant acted in good faith, the length of the delay and its potential impact on judicial proceedings, and the danger of prejudice to the nonmovant. *See* TBMP § 509.01(b)(1) (summarizing and citing cases).

Respondents Have Failed to Establish a Justifiable Reason for the Delay

Respondents admit that the reason for the failure to file a timely appeal “was within the reasonable control of [Respondents’] undersigned [counsel],” Respondents’ Letter, at 5, which itself weighs heavily against finding excusable neglect. *See Pumpkin Ltd.*, 43 USPQ2d at 1586-87 & n.7 (*failure of docketing system* weighs heavily against excusable neglect finding). *Baron Philippe de Rothschild S.A. v. Styl-Rite Optical Mfg. Co.*, 55 USPQ2d 1848, 1852 (TTAB 2000) (“*Docketing errors* and breakdowns do not constitute excusable neglect,” as these are matters wholly within counsel’s reasonable control) (emphasis added). Respondents, of course, are bound by the neglect of their attorney in failing to take timely action, and “must be held accountable for the acts and omissions of [their] chosen counsel.” TBMP § 509.01(b)(1); *see, e.g., Pioneer*, 507 U.S. at 396 (citing cases); *Gaylord Entertainment Co. v. Calvin Gilmore Productions Inc.*, 59 USPQ2d 1369, 1372-73 (TTAB 2000); *Pumpkin Ltd.*, 43 USPQ2d at 1586.

Counsel's sole explanation for his failure to file a timely appeal, in its entirety, is that "due to a docketing error in cross-docketing of the *Cigar King* case [referring to an unrelated proceeding involving Petitioners, Canc. No. 92053245], the undersigned's office mis-docketed the deadline." Respondents' Letter, at 5. This conclusory assertion, unsupported by any facts or evidence, is at best extremely implausible as a factual matter, and in any event fails to establish excusable neglect as a matter of law.

First, as a factual matter, there was no activity whatsoever in the *Cigar King* case from November 16, 2012 (Dkt 33, petitioners' Reply in support of motion for sanctions), *two and a half months before* the Board entered judgment in *this case* on January 31, 2013, until June 12, 2013 (Dkt 34, entry of judgment to petitioners), *over two months after* Respondents filed their untimely Notice of Appeal in this case. Respondents provide no explanation whatsoever as to why or how there could have been a "docketing error" involving the *Cigar King* case that resulted in "mis-docket[ing] the deadline" to appeal in this case, *when there was no activity in the Cigar King case from November 16, 2012 to June 12, 2013*. And highly revealing, indeed, outright dispositive, Respondents fail to disclose what the supposed docketing error was, when it occurred, and how it caused counsel to miss the appeal deadline.

Second, as TBMP § 509.01(b)(1) makes clear, "A party moving to reopen its time to take required action *must set forth with particularity the detailed facts* upon which its excusable neglect claim is based; *mere conclusory statements are insufficient.*" (Emphasis added). Thus, in *HKG Industries Inc. v. Perma-Pipe Inc.*, 49 USPQ2d 1156, 1158 (1997), the Board rejected an "excusable neglect" claim where the movant provided no evidentiary detail linking the claimed reason for the delay with the failure to meet the deadline, such as the date of counsel's death in relation to the deadline, or why other lawyers in the firm could not have assumed responsibility for the case. *See also Dating DNA LLC v. Imagini Holdings Ltd.*, 94 USPQ2d 1889, 1892 (TTAB 2010) (rejecting excusable neglect where no explanation how "oversight" occurred or how it prevented party from taking action); *Gaylord Entertainment*, 59 USPQ2d at 1372 (rejecting "excusable neglect" claim where lack of specific explanation for counsel's inaction).

Here Respondents have provided *no* facts, evidence, or explanation whatsoever concerning the purported "docketing error," let alone setting forth "with particularity the detailed facts" supporting their claim, as required. Instead, counsel has made the most conclusory, unrevealing, unsupported assertion possible, although it would have been an extremely simple matter to provide the Director with the detailed evidence concerning the alleged docketing error, and linking the purported error with the failure to meet the filing deadline. The failure to provide *any* factual support for the claim, combined with its implausibility, requires rejection of Respondent's claim of excusable neglect.

Third, the Board has expressly held that a counsel's "docketing error" as a reason for missing a deadline weighs heavily against a finding of excusable neglect, as this is a matter within counsel's reasonable control. *See Baron Philippe de Rothschild*, 55 USPQ2d at 1852; *Pumpkin Ltd.*, 43 USPQ2d at 1586-87; *see also Dating DNA*, 94 USPQ2d at 1892-93 (counsel's "oversight" in failing to meet deadlines does not constitute excusable neglect); *Atlanta-Fulton County Zoo Inc. v. De Palma*, 45 USPQ2d 1858, 1859 (TTAB 1998) (counsel's oversight concerning testimony deadlines did not excuse failure to act within specified period); TBMP §

509.01(b)(1) & n.4 (citing and discussing cases, including Pre-*Pioneer/Pumpkin* cases, which, although not directly controlling, remain relevant and instructive on the third *Pioneer* factor).

The common thread in all these cases is that where performance of the required act within the specified time is in the reasonable control of the party, or its counsel, the third *Pioneer* factor weighs extremely heavily against a finding of excusable neglect.

Respondents Have Not Acted in Good Faith

The record plainly belies counsel's claim that Respondents "ha[ve] *at all times* acted in good faith," and have "*at all times* sought to defend this case." Respondents' Letter, at 5 (emphasis added). Respondents concede that the excusable neglect standard is an "equitable one," *id.* at 2 (quoting *Pioneer*, 507 U.S. at 382), yet their own conduct in this proceeding deprives them of any claim to equitable relief. Examples of the lack of good faith both with respect to this appeal and throughout this proceeding include:

- Claiming in their appeal papers that the Board's decision was "entered on February 7, 2013," when plainly it was not, instead of forthrightly acknowledging the appeal was untimely and promptly requesting an extension;
- Waiting almost three months, without any explanation for the extensive delay, to request an extension for their untimely appeal, thereby significantly disrupting the appeal process;
- Making the highly implausible claim of a docketing error caused by an unrelated case that had no activity from November 2012 to June 2013, but then refusing to disclose any facts, evidence, or explanation for that implausible claim, despite the legal requirement that they do so;
- Refusing to comply with discovery requests;
- Refusing to respond to attempts to address the refusal to provide discovery; and
- Blatant disregard of the Board's Order compelling discovery.

Finally, counsel's claim that his "entire legal career has been dedicated to representing clients that are similarly situated in matters against [Petitioners]," Respondents' Letter, at 5, destroys any pretense to good faith or excusable neglect here. In fact, from January 1, 2013 to May 1, 2013, counsel has done absolutely nothing in any case involving Petitioners other than filing a voluntary surrender of Registration No. 2900059 (HAVANA SUNRISE), Canc. No. 92051672 (Feb. 28, 2013, Dkt. 48), after the petitioners filed a motion for sanctions, including for judgment, for refusal to comply with the Board's discovery order in that case (Dkt. 45). Surely, as part of dedicating his "entire legal career" to battling Petitioners, counsel could have found the time *during the two months between January 31 and April 1, 2013* to file both a voluntary surrender *and* a notice of appeal.

**The Needless Delay Has Already Impacted Judicial Proceedings and Prejudiced
Petitioners**

Respondents have given no reason for their failure to request an extension of time until over three months after the appeal deadline, including when they filed an obviously untimely appeal on April 11; when the Director expressly advised on May 16 that the appeal was untimely; or when the Federal Circuit issued its Order to show cause on June 5. As a result, the briefing schedule has already been delayed and disrupted, the Federal Circuit has been forced to address this issue, which could have been resolved by the Director, and Petitioners were compelled to respond to the Court's Order to show cause, as their position on whether the appeal should be dismissed as untimely was also due on July 5 (and which did not address the "excusable neglect" issue, as it is outside the Court's jurisdiction, and Respondents had not raised it at any time in the previous three months).

Respondents unexplained, indeed, inexplicable and egregious lack of diligence is certainly a factor that strongly weighs against Respondents' request for equitable relief.

Petitioners have already been significantly prejudiced by the unnecessary waste of resources in responding to the Order to show cause and Respondents' excusable neglect request here, which could have been avoided had Respondents simply obeyed the deadlines set by the Lanham Act and the Federal Regulations. No case has found that the absence of loss of evidence itself can satisfy the excusable neglect standard, particularly where, as here, the most important factor – the reason for the delay and whether it was in the reasonable control of the movant – weighs so dispositively against excusable neglect. *See HKG Industries*, 49 USPQ2d at 1157-58 (finding no excusable neglect based *solely* on third *Pioneer* factor, and despite finding that the other factors all weighed in favor of movant).

CONCLUSION

For the foregoing reasons, Respondents' belated request for an extension of time to file an appeal based on a claim of excusable neglect should be refused.

Sincerely,



David B. Goldstein

cc: Frank Herrera, counsel for Respondents (by Express Mail and email)

CERTIFICATE OF SERVICE

The undersigned certifies that a true and correct copy of the foregoing letter was sent by email and served on Respondents by mailing via U.S. Express Mail, postage prepaid, said copy on July 9, 2013, to:

Frank Herrera
H New Media Law
1445 N. Congress Avenue, Suite 7
Delray Beach, Florida 33445
fherrera@hnewmedia.com
Address of Record for Attorney for Respondents

Frank Herrera
H New Media Law
55 S.E. 2nd Avenue, Suite 408
Delray Beach, FL 33444

/David B. Goldstein/
David B. Goldstein