

UNITED STATES PATENT AND TRADEMARK OFFICE
Trademark Trial and Appeal Board
P.O. Box 1451
Alexandria, VA 22313-1451

Goodman

Mailed: November 9, 2012

Opposition No. 91205106

Gans-Mex, LLC d.b.a MPD

v.

Dual Groupe LLC

MDMA Publishing, Inc.

By the Trademark Trial and Appeal Board:

As background, applicant's answer was due on June 20, 2012. On July 5, 2012, the Board issued a notice of default, and on August 8, 2012, applicant filed a response to the notice of default¹, its answer, and a request to suspend for the parties' civil action. Opposer objected to setting aside default and to suspension in its letter to the Board filed August 13, 2012 and requests that the Board enter default judgment against applicant.² A copy of the civil action was filed by applicant on August 24, 2012.

¹ Although applicant's response to the notice of default was filed more than 30 days after issuance of the notice of default, applicant's four-day delay in filing a response was de minimus and not prejudicial to opposer. The Board in its discretion excuses the minor delay and has considered the response. *Thrifty Corporation v. Bomax Enterprises*, 228 USPQ 62 (TTAB 1985).

² The Board notes that the orders of July 5, 2012 and August 22, 2012, addressed to opposer's counsel, were returned as

Motion to Set Aside Entry of Default

Good cause for discharging default is generally found if (1) the delay in filing is not the result of willful conduct or gross neglect, (2) the delay will not result in substantial prejudice to the opposing party, and (3) the defendant has a meritorious defense. *Fred Hayman Beverly Hills Inc. v. Jacques Bernier Inc.*, 21 USPQ2d 1556 (TTAB 1991). When considering these factors, the Board keeps in mind that the law strongly favors determination of cases on their merits. *Paolo's Associates Ltd. Partnership v. Bodo*, 21 USPQ2d 1899, 1902 (Comm'r Pat. 1990).

Meritorious Defense

Applicant argues that it has a meritorious opposition and that it would be a "miscarriage of justice if the default is not overturned." Opposer, on the other hand, argues that the answer "fails on the merits" because applicant cannot rebut first use in commerce by opposer.

The Board finds that applicant has set forth a meritorious defense by the filing of its answer. See *DeLorme Publishing Co. v. Eartha's Inc.*, 60 USPQ2d 1222, 1224 (TTAB 2000) (plausible response to allegations in

undeliverable by the United States Postal Service. It is the responsibility of a party to update its correspondence address so that communications from the Board are received. If a party fails to notify the Board of a change of address, with the result that the Board is unable to serve correspondence on the party, judgment may be entered against the party. TBMP Section 117.07 (3d ed. rev. 2012).

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notice of opposition all that required for meritorious defense); *Mathon v. Marine Midland Bank, N.A.*, 875 F. Supp. 986, 993 (E.D.N.Y. 1995) ("A meritorious defense is established by Rule 55 standards by setting forth denials and defenses in an answer").

Prejudice to Opposer

Applicant argues that there is no harm or prejudice to opposer "because they have been aware of all facts and claims" as a result of the parties' federal court case and opposer is already operating "with the unlawfully held mark."

Opposer has not argued that it will be prejudiced by setting aside entry of default.

The Board finds that setting aside default will not cause substantial prejudice to opposer inasmuch as mere delay alone does not establish prejudice. *DeLorme Publishing Co. v. Eartha's Inc.*, 60 USPQ2d at 1222; see also *Capital Yacht Club v. Vessel AVIVA*, 228 F.R.D. 389, 394 (D.D.C. 2005) (It is well established, however, that "delay and legal costs are part and parcel of litigation and typically do not constitute prejudice for the purposes of Rule 55(c)").

Willfulness or Gross Neglect

Applicant argues that default was not willful as its failure to timely answer was the result of confusion as to

which attorney was handling the opposition matter due to multiple lawsuits involving the parties, including two New York Supreme Court lawsuits, and a third lawsuit filed in the United States District Court. In particular, applicant advises that the opposition papers were transmitted to three attorneys--Malek, Savitt and Ha, and that there was confusion as to whether attorney Malek or attorney Ha was handling the drafting of the answer in the Board proceeding.

In response, opposer complains that applicant has a pattern of disregarding deadlines in other litigation involving the parties and therefore "it is of no surprise . . . that Applicant missed the deadline for filing their answer" and missed the deadline for timely responding to the notice of default by August 4, 2012. Opposer further argues that "[t]he excuses proffered . . . are disingenuous, contrived and meant to confuse" and that there is no explanation why attorney Ha was charged "with filing [sic] instant opposition" when he "was not engaged for [sic] USPTO matter altogether." Opposer contends that applicant has provided a "paltry excuse to cover applicant's blatant neglect of [sic] instant matter."

When parties are involved in multiple lawsuits and confusion arises which results in missed filing deadlines, courts have found that a failure to answer is not willful. *Bryant v. Duffey*, No. 109-CV-53 (WLS) 2010 WL 4260382 (M.D.

Ga. October 22, 2010) (failure to timely respond to complaint not willful given defendant's confusion with plaintiff's multiple lawsuits); *Tate v. Riverboat Services, Inc.*, 305 F.Supp.2d 916 (N.D.Ind. 2004) (excusing defaulting parties' neglect of deadlines observing that multiple lawsuits in multiple venues involving the same claims by the same parties can cause a certain amount of confusion which results in missed filing deadlines). Moreover, where the attorney and not the defendant is responsible for the mistakes leading to default, relief from entry of default judgment is especially appropriate. See *United States v. Moradi*, 673 F.2d 725, 728 (4th Cir.1982 (finding that the trial court erred in refusing to set aside the default that was caused by counsel). Accordingly, the Board finds that applicant's failure to timely file an answer was not willful.

In view of the above, the Board finds good cause for setting aside the notice of default. Opposer's request for entry of default judgment is denied. The order to show cause is discharged, default is set aside, and applicant's answer is accepted.

Suspension

The Board now turns to the motion to suspend for civil action.

Applicant argues that the outcome of the parties' civil action filed in United States District Court, Southern District of New York, Dual Groupe LLC v. Gans-Mex LLC, Ginza Project, LLC and Tatiana Brunetti, Case No. 12 CIV 1031, "will determine all outstanding matters" in the Board proceeding as the civil action "directly relates to the MPD name and trademark." Applicant submits that all issues raised in the opposition proceeding are pending in the federal court action and that for "judicial economy" the Board proceeding should be stayed.

In response, opposer argues that the civil litigation in New York state and federal court is "frivolously commenced" and that "there are presently motions to dismiss pending against the Applicant in all those related actions." Opposer submits that its motions to dismiss "are likely to be granted by the respective courts." Opposer also argues that "applicant is completely misguided in its assertion ... that this matter must be stayed pending the outcome of the Federal Court matter [as] the decision of this court will be controlling." Opposer contends that it is the civil actions that should be stayed pending outcome of the Board proceeding.

If the final determination in a civil action will have a bearing on the issues before the Board, the Board generally will suspend proceedings in the case pending

before it. See *General Motors Corp. v. Cadillac Club Fashions, Inc.*, 22 USPQ2d 1933 (TTAB 1992); and Trademark Rule 2.117(a). This is so because to the extent that a civil action in federal district court involves issues in common with those in proceedings before the Board, the decision of the federal court is binding upon the Board while the decision of the Board is not binding on the court. See also *Goya Foods, Inc. v. Tropicana Products, Inc.*, 846 F.2d 848, 6 USPQ2d 1950 (2nd Cir. 1988).

In this case, the Board finds that any determinations by the district court with regard to the claims in the civil action may have a bearing on the claims in the opposition proceeding. The federal court case will address ownership of the MPD mark and dilution, both matters which are also at issue in the Board proceeding. The fact that there is a pending motion to dismiss does not negate the existence of the trademark claims asserted in the district court litigation as the motion to dismiss has not yet been decided and granted. See *Tokaido v. Honda Associates Inc.*, 179 USPQ 861 (TTAB 1973) (finding suspension appropriate and noting that a civil suit is pending until a motion to dismiss has been filed and granted, or until an adjudication has otherwise served to nullify the suit and therefore the Board may consider suspension of the Board proceeding for the civil action).

Accordingly, the Board finds suspension is appropriate.

In view thereof, applicant's motion to suspend for the parties' civil action is granted.

Proceedings herein are SUSPENDED pending final disposition of the civil action.

Within twenty days after the final determination of the civil action, the interested party should notify the Board so that this case may be called up for appropriate action.

During the suspension period the Board should be notified of any address changes for the parties or their attorneys.

***By the Trademark Trial
and Appeal Board***