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

Proceeding	91219443
Party	Defendant Koi Design LLC
Correspondence Address	DON THORNBURGH DON THORNBURGH LAW CORPORATION 466 FOOTHILL BLVD # 220 LA CANADA FLINTRIDGE, CA 91011-3518 UNITED STATES uspto@donthornburgh.com
Submission	Response to Board Order/Inquiry
Filer's Name	Don Thornburgh
Filer's e-mail	uspto@donthornburgh.com
Signature	/don thornburgh/
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**IN THE UNITED STATES PATENT AND TRADEMARK OFFICE  
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD**

STRATEGIC PARTNERS, INC.,	)	
	)	
Opposer,	)	
v.	)	
	)	
KOI DESIGN LLC,	)	Opposition No. 91219443
	)	
Applicant.	)	
	)	
Mark: KOI SAPPHIRE	)	
	)	
Serial No.: 86/264,473	)	
	)	
Filed: April 28, 2014	)	
	)	
Published: September 23, 2014	)	
	)	

**MOTION TO SET ASIDE NOTICE OF DEFAULT**

**I.**

**Introduction**

Pursuant to Federal Rule of Civil Procedure (“FRCP”) 55(c), and Trademark Trial And Appeal Board Manual Of Procedure (“TBMP”) § 312.01 and § 312.02, Koi Design LLC (“Applicant”) hereby brings this Motion to Set Aside Default (“Motion”) in the above referenced opposition be set aside for good cause.

## **II.**

### **Statement of Facts**

On September 23, 2014, Applicant's application for Mark "Koi Sapphire" was published for opposition under Serial No. 86/264,473 (hereafter, the "Mark"). After being granted an extension of time, Opposer thereafter filed the instant Opposition on November 21, 2014.

Due to a docketing error in the calendar of Applicant's counsel, the deadline by which to file an answer was incorrect in counsel's records. Furthermore, on the date of the response deadline, December 31<sup>st</sup>, counsel was out of the office for the holidays.

Today, January 17, 2015, Applicant's attorney received the Notice of Default issued by the Trademark Trial and Appeal Board (the "Board").

Applicant believes that it has a meritorious defense that will succeed on the merits, namely that it has valid and superior rights in the Mark as to Opposer. As Courts favor the litigation of cases on the merits, the default should be set aside. Applicant should not suffer prejudice in this proceeding due to the docketing error that resulted in its counsel not filing the answer within the proscribed time.

## **III.**

### **Legal Argument**

The standard for whether or not a default should be set aside is whether or not the defendant shows "good cause." *FRCP 55*. The standard for good cause, as determined by the TTAB, is: (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. *TBMP* § 312.02.

**A. Delay in Filing an Answer Was Not the Result of Willful Conduct or Gross Negligence on the Part of Applicant.**

There is no willful or gross neglect on the part of the defendant. Instead, there was a docketing error in the calendar of Applicant's counsel, which caused Applicant's counsel to have incorrect dates. Furthermore, on the date of the response deadline, December 31<sup>st</sup>, counsel was out of the office for the holidays.

When there is no evidence that failure was willful, costs incurred in preparing and filing a motion will not be found sufficient to support a finding of prejudice. *Paolo's Associates Limited Partnership v. Paolo Bodo*, 21 USPQ2d 1899, (no evidence that failure was willful; costs incurred in preparing and filing motion not sufficient to support finding of prejudice).

Gross negligence is a high standard, and examples cited as such in the *TBMP* include failure to file an answer six months after the due date, far beyond the approximately two weeks since the due date in the instant action, which only occurred as a result of a docketing error. *DeLorme Publishing Co v. Eartha's Inc.*, 60 USPQ2d 1222, 1557.

Inadvertence of counsel is a recognized grounds for overturning a default. *Fred Hayman Beverly Hills, Inc. v. Jacques Bernier, Inc.*, 21 USPQ2d 1556, 1557 (failure to answer due to inadvertence on part of Applicant's counsel); *Moran v. Mitchell*, E.D.Va.1973, 354 F.Supp. 86 ("Default entered as result of defense counsel's mistaken belief that he had 15 days, rather than ten, in which to file

responsive pleadings, and from defense counsel's misapprehension that counsel for plaintiff would agree to a late filing, would be set aside, particularly as defendants raised what might be a valid defense to the merits of the action"). In the instant case, it is the result of similar error by its counsel that Applicant has not filed an answer and, on that basis, the default should be set aside.

**B. Opposer Will Not Be Substantially Prejudiced by the Two Week Delay.**

The answer was due on December 31, 2014. The Answer is being filing concurrently with this motion. A delay of seventeen days should cause no prejudice to Opposer. Furthermore, Opposer has not incurred any additional attorneys' fees or costs as a result of the short delay. The Notice of Default was issued by the Trademark Trial and Appeal Board, which required no additional action by Opposer.

Substantial prejudice within the meaning of Rule 55(c) does not result from delay alone. Rather, the plaintiff must demonstrate that the default caused some actual harm to its ability to litigate the case, such as diminishing the amount of available evidence, increased difficulties of discovery, or the thwarting of plaintiff's recovery or remedy. 10 C. Wright, A. Miller, M. Kane & R. Marcus, Federal Practice and Procedure Civil 3d Section 2699 (2009). Merely being forced to litigate on the merits cannot be considered prejudicial for purposes of setting aside a default judgment. For had there been no default, the plaintiff would of course have had to litigate the merits of the case, incurring the costs of doing so.

**C. Applicant Has a Meritorious Defense.**

Typically, the submission of an answer is considered satisfactory for satisfying there is a meritorious defense. *Djeredjian v. Kashi Co.*, 21 USPQ2d 1613, 1615 (TTAB 1991) (the two other factors having been shown, Applicant was allowed time to show meritorious defense by submission of answer). Furthermore, “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.” *DeLorme*, supra at 1224. Applicant hereby submits its answer concurrently with the Motion as preferred in *TBMP* § 312.01.

*FRCP* 55 is to be liberally construed in order to provide relief from onerous consequences of defaults and default judgments, to provide relief from the onerous consequences of such an entry, and with any doubt being resolved in favor of setting aside. *Tolson v. Hodge*, (N.C. 1969) 411 F.2d 123; *Barber v. Turberville*, 218 F.2d 34; *Horn v. Intelectron Corp.*, (S.D.N.Y.1968), 294 F.Supp. 1153; *Singer Co. v. Greever and Walsh Wholesale Textile, Inc.*, (E.D.Tenn.1977), 82 F.R.D. 1; *Johnson v. Harper*, (D.C.Tenn.1975), 66 F.R.D. 103; *Hamilton v. Edell*, (E.D.Pa.1975), 67 F.R.D. 18.

*TBMP* § 312.01 likewise states:

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.

Accordingly, the Board should liberally construe the statute in this instant matter and grant the Motion, so that the opposition may be litigated on its merits as is preferred under the law.

#### **IV.**

#### **Conclusion**

For the foregoing reasons, Applicant respectfully requests that the Board set aside the default and accept Applicant's proposed Answer accepted as submitted concurrently herewith.

Date: January 17, 2015

Respectfully Submitted,

KOI DESIGN LLC

By Opposer's Attorney

/s/ Don Thornburgh  
Don Thornburgh  
for Don Thornburgh Law Corporation  
466 Foothill Blvd. #220  
La Cañada Flintridge, CA 91011  
tel: 818.790.6547  
fax: 818.790.6548

Attorney for Opposer

Opposition No. 91219443  
Ser. No. 86/264,473  
January 17, 2015

### Certificate of Service

I hereby certify that a true and complete copy of the foregoing MOTION TO SET ASIDE NOTICE OF DEFAULT has been served on Applicant STRATEGIC PARTNERS, INC., at the correspondence address of record in the records of the USPTO, by mailing said copy on January 17, 2015, via First Class Mail, postage prepaid to:

George W. Hoover, Esq.  
Blakely Sokoloff Taylor & Zafman LLP  
12400 Wilshire Blvd., Suite 700  
Los Angeles, CA 90025

/s/ Don Thornburgh  
Don Thornburgh

### Certificate of Transmission

I hereby certify that this correspondence is being submitted electronically via ESTTA on the date shown below to the United States Patent and Trademark Office.

Date: January 17, 2015

By: /s/ Don Thornburgh  
Don Thornburgh