UNITED STATES DEPARTMENT OF COMMERCE
Patent and Trademark Office
Trademark Trial and Appeal Board
2900 Crystal Drive
Arlington, Virginia 22202-3514

JST

Mailed: April 29, 2004

Cancellation No. 92041018

Langer, Inc.

v.

Refaely and Sons, Inc.

Before Hohein, Holtzman and Drost,
Administrative Trademark Judges.

By the Board:

This case now comes up for consideration of respondent's motion to vacate the default judgment under Fed. R. Civ. P. 60(b). The motion is fully briefed. Additionally, we have considered respondent's reply brief to the extent that it addresses issues newly raised in petitioner's brief in opposition to the motion to vacate the default judgment. We have not, however, considered petitioner's supplemental memorandum in opposition to respondent's motion to vacate the default judgment. Not only did the supplemental memorandum solely contain additional arguments and evidence pertaining to the merits of this proceeding, but Trademark Rule 2.127(a) plainly provides, in relevant part, that while "…[t]he Board may, in its discretion, consider a reply brief," "[n]o further

papers in support of or in opposition to a motion will be considered by the Board."

By way of background, on September 17, 2002, the Board instituted these proceedings and allowed respondent 40 days to answer the petition to cancel. The institution order was forwarded to respondent at its address of record, i.e., 7964 Arjons, Suite F, San Diego, California 92126. On November 25, 2002, petitioner filed a motion for default judgment, which was granted by the Board on January 14, 2003. It is noted that respondent's copy of the judgment order was returned by the U.S. Postal Service as undeliverable.[1] On March 26, 2003, respondent filed its motion to vacate the default judgment.

Respondent argues, in support of its motion, that it did not timely respond to the petition for cancellation because it never received the notice instituting this proceeding due to an address problem. More specifically, respondent argues that respondent was managed by its president and CEO, Raphael Refaely, and his former wife, Wanda Refaely; that following registration of the involved trademark, Mr. Refaely relied on Ms. Refaely to maintain the mark, but was diligent enough to ask if anything needed to be done to keep up the registration; that in September 2001,

[1] It is further noted that the Commissioner's order (issued March 5, 2003) canceling involved registration No. 2,352,015 was returned as undeliverable.

respondent moved its office and used a post office box mailing address of 4130 La Jolla Village Drive to receive mail; that the Rafaelys separated at the same time of respondent's move; that from the date of their legal separation on, the Refaelys did not discuss business; that because of his reliance on Ms. Refaely, Mr. Refaely attempted to find out from Ms. Refaely if any further action was necessary to maintain the trademark, but was led to believe that no further action was necessary until renewal of the trademark; that Mr. Refaely did not know of any duty to update respondent's address with the Office; that respondent never knew of the petition to cancel or any other motions relating to the proceeding; that respondent received two warning letters from petitioner at its La Jolla address prior to the institution of these proceedings; that respondent never knew of the petition or other notices relating to these proceedings; that Board notices sent to the "contact" address were never forwarded and that the notice of default judgment was returned to the Board; that respondent did not find out about the cancellation until March 6, 2003, when its president was so informed by an attorney retained on another matter; and that respondent immediately hired counsel to "deal" with the cancellation and that the Board faxed a copy of the petition to counsel for respondent on March 12, 2003.

Respondent contends that it should be relieved from default judgment because it did not update its address on account of excusable neglect caused by Mr. Refaely's:

(1) good faith reliance on his former wife (who was also the secretary of respondent) who misunderstood and/or failed to convey the proper status or duties connected with the maintenance of respondent's trademark due to a communication mix-up;
(2) limited understanding of English and the United States legal system;
(3) lack of counsel; and
(4) the stress of divorce and separation from his wife - upon whom he relied to handle trademark matters, combined with the stress of running a business in a downward economy.

Petitioner has opposed the motion, arguing that respondent's showing in support of its motion "falls far short of what is required in such circumstances." More particularly, petitioner argues that the Board mailed the petition to the San Diego address, respondent's address of record, and there is no indication that the "mailing" was returned. Petitioner further argues that it must be assumed that respondent received the petition and, in light of respondent's "previous history of dealing with unpleasant communications,"[2] one can only conclude that Mr. Refaely ignored the petition.

[2] We note that petitioner is referring to unanswered cease and desists letters forwarded to respondent prior to the institution of this matter. Contrary to petitioner's intimation, respondent had no obligation to respond to those pre-proceeding letters, at least insofar as this proceeding is concerned.

Petitioner further argues that respondent has not explained why, in its underlying application, it set forth an address of record different from that which was listed on its labels as its address and different from that which, in its business relationships, i.e., Ms. Refaely's business card, it delineated as its "mailing address." Whatever respondent's reasons may have been for doing so, petitioner maintains that respondent must now abide by the consequences thereof. Petitioner further argues that respondent has advanced "clearly immaterial excuses," i.e., "Mr. Rafaely wasn't too good at English (although he had carried on a business for many years), he was involved in marital problems (he could still run a business) and he was not a lawyer (a status occupied by most executives)."

Petitioner also argues that although respondent claims that he only learned of the cancellation in connection with counsel obtained for another matter, such statement is unsupported.

Additionally, petitioner argues that respondent has no meritorious defense of this proceeding inasmuch as respondent's argument that the parties' asserted marks, "Benefeet" and "Benefoot," are not similar enough is "nonsense."[3]

[3] We note that the parties have made extensive arguments regarding the merits of this case that have not been considered in this decision. Such arguments should be made at trial.

For these reasons, petitioner maintains that the motion to vacate the default judgment should be denied.

Motions to set aside or vacate a final judgment rendered by the Board are governed by Fed. R. Civ. P. 60(b), which, as made applicable by Trademark Rule 2.116(a), applies to all final judgments issued by the Board, including default judgments. Relief from a final judgment is an extraordinary remedy to be granted only in exceptional circumstances. However, because default judgments for failure to timely answer the complaint are not favored by the law, a motion under Fed. R. Civ. P. 55(c) and 60(b) seeking relief from such a judgment is generally treated with more liberality by the Board than are motions under Fed. R. Civ. P. 60(b) for relief from other types of judgments. See TBMP Sections 312.03 and 544 (2d edition, rev. 1 March 2004).

Among the factors to be considered in determining a motion to vacate a default judgment for failure to answer the complaint are (1) whether the plaintiff will be prejudiced, (2) whether the default was willful, and (3) whether the defendant has a meritorious defense to the action. *See Djeredjian v. Kashi Co.*, 21 USPQ2d 1613 (TTAB 1991). In this instance, we first note that petitioner has pointed to no prejudice that it would suffer if we were to grant the motion.

Second, and contrary to petitioner's assertions, we do not find that respondent willfully failed to timely answer the petition for cancellation. Instead, we find that respondent's failure to timely answer was due to its principal's inability to grasp the legal aspects of maintaining the involved registration coupled with the upheaval in his business and personal life. Moreover, respondent filed the instant motion promptly upon its asserted discovery that its registration had been cancelled as a result of default. In short, it appears that respondent's failure to avoid default judgment was not the result of willful inattention, but rather stemmed from the circumstances surrounding its non-receipt of the Board's institution and subsequent orders, resulting in respondent's failure to be notified of these proceedings.

Third, by incorporating in its response proposed answers that deny the salient allegations of the petition to cancel, respondent has demonstrated that it has a meritorious defense to the cancellation petition. Contrary to petitioner's position, proof of the parties' allegations in this matter is a matter for trial.

In view of the foregoing, we find that respondent has demonstrated that it should be relieved from default judgment under Fed. R. Civ. P. 60(b)(1). Accordingly, respondent's motion to vacate the default judgment is

granted, proceedings herein are reopened and involved Registration No. 2,352,015 will be reinstated in due course.

Respondent is allowed until **thirty days** from the mailing date of this order to answer or otherwise plead to the petition for cancellation.

Discovery and trial dates are reset as indicated below.

THE PERIOD FOR DISCOVERY TO CLOSE:	October 20, 2004
30-day testimony period for party in position of plaintiff to close:	January 18, 2005
30-day testimony period for party in position of defendant to close:	March 19, 2005
15-day rebuttal testimony period to close:	May 3, 2005

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. Rule 2.l25.

Briefs shall be filed in accordance with Rule 2.l28(a) and (b). An oral hearing will be set only upon request filed as provided by Rule 2.l29.

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