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

Proceeding	92044584
Party	Defendant Royal Crown Company, Inc. Royal Crown Company, Inc. 1000 Corporate Drive Ft. Lauderdale, FL 33334
Correspondence Address	Royal Crown Company, Inc. 1000 Corporate Drive Ft. Lauderdale, FL 33334
Submission	Motion to Reopen Time to Respond and Motion to Set Aside Default Notice
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Date	10/18/2005
Attachments	90044584 Registrant's Motion to Reopen Time to Respond.pdf (10 pages)

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

In the Matter of Trademark Registration Nos. 207,317 and 2,089,186
For the Mark NEHI

200 KELSEY ASSOCIATES, LLC,	:	
	:	
Petitioner,	:	
	:	
-against-	:	Cancellation No. 92044584
	:	
ROYAL CROWN COMPANY, INC.	:	
	:	
Registrant.	:	

REGISTRANT'S MOTION TO REOPEN TIME TO RESPOND AND MOTION TO SET ASIDE DEFAULT NOTICE, AND MEMORANDUM IN SUPPORT THEREOF

Pursuant to Rule 6(b)(2) of the Federal Rules of Civil Procedure, made applicable to Board proceedings by 37 C.F.R. 2.116(a), registrant Royal Crown Company, Inc. ("RCC" or "Registrant") hereby moves the Board for an order reopening the time to respond to the Board's August 9, 2005 order to show cause. Pursuant to Rule 55(c) of the Federal Rules of Civil Procedure, also made applicable to Board proceedings by 37 C.F.R. 2.116(a), Registrant further moves the Board for an order setting aside the notice of default.

BACKGROUND

RCC is the owner of two federal trademark registrations for the mark NEHI in Class 32: Reg. No. 207,317, registered in 1924 for "non-intoxicating, maltless beverages and sirups [sic] and concentrates for making the same",[1] and Reg. No. 2,089,186 registered in 1997 for

[1] Although the Trademark Electronic Search System ("TESS") of the Patent and Trademark Office ("PTO") lists RCC's predecessor Royal Crown Companies, Inc. as the "last listed owner" of Reg. No. 207,317, the May 1994 name change from Royal Crown Companies, Inc. to Royal Crown Company, Inc. was duly recorded with the PTO on June 16, 1994.

"softdrinks; syrups, concentrates, and extracts for making soft drinks". In the Trademark Electronic Search System ("TESS") records for both of these registrations, Registrant's address is listed as 900 King Street, Rye Brook, New York 10573. *See* Declaration of Donna Winnicki dated October 18, 2005, ("Winnicki Decl."), ¶¶ 6-7 and Exhs. C-D.

On May 31, 2005, petitioner 200 Kelsey Associates, Inc. ("Petitioner") initiated the instant proceeding seeking cancellation of RCC's registrations. In its Petition for Cancellation, Petitioner identified RCC as having a business address of "1000 Corporate Drive, Ft. Lauderdale, FL 33334." Registrant has not maintained offices at the Fort Lauderdale address since July 2001. Winnicki Decl. at ¶ 8.

On June 3, 2005, the Board sent a notice of the instant proceedings (the "June 3 Order") to RCC at the Fort Lauderdale address used by Petitioner in the cancellation petition. Almost one year prior to the time the notice was mailed, RCC had filed a change of correspondence address with the PTO for both of its NEHI registrations, changing the correspondent information to Daniel Chung, Esq. at 900 King Street, Rye Brook, New York 10573. Winnicki Decl. at ¶ 4 and Exh. A. Because the notice instituting the proceedings was sent to Florida instead of the Rye Brook address and because Registrant had not operated out of the Fort Lauderdale address for four years, the Board's notice instituting the proceeding was not forwarded to Registrant and never received by it. *Id.* at ¶ 8. Indeed, Registrant did not become aware of the instant proceedings until October 11, 2005, when it was revealed in a routine examination of Board filings. *Id.* at ¶ 10.

Under the June 3 Order, Registrant was required to answer the Petition for Cancellation by July 13, 2005. Because Registrant never received a copy of the June 3 Order, Registrant was unaware of the instant proceeding and unaware of the deadline to answer, and therefore did not

answer by the required date. Winnicki Decl. at ¶ 8. Thereafter, on August 9, 2005, the Board issued a notice of default in this action, giving Registrant thirty days to show cause why judgment of default should not be entered against it (the "August 9 Order"). Prior to the issuance of the Order to Show Cause, RCC, on July 19, 2005, filed Change of Owner Address forms with the PTO for both of its registrations for the NEHI mark, changing the Owner's address to 900 King Street, Rye Brook, New York 10573. *Id.* at ¶ 5 and Exh. B. Unfortunately, the PTO did not use the new address. As a result, Registrant never received a copy of the Order to Show Cause, was unaware that it had been issued, and had no knowledge that it had any deadline for responding. *Id.* at ¶ 9.

RCC makes periodic checks of the PTO websites in connection with RCC's protection of its various trademarks, including the mark NEHI. Winnicki Decl. at ¶ 2. A search conducted of the PTO's website on October 11 revealed that the Petition for Cancellation had been filed and that an Order to Show Cause had been issued. This was the first time that Registrant became aware of the current proceeding. *Id.* at ¶ 10. Upon learning of the institution of the proceedings, RCC immediately requested that outside counsel contact the Board to advise the interlocutory attorney of RCC's intention to file the current motion. *Id.*[2]

Having now learned of the instant proceeding, and the expired deadlines, Registrant moves for an order reopening the time set by the August 9 Order for it to show cause why a default judgment should not be entered against it, and moves for an order setting aside the notice of default. Concurrently with submitting this motion, Registrant is filing and serving an answer to the Petition for Cancellation. As can be seen from the answer attached as Exhibit E to the Winnicki Declaration, Registrant has a strong defense to the Petition for Cancellation.

[2] It should be noted that as of the date of submission of this motion, RCC still has not received copies of any of the pleadings in this case via mail from the PTO or from Petitioner. Winnicki Decl., ¶ 11.

Petitioner, who seeks to register a mark identical to Registrant's registered NEHI mark for the very goods identified in Registrant's registrations, claims that Registrant has abandoned the NEHI mark. Such a claim is patently false. Winnicki Decl. at ¶ 13 and Exh. F. Given that (i) Registrant has a meritorious defense to the cancellation action, (ii) the failure to answer the Petition for Cancellation and to answer the Order to Show Cause in a timely manner were not due to neglect on the part of Registrant but due to the fact that Registrant never received the papers, and (iii) the Board's general policy of deciding cases on the merits, good cause exists here for reopening Registrant's time to respond to the Order to Show Cause and for lifting the default.

ARGUMENT

I. MOTION TO REOPEN TIME UNDER AUGUST 9 ORDER

Under Federal Rule of Procedure 6(b)(2), the Board may in its discretion reopen RCC's time to respond to the August 9 Order if RCC's failure to respond in time was due to "excusable neglect." *See* TBMP § 509.01(b)(1). To determine whether RCC's failure to respond in time constitutes "excusable neglect," the Board must consider "all relevant circumstances surrounding the party's omission or delay, including (1) the danger of prejudice to the nonmovant; (2) the length of the delay and its potential impact on judicial proceedings; (3) the reason for the delay, including whether it was within the reasonable control of the movant; and (4) whether the movant acted in good faith." *Id.* (citing *Pioneer Inv. Servs. Co. v. Brunswick Assocs. Ltd. P'ship*, 507 U.S. 380, 395 (1993), adopted by the Board in *Pumpkin Ltd. v. The Seed Corps.*, 43 U.S.P.Q.2d 1582, 1586 (T.T.A.B. 1997)).

Registrant's failure, under the Board's August 9 Order, to show cause by September 8, 2005 why judgment should not be entered against it was clearly the result of excusable neglect.

In regard to the first *Pioneer Investment Services* factor, reopening time for Registrant to respond will not prejudice Petitioner. The only relevant prejudice is prejudice to the nonmovant's ability to litigate its case. *Pumpkin Ltd.*, 43 U.S.P.Q.2d at 1587. Here, Registrant's accidental failure to respond in time does not affect anything but the *timing* of Registrant's case. This Board has held that this type of prejudice is irrelevant. *Id.*

Turning to the second *Pioneer Investment Services* factor, the length of the delay has not been significant. Registrant only learned of this action (by its own investigation) on October 11, 2005. The time from learning of the August 9 Order to the filing of this motion is exactly seven days – a very minimal delay. Moreover, it is only just over one month since Registrant's response to the August 9 Order would have been due. Finally, since Registrant also is responding herein substantively to the August 9 Order by moving for an order to set aside the notice of default and is concurrently filing an answer to the Petition for Cancellation, there should be no further delay in this proceeding.

As to the third and fourth *Pioneer Investment Services* factors, Registrant's failure to timely respond to the Order to Show Cause was outside of its control and Registrant has at all times acted in good faith. As the facts recited above clearly demonstrate, the August 9 Order was sent to a defunct address, at which Registrant has not operated for more than four years and from which mail is no longer forwarded. The Board's use of that address, and the Petitioner's reference to that address in the Petition for Cancellation, was out of Registrant's control, as Registrant had taken steps to ensure that the PTO has its correct mailing address at least prior to the issuance of the August 9 Order. And, upon learning of the August 9 Order, Registrant made good faith efforts to rectify the issue, by having its counsel immediately contact the Board and filing this motion as soon as possible.

Since Registrant's omission in not responding to the August 9 Order was the result of excusable neglect, this Board should reopen Registrant's time to respond.

II. MOTION TO SET ASIDE NOTICE OF DEFAULT

Assuming the Board grants Registrant's motion to reopen Registrant's time to respond to the Board's August 9 Order, Registrant also moves to set aside the notice of default.

Federal Rule of Civil Procedure 55(c) governs motions to set aside default notices predicated on the movant's failure to answer a pleading. *Fred Hayman Beverly Hills, Inc. v. Jacques Bernier, Inc.*, 21 U.S.P.Q.2d 1556, 1557 (T.T.A.B. 1991); TBMP § 312.02. Rule 55(c) provides that an entry of default may be set aside "[f]or good cause shown." Registrant can show good cause here because (1) the delay in filing an answer was not the result of the Registrant's willful conduct or gross misconduct; (2) Petitioner will not be substantially prejudiced by the delay; and (3) Registrant has a meritorious defense to the action. *Paolo's Assocs. Ltd. P'ship v. Bodo*, 21 U.S.P.Q.2d 1899, 1903 n.2 (T.T.A.B. 1990); TBMP § 312.02.

As set forth above, Registrant's failure to file an answer to the Petition for Cancellation was neither willful nor the result of gross misconduct. The June 3 Order notifying Registrant of the proceeding and setting the deadline for answering was sent to a defunct address, at which Registrant has not operated for more than four years and from which mail is no longer forwarded. Moreover, the Board's mailing of the August 9 Order to Show Cause to an address in Florida was clearly erroneous since one month prior to the mailing by the PTO Registrant had submitted a Change of Address form for the Registrant, putting the TTAB (as well as Petitioner) on notice that RCC could be reached in Rye Brook and not in Ft. Lauderdale, Florida. Clearly, Registrant took the necessary steps to keep the PTO and Petitioner aware of its current address. The fact that its current address was not used in connection with the mailing of the Order to

Show Cause should not be used against Registrant or used to take away Registrant's trademarks.

Further, Petitioner has not been and will not be substantially prejudiced by Registrant's delay in answering the Petition. Preliminarily, Registrant's delay has not been substantial: seven days since first discovering the existence of the cancellation proceeding and just over four months since the answer was due. *Compare DeLorme Publ'g Co. v. Eartha's Inc.*, 60 U.S.P.Q. 1222, 1223-24 (T.T.A.B. 2000) (no prejudice from six-month delay). More substantively, allowing Registrant to answer late simply will not harm Petitioner's position in this proceeding. *Cf. Id.* (suggesting that prejudice might result where delay caused witnesses or evidence to become unavailable). Petitioner will be in the exact same position it would have been in had Registrant filed its answer on time, albeit a few extra months have passed. Finally, it is noted that the harm that Petitioners claim in the Notice of Opposition is harm caused by Petitioner's inability to register the mark NEHI, a mark identical to Registrant's prior-used and registered trademarks. The application at issue is currently suspended by the Patent and Trademark Office. The slight delay caused by the failure of the pleadings in this proceeding to have reached Registrant will not have any material affect on how quickly Petitioner's application is reviewed. Moreover, Petitioner's application is based on an intent to use. Since Petitioner is not on its way to market under the NEHI mark and is not being delayed in launching any product because of the slight delay in these proceedings, there simply is no prejudice. Indeed, the only "prejudice" Petitioner is likely to suffer is that it will be forced to prove its claim of abandonment, something it cannot do given the facts. Quite simply, it would be inequitable and give Petitioner an unfair advantage if a postal error could result in the entry of a default judgment against Registrant. The failure of a mail delivery cannot and should not be used for a tactical advantage that would result in the cancellation of valuable trademarks.

Third, Registrant has a meritorious defense to the Petitioner's action for cancellation. Petitioner has premised its cancellation petition on Registrant's alleged abandonment of the NEHI mark. However, Registrant has not abandoned its NEHI mark and is concurrently submitting an answer refuting the basis for Petitioner's action (as well as submitting labels showing its current use of the mark). *See* Winnicki Decl. at ¶¶ 12-13 and Exh. E-F. *See also DeLorme Publ'g Co.*, 60 U.S.P.Q.2d at 1224 (showing of meritorious defense requires only plausible response to allegations of complaint, not an evaluation of the merits); *Fred Hayman Beverly Hills, Inc.*, 21 U.S.P.Q.2d at 1557 (submission of non-frivolous answer satisfies required showing of meritorious defense).

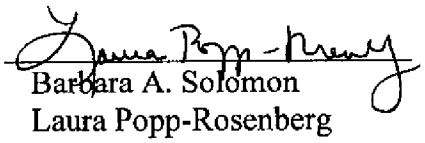
CONCLUSION

Default judgments for failure to timely respond to a complaint are not favored by the law. *Paolo's Assocs. Ltd. P'ship*, 21 U.S.P.Q.2d at 1902. This is especially so where the default is not the result of any willful misconduct or gross neglect by the Registrant, or any other acts that were in the control of Registrant. As Registrant has shown good cause why a default judgment

should not be entered against it, Registrant respectfully urges the Board to set aside the notice of default and to accept its late-filed Answer.[3]

Dated: New York, New York
October 18, 2005

FROSS ZELNICK LEHRMAN & ZISSU, P.C.

By: 

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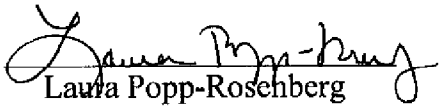
[3] Registrant served and filed its Answer on October 18, 2005. A copy of the Answer as served and filed is attached as Exhibit E to the Winnicki Declaration.

CERTIFICATE OF SERVICE

The undersigned, counsel for Registrant Royal Crown Company, Inc., hereby certifies that a true and correct copy of the foregoing MOTION TO REOPEN TIMETO RESPOND AND MOTION TO SET ASIDE DEFAULT NOTICE, AND MEMORANDUM IN SUPPORT THEREOF was served by First Class Mail, postage prepaid, on counsel for Petitioner on October 18, 2005 by mailing the same to Edmund J. Ferdinand, III, Esq., Grimes & Battersby, LLP, 488 Main Avenue, Third Floor, Norwalk, CT 06851.



Laura Popp-Rosenberg

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