

UNITED STATES PATENT AND TRADEMARK OFFICE
Trademark Trial and Appeal Board
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Kimble

August 6, 2021

Cancellation No. 92068766

Astor Chocolate Corp.

v.

Elite Gold Ltd.

Michael Webster, Interlocutory Attorney:

On April 28, 2021, the Board issued an order allowing Petitioner twenty days to show cause why the Board should not dismiss the petition for cancellation under Trademark Rule 2.132(a), 37 C.F.R. § 2.132(a), for the failure of Petitioner to offer any testimony or enter any evidence during its assigned trial period. 25 TTABVue 7. On May 18, 2021, Petitioner filed its response to the Board's order and a request to reopen its trial period and reset dates. Respondent has filed a brief in opposition to the motion.¹

¹ For purposes of this order the Board presumes the parties' familiarity with the pleadings, the history of the proceeding, and the arguments submitted in connection with the motions. In deciding the motions, all of the parties' arguments were carefully considered in light of the evidence of record, although the Board does not find it necessary to discuss all of them in this order. *See Guess? IP Holder L.P. v. Knowluxe LLC*, 116 USPQ2d 2018, 2018 (TTAB 2015).

By way of background, the discovery period in this case closed on February 24, 2019, and Petitioner's trial period ended on May 25, 2019. *See* 2 TTABVUE 3. On October 18, 2019, Respondent filed a consented motion to suspend the proceeding pending a civil action. At the time the parties agreed to suspend the proceeding pending the civil action, the time for Petitioner to take and introduce testimony and evidence had therefore expired.

In response to the Board's order to show cause, Petitioner's counsel contends that the failure to offer testimony or evidence before the expiration of the trial period was excusable neglect resulting from counsel "not promptly notifying the Board that the District Court Action had been filed and asking that this proceeding be stayed pending its outcome." 26 TTABVUE 10. Additionally, Petitioner states that "all parties appeared to assume" that evidence and testimony should not be presented in the interim between the advent of the District Court Action and the motion to suspend in October. *Id.* at 7.² Petitioner acknowledges that the delay caused by its failure was "not brief." *Id.* at 10. However, Petitioner argues that because the circumstances of the parties have not otherwise changed, reopening the trial period and resetting the dates will not adversely affect Respondent. *Id.* at 8-9. Additionally,

² Petitioner's assertion that the Board appeared to assume that evidence or testimony should not have been presented in this case following the initiation of the District Court action, 26 TTABVUE 7, is not well-taken. The blame for its failure to introduce evidence or testimony, as fully discussed herein, lies solely with Petitioner. The Board was clearly unaware of the District Court action until the parties filed the motion to suspend. Moreover, because the motion was a consented motion for suspension for civil action, the suspension order was automatically generated by ESTTA, the Board's online electronic filing system.

Petitioner asserts that it acted in good faith at all times despite counsel's neglect. *Id.* at 11.

In opposition to the motion, Respondent contradicts Petitioner's assertion that both parties presumed that evidence and testimony should not be submitted after the civil action had been filed. 27 TTABVUE 4-5. Respondent argues that Petitioner's motion to reopen and reset the dates should be denied because "the rights and validity of the Intellectual Property in this dispute...are currently being determined in the New York Federal Court action" and will therefore subject Respondent to prejudice. *Id.* at 5. Moreover, Respondent argues that it will be prejudiced if the motion is granted because Respondent will be "submit[ted]...to conflicting evidentiary rules and duplicative discovery." *Id.* at 6.

Under Fed. R. Civ. P. 6(b), a party seeking to reopen the time in which an act must be done after the time for taking action has expired must show that its failure to act during the previously allotted time was the result of excusable neglect. In order to determine whether a party has shown excusable neglect, the Board must take into account all relevant circumstances surrounding the party's omission or delay, including (1) the danger of prejudice to the non-moving party; (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 movant; and (4) whether movant acted in good faith. *Pioneer Inv. Serv. Co. v. Brunswick Assoc. Ltd. P'ship et. al.*, 507 U.S. 380, 396-97 (1993); *Pumpkin Ltd. v. Seed Corps*, 43 USPQ2d 1582, 1585-86 (TTAB 1997) (explaining Supreme Court's analysis in *Pioneer*). The Board

balances the reason for the delay with the other factors enumerated by the Supreme Court in *Pioneer* to take into account all relevant circumstances. *Coffee Studio LLC v. Reign LLC*, 129 USPQ2d 1480, 1482 (TTAB 2019). Ultimately, however, the determination of whether or not a party's neglect is excusable lies within the discretion of the Board. *FirstHealth of the Carolinas v. CareFirst of Maryland Inc.*, 479 F.3d 825, 81 USPQ2d 1919, 1921 (Fed. Cir. 2007).

Prejudice to the nonmovant as contemplated under the first *Pioneer* factor must be more than mere inconvenience or delay and more than the nonmovant's loss of any tactical advantage which it otherwise would enjoy as a result of movant's delay or omission. Rather, it is prejudice to the nonmovant's ability to litigate the case. *See Pumpkin*, 43 USPQ2d at 1587 (citing *Pratt v. Philbrook*, 109 F.3d 18 (1st Cir. 1997)); TBMP § 509.01(b)(1). Here, Respondent has not pointed to any specific loss of evidence or witness testimony as a result of Petitioner's delay, and there is no evidence in the record that Respondent's ability to defend against Petitioner's claim has been prejudiced by Petitioner's delay.

In addition, Respondent's argument that it would be prejudiced because "two separate jurisdictions [w]ould interpret the rights and validity of the same Intellectual Property" is meritless. As the Board previously established, Respondent and its licensee are no longer parties to the civil action and the validity of Respondent's registration is not at issue in the civil action. 25 TTABVUE 3-4. Respondent's contention that the defendants in the New York District Court action "are the U.S. distributors of Respondent's licensee," 27 TTABVUE 5, is directly

contrary to the District Court’s findings that Respondent’s foreign licensee (Mayora Indah) does not sell any of the ASTOR licensed products to any U.S. distributors and does not have any agreements with the distributors who are parties to the proceeding or any other U.S.-based distributors.³ Moreover, the Court found that Respondent’s licensee does not have any agreement with, or any relationship to, the Canadian distributor who purchases products from Respondent’s licensee “free-on-board” and re-sells them to U.S. retailers.⁴ In view of the Court’s finding of an absence of any relationship between Respondent or its licensee and any of the defendants in the District Court action, any use of the mark by said defendants will not have a bearing on Respondent’s rights in the registered mark that is the subject of this proceeding. *Cf.* Trademark Action Section 5, 15 U.S.C. § 1055 (legitimate use by related companies shall inure to the benefit of the registrant); *Noble House Home Furnishings, LLC v. Floorco Enters., LLC*, 118 USPQ2d 1413, 1421 (TTAB 2016) (use of a mark by related companies inures to the benefit of the owner if legitimate use by related companies is controlled by the owner); *see also* Trademark Act Section 45, 15 U.S.C. § 1127 (defining “related company”).⁵

In view of the foregoing, the Board finds that the first *Pioneer* factor weighs in favor of finding excusable neglect.

³ District Court Opinion and Order at 4, 27, and 33; 15 TTABVUE 8, 31, and 37.

⁴ *Id.* at 33, 15 TTABVUE 37.

⁵ *See also* RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 24 cmt. b (1995) (“It can be said that the rights of the trademark owner are exhausted once the owner authorizes the initial sale of the product under the trademark”).

With respect to the second *Pioneer* factor, namely, the length of the delay and its potential impact on proceedings, the Board evaluates the total length of the delay – including the time for the Board to consider and decide the pending motion. *Coffee Studio*, 129 USPQ2d at 1483 (citing *Pumpkin*, 43 USPQ2d at 1588). Here, although the delay appears to be significant because Petitioner failed to adhere to the schedule for its trial period while the proceeding dates were running, the question of reopening Petitioner’s trial period would not be at issue had Petitioner immediately notified the Board of the District Court action as required in the notice of institution. 2 TTABVue 6. A timely request for suspension would have resulted in the Board suspending the proceeding prior to Petitioner’s trial period. In such case, Petitioner’s trial period and all remaining dates would have been properly reset after the Board resumed the proceeding on January 22, 2021. Thus, the time for the Board to consider and decide the present motion appears to be the only delay caused by Petitioner’s failure to timely notify the Board of a related civil action between the parties.⁶ Although the Board has an interest in minimizing the amount of the Board’s time and resources expended on motions, such as the motion herein, that are the result of a failure to meet deadlines or sloppy practice, *see Pumpkin Ltd.*, 43 USPQ2d at 1588, the Board finds that the delay in this case has had little impact on this proceeding. Thus, the Board finds the second *Pioneer* factor neutral.

With respect to the fourth *Pioneer* factor, whether Petitioner acted in good faith despite its failure, the Board finds no evidence that Petitioner’s failure to request

⁶ As fully discussed herein and in the Board’s order issued April 28, 2021, the civil action is no longer an action between the parties in this case.

suspension for the pending civil action was the result of bad faith on Petitioner's part. Petitioner's counsel took responsibility for the error in failing to request a timely suspension. In addition, there is no evidence that Petitioner sought or would gain a tactical advantage by failing to timely inform the Board of the civil action. Accordingly, the Board finds that the fourth factor weighs in favor of finding excusable neglect.

Turning to the third *Pioneer* factor, the reason for the delay, including whether it was within the reasonable control of Petitioner, this factor clearly weighs against a finding of excusable neglect. The delay in the proceeding was the result of the neglect of Petitioner's counsel and not the result of unavoidable events or outside circumstances. Petitioner's counsel failed to request suspension of the Board proceeding immediately after he filed the civil action between the parties as required in the notice of institution. As a result of counsel's neglect, the cancellation proceeded on its schedule and Petitioner's trial period passed without Petitioner introducing any evidence to support its claims. For purposes of the "excusable neglect" analysis, Petitioner is held accountable for the acts and omissions of its chosen counsel. *Pumpkin*, 43 USPQ2d at 1587 ("it is irrelevant that the failure to take the require action was the result of the party's counsel and not the neglect of the party itself") (citing *Pioneer*, 507 U.S. at 396); see also *CTRL Sys. v. Ultraphonics of N. Am.*, 52 USPQ3d 1300, 1303 (TTAB 1999) (party and its counsel must share the blame for counsel's neglect).

However, “it is clear that ‘excusable neglect’ under Rule 6(b) is a somewhat ‘elastic concept’ and is not limited strictly to omissions caused by circumstances beyond the control of the movant.” *Pioneer Inv. Serv. Co.*, 507 U.S. at 392 (citing 4A WRIGHT & MILLER, FEDERAL PRACTICE AND PROCEDURE § 1165 (2d ed. 1987)); *see also* TRADEMARK TRIAL AND APPEAL BOARD MANUAL OF PROCEDURE (TBMP) § 509.01(b) (June 2021) (decisions holding that a failure to act due to counsel’s docketing error is, per se, not the result of excusable neglect are no longer controlling under the more flexible excusable neglect standard).

Upon careful consideration of all the relevant circumstances and authorities, the Board finds that, on balance, the absence of prejudice to Respondent and the lack of bad faith on Petitioner’s part outweigh the reason for the delay, with the second *Pioneer* factor being neutral. Thus, the Board, in its discretion, finds that Petitioner has established that the delay in the proceeding was the result of excusable neglect.⁷ Accordingly, Petitioner’s request to reopen its trial period and reset dates is **granted**.

In view thereof, trial and briefing dates are reset as follows:

Plaintiff's Pretrial Disclosures Due	8/22/2021
Plaintiff's 30-day Trial Period Ends	10/6/2021
Defendant's Pretrial Disclosures Due	10/21/2021
Defendant's 30-day Trial Period Ends	12/5/2021
Plaintiff's Rebuttal Disclosures Due	12/20/2021
Plaintiff's 15-day Rebuttal Period Ends	1/19/2022
Plaintiff's Opening Brief Due	3/20/2022
Defendant's Brief Due	4/19/2022
Plaintiff's Reply Brief Due	5/4/2022

⁷ In exercising its discretion, the Board is mindful of the fact that it is the policy of the law to decide cases on their merits.

Request for Oral Hearing (optional) Due 5/14/2022

Generally, the Federal Rules of Evidence apply to Board trials. Trial testimony is taken and introduced out of the presence of the Board during the assigned testimony periods. The parties may stipulate to a wide variety of matters, and many requirements relevant to the trial phase of Board proceedings are set forth in Trademark Rules 2.121 through 2.125. These include pretrial disclosures, matters in evidence, the manner and timing of taking testimony, and the procedures for submitting and serving testimony and other evidence, including affidavits, declarations, deposition transcripts and stipulated evidence. Trial briefs shall be submitted in accordance with Trademark Rules 2.128(a) and (b). Oral argument at final hearing will be scheduled only upon the timely submission of a separate notice as allowed by Trademark Rule 2.129(a).