

FEDERAL CIRCUIT DECISIONS FOR WEEK ENDING DEC. 30, 2011

Benedict v. Super Bakery, Inc. (Dec. 28, 2011) (precedential) Trademark Reg. No. 2,966,255

Key point(s):

- The Trademark Trial and Appeal Board may cancel a party's trademark and enter default judgment as sanctions for repeated failure to respond to discovery requests and procedural orders.

Facts/Background: Benedict owned the '255 trademark registration for the mark G THE GOODYMAN for pepperoni sticks and various pastry desserts. Super Bakery filed a Petition for Cancellation of the '255 mark. During the cancellation proceedings, Super Bakery served various discovery requests. Benedict never responded to the discovery, even after the Board had granted Super Bakery's motion to compel and ordered Benedict to respond. Super Bakery filed a motion for default judgment based on the failure to respond. The Board denied the motion, but again ordered Benedict to respond to the discovery. One day before the new deadline to respond, Benedict filed a motion for summary judgment on res judicata grounds (based on a rejection of Super Bakery's separate application over the '255 mark). After the deadline to respond had passed, the Board entered an order suspending the proceedings based on Trademark Rule 2.127(d), which suspends all proceedings when a potentially dispositive motion is filed. Nonetheless, Benedict still had not responded to the discovery, asserting that Rule 2.127(d) suspended the proceedings automatically upon the filing of his summary judgment motion. Super Bakery then filed a motion for sanctions and for default judgment, based on the failure to respond and failure to comply with orders.

The Board granted the motion for default judgment and cancelled the '255 mark. The Board stated that Rule 2.127(d) did not automatically suspend the proceedings. Rather, the Board determined that proceedings were suspended only when the Board so ordered, relying on a comment to the rule. Thus, according to the Board, the proceedings were not suspended when the deadline to respond to the discovery had passed; therefore Benedict failed to comply with the order setting the new deadline to respond.

Holding: Affirmed on separate grounds. The Board incorrectly applied Rule 2.127(d). The comment that the Board relied upon to its interpretation was not part of the actual Rule. The Rule itself was ambiguous as to exactly when the proceedings would be suspended following the filing of a potentially dispositive motion. Default judgment was too harsh a sanction in light of the ambiguity.

However, due process permits entry of default judgment for failure to comply with the Board's rules and orders. Thus, based upon its findings that Benedict had continually failed to comply with its procedures and orders, the Board was within its discretion to enter default judgment and cancel the '255 mark.