

UNITED STATES PATENT AND TRADEMARK OFFICE
TRADEMARK TRIAL AND APPEAL BOARD

In re

Application Serial No. 76/496166
of RMF GLOBAL, INC.
for the mark ELIOTEX
Filed on March 10, 2003
Published for Opposition on May 18, 2004



10-29-2004

U.S. Patent & TMO/c/TM Mail Rcpt. Dt. #36

Class Being Opposed: 22

-----X
ELIOTEX SRL, :
 :
Opposer, :
 :
v. :
 :
RMF GLOBAL, INC., :
 :
Applicant. :
-----X

Opposition No. 91160941

**MOTION TO SUSPEND
INTER PARTES PROCEEDING**

Opposer Eliotex, SRL (“Opposer” or “Eliotex”) moves to suspend the above captioned proceeding pending the disposition of Civil Action No. 04 0593 (the “Civil Action”) filed by Applicant RMF Global, Inc. (“Applicant”) and Innovative Designs, Inc. against Opposer in the United States District Court for the Western District of Pennsylvania on April 20, 2004. In the Civil Action, Applicant seeks, *inter alia*, a declaration of non-infringement of the ELIOTEX trademark from the court. For its part, Opposer has not yet filed its own Answer and Counterclaim, alleging, *inter alia*,

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trademark infringement because that activity may have been considered a waiver of its right to arbitrate (Declaration of Elio Cattan (Cattan Dec'l at ¶3)). The Civil Action is itself currently stayed by the District Court pending resolution of an arbitration in Italy on various related State law issues, but the ownership of the trademark which is the subject of this proceeding will either (1) be determined in the arbitration in Italy; or (2) in the Civil Action after the arbitration is resolved.¹

FACTS

In or about early 1998, Elio Cattan, the owner of 100% of the stock of Opposer Eliotex, came up with the fanciful trademark ELIOTEX (a composite of his first name ELIO and the first part of the word "TEXTILE") as the name of a new technical insulating fabric. ("Cattan Dec'l") at ¶6). Substantially simultaneously with his decision to use the mark ELIOTEX, Opposer obtained all rights in United States Patent Application Serial No. 09/016,998 which eventually matured into Patent No. 6,083,999 ("the '999 Patent")(Cattan Dec'l at ¶7). Copies of the Assignment and the '999 Patent are attached to the Cattan Dec'l at Exhibits C and D).

On or about June 11, 1999, Opposer and Applicant entered into a distribution agreement (the "Distribution Agreement") wherein Opposer granted Applicant the right to distribute ELIOTEX labeled fabric pursuant to certain terms and conditions. (Cattan Dec'l at ¶8). A copy of the Distribution Agreement is attached to the Cattan Dec'l at Exhibit E. The Distribution Agreement included an arbitration clause dictating that

¹ In ¶18 of the Answer in this Proceeding, Applicant wrote "Applicant submits that it filed a civil action in the U.S. District Court for the Western District of Pennsylvania *concerning matters potentially relevant to the subject matter of this Opposition Proceeding.*" (Emphasis Added).

disputes surrounding the agreement be resolved in an arbitration proceeding in Italy. On September 21, 2004, the Court in the Civil Action stayed the Civil Action in favor of the agreed resolution of certain claims in arbitration in Italy. A copy of the Order and Memorandum Opinion staying the Civil Action is attached to the Cattan Dec'l as Exhibit B. For a short while, Applicant indeed purchased ELIOTEX fabric from Opposer and sold the same in the United States, but the relationship soon deteriorated². (Cattan Dec'l at ¶19).

Applicant's initial use in the United States of fabric under the trademark ELIOTEX was pursuant to the Distribution Agreement. Thus, any goodwill or trademark rights which existed from Applicant's early sales inured to the benefit of Opposer. This was clear from the very wording of the Distribution Agreement, where Cattan granted to Applicant, during the term of the Distribution Agreement: "*the sole right to utilize the Eliotex name and logo in the use of its sales and promotional literature and materials.*" That limited grant from Cattan to Applicant expired when the limited Distribution Agreement expired. Since then, any use by Applicant of the ELIOTEX trademark has been infringing on Opposer's rights.

Even if, assuming *arguendo*, the Distribution Agreement were silent on ownership of the ELIOTEX trademark, the ELIOTEX trademark would be owned by Cattan/Opposer, not Applicant. See McCarthy, *McCarthy on Trademarks and Unfair Competition*, §16:49 ("Where ownership as between a foreign manufacturer and an exclusive U.S. distributor

² In addition to claims directed to the '999 Patent and the ELIOTEX trademark, allegations of State law torts relating to contract have been alleged by both parties against the other in the Civil Action.

... is at issue, absent an agreement to the contrary, the rights remain with the foreign manufacturer.”).

Applicant’s filing on March 10, 2003 of the current trademark application for the mark ELIOTEX is in direct contravention of Opposer’s clear and unequivocal rights in that mark.

ARGUMENT

Suspension of proceedings before the Trademark Trial and Appeal Board (“TTAB”) is governed by 37 C.F.R. § 2.117(a), which states:

Whenever it shall come to the attention of the [TTAB] that a party or parties to a pending case are engaged in a civil action ... which may have a bearing on the case, proceedings before the Board may be suspended until termination of the civil action....

In this case, disposition of the Civil Action will determine the ultimate issue before the TTAB in this Opposition Proceeding, namely, whether Applicant is entitled to a trademark registration resulting from the ‘166 Application. In addition, it will settle issues which are not the subject of the Opposition Proceeding. Where both a proceeding and a civil action are pending relative to the same trademarks and parties, and the civil action may have a bearing on the issues surrounding the TTAB proceeding, the Board will typically suspend the TTAB proceeding pending resolution of the civil action. See, e.g., TTAB Manual of Procedure (TBMP), §510.02(a); *see also, e.g.*, *Geneological Inst. of Am. v. Thi-Dai Phan*, 145 F. Supp.2d 68, 70, FN. 1 (D.D.C. 2001)(noting that TTAB granted motion to suspend opposition proceeding pending determination of action);

National Ass'n of Prof'l Baseball Leagues, Inc. v. Very Minor Leagues, Inc., 223 F.3d 1143, 1145 (10th Cir. 2000)(noting that TTAB granted request by Plaintiff to suspend opposition proceedings pending outcome of judicial proceedings); *Cash v. Brooks*, 906 F. Supp. 450, 451 (E.D. Tenn. 1995)(noting that TTAB indicated its normal practice is to suspend its proceedings pending disposition of related civil matters); *Opticians Ass'n of Am. v. Indep. Opticians of Am.*, 734 F. Supp. 1171, 1181 (D.N.J. 1990)(noting that power to stay proceedings resides only in Board itself and flows from power of court to schedule disposition with goal of promoting fair and efficient adjudication), *rev'd on other grounds*, 920 F.2d 187 (3d Cir. 1990); *Sonora Cosmetics v. L'Oreal S.A.*, 631 F. Supp. 626 (S.D.N.Y. 1986)(Noting Commissioner of Patent's view that since TTAB determinations of the validity of registrations are merely advisory to the courts, it is preferable for the TTAB to stay its own proceedings where parallel litigation occurs in the district court); *The Other Tel. Co. v. Conn. Nat'l Tel. Co.*, 181 U.S.P.Q. 125 (T.T.A.B. 1974). Such suspension should be ordered here.

The decision to suspend this proceeding should not be altered due to the fact that the Civil Action is itself suspended. The Court in the Civil Action retains jurisdiction to reopen the Civil Action when appropriate, and all issues, including the issue of trademark ownership which will be determinative in this Proceeding, will be determined by the Civil Action in due course. It should also be noted that although the Discovery period has started, neither party has yet served or taken any discovery.

Suspension of this Proceeding is appropriate because the Board's determination in the instant proceeding of Applicant's right to *register* the ELIOTEX mark would not be *res*

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