

TTAB

Docket No. 12838-156

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

<i>In re Registration No. 2,637,124 of Jada Toys, Inc.</i> Mattel, Inc., Petitioner, v. Jada Toys, Inc., Registrant.	Cancellation No. 92-042756 PETITIONER'S MOTION TO SUSPEND THE CANCELLATION
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TO: Commissioner for Trademarks
ATTN: Trademark Trial and Appeal Board
2900 Crystal Drive
Arlington, Virginia 22202-3514

Pursuant to 37 C.F.R. § 2.117(a), Petitioner Mattel, Inc. ("Petitioner") hereby moves to suspend the Cancellation proceeding listed above (the "Cancellation") on the grounds that Petitioner and Registrant Jada Toys, Inc. ("Registrant") are engaged in a civil case that will be dispositive of these proceedings. This motion is supported by the accompanying Memorandum in Support of the Motion to Suspend ("Memorandum") and such other papers and arguments as may be presented to the Board.

Respectfully submitted,

MANATT, PHELPS & PHILLIPS, LLP

Date: July 23, 2004

By: 
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MEMORANDUM IN SUPPORT OF MOTION TO SUSPEND

Petitioner submits the following Memorandum in support of its motion to suspend the proceedings.

I. INTRODUCTION

Petitioner is owner of multiple registrations for the mark HOT WHEELS for toys, especially toy vehicles, in Class 28, and has used the mark since July 20, 1967.

Petitioner also uses the mark HOT RODS for activity toys, namely, snap together construction toys.

Petitioner filed its Notice of Cancellation against U.S. Registration No. 2,637,124 for HOT RIGZ in Class 28 on December 11, 2003.

On April 14, 2004, Registrant filed a federal court infringement action against Petitioner alleging trademark infringement of U.S. Registration No. 2,740,026 for OLDSKOOL in Class 28, as well as for false designation of origin and unfair competition in the United States District Court for the Central District of California (the "Civil Action"). Petitioner then filed an answer and counterclaims for cancellation of U.S. Registration No. 2,740,026, and of U.S. Registration No. 2,637,124, the subject of the Cancellation, as well as federal and state trademark infringement, false designation of origin, dilution, injury to business reputation, passing off and copyright infringement on June 2, 2004. The Civil Action is designated as Case No. CV04-2755 RGK (FMOx), and a true and correct copy of the Answer and Counterclaim in the Civil Action is attached hereto as Exhibit A. Because the Civil Action will be dispositive of the Cancellation, Petitioner respectfully requests that the Cancellation be suspended pending resolution of the Civil Action.

II. THE MOTION TO SUSPEND SHOULD BE GRANTED

Under 37 C.F.R. § 2.117(a), “[w]henver it shall come to the attention of the Board that parties to a pending case are engaged in a civil action which may be dispositive of the case, proceedings before the Board may be suspended until termination of the civil action.” Here, the Civil Action is clearly dispositive of these proceedings, as all of the issues to be determined by the Board here are identical to those the U.S. District Court will decide in the Civil Action, although the remedies available to Petitioner in the Civil Action are broader than in the Cancellation.

Specifically, the two elements Petitioner must show in these proceedings are: (1) priority of use; and (2) Registrant’s mark is likely to be confused with Petitioner’s HOT WHEELS marks. TBMP 309.03(c)(A); 15 U.S.C. § 1052(d). In the relevant counts of the Civil Action, Petitioner must show, first, that it used its HOT WHEELS marks first and, second, that Registrant’s use of HOT RIGZ is likely to cause confusion. *Universal Sewing Machine Co., Inc. v. Standard Sewing Equipment Corporation*, 185 F. Supp. 257, 262 (S.D.N.Y. 1960). In other words, in the Civil Action Petitioner will have to establish: (1) priority of use; and (2) Registrant’s HOT RIGZ mark is likely to be confused with Petitioner’s HOT WHEELS marks. Therefore, the issues here are identical to those to be litigated in the Civil Action.

While the Board is just as capable of deciding the priority of Petitioner’s HOT WHEELS marks, and whether there is a likelihood of confusion between Petitioner’s and Registrant’s marks as the U.S. District Court that will decide the Civil Action, it should not do so here for three reasons.

First, and most importantly, if the Board were to suspend this Cancellation and allow the U.S. District Court to rule first, the U.S. District Court's decision would be binding on the Board under the doctrines of *res judicata* and collateral estoppel.

Mother's Restaurant Inc. v. Mama's Pizza, Inc., 723 F.2d 1566, 1569-73 (Fed. Cir. 1983) (collateral estoppel); *Midland Cooperatives, Inc. v. Midland International Corp.*, 421 F.2d 754, 758-59 (C.C.P.A. 1970) (*res judicata*).

By contrast, if the Board were to decide any of these proceedings before the U.S. District Court decides the Civil Action, the Board's findings could be challenged in the Civil Action, or in another civil action in another federal district court. 15 U.S.C. § 1071(b). Similarly, whereas the Board may only decide issues relating to the *registration* of trademarks, as opposed to the use of trademarks, federal district courts may rule on both *use* and *registration*. 15 U.S.C. § 1119; *PHC, Inc. v. Pioneer Healthcare, Inc.*, 75 F.3d 75, 79 (1st Cir. 1996). Therefore, in the interest of judicial economy, the Board should suspend the Cancellation. A ruling by the U.S. District Court in the Civil Action will control the outcome of the Cancellation, but not vice versa.

Second, allowing this matter to be resolved by the Civil Action promotes not only judicial efficiency, but also allows the parties themselves to resolve this dispute in the most efficient manner possible. The fundamental issues in the Cancellation are identical to many of the issues in the Civil Action, as described above. If the Cancellation is suspended pending the disposition of the Civil Action, the parties will not need to unnecessarily expend resources, as they will be able to resolve this matter by fighting the proverbial "battle" on one front instead of two. Thus, suspending the Cancellation

will not prejudice either party, as it will allow the parties to resolve this dispute while expending the least amount of resources.

Third, this case should be suspended to avoid inconsistent rulings between the Board and the U.S. District Court — especially since the U.S. District Court's decision will ultimately be binding on the Board.

III. CONCLUSION

For the reasons stated herein, the Board should suspend the Cancellation pending the outcome of the Civil Action. Should the Board deny Petitioner's motion to suspend, Petitioner respectfully requests the Board to reset the discovery and testimony periods. 37 C.F.R. § 2.121(a)(1).

Respectfully submitted,

MANATT, PHELPS & PHILLIPS, LLP

Date: July 23, 2004

By: 

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