

ESTTA Tracking number: **ESTTA126480**

Filing date: **02/22/2007**

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

Proceeding	92046853
Party	Plaintiff STEPHEN SLESINGER, INC STEPHEN SLESINGER, INC ,
Correspondence Address	ANDREW D. SKALE BUCHANAN INGERSOLL & ROONEY P.C. P.O. BOX 1404 ALEXANDRIA, VA 22313-1404 UNITED STATES
Submission	Opposition/Response to Motion
Filer's Name	Fred W. Hathaway
Filer's e-mail	fred.hathaway@bipc.com
Signature	/FWH/
Date	02/22/2007
Attachments	oppositi.pdf (64 pages)(3154083 bytes)

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

STEPHEN SLESINGER, INC.,

Petitioner,

v.

DISNEY ENTERPRISES, INC.,

Respondent.

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Opposition No. 92/046,853

**PETITIONER’S OPPOSITION TO RESPONDENT’S
MOTION TO SUSPEND PROCEEDINGS PURSUANT TO 37 C.F.R. § 2.117**

Pursuant to TBMP §502.02(b), Petitioner Stephen Slesinger, Inc. (“Slesinger”) hereby submits this brief in opposition to Respondent Disney Enterprises, Inc.’s Motion to Suspend Proceedings Pursuant to 37 C.F.R. § 2.117. Petitioner respectfully requests that the Board deny Respondent’s Motion and allow this cancellation to proceed without suspension.

I. INTRODUCTION

Slesinger and Respondent Disney Enterprises, Inc. (“Disney”) are currently engaged in an action in the United States District Court for the Central District of California (the “federal court action”) that started when Disney sued Slesinger for a declaration that two notices of termination served under Section 304(d) of the Copyright Act by the respective granddaughters of the author and an illustrator of the first four Winnie the Pooh books (the “Pooh Works”) were valid and that Disney’s royalty obligations to Slesinger, which licensed certain rights in the works to Disney, should cease in November 2004. Slesinger alleged various counterclaims against Disney, based upon Disney’s copyright infringement, breach of contract, and fraudulent

nonpayment of royalties under the license, but also for trademark infringement and unfair competition based on Disney's use of the characters in the Pooh Works (the "Pooh Characters") beyond the scope of the original license. Disney's claims against Slesinger have since been dismissed.

Separate and apart from its claims in the federal court action, Slesinger filed a Petition for Cancellation (the "Petition") of various trademark registrations for the Pooh Characters that Disney fraudulently obtained from the PTO.

Disney now seeks to suspend the Petition pending the outcome of the federal court action. According to Disney, the Petition "raises the same issues and seeks effectively the same relief" as the federal court action. Moreover, Disney claims that a stipulation entered in the federal court action bars Slesinger from seeking cancellation of the registrations until Slesinger's counterclaims against Disney are resolved. None of what Disney says is true.

Section 510.02(a) of the Trademark Trial and Appeal Board Manual of Procedure ("TBMP") states that "[w]henever it comes to the attention of the Board that a party or parties to a case pending before it are involved in a civil action which may have a bearing on the Board case, proceedings before the Board *may* be suspended until final determination of the civil action." (Emphasis added.) As the Board noted in *Boyd's Collection Ltd. v. Herrington & Co.*, 65 U.S.P.Q.2d 2017, 2018 (TTAB 2003), the use of the permissive word "may" clearly indicates "that suspension is not the necessary result in all cases."

In the present case, suspension would be inappropriate for several reasons. Principally, the Petition for Cancellation is based on different grounds and seeks different relief than Slesinger's counterclaim in the federal court action. Moreover, since the filing of Disney's Motion to Suspend, Disney's claims against Slesinger in the federal court action have been dismissed. Finally, the stipulation to which Disney refers has no relevance to the question and

presents no obstacle to the Board's adjudication of the claims raised in the Petition. Therefore, Slesinger respectfully requests that the Board deny Disney's Motion to Suspend.

II. THE PETITION FOR CANCELLATION RAISES DIFFERENT ISSUES AND SEEKS DIFFERENT RELIEF THAN THE FEDERAL COURT ACTION

Disney argues that the Petition for Cancellation raises the identical issues and seeks "effectively" the same relief as the pending federal court action. (Respondent's Motion at p. 2.) Neither of these assertions is true. Slesinger's counterclaims against Disney in the federal court action include substantial claims based upon copyright infringement, breach of contract, and fraudulent royalty statements, which do not require trademark analysis. Although Slesinger's counterclaims include a claim for trademark infringement and unfair competition under Section 43(a), that counterclaim alleges that Disney exceeded the scope of the license Slesinger granted it to use the Winnie the Pooh marks on various goods and services. (Exhibit 1 at ¶¶ 130-134.)

In contrast, Slesinger's claims in the Petition for Cancellation allege that Disney made false statements to the PTO "with the intent to procure registrations to which Respondent was not entitled" and that Disney's registrations are "void pursuant to Section 1 of the Trademark Act as the applications were filed and prosecuted by an entity other than the owner of the subject trademarks." (Petition for Cancellation at ¶¶ 7, 9.) These fraud and lack of ownership claims are not included in Slesinger's counterclaims in the federal court action.

Disney also alleges that the Petition for Cancellation and the counterclaim in the federal court action seek the same relief. Again, Disney is incorrect. The trademark claim in the federal court action seeks "treble profits or damages, whichever is greater, together with reasonable attorney's fees and prejudgment interest," incidentally seeking that the court direct the USPTO to correct the title of certain trademark registrations. (Exhibit 1 at ¶¶ 135-137.) In contrast, the

Petition for Cancellation does not seek any monetary damages and does not request the USPTO to modify the title of the registrations, but rather seeks to have the registrations cancelled outright. (Petition for Cancellation at p. 4.) This is a much more drastic remedy and is clearly not the same or even “effectively” the same relief, as Disney alleges. There is no relief being sought from the district court which, if granted, would cancel all or even some of Disney’s Winnie the Pooh trademark registrations.

The cases cited by Disney are distinguishable in that in those cases the opposer or petitioner was raising the exact same issues and/or seeking the exact same relief in the pending district court cases. *See, e.g., General Motors Corp. v. Cadillac Club Fashions, Inc.*, 22 U.S.P.Q.2d 1933, 1937 (TTAB 1992) (“A review of the complaint in the civil action indicates that a decision by the district court will be dispositive of the issues in this proceeding. In fact, petitioner has asked the court to cancel respondent’s registrations.”); *Whopper-Burger, Inc. v. Burger King Corp.*, 171 U.S.P.Q. 850 (TTAB 1971) (“[P]etitioner has asked the United States District Court to direct the Patent Office to cancel Registration No. 782,990 here involved. There can be no doubt therefore that the outcome of the civil action will have a direct bearing on the question of the rights of the parties herein and may in fact completely resolve all the issues.”).

The Petition for Cancellation raises different claims and seeks different relief from the trademark counterclaim in the federal court action. Therefore, there is no justification for suspending the cancellation pending the final outcome of the federal court action, since a suspension would unnecessarily delay the adjudication of the fraud and lack of ownership claims raised in the Petition and would be unfairly prejudicial to Petitioner.



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