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

Proceeding	92076319
Party	Plaintiff Airrosti Rehab Centers, LLC
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Date	04/15/2021
Attachments	2021-04-15 Airrosti Response to Arriste Motion to Suspend Proceeding pending Civil Action.pdf(1082250 bytes)

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

In re:

Reg. No. 5985519

Mark: ARRISTE

Airrosti Rehab Centers, LLC,
Petitioner

v.

Arriste LLC,
Respondent

Cancellation No.

92076319

**RESPONSE TO ARRISTE, LLC'S MOTION TO SUSPEND PROCEEDING PENDING
CIVIL ACTION**

The Board should deny Respondent Arriste LLC's ("Arriste" or "Respondent") Motion to Suspend Proceedings Pending Civil Action filed on March 26, 2021 (ESTTA1123158) for lack of good cause. Good cause does not exist for at least three reasons. First, judicial economy is not well served by a suspension since the TTAB proceeding will reach a decision on the merits sooner than the federal district court. Second, the court in the civil action does not have jurisdiction over Petitioner Airrosti Rehab Centers, LLC ("ARC" or "Petitioner"). Third, suspending the proceedings unduly prejudices Petitioner as the fraud counterclaim filed against Petitioner's U.S. Registration 4,237,801 ("the '801 Registration") in this proceeding is not at issue in the civil action. Accordingly, the Board should deny the Motion and allow this Cancellation proceeding to resume.

I. Legal Standards for Suspension of Inter Partes Trademark Proceedings

Pursuant to Trademark Rule 2.117, proceedings may be suspended when it comes to the attention of the Board "that a party or parties to a pending case are engaged in a civil action"

“which may have a bearing on the case.” 37 C.F.R. § 2.117(a); *New Orleans Louisiana Saints LLC v. Who Dat?, Inc.*, 99 U.S.P.Q.2d 1550, 1552 (T.T.A.B. 2011). In the past, the primary consideration in suspending TTAB proceedings was that “[a] decision by the district court [would] be binding on the Board whereas a determination by the Board as to a defendant’s right to obtain or retain a registration would not be binding or res judicata in respect to the proceeding pending before the court.” *New Orleans Louisiana Saints, LLC*, 99 U.S.P.Q.2d at 1552 (T.T.A.B. 2011); accord TBMP § 510.02(a) (3d ed. rev. 2, June 2013) (“[T]he decision of the Board is not binding upon the court.”).

But *B&B Hardware, Inc. v. Hargis Industries, Inc.*, 135 S.Ct. 1293 (2015), overturned the long-standing rule that the Board’s decisions could not have preclusive effect on a district court case. Consequently, a key rationale for suspending TTAB proceedings before the 2015 *B&B Hardware* opinion—that TTAB decisions were never given preclusive effect—no longer applies. Instead, a federal district court may now be bound by findings of the TTAB. *B&B Hardware*, 135 S. Ct. at 1310.

Suspension of a TTAB proceeding is solely within the discretion of the Board and is subject to a ‘good cause’ standard. *The Other Telephone Co. v. Connecticut Nat’l Telephone Co., Inc.*, 181 U.S.P.Q. 779, 782 (Comm’r Pat. 1974); *Nat’l Football League v. DNH Management LLC*, 85 U.S.P.Q.2d 1852, 1855, n.8 (T.T.A.B. 2008). “[B]oth the permissive language of Trademark Rule 2.117(a) . . . and the explicit provisions of Trademark Rule 2.117(b) make clear that suspension is not the necessary result in all cases.” *Jodi Kristopher Inc. v. Int’l Seaway Trading Corp.*, 91 U.S.P.Q.2d 1957, 1958 (T.T.A.B. 2009), quoting *Boyd’s Collection Ltd. v. Herrington & Co.*, 65 U.S.P.Q.2d 2017, 2018 (T.T.A.B. 2003).

II. Good Cause Does Not Exist to Suspend the Cancellation Proceedings

Good cause does not exist to suspend the existing proceeding as judicial economy would not be served, the asserted federal district court does not have jurisdiction over Petitioner, and Petitioner will be unduly prejudiced by a suspension as the claims between the Cancellation and district court action are not the same.

a. Judicial Economy is Not Served by a Suspension of the Proceedings

The central issue in this proceeding is the damage to Petitioner's incontestable trademark registrations for the mark "AIRROSTI" caused by Respondent's trademark registration No. 5,985,519 ("the '519 Registration") for the mark "ARRISTE". *See* (Petition for Cancellation, ESTTA1111564, at 8) ("Airrosti Rehab Centers, LLC believes it is being damaged by the continued registration of U.S. Registration No. 5,985,519, and respectfully prays for cancellation of that registration."). In answer, Respondent denied Petitioner's allegations and filed a Counterclaim seeking cancellation of Petitioner's asserted and incontestable '801 Registration for "clothing, namely t-shirts and hats." (Answer, Affirmative Defenses and Counterclaim, ESTTA1113648, at 7). On the same day, Respondent also filed a civil action in the U.S. District Court in the Central District of California for a Declaratory Judgment that its '519 Registration is valid and it does not infringe Petitioner's "AIRROSTI" mark. (Respondent's Motion to Suspend Proceeding Pending Civil Action, ESTTA1123158, Ex. 1 at 6).

Judicial economy is not served by a suspension of the Cancellation proceeding because a decision on the merits in this case will be arrived at sooner by the TTAB than in federal district court. By way of example, prior to Respondent's Motion to Suspend, the Board issued a scheduling order that provided for the opening of discovery this month, the close of discovery by October 2021, Petitioner's Opening Trial Brief in June 2022, and Respondent's Reply Trial Brief by July 2022. (Notice of Institution, ESTTA1111564 at 3). While it is true that the TTAB

proceedings have been temporarily suspended pending the outcome of Respondent's motion, in contrast, there is no current scheduling order in the case in the Central District of California, and as explained *infra*, nor is there likely to be a scheduling order in the near future.

Further, unlike this proceeding, the declaratory judgment action filed by Respondent Arriste in the federal district court does not include an allegation that ARC's '801 Registration is invalid due to fraud. ARC relies on the '801 Registration in part in making its likelihood of confusion allegations against the '519 Registration in this proceeding. As such, Respondent's fraud Counterclaim will still need to be litigated, even assuming the civil action proceeds forward, resulting in an unnecessary duplication of efforts for both parties.

In sum, judicial economy is better served by allowing the TTAB proceeding to move forward for three reasons. The parties are likely to obtain a decision on the merits quicker at the TTAB forum than the district court, and Respondent's fraud Counterclaim must still be litigated at the TTAB. And finally, Respondent made the uses identified under the '519 Registration an issue in the district court litigation. *Compare* (Respondent's Motion to Suspend, ESTTA1123158, Ex. 1 at 4, ¶ 12) (stating the covered goods of the '519 Registration), *with* (Motion to Suspend, Ex. 1 at 7, ¶¶ 29, 32) (alleging the '519 Registration is valid and that a controversy exists over the use of the mark on its goods). Because the Respondent alleged in the civil action that its use is materially the same as the usage in the '519 Registration, a decision by the TTAB will have a preclusive effect on the civil action. *See B&B Hardware, Inc. v. Hargis Industries, Inc.*, 135 S.Ct. 1293, 113 U.S.P.Q.2d 2045, 2055-56 (2015) (“[W]hen the usages adjudicated by the TTAB are materially the same as those before the district court, issue preclusion should apply.”). Thus continuing with the proceeding at the TTAB will result in a

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