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

Proceeding	91223290
Party	Plaintiff Nerium International, LLC
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Attachments	REPLY BRIEF IN SUPPORT OF OPPOSED MOTION FOR SUSPEN- SION.pdf(199381 bytes)

A. *B&B Hardware* Does Not Support Abandoning the Board’s Policy Favoring Suspension.

In its response, Biotech concedes that it is the policy of the Board to suspend proceedings when a civil action may have a bearing on the proceedings before the Board. Applicant’s Resp. at 3. In fact, “[u]nless there are unusual circumstances, the Board will suspend proceedings in the case before it if the final determination of the other proceeding may have a bearing on the issues before the Board.” TBMP § 510.02(a) (citing 37 C.F.R. § 2.117(a)) (emphasis added).

Nowhere in its response, however, does Biotech even attempt to identify any unusual circumstances that would warrant the Board’s departure from its standard policy favoring suspension. Instead, in an attempt to overcome the presumption favoring suspension, Biotech asks the Board to abandon its policy and reject its prior precedent and rules thereon because the Supreme Court’s holding in *B&B Hardware, Inc. v. Hargis Industries, Inc.*, 575 U.S. ___, 135 S. Ct. 1293 (2015), “eliminated the key rationale favoring suspension in the past—namely, that the Board’s decisions were not binding upon courts.” Applicant’s Resp. at 1. According to Biotech, the *B&B Hardware* decision has “drastically altered [the] legal landscape” so that “the putative status quo suspension policy cannot stand.” Applicant’s Resp. at 3.

Despite having made this grand-sweeping proposition, Biotech does not identify any authorities in support. In *B&B Hardware*, the Supreme Court stated, “when the usages adjudicated by the TTAB are materially the same as those before the district court, issue preclusion should apply” as long as the other ordinary elements of issue preclusion are met. 135 S. Ct. at 1310. “As a result of the *B&B Hardware* decision, *unchallenged* TTAB cases decided on the merits hold the potential for a district court to apply issue preclusion in regard to issues actually decided by the TTAB and necessary to its final decision.” *MET-RX SUBSTRATE*

TECHNOLOGY, INC. v. FitLife Brands, Inc., 91219718, No. 16 (T.T.A.B. February 19, 2016)
(TTAB Order Granting Motion for Suspension)

A party who is dissatisfied with the Board’s decision in a proceeding, however, has a remedy by civil action (in a United States District Court), in which “[t]he court may adjudge that an applicant is entitled to a registration upon the application involved, that a registration involved should be canceled, or such other matter as the issues in the proceeding require, as the facts in the case may appear.” 15 U.S.C. § 1071(b)(1). Thus, “[i]nasmuch as any speculative final decision of the TTAB may be reviewed, *de novo*, by way of civil action in district court, any potentially preclusive effect that might possibly exist in the TTAB decision would be negated by such an appeal.” *MET-RX SUBSTRATE TECHNOLOGY, INC. v. FitLife Brands, Inc.*, 91219718, No. 16 (T.T.A.B. February 19, 2016) (TTAB Order Granting Motion for Suspension).

Despite Biotech’s contention to the contrary, the decision in *B&B Hardware* thus does not “drastically alter[] [the] legal landscape” so that “the putative status quo suspension policy cannot stand.” Applicant’s Resp. at 3.

In any event, issue preclusion is neither raised nor relied on in Nerium International’s motion for suspension. Instead, the sole issue before the Board in Nerium International’s motion is whether the issues in the Civil Action may have a bearing (even of a non-dispositive nature) on those before the Board here. *See, e.g., New Orleans La. Saints LLC v. Who Dat? Inc.*, 99 USPQ2d 1550, 1552 (TTAB 2011) (“[T]he civil action does not have to be dispositive of the Board proceeding to warrant suspension, it need only have a bearing on the issues before the Board.”). As discussed below, that question must be answered in the affirmative.

B. Contrary to Biotech’s Contention, SkinCare’s Second Amended Original Petition in the Civil Action Further Supports Suspension of this Opposition.

In an attempt to conceal the conspicuous, substantive overlap between the issues in the Civil Action and those before the Board in this opposition, Biotech submits for the Board’s consideration the Second Amended Original Petition that Nerium SkinCare, Inc. (“SkinCare”) filed in the Civil Action on April 4, 2016—*just two days before* Biotech filed its response here. According to Biotech, “the revised language of the Second Amended Petition removes the references to trademarks cited by Opposer, thereby rendering moot” Nerium International’s argument that the Civil Action may have a bearing on the trademark issues before the Board. Applicant’s Resp. at 4-5.

And yet, if, as Biotech contends, the Civil Action is “a business dispute, not a trademark dispute,” *id.* at 3-4, why remove the trademark references at all? Indeed, if not an admission that the Civil Action may have a bearing on the issues before the Board, what logical explanation exists for removing those references? The interests of fairness, efficiency, and judicial economy clearly are not best served by allowing Biotech (or SkinCare) to purportedly “moot” Nerium International’s motion by employing such pleading antics. As the expression goes, “you can put lipstick on a pig, but it’s still a pig.”

In any event, contrary to Biotech’s apparent intent, SkinCare’s Second Amended Original Petition further supports Nerium International’s arguments in favor of its motion for suspension. Unlike the First Amended Original Petition, SkinCare’s Second Amended Original Petition seeks, *inter alia*, termination of the very same Company Agreement that Biotech asks the Board as part of this opposition to interpret and declare the parties’ respective rights thereunder as to the ownership and use of the disputed marks. *See* Exhibit B to Applicant’s Resp. at 8, ¶ 34. Making matters worse, SkinCare’s Second Amended Original Petition also asks the state court in

the Civil Action to order the winding up and termination of Nerium International. *See id.* at 11, ¶¶ 57-60. As such, this entire opposition could be rendered a nullity should the state court in the Civil Action terminate the Company Agreement and/or wind up and terminate Nerium International. Under these circumstances, allowing this opposition to continue clearly disserves the interests of fairness, efficiency, and judicial economy, not to mention improvidently places additional burden on the Board by having it engage in what ultimately may be an exercise in futility.

Furthermore, while Biotech makes much of the fact that SkinCare is not actually a party to this opposition,¹ it is well-established that the Board can “suspend a proceeding pending the final determination of . . . another proceeding in which only one of the parties is involved.” TBMP § 510.02(a) (footnotes omitted); *see also Argo & Co. v. Carpetsheen Mfg., Inc.*, 187 USPQ 366, 367 (TTAB 1975) (suspending opposition proceeding pending disposition of a state court action between applicant and third party to determine ownership of applicant’s mark). In addition, while Biotech disputes that it has asked the Board to determine SkinCare’s rights as well in this opposition, Biotech’s own Answer and Counterclaim (filed January 21, 2016), shows this to be true: “Opposer is not and never has been the rightful owner of the marks identified in Opposer’s Registrations. [Biotech], or alternatively Skincare [sic], is and always has been the rightful owner of the marks identified in Opposer’s Registrations. . . . Because Opposer was not the rightful owner of the marks identified in Opposer’s Registrations as of March 27, 2013, Opposer’s Registrations are void ab initio and should be cancelled.” *Id.* at 12, ¶¶ 41-42, 45 (emphasis added). Biotech’s cancellation counterclaim plainly requires the Board to determine

¹ Notably, Biotech does not raise any arguments concerning the make-up of the parties involved in the Civil Action. This is likely because on April 5, 2016, Nerium International filed its Counterclaim and Third-Party Petition in the Civil Action, joining Biotech as a third-party defendant therein. Accordingly, Nerium International, SkinCare, and Biotech are all parties to the Civil Action.

who is the rightful owner of the marks identified in Nerium International's registrations and, according to Biotech's own pleading, the rightful owner purportedly could be SkinCare. Biotech's cancellation counterclaim thus directly puts at issue in this opposition the purported trademark rights of SkinCare regardless of whether SkinCare is actually a party here.

C. Biotech's Attempts to Cast Doubt on Nerium International's Motion Based on Timing Fall Flat.

And finally, despite Biotech's attempts to cast doubt on the merits of Nerium International's motion by suggesting undue delay in the filing thereof, Biotech does not because it cannot identify any prejudice it would suffer from suspension of this opposition, which began just nine days before the Civil Action and has yet to even get past the pleading stage. The parties in the Civil Action, on the other hand, have filed multiple amended pleadings, mediated on at least two separate occasions, and have begun exchanging written discovery. Moreover, while the Civil Action is set for trial on July 17, 2017, this opposition is not scheduled to conclude for months thereafter with the "[b]rief for defendant in the counterclaim and reply brief, if any, for plaintiff due" on October 28, 2017 pursuant to the Board's February 25, 2016 order extending the deadlines in this opposition.

Furthermore, because Biotech had previously relied on the pendency of the very same Civil Action and the Company Agreement to support its request to suspend numerous proceedings around the world (including in New Zealand) involving the very same marks at issue here, Nerium International had no reason to suspect that Biotech would oppose a request to suspend this opposition pending final disposition of the Civil Action. Indeed, Biotech's response does not even indicate whether Biotech intends to withdraw any of its previously-made requests for suspension in those other proceedings. Nor does Biotech's response inform the Board that it just recently filed and served Nerium International with a federal lawsuit styled as *Nerium*

Biotechnology, Inc. v. Nerium International, LLC et al., Civil Action No. 16-CV-793, in the United States District Court for the Eastern District of New York, which also involves the very same marks and asserts claims for, *inter alia*, damages for trademark and trade dress infringement, injunctive relief, and declaratory relief under federal law and New York state law. Accordingly, even assuming *arguendo* that removing the trademark references from SkinCare’s Second Amended Original Petition was to somehow support Biotech’s position here, the conspicuous, substantive overlap between the issues in the New York federal lawsuit and those before the Board in this opposition also justify suspending this opposition (and, if necessary, the filing of a second motion for suspension).

Importantly, however, even if Biotech had previously indicated to Nerium International that Biotech would oppose a request for suspension of this opposition, Nerium International would still have brought its motion for suspension no sooner than it did because until just recently, the focus of the parties in both the Civil Action and this opposition was on settlement, not further litigation, a fact that Biotech’s response conspicuously fails to mention. Indeed, as the Board is well aware, the parties *jointly* moved to extend the deadlines in this opposition because they were engaged in meaningful settlement negotiations and needed additional time to negotiate settlement terms. *See* Stipulated Motion to Designate Opposer’s Deadline to File Answer to Applicant’s Counterclaim and to Extend All Remaining Deadlines (filed February 19, 2016) at 2.

Nerium International’s request to suspend this opposition is not sought for any improper purpose but because the standard for suspension is satisfied here: “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). Because none of Biotech’s attempts to overcome the factual and legal authority

supporting Nerium International's motion for suspension are availing, the Board should reject them and, in accordance with its policy favoring suspension, grant Nerium International's motion for suspension and issue an order suspending this opposition proceeding pending the final disposition of the Civil Action.

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Respectfully submitted,

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CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing **Reply Brief in Support of Opposed Motion for Suspension of Opposition Proceeding Pending Final Disposition of Civil Action** was served on Applicant's counsel of record pursuant to the parties' agreement, *via* email on April 21, 2016 to the following email addresses set forth below:

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