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

Proceeding	92051963
Party	Defendant Even St. Productions, Ltd.
Correspondence Address	JAY COGGAN EVEN ST. PRODUCTIONS LTD. 1925 CENTURY PARK EAST, SUITE 2320 LOS ANGELES, NY 90067 UNITED STATES rbecker@frosszelnick.com
Submission	Motion to Suspend for Civil Action
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Date	06/14/2010
Attachments	Registrant's Motion to Suspend Proceedings (F0637896).PDF ( 7 pages ) (1123479 bytes )

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

In the Matter of Registration No. 2,920,734  
Trademark: SLY AND THE FAMILY STONE  
Registrant's Ref.: EVSP USA TC-1002164

-----X	:	
SYLVESTER STEWART,	:	
	:	
	:	
Petitioner,	:	
	:	
v.	:	
	:	Cancellation No. 92051963
EVEN ST. PRODUCTIONS, LTD.,	:	
	:	
Registrant.	:	
-----X	:	

**REGISTRANT'S MOTION TO SUSPEND PROCEEDINGS**

Registrant Even St. Productions, Ltd. (Registrant), by and through its undersigned counsel, hereby moves the Board under Rule 2.117 of the Trademark Rules of Practice, 37 C.F.R. § 2.117, for an order to suspend the above-referenced cancellation proceeding ("Cancellation") until a final determination has been made in a civil action pending between the parties.

On January 28, 2010, Petitioner Sylvester Stewart ("Petitioner") and another party (collectively "Plaintiffs") filed in the Superior Court of the State of California, County of Los Angeles, their Complaint in Case No. BC 430809 (the "Civil Action") against Registrant and other parties. On February 4, 2010, Plaintiffs filed their First Amended Complaint against Registrant and other parties. A true and correct copy of that First Amended Complaint (hereinafter, the "Complaint") as filed in the Civil Action is attached hereto as **Exhibit A**. On April 15, 2010, Registrant and other parties filed their Cross-Complaint against Petitioner and

other parties in the Civil Action. On May 12, 2010, Registrant and the other cross-complainants in the Civil Action filed their First Amended Cross-Complaint against Petitioner and other parties. A true and correct copy of that First Amended Cross-Complaint (hereinafter, the “Cross-Complaint”) as filed in the Civil Action is attached hereto as **Exhibit B**.

Rule 2.117(a) of the Trademark Rules of Practice provides:

Whenever it shall come to the attention of the Trademark Trial and Appeal Board that a party or parties to a pending case are engaged in a civil action or another Board proceeding which may have a bearing on the case, proceedings before the Board may be suspended until termination of the civil action or the other Board proceeding.

37 C.F.R. § 2.117(a). Resolution of the issues in the pending Civil Action between the parties directly affects and will have a dispositive bearing on the issues in this Cancellation. Both actions relate directly to Registrant’s ownership of rights in the subject SLY AND THE FAMILY STONE mark (the “Mark”). In both actions, Petitioner alleges that he, rather than Registrant, owns the Mark and Registrant takes the position that it, rather than Petitioner, owns the Mark. A decision by the state court will not just have an effect on the cancellation, it likely will be determinative of or will greatly affect the issues raised in the cancellation. 6 J. Thomas McCarthy, *McCarthy on Trademarks and Unfair Competition* § 32:94 at 32-182 to 32-183 (4th ed. 2006). As such, it would not be in the interest of the parties or the Board to allow both the Cancellation and the Civil Action to go forward at the same time. Under these circumstances, the Board ordinarily suspends proceedings. *See generally* TBMP, § 510.02(a); *General Motors Corp. v. Cadillac Club Fashions Inc.*, 22 U.S.P.Q.2d 1933, 1936-37 (T.T.A.B. 1992).

The Petition for Cancellation herein (“Petition”) alleges that the subject registration (“Registration”) was obtained by fraud because Registrant did not have the right to file the application (“Application”) that matured into the Registration. (Petition (TTAB Docket entry # 1), p. 2.) The Petition further alleges that if Registrant ever had the right to file the Application,

that right was based on an assignment (“Assignment”) that was “incorporated into and integrated with” a February 27, 1989 employment agreement (“Employment Agreement”) between Petitioner and Registrant (then known as Stone Fire Productions, Ltd.) that expired on February 27, 1994, prior to the November 10, 2003 filing date of the Application and the January 25, 2005 issuance of the Registration. (*Id.*) The Petition further alleges that Petitioner is the rightful owner of the Mark. (Petition, p. 6.)

In the Answer to Petition for Cancellation herein (“Answer”), Registrant denies the salient allegations of the Petition, including that Petitioner is the rightful owner of the Mark. Registrant further alleges, in its Third Affirmative Defense, that Petitioner abandoned his rights in the Mark prior to the filing date of the Application. In its Fourth Affirmative Defense, Registrant alleges that the parties signed multiple extensions of the Employment Agreement, which extended the Employment Agreement well beyond the filing date of the Application and the date of issuance of the Registration.

In the Complaint, Petitioner with the other plaintiff alleges that the Employment Agreement and the Assignment (both of which are attached to the Complaint as Exhibit 2, with the Assignment being the last two pages of that exhibit) were part of a fraud perpetrated by Registrant and others on Petitioner by which he was deprived of his intellectual property rights, including his rights in the Mark. As stated in paragraph 112: “[Petitioner] is informed and believes, and thereon alleges [the principals of Registrant] conspired to divert, convert, or misappropriate, the Royalties and intellectual property belonging to [Petitioner] including the trade name and trademark Sly and The Family Stone.” The Complaint further alleges in paragraph 152 that Registrant will be unjustly enriched if it is allowed to retain the Mark. (*See also* p. 3 and ¶ 60.) Petitioner further alleges in the Complaint that the Assignment was “integrated with” the Employment Agreement, which was limited to five years, so that the

Assignment was not in effect after the end of the term of the Employment Agreement. (See ¶ 79.) This allegation is the same as what petitioner alleges in his Petition at page 2. The Complaint also seeks rescission of the Employment Agreement, which Petitioner contends includes the Assignment. (¶¶ 155-156.)

Finally, and most fundamentally, the Complaint states that, “[Petitioner]...requests the Court adjudicate and declare [Registrant and other defendants] have no right to exploit [Petitioner’s] talents, skills, services, or intellectual property, including his name or [the Mark] in any capacity, unless expressly agreed in a future writing by [Petitioner]....” (¶ 304.) Such a declaration would go to the very issues involved in the Cancellation. The Complaint also asks the state court to declare that the Employment Agreement (which Petitioner contends includes the Assignment) was void *ab initio*, was breached and void, or expired on or before February 27, 1994.

In the Cross-Complaint, as in the Answer, Registrant alleges that Petitioner and Registrant signed multiple extensions of the Employment Agreement that extended the Employment Agreement well beyond the filing date of the Application and the date of issuance of the Registration. (¶ 37; *see also* ¶ 42.) These allegations mirror those asserted by Registrant here. (See Answer, Fourth Affirmative Defense.) Many of these extensions are attached to the Cross-Complaint as Exhibit E. The allegations of the Cross-Complaint are wholly at odds with the allegations of the Complaint.

Based on the above summary of the pleadings in the Cancellation and the Civil Action, it is clear that the California court’s decision in the Civil Action will necessarily determine whether Registrant or Petitioner owns the Mark, which will necessarily determine whether the Registration should be cancelled in this proceeding. Therefore, this proceeding must be suspended pending the outcome of the Civil Action.

The observations in the seminal case of *Squirrel Brand Co. v. Barnard Nut Co.*, 101

U.S.P.Q. 340 (Com'r 1954) still apply today:

Although the ultimate finding of the tribunals of the Patent Office in proceedings such as these is the right of an applicant to register, nevertheless there must be a finding of the right to use in commerce before that ultimate finding can be made. The Court, in the civil action, will necessarily determine this preliminary question of the right to use, and that determination will form the basis of the ultimate finding of the Office.

Simply stated, if the Court concludes that the defendant (applicant) has no right to use its mark, it has no right to register . . . .

101 U.S.P.Q. at 340. Since Petitioner has asked the state court to determine that Registrant cannot use (and therefore register) the very mark at issue in the Cancellation, a suspension is appropriate pending a final determination in the Civil Action.

Granting this motion will not prejudice Petitioner, as can be seen from the procedural history of this matter. The Cancellation was instituted on January 15, 2010. After the schedule was extended, Registrant timely filed its Answer on March 16, 2010. Discovery opened on April 15, 2010. On April 28, 2010, Petitioner purported to serve his First Set of Requests for Production of Documents to Respondent; however, since Petitioner served those document requests prior to serving his Initial Disclosures, those document requests were served in violation of Rule 2.120(a)(3) and are therefore a nullity. Petitioner served his Initial Disclosures on May 14, 2010 and Registrant served its Initial Disclosures on May 17, 2010. Petitioner has not re-served his document requests or served any interrogatories and Registrant has not served any discovery requests. Thus, neither party has validly served any discovery requests in this matter. Discovery is not set to close until October 12, 2010.

In a May 4, 2010 e-mail to Registrant's counsel, Petitioner's counsel refused to consent to this motion. As shown above, there can be no claim of prejudice to the rights of Petitioner if this cancellation is suspended. The Cancellation proceeding is in an early stage, with neither

party having served valid discovery and the close of discovery four months away. Since there is no good cause for opposing the motion to suspend, and given that the Trademark Rules of Practice specifically recognize the appropriateness of suspending cancellation proceedings for the very reasons that exist in this case, Petitioner's failure to consent is of no merit.

### CONCLUSION

For the foregoing reasons, and in the interest of judicial economy, Registrant respectfully requests that the Board grant its Motion to Suspend this proceeding pending final resolution of the Civil Action.

Dated: June 14, 2010  
New York, New York

FROSS ZELNICK LEHRMAN & ZISSU, P.C.

By: \_\_\_\_\_



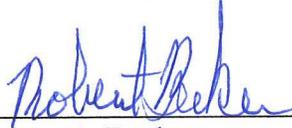
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*Attorneys for Registrant*

CERTIFICATE OF SERVICE

I hereby certify that the foregoing Registrant's Motion to Suspend Proceedings is being deposited with the United States Postal Service as first class mail, postage prepaid, in an envelope addressed to the attorney for Petitioner, Rod Rummelsburg, Esq., Allan Law Group, P.C., 22917 Pacific Coast Highway, #350, Malibu, CA 90265, this 14<sup>th</sup> day of June, 2010.



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Robert A. Becker