

ESTTA Tracking number: **ESTTA1054618**

Filing date: **05/11/2020**

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

Proceeding	91253736
Party	Plaintiff Dell Inc., EMC Corporation
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Date	05/11/2020
Attachments	2020-05-11 Reply ISO Motion to Suspend.pdf(232081 bytes )

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

DELL INC. and EMC CORPORATION,

*Opposers,*

v.

NEXSAN TECHNOLOGIES,

*Applicant.*

In the matter of Serial No.: 86/948,640

For the mark: UNITY

Published on: December 31, 2019

Opposition No.: 91253736

**OPPOSERS' REPLY IN SUPPORT OF THEIR MOTION TO SUSPEND  
PENDING DETERMINATION OF CIVIL ACTION PURSUANT TO 37 C.F.R. § 2.117**

Opposers Dell Inc. (“Dell”) and EMC Corporation (“EMC”) (together, “Opposers”) submit this reply in support of their motion to suspend the above-referenced Opposition against Applicant Nexsan Technologies (“Nexsan”).

### **INTRODUCTION**

Nexsan’s opposition mischaracterizes the parties’ related legal proceedings and otherwise consists of irrelevant statements that do not change the conclusion that the Board should suspend this proceeding pending the outcome of the civil action, because: (1) the civil action has not been terminated and has a direct bearing on this proceeding; and (2) regardless of whether the Board has the expertise to decide this proceeding, the issues are already pending before the district court and the Board’s own policy dictates that this proceeding should be suspended.

### **ARGUMENT**

#### **I. NEXSAN IS WRONG THAT THE CIVIL ACTION IS TERMINATED AND IRRELEVANT**

At the outset, Nexsan misleads the Board by stating that the civil action is closed and that what was decided in that action is not related to this proceeding. *See* 7 TTABVUE at 3.

##### **A. THE CIVIL ACTION HAS NOT BEEN FINALLY DETERMINED**

Throughout its opposition, Nexsan states without support that the civil action is closed—thereby implying that the court reached a final determination and terminated the civil action. 7 TTABVUE at 3, 8. Also throughout its opposition, Nexsan fails to mention that, in addition to its request for declaratory judgment, Nexsan also filed affirmative claims against EMC. *See id.* at 4-5; *see also* 5 TTABVUE at 122-123 (asserting a claim for “False Designation and Origin and Federal Unfair Competition in Violation of the Lanham Act”).

Nexsan’s implication and omission are misleading. As explained in detail in Opposers’ opening brief, there can be no dispute that the civil action has not been “terminated” under 37

C.F.R. 2.117. *See* 5 TTABVUE at 7-8. The court’s Findings do not constitute “orders or rulings ending the litigation,” and no issue is yet ripe for appeal. TBMP Section 510.02(b). Under the Federal Rules, an order ending the district court litigation is known as a “judgment.” *See* Fed. R. Civ. P. 54(a). The Rules provide clarity on what a judgment is by requiring that a judgment ordinarily be “set out in a separate document.” Fed. R. Civ. P. 58(a). The Findings do not constitute a judgment under Rule 58, and therefore they are not orders that end the litigation. *See* 5 TTABVUE at 7-8; *see also id.* at 111 (explaining that “[t]he consequences of [Nexsan’s] conduct shall be considered during *further proceedings in this case*”) (emphasis added).

Further, as also described in detail in Opposers’ opening brief, the Board itself confirmed the ongoing nature of the civil action in its decision denying Nexsan’s motion to resume the NEXSAN UNITY Opposition. *See* 5 TTABVUE at 7-8; *see also* 5 TTAVUE at 209 (determining that although “the District Court has rendered a determination on the issue of priority in a case stated hearing, *the civil litigation has not been terminated*” (emphasis added) and further explaining that “judicial economy is generally served by suspending the Board proceeding pending *final* determination of the District Court action” (emphasis in original)).<sup>1</sup>

Accordingly, as the pending civil action has a direct bearing on this proceeding (*see infra*), and as the NEXSAN UNITY Opposition remains suspended, this proceeding should be suspended

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<sup>1</sup> Nexsan’s argument that the suspension of the NEXSAN UNITY opposition proceeding is irrelevant because it was “first suspended by Motion of the Applicant, Nexsan,” while, in this proceeding, Nexsan “opposes suspension” (7 TTABVUE at 6) is incoherent. Nexsan provides no explanation why the identity of the party moving for suspension leads to a different outcome. Nor does it explain the relevance of the procedural posture in the NEXSAN UNITY proceeding. Finally, it ignores the fact that Nexsan itself moved to reopen the NEXSAN UNITY proceeding and the Board denied that motion for the same reasons that Opposers’ instant motion should be granted in this proceeding. 5 TTABVUE at 208-209.

until there has been a final determination by the district court on the issues that relate to registrability of the UNITY mark.

**B. THE CIVIL ACTION HAS A DIRECT BEARING ON THIS OPPOSITION**

Nexsan argues that the civil action does not have a direct bearing on this proceeding because whether the UNITY mark is descriptive “is not now and has never been an issue in the civil action” and that Opposers’ assertions concerning Nexsan’s allegedly fraudulent bad faith activities are a “smoke screen.” 7 TTABVUE at 2, 6.

Nexsan’s arguments are disingenuous and misleading. As explained in detail in Opposers’ opening brief, the civil action involves the exact same parties and will determine Nexsan’s entitlement to register UNITY (the exact same mark at issue here). 5 TTABVUE at 5-6. Opposers agree that, to date, the district court has examined only the issue of priority in the civil action; however, not only is that determination *not* a final judgment, but the court still has additional issues to address— *including* descriptiveness.<sup>2</sup>

Indeed, although Nexsan’s opposition fails to mention it, Nexsan’s First Amended Complaint asserts a claim for False Designation of Origin and Federal Unfair Competition in Violation of the Lanham Act. *Id.* at 122. Similarly, EMC’s Corrected Answer asserts a counterclaim for Federal Trademark Infringement and Unfair Competition. In analyzing these claims, the court will examine both: (i) the protectability of the alleged UNITY mark (which, among other things, will require Nexsan to demonstrate that the alleged mark is distinctive—i.e.,

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<sup>2</sup> Nexsan’s substantive assertions that “EMC’s argument that UNITY is descriptive is without merit” and “UNITY is a distinctive mark,” 7 TTABVUE at 3, are irrelevant to whether the Board should suspend this Opposition and the Board should ignore them. *See* 37 C.F.R. § 2.117(a) (setting the standard for suspension as whether the pending civil action “may have a bearing on the case”).

not descriptive); and (ii) the strength of the alleged UNITY mark in the context of its likelihood of confusion analysis (which will necessarily require an analysis of whether the UNITY mark is weak—i.e., descriptive). In other words, whether the alleged UNITY mark is descriptive is still a live issue in the civil action.

Likewise, Nexsan’s allegedly fraudulent activities and bad faith are still live issues in the civil action. Specifically, the court has stated that, “[t]he consequences of [Nexsan’s] conduct shall be considered during further proceedings in this case.” *See id.* at 111. As explained in detail in Opposers’ opening brief (at 5), if the court finds that Nexsan has unclean hands or has acted in bad faith in adopting the mark or committed fraud on the USPTO, that is grounds to deny registration of the UNITY mark. In other words, if the court finds that Nexsan committed fraud, the UNITY mark may not be registrable at a threshold level, regardless of the court’s initial priority determination. Moreover, if the court finds that Nexsan’s registration was pursued as part of a plan to generate confusion and capitalize on EMC’s prior use of the EMC UNITY mark, it could deny Nexsan’s right to its registration as a matter of equity.<sup>3</sup> Nexsan ignores all of this in its bald conclusion that its alleged fraud and bad faith are a “smoke screen.” 7 TTABVUE at 6.

Accordingly, as the district court will decide the issues of descriptiveness and Nexsan’s alleged bad faith when the civil case moves forward, this proceeding should be suspended until there has been a final determination by the court.

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<sup>3</sup> *See Swann v. Charlotte-Mecklenburg Bd. Of Ed.*, 402 U.S. 1, 15 (1971) (“Once a right and a violation have been shown, the scope of a district court’s equitable powers to remedy past wrongs is broad, for breadth and flexibility are inherent in equitable remedies.”).

## II. THE BOARD IS NOT IN THE “BEST” POSITION TO DETERMINE DESCRIPTIVENESS HERE BECAUSE THERE IS A PENDING CIVIL ACTION

For all the foregoing reasons, and contrary to Nexsan’s assertions (7 TTABVUE at 3, 7-8), in this case the Board is not in the best position and is not the most efficient venue to determine whether the UNITY mark is merely descriptive.

Additionally, all the cases that Nexsan cites should be ignored because they involve federal district or appellate courts determining whether civil actions should be stayed pending the resolution of already-ongoing Board proceedings (where it would have been inefficient for the civil actions to proceed because the Board was already in the process of analyzing the same issues). *Id.* at 6. None of them involves the procedural posture at issue in this proceeding—i.e., where a civil action is already pending when the proceeding is filed before the Board, where Section 2.117 permits suspension of the Board proceeding, and “[i]t is standard procedure for the Trademark Board to stay administrative proceedings pending the outcome of court litigation between the same parties involving related issues.” *See* J. Thomas McCarthy, 6 McCarthy on Trademarks and Unfair Competition § 32.47 (5th ed. 2020).

For example, Nexsan cites *Rhoades v. Avon Products, Inc.* for the propositions that “[t]he deciding factor should be efficiency” and “district courts should defer to . . . [the] TTAB in cases where that would be the more efficient course of action.” 7 TTABVUE at 7. Setting aside the fact that the case is irrelevant because it analyzes the *district court’s* jurisdiction (not the TTAB’s), these selective quotations are highly misleading. Specifically, in *Rhoades*, the Ninth Circuit held that “Plaintiffs were not required to wait for the completion of TTAB proceedings before seeking declaratory relief in federal court.” 504 F.3d 1151, 1154 (9th Cir. 2007). After explaining that “[t]he deciding factor should be efficiency,” the court continued: “the *district court* should exercise jurisdiction if this course is more efficient . . . Under the circumstances, we see no reason not to

order the district court to entertain this action.” *Id.* at 1165 (emphasis added) (internal citations and quotations omitted). Accordingly, contrary to Nexsan’s implication, the court in *Rhoades* actually determined that it was an abuse of discretion *to defer to the TTAB*.

Similarly, it would be more efficient here for the district court to determine the registrability of the UNITY mark. Indeed, federal district courts have explained that they “regularly adjudicate trademark matters,” and that although the TTAB’s expertise is potentially helpful, it is not required. *See E. & J. Gallo Winery v. F. & P. S.p.A.*, 899 F. Supp. 465, 468 (E.D. Cal. 1994) (denying defendant’s motion to stay the district court proceeding pending ongoing TTAB proceedings). As such, district courts routinely decline motions to stay in deference to TTAB actions where, as here, the civil action involves a potential infringement claim that “requires the district court to resolve much or all of the registration issues,” and it would therefore “waste everyone’s time not to settle the registration issue now, in district court.” *Rhoades*, 504 F.3d at 1165 (internal citation and quotations omitted);<sup>4</sup> 5 TTABVUE at 113 (Nexsan’s request for

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<sup>4</sup> *See also Sonora Cosmetics, Inc. v. L’Oreal S.A.*, 631 F. Supp. 626, 629 (S.D.N.Y. 1986), *aff’d mem.*, 795 F.2d 1005 (2d Cir. 1986) (denying motion to stay and reasoning “questions of the validity of trademark registration are within the competence of the district court, and can be conclusively determined in this forum” and “it is preferable for the TTAB to stay its own proceedings where parallel litigation occurs in the district court”); *Copasetic Clothing Ltd. v. Roots Canada Corp.*, No. 17-cv-02300-GPC-KSC, 2018 WL 4051693, at \*7 (S.D. Cal. Aug. 24, 2018) (exercising “discretion in favor of jurisdiction” and reasoning “because TTAB decisions are not entitled to deferential review, and are instead challengeable by bringing a proceeding in district court, it cannot be said that TTAB proceedings are more efficient or convenient for either party involved”); *Shire City Herbals, Inc. v. Blue*, No. 15-cv-30069-MGM, 2015 WL 5437091, at \*3 (D. Mass. Sept. 15, 2015) (denying motion to stay and explaining “[e]ven if the TTAB did issue a decision on validity, it could not order any relief as to the infringement claims,” which “involve some urgency as ongoing business conduct is likely to be involved;” further reasoning “waiting for the Board’s decision is not advisable, doubly so because (as already noted) its administrative findings can so easily be relitigated in court”) (internal citations and quotations omitted).



declaratory judgment of priority and non-infringement and claim of false designation of origin and unfair competition pursuant to 15 U.S.C. § 1125); 5 TTABVUE at 134-136, 140 (EMC's counterclaims for federal trademark infringement pursuant to 15 U.S.C. § 1125(a) and common law trademark infringement). Accordingly, a pending civil action already exists to determine the registrability of the UNITY mark, and, under principles of efficiency and the Board's own policy,<sup>5</sup> this proceeding should be stayed pending that determination.

Lastly, the Board should disregard Nexsan's remaining arguments. First, Nexsan's statement that the USPTO is the "only body that can grant a U.S. trademark registration" (*id.* at 3) is irrelevant, as federal district courts have the power to determine issues related to trademark registrability. Second, Nexsan's refrain that Opposers in some way *want* the Board to move forward with this proceeding because Opposers were the ones who filed it is nonsensical. 7 TTABVUE at 7. Opposers were forced to file this proceeding to preserve their right to object to the registration of the alleged UNITY mark pending the outcome of the civil action that Nexsan itself filed. Third, along those same lines, Nexsan's assertion that Opposers "first brought attention to the purported lack of distinctiveness of UNITY to this Board rather than in front of the District Court" ignores the fact that the civil action has merely not yet reached that issue. *Id.*

Moreover, it is notable that it was Nexsan's decision to institute this dispute in district court (5 TTABVUE at 6), and Nexsan can move the district court action forward at any time. As the Board previously explained when denying Nexsan's Motion to Resume the NEXSAN UNITY opposition, "[t]here is no indication that [Nexsan] has even attempted to proceed to final resolution

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<sup>5</sup> 37 C.F.R. § 2.117; *see also* TBMP Section 510.02(a) (explaining that, ordinarily, "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"). And this is the basis on which the Board denied Nexsan's motion to resume the NEXSAN UNITY Opposition. *See* 5 TTABVUE at 7-8.

of the civil action.” 5 TTABVUE at 200. Nexsan chose to initiate this matter in district court, and it should proceed there.

**CONCLUSION**

Because Nexsan’s opposition does nothing to change the fact that an already-pending civil action will address whether the alleged UNITY mark is registrable, the Board should suspend this proceeding pending final adjudication of the civil action.

Respectfully submitted.

Dated: May 11, 2020

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**CERTIFICATE OF SERVICE**

I, Elizabeth Brenckman, do hereby certify that on May 11, 2020, I caused a true and complete copy of the foregoing Opposers' Reply in Support of Motion to Suspend to be served upon Steven A. Abreu, counsel for Applicant Nexsan Technologies, Inc., by email addressed to trademarks@sunsteinlaw.com.

*/s/ Elizabeth E. Brenckman*

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Elizabeth E. Brenckman