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

Proceeding	92043579
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IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD

KURT M. MARKVA, Petitioner, v. ENTREPRENEUR MEDIA, INC., Registrant.	Cancellation Nos. 92043579 and 92043899

REGISTRANT'S REPLY IN SUPPORT OF ITS MOTION TO SUSPEND PROCEEDINGS PENDING DISPOSITION OF FEDERAL LAW SUIT

Petitioner Kurt M. Markva's ("Markva") chief argument in opposition to Registrant Entrepreneur Media, Inc.'s ("Entrepreneur Media") motion to suspend Cancellation Nos. 92043579 and 92043899—that Entrepreneur Media's federal trademark action will not resolve the issues in Markva's petitions for cancellation—is simply wrong. Entrepreneur Media's federal action, filed on August 1, 2005, in the Central District of California, seeks declaratory and injunctive relief arising out of Markva's intent to use, and his efforts to cancel, the same trademarks that are the subject matter of these cancellation proceedings. The federal action subsumes and seeks to adjudicate all of the issues raised in these cancellation proceedings. Markva can offer no evidence to the contrary. Instead, each of his arguments goes to the merits of the federal action and does nothing to contradict the inescapable fact that the federal action has a bearing on these proceedings.

Markva's two additional arguments in opposition to the motion to suspend are equally baseless. Allowing both the federal action and these cancellation proceedings to go forward would waste judicial resources and risk inconsistent rulings because both actions seek a determination of overlapping issues. The District Court has the power to revoke any cancellation

order this Board might issue and has jurisdiction over additional controversies that exist between the parties, where the Board does not. Moreover, it is illogical to argue that Entrepreneur Media filed its motion to suspend in an attempt to use the legal system to "beat down 'the little guy'." Entrepreneur Media's motion, if granted, would conserve the resources of this Board and the parties, including Markva. Markva's arguments have no merit, and the Board should suspend this proceeding.

A. The Federal Action Will Have A Bearing On These Cancellation Proceedings.

As an initial matter, Markva's argument that the Board should not suspend these cancellation proceedings because Entrepreneur's concurrent federal action "does not involve" and "will not resolve" the issues raised in these cancellation proceedings (Petitioner's Opposition To Registrant's Motion to Suspend ("Opp.") at 1) seeks to apply the wrong standard for suspension. Contrary to Markva's suggestion, the TTAB's procedural rules, as found in the Code of Federal Regulations, support suspension when the civil action "may have a bearing on the case." 37 CFR § 2.117(a). The rule states:

> 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.

Id. (emphasis added). The most common reason to request a suspension of Board proceedings is that a civil action is pending between the parties in a district court involving common issues as those before the Board. *See* Trademark Trial and Appeal Board Manual of Procedure § 510.02(a).[1]

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[1] As Entrepreneur Media stated in its motion to suspend, its federal action will be "dispositive" of the issues in this proceeding. Mot. ¶ 2. This fact does not alter the standard for suspension. By pointing out that the pending federal action would dispose of the issues in

But whether the standard is that the federal action "may have a bearing on the case" (37 CFR § 2.117(a)), "involve[s] the same issues" (Opp. at 1), or "would resolve the issues introduced" (*id.*), the standard is plainly met here. In these cancellation proceedings, Markva seeks to have the Board cancel the registrations of Entrepreneur Media's ENTREPRENEUR marks based on Markva's application for the mark ENTREPRENEURGR-IP. In its federal action, Entrepreneur Media seeks, among other things, a declaratory judgment that Markva has no rights in the ENTREPRENEURGR-IP mark, that Entrepreneur Media has the exclusive rights in and is entitled to the registrations it has secured for its ENTREPRENEUR marks, and that Markva's cancellation petitions should be dismissed with prejudice. *See* Petitioner's Motion to Suspend Proceedings Pending Disposition of Federal Lawsuit ("Mot.") Ex. A. Entrepreneur Media's federal action effectively requests that the District Court adjudicate Markva's cancellation petitions. Clearly, the issues in the federal action will "have a bearing" on this cancellation proceeding.

Each of Markva's arguments to the contrary go to the merits of Entrepreneur Media's federal action and not to whether the federal action may have a bearing on (or even resolve) these cancellation proceedings. Markva argues that the California court lacks personal jurisdiction over him and that he has not violated the California court's July 10, 2003 order invoked by Entrepreneur Media's federal complaint. Opp. at ¶¶ 1-2, 4-5. These contentions belong in the federal action and have nothing to do with Markva's argument against suspension. The fact that Markva makes to the Board arguments that belong in the federal action only emphasizes that the federal action indeed "may have a bearing on" these cancellation

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this petition, Entrepreneur Media does not suggest that the pending federal action must dispose of those issues to merit suspension of these proceedings. Instead, the standard requires only that the civil action "may have a bearing on the case." 37 CFR § 2.117(a).

proceedings.[2]

B. There Is A Distinct Probability Of Inconsistent Rulings If Both Actions Proceed Concurrently.

Markva's argument that these cancellation proceedings and the pending federal action could proceed concurrently without the possibility of inconsistent rulings is incorrect. If one party were to prevail before the Board, and the federal district court judge were concurrently to find in favor of the other party, the Board's decision would be in direct conflict with the controlling decision of the District Court. A decision by the federal district court is binding on the Board, while the Board's decision is not binding on the district court. *See Tuvache, Inc. v. Emilio Pucci Perfumes Int'l, Inc.*, 263 F. Supp. 104, 106, 152 U.S.P.Q. 574 (S.D.N.Y. 1967) (holding suspension of district court proceedings pending final disposition of Board proceedings was not appropriate because decisions of district court would be binding on Patent Office and not vice versa). Thus, a suspension of this action while the federal action proceeds avoids a potentially conflicting and non-binding decision by the Board.

C. The Board Does Not Have Jurisdiction Over All Of The Issues.

Suspension is particularly appropriate when, as here, the Board's authority does not extend to all of the controversies between the parties. *See The Other Telephone Co. v. Connecticut Nat'l Telephone Co., Inc.*, 181 U.S.P.Q. 779, 782 (1974) ("[J]udicial economy warrants a consolidation of issues, including those which may be presented for determination by the Board or which may have a bearing on an issue before the Board, into one forum vested with the authority to hear all issues presented."). In addition to requesting an adjudication of

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[2] And while wholly irrelevant to whether these proceedings should be suspended, the examining attorney's initial finding in the office action (*see* Opp. at ¶ 3) is not dispositive of any issue. *See A&H Sportswear, Inc. v. Victoria's Secret Stores, Inc.*, 237 F.3d 198, 220-21 (3rd Cir. 2000).

Markva's cancellation petitions, Entrepreneur Media's federal civil action seeks a declaration that Markva is in violation of the California District Court's permanent injunction entered on July 10, 2003, enjoining third-party Scott Smith and all persons in active concert or participation with him—a category of persons into which, Entrepreneur Media's federal complaint alleges, Markva falls—from using "ENTREPRENEUR, ENTREPRENEURPR, ENTREPRENEUR ILLUSTRATED, and/or ENTREPRENEURPR.COM, or any mark, trade name, or domain name that is a colorable imitation thereof or likely to cause confusion therewith, in commerce or in connection with the sale, offering for sale, distribution, and/or advertising of (1) paper goods and printed matter, and/or (2) advertising and business services, including online services." Mot. Ex. A at 9. This additional request for relief is a claim that the Board has no authority to adjudicate. Accordingly, the Board should suspend these proceedings in favor of the disposition of the federal action by the District Court, which is the "forum vested with the authority to hear all issues presented." *The Other Telephone*, 181 U.S.P.Q. at 782-83.

D. Entrepreneur Media Could Not Possibly Have Filed Its Motion To Suspend In An Attempt To Use The Legal System To "Beat Down 'The Little Guy'."

Finally, Markva's argument that Entrepreneur Media has attempted to use "the U.S. legal system to beat down 'the little guy'" (Opp. at ¶ 6) is illogical. If Entrepreneur Media were intent on using the legal system to "legally tie-up the Petitioner" (*id.*), Entrepreneur Media would likely prefer to keep this proceeding and the federal action going at the same time. Markva is arguing against his own cause. If Markva were to prevail on his argument for the maintenance of both actions, he would ensure increased costs in both time and money commensurate with prosecuting two actions concurrently. If this proceeding is suspended, Markva will be relieved of the burden of two duplicative, concurrent actions. Moreover, it should be noted that it was Markva, not Entrepreneur Media, that initiated this dispute.

For these reasons, and those in Entrepreneur Media's motion, this action should be suspended pending the outcome of the concurrent federal action.

Respectfully submitted,
LATHAM & WATKINS LLP

Dated: September 9, 2005

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PROOF OF SERVICE

I am employed in the County of Orange, State of California. I am over the age of 18 years and not a party to this action. My business address is Latham & Watkins LLP, 650 Town Center Drive, Suite 2000, Costa Mesa, CA 92626-1925.

On **September 9, 2005**, I served the following documents described as:

REGISTRANT'S REPLY IN SUPPORT OF ITS MOTION TO SUSPEND PROCEEDINGS PENDING DISPOSITION OF FEDERAL LAW SUIT

by serving true copies of the above-described documents in the following manner:

VIA FIRST CLASS MAIL

I am familiar with the office practice of Latham & Watkins LLP for collecting and processing documents for mailing with the United States Postal Service. Under that practice, documents are deposited with the Latham & Watkins personnel responsible for depositing documents with the United States Postal Service; such documents are delivered to the United States Postal Service on that same day in the ordinary course of business, with postage thereon fully prepaid. I deposited a sealed envelope or package containing the above-described document and addressed as set forth below with the United States Postal Service:

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8322A Traford Lane
Springfield, VA 22152-1638
Counsel for Petitioner

I declare that I am employed in the office of a member of the Bar of, or permitted to practice before, this Court at whose direction the service was made and declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

Executed on **September 9, 2005**, at Costa Mesa, California.

Rhonda DeLeon