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

Proceeding	91166487
Party	Plaintiff HASBRO, INC.
Correspondence Address	PAUL N. VANASSE HASBRO INC 1027 NEWPORT AVENUE PAWTUCKET, RI 02862 UNITED STATES IPDOCKETING@PBWT.COM
Submission	Reply in Support of Motion
Filer's Name	Kim J. Landsman
Filer's e-mail	IPDOCKETING@PBWT.COM, CFROST@PBWT.COM, PORTER@PORTERPATENTLAW.COM
Signature	/Kim J. Landsman/
Date	02/09/2010
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IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD

In the Matter of Application Serial No. 78/359,895
Filed: January 30, 2004
For the Mark: MEMORY MAGIC in International Class 28
Published in the Official Gazette: May 10, 2005 at TM 330

HASBRO, INC. Opposer, v. CREATIVE ACTION LLC, Applicant.	Opposition No. 91/166,487

REPLY MEMORANDUM IN SUPPORT OF MOTION TO AMEND OPPOSER'S NOTICE OF OPPOSITION AND TO SUSPEND THE PROCEEDINGS

Opposer Hasbro, Inc. ("Hasbro") made a Motion to amend Opposer's Notice of Opposition and to Suspend the Proceedings (the "Motion to Amend") because Applicant Creative Action LLC ("Creative Action") incorrectly described its intended goods as a game. As alleged in the Notice of Opposition, the use of the MEMORY trademark on a competitive game would be likely to cause consumer confusion. Discovery has revealed the actual goods sold by Creative Action to be a therapeutic device useful for adults with dementia. If Creative Action's goods had been accurately described and categorized, this opposition would not have been filed, and if the description is amended to accurately describe what Creative Action is actually selling, the opposition need not continue.

This is precisely the situation that the amendment to Section 18 of the Lanham Act was designed to deal with so as to save the parties' and the Board's time and resources. A

sample of Creative Action's product has been produced and Creative Action has itself described its product in response to interrogatories as an "[a]ctivity/program for groups and for people with dementia, head trauma or stroke living in long term care facilities or attending adult day care centers and older adults with these cognitive impairments living at home and staff training programs." Hasbro is willing to accept that description, with a few minor edits, and withdraw the opposition to the goods so described.

Creative Action nevertheless seeks to continue the litigation and tries to justify this unnecessary imposition on the Board's time by confusing the issues. It makes the nonsensical claim that it will prevail in this opposition because the actual goods are dissimilar and ignores the Board's well-settled law that it must decide likelihood of confusion based on the Application's product *description* rather than the actual product.

The immediate and more important issue before this Board, however, is whether or not Hasbro should be granted leave to amend its Notice of Opposition, in accordance with the Board's longstanding policy of liberally granting such leave in the interests of justice. Because Creative Action has failed to show that Hasbro's amended claims are legally insufficient or that adoption of Hasbro's proposed amendment would prejudice Creative Action, the Board should grant Hasbro's Motion to Amend.

I. Creative Action's Overbroad Identification of Goods is Central to This Opposition, Whether or Not Hasbro's Motion to Amend is Granted.

Creative Action repeatedly asserts in its response that, in light of Hasbro's admission that there is no likelihood of confusion between the parties' ***products***, "Creative Action eventually will prevail in the opposition after the issue of identification of goods has been resolved." (Creative Action LLC's Response to Opposer's Motion to Amend Opposer's Notice of Opposition and to Suspend the Proceedings, hereinafter, "CA Response", at pp. 1, 2.) This is

utter nonsense because it is "the identification of goods" that will determine the outcome of this opposition, whether or not the motion to amend is granted.

"The authority is legion that the question of registrability of an applicant's mark must be decided on the basis of the identification of goods set forth in the application regardless of what the record may reveal as to the particular nature of an applicant's goods, the particular channels of trade or the class of purchasers to which sales of the goods are directed." Octocom Systems, Inc. v. Houston Computer Services, Inc., 918 F.2d 937, 942, 16 U.S.P.Q. 2d 1783, 1787 (Fed. Cir. 1990)); see also, e.g., In re Thor Tech., Serial No. 78634024, 90 U.S.P.Q. 2d 1634, 1637 (TTAB 2009). Thus, if this opposition continues without any amendment to Hasbro's Notice of Opposition, the question before the Board will be whether there is a likelihood of confusion between Hasbro's MEMORY® trademark as used in a game and Creative Action's proposed Memory Magic mark when used on the goods (mis)described as:

> "[a] therapeutic game in the nature of a trivia game and a bingo game for engaging persons with memory loss consisting of game cards that contain answers to questions and calling cards that contain questions and information related thereto."

Whether or not such likelihood of confusion exists remains an open issue.

Creative Action's argument that there can be no likelihood of confusion because the parties' "respective *products* are sold to different customers through different channels of trade for different prices and for different purposes" (CA Response p. 12 [emphasis added]) is unavailing. Because these differences are not appropriately incorporated into the identification of goods in Creative Action's application, they cannot be used to avoid a finding of likelihood of confusion. As the Federal Circuit has held:

> "Before the Board, QSC argued that its products are currently sold exclusively on the professional market, in contrast with Bose products, which are sold on the consumer market. The Board correctly rejected this argument. Registrability must be

> determined 'on the basis of the identification of goods set forth in the application regardless of what the record may reveal as to the particular nature of an applicant's goods, the particular channels of trade or the class of purchasers to which the sales of the goods are directed.'"

Bose Corp. v. QSC Audio Prods., Inc., 293 F.3d 1367, 1377 (Fed. Cir. 2002) (quoting Octocom Sys. Inc. v. Houston Computer Serv., Inc., 918 F.2d 937, 942 (Fed. Circ. 1990)).

II. Creative Action's Overbroad Identification of Goods Will be Fairly and Efficiently Addressed Through Hasbro's Amended Claims.

The continuation of this opposition without an amendment to Hasbro's Notice of Opposition would put the parties to the significant time and expense of a trial to determine whether a likelihood of confusion exists in the purely hypothetical scenario in which Creative Action sells what is incorrectly described in its Application, without further limitations. Rather than pursue this course, Hasbro proposes to resolve this opposition fairly and efficiently by taking into account the real-world differences between the parties' products. The law requires that the product be accurately described, and Section 18 of the Lanham Act, 15 U.S.C. § 1068, was intended to serve precisely this purpose when doing so would avoid an entirely hypothetical likelihood of confusion analysis. As the Congressional history makes clear, Section 18 was amended to allow the Board to make likelihood-of-confusion determinations, and thus the decision to register marks on the principal register, based "on marketplace realities rather than on hypothetical facts." STAFF OF SENATE COMM. ON THE JUDICIARY, 100TH CONG., REPORT ON TRADEMARK LAW REVISION ACT OF 1988 (Comm. Print 1988).

If Hasbro is granted leave to amend, the Board will be able to determine the appropriate language for Creative Action's identification of goods based on undisputed facts.[1]

[1] Creative Action's response to Hasbro's Motion to Amend does not dispute that this issue can be resolved on a motion for summary judgment.

There will no longer be a need for a trial that will be costly to the parties, an unnecessary strain on the TTAB's resources, and over the wrong issues. Once Creative Action's overbroad identification of goods is corrected, no likelihood of confusion will exist, and Hasbro's opposition to the registration of the Memory Magic mark will be efficiently resolved. There will be no need for an expensive and protracted trial on either likelihood of confusion or on the validity of Hasbro's incontestable trademark.

While a counterclaim is not automatically dismissed when an opposition is resolved, it can only survive if the counterclaimant demonstrates that he continues to have standing by showing that he has "a reasonable basis for a belief that [he] is damaged by the registration sought to be cancelled." Lipton Indus., Inc. v. Ralston Purina Co., 670 F.2d 1024, 1029, 213 U.S.P.Q. 185 (C.C.P.A. 1982). This requirement is satisfied if the counterclaimant asserts "a likelihood of confusion which is not wholly without merit" or "a rejection of an application during prosecution." Id. But Creative Action would not be in a position to assert either.

A trial on Hasbro's existing likelihood of confusion claim and Creative Action's validity counterclaim would require extensive fact and expert testimony. Allowing Hasbro to amend its Notice of Opposition to include a claim pursuant to Section 18[2] will make it possible to spare the Board and the parties this extremely time-consuming endeavor.

III. Creative Action's Identification of Goods Can Be Corrected by Using Creative Action's Own Language

Creative Action claims to be dissatisfied with the identification of goods proposed by Hasbro. If so, its identification could satisfactorily be amended by using the descriptions

[2] Hasbro's proposed Amended Notice Of Opposition also includes an associated claim that, at the time Creative Action submitted its Application, Creative Action lacked a bona fide intent to use the alleged Memory Magic mark in connection with the goods described therein. As with Hasbro's proposed Section 18 claim, this claim can be decided on a motion for summary judgment.

Creative Action itself provided in sworn interrogatory responses of the Memory Magic product, its limited channel of sales, and its target market.

In its response to interrogatory 2 seeking a description of its goods, Creative Action described the Memory Magic product as follows:

> Activity/program for groups and for people with dementia, head trauma or stroke living in long term care facilities or attending adult day care centers and older adults with these cognitive impairments living at home and staff training programs related to the MEMORY MAGIC activity.

(Creative Action Interrogatory Response 2, attached to Porter Decl. as Exh. 1.)

Creative Action also stated that the channels of trade for Memory Magic are "trade show exhibits, direct marketing, and distributors of products to health and long term care industries" (Creative Action Interrogatory Response 2(d), Porter Decl. Exh. 1), and that the intended market for Memory Magic is "long-term care facilities, adult day care centers, home health care agencies, psychiatric hospitals and units, and care givers of older adults with dementia, head trauma or stroke who live at home" (Creative Action Interrogatory Response 2(e), Porter Decl. Exh. 1).

Combined as follows, these statements by Creative Action would constitute an accurate identification of goods:

> Activity/ program for groups and for people with dementia, head trauma or stroke living in long term care facilities or attending adult day care centers and older adults with these cognitive impairments living at home and staff training programs related to the MEMORY MAGIC activity, marketed to long-term care facilities, adult day care centers, home health care agencies, psychiatric hospitals and units, and care givers of older adults with dementia, head trauma or stroke who live at home through trade show exhibits, direct marketing, and distributors of products to health and long term care industries.

IV. Creative Action Has Failed to Show that Hasbro's Amended Claims Would be Futile or Would Prejudice Creative Action.

Creative Action has failed to show that Hasbro's amended claims are legally insufficient or that they would cause Creative Action undue prejudice. Accordingly, the Board should grant Hasbro leave to amend its Notice of Opposition pursuant to Fed. R. Civ. P. 15(a). See Hurley Int'l LLC v. Paul and JoAnne Volta, 82 U.S.P.Q.2d 1339, 1341 (T.T.A.B. 2007) (citing Cool-Ray, Inc. v. Eye Care, Inc., 183 U.S.P.Q. 618, 621 (T.T.A.B. 1974)).

A. Hasbro's Proposed Amended Notice of Opposition Pleads a Legally Sufficient Section 18 Claim.

Creative Action argues that Hasbro's Section 18 claim is legally insufficient under the standard set out in Eurostar, Inc. v. 'Euro-Star' Reitmoden GmbH & Co. KG, 34 U.S.P.Q.2d 1266 (T.T.A.B. 1994), because Hasbro "does not allege that its proposed identification will avoid a finding of likelihood of confusion." (CA Response p.12.) Hasbro does, however, indeed make that allegation.

In its original Notice of Opposition, Hasbro alleged that there was a likelihood of confusion between Hasbro's MEMORY® game and Creative Action's proposed Memory Magic mark when used on the goods described in Creative Action's Application. Because Creative Action described the intended product as a game without any limitation as to channels of trade (e.g., sold through nursing homes) or intended consumer (e.g., older adults with dementia), there could be a likelihood of confusion (and Hasbro so pleaded) between two products with the same distinctive name (MEMORY) sold to the same target consumers through the same channels of trade. Because the real differences between the parties' products are not adequately reflected in Creative Action's identification of goods, this remains a viable claim.

Hasbro recognizes, of course, that the actual goods sold and intended to be sold by Creative Action under the Memory Magic mark are not likely to be confused with Hasbro's

MEMORY® game. Indeed, that is the whole point of this motion. Thus if Creative Action's identification of goods is made accurate by action of the Board pursuant to Section 18, the problem of likelihood of confusion will be avoided. As such, and as explained in greater length in the Motion to Amend, Hasbro has stated a legally sufficient Section 18 claim.

Creative Action is wrong to argue that Hasbro must prove (as opposed to allege) that a likelihood of confusion exists unless Creative Action's identification of goods is amended in order to state a claim for relief pursuant to Section 18. Eurostar imposes no such requirement on Hasbro. To the contrary, the point of the decision was to avoid embroiling the Board in hypothetical issues. Consistent with Eurostar, it would make no sense to require Hasbro to prove an entirely hypothetical claim (of confusion with the misdescribed goods) in order to avoid having to litigate a claim that would never have been made and need not continue if the goods are properly described.

Eurostar required that the party before it – an applicant whose application had been rejected based on likelihood of confusion – prove that its proposed amendment would avoid a finding of likelihood of confusion, in order to eliminate wasteful and vexatious litigation. The court overturned its prior practice of allowing applicants to seek amendments that did not avoid likelihood of confusion, concluding that the practice had "force[d] registrants needlessly to spend time and money to defend their registrations and require[d] [the Board] to decide the breadth or scope of a description of goods or services in the abstract, unrelated to any determination of likelihood of confusion."

These concerns do not arise in this case. Here, Hasbro's Section 18 claim is indeed tied to the issue of likelihood of confusion and is designed to avoid the Board having to decide an entirely abstract, hypothetical issue. See IdeasOne, Inc. v. Nationwide Better Health,

Inc., 2009 TTAB LEXIS 86 at *8 (T.T.A.B. Mar. 12, 2009). Far from increasing wasteful or vexatious litigation, allowing Hasbro's Section 18 claim to proceed will actually conserve the resources of the parties and of the court and thereby serve the principles of Eurostar.

B. Creative Action Has Not Shown That it Would Be Prejudiced by Hasbro's Proposed Amendment

Creative Action has also failed to show that it will be prejudiced if Hasbro is permitted to amend its Notice of Opposition. Creative Action claims that it "has been" prejudiced by Hasbro's requested amendment to its Notice of Opposition because Hasbro unreasonably delayed in seeking the amendment. Creative Action asserts that if Hasbro had moved to amend sooner, the deposition of Dr. Ronni Sterns would have been unnecessary and Creative Action would already have received its registration certificate. But Creative Action's charge of unreasonable delay is unfounded and, more importantly, Creative Action does not allege that it will suffer any prejudice if Hasbro's Motion to Amend is granted.

Hasbro did not unreasonably delay in bringing this motion. There is no dispute that Hasbro did not see a sample of Creative Action's Memory Magic product until it was finally produced, after a long delay and only after paying market price for it, on October 20, 2009. (CA Response p.3.)[3] Creative Action claims that there would have been no need for Dr. Sterns' deposition had Hasbro filed this motion after receiving Creative Action's interrogatory responses, but it wasn't until that deposition that Creative Action finally produced the sample product. And, while Hasbro is now willing to accept the description of Memory Magic provided by Creative Action in its interrogatories (as discussed above), Hasbro was entitled to take Dr.

[3] This delay is attributable both to Creative Action's stalling and to numerous suspensions of this proceeding, almost all of which were sought on the consent of both parties. Since its inception, this opposition has been suspended for a total of more than two years and eight months. With the exception of the suspension ordered pending disposition of Creative Action's recently rejected Motion to Compel and the suspension ordered pending disposition of Hasbro's Motion to Amend, all of these suspensions were sought on the consent of both Hasbro and Creative Action. These suspensions are enumerated in detail on page 3 of Hasbro's Motion to Amend.

Stern's deposition to ensure that those interrogatory responses were accurate. Hasbro was not obligated to take the responses at face value.

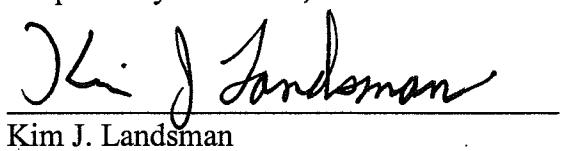
More importantly, Creative Action does not allege that it will be prejudiced if Hasbro's motion to amend is granted. It does not suggest that Hasbro's amended claims will force Creative Action to adduce additional evidence or testimony (a process not yet begun, since Hasbro filed its motion to amend during the discovery period, before trial). It does not allege that Hasbro's amended claims will disadvantage Creative Action in any way. In fact, the proceedings will be less onerous for both parties if Hasbro's Motion to Amend is granted because, unlike Hasbro's likelihood of confusion claim, Hasbro's Section 18 claim can be decided on summary judgment based on undisputed facts. A trial will not be necessary.

Conclusion

For the reasons stated above and in Hasbro's opening papers, Hasbro's Motion to Amend should be granted because the proposed amended claims are legally sufficient, would not unduly (if at all) prejudice Creative Action, and will conserve the resources of the parties and this Board by avoiding more discovery and a trial.

Dated: February 9, 2010

Respectfully submitted,



Kim J. Landsman
Claire Frost
PATTERSON BELKNAP WEBB & TYLER LLP
1133 Avenue of the Americas
New York, New York 10036-6710
(212) 336-2000

Attorneys for Opposer Hasbro, Inc.

ELECTRONIC MAILING CERTIFICATE

I hereby certify that the **REPLY MEMORANDUM IN SUPPORT OF MOTION TO AMEND OPPOSER'S NOTICE OF OPPOSITION AND TO SUSPEND THE PROCEEDINGS** is being submitted electronically through the Electronic System for the Trademark Trial and Appeal Board ("ESTTA") on this 9th day of February, 2010.

Lorri Emanu

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing **REPLY MEMORANDUM IN SUPPORT OF MOTION TO AMEND OPPOSER'S NOTICE OF OPPOSITION AND TO SUSPEND THE PROCEEDINGS** was served by electronic mail on February 9, 2010, on the following counsel for the Applicant:

Wayne D. Porter Jr., Esq.
Law Offices of Wayne D. Porter, Jr.
1370 Ontario Street, Suite 600
Cleveland, Ohio 44113
Tel. No.: (216) 373-5545
porter@porterpatentlaw.com

Claire D. Frost