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

Proceeding	91166487
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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 BRIEF IN FURTHER SUPPORT OF HASBRO'S SECOND MOTION TO AMEND OPPOSER'S NOTICE OF OPPOSITION

Opposer Hasbro, Inc. ("Hasbro") has moved to amend its Notice of Opposition for a second time (the "Second Motion to Amend") to address concerns raised by Applicant Creative Action LLC ("Creative Action") and the Board in connection with the identification of goods proposed in Hasbro's claim under Section 18 of the Lanham Act.

Preliminary Statement

Among other things, Hasbro's proposed Second Amended Notice of Opposition ("Second Amended Notice") responds to concerns raised by Creative Action in prior briefing by incorporating language from Creative Action's own sworn testimony into the identification of goods set forth in Hasbro's Section 18 claim. More importantly, it also addresses issues about certain terminology in the description of goods that were raised by the Board in its February

order denying summary judgment to Hasbro. The amendment will ensure through its pleading the flexibility needed to satisfy all of those expressed concerns.

As such, the motion is intended to and will simplify matters to bring about an efficient resolution of this Opposition. Granting it could not possibly prejudice the Applicant.

Unable to attack the accuracy of any of the language proposed or to identify any prejudice it would suffer if Hasbro's motion were granted, Creative Action resorts to spurious arguments concerning the timing of Hasbro's motion and alleged pleading deficiencies in Hasbro's Second Amended Notice. Several of these arguments were already rejected by the Board in connection with Hasbro's initial Motion to Amend Opposer's Notice of Opposition ("First Motion to Amend") and none have any merit. Hasbro's Second Motion to Amend should accordingly be granted.

A. Hasbro's Motion is Timely.

Creative Action's primary argument against Hasbro's Second Motion to Amend is that it is untimely because the Section 18 claim in Hasbro's Second Amended Notice uses language derived from Creative Action's interrogatory responses, and those interrogatory responses were produced by Creative Action in 2006. This argument ignores the procedural history giving rise to Hasbro's Second Motion to Amend.

Hasbro filed its First Motion to Amend on December 23, 2009, seeking to withdraw its claim of likelihood of confusion and substitute, among other things, a claim under Section 18 of the Lanham Act. (Docket # 52) In opposition to Hasbro's motion, Creative Action raised the argument that the identification of goods proposed in Hasbro's attached Amended Notice of Opposition ("First Amended Notice") was too restrictive because it referred to "use by nursing homes and other elderly care facilities" and "elderly persons," when the product could

be used in other settings and its use was not restricted to "elderly persons." (Docket # 56 at 5)[1] In its reply, Hasbro responded that if Creative Action was dissatisfied with the identification proposed in its First Amended Notice, Hasbro's Section 18 claim could satisfactorily be resolved using a slightly different identification derived directly from Creative Action's sworn interrogatory responses. (Docket # 57 at 5-6)

On May 13, 2010 the Board granted Hasbro's First Motion to Amend and entered its First Amended Notice as the operative pleading in this action. (Docket # 58) Shortly thereafter, Creative Action filed a motion for summary judgment on its counterclaims and Hasbro filed a cross-motion for summary judgment on the Section 18 claim set forth in its First Amended Notice.

Believing that, under Section 18, the Board might adopt any language similar to the identification proposed in the First Amended Notice to avoid a likelihood of confusion, Hasbro's motion for summary judgment sought to resolve its Section 18 claim by proposing the same identification it had suggested in its reply in support of the First Motion to Amend – an identification that was derived from Creative Action's interrogatory responses and differed in some respects from the identification set forth in the First Amended Notice. (Docket # 75 at 7)

The Board denied Hasbro's cross-motion for summary judgment on February 3, 2011, holding that "because the proposed restriction set forth in the cross-motion differs in several respects from the proposed restriction set forth in the amended notice of opposition... Hasbro is seeking entry of summary judgment on an unpleaded issue." (Docket # 82 at 8) The Board further stated that "the proposed restriction in the cross-motion is impermissibly indefinite

[1] Creative Action also opposed Hasbro's motion by arguing that it was untimely, because Creative Action had provided interrogatory responses in 2006 that identified differences between the parties' respective products and channels of trade. The Board rejected this argument when it granted Hasbro's First Motion to Amend. (Docket # 58 at 6-7)

because it does not set forth the nature of the goods at issue"; it "impermissibly expands the scope of the identification of goods by deleting the composition of the 'activity/ program' at issue"; and "there are, at a minimum, genuine disputes as to whether Creative Action uses or intends to use the mark on goods that would be effectively excluded from the identification, and as to whether the proposed amended classification is appropriate." (Id. at 8-10)

Through its Second Motion to Amend, Hasbro seeks to satisfy the concerns in the identification of goods that were raised by the Board, as well as to address the complaints raised by Creative Action in its prior briefing by relying on Creative Action's own sworn testimony regarding its channels of trade and intended users. Hasbro was not in a position to address these concerns until they were raised. Because it acted to do so within a reasonable time following the Board's February order, Creative Action's argument that the Section Motion to Amend is untimely should be rejected.

B. The Proposed Amendment Would Not Result in Any Prejudice to Creative Action.

Creative Action conclusorily alleges but cannot point to any prejudice it will suffer if Hasbro's Second Motion to Amend is granted. While it asserts that "Hasbro's delay in filing the present motion has been prejudicial" and points to the time and expense it incurred preparing its brief response to Hasbro's motion (Response to Hasbro's Second Motion to Amend Opposer's Notice of Opposition[2] at 3), Creative Action cannot identify any harm that would result if the Board were to grant the motion and enter Hasbro's Second Amended Notice as the operative pleading in this action.

Creative Action does not assert – because it cannot – that it would require any additional discovery as a result of Hasbro's proposed amendment. Nor can it claim that its

[2] Cited herein as "Response Mem."

ability to prepare for its testimony period would be in any way impaired. In the absence of any such prejudice, Hasbro's requested leave to amend should be freely granted.

C. Hasbro's Revised Section 18 Claim is Properly Pleaded.

Creative Action's additional argument that Hasbro's Second Motion to Amend should be denied because of various alleged pleading deficiencies is also without merit and should likewise be rejected by the Board.

1. Creative Action's Identification of Goods, Not its Product, Is at Issue in Any Likelihood of Confusion Analysis.

Creative Action's response reprises an argument it raised without success in opposition to Hasbro's First Motion to Amend: that the Section 18 claim put forth in Hasbro's Second Amended Notice is improperly pleaded because "Hasbro has admitted that likelihood of confusion does not exist between the parties' products." (Response Mem. at 4) As Hasbro has previously explained, this argument is nonsense because the question of likelihood of confusion is determined based on the goods as they are identified in the application and registration at issue, not on facts about the products that do not appear in the identifications. See, e.g., Octocom Systems, Inc. v. Houston Computer Services, Inc., 918 F.2d 937, 942, 16 U.S.P.Q. 2d 1783, 1787 (Fed. Cir. 1990); In re Thor Tech., Serial No. 78634024, 90 U.S.P.Q. 2d 1634, 1637 (TTAB 2009). The Board rejected this argument when raised by Creative Action in connection with Hasbro's First Motion to Amend and should do so again now.

2. Hasbro Alleges that Its Proposed Identification Will Avoid Any Likelihood of Confusion.

Creative Action also argues that Hasbro's pleading fails because "Hasbro has not shown that Creative Action's current identification of goods will result in a likelihood of confusion" and that "Hasbro does not allege that its proposed identification of goods will avoid a

finding of likelihood of confusion." (Response Mem. at 4-5) This argument is no more successful.

As an initial matter, Creative Action appears to be laboring under a misapprehension that the "current identification of goods" for its Memory Magic mark is the identification proposed in Hasbro's First Amended Notice. Creative Action argues that

> [w]hile Hasbro contends that the proposed identification will provide "greater flexibility for avoiding likelihood of confusion" ... Hasbro does not allege that its proposed identification will avoid a finding of likelihood of confusion. This is logical – and awkward for Hasbro – since the current notice of opposition contains an identification of goods that Hasbro carefully drafted in order to avoid any likelihood of confusion.

(Response Mem. at 5)

It is helpful that Creative Action now believes that the identification set forth in the First Amended Notice is "carefully drafted ... to avoid any likelihood of confusion"; it would be even more helpful if Creative Action would simply adopt that identification so that this Opposition could be terminated. To date, however, Creative Action has not. Accordingly, the "current identification of goods" for the Memory Magic mark is the identification set forth in Creative Action's Application.

That said, Hasbro's Second Amended Notice is not required to "show" that Creative Action's current identification of goods will result in a likelihood of confusion with Hasbro's Memory mark. As the Board held in its order granting Hasbro's First Motion to Amend, the Notice is only required to plead that the identification it suggests will avoid a finding of likelihood of confusion. (See Docket # 58 at 8) Hasbro's Second Amended Notice does just that. Paragraph fifteen of the Second Amended Notice states: "The requested restriction and modification of the Application pursuant to Section 18 of the Lanham Act, 15 U.S.C. § 1068, will avoid any likelihood of harm to Opposer by avoiding any likelihood of confusion with

Opposer's MEMORY mark." (Emphasis added.) Paragraph twenty likewise alleges that the alternate restriction proposed by Hasbro would avoid any likelihood of confusion: "This alternate restriction and modification of the Application pursuant to Section 18 of the Lanham Act, 15 U.S.C. § 1068, will also avoid any likelihood of harm to Opposer by avoiding any likelihood of confusion with Opposer's MEMORY mark." (Emphasis added.) As such, Hasbro's Second Amended Notice properly pleads this element of a claim under Section 18.

3. Hasbro's Identification of the Specific Channels of Trade for the Memory Magic Product Is Appropriate.

Creative Action also raises two related arguments suggesting that the Section 18 claim set forth in Hasbro's Second Amended Notice is improperly pleaded because it identifies the specific channels of trade for Memory Magic. Specifically, it asserts that "[b]y attempting to limit the identification of goods to intended customers and marketing channels, Hasbro attempts to unnecessarily and unfairly restrict the scope of Creative Action's property rights" (Response Mem. at 3), and claims that Hasbro cannot satisfy the pleading requirements for a Section 18 claim because "no goods or services will be effectively excluded from the application if Hasbro's proposed restriction is entered" because "Hasbro's proposed identification of goods ... only describes expected customers and marketing channels for the goods" (Response Mem. at 4-5). These arguments also fail.

Creative Action's suggestion that the identification of goods proposed in Hasbro's Second Amended Notice is "unfair" does not identify any pleading deficiency. Moreover, because the identification of goods proposed in Hasbro's Second Amended Notice is based on Creative Action's own sworn testimony, Creative Action cannot point to any specific language that is inaccurate or "unfair." Apparently unable to resolve this dilemma, Creative Action simply

ignores the language in Hasbro's Second Amended Notice and instead attacks language included in Hasbro's First Amended Notice,[3] which is not at issue in this motion.

Creative Action fares no better with it its argument that Hasbro's pleading fails because it does not exclude goods, but simply identifies the particular channels of trade for the Memory Magic product. A claim for restriction or modification pursuant to Section 18 may properly limit an application by identifying specific channels of trade for the mark at issue. Indeed, that was one of the reasons Section 18 was adopted. As the United States Trademark Committee stated in its 1987 Report recommending adoption of this legislation:

> [T]he Board often decides the likelihood of confusion issue on hypothetical, not real world, grounds.
>
> The Commission believes that perpetuating this artificial environment is undesirable. Actual product and trade channel differences are highly relevant and often determinative in court proceedings. The Board should be able to consider them as well, and to modify a description if it would avoid likelihood of confusion.

THE UNITED STATES TRADEMARK ASSOCIATION TRADEMARK REVIEW COMMISSION, REPORT AND RECOMMENDATIONS TO USTA PRESIDENT AND BOARD OF DIRECTORS, 77 TRADEMARK REP. 452 (1987) (emphasis added).

Conclusion

For the foregoing reasons and the reasons set forth in Hasbro's Second Motion to Amend Opposer's Notice of Opposition, the Board should grant Hasbro's motion and enter Hasbro's proposed Second Amended Notice of Opposition as the operative pleading in this action.

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[3] Creative Action criticizes the phrases "intended for use by nursing homes and elderly care facilities" and "for use … by elderly persons." (Response Mem. at 4) Both phrases appear in Hasbro's First Amended Notice; neither is used in Hasbro's Second Amended Notice.

Dated: May 20, 2011

Respectfully submitted,

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ELECTRONIC MAILING CERTIFICATE

I hereby certify that this **REPLY BRIEF IN FURTHER SUPPORT OF HASBRO'S SECOND MOTION TO AMEND OPPOSER'S NOTICE OF OPPOSITION** is being submitted electronically through the Electronic System for the Trademark Trial and Appeal Board ("ESTTA") on this 20th day of May, 2011.

Lorri Emanu

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing **REPLY BRIEF IN FURTHER SUPPORT OF HASBRO'S SECOND MOTION TO AMEND OPPOSER'S NOTICE OF OPPOSITION** was served by electronic mail on May 20, 2011, on the following counsel for the Applicant:

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