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

Proceeding	92048260
Party	Defendant IPI ACQUISITION CORP.
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Date	12/21/2007
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IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD

FAMILY CLUBHOUSE, INCORPORATED,	:	
d/b/a i play	:	
	:	
Petitioner,	:	Reg. No.: 2,923,675
	:	
v.	:	Cancellation No.:92048260
	:	
INTERNATIONAL PLAYTHINGS, INC.	:	
	:	
Registrant.	:	

X

**REGISTRANT INTERNATIONAL PLAYTHINGS, INC.'S MOTION
FOR LEAVE TO FILE ITS ANSWER LATE AND RESPONSE TO PETITIONER
FAMILY CLUBHOUSE INCORPORATED'S MOTION FOR DEFAULT JUDGMENT**

I. INTRODUCTION

Registrant, International Playthings, Inc. "(International Playthings") by its motion, seeks to have the Board accept its previously filed Answer to the Petition for Cancellation in the above proceeding. Moreover, by this submission, International Playthings responds to Petitioner Family Clubhouse, Incorporated's ("Family Clubhouse") Request for Entry of Default Judgment based on International Playthings filing its answer nine days after the answer was due without also filing a motion

seeking leave to file an answer out of time. The failure to file a timely answer by International Playthings as will be shown, was inadvertent, and not the result of willful misconduct or gross neglect. Accordingly, since International Playthings has filed an answer in the present action and wants the present matter contested on the merits, International Playthings respectfully requests that the Board accept the late filed answer and deny Family Clubhouse's request for entry of default judgment.

II. STATEMENT OF FACTS

The pertinent facts with respect to International Playthings' request for leave to accept its late filed answer and opposition to Family Clubhouse's request for default judgment are set out fully in the Declaration of Paul H. Kochanski which accompanies this motion. As set forth therein, the present cancellation proceeding was filed on October 16, 2007. The registration sought to be cancelled was Reg. No. 2,923,675 for the mark I PLAY AND DESIGN.

On October 19, 2007, International Playthings' counsel received from Family Clubhouse's counsel, a copy of the Petition for Cancellation in the above-reference matter. This document when received went through counsel's normal office practice concerning litigation mail of going to the docket clerk who then docketed the matter and forwards it on to the attorney who would

be handling the matter. The firm's docket practices as they relate to litigation are different than as they relate to *inter partes* proceedings arising in the Trademark Office. With respect to litigation, when a complaint is received in the office, the date to answer the complaint is docketed immediately. With respect to a trademark opposition or cancellation proceeding, notwithstanding that the notice of opposition or petition for cancellation might be received from counsel filing the action, the date for responding to the notice of opposition or answering the petition to cancel, is not docketed until the firm receives the Official Notice and Scheduling Order from the Trademark Office indicating the filing of the notice or petition which sets forth that the party has forty days from the date of the Official Notice to file a response.

Paul H. Kochanski, International Playthings' counsel, reviewed a copy of the petition for cancellation the day it was received and immediately forwarded it on to International Playthings on October 23, 2007. Mr. Kochanski had assumed that the date for answering the petition was docketed by the firm's docket clerk and advised International Playthings accordingly. He had not realized that the firm's policy was not to docket the incoming pleading until the notice and scheduling order is received from the Trademark Office.

On December 7, 2007, Mr. Kochanski realized that he had not received a copy of the scheduling order from the Trademark Office with respect to the cancellation petition brought by Family Clubhouse. He also realized after reviewing his docket that the time to answer was not docketed. Upon reviewing the Trademark Office's website and, in particular, that area which identifies the status of TTAB proceedings, he determined that the scheduling order was sent directly to IPI Acquisition Corp. on October 17, 2007, and not addressed to International Playthings, Inc., the then listed owner of the registration, or its legal representative. Upon reviewing the scheduling order, he immediately determined that an answer was due on November 26, 2007.

There was no indication on the TTAB website and counsel had not received a notice of default from the Trademark Office and a request to show cause why default judgment should or should not be entered against International Playthings. Additionally counsel had not received, nor was there an indication on the TTAB's docket that Family Clubhouse filed a request for entry of default judgment against International Playthings. Since a default had not been entered, nor had Family Clubhouse's request for entry of default judgment, International Playthings' counsel

immediately filed the answer on December 7, 2007, in an effort to minimize any prejudice to Family Clubhouse. In his haste to file an answer, counsel failed to file a motion seeking leave to file the answer late. It is these circumstances that have brought about the present situation.

III. ARGUMENT

At the present time, as noted above, the TTAB has not forwarded a notice of default and a request to International Playthings to show cause why default judgment should not be entered for failure to file an answer. Rather, the only pleading requesting such action has been submitted in a request by Family Clubhouse for entry of a default judgment solely based on International Playthings' failure to file a motion seeking leave to file an answer. Family Clubhouse indeed concedes that an answer has been filed. This being the posture of the present matter, International Playthings will address this circumstance as if a default has been entered and needs to be set aside.

As set forth in Fed. R. Civ. P. 55(c) and the Trademark Trial and Appeal Board Manual of Procedure ("TBMP") § 312.02, to the extent the defendant (which in this case, is International Playthings), fails to file a timely answer, it is incumbent on that party to demonstrate "a satisfactory showing of good cause why default judgment should not be entered against it," to set

aside a notice of default. As set forth in *Fred Hayman Beverly Hills Inc. v. Jacques Bernier Inc.*, 21 U.S.P.Q.2d 1556, 1557 (TTAB 1991):

This good cause is usually found to have been established if the delay in the filing is not the result of willful conduct or gross neglect on the part of the defendant, if the delay will not result in substantial prejudice to the plaintiff, and if the defendant has a meritorious defense.

It has also been noted that the standard to set aside the entry of default is less than what would be required to be shown to set aside the entry of default judgment. TBMP § 312.03. Moreover, the decision to set aside the default is within the sound discretion of the Board. *Identicon Corp. v. Williams*, 195 U.S.P.Q. 447, 449 (Comm'r 1977). International Playthings submits that it can demonstrate, as will be shown below, good cause why the default should be set aside and why the TTAB in its discretion should accept International Playthings' previously filed answer and deny Family Clubhouse's request for entry of default judgment.

Specifically, with respect to the first factor, the delay in filing the answer to Family Clubhouse's petition to cancel International Playthings' registration was not the result of willful conduct or gross neglect on the part of International Playthings or its legal representative. Rather, as set forth

above, although International Playthings received the TTAB's notice of filing and scheduling order directly, this document was not received by International Playthings' legal representative. As the circumstances are explained above and in the Declaration of Paul H. Kochanski, immediately upon realizing that an answer should have been filed, International Playthings' counsel on that same day, filed an answer albeit without a motion seeking leave to file the answer late. The answer was filed immediately upon the realization that it was late notwithstanding a notice of default or a request for entry of default judgment was never received. Clearly, the filing of the answer, immediately upon determining that it was late, is a clear indication that International Playthings seeks to resolve the present matter on its merits and is ready and willing to defend its position. Moreover, the immediate filing of the answer together with circumstances surrounding the docketing of the time to answer, as set forth in the Declaration of Paul H. Kochanski, demonstrates that the failure to file the answer was inadvertent and not the result of willful conduct or gross neglect on International Playthings' part. The answer was filed within nine days of the due date, the very same day that it was realized that the date to answer was overlooked. Accordingly, International Playthings

submits it satisfies the first prong of the test to show good cause.

The second factor that International Playthings must show is that Family Clubhouse will not be substantially prejudiced by the delay in filing the answer. This is clearly the case in the present matter. Initially, the delay in filing the answer was only nine days. Clearly, this is a minimal amount of time. Indeed, International Playthings filed an answer before any action was taken by the TTAB or before Family Clubhouse filed its request for entry of default judgment. The case of *Fred Hayman Beverly Hills, Inc. v. Jacques Bernier, Inc.*, 2 U.S.P.Q.2d 1556 (TTAB 1991) is quite similar to the present case with respect to the issue of prejudice. In that case, the defendant filed a motion to accept a late answer before a notice of default was issued by the TTAB. The request to file an answer late was submitted nine days after the answer was due. The TTAB found that the lack of filing an answer was inadvertent and that the defendant would raise a meritorious defense. On the issue of delay, the Board found that a nine-day delay, at best, would cause minimal prejudice and clearly not substantial prejudice as required. The same result should be found here and International Playthings submits that it has satisfied the second prong in showing good cause.

Finally, the third factor to be examined is whether International Playthings has a meritorious defense. As set forth in the Declaration of Paul H. Kochanski, there are considerable questions as to whether Family Clubhouse can demonstrate that it has priority with respect to the I PLAY trademark. Moreover, there are significant issues as to whether Family Clubhouse's use and International Playthings' use of the words "I Play" in association with different designs would create a likelihood of confusion such that International Playthings' registration should be cancelled. In conclusion, International Playthings submits that it has a meritorious defense to the action, thus, satisfying the third factor demonstrating good cause that the default should be set aside and default judgment not entered.

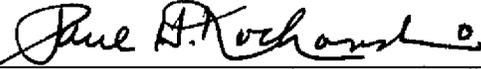
IV. CONCLUSION

It is submitted, that the entry of default judgment based on the failure to timely file an answer is not favored by the law. Rather, the matter should be litigated by and between the parties with the result being dependent on the merits of each party's case. Accordingly, International Playthings respectfully requests that the TTAB grant International Playthings leave to file its answer and thereby accept the late filing of the answer and as a

result, deny Family Clubhouse's request for entry of default judgment.

Date: December 21, 2007

Respectfully submitted,



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Attorneys for Registrant

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BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD

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Petitioner,	:	Reg. No.: 2,923,675
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INTERNATIONAL PLAYTHINGS, INC.	:	
	:	
Registrant.	:	

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DECLARATION OF PAUL H. KOCHANSKI

I, Paul H. Kochanski, do declare and state as follows:

1. I am a partner at the law firm of Lerner, David, Littenberg, Krumholz & Mentlik, LLP. I, myself, and this firm represents the Registrant, International Playthings, Inc. ("International Playthings") in connection with its intellectual property matters which includes the above-referenced cancellation proceeding. In fact, I have been the attorney personally involved with the application that resulted in Reg. No. 2,923,675 for the trademark IPLAY AND DESIGN. I am fully familiar with the events that surround the registration of the mark I PLAY AND DESIGN.

2. I am also the person who is familiar with Family Clubhouse, Incorporated ("Family Clubhouse") and its present efforts to register the mark I PLAY AND DESIGN for use in connection with children's bibs, non-disposable swim diapers, children's headwear, and infantwear (Appln. Nos. 78/791,447 and 78/791,667). I am also familiar with the fact that Family Clubhouse had a registration for I PLAY AND DESIGN used in connection with non-disposable swim diapers, which registration was cancelled based upon Family Clubhouse's failure to file a timely and proper Section 8 and 15 Declaration.

3. International Playthings' application for the mark IPLAY and DESIGN was originally filed on December 5, 2001 in the name of International Playthings, Inc. Subsequently, on February 28, 2005, International Playthings assigned its rights and interest to the mark to IPI Acquisition Corp. This recordal of assignment was done by my firm. At the time of the assignment, this firm together with myself, were listed as the correspondent for IPI Acquisition Corp.

4. On August 24, 2007, prior to the institution of the present cancellation proceeding, IPI Acquisition Corp. had recorded with the Trademark Office, a change of name document wherein, IPI Acquisition Corp. indicated that its new name was the readoption of International Playthings, Inc. This change of

name was again recorded with the Trademark Office by my firm. At the time of recordal, I was again listed as the correspondent for the registration holder International Playthings, Inc. Subsequently, in November, 2007, an additional change of name document was recorded with the Trademark Office, which confirmed the earlier filed change of name document. This document again listed this firm as the correspondent for International Playthings.

5. On October 19, 2007, this office received from Family Clubhouse's counsel, a copy of the Petition for Cancellation in the above-reference matter. This document when received went through our normal office practice concerning litigation mail of going to our docket clerk who then docket the matter and forwards it on to the individual who would be handling the matter. In this case, it was forwarded to me on that date. I have come to learn that our docket practices as they relate to litigation are different than as they relate to *inter partes* proceedings arising in the Trademark Office. With respect to litigation, if a complaint is received in this office, the date to answer the complaint is docketed immediately. With respect to a trademark opposition or cancellation proceeding, notwithstanding that the notice of opposition or petition for cancellation might be received from counsel filing the action,

the date for responding to the notice of opposition or answering the petition to cancel, is not docketed until the firm receives the Official Notice and Scheduling Order from the Trademark Office indicating the filing of the notice or petition which, of course, sets forth that the party has forty days from the date of the Official Notice to file a response. As a result of the present matter, these docketing practices have been changed. A Trademark Office proceeding is now docketed for an answer as soon as notice of such proceeding is received by our office, formally or informally.

6. In this case, I had reviewed the Petition for Cancellation upon my receipt of the copy of the same and immediately forwarded it on to the client on October 23, 2007. I had assumed that the date for answering the petition was docketed by our firm's docket clerk and I advised International Playthings of that fact. I had not realized that the firm's policy was not to docket the incoming pleading until the notice and scheduling order is received from the Trademark Office.

7. Based on my familiarity with Trademark Office practice, I recognized there normally was some delay between the filing of a opposition or cancellation proceeding and the issuance of the notice by the Trademark Office. For whatever reason, on December 7, 2007, it came to my attention that I had not received

a copy of the scheduling order from the Trademark Office with respect to the cancellation petition brought by Family Clubhouse. I immediately checked my docket to see if the time for filing an answer was docketed. I found no such entry. Notwithstanding that there was nothing on my docket, I felt that the firm should have received the scheduling order. Therefore, I went to the Trademark Office website and searched the Trademark Electronic Business Center portion to search the status of TTAB proceedings. In viewing the status of the above-captioned proceeding, I found out that the scheduling order was indeed sent out. However, it was not sent to the listed correspondent, myself and/or my firm, but rather was sent to IPI Acquisition Corp. on October 17, 2007. Upon reviewing the scheduling order, I immediately determined that an answer was due on November 26, 2007. Recognizing that it was past due, I immediately prepared and filed an answer on that date. I had also determined by looking at the TTAB website that the Trademark Office had not sent out a notice of default nor did Family Clubhouse file a motion for default judgment.

8. In my rush to get out an answer, I inadvertently failed to include a motion requesting leave to file the answer late. In my mind, I felt what was important was to get an answer on file to minimize any prejudice to Family Clubhouse. Clearly, the

failure to file a timely answer was inadvertent and unintentional.

9. As set forth above, I am fully familiar with Family Clubhouse's prior cancelled registration and the two subsequently filed applications. At no time during the prosecution of International Plaything's application for the I PLAY AND DESIGN trademark, was Family Clubhouse's prior registration cited by the Trademark Office to support a Section 2(d) Trademark Act rejection based on likelihood of confusion although that registration was subsisting at the time of the prosecution of International Playthings' application. This is not surprising since the marks although using the same words, are entirely different in design and since Family Clubhouse's prior registration for the mark I PLAY AND DESIGN was used in connection with non-disposable swim diapers in International Class 25 whereas the goods upon which International Playthings uses its mark it applied for are in International Class 28.

10. Specifically, International Playthings' mark is used on educational toys, sports toys, and games, clearly, in areas where there would be no likelihood of confusion. Likewise, with respect to the present applications filed by Family Clubhouse, the goods set forth therein are children's and infant's cloth bibs, children's headwear, infantwear, and non-disposable swim

diapers. Here again, one of International Playthings' defenses to the petition to cancel is that there is no likelihood of confusion between the goods set forth in Family Clubhouse's applications and the goods set forth in International Playthings' registration. A second defense that will be raised is the issue of priority of use. This defense is based on the problems of Family Clubhouse in filing a Section 8&15 Declaration with respect to the original cancelled registration and the actual use of the mark on the goods identified in the present application.

11. I declare under penalty of perjury that the foregoing statements are true and correct.

Date: December 21, 2007


PAUL H. KOCHANSKI

CERTIFICATE OF SERVICE

I hereby certify that on December 21, 2007, a true of REGISTRANT INTERNATIONAL PLAYTHINGS, INC.'S MOTION FOR LEAVE TO FILE ITS ANSWER LATE AND RESPONSE TO PETITIONER FAMILY CLUBHOUSE INCORPORATED'S MOTION FOR DEFAULT JUDGMENT and DECLARATION OF PAUL H. KOCHANSKI was served upon the attorneys for Petitioner, Family Clubhouse, Incorporated by via first class mail addressed as follows:

Steven C. Schnedler, Esq.
CARTER & SCHNEDLER, P.A.
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P.O. Box 2985
Asheville, NC 28802


PAUL H. KOCHANSKI