ESTTA Tracking number: **ESTTA100709**

Filing date: **09/22/2006**

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

Proceeding	91169654
Party	Defendant Neways, Inc. Neways, Inc. 2089 Neways Drive Springville, UT 84663
Correspondence Address	John C Stringham Workman Nydegger 1000 Eagle Gate Twr, 60 E South Temple Salt Lake City, UT 84111
Submission	Opposition/Response to Motion
Filer's Name	Robyn L. Phillips
Filer's e-mail	rphillips@wnlaw.com, scourdy@wnlaw.com
Signature	/Robyn L. Phillips/
Date	09/22/2006
Attachments	014 Opp to Amend.pdf (8 pages)(327139 bytes)

TRADEMARK OPPOSITION
Atty. Ref. No. 14564.62

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

In the matter of Trademark Application Nos. 78/490,974 and 78/490,954
Published in the Official Gazette of September 13, 2005
Filing Date: September 28, 2004
For the Mark: **RESURRECTION BIOMIST** and
NEWAYS RESURRECTION BIOMIST

VISUAL CHANGES SKIN CARE INTERNATIONAL, INC. Opposer, v. NEWAYS, INC., Applicant.	**NEWAYS' OPPOSITION TO OPPOSER'S MOTION TO AMEND NOTICE OF OPPOSITION** Opposition No. 91169654 - consolidated with - Opposition No. 91169655

Applicant Neways, Inc. ("Neways") hereby submits its Opposition to the Motion to Amend Notice of Opposition filed by Opposer Visual Changes Skin Care International, Inc. ("Opposer"). Specifically, Neways opposes the proposed amendment to the Notice of Opposition because the amendment removes the only argument articulated in the Notice of Opposition (the reliance on Opposer's federal registration) and seeks to add a completely new argument that is now being asserted for the first time (the reliance on Opposer's alleged common law rights). Further, the proposed amendment would result in prejudice to Neways. As such, Opposer's motion should be denied.

I. OPPOSER'S MOTION TO AMEND SHOULD BE DENIED

Rule 15 of the Federal Rules of Civil Procedure provides that leave to amend "shall be freely given when justice so requires." Even so, leave to amend is not automatically granted, and may be properly denied at the court's discretion for reasons including undue delay and undue prejudice to the opposing party. *Foman v. Davis,* 371 U.S. 178, 182, 83 S. Ct. 227 (1962). Importantly, motions to amend made on the eve of discovery deadlines, thus necessitating the extension of discovery and delaying proceedings, have been found to cause undue delay and prejudice. *See Solomon v. North Am. Life & Cas. Ins. Co.*, 151 F.3d 1132, 1139 (9th Cir. 1998).

As demonstrated below, Opposer's request for leave to amend should be denied as Opposer's failure to articulate its new legal theories in the original Notice of Opposition falls squarely within the meaning of undue delay and the grant of leave to Opposer to file the Amended Notice of Opposition would result in undue prejudice to Neways.

A. Opposer's Motion Is Untimely

When a party unreasonably delays in filing a motion to amend to put forth new legal theories, the motion may be considered untimely. *See Amerisourcebergen Corp. v. Dialysist West*, 445 F.3d 1132 (9th Cir. 2006); *Durham v. Xerox Corp.,* 18 F.3d 836, 840 (10th Cir. 1994). "[U]ntimeliness alone may be a sufficient basis for denial of leave to amend." *Las Vegas Ice & Cold Storage Co. v. Far West Bank*, 893 F.2d 1182, 1185 (10th Cir. 1990) (leave to amend denied as untimely where facts underlying proposed claim were known to the party at time of original pleading and motion filed a year and a half after filing of complaint). Additionally, "a district court acts within the bounds of discretion when it denies leave to amend for 'untimeliness' or 'undue delay.' Prejudice to the opposing party need not be shown also." *First City Bank, N.A. v. Air Capitol Aircraft Sales, Inc.*, 820 F.2d 1127, 1133 (10th Cir. 1987) (denying leave to amend for undue delay). In general, Courts focus primarily on the reasons for the delay. Denial of leave to amend is appropriate when the party filing the motion has no adequate explanation for the delay. *Frank v. U.S. West*, 3 F.3d 1357, 1365-66 (10th Cir. 1993);

Hayes v. New England Millwork Distribs., Inc., 602 F.2d 15,19-20 (1st Cir. 1979); *Arthur v. Maersk, Inc.*, 434 F.3d 196, 204 (3d Cir. 2006); *Pharm., Inc. v. Elan Corp.*, 421 F.3d 1227, 1237 (11th Cir. 2005).

Pursuant to 15 U.S.C. § 1063(a) and 37 C.F.R. § 2.101(c), Opposer was required to file its Notice of Opposition within thirty (30) days of the publication of the application being opposed or within any extension of time granted by the Board or stipulated by the parties. Opposer did so, basing its Notice of Opposition on Opposer's own federal registration. Now, by its request for leave to amend, Opposer is seeking to walk away from the grounds on which it based its Notice of Opposition and now assert an entirely new legal theory. Neways has justifiably relied on the argument set forth in the Notice of Opposition, and has proffered significant written discovery and developed legal theories based on that reliance. Now, after several months, Opposer wishes to change the very basis of its Notice of Opposition.

Opposer has not and cannot allege that new facts or intervening circumstance necessitated the amendment. Indeed, Opposer gives no reasoning or explanation as to why it failed to plead its alleged common law rights in the Notice of Opposition when Opposer had all the relevant facts before it when filing the Notice of Opposition. Courts have refused to grant a motion to amend at this late stage when no newly discovered facts necessitated the amendment. *See Chodos v. West Publishing Co.*, 292 F.3d 992, 1003 (9th Cir. 2002) (denying a motion to amend filed shortly before the close of discovery based on facts known well in advance by movant); *Lockheed Martin. v. Network Solutions*, 194 F.3d 980, 986 (9th Cir. 1999) (motion to amend came several months after the stipulated deadline for amending or supplementing the complaint and nothing in the proposed amended complaint relied on facts that were unavailable before the stipulated deadline.).

Further, Opposer has waited until this late stage, essentially attempting a bait-and-switch as it alleged one particular legal theory and now seeks to reverse field and introduce a wholly new theory near the end of discovery. This behavior has essentially created a moving target for Neways, a tactic that is frowned upon by the courts. *Minter v. Prime Equip. Co.*, 451 F.3d 1196 (10th Cir. 2006) (quoting *Viernow v. Euripides Dev. Corp.*, 157 F.3d 785, 800 (10th Cir. 1998) (stating that Courts will properly deny a motion to amend when it appears that the plaintiff is using Rule 15 to make the complaint "a moving target.")).

Opposer would have the Board believe that the Notice of Opposition made some colorable claim based on its common law rights. A review of the Notices of Opposition shows that this is untrue. Each Notice of Opposition consists of two paragraphs. The first paragraph sets forth allegations related to Opposer's federal registration. The second paragraph recites an alleged date of first use, as well as allegations about the continuous use of and goodwill in Opposer's mark. This second paragraph clearly relates back to the Opposer's Registration as it recites the basic information contained within the federal registration. Importantly, there is no mention of common law rights, no mention of the use of the mark in any specific geographic location where, and a bare mention of the goods with which the mark has been used. As a result, Opposer failed to give Neways any notice of its alleged common law rights in the Notice of Opposition.

It is true that the TBMP acknowledges that a party may "amend its complaint to plead a claim other than those stated in the original complaint" or "simply amplify allegations already in the moving party's pleading." TBMP § 507.02. What Opposer attempts to do here, however, is a subtle, yet significant, variation on what § 507.02 allows. Rather, Opposer seeks to remove its only allegation and replace it with an entirely new and separate allegation. Further, this comes only after Opposer is faced with substantial inquiries and challenges to its original allegations. If Opposer wished to plead its common law rights, these rights should have been included within

the Notice of Opposition and filed within the 30 day period prescribed by 15 U.S.C. § 1063(a) and 37 C.F.R. § 2.101(c).

B. Opposer's Motion Is Properly Denied For Undue Prejudice to Neways

Similarly, leave to amend should be denied to Opposer as it will result in undue prejudice to Neways. *Foman*, 371 U.S. at 182, 83 S.Ct. 227. Undue prejudice may come in the form of additional costs to the non-movant or undue delay to the proceedings. *Sanders v. Venture Stores, Inc.*, 56 F.3d 771, 775 (7th Cir. 1995). Allowance of this amendment would result in prejudice to Neways in the form of the expense of starting new discovery and having done discovery on a cause of action Opposer seeks to withdraw.

1. Neways Would Incur Additional Discovery Costs as a Result of the Amendment

On June 20, 2006, Neways propounded written discovery to Opposer related to the only claim asserted in the Notice of Opposition, the federal registration of the Resurrection mark. Allowing Opposer to substitute its new legal theory regarding its alleged common law rights will render this discovery arguably irrelevant and create the need for new and separate discovery, resulting in additional expense to Neways. Courts have held that a request for leave to amend may be denied when the amendment would cause the opposing party to bear additional discovery costs related to the newly asserted issue. *See Campania Mgmt. Inc. v. Rooks, Pitts & Poust*, 290 F.3d 843, 849 (7th Cir. 2002); *see also MV American Queen v. San Diego Marine Const. Corp.*, 708 F.2d 1483, 1492 (9th Cir. 1983) (denial of motion to amend upheld where new allegations based on facts moving party already knew would totally alter basis of action and necessitate additional discovery); *Acosta-Mestre v. Hilton Int'l of P.R., Inc.*, 156 F.3d 49, 52 (1st Cir. 1998) (noting that motions to amend whose timing prejudices the opposing party by "requiring a re-opening of discovery with additional costs, a significant postponement of the trial, and a likely major alteration in trial tactics and strategy" are particularly disfavored).

Further, Neways would be prejudiced as the written discovery it has already served may be moot.[1] Neways has filed two separate sets of written discovery (requests for documents and interrogatories) in the two oppositions that were consolidated in the present action. These two sets of written discovery were each based on the only cause of action plead in the Notice of Opposition filed in the respective oppositions. In both cases, Opposer's only basis was the federal registration of Opposer's Resurrection mark, which Opposer now seeks to remove. Now, by changing the basis for its Opposition, Opposer wishes to ignore the resources that have been expended by Neways since the filing of the Notices of Opposition, and act as if the last six months had never happened. The effort and expenses of Neways in defending against this Opposition by propounding written discovery and developing legal theories cannot be ignored, as doing so would result in substantial prejudice to Neways.

2. The Proceedings Would Be Unduly Delayed to Accommodate the Necessary Additional Discovery

Further, granting the Opposer leave to amend the Notice of Opposition would result in undue delay to these proceedings. In *Foman*, the Supreme Court listed "undue delay" as one of the justifications for denying a motion to amend. 371 U.S. at 182, 83 S.Ct. 227. The deadline for the completion of all discovery falls on October 9, 2006, less than 3 weeks away. As noted above, requests for leave to amend near the close of discovery have been frequently denied because of the delay they would impose on the proceedings. *See Lockheed*, 194 F.3d at 986 (stating that "[a] need to reopen discovery and therefore delay the proceedings supports a district court's finding of prejudice from a delayed motion to amend. . . ."); *see also Chodos*, 292 F.3d at 1003; *Solomon*, 151 F.3d at 1139; *Zivkovic v. S. Cal. Edison Co.*, 302 F.3d 1080, 1087 (9th Cir. 2002).

[1] In fact, this is exactly the position being taken by Opposer.

In the event that Opposer is granted leave to amend, however, the discovery period and other deadlines should be reset from the date of the Board's decision to allow Neways the opportunity to fully explore the new theories put forth by Opposer in the Amended Notice of Opposition.

CONCLUSION

Because the proposed amendment is the result of undue delay on the part of the Opposer, and would cause substantial prejudice to Neways, Neways respectfully requests that Opposer's Motion to Amend Notice of Opposition be denied.

DATED this 22 day of September, 2006.

Respectfully submitted,

John C. Stringham, Reg. No. 40,831
Robyn L. Phillips, Reg. No. 39,330
Matthew A. Barlow

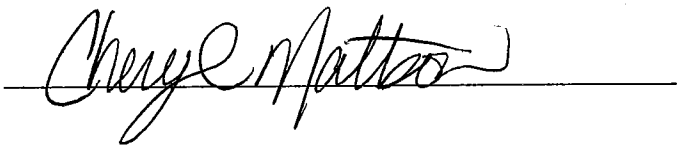
WORKMAN | NYDEGGER
1000 Eagle Gate Tower
60 East South Temple
Salt Lake City, Utah 84111
Telephone: (801) 533-9800
Facsimile: (801) 328-1707

ATTORNEYS FOR APPLICANT
NEWAYS, INC.

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on this 22nd day of September, 2006, a true and correct copy of the foregoing **NEWAYS' OPPOSITION TO OPPOSER'S MOTION TO AMEND NOTICE OF OPPOSITION** has been provided by United States First Class Mail, postage prepaid, in an envelope addressed as follows:

Mark D. Miller
Robert W. Branch
KIMBLE, MAC MICHAEL & UPTON
Post Office Box 9489
Fresno, CA 93792-9489



J:\1456462\014 Opp to Amend and Extend.doc