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

Proceeding	91179021
Party	Defendant JADA TOYS, INC.
Correspondence Address	Jada Toys, Inc. 938 Hatcher Ave. City of Industry, CA 91748 UNITED STATES AFox@ssd.com, AGoodwin@ssd.com
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Signature	/Anne Choi Goodwin/
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IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD

Dub Publishing, Inc.,
a California corporation,

Opposer,

vs.

Jada Toys, Inc.,
a California corporation,

Applicant.

Opposition No. 91179021

**APPLICANT JADA TOYS, INC.'S RESPONSE TO ORDER TO SHOW
CAUSE, MOTION TO SET ASIDE DEFAULT AND MOTION TO EXTEND
TIME TO FILE RESPONSE TO OPPOSITION PENDING
FINALIZATION OF LONG FORM SETTLEMENT AGREEMENT**

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Attorneys for Applicant
JADA TOYS, INC.

PLEASE TAKE NOTICE THAT Applicant Jada Toys, Inc. (“Jada”), pursuant to Federal Rules of Civil Procedure 6(b) and 55(c) and 37 C.F.R. § 2.116(a) and in response to the Trademark Trial and Appeal Board’s Order of June 19, 2009 requiring Jada to show cause why judgment by default should not be entered, hereby moves the Trademark Trial and Appeal Board to set aside the notice of default and grant Jada an extension of time, until September 18, 2009, in which to file its response to the Opposition of Dub Publishing, Inc. (“DPI”) in this matter, pending the finalization of a long form settlement agreement. In support of its response and this request, Jada submits the following Memorandum of Points and Authorities and the declaration of Anne Choi Goodwin and the exhibit attached thereto.

I. INTRODUCTION.

On June 19, 2009, the Trademark Trial and Appeal Board (“TTAB”) issued an order to show cause why judgment by default should not be entered in this matter against Jada. Jada submits that there is good cause for Jada’s failure to respond to DPI’s Opposition and that the default should be set aside. In fact, on April 18, 2008, the parties reached preliminary settlement of this dispute, among other things, and signed a “short form” settlement agreement on April 23, 2008. Since that time, the parties have diligently worked to prepare and finalize a further “long form” settlement agreement.

As a result of the multiple controversies involving the parties to this proceeding, including matters pending before both the TTAB and the United States District Court for the Central District of California, as well as the extraordinary fluctuations in the world economy during the past year, the “long form” settlement has required extended and complex negotiations. Jada delayed in responding to DPI’s Opposition as a result of these complicated negotiations, not as a result of willful disobedience or gross negligence. As laid out more fully below, DPI will not be prejudiced by granting this motion and Jada will be able to show that it has a meritorious defense to this opposition. ***Most important, DPI supports Jada’s motion to set aside the default and extend time to respond.*** Accordingly, the TTAB should grant this motion, set aside the default and extend Jada’s time to file a response to DPI’s Opposition until September 18, 2009.

II. FACTUAL BACKGROUND.

On April 18, 2008, the parties to this action reached a settlement of, among other things, this matter. Declaration of Anne Choi Goodwin (“Goodwin Decl.”), ¶2. On or about April 23, 2008, the parties signed a written “short form” settlement agreement memorializing their settlement. *Id.*, ¶3. The parties agreed to prepare and sign a further “long form” settlement agreement setting forth additional settlement terms. *Id.* Since that date, the parties have engaged in extensive communications and exchanged multiple revisions in an attempt to finalize the “long form” settlement agreement. *Id.*, ¶4. In light of the changes in the economy over the last year, additional issues affecting all parties have arisen, necessitating further discussion. *Id.* Coupling these developments with business travel and other scheduling conflicts of the parties and their counsel, additional time was required to propose and analyze various changes made to drafts of the “long form” settlement agreement. *Id.*

The parties engaged in extensive negotiations over final provisions to specific terms of the “long form” settlement agreement and over the wording and scope of various exhibits to the “long form” settlement agreement. *Id.*, ¶5. Those negotiations are essentially complete and all that remains is for DPI’s counsel to forward to Jada’s counsel final settlement documents for final review and signatures. *Id.*

One exhibit to the “long form” settlement agreement is a ***Dismissal of this Opposition, with prejudice, that will be executed concurrent with the execution of the settlement agreement and which will be filed in this action shortly thereafter.*** *Id.*, ¶6. Notably, on June 15, 2009 DPI filed a Motion to Extend and Reset Testimony Periods in another proceeding before the TTAB between DPI and Jada. *See* Goodwin Decl., Ex. A. Jada brings this motion to the TTAB’s attention because DPI based its request for an extension of time upon the same reasons on which Jada bases this motion. *See id.* On July 17, 2009, counsel for DPI sent an email to counsel for Jada encouraging Jada to file this motion to set aside the default and request an extension of time in order to maintain the status quo. *Id.*, Ex.B.

III. DISCUSSION.

A. Good Cause Exists Set Aside The Notice Of Default Against Jada.

“Good cause why default judgment should not be entered against a defendant, for failure to file a timely answer to the complaint, is usually found when the defendant shows that (1) the delay in filing an answer was not the result of willful conduct or gross neglect on the part of the defendant, (2) the plaintiff will not be substantially prejudiced by the delay, and (3) the defendant has a meritorious defense to the action.” TBMP § 312.02; *see also, Delorme Publ’g Co. v. Eartha’s Inc.*, 60 U.S.P.Q.2d 1222, 1224 (TTAB 2000). In analyzing whether these factors have been met, the Board has “kept in mind that the law strongly favors determination of cases on their merits.” *Delorme Publ’g Co.*, 60 U.S.P.Q.2d at 1224. Determining whether the third factor has been met “does not require an evaluation of the case.” TBMP § 312.02. In fact, in cases in which the first two factors have been shown, the Board has previously extended a reasonable amount of time to show a meritorious defense by submission of an Answer or other response to an opposition. *See, e.g., Djeredjian v. Kashi Co.*, 21 U.S.P.Q.2d 1613, 1615 (TTAB 1991) (allowing a party, moving under the stricter standard of a motion to set aside a default judgment, time to file an answer after setting aside the judgment where the first two factors were met). Keeping in mind that the law favors deciding a case on the merits, Jada meets the relevant standards and default judgment should not be entered.

Moreover, as set forth above, Jada’s hesitance to file its response to DPI’s Opposition was not caused by its willful conduct or gross neglect. Rather, it was due to the complex and extended negotiations of the “long form” settlement agreement between Jada and DPI. Goodwin Decl., ¶¶2-5. In fact, long ago the parties agreed to the basic terms of the agreement. *Id.*, ¶2. It is only the recent changes in general economic conditions, coupled with other issues such as business travel and other scheduling difficulties, that has led to the extended negotiations. *Id.*, ¶4. Nevertheless, negotiations are effectively complete and all that remains is final review and signature of the documents with a dismissal of this opposition proceeding to be executed concurrent with the execution of the settlement agreement and filed in this action shortly

thereafter. *Id.*, ¶5. Thus, it was these extended and complicated negotiation, not the neglect or willfulness of Jada, that caused the delay in filing its Response to DPI's Opposition.

Additionally, DPI has not—and will not—suffer any prejudice if this motion is granted. As noted above, DPI itself recently filed a motion to extend time in another TTAB action involving DPI and Jada on the same basis that Jada bases this motion. *Id.*, Ex. A. In fact, DPI has encouraged Jada to seek the exact relief sought by this motion. *Id.*, Ex. B. Moreover, the settlement negotiations between Jada and DPI are now complete with only final review and garnering signatures remaining. *Id.*, ¶5; Ex. B. Accordingly, the TTAB will not prejudice DPI by granting this motion. To the contrary, granting this motion will facilitate a tidier resolution of this dispute in the form of the “long form” settlement agreement.

As to the final element, Jada requests an extension until September 18, 2009 to file its response to DPI's Opposition. As discussed above, where, as here, the first two elements are met, the TTAB may grant a reasonable amount of time to file an Answer, or other response to an opposition, to show that it has a meritorious defense to the action. *See Djeredjian v. Kashi Co.*, 21 U.S.P.Q.2d 1613. In fact, as discussed below, in section *III.B*, good cause exists to grant Jada an extension of time to file its Answer. Accordingly, the TTAB should set aside the default in light of the facts that (1) Jada's delay in responding to DPI's opposition was a result of complicated negotiations and not willful conduct or gross neglect, (2) DPI will not be prejudiced by setting aside the default and (3) Jada could show a meritorious defense by filing an Answer in a reasonable amount of time.

B. Good Cause Exists To Grant Jada An Extension Of Time To File An Answer.

A party in a TTAB action may file a motion for an enlargement of time in which an act is required to be done. Fed. R. Civ. P. 6(b); 37 C.F.R. §2.116(a); TBMP §509.01. A party requesting an extension must show the facts that justify the request for the extension and demonstrate that the requested extension is not as a result of its own lack of diligence or

unreasonable delay. TBMP § 509.01(a). Here, the facts demonstrate that good cause exists to grant Jada an extension of time to file its Answer.

The need for the extension is not based on Jada's (or DPI's) lack of diligence. Rather, the extraordinary fluctuations in the world economy, coupled with the difficulties of business travel, have led to an extended negotiation period. Goodwin Decl., ¶4; Ex. B. In fact, DPI has itself moved for an extension of time based on these same reasons and has encouraged Jada to seek the exact relief sought in this motion. *See id.*, Exs. A and B. In all likelihood, the "long form" agreement will be finalized and executed—and this action dismissed—before any Answer, or other response, is due. Accordingly, the interests of judicial economy favor a granting of the motion to extend. Furthermore, given that late stage of what have already been extremely complex negotiations, the injection of another round of pleading would ultimately further complicate matters and only frustrate the parties' attempts to finalize the "long form" agreement. Jada is hopeful that the "long form" settlement will be finalized, and this action dismissed, in short order. Accordingly, Jada respectfully requests that the TTAB grant it an extension to file its response to DPI's opposition until September 18, 2009.

IV. CONCLUSION.

Jada and DPI recently finalized a long form settlement agreement that includes the dismissal of this and several other related disputes between the parties. Negotiations to reach a final agreement were extensive. In light of these settlement negotiations, rather than burden the various tribunals in which the parties' disputes were pending, to reserve resources, and to avoid any potential issues that would threaten the settlement negotiations, Jada delayed in responding to DPI's opposition. As the facts demonstrate, neither Jada's willful conduct nor its gross neglect caused this delay. Moreover, DPI, as indicated by its own motion to extend time in a related TTAB proceeding and its encouragement of Jada to seek the relief sought by this motion, will not be prejudiced by the granting of the relief sought in this motion. To the contrary, by granting this motion, the TTAB will enhance the parties' chances of successfully settling this action and several others. Moreover, the interests of judicial economy and those of the party

favor granting Jada a reasonable extension of time. Accordingly, Jada respectfully requests that the TTAB grants this motion.

Dated: July 17, 2009

SQUIRE, SANDERS & DEMPSEY L.L.P.

By: /Anne Choi Goodwin/
Adam R. Fox
Anne Choi Goodwin
Attorneys for Registrant Jada Toys, Inc.

PROOF OF SERVICE BY MAIL

I am a citizen of the United States and employed in Santa Clara County, California. I am over the age of eighteen years and not a party to the within-entitled action. My business address is One Maritime Plaza, Suite 300, San Francisco, California 94111. I am readily familiar with this firm's practice for collection and processing of correspondence for mailing with the United States Postal Service. On July 17, 2009, I placed with this firm at the above address for deposit with the United States Postal Service a true and correct copy of the within document(s):

**APPLICANT JADA TOYS, INC.'S RESPONSE TO ORDER TO SHOW
CAUSE, MOTION TO SET ASIDE DEFAULT AND MOTION TO EXTEND
TIME TO FILE RESPONSE TO OPPOSITION PENDING
FINALIZATION OF LONG FORM SETTLEMENT AGREEMENT**

in a sealed envelope, postage fully paid, addressed as follows:

Christopher L. Dueringer, Esq.
Bryan Cave LLP
120 Broadway, Suite 300
Santa Monica, CA 90401

Counsel for Dub Publishing, Inc.

Following ordinary business practices, the envelope was sealed and placed for collection and mailing on this date, and would, in the ordinary course of business, be deposited with the United States Postal Service on this date.

I declare under penalty of perjury under the laws of the State of California that the above is true and correct.

Executed on July 17, 2008, at Palo Alto, California.

/Joseph P. Grasser/
Joseph P. Grasser

Declaration of Anne Choi Goodwin

I, ANNE CHOI GOODWIN, declare as follows:

1. I am an attorney-at-law, admitted to practice before the courts of the State of California and before this Board, and am an associate in the law firm of Squire, Sanders & Dempsey L.L.P. I am one of the attorneys of record for applicant Jada Toys, Inc. (“Jada”). I am personally familiar with the facts set forth below and, if called as a witness, could and would testify competently thereto.

2. On April 18, 2008, the parties to this action reached a settlement of, among other things, this matter.

3. On or about April 23, 2008, the parties signed a written “short form” settlement agreement memorializing their settlement. The parties agreed to prepare and sign a further “long form” settlement agreement setting forth additional settlement terms.

4. Since that date, the parties have engaged in extensive communications and exchanged multiple revisions in an attempt to finalize the “long form” settlement agreement. In light of the changes in the economy over the last year, additional issues affecting all parties have arisen, necessitating further discussion. Coupling these developments with business travel and other scheduling conflicts of the parties and their counsel, additional time was required to propose and analyze various changes made to drafts of the “long form” settlement agreement.

5. The parties engaged in extensive negotiations over final provisions to specific terms of the “long form” settlement agreement and over the wording and scope of various exhibits to the “long form” settlement agreement. Those negotiations are essentially complete and all that remains is for DPI’s counsel to forward to Jada’s counsel final settlement documents for final review and signatures.

6. One exhibit to the “long form” settlement agreement is a Notice of Dismissal of this action that will be executed concurrent with the execution of the settlement agreement and which will be filed in this action shortly thereafter.

7. On June 15, 2009, DPI filed a Motion to Extend and Reset Testimony Periods in another proceeding before the TTAB between DPI and Jada. A true and correct copy of this motion is attached as **Exhibit A**.

8. Attached as **Exhibit B** is a true and correct copy of an email sent to me by Christopher Dueringer, counsel for Dub Publishing, Inc.

I declare under penalty of perjury under the laws of the United States that the foregoing is true and correct.

Executed on July 17, 2009.

/Anne Choi Goodwin/
Anne Choi Goodwin

Exhibit A

3. On or about October 31, 2008, the parties requested and the Board agreed to suspend proceedings until February 9, 2009, to allow the parties additional time to prepare the long form agreement.

4. On or about February 10, 2009, the parties requested and the Board agreed to suspend proceedings until May 15, 2009, to allow the parties additional time to finalize the long form agreement and associated schedules and exhibits. In the Board's February 12, 2008 order, the testimony period scheduling was reset as follows:

30 day testimony period for Dub to close: 6/15/09

30 day testimony period for Jada to close: 8/14/09

15 day rebuttal testimony period to close: 9/28/09

5. Since the Board's February 12, 2009 Order, the parties have continued to work diligently to finalize the long form agreement and associated schedules and exhibits. This process has been further hampered in part due to attorney schedules and client travels. Moreover, due to changes in the economic climate in the past months, the parties spent considerable time in April and May of 2009, at the request of Jada, renegotiating certain substantive provisions of the "long form" agreement. Accordingly, the requested extension of time is not necessitated by Dub's lack of diligence or unreasonable delay.

6. Despite the above, the parties have made substantial progress and are very close to finalizing the long form agreement and associated schedules and exhibits. The parties have agreed to the form of a revised long form agreement and have also reached agreement as to the form of Exhibits C and D thereto. The parties are currently working on finalizing Exhibits A, B and E to the long form agreement and anticipate that these exhibits will be finalized in the coming weeks, after which the parties will merely need to obtain signatures to conclude the agreement.

7. The long form agreement, when finalized, contemplates full dismissal of the present cancellation proceeding.

8. Dub has elected not to notice or conduct testimony depositions to date in order to prevent further delays in finalizing settlement and needless expenditure of time and resources for both parties. Nevertheless, Dub requests additional time for both parties' testimony periods in the event the parties are not able to finalize settlement in the next couple weeks.

9. Accordingly, Dub hereby requests that the opening testimony periods in the above-captioned cancellation proceeding be extended to sixty (60) days for each party and that Dub's rebuttal testimony period be reset accordingly, as follows:

60 day testimony period for Dub to close: 7/15/09

60 day testimony period for Jada to close: 9/13/09

15 day rebuttal testimony period to close: 10/28/09

10. As the above request is made to permit the parties to finalize and execute the long form agreement and associated documentation, Dub submits that good cause exists for said request. This request is made in good faith and not for any improper purpose such as delay.

11. In the event the above request is denied, Dub reserves its right to request re-opening of its testimony period under TBMP section 509.01(b).

Dated: June 15, 2009

Respectfully submitted,

/s/Christopher L. Dueringer

Christopher L. Dueringer
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120 Broadway, Suite 300
Santa Monica, California 90401
(310) 576-2100/(310) 576-2200 (fax)
Attorneys for Petitioner
DUB Publishing, Inc.

CERTIFICATE OF SERVICE

I hereby certify that on this 15th day of June, 2009, I have caused to be mailed, by first class-mail, postage-prepaid, a true and correct copy of the Electronic System for Trademark Trials and Appeals Receipt for MOTION TO EXTEND TESTIMONY PERIODS PENDING FINALIZATION OF LONG FORM SETTLEMENT AGREEMENT, to:

Anne Choi Goodwin, Esq.
Adam R. Fox, Esq.
Squire, Sanders & Dempsey L.L.P.
555 South Flower Street, Suite 3100
Los Angeles, CA 90071-2300
Attorneys for Registrant

/s/ Del Seyedan
Del Seyedan



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

Proceeding	92044049
Party	Plaintiff DUB Publishing, Inc.
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Signature	/s/Christopher L. Dueringer
Date	06/15/2009
Attachments	Motion to Extend and Reset Testimony Periods.pdf (4 pages)(88160 bytes)

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EXHIBIT B

From: Dueringer, Christopher [mailto:cdueringer@BryanCave.com]
Sent: Friday, July 17, 2009 1:04 PM
To: Goodwin, Anne C.
Cc: Fox, Adam R.; Paskar, Mark
Subject: OSC Return Date This Monday, July 20
Importance: High

Annie,

I am working on getting you the final papers. As you know, Monday, July 20, is the last day for Jada to respond to the first two show cause orders in the oppositions. It is clear we will not sign and dismiss before then. Jada is going to need to file responses on Monday seeking to set aside default, in order to preserve the status quo. Please confirm that Jada will do so to ensure that none of the applications to be assigned is rendered abandoned. Subject to your thoughts, the responses should include a statement that the parties are about to finalize the long form and dismiss the actions with some background and a request that the OSC be continued 20 days.

Again, please confirm that Jada will make these filings. I hope to send you the finals later today. It has been difficult because I have been out much of this week and Mark is out. I plan to be in this afternoon.

Chris

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