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17 Attorneys for Defendant/Counter-Plaintiff,
18 Palladium Books, Inc.

19 UNITED STATES DISTRICT COURT
20 NORTHERN DISTRICT OF CALIFORNIA
21 SAN FRANCISCO DIVISION

22 TRION WORLDS, INC., a Delaware
corporation,
23
24 Plaintiff/Counter-Defendant,
25 v.
26 PALLADIUM BOOKS, INC., a Michigan
corporation,
27 Defendant/Counter-Plaintiff.
28

Case No. **3:10-cv-02466-CRB**

**DEFENDANT/COUNTER-PLAINTIFF'S
ANSWER TO COMPLAINT AND
DEFENSES**

DEMAND FOR JURY TRIAL

1 **ANSWER**

2 Defendant/Counter-Plaintiff, Palladium Books, Inc. (“Palladium”), by and through its
3 undersigned counsel, for its Answer to the Complaint filed by Plaintiff/Counter-Defendant Trion
4 Worlds, Inc. (“Trion”), states as follows:

5 **JURISDICTION, VENUE AND INTRADISTRICT ASSIGNMENT**

6 1. Palladium admits only that Plaintiff asserts in its Complaint the claims cited in
7 paragraph 1, but denies that any of those claims have merit.

8 2. Paragraph 2 states a conclusion of law to which no answer is required.

9 3. Paragraph 3 states a conclusion of law to which no answer is required.

10 4. Paragraph 4 states a conclusion of law to which no answer is required.

11 **PARTIES**

12 5. Palladium admits, upon information and belief, the allegations of paragraph 5.

13 6. Admitted.

14 **FACTS COMMON TO ALL CLAIMES FOR RELIEF**

15 7. Palladium denies information sufficient to form a belief as to the truth of the
16 allegations of paragraph 7; therefore said allegations are deemed denied as untrue.

17 8. Palladium denies information sufficient to form a belief as to the truth of the
18 allegations of paragraph 8; therefore said allegations are deemed denied as untrue.

19 9. Palladium denies information sufficient to form a belief as to the truth of the
20 allegations of paragraph 9; therefore said allegations are deemed denied as untrue. Palladium
21 further avers, however, that it was not until April 26, 2010 that Plaintiff publicly announced that it
22 was changing the name of its game from “Heroes of Telara” to “Rift: Planes of Telara.”
23 Palladium filed suit against Plaintiff in the Eastern District of Michigan just days later.

24 10. Palladium admits only that Plaintiff’s game is marketed under the “Rift: Planes of
25 Telara” mark. Palladium denies as untrue that Plaintiff markets its game under that mark “in
26 conjunction with the ‘Trion Worlds’ house mark.”

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1 11. Palladium denies knowledge sufficient to ascertain whether the Trion RIFT game
2 was launched “amidst much media fanfare,” and said allegation is thus deemed denied as untrue.
3 Palladium admits the remaining allegations of paragraph 11.

4 12. Palladium admits, upon information and belief, the allegations of paragraph 12 and
5 further avers that Trion did, in fact, feature the RIFT game at the 2010 E3 trade show.

6 13. Palladium admits only that Plaintiff has filed an application for a “Rift: Planes of
7 Telara” service mark. Palladium further avers that it has filed a Letter of Protest with the U.S
8 Patent & Trademark Office regarding said application, indicating Palladium’s belief that the
9 application should be denied due to a likelihood of confusion with various of Palladium’s
10 registered marks, and seeking suspension of action on that application until that issue is resolved
11 in this proceeding.

12 14. Palladium denies as untrue the allegations of paragraph 14. More specifically,
13 Palladium denies that it “publishes books about various ‘pen and paper’ role playing games.”
14 Rather, the Palladium publications are, in fact, the role playing games themselves; i.e., they are
15 role playing games that happen to be published in book format.

16 15. Palladium admits only that it published the first in the 90+ series of RIFTS role-
17 playing games and game supplements in 1990, and that the language quoted by Plaintiff is part of
18 a larger description from the Palladium website, the content of which is self-evident. Palladium
19 denies Plaintiff’s characterization as to the significance of that language.

20 16. Palladium admits paragraph 16, but further avers that not all of its publications
21 contain the phrase “Palladium Books presents:” preceding the title.

22 17. Paragraph 17 contains purely subjective opinion and characterization which
23 Palladium denies as untrue.

24 18. Palladium denies as untrue the allegations of paragraph 18 and further avers that
25 the Rifts® series of role-playing games are recognized as seminal games within the industry.

26 19. Palladium denies as untrue the allegations of paragraph 19.

27 20. Palladium denies as untrue the allegations of paragraph 20.

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1 21. Palladium denies as untrue, and as mis-characterizations taken out of context, the
2 allegations and quotations of paragraph 21, and further avers that the Rifts: Promise of Power
3 computer game was available for purchase in the United States and that sales were made in the
4 United States.

5 22. Palladium denies information sufficient to form a belief as to the truth of the
6 allegations of paragraph 22 and said allegations are therefore deemed denied as untrue.

7 23. Palladium denies as untrue the allegations of paragraph 23 and further avers that it
8 has been engaged in constant negotiations over the past several years for the production a RIFTS
9 MMO video role-playing game.

10 24. Palladium denies as untrue the allegations of paragraph 24.

11 25. Palladium denies as untrue the allegations of paragraph 25.

12 26. Palladium admits only that it is the owner of the four federally registered marks
13 cited in paragraph 26; and denies that it merely “claims” to be the owner of said registrations.

14 27. Palladium denies as untrue the allegations of paragraph 27 and further avers that
15 that there has already been evidence of actual confusion produced by Palladium, and that there is a
16 high likelihood of confusion going forward.

17 28. Palladium denies as untrue the allegations of paragraph 28; denies specifically that
18 the subtitle “Planes of Telara” is unique or memorable or that it allows customers to distinguish it
19 in any way from Palladium’s products. Palladium further avers that the Planes of Telara subtitle is
20 likely to be viewed by potential customers as simply the next in a long line of RIFTS games
21 produced by Palladium, and that evidence already shows that both Plaintiff and its potential
22 customers are referring to its games primarily as RIFT, dropping any reference to the “Planes of
23 Telara” subtitle. Palladium further avers that, as already used by Plaintiff, the logo for its game
24 includes the term “RIFT” in massive letters, with the phrase “Planes of Telara” submerged in tiny
25 letters beneath “RIFT” in such a manner as to make it virtually irrelevant. Plaintiff’s intent to rely
26 on “RIFT” as the predominating factor is further evidenced by its use of the URL “riftgame.com”
27 for the website devoted to its game.

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1 29. Palladium denies as untrue the allegations of paragraph 29 and further avers that
2 ample evidence shows that Plaintiff's RIFT game is often advertised without reference to Trion's
3 house mark. Palladium further denies that Plaintiff's use of its house mark is consistent or
4 conspicuous.

5 30. Palladium denies as untrue the allegations of paragraph 30 and further avers that
6 evidence demonstrates that both Plaintiff and its potential customers refer to its game as RIFT, and
7 that there is virtually no use by anyone of the "R:PoT" acronym that Plaintiff claims will become
8 widely used. In fact, nowhere in Plaintiff's own advertising is the game referred to as R:PoT; but
9 it is commonly referred to as RIFT. Moreover, the dominant appearance of "RIFT" in the game
10 logo virtually guarantees that this will be the shortened name by which the game is known.
11 Finally, Plaintiff has adopted the URL "riftgame.com" – not "rpot.com" for the website devoted to
12 its game.

13 31. Palladium denies as untrue the allegations of paragraph 31, given that Plaintiff has
14 not yet even launched its game and cannot, therefore, know how many people will be playing it.
15 Palladium admits only that Plaintiff anticipates that thousands of people will play its game.
16 Moreover, until the game is launched Palladium lacks knowledge sufficient to determine whether
17 Plaintiff's game will contain "cutting edge graphics." Palladium further denies the
18 characterization of both its and Plaintiff's games.

19 32. Palladium denies the allegations of paragraph 32, as Plaintiff has selectively chosen
20 to highlight just a few aspects of its and Palladium's games; whereas, in reality, trailers for
21 Plaintiff's game indicate that there are numerous similarities between the games in ways that
22 reveal that Plaintiff's game may, in fact, infringe on protected copyrighted works of Palladium.

23 33. Palladium denies as untrue the allegations of paragraph 33.

24 34. Palladium denies as untrue the allegations of paragraph 34 that consumers exercise
25 a high degree of care in selecting which games to subscribe to; particularly since Plaintiff's RIFT
26 game will be available for purchase on shelves of local video game stores, along with numerous
27 other games, where they are offered for sale in the style of movie DVDs.

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1 35. Palladium denies the allegations of paragraph 35 as untrue and further avers that
2 consumers of role playing games have long been asking for and anticipating release of a Palladium
3 RIFTS MMO and may well be confused into believing that the RIFT game is the long awaited
4 Palladium RIFTS game.

5 36. Palladium admits the allegations of paragraph 36.

6 37. Palladium admits only that it has not yet filed the Section 8&15 Affidavit of
7 Continued Use for the '353 Registration; but further avers that mark had been registered for more
8 than five years at the time Plaintiff filed this challenge to the '353 mark and that, per the
9 provisions of 15 U.S.C. § 1064, the Mark is not subject to cancellation.

10 38. Palladium denies Plaintiff's incomplete characterization of the application for the
11 '806 mark and further states that the content of that entire document is self-evident.

12 39. Palladium denies Plaintiff's incomplete characterization of Palladium's response to
13 the USPTO's Office Action and further states that the content of that entire document is self-
14 evident.

15 40. Palladium denies as untrue Plaintiff's characterizations of the description of
16 specimens submitted by Palladium in support of the '806 registration and further states that the
17 content of those specimens is self-evident.

18 41. Palladium denies as untrue Plaintiff's characterizations in paragraph 41, as well as
19 its speculation regarding Palladium's intent or the manner in which the USPTO considered
20 Palladium's statements in issuing the '806 registration.

21 42. Palladium denies as untrue Plaintiff's characterization in paragraph 42, taken out of
22 context, of Palladium's statements regarding the Rifts Game Master Companion and denies as
23 untrue the remaining allegations of paragraph 42.

24 43. Palladium denies as untrue the allegations of paragraph 43.

25 44. Palladium denies as untrue the characterization by Plaintiff of statements made by
26 Palladium and admits only that the language quoted in paragraph 44 was included in the Section
27 8&15 Declaration filed by Palladium as to the '806 mark.

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1 45. Palladium admits only that the specimen submitted with the Section 8&15
2 Affidavit for the ‘806 mark was accurately described in Palladium’s submission to the USPTO
3 and that the USPTO accepted that specimen as adequate to support the Affidavit for the Class 028
4 mark registered in the “games” category.

5 46. Palladium denies Plaintiff’s incomplete characterization of Palladium’s filings in
6 support of the ‘806 mark and further states that the content of said documents is self-evident.
7 Palladium denies Plaintiff’s speculation as to the effect of Palladium’s filings on the actions of the
8 USPTO.

9 47. Palladium denies Plaintiff’s incomplete and selective characterization of statements
10 made by Palladium and denies as untrue the remaining allegations of paragraph 47.

11 48. Palladium denies as untrue the allegations of paragraph 48.

12 49. Palladium denies Plaintiff’s incomplete characterization of Palladium’s Section
13 8&9 filings in support of the ‘806 mark and further states that the content of said documents is
14 self-evident.

15 50. Palladium admits only that the specimen submitted with the Section 8&9 Affidavit
16 for the ‘806 mark was accurately described in Palladium’s submission to the USPTO and that the
17 USPTO accepted that specimen as adequate to support the Affidavit for the Class 028 mark
18 registered in the “games” category.

19 51. Palladium denies Plaintiff’s incomplete characterization of Palladium’s filings in
20 support of the ‘806 mark and further states that the content of said documents is self-evident.
21 Palladium denies Plaintiff’s speculation as to the effect of Palladium’s filings on the actions of the
22 USPTO.

23 52. Palladium denies as untrue the allegations of paragraph 52.

24 53. Palladium denies as untrue the allegations of paragraph 53.

25 54. Palladium denies as untrue the incomplete characterization in paragraph 54 of the
26 content of its application for the ‘181 mark and further states that the content of that document is
27 self-evident.

28 55. Admitted.

1 56. Palladium denies Plaintiff's characterizations of the law contained in paragraph 56
2 and further states that legal requirements for obtaining a trademark registration, to which Plaintiff
3 apparently refers, are set forth accurately in the TMEP and CFR.

4 57. Palladium denies Plaintiff's incomplete characterization contained in paragraph 57
5 of the documents in the file wrapper for the '181 registration and further states that the content of
6 those documents is self-evident.

7 58. Palladium denies Plaintiff's incomplete and out of context characterization
8 contained in paragraph 58 of the documents in the file wrapper for the '181 registration and further
9 states that the content of those documents is self-evident.

10 59. Palladium denies Plaintiff's incomplete and out of context characterization
11 contained in paragraph 59 of the documents in the file wrapper for the '181 registration and further
12 states that the content of those documents is self-evident. Palladium denies knowledge or
13 information sufficient to form a belief as to the effect of any of Palladium's submissions or
14 representations on the actions taken by the USPTO.

15 60. Palladium denies as untrue the allegations of paragraph 60.

16 61. Palladium denies as untrue the excerpted and out-of-context material cited by
17 Plaintiff as standing for the proposition that Palladium was not using the mark covered by the '181
18 registration.

19 62. Palladium denies as untrue the allegations of paragraph 62.

20 63. Palladium denies as untrue the incomplete characterization in paragraph 63 of the
21 content of its application for the '944 mark and further states that the content of that document is
22 self-evident. Palladium admits only that the language quoted in paragraph 63 appears in said
23 application.

24 64. Admitted.

25 65. Palladium denies Plaintiff's characterizations of the law contained in paragraph 65
26 and further states that legal requirements for obtaining a trademark registration, to which Plaintiff
27 apparently refers, are set forth accurately in the TMEP and CFR.

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1 66. Palladium denies Plaintiff's excerpted and incomplete characterization contained in
2 paragraph 66 of the Statement of Use filed in support of the '944 registration and further states
3 that the content of that document is self-evident.

4 67. Palladium denies Plaintiff's characterization of the contents of documents filed in
5 support of the '944 registration and further states that the content of those documents is self-
6 evident. Palladium further states that it lacks knowledge or information sufficient to form a belief
7 as to the effect of any of Palladium's submissions or representations on the actions taken by the
8 USPTO.

9 68. Admitted.

10 69. Palladium admits only that it submitted a specimen of use for the '944 registration
11 on December 15, 2006, but denies Plaintiff's characterization of the specimen and further states
12 that the content of the specimen is self-evident.

13 70. Palladium states that the '944 registration was in use at least for the categories of
14 video game software and equipment in Class 009 and for role playing and fantasy games, game
15 materials, game equipment, instruction and game tip manuals, and video game machines in Class
16 028, specific product classifications that Plaintiff may be infringing through the use of its RIFT
17 mark. To the extent that such filing claimed use on other goods, such claim was inadvertent and
18 made without intent to deceive the USPTO.

19 71. Palladium denies as untrue the excerpted and out-of-context material cited by
20 Plaintiff in paragraph 71 as standing for the proposition that Palladium was not using the mark
21 covered by the '944 registration and further denies as untrue the allegation that it was not using the
22 mark at the time the Statement of Use was filed.

23 72. Palladium denies as untrue the allegations of paragraph 72.

24 73. Palladium denies as untrue Plaintiff's characterization of the contents of the
25 complaint filed in the Eastern District of Michigan action and further states that the content of that
26 complaint is self-evident.

27 74. Admitted.

28 75. Admitted.

1 **FIRST CLAIM FOR RELIEF**

2 **Declaratory Judgment – Declaration of Noninfringement, Etc.**

3 76. Paragraph 76 requires no response.

4 77. Palladium admits that Plaintiff claims that an actual and justiciable controversy has
5 arisen and now exists between the parties as to the issues stated in paragraph 77. Palladium
6 further states that the resolution of any such controversy is more appropriate for resolution in
7 connection with Plaintiff’s affirmative Counterclaim being filed in conjunction with the filing of
8 this Answer.

9 78. Palladium admits that Trion Worlds desires a judicial determination of its rights
10 and obligations with respect to the Marks, and further states that the resolution of any such
11 controversy is more appropriate for resolution in connection with Plaintiff’s affirmative
12 Counterclaim being filed in conjunction with the filing of this Answer.

13 79. Palladium admits only that Plaintiff claims that a judicial determination of its rights
14 and duties is necessary and appropriate at this time, and further states that any determination of
15 such rights and duties is more appropriate for resolution in connection with Plaintiff’s affirmative
16 Counterclaim being filed in conjunction with the filing of this Answer.

17 80. Palladium denies as untrue the allegations of paragraph 80.

18 81. Palladium admits only that Plaintiff seeks a declaration that it has not and does not
19 infringe any of Palladium Books’ rights in the Marks and has not and does not engage in any false
20 designation of origin or unfair competition. Palladium further states that Plaintiff is not entitled to
21 any such declaration on the merits.

22 **SECOND CLAIM FOR RELIEF**

23 **Declaration that the ‘353 Registration is Descriptive and Lacks Secondary Meaning**

24 82. Paragraph 82 requires no response.

25 83. Palladium admits that Plaintiff claims that an actual and justiciable controversy has
26 arisen and now exists between the parties as to the issues stated in paragraph 83. Palladium
27 further states that the resolution of any such controversy is more appropriate for resolution in
28

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1 connection with Plaintiff's affirmative Counterclaim being filed in conjunction with the filing of
2 this Answer.

3 84. Palladium admits that Trion Worlds desires a judicial determination of its rights
4 and obligations with respect to the Marks, and further states that the resolution of any such
5 controversy is more appropriate for resolution in connection with Plaintiff's affirmative
6 Counterclaim being filed in conjunction with the filing of this Answer.

7 85. Palladium admits only that Plaintiff claims that a judicial determination of its rights
8 and duties is necessary and appropriate at this time, and further states that any determination of
9 such rights and duties is more appropriate for resolution in connection with Plaintiff's affirmative
10 Counterclaim being filed in conjunction with the filing of this Answer.

11 86. Palladium admits only that Plaintiff seeks a declaration that Palladium's '353
12 Registration is merely descriptive, lacks secondary meaning, and is not entitled to trademark
13 protection under the Lanham Act or common law. Palladium further states that Plaintiff is not
14 entitled to any such declaration on the merits.

15 **THIRD CLAIM FOR RELIEF**

16 **Cancellation of Federal Registrations**

17 87. Paragraph 87 requires no response.

18 88. Palladium denies as untrue the allegations of paragraph 88.

19 89. Palladium denies as untrue the allegations of paragraph 89.

20 90. Palladium denies as untrue the allegations of paragraph 90.

21 91. Palladium denies as untrue the allegations of paragraph 91.

22 92. Palladium denies as untrue the allegations of paragraph 92.

23 **PRAYER FOR RELIEF**

24 WHEREFORE, Palladium Books, Inc. respectfully requests this Court to enter a judgment
25 dismissing Plaintiff's request for relief on all counts; awarding Palladium its costs and expenses in
26 defending this action; and awarding Palladium such other and further relief as the Court deems
27 just.

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DEMAND FOR JURY TRIAL

Pursuant to Fed. R. Civ. P. 38, Palladium demands a trial by jury of all issues in this case triable to a jury.

Dated: June 28, 2010

Respectfully Submitted,
THE KAUFMAN LAW GROUP

By: _____/s/_____
Gary Jay Kaufman
Attorneys for Defendant and Counter-Plaintiff,
Palladium Books, Inc.