

IN THE UNITED STATES DISTRICT COURT  
FOR THE SOUTHERN DISTRICT OF TEXAS  
HOUSTON DIVISION

TRU KIDS INC.,	§	
<i>Plaintiff,</i>	§	
	§	
	§	
v.	§	CIVIL ACTION NO. 4:21-cv-03336
	§	JURY DEMANDED
	§	
ALI AFZAL ENTERPRISES, INC.,	§	
D/B/A TOYZ	§	
<i>Defendants.</i>	§	

DEFENDANT TOYZ’S OPPOSITION AND RESPONSE TO  
PLAINTIFF TRU KIDS INC., EMERGENCY MOTION FOR TEMPORARY  
RESTRAINING ORDER AND ORDER TO SHOW CAUSE FOR A PRELIMINARY  
INJUNCTION

TO THE HONORABLE COURT:

COMES NOW, DEFENDANT AFZAL ALI ENTERPRISES, INC., D/B/A TOYZ (incorrectly named Ali Afzal Enterprises, Inc.), in the above-styled matter and files this *Defendant TOYZ’s Opposition and Response to Plaintiff TRU Kids Inc.’s Petition and Application for Temporary Restraining Order and Temporary Injunction*. Pursuant to Fed. R. Civ. P. 65(a), and for the reasons set forth below, Defendant Afzal Ali Enterprises, Inc., d/b/a TOYZ, (“**TOYZ**”) respectfully shows unto the Court the following and requests that the Court deny Plaintiff TRU Kids Inc.’s requested relief.

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## INTRODUCTION

1. Based on a flurry of lawsuits Toys R Us (“TRU”) has recently filed against toy stores across the nation, it is readily apparent that TRU has made a calculated decision to eliminate competitors prior to its re-entry into the marketplace. In aiming for a comeback in 2022, TRU is evidently hoping to reclaim a position it lost several years ago when it filed for Chapter 11 bankruptcy protection and closed all its stores world-wide.
2. While TRU’s previous attempt to re-enter the market in December 2019 was an embarrassing flop, their strategy now is markedly different. The first time around, TRU, freshly reeling out of bankruptcy proceedings, opened two, small brick and mortar stores—one in the Galleria mall in Houston, Texas and the other in Westfield Garden State Plaza in Paramus, New Jersey—only to hastily abandon both locations months later without even bothering to remove their fixtures or branding.
3. TRU’s comeback strategy now appears focused on eliminating competition by accusing competing retailers of selling children’s toys in stores with brightly colored signage. To that effect, TRU has filed “emergency” lawsuits in not only this Court, but also in federal courts in New York and New Jersey. In this lawsuit, TRU asks the Court to immediately shut down competitor toy stores based on perverse allegations of trademark infringement. TRU has made similar requests in New York and New Jersey.
4. TRU alleges that TOYZ is attempting to capitalize on its good will. Nothing could be further from the truth. TOYZ would gain nothing by being confused with a company

that suffered a very public and humiliating bankruptcy. In fact, TOYZ would strongly prefer to have no association whatsoever with TRU and its associated failures.

5. In arguing that it is entitled to a manufactured “emergency” injunction, TRU completely ignores the fact that it operated across the open atrium area and down one floor from TOYZ when it opened its Galleria store in December 2019, yet TRU did not raise any complaint with regard to the TOYZ logo over the preceding two years. The TOYZ store was located in the Houston Galleria prior to TRU re-opening in December 2019 and it remained in the Galleria after TRU was forced to shutter. TRU can show no exigency in these circumstances.

6. Additionally, contrary to TRU’s claims, the TOYZ logo is not comprised of bubble font similar to TRU’s Toys R Us logo. In fact, the logo more closely resembles Comic Sans MS which is available in many word processing programs. The logo is multi-colored, as are countless brands associated with children. TRU’s attempt to commandeer the entire gamut of multi-colored logos is an unprecedented and unsupportable expansion of TRU’s trademark rights that must be curbed.

7. Moreover, TRU argues that TOYZ is a “shortened and misspelled version” of Toys R Us, which is another way of saying that TOYZ is nothing like its Mark, other than that they both include the word “toy.” Again, TRU’s attempt to restrict competitors use of the word “toy” in their branding runs afoul of the very principles of trademark law in claiming a descriptive element.

8. To the extent that a TOYZ location contains items (“**Abandoned Chattel**”) that were previously used in the TRU store, this is only because TRU *abandoned* those items when it closed its Galleria location in January 2021. Furthermore, per the terms of the standard lease agreement that TRU had signed with the common landlord, Simon Properties (“**Landlord**”), TRU assigned all rights to those Abandoned Chattel to the Landlord, who in turn provided an explicit license to the Abandoned Chattel to TOYZ.

9. TRU has suffered no harm caused by TOYZ, although it has indisputably suffered harm as a result of whatever mismanagement caused its bankruptcy and the shuttering of its stores world-wide.

10. Finally, TRU can show no likelihood that it will succeed on the merits of its claims and is, therefore, not entitled to injunctive relief.

## I. NATURE AND STAGE OF PROCEEDINGS

11. TRU filed its copyright and trademark infringement action under federal and Texas statutory and common law on October 12, 2021.

## II. ISSUES PRESENTED

12. Presently before the Court are five issues:

- (1) Is TOYZ likely to succeed in its defense of Tru Kids Inc.’s infringement claims under the Lanham Act?
- (2) Is TOYZ likely to suffer irreparable harm as a result of an order enjoining it from operating without the opportunity to litigate the claims on the merits?

- (3) Does the balance of equities weigh against the requested preliminary injunction?
- (4) Is a preliminary injunction in this case against the public interest?

### III. STANDARD OF REVIEW

13. To prevail on a request for a preliminary injunction, TRU must demonstrate: (1) a substantial likelihood of success on the merits; (2) a substantial threat of immediate and irreparable harm, for which he has no adequate remedy at law; (3) that greater injury will result from denying the temporary restraining order than from its being granted; and (4) that a temporary restraining order will not disserve the public interest. *Guy Carpenter & Co. v. Provenzale*, 334 F.3d 459, 464 (5th Cir. 2003); *Clark v. Prichard*, 812 F.2d 991, 993 (5th Cir. 1987). The party seeking such relief must satisfy a cumulative burden of proving each of the four elements enumerated before a preliminary injunction can be granted. *Mississippi Power and Light Co. v. United Gas Pipeline*, 760 F.2d 618 (5th Cir. 1985); *Clark*, 812 F.2d at 993. The Fifth Circuit has “made it clear in [their] decisions that preliminary injunctions will be denied based on a failure to prove separately each of the four elements of the four-prong test for obtaining the injunction.” *Plains Cotton Coop. Ass’n v. Goodpasture Comput. Serv., Inc.*, 807 F.2d 1256, 1261 (5th Cir. 1987). Additionally, the Supreme Court “has consistently rejected invitations to replace traditional equitable considerations with a rule that an injunction automatically follows a determination that a copyright has been infringed.” *eBay Inc. v. MercExchange, L.L.C.*, 547 U.S. 388, 392–93 (2006).



#### IV. SUMMARY OF THE ARGUMENT

14. TRU has failed to make an adequate showing as to all four factors which must be established in order to secure a preliminary injunction. TRU is not likely to succeed on its trade dress and trademark infringement claims because it cannot meet its burden with regard to any of the required factors. Nor has TRU proven a likelihood of dilution under a tarnishment theory. Further, despite the damaging, and potentially catastrophic, effects that an injunction would have on all of the employees who work at TOYZ, who - like all Houstonians - have felt the effect of the COVID pandemic, TRU has the temerity to argue that no harm would be suffered as the result of an injunction. This is especially egregious in light of the fact that TRU has made filings before The Commissioner of Trademarks claiming that it should be excused from findings of abandonment as to their Marks because of the COVID pandemic. *See* Exhibit B, Declaration of Jaime Uitdenhowen at page 2, ¶ 8. Further, TRU can show no exigency; it has been aware of TOYZ's store in the Galleria for almost 2 years and failed to make any complaint until now.

#### V. FACTUAL BACKGROUND

15. TOYZ opened for business in the Houston Galleria Mall, space 5105, in November 2018. *See* Exhibit A, Declaration of Farida Afzal, at page 1, ¶ 7. The store was located in the Nordstrom wing, downstairs by the escalators, next door to Nordstrom. *Id.* In December 2019, Toys R Us opened inside the Galleria at space 7270. *Id.* page 2 at ¶ 8. TRU has been aware of the TOYZ brand since at least as early as December 2019.

16. After TRU moved in, one of the managers came into TOYZ and asked to speak with a manager. *Id.* Because there was not a manager on site at the time, the TRU manager left her card. *Id.* Upon her return to the store, Farida Afzal, Vice President of TOYZ, went to the TRU store, presented the card, and spoke with the manager. *Id.* She and the TRU Manager discussed TOYZ opening a cart upstairs to sell items the TRU did not carry. *Id.* They also discussed the possibility of TRU purchasing toys from TOYZ in order to expand its product line. *Id.* TRU made no complaint about either the TOYZ name or logo before this lawsuit. It is clear TRU knew about the TOYZ logo for years. *Id.* at page 2, ¶ 14.

17. TOYZ did open the discussed cart on the other side of the mall but did not reopen it after the mall was closed due to COVID. *Id.* at page 2, ¶ 9. The TRU manager did not pursue the purchase of merchandize from TOYZ. *Id.*

18. When malls were allowed to reopen, TOYZ changed location to space 5150 in the Galleria. *Id.* at page 2, ¶ 10. The new location was downstairs and across the open atrium from the TRU location. *Id.* TOYZ and TRU each had a clear line of sight to the other store. *Id.*

19. Around the time that TRU closed their Houston location, TOYZ started looking for a larger location within the Galleria. *Id.* at page 2, ¶ 11. Working with mall management, TOYZ evaluated several available storefronts. *Id.* Among the locations was the former TRU location. *Id.* Galleria management recommended the defunct TRU site to TOYZ since it was already built out as a toy store, and it was available “as is” with regard to décor and

accessories. *Id.* TOYZ signed a lease agreement and moved into space 7270 in the Galleria in July of 2021. *Id.*

20. Mall management represented that the space was ready “as is” and that TOYZ was explicitly granted rights to use any existing set-up or build-out. *Id.* at page 2, ¶ 12. Upon taking possession of space 7270, TOYZ discovered that the storefront was littered with TRU paraphernalia and discarded items – the Abandoned Chattel. *Id.* TOYZ salvaged what it could and disposed of the rest. *Id.*

21. TOYZ signed the standard lease provided by Galleria mall management. *Id.* at ¶ 11. Per that lease, any improvements made by a tenant to the space become the property of the landlord upon expiration or termination of the lease, absent a separate agreement to the contrary. *See* Exhibit A-4, Lease, at page 6, ¶ 14, attached. Further, upon expiration or termination of the Lease, Tenant agrees to remove all personal property from the space. *Id.*, at page 6, ¶ 13. Instead, TRU chose to breach the Lease and not remove the Abandoned Chattel from the space and any personal property remaining in the space once vacated, is “conclusively” deemed abandoned and becomes the property of the Landlord *See* Exhibit A-4, at page 6, ¶ 13. Therefore, per the terms of the Lease, the Landlord had all rights to the Abandoned Chattel, which the Landlord subsequently provided an explicit license for the use of to TOYZ. This is the condition in which TOYZ took possession of the space. *See* Exhibit A, at page 2, ¶ 12.

## VI. ARGUMENT & AUTHORITIES

### A. TRU is Unlikely to Prevail on Either of its Trade Dress or Trademark Claims

22. To qualify for a preliminary injunction in a trademark infringement action, TRU must show a substantial likelihood of success on the merits of its infringement claim. *Enrique Bernat F., S.A. v. Guadalajara, Inc.*, 210 F.3d 439, 442 (5th Cir. 2000). To prevail on a trademark infringement claim, TRU must show "(1) that the mark or trade dress, as the case may be, qualifies for protection and (2) that [defendant's] use of the mark or trade dress creates a likelihood of confusion in the minds of potential consumers." *Pebble Beach Co. v. Tour 18 Ltd.*, 155 F.3d 526, 536 (5th Cir. 1998). Here, while TRU's creative works may qualify for protection, TRU fails to evidence TOYZ's use of its trademark in a way that is likely to cause confusion. Nor can TRU negate the contractual license granted to TOYZ to the Abandoned Chattel under the Lease that forms the basis for TRU's claims for trademark infringement.

23. In a trademark infringement claim, courts consider the following factors in evaluating the likelihood of confusion: (1) the type of trademark allegedly infringed, (2) the similarity between the two marks, (3) the similarity of the products or services, (4) the identity of the retail outlets and purchasers, (5) the identity of the advertising media used, (6) the defendants' intent, and (7) any evidence of actual confusion. *Elvis Presley Enter., Inc. v. Capece*, 141 F.3d 188, 194 (5th Cir. 1998). for the Court's consideration. *Scott Fetzer Co. v. House of Vacuums Inc.*, 381 F.3d 477, 485 (5th Cir. 2004); Lanham Trade-Mark Act, § 1 et seq., 15 U.S.C.A. § 1051 et seq. Trade dress claims are treated and evaluated in the same manner as trademark claims. *Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U.S. 763, 773, 112 S. Ct. 2753, 120 L. Ed. 2d 615 (1992) (noting that "the

protection of trademarks and trade dress under § 43(a) serves the same statutory purpose of preventing deception and unfair competition”). Indeed, the distinctions between trademarks and trade dress in the law have largely disappeared. *See* 1 J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 8:1 (4th ed. 2005) (“Today, many types of designations protectable as ‘trade dress’ are also registrable as ‘trademarks.’ Today, unregistered trade dress is protected under federal Lanham Act § 43(a) under the same rules as are trademarks.”).

### **The Type of Trademark Allegedly Infringed**

24. Despite having registered trademarks, TRU fails to carry its burden with regard to the standard for probability of confusion under the Lanham Act. “To establish a likelihood of confusion, TRU must show “a probability of confusion, which is more than a mere possibility of confusion.” *Viacom v. IJR*, 891 F.3d at 192. The likelihood of confusion is a question of fact. *Nat’l Bus. Forms & Printing, Inc. v. Ford Motor Co.*, 671 F.3d 526, 532 (5th Cir. 2012). Despite this, TRU has presented no evidence before this Court of either actual confusion or the likelihood of confusion.

25. Courts have held that strong marks are in need of stronger protection because their prevalence in society creates a scenario in which confusion could occur. Although TRU possesses strong marks around the Toys R Us franchise, none of the marks are for TOYZ or “Let’s Play.” In this situation, the prevalence and strength of the Toys R Us mark in fact protects against any confusion with TOYZ. Toys R Us is well known enough that one cannot overlook the difference between that name and the name TOYZ. There can also be

no confusion amongst English speakers between TRU's Mark of "C'mon Let's Play" and the simple phrase "Let's Play." Even in cases of parody, where the Mark is actually copied to an extent, courts have found that the strength of a Mark actually lessens the possibility of confusion. "That is, it is precisely because of the mark's fame and popularity that confusion is avoided, and it is this lack of confusion that a parodist depends upon to achieve the parody." *Tommy Hilfiger Licensing, Inc.*, 221 F. Supp. 2d at 416. "It is a matter of common sense that the strength of a famous mark allows consumers immediately to perceive the target of the parody, while simultaneously allowing them to recognize the changes to the mark that make the parody funny or biting." *Louis Vuitton*, 507 F.3d at 261.

### **The Similarity Between the Marks**

26. Here, there are no strong similarities between TRU's Mark and TOYZ. Even in its Motion for a Temporary Restraining Order, TRU is forced to concede this. It can do no better in comparing its Mark to TOYZ than describing TOYZ as "a shortened and misspelled version" of its Mark. *See* Pl.'s Tru Kids Inc., Mem. of Law in Supp. of Emergency Mot. for T.R.O. and Order to Show Cause for a Prelim. Inj. 5, ECF No. 4. This is simply another way of saying that the names are not similar in the least. TRU does not have a Mark for the word "toy," whether singular or plural. TRU's Mark contains a conventional pluralization of a descriptive word related to the services provided. The pluralization in TOYZ is clearly not conventional and is readily distinguishable from Toys R Us. Further, TRU's Mark contains 3 words, despite the fact that the center word is elided.

Tellingly, TRU has provided no evidence of actual confusion of the two marks since none exists.

27. TRU's argument around the font in its Mark is similarly weak. The Toys R Us logo is in a multicolor stylized bubble font while the TOYZ logo font is closer to the Comic Sans MS font, which is available in most word processing programs. For purposes of comparison, TOYZ refers the Court to the Toys R Us logo and the TOYZ logo. *See* Plaintiff Tru Kids Inc., Memorandum of Law in Support of Emergency Motion for Temporary Restraining Order and Order to Show Cause for a Preliminary Injunction at page 10, ECF No. 4. The following is typed in multicolor Comic Sans MS font:

**TOYZ** (For purposes of readability, the "Z" is colored orange rather than yellow)

The above TOYZ typed in multicolor Comic Sans MS is clearly much more similar to the TOYZ logo as depicted in Plaintiff's Motion than the TOYZ logo is to TRU's Mark. Again, TRU grasps at straws in an attempt to justify its overreaching claims.

The only similarity between the TOYZ logo and TRU's mark is that they are both meant to be eye-catching to children. They are both colorful; however, they are colorful in a way that can be found in almost any early elementary school classroom.

28. There are six primary and secondary colors: red, yellow, blue, green, orange, and purple. Of these six colors, TRU uses red, orange, green, and blue in its Mark while TOYZ uses blue, red, green, and yellow in its logo. The two do not even use the same color scheme, but TRU argues before the Court that its Mark gives it some sort of providence over all "Y's" that are rendered in the color green. This cannot be. TRU also fails to

acknowledge that its Mark uses a lower case “y” while TOYZ’s logo uses an upper case “Y.” TRU cannot show adequate similarity to prevail under this factor.

29. “‘Trade dress’ refers to the total image and overall appearance of a product” and “may include features such as the size, shape, color, color combinations, textures, graphics, and even sales techniques that characterize a particular product.” *Sunbeam Prods., Inc. v. West Bend Co.*, 123 F.3d 246, 251 & n.3 [\*\*16] (5th Cir.), *cert. denied*, 140 L. Ed. 2d 936, 118 S. Ct. 1795 (1997). With trade dress, the question is whether the “combination of features creates a distinctive visual impression, identifying the source of the product.” *Id.* at 251 n.3.” *Pebble Beach Co. v. Tour 18 I Ltd.*, 155 F.3d 526, 536 (5th Cir. 1998).

29. TRU argues that certain of its Abandoned Chattel amount to trade dress for its stores. In support of this, TRU points to the phrase “Let’s Play,” which TRU abandoned on the wall of the store. This is markedly not the same phrase (“C’mon Let’s Play”) that TRU has chosen to protect with registration under the Lanham Act. Let’s play is a common phrase that can be heard on the playground of any elementary school. There is nothing about that phrase that evokes TRU or its stores.

30. TRU next claims that its tree house comprises part of its trade dress, even if that were true, TOYZ has removed the decorative bits from the Abandoned Chattel that evoke TRU, namely images of Geoffrey the Giraffe and the name Geoffrey. Without those, the structure is merely a treehouse and play area for children, such as can be found in many establishments of various types. Further, the treehouse is a play area for children – an amenity that is commonly found in both toy stores and other establishments. Because of



its functional nature, the treehouse is outside of the realm of trade dress. Trade dress is not protectible and cannot be distinctive if it is functional--i.e, if the design “is one of a limited number of equally efficient options available to competitors and free competition would be unduly hindered by according the design trademark protection.” *Two Pesos*, 505 U.S. at 775.

31. Among TRU’s other Abandoned Chattel, is a so-called “magical mirror.” TRU holds no registration with regard to this item. Based on the pictures submitted by TRU, this is simply a mirror decorated to be attractive to children and it bears no immediate association with TRU or its Marks.

32. Another item of Abandoned Chattel is a candy stand. Candy stands can be found in a variety of establishments including convenience stores, craft stores, drug stores, grocery stores, movie theaters, video rental outlets, and various types of “big box” stores. There is nothing unique to the candy stand that can be found in TRU’s stores – and TRU makes no attempt to argue that there is. Again, this Abandoned Chattel is functional in nature; therefore, it is not entitled to protection as trade dress. *Id.* In other words, if TRU – or any other establishment – wants to sell candy, it must have some type of candy stand; a candy stand is almost universally an integral element in the sale of candy.

33. TRU also abandoned a “theater” in its former Galleria storefront. Again, there is nothing unique about this Abandoned Chattel. It is circular in shape – much like the famous Globe Theater that has been copied since Shakespeare’s day. It is also decorated in a

playful and colorful manner. There is nothing unique about the “theater” that evokes TRU or its stores.

34. TRU’s attempt to include a star motif rendered in yellow and orange as protectable trade dress is almost laughable. Because of the nature of stars, there is a limited palette in which they are generally rendered; this palette includes white, yellow, orange, silver, and gold. Countless children’s bedrooms are decorated with similar star motifs on both walls and ceilings. To argue that the motif is somehow unique to TRU strains credulity.

35. Finally, TRU points to another piece of Abandoned Chattel, which it merely terms “display stands.” It gives no further description of the stands and makes no argument about them as unique or immediately associated with TRU or its stores. TRU does include pictures of said stands, but they appear to be simply display stands filled with toys. *See* Pl.’s Tru Kids Inc., Mem. of Law in Supp. of Emergency Mot. for T.R.O. and Order to Show Cause for a Prelim. Inj. 15, ECF No. 4. Ultimately, though, the display stands are indisputably functional. There would be no way for any store to display its wares without some type of display stand. As can be seen in almost every retail establishment one enters, shelving of some sort is used to display some or all of the goods for sale.

36. In a nutshell, TRU’s argument around trade dress is nothing more than a vain attempt to co-opt a decorative style that can be found in almost any toy store. This type of décor is not limited to toy stores. It can also be found in elementary schools, the children’s section of libraries, various children’s museums, both indoor and outdoor playgrounds, and

in the children's clothing stores. Further, the majority of TRU's Abandoned Chattel is functional and not entitled to protection under the Lanham Act.

### **The Similarity of the Products or Services**

37. Clearly, both TOYZ and Toys R Us are toy stores and sell similar toys. There are products that TOYZ sells that Toys R Us does not sell. *See Exhibit A* at 2, ¶ 8. It is also likely that Toys R Us sells products which TOYZ does not sell. It is unlikely that these are the only toy stores in the Galleria area or the City of Houston that incorporate the word "toy" in their name and/or logo. This is because the word "toy" is descriptive of their services and therefore not entitled to Trademark protection under the Lanham Act. 15 U.S.C. §1052(e)(1). Further, "toy" is incapable of acquiring secondary meaning because the term "toy" is generic. *H. Marvin Ginn Corp. v. Int'l Ass'n of Fire Chiefs, Inc.*, 782 F.2d 987, 989, 228 USPQ 528, 530 (Fed. Cir. 1986). "Whether any given...term is generic, we hold, depends on whether consumers in fact perceive that term as the name of a class or, instead, as a term capable of distinguishing among members of the class." *United States Patent and Trademark Office v. Booking.com B. V.*, 140 S.Ct. 2298, 2307 (2020). TRU cannot credibly argue that the word "toy" could be used to distinguish among members of the "Toy Store" class. Since the descriptive and generic word "toy" is the only actual similarity between TRU's Mark and TOYZ's logo, there can be no infringement – even where the two companies offer very similar products. Therefore, TRU fails in its proof on this factor.

### **The Identity of the Retail Outlets and Purchasers**

38. TOYZ has one of its storefronts in the Houston Galleria. TRU has no store locations. However, when TRU did have a storefront in the Galleria, it was within a clear sightline of TOYZ. At no time while the stores were located within the same mall, did TRU complain or even raise the issue of any sort of trademark infringement and TRU does not allege that it has. At no time while the stores were located within the same mall, did TRU complain or even raise the issue of any sort of trademark infringement and TRU does not allege that it has. *Id.* page 2, at ¶ 14. However, when TRU did have a storefront in the Galleria, it was within a clear sightline of TOYZ. *Id.* page 2, at ¶ 10. TOYZ has one of its storefronts in the Houston Galleria. *Id.* page 2, at ¶ 7, 11. TRU has no store locations. However, when TRU did have a storefront in the Galleria, it was within a clear sightline of TOYZ. *Id.* page 2, at ¶ 10. At no time while the stores were located within the same mall, did TRU complain or even raise the issue of any sort of trademark infringement and TRU does not allege that it has. *Id.* page 2, at ¶ 14. It is disingenuous of TRU to now argue that this factor weighs in favor of its position.

It is disingenuous of TRU to now argue that this factor weighs in favor of its position.

### **The Identity of the Advertising Media Used**

39. In its motion, TRU does not distinguish at all between the fourth and fifth factors (identity of retail outlets and purchasers, and identity of advertising media used). It makes no argument whatsoever related to its advertising media. Therefore, TOYZ is unable to make any response with regard to this factor and these factors must be weighed in favor of the non-moving party, TOYZ. In the event that TRU Kids amends its motion or adds that

argument at oral hearing, TOYZ would ask that the Court grant it the ability to respond to said argument.

### **The Defendant's Intent**

40. TRU argues that the TOYZ logo was chosen in bad faith, however, it points to no evidence substantiating that claim. Furthermore, TRU was aware of and competed openly in the same shopping mall with TOYZ operating prominently for two years under the same logo that TRU disingenuously claims is in bad faith now as part of this manufactured “emergency” motion. The fact is that TRU abandoned its property, including some elements of its décor when it left the items in the storefront as Abandoned Chattel upon terminating its lease. *See Exhibit A-4* at 6, ¶ 13. Under the terms of the standard Galleria lease, when it abandoned the items, it ceded ownership of them to the Landlord. *See Exhibit A-4* at 6, ¶ 13, The Landlord was then free to lease those items along with the storefront itself to TOYZ, which it did. *See Id.* Therefore, TOYZ has an explicit license to the use of the Abandoned Chattel through the contractual terms of the Lease, as granted by the Landlord.

41. TOYZ did not copy anything owned by TRU. TOYZ did salvage some of the Abandoned Chattel items that the landlord included in the storefront when TRU took possession. As can be seen by the photos included in TRU’s motion, TOYZ made efforts to remove any markings with strong ties to Toys R Us, such as “Geoffrey” and images of the giraffe. Pl.’s Tru Kids Inc., Mem. of Law in Supp. of Emergency Mot. for T.R.O. and Order to Show Cause for a Prelim. Inj. 12, ECF No. 4.

42. In evaluating the question of intent, the Fifth Circuit has examined its holdings in a case that involved an allegation that a pizza parlor had misused elements protected under a Conan the Barbarian trademark. “Passing off may be found only where the defendant “subjectively and knowingly” intended to confuse buyers.” *Conan Properties, Inc. v. Conans Pizza, Inc.*, 752 F.2d 145, 150 (5<sup>th</sup> Cir. 1985), citing 2 J. Thomas McCarthy, *McCarthy on Trademarks and Unfair Competition* § 25:1, at 173; § 31:2, at 381 (1st ed. 1973). The court has noted that “the relevant inquiry is whether IJR intended to derive benefits from Viacom's reputation by using The Krusty Krab mark.” *Viacom Int’l v. IJR Cap. Invs., L.L.C.*, 891 F.3d 178, 195–96 (5th Cir. 2018). The court stated, “even when there was a ‘pervasive, inescapable aura of CONAN THE BARBARIAN,’ this court held that “sufficient doubt exists regarding whether that use was designed to capitalize on [plaintiff's] goodwill.” *Id.* at 196.

43. TRU has shown no evidence “that defendant acted with the intent relevant in trademark cases—that is, an intent to capitalize on consumer deception or hitch a free ride on plaintiff's good will.” *Tommy Hilfiger Licensing, Inc. v. Nature Labs, LLC*, 221 F. Supp. 2d 410, 419 (S.D.N.Y. 2002). All that TRU has done is cite case law. It has utterly failed to make any showing with regard to TOYZ’s intent.

### **Any Evidence of Actual Confusion**

44. TRU concedes that it has no evidence of actual confusion. Although TRU argues that it does not have to show actual confusion and it only need show the likelihood of confusion, it makes no showing in that regard either.

45. TRU claims that there is a likelihood of confusion because “purchasers of toys are not highly trained or likely to exercise particular care.” *See* Pl.’s Tru Kids Inc., Mem. of Law in Supp. of Emergency Mot. for T.R.O. and Order to Show Cause for a Prelim. Inj. 17, ECF No. 4. This argument borders on the ridiculous. Today’s parents are some of the savviest and best-informed consumers in the market. A person would have to have been under a rock for the last decade not to be aware of how conscientious parents are in making decisions for their children, not least decisions of what toys they should bring into their homes. It is hard to imagine what decisions parents would make with greater care than those decisions affecting their children. TRU has completely failed to carry its burden with regard to this factor.

**B. TRU is Unlikely to Succeed on the Merits of its Trademark Dilution Claim.**

46. TOYZ does not contest that TRU holds a distinctive and famous Mark. However, TOYZ argues vehemently that there is no substantial similarity between TRU’s Mark and the TOYZ logo. *See* ¶ 37 above. Therefore, there can be no dilution caused by TOYZ. TRU has made no showing that there is *any* dilution whatsoever.

47. TRU also argues that its Mark has been diluted by blurring. Once again, cites a lot of case law but submits *no evidence* in support of the proposition that TOYZ has caused blurring of its Mark. This is because there is no evidence of blurring.

48. The TOYZ logo is readily distinguishable from TRU's Mark. *See* ¶ 37, above. The only thing that the names have in common is the word "toy," which is a generic term that cannot be protected under the Lanham Act. *See* ¶ 37, above.

49. As discussed repeatedly above, any items of décor formerly belonging to TRU are in the storefront because TRU abandoned them and ceded ownership to the Landlord. Had TRU cared at all what happened to its property, it should have removed the property from the store when it vacated the premises. TOYZ removed the items most readily associated with TRU. *See* ¶ 20, above. TRU is not the only business to incorporate children's play areas in its establishment. Even restaurants often have play areas, in addition to toy stores, gymnasiums, bookstores, and myriad other businesses.

### **C. Issuance of a Preliminary Injunction Would Cause Irreparable Harm to Defendant**

50. Issuance of a preliminary injunction in this case would cause grave harm to TOYZ. TRU has maliciously timed this injunction one month prior to the Black Friday shopping holiday- the most critical period for any retailer over the entire calendar year that affects whether an entity operates profitably or not for the fiscal year. Ordering TOYZ to change a logo that it has been openly using at all of its stores since 2005 is unconscionable. *See Exhibit A* at 2, ¶13. It would have to close its doors at least temporarily and it would have



to overhaul much of its design. Design elements that TRU abandoned in the storefront and ceded ownership of to the Landlord. *See Exhibit A-4* at 6, ¶ 13. That might be an acceptable hardship if TRU had made the required showing with regard to its likelihood of success on its claims; however, TRU has done no such thing. It is TOYZ's contention that TRU has not suffered any harm, much less irreparable harm.

51. TRU argues that, where there is a high likelihood of confusion, that irreparable harm is established. However, TRU has shown *no* likelihood of confusion whatsoever. *See* ¶ 24 above.

52. TRU claims to have expended considerable resources to protect its intellectual property. However, many resources it may have expended, this argument rings hollow in light of the fact that TRU quite literally abandoned all of the items and design elements in the Abandoned Chattel of which it complains and ceded ownership of those items to the Landlord. TOYZ has a valid lease with the Landlord to use what was left in the store, even had it not taken the measures of removing details specifically associated with TRU. *See Exhibit A-4* and ¶ 20, above.

53. TOYZ has never attempted to give the impression that it is affiliated with TRU, and TRU has made no showing that it has. As it has throughout its motion, TRU simply makes conclusory statements as to harm without any actual evidence or proof. This cannot be sufficient to justify injunctive relief.

#### **D. Balance of Hardships Weighs Against Injunctive Relief**

54. In arguing with regard to the balance of hardships, TRU approaches the maudlin. TRU again claims to have heavily invested in protecting its intellectual property while blithely ignoring the fact that it literally *abandoned* its property and rights in the Abandoned Chattel, ceding ownership to the Landlord in so doing. See **Exhibit A-4** at 6, ¶ 13. TRU has the temerity to ask that the Court exhibit more care towards its intellectual property than it has. The fact is that TRU showed no regard for its intellectual property when it closed its Galleria storefront and now comes crying to the Court in an effort to change the past. TRU does not even have the forthrightness to admit this to the Court. TRU makes no adequate showing as to its claims of trademark infringement because it cannot make a showing as to something which does not exist.

#### **E. The Public Interest Weighs Against Injunctive Relief**

55. TRU argues that injunctive relief would eliminate the risk of consumer confusion; however, TRU has made absolutely no showing as to even a likelihood of consumer confusion. This is because there is no consumer confusion. There is no likelihood of consumer confusion.

56. TRU describes TOYZ's store as "unlawful and unauthorized." Pl.'s Tru Kids Inc., Mem. of Law in Supp. of Emergency Mot. for T.R.O. and Order to Show Cause for a Prelim. Inj. 25, ECF No. 4. This is ludicrous. There is nothing in TRU's motion supportive of the concept that TOYZ's stores are either unlawful or unauthorized. TRU throws those highly inflammatory descriptors out with not a scintilla of evidence to support them.

57. TRU argues that “public policy favors brand owners being able to protect the money, time, and other investments they have made...,” yet it is TRU’s own actions that ceded ownership of its trade dress to the Landlord. *See* Pl.’s Tru Kids Inc., Mem. of Law in Supp. of Emergency Mot. for T.R.O. and Order to Show Cause for a Prelim. Inj. 25, ECF No. 4. There can be no public interest in encouraging or ratifying this sort of conduct.

## VII. CONCLUSION

58. TRU has entirely failed to show that it is likely to succeed on the merits of any of its claims. TRU must overcome the contractual rights it granted to Landlord, and by extension TOYZ, to the Abandoned Chattel through the Lease. It has shown zero evidence of irreparable harm. In this case, a preliminary injunction would cause much greater harm, harm that would reverberate further through the Houston community as it would adversely affect not only the employees of TOYZ, but also their families. Issuance of a preliminary injunction would be antithetical to the strong public interest in favor of protecting American workers. For these reasons, TOYZ respectfully requests that the Court deny TRU’s motion for a preliminary injunction.

Dated: October 20, 2021

Respectfully submitted,

By: 

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Lema Barazi

**CERTIFICATE OF SERVICE**

I hereby certify that a true and correct copy of the foregoing will be served via the Court's ECF system to ECF registrants on October 20, 2021.



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Lema Barazi