



Court Deals Blow to Hasbro in Dispute Involving Transformers Trademark

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The storyline developed to market the "Transformers" line of toy robots that transform into vehicles and other objects is probably familiar to any child of the '80s and certainly to anyone who contributed to the box-office success of the 2007 Transformers movie and its sequels. It's a battle between Optimus Prime's virtuous Autobots and Megatron's evil Decepticons, an epic robot battle between good and evil.

A somewhat less epic battle is being waged in the Central District of California, where Hasbro, the owner of the Transformers brand, has sued Asus Computer International, a manufacturer of high-end electronics, for trademark infringement and dilution. See *Hasbro, Inc. v. Asus Computer Int'l, Inc.*, No. 11-cv-10437 (C.D. Cal. Mar. 23, 2012).¹

Hasbro owns a registration for TRANSFORMERS in class 28 for "toy action figures, toy vehicles, and toy robots convertible into other visual forms." Taking advantage of renewed interest in the Transformers brand (owing to the success of the recent film franchise), Hasbro launched the Emmy-nominated "Transformers Prime" animated television series in November 2010 and applied to register its TRANSFORMERS PRIME mark in classes 28 and 41.

On January 4, 2011, Asus announced the launch of its Eee Pad Transformer tablet computer, which uses Google's Android operating system and is capable of "transforming" from a tablet computer into a laptop when connected to a mobile docking station. The name did not go unnoticed by Hasbro, which sent Asus a cease-and-desist letter two weeks after the announcement. Asus's counsel responded, asserting that Hasbro's mark did not apply to netbook computers and that Asus's use of the term was merely descriptive. No further communications between the parties were exchanged, and Asus began selling the Eee Pad Transformer tablet in April 2011. On October 19, 2011, Asus announced the second generation of its tablet: the Eee Pad Transformer Prime.

¹ A copy of the opinion is available here: http://www.pattishall.com/pdf/2012-03-23_11-cv-10437_Hasbro_v._Asus.pdf.



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According to Asus, the word "prime" was added to signify the premium nature of the product and "to emphasize the tablet was first in time, rank, authority, and significance." It's also the last name of the Autobots' protagonist. Hasbro filed suit on December 16, 2011, and moved for a preliminary injunction shortly thereafter.

The district court denied Hasbro's motion on March 23, 2012. The court found that Hasbro failed to establish a likelihood of success on the merits of its claims, explaining, among other things, that Hasbro's computer-related products, including Transformers-themed USB storage devices, speakers, laptop skins, and a toy "educational laptop," were "gimmicky," while Asus's "sleek" products were anything but. The court held that this and other equitable considerations weighed against granting the "extraordinary and drastic remedy of preliminary relief."

The court accepted Asus's uncontroverted evidence that it would suffer considerable hardship from the recall of goods already in circulation—particularly in light of the very short window of opportunity for computer manufacturers to capitalize on the latest technology—and rejected Hasbro's claims of hardship in light of the fact that Hasbro waited eleven months after sending a cease-and-desist letter and eight months after Asus launched its original Eee Pad Transformer tablet before filing suit. Although it may have been the announcement of Asus's Eee Pad Transformer Prime tablet that ultimately pushed Hasbro into filing, Hasbro still waited two months before filing its complaint on the eve of Asus's second-generation tablet's launch.

One could argue that the court's focus should have been on the time between the announcement of Asus's second-generation Eee Pad Transformer Prime tablet and Hasbro's filing, but this is hardly the first case in which a court has resisted a party's claimed need of immediate injunctive relief in light of a perceived delay in bringing the matter before the court. Although the denial of a motion for preliminary injunction is not a total defeat, it is often more than meets the eye. A party making such a motion risks prematurely committing to legal theories and factual positions, losing goodwill with the court, and losing bargaining power with the defendant. Hasbro's ultimate likelihood of success remains to be seen, but the outcome of this dispute may easily be influenced by this early decision. Trademark owners and their counsel must carefully evaluate the strength of their claims and consider appropriate equitable concerns before seeking the "extraordinary and drastic remedy of preliminary relief."

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