

ESTTA Tracking number: **ESTTA604428**

Filing date: **05/15/2014**

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

Proceeding.	91216340
Applicant	Defendant Valoro, LLC
Other Party	Plaintiff Valero Marketing and Supply Company, Valero Payment Services Company
Have the parties held their discovery conference as required under Trademark Rules 2.120(a)(1) and (a)(2)?	No

Motion for Suspension in View of Civil Proceeding With Consent

The parties are engaged in a civil action which may have a bearing on this proceeding. Accordingly, Valoro, LLC hereby requests suspension of this proceeding pending a final determination of the civil action. Trademark Rule 2.117.

Valoro, LLC has secured the express consent of all other parties to this proceeding for the suspension and resetting of dates requested herein.

Valoro, LLC has provided an e-mail address herewith for itself and for the opposing party so that any order on this motion may be issued electronically by the Board.

Certificate of Service

The undersigned hereby certifies that a copy of this paper has been served upon all parties, at their address record by Facsimile or email (by agreement only) on this date.

Respectfully submitted,
/Robert H. Thornburg/
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05/15/2014

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

VALERO MARKETING AND SUPPLY
COMPANY, and VALERO PAYMENT
SERVICES,

Opposers,

v.

VALORO, LLC,

Applicant.

Opposition No. 91216340

Serial No. 85/948,619

**APPLICANT VALORO LLC'S UNOPPOSED MOTION
TO SUSPEND OPPOSITION PENDING OUTCOME OF CIVIL ACTION**

Applicant Valoro LLC ("Applicant"), by and through its undersigned attorneys, hereby moves (without opposition) the Trademark Trial and Appeal Board ("Board") to suspend the instant opposition proceeding pending the outcome of the May 8, 2014 filed declaratory action of trademark non-infringement currently pending between Applicant and Opposers Valero Marketing and Supply Company ("VMSC") and Valero Payment Services ("VPS") (both collectively "Opposers") in the Southern District of Florida, Miami Division. In support of this unopposed motion, Applicant shows the Board the following:

I. Background

Applicant is, among other things, an intellectual property holding company that owns three pending and subsisting applications before the USPTO for the mark **VALORO SYSTEMS**. One of these pending applications is Trademark Application Serial No. 85/948,619 filed on June 3, 2013 in International Class 36 (for "Prepaid purchase card services, namely, processing electronic payments through pre-paid cards"). Applicant licenses the rights to the

VALORO SYSTEMS mark, to an affiliate entity Valoro Systems LLC, which in turn markets, facilitates and offers certain turnkey technical solutions to the financial and banking industry, one of which includes finding and providing a processor and/or project manager for general purpose pre-paid reloadable card transactions.

On or about January 13, 2014, Applicant received a cease and desist letter from Opposers alleging that Applicant's **VALORO SYSTEMS** mark was likely to cause consumer confusion with Opposers' trademark registrations for the name **VALERO**. This demand letter alleged that Applicant's mark "would violate Valero's trademark rights" under the Lanham Act. In addition, that letter went further to address that unless Applicant agreed "not to use or apply to register any mark" such as **VALORO SYSTEMS**, then Opposers would "take whatever steps are necessary" including "litigation." Ultimately, Applicant (as well as Valoro Systems LLC) filed a declaratory action on or about May 8, 2014 in the Southern District of Florida (Case No. 1:14-CV-21694) (the "Miami Action") seeking a finding that Trademark Application Serial No. 85/948,619 (as well as two other pending trademark applications) for the **VALORO SYSTEMS** mark does not risk consumer confusion with Opposers' **VALERO** trademark registrations. Applicant sent a copy of the Complaint to Opposers' counsel, via email, that very same day.

Opposers filed on May 12, 2014 a notice of opposition regarding Applicant's Trademark Application Serial No. 85/948,619. In seeking opposition, Opposers alleged that Applicant's **VALORO SYSTEMS** mark risked confusion with the very same trademark registrations identified in Exhibit A to the Miami Action. Based on the fact that the allegations raised in the Miami Action have a direct bearing on the matters before the Board, Applicant met and conferred with Opposer's counsel on May 14, 2014 to address a suspension of this opposition

proceeding based upon 37 C.F.R. §2.117(a). In response, Opposer agreed not to oppose such a suspension request.

II. Request for Suspension

The Board has the discretion to suspend an opposition proceeding pending the outcome of another proceeding in another jurisdiction, and it is appropriate to do so in this case. 37 C.F.R. §2.117(a); *see Toro Co. v. Hardigg Industries, Inc.*, 187 USPQ 689 (TTAB 1975); *Tokaido v. Honda Associates, Inc.*, 179 USPQ 861 (TTAB 1973). The parties named in the opposition proceeding pending before the Board mirror those in the Miami Action (the only difference being that Valoro Systems LLC is not listed in the TTAB Opposition, as it is not the underlying applicant). Also, the Miami Action involves issues in common with those in the opposition proceeding; specifically, the Miami Action contains a claim for trademark non-infringement involving Applicant's use in commerce of the mark **VALORO SYSTEMS**, which it applied for under Trademark Application Serial No. 85/948,619. The outcome of the Miami Action will therefore directly impact and resolve the issues involved in this opposition proceeding, as well as many others affecting the parties.

Equitable considerations also favor suspension of the opposition proceeding because conducting two trials involving the same parties and the same issues is likely to result in unnecessary duplication of effort and expense. There is also the potential that simultaneous proceedings on these issues could effectuate inconsistent results.

For the reasons set forth above, Applicant respectfully requests that the Board suspend the instant opposition proceeding until final disposition of the Miami Action between the parties.

Dated: May 15, 2014

Respectfully submitted,

/Robert H. Thornburg /

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Attorneys for Applicant Valoro LLC

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that, pursuant to an agreement between the parties, a copy of the foregoing has been furnished via email this 15th day of May, 2014 to:

Steve Meleen
Pirkey Barber PLLC
600 Congress Ave., Suite 2120
Austin, Texas 78701
smeleen@pirkeybarber.com

/Robert H. Thornburg /

Exhibit A

**UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF FLORIDA**

VALORO LLC, a Florida Limited
Liability Company, and
VALORO SYSTEMS, LLC, a
Florida Limited Liability Company,

Case No. _____

Plaintiffs,

v.

VALERO ENERGY CORPORATION,
a Delaware Corporation, VALERO
MARKETING AND SUPPLY COMPANY,
a Delaware Corporation, and
VALERO PAYMENT SERVICES COMPANY,
a Virginia Corporation

Defendants.
_____ /

**COMPLAINT FOR DECLARATORY JUDGMENT
OF TRADEMARK NON-INFRINGEMENT AND NON-DILUTION**

Plaintiffs VALORO LLC (“VLLC”) and VALORO SYSTEMS LLC (“VSL”) (collectively “Valoro Systems” or “Plaintiffs”) for their declaratory complaint sounding in trademark non-infringement and non-dilution under the Lanham Act against Defendants VALERO ENERGY CORPORATION (“VEC”), VALERO MARKETING AND SUPPLY COMPANY (“VMSC”) and VALERO PAYMENT SERVICES COMPANY (“VPSC”) (collectively “Defendants” or “Valero”) hereby allege as follows:

PARTIES, JURISDICTION AND VENUE

1. This is an action for declaratory judgment by Valoro Systems against Defendants seeking a finding of non-infringement and non-dilution under the Lanham Act, as well as a similar finding under the common laws of the state of Florida that Valoro Systems has not engaged in any form of unfair competition against Defendants.

2. VLLC is a limited liability company formed and organized under the laws of the state of Florida having a business address at 2601 South Bayshore Drive, Penthouse 2, Miami, Florida 33133. Formed on or about May 22, 2013, VLCC is, among other things, an intellectual property holding company that owns three pending and subsisting applications before the United States Patent and Trademark Office (“USPTO”) for the distinctive mark **VALORO SYSTEMS**, including in the following stylized form:

VALORO SYSTEMS

In addition to being the owner of these three pending trademarks applications before the USPTO, VLCC also maintains common law rights to the distinctive mark **VALORO SYSTEMS**.

3. VSL is a limited liability company formed and organized under the laws of the state of Florida likewise having a business address at 2601 South Bayshore Drive, Penthouse 2, Miami, Florida 33133. Formed on or about September 21, 2013, VSL markets, facilitates and offers (as addressed in greater detail below in) certain turnkey technical solutions to the financial and banking industry, one of which includes finding and providing a processor and/or program manager for general purpose pre-paid reloadable card transactions.). Valoro Systems markets third-party solutions through certain exclusive licensed rights to the trademarks owned by VLLC, including those embodied in VLLC’s applications currently before the USPTO, as well as additional common law rights to the distinctive mark **VALORO SYSTEMS**.

4. VEC is a corporation formed and organized under the laws of the state of Delaware maintaining its corporate headquarters at 1 Valero Way, San Antonio, Texas 78249. Upon information and belief, VEC is a refiner, manufacturer and marketer of transportation fuels and related petrochemical products. Upon further information and belief, VEC maintains

approximately sixteen refineries throughout the United States, Canada, the United Kingdom and the Caribbean.

5. VSPC is a corporation formed and organized under the laws of the state of Virginia maintaining offices at 7201 Canyon Drive, Amarillo, Texas 79110. Upon information and belief, VSPC was formed on or about September 30, 2010. Upon further information and belief, VSPC is a subsidiary of VEC whose business purpose is to offer gift (and/or fuel) cards, fleet cards, as well as a non-networked credit card (through an affiliation with DSRM National Bank) – all of which are limited for use solely at VEC’s retail facilities (*i.e.*, Valero gas stations and convenience stores).

6. VMSC is a corporation formed and organized under the laws of the state of Delaware maintaining its corporate headquarters at 1 Valero Way, San Antonio, Texas 78249. Upon information and belief, VMSC is a subsidiary of VEC, whose purpose is to own and maintain certain trademarks, trademark registrations and related intellectual property of both VEC and VSPC, including those identified in **Exhibit A** hereto.

7. As set out in greater detail below, this is an action by Valero Systems against Defendants for declaratory judgment that Valero System’s use in interstate commerce of the mark **VALORO SYSTEMS** (through common law use, as well as its three pending trademark applications before the USPTO) does not infringe or dilute any trademark, trademark-related, or other alleged rights of Defendants regarding their mark **VALERO**, including with regard to the United States trademark registrations owned by Defendants identified at **Exhibit A** hereto.

8. This Court has jurisdiction of the subject matter under 28 U.S.C. § 1338, 1331 and 201 and the United States Trademark Act at Title 15 of the United States Code.

9. Jurisdiction and venue are appropriate over Defendants because they offer and/or maintain gasoline retail outlets and related convenience stores (locations where Valero gift, fuel and fleet cards can be used)) throughout Miami-Dade County, as well as throughout the Southern District of Florida. More specifically, venue is appropriate before this Court as Defendants' on-line advertising denotes how they maintain at least fifty (50) such retail outlets within a 25-mile radius of downtown Miami under the name **VALERO**. *See generally*, <http://www.valero.com/Stores/StoreLocator/pages/StationStoreSearchResults.aspx?QueryType=Address&Start=33125&End=33125&Radius=25&Services=&DirectionMode=&ButtonMode=&StoreNo=> (last visited on May 7, 2014).

STATEMENT OF FACTS

The Goal and Mission of Valero Systems

10. As part of its marketing of financial technical solutions, VSL markets certain third-party software platforms which electronically process prepaid card transactions. Chiefly, VSL markets general purpose, reloadable network payment cards and payroll cards, as well as electronic payments for services as a monetary transmitter for card-to-card, account-to-card, card-to-cash, and card to account transactions.

11. VSL markets, promotes, and helps negotiate business relationships and alliances between financial institutions, banks, government entities, as well as employers – all with the goal to foster and promote network based services that benefit the unbanked. Through the various proprietary and advanced card processing systems marketed by VSL, the company maintains a particular focus on offering financial transaction services to the unbanked, namely individuals whose demographic, socio-economic status, and/or personal situations, limits that

individual's opportunities and access to traditional banking, including the related debit and/or bank card offerings.

12. VSL markets to, and works directly with, financial institutions, banks and networks (*e.g.*, MasterCard®, Visa®, Discover®, etc.) to bring together the issuing, sponsoring, processing, and program management of reloadable prepaid cards and payroll cards to the unbanked in order to allow the unbanked opportunities to participate in mainstream merchant and vendor transactions through a network-accepted card transaction.

13. VSL markets to, and works directly with, government entities and employers to offer loadable payroll cards. Instead of obtaining a traditional check on payday, these payroll cards allow employees, contractors and staff to obtain their wages via a network-accepted card (*i.e.*, issued as part of a network such as Visa®, MasterCard®, or Discover®). Such payroll cards allow individuals to maintain their payday wages through a safe and secure system, instead of having to take the additional step of going to a check cashing store (or related payday merchant) which often impose a hefty check cashing / processing fee. As such, these payroll card systems create an additional benefit offered by employers to the unbanked, which ultimately allows their employees, contractors or staffers to maintain more of their hard earned take-home pay. VSL does not market, offer, or process any form of gift card.

14. With the rise and growing importance of electronic commerce - including popular online retail merchants such as Amazon®, Ebay®, and Zappos® - there is a viable need for the unbanked to have access to these forms of prepaid cards (and/or payroll cards) to purchase necessities, clothing, staples, consumer products, and related articles. It is this realized need, and the desire to improve the quality of life of the unbanked, that is the focus and motivation of VSL in their underlying marketing efforts and overall business dealings.

15. VSL, through management service agreements with third-party prepaid card processors, markets and facilitates these opportunities for the benefit of the unbanked under the distinctive mark **VALORO SYSTEMS** under license from VLLC. This mark was chosen because the word “Valoro,” translated from Spanish, means “*I Value*,” which is a testament to the mission of VSL, that each and every individual – regardless of financial status or economic station in life – should be *valued* and offered the benefit of card transactions in today’s ecommerce driven world.

The Valoro Systems Marks

16. VLLC, through assistance of counsel, has sought and requested appropriate registration rights before the USPTO, as available under the Lanham Act, for its distinctive mark **VALORO SYSTEMS** to market, promote and facilitate opportunities for the unbanked, including the underlying processing of prepaid card transactions.

17. Only a few days after its formation with the State of Florida Department of State Division of Corporations, VLLC filed, on June 3, 2013, with the USPTO Trademark Application Serial No. 85/948,619 (“the ‘619 Application”) under Section 1(B) for the standard character mark **VALORO SYSTEMS** in International Class 36 for “Prepaid purchase card services, namely, processing electronic payments through pre-paid cards.” Information regarding prosecution of the ‘619 Application before the USPTO is attached at **Exhibit B** hereto.

18. The USPTO conducted a search regarding the mark **VALORO SYSTEMS**, including under its English translation “*I Value*,” on or about September 19, 2013. Based upon that search, USPTO Trademark Examining Attorney Emily Chuo entered an examiners amendment the next day, based upon an examiners interview with VLLC’s counsel, which noted the translated meaning of the Spanish word “Valoro.” In issuing that examiner’s amendment, the

trademark examining attorney noted how she had “search[ed] the USPTO’s database of registered and pending marks and ha[d] found no conflicting marks that would bar registration under Trademark Act Section 2(d).”

19. On or about October 23, 2013, Trademark Examining Attorney Emily Chuo issued a notice of publication for the ‘619 Application which began a thirty-day opposition period which began on November 12, 2013.

20. As addressed below in greater detail, within this opposition window, Defendants have sought two separate extensions of time to potentially seek an opposition proceeding, under the theory that the mark **VALORO SYSTEMS** somehow risks consumer confusion with Defendants’ various **VALERO** marks for gasoline refinement as well as related trademark registrations regarding their convenience store and car wash services.

21. The ‘619 Application remains valid and subsisting under review before the USPTO.

22. In addition to the ‘619 Application, VLLC filed, on March 12, 2014, before the USPTO Trademark Application Serial No. 86/218,785 (“the ‘785 Application”) under Section 1(B) in both International Class 36 (for “Providing the platform and project management for electronic processing of prepaid card transactions; providing services as a money transmitter, and providing payments for services as money transmitter for card-to-card, account-to-card, card-to-cash and card-to account transactions, providing mobile payment solutions for commercial fleets and businesses”) and Class 42 (for “Computer software development in the field of processing prepaid card transactions”) for the standard character mark **VALORO SYSTEMS**. Information regarding prosecution of the ‘785 Application before the USPTO is attached at **Exhibit C** hereto.

23. The '785 Application remains valid and subsisting under review before the USPTO.

24. In addition to both the '619 Application and the '785 Application, VLCC filed on March 12, 2014 before the USPTO Trademark Application Serial No. 86/218,824 ("the '824 Application") under Section 1(B) in both International Class 36 (for "Providing the platform and project management for electronic processing of prepaid card transactions; providing services as a money transmitter, and providing payments for services as money transmitter for card-to-card, account-to-card, card-to-cash and card-to account transactions, providing mobile payment solutions for commercial fleets and businesses") and Class 42 (for "Computer software development in the field of processing prepaid card transactions") for the following stylized form of the mark **VALORO SYSTEMS**:

VALORO SYSTEMS

Information regarding prosecution of the '824 Application before the USPTO is attached at **Exhibit D** hereto

25. The '824 Application remains valid and subsisting under review before the USPTO.

26. The '619 Application, the '785 Application, the '824 Application and related common law rights to the mark **VALORO SYSTEMS** (collectively the "Valoro Systems Marks") owned and maintained by VLCC constitute valuable intellectual property rights, as they connote the considerable goodwill, repute, and notoriety (via licensure and use by VSL).

27. Valoro Systems markets, facilitates, and helps create opportunities to the unbanked, under the Valoro Systems Marks, including use of those marks when engaging with financial institutions, banks, government entities, and employers. However, Valoro Systems

does not brand any form of reloadable prepaid card or payroll card with any of the Valoro Systems Marks. Put another way, when a government entity and/or business issues and/or offers a pre-paid and/or payroll card based upon a deal marketed or realized by Valoro Systems – the actual physical card issued through the network (Visa®, MasterCard®, or Discover®) does not, on its face, include the **VALORO SYSTEMS** logo, branding, or suggest the name Valoro Systems to the ultimate consumer who will use the card.

Valero Energy Corporation Refinement and Retail Services

28. Unlike traditional petrochemical companies that refine sweet crude into gasoline, Defendants process cheaper high-sulfur, heavy crude oil into gasoline for purposes of sale.

29. Defendants draw their name “Valero” from the original name of The Alamo (“The Mission of San Antonio de Valero”), as Defendants are principally located in the San Antonio, Texas area.

30. Defendants provide these refined heavy crude oil offerings at various discount gas retailers – through a plurality of different named retail gas stations – including under the names Shamrock, Diamond Shamrock, Ultramar, Beacon, and Total. In addition to these five names, Defendants have also named some of their gas and retail stores under the name **VALERO**. Defendants maintain under these various retail outlets (including gas stations and on-site convenience stores) through the United States, approximately fifty of which are in the Miami area.

31. VEC’s CEO and President William R. Klesse has publicly admitted that these retail outfits are largely unprofitable and not a particular focus of VEC and its branding:

Retail marketing is really a very small part of our operations. Obviously, it draws a lot of attention, but in terms of profitability it's very small. We really have no plans to grow that business.

See Exhibit E.

32. Defendants maintain several trademark registrations before the USPTO for their primary business, namely the refinement of high-sulfur heavy crude oil into gasoline. This includes Trademark Registration No. 1,314,004 for the standard character mark **VALERO** for “Oil and Gas processing and distribution services” which was registered by the USPTO on January 8, 1985. Attached as **Exhibit F** is a true and correct copy of this trademark registration.

33. In addition, Defendants maintain Trademark Registration No. 3,688,322 in International Class 40 for the following stylized version of the mark **VALERO**:



for “Chemical processing services, namely, processing of petroleum feedstocks and chemicals, namely, mixed xylenes, benzene, toluene, propylene; petroleum refining; production of lubricant basestocks for others” which was registered by the USPTO on September 9, 2009. Attached as **Exhibit G** is a true and correct copy of this trademark registration.

34. Of the approximately seventeen (17) trademark registrations Defendants maintain for the name **VALERO** (including various stylized logos, including its script “V” type logo) - only two relate to **VALERO** branded retail outlets.

35. The first trademark, Registration No. 2,656,971 for the standard character mark **VALERO**, is in International Class 35 for (“convenience store services”) as well as Class 37 for (“Automobile Service station services and car wash services”) which was registered by the

USPTO on December 3, 2002. Attached as **Exhibit H** is a true and correct copy of this trademark registration.

36. The second trademark, Registration 2,656,973, is for the following stylized form of the mark **VALERO**:



is in International Class 35 for (“convenience store services”) as well as Class 37 for (“Automobile Service station services and car wash services”) which was registered by the USPTO on December 3, 2002. Attached as **Exhibit I** is a true and correct copy of this trademark registration.

Defendants’ Limited Gift and Related Payment Card Offerings

37. Defendants, specifically through subsidiary VSPC, maintain three specific forms of payment cards for purposes of allowing consumers to purchase gas and other convenience store items at its Valero retail outlets: (1) fleet cards; (2) gift cards; and (3) fuel cards. However, Valero’s cards are not network-accepted, cannot be used to withdraw cash at ATM’s, nor can these cards be used outside of Valero gas stations and on-site convenient stores. Furthermore, there are exclusions imposed on the items that can be purchased with these cards even when used at Valero’s gas station convenient stores.

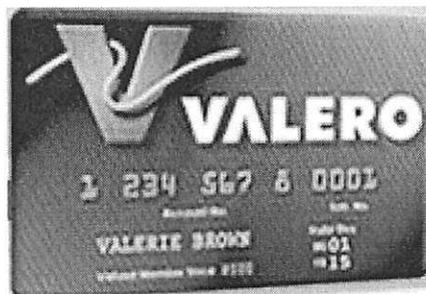
38. Specifically addressing Defendants' fleet card system, this card allows sales forces and transportation companies who purchase large amounts of gasoline to obtain fuel purchase discounts of up to 7 cents per gallon.

39. Defendants do not own any registrations before the USPTO (nor have applied for any applications pending before the USPTO) for any form of their fleet card.

40. Defendants also offer gift (and fuel) card offerings that allow individual consumers to pre-pay for cards (by purchasing and/or loading specific program cards) at Valero retail outlets (specifically, gas stations and related convenience stores). Like the fleet card system, these gift (and fuel) card programs only allow for purchases at the Valero retail outlets.

41. Defendants do not own any registrations before the USPTO (nor have applied for any applications pending before the USPTO) for any form of gift (fuel) cards.

42. In addition to these gift, fuel and fleet card offerings, Defendants have made a limited offering for a credit card to individual consumers, which is shown below:



Valero only offers a limited credit amount for such **VALERO** branded credit cards – with a maximum credit limit of \$2,500. Patrons can apply for this credit card over the phone or via mail – but not at Valero retail outlets. As shown, this credit card is not provided through traditional credit card networks.

43. Unlike traditional loyalty type cards (which allow patrons to accumulate points or other rewards for purpose with the underlying vendor), Defendants' credit card program only

allows the card to be used at a Valero gas station and convenience store. In addition, Defendants go further and restrict the type of items that can be purchased through its Valero credit card at Valero retail outlets. As such, not only is a Valero credit card incapable of being used for transactions outside a Valero retail outlet, but Valero, imposes greater restrictions on the things that a consumer may purchase. In addition, Valero charges a high 23% interest rate on its credit card. These high interest rates exceed Florida's 18% usury limits and approach other applicable maximums. (*See Fla. Stat. § 687.03*).

44. Defendants have applied for and obtained registrations for two trademarks regarding this credit card program.

45. On or about October 31, 2002, Defendants filed a Section 1(B) trademark application before the USPTO for the following mark in International Class 36 for "Credit card services":



Based upon this application, the USPTO issued Registration No. 2,938,790 to VMSC on April 5, 2005. Attached as **Exhibit J** is a true and correct copy of this trademark registration.

46. On or about October 5, 2011, Defendants filed a Section 1(a) trademark application for the standard character mark **VALERO** in International Class 36 for "Credit card services. Based upon this application, the USPTO issued Registration No. 4,216,650 to VMSC on October 2, 2012. Attached as **Exhibit K** is a true and correct copy of this trademark registration.

47. Upon information and belief, Defendants do not offer any form of prepaid card that allows purchases outside of Valero branded retail outlets.

48. Upon information and belief, Defendants do not perform the underlying electronic processing of its Valero branded credit card.

49. Upon information and belief, Defendants do not directly develop computer software in the field of processing prepaid card transactions.

50. Upon information and belief, Defendants do not directly provide services as a money transmitter.

51. Upon information and belief, Defendants do not directly provide electronic services relating to card-to-card, account-to-card, card-to-cash and card-to account transactions.

Defendants' Allegations of Trademark Infringement and Dilution

52. On or about January 13, 2014, Defendants (through their outside counsel) issued a cease and desist letter alleging that Valero Systems' use of the mark **VALORO SYSTEMS** was likely to dilute and/or cause consumer confusion with those trademark registrations previously identified in **Exhibits F, H-J**. A true and correct copy of this cease and desist letter is attached as **Exhibit K** hereto. This included allegations that Valero Systems' use of the mark **VALORO SYSTEMS** "would violate Valero's trademark rights" under the Lanham Act. In addition, that letter went further to address that unless Valero Systems agreed "not to use or apply to register any mark" such as **VALORO SYSTEMS**, then Defendants would "take whatever steps are necessary" including "litigation."

53. Moreover, the tone and tenor of **Exhibit K** suggested to Valero Systems that unless they stopped use of their mark **VALORO SYSTEMS**, that some form of litigation may ensue.

54. For the next three months, Valoro Systems (including through its outside counsel) attempted to clarify the salient differences between Valoro Systems' use of the Valoro Systems Marks – including their specific focus on targeting a different customer base as compared to Defendants. This included discussions with regard to how Valoro Systems Marks were advertised and promoted to financial institutions, banks, and government entities – as compared to how Defendants limited credit cards were targeted to end consumers (and specifically consumers who frequent Valero branded gas stations). In addition, Valoro Systems addressed how their pre-paid and payroll cards – marketed and facilitated through financial institutions and banks were focused on the unbanked – a specific and unique niche market.

55. To facilitate these discussions, Valoro Systems also provided to Defendants – under confidentiality obligations – Valoro Systems marketing and advertising presentations, such that Defendants could understand the underlying niche market in which Valoro Systems focuses. In addition, Valoro Systems clarified to Defendants that it does not offer gift cards, fuel cards, or fleet card services.

56. Despite these considerable good faith efforts, Defendants have continued to express threats that unless Valoro Systems abandons its name (as well as efforts to seek appropriate registration rights in its mark **VALORO SYSTEMS**) that litigation will ensue.

57. On March 12, 2014 Defendants (through their counsel) sought a second two-month extension of time for purposes of potentially seeking a TTAB proceeding to oppose the '619 Application.

58. On or about April 2, 2014, Defendants made additional written demands and threats with regard to Valoro Systems use of the mark **VALORO SYSTEMS**.

59. More recently on Friday, May 2, 2014 Defendants likewise made additional written demands and threats with regard to Valoro Systems use of the mark **VALORO SYSTEMS**, including additional suggestions of trademark dilution. In addition, these latest written threats also addressed Valoro Systems more recent trademark applications – the ‘785 Application and the ‘824 Application.

Grounds for Valoro Systems Request for Declaratory Relief

60. Defendants assertion that Valoro Systems’ use of the mark **VALORO SYSTEMS** for purposes of marketing and facilitating pre-paid and payroll card transaction services somehow infringes Defendants’ mark **VALERO** (as well as its stylized logo) depicted below for crude oil refinement:



creates a real and substantial controversy regarding Valoro Systems rights to continue to advertise, market, and promote its services under the Valoro Systems Marks.

61. There is a true and bona fide controversy whether Defendants can even suggest trademark infringement based upon its current trademark registrations, as Defendants do not offer any form of pre-paid card, payroll card, or any form of networked payment card that allows for purchases outside of Valero branded retail outlets. What is more, Defendants do not offer electronic processing of prepaid card transactions – nor do Defendants provide related services as a money transmitter.

62. A bona fide, actual, present and practical need for the requested declaratory judgment exists as a result of the trademark or trademark-related infringement allegations and dilution claims of other violations of proprietary rights currently threatened by Defendants.

63. A presently ascertained or ascertainable state of facts or a present controversy about the state of facts relating to these claims exists.

64. Valoro Systems' right to a declaratory judgment that it has not infringed and not diluted (and is not infringing or diluting) any trademark rights or other proprietary rights relating to Defendants depends upon the facts stated herein.

65. Defendants have an actual, present, and adverse interest in the subject matter of this request for declaratory judgment, as they are contending that Valoro Systems has infringed and/or diluted Defendants alleged trademark rights and violated other proprietary rights (including those identified in **Exhibit A**).

66. Defendants adverse interest in this request for declaratory judgment is properly before this Court.

67. On information and belief, the declaratory judgment requested by Valoro Systems is not the subject of any other pending court proceeding and depends on facts presently before the Court and is not a request for an advisory opinion.

COUNT I

DECLARATORY JUDGMENT OF NON-INFRINGEMENT REGARDING DEFENDANTS TRADEMARK REGISTRATIONS

68. Valoro Systems restates and incorporates by reference into this Count I the allegations of paragraphs 1 - 67 above as if fully stated herein.

69. This is an action against Defendants for declaratory judgment that Valoro Systems has not infringed (and is not infringing) any trademark rights that Defendants may have under the Lanham Act (including those listed in **Exhibit A**) or other statutes or law.

70. As previously addressed above, there are significant dissimilarities between Valoro Systems' Marks and Defendants' use of the mark **VALERO**.

71. First, Defendants primarily use the name **VALERO** for purposes of advertising their refined petroleum products, including gasoline. As a secondary use, Defendants use that name for certain retail outlets, including gas stations and convenience stores. Defendants do have limited payment card offerings in the form of a gift (fuel) card, a fleet card, and a non-networked credit card under the name **VALERO**. However, none of these cards can be used outside of Valero (and these cards are not networked with Visa®, Mastercard® or Discover®). Likewise, Valero does not engage in the processing of the underlying card transactions (nor are Defendants known as an issuer of such cards). In addition, Defendants do not focus on using the name **VALERO** for purposes of marketing and promoting software in the field of prepaid card processing. Finally, Defendants have not maintained any form of initiative or business focus to serve the unbanked.

72. In contrast, Valoro Systems' uses the distinctive mark **VALORO SYSTEMS** for purposes of marketing and facilitating prepaid cards and payroll cards for the unbanked, with the goal of creating opportunities for processors of prepaid card transactions. Valoro Systems creates the opportunities through traditional networks. Unlike Defendants limited use restrictions, Valoro Systems prepaid and payroll cards can be used anywhere within the network – for any variety of vendor or merchant transaction and at ATM's for cash withdrawal.

Accordingly, there are more dissimilarities than similarities between the underlying offerings between Valoro Systems and Defendants.

73. Furthermore, there are significant differences in the underlying customer base between Valoro Systems and Defendants. Defendants customer base is the typical end-consumer – *i.e.*, individuals interested in discount gas (or convenience stores). This hold true with the underlying focus of Defendants’ non-networked gift (fuel) cards, fleet cards, and credit card offerings under the name **VALERO** (to allow the general end consumer to buy gas and convenience items when visiting a gas station). However these offerings do not focus on providing opportunities to the unbanked, or to provide an ancillary benefit to employers to help assist the unbanked. In contrast, the marketing focus of Valoro Systems is not directed to the end-consumer, but rather those entities that assist, serve and employ the unbanked (including government entities and employers). In addition, the Valoro Systems Marks are used not only with these government entities and employers, but financial institutions and banks that sponsor, issue, and offer prepaid and payroll cards. When such payment cards are issued to the unbanked, the front of the card presents the name and logo of the issuing or sponsoring institution, not Valoro Systems.

74. Moreover, the underlying standard character marks are dissimilar as Valoro System’s mark **VALORO SYSTEMS** is different than **VALERO** (which geographically denotes the location of Defendants’ headquarters in San Antonio). Moreover, none of Defendants’ registered or common law marks ever include use of the term “Systems.”

75. To date, there are no known instances of any form of actual confusion by Valoro Systems, nor have Defendants been able to identify any such instance known to them.

76. Accordingly, Defendants have no right to limit or exclude Valoro Systems' use of the Valoro Systems Marks relating to marketing and facilitating prepaid payment card offerings. Similarly, Defendants have no right to prevent Valoro Systems use of the Valoro Systems Marks to advertise and market to financial institutions, banks, and government entities regarding and relating to electronic services relating to card-to-card, account-to-card, card-to-cash and card-to account transactions. Finally, Defendants have no right to prevent use of the Valoro Systems Marks regarding the offering and facilitating of software systems used to aide pre-paid card transactions, including payroll card offerings.

77. As Valoro Systems engages in advertising to a wholly different customer base, with completely different service offerings, offered under a different underlying mark, there is no likelihood of consumer confusion between the Valoro Systems Marks, and those trademark registrations identified as **Exhibit A**.

78. Likewise, as the Valoro Systems Marks have an entirely different overall appearance (and use different and distinct colors in their underlying advertising) there is again no confusion with the following logos and related indicia used by Defendants:



79. Accordingly, Valoro Systems is, therefore, entitled to a declaratory judgment that it does not infringe any of Defendants alleged trademark rights.

COUNT II

**DECLARATORY JUDGMENT OF NO DILUTION OF
DEFENDANTS TRADEMARK REGISTRATIONS**

80. Valoro Systems restates and incorporates by reference into this Count II the allegations of paragraphs 1 - 79 above as if fully stated herein.

81. This is an action against Defendants for declaratory judgment that Valoro Systems' use of the Valoro Systems Marks has not diluted, blurred, tarnished, or weakened Defendants' registrations (as provided in **Exhibit A**) under the Lanham Act.

82. Specifically, Valoro Systems' use of the Valoro Systems Marks have not blurred Defendants registrations (including those identified in **Exhibit A**) from association with oil refining services, gas station services, retail offerings, and gift card/ fleet card offerings. Likewise, Valoro Systems' use of the Valoro Systems Marks has not weakened Defendants registrations through unsavory or unflattering associations.

83. Defendants do not maintain any registered trademark rights that include the term **VALERO** with regard to gift cards, fuel cards, or fleet card offerings.

84. Moreover, Defendants' use of the name **VALERO** is not famous with regard to credit card offerings, gift card offerings, or related fleet card offerings.

85. Defendants do not maintain any trademark rights with regard to computer software (or services offered under computer software) to service prepaid card transactions.

86. Because the Valoro Systems Marks are different in appearance, shape, and meaning compared to Defendants registrations (and underlying standard character mark **VALERO**) there is no risk of dilution.

87. Likewise, because the Valoro Systems Marks are different in overall appearance compared to the various registrations shown and identified in **Exhibit A**, there is again no

dilution with Defendants advertising and marketing for oil refinement, as well as its retail outlets for gas stations and convenience stores (including but not limited to the credit cards, gift cards and fleet cards available for purchasing items as those stores).

88. Valoro Systems is, therefore, entitled to a declaratory judgment that it does not dilute any of Defendants alleged trademark rights.

COUNT III

DECLARATORY JUDGMENT OF NO VIOLATION OF COMMON LAW RIGHTS OF BCBSA

89. Valoro Systems restates and incorporates by reference into this Count III the allegations of paragraphs 1 – 79 above as if fully stated herein.

90. This is an action against Defendants for declaratory judgment that Valoro Systems has not violated (and is not violating) common law rights claimed by Defendants regarding marks, phrases, colors and logos used by Valoro Systems to market, advertise, promote and describe its pre-paid card electronic processing services (and underlying software offered through various ventures and related business relationships with financial institutions, banks, government entities, and businesses seeking prepaid card transactions and/or payroll cards).

91. Defendants claim to have superior common law rights actionable under the Lanham Act (and related state common law rights) regarding the name **VALERO**, as well as through the following logo:



which prohibits Valoro Systems from advertising, marketing, and promoting under the name **VALORO SYSTEMS**, including to advertise and promote under the Valoro Systems Marks, with regard to offering and/or facilitating electronic processing of pre-paid card transactions to financial institutions, banks, and government entities.

92. However, there are distinct differences in the overall sound, appearance and meaning between the Valoro Systems Marks and Defendants' marks (including but not limited to its **VALERO** mark).

93. Valoro Systems is therefore entitled to a declaratory judgment that the Valoro Systems Marks do not infringe any common law rights (including those actionable under the unfair competition laws of the state of Florida) that Defendants may have regarding the name **VALERO** and that Valoro Systems has sufficient rights and abilities under the Lanham Act to continue to advertise, market and promote under the Valoro Systems Marks.

PRAYER FOR RELIEF

WHEREFORE, Valoro Systems respectfully prays that this Honorable Court enter such Orders and Judgments as are necessary to grant Valoro Systems the following relief:

(a) A declaratory judgment that Valoro Systems' use of the Valoro Systems Marks does not infringe or dilute any trademark rights (including those identified and listed in **Exhibit A**) registered to Defendants.

(b) A declaratory judgment that Valoro Systems' use of the name **VALORO SYSTEMS** for advertising, marketing, promotional materials and related items does not infringe or dilute any trademark rights (including those identified and listed in **Exhibit A**) registered to Defendants.

(c) A declaratory judgment that Valoro System's use of the name **VALORO SYSTEMS** does not infringe or dilute any trademark rights owned by Defendants, including any rights it maintains in the name **VALERO**.

(d) A declaratory finding that Valoro Systems' advertising, marketing, promotional materials, and related items using the Valoro Systems does not infringe, dilute or otherwise violate any common law trademark rights belonging to Defendants.

(e) A finding that this is an exceptional case under the Lanham Act, and an award of Valoro Systems' reasonable costs and attorneys' fees under the Lanham Act, or any other statutes or laws under which Defendants is seeking relief related to Valoro System's use of the Valoro Systems Marks.

(f) Such other relief as this Court deems appropriate.

DATED this 8th day of May, 2014.

/s/ Robert H. Thornburg

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