

THIS OPINION IS NOT A
PRECEDENT OF THE TTAB

Mailed: April 24, 2017

UNITED STATES PATENT AND TRADEMARK OFFICE

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Trademark Trial and Appeal Board
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3rd Generation Enterprises Co., Corp.

v.

Day's Beverages, Inc.
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Opposition No. 91220327
—

Marc P. Misthal and Jonathan M. Purow of Gottlieb, Rackman & Reisman
for 3rd Generation Enterprises Co., Corp.

Alex R. Sluzas of Paul & Paul
for Day's Beverages, Inc.
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Before Quinn, Ritchie, and Masiello,
Administrative Trademark Judges.

Opinion by Quinn, Administrative Trademark Judge:

Day's Beverages, Inc. ("Applicant") filed an application to register the mark CITY CLUB (in standard characters) ("CLUB" disclaimed) for "soft drinks" in International Class 32.¹

¹ Application Serial No. 86337103, filed July 15, 2014 under Section 1(b) of the Trademark Act, 15 U.S.C. § 1051(b), based on an allegation of a bona fide intention to use the mark in commerce.

3rd Generation Enterprises Co., Corp. (“Opposer”) opposed registration under Section 2(d) of the Trademark Act, 15 U.S.C. § 1052(d), on the ground that Applicant’s mark, when used in connection with Applicant’s goods, so resembles Opposer’s previously used mark CITY CLUB for soft drinks as to be likely to cause confusion. As a second ground for relief, Opposer pleaded that Applicant is guilty of fraud in the filing of the present application.²

Applicant, in its answer, denied the allegations set forth in the notice of opposition. Applicant also alleged as an affirmative defense that, *inter alia*, Opposer abandoned its pleaded mark and, thus, is unable to establish priority.

Preliminary Matters

Opposer, in its brief, argues that Applicant lacked a bona fide intention to use the applied-for mark at the time it filed the application. 22 TTABVUE 22-23. In its brief Applicant objected based on the untimeliness of Opposer’s argument, contending that Opposer failed to plead this ground in the notice of opposition and, therefore, the Board cannot consider it. 25 TTABVUE 18-19.

It is well settled that an opposer, in briefing the case, may not rely on an unpleaded claim, and that to be able to do so the opposer's pleading must be amended, or deemed amended, pursuant to Fed. R. Civ. P. 15(a) or (b), to assert the claim.

² Opposer attached Exhibits A-G to the notice of opposition. Except in limited circumstances not present here, an exhibit attached to a pleading is not evidence on behalf of the party to whose pleading the exhibit is attached, but rather must be identified and introduced in evidence as an exhibit during the period for the taking of testimony. Trademark Rule 2.122(c). *See Baseball America Inc. v. Powerplay Sports Ltd.*, 71 USPQ2d 1844, 1846 n.6 (TTAB 2004); *see also* TBMP § 317 (Jan. 2017). Accordingly, to the extent that any of these exhibits were not properly made of record during trial, we have not considered them.

Hornby v. Tjx Companies Inc., 87 USPQ2d 1411, 1415 (TTAB 2008); TBMP § 314. Opposer never formally offered an amendment to its pleadings to assert a claim that Applicant lacked a bona fide intention to use the mark in commerce when Applicant filed its application. Thus, the only way for the Board to consider this claim at this stage would be if the trial record supports an effective amendment under Fed. R. Civ. P. 15(b). When an issue not raised by the pleadings is tried by the parties' express or implied consent, the Board will treat it in all respects as if raised in the pleadings. Fed. R. Civ. P. 15(b)(2).

Implied consent to the trial of an unpleaded issue can be found only where the nonoffering party (1) raised no objection to the introduction of evidence on the issue, and (2) was fairly apprised that the evidence was being offered in support of the issue. Fairness considerations are paramount in assessing whether an issue has been tried by implied consent — there must be an absence of doubt that the non-offering party is aware that the issue is being tried. *Productos Lacteos Tocumbo S.A. de C.V. v. Paeteria La Michoacana Inc.*, 98 USPQ2d 1921, 1927 (TTAB 2011), *aff'd*, Civ. No. 11-1623 (D.D.C. Mar. 30, 2017).

In the present case, we find that there was no trial, either expressly or impliedly, of such a claim. Applicant was never put on notice of this unpleaded claim before or at the trial stage. Rather, Opposer failed to raise this claim until it did so, for the first time in this case, in its brief. Accordingly, we decline to consider Opposer's claim in its brief that Applicant lacked a bona fide intention to use its mark in commerce at the time it filed its application.

As noted above Opposer pleaded fraud as a ground for relief. Opposer's brief on the case, however, is completely silent on this claim. If an opposer fails to reference a pleaded claim in its brief, the Board will deem the claim to have been waived. *Alcatraz Media, Inc. v. Chesapeake Marine Tours, Inc.*, 107 USPQ2d 1750, 1753 (TTAB 2013) (opposer's pleaded descriptiveness and geographical descriptiveness claims not argued in brief deemed waived), *aff'd*, 565 F. App'x 900 (Fed. Cir. 2014) (mem.); *Joel Gott Wines LLC v. Rehoboth Von Gott Inc.*, 107 USPQ2d 1424, 1426 n.3 (TTAB 2013) (opposer's pleaded descriptiveness claim not argued in brief deemed waived); TBMP § 801.01. Accordingly, Opposer's fraud claim has not been considered.

In sum, this case involves the issues of likelihood of confusion and the purported abandonment of Opposer's pleaded mark, which may impact Opposer's priority.

The Record

The record comprises the pleadings; the file of the involved application; trial testimony, with related exhibits, taken by Opposer; official records, website excerpts, and various business documents, including invoices, introduced by way of Opposer's notice of reliance; and Opposer's responses to Applicant's interrogatories, and website excerpts made of record through Applicant's notices of reliance.³ Both parties filed briefs.

Much of the most pertinent and probative evidence relating to abandonment has been designated as "confidential." As a result, this decision does not include the

³ Although various materials submitted by the parties comprise improper subject matter for introduction by a notice of reliance, the parties stipulated to their authenticity and admissibility, and neither party raised any objection. 14 TTABVUE. Accordingly, we have considered all of the evidence submitted by the parties at trial.

specifics of a record that clearly demonstrates there has been no abandonment of Opposer's mark.⁴ Wherever appropriate, we have attempted to use general language when referring to proprietary information.

Standing

Applicant contends that Opposer lacks standing to bring the present opposition: "There is no evidence of record that 3rd Generation has been refused registration based on Day's prior application. There is no evidence of record that 3rd Generation is currently using the CITY CLUB trademark, or that 3rd Generation intended to resume use after liquidating its inventory in 2012." 25 TTABVUE 14.

Standing is a threshold issue that must be proven in every *inter partes* case. *Empresa Cubana Del Tabaco v. Gen. Cigar Co.*, 753 F.3d 1270, 111 USPQ2d 1058, 1062 (Fed. Cir. 2014). *See also Lipton Indus., Inc. v. Ralston Purina Co.*, 670 F.2d 1024, 213 USPQ 185, 189 (CCPA 1982) ("The facts regarding standing ... must be affirmatively proved. Accordingly, [plaintiff] is not entitled to standing solely because of the allegations in its [pleading]."). Our primary reviewing court, the U.S. Court of Appeals for the Federal Circuit, has enunciated a liberal threshold for determining standing, namely that a plaintiff must demonstrate that it possesses a "real interest" in a proceeding beyond that of a mere intermeddler, and "a reasonable basis for his belief of damage." *See Empresa Cubana del Tabaco*, 111 USPQ2d at 1062 (citing *Ritchie v. Simpson*, 170 F.3d 1902, 50 USPQ2d 1023, 1025-26 (Fed. Cir. 1999)). A

⁴ The entirety of Opposer's testimonial deposition with related exhibits is designated as "confidential." Clearly not all of the testimony is truly confidential and, thus, to that extent, we have referred to certain portions of the testimony without risking the disclosure of proprietary information.

“real interest” is a “direct and personal stake” in the outcome of the proceeding. *Ritchie v. Simpson*, 50 USPQ2d at 1026.

The record includes a Trademark Electronic Search System (TESS) printout showing that Opposer filed, on August 29, 2014, Application Serial No. 86381287 to register the mark CITY CLUB (in standard characters) for “soft drinks.” 15 TTABVue 35. The record also includes, as detailed below, evidence showing Opposer’s use of the mark CITY CLUB for soft drinks.

Opposer’s use and application to register its mark demonstrate that it possesses a real interest in the present case beyond that of a mere intermeddler. Further, Opposer has shown that it has a reasonable basis for its belief of damage, especially given that Applicant is seeking to register the identical mark for identical goods. Accordingly, Opposer established its standing.

Likelihood of Confusion

The parties are direct competitors, and Applicant essentially does not dispute, with good reason, that the contemporaneous use of Opposer’s pleaded mark CITY CLUB for soft drinks and Applicant’s applied-for mark CITY CLUB for soft drinks is likely to cause confusion. We agree with the parties’ conclusion that contemporaneous use of their marks is likely to cause confusion in the marketplace among consumers; the marks are identical; and the goods are identical and move in the same trade channels to the same classes of purchasers. *See In re Viterra Inc.*, 671 F.3d 1358, 101 USPQ2d 1905 (Fed. Cir. 2012). Further, soft drinks are often relatively inexpensive, and subject to impulse purchase. “When products are relatively low-priced and

subject to impulse buying, the risk of likelihood of confusion is increased because purchasers of such products are held to a lesser standard of purchasing care.” *Recot Inc. v. M.C. Becton*, 214 F.3d 1322, 54 USPQ2d 1894, 1899 (Fed. Cir. 2000); *Specialty Brands, Inc. v. Coffee Bean Distributors, Inc.*, 748 F.2d 669, 223 USPQ 1281, 1282 (Fed. Cir. 1984).

Rather than contest these likelihood of confusion factors, Applicant argues that it has priority based on the filing date of the present application, namely July 15, 2014.⁵ More specifically, Applicant argues that the priority issue is rendered moot by Opposer’s abandonment of its previously established rights in the pleaded mark, thereby depriving Opposer of the ability to establish priority. Accordingly, we will focus our attention, as the parties have done, on whether Opposer’s mark was “previously used” and “not abandoned” as required by the statute. Priority is an element of the likelihood of confusion ground, and in order to prevail on its Section 2(d) claim, Opposer must establish that it has priority of use over Applicant. *United Global Media Grp., Inc. v. Tseng*, 112 USPQ2d 1039, 1047 (TTAB 2014). However, when a mark is abandoned, as Applicant claims occurred in this case, it becomes available for others to adopt and use as a trademark. Thus, we turn to consider the facts surrounding Opposer’s purported abandonment of its alleged mark CITY CLUB.

⁵ Applicant’s application is based on an intention to use the mark, and Applicant did not present testimony or any evidence to establish a priority date earlier than the filing date. An applicant may rely without further proof upon the filing date of its application as a “constructive use” date for purposes of priority. Section 7(c) of the Trademark Act, 15 U.S.C. § 1057(c) (contingent upon registration). *See Syngenta Crop Protection Inc. v. Bio-Chek LLC*, 90 USPQ2d 1112, 1119 (TTAB 2009).

Establishment of Use and Issues of Abandonment

Under Section 45 of the Trademark Act of 1946, 15 U.S.C. § 1127, a mark shall be deemed abandoned:

- (a) When its use has been discontinued with intent not to resume such use. Intent not to resume may be inferred from circumstances. Nonuse for 3 consecutive years shall be prima facie abandonment. “Use” of a mark means the bona fide use of such mark made in the ordinary course of trade, and not made merely to reserve a right in the mark.

There are two elements to an abandonment claim: nonuse of the mark and intent not to resume use. *Noble House Home Furnishings, LLC v. Floorco Enters., LLC*, 118 USPQ2d 1413, 1417 (TTAB 2016). If a party raising abandonment as an affirmative defense against prior common law rights can show three consecutive years of nonuse, it has established a prima facie showing of abandonment, creating a rebuttable presumption that the mark was abandoned with intent not to resume use. The burden of production (*i.e.*, going forward) then shifts to the other party to produce evidence that it has either used the mark or that it has intended to resume use. The burden of persuasion remains with the party attempting to prove abandonment by a preponderance of the evidence. *See On-Line Careline Inc. v. Am. Online Inc.*, 229 F.3d 1080, 56 USPQ2d 1471, 1476 (Fed. Cir. 2000); *Imperial Tobacco Ltd. v. Philip Morris Inc.*, 899 F.2d 1575, 14 USPQ2d 1390, 1393 (Fed. Cir. 1990); *Cerveceria Centroamericana, S.A. v. Cerveceria India, Inc.*, 892 F.2d 1021, 13 USPQ2d 1307, 1310 (Fed. Cir. 1989); *J.G. Hook, Inc. v. David H. Smith, Inc.*, 214 USPQ 662, 665 (TTAB 1982) (citing *Burroughs Wellcome Co. v. Warner-Lambert Co.*, 203 USPQ 191

(TTAB 1979). In the present case, of course, it is Applicant who is claiming that Opposer has abandoned its mark, thereby freeing up the mark for Applicant's adoption and use and, accordingly, negating Opposer's claim of priority.

The Board has applied the statutory presumption of abandonment based on a three-year period of nonuse "to a party's unregistered common-law mark." *Miller Brewing Company v. Oland's Breweries [1971] Limited*, 548 F.2d 349, 192 USPQ 266, 267 (CCPA 1976). Here, Applicant alleges that Opposer began "liquidating" its CITY CLUB inventory in July 2011; that Opposer has not used the mark since then; and that Opposer has failed to establish that its nonuse was excusable and that it had an intent to resume use. In response, Opposer contends that Applicant has failed to demonstrate a prima facie case of abandonment and that, in any event, any period of Opposer's nonuse is excusable.

Opposer is a family-run business operating out of a warehouse in Carlstadt, New Jersey. According to family member Mrs. Marlen Bracho, Opposer has been engaged in the trucking business, transporting soda "all of our lives." 17 TTABVUE 332.⁶

On November 5, 2008, Opposer purchased from Cott Beverages Inc. two marks for soft drinks, one of which is CITY CLUB. Cott Beverages Inc. owned Registration No. 2356463 for the mark CITY CLUB (in typed letters) for "soft drinks." 15 TTABVUE 38. The registration was assigned to Opposer on November 5, 2008, as

⁶ When Opposer commenced use of the mark, its corporate name was 3rd Generation Trucking Company. Opposer changed its name to 3rd Generation Enterprises Co., Corp., effective May 22, 2009, as reflected in the Certificate of Amendment to the Certificate of Incorporation issued by the New Jersey Division of Revenue. 15 TTABVUE 23.

reflected in an assignment agreement. 15 TTABVUE 25-33. Opposer failed to renew the registration, and it was cancelled on January 14, 2011. 15 TTABVUE 25-33.

Opposer has not done any actual bottling itself. 17 TTABVUE 342. When the CITY CLUB mark and registration were purchased, Cott Beverages informed Opposer that Opposer would need to search for their own manufacturing facilities. 17 TTABVUE 364. Opposer proceeded to find a bottler, giving the facility recipes for soft drinks produced under the mark CITY CLUB, which were then sold by Opposer and transported by Opposer to its distributors. 17 TTABVUE 343-348. Opposer receives product quality reports for certain production runs, and samples of the product itself are sometimes taken. 17 TTABVUE 343-345. When the soft drinks are ready, Opposer goes to the bottler to pick up the product; the product is brought back to Opposer's warehouse to await purchase and delivery to Opposer's customers.

The earliest invoice showing sales of CITY CLUB soft drinks by Opposer is dated November 10, 2009. 15 TTABVUE 41. Opposer's sales under the mark in 2009 totaled a few thousand dollars. Invoices in 2010 also are of record; sales in 2010 were slightly higher than the previous year. The record includes invoices showing sales under the mark in 2011, a year in which Opposer saw its sales increase substantially to a few hundred thousand dollars, with 90% of the sales made to a single customer. In 2012, sales significantly declined when Opposer lost its largest customer. The latest invoice for that year is dated July 18, 2012. 15 TTABVUE 42-46; 17 TTABVUE 352-353.

Then, on October 29-30, 2012, tropical storm Sandy struck New Jersey. 15 TTABVUE 149. The catastrophic storm devastated the area, and Opposer's

warehouse was flooded. Opposer's insurance claim indicates that once the storm caused a levee to break, electricity to the warehouse was lost, and with the power failure a sump pump could not keep up with the rising waters. As a result of the flooding, Opposer lost its inventory of soft drinks valued at a few hundred thousand dollars (including an unknown quantity of CITY CLUB product), as well as its computers and business records. 17 TTABVUE 384; 399. With respect to the inventory, Mrs. Bracho stated that "We lost it, a lot of it, probably all of it." 17 TTABVUE 354. Opposer filed a claim with its insurance company, but flooding was not covered by Opposer's property insurance and, thus, the insurance company declined coverage for Opposer's loss. 16 TTABVUE 129-36.

Although Opposer resumed selling soft drinks under one of its other marks (TOP POP) within 60 days, Opposer did not sell any soft drinks under the CITY CLUB mark in 2013. Mrs. Bracho testified that "We went through a very bad time in 2012 with Hurricane Sandy, and we just couldn't produce enough soda." 17 TTABVUE 353-54. She went on to say that "My competitors [including Applicant] attacked my customers because of my inability to provide product." 17 TTABVUE 357. Mrs. Bracho stated that Opposer resumed its sales of CITY CLUB soft drinks in 2014, but could not recall the exact month. 17 TTABVUE 357-58. Of record are invoices dated October 21, 2014, November 26, 2014 and December 12, 2014 showing sales of CITY CLUB soft drinks to a single customer. 17 TTABVUE 256-58. Opposer's total sales under the mark CITY CLUB in 2014 were a few thousand dollars. 19 TTABVUE 27. An invoice dated January 5, 2015 shows a sale to this same customer under the mark

totaling a few thousand dollars. 17 TTABVUE 259. According to Mrs. Bracho's testimony taken on September 17, 2015, Opposer's bottler was scheduled to deliver to Opposer 4000 cases of soft drinks under the mark CITY CLUB by early-mid October 2015. 17 TTABVUE 400; 421.

There is substantial evidence to show that Opposer did not abandon its mark. While Opposer stopped using its mark CITY CLUB in October 2012 due to tropical storm Sandy, it intended to resume use and, in fact, Opposer resumed use in 2014, only two years later. Thus, the maximum period of nonuse was two years, which does not meet the statutory standard for a deemed prima facie abandonment.⁷

The record shows sales under the mark CITY CLUB during the years 2009-2012 and 2014-2015. Although Opposer may have focused on its TOP POP mark post-Sandy, it does not necessarily follow that it abandoned its CITY CLUB mark. Opposer's sales revenue, while hardly impressive, is certainly of a magnitude that demonstrates prior and continuous use of the mark with no abandonment, rather than, as Applicant contends, mere "liquidation" of the brand. *Person's Co. Ltd. v. Christman*, 900 F.2d 1565, 14 USPQ2d 1477, 1481-82 (Fed. Cir. 1990) ("Although

⁷ Further, and in any event, that nonuse is excusable based on the impact of the storm Sandy on Opposer's business. Abandonment does not result from a temporary forced withdrawal from the market due to causes beyond the trademark owner's control; tropical storm Sandy qualifies, by anyone's standards, as a cause of excusable nonuse. As soon as the external cause passed, Opposer resumed use within a reasonable time. "To prove excusable nonuse, the registrant must produce evidence showing that, under his particular circumstances, his activities are those that a reasonable businessman, who had a bona fide intent to use the mark in United States commerce, would have undertaken." *Rivard v. Linville*, 133 F.3d 1446, 45 USPQ2d 1374, 1376 (Fed. Cir. 1998). Subsequent use may be probative of whether a party intended to resume use during a previous period of nonuse, and there is nothing to suggest that Opposer ever lacked the intent to resume use post-Sandy.

sales ... were often intermittent and the inventory of the corporation remained small, such circumstances do not necessarily imply abandonment. There is also no rule of law that the owner of a trademark must reach a particular level of success, measured either by the size of the market or by its own level of sales, to avoid abandoning a mark.”). See *Cumulus Media, Inc. v. Clear Channel Communications, Inc.*, 304 F.3d 1167, 64 USPQ2d 1353 (11th Cir. 2002) (Even though “use” means more than token use, a continuous low level use on business cards and an office sign constituted sufficient “use” to prevent a finding of abandonment at the preliminary injunction stage); *Bishop v. Equinox Int’l Corp.*, 47 USPQ2d 1949 (10th Cir. 1998) (trademark owner's sales fell during a five-year period to an average of 98 bottles per year, but no abandonment was found). Moreover, Opposer’s failure to renew its registration for CITY CLUB did not negate Opposer’s continuing common law rights in the mark based on Opposer’s bona fide use of the mark made in the ordinary course of trade. *Crash Dummy Movie, LLC v. Mattel, Inc.*, 601 F.3d 1387, 94 USPQ2d 1315, 1316-17 (Fed. Cir. 2010) (“cancellation of a trademark registration does not necessarily translate into abandonment of common law trademark rights”). See *Christian Faith Fellowship Church v. adidas AG*, 841 F.3d 986, 120 USPQ2d 1640 (Fed. Cir. 2016).

In view of the above, Applicant has failed to establish by a preponderance of the evidence that Opposer abandoned its mark. Opposer’s demonstrated use predates Applicant’s filing date, and Opposer has demonstrated its priority of use. Further, the parties’ contemporaneous use of the identical mark CITY CLUB for soft drinks is likely to cause confusion.

Opposition No. 91220327

Decision: The opposition is sustained, and registration to Applicant is refused.