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

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|---------------------------|--|
| Proceeding | 92056545 |
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| US FOODS, INC. |) | In the Matter of |
| |) | Reg. No. 1,536,352 |
| Petitioner, |) | |
| |) | For the Mark: VAL-U PLUS |
| v. |) | |
| |) | Registered On The Principal |
| |) | Register On: April 25, 1989 |
| ORCHIDS PAPER PRODUCTS COMPANY |) | |
| |) | Cancellation No. 92056545 |
| Registrant. |) | |

**PETITIONER'S OPENING BRIEF IN SUPPORT OF ITS PETITION
TO CANCEL REGISTRANT'S TRADEMARK REGISTRATION**

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**PETITIONER’S BRIEF IN SUPPORT OF ITS PETITION
TO CANCEL REGISTRANT’S TRADEMARK REGISTRATION**

Petitioner, US Foods, Inc. (“Petitioner”) submits this brief in support of its Petition to Cancel Registration (the “Cancellation Petition”) on the ground that Registrant, Orchids Paper Products Company (“Registrant”) has abandoned its registered trademark VAL-U PLUS, Reg. No. 1,536,352 (“Registrant’s Mark”) with no intent to resume use of the mark.

PROCEDURAL HISTORY

Petitioner filed its Cancellation Petition on December 6, 2012. Registrant filed its Answer on January 18, 2013. Each party submitted Initial Disclosures and each served and responded to Interrogatories, Requests for Production of Documents, and Requests for Admissions. The deposition of Rebecca Thomaselli, Regional Sales Manager of Registrant, was taken and filed on February 13, 2014.

STATEMENT OF FACTS

On February 22, 2012, Petitioner filed an application to register the mark VALU PLUS+ and Design for goods in Classes 8, 16, and 21 (“Petitioner’s Mark”). On June 8, 2012, an Office Action issued refusing registration of Petitioner’s Mark on the ground of likelihood of confusion under Section 2(d) of the Lanham Act. The Examining Attorney viewed Petitioner’s application

for use of its mark in connection with goods in Class 16 – namely, “bathroom tissue, paper napkins, paper towels; plastic wrap; and trash can liners” – as likely to cause confusion with Registrant’s Mark covering “bathroom tissue and paper towels” in Class 16.

In November 2012, Petitioner authorized an investigation to determine if Registrant’s Mark was still in use. On December 6, 2012, Petitioner filed the instant Cancellation Petition on the ground that Registrant abandoned its mark with no intent to resume use of the mark.

Registrant’s discovery responses reveal that, prior to the Cancellation Petition, Registrant’s Mark was last used in commerce in mid-2009. Registrant admitted that the last known sales of goods bearing the mark occurred in June 2009. (*See Registrant's Answers to Petitioner’s First Set of Interrogatories, Answer No. 1, attached as Ex. 2 to Petitioner’s Notice of Reliance.*) Confirming that its last commercial use of Registrant’s Mark was in mid-2009, Registrant identified only eleven documents evidencing that use, which spanned the six months between January and June 2009. (*See Registrant's Initial Disclosures, attached as Ex. 1 to Petitioner’s Notice of Reliance.*)

Registrant’s Regional Sales Manager confirmed in her deposition that after June 2009, Registrant did not use its mark, and that the period of non-use extended to December 2012, when the Cancellation Petition was filed.

- A. Number 7: “On information and belief, Registrant has not used the mark VAL-U PLUS in connection with bathroom tissue and paper towels for three consecutive years.”
- Q. Is that an accurate statement?
- A. That would be an accurate statement.
- Q. There was a period of time between the sale of VAL-U PLUS products to Bargain Barn in 2009 and the sale of those products to Bargain Barn in 2013 where there weren’t any sales of VAL-U PLUS products. Correct?
- A. There were no sales.

(Thomaselli Dep. at 64:1-11.) She was not aware of any sales of goods in connection with Registrant's Mark in 2010, 2011, or 2012.

- Q. Are you aware of any documents that exist that would evidence the sale of the back (sic) Orchids Paper VAL-U PLUS bath tissue in 2010?
A. VAL-U PLUS in 2010? Not that I'm aware of, no.
Q. I'm sorry, I didn't hear that.
A. No, I'm not aware of any sales in 2010.
Q. Okay. And in 2011, are you aware of any sales of the VAL-U PLUS bath tissue?
A. No.
Q. Are you aware of any sales of the VAL-U PLUS bath tissue in 2012?
A. No.

* * *

- Q. Are you aware of any sale of paper towels under the VAL-U PLUS name in 2010?
A. No.
Q. How about in 2011?
A. No.
Q. And in 2012?
A. No.

(*Id.* at 78:25-12, 80:3-9.)

Having admitted its long period of non-use of the mark, the most Registrant could say in its defense is that it intended to resume use of the mark in July 2013 – seven months *after* Petitioner filed its Cancellation Petition and *four years* after Registrant last used the mark in commerce. As discussed below, Registrant's after-the-fact evidence does not preclude a finding of abandonment and a resulting cancellation of Registrant's Mark.

SUMMARY OF ARGUMENT

Petitioner has made a prima facie showing that Registrant has not used Registrant's Mark for at least three consecutive years, from June 2009 to December 2012. Once a prima facie case is made, there is a presumption of abandonment. The burden then shifts to Registrant to show that it intended to resume use of the mark. Registrant failed to meet that burden in this case.

Registrant's after-the-fact evidence of its use of the mark in 2013 is insufficient to overcome the presumption of abandonment during the prior and relevant period of non-use.

ARGUMENT

A mark is deemed abandoned when its use has been discontinued with no intent to resume use. 15 U.S.C. § 1127. The evidence in this case establishes that Registrant abandoned its mark by discontinuing its use of the mark for a period of three and a half years prior to the filing of the Cancellation Petition with no intent to resume use of the mark.

A. Petitioner Established a Prima Facie Case of Abandonment Due to Registrant's Non-Use of Its Mark For Over Three and a Half Years.

Non-use of a mark for three consecutive years is prima facie evidence of abandonment. 15 U.S.C. § 1127; *see also Rivard v. Linville*, 45 U.S.P.Q.2d 1374, 1376, 133 F.3d 1446, 1449 (Fed. Cir. 1998) (registrant's non-use of mark for five years was prima facie evidence of abandonment); *Imperial Tobacco Ltd. v. Philip Morris, Inc.*, 14 U.S.P.Q.2d 1390, 1393, 899 F.2d 1575, 1579 (Fed. Cir. 1990) (registrant's non-use of mark for more than two years immediately preceding cancellation petition was prima facie evidence of abandonment);¹ *Cerveceria Centroamericana, SA. v. Cerveceria India Inc.*, 13 U.S.P.Q.2d 1307, 1310, 892 F.2d 1021, 1025 (Fed. Cir. 1989) (registrant's non-use of mark for eight years was prima facie evidence of abandonment); *see generally Imperial Tobacco*, 14 U.S.P.Q.2d at 1393, 899 F.2d at 1579 ("In effect, the presumption eliminates the challenger's burden to establish the intent element of abandonment as an initial part of its case.").

Here, it is undisputed that Registrant did not use its mark for over three and a half years prior to the filing of the Cancellation Petition. Registrant's Regional Sales Manager admitted

¹ The statutory non-use period was changed from two to three years as of January 1996 as a result of the Uruguay Round Agreements Act. *See generally* J. Thomas McCarthy, McCarthy on Trademarks and Unfair Competition § 17:19 (4th ed. 2012).

that Registrant had not used the mark in connection with bathroom tissue and paper towels for over three consecutive years and that Registrant sold no goods in connection with the mark in 2010, 2011 or 2012. (Thomaselli Dep. at 64:1-11, 78:25-12, 80:3-9.) Thus, Petitioner has met its burden of establishing a prima facie case of abandonment.

B. Registrant Failed to Meet Its Shifted Burden of Establishing An Intent to Resume Use of Its Mark.

Because Petitioner established prima facie evidence of Registrant's abandonment of Registrant's Mark, the burden shifts to Registrant to "put forth evidence with respect to what activities it engaged in during the non-use period or what outside events occurred from which an intent to resume use during the non-use period may reasonably be inferred." *Imperial Tobacco*, 14 U.S.P.Q.2d at 1394-95, 899 F.2d at 1581.

Registrant must present affirmative evidence of its intent to resume use; a mere denial of its intent to relinquish the mark is insufficient to overcome the presumption of abandonment. *Id.* ("Nothing in the statute entitles a registrant who has formerly used a mark to overcome a presumption of abandonment arising from subsequent nonuse by simply averring a subjective affirmative 'intent not to abandon' ... [because] [i]n every contested abandonment case, the respondent denies an intention to abandon its mark[.]"); *Rivard*, 45 U.S.P.Q.2d at 1376, 133 F.3d at 1449 ("A registrant's proclamations of his intent to resume or commence use in United States commerce during the period of nonuse are awarded little, if any, weight.").

Moreover, the relevant time period for which Registrant must show an intent to resume use is *during* the period of non-use, not afterwards. *E.g.*, *Cerveceria*, 13 U.S.P.Q.2d at 1313, 829 F.2d at 1027-28 ("When no evidence of intent to resume use is offered for a period of proven nonuse ... TTAB certainly may conclude the registrant has not met his burden of production, and thus has failed to rebut the presumption of abandonment."); *Imperial Tobacco*,

14 U.S.P.Q.2d at 1395, 899 F.2d at 1581 (focusing on registrant’s activities “*during* the non-use period”) (emphasis added); *Rivard*, 45 U.S.P.Q.2d at 1376, 133 F.3d at 1449 (same); *Specht v. Google, Inc.*, 110 U.S.P.Q.2d 1319, 1323, --- F.3d ----, 2014 WL 1330303, at *4 (7th Cir. Apr. 4, 2014) (“But the intent to resume use in commerce must be formulated *within* the three years of nonuse.”) (emphasis added).

Registrant has not met its burden of showing that it intended to resume use of the abandoned mark. Registrant’s attempts to preserve its rights to the mark through nominal activities during the three and a half years prior to the filing of the Cancellation Petition and its after-the-fact use of its mark in June 2013 are insufficient to rebut Petitioner’s prima facie showing of abandonment.

1. Registrant Did Not Attempt to Commercially Exploit The Mark During The Period of Non-Use and Its Nominal Activities Are Insufficient To Show An Intent to Resume Use.

A registrant may not “warehouse” a mark during the statutory non-use period. *Emmpresa Cubana Del Tabaco v. Culbro Corp.*, 213 F. Supp. 2d 247, 271 n.38 (S.D.N.Y. 2002) (“Warehousing, which is impermissible, occurs when one hoards a mark for future use without concrete intent to use it in the future.”); *see also* 15 U.S.C. § 1127 (“use” means “the bona fide use of a mark made in the ordinary course of trade, and not merely to reserve a right in a mark”). Even a reasonable business explanation for a stoppage in sales of goods bearing the mark is insufficient to avoid abandonment absent hard, objective evidence of an intent to resume use of the mark. *Emmpresa*, 213 F. Supp. 2d at 270.

Nor is nominal use of a mark during the statutory non-use period sufficient to avoid a finding of abandonment. *See, e.g., Rivard*, 45 U.S.P.Q.2d at 1376-77, 133 F.3d at 1449 (presumption of abandonment not rebutted by sporadic and half-hearted attempts to open salon

bearing mark); *Natural Answers, Inc. v. SmithKline Beecham Corp.*, 87 U.S.P.Q.2d 1200, 1204, 529 F.3d 1325, 1330 (11th Cir. 2008) (presumption of abandonment not rebutted by unsupported testimony regarding negotiations for joint venture to promote lozenges bearing mark); *Emmpresa*, 213 F. Supp. 2d at 271 (presumption of abandonment not rebutted by discussions of using similar trade dress or sending single cease and desist letter); *Anvil Brand, Inc. v. Consol. Foods Corp.*, 204 U.S.P.Q. 209, 215, 464 F. Supp. 474, 481 (S.D.N.Y. 1978) (presumption of abandonment not rebutted by depleting inventory of labels bearing mark by putting them on promotional shirts).

Here, Registrant simply warehoused its mark for three and a half years prior to Petitioner's filing the Cancellation Petition. In fact, Registrant's Regional Sales Manager admits that Registrant often keeps trademarks of no value or marketability on the off chance that a customer may, at some unspecified point in the future, place an order for products bearing the mark. (Thomaselli Dep. at 31:2-12.) Aside from Registrant's sales documents – which show that the last sale of any product bearing its mark during the relevant period was in June 2009 – Registrant has produced nothing to evidence its intent to resume use of the mark. (*Id.* at 80:15-90:8.)

The lack of sales of any products bearing Registrant's Mark from June 2009 to July 2013 (*id.* at 64:7-11) is instead indicative of Registrant's intent not to resume use of the mark. While the fact that Registrant's customers often purchase goods in bulk (which may increase the amount of time between sales) may constitute a reasonable business explanation for the sporadic nature of its commercial uses of the mark (*id.* at 66:6-10), even its Regional Sales Manager admits that periods of three and four years with no sales are "unusual" (*id.* at 64:20-23), and is more consistent with a finding of abandonment.

Registrant's apparent lack of concern regarding a complete stoppage in sales of products bearing its mark for years and years is also telling. Registrant did not advertise its products. (*Id.* at 62:13-15.) And aside from Registrant's Regional Sales Manager's vague testimony regarding a re-design of the art work for the mark – which could not be pinpointed to any particular date and is a nominal use at best – Registrant cannot point to any strategic plans for future promotion and commercial exploitation of the mark. (*Id.* at 75:12-78:6, 84:1-18) Even after the Cancellation Petition was filed, Registrant did not solicit further sales from its customers. (*Id.* at 61:6-12.)

At best, Registrant's evidence shows a possibility of commercial use of its mark. And had such a commercial use taken place, it would have been purely coincidental and not a product of Registrant's nominal actions to promote the mark. Registrant's evidence is plainly insufficient to rebut a showing of abandonment.

2. Registrant's Activities After Abandoning The Mark Are Irrelevant.

Registrant's attempt to use evidence that it sold goods bearing Registrant's Mark *after* the statutory non-use period already expired to prove an intent to resume use is unavailing.

In *ITC Ltd. v. Punchgini, Inc.*, 82 U.S.P.Q.2d 1414, 1421 n.9, 482 F.3d 135, 149 n.9 (2d Cir. 2007), the Court held that "...a mark holder's intent to resume use of the mark *must be formulated during the three-year period of non-use...*" (emphasis added) citing two other courts reaching a similar conclusion. See *Imperial Tobacco*, 14 U.S.P.Q.2d at 1395, 899 F.2d at 1581; *Emergency One, Inc. v. Am. FireEagle, Ltd.*, 56 U.S.P.Q.2d 1343, 1346, 228 F.3d 531, 537 (4th Cir 2000). Use that is subsequent to the statutory period is irrelevant because "[o]nce a trademark is abandoned, its registration may be cancelled even if the registrant resumes use." *Cerveceria*, 13 U.S.P.Q.2d at 1313 n.7, 829 F.2d at 1027 n.7.

The fact that Registrant received an order for goods bearing the mark in July 2013 – six months *after* the Cancellation Petition was filed and four years *after* Registrant’s last commercial use of the mark – is not only irrelevant but also suspicious. (*Id.*, Exs. 33-45.) Registrant has failed to meet its burden of proving that it had an intent to resume use of the mark *during* the long period of non-use. (Dep. at 80:15-81:8.) As a result, it is proper for the Board to find that Registrant abandoned its mark.

CONCLUSION

For the foregoing reasons, Petitioner respectfully requests that the Board find that Registrant has abandoned its registration for the VAL-U PLUS mark and cancel that registration.

Dated: May 29 2014

Respectfully submitted,

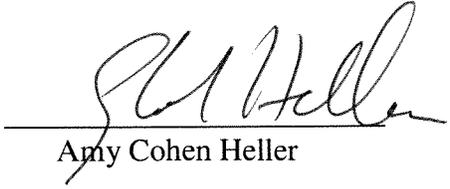
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CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing Petitioner's Brief in Support of its Petition to Cancel Registrant's Trademark Registration is being deposited with the United States Postal Service as first class mail, postage prepaid, in an envelope addressed to Anthony J. Jorgenson, Hall, Estill, Hardwick, Gable, Golden & Nelson, PC, 100 North Broadway, Chase Tower, Suite 2900, Oklahoma City, OK 73102, on this 29th day of May 2014.

Signature: _____


Amy Cohen Heller