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

Proceeding	92056545
Party	Defendant Orchids Paper Products Company
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**IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD**

US FOODS, INC.,

Plaintiff,

v.

**ORCHIDS PAPER PRODUCTS
COMPANY,**

Defendant.

Cancellation No. 92056545

REGISTRANT'S BRIEF ON THE CASE

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Registrant, Orchids Paper Products Company (“Orchids”), pursuant to Trademark Rules 2.126 and 2.128(a)(1) of the Trademark Rules of Practice, 37 C.F.R. §§ 2.126 and 2.128(a)(1), respectfully submits its Brief on the Case. As set forth herein, Petitioner has failed to sustain its burden to prove, by a preponderance of the evidence, that Orchids discontinued use of its registered trademark, VAL-U PLUS (the “Mark”), with the intent not to resume such use. Accordingly, the Petition to Cancel Registration (“Cancellation Petition”) should be dismissed. In support hereof, Orchids shows the Board as follows:

STATEMENT OF FACTS

Orchids manufactures paper at its paper mill, and converts tissue paper into bath tissue, towels and napkins at its production facilities in Pryor, Oklahoma. See Deposition of Rebecca Thomaselli, p.5, ll.18-22; p.6, ll.3-4, ll.8-13, ll.16-21. A portion of Orchids’ business consists of manufacturing private label paper products for smaller customers who do not maintain their own house brands. Id. p.61, ll.23-25; p.62, ll.2-18.

Orchids has long been the legal owner of Registration No. 1,536,352 for the mark, VAL-U PLUS, in connection with paper towels and bath tissue. Id. p.14, l.9 through p.15, l.15. VAL-U PLUS is one of a family of “VAL-U” marks Orchids developed, and has continuously used in the manufacture and sale of private label paper towels and bath tissue. Id. p.19, ll.11-21.

On June 8, 2012, Petitioner’s application to register the mark, VALU PLUS+ and design, was refused because it is confusingly similar to Orchids’ VAL-U PLUS mark. See Petitioner’s Brief on the Case at 1-2. In an effort to clear the path for registration of its own confusingly similar mark, Petitioner claims, on the basis of an investigation apparently conducted sometime between November 2012 and December 6, 2012, that Orchids abandoned the VAL-U PLUS mark. Id. Curiously, Petitioner cites no evidence for its claim that an investigation was actually performed, or that the supposed investigation revealed Orchids had stopped using the Mark. Id.

Indeed, had Petitioner actually performed an investigation prior to filing its Cancellation Petition it would have discovered that Orchids has never discontinued use of the Mark. Id. p.31, ll.2-4, 7-12; p.34, ll.6-8; p.60, l.9 through p.61, l.5; p.63, ll.3-24; p.66, l.20 through p.67, l.5; p.67, ll.7-18; p.68, ll.5-17, 19-21; p.82, l.18 through p.85, l.3. Rather, Petitioner would have discovered that any temporary and involuntary cessation of use was due entirely to the nature of VAL-U PLUS products, and the unique market conditions within which Orchids operates. Id. p.5, ll.18-22; p.6, ll.3-4, ll.8-13, ll.16-25; p.7, ll.5-20; p.61, ll.23-25; p.62, ll.2-18; p.64, ll.20-23; p.64, l.25 through p.65, ll.12-22; p.66, ll.2-19; p.83, ll.4-25. Petitioner also would have learned that Orchids stood ready, willing, and able to fill orders for VAL-U PLUS paper towels and bath tissue the entire time Petitioner claims VAL-U PLUS was discontinued. Id. p.38, ll.12-14.

Even assuming Petitioner could prove non-use of the Mark for a period of three consecutive years, Orchids clearly intended to, and did, resume use within a reasonably foreseeable time. Among other things, Orchids: (i) met regularly with senior management to discuss and develop marketing materials and commission new art work for VAL-U PLUS products; (ii) developed new VAL-U marks to add to its family of VAL-U marks, including VAL-U PLUS; (iii) promoted its VAL-U PLUS products by maintaining “spec sheets” and “financial analysis” materials for use of sales personnel in making sales calls; (iv) maintained packaging and shipping materials on hand so that it could quickly fill new orders for VAL-U PLUS products; and (iv) made bona fide sales of VAL-U PLUS products. Id. p.12, l.4 through p.13, l.3; p.13, ll.6-17; p.47, ll.21-25; p.82, l.18 through p.85, l.3; p.18, l.12 through p.19, l.10; p.33, l.20 through p.34, l.5; p.31, l.17 through p.32, l.6; p.32, l.9 through p.33, l.6; p.33, ll.8-18; p.33, l.20 through p.34, l.8; p.34, l.10 through p.35, l.9; p.35, ll.11-15; p.43, l.17 through p.44, l.20; p.44, l.22 through p.45, l.9; p.37, l.14 through p.38, l.14; p.38, l.16 through p.40, l.5; p.40,

1.7 through p.42, 1.5; p.42, 1.7 through p.43, 1.14; p.45, 1.10 through p.47, 1.25; p.85, 1.17 through p.87, 1.9; p.87, 1.11 through p.88, 1.11; p.91, 1.3 through p.93, 1.1.; p.48, 1.1 through p.60, 1.3; p.88, 1.3 through p.91, 1.6.

Petitioner cannot sustain its burden to prove that Orchids abandoned the VAL-U PLUS mark. Petitioner has failed to offer any competent evidence to establish that Orchids use of the Mark was discontinued. Even if evidence of a cessation in use for three consecutive years existed, that non-use was excused. Finally, any suggestion that Orchids abandoned its Mark is belied by overwhelming evidence of Orchids' intent to resume use of the Mark within a reasonable time. Therefore, and as discussed in greater detail below, the Cancellation Petition should be dismissed.

ARGUMENT AND AUTHORITIES

Under the Lanham Act, a trademark is abandoned when “its use has been discontinued with intent not to resume such use.” 15 U.S.C. § 1127. Accordingly, a party claiming that a mark has been abandoned must show “non-use of the name by the legal owner and no intent by that person or entity to resume use in the reasonably foreseeable future.” Stetson v. Howard D. Wolfe & Assocs., 955 F.2d 847, 850 (2nd Cir. 1992). See also Quality Candy Shoppes/Buddy Squirrel of Wisconsin, Inc. v. Grande Foods, 90 U.S.P.Q.2d 1389, 1393 (T.T.A.B. 2007) (citing On-Line Careline, Inc. v. America Online, Inc., 229 F.3d 1080, 56 U.S.P.Q.2d 1471, 1476 (Fed. Cir. 2000)).

Non-use for three consecutive years constitutes prima facie evidence of abandonment, creating a rebuttable presumption that the registrant has discontinued the mark without intent to resume use. See 15 U.S.C. § 1127; Cerveceria Centroamericana, S.A. v. Cerveceria India, Inc., 892 F.2d 1021, 1026, 13 U.S.P.Q.2d 1307, 1310 (Fed. Cir. 1989). Once this presumption is

triggered, the legal owner of the mark has the burden of producing evidence of either actual use during the relevant period, or intent to resume use. Id. at 1026.

While the party challenging a registration is entitled to the benefit of a statutory presumption of the registrant's intent not to resume use where use has been discontinued for three years, the ultimate burden of proof remains always on the challenger. Id. at 1025-26. Thus, where the registrant proffers evidence that its non-use was excusable, or that it intended to resume use of the mark in the reasonably foreseeable future, the mark cannot be cancelled. See Emergency One, Inc. v. American FireEagle, Ltd., 228 F.3d 531, 537-38 (4th Cir. 2000) (denying challenger's motion for summary judgment on issue of abandonment).

In this case, Petitioner failed to offer any evidence in support of its contention that Orchids discontinued use of the Mark for three consecutive years preceding the filing of the Cancellation Petition. Moreover, considering the nature Orchids' industry and the products at issue, the temporary discontinuance of the Mark, if any, is clearly excused. Finally, even if the Board concludes that Orchids voluntarily discontinued use of the VAL-U PLUS mark for the relevant period, Petitioner has clearly failed to establish that Orchids' discontinuance was coupled with the requisite "intent not to resume use." To the contrary, the evidence conclusively establishes that Orchids intended to, and did, resume use of the Mark within a reasonable time. Consequently, the Cancellation Petition is without merit and should be dismissed.

I. PETITIONER FAILED TO SUSTAIN ITS BURDEN TO PROVE THAT ORCHIDS DISCONTINUED USE OF THE MARK

As set forth above, non-use for three consecutive years constitutes prima facie evidence of abandonment. See 15 U.S.C. § 1127. Stated differently, three consecutive years of non-use creates a rebuttable presumption that the owner of the mark has no intent to resume use. See Cervecería Centroamericana, 892 F.2d at 1025-26.

“Because a trademark owner’s certificate of registration is ‘prima facie evidence of the validity of the registration’ and continued use of the registered mark, the burden of proof is placed upon those who seek cancellation.” Id. at 1023. Where, as here, the entity seeking cancellation fails to sustain its burden to prove non-use for three consecutive years, it is not entitled to the benefit of the presumption of abandonment created by 15 U.S.C. § 1127. See Electro Source, LLC v. Brandess-Kalt-Aetna Gp, Inc., 458 F.3d 931, 933, 80 U.S.P.Q.2d 1161 (9th Cir. 2006); cf. Empresa Cubana Del Tabaco v. Culbro Corp., 213 F. Supp.2d 247, 268 (S.D.N.Y. 2002) (“Because it constitutes a forfeiture of a property right, abandonment of a mark must be proven by clear and convincing evidence, and statutory aid to such proof must be narrowly construed.”) (citing Saratoga Vichy Spring Co. v. Lehman, 625 F.2d 1037, 1044 (2nd Cir. 1980)); International Stamp Art, Inc. v. United States Postal Serv., 78 U.S.P.Q.2d 1116 (N.D. Ga. 2005) (“A finding of abandonment effects an involuntary forfeiture of rights, so federal courts uniformly recognize that a defendant asserting the defense faces a ‘stringent,’ ‘heavy,’ or ‘strict burden of proof.’”) (quoting Cumulus Media, Inc. v. Clear Channel Communications, Inc., 304 F.3d 1167, 1175 (11th Cir. 2002)).

Petitioner concedes that it bears the initial burden to prove non-use of the Mark. In this regard, Petitioner contends that use of the Mark was discontinued “for at least three consecutive years, from June 2009 to December 2012.” See Petitioner’s Brief on the Case at 3. However, this statement ignores Orchids’ evidence that sales of VAL-U PLUS products continued beyond June 2009. Indeed, “unless the trademark use is actually terminated, the intent not to resume use prong of abandonment does not come into play.” Electro Source, 458 F.3d at 937-38.

Orchids’ Regional Sales Manager testified that in January 2009, Orchids sold 640 cases of VAL-U PLUS bath tissue to Bargain Barn, Inc. See Thomaselli Deposition, p.2, l.20 through

p.27, l.13. Those 640 cases of VAL-U PLUS bath tissue are the equivalent of 10,240 individual selling units. Id. p.20, l.2 through p.21, l.1.¹

The VAL-U PLUS bath tissue was shipped to Bargain Barn, Inc. at its headquarters in Athens, Tennessee on January 23, 2009. Id. p.25, ll.1-2; p27, l.24 through p.28, l.2. Bargain Barn has retail establishments in Tennessee, North Carolina, Kentucky, Alabama, and Georgia. See Registrant's Second Supplemental Answers to Petitioner's First Set of Interrogatories, No. 5, attached as Ex. 1 to Registrant's Notice of Reliance.

Bargain Barn continued selling VAL-U PLUS bath tissue at its retail establishments until at least June 2009.² Id.; Thomaselli Deposition, p.27, l.14 through p.28, l.11; p.28, l.14 through p.29, l.4; p.29, ll.8-14; p.29, l.16 through p.30, l.8. Bargain Barn's point of sale records show that it had sold only 1,209 of the 10,240 units of VAL-U PLUS bath tissue shipped to it by Orchids from January 23, 2009 through June 30, 2009. Id. Bargain Barn did not order additional VAL-U PLUS products from Orchids until July 12, 2013, for delivery in December 2013. Id. p.48, l.1 through p.60, l.3. Consequently, the evidence suggests, and Petitioner cannot dispute, that Bargain Barn sold the remaining 9,031 units of VAL-U PLUS bath tissue sometime between June 30, 2009 and December 2013.³

¹ Ms. Thomaselli testified that each case sold to Bargain Barn contained 16 individual selling units. Id. p.20, ll.2-21. Multiplying 640 cases by 16 selling units per case yields 10,240 individual selling units.

² "Use" within the meaning of the Lanham Act means "the bona fide use of a mark in the ordinary course of trade, and not made merely to reserve a right in a mark." 15 U.S.C. § 1127; see Emergency One, 228 F.3d at 536. As evidenced by the statements contained in its Brief on the Case, Petitioner admits that retail sales of VAL-U PLUS bath tissue at Bargain Barn establishments in 2009 and beyond constitute "use" sufficient to toll the running of the statutory non-use period. See Petitioner's Brief on the Case at 2-3.

³ Although Petitioner bears the burden to prove that use of the Mark has been discontinued for three consecutive years to invoke the statutory presumption of abandonment, Petitioner did not

Abandonment requires total cessation of use. Electro Source, 458 F.3d at 938. Moreover, abandonment is a question of fact; thus, any inference of abandonment must be based on proven fact. Quality Candy, 90 U.S.P.Q.2d at 1393. “The protection due the registrant is provided by requiring that the inference have an adequate foundation in proven fact. Whenever an inference is based on pure speculation . . . a prima facie case of abandonment must fail.” Cerveceria Centroamericana, 892 F.2d at 1024.

Petitioner contends that in November 2012, it authorized an investigation to determine if the Mark was still in use. See Petitioner’s Brief on the Case at 2. However, Petitioner offers no evidence to suggest whether that supposed investigation was ever performed, or whether the Mark was still in use, and if not, when use of the Mark was discontinued. Rather, Petitioner simply infers, without any evidentiary support, that an investigation was conducted which revealed that Orchids had discontinued use of the Mark at some time prior to December 6, 2012. Id. Conversely, and as detailed above, Orchids has offered undisputed evidence that use of the Mark has never ceased. In fact, and as discussed below, Orchids shipped large quantities of VAL-U PLUS products to Bargain Barn for resale as recently as December 2013.

Simply put, Petitioner cannot demonstrate by any competent evidence when, if at all, the Mark ceased being used. As a result, Petitioner has failed to sustain its burden to prove that the Mark was not used for three consecutive years prior to the filing of the Cancellation Petition. Petitioner’s suggestion that use of the Mark was discontinued in June 2009 is pure speculation. In the absence of evidence that use of the Mark was ever discontinued, or when such discontinuation is claimed to have occurred, the Cancellation Petition must be denied. See Electro Source, 458 F.3d at 941 (vacating order cancelling mark because evidence of use

seek discovery regarding retail sales of VAL-U PLUS products from Bargain Barn or any of Orchids’ other customers during the discovery period in this proceeding.

defeated abandonment claim); Cerveceria Centroamericana, 892 F.2d at 1024 (holding prima facie case of abandonment fails without “an adequate foundation in proven fact”); Toufigh v. Persona Parfum, Inc., 95 U.S.P.Q.2d 1872 (T.T.A.B. 2010) (dismissing petition to cancel on grounds of abandonment where petitioner failed to establish a prima facie case that respondent had not used its mark for at least three consecutive years).

II. ORCHIDS’ TEMPORARY AND INVOLUNTARY DISCONTINUANCE OF THE MARK, IF ANY, WAS EXCUSABLE CONSIDERING THE NATURE OF THE PRODUCTS AND ORCHIDS’ INDUSTRY

As set forth above, Petitioner failed to sustain its burden to establish non-use, or even the date it contends Orchids discontinued use of the Mark. However, even assuming Orchids discontinued use of the Mark in June 2009 as Petitioner suggests, the record evidence shows that Orchids’ non-use between June 2009 and the filing of the Cancellation Petition was excusable. Therefore, Petitioner is not entitled to the benefit of a statutory presumption that Orchids abandoned the Mark in June 2009.

“If a registrant’s nonuse is excusable, the registrant has overcome the presumption that its nonuse was coupled with an ‘intent not to resume use[.]’” Imperial Tobacco, Ltd. v. Phillip Morris, Inc., 899 F.2d 1575, 1581, 14 U.S.P.Q.2d 1390 (Fed. Cir. 1990). See also Star-Kist Foods, Inc. v. P.J. Rhodes & Co., 769 F.2d 1393, 1396, 227 U.S.P.Q. 44, 46 (9th Cir. 1985) (opining that prima facie abandonment “may be rebutted by showing valid reasons for nonuse or by proving lack of intent to abandon.”). Of course, whether temporary non-use of a particular mark is excused is a fact-specific inquiry that depends upon the unique circumstances of the case. See, e.g., id. (no abandonment where temporary cessation of use caused by changing or depressed market conditions); Sterling Brewers, Inc. v. Schenley Indus., Inc., 441 F.2d 675, 169 U.S.P.Q. 590 (C.C.P.A. 1971) (intent to abandon not shown where business closed because of strike, and decision not to re-open was a qualified one); Menendez v. Faber, Coe & Gregg, Inc.,

345 F. Supp. 527, 174 U.S.P.Q. 80 (S.D.N.Y. 1972) (temporary suspension of business beyond control of trademark owner does not destroy trademark rights); cf. Emergency One, 228 F.3d at 537 (“Of course, what is meant by the ‘reasonably foreseeable future’ will vary depending on the industry and the particular circumstances of the case.”).

Orchids manufactures paper, and converts tissue paper into bath tissue, towels and napkins under private labels. See Thomaselli Deposition, p.5, ll.18-22; p.6, ll.3-4, ll.8-13, ll.16-21. The VAL-U PLUS mark is one of Orchids’ private labels. Id. p.6, ll.22-25. Orchids sells its paper products to a variety of customers, including Petitioner. Id. p.7, ll.5-20. However, Orchids primarily sells its private label paper products, such as VAL-U PLUS, to smaller customers who do not maintain their own house brands. Id. p.61, ll.23-25; p.62, ll.2-18.

The VAL-U PLUS products are not high-end, luxury, or premium quality goods. Rather, VAL-U PLUS paper products are in the value market where profit margins are slim. Id. p.83, ll.4-25. Consequently, Orchids’ customers who purchase VAL-U PLUS bath tissue and paper towels “are shopping price.” Id. p.64, ll.20-23; p.64, l.25 through p.65, l.12. Orchids competes for sales of its VAL-U PLUS products with close-out items, damaged or mislabeled products, and non-conforming “off-spec” products, among others. Id. Thus, sales of VAL-U PLUS products are often difficult to make, and sporadic. Id.; see also id. p.83, ll.4-25.

Moreover, in an effort to keep the price per unit of VAL-U PLUS products as low as possible, Orchids only sells those products by the truckload, i.e., “a 53-foot semi-truck.” Id. p.65, ll.13-22. By purchasing bulk quantities of product the customers’ per unit cost is reduced. However, the amount of time between sales is substantially increased. Id. p.64, ll.20-23; p.64, l.25 through p.65, l.25; p.66, ll.2-19. Thus, when asked whether it was unusual for Orchids to go

for periods of time, even three and four years, between orders for VAL-U PLUS products, Ms. Thomaselli explained:

So if you have a truckload of 900 cases and there's say 30 selling units per case, you're looking at 27,000 units. For some of these smaller retailers and even wholesalers, it could be timely [sic] to push that through the network. So I would not consider it unusual for that. It could be sporadic.

Id. p.64, l.1.20-23; p.64, l.25 through p.65, l.7 (emphasis added).⁴

It is undisputed that the nature of the products at issue, and market forces outside of Orchids' control dictate the frequency of sales of VAL-U PLUS goods. Petitioner has not, and cannot, offer any evidence to refute Orchids' evidence. Thus, temporary and involuntary cessations in the use of the Mark, even where those discontinuances may exceed the three-year period necessary to establish a prima facie case of abandonment, are excusable and Orchids has defeated any presumption that its alleged nonuse was coupled with the requisite "intent not to resume use." See Imperial Tobacco, 899 F.2d at 1581; Star-Kist, 769 F.2d at 1396. For this additional reason, Petitioner's Cancellation Petition must be denied. See Daybrook-Ottawa Corp. v. F.A.B. Manufacturing Co., Inc., 152 U.S.P.Q. 441 (T.T.A.B. 1966) (denying petition to cancel where respondent's "failure [to use its mark for a period of approximately three and one-half years] was occasioned by the lack of demand for the product at the time rather than to any intent on respondent's part to abandon the sale [of truck tractors] under the mark.>").

⁴ In its Brief on the Case, Petitioner represents that "even [Orchids'] Regional Sales Manager admits that periods of three and four years with no sales are 'unusual[.]'" See Petitioner's Brief on the Case at 7. However, Petitioner clearly misstates the testimony. Rather, as reflected above Orchids' Regional Sales Manager testified that she "would not consider [a three or four year delay between sales] unusual." Id. p.64, l.1.20-23; p.64, l.25 through p.65, l.7 (emphasis added).

III. PETITIONER FAILED TO SUSTAIN ITS BURDEN TO PROVE THAT ORCHIDS' TEMPORARY AND INVOLUNTARY DISCONTINUANCE OF THE MARK, IF ANY, WAS COUPLED WITH AN INTENT NOT TO RESUME USE IN THE REASONABLY FORESEEABLE FUTURE

Under the Lanham Act, a rebuttable presumption of abandonment arises only where the party seeking cancellation proves, by a preponderance of the evidence, that the owner of the mark discontinued use of that mark for a period of at least three consecutive years. See 15 U.S.C. § 1127. Here, Petitioner failed to offer evidence that use of the Mark was discontinued for any period of time, and thus, cannot establish a prima facie case of abandonment. Additionally, assuming use of the Mark was discontinued for three consecutive years, Orchids has overcome the presumption by introducing undisputed evidence that any claimed non-use was excused. Petitioner simply cannot prevail on its factually and legally deficient Cancellation Petition. However, even if a presumption that Orchids discontinuance of the Mark was coupled with an intent not to resume use arose, the record evidence conclusively establishes that Orchids intended to, and did, resume use of its Mark in the reasonably foreseeable future. Thus, Orchids has successfully rebutted Petitioner's prima facie case of abandonment.

A. Orchids Has Offered Undisputed Direct Evidence Sufficient to Rebut Petitioner's Claim That Orchids Discontinuance, If Any, of the Mark Was Coupled With an Intent Not to Resume Use in the Reasonably Foreseeable Future

In Emergency One, the court concluded that the owner of the AMERICAN EAGLE mark discontinued use of that mark for three years, and that it failed to rebut the presumption by producing any evidence of the use required by the Lanham Act. Emergency One, 228 F.3d at 537. "However, the case does not end there because [the trademark owner] did produce evidence that it intended to resume use of the mark[.]" Id. Because the trademark owner proffered evidence of its intent to resume use in the reasonably foreseeable future, the court

overruled the trial court's grant of summary judgment to the challenger on the question of abandonment. Id. at 537-38.

Here, as in Emergency One, the evidence shows that even if Orchids discontinued use of the Mark, it intended to resume use within the reasonably foreseeable future. Under the facts of this case, no abandonment of the VAL-U PLUS mark occurred.

At the outset, what is meant by the term "reasonably foreseeable future" will vary depending on the industry and the particular circumstances of the case." Id. at 537. As set forth in Part II above, the nature of the goods at issue, and the market conditions that dictate how those goods are shipped and sold, establish that a delay of even three to four years between sales of VAL-U PLUS products is entirely reasonable. Orchids has offered unequivocal testimony that, despite any claimed period of non-use, it has never discontinued use of the VAL-U PLUS mark, intended not to resume use of the Mark, or abandoned the Mark. See Thomaselli Deposition, p.31, ll.2-4, 7-12; p.34, ll.6-8; p.60, l.9 through p.61, l.5; p.63, ll.3-24; p.66, l.20 through p.67, l.5; p.67, ll.7-18; p.68, ll.5-17, 19-21; p.82, l.18 through p.85, l.3. Consequently, even accepting Petitioner's claim that no use occurred for three and a half years as true, Orchids has rebutted, with direct evidence, any presumption that such a delay demonstrates Orchids' supposed intent not to resume use of the Mark. Emergency One, 228 F.3d at 537.

B. Orchids Has Offered Undisputed Evidence With Respect to What Activities it Engaged in During the Nonuse Period And What Outside Events Occurred From Which an Intent to Resume Use During the Nonuse Period May Reasonably be Inferred

In addition, Orchids has offered "evidence with respect to what activities it engaged in during the nonuse period or what outside events occurred from which an intent to resume use during the nonuse period may reasonably be inferred." Imperial Tobacco, 899 F.2d at 1581. For example, Orchids offered evidence that it obtained Registration No. 1,536,352 for the mark,

VAL-U PLUS, in connection with bath tissue and paper towels on April 25, 1989. See Thomaselli Deposition, p.14, 1.9 through p.15, 1.15. Orchids also owns Registration No. 2,033,061 for the mark, ULTRA VAL-U, in connection with paper napkins, and Registration No. 2,045,166 for the mark, ULTRA VAL-U, in connection with bath tissue, and paper towels. Id. p.15, 1.16 through p.18, 1.11. On January 22, 2013, during the period Petitioner claims Orchids discontinued use of the Mark, Orchids filed its application to register the mark, VAL-U SIZE, in connection with paper towels. Id. p.18, 1.12 through p.19, 1.10.

It is no coincidence that each of the foregoing registrations and application feature the distinctive VAL-U depiction of the word “value.” Id. p.18, 1.12 through p.19, 1.16. As Ms. Thomaselli testified, VAL-U PLUS is part of a family of marks Orchids has developed and continues to use in connection with its private label paper products business. Id. p.19, 1.11-21. Thus, Petitioner’s suggestion that Orchids intended not to resume use of VAL-U PLUS, or any of its other VAL-U marks is belied by the fact that Orchids filed its application for the VAL-U SIZE mark during the period Petitioner claims Orchids had discontinued use of the Mark with an intent not to resume use. Id. p.18, 1.12 through p.19, 1.10; p.33, 1.20 through p.34, 1.5.

Similarly, Orchids offered evidence that, during the period Petitioner contends use of the Mark was discontinued, Orchids’ senior management continued to meet regularly to discuss the viability of the Mark and efforts to better market VAL-U PLUS products. Id. p.82, 1.18 through p.85, 1.3. During the period of alleged non-use, Orchids management never considered discontinuing the VAL-U PLUS mark. Id. p.66, 1.20 through p.67, 1.5; p.67, 1.7-18. Rather, as a direct result of those discussions, Orchids hired a graphic designer to create new packaging and “art work” for VAL-U PLUS products. Id. p.12, 1.4 through p.13, 1.3; p.13, 1.6-17; p.47, 1.21-25; p.82, 1.18 through p.85, 1.3. The new packaging Orchids developed during the alleged period

of non-use was actually used to fill orders for VAL-U PLUS products in July 2013. Id. p.74, l.6 through p.78, l.4.

Orchids also offered evidence that due to the nature of its business, and its manufacturer/wholesaler status, it does not advertise VAL-U PLUS products through mainstream media, such as print ads and broadcast advertising. Id. p.61, ll.23-25; p.62, ll.2-18. However, in the course of everyday business, including throughout the alleged period of non-use, Orchids' sales personnel contacted customers "and try to sell all of our products," including the VAL-U PLUS products. Id. p.61, ll.6-9, 11-12, 14-18. For this purpose, Orchids continually maintained up to date "spec sheets" and "pricing analysis" for VAL-U PLUS bath tissue and paper towels which Orchids' sales personnel use in planning their sales calls. Id. p.31, l.17 through p.32, l.6; p.32, l.9 through p.33, l.6; p.33, ll.8-18; p.33, l.20 through p.34, l.8; p.34, l.10 through p.35, l.9; p.35, ll.11-15; p.43, l.17 through p.44, l.20; p.44, l.22 through p.45, l.9. Those "spec sheets" clearly evidence Orchids' intent to use the Mark during the period of alleged non-use. Id. p.91, l.25 through p.92, l.12.

Additionally, Orchids offered evidence that although warehouse space was scarce, at all times, it maintained VAL-U PLUS raw materials, including "poly wrap" and shipping boxes known as, "knock-downs," on hand so that it could quickly fulfill orders for VAL-U PLUS products. Id. p.37, l.14 through p.38, l.14; p.38, l.16 through p.40, l.5; p.40, l.7 through p.42, l.5; p.42, l.7 through p.43, l.14; p.45, l.10 through p.47, l.25; p.85, l.17 through p.87, l.9; p.87, l.11 through p.88, l.11; p.91, l.3 through p.93, l.1. Orchids did not maintain raw materials on hand for items that had been discontinued. Id. p.39, l.9 through p.40, l.5; p.41, ll.2-14; p.42, ll.3-5, 7-24. Clearly, if Orchids did not intend to resume use of its VAL-U PLUS mark it could have discarded or recycled those packaging items and freed up valuable warehouse space. It did not.

Orchids' maintenance of its manufacturing and order fulfillment capabilities throughout the alleged period of non-use is entirely inconsistent with Petitioner's self-serving and conclusory suggestion that Orchids simply "warehoused" its VAL-U PLUS mark until the Cancellation Petition was filed.

Finally, contrary to Petitioner's assertion that use of the Mark was discontinued and that Orchids had no intent to resume use, Orchids has continued to sell VAL-U PLUS bath tissue and paper towels to its customers even after the filing of the Cancellation Petition. In fact, in July 2013, Orchids received purchase orders from Bargain Barn for 864 cases of VAL-U PLUS paper towels and 1,020 cases of VAL-U PLUS bath tissue. Id. p.48, 1.1 through p.60, 1.3; p.88, 1.3 through p.91, 1.6. With minor adjustments to the quantities shipped due to available stock, Orchids delivered the VAL-U PLUS paper towels and bath tissue to Bargain Barn in December 2013. Id. Petitioner does not suggest that the sales of VAL-U PLUS products to Bargain Barn in 2013 are nominal, or were made simply to preserve Orchids' rights in its Mark.

In sum, Orchids has offered overwhelming and undisputed evidence with respect to the activities it engaged in during the claimed non-use period, and what outside events occurred from which an intent to resume use during the non-use period may reasonably be inferred. See Imperial Tobacco, 899 F.2d at 1581. Under the facts of this case, the Cancellation Petition must be dismissed. Emergency One, 228 F.3d at 538.

C. Petitioner Has Failed to Offer Any Plausible Argument Why The Board Should Disregard Orchids' Evidence of Its Intent to Resume Use of The Mark

As set forth above, the record evidence overwhelmingly shows that Orchids never discontinued use of the Mark with the intent not to resume use. Thus, Orchids has successfully rebutted any presumption of abandonment that could have arisen as a result of a temporary and involuntary cessation of use. Nonetheless, Petitioner attempts to breathe new life into its ill-

advised Cancellation Petition by characterizing Orchids' evidence as "irrelevant" and "suspicious." Neither of Petitioner's arguments has merit.

1. Petitioner Fails to Cite Any Authority For Its Apparent Belief That Orchids' Activities Evidencing Its Intent to Resume Use of the Mark After The Cancellation Petition Was Filed Are Irrelevant

Petitioner first contends that any activities evidencing Orchids' intent to resume use which occurred after the presumptive three-year non-use period expired are irrelevant. See Petitioner's Brief on the Case at 8 (citing ITC, Ltd. v. Punchgini, Inc., 482 F.3d 135, 149 n.9, 82 U.S.P.Q.2d 1414, 1421 n.9 (2nd Cir. 2007)). Even if Petitioner had sustained its burden to prove complete cessation of use, its argument is legally flawed. Petitioner has clearly misconstrued the holding in ITC.

In ITC, the court held that, in order to defeat an abandonment charge, a mark holder must have formulated an intent to resume use of its mark during the three-year period of non-use that triggers the statutory presumption of abandonment. Id. The court reasoned that "[a]n intent to resume use of the mark formulated after more than three-years of non-use cannot be invoked to dislodge the rights of another party who has commenced use of a mark – thereby acquiring priority rights in that mark – after three years of non-use." Id. The ITC court stated that its conclusion was based upon "similar" holdings by the Fourth and Federal Circuits in Emergency One and Imperial Tobacco. However, neither of those opinions support the ITC court's conclusion.

In Emergency One, the Fourth Circuit stated that "[o]nce the presumption is triggered, the legal owner of the mark has the burden of producing evidence of either actual use during the relevant period or intent to resume use. Emergency One, 228 F.3d at 536. The court does not state that the "intent to resume use" must have been formulated "during the relevant period."

Likewise, in Imperial Tobacco, the Federal Circuit specified that the registrant “must put forth evidence with respect to what activities it engaged in during the nonuse period or what outside events occurred from which an intent to resume use during the nonuse period may reasonably be inferred.” Imperial Tobacco, 899 F.2d at 1581. The non-use period described in Imperial Tobacco is not necessarily the three-year period described in 15 U.S.C. § 1127; it could simply be the period during which the mark was not used. Id. Therefore, contrary to Petitioner’s assertion, Orchids’ activities both during, and after, the statutory non-use period is alleged to have expired are relevant to prove its intent to resume use.

2. Petitioner’s Gratuitous Characterization of Orchids’ Sales of VAL-U PLUS Products After Commencement of This Proceeding As “Suspicious” Lacks Any Basis in Fact.

Petitioner next attempts to discredit Orchids sales of VAL-U PLUS products after the filing of the Cancellation Petition by characterizing those sales as “suspicious.” See Petitioner’s Brief on the Case at 9. Petitioner’s statement is puzzling, and only serves to highlight the weakness of its abandonment claim.

As a preliminary matter, Petitioner specifically pointed to the fact that Orchids did not solicit sales from customers after the Cancellation Petition was filed in an effort to show that Orchids lacked an intent to resume use of the Mark. See Petitioner’s Brief on the Case at 8. Accordingly, by acknowledging that Orchids did, in fact, sell VAL-U PLUS products after the commencement of this proceeding Petitioner tacitly admits that Orchids’ evidence of post-filing sales is sufficient to establish an intent to resume use.

More importantly, the suggestion that Orchids orchestrated sham sales of VAL-U PLUS products in an effort to bolster its position in this proceeding is reckless and has no basis in fact. Petitioner is grasping at straws. The record evidence plainly shows that Orchids never contacted Bargain Barn to solicit orders for VAL-U PLUS products after the Cancellation Petition was

filed. Orchids did not discuss this proceeding with Bargain Barn, nor did it offer Bargain Barn incentives or discounts to purchase VAL-U PLUS products after 2009. Simply put, there exists no evidence to suggest that Orchids' sales to Bargain Barn were "suspicious." Rather, each of the sales of VAL-U PLUS products to Bargain Barn prior to, and after, the Cancellation Petition was filed were made in the ordinary course of Orchids' business and not to bolster Orchids' position in this proceeding. See Thomaselli Deposition, p.60, l.9 through p.61, l.9; p.61, l.11-12; p.61, ll.14-25; p.62, l.2 through p.63, l.1. For these additional reasons, the Cancellation Petition should be dismissed.

CONCLUSION

Based upon the foregoing, Petitioner cannot sustain its burden of proof on the issue of abandonment. Therefore, Orchids respectfully requests that the Cancellation Petition be dismissed in its entirety.

Dated: June 30, 2014

Respectfully submitted,

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CERTIFICATE OF SERVICE

I hereby certify that Registrant's Brief on the Case is being electronically filed using Electronic system for Trademark Trials and Appeals (ESTTA) on this 30th day of June, 2014.

s/ Anthony J. Jorgenson

CERTIFICATE OF MAILING

I, the undersigned, do hereby certify that on this 30th day of June, 2014, a true and correct copy of the above and foregoing was mailed via first class mail with proper postage thereon fully paid, to:

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