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

Proceeding	92056545
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IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD

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

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

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TABLE OF CONTENTS

Page

INTRODUCTION.....1

ARGUMENT.....1

I. PETITIONER ESTABLISHED A PRIMA FACIE CASE OF ABANDONMENT BECAUSE REGISTRANT FAILED TO USE THE MARK FOR OVER THREE CONSECUTIVE YEARS.....1

II. REGISTRANT FAILED TO MEET ITS BURDEN OF PRODUCING EVIDENCE OF EITHER EXCUSABLE NON-USE OR ITS PURPORTED INTENT TO RESUME USE OF THE MARK.....4

A. Registrant Failed to Produce Evidence Showing Its Non-use of the Mark For More Than Three Consecutive Years Was Excusable.....4

B. Registrant's Nominal Activities During the Period of Non-use Do Not Demonstrate An Intent to Resume Use of the Mark.....6

1. Registrant's Activities With Respect to Other Marks.....6

2. Registrant's Internal Meetings.....7

3. Registrant's "Promotional" Activities.....7

4. Registrant's Warehoused Materials.....8

C. Registrant's Activities After the Statutory Non-use Period Expired Are Irrelevant to the Abandonment Analysis.....9

CONCLUSION.....10

TABLE OF AUTHORITIES

Cases

Alco Elecs. Ltd. v. Rolf Strothmann,
Cancellation No. 92052572 (T.T.A.B. Mar. 1, 2012) 2, 4, 6

Anosh Toufigh v. Persona Parfum, Inc.,
95 U.S.P.Q.2d 1872 (T.T.A.B. 2010) 3

Cerveceria Centroamericana, SA. v. Cerveceria India Inc.,
13 U.S.P.Q.2d 1307 (Fed. Cir. 1989) 3, 9

Electro Source, LLC v. Brandess-Kalt-Aetna Group, Inc.,
80 U.S.P.Q.2d 1161 (9th Cir. 2006) 3

Emmpresa Cubana Del Tabaco v. Culbro Corp.,
213 F.R.D. 151 (S.D.N.Y. 2003) 4

Imperial Tobacco Ltd. v. Philip Morris, Inc.,
14 U.S.PQ.2d 1390 (Fed. Cir. 1990) 4

ITC Ltd. v. Punchgini, Inc.,
82 U.S.P.Q.2d 1414 (2d Cir. 2007) 9

Menendez v. Faber, Coe & Gregg, Inc.,
174 U.S.P.Q. 80 (S.D.N.Y. 1972) 5

Parfums Nautee Ltd. v. Am. Int'l Indus.,
22 U.S.P.Q.2d 1306 (T.T.A.B. 1992) 10

Rivard v. Linville,
45 U.S.P.Q.2d 1374 (Fed. Cir. 1998) 6

Sean Combs v. All Surface Entm't, Inc.,
Cancellation No. 92051490 (T.T.A.B. Oct. 5, 2012) 5

Specht v. Google, Inc.,
110 U.S.P.Q.2d 1319 (7th Cir. 2014) 9

Star-Kist Foods, Inc. v. P.J. Rhodes & Co.,
227 U.S.P.Q. 44 (9th Cir. 1985) 5

Sterling Brewers, Inc. v. Schenley Indus., Inc.,
441 F.2d 675 (C.C.P.A. 1971) 5

Warren Publ'g Co. v. Spurlock,
95 U.S.P.Q.2d 1584 (E.D. Pa. 2009) 3

Statutes

15 U.S.C. § 1127 ..... 1, 2

Other Authorities

Fed. R. Evid. 803(6) 3

Petitioner, US Foods, Inc. ("Petitioner") submits this reply 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 (the "Mark") with no intent to resume use of the Mark.

INTRODUCTION

Because Registrant has admittedly not used the Mark for over three and a half years – from June 2009 to December 2012 – Petitioner has made a prima facie showing that Registrant abandoned the Mark. The burden then shifts to Registrant to produce evidence showing that it intended to resume use of the Mark, which Registrant has plainly failed to meet. Aside from the self-serving testimony of a single employee and sparse documentation of warehoused materials bearing the Mark, Registrant has not produced evidence of any bona fide use of the Mark during the relevant period or any concrete actions to commercially exploit the Mark that would indicate its intent to resume use. Nor are Registrant's arguments in its brief adequate substitutes for evidentiary material. As a result, the Board should find that Registrant's Mark was abandoned and cancel the registration for the Mark.

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.

I. PETITIONER ESTABLISHED A PRIMA FACIE CASE OF ABANDONMENT BECAUSE REGISTRANT FAILED TO USE THE MARK FOR OVER THREE CONSECUTIVE YEARS.

Registrant concedes, as it must, that non-use of a mark for three consecutive years is prima facie evidence of abandonment. 15 U.S.C. § 1127. (Registrant's Br. at 4.) Petitioner has proven that Registrant has not used the Mark for over three and a half years, from June 2009 to December 2012. Registrant's claim that it continued to use the Mark after June 2009 is not only speculative but also directly contradicted by its own admissions. (*Id.* at 5.)

Registrant's Regional Sales Manager – the only person that testified on its behalf – admitted that Registrant had not used the Mark in connection with bathroom tissue and paper towels for three consecutive years. (Thomaselli Dep. at 64:1-6.) She also admitted that there were no sales of any products bearing the Mark between Registrant's sale to Bargain Barn in 2009 and in 2013. (*Id.* at 64:7-11.) She admitted that she was not aware of any sales of goods in connection with the Mark in 2010, 2011 or 2012.[1] (*Id.* at 78:25-12, 80:3-9.) Those admissions are sufficient to establish a prima facie case of abandonment. *See Alco Elecs. Ltd. v. Rolf Strothmann*, Cancellation No. 92052572 (T.T.A.B. Mar. 1, 2012) (non-precedential) (finding petitioner could rely on registrant's admissions to establish prima facie case of abandonment).[2]

Registrant's attempt to backtrack on those admissions by belatedly implying in its brief that Bargain Barn sold 9,031 units of bath tissue bearing the Mark at some unspecified time between June 2009 and December 2012 is unavailing and unsupported by any documentary evidence. First, Registrant cannot rely on Bargain Barn's point of sale records to show use because such records are inadmissible hearsay and Registrant's employee did not – and cannot –

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[1] In its Responses to Petitioner's Requests for Admissions, which were submitted prior to the deposition of its Regional Sales Manager, Registrant stated that it made "reasonable inquiry" and could not admit or deny whether it made any use of the Mark in U.S. commerce in 2010, 2011, and 2012. (Responses to Requests to Admit, Nos. 2-4.)

[2] *Available at* http://ttabvue.uspto.gov/ttabvue/v?pno=92052572&pty=CAN&eno=19 (last visited July 7, 2014).

lay the requisite foundation to admit those records into evidence. (Thomaselli Dep. at 27:14-30:8; Exs. 16-20.) *See* Fed. R. Evid. 803(6) (listing foundational requirements for business records). Second, even if Bargain Barn's records were admissible, they do not show evidence of any sales of products bearing the Mark beyond June 2009. (Thomaselli Dep. at Exs. 16-20.) Registrant produced no other evidence of bona fide use from June 2009 to December 2012. Third, nominal or residual use of a mark does not constitute bona fide use and is insufficient to avoid a finding of abandonment. *See Warren Publ'g Co. v. Spurlock*, 95 U.S.P.Q.2d 1584, 1612-13, 645 F. Supp. 2d 402, 435-437 (E.D. Pa. 2009) (attempts to sell back issues of magazine were not bona fide uses sufficient to overcome finding of abandonment). Registrant has not cited – and Petitioner has not found – any authority holding that a third-party's residual use of a mark is tantamount to a registrant's bona fide use.[3]

Registrant's claim that Petitioner merely "infers" non-use is similarly wrong and misleading. As discussed above, Petitioner relies on Registrant's admissions, not inferences, to prove non-use of the Mark. But even if Petitioner were to rely on inferences, such reliance would be reasonable in proving its abandonment claim. *See Cerveceria Centroamericana, SA. v. Cerveceria India Inc.*, 13 U.S.P.Q.2d 1307, 1311, 892 F.2d 1021, 1024 (Fed. Cir. 1989) ("Especially when a party must prove a negative, as in proving abandonment through nonuse, without resort to proper inferences the burdened party could be faced with an insurmountable task."). Given Registrant's admissions regarding its non-use of the Mark and its inability to produce even hearsay evidence from Bargain Barn to show use during the relevant period, the

[3] The case law that Registrant relies upon is factually inapposite. *See, e.g.*, *Electro Source, LLC v. Brandess-Kalt-Aetna Group, Inc.*, 80 U.S.P.Q.2d 1161, 1167, 458 F.3d 931, 941 (9th Cir. 2006) (no abandonment where struggling business continued to transport and publically display goods bearing mark and made actual sales during period in question); *Anosh Toufigh v. Persona Parfum, Inc.*, 95 U.S.P.Q.2d 1872, 1875 (T.T.A.B. 2010) (no abandonment where evidence of non-use spanned merely a few weeks). (Registrant's Br. at 7-9.)

only reasonable inference that can be drawn is that Registrant failed to use the Mark between June 2009 and December 2012.[4] Thus, Petitioner has met its initial burden of establishing a prima facie case of abandonment.

II. REGISTRANT FAILED TO MEET ITS BURDEN OF PRODUCING EVIDENCE OF EITHER EXCUSABLE NON-USE OR ITS PURPORTED INTENT TO RESUME USE OF THE MARK.

Registrant tacitly concedes that Petitioner established a prima facie case of abandonment in attempting to offer evidence to the contrary. (Registrant's Br. at 2, 8-18.) But Registrant fails to meet its shifted burden of producing evidence sufficient to show its non-use was excusable or that it had any intent to resume use of the Mark.

A. Registrant Failed to Produce Evidence Showing Its Non-use of the Mark For More Than Three Consecutive Years Was Excusable.

Registrant failed to produce evidence that excuses its non-use of the Mark. Registrant's claims that it can simply sit on its rights and warehouse the Mark due to the "nature of its industry" and that such inaction is "excusable" find no support in its scant evidence or in the law. (Registrant's Br. at 8-10.)

If Registrant's claimed activities during the period of non-use are "insufficient to excuse nonuse, the presumption [of abandonment] is not overcome." *Imperial Tobacco Ltd. v. Philip Morris, Inc.*, 14 U.S.PQ.2d 1390, 1395, 899 F.2d 1575, 1581 (Fed. Cir. 1990). Excusable non-use is found "where there is a temporary, forced withdrawal from the market due to causes such as war, import problems, or some other involuntary action." *Emmpresa Cubana Del Tabaco v. Culbro Corp.*, 213 F.R.D. 151, 157 (S.D.N.Y. 2003) (internal quotations omitted). Registrant's

[4] Although Registrant complains that Petitioner did not seek discovery regarding retail sales of products bearing the Mark from Bargain Barn or other customers, Petitioner did not need to seek such discovery given Registrant's admissions. (Registrant's Br. at 6 n.3) *See Alco*, supra. Indeed, it is telling that Registrant produced hearsay regarding Bargain Barn sales *prior* to the period of non-use but could not produce any evidence of such sales *during* the period of non-use.

cited cases fall within the scope of excusable non-use. *See, e.g.*, *Star-Kist Foods, Inc. v. P.J. Rhodes & Co.*, 227 U.S.P.Q. 44, 46, 769 F.2d 1393, 1396 (9th Cir. 1985) (non-use due to unprofitability of fish importation business); *Sterling Brewers, Inc. v. Schenley Indus., Inc.*, 441 F.2d 675, 680 (C.C.P.A. 1971) (non-use due to labor strike that could not be settled); *Menendez v. Faber, Coe & Gregg, Inc.*, 174 U.S.P.Q. 80, 86, 345 F. Supp. 527, 554 (S.D.N.Y. 1972) (non-use due to Cuban government's confiscation of trademark owners' businesses). Registrant's own case does not.

Registrant offers no evidence beyond the self-serving lay testimony of one of its employees to corroborate its claim that its non-use of the Mark was excusable. There is no expert opinion, documentary evidence, or any market analysis to support Registrant's naked assertion that the "nature of the products at issue" and "market forces outside of [its] control" are responsible for causing the extended period of non-use of the Mark. (Registrant's Br. at 10.) Registrant's arguments are not adequate substitutes for admissible evidence of excusable non-use, particularly where Registrant bears the burden of production. *See Sean Combs v. All Surface Entm't, Inc.*, Cancellation No. 92051490 (T.T.A.B. Oct. 5, 2012) (non-precedential) (finding no excusable non-use where the only support for the registrant's excuses were his own testimony and handwritten notes, which were "based on respondent's own business judgment without documentary support regarding those reasons or industry practice").[5]

Moreover, Registrant's non-use does not fall within the scope of what is excusable, which is based on temporary, non-voluntary withdrawals from the market. Registrant admittedly did not advertise its products and had no specific strategic plans for promoting or otherwise commercially exploiting the Mark. (Thomaselli Dep. at 62:13-15, 75:12-78:6, 84:1-18.) As

[5] *Available at* http://ttabvue.uspto.gov/ttabvue/v?pno=92051490&pty=CAN&eno=59 (last visited July 9, 2014).

discussed, Registrant has not produced any evidence to show that such activities were unfeasible due to extenuating circumstances beyond its control. Instead, Registrant's inaction with respect to the Mark appears to have been a conscious, non-excusable business decision. *See Rivard v. Linville,* 45 U.S.P.Q.2d 1374, 1377, 133 F.3d 1446, 1450 (Fed. Cir. 1998) ("[N]ot every business decision excuses non-use."); *see also Combs*, supra (finding no excusable non-use where respondent's evidence "consists of testimony that is vague, inconsistent, and insufficiently supported by documentary evidence or testimony other than by respondent"); *Alco*, supra (finding no excusable non-use where the respondent relied on his own declaration and "has not submitted any documentary evidence demonstrating any activities regarding his intended marketing, advertising, and/or eventual sale" of products bearing the mark).

Because the Lanham Act does not excuse voluntary non-use of a mark for over three years, and because Registrant has produced no evidence of exigent circumstances to excuse its non-use, Registrant has failed to rebut Petitioner's prima facie showing of abandonment.

B. Registrant's Nominal Activities During the Period of Non-use Do Not Demonstrate An Intent to Resume Use of the Mark.

Having failed to meet its burden of showing excusable non-use, Registrant's last opportunity to avoid a finding of abandonment is to show an intent to resume use of the Mark during the period of non-use. But again, Registrant has failed to meet its burden.

Registrant does not dispute that nominal activities are insufficient to rebut a prima facie showing of abandonment or to prove intent to resume use of a mark. (*See* Petitioner's Br. at 6-7.) Yet, the limited evidence that Registrant has submitted in attempting to meet its burden of production shows that Registrant has engaged in nothing more than nominal activities.

1. Registrant's Activities With Respect to Other Marks.

Registrant's evidence of actions taken with respect to its other marks does not support an inference of intent to resume use of the Mark in question. That Registrant maintains a "family of marks" in connection with private label paper products is irrelevant to the abandonment analysis because Petitioner is not challenging any of those other marks. (Registrant's Br. at 12-13.) Similarly, Registrant's filing an application for another mark (VAL-U SIZE) during the period of non-use is not probative of any intent to resume use of the Mark (VAL-U PLUS). In fact, a reasonable inference can be drawn that Registrant's new application was part of a replacement process for the Mark, which had been abandoned.

2. Registrant's Internal Meetings.

Registrant offers testimony of purported internal conversations regarding its trademarks, but its Regional Sales Manager can identify only one conversation with respect to the Mark specifically, and even then, she cannot identify when that discussion took place. (Thomaselli Dep. at 84:1-85:3.) And the single action that was taken with respect to the Mark as a result of those alleged internal conversations was the creation of new art work for products bearing the Mark, which allegedly occurred at some unknown time during the non-use period. (*Id.* at 12:17-18, 75:12-14, 76:17-22; Exs. 31-32.) Such vague testimony is insufficient to satisfy Registrant's burden of production. *See Combs*, supra.

3. Registrant's "Promotional" Activities.

Registrant admits that "it does not advertise VAL-U PLUS products through mainstream media, such as print ads and broadcast advertising." (Registrant's Br. at 14.) Although Registrant claims that its sales personnel contact customers "in the course of everyday business,"

again Registrant provides no evidence to support that claim.[6] (*Id.*) Given that three and a half years passed between Registrant's sales of products bearing the Mark, and that only one customer bought any products in that time span, it is unsurprising that Registrant has presented no documentary or other testimonial proof of its alleged solicitation efforts. Registrant's claim that maintaining "spec sheets" and "pricing analysis" for internal and informational purposes constitutes "promotional" use is far-fetched. (*Id.* at 2.) Moreover, the two "spec sheets" Registrant produced are not "up to date," as Registrant claims in its brief but rather undated. (*Compare* Petitioner's Br. at 14 *with* Thomaselli Dep. at Exs. 21-22.) Surely, mere storage of information regarding products bearing the Mark cannot constitute sufficient evidence of Registrant's intent to resume use of the Mark.

4. Registrant's Warehoused Materials.

Finally, Registrant attempts to show intent to resume use through testimony regarding its maintenance of raw materials bearing the Mark in its warehouse. (Registrant's Br. at 14.) Registrant requests an inference that it would not have maintained such materials had it intended to abandon the Mark. But Registrant has submitted no evidence to support such an inference. By contrast, its Regional Sales Manager admitted that Registrant continues to manufacture materials for marks without value or marketability on the off chance that a customer would purchase products bearing those marks. (Thomaselli Dep. at 31:2-12.) Registrant's strategy of waiting for a customer to submit an order – which may or may not happen during the statutory period of non-use given its lack of advertising – is the literal embodiment of the concept of warehousing marks, a practice that the Lanham Act prohibits.

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[6] In fact, Registrant misrepresents the testimony that was given, which was that Registrant did not contact Bargain Barn to solicit sales specifically in response to Petitioner's Cancellation Petition. (Thomaselli Dep. at 61:6-22.)

C. Registrant's Activities After the Statutory Non-use Period Expired Are Irrelevant to the Abandonment Analysis.

Registrant's claim that it can rely on evidence of sales after the non-use period has already passed to show intent to resume use finds no support in the case law. Registrant's accusation that Petitioner "misconstrued the holding" 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) is puzzling because that holding could not be more clear: "An 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." (Registrant's Br. at 16.) Moreover, although Registrant attempts to distinguish *ITC*, it does not – and cannot – challenge the other cases that Petitioner cites for the very same proposition. *See, 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 ... [the] TTAB certainly may conclude the registrant has not met his burden of production, and thus has failed to rebut the presumption of abandonment."); *Specht v. Google, Inc.*, 110 U.S.P.Q.2d 1319, 1323, 747 F.3d 929, 934 (7th Cir. 2014) ("But the intent to resume use in commerce must be formulated within the three years of nonuse."). (*See* Petitioner's Br. at 5-6, 8.)

Thus, Registrant's evidence of sales of product bearing the Mark in July 2013 – more than four years after the non-use period began in June 2009 – are irrelevant and insufficient to prove intent to resume use. (Registrant's Br. at 15.) By July 2013, the Mark was already abandoned and as the Federal Circuit explained in *Cerveceria*, "[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; *see also Parfums Nautee Ltd. v. Am. Int'l Indus.*, 22

U.S.P.Q.2d 1306, 1310 (T.T.A.B. 1992) ("Abandonment of a registered mark cannot be reversed by subsequent re-adoption of the mark.").

Because Registrant has not provided sufficient evidence to meet its burden of showing bona fide use of the Mark from June 2009 to December 2012 or its intent to resume use of the Mark during that period, the Board should find that Registrant abandoned the 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: July 14, 2014

Respectfully submitted,

By: _____

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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 14th day of July 2014.

Signature: _____
Amy Cohen Heller