

**This Opinion is Not a  
Precedent of the TTAB**

Mailed: September 30, 2014

UNITED STATES PATENT AND TRADEMARK OFFICE

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Trademark Trial and Appeal Board

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*US Foods, Inc.*  
*v.*  
*Orchids Paper Products Company*

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Cancellation No. 92056545  
to Registration No. 1536352  
registered on April 25, 1989

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Amy Cohen Heller and Clay A. Tillack of Schiff Hardin LLP  
for US Foods, Inc.

Anthony J. Jorgenson of Hall, Estill, Hardwick, Gable, Golden & Nelson, P.C.  
for Orchids Paper Products Company

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Before Kuhlke, Wellington and Shaw,  
Administrative Trademark Judges.

Opinion by Kuhlke, Administrative Trademark Judge:

US Foods, Inc. ("Petitioner") filed a petition for cancellation of Registration  
No. 1536352 for the mark VAL-U PLUS, in standard character form, registered by

Orchids Paper Products Company (“Respondent”), for bathroom tissue and paper towels.<sup>1</sup>

### **BACKGROUND/PROCEDURAL HISTORY**

The ground for cancellation is abandonment of the registered mark. In support of its claim of abandonment, Petitioner alleges that Respondent has discontinued use of the mark with intent not to resume such use and has not used the VAL-U PLUS mark for the goods covered in Registration No. 1536352 for three-consecutive years.

In its answer, Respondent admits that Petitioner filed Application Serial No. 85549499 and that the USPTO refused registration based on Respondent’s registration, and denies the remaining allegations of the petition to cancel.

### **RECORD**

By rule, the record includes Respondent's registration file. Trademark Rule 2.122(b), 37 CFR § 2.122(b). It also includes the petition for cancellation and Respondent's answer to the petition. In addition, pursuant to Trademark Rule 2.120(j) Petitioner submitted the following evidence under notice of reliance: Respondent’s Initial Disclosures; Respondent’s Answers to Petitioner's First Set of Interrogatories; and Respondent’s Response to Petitioner’s First Set of Requests for Admissions (TTABVue No. 6).

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<sup>1</sup> Registration No. 1536352 filed on May 23, 1988, issued on April 25, 1989, claiming a date of first use anywhere of January 26, 1988, and a date of first use in commerce of March 15, 1988, Sections 8 and 9 combined declaration accepted and granted on January 1, 2009.

Respondent submitted the testimony deposition with accompanying exhibits of Rebecca Thomaselli, Respondent's Regional Sales Manager, (TTABVue No. 9) ("Thomaselli Test."). In addition, pursuant to Trademark Rule 2.120(j)(5) Respondent submitted its Second Supplemental Answers to Petitioner's First Set of Interrogatories.

Petitioner made various objections during Ms. Thomaselli's deposition but waited until its reply brief to renew certain objections; in view thereof, those objections are deemed waived. *Kohler Co. v. Baldwin Hardware Corp.*, 82 USPQ2d 1100, 1104 (TTAB 2007). Nonetheless, in our review of the record, we weigh the probative value of each piece of evidence.

We note in particular Exhibits 16-20 and Ms. Thomaselli's testimony regarding these exhibits. The exhibits at issue comprise four "point of sale reports" from one of Respondent's wholesale customers, Bargain Barn. These reports contain information on Bargain Barn's retail sales of VAL-U PLUS bath tissue from February 1, 2009 through June 2009: 198 units in February, 2009 (Thomaselli Test. p. 27, Ex. 16); 634 units in March (Thomaselli Test. p. 28, Ex. 17); 329 units in April, 2009 (Thomaselli Test. pp. 28-29, Ex. 18); 47 units in May, 2009 (Thomaselli Test. p. 29, Ex. 19); and 1 unit in June, 2009 (Thomaselli Test. p. 29, Ex. 20). When asked the context in which, during her employment as a Regional Sales Manager for Respondent, she had the "occasion to see Bargain Barn point of sale reports in the past," Ms. Thomaselli testified, "[j]ust asking, from the sales person, asking how the sales were doing at their stores." Thomaselli Test. at p. 30. We find this

sufficient foundation to testify as to whether or not the noted documents were the documents produced upon her request for sales information from Bargain Barn.

However, as to the truth of the matter contained in the reports, Ms. Thomaselli does not have sufficient personal knowledge to testify as to the accuracy of the statements contained therein. FED. R. EVID. 602 provides in relevant part that: “A witness may testify to a matter only if evidence is introduced sufficient to support a finding that the witness has personal knowledge of the matter. Evidence to prove personal knowledge may consist of the witness's own testimony.” The test is whether a reasonable trier of fact could believe the witness had personal knowledge. “In other words, the testimony is excluded only if, as a matter of law, no [trier of fact] could reasonably conclude that the witness perceived the facts to which she testifies.” 27 Charles Alan Wright et al., Federal Practice and Procedure § 6022 (2d ed. 2013).

There is a distinction between the admissibility of records maintained in the ordinary course of business, which are an exception to the rule against hearsay under FED. R. EVID. 803(6), and witnesses testifying in their personal capacity. Testimony from such individuals based on a review of business records is inadmissible hearsay if the witness lacks personal knowledge:

[T]he [business record hearsay exception] rule does not provide for the admission into evidence of the testimony of a person who lacks personal knowledge of the facts, who is unable to testify to the fulfillment of the conditions specified within the rule, and who is testifying only about what he has read or has been allowed to review.

*City Nat'l Bank v. OPGI Mgmt. GP Inc./Gestion OPGI Inc.*, 106 USPQ2d 1668, 1673 (TTAB 2013) (quoting *Olin Corp. v. Hydrotreat, Inc.*, 210 USPQ 63, 67 (TTAB 1981)).

Here, the testimony as to the information shown in Exhibits 16-20 is made not as a result of personal knowledge, but based on Ms. Thomaselli's review of the business records of a third-party who is not a party to these proceedings. In view thereof, their probative value is extremely limited.

### STANDING

Standing is a threshold issue that must be proved in every inter partes case. See *Lipton Industries, 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]."). To establish standing in a cancellation proceeding, petitioner must show both "a real interest" in the proceedings as well as a "reasonable" basis for its belief of damage. See *Ritchie v. Simpson*, 170 F.3d 1092, 50 USPQ2d 1023, 1025 (Fed. Cir. 1999). A petitioner may establish standing by alleging and proving that its pending application was refused registration based on the respondent's registration. *Lipton*, 213 USPQ at 189 ("Thus, to have standing in this case, it would be sufficient that [plaintiff] prove that it filed an application and that a rejection was made because of [defendant's] registration"); *Fiat Group Automobiles S.p.A. v. ISM Inc.*, 94 USPQ2d 1111, 1112 (TTAB 2010), citing *Life Zone Inc. v. Middleman Group Inc.*, 87 USPQ2d 1953, 1959 (TTAB 2008), ("The filing of

opposer's application and the Office's action taken in regard to that application provides opposer with a basis for pleading its standing...”).

In this case, Petitioner has alleged and Respondent has admitted, that Petitioner's application was refused registration based on Respondent's registration. Pet. Canc. and Ans. ¶¶ 3-4.<sup>2</sup> In view thereof, Petitioner has established its standing by concession. *See ShutEmDown Sports Inc. v. Lacy*, 102 USPQ2d 1036, 1041 (TTAB 2012).

### **ABANDONMENT/INTENT TO RESUME USE**

Abandonment of a mark occurs:

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 evidence of 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 a mark.

Trademark Act Section 45, 15 U.S.C. § 1127.

A petitioner for cancellation of a registration on the ground of abandonment bears the burden of proving such abandonment by a preponderance of evidence. *Cerverceria Centroamericana S.A. v. Cerveceria India Inc.*, 892 F.2d 1021, 13 USPQ2d 1307 (Fed. Cir. 1989). However, "[o]nce a prima facie case is established, it 'eliminates the challenger's burden to establish the intent element of

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<sup>2</sup> We note that Petitioner failed to make of record its pending application for the mark VALU + PLUS and design (Serial No. 85549499), and the Office Action refusing registration under Section 2(d) of the Trademark Act based on Respondent's registration VAL-U PLUS (Reg. No. 1536352). However, as discussed above, Respondent's admission is sufficient.

abandonment as an initial part of [his] case,' and creates a rebuttable presumption that the registrant abandoned the mark without intent to resume or commence use under the statute. This presumption shifts the burden to the registrant to produce evidence that he either used the mark during the statutory period or intended to resume or commence use. The burden of persuasion, however, always remains with the petitioner to prove abandonment by a preponderance of evidence." *Rivard v. Linville*, 133 F.3d 1446, 45 USPQ2d 1374 (Fed. Cir. 1998) *citing*, *Imperial Tobacco Ltd. v. Philip Morris*, 899 F.2d 1575, 14 USPQ2d 1390, 1395 (Fed. Cir. 1990). *See also On-line Careline, Inc. v. America Online, Inc.*, 229 F.3d 1080, 56 USPQ2d 1471, 1476 (Fed. Cir. 2000).

To show intent to resume use, however, a respondent must put forth evidence with respect either to specific activities undertaken during the period of nonuse, or special circumstances which excuse nonuse. *See Imperial Tobacco*, 14 USPQ2d at 1394. *See also Rivard*, 45 USPQ2d at 1376 ("To provide 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.") A mere "affirmative desire by the registrant not to relinquish a mark is not determinative of the intent element of abandonment under the Lanham Act." *Imperial Tobacco*, 14 USPQ2d at 1394. To satisfy its burden of production, respondent must come forward with evidence beyond mere conclusory statements or denials that it lacks such intent to resume use. *Id.* at 1394-95. *See also Rivard*, 45 USPQ2d 1374 (Court

upheld the Board's finding that evidence of several trips to the United States to establish hair dressing and beauty salons and contact with a franchising consultant was insufficient to support an intent to commence use of the mark and the registrant did not show that the nonuse of the mark during this period was reasonable.) Subsequent use may be probative of whether the registrant intended to resume use during a previous period of nonuse. Such evidence should temporally and logically link the later use to the prior nonuse, such that an inference can be drawn regarding the intent to use during the period of nonuse. Without more, mere evidence of subsequent use may not suffice to establish that the registrant intended to resume use. *Parfums Nautee Ltd. v. American International Industries*, 22 USPQ2d 1306, 1310 (TTAB 1992). "Once a trademark is abandoned, its registration may be cancelled even if the registrant resumes use." *Cerveceria*, 13 USPQ2d at 1313 n. 7, quoting *Mission Dry Corp. v. Seven-up Co.*, 193 F.2d 201, 92 USPQ 144, 146 (CCPA 1951).

In support of its assertion that Respondent has not used its mark for three years, Petitioner points to the admission by Ms. Thomaselli that Respondent "had not used the mark in connection with bathroom tissue and paper towels for over three consecutive years and that [Respondent] sold no goods in connection with the mark in 2010, 2011 or 2012." Pet. Br. at 5. An excerpt of Ms. Thomaselli's relevant testimony is set forth below:

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.

...

A. No, I'm not aware of any sales [of bath tissue] 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.

...

A. Okay. No, not to my recollection, I'm not aware of paper towels.

Q. Okay. So no paper towels that you're aware of in 2009. 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.

Thomaselli Test. at pp. 64, 78-79, 80.

We find that Petitioner has established *prima facie* abandonment. Specifically, Respondent has admitted that “[t]here 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 were not any sales of VAL-U PLUS

products.” Thomaselli Test. at p. 64. *See also* Registrant’s Second Supplemental Answers to Petitioner’s First Set of Interrogatories, Ans. 1 and 5.

In fact, although the VAL-U PLUS registration issued on April 25, 1989, the record reflects that Respondent sold goods under the VAL-U PLUS mark twice to only a single customer, Bargain Barn: on January 23, 2009 in connection with bathroom tissue only and December, 2013 in connection with bathroom tissue and paper towels. Thomaselli Test. at pp. 20-27, 36-37, 57-60; Exhs. 9-15, 23-24, 42-45. Even including Bargain Barn’s subsequent retail sales of the goods under the VAL-U PLUS mark in connection with bathroom tissue from February through June 2009, the break in sales for bathroom tissue is approximately four years and six months and with the renewed sale occurring one year after the petition to cancel was filed. Thomaselli Test. at pp. 27-29; Exhs. 16-20. With regard to paper towels, the only evidence of sales is in 2013. The sales activity in 2013 consists of the order placed by Bargain Barn for bath tissue and paper towels on July 24, 2013 and shipped later in December 2013. Thomaselli Test. at pp. 36-37, 57-60; Exhs. 23-24, 42-45.

Respondent requests the Board to make an inference from the Bargain Barn point of sale records that 9,031 units of the 10,240 units of VAL-U PLUS bath tissue shipped to Bargain Barn in January, 2009, were sold by Bargain Barn “sometime between June 30, 2009 and December 2013.” Respondent’s Br. at 6. However, when asked specifically about how the sales reports of record were obtained, Ms. Thomaselli testified that she talked to “the sales [representative] about this issue,

about this trademark issue,” and that the representative “looked through his files, and this is what they had.” Thomaselli Test. at p. 73. More importantly, despite Ms. Thomaselli’s position as a “Regional Sales Manager” with product development duties involving the reviewing of customer orders, configuring custom products based on requests, for which she is then “responsible for getting the sign-off from the CFO, from the Vice-president of Marketing, from the Plant Manager, [and from] the process leaders who actually run the converting lines,” Thomaselli does not know whether there were any other sales reports like Exhibits 16-20 from 2009 that showed sales of the VAL-U PLUS mark in connection with bathroom tissue and paper towels by Bargain Barn. Thomaselli Test. at pps. 11 and 73. That is, Ms. Thomaselli did not ask Respondent’s sales person if he had any other reports in 2009 for Bargain Barn that reflected orders, whether placed or filled. “[The sales representative] offered these up, and I assumed when he gave them to me that’s all that he had or he would have given me whatever he had.” Thomaselli Test. at p. 73. Based on this record, the reasonable inference is that no sales were made after June 2009, in particular in light of what appears to be a serious decline in sales from March (634 units) through June (1 unit). Moreover, as discussed above, Ms. Thomaselli does not have personal knowledge to testify as to the accuracy or truth of the statements in these third-party reports.

In view thereof, a *prima facie* case of abandonment has been established and the burden shifts to Respondent to establish that it had an intent to resume use during the established three year period of nonuse.

Respondent first argues that “the nature of the products at issue, and market forces outside of Respondent’s control dictate the frequency of sales of VAL-U PLUS goods. ... 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...” Respondent’s Br. at p. 10. Respondent points to the purchasing of its VAL-U PLUS products in bulk as an economic necessity with respect to the VAL-U PLUS products, which “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.” Respondent’s Br. at p. 9.

Petitioner responds that, “[t]here is no expert opinion, documentary evidence, or any market analysis to support [Respondent’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.” Pet. Reply Br. at p. 5, *quoting* Respondent’s Br. at p. 10.

Based on this record, Respondent has not established standard practice in the bathroom tissue and paper towel industry as a whole, or with respect to any conditions specific to Respondent, in particular. The record fails to make clear what constitutes a “usual” market cycle included, such as, how long of a time period equals a “usual” market cycle, “usual” market sales to Bargain Barn, patterns of sales to Bargain Barn or other similarly situated consumers, documented discussions about changes in sales patterns generally or changes that specifically refer to Bargain Barn. Instead, the record reflects use of the mark for approximately

a six-month period from January of 2009 to June of 2009, and one order for which inventory was short and required substitution, near December 2013. In view thereof, Respondent has not established excusable nonuse for this time period.

Respondent points to various activities it engaged in during the period of nonuse to support a finding of an intent to resume use. First, Respondent's seeking and obtaining registrations for related "VAL-U" marks does not demonstrate an intent to resume use of the "VAL-U PLUS" mark.<sup>3</sup>

Respondent next argues that it "continually maintained up to date 'spec sheets' and 'pricing analysis' for VAL-U PLUS bath tissue and paper towels" to be used by Respondent's sales personnel in planning and contacting customers to sell products during the years between 2009 and 2013. Respondent's Br. at p. 14. According to the Respondent, "[t]hose 'spec sheets' clearly evidence [Respondent's] intent to use the Mark during the period of alleged non-use." *Id.*; Thomaselli Test. at p. 92. Ms. Thomaselli testifies that there was not "ever any discussion at [Respondent] regarding discontinuance of the VAL-U PLUS mark. Thomaselli Test. at pp. 66-67. Further, Thomaselli specifically recalls discussing with Respondent's Chief Financial Officer, "which [trademarks] we should spend money to re-do the art work. You know, which marks were viable. Which ones had a better chance of getting into the market onto the shelves. And he specifically said we'd work on VAL-U PLUS." Thomaselli Test. at p. 84. However, Ms. Thomaselli does not recall what

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<sup>3</sup> The Board notes that the registrations for the marks ULTRA VAL-U (Reg. No. 2033061) and ULTRA VAL-U (Reg. No. 2045166) were not cited as a bar to Petitioner's VALU + PLUS application. As such, their existence offers little probative value with respect to the issues herein.

year that conversation occurred. Thomaselli Test. at p. 84. Nevertheless, Ms. Thomaselli states that she was present for the “internal communications regarding the viability of Registrant’s intent to continue using the mark.” Thomaselli Test. at pp. 82-83; Answer to Interrog. No. 2.

The examples of “spec sheets” show the new version of the mark and we do not know from this record when the new version was created, so we do not know when these “spec sheets” were developed or used. While Ms. Thomaselli testifies that “spec sheets” for VAL-U PLUS were not deleted from their system, the general testimony about how sales representatives leave “spec sheets” with prospective customers, stands in contradiction to the clear evidence that in 20 plus years Respondent has sold VAL-U PLUS to only one customer begging the question whether VAL-U PLUS “spec sheets” have in fact been used by the sales representatives.

Finally, the Respondent argues its business practices establish its intent to resume use as the market allowed, noting 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.” Respondent’s Br. at p. 14. “Clearly, if [Respondent] 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.” *Id.*

The Petitioner argues that Respondent's retention of raw materials and shipping boxes amounts to "warehousing marks," essentially keeping product materials "on the off chance that a customer may, at some unspecified point in the future, place an order for products bearing the mark." Petitioner's Reply Br. at p. 8. Respondent asserts that, "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." Respondent's Br. at p. 12.

First, the record only includes stock reports dated July 24, 2013 showing the product was on hand as of that date. In addition, the plastic packaging material that was on hand as of that date, displays the VAL-U PLUS mark that was not in use in 2008 or 2009. Thomaselli Test. Ex. 31. Furthermore, Ms. Thomaselli does not know the date on which the new art work displayed thereon was developed. Thomaselli Test. at pp. 76-78; Ex. 26, 32. Thus, there is no documentary evidence to establish that such products or packaging material was on hand from June 2009-June 2013. Put simply, the stock reports run on July 24, 2013 do not add to our understanding of what was occurring between June 2009 and June 2013.

Second, maintaining sample plastic packaging material and raw materials used to make bathroom tissues and paper towels is not sufficient to support a finding of an intent to resume use of the mark, as the record does not indicate that such materials were of use only with VAL-U PLUS products. In that such materials were "raw" materials, it is reasonable to conclude that those materials could be used

to make any of Respondent's other bathroom tissue or paper towels. The record does not indicate that the noted raw materials were of no use in making other paper products.

In fact, the record makes clear that Respondent had the ability to substitute goods bearing the VAL-U PLUS mark for other products shipped to consumers, Bargain Barn in particular. The record shows that when Bargain Barn's July, 2013 VAL-U PLUS order was short due to a shortfall in inventory; Respondent (with approval from Bargain Barn) substituted a product called "DRY MOP," because it was "the same item."<sup>4</sup> Therefore, the goods were interchangeable. This evidence also undercuts the probative value of the stock reports in that the report indicated 864 cases were in stock, but in fact only 593 cases were in stock. Compare Thomaselli Test. Ex. 25 (stock report showing Y next to 864 cases of paper towels indicating product is stocked) with Ex. 41 (email exchange indicating they only have 593 cases in stock). In short, the Thomaselli testimony and accompanying exhibits are insufficient to show an intent to resume use.

In view of the foregoing, we find that Respondent failed to rebut the *prima facie* case of abandonment established by Petitioner. Respondent has not made use of the mark on the items identified in the registration for a period of time lasting in excess of three years, has not shown an intent to resume use of the mark during

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<sup>4</sup> The email dated December 19, 2013, 3:53 pm states as follows: Gary, Please read below. You ordered 864 of the Value Plus towel, but we only have 93 cases. We have 202 cases of Dr[sic] Mop towel which is the same item. I would like to add the 202 cases of item #108351 and ship 795 cases to come closer to filling up the truck....Is that OK with you?" Thomaselli Test., Ex. 41, pg. 2.

that time period and has therefore abandoned use of the mark for all of the goods in Registration No. 1536352. Accordingly, pursuant to 15 U.S.C. §§ 1064 and 1127, Registration No. 1536352 shall be cancelled in its entirety on the ground of abandonment.

**Decision:** The petition for cancellation is granted on the ground of abandonment. Registration No. 1536352 shall be cancelled in due course.