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ESTTA Tracking number: **ESTTA542114**

Filing date: **06/06/2013**

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

| | |
|---|---|
| Proceeding | 92057120 |
| Party | Defendant<br>Canada Pipeline Accessories Co. Ltd |
| Correspondence Address | CANADA PIPELINE ACCESSORIES CO LTD<br>10653-46TH STREET SE, CALGARY<br>ALBERTA, CA T2C-5C2<br>UNITED STATES |
| Submission | Motion to Suspend for Civil Action |
| Filer's Name | Frederick N. Samuels |
| Filer's e-mail | fnsdocketing@cahnsamuels.com |
| Signature | /Frederick N. Samuels/ |
| Date | 06/06/2013 |
| Attachments | Motion to Suspend.pdf(95297 bytes )<br>Motion to Suspend_Ex1.pdf(1242194 bytes )<br>Motion to Suspend_Ex2.pdf(485199 bytes ) |

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

In the matter of Registration Nos. 2994138 and 3934642

| | | |
|---|---|---|
| RJ MACHINE COMPANY, INC. | ) | |
| | ) | |
| Petitioner | ) | |
| | ) | |
| | ) | Cancellation No.: 92057120 |
| v. | ) | |
| | ) | |
| CANADA PIPELINE ACCESSORIES CO., LTD | ) | |
| | ) | |
| Respondent | ) | |
| | ) | |

**RESPONDENT CANADA PIPELINE ACCESSORIES, CO. LTD'S MOTION TO SUSPEND CANCELLATION PROCEEDING PENDING OUTCOME OF CIVIL ACTION**

Pursuant to 37 C.F.R. § 2.117(a), Respondent Canada Pipeline Accessories, Co., Ltd. ("Respondent") hereby requests that the above-captioned cancellation proceeding be suspended pending disposition of a civil action in the United States District Court for the Southern District of West Virginia. This action, *Canada Pipeline Accessories, Co. Ltd. V. Canalta Controls, Ltd*., Case No. 3:12-cv-08448 (S.D. W.Va.), is referred to hereinafter as the "Civil Action".

Respondent is the plaintiff in the Civil Action which involves, among other issues, a genericness challenge to Registration Nos. 3934642 ("the '642 Registration") and 2994138 ("the '138 Registration"), the same registrations that are at issue in this cancellation proceeding. More particularly, in the Civil Action, the Defendant alleged that the terms "50" and "50E" are generic as applied to flow conditioners and sought cancellation of the '642 and '138 Registrations. A copy of Respondent's Complaint is

attached as Exhibit 1, and a copy of the Civil Action Defendant's Answer, Affirmative Defenses, and Counterclaims is attached as Exhibit 2.

It is the policy of the Board to suspend proceedings when there is a civil action which may be dispositive of or have a bearing on the Board proceeding. *New Orleans Louisiana Saints LLC & NFL Properties LLC v. Who Dat?, Inc.*, 99 U.S.P.Q.2d 1550 (TTAB 2011). Here, the outcome of the Civil Action will have a bearing on or be dispositive of the instant proceeding. If the Court orders cancellation of either or both of the '642 and '138 Registrations, this proceeding will be mooted in whole or in part. Accordingly, Respondent requests that this proceeding be suspended pending final disposition of the Civil Action in accordance with 37 C.F.R. § 2.117(a).

In the alternative, should the Board deny this motion, Respondent requests that the Board enter an order extending the deadline for Respondent to answer or otherwise plead until 15 days after notice of the Board's action on the instant motion to suspend.

June 6, 2013

Respectfully submitted,

/Frederick N. Samuels/

Frederick N. Samuels, Esq.
CAHN & SAMUELS, LLP
1100 17th St. NW Suite 401
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(202) 331-8777
frederick.samuels@cahnsamuels.com

Attorney for Respondent

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

In the matter of Registration Nos. 2994138 and 3934642

| | | |
|---|---|---|
| RJ MACHINE COMPANY, INC. | ) | |
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| Petitioner | ) | |
| | ) | |
| | ) | Cancellation No.: 92057120 |
| v. | ) | |
| | ) | |
| CANADA PIPELINE ACCESSORIES CO., LTD | ) | |
| | ) | |
| Respondent | ) | |
| | ) | |

## CERTIFICATE OF SERVICE

I hereby certify that a true and complete copy of the foregoing **MOTION TO SUSPEND CANCELLATION PROCEEDING PENDING OUTCOME OF CIVIL ACTION** and the exhibits thereto have been served on counsel for Petitioner by mailing said copy on **June 6, 2013**, via First Class Mail, postage prepaid to:

Douglas N. Masters
Loeb & Loeb LLP
321 N. Clark Street
Suite 2300
Chicago, IL 60654

/Frederick N. Samuels/
Attorney for Respondent

# Exhibit 1

**IN THE UNITED STATES DISTRICT COURT**
**FOR THE SOUTERN DISTRICT OF WEST VIRGINIA**

| | | |
|---|---|---|
| Canada Pipeline Accessories Co., Ltd. | ) | |
| Plaintiff, | ) | |
| v. | ) | Civil Action No. 3:12-cv-08448 |
| Canalta Controls, Ltd. | ) | |
| Defendant. | ) | |

## COMPLAINT

As its Complaint in this action, Plaintiff Canada Pipeline Accessories Co., Ltd. ("CPA"), by its undersigned attorneys, alleges as follows, upon actual knowledge with respect to itself and its own acts, and upon information and belief as to all other matters:

## NATURE OF THE CASE

1. This is an action for trademark infringement, trade dress infringement, false advertising, and unfair competition under federal, state, and/or common law. CPA brings this action because Defendant Canalta Controls, Ltd. ("Canalta") has without authorization, manufactured, distributed, and/or sold knock off flow conditioners bearing a mark that is confusingly similar to CPA's trademarks and has made numerous false claims regarding its flow conditioners.

## JURISDICTION AND VENUE

2. This Court has jurisdiction over the subject matter of this action pursuant to 15 U.S.C. § 1121 (actions arising under the Lanham Act), 28 U.S.C. § 1331 (actions arising

under the laws of the United States), 28 U.S.C. § 1332(a) (diversity of citizenship between the parties), and § 1338(a) (actions arising under an Act of Congress relating to copyrights and trademarks). This Court has supplemental jurisdiction over the claims in this Complaint that arise under state statutory and common law pursuant to 28 U.S.C. § 1367(a).

3. This Court has personal jurisdiction over the Defendant pursuant to W. Va. Code, § 56-3-33.

4. Venue is properly founded in this judicial district pursuant to 28 U.S.C. §§ 1391(b).

## THE PARTIES

5. Plaintiff CPA is a Canadian corporation, with a business address of 10653-46th Street, SE, Calgary, Alberta Canada.

6. Defendant Canalta is a Canadian corporation with a business address of 6759 65th Avenue, Red Deer, Alberta, Canada.

## CPA AND ITS TRADEMARKS

7. CPA is a family owned business dedicated to research, development and sale of cutting edge flow measurement technology for the oil and gas industries and related consulting. Since its inception, CPA has continuously manufactured, developed, produced and sold its line of flow measurement devices, including flow conditioners (devices for regulating fluid flow in pressurized pipelines) and flow nozzles throughout the United States and internationally.

8. Over the years, CPA has been a frequent presenter at oil and gas industry professional conferences and workshops and published numerous articles directed to flow conditioner performance and design.

9. In its markets, CPA's products and services are regarded as being of the highest quality and reliability. CPA has and continues to be dedicated to providing precision engineered products and excellent customer service. CPA enjoys an unparalleled reputation as a leader in its field. This reputation is a direct result of its high engineering standards, its careful selection of quality materials, its dedication to customer service, and the efforts of its employees to maintain the highest levels of integrity in their marketing and sales efforts.

10. For over fifteen years, CPA has actively and continuously promoted itself and its products through various channels in the trade including, through regional and national distributors, extensive participation in professional conferences.

11. As a result of its programs and efforts, CPA has established very substantial goodwill and a correspondingly substantial network of regional and national product distribution channels since it commenced its business.

12. A flagship product in CPA's product line is its line of flow conditioners. Since at least as early as 1999, CPA has been continuously marketing and selling flow conditioners under the CPA 50E® and 50E®trademarks (the "CPA Marks").

13. CPA has continuously sold and distributed such flow conditioners directly through distributors and promoted its flow conditioners at oil and gas industry professional conferences and workshops. As such, CPA has developed substantial trademark rights in the CPA Marks.

14. Since the first introduction of its flow conditioners, CPA has made substantially exclusive and continuous use of the CPA Marks on or in connection with its flow conditioners.

15. CPA's flow conditioners have become so well accepted that several companies' product specifications explicitly require use of CPA 50E® flow conditioners in their pipeline systems due to the high level of quality and reliability of the flow conditioners.

16. Over the years, CPA's flow conditioners have been subject to extensive testing and, as a result, are fully compliant with American Gas Association specifications.

17. CPA is the owner of United States Federal Trademark Registration No. 3934642 ("the '642 Registration") of 50E as applied to Flow Conditioners. This registration is valid, subsisting, and in full force and effect. A true and correct copy of the '642 Registration is attached hereto as Exhibit A.

18. CPA is the owner of United States Federal Trademark Registration No. 2994138 ("the '138 Registration") of CPA 50E as applied to Flow Conditioners. This registration is valid, subsisting, in full force and effect and has become incontestable pursuant to 15 U.S.C. §1065. A true and correct copy of the '138 Registration is attached hereto as Exhibit B.

## THE CPA TRADE DRESS

19. CPA is the owner of unique and distinctive trade dress in the overall non-functional appearance of its flow conditioners including one or more of the following features: the unique hole pattern on the face of the flow conditioner, the concentric

grooves disposed on the flange of the flow conditioner, the shiny silver metallic finish and the trademark marking along the flange side wall.

20. Consumers immediately identify CPA as the single source of high quality products bearing the CPA trade dress.

21. The CPA trade dress is non-functional as applied to CPA's products.

22. CPA has employed the CPA trade dress associated with flow conditioners and other products exclusively and without interruption, and the CPA trade dress has never been abandon.

## CANALTA'S WRONGFUL ACTS

23. Upon information and belief, Canalta is engaged in designing, manufacturing, advertising, promoting, distributing, selling and/or offering for sale of knock off flow conditioners in direct competition with CPA and in violation of CPA's rights. Canalta markets the knock off flow conditioners under at least the following spurious marks: Contour 50, Contour 50F and Contour 50P.

24. Upon information and belief, on or about August 14-17 2012, at the Appalachian Gas and Measurement Short Course ("the AGMS Course") in Pittsburgh, PA, Canalta displayed and offered for sale a knock off flow conditioner under the "Contour 50F" designation. Canalta displayed the Contour 50F side-by-side with the CPA 50E® in a blatant attempt to cause customer confusion. A photograph of the CPA display from the AGMS Course is attached hereto as Exhibit C.

25. Upon information and belief, during the AGMS course, a Canalta employee, Mr. Steve Ecklund, made individual sales calls to CPA customers and told those customers

that: (1) the Contour 50F was designed and built exactly the same as the CPA 50E®, (2) the Contour 50F would work better than the CPA 50E®, (3) the Contour 50F would sell for 1/10th the price of the CPA 50E®. Upon information and belief, these statements contain false and/or misleading descriptions of fact, or false and/or misleading representations of fact.

26. For example, upon information and belief, the Contour 50F was not designed and built exactly the same as the CPA 50E®.

27. For example, upon information and belief, the Contour 50F's performance is neither better than nor identical to the CPA 50E®'s performance.

28. Upon information and belief, on or about August 13th, 2012, in a conversation with a CPA sales representative, Mr. Ecklund confirmed that Canalta was selling a copy of the CPA 50E® and told the sales representative that "Canalta has been a clone company forever."

29. Upon information and belief, during the AGMS Course, Mr. Ecklund met with Cenergy, LLC of Milton, West Virginia and demonstrated both the Contour 50F and the CPA 50E® flow conditioners. Mr. Ecklund represented to Cenergy that the Contour 50F was identical to and performed the same as the CPA 50E®. Mr. Ecklund confirmed that Canalta did not have any performance test data for the Contour 50F.

30. On or about September 7, 2012, Cenergy purchased several Contour 50F flow conditioners from Canalta.

31. Upon information and belief, Canalta continued its anticompetitive behavior at the 2012 American School of Gas Measurement Technology ("ASGMT") which took place September 17-20th, 2012. Canalta approached one of CPA's clients and told the client

that the Contour 50F was manufactured precisely to the dimensions and tolerances of the CPA 50E® and that the test and approval data that exists for the CPA 50E® therefore applies and is effective and transferable for the Contour 50F. Upon information and belief, these statements are false and misleading.

32. Upon information and belief, Canalta further represented to the CPA client that Canalta had manufactured flow conditioners for CPA and, as such, are an approved CPA vendor. Canalta has never been a CPA approved vendor.

33. Upon information and belief, Canalta set up a display of the Contour 50F and the CPA 50E® at the ASGMT identical to the display that Canalta employed at the AGMS Course. The placement of the Contour 50F side-by-side with the CPA 50E falsely implies that the Contour 50F is equivalent in performance to the CPA 50E®.

34. Despite admittedly having no performance test data for the Contour 50F, in its product catalogue, Canalta touts that its "Orifice plates and flow conditioners comply with AGA 3.2 specifications." Upon information and belief, the knock off flow conditioners do not comply with AGA 3.2 specifications.

35. Canalta is well aware of the fame and strength of the CPA Marks and the CPA trade dress and the substantial goodwill associated therewith.

36. Canalta has no license, authority, or other permission from CPA to use any of the CPA Marks or the CPA trade dress in connection with designing, manufacturing, advertising, promoting, distributing, selling, and/or offering for sale flow conditioners.

**37.** Canalta continues to promote, market, and sell its knock off flow conditioners to customers in West Virginia and throughout the United States. Canalta has engaged in such activities knowingly and intentionally or with reckless disregard or willful blindness

to CPA's rights, or with bad faith, for the purpose of trading on the goodwill and reputation of the CPA marks and products.

**COUNT I**

**(Trademark Infringement, 15 U.S.C. § 1114)**

38. CPA repeats and realleges the allegations set forth in the preceding paragraphs.

39. By their unauthorized use of the marks Contour 50, Contour 50F and Contour 50P for flow conditioners, Canalta has, without CPA's consent, used and is using in commerce a reproduction, counterfeit, copy or colorable imitation of CPA's federally registered "CPA 50E®" and "50E®" trademarks in connection with the sale, offering for sale, distribution and advertising of Canalta's flow conditioners. Such use is likely to cause confusion or to cause mistake or to deceive in violation of 15 USC. § 1114(1)(a).

40. By their unauthorized and intended use of the marks Contour 50, Contour 50F and Contour 50P on such flow conditioners, Canalta has, without CPA's consent, reproduced, counterfeited, copied or colorably imitated CPA's federally registered "CPA 50E®" and "50E®" trademarks in connection with the sale, offering for sale, distributing and advertising of Canalta's flow conditioners. Such use is likely to cause confusion or to cause mistake or to deceive in violation of 15 U.S.C. § 1114(1)(b).

41. As a result of these wrongful and illegal acts by Canalta, there is damage and a likelihood of further damage and injury to CPA through Plaintiff's loss of control over its "CPA 50E®" and "50E®" marks leading to declining sales and loss of goodwill.

42. Canalta has unlawfully profited from the unauthorized use of the "CPA 50E®" and "50E®" marks in connection with sales of knock off flow conditioners. CPA is entitled to damages in no event less than said profit by reason of Canalta's infringement of the

CPA Marks. The amount of such damages not being known presently but being ascertainable upon the conduct of appropriate discovery herein.

43. On information and belief, Canalta's actions have been committed intentionally with the knowledge that the use of such a colorable imitation is likely to cause confusion or to cause mistake or to deceive.

44. CPA has and is suffering harm and irreparable harm as a result of the actions of Canalta as complained herein. CPA has no adequate remedy at law. Therefore, CPA seeks temporary and permanent injunctive relief against such trademark infringement and all damages recoverable by statute.

45. CPA is further entitled to exemplary damages from Canalta because Canalta acted with the malice required to support an award of such damages. Canalta acted with the specific knowledge of CPA's trademark rights, with specific intent to cause injury to CPA, with a conscious indifference to the rights or welfare of the CPA, and with actual and/or subjective awareness that its acts involved an extreme degree of risk of harm to CPA and with actual and/or subjective awareness that its acts involved an extreme risk of harm to CPA.

**COUNT II**

**(Trade Dress Infringement, 15 U.S.C. § 1125(a))**

46. CPA repeats and realleges the allegations set forth in the preceding paragraphs.

47. The CPA trade dress has acquired secondary meaning as distributors, retailers and end customers associate the CPA trade dress with CPA.

48. Canalta's design, manufacture, promotion, distribution, marketing and sale of knock off flow conditioners is intended to cause, has caused, and is likely to continue to

cause confusion, mistake and deception among consumers, the public and the trade who recognize and associate the CPA trade dress with CPA. Moreover, Canalta's conduct is likely to cause confusion, to cause mistake, or to deceive consumers, the public, and the trade as to the source of Canalta's flow conditioners, or as to possible affiliation, connection or association between Canalta ,CPA and Canalta's flow conditioners.

49. Upon information and belief, Canalta has acted with knowledge of CPA's ownership of the CPA trade dress and with deliberate intention or willful blindness to unfairly benefit from the substantial goodwill symbolized thereby.

50. Canalta's acts constitute trade dress infringement in violation of Section 43(a) of the Lanham Act (15 U.S.C. § 1125(a)).

51. Upon information and belief, Canalta has made and will continue to make substantial profits and gains to which they are not in law or equity entitled.

52. Upon information and belief, Canalta intend to continue their infringing acts, unless restrained by this Court.

53. Canalta's acts have damaged and will continue to damage CPA, and CPA has no adequate remedy at law.

**COUNT III**

**(False Advertising, 15 U.S.C. §1125(a))**

54. CPA repeats and realleges the allegations set forth in the preceding paragraphs.

55. Canalta has made false and/or misleading descriptions, statements or representations of fact in connection with Canalta's knock off flow conditioners as described herein.

56. Canalta's false or misleading descriptions, statements or representations of fact, misrepresent the nature, characteristics, qualities or geographic origin of Canalta's flow conditioners.

57. Canalta's are material to consumer's purchasing decisions.

58. On information and belief, Canalta's literally false and misleading descriptions, representations or statements of fact have caused, are causing, and are likely to continue to cause substantial and irreparable harm to CPA, including damage to CPA's sales, profits, business relationships, reputation, and goodwill.

59. On information and belief, Canalta's false and misleading representations, statements and descriptions of fact have created independent lingering false and misleading impressions among consumers that must be dispelled by corrective advertising by Defendant.

**COUNT IV**

**(False Designation of Origin, 15 U.S.C. § 1125(a))**

60. CPA repeats and realleges the allegations set forth in the preceding paragraphs.

61. CPA has used its trademarks CPA 50E and 50E on flow conditioners for over 15 years.

62. Canalta's promotion, advertising, distribution, sale and/or offering for sale of the its Contour 50, Contour 50F and Contour 50P flow conditioners is intended, and is likely to confuse, mislead, or deceive consumers, the public, and the trade as to the origin, source, sponsorship, or affiliation of the Infringing Products, and is intended, and is likely to cause such parties to believe in error that the Infringe Products have been

authorized, sponsored, approved, endorsed or licensed by CPA, or that Canalta is in some way affiliated with CPA.

63. The foregoing acts of Canalta constitute a false designation of origin in violation of Section 43(a) of the Lanham Act (15 U.SC. § 1125(a)).

64. Upon information and belief, Canalta has made and will continue to make substantial profits and gains to which it is not in law or equity entitled.

65. Upon information and belief, Canalta intends to continue its infringing acts, unless restrained by this Court.

66. Canalta's acts have damaged and will continue to damage CPA, and CPA has no adequate remedy at law.

**COUNT V**

**(Unfair Competition and Passing Off West Virginia Common Law)**

67. CPA repeats and realleges the allegations set forth in the preceding paragraphs.

68. By using Contour 50, Contour 50F and Contour 50P on their products, Canalta unfairly competes with CPA by creating the impression among consumers, the public and the trade that CPA has licensed or sponsored Canalta, when in fact it has not. Canalta has and continue to misappropriate CPA's valuable good will and public recognition of the CPA 50E and 50E trademarks which have been developed nationally and in the State of West Virginia over the last fifteen years by CPA, where Canalta has unlawfully benefited and been unjustly enriched by such activities.

69. Canalta's false Contour 50, Contour 50F and Contour 50P designations constitute unfair competition and passing off under the common law of the State of West

Virginia. Defendants' practices have and continue to injure CPA, and will cause irreparable harm and damage to CPA unless restrained and enjoined by this Court..

70. Upon information and belief, Canalta has made and will continue to make substantial profits and gains to which it is not in law or equity entitled.

71. Canalta's acts have damaged and will continue to damage CPA, and CPA has no adequate remedy at law.

**WHEREFORE**, CPA respectfully requests that this Court enter judgment against Canalta as follows:

A. Finding that: (i) Canalta has violated Section 32 of the Lanham Act (15 U.S.C. § 1114); Section 43(a) of the Lanham Act (15 U.S.C. § 1125(a)) and (ii) Canalta have engage in trademark infringement and unfair competition under the common law of West Virginia.

B. Granting an injunction, pursuant to Rule 65 of the Federal Rules of Civil Procedure and 15 U.SC. §1116 preliminarily and permanently restraining and enjoining Canalta, their officers, agents, employees, and attorneys, and all of those persons or entities inactive concert or participation with them from:

a. Manufacturing, importing, advertising, marketing, promoting, supplying, distributing, offering for sale, or selling any products which bear the CPA Marks, the CPA Trade Dress, or any other mark or trade dress substantially similar or confusing thereto, including without limitation, the knock off flow conditioners, and engaging in any other activity

constituting an infringement of any of CPA's rights in the CPA Marks and the CPA Trade Dress;

b. Engaging in any other activity constituting unfair competition with CPA, or acts and practices that deceive consumers, the public, and/or the trade, including without limitation, the use of designations and design elements associated with CPA; and

c. Making any and all statements, representations or descriptions in promotions or advertising (and those substantially similar) found to violate 15 U.S.C. § 1125(a); and

C. Requiring Canalta to recall from any distributors and retailers and to deliver to CPA for destruction or other disposition all remaining inventory of all knock off flow conditioners, including all advertisements, promotional and marketing materials therefore, as well as means of making same;

D. Requiring Canalta to distribute corrective advertising , the substance of which to be determined at trial;

E. Requiring Canalta to file with this Court and serve on CPA within thirty (30) days after entry of the injunction a report in writing under oath setting forth in detail the manner and form in which Canalta has complied with the injunction;

F. Directing such other relief as the Court may deem appropriate to prevent consumers, the public, and/or the trade from deriving any erroneous impression that any product at issue in this action has been manufactured, imported, advertised, marketed, promoted, supplied, distributed, offered

for sale, or sold by Canalta, has been authorized by CPA, or is related in any way with CPA and/or its products;

G. Ordering Canalta to account to and pay CPA all profits realized by its wrongful acts and also awarding CPA its actual damages, and also directing that such profits or actual damages be trebled, in accordance with Section 35 of the Lanham Act (15 U.SC. § 1117).

H. Awarding CPA actual and punitive damages to which it is entitled under applicable federal and state laws.

I. Awarding CPA its costs, attorneys fees, investigatory fees, and expenses to the full extend provided by Section 35 of the Lanham Act ( 15 U.S.C. § 1117).

J. Awarding CPA pre-judgment interest on any monetary award made part of the judgment against Canalta; and

K. Awarding CPA such additional and further relief as the Court deems just and proper.

## DEMAND FOR JURY TRIAL

Pursuant to Rule 38(b) of the Federal Rules of Civil Procedure, CPA requests trial by jury in this matter.

CANADA PIPELINE ACCESSORIES CO., LTD.

By Counsel

/s/ Charles W. Pace, Jr.

Robert B. Allen (WVSB # 0110)
Charles W. Pace, Jr. (WVSB # 8076)
KAY CASTO & CHANEY, PLLC
707 Virginia Street, East, Suite 1500
P.O. Box 2031
Charleston, WV 25327
(304) 345-8900
(304) 345-8909 Fax
*(Counsel for Plaintiff)*
rallen@kaycasto.com
cwpace@kaycasto.com

## VERIFICATION OF COMPLAINT

I, Dale Sawchuk, declare that:

1. I am the President of the named plaintiff in this civil action.
2. I have read the foregoing Complaint and am familiar with the allegations and statements contained therein.
3. To the best of my knowledge, information and belief, founded after reasonable inquiry, the allegations in the Complaint are well grounded in fact, are warranted by existing law or good faith argument for extension, modification, or establishment of new law.
4. The foregoing Complaint is not being filed for any improper purpose
5. I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct.

Nov. 30/2012
Date

D. Sawchuk
Dale Sawchuk

# Exhibit A

# United States of America

## United States Patent and Trademark Office

# 50E

**Reg. No. 3,934,642**

**Registered Mar. 22, 2011**

**Int. Cl.: 11**

**TRADEMARK**

**PRINCIPAL REGISTER**

CANADA PIPELINE ACCESSORIES CO. LTD (CANADA CORPORATION)
10653-46TH STREET S.E.
CALGARY, ALBERTA, CANADA T2C-5C2

FOR: FLOW CONDITIONERS, NAMELY, DEVICES FOR REGULATING FLUID FLOW IN PRESSURIZED PIPELINES, IN CLASS 11 (U.S. CLS. 13, 21, 23, 31 AND 34).

FIRST USE 6-30-1999; IN COMMERCE 6-30-1999.

THE MARK CONSISTS OF STANDARD CHARACTERS WITHOUT CLAIM TO ANY PARTICULAR FONT, STYLE, SIZE, OR COLOR.

OWNER OF U.S. REG. NO. 2,994,138.

SN 76-699,814, FILED 10-13-2009.

STEPHANIE ALI, EXAMINING ATTORNEY

David J. Kappos

Director of the United States Patent and Trademark Office

# Exhibit B

Int. Cl.: 9

Prior U.S. Cls.: 21, 23, 26, 36 and 38

**United States Patent and Trademark Office**

Reg. No. 2,994,138
Registered Sep. 13, 2005

# TRADEMARK
## PRINCIPAL REGISTER

## CPA 50E

CANADA PIPELINE ACCESSORIES CO. LTD. (CANADA CORPORATION)
6710 - 30 STREET S.E.
CALGARY, ALBERTA, CANADA T2C 1N9

FOR: IN-LINE PIPELINE FLOW CONDITIONERS FOR IMPROVED FLOW MEASUREMENT READINGS FOR USE WITH METERING LIQUIDS AND GASSES, IN CLASS 9 (U.S. CLS. 21, 23, 26, 36 AND 38).

FIRST USE 12-31-1997; IN COMMERCE 6-30-1999.

PRIORITY CLAIMED UNDER SEC. 44(D) ON CANADA APPLICATION NO. 1139877, FILED 5-3-2002, REG. NO. TMA596844, DATED 12-8-2003, EXPIRES 12-3-2018.

SER. NO. 78-180,613, FILED 10-31-2002.

MARLENE BELL, EXAMINING ATTORNEY

# Exhibit C

(50E)
Canalta Contour (50F)

# Exhibit 2

**IN THE UNITED STATES DISTRICT COURT**
**FOR THE SOUTHERN DISTRICT OF WEST VIRGINIA**

| | | |
|---|---|---|
| Canada Pipeline Accessories Co., Ltd., | ) | |
| | ) | |
| Plaintiff/Counterclaim Defendant | ) | |
| | ) | |
| v. | ) | Civil Action No. 3:12-cv-08448 |
| | ) | |
| Canalta Controls, Ltd., | ) | |
| | ) | |
| Defendant/Counterclaim Plaintiff | ) | |
| | ) | |
| v. | ) | |
| | ) | |
| Dale Sawchuk, | ) | |
| | ) | |
| Counterclaim Defendant. | ) | |

**ANSWER, AFFIRMATIVE DEFENSES, AND COUNTERCLAIMS**

Defendant Canalta Controls, Ltd. ("Canalta"), for its Answer to the Complaint ("Complaint") filed by Plaintiff Canada Pipeline Accessories Co., Ltd. ("CPA"), responds to the numbered paragraphs of the Complaint as follows:

**NATURE OF THE CASE**

1. This is an action for trademark infringement, trade dress infringement, false advertising, and unfair competition under federal, state, and/or common law. CPA brings this action because Defendant Canalta Controls, Ltd. ("Canalta") has without authorization, manufactured, distributed, and/or sold knock off flow conditioners bearing a mark that is confusingly similar to CPA's trademarks and has made numerous false claims regarding its flow conditioners.

**Response:** Canalta denies that it has, without authorization, manufactured, distributed, and/or sold knock off flow conditioners bearing a mark that is confusingly similar to CPA's trademarks or that it has made numerous false claims regarding Canalta's flow conditioners. Canalta denies all remaining allegations in paragraph 1 of the Complaint, if any.

2. This Court has jurisdiction over the subject matter of this action pursuant to 15 U.S.C. §1121 (actions arising under the Lanham Act), 28 U.S.C. § 1331 (actions arising under the laws of the United States), 28 U.S.C. § 1332(a) (diversity of citizenship between the parties), and §1338(a) (actions arising under an Act of Congress relating to copyrights and trademarks). This Court has supplemental jurisdiction over the claims in this Complaint that arise under state statutory and common law pursuant to 28 U.S.C. §1367(a).

**Response:** Paragraph 2 of the Complaint states a legal conclusion to which no response is required. To the extent a response is required, Canalta lacks knowledge or information sufficient to form a belief regarding the allegations in paragraph 2 and therefore denies the same.

3. This Court has personal jurisdiction over the Defendant pursuant to W. Va. Code, § 56-3-33.

**Response:** Paragraph 3 of the Complaint states a legal conclusion to which no response is required. To the extent a response is required, Canalta lacks knowledge or information sufficient to form a belief regarding the allegations in paragraph 3 and therefore denies the same.

4. Venue is properly founded in this judicial district pursuant to 28 U.S.C. §§ 1391(b).

**Response:** Paragraph 4 of the Complaint states a legal conclusion to which no response is required. To the extent a response is required, Canalta lacks knowledge or information sufficient to form a belief regarding the allegations in paragraph 4 and therefore denies the same.

## THE PARTIES

5. Plaintiff CPA is a Canadian corporation, with a business address of 10653-46th Street, SE, Calgary, Alberta Canada.

**Response:** Canalta admits that CPA maintains a business address located at 10653-46th Street, SE, Calgary, Alberta Canada. Canalta is without sufficient information to form a belief as to the allegations set forth in Paragraph 5 concerning CPA's incorporation status and therefore denies same, and denies any other facts asserted in paragraph 5 not expressly admitted herein.

6. Defendant Canalta is a Canadian corporation with a business address of 6759-65th Avenue, Red Deer, Alberta, Canada.

**Response:** Admitted.

## CPA AND ITS TRADEMARKS

7. CPA is a family owned business dedicated to research, development and sale of cutting edge flow measurement technology for the oil and gas industries and related consulting. Since its inception, CPA has continuously manufactured, developed, produced and sold its line of flow measurement devices, including flow conditioners (devices for regulating fluid flow in pressurized pipelines) and flow nozzles throughout the United States and internationally.

**Response:** Canalta is without sufficient information to form a belief as to the allegations set forth in Paragraph 7 and, therefore, denies the same.

8. Over the years, CPA has been a frequent presenter at oil and gas industry professional conferences and workshops and published numerous articles directed to flow conditioner performance and design.

**Response**: Canalta is without sufficient information to form a belief as to the allegations set forth in Paragraph 8 and, therefore, denies the same.

9. In its markets, CPA's products and services are regarded as being of the highest quality and reliability. CPA has and continues to be dedicated to providing precision engineered products and excellent customer service. CPA enjoys an unparalleled reputation as a leader in its field. This reputation is a direct result of its high engineering standards, its careful selection of quality materials, its dedication to customer service, and the efforts of its employees to maintain the highest levels of integrity in their marketing and sales efforts.

**Response**: Canalta denies the allegations set forth in Paragraph 9.

10. For over fifteen years, CPA has actively and continuously promoted itself and its products through various channels in the trade including, through regional and national distributors, extensive participation in professional conferences.

**Response**: Canalta is without sufficient information to form a belief as to the allegations set forth in Paragraph 10 and, therefore, denies the same.

11. As a result of its programs and efforts, CPA has established very substantial goodwill and a correspondingly substantial network of regional and national product distribution channels since it commenced its business.

**Response**: Canalta is without sufficient information to form a belief as to the allegations set forth in Paragraph 11 and, therefore, denies the same.

12. A flagship product in CPA's product line is its line of flow conditioners. Since at least as early as 1999, CPA has been continuously marketing and selling flow conditioners under the CPA 50E® and 50E® trademarks (the "CPA Marks").

**Response:** Canalta admits that CPA has sold flow conditions under the designations CPA 50E and 50E. Canalta denies that the designation "50E" can attain trademark significance in this context. Canalta is without sufficient information to form a belief as to the remainder of the allegations set forth in Paragraph 12 and, therefore, denies the same.

13. CPA has continuously sold and distributed such flow conditioners directly through distributors and promoted its flow conditioners at oil and gas industry professional conferences and workshops. As such, CPA has developed substantial trademark rights in the CPA Marks.

**Response:** Canalta is without sufficient information to form a belief as to the allegations that "CPA has continuously sold and distributed such flow conditioners directly through distributors and promoted its flow conditioners at oil and gas industry professional conferences and workshops" and, therefore, denies the same. Canalta denies the remainder of the allegations contained in Paragraph 13.

14. Since the first introduction of its flow conditioners, CPA has made substantially exclusive and continuous use of the CPA Marks on or in connection with its flow conditioners.

**Response:** Canalta is without sufficient information to form a belief as to the allegations set forth in Paragraph 14 and, therefore, denies the same.

15. CPA's flow conditioners have become so well accepted that several companies' product specifications explicitly require use of CPA 50E® flow conditioners in their pipeline systems due to the high level of quality and reliability of the flow conditioners.

**Response**: Canalta is without sufficient information to form a belief as to the allegations set forth in Paragraph 15 and, therefore, denies the same.

16. Over the years, CPA's flow conditioners have been subject to extensive testing and, as a result, are fully compliant with American Gas Association specifications.

**Response**: Canalta admits that the NOVA 50E flow conditioner specifications, upon which CPA's 50E flow conditioners are based, have been subject to the extensive testing and are fully compliant with American Gas Association specifications. Canalta is without sufficient information to form a belief as to the remainder of the allegations set forth in Paragraph 16 and, therefore, denies the same.

17. CPA is the owner of United States Federal Trademark Registration No. 3934642 ("the '642 Registration") of 50E as applied to Flow Conditioners. This registration is valid, subsisting, and in full force and effect. A true and correct copy of the '642 Registration is attached hereto as Exhibit A.

**Response**: Canalta admits that Canada Pipeline Accessories Co. Ltd. is shown as the owner of United States Federal Trademark Registration No. 3934642 for the mark "50E" for "flow conditioners, namely, devices for regulating fluid flow in pressurized pipelines, in Class 11" in the records of the U.S. Patent and Trademark Office ("USPTO"), that a copy of such registration is attached as Exhibit A to the Complaint, and that the registration is listed as "active" in the USPTO records. Canalta is without sufficient information to form a belief as to the remainder of the allegations set forth in Paragraph 17 and, therefore, denies the same.

18. CPA is the owner of United States Federal Trademark Registration No. 2994138 ("the '138 Registration") of CPA 50E as applied to Flow Conditioners. This registration is valid, subsisting, in full force and effect and has become incontestable pursuant to 15 U.S.C. §1065. A true and correct copy of the '138 Registration is attached hereto as Exhibit B.

**Response**: Canalta admits that Canada Pipeline Accessories Co. Ltd. is shown as the owner of United States Federal Trademark Registration No. 2994138 for the mark "CPA 50E" for "in-line pipeline flow conditioners for improved flow measurement readings for use with metering liquids and gasses, in class 9" in the records of the USPTO; that a copy of such registration is attached as Exhibit B to the Complaint; that the registration is listed as "active" in the USPTO records; and that a Section 8 and 15 affidavit for the registration has been accepted

and acknowledged by the USPTO. Canalta is without sufficient information to form a belief as to the remainder of the allegations set forth in Paragraph 18 and, therefore, denies the same.

**THE CPA TRADE DRESS**

19. CPA is the owner of unique and distinctive trade dress in the overall non- functional appearance of its flow conditioners including one or more of the following features: the unique hole pattern on the face of the flow conditioner, the concentric grooves disposed on the flange of the flow conditioner, the shiny silver metallic finish and the trademark marking along the flange side wall.

**Response:** Paragraph 19 of the Complaint states a legal conclusion for which no response is required, but if a response is required, Canalta denies that the hole pattern on the face of the flow conditioner, the concentric grooves disposed on the flange of the flow conditioner, the shiny silver metallic finish and the trademark marking along the flange side wall are part of a unique or distinctive trade dress of CPA. Canalta further asserts that the hole pattern on the face of the flow conditioner, the concentric grooves disposed on the flange of the flow conditioner, and the shiny silver metallic finish of the flow conditioner are functional. Canalta denies the remainder of the assertions in paragraph 19 of the Complaint, if any.

20. Consumers immediately identify CPA as the single source of high quality products bearing the CPA trade dress.

**Response:** Canalta is without sufficient information to form a belief as to the allegations set forth in Paragraph 20 and, therefore, denies the same.

21. The CPA trade dress is non-functional as applied to CPA's products.

**Response:** Paragraph 21 of the Complaint states a legal conclusion for which no response is required; but if a response is required, Canalta denies the allegations in paragraph 21.

22. CPA has employed the CPA trade dress associated with flow conditioners and other products exclusively and without interruption, and the CPA trade dress has never been abandon[ed].

**Response:** Canalta is without sufficient information to form a belief as to the allegations that "CPA has employed the CPA trade dress associated with flow conditioners and other products exclusively and without interruption" as set forth in Paragraph 20 and, therefore, denies the same. The remainder of Paragraph 22 of the Complaint states a legal conclusion for which no response is required, but if a response is required, Canalta is without sufficient information to form a belief as to the allegation and therefore denies the same.

**CANALTA'S WRONGFUL ACTS**

23. Upon information and belief, Canalta is engaged in designing, manufacturing, advertising, promoting, distributing, selling and/or offering for sale of knock off flow conditioners in direct competition with CPA and in violation of CPA's rights. Canalta markets the knock off flow conditioners under at least the following spurious marks: Contour 50, Contour 50F and Contour 50P.

**Response**: Canalta admits that it is engaged in designing, manufacturing, advertising, promoting, distributing, selling and/or offering for sale flow conditioners under the mark "CONTOUR," and that it uses the terms "50," "50F," and "50P" in a generic sense to indicate the overall solidity of 50% and other characteristics of its designs. Canalta denies the remainder of the allegations contained in paragraph 23.

24. Upon information and belief, on or about August 14-17 2012, at the Appalachian Gas and Measurement Short Course ("the AGMS Course") in Pittsburgh, PA, Canalta displayed and offered for sale a knock off flow conditioner under the "Contour 50F" designation. Canalta displayed the Contour 50F side-by-side with the CPA 50E® in a blatant attempt to cause customer confusion. A photograph of the CPA display from the AGMS Course is attached hereto as Exhibit C.

**Response:** Canalta admits that, on or about August 14-17, 2012, at the Appalachian Gas and Measurement Short Course ("the AGMS Course") in Pittsburgh, PA, Canalta displayed and offered for sale a flow conditioner under its "CONTOUR" designation, along with the term "(50F)" in a generic sense as explained above, and that it also showed the clearly labeled CPA 50E product to show the equivalent functionality of the products. Canalta denies that the flow

conditioner was a "knock off" and that its display was a "blatant attempt to cause customer confusion." Canalta is without sufficient information to form a belief as to the reminder of the allegations contained in paragraph 24 and, therefore, denies the same.

25. Upon information and belief, during the AGMS course, a Canalta employee, Mr. Steve Ecklund, made individual sales calls to CPA customers and told those customers that: (1) the Contour 50F was designed and built exactly the same as the CPA 50E®, (2) the Contour 50F would work better than the CPA 50E®, (3) the Contour 50F would sell for 1/10th the price of the CPA 50E®. Upon information and belief, these statements contain false and/or misleading descriptions of fact, or false and/or misleading representations of fact.

**Response:** Canalta denies that it has made any statements that are false or misleading, and denies the remainder of the allegations contained in paragraph 25, if any, except that Canalta admits that Steve Ecklund has previously stated that the Contour 50F and CPA 50E are comparable products that are designed similarly and should perform similarly.

26. For example, upon information and belief, the Contour 50F was not designed and built exactly the same as the CPA 50E®.

**Response**: Canalta avers that the Contour line of flow conditioners are designed and manufactured to the specifications of the NOVA 50E. Canalta is without sufficient information to form a belief as to the truth of the allegations set forth in Paragraph 26 of the Complaint and, therefore, denies same.

27. For example, upon information and belief, the Contour 50F's performance is neither better than nor identical to the CPA 50E®'s performance.

**Response**: Denied.

28. Upon information and belief, on or about August 13th, 2012, in a conversation with a CPA sales representative, Mr. Ecklund confirmed that Canalta was selling a copy of the CPA 50E® and told the sales representative that "Canalta has been a clone company forever."

**Response**: Canalta denies that it has made any statements that are false or misleading, and denies the remainder of the allegations contained in paragraph 28, if any, except that Canalta

admits that Steve Ecklund has previously stated that the Contour 50F and CPA 50E are comparable products that are designed similarly and should perform similarly.

29. Upon information and belief, during the AGMS Course, Mr. Ecklund met with Cenergy, LLC of Milton, West Virginia and demonstrated both the Contour 50F and the CPA 50E® flow conditioners. Mr. Ecklund represented to Cenergy that the Contour 50F was identical to and performed the same as the CPA 50E®. Mr. Ecklund confirmed that Canalta did not have any performance test data for the Contour 50F.

**Response**: Canalta denies that it has made any statements that are false or misleading, and denies the remainder of the allegations contained in Paragraph 29 of the Complaint, if any, except that Canalta admits that Steve Ecklund has previously stated that the Contour 50F and CPA 50E are comparable products that are designed similarly and should perform similarly. Canalta admits that Mr. Ecklund informed Cenergy that he did not personally have test data to share with Cenergy during the course, but that he would share such data with the company.

30. On or about September 7, 2012, Cenergy purchased several Contour 50F flow conditioners from Canalta.

**Response:** Canalta admits that Cenergy purchased units of Contour 50F flow conditioners from Canalta on September 7, 2012.

31. Upon information and belief, Canalta continued its anticompetitive behavior at the 2012 American School of Gas Measurement Technology ("ASGMT") which took place September 17-20th, 2012. Canalta approached one of CPA's clients and told the client that the Contour 50F was manufactured precisely to the dimensions and tolerances of the CPA 50E® and that the test and approval data that exists for the CPA 50E® therefore applies and is effective and transferable for the Contour 50F. Upon information and belief, these statements are false and misleading.

**Response**: Canalta denies that any of its actions were anticompetitive and that any statements it made are false or misleading; but admits that the Contour 50F and CPA 50E are designed similarly and should perform similarly, and that the test and approval data for the NOVA 50E applies and is effective and transferable for the Contour 50F. Canalta denies the remainder of the allegations contained in paragraph 31, if any.

32. Upon information and belief, Canalta further represented to the CPA client that Canalta had manufactured flow conditioners for CPA and, as such, are an approved CPA vendor. Canalta has never been a CPA approved vendor.

**Response**: Canalta admits that it has stated that Canalta has manufactured flow conditioners for CPA and has been an approved CPA vendor. Canalta denies the remainder of the allegations contained in paragraph 33.

33. Upon information and belief, Canalta set up a display of the Contour 50F and the CPA 50E® at the ASGMT identical to the display that Canalta employed at the AGMS Course. The placement of the Contour 50F side-by-side with the CPA 50E falsely implies that the Contour 50F is equivalent in performance to the CPA 50E®.

**Response**: Canalta admits that it set up a display at the ASGMT that was substantially similar to the display that Canalta employed at the AGMS Course. Canalta denies the remainder of the allegations contained in paragraph 34.

34. Despite admittedly having no performance test data for the Contour 50F, in its product catalogue, Canalta touts that its "Orifice plates and flow conditioners comply with AGA 3.2 specifications." Upon information and belief, the knock off flow conditioners do not comply with AGA 3.2 specifications.

**Response**: Canalta admits that it has stated that the Contour's "Orifice plates and flow conditioners comply with AGA 3.2 specifications." Canalta denies the remainder of the allegations contained in paragraph 35.

35. Canalta is well aware of the fame and strength of the CPA Marks and the CPA trade dress and the substantial goodwill associated therewith.

**Response**: Denied.

36. Canalta has no license, authority, or other permission from CPA to use any of the CPA Marks or the CPA trade dress in connection with designing, manufacturing, advertising, promoting, distributing, selling, and/or offering for sale flow conditioners.

**Response**: Canalta admits that it does not currently have a license or permission from CPA to use the generic designation "50" or any purported trade dress, and denies the implication

that any such license, authority, or other permission is required. Canalta denies the remainder of the allegations contained in paragraph 37, if any.

37. Canalta continues to promote, market, and sell its knock off flow conditioners to customers in West Virginia and throughout the United States. Canalta has engaged in such activities knowingly and intentionally or with reckless disregard or willful blindness to CPA's rights, or with bad faith, for the purpose of trading on the goodwill and reputation of the CPA marks and products.

**Response**: Canalta admits that it continues to promote, market, and sell Contour flow conditioners to customers in West Virginia and throughout the United States. Canalta denies the remainder of the allegations contained in paragraph 38.

**COUNT I**
**(Trademark Infringement, 15 U.S.C. § 1114)**

38. CPA repeats and re-alleges the allegations set forth in the preceding paragraphs.

**Response**: Canalta re-alleges and incorporates by reference its responses to Paragraphs 1 through 37 above.

39. By their unauthorized use of the marks Contour 50, Contour 50F and Contour 50P for flow conditioners, Canalta has, without CPA's consent, used and is using in commerce a reproduction, counterfeit, copy or colorable imitation of CPA's federally registered "CPA 50E®" and "50E®" trademarks in connection with the sale, offering for sale, distribution and advertising of Canalta's flow conditioners. Such use is likely to cause confusion or to cause mistake or to deceive in violation of 15 USC. § 1114(1)(a).

**Response:** Denied.

40. By their unauthorized and intended use of the marks Contour 50, Contour 50F and Contour 50P on such flow conditioners, Canalta has, without CPA's consent, reproduced, counterfeited, copied or colorably imitated CPA's federally registered "CPA 50E®" and "50E®" trademarks in connection with the sale, offering for sale, distributing and advertising of Canalta's flow conditioners. Such use is likely to cause confusion or to cause mistake or to deceive in violation of 15 U.S.C. § 1114(1)(b).

**Response:** Denied.

41. As a result of these wrongful and illegal acts by Canalta, there is damage and a likelihood of further damage and injury to CPA through Plaintiff's loss of control over its "CPA 50E®" and "50E®" marks leading to declining sales and loss of goodwill.

**Response:** Denied.

42. Canalta has unlawfully profited from the unauthorized use of the "CPA 50E®" and "50E®" marks in connection with sales of knock off flow conditioners. CPA is entitled to damages in no event less than said profit by reason of Canalta's infringement of the CPA Marks. The amount of such damages not being known presently but being ascertainable upon the conduct of appropriate discovery herein.

**Response:** Denied.

43. On information and belief, Canalta's actions have been committed intentionally with the knowledge that the use of such a colorable imitation is likely to cause confusion or to cause mistake or to deceive.

**Response:** Denied.

44. CPA has and is suffering harm and irreparable harm as a result of the actions of Canalta as complained herein. CPA has no adequate remedy at law. Therefore, CPA seeks temporary and permanent injunctive relief against such trademark infringement and all damages recoverable by statute.

**Response:** Denied.

45. CPA is further entitled to exemplary damages from Canalta because Canalta acted with the malice required to support an award of such damages. Canalta acted with the specific knowledge of CPA's trademark rights, with specific intent to cause injury to CPA, with a conscious indifference to the rights or we fare of the CPA, and with actual and/or subjective awareness that its acts involved an extreme degree of risk of harm to CPA and with actual and/or subjective awareness that its acts involved an extreme risk of harm to CPA.

**Response:** Denied.

**COUNT II**
**(Trade Dress Infringement, 15 U.S.C. § 1125(a))**

46. CPA repeats and realleges the allegations set forth in the preceding paragraphs.

**Response**: Canalta re-alleges and incorporates by reference its responses to Paragraphs 1 through 45 above.

47. The CPA trade dress has acquired secondary meaning as distributors, retailers and end customers associate the CPA trade dress with CPA.

**Response:** Denied.

48. Canalta's design, manufacture, promotion, distribution, marketing and sale of knock off flow conditioners is intended to cause, has caused, and is likely to continue to cause confusion, mistake and deception among consumers, the public and the trade who recognize and associate the CPA trade dress with CPA. Moreover, Canalta's conduct is likely to cause confusion, to cause mistake, or to deceive consumers, the public, and the trade as to the source of Canalta's flow conditioners, or as to possible affiliation, connection or association between Canalta, CPA and Canalta's flow conditioners.

**Response:** Denied.

49. Upon information and belief, Canalta has acted with knowledge of CPA's ownership of the CPA trade dress and with deliberate intention or willful blindness to unfairly benefit from the substantial goodwill symbolized thereby.

**Response:** Denied.

50. Canalta's acts constitute trade dress infringement in violation of Section 43(a) of the Lanham Act (15 U. S.C. § 1125(a)).

**Response:** Denied.

51. Upon information and belief, Canalta has made and will continue to make substantial profits and gains to which they are not in law or equity entitled.

**Response:** Denied.

52. Upon information and belief, Canalta intend to continue their infringing acts, unless restrained by this Court.

**Response:** Denied.

53. Canalta's acts have damaged and will continue to damage CPA, and CPA has no adequate remedy at law.

**Response:** Denied.

**COUNT III**
**(False Advertising, 15 U.S.C. §1125(a))**

54. CPA repeats and realleges the allegations set forth in the preceding paragraphs.

**Response**: Canalta re-alleges and incorporates by reference its responses to Paragraphs 1 through 53 above.

55. Canalta has made false and/or misleading descriptions, statements or representations of fact in connection with Canalta's knock off flow conditioners as described herein.

**Response:** Denied.

56. Canalta's false or misleading descriptions, statements or representations of fact, misrepresent the nature, characteristics, qualities or geographic origin of Canalta's flow conditioners.

**Response:** Denied.

57. Canalta's are material to consumer's purchasing decisions.

**Response:** This allegation is nonsensical and therefore a response is not possible.

58. On information and belief, Canalta's literally false and misleading descriptions, representations or statements of fact have caused, are causing, and are likely to continue to cause substantial and irreparable harm to CPA, including damage to CPA's sales, profits, business relationships, reputation, and goodwill.

**Response:** Denied.

59. On information and belief, Canalta's false and misleading representations, statements and descriptions of fact have created independent lingering false and misleading impressions among consumers that must be dispelled by corrective advertising by Defendant.

**Response:** Denied.

**COUNT IV**
**(False Designation of Origin, 15 U.S.C. § 1125(a))**

60. CPA repeats and realleges the allegations set forth in the preceding paragraphs.

**Response**: Canalta re-alleges and incorporates by reference its responses to Paragraphs 1 through 59 above.

61. CPA has used its trademarks CPA 50E and 50E on flow conditioners for over 15 years.

**Response:** Canalta is without sufficient information to form a belief as to the allegations set forth in Paragraph 61 and, therefore, denies the same

62. Canalta's promotion, advertising, distribution, sale and/or offering for sale of the its Contour 50, Contour 50F and Contour 50P flow conditioners is intended, and is likely to confuse, mislead, or deceive consumers, the public, and the trade as to the origin, source,

sponsorship, or affiliation of the Infringing Products, and is intended, and is likely to cause such parties to believe in error that the Infringe Products have been authorized, sponsored, approved, endorsed or licensed by CPA, or that Canalta is in some way affiliated with CPA.

**Response:** Denied.

63. The foregoing acts of Canalta constitute a false designation of origin in violation of Section 43(a) of the Lanham Act (15 U.SC. § 1125(a)).

**Response:** Denied.

64. Upon information and belief, Canalta has made and will continue to make substantial profits and gains to which it is not in law or equity entitled.

**Response:** Denied.

65. Upon information and belief, Canalta intends to continue its infringing acts, unless restrained by this Court.

**Response:** Denied.

66. Canalta's acts have damaged and will continue to damage CPA, and CPA has no adequate remedy at law.

**Response:** Denied.

**COUNT V**
**(Unfair Competition and Passing Off West Virginia Common Law)**

67. CPA repeats and realleges the allegations set forth in the preceding paragraphs.

**Response**: Canalta re-alleges and incorporates by reference its responses to Paragraphs 1 through 66 above.

68. By using Contour 50, Contour 50F and Contour 50P on their products, Canalta unfairly competes with CPA by creating the impression among consumers, the public and the trade that CPA has licensed or sponsored Canalta, when in fact it has not. Canalta has and continue to misappropriate CPA's valuable good will and public recognition of the CPA 50E and 50E trademarks which have been developed nationally and in the State of West Virginia over the last fifteen years by CPA, where Canalta has unlawfully benefited and been unjustly enriched by such activities.

**Response:** Denied.

69. Canalta's false Contour 50, Contour 50F and Contour 50P designations constitute unfair competition and passing off under the common law of the State of West Virginia. Defendants' practices have and continue to injure CPA, and will cause irreparable harm and damage to CPA unless restrained and enjoined by this Court.

**Response:** Denied.

70. Upon information and belief, Canalta has made and will continue to make substantial profits and gains to which it is not in law or equity entitled.

**Response:** Denied.

71. Canalta's acts have damaged and will continue to damage CPA, and CPA has no adequate remedy at law.

**Response:** Denied.

Canalta denies all allegations of the Complaint not specifically admitted herein, and denies that Plaintiff is entitled to any relief by way the Complaint.

## AFFIRMATIVE DEFENSES

Canalta incorporates by reference the allegations contained in paragraphs 1-40 of its Counterclaim.

### First Affirmative Defense

CPA has failed to state a claim upon which relief can be granted.

### Second Affirmative Defense

The Complaint, and each purported claim for relief contained therein, is barred by reason of CPA's own unclean hands and/or trademark misuse.

### Third Affirmative Defense

CPA has failed to define or show enforceable trade dress rights in its product design.

### Fourth Affirmative Defense

CPA's product design is functional.

**Fifth Affirmative Defense**

Canalta is not the owner of its purported trade dress.

**Sixth Affirmative Defense**

The terms "50" and "50E" are generic and, as such, can carry no trademark significance or attain secondary meaning.

**Seventh Affirmative Defense**

Canalta's actions are protected at least in part by the doctrine of fair use.

**Eighth Affirmative Defense**

The claims for infringement of CPA's purported trademarks are barred because such registrations were obtained fraudulently.

WHEREFORE, Canalta prays that:

A. Plaintiff takes nothing by way of the Complaint;

B. Canalta be awarded cost of suit, including expert witness fees and costs;

C. Canalta be awarded its reasonable attorneys' fees and costs incurred herein to the extent permitted by the applicable law; and

D. For such other and further relief as the Court deems just and proper.

**COUNTERCLAIMS**

Counterclaim Plaintiff, Canalta Controls, Ltd. ("Canalta") and for its cause of action against Counterclaim Defendants Canada Pipeline Accessories Co., Ltd. ("CPA") and Dale Sawchuk ("Sawchuk") states as follows:

1. This is an action for damages, injunctive relief, and declaratory relief under the Lanham Act, 15 U.S.C. § 1051, et seq., and principles of state common law.

2. At issue in this case is the use of the generic terms "50" and "50E" in relation to flow conditioners (devices for regulating fluid flow in pressurized pipelines), without which Canalta and other manufacturers could not adequately describe their products. Canalta seeks a declaratory judgment that its use of 50, 50F, 50P, and 60 to describe its flow conditioners is entirely lawful and does not infringe any of CPA's rights. This action seeks a declaration that CPA's federal trademark registrations for CPA 50E (Reg. No. 2,257,230), 50E (Reg. No. 3,934,642), CPA 50E CHANGER (Reg. No. Reg. 3,944, 407) are generic and unenforceable as a matter of law, that CPA made fraudulent misrepresentations to the Trademark Office regarding the meaning of the term "50E" to procure its registrations, and an order from the Court cancelling such registrations from the Federal Register pursuant to 15 U.S.C. § 1119. Canalta seeks an order enjoining CPA from unfairly competing with Canalta by wrongfully attempting to monopolize fair use of the generic term "50E" in connection with flow conditioners.

3. This action also seeks a declaration that CPA has no enforceable trade dress rights in its flow conditioners, and an order from the Court enjoining CPA from unfairly competing with Canalta by wrongfully attempting to monopolize use of a functional design of flow conditioners.

4. This action also seeks damages for tortious interference with Canalta's business relations and for defamation.

## THE PARTIES

5. Canalta is a corporation organized under the laws of Canada with its principal place of business at 6759-65th Avenue, Red Deer, Alberta, Canada. Canalta provides a wide range of industrial control and measurement equipment to the oil and gas industries throughout the United States and Canada.

6. Upon information and belief, CPA is a Canadian corporation with a business address of 10653-46th Street, SE, Calgary, Alberta, Canada. CPA conducts business in this District and is subject to the jurisdiction and venue of this Court.

7. Upon information and belief, Defendant Sawchuk is the President of CPA, residing in Calgary, Alberta, Canada. On information and belief, Sawchuk is subject to the jurisdiction of this court by reason of directing defamatory communications into this District, which have damaged Defendant's reputation in this District. He is joined pursuant to the Federal Rules of Civil Procedure 13(h) and 20(a)(2).

## JURISDICTION AND VENUE

8. This Court has jurisdiction over the subject matter of this action pursuant to 15 U.S.C. §§1121, and 28 U.S.C. §§1331, 1338 and 1367, and pursuant to the principles of supplemental jurisdiction.

9. Venue is proper is this District pursuant to 28 U.S.C. §1391(b)(2), (b)(3), (c) and (d).

## FACTS

10. Canalta markets flow conditioners under the trademark "CONTOUR" Flow Conditioners.

11. Both Canalta's Contour series of flow conditioners and CPA's competing series trace their origins to specifications developed in the early 1990s in the Novacor Research and Technology Corporation flow conditioner program. The Novacor program was an attempt to improve upon a flow conditioner approach first adopted by Elizabeth M. Laws, the original inventor and patent holder of the product. Initiated in 1991, the Novacor program involved re-designing and modifying the Laws flow conditioner to overcome certain functional flaws.

12. All of the testing and other reports relied upon in Canalta's marketing program (and by CPA itself in its promotional materials) were performed on or relate to the original NOVA specifications. All of those tests and reports are publicly available.

13. Testing done on the NOVA device ultimately ripened into the ISO 5167-standard entitled, "Measurement of fluid flow by means of pressure differential devices inserted in circular cross-section conduits running full."

14. The initial tests were performed at Novacor's natural gas test facility and demonstrated promising results. In those tests, ten designs were grouped into two categories based on the amount of surface area occupied by the holes through which the fluid flows: flow conditioners with an overall solidity of roughly 60% (termed the "NOVA 60"), and flow conditioners with a solidity of roughly 50% (termed the "NOVA 50"). Those with higher solidity (above 50%) tended to minimize distortion that can cause flow rate measurement error, but pressure loss was deemed significant. The inverse tended to be true of flow conditioners with lower solidity (below 50%), that is, pressure loss was acceptable, but distortion led to measurement errors. Accordingly, the design designated as configuration "E" of the NOVA 50 emerged as the most "effective" compromise between the need for ideal, repeatable velocity profiles and limited pressure loss (hence, the "NOVA 50E").

15. The terms "50," "50E," and "60" are generic and as such, can carry no trademark significance or attain secondary meaning.

16. Nonetheless, CPA represented to the Trademark Office during the prosecution of Application Ser. No. 78/180,613, which matured into Reg. No. 2,994,138 for "CPA 50E," that the term "50E" did not have any significance in the relevant trade or industry or as applied to the goods. *See* Examiner's Amendment dated February 24, 2005 (a true and correct copy of which

is attached as Exhibit "A" hereto). CPA claimed ownership of Reg. No. 2,994,138 during the prosecution of Application Ser. No. 76/699,814, which matured into Reg. 3,934,642 for "50E," and Application Ser. No. 76/699,814, which matured into Reg. 3,944, 407 for "CPA 50E CHANGER" – thus the fraud in procuring Reg. No. 2,994,138 taints all three registrations.

17. CPA has applied for registration of the trademarks CPA 60 XT USV (Ser. No. 85757461), CPA 50E USV (Ser. No. 85756544), CPA 60 XT (Ser. No. 85757450), and CPA 50E XT (Ser. No. 85757143). The terms "50E" and "60" as used in these applications are generic, and as such, can carry no trademark significance or attain secondary meaning.

18. The initial performance data on the NOVA 50E design was later confirmed in a report issued by the Gas Research Institute ("GRI") (GRI-97/0207) based on efforts at Southwest Research Institute to develop objective flow conditioner performance tests.

19. By 2000, the American Gas Association ("AGA") and the American Petroleum Institute ("API") had issued a national, industry-wide standard in AGA-3 / API 14.3 that adopted many of the recommendations of that GRI report, again focused on the original NOVA specifications.

20. In 2003, the NOVA 50E design became part of the international standard as well when the design was adopted into the International Organization for Standardization's ISO 5167-1 standard.

21. CPA did not exist when much of the core testing was being performed on the NOVA 50E. Indeed, CPA was founded in 1997 for the purpose of taking the NOVA 50E product design to market.

22. The original design was patented by Elizabeth M. Laws (later acquired by K-Labs), under Canadian Patent No. 2063820 and U.S. Patent 5,541,848. The patents were

licensed to CPA for CPA's exclusive benefit through the end of the patent life. With those rights in hand, CPA took the NOVA 50E and rebranded it as its own – the CPA 50E – without material modification.

23. The configuration of shapes, designs, colors, or materials that make up the design of the CPA 50E (NOVA 50E) device are entirely utilitarian and functional. The design of the CPA 50E is not distinctive, and has not acquired secondary meaning.

24. CPA relies on the NOVA 50E testing data in its sales of the CPA flow conditioner devices.

25. CPA represents to the market that the original NOVA testing was performed on the CPA 50E device - often even without reference to the original NOVA 50E. Thus, it has been CPA's position in the marketplace that a device manufactured to the original specifications of the NOVA 50E can rely on the testing performed and published on the NOVA 50E.

26. With respect to the applicability of the flow conditioner testing performed and published on the NOVA 50E, there are no material differences between the CPA and Canalta Contour flow conditioners.

27. Canalta purchased millions of dollars of CPA flow conditioner products based on the original NOVA testing data supplied and relied upon by CPA and under the belief and understanding, propagated by CPA, that such data supports the results claimed by CPA for the CPA 50E devices.

28. From time to time, Canalta has manufactured flow conditioners for CPA pursuant to an agreement with CPA. The Canalta-manufactured flow conditioners were marketed based on the NOVA 50E testing.

29. The original U.S. Laws patent (U.S. Patent 5,541,848) licensed to CPA expired on

August 30, 2011. Accordingly, CPA may no longer claim the exclusive right to the NOVA 50E design.

30. Having already invested the resources and developing the expertise to manufacture a flow conditioner meeting the NOVA 50E specifications (which are now in the public domain), Canalta commenced manufacturing its own branded product meeting those same specifications. Canalta calls its product the "CONTOUR" series of flow conditioners.

31. Canalta accurately represents that the original testing was performed on the NOVA 50E and is applicable to the Contour line of flow conditioners.

32. CPA's product campaign eliminates all reference to the NOVA 50E, and implies that the original testing was performed on the CPA 50E.

33. Having lost its exclusive right to sell flow conditioners based on the Laws/K-Labs/NOVA 50E patents, and apparently fearful of Canalta's ability to manufacture flow conditioners more efficiently and economically, CPA has adopted anticompetitive tactics, including the present lawsuit against Canalta.

34. CPA has contacted certain of Canalta's customers, both by phone and in writing, making false and slanderous allegations about Canalta, including that Canalta is using CPA's flow test data and that the Contour design is untested and unreliable, with knowledge of, or reckless disregard to, the falsity of these statements. On information and belief, a true and correct copy of one such letter from CPA to its customers dated January 8, 2013, is attached as Exhibit "B" hereto.

35. On information and belief, CPA has also advised mutual customers that Canalta has fraudulently supplied knock offs and that Canalta is a company of "low integrity," with knowledge of, or reckless disregard of, the falsity of these statements.

36. On information and belief, CPA has falsely represented to its customers that Canalta is going bankrupt with knowledge of, or in reckless disregard of, the falsity of these statements.

37. On information and belief, one or more letters containing defamatory information as described in paragraph 36 hereof were signed by Defendant Sawchuk and sent to third parties in this District and/or Defendant Sawchuk made defamatory oral statements to third parties in this District, all which have damaged Canalta in this District.

38. As a result of these false and slanderous misrepresentations, Canalta has suffered, and continues to suffer, significant injury, both financial and in loss of the outstanding reputation and tremendous goodwill it has developed over the years, and has lost sales and profits to which it otherwise would have secured.

39. On information and belief, CPA has wrongfully interfered with Canalta's attempts to retain independent laboratories to test its Contour products by the exercise of its market power.

40. CPA is falsely representing to the public that the hole pattern of its flow conditioner product design is the subject of protectable trade dress, despite evidence to the contrary, including CPA's admission in at least two articles that the hole configuration is functional.

**Count I**
**Declaratory Judgment (Against Counterclaim Defendant CPA)**

41. Canalta repeats and incorporates by reference the allegations in paragraphs 1 through 40 of its Counterclaims.

42. Based on the foregoing allegations, there exists between the parties a substantial controversy of sufficient immediacy and reality to warrant declaratory relief.

43. Canalta seeks a declaratory judgment pursuant to 28 U.S.C. § 2201 and Federal Rule of Civil Procedure 57 that:

(a) Canalta's use of the terms "50," "50F," "50P," and "60" as described herein are protected under the First Amendment and do not infringe any trademark rights of Defendant;

(b) Canalta's use of the terms "50," "50F," "50P," and "60" as described herein are not likely to be confused with CPA's trademarks;

(c) The terms "50," "50E" and "60" are generic as applied to flow conditioners with 50% and 60% solidity, respectively;

(d) The hole configuration, concentric grooves on the flange, and "metallic finish" of the CPA 50E product are functional, and therefore, these elements are neither part of a protectable trade dress of CPA, nor likely to be confused with Canalta's product design.

**Count II**
**Cancellation of Trademark Registrations (against Counterclaim Defendant CPA)**

44. Canalta repeats and incorporates by reference the allegations in paragraphs 1 through 45 of its Counterclaims.

45. CPA made a false representation regarding a fact material to the procurement of Registration No. 2,994,138 with knowledge or belief that the representation was false, the intent to induce reliance upon the misrepresentation and reasonable reliance thereon, and damages proximately resulted from the reliance.

46. CPA's Trademark Registration Nos. 2,994,138, 3,934,642, and 3,944,407 are invalid and unenforceable by reason of its fraud on the Trademark Office in procuring the registration, and the generic nature of the term "50E" as applied to flow conditioners with 50% solidity.

47. CPA's Trademark Registration Nos. 2,994,138, 3,934,642, and 3,944,407 are invalid and unenforceable by reason of the generic nature of the terms "50" and "50E."

48. Such Registrations should be cancelled from the Federal Register.

**COUNT III**
**Use of False and Misleading Description and Representation**
**Under 15 U.S.C. § 1125(a) (against Counterclaim Defendant CPA)**

49. Canalta incorporates by reference each and every allegation in Paragraphs 1 through 48 above as if fully set forth herein.

50. CPA's falsehoods regarding (a) the testing of the CPA 50E and (b) Canalta and its products in commercial advertising or promotion, misrepresent the nature, characteristics, qualities, or geographic origin of CPA's and Canalta's goods, services, or commercial activities. As such, CPA's acts are a violation of Section 43(a) of the Lanham Act, 15 U.S.C. § 1125(a).

51. Canalta has relied on CPA's advertising of the applicability of the NOVA 50E testing to the CPA 50E flow conditioners and purchased millions of dollars of product based on that representation. CPA now alleges that although there are no material differences between the CPA and Contour flow conditioners, the NOVA 50E testing is not applicable to the Contour products. Canalta denies that allegation. However, if CPA's allegation is accurate, NOVA 50E testing is not applicable to the CPA 50E flow conditioners either, and Canalta has been damaged by CPA's misleading descriptions and misrepresentations.

52. The violations by CPA have been willful and deliberate. CPA's acts as alleged herein are repetitive, false and deceptive.

53. The aforementioned statements were and are likely to influence the purchasing decisions of persons receiving CPA's advertising and promotional materials.

54. CPA's false, misleading and unsubstantiated statements constitute an unfair or deceptive act or practice in or affecting commerce.

55. Canalta has suffered and continues to suffer harm as a direct and proximate result of the aforementioned acts of CPA. By such activity, CPA has caused, is causing and will continue to cause actual damage and irreparable injury and harm to Canalta's business, reputation and goodwill, unless such activity by CPA is enjoined.

**Count IV**
**Unfair and Deceptive Trade Practices under State Law**
**(Against Counterclaim Defendant CPA)**

56. Canalta incorporates by reference each and every allegation in Paragraphs 1 through 57 above as if fully set forth herein.

57. CPA's statements and false advertising as alleged herein are repetitive, falsely and deceptive, all of which adversely affect the public interest.

58. Defendants' acts as alleged herein constitute unfair and deceptive trade practices under the common law and statutory laws of the State of West Virginia and/or other states in which Defendants' products are advertised and/or provided, including, but not limited to W. Va. Code §46A-6-102.

**Count V**
**Defamation (Against Counterclaim Defendants CPA and Sawchuk)**

59. Canalta repeats and incorporates by reference the allegations in paragraphs 1 through 58.

60. CPA's and Sawchuk's statements about Canalta and its products as set forth above were false.

61. CPA's and Sawchuk's false statements about Canalta and/or its products were made to more than one person.

62. CPA's and Sawchuk's false statements about Canalta and/or its products were made at least negligently, without reason to believe the statement was factually correct.

63. On information and belief, CPA's and Sawchuk's false statements about Canalta and/or its products were made either knowing that that such statements were false or with reckless disregard for the statements' truth or falsity.

64. Canalta has suffered harm to its reputation and has suffered damages due to the defamatory statements described herein, entitling it to relief pursuant to the laws of West Virginia and other states where such statements have been made or received.

**Count VI**
**Tortious Interference with Prospective Business Relations**
**(Against Counterclaim Defendant CPA)**

65. Canalta repeats and incorporates by reference the allegations in paragraphs 1 through 64.

66. Canalta had the expectancy of a business relationship with clients and the testing laboratory, as set forth above.

67. CPA intentionally interfered with those business relationships.

68. The interference with CPA directly caused the loss of the business relationships, and damage to Canalta, including but not limited to lost sales and the inability to obtain independent testing of its product by its laboratory of choice, in violation of the laws of West Virginia and other states.

**PRAYER FOR RELIEF**

WHEREFORE, Counterclaim Plaintiff Canalta prays for judgment as follows:

1. That the Court declare that Canalta's use of the terms "50," "50F," "50P," and "60" as herein described does not violate the Lanham Act, 15 U.S.C. § 1114, 1125;

2. That the Court declare that U.S. Trademark Registration Nos. 2,994,138, 3,934,642, and 3,944,407 are invalid and unenforceable;

3. That the Court order cancellation of CPA's U.S. Trademark Registration Nos. 2,994,138, 3,934,642, and 3,944,407 pursuant to 15 U.S.C. § 1119;

4. That the Court order preliminarily and permanently enjoin CPA, its agents, servants, employees, attorneys, and all those persons in active concert or participation with any of them:

(a) From asserting or claiming any trademark rights in any manner in connection with the terms "50E," "CPA 50E," and "CPA 50E CHANGER" when used in connection with flow conditioners;

(b) From competing unfairly with Canalta in any manner;

(c) From falsely advertising that testing relied on by CPA has been conducted on the CPA 50E device;

(d) From falsely asserting that Canalta is infringing, counterfeiting, or otherwise unlawfully copying CPA's unpatented CPA 50E devices, that Canalta is going bankrupt, or making other false statements about Canalta and its business;

(d) From unlawfully interfering with Canalta's business relations.

5. That Canalta recover all damages it has sustained as a result of CPA's defamation, false advertising, unfair competition, and tortious interference with prospective business

relations, and Sawchuk's defamation, and that damages awarded to Canalta under the Lanham Act be trebled pursuant to 15 U.S.C. §1117(a);

6. That the Court order an accounting be directed to determine CPA's profits resulting from its unfair competition and that such profits be paid over to Canalta, increased as the Court finds to be just and proper under the circumstances of this case;

7. That the Court declare that this is an exceptional case and award Canalta its reasonable attorneys' fees for prosecuting this action pursuant to 15 U.S.C. § 1117(a);

8. That the Court award Canalta exemplary damages in such amount as the Court finds arises from the willful acts described herein, as permitted by law.

9. That Canalta recover its costs of this action and prejudgment and post-judgment interest; and

10. That Canalta recover such other and further relief as the Court may deem just and proper.

Canalta hereby requests a jury trial for all issues triable by jury.

By: /s/ W. Jeffrey Vollmer

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Of Counsel:
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Wiley Rein LLP
1776 K Street N.W.
Washington, D.C. 20006
202.719.7468

*Counsel for Canalta Controls, Ltd.*

**IN THE UNITED STATES DISTRICT COURT**
**FOR THE SOUTHERN DISTRICT OF WEST VIRGINIA**

| | | |
|---|---|---|
| Canada Pipeline Accessories Co., Ltd., | ) | |
| | ) | |
| Plaintiff/Counterclaim Defendant | ) | |
| | ) | |
| v. | ) | Civil Action No. 3:12-cv-08448 |
| | ) | |
| Canalta Controls, Ltd., | ) | |
| | ) | |
| Defendant/Counterclaim Plaintiff | ) | |
| | ) | |
| v. | ) | |
| | ) | |
| Dale Sawchuk, | ) | |
| | ) | |
| Counterclaim Defendant. | ) | |

**CERTIFICATE OF SERVICE**

I, W. Jeffrey Vollmer, hereby certify that on March 19, 2013, I electronically filed the foregoing **Answer, Affirmative Defenses, and Counterclaims** with the Clerk of the Court using the CM/ECF system, which will then send a notification of such filing (NEF) to the following:

Robert B. Allen
Charles W. Pace, Jr.
Kay Casto & Chaney, PLLC
707 Virginia Street, East, Suite 1500
P.O. Box 2031
Charleston, West Virginia 25327
*Counsel for Plaintiff*

/s/ W. Jeffrey Vollmer

# EXHIBIT A

| | |
|---|---|
| **To:** | Canada Pipeline Accessories Co. Ltd. (nkathol@brownleelaw.com) |
| **Subject:** | TRADEMARK APPLICATION NO. 78180613 - CPA 50E - 74990.004 |
| **Sent:** | 2/24/05 11:35:52 AM |
| **Sent As:** | ECOM105@USPTO.GOV |
| **Attachments:** | |

## UNITED STATES PATENT AND TRADEMARK OFFICE

**SERIAL NO**: 78/180613

**APPLICANT**: Canada Pipeline Accessories Co. Ltd.

*78180613*

**CORRESPONDENT ADDRESS**:
JACK BROWN
325 E 41 STREET
APT 205
NEW YORK NY 10017

**RETURN ADDRESS**:
Commissioner for Trademarks
P.O. Box 1451
Alexandria, VA 22313-1451

If no fees are enclosed, the address should include the words "Box Responses - No Fee."

**MARK**: CPA 50E

**CORRESPONDENT'S REFERENCE/DOCKET NO** : 74990.004

**CORRESPONDENT EMAIL ADDRESS**:
nkathol@brownleelaw.com

Please provide in all correspondence:

1. Filing date, serial number, mark and applicant's name.
2. Date of this Office Action.
3. Examining Attorney's name and Law Office number.
4. Your telephone number and email address.

Serial Number 78/180613

## EXAMINER'S AMENDMENT

In accordance with the authorization granted by Neil Kathol on February 24, 2005, the application has been AMENDED as indicated below. Please note that if the identification of goods or services has been amended below, any future amendments must be in accordance with 37 C.F.R. 2.71(a); TMEP section 1402.07(e). No response is necessary unless there is an objection to the amendment. If there is an objection to the amendment, the applicant should notify the examining attorney immediately.

The copy of the foreign registration is acceptable.

The applicant indicated that the mark does not have any significance in the relevant trade or industry or as applied to the goods.

**AMENDMENT OF IDENTIFICATION OF GOODS:**

The identification of goods is amended to read as follows:

In-line pipeline flow conditioners for improved flow measurement readings for use with metering liquids and gasses, in International Class 9.

**NOTICE: FEE CHANGE**

Effective January 31, 2005 and pursuant to the Consolidated Appropriations Act, 2005, Pub. L. 108-447, the following are the fees that will be charged for filing a trademark application:

(1) $325 per international class if filed electronically using the Trademark Electronic Application System (TEAS); or

(2) $375 per international class if filed on paper.

These fees will be charged not only when a new application is filed, but also when payments are made to add classes to an existing application. If such payments are submitted with a TEAS response, the fee will be $325 per class, and if such payments are made with a paper response, the fee will be $375 per class.

The new fee requirements will apply to any fees filed on or after January 31, 2005.

**NOTICE: TRADEMARK OPERATION RELOCATION**

The Trademark Operation has relocated to Alexandria, Virginia. Effective October 4, 2004, all Trademark-related paper mail (except documents sent to the Assignment Services Division for recordation, certain documents filed under the Madrid Protocol, and requests for copies of trademark documents) must be sent to:

**Commissioner for Trademarks**
**P.O. Box 1451**
**Alexandria, VA 22313-1451**

Applicants, attorneys and other Trademark customers are strongly encouraged to correspond with the USPTO online via the Trademark Electronic Application System (TEAS), at http://www.uspto.gov/teas/index.html.

/Marlene Bell/
Marlene Bell
Trademark Examiner
Law Office 105
(571) 272-9291

# EXHIBIT B

CANADA
PIPELINE
ACCESSORIES

1/8/2013

**Dear Valued Customer:**

We have recently learned that Canalta Controls, Ltd. ("Canalta") is marketing and selling counterfeit flow conditioners under the CONTOUR 50 designation and that you may have been contacted as part of their marketing effort. In its promotional materials, Canalta falsely claims that the extensive test data generated for the CPA 50E® flow conditioner is applicable to the CONTOUR 50 perforated plate. While Canalta has used nomenclature for its perforated plate that is confusingly similar to CPA's registered trademarks and designed their perforated plate to look identical to CPA's flow conditioner, please be advised that these activities have not been authorized by CPA.

As you know, CPA is a technological leader in the flow conditioning field and owns extensive intellectual property including numerous federally registered trademarks and several pending patent applications. Use of genuine CPA 50E® flow conditioners specifically designed and manufactured by CPA maintains the highest degree of performance in accordance with the CPA 50E® test data with which you are familiar. Notwithstanding Canalta's assertions, please be advised that the CPA 50E® test data is applicable ***only*** to the CPA 50E® flow conditioner manufactured by CPA.

CPA has worked hard to contribute to the industry knowledge base regarding flow conditions for proper metering. Through industry association(s) and our participation at many levels from engineering specification to State and Federal regulators, CPA has earned a reputation of unquestionable integrity which translates back through to your metering package. This inherent metering confidence protection may not be valid if a non CPA flow conditioner is utilized and may result in undefendable metering disputes.

CPA believes Canalta's above-described actions to be a violation of CPA's valuable intellectual property rights and a deceptive attempt to trade on the substantial goodwill that CPA had built up over the years. Once CPA learned of Canalta's activities, we filed a lawsuit in the United States District Court for the Southern District of West Virginia to vindicate our rights.

Canada Pipeline Accessories Co. Ltd. 10653 - 46th Street S.E., Calgary, Alberta, Canada T2C 5C2
Telephone 403.236.4480 Toll-Free 1.888.349.3569 Fax 403.236.0019 Web Site www.flowconditioner.com

CANADA
PIPELINE
ACCESSORIES

We are sending this letter to address any confusion you may have regarding the CPA 50E® and the CONTOUR 50 perforated plate. We trust that you will purchase only authentic, proven and industry verified CPA 50E® flow conditioners. Should you have any questions or concerns about the foregoing, as for example, whether the flow conditioner that you use or purchase is an authentic CPA 50E®, please feel free to contact us.

Sincerely,

D. Sawchuk

Dale Sawchuk
President