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

Proceeding	92057120
Party	Defendant Canada Pipeline Accessories Co. Ltd
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Date	11/06/2014
Attachments	Joint Status Report.pdf(41203 bytes) Joint Status Report_Ex1.pdf(279382 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)	
)	
v.)	Cancellation No.: 92057120
)	
CANADA PIPELINE ACCESSORIES CO., LTD)	
)	
Respondent)	
)	

JOINT STATUS REPORT

In response to the Order issued on October 9, 2014, Petitioner RJ Machine Company, Inc. (“Petitioner”) and Respondent Canada Pipeline Accessories, Co., Ltd. (“Respondent”) hereby provide the Trademark Trial and Appeal Board (the “Board”) with this joint status report and request for continued suspension.

On September 24, 2013 this proceeding was suspended by the Board in view of a civil action captioned *Canada Pipeline Accessories, Co. Ltd. V. Canalta Controls, Ltd.*, Case No. 3:12-cv-08448 (S.D. W.Va.) (The “West Virginia Action”). The West Virginia action was dismissed on November 25, 2013.

Several months prior to dismissal of the West Virginia Action, on July 10, 2013, Petitioner filed a civil action against Respondent in the Western District of Texas captioned *RJ Machine Company, Inc. v. Canada Pipeline Accessories Co., Ltd.* Case No. 1:13-cv-00579-SS (W.D. Tex.) (The “Texas Action”). Among other claims, the Texas Action seeks cancellation of Registration Nos. 3934642 and 2994138 on the

grounds that the term “50E” is generic. For the purposes of suspension of this proceeding, this claim is indistinguishable from the cancellation claim raised in the West Virginia Action. A copy of the Complaint in the Texas Action is attached hereto as Exhibit 1.

In view of the foregoing, Petitioner and Respondent jointly request that this proceeding remain suspended pending final disposition of the Texas Action in accordance with 37 C.F.R. § 2.117(a).

Date: November 5, 2014

Respectfully submitted,

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Exhibit 1

**IN THE UNITED STATES DISTRICT COURT
FOR THE WESTERN DISTRICT OF TEXAS
AUSTIN DIVISION**

RJ MACHINE COMPANY, INC.,

Plaintiff,

v.

CANADA PIPELINE ACCESSORIES CO.
LTD,

Defendant.

Civil Action No. 1:13-cv-579

JURY DEMANDED

**COMPLAINT FOR ANTI-TRUST VIOLATIONS, UNFAIR COMPETITION AND
DECLARATIONS OF NON-INFRINGEMENT**

THE PARTIES

1. Plaintiff, RJ Machine Company Inc. (“RJ Machine”), is a Texas corporation located and doing business at 130 Northridge Road, Marble Falls, TX.
2. Defendant, Canada Pipeline Accessories Co. Ltd (“CPA” or “Defendant”), is a Canadian corporation doing business at 10653-46th Street, SE, Calgary, Alberta Canada.

JURISDICTION AND VENUE

3. Jurisdiction is proper in this Court because this litigation arises under federal law, namely 15 U.S.C. § 2 (Sherman Act) and 15 U.S.C. § 1051 et seq. (Lanham Act). The Court has also jurisdiction over this action under 28 U.S.C. § 1332 (diversity) as the plaintiff is a citizen of Texas and the defendant is a citizen of a foreign state, with the amount in controversy exceeding \$75,000, exclusive of interest and costs. There also is supplemental jurisdiction under and 28 U.S.C. § § 1338, 1367.
4. This Court has personal jurisdiction over CPA, because CPA conducts business activities in, and directs its activities to, this District.

5. Venue is proper in this district under 28 U.S.C. §§ 1391(b) and 1391(c) because defendant is a non-resident of the United States, and a substantial part of the events giving rise to the claims asserted in this Complaint occurred in this District.

RJ MACHINE AND THE 50E FLOW CONDITIONER

6. RJ Machine manufactures machine parts for use in the oil industry, including in competition with CPA.

7. RJ Machine offers its customers industry standard parts at a substantial discount over some of its competitors while meeting the industry's supply chain and shipment challenges.

8. Critical to the success of RJ Machine's business is the ability to ensure its customers that it is offering equivalent parts to those sold by its competitors since there are sizing and configuration/design standards that govern the market for these parts.

9. One of the standards is set by the International Organization for Standardization (ISO), an independent body that publishes industry standards that provide "requirements, specifications, guidelines or characteristics, which can be used consistently to ensure that materials, products, processes and services are fit for their purpose."

10. One of the requirements for the successful operation of any pipeline is ensuring steady flow conditions within the pipeline. Flow conditioners are used in pipelines to assist in providing acceptable flow conditions for metering purposes.

11. RJ Machine is planning to manufacture and market in-line flow conditioners using a design commonly known as the 50E for reasons explained below.

DEVELOPMENT OF THE 50E FLOW CONDITIONER

AS THE INDUSTRY STANDARD

12. On August 30, 1994, the United States Patent Office duly granted United States Patent No. 5,341,848 to Elizabeth M. Laws (the "Laws Patent"). The Laws Patent teaches a flow conditioner with multiple arrays of circular holes, where the holes of each array are arranged

such that their midpoints lie on the circumference of a circle. A copy of the Laws patent is attached as Exhibit A.

13. As required by U.S. Constitutional Mandate, the Laws Patent expired in or before 2011, dedicating its teachings to the public domain.

14. In 1991, the Novacor Research and Technology Corporation (“Nova”) built and tested various embodiments of the flow conditioner patented in the Laws Patent (the “Novacor Program”).

15. As described in a research paper by U. Karnick (the “Karnick Paper”), various designs were created based on the Laws Patent by modifying the amount of surface area occupied by the holes through which the fluid flows through the flow conditioner. One of those designs was termed “NOVA-50,” a design having a solidity (i.e. percentage of the flow conditioner that allows liquid or gas to pass through it) of roughly 50%. The Karnick Paper is attached as Exhibit B.

16. Of the various 50% solidity designs tested by Nova, as described by the Karnick Paper, configuration “E” tested most favorably.

17. “NOVA-50E” was subsequently tested by the Gas Research Institute and was the subject of the subsequent test results publication (GRI Report No. 97/0207).

18. Since 2003, the standard NOVA-50E flow conditioner design has been identified as meeting ISO Standard #5167-1.

19. Inventors in pipeline technologies soon began to commonly refer to flow conditioners having the NOVA-50E design as the “NOVA 50E”, as evidenced in patents 6,275,284 and 6,128,072.

**CPA ASSERTS RIGHTS TO THE EXPIRED PATENTED
DESIGNS TO MONOPOLIZE THE MARKET AND BLOCK COMPETITION**

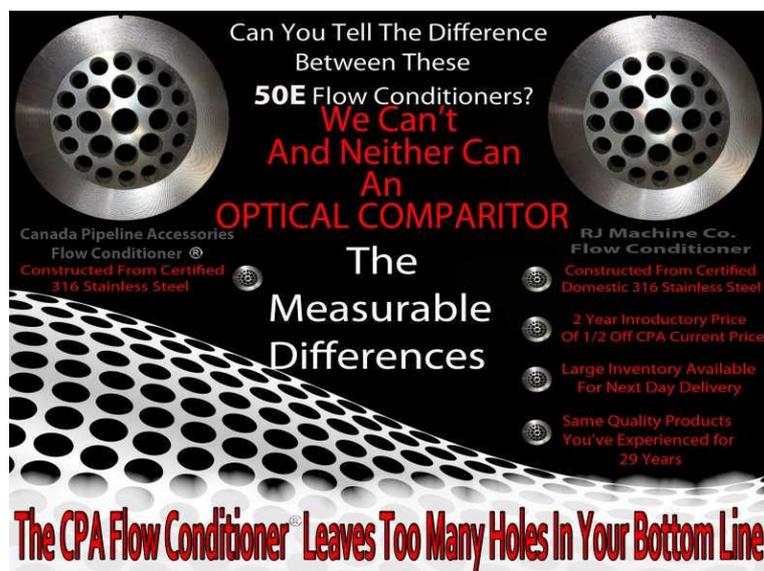
20. CPA is in the business of manufacturing and selling flow measurement devices, including flow conditioners, in interstate commerce within the United States.

21. In 1999, CPA obtained a patent license to market flow conditioners using the NOVA 50E design taught in the Laws Patent and the Karnick Paper.

22. CPA has and continues to market its 50E flow conditioners as employing a superior design, touting the functional benefits of the design.

23. RJ Machine, upon expiration of the Laws Patent, began to explore marketing its own flow conditioners using the 50E design based on the Laws Patent and subsequent functional improvements.

24. In planning for its marketing of the 50E flow conditioners, RJ Machine is considering a direct comparison between its product and that of CPA, such as the following:



25. CPA, despite the termination of its patent monopoly, seeks to continue to monopolize the market for hydrocarbon pipeline inline flow conditioners for use with orifice plate flow meters.

26. CPA markets the licensed flow conditioner taught by the Laws Patent and the Karnick Paper using CPA-50E to identify that part. On information and belief, CPA was aware then as it is now that its flow conditioner design taught in the Laws Patent and the Karnick Paper was and is commonly known as the NOVA 50E and 50E.

27. CPA claims that 50E is a protectable trademark as applied to flow conditioners. CPA obtained a trademark registration from the United States Patent and Trademark Office (“USPTO”) for the term “50E” for use on “flow conditioners, namely, devices for regulating fluid flow in pressurized pipelines,” a copy of U.S. Trademark Registration No. 3,934,642 (the “50E Registration”) is attached as Exhibit C.

28. CPA obtained a registration with the USPTO for the term “CPA-50E” for “in-line pipeline flow conditioners for improved flow namely, devices for regulating fluid flow in pressurized pipelines,” Registration No. 2,994,138 (the “CPA-50E Registration”). The CPA-50E Registration does not disclaim the term “50E”, and in prosecuting the CPA-50E Registration, CPA failed to disclose to the USPTO that the term “50E” had significance in the relevant industry. A copy of U.S. Trademark Registration No. 2,994,138 is attached as Exhibit D.

29. CPA recently sued another competitor, Canalta Controls, Ltd., for marketing flow conditioners claiming trademark infringement and trade dress infringement.

30. As to the trade dress infringement claim, CPA alleges that the design of its 50E flow conditioner comprises non-functional, distinctive, and protectable trade dress owned by CPA (“50E Trade Dress”). CPA has no trademark registrations or applications to register the 50E Trade Dress.

31. Before committing to its customers that it could make timely delivery of the 50E flow conditioner, RJ Machine wanted to avoid being subjected to similar improper legal challenge by CPA that Canalta is enduring, which would impose great cost and reputational damage to RJ Machine. To stave off such a baseless challenge, RJ Machine challenged CPA’s right to own trademark rights in the designation 50E by petitioning the USPTO to cancel the 50E and CPA-50E Registrations.

32. CPA has requested that the USPTO suspend RJ Machine’s cancellation action while the Canalta lawsuit is pending.

33. Without the ability to mitigate its risk of suit and lesson barriers to competition through the cancellation action, RJ Machine approached CPA counsel seeking assurances that

CPA would not seek to prevent RJ Machine from marketing flow conditions using the 50E Trade Dress and designation.

34. To that end, RJ Machine presented CPA's counsel with the proposed marketing material set forth in Paragraph 24 of this Complaint on June 18, 2013, seeking assurances that the sale of flow conditioners using such design and marketing materials were not objectionable to CPA.

35. On June 25, 2013, counsel for CPA sent the letter attached as Exhibit E to RJ Machine's counsel. The letter threatens that CPA would sue RJ Machine if RJ Machine advertises or markets its 50E flow conditioners using the design taught in the Laws Patent and/or using the term "50E" to identify its flow conditioner.

36. In addition, the letter states that the arrangement of holes on a flow conditioner as taught in the Laws Patent creates a protectable 50E Trade Dress such that use of such an arrangement by others on a flow conditioner infringes CPA's trade dress rights.

37. Specifically, CPA threatened to assert claims for trademark infringement, counterfeiting, trademark dilution, trade dress infringement, and unfair competition and/or common law trademark infringement.

38. CPA's Trademark Registration Nos. 2,994,138 and 3,934,642 are invalid and unenforceable by reason of the generic nature of the term "50E" as applied to flow conditioners.

39. Absent a declaration of the extent, if any, of CPA's claimed rights in the 50E designation and 50E Trade Dress, RJ Machine is hindered in its ability to market and sell its 50E flow conditioners because CPA's assertions of those rights and threat to file a lawsuit based upon them are a barrier to effective competition in the relevant market.

40. A real and actual controversy presently exists between the parties to this action which is concrete and justiciable.

COUNT I – ATTEMPTED MONOPOLIZATION AND MONOPOLIZATION

41. RJ Machine realleges and incorporates by reference the allegations set forth in Paragraphs 1 – 40.

42. Through its license to the Laws Patent and to the 50E design taught by that patent in combination with the know-how of the Karnick Paper, CPA obtained monopoly power in the international market for hydrocarbon pipeline inline flow conditioners for use with orifice plate flow meters.

43. 50E flow conditioners must be replaced due to normal wear from the flow of the hydrocarbon fluids through the conditioners. When customers purchase a particular type of flow conditioner they must arrange their pipeline and flow meter in accordance with the specifications of the particularly purchased flow conditioner. Thus, when replacing a 50E flow conditioner, customers will purchase a 50E flow conditioner to avoid having to reconfigure the pipeline to accommodate a different type of flow conditioner. Furthermore, to the extent any of these aspects of a pipeline flow measurement system are changed, the system would have to be recalibrated at a significant cost. Accordingly, existing consumers of 50E flow conditioners are locked into continued use of 50E flow conditioners.

44. To address the needs and potential concerns of these locked-in 50E customers, it is important for RJ Machine to be able to advertise the similarities and/or equivalencies of its inline flow conditioner product to the product marketed by CPA under the 50E designation.

45. CPA has attempted and may have already succeeded in unlawfully maintaining monopoly power in the international market for hydrocarbon pipeline inline flow conditioners for use with orifice plate flow meters and with existing, locked-in 50E customers by making allegations of infringement and counterfeiting against potential competitors, including Plaintiff, it knows to be frivolous. Such allegations, and CPA's related assertion of trademark and trade dress rights, are both objectively and subjectively baseless.

46. Through these unlawful acts CPA has been able to unlawfully maintain a share of the international market for hydrocarbon pipeline inline flow conditioners for use with orifice plate flow meters in excess of 50% and keep existing 50E customers locked in.

47. These unlawful actions impact a significant amount of interstate commerce.

48. CPA has willfully engaged in these actions and specifically intends to unlawfully maintain its monopoly in this market in violation of 15 U.S.C. §2.

49. CPA's attempts to monopolize this market have caused and will contrive to cause injury to both consumers and producers in the market for pipeline flow conditioners, including RJ Machine. RJ Machine's injuries are of the type that the antitrust laws were designed to prevent and flow from that which makes CPA's actions unlawful.

50. Money damages will not suffice to remedy the damage that RJ Machine has and will incur as a result of CPA's anticompetitive acts and conduct. Moreover, RJ Machine will lose customer goodwill of incalculable value due to CPA's anticompetitive conduct if not enjoined. Thus, RJ Machine has no adequate remedy at law for CPA's continuing acts and conduct.

**COUNT II – VIOLATION OF THE TEXAS FREE
ENTERPRISE AND ANTITRUST ACT OF 1983**

51. RJ Machine realleges and incorporates by reference the allegations set forth in the preceding paragraphs 1 – 50.

52. CPA's acts violate Texas Business and Commerce Code § 15.05(b), by which RJ Machine has been and continues to be injured by reason of CPA's unlawful conduct. RJ Machine seeks its actual damages in accord with Texas Business and Commerce Code § 15.20(a).

53. CPA's unlawful conduct under this Act was willful and/or flagrant entitling RJ Machine to a threefold increase of its damages sustained, the cost of suit (including reasonable attorney's fees), and interest under Texas Business and Commerce Code § 15.21(a).

54. Money damages will not suffice to remedy the damage that RJ Machine has and will incur as a result of CPA's violation of the Texas Free Enterprise and Antitrust Act of 1983. RJ Machine will lose customer goodwill of incalculable value due to CPA's anticompetitive conduct if not enjoined. Thus, RJ Machine has no adequate remedy at law for CPA's continuing acts and conduct. RJ Machine seeks an injunction under Texas Business and Commerce Code § 15.21(b) barring CPA from continuing its unlawful conduct in violation of Texas Business and Commerce Code § 15.05(b).

COUNT III – UNFAIR COMPETITION AND UNFAIR TRADE PRACTICES

55. RJ Machine realleges and incorporates by reference the allegations set forth in the preceding paragraphs 1 – 54.

56. Plaintiffs' actions constitute unfair methods of competition and unfair, unlawful and fraudulent business practices, in violation of laws of the various states including the State of Texas.

57. CPA's unfair methods of competition and unfair, unlawful and fraudulent business practices have caused and will continued to cause injury to RJ Machine some of which may not be compensable by monetary damages.

COUNT IV– DECLARATORY JUDGMENT

58. RJ Machine realleges and incorporates by reference the allegations set forth in the preceding paragraphs 1 – 57.

59. The term "50E" as used by CPA and RJ Machine in connection with its respective flow conditioners is generic.

60. The design of the 50E Trade Dress is taught by the Laws Patent and/or the Karnick Paper.

61. Furthermore CPA has touted the alleged functional superiority of its 50E flow conditioner design.

62. The 50E Trade Dress is functional and/or non-distinctive.

63. Neither the term “50E” nor the 50E Trade Dress have become distinctive of CPA’s flow conditioners in commerce.

64. Continued registration of the marks shown in Registration Nos. 3,934,642 and 2,994,138, without a disclaimer of “50E,” are inconsistent with RJ Machine’s and others’ right to use “50E ”generically and/or descriptively.

PRAYER FOR RELIEF

WHEREFORE, RJ Machine respectfully requests that this Court grant relief against CPA as follows:

1. CPA, its officers, agents, servants, employees, attorneys and those persons in active concert or participation with it, be preliminary and permanently enjoined from performing the illegal acts, forms of conduct and practices, as provided by Section 16 of the Clayton Act (15 U.S.C. § 15 U.S.C. § 26) of in the alternative under Texas Business and Commerce Code § 15.20(b);

2. Award RJ Machine treble the actual damages proven to have been caused by CPA’s violations of the Sherman Antitrust Act and/or Texas Free Enterprise and Antitrust Act of 1983;

3. Award RJ Machine its costs in bringing the present action including its reasonable attorneys’ fees for violations of the Sherman Antitrust Act and/or Texas Free Enterprise and Antitrust Act of 1983;

4. Provide RJ Machine restitution for its losses sustained by reason of CPA’s unfair, unlawful, and fraudulent business practices in violation of common law and Texas law on unfair competition.

5. A judicial declaration that:

a. as used by CPA and RJ Machine “50E” is generic;

- b. 50E has not become distinctive of CPA's flow conditioners in commerce;
- c. 50E is not a famous trademark within the meaning of 15 USC 1125
- d. as used by CPA and RJ Machine the 50E Trade Dress is functional;
- e. as used by CPA and RJ Machine the 50E Trade Dress is not distinctive;
- f. sale and marketing of the flow conditioners as depicted and described above do not constitute trademark infringement or counterfeiting as provided by 15 USC § 1114;
- g. sale and marketing of the flow conditioners as depicted and described in above do not constitute trademark dilution as provided by 15 USC § 1125;
- h. sale and marketing of the flow conditioners as depicted and described in above do not constitute a false representation within the meaning of 15 USC § 1125;
- i. sale and marketing of the flow conditioners as depicted and described in above do not constitute trademark infringement or counterfeiting under the laws of the various states, including the State of Texas statute;
- j. sale and marketing of the flow conditioners as depicted and described in above do not constitute trademark dilution under the laws of the various states, including the State of Texas statute;
- k. sale and marketing of the flow conditioners as depicted and described in above do not constitute unfair competition under the laws of the various states, including the State of Texas statute, and the common law;

6. Order the cancellation of Registration Nos. 3,934,642 and 2,994,138 in accordance with ¶15 USC §1119;

7. Such other and further relief as this Court deems just and equitable.

Dated: July 10, 2013

LOEB & LOEB LLP
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By: /s Bernard R. Given
Bernard R. Given II
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RJ Machine Company, Inc.

JURY DEMAND

RJ Machine demands a trial by jury on all issues triable by jury.

Dated: July 10, 2013

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