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UNITED STATES PATENT AND TRADEMARK OFFICE
Trademark Trial and Appeal Board
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GCP

Mailed: September 29, 2014

Cancellation No. 92057222

Jollibee Foods Corporation

v.

Chick-N-Joy Systems Limited

**Before Kuhlke, Wellington, and Gorowitz,
Administrative Trademark Judges.**

By the Board:

On May 16, 2013, Jollibee Foods Corporation (“Petitioner”) filed a petition for cancellation that seeks to cancel the registration owned by Chick-N-Joy Systems Limited (“Respondent”) for the mark CHICK-N-JOY, in standard characters, for “restaurant services, take-out restaurant services” in International Class 43. Respondent’s Registration No. 3567736 registered on January 27, 2009 under Section 44(e) of the Trademark Act, 15 U.S.C. § 1126(e), based upon a Canadian registration.

As grounds for cancellation, Petitioner alleges that Respondent has abandoned its CHICK-N-JOY mark by never using its mark on the identified services in U.S. commerce within the three years following the issuance of Respondent’s registration.

Respondent, in its answer, has denied the salient allegations of the petition to cancel.

This case now comes before the Board for consideration of Petitioner's motion for summary judgment, filed on April 18, 2014, on its asserted claim of abandonment, and Respondent's cross-motion for summary judgment on the same ground, filed on May 16, 2014. Both motions are fully briefed.

The Parties' Cross-Motions

In support of its motion for summary judgment, Petitioner argues that because Respondent admitted in its discovery responses that it never used its CHICK-N-JOY mark in U.S. commerce for the covered services, and more than three years have transpired since Respondent's registration issued, Respondent has abandoned its mark. Specifically, Petitioner contends that Respondent admitted that the CHICK-N-JOY mark has never been used in the United States for the covered services, that no goods have been provided to U.S. consumers in a CHICK-N-JOY restaurant, that no packaging and no signage has been provided to or been viewable by any U.S. consumer at a CHICK-N-JOY restaurant, and that there are no restaurants in the United States where any consumer may purchase or be served any goods sold under the CHICK-N-JOY mark. Petitioner also maintains that Respondent has failed to produce any documentary evidence demonstrating use of its CHICK-N-JOY mark for the covered services in U.S. commerce. Petitioner further contends that even though Respondent, in response to Petitioner's written

discovery, stated that two third-party manufacturers located in the United States place Respondent's mark on packaging, namely, food bags, such packaging is not used by Respondent for any restaurant services in the United States, but instead is used for Respondent's Canadian restaurants. Finally, Petitioner argues that Respondent's attempts to excuse its failure to commence use of its CHICK-N-JOY mark in commerce by blaming its counsel for its misunderstanding of the use requirements, by providing unsupported claims of efforts to establish a franchise program in Canada, and by providing conclusory statements that it had no intent to abandon the mark in the United States are without merit and nevertheless do not constitute excusable nonuse of its mark in U.S. commerce.

In support of its motion, Petitioner submitted the following exhibits: (1) the file history of Respondent's subject Registration No. 3567736 for the mark CHICK-N-JOY, (2) a photocopy of Respondent's CHICK-N-JOY registration, (3) a copy of Petitioner's petition for cancellation, (4) copies of all documents produced by Respondent in response to Petitioner's document requests, (5) a photocopy of Petitioner's Certificate of Registration No. 3949145 for the mark CHICKENJOY, (6) the file history of Petitioner's pleaded pending application Serial No. 8524814 for the mark CHICKENJOY downloaded from the USPTO's TSDR electronic database, (7) a copy of an office action refusing registration of Petitioner's pleaded pending application Serial No. 8524814 under Section 2(d) of the Trademark Act based on Respondent's involved

registration, (8) relevant excerpts from Petitioner's requests for admission and interrogatory requests and Respondent's responses thereto, and (9) a copy of Respondent's answer to the petition to cancel.

Petitioner has also submitted the declaration of M. Tally George, one of Petitioner's attorneys, who testifies on matters concerning the timing and extent of Respondent's responses to Petitioner's written discovery. Mr. George's declaration also introduces the following exhibits: (1) an email communication from Respondent's counsel to Petitioner's counsel dated March 7, 2014 attaching Respondent's responses to Petitioner's interrogatory requests, as well as advising when supplementation would be made thereto, (2) a copy of Petitioner's consented motion to extend trial dates filed on March 14, 2014, (3) a copy of the Board's March 14, 2014, order granting Petitioner's March 14, 2014, consented motion to extend, written discovery and the timing of Respondent's supplementation, and (4) an email communication from Respondent's counsel to Petitioner's counsel dated March 18, 2014 attaching Respondent's supplementation to Petitioner's document requests.

In response to Petitioner's motion and in support of its cross-motion for summary judgment, Respondent argues that it always intended to use its CHICK-N-JOY mark in U.S. commerce in connection with its restaurant services and take-out restaurant services but it had the understanding that the rights in the mark were protected so long as a declaration of continued

use was filed between 5 and 6 years after January 27, 2009 or between January 27, 2014 and January 27, 2015, a period which has not expired. Respondent maintains that, relying on its advice from counsel, Respondent was mistaken about the date it was required to commence use but the passage of time with no use was not an indication that Respondent had intended to abandon its CHICK-N-JOY mark.

Notwithstanding the foregoing, Respondent argues that that it has demonstrated its intent to commence use of its CHICK-N-JOY mark in U.S. commerce by requiring U.S. manufacturers to place its mark on packaging for its restaurant and take-out restaurant services, namely, food bags, which are made in the U.S. by two third-party manufacturers. Respondent maintains that if it wanted to abandon its mark it would not have made the effort and spent the money to require the mark to be placed on every food bag.

In addition to the “bad legal advice regarding the ramifications of nonuse,” Respondent contends that it had unforeseen delays in initiating the use of its mark in the U.S. market. Specifically, Respondent maintains that it hired legal counsel on April 30, 2010 to render advice, consultation and document preparation for franchise agreements, as well as disclosure documents. Respondent further maintains that on May 28, 2010 it asked legal counsel to prepare agreements for the sale and franchising of two existing CHICK-N-JOY corporate stores, but despite requests to counsel, its legal counsel had still not prepared or provided the franchise documents or disclosure

documents as of March 27, 2012. Subsequent thereto, Respondent contends that (1) it was introduced to a company in October 2012 that agreed to assist Respondent in developing a franchise system and in February 2013 retained their services, (2) in May 2013, Respondent was introduced to a new law firm that would be able to prepare the franchise documents and disclosure documents and that in June 2013 said documents were completed, as was the sale of two CHICK-N-JOY corporate stores, and (3) Respondent is now set and accepting applications for expansion in Canada and the United States and there have been inquiries for information about franchising in the United States.

In support of its response to Petitioner's motion for summary judgment and its own cross-motion for summary judgment, Respondent has submitted the declaration of George Kastanas, Respondent's president, who testifies that (1) Respondent has always had an intent to commence use of its CHICK-N-JOY mark in U.S. commerce; (2) Respondent's counsel did not advise Respondent that if Respondent did not use its CHICK-N-JOY trademark in the United States within three years from the issuance of its registration that there would be a rebuttable presumption that Respondent had abandoned its mark, (3) Respondent attempted to franchise two existing CHICK-N-JOY stores within the first three years after its involved registration issued, but such attempts failed in light of its counsel's inaction in preparing the appropriate franchise documents and because Respondent did not want to

retain another law firm at that time because of the fees and time already invested in that firm, and (4) since October 2012, Respondent has attempted to establish franchises of its CHICK-N-JOY restaurants, has succeeded in the sale of two CHICK-N-JOY corporate stores as of June 2013, and is now accepting applications for expansion in Canada and the United States.

Mr. Kastanas' declaration also introduces the following exhibits: (1) two photocopies of Respondent's involved registration, and (2) a photograph of the bottom of a food bag which allegedly displays Respondent's CHICK-N-JOY's mark.

Decision

Summary judgment is an appropriate method of disposing of cases that present no genuine disputes of material fact, thus leaving the case to be resolved as a matter of law. *See* Fed. R. Civ. P. 56(a). The evidence must be viewed in a light favorable to the nonmoving party, and all justifiable inferences are to be drawn in the nonmovant's favor. *Lloyd's Food Products, Inc. v. Eli's, Inc.*, 987 F.2d 766, 25 USPQ2d 2027, 2029 (Fed. Cir. 1993); *Opryland USA Inc. v. The Great American Music Show, Inc.*, 970 F.2d 847, 23 USPQ2d 1471 (Fed. Cir. 1992).

Here, each moving party has the burden of demonstrating the absence of any genuine dispute of material fact, and that it is entitled to judgment as a matter of law. *See Celotex Corp. v. Catrett*, 477 U.S. 317 (1986); *Sweats*

Fashions Inc. v. Pannill Knitting Co. Inc., 833 F.2d 1560, 4 USPQ2d 1793 (Fed. Cir. 1987).

The evidence on summary judgment must be viewed in a light most favorable to the non-movant, and all justifiable inferences are to be drawn in the non-movant's favor. *Lloyd's Food Products, Inc. v. Eli's, Inc.*, 987 F.2d 766, 25 USPQ2d 2027, 2029 (Fed. Cir. 1993); *Opryland USA, supra*. The Board may not resolve issues of material fact; it may only ascertain whether issues of material fact exist. *See Lloyd's Food Products*, 987 F.2d at 766, 25 USPQ2d at 2029; *Olde Tyme Foods*, 961 F.2d at 200, 22 USPQ2d at 1542.

Based on the submissions of the parties, we find that Petitioner has met its burden of demonstrating that there are no genuine disputes of material fact, and that Petitioner is entitled to judgment, as a matter of law, on its claim of abandonment.

Standing

As a threshold matter, we note that Respondent has not challenged Petitioner's standing. Notwithstanding, for the Board to grant summary judgment, Petitioner must establish that there is no genuine dispute as to its standing as well as to the ground on which it seeks entry of summary judgment. *See Fed. R. Civ. P. 56(a)*. *See also Cunningham v. Laser-Golf Corp.*, 222 F.3d 943, 55 USPQ2d 1842, 1844 (Fed. Cir. 2000). Such standing is established by Petitioner's submission of, as exhibits to its brief in support of its motion for summary judgment, a copy of its pleaded pending application

Serial No. 85524814, filed January 25, 2012, generated from the USPTO's TSDR electronic database,¹ by which it seeks registration of the mark CHICKENJOY, in standard characters, for "services for providing food and drink, and restaurant services, namely, providing prepared dishes primarily containing chicken cooked Filipino-style, and Filipino-style beverages, sold only in Jollibee's stores," as well a copy of an Office Action that shows that such application was refused registration under Trademark Act Section 2(d), 15 U.S.C. § 1052(d), based on Respondent's involved registration. By virtue of the refusal to register Petitioner's pleaded pending application, there is no genuine dispute that Petitioner has standing to bring the current proceeding. *See Weatherford/Lamb Inc. v. C&J Energy Services Inc.*, 96 USPQ2d 1834 (TTAB 2010).

Abandonment

Section 45 of the Trademark Act provides that a mark is abandoned when "its use has been discontinued with intent not to resume use. Nonuse for three consecutive years shall be *prima facie* evidence of abandonment." 15 U.S.C. § 1127. In order to prevail on a claim for cancellation on the ground of abandonment, a party must allege and prove, in addition to its standing, abandonment of the mark as the result of nonuse or other conduct by the registrant. *See On-Line Careline, Inc. v. Am. Online*, 229 F.3d 1080, 56 USPQ2d 1471 (Fed. Cir. 2000). Evidence of nonuse of the mark for three

¹ Respondent admitted that Petitioner is the owner of application Serial No. 85524814 for the mark CHICKENJOY. *See* Ex. 8 of Petitioner's motion for summary judgment.

consecutive years constitutes a *prima facie* claim of abandonment and shifts the burden to the party contesting abandonment to show either: (1) evidence to disprove the underlying fact triggering the presumption of nonuse, or (2) evidence of an intent to resume use to disprove the presumed fact of no intent to resume use. 15 U.S.C. § 1127. See also, *Imperial Tobacco Ltd. v. Philip Morris Inc.*, 899 F.2d 1575, 14 USPQ2d 1390 (Fed. Cir. 1990); *and, generally*, 3 J. Thomas McCarthy, *McCarthy on Trademarks and Unfair Competition*, § 17:18 (4th ed. database updated September 2014). In order to establish intent to commence use, a respondent must put forth evidence with respect to either specific activities undertaken during the period of nonuse or special circumstances which excuse nonuse.² See *Cerveceria India Inc. v. Cerveceria Centroamerica, S.A.*, 10 USPQ2d 1064 (TTAB 1989), *aff'd*, 892 F.2d 1021, 13 USPQ2d 1307 (Fed. Cir. 1989); *see also, On-Line Careline, Inc., supra*.

As noted above, in support of its *prima facie* case of abandonment, Petitioner relies primarily on Respondent's responses to Petitioner's discovery requests, particularly Respondent's responses to Petitioner's requests for admission.

Respondent's admissions establish, *inter alia*, the following:

Respondent has made no use in commerce of its CHICK-N-JOY mark in the United States in connection with the covered services since the issuance of Respondent's involved registration. (Admission Nos. 7-14).

² In general, the concept of "intent to commence use" in the context of an abandonment claim comes up in cases involving registrations issued under Sections 44 or 66 of the Trademark Act, as is the case here, wherein a showing of use is not required prior to registration.

From January 27, 2009 (the date of issuance of Respondent's registration) to January 27, 2013, there was no licensed or directly owned entity offering or providing restaurant services of any kind in the United States under any CHICK-N-JOY mark in block or stylized form. (Admission No. 26).

Any packaging in the nature of food bags or containers prepared in the United States and bearing a CHICK-N-JOY mark is not used for Respondent's restaurant services or take-out restaurant services in the United States. (Admission Nos. 19-20).

No restaurant customers of Respondent see any packing in the nature of food bags or containers that are prepared in the United States and bear a CHICK-N-JOY mark. (Admission No. 22).

Thus, in view of the above admissions and the statutory presumption with regard to a claim of abandonment, we find that, as a matter of law, Petitioner has established, at a minimum, a *prima facie* case of abandonment based upon three consecutive years of nonuse from the date of issuance of Respondent's involved registration.

Such a *prima facie* case of abandonment eliminates Petitioner's burden of establishing the intent element of abandonment as an initial part of the case and creates a rebuttable presumption that Respondent abandoned its CHICK-N-JOY mark without any intent to commence use. *See Rivard v. Linvell*, 133 F.3d 1446, 45 USPQ2d 1374, 1376 (Fed. Cir. 1998); *Imperial Tobacco Ltd. v. Philip Morris, Inc.*, 14 USPQ2d at 1393. The presumption shifts the burden to Respondent to produce evidence that it intended to commence use of its CHICK-N-JOY mark for the identified services in

Respondent's involved registration. *See Rivard v. Linvell, supra; Cerveceria India Inc. v. Cerveceria Centroamerica, S.A., supra.*

Thus, in the case of a motion for summary judgment, when the moving party supports its position by evidence sufficient to indicate that there is no genuine dispute of material fact, and that the moving party is entitled to judgment as a matter of law, the burden shifts to the nonmoving party to demonstrate the existence of specific, genuinely-disputed facts that must be resolved at trial. In this case, the question is whether Respondent, like any other registrant who has not made use for at least three years, has put forth sufficient evidence to at least raise a genuine dispute of material fact of intent to commence use. *Imperial Tobacco Ltd. v. Philip Morris Inc., supra.*

After reviewing the evidence in a light most favorable to Respondent, we conclude that Respondent has not raised a genuine dispute of material fact to rebut the presumption that Respondent abandoned its CHICK-N-JOY mark in connection with the identified services without an intent to commence use.

We initially find that Respondent's and/or its counsel's misunderstanding of the use requirements in preventing the abandonment of its mark does not constitute excusable nonuse. Indeed, ignorance of the law is not an excuse for a course of action. *In re Whittelsey*, 83 F.2d 894, 30 USPQ 47 (CCPA 1936) (Patent Office rules have force of law and come within the principle that ignorance of the law is no excuse).

Second, we find that the placement of Respondent's CHICK-N-JOY mark on food bags manufactured in the United States and thereafter transported to Canada to be used only in Respondent's Canadian CHICK-N-JOY restaurants does not constitute use or an intention to use the mark in connection with restaurant services or take-out restaurant services in the United States. *See Avakoff v. Southern Pacific Company*, 226 USP 435, 436 (Fed. Cir. 1985) (manufacturer's shipment of goods to trademark owner for use by trademark owner in a foreign country does not constitute use of mark in commerce under the Lanham Act); *Clorox Co. v. Salzar*, 108 USPQ2d 1083, 1086-87 (TTAB 2013) (shipment by manufacturer of component bearing applicant's trademark from the United States to a foreign country is merely transportation of goods in preparation for offering goods for sale that does not constitute *bona fide* use of an applicant's mark in U.S. commerce). We note that Respondent has admitted that any food bags it had printed were never used in the United States for any restaurants and are never seen by any United States restaurant consumer. *See* Ex. 8 and 9 of Petitioner's Motion for Summary Judgment.

Third, we find that Mr. Kastanas' statements, set forth in his declaration, that Respondent has always had an intent to commence use of its mark in U.S. commerce are insufficient, without any further corroborating evidence, to excuse the period of nonuse of Respondent's CHICK-N-JOY mark on the covered services or to show Respondent's intent to commence use of the

CHICK-N-JOY mark on the identified services. As is explained by our reviewing court in *Imperial Tobacco v. Philip Morris*, 14 USPQ2d at 1394:

“[A]n affirmative desire by registrant not to relinquish a mark is not determinative of the intent element of abandonment under the Lanham Act. Nothing in the statute entitles registrant who has formerly used [or never used] a mark to overcome a presumption of abandonment arising from subsequent nonuse by simply averring a subject affirmative ‘intent not to abandon.’”

Moreover, Respondent’s statements regarding its alleged failed attempts to franchise its CHICK-N-JOY restaurant within the first three years after it was issued its registration are also insufficient to rebut the presumption of lack of intent to commence use inasmuch as these attempts to establish a franchise concerned two existing restaurants in Canada, and not any restaurants in the United States. Even if we were to construe Respondent’s statements about its failed attempts to create a franchise within the United States within the first three years after the issuance of its registration, such statements without any corroborating evidence do not constitute excusable nonuse. Further, Respondent’s business decision to not actively pursue a franchise arrangement in the United States within the first three years after its registration issued also does not constitute excusable nonuse. *See In Re Moorman Mfg. Co.*, 203 USPQ 712 (Comm’r Pats. 1979) (conscious business decision to indefinitely hold off use of a mark is not a special circumstance that excuses nonuse).

Notwithstanding the foregoing, evidence of use or an intent to commence use of a mark *subsequent* to the period of three years of nonuse (in this

instance, the first three years from the registration date of Respondent's registration) where there is no evidence of an intent to commence use during the three-year period of nonuse, is irrelevant and does not cure a *prima facie* case of abandonment. See *Auburn Farms Inc. v. McKee Foods Corp.*, 51 USPQ2d 1439 (TTAB 1999); *Stromgren Supports Inc. v. Bike Athletic Co.*, 43 UPSQ2d 1100 (TTAB 1997). See also *Mission Dry Corp. v. Seven-Up Co.*, 193 F.2d 201, 86 USPQ 263 (CCPA 1951) (once a trademark is abandoned, its registration may be cancelled even if the registrant resumes use). Accordingly, even if we were to consider Mr. Kastanas' declaration regarding Respondent's attempts to franchise its restaurants in the United States subsequent to January 27, 2012 (the three-year anniversary date of the issuance of Respondent's registration), as evidence of Respondent's intent to commence use of its CHICK-N-JOY mark, such evidence does not serve to rebut the *prima facie* case of abandonment of three years of nonuse inasmuch as this evidence concerns activities following the three years of nonuse established by Petitioner. Simply put, Respondent has not presented any evidence regarding its intention to commence use of its CHICK-N-JOY mark on restaurant services or take-out restaurant services for the first three-year period following registration of its mark.

In view of the foregoing, we find that Respondent has not put forth sufficient evidence to raise a genuine dispute of material fact to overcome the presumption of no intent to commence use of its CHICK-N-JOY mark in

association with the services identified in its involved registration during the three years of established nonuse of its mark.

For all of these reasons, there is no genuine dispute of material fact that Respondent has abandoned the mark CHICK-N-JOY in connection with the restaurant services and take-out restaurant services. Accordingly, Petitioner's motion for summary judgment on its claim of abandonment is hereby **GRANTED**, and Respondent's cross-motion on the same claim is **DENIED**.

Judgment is hereby entered against Respondent, the petition to cancel is **GRANTED**, and Registration No. 3567736 will be cancelled in due course.