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THE T.T.A.B.

UNITED STATES PATENT AND TRADEMARK OFFICE  
Trademark Trial and Appeal Board  
P.O. Box 1451  
Alexandria, VA 22313-1451

DUNN  
Mailed: September23, 2005

Cancellation No. 92043109

HEALTH FOOD ASSOCIATES, INC.

v.

NATURALIFE ECO VITE  
LABORATORIES, INC.

Before Hairston, Chapman, and Kuhlke, Administrative  
Trademark Judges.

By the Board:

On March 23, 2004, Health Food Associates, Inc. (HFA or petitioner) filed a petition to cancel Registration No. 2481116 for the mark PARAGON LABORATORIES for "dietary supplements"<sup>1</sup> on the grounds of abandonment, nonuse, and fraud. Petitioner also alleges that Registration No. 2481116 was cited as a bar to registration of its application Serial No. 78267466 for the mark PARAGON PLUS for "vitamins and dietary supplements."

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<sup>1</sup> Registration No. 2481116 issued August 28, 2001 to Naturalife Eco Vite Laboratories, Inc.

Naturalife Eco Vite Laboratories, Inc. (NEVL or respondent) filed an answer denying the salient allegations of the petition.<sup>2</sup>

This case now has cross-motions for summary judgment pending. However, before turning to the cross-motions for summary judgment, we address another pending matter. Subsequent to issuance of the Board's December 21, 2004 order granting petitioner's November 17, 2004 motion to extend discovery as conceded, respondent's timely opposition to the motion was associated with the cancellation proceeding file. In view thereof, the Board's December 21, 2004 order is vacated.

After review of the parties' arguments, the Board finds that petitioner agreed to extend respondent's time to respond to petitioner's discovery requests; that petitioner had not yet received respondent's discovery responses when discovery was set to close; and that petitioner has demonstrated the requisite good cause to warrant the requested thirty day extension of discovery. Accordingly,

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<sup>2</sup> Respondent's consented motions to extend its time to answer the petition to cancel, filed May 13, 2004, to conduct a deposition by telephone, filed November 22, 2004, and to extend its time to serve discovery responses, filed July 19, 2004 and December 23, 2004, are granted.

Insofar as an erroneous date was listed in the Board's August 30, 2004 order, we clarify that our August 30, 2004 order granted respondent's August 16, 2004 consented motion to extend discovery.

The Board notes that on January 31, 2005, the parties filed a stipulated protective agreement.

petitioner's motion to extend discovery to December 18, 2004 is granted.

**CROSS-MOTIONS FOR SUMMARY JUDGMENT ON ALL PLEADED GROUNDS**

Each party, in regard to its own motion for summary judgment, bears the burden of showing the absence of any genuine issue of material fact, and that it is entitled to judgment as a matter of law. See Fed. R. Civ. P. 56(c); and *Celotex Corp. v. Catrett*, 477 U.S. 317, 106 S. Ct. 2548 (1986). In assessing each motion, the evidence must be viewed in a light favorable to the non-movant, and all justifiable inferences are to be drawn in the non-movant's favor. See *Lloyd's Food Products Inc. v. Eli's Inc.*, 987 F.2d 766, 25 USPQ2d 2027 (Fed. Cir. 1993); *Opryland USA Inc. v. Great American Music Show Inc.*, 970 F.2d 847, 23 USPQ2d 1471 (Fed. Cir. 1992); *Olde Tyme Foods Inc. v. Roundy's Inc.*, 961 F.2d 200, 22 USPQ2d 1542 (Fed. Cir. 1992).

In an effort to determine the motions as expeditiously as possible, an exhaustive review of the record will not be provided. It is presumed that the parties are familiar with the record. The Board has carefully reviewed the arguments and all accompanying evidence relating to the cross-motions for summary judgment. Moreover, the essential facts in this matter regarding the nature of respondent's business, and how its PARAGON LABORATORIES mark is used, are not disputed.

In his November 18, 2004 deposition, Richard Kaufman, respondent's chief operating officer, testified that NEVL describes itself on its website as a contract nutritional supplement manufacturer (p. 72-73); that NEVL has continuously used the mark PARAGON LABORATORIES since 1978 (p. 77-78); that NEVL produces dietary supplements only pursuant to its contract manufacturing services (p. 81-82); that NEVL sells dietary supplements to distributors and retailers and does not compete with its contract manufacturing customers by selling dietary supplements (p. 90-91); that NEVL sells and produces tablets, two-piece capsules, powders and liquids (p. 12-13); that NEVL confers with customers regarding the formulation that they are interested in purchasing, and if a purchase order is placed, NEVL takes the customers' specifications and refines them into a formulation to manufacture a stable finished dosage unit, purchases the necessary ingredients to process the order, sometimes encapsulating a particular raw ingredient provided by the customer, manufactures it, packages it in either a bulk container or a bottle, pouch, blister card, or jar, ships it out, and then invoices the customer (p. 26-27); that, after a production run, the mark PARAGON LABORATORIES does not appear directly on any manufactured dietary supplement, or any bottle, jar, pouch, or blistercard into which NEVL has packaged the supplements (p.

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28-29); that packaged dietary supplements are shipped by NEVL to its customers in boxes on pallets, with 20-200 boxes stacked on and stretch-wrapped to an unmarked wooden pallet, with an adhesive label bearing the mark PARAGON LABORATORIES applied to the top layer of boxes or to the stretch wrap film (p. 20, 22-22); that bulk containers of dietary supplements which will require further packaging by the customer bear the mark PARAGON LABORATORIES on the purchase order which is affixed to the bulk container (p. 30-31); and that the customer encounters the mark PARAGON LABORATORIES when NEVL's shipment bearing the mark arrives at the customer's storage area or receiving area (p. 32).

As noted, while the parties have expended much effort on arguments regarding the relevance of the facts set forth above, and the inferences and conclusions to be drawn from the facts, the facts themselves are not in dispute. The issue before the Board is whether respondent is correct in its contention that the facts support a finding of trademark use or whether petitioner is correct in its contention that the facts support a finding of trade name or service mark use, but not use as a source indicator for the dietary supplements listed in the involved registration (No. 2481116).

In support of its motion for summary judgment, respondent contends that its mark PARAGON LABORATORIES is

used on its goods when shipped to customers, either on the bulk containers of dietary supplements which will be further packaged by the customer or on the stretch-wrapped pallets of dietary supplements packaged by NEVL to the customer's specification. NEVL argues that this use would be perceived as trademark use; that the mark has been continuously used in this fashion since 1978; that in so representing its use in its trademark application, NEVL made no fraudulent statements in obtaining its registration of the PARAGON LABORATORIES mark; that there is no requirement under federal trademark law to use a mark directly on the goods or to sell directly to the ultimate consumer; and that there is no bar to using the same mark for both contract manufacturing services and dietary supplements. Respondent seeks summary judgment on all of petitioner's pleaded grounds.

In its combined response to respondent's motion for summary judgment and cross-motion for summary judgment (p. 4), petitioner argues that "whether [NEVL'S] conduct is characterized as [non-use, abandonment, or fraud], the result should be the same - a determination by the Board that [NEVL] has not used the mark in commerce in connection with dietary supplements as required by the registration, and such registration should therefore be canceled." Thus, HFA does not allege separate or different facts in support

of each basis for cancellation but alleges that under the same facts, one of the three legal theories for cancellation should apply. Specifically, in support of its cross-motion for summary judgment, HFA contends that NEVL's business is custom dietary supplement manufacturing services; that NEVL's website unequivocally states that NEVL is a contract manufacturer; that NEVL does not sell dietary supplements under the mark PARAGON LABORATORIES; that NEVL does not affix this mark to dietary supplements or their packaging; that PARAGON LABORATORIES is used solely as a trade name or service mark; and that because NEVL does not have trademark use, the petition to cancel should be granted.

**DISCUSSION**

Section 1 of the Trademark Act permits application for registration of "a trademark used in commerce." Section 45 defines "use in commerce" as follows:

The term "use in commerce" means the bona fide use of a mark in the ordinary course of trade, and not made merely to reserve a right in a mark. For purposes of this Act, a mark shall be deemed to be in use in commerce--

(1) on goods when--

(A) it is placed in any manner on the goods or their containers or the displays associated therewith or on the tags or labels affixed thereto, or if the nature of the goods makes such placement impracticable, then on documents associated with the goods or their sale, and

(B) the goods are sold or transported in commerce ...

Assessing the undisputed facts in light of the statutory language, we find that the mark PARAGON LABORATORIES is used on the goods when it appears on the purchase orders which are applied to bulk containers and the labels on shipping pallets stretch-wrapped with NEVL's dietary supplements. HFA's assertion that there is no use of the mark because the mark does not appear on the dietary supplements themselves, or on the bottles, jars, pouches, or blistercards in which the dietary supplements are sold to the end consumer, is unpersuasive. The statutory language requires only that the mark be "placed in any manner on the goods or their containers." There is no statutory requirement that the use of the mark on goods moving from manufacturer to retailer match the use of a mark on goods moving from retailer to end consumer. *Barron-Gray Packing Co. v. Bruce's Juices, Inc.*, 162 F.2d 217, 219, 74 USPQ 99, 101 (CCPA 1947)("[T]he mark, since it clearly denotes such origin in [the owner of the mark's] immediate trade (wholesalers and retailers), functions as a statutory trademark whether or not the ultimate consumer ever sees it"). In fact, it has been long recognized that use of a mark on bulk goods may differ from use of a mark on goods directed to an individual consumer. See *In re Drilco Industrial Inc.*, 15 USPQ2d 1671, 1672 (TTAB 1990)("The legislative history regarding the pertinent amendment to Section 45

indicates that this language was added in order to relax the affixation requirement in the case of bulk goods.").

HFA cites no support, and we know of none, for its argument (Combined Response and Cross-Motion for Summary Judgment, p. 10) that "The use of these labels on packaged shipments cannot be considered a trademark usage because [NEVL]'s customers previously contracted with [NEVL] to manufacture their dietary supplements." Here, the nature of the transaction which resulted in the shipment of goods to the customer - whether it was an order for previously-manufactured goods or a custom order for goods to be manufactured to the customer's specification - has no bearing on whether NEVL met the statutory requirements for use in commerce.

To the extent petitioner argues (Cross-Motion for Summary Judgment, p. 8-9) that respondent lacks goods in trade because "the dietary supplements that Naturalife produces ... are incident [sic] to its contract manufacturing services," we disagree. Because the dietary supplements have a viable existence separate and apart from the contract dietary supplement manufacturing services, respondent's supplements are not merely incidental to respondent's services. That is, respondent's dietary supplements are goods in trade because they have utility to the customer who ordered them. *Cf. Gay Toys, Inc. v. McDonald's Corp.*, 585

F.2d 1067, 199 USPQ 722 (CCPA 1978)(plaster mockup of toy truck not goods in trade, where there is no evidence the mockup is actually used as a toy).

Petitioner is also unpersuasive in its contention that there is no trademark use because the PARAGON LABORATORIES mark is not used on the goods at the time of sale. It is true that the goods do not exist when the purchase order is placed, but the goods are later manufactured and shipped to the customer bearing the mark. In any event, it is well settled that a formal "sale" is not necessary if the goods are "transported" in commerce. *Hydro-Dynamics, Inc. v. George Putnam & Co., Inc.*, 811 F.2d 1470, 1474, 1 USPQ2d 1772, 1774 (Fed. Cir. 1987)("[A] single shipment in interstate commerce is sufficient to support trademark registration ... provided that the mark was adopted and used as trademark"); *New England Duplicating Co. v. Mendes*, 190 F.2d 415, 417, 90 USPQ 151, 152 (1st Cir. 1951)("The use of the disjunctive 'or' between 'sold' and 'transported' leaves no doubt that a transportation ... is enough to constitute a 'use' even without a sale.").

Of course, "not every transport of a good is sufficient to establish ownership rights in a mark." *General Healthcare Ltd. v. Qashat*, 364 F.3d 332, 335, 70 USPQ2d 1566, 1568 (1st Cir. 2004) quoting *Planetary Motion, Inc. v. Techsplosion, Inc.*, 261 F.3d 1188, 1196, 59 USPQ2d 1894,

1899 (11th Cir. 2001). In assessing trademark rights stemming from transportation of the goods, courts have required an element of public awareness of the use. *Blue Bell, Inc. v. Farah Mfg. Co.*, 508 F.2d 1260, 1265, 185 USPQ 1, 4 (5th Cir. 1975)("Secret, undisclosed internal shipments are generally inadequate to support the denomination 'use.'"); *New England Duplicating Co. v. Mendes, supra*, at 153("[E]vidence showing, first, adoption, and, second, use in a way sufficiently public to identify or distinguish the marked goods in an appropriate segment of the public mind as those of the adopter of the mark, is competent to establish ownership, even without evidence of actual sales"). See also, 3 J. Thomas McCarthy, *McCarthy on Trademarks and Unfair Competition* §19:118 (4th ed. 2005)("It seems clear that 'transportation,' as an alternative to 'sale,' requires the same elements of open and public use before customers.").

The shipment of dietary supplements with the PARAGON LABORATORIES mark from respondent to the customer who contracts for them is use in commerce because it is open, public, and performed by respondent in the ordinary course of trade. *Cf. Avakoff v. Southern Pacific Co.*, 765 F.2d 1097, 1098, 226 USPQ 435, 436 (Fed. Cir. 1985)("[D]elivery of the goods to applicant from the manufacturer ... was a shipment of the goods in preparation for offering the goods

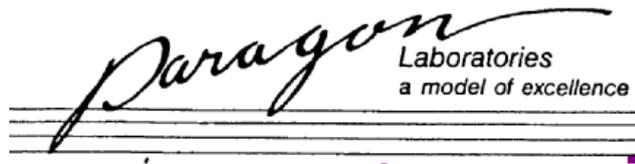
for sale. It did not make the goods available to the purchasing public."); *In re Silenus Wines, Inc.*, 557 F.2d 806, 807, 194 USPQ 261, 263 (CCPA 1977) ("We note that the 'use in commerce' must be accomplished by the [owner of the mark] ... nowhere in the record or briefs has the [owner of the mark] argued that the acts of the French concern in shipping and selling the wine inure to [the owner of the mark]'s benefit").

Moreover, we find that the prospective consumer encountering the mark PARAGON LABORATORIES on purchase orders on bulk containers and on labels applied to stretch-wrapped shipping pallets containing boxes of NEVL's dietary supplements will perceive this use of PARAGON LABORATORIES as trademark use, and not, as argued by petitioner, mere trade name use.

A "trade name" is any name used by a person to identify his or her business or vocation. Trademark Act Section 45. A designation used merely as a trade name cannot be registered under the provisions of the Trademark Act. See *In re Diamond Hill Farms*, 32 USPQ2d 1383 (TTAB 1994). However, a designation may function both as a trade name and as a mark, and if it functions as a mark it may be registered, even if it also functions as a trade name. See *In re Walker Process Equipment Inc.*, 233 F.2d 329, 110 USPQ 41 (CCPA 1956). The question of whether a designation

functions as a mark as well as a trade name is one of fact, and is determined from the manner in which the designation is used by the party and its probable impact on purchasers and potential purchasers. *In re Diamond Hill Farms, supra.*

As shown below, the manner in which PARAGON LABORATORIES appears on the purchase order on respondent's bulk containers clearly denotes trademark and not trade name use.



The mark is physically and visually separated from the informational matter which is the usual indicia of a term functioning merely as a trade name. *In re Univar Corp., 20 USPQ2d 1865 (TTAB 1991).* NEVL's purchase order features a heading with the term PARAGON LABORATORIES in stylized script and the slogan "a model of excellence," which is separated from the informational matter by four parallel lines; the body of the page bearing the words "PURCHASE ORDER" followed by formatted spaces to add shipping and content information; and at the bottom, a disclaimer and address and telephone numbers. Thus, respondent's use of the mark on the purchase order applied to the bulk containers of dietary supplements demonstrates that PARAGON

LABORATORIES would be perceived as a source indicator for the goods, and not merely as a trade name.

The visually prominent and separate display of PARAGON LABORATORIES distinguishes these facts from those found in *In re Lyndale Farm*, 186 F.2d 723, 88 USPQ 377 (CCPA 1951). In that case, the examiner refused registration of the term LYNDALE FARMS as a trade name because it appeared as LYNDALE FARMS FLOYDADA, TEXAS on placards affixed to crates for shipping cattle as a shipping tag, and would be perceived by consumers as a trade name. *Cf. In re Univar Corp., supra* at 1869 (TTAB 1991) ("The graphic scheme employed by applicant serves to set off the logo and the name 'UNIVAR' from the balance of the other words and indications appearing on the specimens and thereby creates a separate and distinct commercial impression for the mark 'UNIVAR.'").

Trademark use also is plainly present when NEVL delivers to its customers a stretch-wrapped pallet of custom-manufactured dietary supplements bearing a label with only the words PARAGON LABORATORIES. This close association of the goods and the mark when the goods are first encountered by the consumer was notably absent in the case cited by petitioner, *In re Pennsylvania Fashion Factory, Inc.*, 588 F.2d 1343, 200 USPQ 140 (CCPA 1978). There, the Court found that trademark use was not established where the goods are displayed in a retail store without the words

sought to be registered, are selected and purchased by a customer, and are thereafter placed in a bag bearing the mark for the convenience of the customer in carrying them away. *In re Pennsylvania Fashion Factory, Inc.*, at 141 -- "This usage of THE FASHION FACTORY only identifies the store, and, as such, is a trade name usage." In short, we reject petitioner's contention that respondent's use of the term PARAGON LABORATORIES on its dietary supplements would be considered by consumers to be mere trade name use.

Finally, petitioner argues that respondent's contract manufacturing services are so intertwined with its dietary supplements that use of the PARAGON LABORATORIES mark on the dietary supplements during shipment will be perceived as service mark, and not trademark, use. Petitioner cites the evidence that contract manufacturing is NEVL's principal business activity; that, absent its contract manufacturing services, NEVL would have no dietary supplements to transport in commerce under the mark; and that dietary supplements are what every provider of contract dietary supplement manufacturing services provides. While these statements may be true generally, we disagree with petitioner on its conclusion that they demonstrate that respondent does not have use of its mark which supports separately registrable goods.

Specifically, we reject petitioner's contention (Cross-Motion for Summary Judgment, p. 7) that respondent's "own website, witnesses, advertisements and other information and documents conclusively establish that, to the extent Naturalife has utilized the 'Paragon Laboratories' mark, it has only been in connection with manufacturing services and not dietary supplements." The evidence of respondent's business activities relied upon by petitioner would be relevant when determining whether a mark is used with a separately registrable service. However, notwithstanding the parallel protection of trademarks and service marks under the statute,<sup>3</sup> the intangible nature of services makes the determination of whether a mark is used with services generally more complicated than the issue of whether a mark is used with goods. See 3 J. Thomas McCarthy, McCarthy on Trademarks and Unfair Competition, §19:84 (4th ed. 2005)("While the Lanham Act defines what is a 'service mark,' the statute does not define what constitutes a 'service.'). See also *In re Forbes Inc.*, 31 USPQ2d 1315, 1316 (TTAB 1994)("In this case, the Board faces, yet again, the hard and often-asked question: what is a 'service' as

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<sup>3</sup> Trademark Act Section 3 states, in part:

Subject to the provisions relating to the registration of trademarks, so far as they are applicable, service marks shall be registrable, in the same manner and with the same effect as are trademarks, and when registered they shall be entitled to the protection provided herein in the case of trademarks.

that term is understood under the Trademark Act?" ). Thus, scrutiny of business activity ensures that a "manufacturer or merchant cannot proliferate registrations by obtaining a trademark registration along with a plethora of service mark registrations covering each and every 'service' which every other competitor also provides as an adjunct to the sale of goods." 3 J. Thomas McCarthy, McCarthy on Trademarks and Unfair Competition, §19:89 (4th ed. 2005); *In re Dr. Pepper Co.*, 836 F.2d 508, 512, 5 USPQ2d 1207, 1210 (Fed. Cir. 1987)("[D]evising ways to describe a sale of goods situation as a service has been held not to be within the intendment of the Act." ).

None of these concerns are applicable here. The subject registration involves goods, namely dietary supplements, and the statute specifies the necessary criteria for determining whether a mark is used on goods. As set forth earlier in this order, the statute defines trademark use in commerce, *inter alia*, as use of a mark on the containers for goods during transportation in commerce. Further, the record firmly supports our finding that respondent ships its custom manufactured dietary supplements to customers and designates the origin of the dietary supplements during shipment with the mark PARAGON LABORATORIES. In our view, no matter how widespread respondent's advertising of its PARAGON LABORATORIES mark in

connection with its contract manufacturing services, respondent has trademark use because the relevant purchasers who encounter a bulk container of dietary supplements displaying the PARAGON LABORATORIES purchase order or a stretch-wrapped pallet bearing boxes of dietary supplements with a PARAGON LABORATORIES label will perceive the mark as an indicator of the source of the dietary supplements.

We find that there is no genuine issue of material fact regarding respondent's use of its mark PARAGON LABORATORIES in commerce on "dietary supplements"; that respondent's use constitutes trademark use as a matter of law; and that respondent is entitled to entry of summary judgment.

Accordingly, petitioner's cross-motion for summary judgment is denied, respondent's motion for summary judgment is granted, and judgment is entered against petitioner on all pleaded grounds.

The petition to cancel is denied.

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