

**IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF VIRGINIA
Alexandria Division**

Zhejiang Hailiang Co. Ltd

Plaintiff/Counterclaim Defendant,

v.

KME Germany GmbH

Defendant/Counterclaim Plaintiff

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) C.A. No. 1:23-cv-01606-LMB-LRV
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FIRST AMENDED COMPLAINT

Plaintiff Zhejiang Hailiang Co. Ltd. (“HME,” “Hailiang,” or “Plaintiff”), by and through its attorneys, as and for its First Amended Complaint against KME Germany GmbH (“KME” or “Defendant”) alleges and states as follows:

NATURE OF THE ACTION

1. This is a civil action challenging a final decision of the Trademark Trial and Appeal Board of the United States Patent and Trademark Office (“TTAB”) pursuant to 15 U.S.C. §1071(b), which decision sustained an opposition filed by Defendant KME against an application by Plaintiff HME for the mark HME (Stylized). The TTAB decided the matter on a scant and inadequate record, making numerous errors of fact, evidence, law, judgment, and simple logic. This Court owes no deference to the TTAB’s decision and has the authority and mandate under Section 1071 to hear new evidence, reconsider the matter *de novo*, and reverse the TTAB’s decision. A copy of that Decision is Exhibit 1 hereto.

2. This action also seeks a declaratory judgment of non-infringement because there is an actual controversy between the parties, as KME has threatened Hailiang with cease-and-desist

letters regarding Hailiang's alleged use of the HME trademark that place Hailiang in reasonable fear of litigation.

3. This action also seeks an order directing full or partial cancellation of KME's U.S. trademark registrations on the grounds of abandonment and/or fraud on the trademark office.

VENUE AND JURISDICTION

4. Jurisdiction is proper in the Court because the litigation arises under federal law, namely, the Lanham Act, 15 U.S.C. §1052 *et seq.* The Court has subject matter jurisdiction under 28 U.S.C. §§ 1331 (federal question), 1338(a) and 1119 (trademarks), and 2201 (Declaratory Judgment Act).

5. This Court has jurisdiction over the subject matter and personal jurisdiction over the parties pursuant to 15 U.S.C. §1071(b), review *de novo* of a final TTAB decision. Specifically, when, as here, the defendant under Section 1071(b) is a foreign entity, actions under this section are brought in this United States District Court for the Eastern District of Virginia, pursuant to 15 U.S.C. §1071(b)(4).

6. The Court also has personal jurisdiction over Defendant under the Virginia Long-Arm Statute, Va. Code Ann. § 8.01-328.1 (2017), because Defendant, on information and belief, transacts business in Virginia.

7. Venue is proper in this district under 15 U.S.C. §1071(b)(4).

THE PARTIES

Plaintiff

8. Plaintiff Hailiang is a leading global manufacturer with an address at Diankou Town Industry Area Zhuji Zhejiang China 3 of, *inter alia*, nonferrous metals, copper, copper alloy and brass products, including rods, fittings, and tubular products ("Hailiang's Goods").

9. Hailiang has a multimillion-dollar B2B business in the United States alone in Hailiang's Goods.

10. Hailiang has used a stylized logo (the "Hailiang Logo") as its core branding in the

United States and elsewhere: The logo consists of the word "HAILIANG" in a bold, blue, sans-serif font. The letter "H" is stylized with a red square at the top left and a white square at the top right.

11. This logo has been part of U.S. Registration No. 6482847.

12. The logo is an update of the prior logo



which was registered in the United States since at least 2005.

13. The legacy stylized H with a segregated square at the top right continued into the new logo.

Defendant

14. KME is a German company with an address at Klosterstrasse 29, 49074 Osnabrück, Germany.

15. KME describes itself on its website as "one of the world's largest manufacturers of copper and copper alloy products and ha[ving] a worldwide distribution network."

16. The ME in KME refers to "Metals Europe."

The Asset Purchase by HME from KME

17. In 2019, Hailiang purchased KME's brass rods business based in Germany, Italy and France, as well as its tube business (including copper tubes) based in Germany and Spain.

(the “HME Business”) pursuant to a Share Asset Purchase Agreement (the “APA”) for 119 Million Euros (approximately \$129 million USD.)

18. The APA was signed on January 18, 2019, and took effect April 1, 2019 (the “Effective Date.”).

19. The APA is governed under German law.

20. After, or shortly before, the Effective Date, a new entity, called HME Copper Germany GmbH was formed, based at the former KME Facility in Menden, Germany, out of assets purchased by Hailiang from KME Germany GmbH & Co. KG.

21. Other existing KME entities included in the 2019 asset purchase were promptly renamed as follows:

22. KME Brass France SAS became HME Brass France SAS.

23. KME Brass Germany GmbH became HME Brass Germany GmbH.

24. KME Brass Italy S.p.A became HME Brass Italy S.p.A.

25. KME Ibertubos S.A.U. became HME Ibertubos S.A.U.

26. The name HME reflected a combination of H, for Hailiang, and ME for Metals Europe.

Bases for Declaratory Judgment of Non-Infringement and Overturning TTAB Decision

Failure by KME to Object to HME

27. KME never objected to, and indeed consented to, registration in the EU of HME for the goods sold in connection with the HME Business.

28. The first time that KME objected anywhere in the world to the registration of HME for the goods sold in connection with the HME Business was the U.S. Opposition that is

the subject of appeal to the Court, filed February 17, 2021, Opp. No. 91267675. That took over two years to reach a decision, which is now on appeal before this Court.

29. While KME filed an opposition in the EU before the U.S. Opposition, KME amended that to limit the scope to goods that KME believed were outside the scope of the HME Business. HME obtained an EU registration for goods associated with the HME Business.

30. At no point during the pendency of either Opposition did KME object to the *use* of HME as a trademark or trade name in the United States for the HME Business, or indeed for any use.

31. KME never objected to the *use* of HME for the lines of business purchased from KME anywhere in the world until November 2023 when KME sent cease and desist letters (defined below as the ‘Letters.’).

32. Hailiang relied, and has relied since 2019, to its detriment on KME’s consent, affirmative acquiescence and approval of the use of HME.

Affirmative Acquiescence to, and Approval of, the use of HME as a Trade Name for the New Companies by KME Senior Management

33. KME affirmatively approved of, consented to, and acquiesced to the use of HME.

34. Senior executives at KME were integrally involved in the selection and development, approval and announcement of the new name HME for the new business.

35. In late 2018 and early 2019, on information and belief, KME senior management *themselves* developed the HME name and logo prior to the Effective Date.

36. KME Senior management also affirmatively acquiesced in the adoption of HME for HME Copper Germany and other entities acquired as part of the HME businesses, and personally publicized or announced the future HME names in a variety of communications prior to and after the Effective Date.

37. For example, Franz Thiele, Managing Director of KME Brass Germany GmbH, was closely involved in selecting and developing the HME name and logo starting at least as early as December 2018.

38. Mr. Thiele, while still a top executive at KME prior to the Effective Date, was involved in designing the HME Logo using the same blue color and the same stylized H as the



Hailiang Logo to develop a logo for this new line of business:

39. There was never any dispute in 2019 that KME developed or helped develop, approved of and acquiesced to the use of HME as an umbrella trademark and trade name for the lines of business purchased from KME, the HME Business.

40. The following are some of countless examples of affirmative acts by KME senior management establishing that KME knew and approved of such use of HME:

41. Senior executives at KME referred to the new HME entity as “HME” before the Effective Date without objection.

42. KME Germany GmbH sent a letter on KME letterhead dated March 29 2019, before the Effective Date, advising KME customers that the KME facility in Menden, Germany, would be renamed as HME Copper Germany GmbH.

43. Mr. Ulrich Becker, Managing Director of KME, told personnel at KME Copper Germany that they would do well under the new “HME” entity because there would be investment from Hailiang in the business. He specifically referred to the new future entity as “HME” in a manner that suggested he was on board with the new name.

44. On March 4, 2019, a long letter (the “Ulrich Letter”) addressed to KME employees was jointly signed by Ulrich Becker and Axel Gerle, as “Geschäftsführer” (Managing

Directors) of KME Germany GmbH & Co. KG (the former name of KME Germany GmbH) , and Dong Chen, managing director of HME Copper Germany GmbH. It announced the sale of the KME business to Hailiang and announced that the new name of their employer would be HME.

45. In rough translation, the subject line of the letter reads: *“Transfer of your employment relationship from KME Germany GmbH & Co. KG to HME Copper Germany GmbH as part of the planned sale of the Tubes Business in Germany - notification in accordance with Section 613a of the German Civil Code (BGB).”*

46. The Ulrich Letter contains numerous, indeed dozens, of references to the new name of HME Copper Germany GmbH or the term HME in general.

47. For example, in rough translation, the Ulrich letter advises: *“HME Copper Germany was founded in 2018 with the company name SCUR-Alpha 1043 GmbH, then changed its name to Hailiang Germany GmbH and has now been operating under its current company name HME Copper Germany GmbH since February 27, 2019.”*

48. The signatory Ulrich Becker *is the same Ulrich Becker* who did not mention any of these acts of approval and acquiescence in his un cross-examined sworn testimony before the TTAB dated February 28, 2022 (the “Becker TTAB Testimony”).

49. Hailiang submitted the following logos, which were apparently developed by Mr. Thiele from KME, to Mr. Becker for approval by email dated February 21, 2019:



50. On information and belief, Mr. Becker did not object to these logos after being made aware of them.

KME’s Signatures on Numerous Contracts Referencing HME

51. Top officials at KME Germany signed contracts in March, 2019 with HME for future business relationships, noting in those contracts that the company was “future HME.”

52. For example, Mr Axel Gerle, on information and belief a Managing Director of KME Germany GmbH & Co. KG, on March 31, 2019, signed a Local Transitional Agreement, in which the heading for the other contracting party reads “KME Brass Italy S.p.A. (in future HME Brass Italy S.p.A.).”

53. A company registration report for “HME Brass Italy S.P.A” dated April 23, 2019, listed the registered email address as KMEBRASSITALY@legalmail.IT, which suggests it was filed by KME lawyers.

54. Members of the Executive Board of KME SE, on information and belief an affiliate of KME, signed a further Transitional Service Agreement with “HME Copper Germany GmbH” on 31 March 2019.

Confirmation/Admissions of Acquiescence of the Use of HME by KME Trademark Counsel

55. It is very important to note that any subsequent dispute, after early 2019, over the use and registration of HME was as to potential use of HME *outside* the HME Business lines. KME’s acquiescence and consent to the use of HME for the HME Business was never in doubt.

56. There is ample evidence of KME’s acquiescence to HME.

57. After HME filed a trademark application in the European Union, KME’s counsel sent a letter dated June 16, 2019 (the “June 16 Letter”), which stated:

KME Germany GmbH & Co. KG and your client ZHEJIANG HAILIANG CO., LTD. know each other very well. Just recently,

*ZHEJIANG HAILIANG CO., LTD. acquired the tubes and brass business from KME Germany GmbH & Co. KG. **"HME" is the name of the new company resulting from this acquisition.** We became aware of the publication of your client's E U T application No. 018045936 "HME" (fig.) covering goods of classes 6, 1 and 19. "KME" and "HME" are without doubt highly similar. Therefore, the fields of business and activities of the two companies have to be clearly separated in order to avoid confusion. **Some of the terms in class 6 are not limited to products either made of brass or being tubes or pipes but encompass products manufactured and sold by KME. Therefore, KME Germany GmbH & Co. KG has to ask ZHEJIANG HAILIANG CO., LTD. to delete or specify the corresponding goods so that there are no overlaps.***

*We propose the following wording of class 6:
"Brass, unwrought or semiwrought, Poles of metal; Drawn and polished metal rod; Pipes of metal; Ventilating and air conditioning installations (Ducts of metal for -); Water-pipes of metal; Alloys of brass; Brass sleeves (metal hardware)". Please advise if your client is prepared to accept this limitation in order to settle this matter amicably.*

(Emphasis in bold added).

58. The June 16 Letter accepted and admitted as fact that the umbrella name of the HME Business was HME.

59. It was thus clear from this letter that any objection KME had to the registration of HME was *only* as to goods *outside* the HME Business.


60. HME had reason to believe, from KME's actions, that KME approved of the name HME.

61. KME then opposed the HME EU trademark application, but then limited the opposition to challenge *only* goods not covered by the HME Business.

62. KME even proposed a global co-existence agreement to confirm HME's right to use HME (only) for the HME Business worldwide.

63. While the parties failed to agree on the terms or finalize that draft agreement, the way in which it was drafted and proposed by KME's counsel was more evidence that HME had reason to believe and rely on the fact that KME had no objection to the use or registration of HME for the HME Business.

64. For example, the preamble of the draft Agreement prepared by KME stated:
*"PREAMBLE Para. 5: "HAILIANG's **application does not only cover goods belonging to the businesses that were acquired from KME but also goods belonging to KME's field of business.**"*

Therefore, KME opposed EUTM application No. 018045936  on July 29, 2019." (Emphasis in bold added.)

65. In an email dated November 19, 2019, to Franz Thiele, KME's in-house paralegal, Kerstin Rima, ("the Rima Email") insisted that the global co-exist they were negotiating be worldwide. This is a rough translation:

Dear Mr. Thiele,

*Unfortunately, KME does not agree with you and will not agree to a restriction to Europe or the EU. It is true that the current conflict relates to HME's EU trademark application. **However, HME is also active beyond this.** For example, the HME website mentions participation in a trade fair in Russia.*

Furthermore, the brands "SANCO" and "WICU" are protected not only in Europe, but also beyond (e.g. in South Africa, Bahrain, Israel), so that HME can also use the former KME brands there without any problems.

Even if HME currently only operates in Europe, this does not justify a corresponding restriction. If HME is actually not interested in using the HME company name outside of Europe, it should not be a problem to sign the agreement with worldwide validity.

Furthermore, it cannot be ruled out with certainty that the activities will expand in the future.

Please remember that KME has already clearly accommodated you. In the purchase agreement, Hailiang committed to choosing a company name that was significantly different from KME. It is more than doubtful whether “HME” meets these requirements. A clear global demarcation of the areas of application is therefore absolutely necessary.

Therefore, we will not be able to give in on this point.

(Emphasis in bold added.)

66. The bolded language “**KME has already clearly accommodated you,**” as noted above, obviously refers to the fact that despite KME’s assertion that the marks might be considered similar, KME had nevertheless already approved the use of HME for the HME Business.

67. As such there are numerous affirmative acts and statements by KME that KME acquiesced to the use and registration of HME for the HME business.

KME’s Acquiescence to use of HME Extended to the United States

68. Because the entities acquired under the APA were conducting global business, including in the United States, it naturally followed that such acquiescence was not limited to one geographic area.

69. The bolded language in the Rima Email regarding “**demarcation of the areas of application**” confirms that the only issue in dispute was as to the limitation of the use of HME to the HME Business.

70. The bolded language “**HME is active beyond this**” shows that KME understood that HME would use its HME name far beyond the EU.

71. Indeed, the HME Business acquired from KME included sales of KME, now HME, branded goods to the United States.

72. For example, as noted above, the Becker TTAB Testimony admits that HME took over KME's customer contracts. Presumably he meant customers in the United States, otherwise this testimony would have been irrelevant to the likelihood of confusion among U.S. consumers.

73. KME thus had an understanding that HME would be used in the United States as part of the HME Business.

Lack of likelihood of confusion

Dissimilarity of Marks

74. Even though KME cannot claim trademark infringement because of its acquiescence, laches, and estoppel, there is, regardless, no likelihood of confusion in the United States on the merits.

75. HME also requests a declaratory judgment of no likelihood of confusion.

76. Hailing has used the HME mark in the United States since 2019 with no known instances of confusion arising solely because of the HME trademark.

77. On information and belief, the current KME logo as used generally in Germany

and elsewhere is 

78. The marks  and

 are not confusingly similar due to the differences in sight, sound, and overall commercial impression.

79. Indeed, the Examining Attorney did not even cite any KME marks against Hailiang's U.S. Application No. 88863480 for HME (stylized) which is the subject of the Appeal herein.

KME's Diminished U.S. Presence

80. Moreover, there is no likelihood of confusion because KME is no longer in the same or even similar line of business as HME in the United States under the KME brand.

81. There is no likelihood of confusion, and thus no infringement if the relevant United States consumers are unlikely to encounter both parties' goods and/or services.

82. On information and belief, KME's current business in the United States under the KME brand is minimal.

83. On information and belief, before the Effective Date, KME was broadly engaged in four lines of business (although not necessarily in the United States):

- a) Brass rods, brass profiles, brass tubes, brass wires, brass extrusions;
- b) Copper tubes for plumbing applications, copper tubes for industrial application (fittings, air conditioning, Heating systems, heat exchangers, etc.), capillary tubes for white goods and electronics;
- c) Rolled products (for electronic, automotive, and for roofing applications);
- d) Special engineered products (casting molds, fittings in special alloys for marine applications, etc.)

84. Under the APA, KME sold its brass businesses to HME as set forth in a.)

KME Sells no brass in the United States

85. On information and belief, KME no longer sells any brass goods in the United States.

KME sells no copper tubes in the United States

86. Under the APA, KME sold most of its copper tubes business as set forth in b.)

87. On information and belief, KME longer sells copper tubes in the United States.

88. On information and belief, the only copper products KME sells to the United States are copper strips for use in electronics and automotive electronics, and copper plates. (“KME’s U.S. Copper Business.”)

89. On information and belief, KME does not sell copper roofing products under the KME mark in the United States.

90. HME does not compete with KME’s U.S. Copper Business.

KME Rebranded its Specialty Division to cunova GmbH

91. As will be more fully discussed below, KME rebranded it business as set forth in d.) above to CUNOVA in 2022 or 2023 and affirmatively abandoned the KME brand for those goods.

There is no overlap of customers

92. On information and belief, KME’s U.S. goods and services do not travel in the same channels of trade as HME’s goods.

93. On information and belief, there is no overlap of customers in the U.S. between HME and KME.

KME’s use of KME in the United States is Very Limited

94. Indeed, KME has been unable to maintain its corresponding U.S. trademark registration for KME goods covered by the HME Business:

95. KME used to own US Registration No. 2363615 (the “615 Registration”) for the plain word mark KME for:

Class 011

heat exchange units for hot water supply systems and for building heating units;

Class 006

Plastic covered conduits, namely, heat insulated copper tubes and metal tubes for conducting gaseous, vaporous and/or liquid media for water, gas and oil supply systems and for building heating systems

96. This '615 Registration had a final deadline of January 4, 2021, to file a declaration of use to keep the registration in force.

97. KME allowed this registration to be cancelled by failing to show use on *any* of the goods covered.

98. The '615 Registration was, therefore, cancelled by the United States Patent and Trademark Office ("USPTO") on February 5, 2021.

99. The goods covered in the cancelled '615 Registration largely overlap with the HME Business.

100. Indeed, on information and belief, KME does very little business in the United States under the brand KME at all, much less in competition with HME.

101. A review of a world map in the website located at www.kme.com shows locations of KME Manufacturing companies: locations in the United States: Zero.

102. The map shows locations of KME Sales agents: locations in the United States: Zero.

103. The map shows locations of KME service centers: locations in the United States: Zero.

104. The mark shows only one sales subsidiary in the United States, KME America in Illinois. This location appears to be an office suite in a small office building.

105. Another indication that KME has limited United States business can be seen *passim* in KME's counterclaim to the original Complaint in this matter, Dkt. 16 ("KME's First Counterclaim").

106. KME's First Counterclaim alleges no details of any specific use of KME currently in the United States.

107. It merely alleges at Paragraph 17 that KME uses its marks in the United States, but does not say how or on what goods or services.

108. It contains numerous references for *former* KME activity, but not current activity.

109. KME's First Counterclaim asserts that "many of the products that Hailing now sells under the HME Mark are products that *were* sold by KME just a few years ago, prior to the Asset Purchase. In other words, the products at issue were *previously* sold by one company—KME." Dkt. 16 at Para. 52.(Emphasis added)

110. This statement admits that KME no longer sells these "many...products" in the United States.

111. Paragraphs 50 and 51 of KME's First Counterclaim allege that KME sells various copper products, but do not allege they are sold *in the United States*.

112. In testimony before the TTAB below, KME's witnesses pointed to no *specific* use of KME as a brand in the United States after 2016.

113. Any residual goodwill asserted by KME from any of KME's alleged past use of KME will have faded or will fade soon, and is outweighed by the affirmative acts of acquiescence to the use of HME for the HME Business.

Some Customers of HME are former KME Customers

114. On information and belief, any alleged misdirection of correspondence by former customers alleged by KME would stem from the fact that Hailiang took over the KME businesses, including facilities and personnel and customer contracts.

115. Indeed, as noted above, the Becker TTAB Testimony at Paragraph 23 specifically avers that HME acquired KME customer contracts for the purchase of tube products.

116. As such, it is logical for customers used to dealing with KME to continue to contact KME not because they are confused by the *name*, but because they were used to dealing with KME.

117. On information and belief, former KME customers were fully aware that HME was a new and separate company, but were sometimes unsure as to which specific lines of business had been sold to HME. They were not confused by the name HME.

Procedural History of TTAB Matter

118. This Complaint also serves as an appeal of a final decision in an Opposition from the Trademark Trial and Appeal Board (“TTAB”).

119. Hailiang filed an application with the United States Patent and Trademark Office on April 8, 2020, to register the mark HME, displayed as

The image shows the word "HME" in a large, bold, dark gray sans-serif font. The letters are thick and blocky, with a slight shadow effect. The 'H' and 'M' are connected at the top, and the 'E' is also connected to the 'M'.

(“Hailiang’s Mark” or the “HME Mark”) based on use in the United States since at least April 12, 2019 for: Class 6:

Alloys of common metal; Branching pipes of metal; Brass, unwrought or semi-wrought; Cable junction sleeves of metal; Copper, unwrought or semi-wrought; Ducts of metal for ventilating and air-conditioning installations; Molybdenum bonded with other metals in the form of sheets, plates and foils for further manufacture; Poles of metal; Water-pipes of metal; Metal rods for brazing and welding; Class 11: Air-conditioning, air cooling and ventilation apparatus and instruments; Cooling installations for water; Industrial-water purifying apparatus; Ionization apparatus for the treatment of air; Pipes being parts of sanitary facilities; Regulating accessories for water supply, namely, metered valves; Air cooling apparatus; and Class 19: Brackets, not of metal, for building; Building glass; Gutter pipes, not of metal; Plastic water conduits for roofs and balconies; Rigid pipes, not of metal; Rigid pipes, not of metal, for building; Water-pipes, not of metal; Building material, namely, plastic webbing material used to reinforce bituminous waterproofing sheets; Building materials, namely, fire and blast-resistant doors comprised primarily of reinforced cement and also including steel elements; Non-metal air conditioning ducts; Non-metallic drainage pipes; Non-metallic rigid pipes for construction purposes (“Hailiang’s Application”).

120. Hailiang’s Mark was derivative of the Hailiang Logo using the same stylized H. While Hailiang filed its mark in black and white, which means no color was claimed, as used, it also tracked the same blue color with a touch of red as used in the Hailiang Logo, which, as noted above, was in fact designed with input from KME Senior management.

121. The Trademark Examiner approved Hailiang’s Application, without citing any KME marks as a bar to registration.

122. KME nevertheless opposed Hailiang’s Application, Opposition No. 91267675 (the “Opposition”).

123. KME alleged priority and likelihood of confusion under Section 2(d) of the Lanham Act, and false suggestion of a connection with KME under Section 2(a) of the Lanham Act. 15 U.S.C. §§ 1052 (d) and (a).

124. The Opposition was litigated before the Trademark Trial and Appeal Board (“TTAB”), which is not an Article III court.

125. The TTAB was not provided with the full record of relevant evidence that Hailiang has now been able to begin to assemble. As such, its decision was based on an incomplete and thus largely irrelevant record which Hailiang will rectify in this appear in the form of a trial *de novo*.

126. The scant record was limited to some notices of reliance as to written discovery responses and written testimony of employees of KME and Hailiang. There was no cross examination of any witnesses, nor had any witnesses been deposed during the discovery period.

127. KME, as opposer, presented no evidence other than self-serving, un-cross examined written testimony of its employees.

128. For example, KME left *out all reference* to the substantial evidence that KME approved and/or acquiesced to the use of HME for the HME Business.

129. KME presented no third-party witnesses.

130. KME presented no survey evidence as to likelihood of confusion.

131. KME presented no evidence of actual confusion in the United States.

132. KME conveniently omitted all evidence of its approval and acquiescence to HME.

133. With this scant record, the TTAB found for KME and sustained the Opposition under Section 2(d) of the Lanham Act(priority and likelihood of confusion) , declined to rule on

2(a) (as not needed in view of its ruling under Section 2(d), and refused registration of Hailiang's Application by Order dated September 29, 2023 (the "TTAB Decision").

Examples of the TTAB's Errors

134. The TTAB made numerous errors in reaching its decision.

135. To reach a determination under Section 2(d) of the Lanham Act, priority and likelihood of confusion, the TTAB was bound to apply the likelihood of confusion factors set forth in *In re E.I. Dupont de Nemours & Co.*, 476 F.2d 1357 (CCPA 1973).

136. The *DuPont* factors include: Similarity or dissimilarity of marks; nature of the goods and services; trade channels used; purchasing conditions; fame of the existing mark; third-party use and registration of similar marks with similar goods; actual confusion between the marks; length and conditions of concurrent use without confusion; variety of goods and services associated with the marks; market interface; applicant's right to exclude others; extent of potential confusion; and other established facts.

137. The TTAB made numerous errors in applying the *DuPont* factors to the record.

138. The following are some examples of these errors.

139. For example, the TTAB wrongly concluded that the marks HME and KME are similar because, for example, the letter H and K both have straight lines, while ignoring the significant differences in the marks in sight, sound, and commercial impression.

140. Second, for example, the parties agreed that the APA contained a provision obliging Hailiang to cease using a confusingly similar mark to KME.

141. It is not clear whether under German law this also required Hailiang to desist going forward.

142. Nevertheless, the TTAB found that in adopting the mark HME, based on the reasons Hailiang gave, such as that it was H for Hailiang plus the descriptive letters ME for Metals Europe, Hailiang did not act in bad faith, *nor did it breach the terms of the APA*.

143. The TTAB nevertheless found that because Hailiang had (supposedly) agreed not to use a confusingly similar mark, the use of HME was, therefore, confusingly similar, and therefore, the TTAB found that HME was confusingly similar to KME.

144. The TTAB was begging the question.

145. The fallacy of begging the question, or arguing in a circle, occurs when an argument's premises assume the truth of the conclusion, instead of supporting it. In other words, one assumes, without proof, the stand/position, or a significant part of the stand, that is in question.

146. See, for example, an explanation of begging the question located at <https://www.txst.edu/philosophy/resources/fallacy-definitions/begging-the-question.html#:~:text=The%20fallacy%20of%20begging%20the,stand%2C%20that%20is%20in%20question>, last visited Nov. 27, 2023.

147. The TTAB preposterously relied on the provision in the APA that prohibited adopting a confusingly similar mark as evidence that the mark that was adopted was confusingly similar.

148. Moreover, it is not consistent to find that Hailiang did not breach its contractual obligation to choose a mark that was not confusingly similar to KME's marks, but then find that the mark HME is confusingly similar to KME's marks.

149. The TTAB erred in making these mutually exclusive findings and then in relying on them.

150. The fallacy of the TTAB's logic probably tipped the balance.

151. The TTAB also erred in other ways, such as, for example, failing to give sufficient deference to the existence of third-party marks containing the letters ME, the length of co-existence without any actual confusion in the United States (including, for example, an unsubstantiated comment about the purported relevance of COVID to the pipe and tube business on the likely state of coexistence of the marks), the visual and commercial differences in the parties' marks, and other evidence.

152. The TTAB also purported to make new law on the issue of market interface when one party has purchased a business from the other, which is subject to review by the Court.

153. The TTAB erred in admitting irrelevant alleged evidence of actual confusion outside the United States into the record.

154. The TTAB erred in admitting hearsay testimony of KME's witnesses.

155. The TTAB failed to note the KME's evidence did not establish current use of KME as a trademark in the United States or that the goods and services of HME did not in fact overlap.

156. The parties in a Section 1071(b) review to the District Court may submit the record from the TTAB and may also submit additional evidence.

157. Hailiang will submit additional material evidence, such as that outlined above as to KME's knowledge and approval of and acquiescence to, HME.

158. Hailiang will also submit additional evidence that will give the Court reason to direct the full or partial cancellation of some or all of KME's U.S. trademark registrations.

159. Once further evidence, such as the evidence referred to above, is submitted, this Court need give no deference to, or even consider, any finding of the TTAB, but must consider

the entire record, including the TTAB record as well as any new evidence *de novo*. See *Swatch AG v. Beehive Wholesale, LLC*, 730 F.3d 150 (4th Cir. 2014); see also *Interprofession Du Gruyere v. U.S. Dairy Exp. Council*, 575 F. Supp. 3d 627, 632 (E.D. Va. 2021), *aff'd*, 61 F.4th 407 (4th Cir. 2023) (no deference to TTAB; moreover, Section 1071 appeal to district court tried to judge, not jury); *Moke Am. LLC v. Am. Custom Golf Cars, Inc.*, No. 3:20CV400 (DJN), 2023 WL 3232601, at *4 (E.D. Va. May 3, 2023) (“because the Court [in a Section 1071 case] reviews the record *de novo*, the Court largely steers clear of the TTAB’s opinion.”).

The Cease-and-Desist Letters

160. Pursuant to 15 U.S.C. §1071, Hailiang had sixty days from the date of the decision (the “TTAB Decision,”) which was September 29, 2023, or until November 28, 2023, to seek review of that decision. This timely-filed lawsuit is the avenue of review that Hailiang selected.

161. KME acted prematurely, however, by sending a cease-and-desist letter on November 1, with a follow up on November 22, 2023 (“the Letters”), demanding that Hailiang immediately cease and desist from use of the HME Mark and relying on the TTAB Decision in support of its demands. The letter included threatening statements such as “*KME hereby demands that Zhejiang immediately cease any use of the HME mark in connection with the Zhejiang Goods & Services or related goods or services. Continued use will be deemed willful infringement and may subject Zhejiang to additional damages.*”

162. Copies of the Letters are attached hereto as Exhibit 2.

163. The Letters asserted that the TTAB Decision “*has a preclusive effect in district court litigation. In other words, if KME were to file suit for trademark infringement, Zhejiang would be estopped from denying that a likelihood of confusion exists as to the Zhejiang Goods &*

Services—the core element of an infringement claim. Under the Lanham Act, KME would be entitled to seek: (i) actual damages; (ii) disgorgement of profits associated with infringement; (iii) attorneys’ fees and costs; and (iv) treble damages based on willful infringement of KME’s mark.”

164. This was a knowingly false statement, because the TTAB decision was and is not yet final and is now, by virtue of this lawsuit, subject to review *de novo*. Nor does Hailiang concede the truth of the stated legal effect of the TTAB decision.

165. The Letters placed Hailiang in fear of litigation and forced Hailiang to seek declaratory relief as to the allegations of infringement in the Letters along with the appeal of the TTAB decision.

Time Bar as to Trademark Dispute

166. On information and belief, the Letters were also untimely, as would be any counterclaim to this request for declaratory judgment, because the APA, at Section 16, contained a contractual statute of limitations as to any disputes.

167. The Becker TTAB Testimony and the brief of KME as opposer assert or imply that use of HME was in breach of the APA.

168. For example, KME’s trial brief in the Opposition asserts that HME “failed to comply” with the APA Trade Name Clause.

169. Section 16.6.3 of the APA provides that all claims for breach other than certain unrelated warranties become time barred 18 months after the closing date, which was at the latest March 31, 2019, per Section 14 of the APA.

170. As such if KME had an issue with the use of HME, it had to raise it no later than September 30, 2021.

171. Thus in addition to HME's defenses of laches, acquiescence and equitable estoppel to the demands set forth in the Letters, HME in the alternative asserts that any claim of infringement is also time barred by contract since KME knew and approved of the use of HME even before the effective date of the APA, and HME also seeks a declaratory judgment as to same.

172. The Parties clearly provided for swift resolution of disputes following the Asset Purchase so that the parties could not raise bogus legal disputes years down the road in order to gain leverage in an unrelated business dispute.

173. Indeed, that is the case here. On information and belief, KME's motivation in this dispute has nothing to do with trademarks selected and approved in 2019, but has to do with obtaining leverage on an unrelated matter.

174. This is exactly the type of scenario that the APA sought to prevent by putting a time limit on disputes that could have been raised at the time.

KME's Overreaching and Flawed Registrations

175. KME relied on certain KME trademark registrations in the Opposition and KME's First Counterclaims.

176. There are numerous flaws in KME's registrations and grounds for full or partial cancellation of KME's registrations.

177. Under certain international agreements, Applicants located outside the United States may apply to register, and register, a trademark in the United States without showing use in commerce, which is otherwise required for registration.

178. Because many jurisdictions outside the U.S. do not require use to obtain registration, non-U.S. applicants filing for trademark protection outside of the U.S. often include

very broad descriptions of goods and services that extend far beyond what their business actually produces or offers under the applied-for mark. This is a standard method of achieving broad trademark protection outside the U.S.

179. It is also a common practice of foreign applicants to incorporate the very same over-broad list of goods and services with which they will never actually use their mark, when they apply for trademark protection in the United States.

180. One prominent practitioner referred to this common practice as a “land grab:”

In some instances Madrid Protocol extensions – especially from owners in [foreign] jurisdictions that allow the registration of class headings – can resemble a land grab rather than a genuine effort to protect a mark for an owner’s use or planned use in the United States.

<https://www.worldtrademarkreview.com/article/coming-america-guide-extending-registrations-the-madrid-protocol>. (Feb. 27 2015 article by Lawrence Apolzon.)

181. Under U.S. law, however, foreign applicants are required to verify under penalty of perjury their bona fide intent to use the mark on each and every listed good and service in their application.

182. In addition, to maintain protection of their mark following registration, all Registrants are also required to file a declaration of use attesting to the use of the registered mark on each and every good and service listed in the registration before the sixth anniversary of a registration.

183. It is common that foreign registrants misunderstand what “use” means in this context and swear to declarations of use that are not correct.

184. In fact, the filings of such declarations of use where, in fact, there is not use on each and all the covered goods and services is so common that the USPTO has in the past few years commenced random audits of these filings to probe their veracity.

185. If a foreign registrant has a registration, but no use in commerce, there can be no likelihood of confusion because U.S. customers will not encounter both parties' goods and services.

186. Therefore, Courts should be suspicious of claims of infringement based on registrations obtained without first showing use in commerce.

187. KME relied on Registration Nos. 2,394,599 and 2,325,245 in its Notice of Opposition before the TTAB.

188. KME also relied on Application 79/277,605, which later became Registration No. 6,926,711.

189. KME also owns Registration Nos 7,014,531.

190. HME seeks full or partial cancellation of these registrations.

The '599 Registration mark has been abandoned

191. Registration No. 2,394,599 (the "'599 Registration'") is for the mark KME and covers: "*installation, maintenance, and repair of casting molds for the continuous casting of metals and metal alloys and equipment for industrial and commercial plants in the fields of energy recovery and power conducting.*"

192. On October 1, 2020, KME submitted a maintenance declaration of use to the USPTO as to all the goods set forth above.

193. The specimen of use submitted was entirely taken from the webpage of the KME Special Division.

194. In 2022 or 2023, KME management announced that it was changing the name of the KME Special Division to CUNOVA.

195. This was an affirmative act of abandonment of the KME mark for the goods and services put out by that division.

196. For example, KME management posted this (undated) announcement on the cunova website:

“Since the beginning of last year, our company has been undergoing an exciting transformation. With the acquisition of the majority stake in the Special Division by the investment company Paragon Partners, we have positioned ourselves on the market as an independent group of companies. Our newly acquired autonomy brings with it promising opportunities, a positive outlook, and a fresh set of goals. This includes major investments in our machinery and IT infrastructure, and a restructuring of our process and system landscape to optimise performance. This step towards independence enables us to be even more responsive to the individual needs of our business partners.

*“A stable framework for our new corporate format has been established. Now it is important to mark an important milestone in the identity with a new company name, cunova GmbH. **Admittedly, it’s a bold move to break away from a well-known brand like KME.** With the new name, we want to mark the start of a new era in which we combine the company’s 150-year tradition with our commitment to future-oriented business development. We are convinced that under the new framework conditions we will be able to maximise our innovative strength and leverage the potential of our service- and customer-oriented processes even more efficiently and rapidly. And it is important to us that although our name is changing, we remain committed to our performance standards: We offer the best quality, top service and innovative solutions for your business. We look forward to continuing to support you in the market with products and solutions tailored to your needs. Cunova is your strongest sparring partner in shaping the future of our industry. In order to make a clear reference to our origins in the marketplace, we have decided to add **“formerly KME Special Products & Solutions”** to our brand.*

(Emphasis added).

197. Cunova issued a press release on March 3, 2023, stating that *“KME Special Products & Solutions GmbH has officially been operating on the market under the name cunova*

GmbH since the beginning of this month. Following its carve-out from the KME Group, this rebranding marks another milestone for the market leader in customised products and solutions of copper and copper alloys.”

198. The press release also stated *“The rebranding was “a necessary project not only because of trademark law. The new company name cunova is also an important milestone in creating our own identity,” emphasised CEO Werner Stegmüller in his speech to staff. At the same time, cunova is acknowledging its roots with the addition “formerly KME Special Products & Solutions” to the new name.”*

199. The change of name from KME Special Products & Solutions to CUNOVA constituted an affirmative act of abandonment of KME as to the business units in the Special Products divisions and as to the goods covered in the ‘599 registration.

The KME mark covered by the ‘254 Registration has been fully or partially abandoned

200. Registration No. 3,325,245 (the “245 Registration.”) is for the mark KME and covers “semi-finished products of metal, namely, rods, metal sections and single and multiple strand wires for non-electrical use, plates and rolled metal products in sheet form, metal and copper strips, circular blanks for deep drawing and spinning processes, and metal shaped parts of copper or copper alloy which are cast, milled, forged, stamped, drawn, pressed, deep drawn and or machined; sheets, strips, profiled panels, rails all made of copper for use with windows, center and inner wall claddings and roof coverings; tubes of metal for conducting gaseous, vaporous and/or liquid media for use in air conditioning and refrigeration units “

201. KME filed a sworn declaration on March 6, 2020, attesting to the fact that the mark was in used on all the goods listed above.

202. Such a declaration is required between the fifth and sixth anniversaries of a trademark registration under Section 8 or 71 of the Lanham Act.

203. KME did not sign the declaration.

204. The declaration was signed by Courtney Jackson, a U.S. trademark attorney at the Armstrong Teasdale firm, counsel for KME in this matter.

205. On information and belief, Ms. Jackson could not have personal knowledge as to the nature and extent of KME's use of its mark.

206. The specimen of use provided to the USPTO merely shows a website for KME America, an "associate company of KME for the sales of Copper Semis in the USA and Canada."

207. The website address is www.kme-mansfeld.com

208. The web page from 2020 notes that the product range includes various goods made from copper.

209. The website does not show the use of the mark KME on goods, their packaging, or technical or installation manuals.

210. A search for the same website www.kme-mansfeld.com in March, 2024, reveals that there is no longer a KME web page associated with this domain, which is "parked."

211. On information and belief, KME either does not sell all these goods in the United States or has rebranded some of them to cunova.

212. Without the benefit of discovery, HME cannot pinpoint an exact list; nevertheless,

213. On information and belief, the mark KME as set forth in the '245 registration has been abandoned with respect to some or all of the goods set forth in the registration.

The '711 Registration was obtained via Fraud on the Trademark Office

214. KME obtained registration 6,926,711 (“the ‘711 registration”) for the mark KME (Stylized) issued December 20, 2022, after HME began use of HME in the United States.

215. The ‘711 registration was filed under the Madrid Protocol.

216. The Madrid Protocol allows foreign applicants to extend protection under an international “registration” into the United States.

217. This is done by filing the request with the World Intellectual Property Organization (“WIPO.”)

218. The requirements for requesting an extension of an international registration into the United States under the Madrid Protocol are codified at 15 U.S.C. §1141(f).

219. Section 1141(f)(1)(a) provides that the request be accompanied by “a declaration of bona fide intent to use in commerce that is verified by the applicant for, or holder of, the international registration.”

220. This declaration is required by WIPO in form MM18.

221. The declaration, which must be signed without modification, reads:

DECLARATION OF INTENTION TO USE THE MARK: UNITED STATES OF AMERICA

By designating the United States in the international application/subsequent designation, the person signing below declares that:

(1) *the applicant/holder has a bona fide intention to use the mark in commerce that the United States Congress can regulate on or in connection with the goods/services identified in the international application/subsequent designation;*

(2) *he/she is properly authorized to execute this declaration on behalf of the applicant/holder;*

(3) *he/she believes applicant/holder to be entitled to use the mark in commerce that the United States Congress can regulate on or in connection with the goods/services identified in the international application/subsequent designation; and*

(4) *to the best of his/her knowledge and belief no other person, firm, corporation, association, or other legal entity has the right to use the mark in commerce, either in the identical form thereof or in such near resemblance thereto as to be likely,*

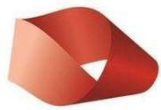
when used on or in connection with the goods/services of such other person, to cause confusion, or to cause mistake, or to deceive;

(5) to the best of the signatory's knowledge, information, and belief, formed after an inquiry reasonable under the circumstances, the allegations and other factual contentions made above have evidentiary support.

I declare under penalty of perjury under the laws of the United States of America that all the foregoing statements are true and correct to the best of my knowledge and belief. I understand that willful false statements and the like may jeopardize the validity of the application or document or any registration resulting therefrom, and are punishable by fine or imprisonment, or both (18 U.S.C. §1001). 35 U.S.C. §25(b).

(Emphasis added.)

222. The '711 registration is for the mark



KME

and covers:

Class 040

Custom Manufacture of metals; blacksmithing; rotogravure; metal casting; metal stamping; metal pressing; polishing of metals; metallizing; recycling services; finishing of metals for others; applying decorative and protective coating to metals by means of galvanization; treatment of materials of copper, aluminum and alloys thereof.

Class 037

Installation, assembly, maintenance and repair of sanitary and heating installations; installation, assembly, maintenance and repair of roof coverings; installation, assembly, maintenance and repair of facade claddings; installation, assembly, maintenance and repair of roof drainage systems; installation, assembly, maintenance and repair of installations for producing heat and transporting heat; installation, assembly, maintenance and repair of casting molds for continuous casting and metallic molds for metal casting; plumbing; gas and water installation services; installation, laying and assembly of pipes and pipe systems, namely, pipes.

Class 042.

Scientific and technological services, namely, scientific research, design, engineering, and development in the field of copper and aluminum and copper and aluminum alloy products and research and design relating thereto; design services, namely, computer aided design of casting molds; building project management in the nature of construction drafting, design and planning in the nature of construction drafting of installations and installation parts, tools, heating installations, cooling installations, sanitary installations, installations for heat recovery and heat transport and machines and machine parts; design engineering; engineering services; preparation of reports relating to technical research in the field of sanitary and heating installations, roof coverings, facade claddings, roof drainage systems, installations for producing heat and transporting heat, casting molds for continuous casting; technical project studies in the nature of conducting scientific feasibility studies; research and development for others with regard to new products; product development, construction drafting and planning relating to roof coverings, facade claddings and roof drainage systems, molds, metals and metal alloys; technical consultancy relating to semi-finished products of copper, aluminum and alloys thereof; construction engineering services and construction planning in the nature of constructing engineering services of sanitary and heating installations, roof coverings, facade claddings and roof drainage systems, heat recovery and heat transport installations and casting molds for the continuous casting of metals and metal alloys.

Class 007

Machines and machine tools for treatment of materials and for manufacturing, namely, for the cutting and forming of metals; compression molding machines; casting molds in the nature of forging molds, forging molds, mold tubes in the nature of forging molds, mold wheels for casting, and mold wear plates being parts of machines and installations for continuous casting;

molds as parts of machines in the nature of forging molds; casting forging molds of metal being parts of machines; molds for forging metal products as forging molds; mold wear plates as parts of machines for continuous casting; casting wheels being parts of machines.

Class 006

Common metals and their alloys, unwrought or semi-wrought; common metals, unwrought or semi-wrought, and their alloys, unwrought or semi-wrought; metal goods of copper, unwrought or semi-wrought, aluminum and their alloys; copper, unwrought or semi-wrought, aluminum and their alloys; metal building reinforcing materials; building reinforcing materials of copper, aluminum, and their alloys, namely for doors, windows, inner and outer wall claddings, roof coverings, facades, and roof drainage systems; roof gutters of metal; downspouts of metal; semifinished goods of metal, namely rods for use in construction, heating, cooling, and sanitary technology, single and multiple strangled wires of common metal for nonelectrical use, steel plates, rolled metal products in sheet form as sheet metal that is not of precious metal, metal and copper strips for automotive and electrical application, circular blanks for deep drawing and spinning processes as common metal, and shaped parts of copper, unwrought or semi-wrought; aluminum and their alloys which are cast molded, forged, stamped, drawn, pressed, deep drawn or machined; shaped parts of metal in the form of semi-finished products, namely metal binding strips for automotive and electrical application, sheets, not of precious metal, copper plates, disks for wires for brazing and welding, metal wires of common metal, tubes, bars for electric transformers, profiles made of copper, iron, nickel, titanium and other metals and their alloys, profiled hollow panels used to convey liquid, gaseous, or solid substances, profiled hollow panels used as static or structural elements, lead frames, and rails; casting metallic molds of metal; finished parts and semi-finished parts of metal for doors, namely, metal door units, metal

doors, metal door fittings, metal door profiles, metal door panels, metal door frames, metal bars for doors, metal door trims, metal door fasteners, and metal door bolts, metal windows, metal window fittings, metal window profiles, metal bars for windows, wall coverings and roof covering, namely, roof coverings of metal; transportable buildings of copper, aluminum and their alloys; nonelectric cables and wires of common metal; non-electric cables and wires of copper, aluminum and their alloys; ironmongery in the nature of rails of metal, poles of metal; pipes and tubes of metal; pipes and tubes of copper, aluminum and their alloys; insulated pipes and pipelines of metal; metal pipe connectors, valves and fittings of metal, namely metal valves not being parts of machines; copper pipes for use in construction, heating, cooling and sanitary technology; heat-insulated copper pipes; foundry chill molds.

Class 009

Materials for electricity mains in the nature of electric wires and cables; electric cables and wires; high current electrical cables; bars for electric transformers; wires for electric lines; electrotechnical and electronic components, namely plug-in block connectors, relays and integrated circuits; electrodes; electrical cables; power cables.

Class 011

Floor and space apparatus for heating, air cooling apparatus, drying apparatus for use in heating systems, ventilation systems, air conditioning systems and refrigerating systems, air ventilating apparatus, regulating accessories for water supply and sanitary installations, namely, metered valves; pipes of metal and pipes of plastic being parts of sanitary installations for use in manufacturing and housing technology; solar heat collectors; heat exchangers other than parts of machines; heat exchanger not being parts of machines pipes; cooling tubes being parts of heating and sanitary installations in buildings for the transport of warm and cold

drinking water, hot water heating systems, under-floor heating systems, cooling systems and industrial purposes; condensate tubes being parts of sanitary installations in buildings for the transport of warm and cold drinking water, hot water heating systems, under-floor heating systems, cooling systems, and for heating and cooling industrial purposes; heat exchange equipment in the nature of heat exchangers, other than parts of machines; hot water heating installations.

Class 017

Articles of plastic, in the nature of plastic flexible tubes, rods and bars for use in manufacture; sealing and insulating materials; plastic hoses, not of metal for use in manufacture and for sanitary installations and housing technology; heat insulated, non-metal flexible pipes of plastic; insulated tubes of plastic for encasing insulating pipes; plastic insulating bodies in the nature of plastic tubes for connection or plastic tubes for branch points of insulated pipelines; shaped parts of plastic in the nature of plastic tubes for encasing insulating pipes; pipes of plastic in the nature of flexible pipes, not of metal, and flexible plastic pipework with plastic sheathing for use in installations for heating, cooling and sanitary purposes; flexible plastic pipes, tubes, hoses, junctions and fittings for use as plastic insulated pipe supports, plastic insulation jackets and sheeting of pipes; insulated tubes of plastic for encasing insulating pipes for use in construction, heating and sanitary technology.

223. Listing hundreds of goods like this in an application based on foreign rights is a **red flag**, raising suspicion that the applicant did not have a bona fide intent to use the mark in U.S. commerce on all the listed goods and services.

224. On information and belief, KME did not have a bona fide intent to use the mark on all of the covered goods and services when it requested an extension of protection for the applied-for mark into the United States.

225. First, the long list of goods and services are a giveaway, as are some of the non-credible goods and services, such as “Blacksmithing,” for example.

226. For one example of many, on information and belief, KME cannot have had plans to provide the following services in the United States, namely, “*Installation, assembly, maintenance and repair of sanitary and heating installations,*” because it has nothing but a sales office in the United States, and no service department.

227. Further evidence that KME did not have the required bona fide intent to use the ‘711 registration mark on all covered goods is that it claims a priority filing date of April 9, 2019, the date of its EU trademark application for this mark, namely, nine days after the Effective Date of the APA.

228. As of April 9, 2019, KME had sold the HME Business to HME.

229. KME nevertheless, nine days *later* than the Effective Date, and weeks after the January 18 date of execution of the APA, filed an application in the EU covering goods that included the HME Business, such as, for example, “pipes and tubes of copper” and “copper pipes for use in construction, heating, cooling and sanitary technology.”

230. The date of the request to extend the ‘711 application into the United States is January 30, 2020.

231. Pursuant to Section 1114f, and WIPO form MM18, this request had to have been accompanied by a declaration of bona fide intent.

232. As of January 30, 2020, eight months after the sale of the HME Business, it would have been quite clear that KME had no bona fide intent to use the mark on many or most of the goods and services covered in the '711 registration in the United States.

233. On information and belief, KME knowingly made fraudulent, false, and material statements, with an intent to deceive the USPTO, and on which the USPTO relied to issue the '711 registration, as to whether it had a bona fide intent to use of the mark on all the goods and service set forth in that registration.

234. This constitutes fraud on the trademark office and subjects the registration to cancellation.

235. To the extent that any goods and services were in use that are now marketed only under the CUNOVA brand, on information and belief, the mark as set forth in the '711 Registration is also abandoned as to those goods and services.

Other KME Registrations

236. Under 15 U.S.C. § 1119, the Court has the authority to cancel any registrations owned by a party to the action.

237. The continued existence of certain non-pleaded KME registrations places HME at continued risk for its own use and registration of its own marks.

238. KME owns Registration No. 7,014,531, (the “531 Registration”) for the mark KME for:

Class 017

Articles of plastic, in the nature of plastic flexible tubes, rods and bars for use in manufacture; sealing and insulating materials; plastic hoses, not of metal for use in manufacture and for housing technology; heat insulated, non-metal flexible pipes of plastic; insulated tubes of plastic

for encasing insulating pipes; plastic insulating bodies in the nature of plastic tubes for connection or plastic tubes for branch points of insulated pipelines; shaped parts of plastic in the nature of plastic tubes for encasing insulating pipes; pipes of plastic in the nature of flexible pipes, not of metal, and flexible plastic pipework with plastic sheathing for use in installations for heating and cooling purposes; flexible plastic pipes, tubes, hoses, junctions and fittings for use as plastic insulated pipe supports, plastic insulation jackets and sheeting of pipes; insulated tubes of plastic for encasing insulating pipes for use in construction and heating technology.

Class 042

Scientific and technological services, namely, scientific research, design, engineering, and development in the field of copper and aluminum and copper and aluminum alloy products and research and design relating thereto; design services, namely, computer aided design of casting molds; design and construction drafting of tools, heating installations, cooling installations, sanitary installations, installations for heat recovery and heat transport, and machines and machine parts, namely, machines and machine tools for cutting and forming of metal, compression molding machines, casting molds in the nature of forging molds, mold tubes in the nature of forging molds, mold wheels for casting and mold wear plates, mold wear plates as parts of machines for continuous casting, casting wheels; design engineering; engineering; preparation of reports relating to technical research in the field of sanitary and heating installations, roof coverings, facade claddings, roof drainage systems, installations for producing heat and transporting heat, casting molds for continuous casting; technical project studies in the nature of conducting scientific feasibility studies; research and development for others with regard to new products; product development, construction drafting and planning relating to roof coverings, facade claddings and roof drainage systems, molds, metals and metal

alloys; technical design of sanitary and heating installations, roof coverings, facade claddings and roof drainage systems, heat recovery and heat transport installations and casting molds for the continuous casting of metals and metal alloys.

Class 009

Materials for electricity mains in the nature of electric wires and cables; electric cables and wires; high current electrical cables; bars for electric transformers; wires for electric lines; electrotechnical and electronic components, namely plug-in block connectors, relays and integrated circuits; electrodes; electrical cables; power cables.

Class 007:

Machines and machine tools for treatment of materials and for manufacturing, namely for the cutting and forming of metals; compression molding machines; casting molds in the nature of forging molds, forging molds, mold tubes in the nature of forging molds, mold wheels for casting, and mold wear plates being parts of machines and installations for continuous casting; molds as parts of machines in the nature of forging molds; casting forging molds of metal being parts of machines; molds for forging metal products as forging molds; mold wear plates as parts of machines for continuous casting; casting wheels being parts of machines.

Class 011

Floor and space apparatus for heating, air cooling apparatus, drying apparatus for use in heating systems, ventilation systems, air conditioning systems and refrigerating systems, air ventilating apparatus, regulating accessories for water supply and sanitary installations, namely metered valves; pipes of metal and pipes of plastic being parts of sanitary installations for use in manufacturing and housing technology; heat accumulators, namely, solar heat collectors; heat exchangers other than parts of machines; heat exchanger not being parts of machines pipes;

cooling tubes being parts of heating and sanitary installations in buildings for the transport of warm and cold drinking water, hot water heating systems, under-floor heating systems, cooling systems and industrial purposes; condensate tubes being parts of sanitary installations in buildings for the transport of warm and cold drinking water, hot water heating systems, under-floor heating systems, cooling systems, and for heating and cooling industrial purposes; heat exchange equipment in the nature of heat exchangers, other than parts of machines; hot water heating installations.

Class 040.

Machining of metal parts for others; blacksmithing; rotogravure; metal casting; metal stamping; metal extrusion services; polishing of metals; metallizing; recycling services; finishing of metals; applying decorative and protective coatings to metals by means of galvanization; treatment of materials of copper, aluminium and alloys thereof.

Class 006:

Common metals and their alloys, unwrought or semi-wrought; common metals, unwrought or semi-wrought, and their alloys, unwrought or semi-wrought; copper alloys and metal goods of copper, unwrought or semi-wrought, namely, copper wire, not insulated, copper pipes, tubes of copper alloys, copper wire mesh, copper bars, copper sheets, copper strip, copper panels for circuit boards, copper ingots; copper, unwrought or semi-wrought; aluminum ingots and alloys; metal building reinforcing materials; building reinforcing materials of copper, aluminum, and their alloys, namely for doors, windows, inner and outer wall claddings, roof coverings, facades, and roof drainage systems; roof gutters of metal; downspouts of metal; semifinished goods of metal, namely rods for use in construction, heating, cooling, and sanitary technology, single and multiple strangled wires of common metal for nonelectrical use, steel plates, rolled metal

products in sheet form as sheet metal that is not of precious metal, metal and copper strips for automotive and electrical application, circular blanks for deep drawing and spinning processes as common metal, and shaped parts of copper, unwrought or semi-wrought; aluminum and their alloys which are cast molded, forged, stamped, drawn, pressed, deep drawn or machined; shaped parts of metal in the form of semi-finished products, namely metal binding strips for automotive and electrical application, sheets, not of precious metal, copper plates, disks for wires for brazing and welding, metal wires of common metal, tubes, bars for electric transformers, profiles made of copper, iron, nickel, titanium and other metals and their alloys, profiled hollow panels used to convey liquid, gaseous, or solid substances, profiled hollow panels used as static or structural elements, lead frames, and rails; metallic casting molds for metal; finished parts and semi-finished parts of metal for doors, namely, metal door units, metal doors, metal door fittings, metal door profiles, metal door panels, metal door frames, metal bars for doors, metal door trims, metal door fasteners, and metal door bolts, metal windows, metal window fittings, metal window profiles, metal bars for windows; finished parts and semi-finished parts of metal for wall coverings and roof coverings, namely, roof coverings of metal; transportable buildings of copper, aluminum and their alloys; nonelectric cables and wires of common metal; non-electric cables and wires of copper, aluminum and their alloys; ironmongery in the nature of rails of metal, poles of metal; pipes and tubes of metal; pipes and tubes of copper, aluminum and their alloys; insulated pipes and pipelines of metal; metal pipe connectors, valves and fittings of metal, namely metal valves not being parts of machines; copper pipes for use in construction, heating, cooling and sanitary technology; heat-insulated copper pipes; foundry chill molds.

Class 037:

Installation, assembly, maintenance and repair of sanitary and heating installations; installation, assembly, maintenance and repair of roof coverings; installation, assembly, maintenance and repair of facade claddings; installation, assembly, maintenance and repair of roof drainage systems; installation, assembly, maintenance and repair of installations for producing heat and transporting heat; installation, assembly, maintenance and repair of casting molds for continuous casting and metallic molds for metal casting; plumbing; gas and water pipeline installation services; installation, laying and assembly of pipes and pipe systems, namely, pipes.

239. The '531 Registration was also filed under the Madrid Protocol.

240. The '531 Registration was filed in the United States on September 2, 2021 and granted protection on April 4, 2023.

241. For the same reasons as set forth in connection with the discussion of the '711 registration above, on information and belief, KME did not have a bona fide intent to use the mark KME on all the goods and services listed.

242. On information and belief, KME knowingly made a false declaration of bona fide intent with the intention to mislead the USPTO.

243. This false declaration was material and was relied on by the USPTO in issuing the '531 registration.

244. To the extent that any goods and services were in use that are now marketed only under the CUNOVA brand, on information and belief, the mark as set forth in the '531 Registration is also abandoned as to those goods and services.

COUNT I

**Declaration of Lack of Likelihood of Confusion and Overturning the TTAB Decision
(U.S.C. § 2201 and 2202, 15 U.S.C. § 1071(b), and 15 U.S.C. § 1052(d))**

245. Plaintiff incorporates the allegations in the preceding paragraphs of this Complaint as if fully set forth below.

246. This cause of action arises under the Declaratory Judgment Statute, 28 U.S.C. §§ 2201 and 2202, and the Lanham Act, 15 U.S.C. §§ 1051 *et seq.*

247. This cause of action also arises under 15 U.S.C. §1071(b), appeal of a TTAB decision by review *de novo*.

248. Plaintiff Hailiang requests an order declaring that its use and registration of Hailiang's Mark is not likely to cause confusion, overturning the Decision of the TTAB in the Opposition, resulting in registration of Hailiang's Mark.

249. Plaintiff Hailiang also requests, or requests in the alternative, an order declaring that KME affirmatively acquiesced to the use of HME for the HME Business, that HME relied to its detriment on KME's acquiescence, and that KME is estopped from asserting a claim of infringement, and overturning the Decision of the TTAB in the Opposition, resulting in registration of Hailiang's Mark.

COUNT II

**Seeking an Order to the Director of Patent and Trademark to register the HME Mark
(15 U.S.C. § 1119)**

250. Plaintiff incorporates the allegations in the preceding paragraphs of this Complaint as if fully set forth below.

251. This cause of action seeks an order of the Court directing the United States Patent and Trademark Office to register Hailiang's Mark.

252. Defendant relied on its registered marks as a basis to oppose Hailiang's Application, to threaten litigation.

253. This Court has authority under 15 U.S.C. § 1119 to order Hailiang's Application to be registered.

254. Section 1119 provides that "[i]n any action involving a registered mark the court may determine the right to registration, order the cancelation of registrations, in whole or in part, restore canceled registrations, and otherwise rectify the register with respect to the registrations of any party to the action. Decrees and orders shall be certified by the court to the Director, who shall make appropriate entry upon the records of the Patent and Trademark Office, and shall be controlled thereby."

COUNT III

Declaration of Non-Infringement **(15 U.S.C. § 1051 *et seq.* and 28 U.S.C. § 2201)**

255. Plaintiff incorporates the allegations in the preceding paragraphs of this Complaint as if fully set forth below.

256. This cause of action arises under the Declaratory Judgment Statute, 28 U.S.C. §§ 2201 and 2202, and the Lanham Act, 15 U.S.C. §§ 1051 *et seq.*

257. As an actual justiciable controversy exists between parties having adverse legal interests of sufficient immediacy and reality to warrant the issuance of a declaratory judgment, Plaintiff seeks relief from this Court.

258. The Letters have placed Hailiang under reasonable anticipation of litigation threatening Hailiang's ongoing use of its trademark and trade dress.

259. Plaintiff requests an order declaring that its use of the mark HME does not infringe KME's alleged trademark rights.

260. Plaintiff also requests, or requests in the alternative, an order declaring that KME acquiesced to Hailiang's use of Hailiang's Mark, that Hailiang relied to its detriment on KME's acquiescence, and that KME is estopped from asserting a claim of infringement.

261. Plaintiff also requests, or requests in the alternative, that KME's claims of infringement are time barred under the terms of the APA.

COUNT IV

Cancellation of Registered Trademark 2,394,599 **(15 U.S.C. §§ 1119 and 1064)**

262. Plaintiff incorporates the allegations in the preceding paragraphs of this Complaint as if fully set forth below.

263. This cause of action is for cancellation of U.S. Trademark registration 2,394,599 on the ground of abandonment.

264. This case involves a registered trademark because KME has threatened HME with trademark infringement in the Letters and has also invoked the '599 registration as a basis in KME's First Counterclaims.

265. Pursuant to 15 U.S.C. § 1064, a trademark registration may be cancelled at any time if the registered mark has been abandoned.

266. On information and belief, KME affirmatively abandoned the mark KME as to the goods and services set forth in the '599 Registration when it rebranded to CUNOVA.

267. The Court has authority to order the Director of the United States Patent and Trademark Office to cancel this registrations under the Lanham Act, 15 U.S.C. § 1119.

COUNT V

**Cancellation of Trademark Registrations 6,926,711 and 7,014,531 for Fraud on the USPTO
(15 U.S.C. §§ 1119 and 1064)**

268. Plaintiff incorporates the allegations in the preceding paragraphs of this Complaint as if fully set forth below.

269. This cause of action is for cancellation of non-incontestable U.S. Trademark registrations 6,926,711 and 7,014,531 on the grounds of fraud on the USPTO.

270. This case involves a registered trademark because KME has threatened HME with trademark infringement in the Letters and has also invoked the '711 registration as a basis in KME's First Counterclaims.

271. This Court has authority to order the Director of the United States Patent and Trademark Office to cancel these registrations under the Lanham Act, 15 U.S.C. § 1119.

272. Pursuant to 15 U.S.C. § 1064, a trademark registration may be cancelled at any time if the registered mark was obtained by fraud on the USPTO.

273. On information and belief, KME did not have a bona fide intent to use the mark set forth in the '711 or '531 registrations on all the goods and services covered in the applications.

274. Pursuant to 15 U.S.C. § 1141F, KME would have had to provide a verified declaration to the USPTO that it did have such an intent.

275. On information and belief, KME knowingly and deliberately misled, and intended to deceive, the USPTO by making this false declaration in order to grossly broaden the scope of protection it could claim in its eventual registrations.

276. KME's misrepresentations to the USPTO as to lack bona fide intent were material.

277. The USPTO would have relied on these statements as necessary for fulfilling the requirements of Section 1141f in order to grant registrations in the United States.

COUNT VI

Partial Cancellation of Trademark Registrations 6,926,711 and 7,014,531 for Abandonment (15 U.S.C. §§ 1119 and 1064)

278. Plaintiff incorporates the allegations in the preceding paragraphs of this Complaint as if fully set forth below.

279. This cause of action is for partial cancellation of U.S. Trademark registrations 6,926,711 and 7,014,531 on the grounds of abandonment.

280. This case involves a registered trademark because KME has threatened HME with trademark infringement in the Letters and has also invoked the '711 registration as a basis in KME's First Counterclaims.

281. On information and belief, KME abandoned mark KME as to at least certain goods and services covered in the '711 and '531 Registrations when it rebranded those goods and services to CUNOVA.

282. Under the Lanham Act, 15 U.S.C. §1064, a registration may be cancelled at any time for abandonment.

283. This Court has authority to order the Director of the United States Patent and Trademark Office to partially cancel these registrations under the Lanham Act, 15 U.S.C. § 1119, as to the goods and services in connection with which KME has abandoned the mark KME.

COUNT VII

Full or Partial Cancellation of Trademark Registration 3,325,245 for Abandonment (15 U.S.C. §§ 1119 and 1064)

1. Plaintiff incorporates the allegations in the preceding paragraphs of this Complaint as if fully set forth below.

2. This cause of action is for partial cancellation of U.S. Trademark registration 3,325,245 on the grounds of abandonment.

3. This case involves a registered trademark because KME has threatened HME with trademark infringement in the Letters and has also invoked the '245 registration as a basis in KME's First Counterclaims.

4. On information and belief, KME abandoned mark KME as to at least certain goods and services covered in the '245 registration.

5. Under the Lanham Act, 15 U.S.C. §1064, a registration may be cancelled at any time for abandonment.

6. This Court has authority to order the Director of the United States Patent and Trademark Office to partially cancel these registrations under the Lanham Act, 15 U.S.C. § 1119, as to the goods and services in connection with which KME has abandoned the mark KME.

Prayer for Relief

WHEREFORE, Plaintiff respectfully requests that the Court:

- a. Enter an order reversing the TTAB's Decision and directing the Director of the United States Patent and Trademark Office to approve Hailiang's Application and register Hailiang's Mark;
- b. Enter an order declaring that there is no likelihood of confusion between Hailiang's Mark and any mark owned by KME containing the letters KME;
- c. Enter an order declaring that KME is estopped by virtue of acquiescence from asserting trademark claims against Hailiang;
- d. Enter an order declaring that KME's claims of trademark infringement are time barred under the APA;

- e. Enter an order declaring that Hailiang is not infringing any valid, enforceable trademark rights allegedly owned by KME;
- f. Enter an order directing the Director of the United States Patent and Trademark office to fully or partially cancel the KME Registrations 2,394,599; 6,926,711; 7,014,531 and 3,325,245 as to all goods on which KME never had bona fide intent, and/or has abandoned the mark as to those goods and services.
- g. Award attorney's fees, costs, and expenses to Hailiang; and
- h. Grant Hailiang such other and further relief as this Court may deem just and proper.

March 29, 2024

Respectfully submitted,
ZHEJIANG HAILIANG CO. LTD.

By: /Janet F. Satterthwaite/

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CERTIFICATE OF SERVICE

I hereby certify that on March 29, 2024, I electronically filed the foregoing with the Clerk of the Court using the CM/ECF system and all counsel of record who have appeared in this case on behalf of the parties will receive the Court's notification of electronic filing.

/s/ Janet F. Satterthwaite
Janet F. Satterthwaite (VSB 26759)
Elissa Brockbank Reese (VSB 78969)
Susan V. Metcalfe (admitted *pro hac vice*)