

**IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF INDIANA
HAMMOND DIVISION**

FAMILY EXPRESS CORPORATION,)	
)	
Plaintiff,)	
)	
vs.)	
)	Case No. 2:16-CV-103
SQUARE DONUTS INC., and)	
RICHARD A. COMER, JR.)	
)	
Defendants.)	

FIRST AMENDED COMPLAINT FOR DECLARATORY JUDGMENT

Plaintiff, FAMILY EXPRESS CORPORATION (“Family Express”), by counsel, Swanson, Martin & Bell, LLP, for its Complaint for Declaratory Judgment against Defendants, SQUARE DONUTS INC. and RICHARD A. COMER, JR. (collectively, “Defendants”) hereby states as follows:

NATURE OF THE ACTION

1. Family Express seeks a declaration that its use of the name “SQUARE DONUTS” in association with its sale of square-shaped donuts at Family Express convenience stores does not infringe Defendants’ asserted trademark rights in “SQUARE DONUTS” and that Defendants’ respective trademarks at issue should be cancelled.

PARTIES

2. Family Express is a corporation organized and existing under the laws of the State of Indiana with its principal place of business located in Valparaiso, Indiana.

3. Family Express has been operating retail convenience stores throughout northern Indiana since 1975.

4. Family Express has been selling and advertising square-shaped donuts in connection with the name “SQUARE DONUTS” in its convenience stores in Indiana since at least as early as 2005.

5. Defendant Square Donuts, Inc. is a corporation organized and existing under the laws of the State of Indiana with its principal place of business located in Terre Haute, Indiana.

6. Defendant Richard A. Comer, Jr. is an individual residing in Terre Haute, Indiana and upon information and belief is the owner of Square Donuts, Inc.

7. Defendants sell square-shaped donuts in connection with the name “SQUARE DONUTS” through their bakery stores in Terre Haute, Bloomington and Richmond, Indiana, and previously through their bakery stores in Indianapolis and Ricker’s convenience stores located in central Indiana.

JURISDICTION AND VENUE

8. This litigation arises under federal law. This action presents a federal question arising under the Lanham Act, 15 U.S.C. § 1051, *et seq.* This Court also has jurisdiction over this federal cause of action under 28 U.S.C. § 1331 (Federal Question), 28 U.S.C. § 1338 (a) (Trademarks) and 28 U.S.C. § 2201 (Declaratory Judgment Act).

9. Personal jurisdiction exists over Defendants in this District where a substantial part of the actions, events, and/or omissions giving rise to Family Express’ claims against Defendants originated in, occurred in, were directed to, and/or were directed and controlled from within the State of Indiana and this District. Specifically, Family Express convenience stores which sell “SQUARE DONUTS” are located in this District, Defendants’ assertions of alleged trademark infringement were directed to Family Express in this District, and Defendants’ letters alleging trademark infringement and rejection of a proposed co-existence agreement were delivered to Family Express’ representative in this District.

10. Venue is proper in this District under 28 U.S.C. § 1391 (b) and (c) where a substantial part of the events giving rise to Family Express' claims have occurred and will continue to occur in the Northern District of Indiana. The Plaintiff's alleged injury—the wrongful restraint on the free exploitation of non-infringing goods—is most directly realized in the Northern District of Indiana.

11. This case presents an actual controversy within the Court's original jurisdiction. Defendants have asserted that Family Express' use of the name "SQUARE DONUTS" violates Defendants' "SQUARE DONUTS" trademarks, has demanded that Family Express cease its use of the "SQUARE DONUTS" name, has denied Family Express' request that the parties consent to contemporaneous use of "SQUARE DONUTS" in Indiana and has rejected efforts to enter into a co-existence agreement with implied threats of litigation. The totality of the circumstances in this matter create an actual controversy requiring a declaratory judgment from this Honorable Court.

GENERAL ALLEGATIONS

12. Family Express brings this action for declaratory judgment to protect its right to continue to describe its square-shaped donuts, sold via its retail convenience stores, as "SQUARE DONUTS." By this action, Family Express seeks a judicial determination that its use of "SQUARE DONUTS" does not infringe Defendants' claimed trademark rights.

13. Upon information and belief, Defendants began selling square-shaped donuts in 1968 in Terre Haute, Indiana.

14. Family Express began operating retail convenience stores in northern Indiana in 1975.

15. Family Express began selling square-shaped donuts via its convenience stores in connection with the name "SQUARE DONUTS" and described as square donuts in 2005.

16. On January 17, 2006, Defendant Square Donuts, Inc. issued a cease and desist letter to Family Express asserting its trademark rights in the "SQUARE DONUTS" name. The January 17,

2006 letter claimed that Family Express was in direct violation of Square Donuts, Inc.'s "SQUARE DONUTS" trademark and threatened to commence legal proceedings if Family Express did not cease its use of the "SQUARE DONUTS" name. *See Exhibit A.*

17. Family Express responded to Square Donuts, Inc.'s cease and desist demand. By letter dated January 30, 2006, counsel for Family Express explained to Square Donuts, Inc. why Family Express believed that no infringement existed. *See Exhibit B.* Specifically, Family Express stated that "SQUARE DONUTS" was merely descriptive of square-shaped donuts and, therefore, Square Donuts, Inc. did not and could not assert exclusive rights to use the name "SQUARE DONUTS."

18. Defendants did not respond to Family Express' January 30, 2006 letter, and Family Express thereafter devoted considerable time and expense to promoting, marketing and selling its square-shaped donuts in connection with the "SQUARE DONUTS" name throughout northern Indiana.

19. On January 6, 2012, Richard A. Comer Jr. obtained an Indiana State trademark registration for the mark "SQUARE DONUTS INC." (File No. 2012-0017) in connection with the production and sale of square-shaped donuts.

20. On May 28, 2013, Richard A. Comer Jr. obtained a federal trademark registration for the standard character mark "SQUARE DONUTS" (Reg. No. 4341135) in Class 043 for "café services," as well as a federal trademark registration for "SQUARE DONUTS" and an accompanying design (Reg. No. 4341136) in Class 035 for "retail bakery shops" wherein the words "Square Donuts" were disclaimed.

21. Since that time, Defendants have taken insufficient measures to protect their trademarks by allowing others to use their marks without exercising reasonable control over the nature and quality of the goods, services, or business on which the marks are used by the licensee.

22. Defendants entered into a variety of written licensing arrangements with some entities, oral license agreements with others, and none whatsoever with others.

23. The various licensing arrangements entered into by Defendants failed to provide adequate terms regarding the nature and degree of control to be exercised by Defendants over the quality of the licensees' goods or services and failed to identify and properly define the proper licensor.

24. Defendants allowed some entities or individuals to use their trademarks absent any license agreement.

25. Defendants failed to obtain a written license agreement from some entities or individuals using their trademarks.

26. Defendants allegedly entered into written license agreements with some entities or individuals but did not keep a record of these written agreements and cannot locate these alleged written license agreements.

27. Defendants allowed their marks to be tarnished and lose their significance to consumers by the business practices of certain licensees.

28. On October 6, 2015, Family Express filed a federal trademark application for "SQUARE DONUTS" (App. No. 86779997) in Class 030 for "donuts" and Class 035 for "retail convenience stores."

29. On January 6, 2016, Family Express contacted Defendants and requested that the parties enter into a co-existence agreement whereby both parties could continue using the "SQUARE DONUTS" name to describe their respective square-shaped donuts throughout Indiana.

30. On January 26, 2016, Family Express again requested that the parties enter into a co-existence agreement.

31. On January 27, 2016, the U.S. Patent and Trademark Office refused to register Family Express' "SQUARE DONUTS" mark, App. No. 86779997, on the grounds of likely confusion with Richard A. Comer Jr.'s preexisting trademark registrations for "SQUARE DONUTS," Reg. No. 4341135, and "SQUARE DONUTS" & Design, Reg. No. 4341136.

32. On January 29, 2016, Defendants stated that Family Express' request for a co-existence agreement caused them "substantial concern." *See Exhibit C.*

33. In February 2016, the parties discussed via telephone their respective trademark rights and a possible co-existence agreement.

34. On February 29, 2016 Defendants stated that they "[did] not see a way in which Square Donuts, Inc. can consent to Family Express' requested co-existence agreement" and rejected an attempt by Family Express to co-exist peacefully. *See Exhibit D.*

35. Both parties have been using "SQUARE DONUTS" to describe their respective square-shaped donuts in Indiana for many years. Both parties are currently expanding their businesses in Indiana - Defendants to the north and Family Express to the south. Accordingly, the threat of overlapping markets now exists.

36. Family Express is faced with the choice of either no longer describing its square-shaped donuts as "SQUARE DONUTS" or being under continuous threat of litigation over said use.

37. Further delay is unnecessary and a declaration of rights is warranted and necessary.

COUNT I
(Declaration of Non-Infringement)

38. Family Express incorporates by reference the allegations contained in the preceding paragraphs 1-32 into Count I.

39. Defendants have asserted that Family Express' use of "SQUARE DONUTS" in connection with the sale of its square-shaped donuts violates Defendants' trademark rights in "SQUARE DONUTS."

40. Family Express uses "SQUARE DONUTS" to describe its goods, namely, that they are square-shaped donuts. This descriptive use is not trademark use and does not infringe Defendants' alleged trademark rights. *See Exhibit E.*

41. Family Express often uses a distinctive design element in connection with its use of "SQUARE DONUTS" that eliminates any possibility of consumer confusion. Absent a likelihood of consumer confusion, Family Express cannot infringe Defendants' alleged trademark rights. *See Exhibit F.*

42. Defendants' alleged "SQUARE DONUTS" trademark is merely descriptive of a feature of Defendants' goods, and Defendants have failed to establish sufficient secondary meaning in the mark to warrant trademark protection. Where Defendants are not entitled to assert exclusive rights in "SQUARE DONUTS," Family Express cannot infringe Defendants' alleged trademark rights.

43. "SQUARE DONUTS" is the generic term for square-shaped donuts. Generic marks are never entitled to trademark protection. Thus, Family Express' use of "SQUARE DONUTS" to describe its own goods cannot infringe Defendants' alleged trademark rights.

44. There is also significant third party use of "Square Donuts" in connection with describing square-shaped donuts and for the purpose of associating and describing the third parties' sale and production of its bakery products, namely squared-shaped donuts, throughout the United States, which Defendants are aware of and continue to allow. Given this extensive third party use, Defendants are not entitled to maintain exclusive rights nor claim acquired distinctiveness in "SQUARE DONUTS" and Family Express cannot infringe Defendants' alleged trademark rights.

45. Defendants have also licensed the right and/or allowed several individuals and businesses entities to use the “SQUARE DONUTS” trademark in conjunction with the sale, production, marketing and advertising of the goods and services sold by those individuals and businesses without exercising adequate control over the nature and quality of the goods, services, or businesses, Defendants have abandoned the “SQUARE DONUTS” trademark, and therefore Family Express’ use of the “SQUARE DONUTS” trademark cannot result in infringement of Defendants abandoned trademark rights.

46. Given Family Express’ long use of “SQUARE DONUTS” in Indiana, and reference to Family Express’ “SQUARE DONUTS” in national magazines, Defendants have waived any rights to claim that Family Express’ use thereof infringes Defendants’ claimed trademark rights.

47. Given Family Express’ long use of “SQUARE DONUTS” in Indiana, and reference to Family Express’ “SQUARE DONUTS” in national magazines, the doctrine of laches bars Defendants from claiming that Family Express’ use of “SQUARE DONUTS” infringes Defendants’ claimed trademark rights.

48. For these reasons, Family Express seeks a declaration that its use of “SQUARE DONUTS” in connection with its sale of square-shaped donuts does not infringe Defendants’ alleged trademark rights, federal or state, in “SQUARE DONUTS.”

COUNT II
(Cancellation)

49. Family Express incorporates by reference the allegations contained in paragraphs 1 – 42 as set forth herein.

50. Where “SQUARE DONUTS” is generic, it is not entitled to trademark registration or protection in the U.S. Patent and Trademark Office and should be cancelled pursuant to 15 U.S.C. § 1064 and 15 U.S.C. § 1119.

51. Where “SQUARE DONUTS” is generic, it is not entitled to trademark registration in Indiana or with the United States Patent and Trademark Office and should be cancelled.

52. Where “SQUARE DONUTS” has not acquired distinctiveness in the goods/services as of the time of trademark filing, it is not entitled to trademark registration in Indiana or with the United States Patent and Trademark Office and should be cancelled.

53. Where there was not substantially exclusive and continuous use of “SQUARE DONUTS” based on extensive third party usage for at least five years prior to the time of Defendants’ trademark filing, “SQUARE DONUTS” is not entitled to trademark registration in Indiana or with the United States Patent and Trademark Office and should be cancelled.

54. Where Defendants misrepresented on January 16, 2013 that “SQUARE DONUTS” “has become distinctive of the goods/services through the applicant's substantially exclusive and continuous use in commerce that the U.S. Congress may lawfully regulate for at least the five years immediately before the date of this statement,” “SQUARE DONUTS” is not entitled to trademark registration with the United States Patent and Trademark Office and Defendants’ mark should be cancelled.

55. Where Defendants were aware of third-party usage of the term “Square Donuts” to describe square-shaped donuts, including usage by Family Express, prior to filing their trademark application with the United States Patent and Trademark Office, “SQUARE DONUTS” is not entitled to trademark registration with the United States Patent and Trademark Office and Defendants’ mark should be cancelled. Where Defendants have licensed the right and/or allowed several individuals and other business entities to use the “SQUARE DONUTS” trademark in conjunction with the sale, production, marketing and advertising of goods and services sold by those individuals and businesses without exercising adequate control over the nature and quality

of the goods, services, or businesses, Defendants have abandoned the “SQUARE DONUTS” trademark.

56. Where Defendants have permitted substantial, uncontrolled and unrestricted third-party usage of the “SQUARE DONUTS” trademark and the term “Square Donuts” in association with the production and sale of square-shaped donuts, prior and subsequent to the date upon which Defendants obtained a Federal Trademark, Defendants have abandoned the “SQUARE DONUTS” trademark. ”

57. Where Defendants have abandoned the “SQUARE DONUTS” trademark by allowing others to use the mark without exercising reasonable control over the nature and quality of the goods, services, or business on which the mark was used by licensee(s), the mark should be cancelled.

58. Family Express will be damaged by the continuation of Richard A. Comer Jr.’s registration of “SQUARE DONUTS,” both federal and state, because it impairs Family Express’ ability to accurately and effectively describe and sell its products and therefore should be cancelled.

JURY DEMAND

Family Express hereby demands a trial by jury on all issues triable by a jury.

REQUEST FOR RELIEF

WHEREFORE, Family Express seeks judgment awarding the following relief:

- (a) A declaration that Family Express’ use of “SQUARE DONUTS” in connection with its sale of square-shaped donuts via its convenience stores has not infringed and is not infringing Defendants’ alleged trademark rights, federal or state, in “SQUARE DONUTS.”

- (b) A declaration that Defendants' alleged "SQUARE DONUTS" trademark lacks the requisite legal requirements to be protectable under the Lanham Act and is not entitled to registration on the Principal Register in the U.S. Patent and Trademark Office;
- (c) A declaration that Defendants' alleged "SQUARE DONUTS" trademark lacks the requisite legal requirements to be protectable under Indiana statutory and common law and is not entitled to registration or protection in Indiana;
- (d) An Order directing the Commissioner of Patents and Trademarks to cancel United States Trademark Registration No. 4341135;
- (e) An Order directing the Indiana Secretary of State to cancel Trademark File No. 2012-0017 for "SQUARE DONUTS INC.";
- (f) A declaration that Family Express has not infringed any trademark rights alleged by Defendants in "SQUARE DONUTS;" and
- (g) Any and all other relief as the Court may deem just and proper.

Date: April 5, 2018

Respectfully Submitted:

/s/ Jonna McGinley Reilly_____

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CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing is being electronically filed and will be furnished via CM/ECF on this 5th day of April, 2018, to:

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