



## Trademark Board Finds Excusable Non-Use by Former Narcotics Trafficker

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The Trademark Trial and Appeal Board (TTAB) of the U.S. Patent and Trademark Office (PTO) dismissed the oppositions of ARSA Distributing, Inc. to the applications of Salud Natural Mexicana S.A. de C.V. to register the trademarks EUCALIN and EUCALIN and Design (Color) for nutritional supplements and related goods in International Class 5. *ARSA Distributing, Inc. v. Salud Natural Mexicana S.A. de C.V.*, 2022 USPQ2d 887 (TTAB 2022) [precedential] (Opinion by Judge Christen M. English). Because Salud Natural Mexicana S.A. de C.V. (Salud) was banned as a narcotics trafficker from doing business in the United States from 2008 to 2015 and began TTAB litigation against ARSA Distributing, Inc. (ARSA) in 2106, the TTAB held that Salud's nonuse of its EUCALIN mark during since 2008 was excusable and that Salud had not abandoned that mark with an intent not to resume use of it, precluding ARSA from establishing priority in the EUCALIN mark for similar goods.



The U.S. Treasury Department named Salud as a Specially Designated Narcotics Trafficker (SDNT) in 2008, claiming that Salud was one of several Mexican pharmaceutical companies participating in a network to make and distribute methamphetamines. In 2015, after its SDNT ban was lifted, Salud filed a trademark application for EUCALIN for use

with "pharmaceutical products, namely, vitamin supplements, nutritional supplement made with a syrup with jelly base, honey base, and with a mixture of plants with propolis base, and herbal remedies in the nature of herbal supplements," in International Class 5. In 2017 Salud filed a trademark application for EUCALIN and Design (Color) for use with "herbal supplements; nutritional supplements; vitamin supplements," in International Class 5.

ARSA filed its two Notices of Opposition in 2018, claiming that it had made prior common-law use of EUCALIN for "dietary and nutritional supplements" and that the PTO had suspended its application for EUCALIN, filed earlier that year, based on a potential likelihood of confusion with the marks in Salud's 2015 and 2017 applications. As the ground for each opposition ARSA alleged a likelihood of confusion under Section 2(d) of the Trademark Act, 15 U.S.C. § 1052(d).

ARSA argued that its "ongoing sales and advertising . . . of its EUCALIN product from 2008 to [the filing dates of Salud's applications] establish that [it] has used its EUCALIN mark long before the constructive use filing dates of [Salud's applications], and thus [ARSA] has priority of use of the EUCALIN mark on nutritional and dietary supplements." In response Salud asserted that between 1999 and October 2008 ARSA was its U.S. distributor and, therefore, "all of the goodwill of any EUCALIN labeled product went to [Salud] as the supplier of the goods and products."

The TTAB found that although "that there was no clear [distribution] agreement between the parties," product packaging used in 1999 showed that Salud manufactured the EUCALIN product in Mexico and

that ARSA distributed it in the United States. That and other facts led the TTAB to conclude that ARSA “has not rebutted the presumption that [its] use of the mark from 1999 to . . . 2008 inured to the benefit of [Salud] as the owner of the mark.”

Next the TTAB considered the issue of whether Salud had abandoned its EUCALIN mark by not using it in U.S. commerce from 2008 to 2015. The TTAB noted that “[t]here are two elements to a nonuse abandonment claim: nonuse of the mark and intent not to resume use” (citing Section 45 of the Trademark Act, 15 U.S.C. § 1127; *Executive Coach Builders, Inc. v. SPV Coach Co.*, 123 USPQ2d 1175, 1180 (TTAB 2017)). The TTAB further noted that “[e]vidence of nonuse of a mark for three consecutive years constitutes a prima facie showing of abandonment, and creates a rebuttable presumption that the owner has abandoned the mark without intent to resume use (citing 15 U.S.C. § 1127; *Executive Coach Builders*, 123 USPQ2d at 1180) (other citations omitted)” and that “[t]he statutory presumption of abandonment applies not only to a registered mark but also to a party’s unregistered common law mark (citing *Hornby v. TJX Cos.*, 87 USPQ2d 1411, 1421 (TTAB 2008)).”

The TTAB said that Salud’s not using its EUCALIN mark in the United States from 2008 to 2015 created a rebuttable presumption of abandonment but that because of Salud’s SDNT classification, such nonuse was excusable. And the TTAB said that, although Salud had not resumed use of EUCALIN for over seven years after 2015, Salud’s filing of its first EUCALIN application in 2015, its filing of infringement petitions against ARSA’s Mexican

suppliers of EUCALIN products in 2016, and its “vigorous defense of [ARSA’s] oppositions [since 2018] supports a finding that [Salud] has maintained an intent to resume use of the EUCALIN mark throughout the parties’ litigation (citing *Penthouse International, Ltd. v. Dyn Electronics, Inc.*, 196 USPQ 251, 257 (TTAB 1977)).”

Thus, the TTAB concluded that Salud did not abandon the ECULAIN mark with an intent not to resume use of it and that, as between Salud and ARSA, Salud has priority in the mark. Accordingly, the TTAB dismissed ARSA’s oppositions to Salud’s trademark applications for EUCALIN.

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