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

FAMILY EXPRESS CORPORATION,)
)
 Plaintiff,)
)
 vs.)
) Case No.
 SQUARE DONUTS INC.,)
)
 Defendant.)

COMPLAINT FOR DECLARATORY JUDGMENT

Plaintiff, FAMILY EXPRESS CORPORATION (“Family Express”), by counsel, Swanson, Martin & Bell, LLP, for its Complaint for Declaratory Judgment against Defendant, SQUARE DONUTS INC. (“Defendant”), 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 Defendant’s asserted trademark rights in “SQUARE DONUTS.”

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 since at least as early as 2005.

5. Defendant 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 also sells square-shaped donuts in connection with the name “SQUARE DONUTS” through its bakery stores in Terre Haute, Indianapolis, Bloomington and Richmond, Indiana, and through Ricker’s convenience stores located in central Indiana.

7. The parties currently both sell square-shaped donuts in connection with the name “SQUARE DONUTS” and described as square donuts in 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 Defendant in this District where a substantial part of the actions, events, and/or omissions giving rise to Family Express's claims against Defendant 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, Defendant’s assertions of alleged trademark infringement were directed to Family Express in this District, and Defendant’s letters alleging trademark infringement and rejection of a proposed co-existence agreement were delivered to Family Express's 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's claims have occurred and will continue to occur in the Northern District of Indiana.

11. This case presents an actual controversy within the Court's original jurisdiction. Defendant has asserted that Family Express's use of the name "SQUARE DONUTS" violates Defendant's "SQUARE DONUTS" trademarks, has demanded that Family Express cease its use of the "SQUARE DONUTS" name, and has denied Family Express's request that the parties consent to contemporaneous use of "SQUARE DONUTS" in Indiana and 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 Defendant's claimed trademark rights.

13. Upon information and belief, Defendant began selling square-shaped donuts in 1967 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 issued a cease and desist letter to Family Express asserting Defendant's trademark rights in the "SQUARE DONUTS" name. The January 17, 2006 letter claimed that Family Express was in direct violation of Defendant'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 Defendant's cease and desist demand. By letter dated January 30, 2006, counsel for Family Express explained to Defendant 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, Defendant did not and could not assert exclusive rights to use the name "SQUARE DONUTS."

18. Defendant did not respond to Family Express's 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, Defendant 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, Defendant 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."

21. 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."

22. On January 6, 2016, Family Express contacted Defendant 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.

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

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

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

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

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

28. 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 - Defendant to the north and Family Express to the south. Accordingly, the threat of overlapping markets now exists.

29. 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.

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

COUNT I
(Declaration of Non-Infringement)

31. Family Express incorporates by reference the allegations contained in the preceding paragraphs 1-30 into Count I.

32. Defendant has asserted that Family Express's use of "SQUARE DONUTS" in connection with the sale of its square-shaped donuts violates Defendant's trademark rights in "SQUARE DONUTS."

33. 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 Defendant's alleged trademark rights. *See Exhibit E.*

34. 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 Defendant's alleged trademark rights. *See Exhibit F.*

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

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

37. There is also significant third party use of "Square Donuts" in connection with describing square-shaped donuts throughout the United States. Given this extensive third party use, Defendant is not entitled to maintain exclusive rights in "SQUARE DONUTS" and Family Express cannot infringe Defendant's alleged trademark rights.

38. Given Family Express's long use of "SQUARE DONUTS" in Indiana, and reference to Family Express's "SQUARE DONUTS" in national magazines, Defendant has waived any rights to claim that Family Express's use thereof infringes Defendant's claimed trademark rights.

39. Given Family Express's long use of "SQUARE DONUTS" in Indiana, and reference to Family Express's "SQUARE DONUTS" in national magazines, the doctrine of laches bars Defendant from claiming that Family Express's use of "SQUARE DONUTS" infringes Defendant's claimed trademark rights.

40. 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 Defendant's alleged trademark rights, federal or state, in "SQUARE DONUTS."

COUNT II
(Cancellation)

41. Family Express incorporates by reference the allegations contained in paragraphs 1 – 40 as set forth herein.

42. 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 (3).

43. Where "SQUARE DONUTS" is generic, it is not entitled to trademark registration in Indiana and should be cancelled.

44. Family Express will be damaged by the continuation of Defendant's registration of "SQUARE DONUTS," both federal and state, because it impairs Family Express's ability to accurately and effectively describe its products and therefore should be cancelled.

REQUEST FOR RELIEF

WHEREFORE, Family Express seeks judgment awarding the following relief:

- (a) A declaration that Family Express's use of "SQUARE DONUTS" in connection with its sale of square-shaped donuts via its convenience stores has not infringed and is not infringing Defendant's alleged trademark rights, federal or state, in "SQUARE DONUTS."
- (b) A declaration that Defendant's 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 Defendant's 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 Defendant in "SQUARE DONUTS;" and
- (g) Any and all other relief as the Court may deem just and proper.

Respectfully submitted,

SWANSON, MARTIN & BELL, LLP

/s/ P. Stephen Fardy

One of the Attorneys for
FAMILY EXPRESS CORPORATION

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