

United States Court of Appeals
for the Fifth Circuit

United States Court of Appeals
Fifth Circuit

FILED

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Lyle W. Cayce
Clerk

No. 20-30418

DENNIS PERRY,

Plaintiff—Appellant,

versus

H. J. HEINZ COMPANY BRANDS, L.L.C.; KRAFT HEINZ FOODS
COMPANY,

Defendants—Appellees.

Appeal from the United States District Court
for the Eastern District of Louisiana
USDC No. 2:19-CV-280

Before OWEN, *Chief Judge*, and GRAVES and HO, *Circuit Judges*.

JAMES E. GRAVES, JR., *Circuit Judge*:

Mr. Dennis Perry makes Metchup, which depending on the batch is a blend of either Walmart-brand mayonnaise and ketchup or Walmart-brand mustard and ketchup. Mr. Perry sells Metchup exclusively from the lobby of a nine-room motel adjacent to his used-car dealership in Lacombe, Louisiana. He has registered Metchup as an incontestable trademark. Though he had big plans for Metchup, sales have been slow. Since 2010, Mr. Perry has produced only 50 to 60 bottles of Metchup, which resulted in sales of around \$170 and profits of around \$50. He owns www.metchup.com but has never

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sold Metchup online. For better or worse, the market is not covered in Metchup.

Along comes Heinz. It makes Mayo-chup, which is solely a blend of mayonnaise and ketchup. To promote Mayo-chup's United States launch, Heinz held an online naming contest where fans proposed names. A fan submitted Metchup, and Heinz posted a mock-up bottle bearing the name Metchup on its website alongside mock-up bottles for the other proposed names. Heinz never sold a product labeled Metchup.

When Mr. Perry discovered Mayo-chup and Heinz's use of Metchup in advertising, he sued Heinz for trademark infringement. The district court dismissed Mr. Perry's claims because it found that there was no likelihood of confusion between Mayo-chup and Metchup and no confusion caused by Heinz's fleeting use of Metchup in advertising. It also canceled Mr. Perry's trademark registration after concluding that he had failed to prove that he had made lawful, non-*de minimis* use of the Metchup mark in commerce.

We agree that there is little chance that a consumer would confuse Mr. Perry's Metchup with Heinz's Mayo-chup or be confused by Heinz's use of Metchup in advertising, so we affirm the district court's dismissal of Mr. Perry's claims against Heinz. But because Mr. Perry sold some Metchup and testified that he hoped to sell more, a finder of fact should determine whether his incontestable trademark should be deemed abandoned and canceled. Consequently, we vacate the district court's cancellation of Mr. Perry's trademark and remand for further proceedings on Heinz's counterclaim.

I.

Heinz began selling Mayo-chup in the Middle East in 2016. It decided to bring this convenient, yet perhaps gratuitous, mixture to the United States in 2018. To promote its blends of ketchup and ranch ("K ranch"), mayonnaise and mustard ("Mayomust"), mayonnaise and barbecue sauce

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(“Mayocue”), and mayonnaise and ketchup, it staged a publicity stunt. To get customers used to the uncanny sauce blends, Heinz turned to the Internet and asked its fans to propose names for its concoctions.

The promotion was a hit. Heinz received over ninety proposed names for its mayonnaise and ketchup blend, including Saucy McSauceface, an apparent nod to Boaty McBoatface, the name the Internet proposed for a British research ship.¹ But the submissions were not all so fanciful and included more suggestive names like Metchup. At the end of the campaign, Heinz posted mock-up bottles bearing the proposed names on its website. Heinz never sold bottles with Saucy McSauceface or Metchup on them. It was all for advertising purposes only.

Before posting the mock-up bottles, Heinz had its in-house lawyers run a trademark search, which turned up a trademark registration for Metchup. Turns out, Heinz was not the first to grapple with both the problem of having to contemplate ratios and the inconvenience of having to use two bottles when preparing a burger.

Mr. Perry, who operates the nine-room Star Hotel and an adjoining used-car lot in Lacombe, Louisiana, had years ago decided to solve these issues and share his love of mayonnaise blended with ketchup (and occasionally mustard) with others. Mr. Perry says he first had the idea to make a blended sauce called Metchup sometime in 2000. But it took a while for him to get around to producing it.

In addition to used car sales and motel management, he “dabbled in” the buying and selling of domain names. At one time, he owned as many as 1,400 domain names that he hoped to sell for a profit. In 2007, Mr. Perry purchased the domain names for www.metchup.com and

¹ Katie Rogers, *Boaty McBoatface: What You Get When You Let the Internet Decide*, N.Y. TIMES, March 21, 2016, <https://www.nytimes.com/2016/03/22/world/europe/boaty-mcboatface-what-you-get-when-you-let-the-internet-decide.html>.

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www.metchup.uk.co and applied to register Metchup as a trademark with the United States Patent and Trademark Office.

Mr. Perry began making Metchup for public consumption sometime in 2010 or 2011. He made it by blending Walmart-brand mayonnaise and ketchup together in his home kitchen, funneling the small batches into plastic bottles, and labeling them with a printed label. He sold the first bottle of Metchup to his mother and put the rest up for sale in the lobby of the Star Motel.

Sales in hand, Mr. Perry submitted a photograph to the PTO, which then issued him a trademark registration for the name Metchup in 2011. He renewed the trademark registration in 2017 (submitting the same photo he submitted in his first application), and the PTO declared the mark incontestable in 2018.

Mr. Perry had high hopes for Metchup, writing in one notebook that he wanted to sell two million bottles, but Metchup was neither an online sensation nor a brick-and-mortar success. Over the years, Mr. Perry has sold only small quantities of Metchup exclusively at the Star Motel. Though Mr. Perry sold Metchup to motel guests traveling through “from all over the place,” he has only thirty-four documented sales. And while he insists he sold a few more bottles than that, any dispute over sales figures is immaterial because he has made at most nine or ten six-bottle batches of Metchup. He thought about contacting a bottle producer to expand his operation but never did.

While Mr. Perry owned metchup.com, he never sold Metchup online. The domain name linked to a Facebook page with pictures of Metchup bottles on it, but there was no way to purchase Metchup through the page and no clear indication that Metchup was actually for sale. There were so few signs that a product called Metchup was for sale that one could see how Heinz’s in-house trademark research team found Mr. Perry’s registration but

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concluded that the trademark was not in use. The markets were not exactly covered in Metchup.

After the naming contest and the mock-up Metchup bottle, Heinz released Mayo-chup for sale in the United States. Mr. Perry's son-in-law discovered Mayo-chup at the grocery and let Mr. Perry know. Mr. Perry then went online and discovered that not only had Heinz released its own mayonnaise and ketchup blend but that it had also used the name Metchup in its promotional efforts.

Mr. Perry hired a lawyer and sued Heinz for trademark infringement, trademark counterfeiting, false designation of origin, and for violations of various Louisiana trademark laws. Heinz filed a counterclaim to have Mr. Perry's Metchup trademark registration canceled for abandonment or non-use.

After speaking with counsel, Mr. Perry sent samples of Metchup to national grocery chains in Florida and a store in New Orleans in hopes of expanding Metchup's market footprint. But Mr. Perry never heard anything back. His lawsuit against Heinz fared no better than his expansion efforts. After discovery, Heinz filed a motion for summary judgment. The district court granted the motion in full and dismissed all of Mr. Perry's claims and canceled his trademark registration for Metchup because it deemed the trademark abandoned.

II.

The panel reviews the grant of summary judgment de novo. *Xtreme Lashes, LLC v. Xtended Beauty, Inc.*, 576 F.3d 221, 226 (5th Cir. 2009). All of Mr. Perry's claims require him to show ownership of a valid trademark and that Heinz used the mark or a similar mark in a way that created a likelihood of confusion. *Id.* at 226–27; 15 U.S.C. §§ 1114(1)(a)-(b), 1116(d), 1117; 1125(a); La. Rev. Stat. § 51:222, 222.1.

Under the Lanham Act, Mr. Perry's certificate of registration for his Metchup trademark is prima facie evidence of its validity.

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