

**IN THE UNITED STATES DISTRICT COURT  
FOR THE WESTERN DISTRICT OF TENNESSEE  
WESTERN DIVISION**

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|------------------------------------|---|---------------------------|
| CONSOLIDATED STAFFING, INC.,       | ) |                           |
|                                    | ) |                           |
| Plaintiff,                         | ) |                           |
|                                    | ) | No. 2:19-cv-02483-TLP-cgc |
| v.                                 | ) |                           |
|                                    | ) |                           |
| CONSOLIDATED STAFFING              | ) |                           |
| SOLUTIONS, INC., JOSE NUNOS LOPES, | ) |                           |
| and MGR JANE/JOHN DOE,             | ) |                           |
|                                    | ) |                           |
| Defendants.                        | ) |                           |

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**FINDINGS OF FACT AND CONCLUSIONS OF LAW**

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Plaintiff Consolidated Staffing, Inc. (“Consolidated”) sued Defendants Consolidated Staffing Solutions, Inc., Jose Nunos Lopes, and Jane/John Doe Manager (“CSS” or “Defendants”) for various trademark-related causes of action. (ECF No. 1.) This Court denied Plaintiff’s motion for summary judgment. (ECF No. 86.) So Plaintiff maintained three causes of action: (1) trademark counterfeiting and (2) trademark infringement under section 32 of the Lanham Act, and (3) false designations of origin and false descriptions under section 34(a) of the Lanham Act. Defendant counterclaimed on two grounds: (1) invalidation of Plaintiff’s trademark under section 37 of the Lanham Act because it is a descriptive term lacking secondary meaning, and (2) damages under section 38 of the Lanham Act because Plaintiff registered its trademark under false pretenses. The parties waived jury trial and the Court held a bench trial on August 11 and 12, 2022.

When parties try an action without a jury, the Court must “find the facts specially and state its conclusions of law separately.” Fed. R. Civ. P. 52(a)(1). The following is the Court’s

findings of fact and conclusions of law.<sup>1</sup> After considering the evidence presented at trial and for the reasons stated below, the Court finds for **DEFENDANT**.

**I. FINDINGS OF FACT**

This dispute arises from two corporations with similar names arguing about whether one of them has the exclusive right to use the words “Consolidated Staffing.” Incorporated in March 2009, Consolidated is a Tennessee company with a principal place of business in Memphis. (ECF No. 78 at PageID 703.) Incorporated about six months later, CSS is a California company with a principal place of business in West Covina. (Ex. 44.) Both companies claim rights to use the phrase “Consolidated Staffing” to market temporary employment staffing services for both employers and employees

But the similarities end there. While Consolidated operates mostly in Tennessee and North Carolina, CSS conducts business in California, Texas, and some northeastern states. Consolidated concentrates in the medical industry while CSS does not. Consolidated also services federal government contractors and military installations while CSS does not.

For its part, CSS gears its business towards the light industrial market using Spanish-speaking employees while Consolidated does not. The companies also differ in size as Consolidated’s revenues total about \$40 million since 2009, while CSS’ revenues total about \$400 million in the same period. From the time both corporations started in 2009, until the events that led to this dispute in 2017, there is no evidence that Consolidated and CSS knew of each other’s existence.

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<sup>1</sup> The Court relies on its notes and memory of the trial testimony, and the parties’ post-trial briefs rather than a trial transcript. But if the Court admitted a document into evidence during trial, it will refer to the trial exhibit by number.

**A. Consolidated’s Unsuccessful First Attempt at Trademark Registration and CSS’ Cease-and-Desist Letter**

In early December 2016, Consolidated—through its counsel, Mr. Gerald Boss (“Mr. Boss”)—applied for a service mark<sup>2</sup> with the United States Patent and Trademark Office (“USPTO”) for the phrase “Consolidated Staffing.” (ECF No. 78 at PageID 705–06.) On March 15, 2017, CSS sent a cease-and-desist letter requesting that Consolidated stop using the name “Consolidated Staffing,” because CSS had been using it “in commerce for several years.” (Ex. 6.) Ten days later, the USPTO rejected Consolidated’s service mark application, because the USPTO found the phrase “Consolidated Staffing” to be merely descriptive of Consolidated’s services. (ECF No. 78 at PageID 705–06.) The USPTO concluded that the words were not registerable as a service mark unless they attained secondary meaning. (*Id.*)

Consolidated’s CEO Josh Sturgill (“Mr. Sturgill”) testified that he read CSS’ cease-and-desist letter, turned it over to Consolidated’s attorneys, and took no further action on the matter. In early April 2017, Consolidated responded to CSS’ letter, asserting that CSS had no rights to assert against Consolidated because it had “no evidence that [CSS] has any trademark rights that could possibly extend beyond Southern California.” (Ex. 7.) CSS never replied to Consolidated’s response. (ECF No. 78 at PageID 709.)

**B. Consolidated’s Second Try at Trademark Registration Asserting Secondary Meaning**

In June 2017, Consolidated responded to USPTO’s rejection of its first attempt to register “Consolidated Staffing” as a service mark with a section 2(f) declaration. (*Id.* at PageID 706.) Simply put, descriptive marks are registerable only if they attain “secondary meaning,” and

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<sup>2</sup> The word “trademark” can refer to both trademarks and service marks where the former deals with goods while the latter deals with services. *See Future Lawn, Inc., v. Maumee Bay Landscape Contractors, L.L.C.*, 542 F. Supp. 2d 769, 774 (N.D. Ohio 2008) (citations omitted).

Consolidated argued that it could register “Consolidated Staffing” because it had acquired secondary meaning. Consolidated claimed that “Consolidated Staffing” “ha(d) become distinctive of the goods/services through the applicant’s substantially exclusive and continuous use of the mark in commerce . . . for at least the five years immediately before the date of this statement.” (*Id.*)

Mr. Boss testified that he filed this response on Consolidated’s behalf after he knew about CSS’ cease-and-desist letter to Consolidated. Mr. Boss testified that he did not think that letter affected the section 2(f) declaration claiming secondary meaning. And he did not think it pertinent to disclose CSS’ letter to the USPTO. So he took no steps to determine the extent of CSS’ rights to use “Consolidated Staffing.”

To support Consolidated’s section 2(f) declaration, Mr. Boss relied on Mr. Sturgill’s personal knowledge. Mr. Sturgill testified that he believed Consolidated had substantially exclusive use of “Consolidated Staffing” when Consolidated responded to the USPTO . Beyond his own personal knowledge, however, Mr. Sturgill offered no basis for that belief. He testified that he neither conducted any research, nor commissioned any consumer surveys to support his claim of Consolidated’s substantial and exclusive use. When asked about CSS’ March 2017 letter, Mr. Sturgill testified that he knew about the letter but did not think it relevant to the section 2(f) declaration. And Mr. Sturgill testified that he relied on Mr. Boss for the intricacies of the section 2(f) declaration to the USPTO.

As for Mr. Boss, he testified that he relied on Mr. Sturgill’s personal knowledge and asked no further questions of Mr. Sturgill. Mr. Boss testified that, consistent with his practice, the only step he took was to search the USPTO’s trademark database to see if the name “Consolidated Staffing” appeared there. It did not. In telling the USPTO that Consolidated

developed secondary meaning out of its substantial and exclusive use of “Consolidated Staffing,” Mr. Boss made no other online searches, customer surveys, or anything else that could have bolstered or at least confirmed Mr. Sturgill’s personal belief. That said, based on Consolidated’s section 2(f) declaration claiming secondary meaning, the USPTO granted Consolidated’s service mark registration for “Consolidated Staffing” (“the Mark”) in October 2017. (*Id.* at PageID 705.)

### **C. Post-registration Events**

Mr. Sturgill testified that from 2017 to present, Consolidated has received five or six calls from job applicants who were trying to reach CSS instead of Consolidated, but at no time has a business customer mistaken Consolidated for CSS. Defendants testified that they kept using the Mark after Consolidated’s successful USPTO registration. Before 2020, CSS used the Mark in its website, social media, and even secured the email address “consolidatedstaffing@gmail.com.” (*Id.* at PageID 709, 712–13.)

But starting in 2020, Defendants tried to “scrub” the Mark away from CSS’ online presence by removing it from their website and other online platforms. CSS’ CEO Jose Nunos Lopes (“Mr. Lopes”) testified to using the Mark in his own personal social media page until 2020. Mr. Lopes also acknowledged some examples of “thumbnails” appearing after 2020 on LinkedIn, and other internet pages related to Defendants that used the words “Consolidated Staffing.”<sup>3</sup> (Exs. 34–36.)

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<sup>3</sup> As Defendants assert in their post-trial brief, most, if not all, of these thumbnails also showed the full name of their company, Consolidated Staffing Solutions, Inc.

## II. CONCLUSIONS OF LAW

### A. Jurisdiction

The Court has subject matter jurisdiction under 15 U.S.C. § 1121, 28 U.S.C. § 1331, and 1338.

### B. Plaintiff's Claims of Trademark Counterfeiting and Infringement, and False Designations of Origin and False Descriptions

To successfully bring a trademark counterfeiting claim under 15 U.S.C. § 1119, a party must first prove trademark infringement. *See Ohio State Univ. v. Skreened Ltd.*, 16 F. Supp. 3d 905, 910 (S.D. Ohio 2014) (“Infringement, therefore, is merely one prerequisite to a finding of a counterfeit mark.”); *Abercrombie & Fitch v. Fashion Shops of Kentucky, Inc.*, 363 F. Supp. 2d 952, 958 (S.D. Ohio 2005) (“[A] claim for trademark counterfeiting involves a higher burden of proof because a plaintiff must show both trademark infringement and the intentional use of a counterfeit mark.”). In other words, trademark infringement is a necessary condition for a trademark counterfeiting claim. And so the Court begins its analysis with trademark infringement.

To bring a trademark infringement claim, a plaintiff must show “(1) that it owns a trademark, (2) that the infringer used the mark in commerce without authorization, and (3) that the use of the alleged infringing trademark is likely to cause confusion among consumers regarding the origin of the goods offered by the parties.” *Coach, Inc. v. Goodfellow*, 717 F.3d 498, 502 (6th Cir. 2013) (internal quotation marks omitted). Thus, the primary germane contention between the parties is whether Plaintiff owns a valid trademark.

**1. The Court finds that Plaintiff’s trademark is invalid because Plaintiff has not proven that its descriptive trademark has acquired secondary meaning.**

A trademark registration with the United States Patent and Trademark Office (“USPTO”) creates a presumption of validity as it is a “prima facie evidence of the validity of the registered mark.” 15 U.S.C. § 1115. Under 15 U.S.C. § 1065, a trademark becomes incontestable where it “has been in continuous use for five consecutive years,” after the registration. But if a mark has yet to achieve incontestable status, an alleged infringer may rebut this presumption by showing that the mark lacks secondary meaning. *See Leelanu Wine Cellars, Ltd. v. Black & Red, Inc.*, 502 F.3d 504, 514 (6th Cir. 2007). Until a trademark achieves incontestable status, district courts have the power to cancel its registration if it is found to be either generic or descriptive and lacking secondary meaning. 15 U.S.C. § 1119; *CFE Racing Products, Inc. v. BMF Wheels, Inc.*, 793 F.3d 571, 593 (6th Cir. 2015). *See also Nola Spice Designs, L.L.C. v. Haydel Enterprises, Inc.*, 783 F.3d 527, 547 (5th Cir. 2015) (affirming a district court’s cancellation of a trademark registration for lack of secondary meaning).

The parties here do not dispute that Plaintiff successfully registered the Mark with the USPTO and that the Mark is descriptive.<sup>4</sup> Registered on October 10, 2017, the Mark is still in the five-year period of contestability, and this lawsuit has been ongoing since September 2019. Plaintiff argues that Defendants failed to rebut the Mark’s presumption of validity through the single cease-and-desist letter it sent in March 2017. But whether that letter rebuts the Mark’s presumption of validity is of limited importance as it is only one of many arguments by Defendants. For example, Defendants have challenged the validity of Plaintiff’s Mark by

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<sup>4</sup> The parties do not dispute that the Mark is descriptive because the USPTO’s basis for rejecting Plaintiff’s first application was because it was descriptive and lacking secondary meaning. (ECF No. 78 at PageID 705–06.)

proffering evidence of their extensive use of the Mark through Mr. Lopes testimony, and the use of “www.consolidatedstaff.com” since 2011. And Plaintiff’s own expert, Mr. Justin Zarr, admitted that Defendants could have been using the Mark as early as 2016, before Plaintiff’s initial trademark registration attempt with the USPTO. The Defendants’ arguments raise significant questions about the descriptive Mark’s presumption of validity. The Court now addresses whether Plaintiff carried its burden to show the descriptive Mark has achieved secondary meaning.

The USPTO will not approve a descriptive mark unless it has achieved secondary meaning. Such a mark achieves secondary meaning when “in the minds of the public, the primary significance of a product feature or term is to identify the source of the product rather than the product.” *Leelanau Wine Cellars, Ltd. v. Black & Red, Inc.*, 502 F.3d 504, 513 (6th Cir. 2007) (citations omitted). The party seeking protection of a registered mark bears the “substantial” evidentiary burden of proving that secondary meaning has attached. *DeGidio v. West Group Corp.*, 355 F.3d 506, 513 (6th Cir. 2004). The Sixth Circuit has identified seven factors for courts to consider when determining whether a mark has acquired secondary meaning: (1) direct consumer testimony; (2) consumer surveys; (3) exclusivity, length, and manner of use; (4) amount and manner of advertising; (5) amount of sales and number of customers; (6) established place in the market; and (7) proof of intentional copying. *Id.* The Court now turns to these factors.

First, Plaintiff has not provided any direct consumer testimony. Plaintiff has also not provided any consumer surveys that would speak to the acquisition of secondary meaning in the minds of the public.

Second, what Plaintiff has provided does not support a finding of secondary meaning. Plaintiff has proven use of the mark since 2009, but it has not proven substantially exclusive use as it admittedly operated mostly in North Carolina and Tennessee. Plaintiff's sales totaled about \$40 million since 2009, and Mr. Sturgill testified to fulfilling "thousands" of temporary staffing placements in the southeast—but these numbers hardly signal secondary meaning in a multibillion dollar staffing industry. In terms of sales, Defendant's \$400 million dollar revenue during the same period provides a useful reference point to show Plaintiff's lack of substantial exclusivity in the market.

Third, Plaintiff's amount and manner of advertising also fail to show secondary meaning. Between 2009 and 2020, Plaintiff spent around \$70,000 dollars on advertising through various national and regional online jobsites. The Sixth Circuit has found that \$100,000 in advertisement expenses are "relevant" but insufficient to establish secondary meaning without "evidence to establish the amount as extensive or to distinguish it as beyond necessary to survive in the market." *Burke-Parsons-Bowlby Corp. v. Appalachian Log Homes, Inc.*, 871 F.2d 590, 596 (6th Cir. 1989). Simply put, Plaintiff's amount and manner of advertising are not extensive enough to result in consumer association with a single source—let alone enough to establish secondary meaning.

The upshot is that Plaintiff's sole lynchpin for arguing secondary meaning is the personal knowledge of its own CEO Josh Sturgill. The Court finds that Mr. Sturgill lacked an objective and reasonable basis for his personal knowledge. The Court therefore finds that Mr. Sturgill's testimony is of limited value. *See id.* (noting the Sixth Circuit's skepticism of a company co-owner's testimony supporting secondary meaning for its trademark); *see also Echo Travel, Inc. v. Travel Associates, Inc.*, 870 F.2d 1264, 1270 (7th Cir. 1989) ("A party's subjective, self-

serving view of its own alleged trademark is not competent evidence on which to base a finding of secondary meaning.”). More to the point, Plaintiff admitted that it did no market research or even an internet search to support its claim to the USPTO that it achieved secondary meaning. In drafting Plaintiff’s section 2(f) declaration, Mr. Sturgill relied on Mr. Boss and Mr. Boss relied on Mr. Sturgill. The USPTO, which earlier denied Plaintiff’s registration because the mark was merely descriptive, relied on this declaration to approve Plaintiff’s trademark registration. This Court, however, need not rely on the declaration alone because it has heard two days of trial testimony.

Based on that proof, the Court finds that Plaintiff lacked a reasonable basis to assert exclusive use of the Mark in its section 2(f) declaration. The Court further finds that, because of Plaintiff’s lack of due diligence in preparing the section 2(f) declaration, its registration lacked sufficient grounds for approval by the USPTO. Because this Court now finds that Plaintiff failed to prove, by a preponderance of evidence, that its descriptive Mark acquired secondary meaning, the Court exercises its power under 15 U.S.C. § 1119 to invalidate Plaintiff’s trademark registration.

**2. The Court finds that Plaintiff has also failed to show likelihood of confusion, an element of all three of its claims.**

Even if the Court were to uphold the USPTO’s finding of a valid trademark registration for Plaintiff, all three of Plaintiff’s claims still fail because it did not meet its burden in proving likelihood of confusion. *See Grubbs v. Sheakley Grp., Inc.*, 807 F.3d 785, 792 (6th Cir. 2015) (listing likelihood of confusion as an element in a false designation of origin claim); *Ohio State Univ. v. Skreened Ltd.*, 16 F. Supp. 3d 905, 911 (S.D. Ohio 2014) (noting that a plaintiff must prevail on its trademark infringement claim—which requires a showing of likelihood of confusion—to prevail on its trademark counterfeiting claim).

The Sixth Circuit uses an eight-factor test in determining whether a likelihood of confusion exists. Those factors are (1) strength of the senior mark; (2) relatedness of the goods or services; (3) similarity of the marks; (4) evidence of actual confusion; (5) marketing channels used; (6) likely degree of purchaser care; (7) the intent of the defendant in selecting the mark; and (8) likelihood of expansion of the product lines. *Leelanau*, 502 F.3d at 515; *see also Kellogg Co. v. Exxon Corp.*, 209 F.3d 562, 568 (6th Cir. 2000). Courts need not apply the test mathematically as some factors may not be relevant in each case. *Leelanau*, 502 F.3d at 515. Rather, it is a guide in resolving the question of “whether relevant consumers are likely to believe that the products or services offered by the parties are affiliated in some way.” *Id.* (quoting *Homeowners Group v. Home Mktg. Specialists, Inc.*, 931 F.2d 1100, 1107 (6th Cir. 1991)).

Plaintiff did not meet its burden in proving likelihood of confusion. For starters, Plaintiff never addressed the Sixth Circuit’s eight-factor test, choosing instead to rely “solely upon use of a Counterfeit mark,” as its legal theory. (ECF No. 78-4 at PageID 1097.) Plaintiff’s argument goes like this: CSS is a counterfeit of Consolidated, courts have found that counterfeit marks are “inherently confusing,” so it need not engage in the Sixth Circuit’s eight-factor analysis to prove customer confusion. *See Pearson Education, Inc. v. C&N Logistics, Inc.*, No. 3-18-cv-00438, 2021 WL 63043, at \*10 (M.D. Tenn. Jan. 7, 2021) (finding counterfeit marks “inherently confusing,” thereby presuming customer confusion).

Plaintiff’s argument fails because its fundamental assumption is ill-founded—that CSS is a counterfeit of Consolidated. The citation to *Pearson* is unavailing because it is factually distinct from this case. *Pearson* is a case that involved the distribution of counterfeit books. *Id.* at 5. Unlike in *Pearson* where there were no disputes over the validity of the trademark, here,

the dispute over the Mark's validity is central to the case. Unlike in *Pearson* where there was no question of customer confusion given counterfeit goods, here, customer confusion is a critical and contested issue before the Court. Plaintiff assumed the risk when it wrongly assumed it needed not prove likelihood of confusion when it bore this burden all along.

In any event, an application of the Sixth Circuit test supports a finding for Defendants as there is a low likelihood of confusion in this case. CSS and Consolidated are two companies that operate in separate regions—California, Texas, and the Northeast for CSS, Tennessee, and North Carolina for Consolidated. No evidence suggests that CSS is purporting to be Consolidated in commerce. While both companies are in the temporary staffing industry, the evidence reflects that both are niche players in a huge market with Consolidated having a larger presence in medical staffing and CSS in light industry. *See Homeowners*, 931 F.2d at 1109 (finding services are not necessarily related simply because they “coexist in the same broad industry”).

While similarity of marks favors Plaintiff given that both CSS and Consolidated have used “Consolidated Staffing,” evidence of actual confusion—which is “undoubtedly the best evidence of likelihood of confusion”—favors Defendants. *See Wynn Oil Co. v. Thomas*, 839 F.2d 1183, 1188 (6th Cir. 1988). Mr. Sturgill testified that from 2009 to present, there were only five or six mistaken job applicants out of the “thousands” it receives annually. The Sixth Circuit has explained that “the existence of only a handful of instances of actual confusion after a significant time or a significant degree of concurrent sales under the respective marks may even lead to an inference tha[t] no likelihood of confusion exists.” *Therma-Scan, Inc. v. Thermoscan, Inc.*, 295 F.3d 623, 634 (6th Cir. 2000) (quoting *Homeowners*, 931 F.2d at 1110). Such is the case here with a handful of confused applicants among a pool of thousands. But perhaps more importantly, there is no evidence that any employee ever showed up to work for one company

thinking it was working for the other. What is more, there is no evidence that any business customer has mistaken Consolidated for CSS. The Court further notes that the likely degree of purchaser care favors Defendants as enterprises needing staffing solutions are sophisticated, and so the likelihood of confusion decreases. *See Leelanau*, 502 F.3d at 519.

In the end, Plaintiff failed to meet its burden of proving likelihood of confusion, an element of all three of its claims. Therefore, all of Plaintiff's claims fail. Now the Court will turn to Defendants' counterclaims.

**C. Defendants' Counterclaims of Invalidation of Trademark and Damages for False Pretenses**

As noted above, the Lanham Act gives district courts the power to overrule a USPTO's decision of trademark registrability if it is found to be generic, or descriptive and lacking secondary meaning. *See* 15 U.S.C. § 1119; *BMF Wheels*, 739 F.3d at 593. For the reasons already discussed above, the Court finds Plaintiff failed to meet its burden of proving that its descriptive mark had acquired secondary meaning. The Court therefore exercises its power under 15 U.S.C. § 1119 to invalidate Plaintiff's trademark registration. Moreover, because Plaintiff has not carried its burden of proving its mark has acquired secondary meaning, all three of Plaintiff's claims fail and the Court need not discuss statutory damages. The Court next discusses Defendant's counterclaim for damages under section 38 of the Lanham Act because Plaintiff allegedly registered its trademark under false pretenses.

**1. The Court finds that Defendants have not shown by clear and convincing evidence that Plaintiff registered its Mark under false pretenses.**

Defendants face an uphill battle to claim damages under 15 U.S.C. § 1120. Defendants must prove that Plaintiff knowingly made a "false, material representation with the intent to deceive the [US]PTO." *In-N-Out Burgers v. Doll n' Burgers LLC*, No. 20-11911, 2022 WL

791924 at \*22 (E.D. Mich. Mar. 14, 2022) (quoting *In re Bose Corp.*, 580 F.3d 1240, 1243 (Fed. Cir. 2009)). To succeed on a claim of fraudulent representation, Defendants “must prove by clear and convincing evidence that the applicant made false statements with the intent to deceive the [USPTO].” *In re Bose Corp.*, 580 F.3d at 1244 (citations omitted).

Defendants have not met their burden of proving that Plaintiff made false statements with intent to deceive the USPTO. As discussed above, Plaintiff’s registration of its Mark is sufficiently inadequate to justify the Court’s cancelling its service mark. But to find that Plaintiff did so under false pretenses is another matter altogether.

To claim that Mr. Sturgill did not have a reasonable basis for his belief and to claim that he knowingly lied to the USPTO are two different things. Defendants have proven the former but not the latter. Defendants have not put forth enough evidence to show that Plaintiff submitted its 2(f) declaration with a culpable state of mind. The evidence shows Mr. Sturgill and Mr. Boss acted imprudently and their submission was superficial at best. But it does not show they acted fraudulently. The Court therefore finds that Defendants have not met their burden of proving Plaintiff registered its mark under false pretenses.

### **CONCLUSION**

For the reasons stated above, the Court invalidates Plaintiff’s trademark registration with the USPTO. The Court finds that all three of Plaintiff’s claims fail. Finally, the Court finds that Consolidated is not liable to CSS for any damages. Each side will pay for their own attorney’s fees.

**SO ORDERED**, this 14th day of September, 2022.

s/Thomas L. Parker  
THOMAS L. PARKER  
UNITED STATES DISTRICT JUDGE