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IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD

Proceeding	92048732
Party	Plaintiff Altvater Gessler - J.A. Baczewski International (USA) Inc. and Altvater Gessler - J.A. Baczewski GmbH
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IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD

In the Matter of Registration No. 2,731,948

ALTVATER GESSLER – J.A. BACZEWSKI INTERNATIONAL (USA) INC. and ALTVATER GESSLER – J.A. BACZEWSKI LIKÖRERZEUGUNG GESELLSCHAFT M.B.H. d/b/a ALTVATER GESSLER – J.A. BACZEWSKI GMBH,	
Petitioners,	Cancellation No. 92048732
v.	
RONALD BECKENFELD,	
Registrant.	

PETITIONERS' OPPOSITION TO
<u>RESPONDENT'S MOTION FOR SUMMARY JUDGMENT</u>

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I. PRELIMINARY STATEMENT

Respondent Ronald Beckenfeld ("Respondent") filed his short motion for summary judgment on the deadline for him to respond to outstanding discovery requests of Petitioners in order to avoid responding as well as to delay trial on the merits of this cancellation action. However, the discovery taken to date reveals numerous facts which call into question any claim that Respondent owns trademark rights. Indeed, Petitioners are concurrently filing a motion to amend their Petition for Cancellation to conform to the evidence adduced in discovery to date.[1]

Respondent's motion for summary judgment rests entirely on the claim that his late father's liquor distribution company obtained assignment to the mark MONOPOLOWA for vodka in the U.S. from its foreign supplier in 1992. However, the dearth of documentation submitted in support of such claim hardly establishes irrefutable ownership of the mark, let alone sufficient evidence to prevail on summary judgment.

Moreover, the 2007 assignment of the mark from the liquor distribution company to Respondent and the contemporaneous license back amount to nothing more than a sham transaction which vitiates any rights to the registration owned by Respondent.

REDACTED

Indeed, the actions of the relevant parties throughout the years demonstrate that it has been Petitioners who have always stood behind the mark MONOPOLOWA and ensured the consistent quality of the vodka product. To allow Respondent, who runs a vitamin company and who has never been involved in the liquor business, to feign control of a mark and brand merely

[1] The proposed amended Petition for Cancellation includes claims of fraud upon the U.S. Patent and Trademark Office (the "USPTO") in filing the application for registration and the application for renewal of the registration, the disposition of which are beyond the scope of this opposition to Respondent's motion for summary judgment.

REDACTED would not serve any useful purpose either to the true brand owner or American consumers.

II. STATEMENT OF FACTS

1. Background on Petitioners

Petitioners enjoy a proud centuries-old reputation for producing the highest quality alcoholic beverages.[2] Their predecessors-in-interest were permitted to use the prestigious title "Purveyor to the Imperial and Royal Household" in supplying beverages to the Austrian-Hungarian Monarchy. They participated in some of the most important world exhibitions in the 19th century and were honoured with gold medals in competitions throughout Europe. In 1950, they were selected as the only representative of the Austrian liquor industry at the International World Fair in Chicago.

In the 1950's, Eduard Gessler, a patriarch of Petitioners, reacquired J.A. Baczewski, the name of a branch of his family with roots dating back to 1782 in Lwow, Poland. Eduard Gessler subsequently used the historic name and mark J.A. BACZEWSKI to identify the producer and bottler of goods such as MALINOWA (raspberry liqueur), KRUPNIK (honey liqueur) and WISNIOWKA (cherry liqueur).

In the late 1950's, Eduard Gessler was responsible for commercializing a brand of vodka known as "MONOPOLOWA" which means "monopoly" in Polish. MONOPOLOWA brand vodka has a distinct intensity and smoothness attributable to its old family recipe and "back-to-basics" tradition of being distilled from high quality special variety potatoes (vodka is now more commonly distilled from grain). Over the years, the product has won numerous awards and medals including at the San Francisco World Spirits Competition, the New York Spirits Awards

2 For a more detailed recitation of Petitioners' rich history and the development of the MONOPOLOWA brand, see the Declaration of Rasiel Gessler (the "R. Gessler Dec."), submitted herewith.

Competition, the England International Wine & Spirit Competition, and the International Review of Spirits Competition conducted by the Chicago-based Beverage Tasting Institute.

Over the years, Eduard Gessler used various importers and distributors to sell MONOPOLOWA brand vodka in the U.S. In his later years, with his health declining from senility, Eduard Gessler also suffered financial losses. Rather than use the corporate form to protect his personal assets, Eduard Gessler signed for the debts of the company personally. In 1979, he passed away and left behind an enormous amount of debt. His son, Elek Gessler, entered the family business and voluntarily assumed those personal liabilities.[3]

In 1980, in order to organize the family business, Elek Gessler founded an Austrian corporation named Altvater Gessler – J.A. Baczewski Likörerzeugung Gesellschaft m.b.H., which did, and to this day does, business as Altvater Gessler – J.A. Baczewski GmbH ("AGJAB-Austria"). Three years later, to manage growing United States operations, Elek Gessler established Altvater Gessler – J.A. Baczewski International (USA), a New Jersey corporation ("AGJAB-USA"). After AGJAB-USA was incorporated, AGJAB-Austria assigned all of its property and trademark rights, including to the mark MONOPOLOWA, to AGJAB-USA.

2. Petitioners' Dealings with Mutual

In the 1980s, Petitioners began using a Los Angeles company named Mutual Wholesale Liquor Inc. ("Mutual") to import and sell J.A. BACZEWSKI branded products, including MONOPOLOWA vodka, in the United States. Mutual is in the business of distributing and selling beer, wine and other spirits, but it has not manufactured alcoholic beverages during all relevant times.

[3] For a more detailed analysis of the financial difficulties faced by Eduard Gessler and his son Elek Gessler, see the Declaration of Leonie Gessler (the "L. Gessler Dec."), submitted herewith.

After a slow start, the business started to improve in 1989. However, by the early 1990s, due in large part to the debt he assumed from his father, Elek Gessler found himself on the verge of personal bankruptcy. As a means to mitigate losses in the event of personal bankruptcy, Elek Gessler assigned away all his shares in AGJAB-USA in 1991. Leonie Gessler, the wife of Elek Gessler, even took the step of separating her credit from her husband's credit.

Mickey Beckenfeld, the owner and president of Mutual at all relevant times until his passing in July of 2012, knew about Elek Gessler's personal financial situation. One day, on August 27, 1992, Mickey Beckenfeld telephoned Elek Gessler, who was residing in New Jersey, and made a suggestion. To avoid the risk of losing the MONOPOLOWA brand in the event that Elek Gessler went bankrupt, Mickey Beckenfeld suggested that Elek Gessler sign an executory transfer to be effected only in the event that Elek Gessler filed for bankruptcy. Such document also served as collateral for Mutual taking on the responsibility of payment to Petitioners' European contract manufacturer by way of letters of credit.

Immediately after the telephone conversation, Mickey Beckenfeld had John Wilson, then General Manager of Mutual, prepare and send a fax to Elek Gessler that purportedly confirmed and outlined the substance of their understanding. The first page of the fax was written on the letterhead of Mutual and formatted for countersignature by "ALTVATER GESSLER G.a.b.," a company which has never existed, and the second page was photocopied on the stationary of AGJAB-Austria. Without the benefit of counsel, Elek Gessler signed and returned both pages later that day.

The relationship between Mutual and Petitioners was unaffected in all material respects by the events of August 27, 1992. Mutual did not register the mark MONOPOLOWA with the USPTO or declare it as an asset on its books or tax returns. More importantly, the responsibilities of the parties remained the same. Petitioners continued to oversee the production, labeling and delivery of MONOPOLOWA brand vodka and Mutual continued to import and distribute MONOPOLOWA vodka in the United States. Mutual has no control over the recipe, manufacture or bottling of the product such that it could produce the genuine MONOPOLOWA vodka without the cooperation of Altvater Gessler.

Within just a short time, Elek Gessler was able to pay off all his debts. Sales in Poland had increased dramatically as the business started making its Poland-produced vodka kosher, which proved popular among people there who believed that kosher vodka was healthier and reduced the risk of hangovers. Sales in the U.S. also increased substantially to the point where many millions of dollars of MONOPOLOWA brand vodka have been sold here to date.

All consumer-facing advertising and promotion has always pointed to Petitioners as the source of origin for vodka sold in the U.S. under the mark MONOPOLOWA. The labels and cartons for MONOPOLOWA brand vodka prominently announce "PRODUCED AND BOTTLED BY J.A. BACZEWSKI."[4] They also feature other marks owned by AGJAB-USA such as the eagle design and the JAB design.[5] On the other hand, those materials only state "imported by International Import Export," Mutual's trading name, in very small print. Mutual's sell-sheets for MONOPOLOWA brand vodka likewise identify International Import Export as merely an importer of the product.

Petitioners have always been involved in promoting the MONOPOLOWA vodka in the United States, from contributing a promotional allowance as a deduction on purchase orders to maintaining consumer websites at www.agjab.com and www.monopolowa.at to participating in

[4] AGJAB-USA owns U.S. Reg. Nos. 1,952,832 of the mark ALTVATER-GESSLER J.A. BACZEWSKI and 3,486,879 of the mark J.A. BACZEWSKI. R. Gessler Dec. at Ex. 12 and Declaration of Peter S. Sloane (the "Sloane Dec.") at Ex. E.

[5] AGJAB-USA owns U.S. Reg. Nos. 3,847,042 of the eagle design and 3,845,281 of the JAB design. Sloane Dec. at Exs. F and G.

trade shows. In 2013, Petitioners entered into a promotional program with distributors in New York and other states in New England, which includes a competition in which the top six sales managers and persons will be rewarded with an all expenses paid business trip to Vienna, where the vodka is now produced.

3. Mutual's Unauthorized Registration of the Mark

As Elek Gessler became older and frailer, his son, Rasiel Gessler, assumed a greater role with Petitioners. In particular, Rasiel Gessler became active in the business of Petitioners in or about the late 1990s after the death of AGJAB-Austria's secretary and office manager.

Once Rasiel Gessler learned about the true 1992 understanding between Mickey Beckenfeld and Elek Gessler (*i.e.*, that Elek Gessler had signed an executory transfer to be effected only in the event that he filed for bankruptcy and the subsequent claims by Mutual that it somehow owned the brand MONOPOLOWA for vodka in the U.S. pursuant thereto), there followed a series of heated arguments between Rasiel Gessler and Mutual regarding ownership of the brand, especially in 2001 and 2002. Mickey Beckenfeld then directed and authorized John Wilson to file an application for registration of the mark MONOPOLOWA for vodka with the USPTO. Mutual filed its application on September 16, 2002, ten years after it purportedly took possession of the mark by assignment. Mutual did not inform Petitioners of the filing and Rasiel Gessler only learned about the registration, inadvertently, about two and a half years later.

Over the years, Mutual has both impliedly and expressly admitted that it does not own the mark. For example, on February 28, 2003, Mutual requested that Petitioners provide Mutual with a "Letter of Authorization and Power of Attorney" granting Mutual registration rights. AGJAB-Austria signed and returned the letter without any grant of trademark registration rights and with only the limited power to import, market, sell and distribute MONOPOLOWA products in the U.S. To take another example, in 2012, the current General Manager of Mutual expressly referred in correspondence with a third-party to Rasiel Gessler as the "brand owner." Mutual also has forwarded consumer inquiries to Petitioners and consumers write to Petitioners directly. Tellingly, neither Respondent nor Mutual even bothered to renew the domain name registration monopolowa.com when it came due for renewal earlier this year. Petitioners promptly registered it rather than let it go abandoned.

4. Mutual's Assignment to Respondent and Respondent's License Back

In 2007, Mickey Beckenfeld, on behalf of Mutual, assigned U.S. Reg. No. 2,731,948 of the mark MONOPOLOWA for vodka to his son, Ronald Beckenfeld. Mickey Beckenfeld did not have the authority to assign the registration on behalf of Mutual and he did not consult anyone at Mutual before unilaterally making this transfer. Neither Mutual nor Respondent reported the transaction in their financial records or as part of their tax returns.[6]

Respondent, by his own express admission, REDACTED He admits to having nothing to do with the business of making or selling MONOPOLOWA brand vodka (either before or after the assignment from Mutual) and confirmed that he had tasted MONOPOLOWA vodka only "once or twice" in his life. Respondent is <u>not</u> involved in, or consulted on, issues relating to labeling, packaging, advertisement or compliance. Respondent does <u>not</u> have any business dealings with the

[6] For a more detailed analysis of the failure of Mutual, Mickey Beckenfeld, and Respondent to claim MONOPOLOWA brand ownership as a purported asset and the tax requirements pursuant thereto, see the Declaration of Richard H. Pollard (the "Pollard Dec."), submitted herewith. Due to the voluminous documents attached to the Expert Report in Exhibit A to the Pollard Dec., Petitioners have attached Exhibit E thereto only. Should the Board wish to review the other exhibits, Petitioners will supplement the filing.

President or General Manager of Mutual and is <u>not</u> involved in matters relating to quality control, which rest solely in the purview of Petitioners.[7]

For example, in 2008, after the transfer of the registration from Mutual to Respondent, the Alcohol and Tobacco Tax and Trade Bureau sent a warning letter to Mutual raising concerns about MONOPOLOWA vodka. After being advised of the problem by Mutual, Petitioners thoroughly investigated the issue and dealt with a manufacturer of high-end measuring and laboratory instruments to have the matter resolved. Respondent was never even consulted on aware of such events.

Indeed, just this past January, Respondent demonstrated his ignorance of the brand and inability to control same by filing a renewal application for the registration with an outdated label as the specimen of use. The so-called "blue label" specimen submitted by Respondent has not been used by Petitioners or Mutual for the past nine years.

III. ARGUMENT

A. LEGAL STANDARD FOR SUMMARY JUDGMENT MOTION

Summary judgment is appropriate in cases where the moving party establishes that there are no genuine issues of material fact that require resolution at trial and that, therefore, it is entitled to judgment as a matter of law. *See* Fed. R. Civ. P. 56(c); *Celotex Corp. v. Catrett,* 477 U.S. 317, 106 S.Ct. 2548, 2550 (1986); *Anderson v. Liberty Lobby, Inc.,* 477 U.S. 242, 248, 106 S.Ct. 2505, 2510-11 (1986).

In deciding a motion for summary judgment, the Board may not resolve an issue of fact - it may only determine whether a genuine issue of material fact exists. *See Meyers v. Brooks Shoe Inc.*, 912 F.2d 1459, 16 USPQ2d 1055 (Fed. Cir. 1990). The nonmoving party must be

[7] For a more detailed recitation of Mutual's understanding of MONOPOLOWA brand ownership and distribution as well as Respondent's complete ignorance thereof, see the Declaration of Harvey Monastirsky (the "Monastirsky Dec."), submitted herewith.

given the benefit of all reasonable doubt as to whether genuine issues of material fact exist, and the evidentiary record on summary judgment, and all reasonable inferences to be drawn from the undisputed facts, must be viewed in the light most favorable to the nonmoving party. *See Lloyd's Food Products v. Eli's, Inc.*, 987 F.2d 766, 767 (Fed. Cir. 1993), 25 USPQ2d 2027, 2029 (1993).

With this background, it is clear that Respondent's motion for summary judgment must be denied because his claim that he owns the mark MONOPOLOWA is demonstrably false. Indeed, at the very least, genuine issues of material fact exist as to:

1. Who owned the mark MONOPOLOWA for vodka in the U.S. in 1992 (*i.e.,* at the time of its alleged transfer);
2. Whether Mutual took ownership of the mark MONOPOLOWA for vodka in the U.S. by virtue of the 1992 Letter;
3. What, if anything, was conveyed if the 1992 Letter effected a legal transfer;
4. Whether the assignment of the registration from Mutual to Respondent in 2007 is enforceable; and
5. Whether the license back of the registered mark from Respondent to Mutual in 2007 is valid.

Because these issues are clearly in dispute, and because all reasonable doubt must be resolved in favor of Petitioners as the non-moving parties, Respondent's motion must be denied.

B. THE 1992 AGREEMENT IS UNENFORCEABLE

Respondent's short motion, which is not even supported by his own signed declaration, hinges on the facially-debatable claim that Petitioners actually assigned the mark MONOPOLOWA for vodka in the U.S. to Mutual on August 27, 1992. *See* Respondent's Motion for Summary Judgment and Memorandum in Support ("Respondent's Motion") at pp. 7-8. Rather than rely upon a typical, clear agreement, however, Respondent rests his claim on the confluence of three separate documents. *Id.* at p. 7. According to Respondent, "AGJ[A]B[8] transferred the MONOPOLOWA brand and trademark to Mutual on August 27, 1992, as evidenced by three separate documents signed by Elek Gessler as President of AGJ[A]B, namely (a) the August 27, 1992 letter agreement (ALT 00462), (b) the confirmation of transfer of the brand (ALT 00464), and (c) the August 27, 1992 Power of Attorney confirming the brand ownership has been transferred to Mutual." *Id.* Review of each document demonstrates that there was no legally cognizable transfer and the amalgamation of the documents does not lead to a different result.

i. Any Claim to an Oral Agreement is Invalid

As an initial matter, Respondent refers to an "oral agreement" between Mutual and AGJAB. Respondent's Motion at p. 3. However, Section 10 of the Lanham Act, 15 U.S.C. § 1060, states "[a]ssignments shall be by instruments in writing duly executed . . . ." Therefore, to be effective, a trademark assignment must be in writing. *See Gaia Technologies, Inc. v. Reconversion Technologies, Inc.*, 93 F.3d 774, 777 (Fed. Cir 1996), *amended on reh'g in part*, 104 F.3d 1296 (Fed. Cir. 1996).

ii. The Purported Assignor Did Not Exist and Owned No Rights in the Mark

The letter dated August 27, 1992 (ALT 00462)(the "1992 Letter") did not effect any transfer as it was signed on behalf of a company which has never existed. The single-page letter, prepared by Mutual (and drafted on its letterhead no less) is signed (but not even dated) by Elek Gessler as "President" on behalf of "Altvater Gessler G.a.b.," a company which did not exist then and does not exist now. R. Gessler Dec. at ¶ 32. It is axiomatic that a company which does not exist is in no position to transfer any rights.

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[8] Respondent defines AGJAB as "Altvater Gessler / J. A. Baczewski." Respondent's Motion at p. 2.

Respondent cannot be heard to claim that it was actually AGJAB-Austria which assigned the mark to Mutual as AGJAB-Austria did not own rights in the mark in the U.S. The purported confirmation of transfer of the brand (ALT 00464)(the "Follow-up") which followed the 1992 Letter was signed (but not dated) on the letterhead of AGJAB-Austria. However, any rights AGJAB-Austria owned in the mark were transferred to AGJAB-USA almost ten years prior in 1983. R. Gessler Dec. at ¶ 17.

Nor should Respondent be heard to claim that, if not AGJAB-Austria, it was AGJAB-USA which assigned its rights in the mark to Mutual. Elek Gessler, who signed the 1992 Letter and the Follow-up, had divested himself of his ownership interest in AGJAB-USA in 1991. R. Gessler Dec. at ¶ 26. In a nutshell, even taking Respondent's allegations of "intent" as true, Elek Gessler had no means to effect the transfer alleged by Respondent.

Mutual's mistake as to the ownership of trademark rights is a result of its failure to undertake proper due diligence. The hastily drawn up paperwork, which did not even manage to spell the name of Elek Gessler properly (referring to him initially as Eric Gessler) indicates its bad faith dealings with Elek Gessler, who was not represented by counsel and who was unsophisticated in legal matters. R. Gessler Dec. at ¶ 29.

At bottom, as a predicate to any claim that "AGJAB" transferred the mark MONOPOLOWA to Mutual on August 27, 1992, Respondent must first demonstrate that such entity existed and owned the trademark rights. *See* 3 J. T. McCarthy, *McCarthy on Trademarks and Unfair Competition,* § 18:6 at 18-12 ("If the "assignor" has made no trademark . . . then there are no trademark rights to assign."). There is at least a genuine issue of material fact in dispute as to whether "Altvater Gessler G.a.b." existed and, if it did, whether it owned rights in the mark MONOPOLOWA for vodka in the U.S.

iii. The Purported Transfer was an Impermissible Assignment in Gross

Even if the 1992 Letter is found to have been signed on behalf of the proper owner in interest, the Follow-up is nothing more than a trademark assignment in gross. That is, "[a]n assignment 'in gross' is a purported transfer of a trademark divorced from its goodwill, and it is generally deemed invalid under U.S. law." *Topps Co. Inc. v. Cadbury Stani S.A.I.C.*, 526 F.3d 63, 70 (2d Cir. 2008). The single-paragraph document, signed with a scribble and undated, makes absolutely no mention of goodwill or the transfer of the same. Such assignments in gross are invalid *ab initio*. *See Marshak v. Green,* 746 F.2d 927, 929 (2d Cir.1984)(citing Lanham Act, § 10, 15 U.S.C.S. § 1060, and holding that a trademark is merely a symbol of goodwill and cannot be sold or assigned apart from the goodwill it symbolizes); *see also PepsiCo, Inc. v. Grapette Co.,* 416 F.2d 285, 287 (8th Cir. 1969).

Another way that a trademark may be transferred is in connection with the business assets associated therewith. *See Universal City Studios, Inc. v. Nintendo Co.*, 578 F. Supp. 911, 922 (S.D.N.Y. 1983), *aff'd,* 746 F.2d 112 (2d Cir. 1984) (a trademark can only be transferred "by a supervised license or along with a sale of business assets or goodwill . . ."). Here, Mickey Beckenfeld, then owner of Mutual, confirmed that no assets were transferred in connection with the purported assignment. Sloane Dec., Ex. A, at 110: 14-22. There is no property right in a trademark except as a right appurtenant to an established business or trade. *See United Drug Co. v. Rectanus,* 248 U.S. 90, 97, 39 S.Ct. 48, 51 (1918). Since no business appurtenant to the mark was transferred, the assignment was in gross and, consequently, invalid and unenforceable.

iv. The Purported Confirmatory Transfer Document is Unenforceable as Vague

The "back-of-the-envelope" Follow-up writing is not even clear as to what was purportedly being transferred. The single-paragraph therein obliquely refers to the confirmation of the signatory to transfer "VODKA MONOPOLOWA/J. A. BACZEWSKI (Brand & Label Format)." There is no mention of the transfer of any specific trademark.

The existence of a binding agreement requires an offer, acceptance, consideration, mutual assent and intent to be bound. Indeed, "[i]f the Court finds substantial ambiguity regarding whether both parties have mutually assented to all material terms, then the Court can neither find, nor enforce, a contract. *Prince of Peace Enterprises, Inc. v. Top Quality Food Mkt.*, LLC, 760 F. Supp. 2d 384, 397 (S.D.N.Y. 2011). The specific trademark purportedly transferred is undoubtedly a material term of any trademark assignment. At the very least, there is a genuine issue of material fact in dispute as to what, if anything, was transferred.

v. The Alleged Consideration is Insufficient and Ambiguous

Respondent would also have this Board find that $1.00 is sufficient consideration to transfer a trademark with value and that Petitioners would even have entered into such an outrageous agreement. At the time of the purported transfer, sales of the product in the U.S. were steadily improving. R. Gessler Dec. at ¶ 24. Even though Elek Gessler still had debts to pay off, it defies common sense that he would sell the trademark he had worked for decades to develop for only $1.00. There is a genuine issue of material fact in dispute as to whether there was any intent to transfer the mark for such a paltry amount. "It is well settled that for a contract to be valid, the agreement between the parties must be definite and explicit so their intention may be ascertained to a reasonable degree of certainty." *Candid Prods., Inc. v. Int'l Skating Union*, 530 F. Supp. 1330, 1333 (S.D.N.Y. 1982).

Respondent may argue in reply that any consideration contemplated in the 1992 Letter involved an agreement by Mutual to continue to purchase product from Petitioners. After all, why would Elek Gessler agree to sell a brand he had spent decades developing and which had improving sales for such a pittance? However, any such agreement would lack specificity as to duration. It is well-settled that duration of any agreement is a circumstance which has been considered decisive of the certainty and mutuality of contracts. *See, e.g., Big Cola Corporation v. World Bottling Co.,* 134 F.2d 718 (6th Cir. 1943). That Mutual eventually transferred away the registration only demonstrates that any agreement predicated on an ongoing distribution arrangement lacked the necessary definiteness and mutuality.

There is no dispute that, as of August 27, 1992, Elek Gessler was hampered by financial issues and that an understanding between the parties would serve to address payment issues with Petitioners' contract manufacturer. Respondent's Motion at p. 3. The 1992 Letter was offered as a hedge against the possibility of bankruptcy and as collateral for the letters of credit which ensured the continued supply of product. *Id.*; R. Gessler Dec. at ¶ 27. What is sharply disputed, though, is that, even if he owned legal title to the trademark, Elek Gessler intended to sell it to Mickey Beckenfeld on August 27, 1992. *Id.* This is a genuine issue of material fact in dispute which must preclude decision for Respondent on his motion for summary judgment.

vi. The Power of Attorney Documentation Confirms the Absence of Any Transfer

The third piece of evidence upon which Respondent relies is the "August 27, 1992 Power of Attorney." Respondent's Motion at p. 7. On February 28, 2003, Mutual requested that Petitioners provide it with a new power of attorney, backdated to August 27, 1992, confirming that Petitioners granted Mutual power of attorney in matters of registration of "MONOPOLOWA VODKA" and the authority to enter into contracts with third parties for the sale of vodka bearing the mark. R. Gessler Dec. ¶ 48. Rather than sign the power of attorney as proffered,[9] Petitioners stripped it of any right to

[9] Respondent bizarrely claims that a copy of a document which came from Mutual's product shows that the August 27, 1992 Power of Attorney was actually signed. Declaration of Michael Lovitz at ¶ 6. Petitioners vigorously dispute this allegation. R. Gessler Dec. at ¶ 49. In the event that the document has any probative value, whether it was ever signed is at least a genuine issue of material fact in dispute.

register the trademark and left only the grant to import, market, sell and distribute MONOPOLOWA products in the United States. *Id.* at ¶ 49. Consequently, the power of attorney, as actually signed and dated on March 16, 2003, flatly contradicts any claim confirming that brand ownership had been transferred to Mutual. Moreover, the very fact that Mutual sought any power of attorney in the first place belies any claim that it took full and complete possession of the trademark, including all legal rights appurtenant thereto, in 1992.

vii. The 1996 Letter is Not Probative of Any Alleged Transfer

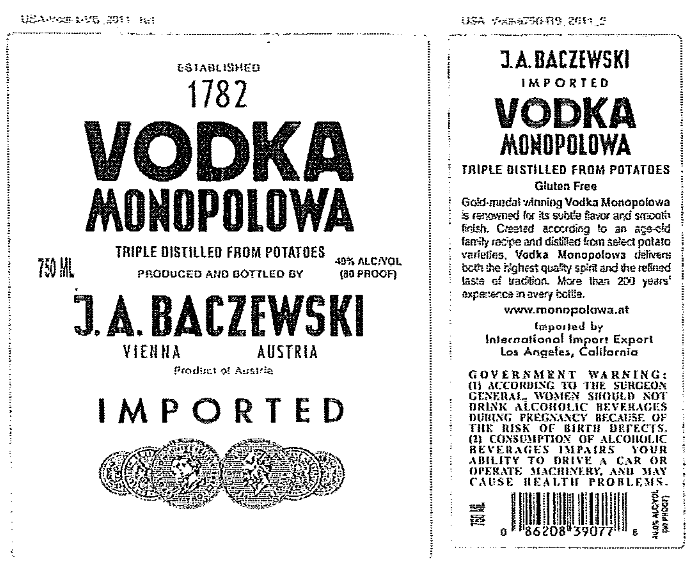
Respondent further relies upon a letter signed by Rasiel Gessler on September 18, 1996 (the "1996 Letter") in his effort to find an assignment in 1992. Respondent's Motion at pp. 7-8. Respondent argues that the fact that Rasiel Gessler specifically identified the 1992 Letter estops Petitioners from denying its validity. *Id.* However, Rasiel Gessler was neither employed by Petitioners nor was he an officer of either company when the letter was written. R. Gessler Dec. at ¶ 42. In fact, the 1996 Letter was written on the stationary for his private law practice rather than the letterhead used by Petitioners. *Id.*; Respondent's Motion at p. 4. Since he was not active in the business at the time, and was operating under a misapprehension of the dealings between the parties, any statements made by Rasiel Gessler in his personal capacity at the time can hardly be found as an admission binding upon Petitioners.

In any event, as Respondent notes, "Mr. Gessler raised a concern that the 1992 letter Agreement contained 'no provision with regards to reversion of ownership of the brand' in the event Mutual ceases to distribute or promote the MONOPOLOWA vodka product." *Id.* Indeed, when Rasiel Gessler became active in Petitioners' business years later, he vigorously protested Mutual's claimed ownership of the mark. R. Gessler Dec. at ¶ 51, Sloane Dec.; Ex. B at 75:6-12.

viii. <u>The Conduct of the Parties Belies Any Transfer in 1992</u>

Since the documents relied upon by Respondent are so ambiguous as to the intent of the parties thereto, the Board should consider extraneous evidence. "Because of the presence of an ambiguity, an opportunity to present extrinsic evidence must be afforded to establish what the original contracting parties intended." *Seiden Associates, Inc. v. ANC Holdings, Inc.*, 959 F.2d 425, 430 (2d Cir. 1992). "A contract is ambiguous only when it is susceptible to two reasonable interpretations." *Blue Cross & Blue Shield United of Wisconsin & Subsidiaries v. United States*, 117 F. App'x 89, 92-93 (Fed. Cir. 2004). The interpretation of the 1992 Letter as an executory undertaking is undoubtedly reasonable given the testimony in declarations submitted by Petitioners in opposition to Respondent's Motion. Indeed, the conduct of the parties after August 27, 1992 plainly demonstrates that there was no intent to transfer any trademark rights to Mutual.

The relationship between Mutual and Petitioners has not changed in any meaningful manner after August 27, 1992. Monastirsky Dec. at ¶ 10. Petitioners continue to manufacture MONOPOLOWA brand vodka for sale in the U.S. and Mutual continues to import MONOPOLOWA vodka for sale in the U.S. *Id.* Indeed, if a picture is worth a thousand words, then the image below tells it all:



The vodka distributed and sold by Mutual in the U.S. refers to its production and bottling by J.A. BACZEWSKI in very large letters and its importation by International Import Export, the d/b/a of Mutual, in only small letters. If Mutual ever truly believed that it owned rights in the mark MONOPOLOWA for vodka in the U.S., it would presumably have advertised its own name on the labels for the goods rather than the mark of Petitioner AGJAB-USA.

Moreover, Mutual has even expressly admitted that it is not the owner of the mark at issue since 1992. The below email from the General Manager of Mutual utterly eviscerates Respondent's argument that Petitioners assigned the mark to Mutual in 1992:

> "Please note that I am also sending this email to Mr. Rasiel Gessler who is in fact the brand owner of Monopolowa. He needs to be aware of this situation and will handle it accordingly."

R. Gessler Dec. at ¶ 63. It has been twenty years since the alleged assignment and Mutual still identifies Petitioners as the proprietors of the mark. Obviously, this is not the behavior of an entity that believes Petitioners renounced ownership of the mark.

Indeed, Mutual has never had any control over the recipe, manufacture, or bottling of any MONOPOLOWA products. Pollard Dec. at ¶ 17; Sloane Dec., Ex. A at 15:11-18, Ex. B at 55:22-77:11-24. Important aspects of the business rest entirely with Petitioners, including quality control,[10] and designing and affixing labels for the bottles,[11] designing cartons,[12] developing new products such as gin, rum, and other liquors,[13] and attending trade shows.[14]

It is therefore quite clear that Mutual has never acted as the owner of the mark MONOPOLOWA. Mutual had no involvement in the production of MONOPOLOWA vodka.

[10] Sloane Dec., Ex. B, at 59:13-22; 61:18-62:4.
[11] *Id.* at 78:8-15; 80:17-25; 90:13-16; *Id.* at Ex. A, at 67:16-25.
[12] *Id.* at Ex. B, at 78:8-15.
[13] R. Gessler Dec. at ¶ 35.
[14] *Id.* at ¶ 56-59.

Sloane Dec., Ex. B at 85:6-11. Mutual had <u>no</u> involvement in the selection of the bottle used for the vodka. *Id.* at 84:24-85:1. As the former General Manager of Mutual expressly conceded, "[a]nything relative to MONOPOLOWA involves [Petitioners]." *Id.* at 156: 22-23. All of these facts are material to the determination of whether the 1992 Letter was valid and all of these facts contradict the allegations in Respondent's Motion.

If Mutual did not acquire ownership of the mark MONOPOLOWA for vodka in the U.S. by virtue of the 1992 Letter, it would have no other basis for claiming rights to the registration at issue. As Respondent impliedly acknowledges, it is well-settled that, as between a foreign manufacturer and a domestic distributor, absent a written agreement, ownership of the trademark vests with the manufacturer. Respondent's Motion at p. 6, *citing, Hank Thorp, Inc. v. Minilite, Inc.,* 474 F. Supp. 228, 205 U.S.P.Q.598 (D. Del. 1979); *see also Global Maschinen Gmbh v. Global Banking Sys., Inc.,* 227 U.S.P.Q. 862 (T.T.A.B. 1985)(stating that it is settled law that between a foreign manufacturer and its exclusive United States distributor, the foreign manufacturer is presumed to be the owner of the mark unless an agreement between them provides otherwise). Since there is a genuine issue of material fact as to whether Mutual was the rightful owner of the mark at the time of the application, and whether the registration should be cancelled as void *ab initio,* summary judgment must be denied.

C. THE ASSIGNMENT FROM MUTUAL TO RESPONDENT WAS A SHAM

In the Procedural Background section of its moving papers, Respondent casually mentions that Mutual assigned the registration to him in 2007. Respondent's Motion at pp. 1-2. Looking under the hood of the assignment, however, demonstrates that it was nothing more than an impermissible assignment in gross and a sham in the making.

As stated *supra,* an assignment in gross exists where the assignees "never played an active role in the business of [assignor], never used the mark themselves, and never acquired any tangible assets or goodwill of [the assignor]." *Haymaker Sports, Inc. v. Turian*, 581 F.2d 257, 261 (CCPA 1978). It is abundantly clear that Respondent never played a role in the business of assignor and never used the mark himself. Respondent had no experience in the liquor industry. Sloane Dec., Ex. B at 16:17-19. He never had a meaningful role at Mutual and never had anything to do with the manufacture, importation, sale, advertisement or promotion of the MONOPOLOWA brand. Monastirsky Dec. at ¶ 15; R. Gessler Dec. at ¶¶ 52-53. Mickey Beckenfeld, the owner of Mutual and Respondent's father, admitted that Respondent was not associated with Mutual. Sloane Dec., Ex. A at 53:18-54:5. Significantly, Respondent was asked what he does "for a living." The response was simply "I'm in the vitamin business – manufacture and distribute." He did not make mention of MONOPOLOWA vodka as part of his employment at all. *Id.* at Ex. C at 8:1-3.

Indeed, if the Board needs further confirmation that Respondent is utterly clueless as to the brand he claims to own and control, Respondent apparently does not even know the current label used in connection with the sale of MONOPOLOWA brand vodka in the U.S. Earlier this year, Respondent filed a renewal application in the registration which included an antiquated label as the specimen of use. R. Gessler Dec. at ¶ 56. Respondent submitted the so-called blue label as proof of current use, but that label has not been used in the past nine years.[15]

Most revealing of Respondent's disinterest in and detachment from the mark MONOPOLOWA is his confession that he did not even know how to pronounce or spell it.

[15] Petitioners' proposed First Amended Petition for Cancellation includes a cause of action for fraud in the renewal of the registration. Section 8 of the Lanham Act, 15 U.S.C. § 1058(b)(1)(C) states that the "affidavit referred to in subsection (a) shall . . . be accompanied by such number of specimens or facsimiles showing **current use** of the mark in commerce." (emphasis added). Fraud in a Section 9 renewal application can lead to cancellation of the registration. *Torres v. Cantine Torresella S.r.l.*, 808 F.2d 46, 1 U.S.P.Q.2d 1483 (Fed. Cir. 1986).

During his deposition, he sought confirmation from counsel that he was articulating the mark correctly before confessing that he refers to the MONOPOLOWA product as "potato vodka." Sloane Dec., Ex. C at 18:22-19:5; 90:14-16.[16]

Respondent also testified that he never acquired any tangible assets of Mutual in connection with the assignment:

Q. Did the assignment of the Trademark Registration include any other assets as part of the transaction?

A. Not to my knowledge, no.

Id at 52:4-7. Such an assignment in gross without the transfer of any assets related to the business conducted under the mark is impermissible. *See, e.g., Pilates, Inc. v. Current Concepts, Inc.,* 120 F.Supp.2d 286, 311 (S.D.N.Y. 2000) (noting that an assignment without the transfer of physical assets will only be upheld where the assignee "is producing a product or providing a service which is substantially similar to that of the assignor...."). Without any involvement in the business or receipt of any assets relating to the business, it is apparent that Respondent did not acquire any goodwill from Mutual. At the very least, this is a genuine issue of material fact in dispute.

The situation is near identical to the operative facts in *Haymaker Sports.* In that case, Avon was unable to pay its attorneys' fees from litigation and entered into an agreement providing for attorneys (as "escrowees") to be assigned the HAYMAKERS mark as collateral security for payment. *Haymaker Sports, Inc.,* 581 F.2d at 258-59. The attorneys issued Avon a license back to allow it to continue to use the mark in commerce. *Id.* at 259. Avon ultimately defaulted and the escrowees recorded the assignment in the USPTO. Turian, a stockholder of Avon, eventually paid off the outstanding debt and was assigned the registration. *Id.* at 259-260.

[16] Respondent even misspells MONOPOLOWA at least twice in his moving papers. Respondent's Motion at pp. 1 and 3.

The CCPA held that the assignment to the escrowees was invalid as an assignment in gross. *Id.* at 261. In so holding, the CCPA stated that:

> "Notwithstanding that the agreement recited *pro forma* that goodwill was transferred along with the mark, [the escrowees] never played an active role in the business of Avon, never used the mark themselves, and never acquired any tangible assets or goodwill of Avon. Therefore, we conclude that, as a matter of substance, the assignment was invalid as an assignment in gross, rendering the latter assignment to Turian also invalid." *Id.*

Just like in *Haymaker Sports*, Respondent never played an active role in the business of Mutual, never used the mark MONOPOLOWA himself, and never acquired any tangible assets or goodwill of Mutual. Thus, the assignment is invalid as an assignment in gross.

That the assignment was nothing more than a sham transaction is demonstrated by the competing explanations provided by Mickey Beckenfeld and his son, Ron Beckenfeld. Mickey Beckenfeld testified that that he gave the registration to Respondent as a birthday gift because he "wanted him to own the label." Sloane Dec., Ex. A at 52:9-21. In return for the assignment of this valuable mark, Mickey Beckenfeld testified that he received only "love." *Id.* at 57:3-9. However, the true motivation for the assignment was revealed in the discovery deposition testimony of Respondent.

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Sloane Dec., Ex. D at 45:2- 46.1; 49:19-22. Under such circumstances, Respondent should not be heard to rely upon the assignment as a basis for claiming ownership of the mark. To do so, would disregard the role of trademarks in protecting manufacturer's goodwill and guarding against consumer confusion. "The trademark laws exist not to 'protect' trademarks, but to protect the consuming public from confusion, concomitantly protecting the trademark owner's right to a non-confused public." *McCarthy on Trademarks and Unfair Competition* § 2:14 (4th ed.), *citing, James Burrough, Ltd. v. Sign of Beefeater, Inc.*, 540 F.2d 266, 192 U.S.P.Q. 555 (7th Cir. 1976), *appeal after remand,* 572 F.2d 574, 197 U.S.P.Q. 277 (7th Cir. 1978).[17] Whether the assignment from Mutual to Respondent was an assignment in gross is material to this action because if it was, then the registration must be cancelled.

Furthermore, the fact that neither Mutual nor Respondent recorded the transfer of the registration in their respective financial records, reported the transfer to the government, or paid taxes on the transfer is further proof of the illegitimacy of the assignment. Mutual, Mickey Beckenfeld and Respondent even all stipulated that they never reported the transfer of the registration as a specific taxable event on any tax return or to any tax authority. Pollard Dec. at Ex. B. Richard Pollard, a Certified Public Accountant, has served an Expert Report on behalf of Petitioners and signed a declaration in opposition to the instant motion for summary judgment, opining that Mutual and Mickey Beckenfeld both incurred tax liability as a result of the transfer and that the failure to report the transfer or pay taxes on the transfer is not in keeping with typical practice in tax preparation, financial statement preparation, and the recordation of corporate assets (as well as the transfer of same). *Id.* at ¶ 6. Mickey Beckenfeld's fast and loose dealings,

[17]Mutual did not apply for registration of the mark MONOPOLOWA for gin and the assignment to Respondent makes no mention of any rights in the mark MONOPOLOWA for gin. All MONOPOLOWA brand gin originates from Petitioners. R. Gessler Dec. at ¶¶ 35-36. There would be significant consumer confusion if the brand were so divided among such closely related goods and the failure to account for such rights illustrates the fraud.

as with the purported assignment fifteen years earlier, once again demonstrate the illegitimacy of the transaction. Indeed, it is questionable whether Mickey Beckenfeld even had legal authority to assign a corporate asset like the trademark registration on behalf of Mutual. At the very least, the Pollard Dec. and the unexplained circumstances surrounding the assignment raise genuine issues of material fact as to whether the transfer was legitimate.

D. THE "LICENSE BACK" TO MUTUAL WAS A NAKED LICENSE

The registration at issue should also be cancelled on the ground of naked licensing. Although not mentioned by Respondent in his moving papers, Respondent purports to license back to Mutual the right to use the mark MONOPOLOWA for vodka in the U.S. Pollard Dec. at Ex. A. Just as the assignment was a sham, the license back was no more effective in papering over an illegitimate transaction.

A license back to the assignor of a mark is valid if it satisfies the conditions of validity for trademark licenses generally. The principal requirement, and the only one relevant here, is that "the licensing agreement provides for adequate control by the licensor over the quality of goods or services produced under the mark by a licensee . . . . [t]he purpose of such a requirement is to protect the public from being misled." *Haymaker Sports,* 581 F.2d at 261.

In this case, Respondent has never had anything to do with the business associated with the purportedly licensed mark. As the former General Manager of Mutual testified, "[Respondent] was not part of the Mutual situation .... [Respondent] took care of his business and we took care of Mutual Wholesale." Sloane Dec., Ex. B at 85:19-86:1. Obviously, the license between Mutual and Respondent is nothing more than a "naked" license. Therefore, it is invalid.

In *Haymaker Sports,* the CCPA held that the license back to Avon from the escrowees was nothing more than a naked license. *Haymaker Sports,* 581 F.2d at 261. Specifically, it stated that [the assignees and licensors] were holders of mere legal title to the mark. They had no interest in the quality of products [the assignor and licensee] was manufacturing, and there is no evidence that they exercised any quality control." *Id.* at 261-62.

Respondent's license back to Mutual is a mirror image of the *Haymaker* transaction. Specifically, the former General Manager of Mutual testified that since the assignment and license back, Respondent has not taken any steps to inspect or control the quality of the MONOPOLOWA vodka product, Sloane Dec., Ex. B at 134:11-17, nor has he been involved in overseeing or addressing any compliance issues with respect to alcohol content regulations. *Id.* at 142:16-23; 179:20-22. Respondent has not been copied on communications involving the MONOPOLOWA vodka product, *Id.* at 69:8-12, and was not consulted on changes to the bottle labels, *Id.* at 83:9-16. In fact, Respondent himself testified that he has only tasted MONOPOLOWA vodka once or twice in his entire life – and those two instances predated his ownership of the mark. Sloane Dec., Ex. C at 42:18-43:3. Shockingly, Respondent also confessed that he has never had a single substantive conversation Mutual's management about the MONOPOLOWA branded product. *Id.* at 143:3-6. Respondent has even acknowledged that he has no role or interest in Mutual or its distribution of MONOPOLOWA products whatsoever. *Id.* at 32:17-34:21. Under such circumstances, the Board cannot find the license to be anything but naked. *See Barcamerica Int'l USA Trust v. Tyfield Importers, Inc.*, 289 F. 3d 589, 597 (9th Cir. 2002) (finding plaintiff engaged in naked licensing and holding that "at the very least, one might have expected [plaintiff] to sample … on an annual basis, in some organized way, some adequate number of bottles of Renaissance wines which were to bear Barcamerica's mark…. But [plaintiff] did not make even this minimal effort."); *see also First Interstate Bancorp v. Stenquist,* 1990 WL 300321 *3, 16 USPQ2d 1704, 1706 (N.D.Cal.1990)("[I]t is well established that where a trademark owner engages in naked licensing, without any control over the quality of goods produced by the licensee, such a practice is inherently deceptive and constitutes abandonment of any rights to the trademark by the licensor.").

At a minimum, a genuine material issue of fact exists with respect to whether the trademark license between Respondent and Mutual resulted in a naked license, such that Respondent's trademark rights – to the extent any existed to begin with – were abandoned. Accordingly, Respondent's summary judgment motion must be denied.

IV. CONCLUSION

With the above, and the supporting Declarations of Rasiel Gessler, Leonie Gessler, Harvey Monastirsky, Richard H. Pollard, and Peter S. Sloane, Petitioners respectfully submit that genuine issues of material fact exist and a reasonable fact finder could resolve those factual disputes in favor of Petitioners. As a result, Respondent's motion for summary judgment should be denied and Respondent should be ordered to respond to the outstanding discovery of Petitioners[18] within thirty days of the Board's Order.

Date: May 31, 2013
White Plains, New York

Respectfully submitted,

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[18] Sloane Dec. at Ex. H.

CERTIFICATE OF SERVICE

It is hereby certified that a copy of the foregoing **PETITIONERS' OPPOSITION TO RESPONDENT'S MOTION FOR SUMMARY JUDGEMENT** was served upon counsel for Registrant, this 31st day of May, 2013, by First-Class mail, postage prepaid, addressed as follows:

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