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

Proceeding	92048732
Party	Plaintiff Altwater Gessler - J.A. Baczewski International (USA) Inc. and Altwater Gessler - J.A. Baczewski GmbH
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Attachments	Petitioners' Reply to Respondent's Opposition on Motion to Amend.pdf(272956 bytes )

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

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

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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.	:	
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**PETITIONERS’ REPLY TO RESPONDENT’S OPPOSITION TO PETITIONERS’  
MOTION FOR LEAVE TO AMEND THE PETITION FOR CANCELLATION**

Petitioners hereby reply to Respondent’s Opposition to Petitioners’ Motion for Leave to Amend the Petition for Cancellation (the “Opposition”). The Opposition is all over the map in trying to find any basis to prevent Petitioners from having all their claims fully adjudicated by the Board. The fact that Respondent argues three separate and independent bases (prejudice, undue delay, and bad faith) to try to keep the Board from entering the amended Petition for Cancellation demonstrates the speciousness of his reasoning. At bottom, Petitioners timely moved the Board for leave to file an amended pleading while the parties were still engaged in discovery and before their trial testimony period opened. The additional claims are all based in good faith upon facts adduced during discovery. Respondent should not be heard to now claim surprise or prejudice when he has had an adequate opportunity to take discovery and the relevant documents are otherwise under his custody and control.

A. Respondent Will Not be Prejudiced by the Proposed Amended Petition

Respondent wrongly states that the proposed amendment includes new facts and contentions not anticipated or disclosed during discovery. Opposition at p. 3. As an example, Respondent states that Petitioners never disclosed facts or documents during discovery to support the claim of financial hardship. *Id.* However, Petitioners responses to Respondent's Second Set of Interrogatories plainly described those financial difficulties (the "Interrogatory Responses") and Petitioners produced documents evidencing such circumstances. See Declaration of Peter S. Sloane in Support of Petitioners Motion for Leave to Amend the Petition for Cancellation (the "Sloane Dec.") submitted herewith at Exs. E and F.

Respondent also incorrectly states that Petitioners are unwilling to name the third party who received assets from Petitioner Altvater Gessler – J.A. Baczewski International (USA) Inc. ("AGJAB-USA") in the midst of such financial difficulties. Opposition at p. 3. However, the Interrogatory Responses, served on March 18, 2013, the very day that Respondent moved for summary judgment, state that Leonie Gessler was the recipient of the shares. Sloane Dec. at E (Response to Interrogatory No. 1). Petitioners also expressly identified Leonie Gessler as an individual with knowledge of the facts in their Initial Disclosures. *Id.* at Ex. B. Respondent cannot now claim prejudice from his failure to take discovery of Mrs. Gessler.

Respondent vaguely states that the amended pleading now alleges certain knowledge of and actions taken by Mickey Beckenfeld, his father and the former president of Mutual Wholesale Liquor Inc. ("Mutual"), the original registrant, which cannot be investigated since he is no longer alive. Opposition at p. 4. It is not clear which claims responded is referring to in his opposition and neither Petitioners nor the Board should need to speculate. Mickey Beckenfeld

passed away only last year, well after this cancellation action was filed. Sloane Dec. at ¶ 13. Indeed, Petitioners took the discovery deposition in Mickey Beckenfeld in May of 2008 and counsel for Respondent has consented to Petitioners moving the Board moving the Board to make the transcript of record at trial. *Id.* at ¶ 16. In his discovery deposition, Mickey Beckenfeld testified about the financial troubles of Elek Gessler. *Id.* at Ex A. Consequently, Respondent was always aware that the Elek Gessler's financial circumstances at the time of the purported assignment was an issue in the case.

Nor is Respondent prejudiced by passing of Elek Gessler, the founder of AGJAB-USA. Elek Gessler passed away in May of 2008, shortly after the cancellation action was filed. Sloane Dec. at ¶ 13. Petitioners do not intend to rely upon his testimony in support of their case, so any prejudice is equally (if not more) felt by them. Furthermore, many of the additional claims in the amended Petition for Cancellation are based upon activities of Mutual and Respondent outside the knowledge of Elek Gessler and which occurred later in time. For example, the allegation that the application for registration was made in bad faith concerns the actions of Mutual in signing and filing the application, and the allegations regarding fraudulent registration, naked licensing, and renewal concern the dealings of Mutual and Respondent in the years between 2007 and 2013.

The new allegations surrounding the financial transactions are also based upon documents produced by Petitioners and the testimony of witnesses other than Mickey Beckenfeld and Elek Gessler. In particular, Rasiel Gessler submitted an extensive declaration in support of Petitioners' opposition to Respondent's motion for summary judgment. Dkt. at 75; Sloane Dec. at Ex. G. Indeed, Respondent has not yet taken the discovery deposition of Rasiel Gessler and

the parties have agreed to conduct such deposition outside the discovery period and before trial. Sloane Dec. at ¶ 14. Respondent can hardly claim prejudice when he still has the opportunity to take such discovery and it is notable that Respondent has failed to raise this open issue in his papers opposing the instant motion.

Additionally, Leonie Gessler submitted a detailed declaration in support of Petitioners' opposition to Respondent's motion for summary judgment in which the financial issues at issue are discussed at length and to which Leonie Gessler attached documentary evidence. Dkt. at 72; Sloane Dec. at Ex. H. As stated *supra*, Petitioners had previously identified Mrs. Gessler in their Initial Disclosures. *Id.* at Ex. B.

Other evidence of financial hardship was also disclosed during discovery. John Wilson, the former general manager of Mutual, testified in his discovery deposition, taken on November 18, 2011, that "it was my understanding that Mr. Gessler was having a problem [sic] continuing with the supply of Monopolowa vodka. And it was explained to me that one of the reasons that he was having this problem is that he didn't have the financing to involve a actual bottler or producer of the product." Sloane Dec. at Ex. D.

Harvey Monastirsky, the current president of Mutual, also has knowledge of the financial difficulties and the agreement at issue. Mr. Monastirsky was identified as someone with knowledge about ownership of the mark in dispute in Petitioners' Initial Disclosures. Sloane Dec. at B. Moreover, he executed a declaration just recently produced by Respondent attesting to such facts. *Id.* at Ex. K at ¶ 7. Petitioners intend to call Mr. Monastirsky as a witness at trial and Respondent will have the opportunity to cross-examine.

Respondent should not be heard to complain that the "new allegations are merely an

attempt to discredit Respondent in an effort to overcome the fact that there was a written agreement between the parties.” (Opposition at p. 4). The Board has already ruled in this issue, though. In denying summary judgment, it held that “genuine issue of material fact remain regarding the circumstances surrounding . . . the meaning of the ambiguous terms in the parties’ agreement.” Opinion dated September 27, 2013 (Dkt. 81).

Respondent complains about the time and cost to prepare a new pleading if the amended Petition for Cancellation is entered. Opposition at p. 5. However, the time and cost should be minimal and would certainly have been less than the expense in opposing the instant motion. If Respondent lacks knowledge or information sufficient to form a belief as to the truth of the allegations, he can simply deny the same. *See* Rule 8(b)(5) of the Federal Rules of Civil Procedure.

Respondent tangentially argues the need for “possible expert discovery with respect to the day-to-day operations of an alcohol and spirits importer, their relationship with producers of branded spirits, and ownership of those brand names.” Opposition at p. 5. Respondent never bothers to explain why such discovery would be necessary in light of the amended claims. The fact that Respondent, a maker of vitamins and supplements, has no meaningful experience in the spirits industry and has abandoned rights in the mark at issue through naked licensing only came to light during discovery. Sloane Dec. at Ex. C. In any event, those facts are peculiarly within his own personal knowledge and expert testimony on the issue is wholly unnecessary.

As far as the fraud claims in the amended Petition for Cancellation, Respondent acknowledges that the claim was included in the original filing even if he qualifies it as just “remotely” included. Opposition at p. 5. The original Petition for Cancellation adequately put

Respondent on notice that Petitioners claimed bad faith in the application for registration. Dkt. at 1. Among other things, the Petition for Cancellation alleged that Mutual was a mere importer of the vodka produced by Petitioners, which had never produced a single drop of such vodka, and had filed the application without consent. *Id.* at ¶¶ 10, 11 and 16.

The second claim of fraud could not even be raised in the original filing since it alleges that Respondent fraudulently filed a renewal application in the registration at issue on January 24, 2013. There is absolutely no need for Respondent to take additional discovery in order to defend against the allegation that he fraudulently filed the renewal application because all the relevant documents are presumably within his custody or control. *See, e.g., Diageo North America, Inc. v. Captain Russell Corp.*, 2013 WL 5407296 at \*2 (TTAB June 12, 2013) (“Applicant's argument that it would be prejudiced because it would be required to take new discovery is noted; however, it is highly unlikely and unnecessary that applicant would need additional discovery with respect to the issue of its own bona fide intent to use its mark.”).

Importantly, Respondent fails to submit any declaration or affidavit attesting to the harm resulting to him from the proposed amendment. The attorney declaration is not based upon personal knowledge and is simply unpersuasive on the issue. *See, e.g., Martahus v. Video Duplication Services, Inc.*, 3 F.3d 417, 420, 27 U.S.P.Q.2d 1846 (Fed. Cir. 1993) (“mere attorney arguments unsubstantiated by record evidence are suspect at best”); *Johnston v. IVAC Corp.*, 885 F.2d 1574, 1581, 12 U.S.P.Q.2d 1382 (Fed. Cir. 1989) (“Attorneys’ argument is no substitute for evidence.”).

B. Petitioners Did Not Unduly Delay

Respondent argues that Petitioners offer no credible explanation for why an amendment should now be granted and that the majority of documents and testimonial evidence was concluded more than two year ago. Opposition at p. 5. As stated *supra*, the additional claims in the amended Petition for Cancellation were discovered and accrued at various times during the course of discovery and Respondent suffers no prejudice in allowing amendment before trial. Petitioners need not amend their pleadings on a piecemeal basis.

Moreover, the statement that document discovery ended more than two years ago is unsupported by declaration or affidavit and is belied by the fact that Respondent produced additional documents as recently as November of 2013. Sloane Dec. at ¶ 10, Ex. I. On November 27, 2013, Respondent also amended his responses to Petitioners' first requests to admit. *Id.* at Ex. J.

Respondent's argument about delay and the length of proceedings is also incompatible with his position throughout the action. The parties routinely granted each other extensions of time to complete discovery. Sloane Dec. at ¶ 15. If Respondent were so concerned with delaying trial, he would not have granted consent for Petitioners to extend the discovery and trial dates (nor filed his own extensions requests with consent of Petitioners).

C. Petitioners Have Not Acted in Bad Faith

Respondent alleges bad faith by Petitioners to the extent that they purportedly do not claim any evidence to contradict the discovery testimony of John Wilson. Opposition at p. 6. First, Petitioners need not rebut that third party discovery testimony at the pleading stage. *See In re Bill of Lading Transmission Processing System Patent Litigation*, 681 F. 3d 1323, 1341, 103 U.S.P.Q.2d 1045 (Fed Cir. 2012)(finding that plaintiff need not allege facts that prove all aspects of its claims at the pleading stage, but just enough facts “to raise a reasonable expectation that discovery will reveal that the defendant is liable for the misconduct alleged” (internal quotations omitted)); *see also Bell Atl. Corp. v. Twombly*, 550 U.S. 544, 570, 127 S.Ct. 1955, 167 L.Ed.2d 929 (2007).

Second, Respondent raises specific claims of bad faith in connection with just one of the additional allegations in the amended Petition for Cancellation. Specifically, Respondent claims that Petitioners fail to offer any evidence to dispute the testimony of John Wilson during discovery that his signing the application for registration was not done in bad faith. Opposition at p. 6. Respondent does not articulate any other basis for finding bad faith in any of the other claims asserted by Petitioners such as that the registration has been abandoned due to naked licensing and that Respondent committed fraud in the renewal of the registration,

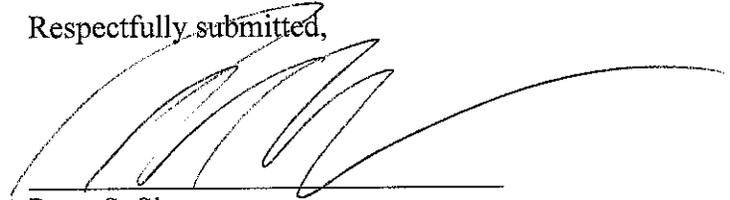
Third, Petitioners summary judgment papers, as well as their amended petition, include ample evidence and claims to contradict Respondent’s reliance upon selective testimony of John Wilson. Mr. Wilson testified to many other facts which cast doubt on whether he knew, or reasonably should have known, that Mutual was not the true owner of the mark at issue when it

filed the application for registration on September 16, 2002. Among other things, Mr. Wilson testified that Mutual filed the application after Rasiel Gessler complained that Petitioners rather than Mutual owned the mark. Sloane Dec. at Ex. D. If there is any bad faith, it is on the part of Respondent's predecessor-in-interest in filing the application in the midst of such dispute over ownership to the mark.

Based upon the above, as well as for the reasons asserted in Petitioners' Motion for Leave to Amend the Petition for Cancellation, Petitioners continue to respectfully request that the Board grant leave to amend and enter the First Amended Petition for Cancellation into the record and make it the operative pleading in this action. Petitioners further object to Respondent's request to reopen his discovery period and respectfully request that the Board deny the same.

Dated: December 3, 2013  
White Plains, New York

Respectfully submitted,



Peter S. Sloane  
Cameron S. Reuber

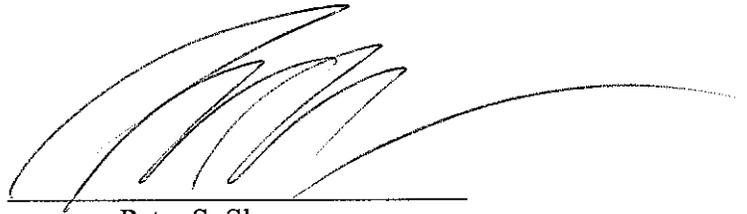
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**CERTIFICATE OF SERVICE**

It is hereby certified that a true and correct copy of the foregoing **PETITIONERS' REPLY TO RESPONDENT'S OPPOSITION TO PETITIONERS' MOTION FOR LEAVE TO AMEND THE PETITION FOR CANCELLATION** was served upon counsel for Registrant, this 3rd day of December, 2013, by First-Class mail, postage prepaid, addressed as follows:

Michael L. Lovitz, Esq.  
BOWEN HAYES & KREISBERG  
10350 Santa Monica Blvd., Ste. 350  
Los Angeles, California 90025

A handwritten signature in black ink, appearing to read 'Peter S. Sloane', written over a horizontal line.

Peter S. Sloane