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

Proceeding	91243095
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**IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD**

LACTEOS DE HONDURAS S.A.,

Opposer,

v.

INDUSTRIAS SULA, S. DE R.L. DE C.V.,

Assignee-Applicant.

Opposition No.: 91243095

Serial No. 87596475

**REPLY BRIEF IN SUPPORT OF OPPOSER'S
MOTION TO DISMISS COUNTERCLAIMS**

and

**OPPOSER'S MOTION TO STRIKE
INSUFFICIENT AFFIRMATIVE DEFENSE**

Opposer, Lácteos de Honduras S.A., submits this reply in support of its motions (11 TTABVUE) to dismiss the Counterclaim for Cancellation bought by Assignee-Applicant, Industrias Sula, S. de R.L. de C.V., and to strike Industrias Sula's First Affirmative Defense. As will be discussed, Industrias Sula, in its opposition (13 TTABVUE) to Opposer's motion, has not refuted any of the points Opposer raised in its pleading or cited any relevant authority in support of its position. The Counterclaim and the First Affirmative Defense should therefore be dismissed, allowing this case to proceed based on the allegations of confusion asserted by Opposer.

REPLY ARGUMENT

A. Industrias Sula Still Cannot Sustain its Cancellation Claim

Industrias Sula relies on Article 8 of the Pan American Convention (46 Stat. 2907) in support of its counterclaim to cancel Opposer's SULA and SULA & Design registrations. *See* 9 TTABVUE 8-11. As discussed in Opposer's opening brief, however, Industrias Sula's factual allegations are insufficient to invoke Article 8: Industrias Sula did not "seek the registration" of the subject mark in this country (the application in question was filed by two individuals, Ricardo Cabeza and Georgina Flores, who are not parties here); the application was not for "the mark" supposedly protected abroad (the marks are not the same); the application was not filed under Section 44(d) or (e) (it was filed under Section 1(a)); there is no proof Industrias Sula even owns a mark in Honduras (the cited registrations expired); and there is no allegation Industrias Sula used its mark in Honduras for "the specific goods to which [Opposer's mark] is applied," which in this case means that goods covered by Opposer's registrations. *See* 11 TTABVUE 5-8.

In its opposition, Industrias Sula argues that none of this should matter. It argues that *acquiring* a pending application (by way of assignment) is basically the same thing as "seek[ing] the registration ... of [a] mark in a Contracting State." *See* 13 TTABVUE 3; *cf.* 46 Stat. 2907. And it also blithely claims that the marks RICA SULA and RICASULA are "substantially exact," and that Article 8 applies to applications filed under Section 1(a) (rather than only Section 44 filings) because there is no "binding precedent" to the *contrary*. *See* 13 TTAB 3-4. Of course, though, Industrias Sula does not cite any legal authority *in support* of its claims. *See id.*

Industrias Sula's arguments are all seriously flawed. For example, it is well settled that the expression of a mark as two words (here, RICA SULA) is not a "substantially exact representation" of the mark in *compound* form (RICASULA). *See In re Innovative Cos.*, 88 USPQ2d 1095, 1097

(TTAB 2008) (FREEDOMSTONE not a substantially exact representation of FREEDOM STONE); *In re Roberts*, 87 USPQ2d 1474, 1479 (TTAB 2008) (specimen with phrase I REST MY CASE was not use of IRESTMYCASE “as a mark or otherwise”); TMEP § 807.12(e) (“[I]f the drawing depicts the mark as BOOKCHOICE, but the specimen shows it as BOOK CHOICE, the mark on the drawing is not a substantially exact representation of the mark on the specimen.”).¹ Meanwhile, even if no court has yet ruled on whether a foreign party who is an assignee of an application filed under Section 1(a) may invoke Article 8, the text of the Convention—“the clear purpose of which is to protect *the foreign trademarks* which fall within the treaty’s purview”; *Bacardi Corp. v. Domenech*, 311 U.S. 150, 163 (1940) (emphasis added)—strongly suggests that an original filing under Section 44 is a prerequisite, given the requirement that the foreign party “seek[] the registration ... of *the mark*” (that, is the *foreign* mark) and “prov[e], in accordance with the legal procedure [of the United States,] ... [t]hat he enjoyed legal protection for [the foreign] mark” abroad. *See* 46 Stat. 2907 (emphasis added); *see also* 15 U.S.C. § 1126(b) (“Any person whose country of origin is a party to any convention ... relating to trademarks to which the United States is also a party ... shall be entitled to the benefits of this section under the conditions expressed herein to the extent necessary to give effect to any provision of such convention”); *cf. also Corporation Cimex, S.A. v. DM Enterprises & Distributors Inc.*, 2008 WL 5078739, *4

¹ Although *Industrias Sula* argues that RICA SULA does not represent a *material alteration* of the foreign RICASULA mark, *see* 13 TTABVUE 4 (suggesting “[t]he mere addition of an extra space does not materially alter the marks at issue”), the test for whether a mark matches what was registered abroad is whether the two marks are “substantially exact,” which is a stricter test than “material alteration.” *See* 37 CFR § 2.51(c); *United Rum Merchants Ltd. v. Distillers Corp. (S.A.)*, 9 USPQ2d 1481, 1483-84 (TTAB 1988); *Innovative Cos.*, 88 USPQ2d at 1097, 1098 (FREEDOM STONE and FREEDOMSTONE not “substantially exact,” but “amendment of the drawing from FREEDOMSTONE to FREEDOM STONE [would] not result in a material alteration”); *see also* TMEP § 807.12(b) (“The standard for determining whether the mark in the drawing agrees with the mark in the foreign registration is stricter than the standard used to determine whether a specimen supports use of a mark in an application under §1 of the Trademark Act.”).

(TTAB 2008) (for a foreign party to assert a claim under Article 7, it must establish that it “fil[ed] for protection of its mark under Section 44 of the Lanham Act”) (not precedential); *Mario Diaz v. Servicios de Franquicia Pardos S.A.C.*, 83 USPQ2d 1320, 1326 (TTAB 2007) (same).

Even more flawed, though, is Industrias Sula’s argument (13 TTABVUE 5) regarding its failure to offer proof that it *owns* a foreign registration. According to Industrias Sula, despite the fact that the registration documents it submitted expressly state they were only valid for ten years (“diez años”), and thus expired long ago, *see* 9 TTABVUE at 15, 19, that supposedly is not controlling because Industrias Sula did not *admit* “that its trademark registrations in Honduras have expired.” *See* 13 TTABVUE 5 (claiming “[t]here is nothing to suggest [it] must affirmatively aver that the registrations were renewed ... or provide renewal documents as exhibits”). The law, however, does not work that way. When the allegations in a complaint are contradicted by the content of the exhibits, “the exhibit prevails.” *Fayetteville Investors v. Commercial Builders, Inc.*, 936 F.2d 1462, 1465 (4th Cir. 1991); *see also, e.g., Feick v. Fleener*, 653 F.2d 69, 75 (2d Cir. 1981)); *Sazerac Co., Inc. v. Falk*, 861 F. Supp. 253, 257 (S.D.N.Y. 1994) (citing authority). Therefore, Industrias Sula’s bare allegation that it has “enjoyed legal protection” for its mark in Honduras “since ... it first registered the mark,” *see* 13 TTABVUE 5 (citing 9 TTABVUE 9 (¶ 18)), is insufficient for the Board to conclude that Industrias Sula *still* owns a Honduran registration because the registration certificates Industrias Sula attached to its pleading plainly indicate that the registrations expired years ago, and there is no allegation (or proof) they were renewed.

Meanwhile, Industrias Sula’s argument about “knowledge,” *see* 13 TTABVUE 5, fails because it runs counter to the text of Article 8. As Opposer has explained, Article 8 requires the foreign mark owner to establish (and thus, to satisfy Rule 12(b)(6), sufficiently plead) that “the claimant of the interfering mark” for which cancellation is sought “had knowledge of the use,

employment, [or] registration ... in any of the Contracting States of the [foreign owner's] mark for *the specific goods to which said interfering mark is applied*, prior to adoption and use thereof or prior to the filing of the application ... of the mark which is sought to be cancelled.” See 11 TTABVUE 4, 6-7 (quoting 46 Stat. 2907) (emphasis added). Therefore, because Industrias Sula has not alleged that it used its RICA SULA mark for the goods covered by Opposer’s SULA and SULA & Design registrations (the “interfering marks”), let alone that Opposer (the “claimant”) *knew* of such use before filing its SULA applications, it cannot sustain a claim under Article 8.

In response, Industrias Sula points out it alleged that Opposer supposedly knew of the use of RICA SULA for *other* goods—namely, “snack-based goods.” See 13 TTABVUE 5-6. Whether that is true or not, however, is beside the point. The plain language of Article 8 requires that the requisite knowledge be of the use of the foreign mark for “the specific goods to which [the] *interfering mark* is applied,” *see supra*, and that has not been alleged here. Furthermore, it is notable that although it boldly asserts that “Article 8 does not require that Opposer have knowledge of Industrias Sula’s use of RICA SULA for the same goods for which Opposer has applied,” *see* 13 TTABVUE 5, Industrias Sula not only fails to cite *authority* in support of its position (again), it does not once refer to or quote the text of the Pan American Convention itself. *See id.*

B. Industrias Sula’s First Affirmative Defense is Still Insufficient

Industrias Sula’s rationalization of its First Affirmative Defense, as a part of which it seeks to invoke Article 7 of the Pan American Convention, fares no better. As Opposer has discussed, *see* 11 TTABVUE 7-9, there are multiple reasons why Industrias Sula cannot raise a Section 7 affirmative defense, not the least of which is it cannot prove it is the “owner of a mark protected in one of the contracting states.” *See* 46 Stat. 2907; *see also supra*, p. 4 (discussing Industrias Sula’s failure to offer proof that it owns a valid foreign registration); *cf.* 9 TTABVUE at 15, 19

(the Honduran registration certificates indicate that they were only valid for ten years). Indeed, it is quite notable that although Opposer put Industrias Sula's lack of a valid registration front-and-center, Industrias Sula, in its opposition brief, does not even *claim* it owns a current registration. *Cf., e.g.,* 13 TTABVUE 5 (merely arguing that it has not "indicated" that its registrations expired). One would think that if Industrias Sula actually owned a valid registration, it would have said so.

Even if we set that aside, though, the reality is that Industrias Sula cannot overcome the requirement in Article 7 that a foreign trademark owner, before it may invoke the protections of Article 7, must "compl[y] with the requirements established by domestic legislation in [this] country" *See* 46 Stat. 2907. As discussed, *see* 11 TTABVUE 8-8, the Board has construed that clause as requiring that the foreign owner "fil[e] for protection of its mark under Section 44 of the Lanham Act." *Corporation Cimex*, 2008 WL 5078739, *4; *see also Mario Diaz*, 83 USPQ2d at 1326. The application on which Industrias Sula relies, however, was filed under Section 1(a).

Industrias Sula protests that it "does not interpret" the Board's holding as requiring a filing under Section 44. *See* 13 TTABVUE 6-7. Once again, though, Industrias Sula does not cite any authority in support of its self-serving interpretation, or even reference a single *example* of where a party based an Article 7 claim on a Section 1(a) application.² *Cf. id.* Furthermore, Industrias Sula's "analysis" ignores the Board's holding in *Corporation Cimex* that "compli[ance] with the requirements set forth in the domestic legislation in the United States and the requirements of the

² Industrias Sula's citation to *Mario Diaz* for the principle that Section 44 did not "abrogate the rights created under Article 7," *see* 13 TTABVUE 6, is a red herring. Opposer is not *arguing* that Article 7 was abrogated. It has long been established that the Pan American Convention affords certain foreign trademark owners (namely, those from "Contracting States") rights beyond those enjoyed by other foreign parties under Section 44. *See British-American Tobacco Co. v. Phillip Morris Inc.*, 55 USPQ2d 1585, 1587-90 (TTAB 2000); *Mario Diaz*, 83 USPQ2d at 1326. However, a prerequisite to *asserting* those rights is that the foreign trademark owner must have "complied with the requirements set forth in the domestic legislation in the United States and the requirements of the Pan American Convention -- that is, **filing for protection of its mark under Section 44 of the Lanham Act.**" *Corporation Cimex*, 2008 WL 5078739, *4 (emphasis added).

Pan American Convention” (as stated in Article 7) means “filing for protection of its mark under Section 44 of the Lanham Act.” Cf. 2008 WL 5078739 at *4. If “compliance” meant a party just had to file *an* application, the Board’s reference to “Section 44” would have been superfluous.

CONCLUSION

For the reasons set forth above and in its opening brief, Opposer, Lácteos de Honduras S.A., respectfully asks that the Board dismiss the Counterclaim for Cancellation brought by Assignee-Applicant, Industrias Sula, S. de R.L. de C.V., and strike its First Affirmative Defense. The Pan American Convention simply has no applicability under the facts as pleaded here.

Respectfully submitted,

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CERTIFICATE OF SERVICE

I hereby certify that the foregoing *Reply Brief in Support of Opposer's Motion to Dismiss Counterclaims for Cancellation and Opposer's Motion to Strike Insufficient Affirmative Defense*, along with all supporting attachments, declarations, and exhibits (if any), was served on the counsel or parties indicated below on the date and in the manner indicated:

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