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

Proceeding	92048199
Party	Plaintiff Juan Antonio De La Cruz Gonzalez
Correspondence Address	JEFFREY M. FURR 2622 DEBOLT ROAD UTICA, OH 43080 UNITED STATES jeffmfurr@aol.com
Submission	Rebuttal Brief
Filer's Name	Jeffrey M. Furr
Filer's e-mail	jeffmfurr@aol.com, slsesq@hotmail.com
Signature	/jmf/
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In the Matter of Registration No. 2881888

.....X
JUAN ANTONIO DE LA CRUZ GONZALEZ, .
Petitioner, .
v. . Cancellation
YOUSSEF MEHANNA and SUSANA DE LA CRUZ, . No. 92048199
JOINT VENTURE, .
Respondents. .
.....X

PEITIONER’S REPLY BRIEF IN SUPPORT OF CANCELLATION OF
TRADEMARK 2881888

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III. DESCRIPTION OF THE RECORD

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2. Exhibits for Petitioner's Deposition of Juan Antonio De La Cruz ("Petitioner Gonzalez Depo. Exhibits") taken July 10, 2009 at 9:45 am.
3. Petitioner's Deposition of Juan Antonio De La Cruz as representative for Aдови Cosmetica Capilar ("Petitioner Aдови Depo.") taken July 10, 2009 at 10:39 am.
4. Exhibits for Petitioner's Deposition of Juan Antonio De La Cruz as representative for Aдови Cosmetica Capilar ("Petitioner Aдови Depo. Exhibits") taken July 10, 2009 at 10:39 am.
5. Petitioner's Discovery Deposition of Susana De La Cruz ("Petitioner Cruz Depo.") taken December 9, 2008 at 10:00 am.
6. Petitioner's Discovery Deposition of Youssef Mehanna ("Petitioner Mehanna Depo.") taken December 9, 2008 at 10:00 am.
7. Petitioner Notice of Reliance Dominican Republic Trademark Records for the KUZ mark.
8. Certified Status copy of Registration No. 2,881,888, dated September 7, 2004 for the trademark KUZ.
9. Petitioner's Response to Respondents' First Set of Interrogatories.
10. Petitioner's Response to Respondents' Second Set of Interrogatories.
11. Petitioner's Response to Respondents' Request for Admissions.
12. Respondent's Discovery Deposition of Juan Antonio de la Cruz Gonzalez, ("Respondent Gonzalez Depo."), taken on November 21, 2008.

13. Exhibits for Respondent's Discovery Deposition of Juan Antonio de la Cruz Gonzalez, ("Respondent Gonzalez Depo. Exhibits"), taken on November 21, 2008.
14. Respondent's Deposition of Susana de la Cruz ("Respondent Cruz depo.") taken on October 14, 2009.
15. Exhibits for Respondent's Deposition of Susana de la Cruz ("Respondent Cruz depo. Exhibit") taken on October 14, 2009.

IV. STATEMENT OF FACTS

A. Petitioner claims rights to “Kuz” trademark in the United States based on his Use of the Mark in the United States.

The Respondent and Petitioner both agree that the Petitioner leads Adovi Cosmetica Capilar, S.A. as President and that as President he has the legal authority to represent and bind the corporation Adovi Cosmetica Capilar, S.A. (Respondent Cruz Depo. 13:20-14:4, Petitioner Adovi Depo. 4:25-5:12). This is elementary business law 101.

B. Juan Antonio de la Cruz Gonzalez is the president of Adovi Cosmetica Capilar, S.A. the manufacturer of Kuz products in the Dominican Republic.

While the manufacturer of “Kuz” hair care products in the Dominican Republic is Adovi Cosmetica Capilar, S.A., the Company is granted its rights to the “KUZ” mark through the Petitioner and the Petitioner has the enforcement rights for the company for the “KUZ” mark (Petitioner Adovi Depo. 4:16-4:20, Petitioner Gonzalez Depo. 6:8-6:13, Petitioner Adovi Depo. 4:25-5:12). The Petitioner is also the President and a major shareholder in Adovi Cosmetica Capilar, S.A. (Petitioner Adovi Depo. 4:16-4:20).

The Petitioner has proven that he has standing and interest to bring this mark, that the Petitioner has rights in the “KUZ” mark and has given the right to use the mark to

Adovi Cosmetica Capilar, S.A. and that the Petitioner has the enforcement rights for Adovi Cosmetica Capilar, S.A. (Petitioner Adovi Depo. 4:16-4:20, Petitioner Gonzalez Depo. 6:8-6:13, Petitioner Adovi Depo. 4:25-5:12). This type of arrangement is very common in trademarks.

C. Adovi Cosmetica Capilar, S.A. is a family enterprise

Both Petitioner Juan Antonio de la Cruz Gonzalez and Respondent Susana de la Cruz have testified to the fact that Adovi Cosmetica Capilar, S.A. is a family enterprise.

Small business owners and family business owners carry a fiduciary obligation for the owners to act in the best interests of the business and to treat other owners fairly in their business dealings. This fiduciary duty applies regardless of the type of dispute involved, the egregiousness of the other side's behavior, and whether or not the parties are family members. Fiduciary duties also apply from the inception of the business until its dissolution.

The Respondent violated their fiduciary duty to this family business when they registered the "KUZ" mark, not for the benefit of the family business but for the benefit of themselves. They continued to violate this duty when they prevented the family business, of which they admit they were a shareholder of, from importing goods into the United States (Petitioner Adovi Depo. 19:3-20:13, Exhibit 6). A violation of this fiduciary duty is a serious offense that should not be rewarded.

The Respondent and Petitioner both agree that the Petitioner leads Adovi Cosmetica Capilar, S.A. as President and that as President he has the legal authority to represent and bind the corporation Adovi Cosmetica Capilar, S.A. (Respondent Cruz Depo. 13:20-14:4, Petitioner Adovi Depo. 4:25-5:12).

D. Response to the issue that the predecessor corporation to Adovi Cosmetica Capilar, S.A. was Arte Xirey, C Por A.

This claim is a red herring and does not involve any issues or facts that are relevant to the case at hand. The Petitioner objected to this line of testimony as being irrelevant to the case at hand.

E. Response to the issue that Petitioner held only about 4% of the shares of Arte Xirey. He has not provided documentation as to when and how he acquired additional shares of Adovi Cosmetica Capilar, S.A.

This is another red herring. How is this claim relevant to the current case? The claim that the Petitioner gave confused and inconsistent answers by the Respondents is due to the fact that the deposition was done through a translator with unclear questioning. But these are not issues in the case. Even though irrelevant to this case, the Respondents have not shown or provided any legal court documents or findings to back their claims.

F. The Response to the issue that the invoices submitted in support of Petitioner's claim of priority of use were issued by Aдови Cosmetica Capilar, S.A., and not by Petitioner

Once again, through the Petitioner's records, evidence and admissions, the records have shown that the Respondent knew of Aдови Cosmetica Capilar, S.A. use of the mark in the United States prior to the Respondent's use. The Petitioner has shown through the testimony of the Representative of Aдови Cosmetica Capilar, S.A. that Aдови Cosmetica Capilar, S.A. gets its rights in the "KUZ" mark through the Petitioner, that the Petitioner is a major shareholder of Aдови Cosmetica Capilar, S.A. The Petitioner has submitted six invoices as proof of his "priority of use" in the mark (Respondent Aдови Depo. 8:16-13:5, Exhibit 1, Exhibit 2, Exhibit 3) (Respondent Cruz Depo. 15:8-23:18, Exhibit 2). The record also shows that the Respondent was well aware of Petitioner's rights to the mark and prior usage of the Mark in the United States prior to their registration.

Fiduciary duties aside for the moment, while Respondent may have had the right to use another source for their goods that does not mean they can take the "KUZ" mark used by Aдови Cosmetica Capilar, S.A., register it and then prevent Aдови Cosmetica Capilar, S.A. from importing its goods into the United States through its ill gotten registration (Petitioner Aдови Depo. 19:3-20:13, Exhibit 6). Distributors do not acquire rights in a trademark.

There may be a dispute by the parties over the dollar amount of the invoices and while the Respondent has not proven its claim that the invoices were false, the important issue in the case at hand is that both parties agree on the dates of the invoices and that these dates proceed the Respondent's date of registration and date of first use of the mark of August 24, 2003 (Respondents' Deposition of Susana de la Cruz at 15:4-23:18).

G. Response to Petitioner suggested that Respondent Susana de la Cruz register the mark in the United States

If you look at the record as a whole, not just piecemeal, you will see that this is proof that the Petitioner was trying to protect his rights to the Mark. The Petitioner was going to register the mark in the United States but was told by the Respondent that he could not register the "KUZ" mark because he was a foreigner (Respondent Gonzalez Depo. 6:20-7:1). This statement was a complete falsehood and was the Respondent, Susana De La Cruz, taking advantage of a family relationship. The statement that Petitioner has testified that he specifically suggested that his sister register the mark in the United States is incorrect. He was talking about two of his sisters with one of them being Maria Magdalena De La Cruz as agents of Adovi Cosmetica Capilar, S.A. which was the family business(Respondent Gonzalez Depo. 5:6-5:15). The record clearly shows that the Petitioner never gave permission for Respondents, Youssef Mehanna and Susana De La Cruz, Joint Venture to register the "KUZ" mark in the United States. The mark was never registered with Maria Magdalena De La Cruz.

Further, the Petitioner has stated in the record that there was not intent for any ownership rights in the “KUZ” mark to be transferred to the Respondents (Petitioner’s Gonzalez depo.7:21-8:9).

The Respondent, Susana De La Cruz, registered the mark with her husband and then used the registered mark to prevent Adovi Cosmetica Capilar, S.A., which by the Respondent’s own Brief called the family business, from importing further products into the United States even though she knew of their prior rights in the United States to the mark (Petitioner Adovi Depo. 19:3-20:13, Exhibit 6).

V. COUNTER ARGUMENT

A. Response to Petitioner’s Argument that Trademark Law is Territorial: Petitioner’s Registration in the Dominican Republic Does Not Give Him an Automatic Right to the Trademark in the United States

The Petitioner’s rights in the mark come from its United States usage as well as having the mark registered in the Dominican Republic. The Respondent has agreed in its brief that the marks are identical and since the Petitioner has proven through the Respondent’s own testimony and evidence that the Petitioner has the priority to the mark then this registration should be canceled based on the Respondent’s omissions.

B. Petitioner Has Met his Burden of Proof

The Petitioner has met his burden of proof in a cancellation proceeding. The Respondent has agreed in its brief that the marks are identical and since the Petitioner has proven through the Respondent's own testimony and evidence that the Petitioner has the priority to the mark then this registration should be canceled based on the Respondent's omissions.

C. There is a Likelihood of Confusion

Petitioner has proven in its main brief through case law and facts that it has priority use of the mark in the United States and that the marks are identical with the same market, products and customers. The Petitioner's rights in the mark come from its United States usage as well as having the mark Registered in the Dominican Republic. The Respondent has agreed in its brief that the marks are identical and since the Petitioner has proven through the Respondent's own testimony and evidence that the Petitioner has the priority to the mark then this registration should be canceled based on the Respondent's omissions.

D. The Respondent Did Misrepresent the Source of the Goods in Registering the Mark “Kuz” in the United States

Respondent addresses the allegation of fraud in their brief. The testimony of the Respondent time and time has shown that the Respondent knew of the Petitioner’s rights in the “KUZ” mark at the time of filing. The Respondent Susana de la Cruz admitted to using a specimen from an Adovi Cosmetica Capilar, S.A. product (Petitioner’s Gonzalez depo. 7:16-25). This is in and of itself clear evidence of fraud and willful intent to deceive. As pleaded, it shows deceptiveness by the actions of the Respondent. The Respondent has admitted to being a distributor of Adovi Cosmetica Capilar, S.A., which received its rights to the “KUZ” mark through the Petitioner who is the President and Chief Executive Office of Adovi Cosmetica Capilar, S.A. The Respondent has conceded that Adovi Cosmetica Capilar, S.A. was shipping goods to her in 2003 and 2004 prior to the Respondent’s filing date and prior use date for the mark(Petitioner’s Cruz depo. 9:16-23, Petitioner’s Gonzalez depo. 7:16-25).

The Respondent’s admitted use of Adovi Cosmetica Capilar, S.A.’s product as its specimen of use clearly misrepresents the source of the goods in connection with which the mark is used (Petitioner’s Cruz depo. 9:16-23, Petitioner’s Gonzalez depo. 7:16-25).

The Petitioner has provided the clear and convincing evidence required to establish a fraud claim as well as proving deceptiveness and misrepresenting the source of the goods.

E. Petitioner has Rights to the Mark through its first usage in the United States

Petitioner has priority of use in the mark (Respondent Adovi Depo. 8:16-13:5, Exhibit 1, Exhibit 2, Exhibit 3) (Respondent Cruz Depo. 15:8-23:18, Exhibit 2) as well as coming up with the mark. Time and time again in the evidence it shows that the Respondent was fully aware of this when they filed for the registration of the mark.

F. Petitioner Has Established Priority of Use in the United States

Petitioner has time and time again proven that they have Priority of Use in the United States using the Respondent's own omissions, testimony and evidence (Respondent Adovi Depo. 8:16-13:5, Exhibit 1, Exhibit 2, Exhibit 3) (Respondent Cruz Depo. 15:8-23:18, Exhibit 2). .

G. Response to the Claim that the Corporation is Entity Distinct From Individual

The evidence shows that this case was properly brought by the Petitioner. The Petitioner has shown in evidence that he came up with the "KUZ" mark and has given Adovi Cosmetica Capilar, S.A. the rights to use the mark (Petitioner Adovi Depo. 4:16-4:20, Petitioner Gonzalez Depo. 6:8-6:13). The Adovi Cosmetica Capilar, S.A. representative has testified that the Petitioner has given it the rights to use the mark and that the Petitioner has the enforcement rights for the company (Petitioner Adovi Depo. 4:25-5:12). This type of relationship and situation is a very common structure when

dealing with U.S. Trademarks and Trademark Law, especially in these types of company. The Petitioner is the President of Adovi Cosmetica Capilar, S.A. and a major shareholder (Petitioner Adovi Depo. 4:16-4:20). The Respondent has not objected to any of this nor has Respondent produced any counter these claims or proof otherwise.

Also, this is very much the pot calling the kettle black. The Respondent filed in a joint venture which would be considered a partnership and Mrs. Cruz testified that the trademark belonged to her and not the partnership but admitted to using another company's product as its specimen of use. She further testified that Adovi Cosmetic International was manufacturing and using that good but failed to mention or prove how she herself was using the mark while claiming to be the owner of the mark (Petitioner Cruz Depo. 5:18-5:24, Petitioner Cruz Depo. 11:22-11:24).

Section 1(a)(1) of the Lanham Act, 15 USC § 1051(a)(1), provides that the "owner" of a trademark used in commerce may request registration of the mark. The Trademark Rule specifically addresses the ownership requirement. An application filed in the name of an entity that did not own the mark as of the filing date of the application is void. See, Trademark Rule 2.71(d), 37 CFR § 2.71(d). See Huang v. Tzu Wei Chen Food Co. Ltd., 849 F.2d 1459, 1460, 7 USPQ2d 1335, 1336 (Fed. Cir. 1988) (application filed in the name of individual two days after mark was acquired by newly formed corporation held void); In re Ton Yang Cement Corp., 19 USPQ2d 1689, 1691 (TTAB 1991)(application filed by joint venturer void where mark owned by joint venture). The Respondent testified that she, not the joint venture of Youssef Mehanna and Susana de la Cruz, owned the mark.

A Petitioner asserting a likelihood of confusion claim against a Registrant has standing if there is a reasonable basis for Petitioner's belief that it would be damaged by the registration of the Mark. BRT Holding Inc. v. Homeway Inc., 4 UPSPQ2d 1952, 1956 (TTAB 1987) (potential financial injury to Opposer sufficient to establish its standing).

VI. CONCLUSION

Again, for the foregoing reasons and law presented in the main brief, the cancellation should be granted due to the Petitioner's prior use date and likelihood of confusion and given that the Respondent misrepresented the source of the goods in the specimen of use and that the Respondent knew of Petitioner's prior usage when filing for the mark thus committing a fraud on the Trademark Office. Petitioner has given the law that applies to the evidence and facts that the Board should hand down their final ruling in the favor of broad impartiality. Thus, all points powerfully support Respondent's mark being cancelled in this case.

Respondent, as the latecomer, had both the opportunity and the obligation to select a mark that would not be confusingly similar to Petitioner's KUZ trade name and trademark. Instead, Respondent chose to move forward to illegally register Petitioner's KUZ mark.

Respondent's mark is identical, carries the identical pronunciation, and conveys the same commercial impression as Petitioner's mark. The record firmly establishes Petitioner's priority of use, continued use, and likelihood of confusion. Respondent's tactics should not be rewarded. As a newcomer and with knowledge of Petitioner's

senior use, Respondent acted at its peril, and its registration for the KUZ mark should be cancelled.

Petitioner prays that this cancellation be awarded, and that Registration Number 2881888 be cancelled.

Respectfully submitted,

/jmf/
Jeffrey Furr, Esq.
2622 Debolt Road
Utica, Ohio 43080
(740) 892-2118
jeffmfurr@aol.com
Attorney for Petitioner
Cancellation No. 92048199

CERTIFICATE OF SERVICE

This is to certify that on April 21, 2010 a copy of the foregoing document was served on counsel for the Petitioner by electronic mail and first class mail delivery to: Sherry L. Singer, Attorney at Law, 1430 Broadway, Suite 1101, New York, NY 10018 and filed electronically with the Trademark Trial and Appeal Board.

/jmf/
Jeffrey M Furr