

THIS OPINION IS NOT A
PRECEDENT OF
THE TTAB

Hearing:
December 9, 2010

Mailed:
April 22, 2011

UNITED STATES PATENT AND TRADEMARK OFFICE

Trademark Trial and Appeal Board

de la Cruz Gonzalez

v.

The Youssef Mehanna and Susana de la Cruz Joint Venture

Cancellation No. 92048199

Jeffrey M. Furr, Esq. for Juan Antonio de la Cruz Gonzalez

Sherry L. Singer, Esq. for The Youssef Mehanna and Susana de
la Cruz Joint Venture

Before Quinn, Zervas and Lykos, Administrative Trademark
Judges.

Opinion by Zervas, Administrative Trademark Judge:

On September 7, 2004, Registration No. 2881888 ("the
'888 registration") for the mark KUZ (in standard character
form) issued on the Principal Register to The Youssef
Mehanna and Susana de la Cruz joint venture ("respondent")
for "Hair care preparations, namely shampoos, conditioners
and hair dyeing preparations" in International Class 3,
based on an application filed on November 17, 2003. The

'888 registration claims first use anywhere and first use in commerce on August 24, 2003. The Office accepted an affidavit under Section 8 of the Trademark Act on September 9, 2010.

Juan Antonio de la Cruz Gonzalez ("petitioner") filed a petition to cancel the '888 registration on September 26, 2007, alleging that he is the owner of a registration for the mark KUZ in the Dominican Republic; that he "started sending his products, under the KUZ mark, as a provider to Susana de La Cruz ... for distribution in the United States"; and that he "ended his commercial relationship with Susana de La Cruz as she defaulted on payments to Petitioner."

Complaint ¶ 3. Petitioner pleads likelihood of confusion under Section 2(d) of the Trademark Act, and alleges various other claims.¹

Petitioner did not specify on what goods he claims trademark rights. In petitioner's discovery deposition, which respondent made of record during its testimony period, petitioner testified that he is asserting trademark rights

¹ In addition to likelihood of confusion, the complaint alleges misrepresentation of source, deceptiveness and false suggestion of a connection. Because petitioner has only referred to misrepresentation of source and false suggestion of a connection in passing in his brief, we consider these claims to have been waived by petitioner. Also, petitioner has not discussed his claim of deceptiveness at all in his brief; we consider the claim of deceptiveness to also have been waived.

Petitioner discusses fraud in its brief. Because fraud was not pleaded in the complaint, and fraud was not tried by the consent of the parties, we do not further consider petitioner's arguments regarding fraud. See Fed. R. Civ. P. 15(b)(2).

in connection with shampoo, conditioner, finishing gloss and lotion. JA Disc. dep. at 7. Because respondent did not object to this testimony and indeed made this testimony of record during the trial period, and because respondent has discussed likelihood of confusion in its brief, we find that the issue of priority based on use of KUZ by petitioner on shampoo, conditioner, finishing gloss and lotion has been tried by the implied consent of the parties. See Fed. R. Civ. P. 15(b)(2). The petition to cancel is deemed amended accordingly.

Although petitioner pleaded likelihood of confusion, his real claim is a lack of ownership of the mark; he has not alleged a priority date or even that he used his mark prior to the filing date of respondent's application which matured into respondent's registration. Rather, he pleads that he has sent "his products" to Susana de La Cruz, a member of respondent joint venture. We find that the parties have tried the claim of a lack of ownership of the mark by implied consent and deem the pleadings to have been amended to assert a lack of ownership of the mark. *Id.* Respondent's counsel agreed in the oral hearing that the claim of lack of ownership had been tried by the consent of the parties.

Respondent answered the petition to cancel by denying the salient allegations thereof.²

The Record

The record consists of the pleadings; the file of the involved registration; and the following testimony and documentary evidence:

Petitioner's evidence:

- petitioner's testimony deposition, with exhibits (hereinafter "JA Trial Dep.");
- petitioner's testimony deposition, as a witness for Adovi Cosmetica Capilar, S.A., manufacturer of petitioner's goods, with exhibits (hereinafter "ACC Trial Dep.");
- notices of reliance on the discovery depositions of Susana de la Cruz (hereinafter "SC Disc. Dep.") and Youssef Mehanna;
- notice of reliance on respondent's application which matured into the '888 registration;³ and
- notice of reliance on a copy of Dominican Republic Trademark Registration No. 127035 for the mark KUZ with a certified translation into English.

Respondent's evidence:

- testimony deposition of Susana de la Cruz, with exhibits (hereinafter "SC Trial Dep."); and
- respondent's notice of reliance on a number of petitioner's responses to respondent's first and second sets of interrogatories; petitioner's response to respondent's requests for admissions;

² Respondent pleaded an affirmative defense of laches but did not discuss the defense in its brief. We therefore consider respondent to have waived its affirmative defense.

³ The file of the '888 registration is automatically of record under Trademark Rule 2.122(b); petitioner did not need to file a notice of reliance on the underlying application.

and petitioner's discovery deposition, with exhibits (hereinafter "JA Disc. Dep.>").

The proceeding has been fully briefed. An oral argument was conducted before the Board on December 9, 2010.

Background

1. Petitioner is the owner of a Dominican Republic registration (Industrial Registry No. 22095, issued December 6, 2001, renewed, and valid from December 15, 2000 to December 15, 2010)⁴ for the mark KUZ for "beauty and cleaning products." See petitioner's notice of reliance; JA Trial Dep. at 5; and petitioner's response to respondent's Interrogatory No. 14.

2. Petitioner is president and a shareholder of Aдови Cosmética Capilar, S.A. ("ACC"), a corporation of the Dominican Republic.⁵ "He's in charge" of, and "runs," ACC. SD Disc. Dep. at 14; Mehanna at 8. ACC manufactures KUZ branded hair products. ACC was formed in 2001 from a predecessor corporation, and has been manufacturing such

⁴ The trial period closed on January 10, 2010 pursuant to the parties' stipulation filed on October 23, 2009, thus we consider the Dominican registration to be valid.

⁵ There is a dispute between the parties as to how many shares of ACC petitioner and Ms. de la Cruz own; petitioner maintains that he owns 99.6 percent of the shares. Petitioner's response to respondent's Interrogatory No. 3. We need not resolve this dispute; it is sufficient for our purposes to find that both petitioner and Ms. de la Cruz owned some shares of stock in Aдови Cosmética Capilar, S.A.

products in the Dominican Republic since its creation. JA Trial Dep. at 12; JA Disc. Dep. at 53.

3. In 1999, ACC's predecessor corporation manufactured and first sold wax and shine drops, both of which are hair products, in the Dominican Republic under the KUZ mark. JA Disc Dep. at 15 and 24; and petitioner's response to respondent's Interrogatory No. 5.

4. Petitioner, as the owner of the mark in the Dominican Republic, has the right to license the mark to distributors. JA Trial Dep. at 5 - 6.

5. Ms. de la Cruz is petitioner's sister, Mr. Mehanna's wife and a cosmetologist who owned two salons in New York. SD Trial Dep. at 4 and 7. She is also an ACC shareholder.

6. Ms. de la Cruz is the owner of Adovi Cosmetica Capilar International, Inc., a United States company. SD Disc. Dep. at 6 and 7; Mehanna Dep. at 6. Adovi Cosmetica Capilar International, Inc., created in 2003, produces shampoo, conditioners and colors in the United States. SD Disc. Dep. at 14 and 18; Mehanna Dep. at 6 and 10.

7. ACC sent products to Adovi Cosmetica Capilar International, Inc. from approximately 2003 to 2005. SD Disc. Dep. at 18; Mehanna Dep. at 12.

8. Ms. de la Cruz received in the United States three shipments of KUZ branded goods from ACC. See invoices dated

July 19, 2003, November 1, 2003 and January 7, 2004, for 67,098, 25,467 and 25,000, respectively, presumably in U.S. dollars.⁶ SC Trial Dep. ex. 1. The invoices identify shampoos, conditioners, masks, hair lotions, hair oils and drops. ACC manufactured the products that Ms. de la Cruz received. SC Trial Dep. at 23 and 34.

9. ACC sent KUZ branded goods to "Aдови Cosmetica Capilar International, Inc. P.R." in Puerto Rico on June 14, 2003 and again on August 26, 2003. ACC Trial Dep. ex. 1 and 2.⁷

10. Ms. de la Cruz has not paid for any of the goods that were sent to her. Ms. de la Cruz maintains that the goods sent to her as reflected in the July 19, 2003 invoice were part of a promotion and that she did not need to pay for them. She testified:

Q. Did you ever not pay Aдови Cosmetic Capilar for any products, specifically five containers sent to you in 2003?

A. That is not relevant to the case. That's something separate that I'm doing in Santo Domingo because that was money from my father. Here no

⁶ Petitioner also introduced invoices for shipments directed to Ms. de la Cruz, which differed from those introduced by Mr. de la Cruz. We rely on those invoices submitted by Ms. de la Cruz in light of her testimony that the invoices she submitted were the ones that she received from ACC, and because they were accompanied by bills of lading.

⁷ Regarding the sales to Puerto Rico, petitioner testified, "before beginning to commercialize with Susana de la Cruz, I had sent merchandise to another company". Because the invoices identify Ms. de la Cruz's U.S. company, and petitioner's testimony regarding sales to this entity is not clear, these invoices have limited probative value as reflecting sales to a third-party.

one had money. The only one that had money here was my father.

Q. So is that a yes or a no or refuse to answer?

A. I can't answer, because he's not here for this. He's here for the brand.

SD Disc. Dep. at 19.

11. ACC created the KUZ labels and placed the KUZ labels on the hair products brought to the United States. SC Trial Dep. at 35; ACC Trial Dep. at 21.

12. As reflected in an invoice dated June 20, 2003, prior to any shipments to Ms. de la Cruz, ACC shipped shampoo, restructuring creams, revitalizing mixes, repair drops, conditioners and various hair lotions to an unrelated third party, "Sr. Jose, Alex y Victor," in Astoria, New York.⁸ ACC Trial Dep. ex. 4 (an invoice). "This was the first invoice sent to the United States." ACC Trial Dep. at 12.

13. In 2006, after the '888 registration issued, ACC sent a shipment of KUZ branded beauty products to Kuz Hair Products, Inc. in Puerto Rico, valued at around \$95,000. U.S. Customs and Border Protection detained the shipment pursuant to Section 24 of the Trademark Act, 15 U.S.C. § 1124, citing the '888 registration. ACC Trial Dep. ex. 8. Petitioner has not shipped products to the United States

⁸ Ms. De la Cruz testified that she instructed Adovi Cosmetica Capilar to send that merchandise to the addressees and that "Alex" paid her.

since then due to the seizure of his goods. ACC Trial Dep. at 27.

14. Petitioner at no point transferred any ownership rights of the trademark. JA Trial Dep. at 6 - 7.

15. The label depicted in respondent's specimen of use is an ACC label from the Dominican Republic. ACC Trial Dep. at 22.

16. No distribution or licensing agreement exists between petitioner and Ms. de la Cruz or between ACC and Ms. de la Cruz.

Standing

Petitioner is the owner of the KUZ mark in the Dominican Republic. His licensee, ACC, manufactures shampoo and conditioners (which are listed in respondent's identification of goods) for sale under the KUZ mark and ACC has sent KUZ branded goods to Ms. de la Cruz, which Ms. de la Cruz used and sold to others in the United States. Further, ACC sent shampoos and other KUZ branded goods to Kuz Hair Products, Inc. in Puerto Rico, which the U.S. Customs and Border Protection confiscated, citing respondent's registration. This is sufficient to demonstrate that petitioner has a real interest in this proceeding and, therefore, has standing. *Ritchie v. Simpson*, 170 F.3d 1092, 50 USPQ2d 1023 (Fed. Cir. 1999); and

Lipton Industries, Inc. v. Ralston Purina Co., 670 F.2d 1024, 213 USPQ 185 (CCPA 1982).

Lack of Ownership

The Board stated in *Lutz Superdyne, Inc. v. Arthur Brown & Bro., Inc.*, 221 USPQ 354, 362 (TTAB 1984):

[I]t has been held that the question of ownership of a mark as between the manufacture[r] of the product to which the mark is applied and the exclusive distributor of the product is a matter of agreement between them, and that in the absence of an agreement, there is a legal presumption that the manufacturer is the owner of the mark. See: *Far-Best Corporation v. Die Casting "1D" Corporation*, 165 USPQ 277 (TTAB 1970), and *Audioson Vertreibs-GmbH v. Kirksaeter AudioSonics, Inc.*, 196 USPQ 453 (TTAB 1977).

Ms. de la Cruz stated that there was never a contract, written or oral, between her and her brother. SD Disc. Dep. at 20. We therefore consider whether petitioner and Ms. de la Cruz had a manufacturer/distributor relationship, at least beginning in 2003 and extending until they terminated their relationship,⁹ and whether the legal presumption noted in *Lutz Superdyne* applies to the parties. In this regard, we consider respondent joint venture and Ms. de la Cruz to be one and the same.

⁹ Ms. de la Cruz testified that beginning in 1999, she brought to the United States in her luggage certain items bearing the KUZ mark which she acquired in the Dominican Republic. She testified that these items were brought here "for me and to sell them at the salon." SD Trial Dep. at 34. There is no testimony as to what the relationship between petitioner and his sister was prior to 2003. Because of the small quantities of products she likely placed in her in her luggage, at least in comparison to the amount of products ACC sent to Ms. de la Cruz, we find that prior to 2003, Ms. de la Cruz was a reseller of ACC goods, but that

First, we find that even though petitioner licensed the mark to ACC and ACC actually manufactured the goods, petitioner qualifies as a "manufacturer" under the presumption. The parties agreed during oral argument that under the law of the Dominican Republic, an owner of a trademark must be an individual. Thus, the designation of an individual and not ACC itself as the owner of the mark was necessary. Also, ACC is at least partially owned by petitioner, and petitioner is the president and "runs" ACC, has licensed his mark to ACC, and controls the nature and the quality of the goods on which the KUZ mark is applied.

Next, we find that Ms. de la Cruz was a distributor of products manufactured by ACC. She testified that she received KUZ branded goods reflected in invoices and the record includes invoices dated July 19, 2003 (showing a value of 73,098.80), November 1, 2003 (showing a value of 67,098) and July 1, 2004 (showing a value of 25,467.80), each listing her name and containing a New York delivery address.¹⁰ Additionally, two other invoices in the record dated June 14, 2003 (showing a value of \$7,074.00) and August 26, 2003 (showing a value of \$29,692.56) reflect shipments by ACC on invoices containing the KUZ mark to "Adovi Cosmetica Capilar International, Inc. P.R." in Puerto

relationship changed when ACC set large shipments of KUZ branded goods to Ms. de la Cruz.

Rico. (As noted earlier in this decision, Ms. de la Cruz indicated that she is the owner of Adovi Cosmetica Capilar International, Inc., formed in 2003.) Also, Ms. de la Cruz testified that she arranged for the sale of products to a third party, her friends "Sr. Jose, Alex Y Victor" in Astoria, New York and that they paid her for the products. ("I told Adovi Cosmetica Capilar to send that merchandise to Alex, and Alex who paid, he paid me." SD Trial Dep. at 22 - 23); and JA Trial Dep. ex. 3 (June 10, 2003 invoice to "Sr. Jose, Alex Y Victor.") Further, petitioner testified that his sister was a distributor for Adovi, JA Trial Dep. at 6; see also JA Trial Dep. at 14 (Q. "... your sister had basically distributing rights for Adovi Cosmetica?" A. "Yes, she was commercializing it.").¹¹

We therefore find on this record that as of 2003, when ACC shipped products into the United States, the relationship between petitioner and Ms. de la Cruz was, in addition to brother and sister, manufacturer (in light of petitioner's ownership of the mark in the Dominican Republic and control of and position with ACC) and distributor. And, because there is no agreement between petitioner and respondent or Ms. de la Cruz that defines their relationship

¹⁰ The currency is not stated; presumably the currency is U.S. dollars.

¹¹ We do not find Ms. de la Cruz's and Mr. Mehanna's self-serving and conclusory testimony that respondent is the owner of the mark dispositive of this issue.

and ownership of the KUZ mark in the United States, in view of the manufacturer/distributor relationship between petitioner and his sister, we apply the legal presumption regarding ownership noted in *Lutz Superdyne* and presume that petitioner is the owner of the mark.

This presumption may be rebutted. In such circumstances, courts look to various factors when determining which party has the superior right of ownership including:

1. which party invented or created the mark;
2. which party first affixed the mark to the goods;
3. which party's name appeared on packaging and promotional materials in conjunction with the mark;
4. which party exercised control over the nature and quality of the goods on which the mark appeared;
5. to which party did customers look as standing behind the goods (e.g., which party received complaints for defects and made appropriate replacement or refund); and,
6. which party paid for advertising and promotion of the trademark product.

2 *McCarthy On Trademarks and Unfair Competition* §16:48 (4th ed. 2006). We therefore consider whether the record establishes a superior right by respondent and/or Ms. de la Cruz to the mark.

1. Under the first factor, petitioner's testimony as to who created the mark differs from Ms. de la Cruz's

testimony on the same point. Petitioner testified that he created the mark, JA Trial Dep. at 6, and Ms. de la Cruz testified that "KUZ is a mark, a brand that exist[s] already but it was found through the internet by the family, my father, my brother." SD Trial Dep. at 5. Ms. de la Cruz has not stated that she created the mark, and she acknowledges that her brother was involved in the creation of the mark. This factor hence is neutral, or slightly favors petitioner.

2. With respect to the second factor, we find that petitioner, as the licensor of the KUZ mark to ACC and as the individual who "runs" ACC, placed the mark on the products that respondent acquired from ACC. See, e.g., JA Trial Dep. at 22. Accordingly, the second factor weighs in favor of petitioner.

3. The third factor (which party's name appears on packaging and promotional materials) weighs in petitioner's favor. Of course, the KUZ branded products shipped from ACC contain ACC's labels and ACC's name. Even the label forming respondent's specimen of use submitted with its original application is ACC's label.¹² JA Trial Dep. at 22.

4. The fourth factor (i.e., which party exercised control over the nature and quality of the product) weighs

¹² And, of course, when respondent began manufacturing products in the United States, respondent used its own labels.

in favor of petitioner because respondent purchased ACC's products until respondent began manufacturing its products in the United States. In fact, Ms. de la Cruz testified that she sometimes commented to her brother on how the goods functioned, "and they [petitioner and/or ACC] would change ... the way the product worked." SD Trial Dep. at 12.

5. Neither party introduced any testimony regarding the party to whom customers look to as standing behind the products. We consider the fifth factor to be neutral because of a lack of evidence.

6. The sixth factor (which party paid for advertising and promotion of the trademark products) is neutral; there is no testimony or evidence in the record regarding advertising or promotion of KUZ branded products.

Accordingly, of the six "McCarthy factors," three factors favor petitioner, one is neutral or slightly favors petitioner and the remaining two factors are neutral. None of the "McCarthy factors" points towards respondent as the owner of the KUZ mark, while two of the four factors on petitioner's side strongly favor petitioner as the owner of such mark. We conclude, therefore, that it is petitioner who, at all relevant times, was and is the true owner of the KUZ mark. Respondent's involved registration was and is void *ab initio*.

In view of our finding that petitioner is the owner of the mark, we need not reach petitioner's priority and likelihood of confusion claims. However, if we were to consider such claims, we would award priority to petitioner because petitioner has established ownership and use of the mark at least as early as June 20, 2003, when ACC invoiced "Sr. Jose, Alex Y Victor" in New York, and respondent has not established a priority date earlier than the filing date of its application through the evidence it introduced at trial.

DECISION: The petition to cancel Registration No. 2525957 is granted on the ground of lack of ownership. The registration will be cancelled in due course.