UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF LOUISIANA

DONG PHUONG BAKERY, INC., **Plaintiff,**	**CIVIL ACTION NO. 21-01109**
versus	**SECTION: J (1)**
THE GEMINI SOCIETY, LLC, **Defendant.**	**Judge: Barbier** **Magistrate Judge: van Meerveld**

GEMINI SOCIETY'S OPPOSITION TO
DONG PHUONG'S MOTION FOR SUMMARY JUDGMENT

The defendant The Gemini Society, LLC ("Gemini Society") opposes the Motion for Summary Judgment filed by the plaintiff, Dong Phuong Bakery, Inc. ("Dong Phuong"), R. Doc. 150.

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INTRODUCTION

The plaintiff Dong Phuong Bakery, Inc. ("Dong Phuong" or "DP") moved for summary judgment on several of its affirmative claims against the defendant, The Gemini Society, LLC ("Gemini Society"):[2]

- **Dong Phuong's Count I**: Dong Phuong allegedly owns trademark and trade dress rights. Dong Phuong's Memorandum in Support of its Motion for Summary Judgement ("DP's Memo."), ECF No. 150-1 at pp. 2, 9-10, and 15-20;
- **Dong Phuong's Count III**: Dong Phuong allegedly has an irrevocable IP license. *Id*. at1 and 12-15;
- **Dong Phuong's Count IV**: Dong Phuong allegedly does not owe money to Gemini Society. *Id*. at 2 and 20-21;
- **Dong Phuong's Count V**: Gemini Society allegedly violated Louisiana Unfair and Deceptive Trade Practices Act. *Id*. at 23; and
- **Dong Phuong's Count VI**: Gemini Society allegedly breached the parties' contract. *Id*. at 21.

This case is going to trial on at least some of Gemini Society's claims against Dong Phuong and its principals, Linh Garza and Huong Tran. Dong Phuong did not move for summary judgment against Gemini Society's pending claims against Dong Phuong, including: **Gemini Society's Count II** (copyright ownership); **Count IV** (trademark infringement); **Count IX** (piercing corporate veil); **Count X** (tortious interference with contracts); **Count XIII** (Dong Phuong violated LUTPA); **Count XVII** (Dong Phuong breached contracts); **Count XVII** (promissory estoppel); **Count XVIII** (detrimental reliance); and **Count XIV** (cancel Dong Phuong's Louisiana registration for DP Bakeshop). As such, and regardless of how the Court rules on the parties' summary judgment motions, many of Gemini Society's claims are going to

[2] For its part, Gemini Society also moved for summary judgment in its favor on several of the same or related claims, including **Dong Phuong's Count III** (irrevocable license); **Dong Phuong's Count V** (LUTPA); **Gemini Society's Count I** (license terminated); and **Gemini Society's Count XIV** (cancel Dong Phuong's Louisiana registration for DP Bakeshop). R. Doc. 165.

trial against Dong Phuong.

FACTUAL BACKGROUND

Gemini Society incorporates by reference its Memorandum in Support of its Motion for Partial Summary Judgment, R. Doc. 165-1 ("Gemini Society's MIS"), including all exhibits. Terms defined in that memorandum, such as the Two Fish Logo, DP Bakeshop Mark, Dong Phuong Logoscript, and "Dong Phuong Banh Mi And Baked Goods Logo" (collectively, the "Marks"), have the same meanings here. See also Ramirez Declaration, Exh. HH ¶ 17 (featuring each brand).

I. Many businesses use the name DONG PHUONG.

The phrase DONG PHUONG is Vietnamese for "the east" or "eastern." Ramirez Declaration, Exh. HH ¶ 2. Many businesses use this phrase in their name to convey an "oriental" connection. For example, there is a "Dong Phuong Tofu" located in San Jose, California, a "Dong Phuong Grocery Store," in Louisville, Kentucky, "Dong Phuong Oriental Market" in Amarillo, Texas and "Dong Phuong" newspapers based in Seattle, Washington, and Portland, Oregon. *Id*. Restaurants using the name "Dong Phuong Restaurant" are located in Rosemead, California, and Silver Spring, Maryland. *Id*. Gemini Society has not, and does not, claim to own, or have exclusive rights, in the name or phrase DONG PHUONG.

II. Gemini Society usual engagements are for sophisticated Fortune 500 companies.

Gemini Society was founded by Deziderio Ramirez and James Martis in 20212. *Id*. ¶¶ 7-8. Before that, Mr. Ramirez was the Creative Director at Dell, Inc., and has worked at several other high-end professional brand firms. *Id*. Gemini Society's clients have included Fortune 500 companies, such as Dell, YouTube, and NBC. *Id*. For a typical engagement, Gemini Society's usual rates are often up to $100,000 per month. *Id*.

III. Gemini Society also offers alternative fee arrangements for smaller and medium sized-businesses.

Some of Gemini Society's clients have asked for alternative fee arrangements. *Id*. ¶ 9. For example, rather than pay Gemini Society's usual rates, the Detroit Institute of Bagels, a bagel shop located in Detroit, Michigan, agreed to pay Gemini Society a discounted one-time payment of $100,000 plus 10% of sales and other revenue sharing components to create a new brand identity and e-commerce platform. *Id*.; see also Statement of Work for Detroit Institute of Bagels, Exh. 39 at 4. Under this arrangement, Gemini Society generally reserved ownership of all new brands and other materials created by Gemini Society as part of its engagement. *Id*. Such arrangements – similar to a contingency fee in litigation – are not uncommon. *See also* Chiagouris Report, Exh. S at 6 and 21-23 ("It is not unusual for marketing organizations or branding consultants to retain ownership of their work.").

IV. The history between the Ramirezes and Garzas go back 20 years.

Before this lawsuit, Deziderio Ramirez and Ruben Garza were friends for almost 20 years. *Id*. ¶ 3-6. Ruben Garza is married to Linh Garza, the President of Dong Phuong. *Id*. Mr. Garza introduced Mr. Ramirez to Mrs. Garza. *Id*.

V. In 2016 the Dong Phuong Oriental Bakery in New Orleans had no brand strategy or e-commerce capabilities. They used the Two Fish Logo.

In 2016 Dong Phuong had no brand strategy, no social media strategy, no product design and development pipeline, and no e-commerce strategy or platform. *Id*. ¶¶ 12-13. Dong Phuong used a simple, static website, which lacked an e-shop or e-commerce functionality. *Id*. Customers could not place orders online. *Id*. At the time, Dong Phuong used the Two Fish Logo. *Id*. Dong Phuong's sales were essentially flat. Expert Report of Dr. Larry Chiagouris dated May 30, 2022, with Supplement dated October 27, 2022, ("Chiagouris Report"), Exh. S ¶¶ 54-55 and 58 (noting 2.6% growth in sales in the year 2016 over 2015).

VI. Dong Phuong and Gemini Society agree to a series of Statements of Work requiring Dong Phuong to pay Gemini Society ongoing brand management and licensing fees.

In early 2017, Mr. Martis and Mr. Ramirez met with Mrs. Garza to discuss how their businesses could work together. *Id*. ¶¶ 14-16. Mrs. Garza said she wanted to appeal to investors, placing Dong Phuong in a position to sell or franchise. *Id*. Mrs. Garza expressed interest in franchising Dong Phuong's recipes and positioning the business for a sale to allow her mother, Huong Tran, to retire. *Id*.

But Dong Phuong could not afford Gemini Society's usual rates. *Id*. At the time, Dong Phuong said it could only afford to pay Gemini Society $17,000. *Id*. Because Dong Phuong could not pay Gemini Society's usual fees upfront, Dong Phuong agreed that Gemini Society would retain ownership of the brands and other materials it created and license them to Dong Phuong. *Id*. Dong Phuong would pay brand licensing fees to Gemini Society, with the expectation that licensing fees paid to Gemini Society would grow with Dong Phuong sales. *Id*.

In 2017 Gemini Society and Dong Phuong signed two Statements of Work. Under the first Statement of Work, dated February 2, 2017, Gemini Society conducted interviews and research to create a new brand vision. *Id*. For Dong Phuong, and in part because Gemini Society retained all rights in the brands and materials it created, fees charged were significantly discounted at $17,000. *Id*. This was based on the budget that Linh Garza told us Dong Phuong could afford at the time. *Id*.

The brand itself was not a deliverable under the parties' agreement, and the agreement did not assign any intellectual property rights from Gemini Society to Dong Phuong. *Id*. Dong Phuong admitted that its agreements with Gemini Society did not state that Dong Phuong would own the designs created by Gemini Society. Dong Phuong's Corporate Deposition dated December 6, 2022, Exh. GG at 62:23 – 63:1.

Under the Statement of Work dated June 28, 2017, Gemini Society worked to roll out the brands it had created under the first SOW. Ramirez Declaration. ¶ 18. Among other things, Gemini Society created a website that included a notice that the copyrights were owned by Gemini Society. *Id*.; *see also* DPBakeshop.com website, Exh F, R. Doc. 165-8 at. 21 ("© Copyright 2021. All Rights Reserved. The Gemini Society."). *Id*. For Dong Phuong, and in part because Gemini Society retained all rights in the brands and materials it created, fees charged were significantly discounted at $20,000. *Id*. Again, this was the budget that Linh Garza told us Dong Phuong could afford at the time. *Id*.

Gemini Society licensed its brands other materials to Dong Phuong, and Dong Phuong agreed to pay brand licensing fees. Martis Declaration, Exh. II ¶ 3-4. Gemini Society understood that Dong Phuong could not use Gemini Society's brands and materials without Gemini Society's permission, and Mrs. Garza routinely sought permission from Gemini Society on all uses of such brands and materials. *Id*.; *see also*, Gemini Society's MIS, ECF 165-1 at 4-6 (collecting examples of Gemini Society's control over uses of the brands and other materials, management of brand quality in the marketplace, and oversight of brand standards during manufacturing through final stages of production).

For example, one of Dong Phuong's box vendors reached out for approval of new branded banh mi poboy boxes, and Mrs. Garza told him "Please Send to Gemini." Messaged dated October 29, 2019, at 12:33 PM from Linh Garza to box vendor, Exh. Y at 2. As the manager and licensor of the brands, Gemini Society selected all vendors and manufacturers of products bearing the brands, ensuring quality and consistency in the marketplace, and final approval from Gemini Society was required for all uses of the brands and other materials. *Id*.

Gemini Society and Dong Phuong memorialized this understanding in writing beginning

with the 2018 Statement of Work. *Id*. Among other things, Gemini Society was responsible for "Brand Management" including "Guardianship and management of brand quality and consistency in the marketplace" and "oversight of brand standards during manufacturing and final stages of production." *Id*.; *see also* 2018 Statement of Work, Dong Phuong's MSJ Exh. L at 2. Thereafter, all Statements of Work between Gemini Society and Dong Phuong included these provisions and required Dong Phuong to pay brand management and licensing fees. *Id*.; *see also* 2020 Statement of Work, Dong Phuong's MSJ Exh. P at 2, and 2021 Statement of Work, Dong Phuong's MSJ Exh. Y at 2.

In its Motion for Summary Judgment, Dong Phuong ignored or omitted discussion of several invoices for brand management and brand licensing fees. These include:

- Invoice dated December 7, 2018, including "Brand Licensing Fee", Exh. H, R. Doc. 165-10 at 1;
- Invoice dated January 11, 2021, including: "Brand Management Q1" fees, "King Cake Box Licensing Fee," "Banh Mi Box Licensing Fee," and fees based on 5 % of e-shop sales, Exh. BB; and
- Invoice dated April 6, 2021, including "Brand Management" fees and fees based on 5% of e-shop sales, Exh. CC.

In its corporate deposition, Dong Phuong also admitted it agreed to pay Gemini Society licensing fees. Dong Phuong's Corporate Deposition dated December 6, 2022, Exh. GG at 14:20 – 15:16.

VII. Dong Phuong's sales double.

In 2016, the last year before Dong Phuong began working with Gemini Society, Dong Phuong's gross sales were $2.1M. Economic Damages Report by Malcolm M. Dienes, LLC, dated November 30, 2022 ("Damages Report"), Exh. DD at 5 (citing Dong Phuong's 2016 tax returns). After working with Gemini Society in 2017 and 2018, by 2019 Gemini Society's sales were over $4M. *Id*.

VIII. In late 2020, Dong Phuong and Gemini Society prepare for the 2021 King Cake season, and Gemini Society launches a franchise-like reseller program.

Under the 2020 Statement of Work, Dong Phuong agreed to pay Gemini Society brand management fees of $60,000 plus licensing fees of 8% of e-shop net sales (later reduced to 5%). Martis Declaration ¶¶ 15-16.

The parties also agreed that, for the 2021 King Cake season, all King Cakes would be sold through Gemini Society's e-shop. *Id*.; *see also* Dong Phuong's Corporate Deposition, Exh. GG at 65:6-13 (Q. "So all the king cakes were going to be sold through the e-shop -- or purchased through the e-shop, and then they could either be delivered or picked up at the storefront location?" A. "Yes, that was our intention. Yes."). Through discovery, Dong Phuong confirmed that it failed to report all King Cake sales through the e-shop. *Id*. (Q. "And to your knowledge, did all of the king cake sales go through the e-shop?" A. "No.").

By 2020 Dong Phuong still had not yet made the investments necessary to establish a formal franchising program for third parties. *Id*. ¶¶ 17-19. In October and November 2020, and with Mrs. Garza's knowledge and support, Gemini Society created a franchise-like reseller program for third parties to locate branded "DP Bakeshop" stores within their retail locations. *Id*. The reseller program was an extension of Dong Phuong's and Gemini Society's prior discussions about franchising that had continued since the beginning of their relationship. *Id*. Third parties began signing up for the reseller program beginning in November 2020. *Id*.

To join the reseller program, resellers agreed to Gemini Society's online Reseller Program License Terms and Agreement and paid Gemini Society a one-time fee of $300. *Id*.; *see also* Official Reseller License Receipt, Exh. I, R. Doc. 165-11. Licensed Resellers agreed to and paid for their official reseller license directly from Gemini Society's e-shop. *Id*. In exchange, Licensed Resellers received a limited license to use the DP Bakeshop Mark, King Cake marketing materials,

and social media content. *Id*. In addition, Gemini Society provided to each licensed reseller physical marketing materials, including banners, stickers, King Cake box window decals, and buttons – all of which featured Gemini Society's brands. *Id*. Images of these materials are shown at Martis Declaration ¶ 20.

Mrs. Garza acknowledged that the license granted by Gemini Society to resellers for $300/ year included a license to the Marks. Message dated June 20, 2021, at 9:14 PM from Linh Garza to Diem Tran, Exh. W at 8 ("Then they [Gemini Society] want to charge all my wholesalers $300/year to license our brand . . . .").

Mrs. Garza actively promoted Gemini Society's reseller program. Martis Declaration ¶ 23. Gemini Society created an online application form for businesses to apply to become licensed resellers, and in October 2020 Mrs. Garza shared a link to the form with potential resellers. *Id*. With Dong Phuong's knowledge and consent, Gemini Society maintained a list of license resellers on the DPBakeshop.com website. *Id*. When long-time wholesale customers of Dong Phuong, such as Jazzy Pete, asked how they could join the reseller program, Mrs. Garza directed them to Gemini Society and encouraged them to join. *Id*., *see also* email thread, Exh. 19, R. Doc. 165-43. Mrs. Garza never objected during the launch of the reseller program or the one-time $300 fee charged to licensed resellers by Gemini Society. *Id*.

Gemini Society received no complaints from licensed resellers about the reseller program. Martis Declaration ¶ 25. In discovery, Dong Phuong produced no complaints to Dong Phuong from licensed resellers about the reseller program. Resellers enjoyed more than $383,000 in King Cake sales for the 2021 season. Damages Report, Exh. DD at 18 (Table 5).

IX. Mrs. Garza accepts responsibility for delays that resulted in increased costs and losses to Gemini Society.

Gemini Society initially used the Shopify platform for its e-shops because of its ease of use

and customization. Martis Declaration ¶¶ 12-14. Square, a point-of-sale service provider used by retailors in-store, would not offer a competing ecommerce solution until March 2019. *Id*. In 2019 Gemini Society created a new e-shop for banh mi sandwiches on the Shopify platform. *Id*. After several months of work, Linh Garza asked Gemini Society to use the recently launched Square e-shop platform instead. *Id*. As a result, Gemini Society's banh mi e-shop did not launch until 2020. *Id*.

In October 2020 Linh Garza acknowledged her role in causing delays in launching the banh mi e-shop, and Dong Phuong paid Gemini Society $15,000. *Id*. On January 5, 2021, Mrs. Garza acknowledged that the Square ecommerce platform did not exist when Gemini Society began work on the banh mi e-shop and that she would pay for work lost because of the transition requested by her: "It was unfortunate that Square did not have that option [i.e., an ecommerce platform like that available from Shopify] available when we started work on the shop a year ago. I had expressed by willingness to absorb some of the cost of the first build. I thought we had agreed on a settlement, but let's discuss if that is not the case." *Id*.; *see also* email, Exh. 20, R. Doc. 165-44. While the $15,000 paid by Dong Phuong did not cover all of Gemini Society's losses, Gemini Society appreciated that Mrs. Garza had accepted responsibility for the delays she caused. *Id*.

In early January 2021, the parties were in the middle of King Cake season, working long hours every day. Martis Declaration ¶ 29. On January 2, 2021, Mrs. Garza asked Gemini Society to close the reseller program: "Can you give me the cost to build this store and we can settle and close it?" Email, Exh. 20, R. Doc. 165-45 at 1-2. On January 4, 2021, Gemini Society responded with an estimated cost "in the 200K range." *Id*. at 1. On January 5, 2021, Mrs. Garza took "full responsibility for not communicating well enough nor helping to foresee the complexities and pitfalls of this project." *Id*. She continued, "If we end up scrapping the shop, I do intend to pay for

the cost of the build." She acknowledged the cost was $200,000 and offered to work out a payment plan: "At 200K we cannot afford to absorb that cost in one year. But if we can work out a payment option over two years, that should fit within our budget." *Id*. Mrs. Garza said she wanted to "continue and strengthen our collaboration" with Gemini Society. *Id*.

X. Gemini Society and Dong Phuong negotiate and agree to the 2021 Statement of Work.

In the course of negotiations for the 2021 Statement of Work, Mrs. Garza asked for information about alternatives to the fee structure from prior years. Martis Declaration ¶¶ 30-33. On January 22, 2021, Gemini Society sent Mrs. Garza proposed pricing as a starting point for negotiations. *Id*. Mrs. Garza thanked Gemini Society for this information. *Id*.; *see also* email, Exh. 26, R. Doc. 165-50. On January 25, 2021, the parties discussed licensing fees and other terms for 2021. *Id*.

On January 29, 2021, Dong Phuong and Gemini Society signed the 2021 Statement of Work. *Id*.; *see also* 2021 Statement of Work, Dong Phuong's MSJ Exh. Y at 4. The 2021 Statement of Work covered the period January 1, 2020, through December 31, 2021. *Id*; *see also* 2021 Statement of Work, Dong Phuong's MSJ Exh. Y at 1.

Dong Phuong agreed to pay Gemini Society brand management fees of $60,000 and licensing fees of 5% of e-shop sales from January 1, 2021, through March 31, 2021, and 8% thereafter, plus a $1 per box fee. *Id*. Dong Phuong also committed to pay Gemini Society a percentage of its e-shop sales in future years by promising that the "Percentage of eShop Net Sales [was] to remain in effect for subsequent calendar years until scope, fees, expenses, invoicing, and new terms are mutually agreed upon." *Id*.; *see also* 2021 Statement of Work, Dong Phuong's MSJ Exh. Y at 4.

Mardi Gras was February 16, 2021, marking the end of the King Cake season. *Id*. During

the King Cake season, Dong Phuong earns most of its sales and this period represents a substantial portion Gemini Society's active work for Dong Phuong each year. *Id*. Gemini Society developed, designed and executed marketing, social media and promotion strategies to meet the unique needs of the 2021 king cake season during COVID. *Id*. Once king cake sales launched, Gemini Society's daily work included monitoring e-shop status, confirming daily reporting, managing per-day cake allotments, banning abusive customers, setting purchase limits, blacking out sold out dates, handling shipping processing, fielding and resolving customer issues, troubleshooting Shopify issues, and continued execution of marketing and promotion strategies as inventory and availability changed. *Id*.

On April 6, 2021, Gemini Society issued an invoice for brand management fees of $15,000 for the first quarter of 2021 (i.e., January 1, 2021, through March 31, 2021) and fees based on 5% of e-shop sales (including the period January 1, 2021, through February 28, 2021). Martis Declaration ¶¶ 35-36; *see also* invoice, Exh. CC. Remaining brand management fees due under the 2021 Statement of Work was $45,000. *Id*. Under the 2021 Statement of Work, Dong Phuong agreed to increase fees from e-shop sales from 5% to 8% on April 1, 2021, through December 31, 2021. *Id*. Dong Phuong has not paid Gemini Society brand management or other fees due on or after April 1, 2021. *Id*.

XI. Under the 2021 Statement of Work, licensing fees from e-shop sales increase from 5% to 8% on April 1, 2021, through the end of the year. Dong Phuong terminates two weeks later.

Gemini Society did not know Dong Phuong was meeting with other marketing firms to terminate and replace Gemini Society after the King Cake season had ended. Martis Declaration ¶ 34. On March 25, 2022, Reuben Garza, the husband of Linh Garza, sent her a list of branding agencies to contact. Email dated March 25, 2021, from Ruben Garza to Linh Garza with list of branding agencies, Exh. 28. The same day, Mrs. Garza contacted several agencies. *See* Email

dated March 25, 2021, from Linh Garza to Brand Society, Exh. 30; and Calendar appointment March 25, 2021, with Linh Garza and BuzzShift. Exh. 31. She informed them that Dong Phuong "currently licensed our brand," Email from Linh Garza, Exh. 29, and "[w]e are in the process of terminating our relationship with our current branding company." Email from Linh Garza, Exh. 32.

On April 11, 2021, Linh Garza notified Gemini Society that it would begin working with another branding firm. Email from Linh Garza, Exh. 33. She asked Gemini Society for permission to use up remaining branded materials on hand by requesting to negotiate a fee to do so. *Id*. By April 12, 2021, Linh Garza confirmed that "We have terminated our relationship with Gemini Society." Email from Linh Garza, Exh. 34; *see also* Dong Phuong's Original Complaint, R. Doc. 1 ¶ 22 ("On April 12, 2021, Dong Phuong notified Gemini Society that it was terminating the relationship . . . .").[3]

XII. Dong Phuong transitions to a new website within one day and online sales increase.

After Dong Phuong terminated its relationship with Gemini Society, on April 12, 2021, Gemini Society deactivated the DPBakeshop.com website. Email from Linh Garza, Exh. 36. The next day, Tuesday, April 13, 2021, Linh Garza forwarded the website to a new web address and she "was able to put a shop together on square quickly, so we were able to keep that functionality." *Id*.

Dong Phuong is closed on Tuesdays. Dong Phuong's Corporate Deposition dated December 6, 2022, Exh. GG at 70:15-17. Within a day, Dong Phuong was able to "get the [online] ordering up and running." *Id*. 70:18-24. Dong Phuong admitted "we didn't lose any online sales." *Id*. at 70:25 – 71:18. Dong Phuong does not know whether it suffered any losses

[3] This admission is binding on Dong Phuong.

due to the website being down. *Id*. In fact, by at least June 20, 2021, Dong Phuong's "online sales [had] doubled" since the new "site launch[ed]." Message dated June 20, 2021, at 9:46 PM from Linh Garza to Diem Tran, Exh. W at 14.

XIII. Gemini Society proposes a comprehensive settlement.

In April 2021 Gemini Society retained a lawyer, Adrien Resendez with the law firm Brough & Resendez, PLLC, based in Austin, Texas, to advise it in its dispute with Dong Phuong. Martis Declaration ¶¶ 38-39. At the direction of Mr. Resendez, Gemini Society created a settlement proposal for all outstanding fees under the 2021 Statement of Work, including fees earned on or after April 1, 2021,[4] plus the $200,000 that Mrs. Garza had previously promised to pay. *Id*.; proposal dated May 12, 2021, Exh. 43 at 41. The proposal for $268,151.31 included wiring instructions to route the settlement payment through Brough & Resendez, PLLC. *Id*. Mr. Resendez included the proposal with a settlement offer that he sent to Dong Phuong's lawyer. *Id*.; *see also* email with draft settlement proposal, Exh. 43.

Apart from settlement negotiations between counsel for Gemini Society and Dong Phuong that occurred prior to this lawsuit, no one at Gemini Society – not Mr. Ramirez, not Mrs. Ramirez, nor Mr. Martis – sent the settlement proposal directly to Mrs. Garza or anyone else at Dong Phuong. *Id*. Gemini Society's accounts receivable register, labeled TGS_11331, and included as part Dong Phuong's MSJ Exhibit FF, is an internal document that Gemini Society never sent to Mrs. Garza or anyone else at Dong Phuong. *Id*.

XIV. Dong Phuong hires new branding firms.

After Dong Phuong terminated its relationship with Gemini Society, it hired two

[4] As of April 12, 2021, remaining fees owed to Gemini Society under the 2021 Statement of Work included $45,000 in brand management fees, see Martis Declaration ¶ 35, plus $45,855.06 in fees based on a percentage of e-shop and King Cake sales. See Damages Report, Exh. DD at 12 (Table 5).

branding and marketing firms, Brand Society and BuzzShift. Dong Phuong's Corporate Deposition dated December 6, 2022, Exh. GG at 17:5-15. Dong Phuong stopped using the DP Bakeshop branded King Cake boxes created by Gemini Society, and started using boxes designed by Brand Society. *Id*. at 19:1-10.

After its relationship with Gemini Society ended, Dong Phuong began using the Two Fish Logo and a new "Dong Phuong Bakery Fleur de Lis Logo":



See DP Corp. Exhs. 3 and 4 to Dong Phuong's Corporate Deposition dated December 6, 2022, Exh. GG (last two pages of attachment).

Gemini Society does not claim to own the name or phrase "Dong Phuong" and Gemini Society does not object to Dong Phuong's new logo or other original branded materials, which (so far) do not appear to include the Marks or other materials created by Gemini Society.

XV. The U.S. Patent and Trademark Office rejects Dong Phuong's application to register the mark DONG PHUONG.

On April 14, 2021, Dong Phuong filed an application to register the mark DONG PHUONG with the U.S. Patent and Trademark Office (the "USPTO"). Ramirez Declaration ¶ 21; *see also* Trademark App. Ser. No. 90/645,906 for DONG PHUONG filed with the U.S. Patent and

Trademark Office ("USPTO"), filed April 14, 2021 ("the '906 application"), Exh. 41. The applied-for mark was in standard character format, not the "Dong Phuong Logoscript" or the "Dong Phuong Banh Mi And Baked Goods" Logo. *Id*. On January 11, 2022, the USPTO rejected Dong Phuong's application on grounds of a likelihood of confusion with Reg. Nos. 2733814 and 2600522 for DONG PHUONG TOFU. *Id*.; *see also* Office Action, Exh. 42.

XVI. Dong Phuong sues Gemini Society.

On June 8, 2021, Dong Phuong sued Gemini Society. Original Complaint, R. Doc. 1. In a candid exchange with her friend Diem Tran,[5] Mrs. Garza admitted that she was "not looking for damages" from Gemini Society. Message dated June 20, 2021, at 9:46 PM from Linh Garza to Diem Tran, Exh. W at 18. Mrs. Garza said Dong Phuong sued Gemini Society, "so they can't sue us in Texas." *Id*. at 9:35 PM, Exh. W at 11.

LAW AND ARGUMENT

I. Count VI (Breach of Contract): A jury must decide how much to award Gemini Society for Dong Phuong's breaches of its promises to Gemini Society.

A. Dong Phuong failed to pay Gemini Society all fees due under the 2021 Statement of Work, including brand management and e-shop fees.

On April 6, 2021, Gemini Society issued an invoice for brand management fees of $15,000 for the first quarter of 2021 (i.e., January 1, 2021, through March 31, 2021) and fees based on 5% of e-shop sales (including the period January 1, 2021, through February 28, 2021). Martis Declaration ¶¶ 35-36; *see also* invoice, Exh. CC. Remaining brand management fees due under the 2021 Statement of Work was $45,000. *Id*.

Through discovery, Gemini Society found that Dong Phuong also breached its promise to process all King Cake sales through Gemini Society's e-shop for the 2021 season. Gemini

[5] Dong Phuong Corporate Deposition, Exh. GG at 11:4-5 (Q. "Who is Diem Tran?" A. "She is a friend, a personal friend.").

Society's damages expert has calculated that Dong Phuong still owes $45,855.06 in fees based on 5% percentage of e-shop and King Cake sales through April 11, 2021. See Damages Report, Exh. DD at 12 (Table 5).

B. On April 12, 2021, Dong Phuong breached the 2021 Statement of Work by terminating it under a false pretense: complaints from resellers. Dong Phuong's true motive was to avoid payment of future fees it agreed to pay Gemini Society.

The Fifth Circuit has held that termination of a contract may itself be a breach of contract. *Transverse, L.L.C. v. Iowa Wireless Servs., L.L.C.*, 617 F. App'x 272 (5th Cir. 2015) (affirming jury finding that defendant fabricated excuse to terminate to avoid paying fees to plaintiff and was, therefore, liable for breach of contract damages). Here, Dong Phuong manufactured complaints about Gemini Society's reseller program. Dong Phuong has produced more than 200,000 pages of emails and text messages in this case, but where are the complaints from resellers? They do not exist.

In any event, the reseller program ended on Mardi Gras in February 2021. A jury may draw a reasonable inference from the timing and circumstances of Dong Phuong's termination on April 12, 2021, that its true goal was to avoid paying Gemini Society increased fees of 8% of e-shop sales beginning on April 1, 2021.

Because Dong Phuong breached its contract with Gemini Society, Gemini Society is entitled to recover damages. And for each breach by Dong Phuong, Gemini Society may seek either its lost profits or reliance damages. See *Transverse*, 617 F. App'x at 280. Here, Gemini Society's damages expert has provided alternative calculations for Gemini Society's lost profits, Exh. DD at 11 (Tables 3 and 4), and for reliance damages. *Id*. at 16 (Table 10).

C. Because Dong Phuong owes contract damages to Gemini Society, the Court should deny summary judgment on Dong Phuong's claim for a declaratory judgment that it does not owe fees to Gemini Society.

As the party that bears the proof on several of those claims, Dong Phuong's initial

summary judgment burden is to "come forward with evidence which would 'entitle it to a directed verdict if the evidence went uncontroverted at trial.'" *Int'l Shortstop, Inc. v. Rally's, Inc*., 939 F.2d 1257, 1263-64 (5th Cir. 1991) (citation omitted). The nonmoving party can then defeat the motion by either countering with sufficient evidence of its own, or "showing that the moving party's evidence is so sheer that it may not persuade the reasonable fact-finder to return a verdict in favor of the moving party." *Id*. at 1265.

When assessing whether a dispute as to any material fact exists, the Court considers "all of the evidence in the record but refrains from making credibility determinations or weighing the evidence." *Delta & Pine Land Co. v. Nationwide Agribusiness Ins. Co*., 530 F.3d 395, 398 (5th Cir. 2008). All reasonable inferences are drawn in favor of the nonmoving party, but a party cannot defeat summary judgment with conclusory allegations or unsubstantiated assertions. *Little v. Liquid Air Corp*., 37 F.3d 1069, 1075 (5th Cir. 1994). A court ultimately must be satisfied that "a reasonable jury could not return a verdict for the nonmoving party." *Delta*, 530 F.3d at 399.

Here, Dong Phuong cannot meet its summary judgment burden. Drawing all reasonable inferences in favor of Gemini Society, a reasonable jury could find that Dong Phuong owes fees to Gemini Society.

D. Dong Phuong also owes damages under Gemini Society's quasi-contract claims.

Gemini Society has also asserted several quasi-contract claims, including **Count XVII** (promissory estoppel) and **Count XVIII** (detrimental reliance), relating to Dong Phuong's promise to compensate Gemini Society $200,000 for terminating the reseller program and other delays, losses, and increased costs suffered by Gemini Society and caused by Dong Phuong. Dong Phuong has not moved for summary judgment on these claims, so these are going to trial. And because they arise out of the same or related facts as Gemini Society's breach of contract claim, the jury should be allowed to consider all such claims together.

II. Count V (LUTPA): Gemini Society did not violate LUTPA by extending a pre-lawsuit offer to settle this matter.

Settlements should be encouraged. Dong Phuong must sense that its LUTPA claim based on Gemini Society's settlement proposal is weak, because Dong Phuong does not actually attach the proposal to its summary judgment motion. Attached here is Exhibit 43, an email from Gemini Society's counsel transmitting a Proposed Settlement Agreement, with a copy of Gemini Society's settlement proposal attached. See Exh. 43 at 41.

Dong Phuong knew or should have known that it was a settlement proposal and not an invoice in the usual sense. Dong Phuong does not assert that its contacts at Gemini Society sent the proposal as a stand-alone invoice. That is because the proposal was obviously a settlement offer based on the context in which it was communicated from Gemini Society to Dong Phuong – i.e., through Gemini Society's counsel to Dong Phuong's counsel – as an attachment to a proposed settlement agreement.

Gemini Society incorporates by references Gemini Society's MIS at 17-22, in which Gemini Society seeks a summary judgment in its favor on Dong Phuong's LUTPA claim.

III. Count III (Irrevocable License): Gemini Society's license to Dong Phuong ended when Dong Phuong refused to continue paying licensing fees.

As a preliminary matter, Dong Phuong does not challenge Gemini Society's ownership of the copyrights in its materials. Nor could it. In general, Gemini Society's employees created the materials within the course and scope of their employment, Ramirez Declaration ¶ 19, and, therefore, Gemini Society is the author and owner of the copyrights in those works. See 17 U.S.C. § 101 (definition of "work made for hire"). In any event as the owner of copyright registrations for the King Cake boxes and websites, see Exh. EE and Exh. FF, Gemini Society is entitled to a presumptions that it owns such registered copyrights and they are valid. See 17 U.S.C. § 410(c).

A. Dong Phuong lacks evidence that Gemini Society intended to grant an implied irrevocable license apart from the parties' written agreement.

"Without intent, there can be no implied license." *Harness v. Rossler*, No. 08-CV-0988-P, 2009 U.S. Dist. LEXIS 142701, at *14 (N.D. Tex. Mar. 31, 2009) (denying summary judgment on implied license defense). Where, as here, there is a written agreement governing the use of the licensed materials, the party claiming an implied license must show the copyright owner also intended to grant the licensee a separate implied apart from the terms of the written agreement.

In this case, the parties agreed to written limits on Dong Phuong's license to use Gemini Society's materials. For example, under the 2021 Statement of Work, Dong Phuong agreed to comply with Gemini Societies' "branding guidelines and constraints," Dong Phuong's MSJ Exh. Y at 3 (second bullet under "DP Bakeshop Responsibilities"), and there are numerous examples of when Dong Phuong complied with this duty by seeking permission from Gemini Society to use Gemini Society's materials. See Gemini Society's MIS, R. Doc. 165 at 3-4. With the termination of the 2021 Statement of Work, Mrs. Garza understood Dong Phuong lacked a separate implied license to use Gemini Society's materials, because she asked to negotiate a new fee to allow Dong Phuong to use remaining inventories of such materials: "I would like to negotiate a fee to allow us to use up these branded materials." Email from Linh Garza, Exh. 33.

But intent takes two to tango. To be entitled to summary judgment, Dong Phuong must show – as a matter of law – that *Gemini Society* intended to grant Dong Phuong an implied license beyond the terms of the 2021 Statement of Work. Dong Phuong's motion lacks any probative evidence of Dong Phuong's intent to grant Dong Phuong an implied license apart from the 2021 Statement of Work. Accordingly, Dong Phuong's motion must be denied.

B. Assuming arguendo Dong Phuong has an implied license, which is denied, there is a dispute over its scope and duration.

In *Rivera v. Méndez & Compañia*, 988 F. Supp. 2d 159 (D.P.R. 2013), the defendant paid plaintiff annually for artwork to promote a jazz festival. After several years, the defendant discontinued purchasing new artwork from the plaintiff, but he used previous designs in collages of past programs. The plaintiff sued for copyright infringement, and the defendant raised the defense of an implied license. The trial court denied the defendant's summary judgment, because there was evidence that the artwork was commissioned on an annual basis to represent that year's festival and there was a fact dispute over whether the plaintiff intended to allow the defendant to use the artwork in future years. *Id*. at 168-69.

Here, a reasonable jury may infer from the annual license fees that Dong Phuong agreed to pay and the parties' course of dealings meant that the scope and duration of an implied license granted by Gemini Society, if any, was limited the term of the parties' Statement of Work. Like the parties in *Rivera*, the parties conferred annually on work that would be done in the coming year, and how much Dong Phuong would pay for that. If Dong Phuong truly had an irrevocable license to Gemini Society's materials, Dong Phuong would have stopped paying annual licensing fees to Gemini Society after the initial Statements of Work in 2017. Dong Phuong did not pay hundreds of thousands of licensing fees to Gemini Society out of the goodness of its heart. Dong Phuong paid because it lacked an implied license of unlimited scope and duration, and Dong Phuong understood Gemini Society's permission was required for it (or its vendors) to use Gemini Society's materials.

In sum, Dong Phuong cites no cases in which a Court found an irrevocable license when the licensee paid ongoing licensing fees to the licensor and the licensor reserved final approval on all uses of the licensed materials. Accordingly, Gemini Society respectfully urges the Court to

deny summary judgment.

IV. Count I (Ownership): Dong Phuong does not own the Marks or trade dress.

A. Dong Phuong's motion failed to identify what it claims to be its trade dress or that such trade dress, if any, is distinctive, non-functional and has secondary meaning.

Dong Phuong seeks a declaratory judgment that it owns certain trade dress. See DP's Memo. ECF No. 150-1 at 9-10. However, a threshold issue is whether such trade dress is protectable. The Fifth Circuit has held "[t]his first inquiry encompasses three issues: (1) distinctiveness, (2) secondary meaning, and (3) functionality." *Allied Mktg. Grp., Inc. v. CDL Mktg., Inc*., 878 F.2d 806, 813 (5th Cir. 1989) (quotation marks and citation omitted). Because Dong Phuong did not address these issues in its motion, Gemini Society declines to do so, as well. In any event, Dong Phuong failed to meet is burden of demonstrating that it is entitled to summary judgment on at least this aspect of its claim.

B. By licensing the Marks from Gemini Society, and Dong Phuong is estopped from arguing that Gemini Society failed to sufficiently supervise Dong Phuong.

Gemini Society incorporates by reference Gemini Society's MIS, 165-1 at 12-15. Mrs. Garza admitted that Dong Phuong licensed its brand from Gemini Society. Email dated March 25, 2021, from Linh Garza, Exh. 29 (Dong Phuong "currently licensed our brand"). In general, "a licensee is estopped to contest the validity of the licensor's title during the course of the licensing arrangement." *Prof'l Golfers Ass'n of Am. v. Bankers Life & Cas. Co*., 514 F.2d 665, 671 (5th Cir. 1975). "The licensee has, by virtue of the agreement, recognized the holder's ownership." *Id*. However, "after expiration of the license, a former trademark licensee may challenge the licensor's title on facts which arose *after* the contract has expired." *Id*. (emphasis in original).

Here, Dong Phuong points to no facts that arose after the license terminated – i.e., April

12, 2021 – to support its claim that Gemini Society lacks ownership of the brands that Dong Phuong paid "brand management" and "brand licensing fees" for years to use.

Dong Phuong seeks to rely on the 1967 Fifth Circuit case, *Turner v. H M H Publ'g Co*., 380 F.2d 224, 226 (5th Cir. 1967), but it is distinguishable. That case involve a trademark owner and a third party infringer, not a former licensee. In any event, the rule adopted by the Fifth Circuit in *Pro. Golfers* and applied countless times in this circuit remains valid: "a licensee is estopped to contest the validity of the licensor's title during the course of the licensing arrangement," so "a former trademark licensee may challenge the licensor's title on facts which arose *after* the contract has expired." That rule governs this dispute, which is a fight between a trademark licensor and its former licensee.

Dong Phuong argues that the estoppel does not apply, because it was not a "controlled licensee" and, therefore, there was no license to begin with and therefore no estoppel. To get there, Dong Phuong attempts to distinguish its "controlled licensee" theory from the naked licensing defense (which was expressly rejected in *Prof. Golfers*), but its distinctions are without a difference. As a preliminary matter, Dong Phuong has argued that "any license granted by Gemini Society [in the Marks] was a naked license." Response to Request for Admission No. 94, Dong Phuong's Responses to Fourth Set of Discovery Responses at 13, Exh. N. But even putting that admission aside, if any former licensee – after it admitted it licensed its brand and paid brand licensing fees for years – could argue that there was no license to begin with because the licensor failed to exercise sufficient control over it (i.e., the same set of facts arising during the term of the license agreement supporting an otherwise prohibited naked license defense), that would allow virtually any former licensee to make an end run around the rule in *Prof. Golfer*. That dog won't hunt.

C. In the alternative, by discontinuing use of the DP Bakeshop Mark without an intent to resume, Dong Phuong abandoned whatever rights it had, if any.

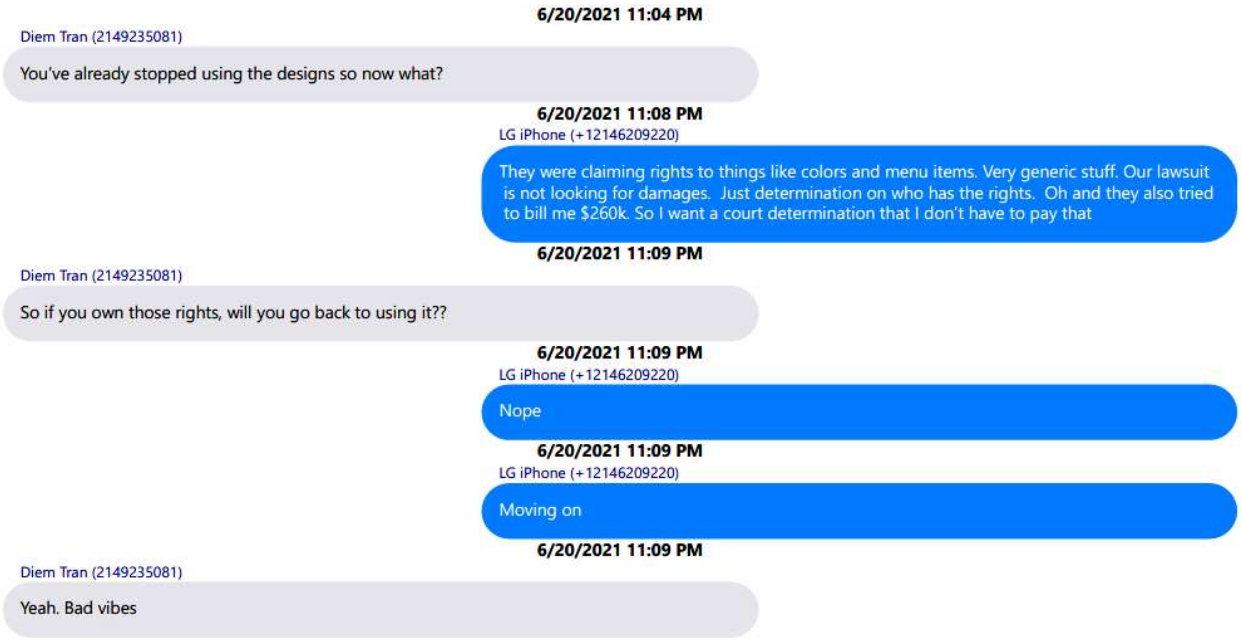
Under the Lanham Act, a trademark is deemed abandoned "When its use has been discontinued with intent not to resume such use." 15 U.S.C. § 1127. "Intent not to resume may be inferred from circumstances." *Id*.

"In every contested abandonment case, the respondent denies an intention to abandon its mark; otherwise there would be no contest." *Imperial Tobacco, Ltd. v. Philip Morris, Inc*., 899 F.2d 1575, 1581 (Fed. Cir. 1990). "The purely subjective intention in the abandoner's mind to re-engage in a former enterprise at some indefinite future time is not sufficient to avoid abandonment where an objective analysis of the situation furnishes ample evidence to warrant the inference of abandonment." *Exxon Corp. v. Humble Expl. Co*., 592 F. Supp. 1226, 1230 (N.D. Tex. 1984). "The owner of a trademark cannot defeat an abandonment claim . . . by simply asserting a vague, subjective intent to resume use of a mark at some unspecified future date." *Vais Arms, Inc. v. Vais*, 383 F.3d 287, 294 (5th Cir. 2004) (citation omitted).

Here, Dong Phuong admitted that it "has no plans to Use in the future any Disputed Item," which includes the Marks. See Response to Request for Admission No. 4, Dong Phuong's Responses to First Set of Discovery Requests, Exh. K at 26; see also id at 6-7 and 37 (Response to Interrogatory No. 1 defining "Disputed Items" in reference to Exh. A, which include the Marks). And in her deposition, Huong Tran, the owner of Dong Phuong, admitted that Dong Phuong "intends not to" use "anything that Gemini created as part of [its] re-branding effort." Deposition of Huong Tran, Exh. A at 85:1-5.

Dong Phuong's intent not to resume use of the DP Bakeshop mark is also confirmed by candid text message exchanged between Mrs. Garza and her friend Diem Tran. Tran shared a news article about the lawsuit with Garza. Message dated June 20, 2021, at 8:24 PM from Linh

Garza to Diem Tran, Exh. W at 2. Diem Tran asked whether "the Gemini people have anything to back them up on their side." Message dated June 20, 2021, at 11:03 PM from Linh Garza to Diem Tran, Exh. W at 18. In response, Garza admitted that Dong Phuong was "not looking for damages." *Id*. at 11:08 PM. Tran then asked, in the event the Court held Dong Phuong "owned those rights" in the disputed items, whether Dong Phuong would "go back to using" them. *Id*. at 11:09 PM. Garza responded, "Nope." She was "moving on":



Finally, at Dong Phuong's corporate deposition, in response to question for whether Dong Phuong had "any plan to use any of Gemini's brands or other materials," Mrs. Garza was vague and non-committal: "We might. We might have some plans." Dong Phuong's Corporate Deposition dated December 6, 2022, Exh. GG at 31:19-24.

Dong Phuong has discontinued use of the Marks and expressed an intent not to resume use. To overcome abandonment at this stage, Dong Phuong's testimony must offer more than "a vague, subjective intent to resume use of a mark at some unspecified future date." *Vais Arms*, 383 F.3d at 294. Because Dong Phuong has offered no concrete plans to resume use of the

Marks, it should be found to have abandon them. Accordingly Dong Phuong is not entitled to summary judgment on this claims.

CONCLUSION

Gemini Society respectfully urges the Court to deny Dong Phuong's Motion for Summary Judgment.

Respectfully submitted,

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