

US companies come out with a win in Cuba

Erica Gould analyses a number of recent Cuban Trademark Office decisions issued in favour of US brand owners who had filed oppositions against applications made by trade mark pirates

When US President Barack Obama announced the restoration of diplomatic relations with Cuba in December 2014, brand owners reacted to this news by flooding the Cuban Trademark Office with new applications. Two years later, the countries entered murky waters when Donald Trump was elected president. Then, on June 16 2017, President Trump announced amendments to the Cuban Assets Control Regulations and Export Administration Regulations, bringing hopes of open trade between the two countries to a temporary halt.

While these regulatory amendments will have some implications, many regulations will remain untouched and diplomatic relations between the US and Cuba remain open. Most importantly, US citizens can continue to travel to Cuba and the regulatory amendments do not prohibit US brand owners from registering their trade marks in Cuba.

Given Cuba's close proximity to the US (Cuba is located only about 90 miles from Key West, Florida) and its valuable natural resources, if the US were to lift economic sanctions, Cuba could become a highly important market for tourism and agriculture, as history has already proven. Before the Castro regime, the US eagerly took advantage of all that Cuba had to offer. In 1881, to facilitate trade between the two countries, the Cuban peso was pegged to the US dollar at par. During the decades leading up to the Cuban revolution, US investment in Cuba was at an all-time high. The nations worked particularly closely when president and later dictator Fulgencio Batista Zaldívar was in power from 1940-1944 and 1952-1959. In 1959, the year Fidel Castro overthrew the Cuban government, the total value of US im-

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The legal and political landscape between the US and Cuba poses unique challenges. But the US's recent regulatory amendments do not prohibit US brand owners from continuing to register their trade marks in Cuba. The Cuban Trademark Office also recently issued a number of long-awaited decisions in favour of US brand owners who had filed oppositions against trade mark applications made by trade mark pirates for well-known US marks. These decisions indicate that the Cuban Trademark Office will decide cases fairly, regardless of the nationalities of the parties, and will not grant applications that were clearly filed in bad faith (such as in the case of one individual that has filed 66 Cuban applications for well-known US logo trade marks in a range of different industries). Brand owners should continue to secure registrations for their trade marks in Cuba for defensive purposes and enforce their rights against third parties.



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ports from Cuba amounted to more than \$467 million, about three-quarters of which was derived from sugar. In 1960, the US entity Cuban Electric Company provided more than 90% of all electricity sold in Cuba. The US Foreign Claims Settlement Commission certified that Cuban Electric Company sustained a loss of about \$268 million when Castro nationalised the company.

Diplomatic relations between the US and Cuba were severed in 1961 and US President John Kennedy proclaimed an embargo on trade between the United States and Cuba in 1962. However, aside from the period of August 1994–October 1995, there has always been an exception under US sanctions on Cuba that has allowed US companies to file and maintain Cuban trade mark registrations. Nevertheless, until recently, many US trade mark owners have not seen any benefit in doing so because US entities have been prohibited from conducting commercial trade with Cuba or Cuban businesses. In addition, there is little demand in Cuba for goods sold at regular market prices due to Cuba's socialist infrastructure. As a result, many trade mark owners in both the US and abroad have allowed old Cuban trade mark registrations to lapse or have never registered their trade marks in Cuba.

Challenging applications under Cuban law

Since the restoration of diplomatic relations between the United States and Cuba in December 2014, a number of trade mark pirates have filed applications in Cuba for famous trade marks, including well-known US trade marks. One individual, named Gustavo Fuentes Ledo, filed 66 Cuban applications for well-known US logo trade marks in a range of different industries. Most of these US logo trade marks were not registered in Cuba by their legitimate owners at the time Fuentes Ledo filed his applications. Although it appears that Fuentes Ledo may not have actually been living in Cuba when he filed these applications, he filed them using a Cuban address.

Since Cuba is a first-to-file country, it may seem at first glance that US trade mark owners without Cuban registrations have no recourse for preventing a pirate from stealing their spot on the registry. Fortunately, Cuban trade mark law provides several means for challenging trade mark applications under these circumstances. Further, Cuba is a party to almost all international intellectual property treaties, and local legislation has been structured to satisfy international obligations. Specifically, when Cuba joined the World Trade Organization (WTO) in 1999,

it modified its trade mark law by enacting Decree Law No 203, which meets the requirements of TRIPs. (Procedural regulations related to Decree Law No 203 are provided under Resolution Number 63/2000.)

According to the Cuban Trademark Office, 39 of the 66 applications filed by Fuentes Ledo were opposed. The Cuban Trademark Office has decided a number of these oppositions, in each case refusing Fuentes Ledo's applications on unfair competition grounds (additional grounds were cited by the Cuban Trademark Office in at least two of the decisions). The Trademark Office's reasoning in most of these decisions is essentially identical or at least very similar. Eight of the decisions concern the US logo trade marks shown above.

Fuentes Ledo's application for the Sam's Club logo shown above covers "advertising, business management, business administration, office functions, retail stores by departments, wholesale stores by department, internet retail services" in Class 35. The Sam's Club logo is used in the US for a well-known chain of membership-only retail warehouse clubs. These clubs are operated by Sam's West, which is a subsidiary of Wal-Mart Stores. Wal-Mart, being the legitimate owner of the Sam's Club logo, filed an opposition against Fuentes Ledo's application. The Cuban Trademark Office decision issued on February 3 this year states that Wal-Mart opposed on the following grounds: (1) the applied-for mark infringes a prior industrial right in Cuba (Article 17.1 (i) of Decree Law No 203); (2) Wal-Mart's Sam's Club logo is famous (Article 6 *bis* of the Paris Convention for the Protection of Industrial Property and Article 17.1 (d) of Decree Law 203); and (3) the application was filed in bad faith and is an act of unfair competition (Article 17.1 (j) of Decree Law 203). The Cuban Trademark Office dismissed the first ground, finding that Wal-Mart does not own any prior registrations or applications associated with the Sam's Club logo that provide industrial property rights (eg, industrial designs, trade marks or business slogans).

Wal-Mart's second ground for opposing was the fame of the Sam's Club logo. As a contracting party to TRIPs, Cuba is also a party to the Paris Convention, which provides for the protection of famous trade marks under Article 6 *bis*. In compliance with the Convention, Cuba implemented the famous-marks doctrine through Article 17.1 (d) of Decree Law No 203, which prohibits registration of a trade mark that is a total or partial reproduction of a notorious mark belonging to a third party, when their use could: (1) cause a risk of confusion or association with the notorious mark; (2) cause a risk of diluting the distinctiveness of the notorious mark or its commercial value or fame; or

(3) unjustly benefit from the fame of the notorious mark. In its decision, the Cuban Trademark Office provided a detailed summary of the evidence and information filed by Wal-Mart and recognized Wal-Mart's numerous international registrations for the Sam's Club logo. In addition, the Cuban Trademark Office conducted its own online search for information on Wal-Mart and the Sam's Club logo. Based on the above, the Cuban Trademark Office concluded that Wal-Mart is one of the largest retail companies in the world and that the Sam's Club logo is internationally famous. However, the Cuban Trademark Office simultaneously found that the Sam's Club logo is not famous in Cuba, given that Wal-Mart has not used the trade mark in Cuba. The Cuban Trademark Office rejected Wal-Mart's argument that Cuban citizens have been exposed to the Sam's Club logo, either by visiting other countries where the mark is in use or through indirect advertising, since this segment of the Cuban population is very small.

On the other hand, the Trademark Office accepted Wal-Mart's unfair competition and bad faith claims. Under Article 17.1 (j) of Decree Law No 203, an opposition can be filed when it is evident that a trade mark application was filed to perpetrate, facilitate or strengthen an act of unfair competition. Decree Law No 203 does not list "bad faith" as a ground for opposing, though as a general principle of law in Cuba, a trade mark cannot be registered if it was filed in bad faith. In analysing Wal-Mart's claims, the Cuban Trademark Office stated that Fuentes Ledo did not file any information or evidence in response to any of the oppositions filed against his 66 applications that demonstrates he is using the trade marks he applied for or that he has a legitimate intent to use them. The Cuban Trademark Office also conducted an internet search to find information on the applicant and the 66 applied-for trade marks. The decision states that it did not find any evidence that indicates that: (1) the applicant owns foreign filings for the trade marks; (2) the applicant is using the trade marks; or (3) the applicant is engaged in commercial activities associated with the goods and services covered by his applications. The Cuban Trademark office also noted that the applicant did not own a commercial license from the Cuban government to engage in the wide range of commercial activities associated with his applications nor did he own an industrial or commercial establishment in Cuba to carry out these activities. Further, under Cuban law, individuals are forbidden to engage in commercial activities associated with some of the goods and services covered by his applications, so the applicant could not have applied for these trade marks with the intent to use them in connection with the forbidden services. As examples, the Cuban Trademark Office mentioned that Cuban law prohibits the manufacturing of pharmaceutical or dental products and the provision of cruise line services.

In considering all of the above elements, the Cuban Trademark Office found that it is evident that the applicant filed all 66 applications to facilitate an act of unfair competition, including the application for the Sam's Club logo. Specifically, the applicant created an unjustifiable obstacle in the market by trying to obtain exclusive rights in numerous trade marks that he cannot possibly use in Cuba. The Cuban Trademark Office further reasoned that the applications should be rejected under Article 17.1 (j) of Decree Law No 203, since they are harmful to the interests of entities in the Cuban market (whether it be entities

that are part of the Cuban market or entities that could potentially be part of the Cuban market in the future), consumers, public order and fair competition, which must uphold transparency, good trade relations and the principle of legal certainty. The Cuban Trademark Office also stated that the applications are refused under relevant articles of the Paris Convention and TRIPs.

It is important to note that many of the oppositions filed in recent years by US brand owners against third party applications for famous US trade marks have asserted rights under Article 7 of the Pan-American Convention. The Pan-American Convention offers much broader protection than the famous marks doctrine implemented under Article 6 *bis* of the Paris Convention and Article 17.1 (d) of Decree Law 203, as it does not require that the senior trade mark be famous. Under Article 7 of the Pan-American Convention, the owner of a trade mark protected and used in one member state (the US) may oppose an application for an interfering mark by a third party in another member state (Cuba), if the third party *had knowledge* of the existence and continuous use of the senior mark. (Similar grounds for cancelling a trade mark registration are separately addressed in Article 8 of the Pan-American Convention.) Thus, although the fame of a trade mark may help to show that an applicant had knowledge of a senior mark, it is not essential. This is important since it is very difficult to prove a US trade mark is famous in Cuba, as seen in the case of the Sam's Club logo. Moreover, the Pan-American Convention is self-executing, so the exact language of the treaty is directly enforceable in all member countries, including Cuba. However, the Cuba Trademark Office decisions regarding the eight US logo trade marks shown above do not address any arguments under the Pan-American Convention. It appears that the Cuban Trademark Office is waiting to see how trade mark authorities in the US apply the Pan-American Convention in cases involving Cuban entities, including the famous ongoing case regarding the Cohiba trade mark (in June 2014, the Federal Circuit reversed the Trademark Trial and Appeals Board's dismissal of a Cuban company's petition to cancel General Cigar's registrations of the Cohiba trade mark, and instructed the TTAB to determine on their merits each of the grounds for cancellation).

We cannot predict with any certainty what will happen between the US and Cuba. However, as the relationship between the two countries continues to evolve, one thing that is clear is that US brand owners should continue to take pre-emptive action in Cuba by registering any trade marks that could be targeted by pirates and enforce their rights against third parties. While the legal and political landscape poses unique challenges, the recent Cuban Trademark Office decisions in favour of US companies are certainly encouraging and hopefully set a precedent for how Cuban trade mark authorities will navigate these challenges going forward.



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