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BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD

Proceeding	77129912
Applicant	SANTA CRUZ TOACCO CO., INC.
Applied for Mark	GRAN HABANO
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IN THE UNITED STATES PATENT AND TRADEMARK OFFICE  
TRADEMARK TRIAL AND APPEAL BOARD

In re U.S. Trademark Application )  
)  
Applicant: Santa Cruz Tobacco Co., Inc. ) Examining Attorney: David C. Reihner  
)  
Serial No.: 77/129,912 ) Law Office: 111  
)  
Filed: March 16, 2007 ) Our Ref. No.: 130171.010100  
)  
Mark: **GRAN HABANO** )

**APPLICANT'S BRIEF ON APPEAL**

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**APPLICANT'S BRIEF ON APPEAL**

Applicant Santa Cruz Tobacco Co., Inc. ("Applicant") appeals the February 12, 2014 Final Office Action refusing registration of Applicant's mark GRAN HABANO for cigars (the "Final Refusal").

**I. SUMMARY OF PROCEEDINGS**

Application Serial No. 77129912 for the mark GRAN HABANO was filed on March 13, 2007<sup>1</sup>. Applicant amended the application November 19, 2007, to fall under the provision of Trademark Act § 2(f) (the word "Habano" was disclaimed in the original application). Action was suspended November 26, 2007, in order to await the outcome of cited U.S. Trademark application no. 78-745,353. Due to a change in the case law, registration of the proposed mark was refused June 14, 2010, under Trademark Act § 2(a) and 2(e)(3) on the ground that the mark was deemed geographically deceptive and primarily geographically deceptively misdescriptive; the refusal to register under Trademark Act § 2(d) was maintained. Action on the application was suspended December 22, 2010, awaiting the outcome of the pending cited applications upon which the 2(d) refusal was based and resolution of Opposition No. 91152248. As a result of the

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<sup>1</sup> The mark GRAN HABANO was originally filed by STC Cigars MFG. On May 20, 2008, STC Cigars MFG assigned all of its interests in the GRAN HABANO mark application to Ricco's Habanos, Inc. Further, on March 5, 2009, Ricco's Habanos, Inc. assigned all of its interests in the GRAN HABANO mark application to Applicant.

cited trademark applications being abandoned, Opposition No. 91152248 was resolved and the refusal to register under Trademark Act § 2(d) was withdrawn. The December 22, 2010 action also suspended the application pending disposition of *Corporacion Habanos S.A. v. Guantanamera Cigars Co.*, (TTAB, 2008), remanded, No. 08-0721 (D.D.C., August 5, 2010). After the Board decided the above case in 2012, the Final Office Action issued February 12, 2014 in which the 2(a) and 2(d) grounds for refusal were withdrawn, but the 2(e)(3) refusal was made final. On August 27, 2014, the examining attorney denied Applicant's request for reconsideration, and affirmed the final refusal of registration under Trademark Act § 2(e)(3) (the "Denial").

## **II. RECITATION OF FACTS**

1. Applicant is a Florida corporation with its principal office located in Miami, Florida. Applicant is engaged in the manufacture, distribution and sale of premium, high quality cigars. Applicant's cigars are produced at its cigar leaf production and cigar manufacturing facilities located in Honduras, Nicaragua, Colombia, and other Central and South American countries. Declaration of Wolfan Grateron, dated December 14, 2010 ("Grateron Decl.") at ¶ 2.<sup>2</sup>

2. Since 1997, Applicant has been selling its GRAN HABANO brand cigar made from Cuban seed tobacco which is cultivated, grown, and rolled in Applicant's farming operations in Honduras and includes parts, such as the wrapper from Applicant's other farming operations in Nicaragua, Mexico, Costa Rica, Panama, and elsewhere. Applicant's tobacco seed is descended from the original tobacco seed grown in Cuba prior to the Cuban Revolution in 1962. Grateron Decl., ¶ 3.

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<sup>2</sup> The Grateron Declaration was submitted with Applicant's Response to Non-Final Office Action dated December 14, 2010.

3. Applicant has always prominently advertised its GRAN HABANO brand cigar as originating in Honduras. Its cigar packaging and labels prominently include the term “Honduras” adjacent to the GRAN HABANO trademark. Grateron Decl., ¶ 4.

4. Applicant’s advertising touts the origins of its cigars as being cultivated and made in Honduras, Nicaragua and other Central and South American regions. Grateron Decl., ¶ 5.

5. There have been numerous articles in cigar publications, such as *Cigar Aficionado*, which contain reviews of Applicant’s GRAN HABANO brand cigar, noting that the origin of the cigar is Honduras and indicating that the filler is from Nicaragua, Costa Rica, and Mexico and its binder and wrapper from Nicaragua. Grateron Decl., ¶¶ 6-11.

6. There are scores of brands of cigars in the marketplace with Cuba-related names that are made from Cuban-seed tobacco that is grown, cultivated and made in countries around the world. These cigars have been in the marketplace for many decades since the Cuban Revolution and cigar manufacturers fled Cuba. Due to the widespread sale in the marketplace of cigars made from Cuban-seed tobacco, consumers have grown accustomed over the many decades to recognizing that cigars are sold under Cuba-related names or brands that “evoke” the Cuban heritage and Cuban history of cigar making, but may not presently originate in Cuba. Grateron Decl., ¶ 13.

7. Applicant’s cigar is considered a premium cigar and a luxury item that is scrutinized by cigar purchasers and cigar enthusiasts. Applicant’s GRAN HABANO cigars are typically sold at retail for \$130 for a cigar box of 20 cigars and are sold among other premium cigars in cigar shops and boutiques across the United States. Grateron Decl., ¶¶ 14-15.

8. Applicant’s customers are typically male, highly educated purchasers who look for specific brands, seek the advice of the cigar store clerks or read about new and/or

recommended cigar brands reviewed in cigar magazines such as *Cigar Aficionado* and *Smoke*. Cigars are typically purchased with great care and effort since they are considered a luxury item by consumers. Grateron Decl., ¶ 18.

9. Applicant's customers come from a variety of backgrounds. Cigars are not only for Spanish speaking customers. Most of Applicant's customers in the United States are not Latin or native Spanish speakers. The same is true for those customers who have purchased GRAN HABANO cigars. Applicant's customers in their majority are American. The customers that Applicant meets at trade shows are not Latin or of Latin descent. Customers are in tune with the cigar industry, following new product releases and how the industry is changing and evolving. Applicant's customers are looking for unique products and blends, and many have become experts on cigars and masters on cigar blends. Applicant's customers are not interested in Cuban cigars because Cuban cigars are one dimensional; in comparison, the American market has evolved into a variety of brands and blends that make the cigars sold in the United States far more interesting and complex. Declaration of George A. Rico, dated August 11, 2014 ("Rico Decl.") at ¶ 9.<sup>3</sup>

10. The substantial portion of GRAN HABANO customers and purchasers are male, between 30 and 60 years old, are mostly American and not of Latin descent, and are from the Northeast, Midwest, and West coast regions of the United States. Rico Decl., ¶ 10.

11. Applicant's advertising and marketing is and has always been in English. This is because only a very small percentage of Applicant's customers are of Latin descent or speak Spanish. The customers that Applicant meets at cigar trade shows are American and only speak English. Rico Decl., ¶ 11.

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<sup>3</sup> The Rico Declaration was submitted with Applicant's Response to Final Office Action and Request for Reconsideration, dated August 12, 2014 (the "Request for Reconsideration").

12. Applicant sells its GRAN HABANO brand cigars to cigar shops and regional distributors throughout the United States. Applicant also maintains a significant online presence. Applicant's California distributor, Marathon Trading Co., is one of Applicant's largest distributors since California is one of Applicant's biggest markets. Rico Decl., ¶ 12.

13. Applicant gets feedback from its customers and retailers through social media, specifically, Applicant's Facebook and Twitter accounts. Applicant's customers comment on their experiences with GRAN HABANO brand cigars, and share their likes and dislikes. The feedback received from Applicant's customers indicates that the quality of construction of the cigar, the blend of the cigar, and how the cigar smokes and tastes are the product attributes most important to Applicant's customers. Rico Decl., ¶¶ 13-14.

14. Applicant has never received any customer feedback or questions regarding whether Applicant's GRAN HABANO brand cigars come from Cuba. In addition, Applicant has never received any feedback from customers that the term "habano" in the name GRAN HABANO is what materially influences Applicant's customers to purchase Applicant's GRAN HABANO brand cigars. Applicant's customers know which cigar brands come from Cuba; those brands are dated and unchanging. The American cigar market, however, is always changing with new products and brands. Most of Applicant's customers do not even pronounce the word "habano" correctly because they do not speak Spanish. Rico Decl., ¶ 16.

15. The term "habano" is a descriptive term that is used in the cigar industry to identify a specific type of wrapper for cigars. It can be grown in several countries, though a popular a choice is Nicaragua, as the soil content there is conducive to producing some very strong leaves. Rico Decl., ¶ 17.

16. Applicant's cigars are sold in cigar boutique stores and by distributors who are typically well-read and familiar with the plethora of cigar brands in the marketplace and can readily explain to potential purchasers the features and origins of Applicant's GRAN HABANO cigar. Rico Decl., ¶ 18.

17. In the experience of Applicant's Owner and Manager, George A. Rico, a cigar professional who has worked for more than 18 years in the industry, American cigar consumers generally do not view branding or marketing associations with Cuba as a material factor in making purchasing decisions. The American market cigars are very different from Cuban cigars. American cigars are more unique and complex. For American cigar consumers, Cuban cigars are one-dimensional. American cigar consumers want different blends and flavors. These consumers are very educated and Cuban associations are not what convince customers to buy a particular brand of cigar in the United States. Rico Decl., ¶ 19.

18. In preparing its Response to the Examiner's Final Refusal and Request for Reconsideration, Applicant reached out to its customer base through social media, blogs, and website to request sworn declarations. Applicant received the signed declarations by fax, email and mail and forwarded them directly to counsel. Mr. Rico was personally involved in and supervised this process. Through this process, Applicant obtained a total of thirteen (13) declarations from distributors and retailers and twelve (12) declarations from individual customers, all of which were submitted with Applicant's Request for Reconsideration. The views expressed in these declarations are representative of how Applicant's customer base views these issues, specifically, that the term "habano" is not a material factor in a customer's decision to buy GRAN HABANO cigars. Applicant's largest distributor, Marathon Trading Co. Inc., whose declaration was submitted with Applicant's Request for Reconsideration and is part of the

record before the Board in the instant appeal, distributes GRAN HABANO cigars in the states of Washington, California, and Arizona, manages a high percentage of Applicant's customer base, and understands the buying preferences of the GRAN HABANO customer. Rico Decl., ¶ 20.

19. The declarations in the record are from Applicant's cigar distributors and retailers in the states of New York, Massachusetts, Connecticut, California, Arizona, Washington, Florida, Texas, West Virginia, and New Hampshire, and the District of Columbia. The declarants from these distributors and retailers have decades of experience in the cigar industry and, during 2013, collectively sold tens of thousands of Applicant's GRAN HABANO brand cigars. The typical cigar purchaser is male, highly-educated, non-Spanish speaking, and highly sophisticated and knowledgeable about cigars and cigar brands.

20. Each declarant representative of the distributors and retailers who sell Applicant's GRAN HABANO brand cigars has confirmed that based on their experience, the term "habano" has not been a material factor in their customers' decision to purchase GRAN HABANO brand cigars. Instead, their customers have purchased GRAN HABANO cigars because of their taste, quality, craftsmanship, price point, brand recognition ("It is a name they know and trust"), and "because of their preference for Nicaraguan tobacco and they love this blend." As one distributor/retailer observed, "Nicaraguan [c]igars are superior blends to those of any country, including Cuba, in our honest opinion." *See, e.g.*, Declaration of Theodore Meeker, dated August 6, 2014 at ¶ 17, and Declaration of Robert Worley, dated August 7, 2014 at ¶ 17.

21. As for the term "habano" in Applicant's GRAN HABANO mark, one retailer commented as follows: "It's safe to say that 90% or more of our customers have no understanding whatsoever of the term 'habano' or it's [*sic*] connotation with the country of

Cuba. It's merely a brand name, and in no manner misleads or suggests that the product was manufactured in Cuba.” Declaration of Charles R. Smith, dated August 7, 2014 at ¶ 10.

22. The declarations of record from actual consumers who purchase Applicant's GRAN HABANO cigars further confirm that these consumers do not regard the term “habano” as a material factor in their decision to purchase Applicant's GRAN HABANO cigars. Rather, they based their decision on other factors, such as quality, value, “specific taste and well-made construction” (Declaration of Gary Stous, dated August 4, 2014 at ¶ 14), consistency, “excellent Connecticut shade wrapper” (Declaration of Charles R. Lax, dated August 5, 2014 at ¶ 14), “the fact that it is made in one of my preferred cigar manufacturing locations [Dominican Republic, Nicaragua, Honduras, and the United States]” (Declaration of Johnathan Myers, dated August 6, 2014 at ¶ 3), and “the complexity that is provided by the blending of tobaccos from [Nicaragua, Peru, Costa Rica, Honduras, and the Dominican Republic].” (Declaration of David Diaz, dated August 6, 2014 at ¶ 1)

23. One GRAN HABANO consumer recounted his experience with U.S. Customs officers while re-entering the United States from Canada. One of the Customs officers (a female) attempted to confiscate from the consumer a cigar bearing the brand name “La Gloria Cubana” based on her (erroneous) belief that the cigar was manufactured in Cuba. One of the Customs officer's male colleagues retrieved the cigar from her hand and returned it to the consumer, stating correctly that the cigar “was made in the Dominican Republic by General Cigar.” Thus, to educated cigar consumers (who account for most of Applicant's customer base), the use of a city or country name in conjunction with a cigar name or brand does not signify or serve as an indicator of the country of origin. Lax Decl. at ¶ 11.

### III. STATEMENT OF THE ISSUES

The Final Refusal refused registration under § 2(e)(3) of the Lanham Act on the ground that GRAN HABANO is primarily geographically deceptively misdescriptive of cigars made from Cuban seed tobacco, asserting that:

- GRAN HABANO is translated to mean “The Great Havanan” which also would be translated as either “a great Havana cigar or something great from Havana.”

- Havana, which is in Cuba, is a location where cigars are produced; purchasers would associate Havana with applicant’s goods as the origin of those goods; and Havana is world-famous for the production of cigars.

- Inferential evidence demonstrates a goods-place association between cigars and Havana, Cuba.

- The relevant purchasers would understand that GRAN HABANO directs attention to the origin of the cigars: they are either from Havana, Cuba, or are great Havana cigars and are from Havana, Cuba, regardless of which meaning of “Habano” is used. Applicant’s goods do not originate in Havana, Cuba, but in Miami, Florida.

- Applicant’s mark is in Spanish and the proposed mark identifies cigars made from Cuban seed tobacco. The same purchasing population would be materially influenced to buy applicant’s cigars by the use of the proposed mark here, as was found to be influenced in the *Guantanamera* case, that is, Spanish-speaking cigar purchasers. Correspondingly, materiality has been demonstrated. *See* Final Refusal.

On appeal, the Trademark Trial and Appeal Board will review only the correctness of the underlying substantive refusal of registration. *See In re Jump Designs, LLC*, 80 USPQ2d 1370, 1373-74 (TTAB 2006); *In re Sambado & Son, Inc.*, 45 USPQ2d 1312, 1314-15 (TTAB 1997);

TBMP §1217. As shown below, the substantive refusal is not correct and must be reversed, as the Examining Attorney has not met the USPTO's burden of establishing *who the relevant consumers are*, whether *such relevant consumers* make a goods-place association between Havana, Cuba and cigars, and *whether any such association, even if it exists, is material to their purchasing decisions* in light of the evidence of record.

Furthermore, even assuming the "evidence" relied upon by the Examiner Attorney could somehow establish a *prima facie* case of materiality, the Examiner Attorney completely ignored the evidence submitted by Applicant in support of its Request for Reconsideration which not only rebuts the Examining Attorney's unsupported and erroneous conclusions but also conclusively establishes that the relevant group of consumers for Applicant's products, who are *not* Spanish speakers, *do not consider the term "habano" to be a material factor in their decision to purchase Applicant's GRAN HABANO cigars.*

#### IV. ARGUMENT

**A. The Federal Circuit's Three Prong Test Requires the USPTO to Show Who the Relevant Consumers are and that a Substantial Portion of the Relevant Consumers is Likely to be Deceived by the Mark's Misrepresentation of a Goods-Place Association.**

A mark may be refused registration as primarily geographically deceptively misdescriptive under Section 2(e)(3) only if the following three prongs are met:

- (1) the primary significance of the mark is generally known geographic location,
- (2) the consuming public is likely to believe the place identified by the mark indicates the origin of the goods bearing the mark, when in fact the goods do not come from that place, and
- (3) the misrepresentation was a material factor in the consumer's decision. *In re California Innovations, Inc.*, 329 F.3d 1334, 66 USPQ2d 1853, 1857 (Fed. Cir. 2003). The

Federal Circuit in *California Innovations* held that “the PTO may not deny registration without a showing that the goods-place association made by the consumer is material to the consumer’s decision to purchase those goods.” 329 F.3d at 1340, 66 USPQ2d at 1857.

As the Federal Circuit recognized in determining materiality of a goods-place association to purchasing decisions, caution must be exercised to avoid conflating the goods-place association made by consumers with an assumption of materiality. *Id.*, as clarified/modified by *In re Spirits Int’l, N.V.*, 563 F.3d 1347, 90 USPQ2d 1489 (Fed. Cir. 2009). *See also* Anne Gilson LaLonde, “*You Aren’t Going to Believe This! Deception, Misdescription and Materiality in Trademark Law*,” 102 Trademark Rptr. 883, 922 (May-June 2012) (hereinafter “Gilson”) (“The Board must be careful, however, not to simply assume that the existence of a goods/place association means that a substantial number of consumers would find the location to be a material reason for purchasing the goods.”).

The Federal District Court in *Guantanamera Cigars Co .v. Corporacion Habanos S.A.*, 729 F. Supp. 2d 246, 254, 98 USPQ2d 1078 (D.D.C. 2010), cautioned that the Board must go further than a finding of fame of goods in association with a geographic area, and ask who the relevant consumers are and whether the seeming origin of the goods would be material to a substantial portion of them.<sup>4</sup> The Board also recognized this distinction, determining the relevant question to be:

“whether a *substantial portion* of the *relevant consumers* is likely to be deceived” by the mark’s misrepresentation of a goods/place association. ... *In Spirits International*, we held that, “to establish a prima facie case of materiality there must be some indication that a substantial portion of the relevant consumers would be materially influenced in the decision to purchase the product or service by the geographic meaning of the mark.”

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<sup>4</sup> *See also* Gilson at 925-26 (“The Board ... must ask whether a substantial portion of the relevant consumers will find the goods’ geographic origin material. Perhaps the fame of the area will make that clear, but the Board must go further than a finding of fame and ask who the relevant consumers are and whether the seeming origin of the goods would be material to a substantial portion of them.”)

*In re Miracle Tuesday LLC*, 695 F.3d 1339, 104 USPQ2d 1330, 1334 (Fed. Cir. 2012) (quoting *In re Spirits*, 90 USPQ2d at 1493, 1495) (emphasis added). Because a finding of geographic, deceptive misdescriptiveness results in “the harsh consequence of nonregistrability,” the Federal Circuit has required that the Board focus on the likelihood of “actual misleading of the public,” and admonished that “a mere inference . . . is not enough to establish . . . deceptiveness.” *In re California Innovations*, 66 USPQ2d at 1857.<sup>5</sup> The Federal Circuit equated the required finding of materiality under Section 2(e)(3) as essentially the same as the required finding of materiality in the context of a refusal on grounds of deceptiveness under Section 2(a), 15 U.S.C. § 1052(a). *In re Spirits*, 90 USPQ2d at 1493 (“Since the NAFTA Act, the deceptiveness of the mark must be material under subsection (e)(3) just as it is under subsection (a).”)

**B. The Examining Attorney Failed to Carry the USPTO’s Burden of Proof in its Refusal of Registration**

The Final Refusal fails to meet the burden of establishing on the record a *prima facie* case of refusal under Section 2(e)(3). *See In re Consolidated Specialty Restaurants, Inc.*, 71 USPQ2d 1921 (TTAB 2004).

**1. The Final Refusal Improperly Relies on Rebuttable Inferential Evidence to Establish Materiality.**

In the Final Refusal, the Examining Attorney makes the following determinations regarding the first two elements of the three-pronged *California Innovations* test: (1) that the term “Havana” is a generally known geographical location; and (2) that a goods-place association exists between cigars and Havana, Cuba. Applicant does not challenge those determinations in this appeal. However, in his finding of materiality, the Examining Attorney incorrectly relies upon the Board’s 2012 decision in *Corporacion Habanos, S.A. v.*

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<sup>5</sup> *See also* Gilson at 922 (“Simply showing a goods-place association and inferring materiality is insufficient because of the severe consequences of having a mark labeled deceptive.”).

*Guantanamera Cigars Co.*, 102 USPQ2d 1085 (TTAB 2012) for the proposition that because Applicant’s GRAN HABANO mark is in Spanish, the relevant purchasing population – which the Examining Attorney erroneously assumes are Spanish-speaking purchasers – would be materially influenced to buy Applicant’s cigars by the use in the mark of the Spanish term “habano.”

There are at least two problems with that logic. First, the mere fact that a mark consists of a foreign language word or words does not mean that the target consumers for goods sold under that mark are individuals who speak that foreign language.<sup>6</sup> Second, the use of a foreign language term, even one with geographical significance, does not automatically compel the conclusion that a substantial portion of the relevant consuming public would be deceived into believing that the goods originate from that place or that the consumers would be materially influenced to purchase the goods because of that term. In the present case, however, the Examining Attorney leaps to these conclusions, without any supporting evidence, based on his apparent belief that this case presents the same set of facts as those in *Guantanamera*. Nothing could be further from the truth.

Rather than consider the evidence submitted by Applicant during the prosecution of the subject application, particularly the evidence accompanying Applicant’s Request for Reconsideration, the Examining Attorney instead bases his finding of materiality solely on inferences drawn and assumptions made from information found on third-party websites and online encyclopedias. *See In re Loew’s Theatres, Inc.*, 769 F.2d 764, 768, 226 USPQ 865 (Fed. Cir. 1985). It is well-recognized that findings based on inferences or presumptions are rebuttable. TMEP § 1210.04; *see also In re Brouwerij Nacional Balashi, NV*, 80 U.S.P.Q.2d

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<sup>6</sup> For example, no one would reasonably believe that the relevant purchasing public for CORONA (the Spanish word for “crown”) beer is composed primarily of Spanish-speaking beer drinkers, or that DEUTSCHE BANK or CREDIT SUISSE customers are primarily German or French speakers.

1820, 1825-1826 (TTAB 2006) (Board accepted declarations from applicant's officers to rebut examining attorney's findings of a goods-place association); *In re Save Venice New York Inc.*, 259 F.3d 1346, 1354, 56 USPQ2d 1450 (Fed. Cir. 2001) ("The examiner has the initial burden of submitting sufficient evidence to establish this goods-place association. The applicant may rebut this showing with additional evidence establishing that the public would not actually believe the goods derive from the geographic location identified by the mark.").

Here, the Examining Attorney did not simply ignore Applicant's evidence rebutting his finding of materiality; he refused even to acknowledge it, going so far as to say in the Denial that Applicant did not "provide any new . . . evidence with regard to the outstanding issue in the final Office Action." Denial at pp. 2-3. Applicant did, of course, present new evidence in the form of declarations from its Owner/Manager, distributors, retailers, and customers. As shown herein, that evidence amply rebuts the Examining Attorney's materiality finding.

## **2. The Direct Evidence of Record Rebuts the Examining Attorney's Inferences and Assumptions that are Based on Indirect Evidence**

The Final Refusal's inferential evidence is rebuttable by direct evidence. In reliance on the Board's decision in *Guantanamera*, 102 USPQ2d 1085, the Final Refusal concluded that the three elements of the *California Innovations* test were satisfied and denied registration. In *Guantanamera*, the Board accepted the indirect evidence of record to establish materiality by inference. In the instant *ex parte* examination, the Examining Attorney broadly concluded that because Applicant's mark is in Spanish and the goods covered by the GRAN HABANO mark are the same as in *Guantanamera*, Spanish-speaking cigar purchasers would be materially influenced by use of the proposed mark that includes the word "habano" to purchase GRAN HABANO cigars, believing that these cigars are from Cuba. In the Denial, the Examining Attorney, without any reliance on or citation to evidence of record, concludes that non-Spanish

speaking cigar purchasers would associate GRAN HABANO with Grand Havana or great Havana, and likewise, would be deceived into believing that the cigars come from Havana Cuba.

However, imputing geographic significance to Spanish sounding marks simply because such marks suggest or imply a possible connection to Cuba, and therefore, concluding that a consumer's possible misimpression that Applicant's cigars originate in Cuba would be a material factor in his or her decision to purchase the goods, does not demonstrate the required element of materiality. See *In re D'Andrea Family Limited Partnership*, Serial No. 85834204 (October 15, 2014) [not precedential]. In *Guantanamera*, the Board lamented the lack of "evidence as to what portion of potential purchasers has this level of sophistication" so as not to be confused or deceived as to the origin of GUANTANAMERA cigars, or consider the goods/place association with Cuba material to purchasing decisions. *Guantanamera*, 102 USPQ2d 1085 at \*20. Unlike *Guantanamera*, the record in the instant appeal contains extensive evidence of the sophistication of Applicant's relevant consumers, showing that they would not be confused or deceived as to the origin of Applicant's cigars bearing the GRAN HABANO mark.<sup>7</sup>

The evidence shows that the relevant consumers would not consider a suggestion of the mark with Havana or Cuba to be material to their purchasing decisions. (See Declaration of Applicant's owner and manager, Mr. George Rico, who has worked in the cigar industry for over

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<sup>7</sup> Applicant's largest distributor, Marathon Trading Co., Inc., which has distributed GRAN HABANO cigars in California, Arizona and Washington since 2008, "manages a high percentage of Applicant's consumer base and understands the buying preferences of the GRAN HABANO customer." (Rico Decl., ¶ 20) That distributor has attested to the facts that "most of [his] customers in the cigar industry are highly sophisticated since cigars are considered a luxury item" and that "[his] customers are typically male, highly-educated purchasers who look for specific brands, seek the advice of cigar store clerks, or read about new/recommended cigar brands reviewed in cigar magazines such as *Cigar Aficionado* and *Smoke*." Declaration of Richard Lico, dated August 6, 2014 ("Lico Decl.") at ¶¶ 9, 13.

That distributor further stated that based on his 18 years of experience in the industry, including his having distributed GRAN HABANO cigars since 2008, the term "habano" has not been a material factor in his customers' decision to purchase GRAN HABANO cigars (Lico Decl., ¶ 17) and that he has "not ever heard of one customer, either directly, or from any other distributor, retailer, or consumer who thought that GRAN HABANO was either made in Cuba or made from Cuban tobacco." (Lico Decl., ¶ 18)

18 years, submitted as Exhibit C to Applicant's Request for Reconsideration; Declarations of Retailers and Distributors, submitted as Exhibits D (1- 12) to Applicant's Request for Reconsideration; and Declarations of Customers, submitted as Exhibit E (1-11) to Applicant's Request for Reconsideration, collectively, "Declarations"). Indeed, fourteen declarations of retailers and distributors having a combined total of over 300 years' experience in the cigar industry, and twelve declarations of cigar customers having over 80 combined years of purchasing GRAN HABANO brand cigars establish no misimpression of a goods-place association of the mark with Havana, Cuba. The Declarations also show that any such association is not a material factor in their purchasing decisions for these goods.

### **3. Applicant's Direct Evidence is Uncontroverted**

The Declarations of the relevant consumers show: (1) the fact that Applicant's cigars are not made in Cuba is well known among cigar purchasers over the past thirteen years that Applicant has been selling its GRAN HABANO cigars; (2) knowledge that in the United States the sale of goods originating in Cuba has been banned since 1962 due to the United States trade embargo against Cuba, and therefore, Cuban cigars are impossible to find and buy in the United States; (3) that Applicant's customers, retailers and distributors are not from Cuba nor are they Spanish-speaking; and (4) purchasers of GRAN HABANO cigars are highly sophisticated and knowledgeable about cigars and are not influenced in their decision to purchase GRAN HABANO cigars because of the word "habano." Exhibits D and E, Request for Reconsideration.

The Declarations demonstrate the sophistication of the relevant purchasers who are well versed on cigar blends and where cigars originate, evidence that was absent in *Guantanamera*. Moreover, GRAN HABANO consumers are aware that there are many brands of cigars in the marketplace with Cuba-related names that are made from Cuban-seed tobacco that is grown, cultivated and made in countries around the world. The relevant consumers recognize that these

cigars have been in the marketplace for many decades since the Cuban Revolution when cigar manufacturers fled Cuba. Due to the widespread sale in the marketplace of cigars made from Cuban-seed tobacco, the relevant consumers have grown accustomed over the many decades to recognizing that cigars sold under Cuba-related names or brands that “evoke” the Cuban heritage and Cuban history of cigar making may not presently originate in Cuba. *See* Declarations, Exhibits D and E, Request for Reconsideration.

Applicant’s cigars are also considered premium cigars and luxury items that are scrutinized by discriminating cigar purchasers. Applicant’s GRAN HABANO cigars are typically sold at retail for approximately \$100 for a cigar box of 20 cigars. These scrutinizing purchasers of Applicant’s cigars contemplate the origin of the cigar’s tobacco and seek the advice of the cigar store clerks or read about new and/or recommended cigar brands reviewed in cigar magazines such as *Cigar Aficionado* and *Smoke*. These purchasers and retailers do not purchase a costly cigar brand without knowing the history of the cigar, where it was grown, and the tobacco blend it contains. *See* Declarations Exhibits D and E, Request for Reconsideration.

Accordingly, knowledge that Applicant’s cigars are not made in Cuba is widespread among relevant consumers over the past thirteen years that Applicant has been selling GRAN HABANO cigars. *See* Declarations. Contrary to the Examining Attorney’s presumption, the relevant consumers are not from Cuba nor are they Spanish-speaking purchasers. The evidence shows that relevant consumers of GRAN HABANO cigars are not influenced in their decision to purchase GRAN HABANO cigars because of the word “habano.” Rather, the relevant consumers purchase GRAN HABANO cigars because of their quality, tobacco blend, flavor, consistency, value, and other factors. *See* Declarations, Exhibits D and E, Request for Reconsideration.

The Declaration of George Rico states that Applicant's relevant consumers have little interest in Cuban cigars because they consider those cigars to be one dimensional. In comparison, the American market has evolved into a variety of brands and blends that make the cigars sold in the United States more interesting and complex. Exhibit C, Request for Reconsideration.

Applicant's direct evidence shows that the relevant consumers of GRAN HABANO cigars are sophisticated and knowledgeable regarding the cigar industry and make cigar purchasing decisions based on taste, quality, and blend rather than a goods-place association with Havana, Cuba, and that any goods-place association with Cuba is not material in their purchasing decisions. The inferential evidence upon which the Final Refusal relies to show materiality of a goods-place association is thus refuted by the direct evidence of relevant consumers.

**C. The Final Refusal Relies on the *Guantanamera* Factual Record Which Is Vastly Different From the Factual Record in This Case**

**1. In *Guantanamera*, the Applicant's Advertisements and Website were in Spanish**

The conclusions reached by the Board in *Guantanamera* were based on a vastly different factual record than the one before the Examining Attorney and now the Board in the present appeal. In *Guantanamera*, "all of applicant's advertisements prior to 2008 were in Spanish; and at least as of December 2006, applicant's website was almost exclusively in Spanish and many of applicant's customers are from Cuba (and presumably know Spanish since that is the primary language of Cuba)." 102 USPQ2d 1085 at \*11.

As shown in the Rico Declaration, Applicant's website is in English, not in Spanish, and is not available to be viewed in Spanish. Applicant's advertisements and marketing are and have always been in English. Exhibit C, Request for Reconsideration. Additionally, there is no evidence of record here, as there was in *Guantanamera*, that sellers of cigars in the United States

market non-Cuban cigars through branding and marketing associations with Cuba because those sellers believe that consumers value associations with Cuba in making purchasing decisions. In fact, the evidence in this proceeding shows exactly the opposite. *See, e.g.*, Rico Decl., ¶¶ 9, 13-19. Moreover, *Guantanamera* was an *inter partes* proceeding; the evidence of record there was submitted by the parties. Evidence from *Guantanamera* is not of record in this appeal and therefore should not be relied upon here, especially where the facts of this case are significantly different from those before the Board in *Guantanamera*.

**2. In *Guantanamera*, the Board Found that a “Substantial Portion” of People in the United States Speak Spanish**

The Board in *Guantanamera* found that persons who speak Spanish comprise a substantial portion of the intended audience because 12.3% of the United States population speaks Spanish at home, in Florida 19.3% of Florida’s population speaks Spanish at home, and tens of millions of people in the United States have received Spanish language instruction in school. 102 USPQ2d 1085 at \*11.

The Federal Circuit has mandated that the Board must apply the correct test when determining materiality, especially when the Board uses broad statements regarding a language being spoken by an appreciable number of U.S. consumers but failing to connect those consumers to the actual goods at issue. *In re Spirits*, 563 F.3d at 1347, 1357.

In *Guantanamera*, the Board based its finding of materiality on the percentage of the general population of the United States that speaks Spanish and that the applicant’s advertisements and website were in Spanish. *Guantanamera* 102 USPQ2d 1085 at \*11. However, what amounts to a “substantial portion” of the targeted community for a specific trademark must be determined on a case-by-case basis. There is no link, nor has the Examining Attorney presented any, between the 12.3% Spanish speakers noted in *Guantanamera* and the

target market for Applicant's GRAN HABANO cigars and the non-Spanish speaking relevant consumers who provided evidence via Declarations. Here, the evidence shows the contrary: cigar purchasers constituting Applicant's relevant consumers (1) are not Spanish speakers; (2) are not materially influenced in their purchasing decisions by the presence of the term "habano" in Applicant's mark, and (3) base their decision to purchase Applicant's cigars on the characteristics, quality and value of the cigar. *See* Declarations, Exhibits C, D and E, Request for Reconsideration.

"We note that only 0.25% of the U.S. population speaks Russian. If only one quarter of one percent of the relevant consumers was deceived, this would not be, by any measure, a substantial portion." *In re Spirits*, 563 F.3d at 1357. In the instant appeal, it makes little difference if the total of Spanish speakers in the United States comprises 12.3% of the total U.S. population, as that percentage provides no insight into the percentage of Spanish speakers constituting the relevant consumers for Applicant's cigars.

**3. In *Guantanamera*, the Applicant's Packaging for the Goods Stated "Genuine Cuban Tobacco"**

In *Guantanamera*, the applicant included in its product packaging the false claim "Genuine Cuban Tobacco," evidencing its belief that claiming Cuban tobacco on its product packaging would influence the consumer decisions. *Guantanamera*, 102 USPQ2d 1085 at n3. Nonetheless, the District Court in *Guantanamera* refused to find from this evidence that the false claims on the packaging would materially affect a "substantial portion" of relevant consumers. *Guantanamera*, 729 F.Supp.2d at 254. In the instant appeal, Applicant's product packaging does not include a misleading or false claim of Cuban tobacco, or any reference to Cuba. To the contrary, Applicant's packaging and labeling prominently display the word HONDURAS in capital letters. Images of Applicant's packaging and labeling are of record in this appeal. *See*

Grateron Decl., ¶ 4 and Ex. A thereto. Applicant's express inclusion of HONDURAS on its packaging and labeling thus minimizes any deception relating to a goods-place association with Cuba or Havana.

**D. The Examining Attorney's Basis for Refusal in the Denial is Unsupported by *Guantanamera* or Any Evidence of Record.**

The Examining Attorney's argument regarding materiality in the Final Refusal is based on the premise that Applicant's purchasing population is the same as that in *Guantanamera*: Spanish speaking cigar purchasers. Final Refusal at 4.

However, in response to the direct evidence set forth in the Declarations that the relevant consumers are non-Spanish speaking, the Examining Attorney concludes in the Denial that "a substantial portion of the non-Spanish speaking portion of the United States population, who purchase cigars, would likely be deceived by applicant's mark into believing that the cigars come from Havana, Cuba, when they do not." Denial at 2. There is no evidence of record to support this materiality determination.

Indeed, this materiality determination relating to non-Spanish speaking relevant consumers is unsupported by any evidence of record showing the understanding of Spanish words by non-Spanish speakers, or whether such non-Spanish speaking relevant consumers would believe that HABANO means Havana, or whether such non-Spanish speaking relevant consumers "would likely be deceived by applicant's mark into believing that the cigars come from Havana, Cuba," as asserted in the Denial. There is no evidence whatsoever to support the Examining Attorney's conclusion.

Regardless of whether the relevant consumers speak Spanish or English, the Examining Attorney conflates a goods-place association between Havana, Cuba and cigars with an assumption of materiality without showing that a goods-place association is made by a

substantial portion of relevant consumers and is material to the consumers' decision to purchase those goods. Thus, the USPTO has failed to show a likelihood of "actual misleading of the public" by use of the GRAN HABANO mark.

### **CONCLUSION**

Based on the foregoing, the Examining Attorney has not established that a substantial portion of the relevant consumers would be materially influenced in the decision to purchase Applicant's goods sold in association with the mark GRAN HABANO. The USPTO has not met its burden as to the required element of materiality, and the refusal under Section 2(e)(3) must be reversed. Applicant respectfully requests that the Board direct the mark GRAN HABANO to be approved for publication.

Respectfully submitted,

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