

ESTTA Tracking number: **ESTTA204549**

Filing date: **04/14/2008**

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

Proceeding	91165519
Party	Defendant Anncas, Inc.
Correspondence Address	JESUS SANCHELIMA, ESQ. SANCHELIMA & ASSOCIATES, P.A. 235 S.W. LE JEUNE ROAD MIAMI, FL 33134-1762 UNITED STATES
Submission	Brief on Merits for Defendant
Filer's Name	Jesus Sanchelima
Filer's e-mail	legalassist@sanchelima.com
Signature	/js/
Date	04/14/2008
Attachments	Anncas Brief.pdf (36 pages)(2231215 bytes)

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

CORPORACION HABANOS, S.A.,)

Opposer,)

v.)

Opp. No. 91165519

ANNCAS, INC.,)

Applicant.)

ANSWER BRIEF OF APPLICANT ANNCAS, INC.

Jesus Sanchelima
SANCHELIMA & ASSOCIATES, P.A.
Attorneys for Applicant
235 S.W. Le Jeune Road
Miami, FL 33134-1762
Telephone: (305) 447-1617
Telecopier: (305) 445-8484
jesus@sanchelima.com

TABLE OF CONTENTS

TABLE OF CONTENTS.....ii

TABLE OF AUTHORITIES.....iii, iv

PRELIMINARY STATEMENT.....1-3

STATEMENT OF FACTS.....4-10

ISSUES.....11

LEGAL ARGUMENTS.....11-30

CONCLUSION.....30-31

CERTIFICATE OF SERVICE.....32

TABLE OF AUTHORITIES

<i>In re Corporacion Habanos S.A. v. Guantanamera Cigars,</i> Opp. No. 91152248 (Feb. 29, 2008 TTAB).....	13
<i>In re California Innovations, Inc.,</i> 329 F.2d 1334, 66 USPQ2d 1853 (Fed. Cir. 2003).....	23
<i>In re First Drarft, Inc.,</i> 76 U.S.P.Q. 1183 (TTAB 2005).....	19
<i>Havana Club Holdings, S.A. v. Galleon, S.A.,</i> 203 F.3d 116, 53 U.S.P.Q. 2D 1609, (2nd Cir. 2000)	19, 20, 21
<i>Havana Club Holdings, S.A. v. Buffet,</i> 2003 TTAB Lexis 129 2003).....	19
<i>Lipton Indus., Inc. v. Ralston Purina Co.</i> 670 F.2d 1024, 213 USPQ 185 (CCPA 1982).....	19
<i>Joint Stock Society v. VDV Noth America,</i> 266 F. 3d 164, 60 USPQ 2d 1258 (3d Cir. 2001).....	20
<i>Lujan v. Defenders of Wildlife,</i> 504 U.S. 555, 119 L. Ed. 2d 351, 112 S. Ct. 2130 (1992).....	12
<i>McDermott v. San Francisco Women’s Motorcycle Contingent,</i> 240 Fed. Appx. 865, (Fed. Cir. 2007).....	18, 19
<i>Ritchie v. Simpson,</i> 170 F. 3d 1092, 1095, 50 USPQ2d 1023, (Fed. Cir. 1999).....	16
<i>Singer Mfg. Co. v. Birginal-Bisby Corp.</i> 319 F. 2d 273, 138 USPQ 63 (CCPA 1963) the Court.....	18
<i>Torres v. Cantine Torresella S.r.l,</i> 808 F. 2d 46 (Fed. Cir. 1986).....	29
<i>Universal Oil Prod. Co. v. Rexall Drug & Chem. Co.</i> 463 F.2d 1122, 174 USPQ 458, (CCPA 1972).....	17

STATUTORY AUTHORITIES

Section 13 of the Lanham Act.....1, 17

*Section 211 (a)(2) of the Omnibus Consolidated
and Emergency Supplement Appropriations Act of 1999*.....22

*Section 211(b) of the Omnibus Consolidated and
Emergency Supplement Appropriations Act of 1999*.....21, 22

Section 2(a) of the Lanham Act3, 23

Section 2(e)(2) of the Lanham Act18

Section 2(e)(3) of the Lanham Act3, 23

Art. 14 of the Cuban Constitution (Amnd. 1992)15

OTHER AUTHORITIES

Section 205 of the Helms-Burton Act, 22 USC 6065(b)(2)(c).....15-16

APPLICANT'S BRIEF

I. PRELIMINARY STATEMENT

Opposer has filed this opposition under Section 13 of the Lanham Act, 15 USC 1063. The statute requires from Opposer a reasonable belief that it will be damaged by Applicant's registration of its mark. However, Opposer has not, and does not, use any marks in commerce and has not used any marks in commerce, or commercialized any tobacco products for that matter. Thus, Opposer does not compete with Applicant in the U.S. market so it cannot be damaged by the registration of Applicant's mark. Additionally, Opposer does not have standing to bring this action on behalf of the American consumer since its interest is remote, if any. Lastly, Section 211(b) of the Omnibus Consolidated and Emergency Supplement Appropriations Act of 1999 prevents a Cuban national from bringing any action in U.S. courts for marks that were confiscated by the Cuban Government.

Notwithstanding the foregoing impediments, Opposer is not the owner of the denomination of origin HABANA. Another entity, not a party to these proceedings, claims ownership rights through an international registration over this geographic denomination.

Opposer's convoluted and speculative arguments, as to what goods Applicant will eventually use its mark on is, at best, premature. This is an intent to use application and Opposer is already characterizing Applicant's goods that will be purchased possibly several years in the future. Conceivably, Applicant may even purchase Cuban goods if the Cuban embargo is lifted. Opposer has entered into at least one agreement where it acknowledges that it will not oppose, protest or bring legal actions if the goods actually come from Cuba. Therefore, if by the time Applicant declares use of its mark, the U.S.- Cuba relations have improved, Applicant may use its mark with goods grown in Cuba in addition to those that originate from Cuban seeds. Applicant has not foreclosed this possibility in its application.

Assuming that the above-mentioned hurdles are somehow overcome, Applicant has diligently prosecuted its application and it is entitled to the registration of its mark. Applicant has not deceived the Office, or anyone, and the goods are not primarily deceptively geographically misdescriptive under *Sections 2(a) or 2(e)(3)*. From at least as early as the date when the application was filed, Applicant has had a *bona fide* intention to use its mark on tobacco products grown from Cuban seeds. This, and other equivalent terms, are widely used in the industry. Applicant is merely using a widely accepted term to identify the goods it intends to purchase and sell with its mark. There are no other terms to describe the product in the industry. Just like Swiss cheese and French fries can be used to describe branded products without deceiving the consumer. The terms Havana or Habana or Habanos today, and for many years, have functioned to denote tobacco products with certain flavor characteristics, much like Connecticut or Cameroon tobacco, which are also used in the industry. These goods do not necessarily have to come from those regions.¹

¹ Applicant withdrew its affirmative defense asserting that there were no manufacturers of cigars in Havana since it was a typographical error. Applicant traverses Opposer's position that the affirmative defense was a frivolous undertaking. Applicant withdrew it because the language contained an error since it meant to use the word

II. STATEMENT OF FACTS

Applicant, and its principal, has been in the cigar business for many years. See Bock Test. Depo. Tr.² pp. 4-5. At present, Applicant has not sold any cigars bearing the mark HAVANA CLUB. Bock Test. Depo. Tr. p. 6. Applicant intends to use tobacco grown from Cuban seeds for its HAVANA CLUB cigars. Bock Test. Depo. Tr. p. 7. Several of its brands also use Cuban seed tobacco and this designation has been used for many years in the industry. Bock Test. Depo. Tr. p. 8-9, Gomez Test. Depo. Tr. p. 23. Applicant has not decided from which country it will buy the tobacco since it may be grown either in Nicaragua, Honduras or Dominican Republic. Bock Test. Depo. Tr. p. 7. There are no restrictions to the importation of Cuban products, including tobacco seeds, in any of those countries. See Bock Test. Depo. Tr. p. 77, Gomez Test. Depo. Tr. Cross Exam. p. 24 and Perelman Test. Depo. Cross Exam. p. 76. Other terms, such as "Connecticut" and "Cameroon" have been used to denote specific types of tobacco products even though they are not grown only in

"growers" and not "manufacturers" and Applicant still maintains there are no growers in the city of Havana. Bock Test. Depo. Tr. p. 16

² The excerpts of Mr. William Bock's testimonial deposition transcript will be referred to as "Bock Test. Depo. Tr. Cross Exam. p. XX".

those geographical areas. See Bock Test. Depo. Tr. p. 82-83, Gomez Test. Depo. Tr. Cross Exam. p. 7 and Perelman Test. Depo. Cross Exam. Pp. 69-70.³

The Office has accepted this identification for the goods when describing a particular type of tobacco to be used, namely Cuban seed tobacco. See Opposer's Brief pp. 3 through 6. The description of the goods as "tobacco from Cuban seed", or "Havana seed", or equivalent wording, is needed to identify a type of tobacco. Gomez Test. Depo. Tr. p. 8. There is no substitute language to describe this type of tobacco. Bock Test. Depo. Tr. p. 10; Gomez Test. Depo. Tr. pp 8-9. For many years the trade has used this wording to identify tobacco having specific characteristics. Bock Test. Depo. Tr. p. 10.

There are at least **sixty one (61)** records in the Office's databases for applications or registrations that use the word "Habana" or "Havana". Applicant's NOR Exhibits 1 – 61. **Forty-nine of the 61**, correspond to registrations that are either active or were active.

³ Opposer's own expert testified that the use by the industry of "Connecticut seed tobacco" is acceptable but that "Connecticut wrapper" may not be true since the tobacco was not grown in Connecticut.

Applicant's NOR Exhibits 1; 2; 4; 5; 6; 8 – 19; 24 -34; 41; 42; 44 – 61. **Forty-three (43) of the 61** records, include the word "Cuban seed tobacco" or equivalent, as part of the identification for the goods. Applicant's NOR Exhibits 1; 3-4; 8 -14; 20; 24 – 33; 35; 38 – 42; 44- 53; 55 – 60. **Thirty-seven (37) of the 43**, correspond to registrations (active or not) that have "Cuban seed tobacco" as part of their goods identification. Applicant's NOR Exhibits 1; 4; 8 -14; 20; 24 – 33; 35; 41 – 42; 44- 53; 55 – 60.

On February 5, 2004, Applicant filed its application for the registration of the mark HAVANA CLUB, based on its bona fide intent to use the mark in commerce. Bock Test. Depo. Tr. p. 6. At the time the application was filed, Applicant did not specify the type of tobacco that it intended to use and merely identified the goods as "cigars". See application filed in this case. This limitation was not required before. Bock Test. Depo. Tr. Cr. Exam. p. 85. See also Applicant's NOR Exhibits 21-23; 28; 36; 37 and 43, corresponding to records of the Office's databases, showing mark registrations (for non Cuban registrants) having the word HAVANA, or equivalent, with merely "cigars" for the identification of the goods. Opposer does not

disagree with the fact that this is, and has been the standard Office practice for many years prior to Applicant's application. See Opposer's Rebuttal NOR Exhibits 1 through 3 and 5 through 25. After the Examiner issued an Office Action, Applicant narrowed the identification of its goods to "cigars made from Cuban seed tobacco". See Examiner's Amendment in Applicant's application, Opposer's NOR 15. There was no intent to deceive the Examiner with the representations made regarding the goods that Applicant intended and intends to use⁴. Bock Test. Depo. Tr. p. 81. Applicant intends to use strong flavor tobacco products that are commonly referred to as "Cuban seed tobacco". *Id.* And similarly, Connecticut wrapper can be grown in Dominican Republic, Ecuador and Honduras. Bock Test. Depo. Tr. p. 82.

Opposer has reached at least one agreement where it has agreed not to pursue any legal claims if the tobacco comes from Cuba. See Settlement Agreement between Corporacion Habanos, S.A. and

⁴ In paragraph 32 of the notice of opposition, Opposer has used the word "or" six times referring to Opposer's speculation on different possibilities that Opposer has planned for Applicant's future goods and its sources. None of those include the use of tobacco grown in Cuba. However, nothing in the application prevents Applicant from filing a declaration of use within the next three years subsequent to the issuance of the notice of allowance, using tobacco grown in Cuba, if the embargo is lifted and/or a special license to commercialize those goods is obtained.

Superior Cigars, U.S.A., ¶ 8, Opposer's Rebuttal NOR, Exhibit 26. Therefore, the possibility of Applicant using Cuban grown tobacco in its products cannot be dismissed until Applicant's declaration of use is filed. If Opposer is willing to agree with at least one other party that it will not pursue any claims if the tobacco used comes from Cuba, then it is clear that under those circumstances it will not be damaged.

Opposer's purported damages are alleged in paragraphs 48; 49 and 50 of the Notice of Opposition. However, Opposer has failed to carry its burden in proving its damages allegations because:

- 1) There is no evidence in the record to support Opposer's allegation that it will be damaged if Applicant registers the mark HAVANA CLUB for cigars because the reputation of its cigars from Cuban grown tobacco, will be less likely to make lawful purchases (in Cuba) of Opposer's cigars. See Notice of Opposition, ¶ 48. There is no evidence in the record tending to show that those U.S. persons who lawfully reside in Cuba will stop purchasing Opposer's cigars in Cuba (Opposer's cigar cannot be legally sold in the U.S.) if Applicant registers its mark.

2) There is no evidence in the record to support Opposer's allegation that its "marketing success" will be damaged when, and if, the embargo is lifted and Applicant registers its mark HAVANA CLUB. See Notice of Opposition, ¶ 49.

3) There is no evidence in the record to support Opposer's allegation that its ability to use the mark HABANOS UNICOS DESDE 1942 & Design will be damaged and diminish if Applicant registers its mark HAVANA CLUB. See Notice of Opposition, ¶ 50. There is no evidence on record that Opposer cannot sell products with tobacco grown in other parts of the world. Nor, does the registration for HABANOS UNICOS DESDE 1492 and Design, U.S. Reg. No. 2,177,837, have any limitations as to the type of products the mark identifies. See Applicant's NOR Exhibit 54⁵, corresponding to a copy of registration No. 2,177,837. If Opposer decides to use its mark on tobacco not grown in Cuba, or even from Cuban seeds, its registration will conceivably be still support by said use since it does not have

⁵ The same is true for all Cuban registrations for cigars that use the word HABANA, namely, the identification of the goods merely states "cigars". Applicant's NOR Exhibits 2; 15; 16; 18; 19 and 61.

Applicant's limitations. Thus, requiring this limitation in Applicant's application will not affect Opposer's rights in any way as the Office has not made this requirement retroactive.

Opposer does not sell any goods in the U.S. market, and has never sold any goods in the U.S. market. See Opposer's Brief, p. 6, ¶ 2. On the other hand, Applicant sells its cigars in the U.S. market. Bock Test. Depo. Tr. p. 4. Thus, it is clear that the parties do not compete in the same market. Opposer will not suffer any damages if Applicant sells its cigars bearing the mark HAVANA CLUB in the U.S. and avails itself of the Lanham Act benefits of the registration of its mark.

Opposer cannot sell cigars legally in the United States since current embargo laws prohibit it. Opposer's Brief, p. 6, ¶ 2. Opposer claims to control the commercialization of 100% of the Cuban cigars produced in the country.

III. ISSUES

The following issues are identified in this case:

- 1. WHETHER OPPOSER LACKS STANDING TO OPPOSE APPLICANT'S APPLICATION FOR REGISTRATION?**
- 2. WHETHER OPPOSER IS BARRED UNDER SECTION 211(B) OF THE OMNIBUS CONSOLIDATED AND EMERGENCY SUPPLEMENT APPROPRIATIONS ACT OF 1999 FROM BRINGING THIS OPPOSITION?**
- 3. WHETHER REGISTRATION OF THE MARK HAVANA CLUB FOR CIGARS MADE FROM CUBAN SEED TOBACCO IS NOT BARRED BY SECTION 2(e)(3) AS CONSTITUTING A DECEPTIVELY GEOGRAPHICALLY MISDESCRIPTIVE DESIGNATION?**
- 4. WHETHER OPPOSER'S ALLEGATIONS OF APPLICANT'S INTENDED FUTURE USE OF PRODUCTS IS PREMATURE AND/OR SPECULATIVE?**
- 5. WHETHER APPLICANT COMMITTED FRAUD DURING THE PROSECUTION OF THE PRESENT APPLICATION?**

IV. ARGUMENT

- 1. OPPOSER LACKS STANDING TO OPPOSE APPLICANT'S APPLICATION.**

To have standing a party needs to satisfy three factors:

a) injury in fact, which requires the infringement of a legally protected interest that is “concrete and particularized” as well as “actual or imminent, not ‘conjectural’ or ‘hypothetical’”;

b) a casual connection between the injury and the offending conduct; and

c) redressability. *Lujan v. Defenders of Wildlife*, 504 U.S. 555, 560, 119 L. Ed. 2d 351, 112 S. Ct. 2130 (1992).

In this case, Opposer attempts to participate in an administrative proceeding to prevent Applicant from availing itself of the benefits of the Lanham Act even though it cannot claim a concrete and particularized injury. Additionally, the injury Opposer complains about does not fall under the ‘zone of interests’ sought to be protected by the Lanham Act, since Opposer does not use the mark in commerce.

Opposer’s interest is marginally related, at best. Opposer speculates as to the success it will have with its marketing plan if and when the U.S. embargo laws are lifted. A similar factual pattern was found not to be causally connected in this Supreme court decision:

Affidavits of members claiming an intent to revisit project sites at some indefinite future time, at which time they will presumably be denied the opportunity to observe endangered animals, do not suffice, for they do not demonstrate an "imminent" injury. *Id.* at 556.

While Applicant is mindful of Opposer's preoccupation with the American consumer, it is difficult for the latter to show standing on behalf of the members of this third party. *Id.* In this case, the convoluted association between Opposer and the American consumer is too remote to show standing.

To establish standing, Opposer must show that it has a "real interest" in the outcome of the proceeding (direct and personal). *Corporacion Habanos S.A. v. Guantanamera Cigars*, Opp. No. 91152248 (Feb. 29, 2008 TTAB). In *Guantanamera*, the Opposer (the same opposer as in the present case) had a suspended application that had been blocked by the applicant in that case. But, that is not the case here. Other than Opposer's speculative allegations in the notice of

opposition ¶¶ 48-50, there is nothing else to show a direct and personal injury.

With respect to Lujan's second factor, again, no evidence exists in the record that there will be diversion of sales connected to Applicant's HAVANA CLUB cigars that would otherwise be enjoyed by Opposer. The undefined marketing strategy that will accomplish this feat gives no credit to Applicant for its own marketing efforts, independently from the mark itself. There will be no ascertainable causal connection between the registration of Applicant's mark and Opposer's marketing performance.

As far as the redressability of Opposer's claims, it is clear that the action of the Office (its policy of accepting the "Cuban seed tobacco" language as the identification of the particular type of cigars) does not affect Opposer directly.

Thus, when the plaintiff is not himself the object of the government action or inaction he challenges, standing is not precluded, but it is ordinarily "substantially more difficult" to establish. *Id* at 562.

While Opposer appears to argue on behalf of the American consumers' interest, this is not a legally protected interest that is "concrete and particularized" as well as "actual" or imminent". The injury that Opposer alleges in paragraph 49 of the notice of opposition, is not a legally protected interest in the U.S. For an entity to control 100% of the production of a product in a country is an anomaly in our legal and economic system. This is legal in Cuba where the economy is centralized.⁶ Opposer's argument appears to be that it will be injured for each cigar bought by U.S. consumers from Applicant's HAVANA CLUB cigar made with Cuban seed tobacco that was not actually grown in Cuba⁷. Opposer would like to convince the Board that any use of the words "Cuban seed tobacco" belongs to Opposer in a perpetual monopoly. Assuming *arguendo* that this is the case and Opposer controls 100% of the business, this totalitarian practice will prevent the lifting of the embargo laws. And therefore, there will not be any sales in the U.S. unless these changes come about. The U.S. embargo laws will not be lifted (by Congress) until the political and economic system in Cuba is changed. See *Section 205 of the Helms-*

⁶ *Art. 14 of the Cuban Constitution*, as amended, provides that the economic system in Cuba is based on the socialized property of the people over the fundamental means of production.

⁷ Or conceivably comes from a closer generation, regardless of its taste.

Burton Act, 22 USC 6065(b)(2)(c). And if this takes place, the assumption of Opposer controlling 100% of the Cuban cigars will no longer be viable. In other words, the alleged injury is beyond being conjectural or speculative, it is impossible.

Further, the federal circuit has held that, in order to have standing, "...an opposer must meet two judicially-created requirements in order to have standing—the opposer must have a 'real interest' in the proceedings and must have a "reasonable" basis for his belief of damage." *Ritchie v. Simpson*, 170 F.3d 1092, 1095, 50 USPQ2d 1023, 1025 (Fed. Cir. 1999).

The court went on to state: "this 'real interest' requirement stems from a policy of preventing 'mere intermeddlers' who do not raise a real controversy from bringing oppositions or cancellation proceedings in the PTO." *Ritchie*, at 1025 (citing *Lipton Indus., Inc. v. Ralston Purina Co.*, 670 F.2d 1024, 1028, 213 USPQ). The court added, "in other words, the opposer must have a direct and personal stake in the outcome of the opposition." *Id.* at 1026.

In the case at bar, Opposer cannot make the claim that it has any stake in the outcome of this opposition. Opposer does not and cannot

engage in any business in the United States, such that the registration of Applicant's mark would affect Opposer in any way in the U.S. market. Opposer's allegation that U.S. personnel (very few individuals) residing in Cuba would be induced not to purchase Opposer's products is speculative and remote, at best. While no figures have been introduced to support this argument, the current political situation dictates that this U.S. population in the island is minimal and Opposer did not even attempt to introduce any evidence of any effect that Applicant's registration would have in those few individuals.

Turning now to the "reasonableness" of Opposer's belief that it will be damaged by the registration of Applicant's mark, the Court in *Ritchie* held that the "belief of damage" required by § 13 of the *Lanham Act* is more than a subjective belief. The belief must have a "reasonable basis in fact." *Id.* at 1027 (citing *Universal Oil Prod. Co. v. Rexall Drug & Chem. Co.*, 463 F.2d 1122, 1123, 174 USPQ 458, 459 (CCPA 1972)). The facts in this case show that Opposer cannot and will not be damaged by the registration of Applicant's mark.

In addition to failing to meet the general requirements for standing in an opposition under § 13 of the *Lanham Act*, Opposer also

fails with respect to standing in an Opposition involving §2(e)(2) of the Act. In *The Singer Mfg. Co. v. Birginal-Bisby Corp.*, 319 F2d 273, 138 USPQ 63 (CCPA 1963) the Court held that the Opposer, an American company, had standing to oppose the registration of the mark AMERICAN BEAUTY for sewing machines that were made in Japan because the Opposer was a direct competitor of the Applicant and it had directed its advertising towards customers who preferred their sewing machines to be "American-made." See *Singer* at 276.

Unlike the opposer in *Singer*, Opposer in the present case, is not a competitor of Applicant's nor does Opposer target ANY consumers in the US with messages that its products are better because they come from Havana or Cuba.

One method of establishing the reasonableness of belief of damage for purposes of standing is for the opposer to allege he possesses a trait or characteristic that is clearly and directly implicated in the proposed mark. *McDermott v. San Francisco Women's Motorcycle Contingent*, 240 Fed. Appx. 865, (Fed. Cir. 2007)(quoting *Ritchie* at 1028). In *McDermott*, the Opposer attempted to prevent the registration of the mark "DYKES ON BIKES" citing the Lanham Act's prohibition against the registration of an "immoral" or "scandalous"

matter. The Court affirmed the granting of Applicant's motion to dismiss for lack of standing, holding that "the registration of the proposed mark would have no 'implications' for a man." *McDermott* at 867. Essentially, the court held that it was unreasonable for a man to believe he would be damaged by the registration of a mark that was derogatory to lesbians. Just as it is unreasonable for Opposer (who is prohibited, by law, to engage in commerce in the U.S.) to claim it would be damaged by the registration of Applicant's mark.

This is certainly not a case of first impression. See *Havana Club Holding, S.A. v. Buffet*, 2003 TTAB Lexis 129 (TTAB 2003). In *Havana Club Holdings*, the Applicant (Jimmy Buffet) sought to register the mark "HAVANAS AND BANANAS" for "menu items, namely, prepared alcoholic cocktails." *Havana Club Holdings* (just as Opposer has here) challenged the registration on the ground that the mark was primarily geographically deceptively misdescriptive under section 2(e)(3) of the Lanham Act. There, the Board noted, "...it is clear that opposer has no standing to pursue this claim just as it had no standing to pursue its false designation of origin claim under Section 43(a) in [*Havana Club Holding, S.A. v. Galleon, S.A.*, 53 USPQ2d 1609]." *Id* at 18.

In *Galleon*, the Second Circuit affirmed the lower court's holding that the plaintiff (also Havana Club Holdings) had no standing because the Cuban embargo prevented the plaintiff from selling its goods in the US and, as such, the plaintiff could not suffer any cognizable injury due to defendant's actions. The Second Circuit quoted the lower court as saying: "Any competitive injury plaintiffs will suffer based upon their intent to enter the US market once the embargo is lifted is simply *too remote and uncertain to provide them with standing.*" *Galleon* at 203 F.3d 122 (emphasis added). See also, *Joint Stock Society v. UDV North America*, 266 F.3d 164, 60 USPQ2d 1258 (3d Cir. 2001). It is clear that, Opposer, prohibited by the Cuban embargo from entering the US market, has no standing in this case.

Finally, Opposer is not the real party in interest to bring this action. Another entity, Empresa Cubana del Tabaco, or CUBATABACO⁸, claims superior rights over the disclaimed denomination HABANA. CUBATABACO has registered the word HABANA in an international (WIPO) registration. See exhibit 69 in Bock's Test. Depo. Tr. p. 69. Therefore, it is clear that CUBATABACO,

⁸ Opposer's expert testified that he had worked for CUBATABACO but not for Habanos S.A., Opposer, herein, establishing that these are two distinct entities. Marrero Test. Depo. Tr. p 8.

rather than Opposer, is the proper party to bring the damages claims in this controversy.

2. OPPOSER IS BARRED UNDER SECTION 211(B) OF THE OMNIBUS CONSOLIDATED AND EMERGENCY SUPPLEMENT APPROPRIATIONS ACT OF 1999 FROM BRINGING THIS OPPOSITION.

Opposer is a Cuban entity and Applicant's purported trademark rights fall under and the terms of *Section 211 (b) of the Omnibus Consolidated and Emergency Supplement Appropriations Act on 1999. Havana Club Holdings, S.A. v. Galleon, S.A.* 203 F.3d 116, 53 U.S.P.Q 2D 1609, 1618 (2nd Cir. 2000). The designation HAVANA CLUB was hotly litigated by the Republic of Cuba, through another state instrumentality. *Id.* The common owner of the mark is the Republic of Cuba. The real motivation in opposing Applicant's mark registration, among dozens of other marks registered and/or pending is the ulterior motivation to protect a confiscated mark. Opposer's own purported expert witness candidly admitted this Opposer's purpose in bringing, through a back door, this action and belying any purported philanthropic desire to protect the U.S. consumer.

Q What would be the damages for Habanos, S.A. if the applicant registered its mark?

MR. GOLDSTEIN: Objection to the question. Irrelevant. There is no claim for damages and the TTAB (sic) can't award them.

THE WITNESS: Should I answer?

MR. GOLDSTEIN: Yes. And it calls for a legal conclusion. But you can answer.

THE WITNESS: As I understand it, the applicant is trying to register the name "Havana Club"?

BY MR. SANCHELIMA:

Q. I don't know. You were hired as an expert. You tell me.

A. **Well, my understanding is, based on the information that's been provided to me, that the applicant is trying to register the name "Havana Club " which is a very, very famous, currently produced rum that is made in Cuba. And in my view, the registration of this name could be potentially confusing to consumers of cigars that this particular cigar, Havana Club, could have some more relationship to Cuba than something named Havana Dreams or Havana Wonder or something like that, because it is also the name of a very well-known rum, which is currently produced in Cuba and is widely known worldwide. Perelman Test. Depo. Cross Exam. Pp 63-64.**

It is clear that Opposer's intention is to bypass *Section 211* and advance the interests of a related, commonly owned Cuban instrumentality. Therefore, Opposer's claims in question are unenforceable under *Section 211 (a)(2) and/or Section 211 (b)*.

3. REGISTRATION OF THE MARK HAVANA CLUB FOR CIGARS MADE FROM CUBAN SEED TOBACCO IS NOT BARRED BY SECTION 2(e)(3) AS CONSTITUTING A DECEPTIVELY GEOGRAPHICALLY MISDESCRIPTIVE DESIGNATION⁹

Assuming that the above mentioned hurdles are somehow overcome, Applicant has diligently prosecuted its application and is entitled to the registration of its mark, because it has not deceived the Office or anyone, and the goods are not deceptively geographically misdescriptive under *Sections 2(a)* and *2(e)(3)*. From at least as early as the date when the application was filed to this date, Applicant has had a bona fide intention to use its mark on tobacco products that come from Cuban seeds. This and other equivalent terms are widely used in the industry. See exhibit 70 in Bock's Test. Depo. Tr. p.p. 75-76.¹⁰ Another publication, in regulatory context, describes the prohibitions of a government agency (OFAC)¹¹. See exhibit 2 of Bock's Test. Depo.

⁹ Opposer's second ground in its notice of opposition is based on Section 2a. However, for geographical terms, this ground is subsumed within Section 2(e)(3). *In re California Innovations, Inc.*, 329 F2d 1334, 66 USPQ2d 1853 (Fed. Cir. 2003).

¹⁰ Opposer's objection as to the truthfulness of the assertions made in the article (exhibit 70) is insufficient to overcome Applicant's position regarding the wide use in the relevant industry of the terms "Cuban seed" or "Cuban Corojo seed" or equivalent.

¹¹ Office of Foreign Assets Control, U.S. Treasury.

Tr. p.12, relied upon by Applicant as legal authority for its commercial activities. In fact, if these terms (Cuban seed tobacco, Cuban Corojo, or equivalent) are not used, manufacturers are distributors will not have an equivalent term to describe the type of tobacco they want to blend, order, taste or talk about. Applicant is merely using a widely accepted term to identify the goods it intends to purchase and sell with its mark.

4. OPPOSER'S ALLEGATIONS OF APPLICANT'S INTENDED FUTURE USE OF PRODUCTS IS PREMATURE AND/OR SPECULATIVE.

Finally, Opposer's convoluted and speculative arguments, as to what goods Applicant will eventually use its mark on is, at best, premature. This is an intent to use application and Opposer is already characterizing Applicant's goods that will be purchased possibly several years in the future. Conceivably, Applicant may even purchase Cuban goods if the Cuban embargo is lifted. Applicant has three years from the allowance date to file its declaration of use and at that time importing Cuban grown tobacco products may be legal.

Opposer relies heavily Applicant's answer to Opposer's NOR 14, answer to interrogatory No. 16, part "f", mostly disregarding the rest of the interrogatory. Applicant's answered that the seeds it intended to use descended from Cuba in the late 1950's or 60's. The answer to part (g) of the same interrogatory refers to one its sources, Caribbean Cigar Company on which Mr. Bock relies. Bock. Test. Depo. Tr. Cross. p. 98. In part (b), however, Applicant states that it had considered at the time two manufacturers and in part (a) states that it may obtain cigars from any other country (conceivably Cuba itself, if allowed). Opposer wants this Board to find that Applicant intends to exclusively use tobacco from Cuban seeds that were exported at that time only. And, according to Opposer, since it is a multi-generation seed, the tobacco that Applicant will be using is no longer the same as Cuba's current tobacco leaves. Applicant, however, selects its blends based on other criteria that does not require ascertaining with precision the origin of the seeds provided that the product "fits the bill". Bock. Test. Depo. Tr. p. 8. Even the tobacco grown in Cuba is affected by different Cuban soils. See Opposer's own expert, Marrero's Test. Depo. Re-Cross. P.52. Therefore, it is

clear that the specific generation number of the seeds is not a material factor. Applicant's customer bases his/her decision on taste, which Applicant tries to deliver. Applicant's practice has been to label its product with the country of origin of the cigars. Bock. Test. Depo. Tr. p. 13 and Cross. p. 96. Also, exhibits 3 and 4 in bock's Test. Depo. Tr. pp. 13-16. There is no possibility of confusion since there is nothing in the record that the phrase is used to deceive consumers, much less Examiners.

Opposer relies heavily on Opposer's NOR 14 answer to Opposer's interrogatory No. 16 (f) for the proposition that the "tobacco from Cuban seeds " that Applicant will use comes exclusively from seeds exported from Cuba decades ago. While this may be true for some tobacco plants, there is no evidence in the record that exports of Cuban seeds have not continued.¹²In fact, several witnesses have testified that they are not aware of any prohibitions from importing such seeds in tobacco growing countries. Therefore, the assumption that Mr. Perelman was asked to make is flawed in that Cuban seeds

¹² Assuming *arguendo* that mimicking the Cuban cigars is what Applicant wants.

can be presently imported in those countries and American cigar manufacturers can, if they so choose, import cigars that come from Cuban plants directly.

In sum, Opposer's views as to Applicant's source of its future branded goods is highly speculative, even if we were to arbitrarily assign a generation number after which Cuban seed tobacco will have to be named as something else, which has not been determined as of today.

5. APPLICANT HAS NOT COMMITTED FRAUD DURING THE PROSECUTION OF THE PRESENT APPLICATION.

Applicant categorically denies that it has committed fraud during the prosecution of the present application. Opposer appears to inject an obligation to an intent to use applicant to disclose particulars as to the specific sources of the goods that it intends to use the mark on at the time the application was amended. Applicant merely followed the practice of identifying its goods as cigars, initially, and when additional information was required as to the type of tobacco it intended to use, Applicant used terms that had been used for years by

the Office, and in fact even suggested by some of the Examiners, as Opposer points out. Suddenly, Opposer appears to have launched a crusade against the use of a term that has functioned to describe particular type of tobacco product and catapults its argument to require additional knowledge from the Applicant as to the specific origin of the seeds for the tobacco it plans to use its mark on if it wants to avail itself of the benefits of the Lanham Act. There is no evidence, or even a suggestion, that the industry differentiates tobacco products that descend from Cuban (or any other region) according to its generation number. Nor is there any evidence in the record tending to show that being closer to the parent (Cuban) seeds will make a better cigar, or dilute its strength or qualities. At most, the Cuban descendants from earlier seeds are different but they still carry the genetic code of the original seeds. Marrero's Test. Depo. Tr. p. 33. Even the tobacco grown in Cuba has evolved. Marrero at 14.

The facts in this case do not remotely fit those of the cases cited by Opposer. Opposer alleges that Applicant misrepresented the Office when it amended its Application's identification of the goods to cite that the cigars were made with Cuban seed tobacco. Opposer's Brief,

pp. 44-45. Opposer then cites *Torres v. Cantine Torresella S.r.l.*, 808 F. 2d 46, 49 (Fed. Cir. 1986) for the proposition that omissions could also amount to fraud. It is not clear what “omissions” were not included in the telephonic communication with the Examiner that resulted in the amended goods identification. Applicant labels its boxes with the country of origin. Bock’s Depo. Tr. pp. 13 – 15. The goods are commonly referred to as “Cuban seed tobacco”, or equivalent language. Gomez Test. Depo. Tr. p. 8. There is no substitute language to describe this type of tobacco. Bock Test. Depo. Tr. p. 10; Gomez Test. Depo. Tr. pp 8-9. It is not clear the language that Opposer claims was omitted since the Examiners are quite knowledgeable, specially those who have been working with cigars in many other applications.

The Examiners have been using this identification for this type of goods for many years. There are no substitute words to describe the type of tobacco products Applicant intends to use. Opposer has not indicated any such substitute words. Thus, the facts in this case fall outside those where the Office practice, or the practice of a group of Examiners, is not consonant with the industry. *In re First Draft, Inc.*,

76 U.S. P.Q. 1183, 1188 (TTAB 2005), cited by Opposer, merely states the independence of the Board from the Office practice. But in this case, Opposer is ignoring the fact that the Examiners have recognized the predominant descriptive function of the term HAVAVA requiring Applicant to file a disclaimer and specify the nature of the goods.

V. CONCLUSION

It is abundantly clear that:

- A) Opposer lacks standing to bring this action for one or more of the above mentioned reasons;
- B) Applicant's use of the words "Cuban seed tobacco" to identify the type of products it intends to use for its cigars properly identifies the product without injecting a geographical expectation on the consumer as to the place where the tobacco was grown and the cigar manufactured;
- C) Opposer's speculation relating Applicant's eventual source of goods and their production is premature; and

D) Applicant has not committed fraud since it had, and has, a *bona fide* intent to use the mark for cigars produced from Cuban seed tobacco and that there was no deception as to the type of goods Applicant intends to apply the mark on.

WHEREFORE it is respectfully requested that this opposition be dismissed.

SANCHELIMA & ASSOCIATES, P.A.
Attorneys for Applicant
235 S.W. Le Jeune Road
Miami, FL 33134-1762
Telephone: (305) 447-1617
Telecopier: (305) 445-8484
jesus@sanchelima.com

By: /js/
Jesus Sanchelima, Esq.

CERTIFICATE OF MAILING

I HEREBY CERTIFY that Applicant's
Response Brief is being deposited with the
United States Postal Service with sufficient
postage as First-class mail in an envelope
addressed to:

David B. Goldstein and Michael Krinsky
Rabinowitz, Boudin, Standard,
Krinsky & Lieberman, P.C.
111 Broadway, 11th Floor
New York, New York 10006

Counsel for Opposer

and by electronic filing to:

Commissioner for Trademarks
2900 Crystal Drive
Arlington, Virginia 22202-3514

On 4/14/08 
Date Signature

PABLO PEREZ

Typed or printed name of person
signing certificate