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November 14, 1994

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BY EXPRESS MAIL, Label No. HB309359039

Assistant Commissioner for Trademarks  
2900 Crystal Drive  
Arlington, Virginia 22202-3513

Re: Cancellation No. 22,881

Dear Sir/Madam:

Enclosed please find for filing the original and a copy of a Notice of Motion For Summary Judgment and annexed declarations and attached exhibits; and the original and a copy of a Memorandum Of Law In Support Of Respondent's Motion For Summary Judgment in the above-referenced cancellation proceeding. A Certificate of Express Mailing and Service is appended to the end of each document.

Thank you for your attention.

Sincerely yours,

Caroline Rule

cc: Robert B. Kennedy, Esq.  
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**IN THE UNITED STATES PATENT AND TRADEMARK OFFICE  
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD**

**Cancellation No. 22,881**

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**JOSE MA. ARECHABALA RODRIGO**

**v.**

**HAVANA RUM AND LIQUORS, S.A.  
DBA H.R.L., S.A.**

**Registration No. 1,031,651**

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**MEMORANDUM OF LAW IN SUPPORT OF  
RESPONDENT'S MOTION FOR SUMMARY JUDGMENT**

---

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**DATED: November 15, 1994**

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

---

Jose Ma. Arechabala Rodrigo )

Cancellation No. 22, 881

v. )

Havana Rum and Liquors, S.A. )  
DBA H.R.L., S.A. )

Registration No. 1, 031,651 )

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**MEMORANDUM OF LAW IN SUPPORT OF  
RESPONDENT'S MOTION FOR SUMMARY JUDGMENT**

Introduction

The named respondent in this cancellation proceeding, Havana Rum & Liquors, S.A., along with Havana Club Holding, S.A., the current owner of the United States registration of the trademark Havana Club, Registration No 1,031,651,<sup>1/</sup> respectfully submit this Memorandum of Law in support of their Motion For Summary Judgment filed herewith.

The petition for cancellation, filed on May 9, 1994, is based on nothing more than a bare-bones allegation that the petitioner "has a bona fide intent to use the mark HAVANA CLUB for distilled liquors in the United States," and an allegation that, "[t]he owner of record Registration No. 1,031,651 has long abandoned the registered mark in the United States." Petition For Cancellation ¶¶ 1,3. The petition for cancellation must fail for two equally compelling reasons, both of which are essentially legal questions, neither of which requires the

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<sup>1/</sup> A Motion for Joinder and Substitution Of Party Respondent, seeking to join and then to substitute as respondent the current owner of the trademark Havana Club, Havana Club Holding, S.A., was filed and served on October 27, 1994.

Board to resolve any factual issue that can possibly be disputed, and either of which would be sufficient to require dismissal of the petition.

First, the petitioner cannot register the mark Havana Club himself because the mark would be geographically misdescriptive and deceptive if used in connection with goods that do not originate from Cuba, and petitioner has no ability to import distilled liquor from Cuba into the United States.

Second, United States regulations, promulgated by the Department of the Treasury, forbid any goods of Cuban origin to be imported into the United States, and have done so since 1963. The regulations also forbid any trademark in which a Cuban entity has had any interest since 1963 to be used in the United States, although they permit such marks to be registered. Since the Havana Club trademark was owned by a Cuban entity until 1993, and is used throughout the world in connection with sales of Cuban rum, it is simply legally impossible for the owner of the trademark to use it in commerce in the United States until the regulations are lifted. The rebuttable presumption of abandonment that usually arises from nonuse of a trademark for two years has no meaning when use of the trademark is forbidden by law; if it is impossible to use a registered mark, no inference of an intent to abandon can be drawn from its nonuse.

Although either of these bases for this Motion for Summary Judgment would be sufficient to require dismissal of the petition for cancellation, set forth *post* are two further reasons why the petition should be dismissed: first, the petitioner could not register the mark in the United States himself because the mark is well-known in this country as the name of a particular rum, Havana Club rum, that is produced in Cuba, and second, conclusive evidence

indicates that the owners of the trademark have had no intention of abandoning it in the United States.

### STATEMENT OF FACTS

Regulations issued by the United States Department of the Treasury, the Cuban Assets Control Regulations, 31 C.F.R. Part 515 (hereinafter "the trade regulations" or "the trade sanctions"), promulgated pursuant to the Trading With the Enemy Act, 50 U.S.C. App. 5(b), forbid the importation into the United States of merchandise from Cuba or merchandise that is of Cuban origin. 31 C.F.R. §§ 515.201 & 515.204. The trade regulations also forbid the use in United States commerce of any trademark in which Cuba or a Cuban national has, or had at any time since 1963, any interest of any nature whatsoever, direct or indirect. *Id.* §§ 515.201 & 515.311. These United States prohibitions against imports of merchandise from Cuba or of Cuban origin, and against the use of a trademark in which a Cuban national has an interest, have been in effect since 1963.

Despite these prohibitions, the trade regulations do permit trademarks in which a Cuban entity has an interest to be filed and registered in the United States Patent and Trademark Office. 31 C.F.R. § 515.527.

Havana Club is the tradename of Havana Club rum, which is produced in Cuba and which has an international reputation. The trademark Havana Club is used in connection with sales of Havana Club rum in more than twenty countries around the world, and has been registered for such use in those countries. Since 1972, Havana Club rum has been exported successfully from Cuba to the major rum-consuming markets around the world. (Abarrategui

Decl. ¶¶ 3,4;<sup>2/</sup> Perdomo Decl. ¶ 11;<sup>3/</sup> Prieto Decl. ¶¶ 5-8<sup>4/</sup>; Pria Decl. ¶ 3-6).<sup>5/</sup>

Empresa Cubana Exportadora de Alimentos y Productos Varios (the Cuban Export Enterprise of Food and Various Products), a Cuban corporation known by the acronym "Cubaexport," registered the trademark Havana Club in the United States Patent and Trademark Office on January 27, 1976. (Perdomo Decl. ¶ 3; Sosa Decl. ¶ 5)<sup>6/</sup>. Cubaexport, which was the exclusive exporter of Havana Club rum from Cuba from 1972 until 1993, registered the mark in the United States on the basis of its registration in Cuba since 1974, pursuant to Section 44 of the Lanham Act. 15 U.S.C. § 1126.

In 1993, Cubaexport transferred its entire business connected with Havana Club rum, including the right to export Havana Club rum throughout the world, to a Cuban company that specializes in the liquor trade, Havana Rum & Liquors, S.A. (Prieto Decl. ¶¶ 3,11). As part of this transfer, Cubaexport assigned the trademark Havana Club, together with the goodwill of

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<sup>2/</sup> The Declaration of Maria Del Carmen Abarrategui Goicolea, the Commercial Director of Havana Club International, S.A., appended to the Notice of Motion for Summary Judgment, will be cited as "Abarrategui Decl." throughout this brief.

<sup>3/</sup> The Declaration of Luis Francisco Perdomo Hernandez, the Vice Chairman of the Board of Havana Club Holding, S.A., appended to the Notice of Motion for Summary Judgment, will be cited as "Perdomo Decl." throughout this brief.

<sup>4/</sup> The Declaration of Vidal Manuel Prieto Espina, the Managing Director of Havana Rum & Liquors, S.A., appended to the Notice of Motion for Summary Judgment, will be cited as "Prieto Decl." throughout this brief.

<sup>5/</sup> The Declaration of Miguel Antonio Pria Grosó, the retired Vice Director of the department of Promotion of Exports in the Ministry of Foreign Commerce of the Republic of Cuba, appended to the Notice of Motion for Summary Judgment, will be cited as "Pria Decl." throughout this brief.

<sup>6/</sup> The Declaration of Marta E. Sosa Brizuela, the Legal Advisor to Havana Rum & Liquors, S.A. and Havana Club International, S.A., appended to the Notice of Motion for Summary Judgment, will be cited as "Sosa Decl." throughout this brief.

the business symbolized by that mark as registered and used around the world, to Havana Rum & Liquors, S.A. (Perdomo Decl. ¶ 5; Prieto Decl. ¶ 3). Accordingly, on January 10, 1994, Cubaexport executed a written assignment of the United States registration of the trademark Havana Club, along with the goodwill of the business symbolized by that mark, to Havana Rum & Liquors, S.A., and this assignment was recorded in the Patent and Trademark Office on February 10, 1994. (Perdomo Decl. ¶ 5; Prieto Decl. ¶ 3; Sosa Decl. ¶ 6). The assignment may be found in the records of the Patent and Trademark Office at Reel 1104, Frame 0046.

Havana Rum & Liquors, S.A. recently transferred the entire Havana Club rum export business to Havana Club Holding, S.A., a Luxembourg company in which Havana Rum & Liquors, S.A. is a shareholder. (Perdomo Decl. ¶ 5; Prieto Decl. ¶ 3; Sosa Decl. ¶ 6). Along with this transfer, Havana Rum & Liquors, S.A. assigned to Havana Club Holding, S.A. the trademark Havana Club as used and registered around the world, along with the international goodwill of the Havana Club rum business associated with that mark. (Perdomo Decl. ¶ 5; Prieto Decl. ¶ 3; Sosa Decl. ¶ 6). Havana Rum & Liquors, S.A. executed an assignment of the United States registration of the trademark Havana Club, along with the goodwill of the business symbolized by that mark, on June 22, 1994, and the assignment was submitted to the Office of Patent and Trademark for recording on September 7, 1994. (Perdomo Decl. ¶ 5; Sosa Decl. ¶ 6). The assignment was recorded in the Office of Patent and Trademark on September 13, 1994, and may be found at Reel 1219, Frame 0428. (Rule Decl.<sup>2/</sup> ¶ 3).

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<sup>2/</sup> The Declaration of Caroline Rule appended to the Notice of Motion for Summary Judgment will be cited as "Rule Decl." throughout this brief.

These indisputable facts are essentially all that is required to decide this Motion for Summary Judgment. Nevertheless, set forth below is a more detailed factual statement that supports the respondent's secondary arguments as to why the petition for cancellation should be dismissed.

Cubaexport registered the mark in the United States because it intended to develop an export market for the rum in the United States as soon as the laws of the United States permitted it to do so. (Pria Decl. ¶¶ 3,9; Prieto Decl. ¶¶ 9,10). Cubaexport also registered the mark in numerous other countries around the world to which Havana Club rum is exported. (Perdomo Decl. ¶ 3; Pria Decl. ¶ 3; Sosa Decl. ¶ 7 & Exh. A).

Havana Club rum is the highest quality rum manufactured in Cuba, and is produced primarily for export purposes. (Abarategui Decl. ¶ 6; Perdomo Decl. ¶ 3; Prieto Decl. ¶ 6; Pria Decl. ¶ 4). On account of its high quality, as well as certain distinctive qualities instilled in the rum by the Cuban climate and production techniques, the rum has been able to compete successfully in the international market. (Perdomo Decl. ¶ 3; Pria Decl. ¶ 4; Prieto Decl. ¶ 5; B'Hamel Decl. ¶ 7<sup>8/</sup>). Havana Club rum has been exhibited at international trade fairs, and has received medals for its quality. (Pria Decl. ¶ 6). Havana Club rum's success in the international market is illustrated by the fact that over twenty million cases of the rum were exported from Cuba between 1975 and 1993. (Abarategui Decl. ¶ 4; Prieto Decl. ¶ 6; *see also* Pria Decl. ¶ 5).

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<sup>8/</sup> The Declaration of Maria De La Luz B'Hamel, the Director of the North America and Western Europe Division at the Ministry of Foreign Trade of the Republic of Cuba, appended to the Notice of Motion for Summary Judgment, will be cited as "B'Hamel Decl." throughout this brief.

Havana Club rum is not exported to the United States for the sole reason that United States law prohibits its importation. (Abarrategui Decl. ¶¶ 7,8; B'Hamel Decl. ¶ 9; Prieto Decl. ¶ 13; Perdomo Decl. ¶ 14; Sosa Decl. ¶ 10). In 1993, Cubaexport exported Havana Club rum to more than twenty countries around the world, including Spain, the Canary Islands, Germany, Italy, France, Andorra, Denmark, Austria, Sweden, Finland, Hungary, the United Kingdom, Mexico, Bolivia, Peru, Chile, Argentina, Panama, Guatemala, Costa Rica and Canada. (Prieto Decl. ¶ 7; Perdomo Decl. ¶ 4). Havana Club rum has been widely advertised in major newspapers and magazines in the countries where it is sold. (Prieto Decl. ¶ 7 & Exh. A). Its principal export markets have always been Europe, Canada and Mexico. (Pria Decl. ¶ 5; Perdomo Decl. ¶ 4).

As part of its program of expanding exports of Havana Club rum to existing and new territories, Cubaexport intended to and planned to export the rum to the United States, and hence to use the Havana Club trademark in commerce in the United States, as soon as it was legally able to do so. (B'Hamel Decl. ¶ 9; Pria Decl. ¶¶ 7,8; Prieto Decl. ¶¶ 9, 10). Accordingly, to maintain its registration of the mark in the United States, Cubaexport filed a Section 8 affidavit in the United States Patent and Trademark Office on January 13, 1982. The affidavit was accepted on March 22, 1982.<sup>2/</sup>

The Managing Director of Cubaexport since 1988 and a retired officer of Cubaexport both confirm that the company planned to export Havana Club rum under the Havana

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<sup>2/</sup> At the time Cubaexport filed its Section 8 affidavit and the Patent and Trademark Office accepted the affidavit, "any use [of a trademark], even use in a foreign country, was sufficient to meet the requirements of Section 8." *Cerveceria India, Inc. v. Cerveceria Centroamericana, S.A.*, 10 U.S.P.Q.2d 1064, 1067 (T.T.A.B. 1989).

Club trademark to the United States as soon as United States law permitted it to do so, (Prieto Decl. ¶¶ 9,10,13; Pria Decl. ¶¶ 7,9), and that the only reason that the rum was not exported to the United States, and the trademark Havana Club was not used in commerce in this country, was that the United States trade sanctions against Cuba did not so permit, (Prieto Decl. ¶ 9; *see also* B'Hamel Decl. ¶ 9).

Also in keeping with Cubaexport's plans to increase and expand exports of Havana Club rum, and with the same objective, members of the Ministry of Foreign Trade of the Republic of Cuba held discussions with representatives of United States companies, which displayed a similar interest in exploiting the potential of the United States market for Havana Club rum. (B'Hamel Decl. ¶¶ 6,8).

When Havana Rum & Liquors acquired the entire Havana Club business from Cubaexport in 1993, it similarly intended to expand exports of Havana Club rum from Cuba to new markets, including to the United States when it was permitted to do so by United States law. (Prieto Decl. ¶¶ 11,14). It subsequently transferred the entire Havana Club rum export business, along with the Havana Club trademark to Havana Club Holding, S.A., a company in which Havana Rum & Liquors, S.A. is a shareholder. (Prieto Decl. ¶ 3; Perdomo Decl. ¶ 5; Sosa Decl. ¶ 6).

Havana Club Holding, S.A., which now owns the trademark Havana Club both in the United States and elsewhere around the world, has granted an exclusive license for the worldwide use of the trademark Havana Club to Havana Club International, S.A., a Cuban company. The territory of the United States is included in this license. (Sosa Decl. ¶ 8 & Exh. B; Abarrategui Decl. ¶ 2; Perdomo Decl. ¶¶ 6,12). Havana Club International has also been

granted the exclusive right to export and distribute Havana Club rum worldwide. (Abarategui Decl. ¶ 2; Perdomo Decl. ¶ 6; Sosa Decl. ¶ 9). As the Commercial Director and the Legal Advisor of Havana Club International S.A., and the Vice President of the Board of Havana Club Holding, S.A., all confirm, Havana Club International, S.A. intends to export Havana Club rum to the United States under the Havana Club trademark as soon as the United States' ban on the importation of goods from Cuba is lifted. (Abarategui Decl. ¶¶ 2, 7-9; Perdomo Decl. ¶¶ 9,12,14,15; Sosa Decl. ¶ 11). Havana Club International expects to be successful in developing the United States market for Havana Club rum because of the rum's high-quality, as well as its Cuban origin. (Abarategui Decl. ¶ 3; Perdomo Decl. ¶¶ 9, 11).

The sole and exclusive reason why Havana Club Holding, S.A. and its licensee Havana Club International, S.A. have not exported Havana Club rum to the United States, and hence have not used the Havana Club trademark in commerce in the United States, is that they have been prohibited from doing so by the United States trade sanctions against Cuba. (Perdomo Decl. ¶ 14). They have every intention of exporting the rum to the United States, and using the trademark in commerce there, once the legal restrictions against their doing so are lifted. (Perdomo Decl. ¶ 14).

Since Havana Club International, S.A. took over the control and supervision of the international marketing of Havana Club rum, and received the exclusive license to use the trademark Havana Club in connection therewith, it has continued to export Havana Club rum from Cuba under the trademark Havana Club to over twenty countries without interruption. (Abarategui Decl. ¶¶ 2,5; Perdomo Decl. ¶ 7). Exports of Havana Club rum from Cuba have been continuous since Cubaexport began exporting the rum.

Pernod Ricard, S.A., a company headquartered in Paris, France, is associated with Havana Club Holding, S.A. (Perdomo Decl. ¶ 8). Pernod Ricard, S.A. is a major international manufacturer and distributor of liquors, with subsidiaries and business relationships worldwide, as is evidenced by the Standard and Poor's computer database entry concerning that company. (See Krinsky Decl.<sup>10/</sup> ¶ 12 & Exh. F).

Like the prior users of the Havana Club trademark worldwide, Havana Club International, S.A., which now controls and supervises the international marketing of Havana Club rum, has also made plans to increase exports of Havana Club rum in existing markets, and to introduce the rum to new markets around the world. (Abarrategui Decl. ¶ 5; Perdomo Decl. ¶ 7). In its export and distribution efforts, Havana Club International is making use of existing international distribution and promotion networks. (Perdomo Decl. ¶ 8).

Havana Club rum's international success and recognized quality all but ensures its successful introduction into the United States market once United States law allows. (Abarrategui Decl. ¶ 3; Perdomo Decl. ¶ 11). The prior and present owners and the licensee of the trademark Havana Club -- Cubaexport, Havana Rum & Liquors, S.A., Havana Club Holding, S.A. and Havana Club International, S.A. -- have all in turn regarded the United States as having the potential to be the principal and, indeed, the most profitable market for Havana Club rum. (Abarrategui Decl. ¶ 6; Perdomo Decl. ¶ 10; Prieto Decl. ¶ 10; Pria Decl. ¶ 8).

Despite its unavailability in the United States, Havana Club rum is well-known in this country. From as early as 1972, advertisements for Havana Club rum have appeared in

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<sup>10/</sup> The Declaration of Michael Krinsky appended to the Notice Of Motion For Summary Judgment will be cited as "Krinsky Decl." throughout this brief.

foreign magazines and newspapers which are available in the United States. (Prieto Decl. Exh. A). More importantly, since at least 1977, articles about Cuba appearing in major United States publications have routinely referred to Havana Club rum, whether such articles are about tourism in Cuba, the Cuban economy, the social or political situation in Cuba, or specifically about Caribbean rum. (Rule Decl. ¶ 4 and Exh. B). Havana Club's recognition in the United States was finally assured in 1993, when the rum was featured by name in the major motion picture "The Firm," which was distributed throughout the United States by Paramount Pictures Corporation and which grossed over \$100 million in the first three weeks of its release. (Campagnola Aff.<sup>11/</sup> ¶ 5 & Exh. A). The film was seen by over 20,000,000 people in theaters in the United States (Krinsky Decl. ¶ 8), and was the highest grossing film in the video rental business in 1993 (Krinsky Decl. ¶ 9 and Exh C). Thus, despite the fact that Havana Club rum cannot be sold in the United States, it is known in this country as the premier rum from a famous rum-producing nation.

## ARGUMENT

### I. PETITIONER DOES NOT HAVE STANDING TO BRING THIS PETITION FOR CANCELLATION

This petition for cancellation must be dismissed, because the petitioner cannot show that he has standing to bring this action for cancellation. A petitioner to cancel a trademark registration must be able not only to allege standing, but also to prove that he has

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<sup>11/</sup> The Affidavit of Sergio Campagnola, Executive Vice President and General Sales Manager of the motion picture division of Paramount Pictures Corporation, appended to the Notice Of Motion For Summary Judgment, will be cited as "Campagnola Aff." throughout this brief.

standing. *Coup v. Vornado, Inc.*, 9 U.S.P.Q.2d 1824, 1825 (T.T.A.B. 1988). Petitioner in this case based his allegation of standing on an unadorned "bona fide intent to use the mark HAVANA CLUB for distilled liquors in the United States." Petition For Cancellation ¶ 1. Petitioner cannot, however, prove that he has standing for the simple reason that he is not entitled to register the trademark Havana Club in the United States, and therefore is not harmed by the existence of the registration he seeks to cancel. If a petitioner cannot establish that he himself would have the right to register the mark sought to be cancelled, he "lacks standing to attack [the] respondent's registration as a matter of law." *Coup v. Vornado*, 9 U.S.P.Q.2d at 1825.

Petitioner, who has alleged only an intent to use the Havana Club trademark and who has not yet used the mark in commerce, could not register the mark himself in International Class 33 as he alleges he has tried to do, even if the mark were not already registered, for two reasons. The principal reason is that the mark would be geographically misdescriptive if used in connection with a product that did not originate in Cuba, and petitioner cannot show that he has the right or ability to import distilled liquor of Cuban origin into the United States.

In addition, petitioner could not register the trademark Havana Club in the United States because Havana Club rum, as distributed by Havana Club International, S.A. under license from Havana Club Holding, S.A., is well-known not only around the world, but also within the United States. Thus, to allow petitioner to use the mark in connection with distilled liquor would cause consumer confusion as to the source of the product.

A. Petitioner Is Not Entitled To Register The Trademark Havana Club In The United States Because The Mark Would Be Deceptive and Misdescriptive If Used By Petitioner

The Patent and Trademark Office itself has determined that the trademark Havana Club cannot be registered in the United States if it is not used in connection with goods produced in Cuba. Earlier this year, for example, in Office Action No. 1 in response to Application Serial No. 74/448589, the trademark examiner refused registration of the mark Havana Club under Section 2(a) of the Lanham Act, which provides that a mark may be refused registration if it "[c]onsists of or comprises . . . deceptive . . . matter." 15 U.S.C. § 1052(a). The examiner refused registration of the mark "because the mark consists of or comprises deceptive matter in that the mark is a geographic designation, in part, which indicates that the goods are a product of that area and the goods do not originate from that geographical location."<sup>12/</sup> The examiner continued: "The primary significance of the term 'Havana' is geographic. The public is likely to believe that the goods come from this place. Furthermore, this belief would materially influence consumers to purchase the goods." (Rule Decl. ¶ 7 & Exh. E).

Examining attorneys in the Patent and Trademark Office have similarly rejected applications for registration of other trademarks containing the words "Havana" or "Cuba," citing Section 2(a). For example, an application, Serial No. 74/448591, to register "Havana Classico" for use in connection with cigars and tobacco products was refused for the same reasons that were given for the refusal to register the mark Havana Club. (Rule Decl. ¶ 8 & Exh. F). Other

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<sup>12/</sup> The examiner also refused registration of the mark under Section 2(d) of the Lanham Act, 15 U.S.C. 1052(d), because the mark was likely to be confused with the registration of the mark that is the subject of the current cancellation proceeding. (Rule Decl. ¶ xx and Exhibit xx thereto).

examples of cases in which an examining attorney has refused registration on the same grounds include Serial No. 74/448604 to register "Cuba!" for use in connection with cigars and tobacco products (Rule Decl. ¶ 9 & Exh. G); Serial No. 74/448602 to register "Cubatabaco" for use in connection with cigars and tobacco products (Rule Decl. ¶ 10 & Exh. H); and Serial No. 74/448601 to register "Cubaazucar" for use in connection with sugar. (Rule Decl. ¶ 11 & Exh. I). It is apparent, therefore, that the Patent and Trademark Office has a consistent policy of refusing registration of trademarks containing the terms "Havana" or "Cuba" for use in connection with goods that do not originate in Cuba.

Consequently, Section 2(a) would likewise prevent petitioner from registering the mark Havana Club. There are three parts to the determination whether a mark is deceptive under Section 2(a): i) whether the mark or part of the mark misdescribes the goods on which it will be used, ii) whether any one is likely to believe that misrepresentation, and iii) whether the misrepresentation would materially affect the decision to purchase the goods. *In re Quady Winery*, 221 U.S.P.Q. 1213, 1214 (T.T.A.B. 1984); *In re House of Windsor, Inc.*, 221 U.S.P.Q. 53 (T.T.A.B. 1983). Under Section 2(e) of the Lanham Act, 15 U.S.C. § 1052(e), a mark may also be refused registration if it is deceptively misdescriptive, i.e. if it falls foul of the first two prongs of the of the test for deceptiveness, regardless of whether consumers would be influenced to purchase goods by the misdescription in the mark. *In re Quady Winery*, 221 U.S.P.Q. at 1214.

As the Patent and Trademark Office recognizes, use of the word "Havana" on goods that do not originate from Cuba would undoubtedly misdescribe such goods. Havana is, of course, the capital city of Cuba and is generally known to be so, and, in light of the historical fame and popularity of Cuban rum in the United States, *see post* pp. 33,34, consumers are likely

to believe that any distilled liquor bearing the name "Havana," alone or in combination with any other words, is of Cuban origin. In addition, a history of consumption of Cuban rum in the United States, *see post* p. 33, as well as United States consumers' historical attraction to luxury goods from Cuba, *see post* p. 35, indicate that consumers would be materially influenced to purchase liquor sold under the name Havana Club by their belief that such liquor was of Cuban origin.

Any distilled alcohol that petitioner would be able to manufacture or distribute in the United States, however, would not be Havana Club rum from Cuba. Havana Club International, S.A. holds the exclusive license to export Havana Club rum from Cuba under the Havana Club trademark. (Abarategui Decl. ¶ 2; Perdomo Decl. ¶ 6; Sosa Decl. ¶¶ 8,9 & Exh. B). Moreover, petitioner cannot show that he has any ability to import any rum or other liquor of Cuban origin to the United States. Petitioner's use of the Havana Club trademark in connection with any distilled liquor that he might have the ability to sell in the United States would consequently be deceptive. *See* Lanham Act, § 2(a); 15 U.S.C. § 1052(a).

Petitioner's application to register the Havana Club mark should also be refused under Section 2(e) of the Lanham Act. Because the mark Havana Club, if used on goods that do not originate from Cuba, would misdescribe such goods, and because consumers would be likely to believe that goods bearing the word "Havana" originate in Cuba, petitioner's proposed use and registration of the mark Havana Club in connection with distilled liquor that does not originate from Cuba would be deceptively misdescriptive. *See* Lanham Act § 2(e); 15 U.S.C. § 1052(e).

In conclusion, any registration or use of the mark Havana Club in the United States by petitioner would be both deceptive and misdescriptive. Petitioner therefore cannot register the mark in this country and is not harmed by the registration he seeks to have cancelled. Petitioner consequently lacks standing to bring this cancellation proceeding, which should be dismissed.

B. Petitioner Is Not Entitled To Register The Trademark Havana Club In The United States Because Havana Club Rum Is Well Known Within The United States

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Petitioner's inability to use or register the Havana Club trademark in the United States because his use of the mark would be deceptive is sufficient to require dismissal of this cancellation proceeding. Nevertheless, petitioner also lacks standing for another, separate reason. Havana Club rum has achieved sufficient public recognition in the United States to establish that the owner of the trademark Havana Club, as used outside the United States, has superior rights to the trademark within the United States, regardless of whether the mark is registered in the United States, and despite the fact that Havana Club rum itself is unavailable in the United States. Havana Club rum is known throughout the world as Cuba's premier export rum and, although unavailable in the United States, is well known in this country. Petitioner, who has never yet used the mark Havana Club in commerce in the United States, is therefore not entitled to register the mark himself.

During their ownership of the business associated with Havana Club rum and the Havana Club trademark, both Cubaexport and Havana Rum & Liquors, S.A. hoped over the years to promote awareness of Havana Club rum's name amongst rum consumers in the United States, although the trade sanctions against Cuba made any direct commercial efforts to publicize the rum impossible. (Prieto Decl. ¶ 12). From as early as 1972, advertisements for Havana Club

rum appeared in magazines and newspapers which are available in the United States. (Prieto Decl. ¶ 7 & Exh. A). For example, advertisements for the rum have appeared in the British magazine *Harpers*; in the French magazine *L'actualite*; in the Canadian magazine *The Gazette*; in the Italian magazine *Notizie Dal'Italia*; in the German magazine *Die Bar*; and in numerous other international publications. (Prieto Decl. ¶ 7 & Exh. A).

Perhaps more significantly, since at least 1977, Havana Club rum has frequently been mentioned in articles about Cuba that have appeared in United States publications. Articles about such diverse topics as tourism in Cuba or economic and political conditions in Cuba routinely mention Havana Club rum, recognizing that the rum is inextricably linked with Cuba, and is one of that country's best-known and most important products. Some examples of such articles that have appeared during the past two decades include a February 6, 1994 piece in the *Washington Times* about bicycling in Cuba, in which the writer described drinking Havana Club rum at a party in Santa Clara, Cuba. A September 9, 1993 article in the same paper about fuel shortages in Cuba mentioned "[e]xport quality Havana Club rum." An article about asylum seekers leaving Cuba that appeared in the *Chicago Tribune* on July 7, 1993 placed a scene at the "site of the Havana Club rum distillery." The *New York Times* ran an article about youthful romance in Cuba on November 8, 1992, and mentioned Havana Club rum as the preserve of young professionals. On October 13, 1992, the *Chicago Tribune* ran an article about tourism to Cuba, in which a particular nightclub was described as having "a show made to order for a bottle of Havana Club rum (five-year, senior), sitting back and letting Cuba take you away." (Rule Decl. ¶ 4 & Exh B).

Another article about Cuban tourism that appeared in the Atlanta Journal and Constitution on December 29, 1991 spoke of "some uniquely Cuban delicacies, such as the exquisite dark Havana Club rum." On November 12, 1991, the Los Angeles Times ran an article about a new nightclub in Havana, the Havana Club which "bears the name of Cuba's best-known rum." A similar article about the same nightclub appeared in the September 24, 1991 edition of the Washington Post. During the 11th Pan American Games that were held in Cuba in 1991, the Lafayette Journal carried an article about bowling at the games, which included a description of a bar stocked with "bottles of Havana Club rum." The Pan American Games also featured in an article in the Atlanta Journal and Constitution on August 6, 1991, which mentioned that "jet-setters and politicians" were "[s]haring the island's famous Havana Club rum" with support technicians for the games. (Rule Decl. ¶ 4 & Exh. B).

An article about Cuba in the Boston Globe on December 21, 1990 described tourists being served Havana Club rum. Another article about tourism in Cuba, which appeared in Crain's Advertising Age on January 26, 1987, described a Cuban television channel that directed advertisements to tourists in Cuba: "Black and White whisky, Chivas Regal, Havana Club rum and Cinzano all get a mention in commercials." As far back as 1978, the Washington Post reported that Cuban exiles living in the United States had travelled to Cuba under the sponsorship of the Cuban government, and described the flight from Atlanta to Havana as "a floating lounge with free-flowing Havana Club rum." In 1977, the Washington Post published an article about prices of consumer goods in Cuba, including "export-quality Havana Club rum." (Rule Decl. ¶ 4 & Exh. B).

The fact that Havana Club rum is mentioned regularly in articles that in no way focus on rum or the rum trade illustrates both Havana Club rum's fame, and its wide recognition as an important, quintessentially Cuban product.

Havana Club rum has also appeared in United States magazine articles specifically about rum. For example, in the December 1983 edition of *Playboy* magazine, an article about Caribbean rum and rum drinks states: "Cuban rums are quite muted, with a shade more taste and character than the Puerto Rican ones. They're not currently imported to the U.S., but some Havana Club trickles in one way or another." (Rule Decl. ¶ 5 & Exh. C). And, more recently, in the Summer 1994 edition of *Cigar Aficionado* magazine, a glossy quarterly devoted to luxury goods in general and cigars in particular, an article about Caribbean rums includes the magazine's tasters' evaluation of various rums, including 7-year old Havana Club, which is described as follows: "An attractive sweet nose with strong flavors of butterscotch and cola that finishes with ripe raisins. A taster's choice." The body of the article states: "And, of course, Cuba's Havana Club rum is not available in the United States, due to the 30-year plus embargo on Cuban goods." (Rule Decl. ¶ 6 & Exh. D).

In 1993, Havana Club rum's fame within the United States was solidified by the rum's appearance in "The Firm," a major motion picture that was distributed throughout the United States. This film, released by Paramount Pictures Corporation, grossed over \$100 million in the first three weeks of its release, making it the second fastest grossing picture in Paramount Pictures' history and the sixth in the history of the movie industry as a whole. (Campagnola Aff. ¶ 5 & Exh. A). Approximately 20,000,000 people saw the film in theaters in the United States, and it is now available on videocassette for home viewing. (Krinsky Decl. ¶¶ 3,8,9 & Exhs.

A,B). More videocassettes of the "The Firm" -- 585,000 of them -- were sold for rental purposes than were videocassettes of any other film in 1993, so a substantial number of additional people have viewed the movie at home, and still more will do so as the film continues to be rented. (Krinsky Decl. ¶ 9 & Exh. C).

The rum is mentioned in a pair of key scenes in the film, in which two of the leading characters discuss a romantic assignation in the Cayman Islands and then meet each other there. In the first scene, which takes place in winter in the United States, the male character, played by Gene Hackman, tentatively suggests that the female character, played by Jeanne Tripplehorn, accompany him on a business trip to the Grand Caymans. In response to her surprised reaction, he says, "I know, I know, it sounds outrageous. But think about it. We could grab some sun, take a dip, drink some Havana Club. I could give you marital advice and hit on you. And whatever happens, I promise you I take rejection well." (Krinsky Decl. ¶ 4,6 & Exh. A).

Although the female character refuses, she appears (much to the surprise of the male character) in a later scene set in a restaurant in the Cayman Islands. As he leads the Jeanne Tripplehorn character by the hand to a table in the restaurant, the Gene Hackman character asks a waitress, "Stephanie, can we have two Havana Clubs, please." During the seductive scene that follows, the Tripplehorn character savors her glass of Havana Club, drinking slowly and smiling before pronouncing, "It's delicious." The Hackman character agrees: "Isn't it -- it's like cognac." (Krinsky Decl. ¶ 4,5,6 & Exh. A).

The fame attendant on being mentioned in "The Firm" is demonstrated by a news article distributed by The Associated Press on September 6, 1993. That story, entitled "Promo

in 'The Firm' Produces Heady U.S. Sales Of Jamaica's Top Beer," describes how United States orders of Jamaican "Red Stripe" beer increased sixty percent after Gene Hackman invited Tom Cruise, who played another character in "The Firm" to, "Help yourself to a Red Stripe" on screen. The article concludes: "One beverage got any even greater plug in 'The Firm' but hasn't been able to capitalize on it -- Cuba's smooth Havana Club rum, banned from sale in the United States under Washington's three-decade-old embargo . . . ." (Krinsky Decl. ¶ 10 & Exh. E).

Because Havana Club rum has thus achieved "fame and notoriety" in the United States, Havana Club Holding, S.A. has acquired rights to the mark Havana Club in this country superior to those of anyone who did not use the mark before the rum became well-known. *All England Lawn Tennis Club (Wimbledon) Limited v. Creations Aromatiques, Inc.*, 220 U.S.P.Q. 1069, 1071 (T.T.A.B. 1983). Petitioner has not used the mark in commerce in the United States at all and, as a result, Havana Club Holding, S.A.'s superior rights to the Havana Club mark (quite apart from its ownership of the registration of the mark in the United States) prevent petitioner from registering the trademark in the United States.

In *Wimbledon*, this Board held that, regardless of any prior registration of the trademark Wimbledon in the United States, an entity unrelated to the annual tennis championships held in Wimbledon, England was not entitled to register the mark for use in the United States, because purchasers of any product sold under the mark would be likely to believe that the product was associated with those annual tennis championships. *Id.* at 1071.

The Board found that the tennis championships had acquired fame in the United States "within the meaning of *Vaudable v. Montmartre, Inc.*" *Id.* at 1072. In *Vaudable v. Montmartre*, 123 U.S.P.Q. 357, 20 Misc. 2d 757, 193 N.Y.S.2d 332 (N.Y. Sup. Ct. 1959), the

court held that "Maxim's" restaurant in Paris was well-known in the United States, and particularly in New York, and hence that the defendants, who had no connection with the French restaurant, were not entitled to open a restaurant in New York bearing the same name. The French restaurant had received publicity as the setting for an operetta, had been mentioned in numerous newspaper and magazine articles, and had been "mentioned by name" in movies and television. 123 U.S.P.Q. at 358. Consequently, to open an unrelated restaurant bearing the same name would cause "confusion in the public mind." *Id.*

In the same way, any purchaser of Havana Club rum, which has similarly appeared in numerous articles and has been "mentioned by name" in a major motion picture in the United States, would be likely to believe that liquor sold under the Havana Club label is "approved or otherwise associated with" the well-known Havana Club rum from Cuba. *Wimbledon*, 220 U.S.P.Q. at 1072. Thus, to allow petitioner to register the mark Havana Club for use with distilled alcohol in the United States would result in a likelihood of confusion as to the source of the product sold under that mark. Lanham Act § 2(d); 15 U.S.C. § 1052(d). Because petitioner is, therefore, unable to register the mark in the United States, he is not harmed by the existence of respondent's registration, and does not have standing to maintain this petition for cancellation of the current registration of the trademark Havana Club.

## II. THE TRADEMARK HAVANA CLUB AS REGISTERED IN THE UNITED STATES HAS NOT BEEN ABANDONED

The petition for cancellation in this case is based on a claim that the mark Havana Club has been abandoned. According to the relevant portion of section 45 of the Lanham Act, a trademark will be deemed to have been abandoned:

When its use has been discontinued with intent not to resume such use. Intent not to resume may be inferred from circumstances. Nonuse for two consecutive years shall be prima facie evidence of abandonment.

15 U.S.C. § 1127. This language is obviously inapt to the situation in this case, where a mark has been registered in the United States on the basis of a foreign registration, and has not yet been used in commerce in the United States. In these circumstances, an appropriate adaptation of this statutory section would provide that a mark registered on the basis of a foreign registration has been abandoned when it can be shown that the owner of the mark has no intent to begin using the mark in the United States. *Imperial Tobacco Limited v. Phillip Morris, Inc.*, 14 U.S.P.Q.2d 1390, 1394, 1395, 899 F.2d 1575, 1580, 1582 (Fed. Cir. 1990).

Under section 1127, two consecutive years of nonuse give rise to no more than a rebuttable presumption of abandonment. *Id.*; *American International Group v. American International Airways*, 14 U.S.P.Q.2d 1933, 1940, 726 F. Supp. 1470, 1480 (E.D. Pa. 1989). "[T]he presumption of abandonment following two years of non-use is rebuttable, if the owner of the mark presents facts that would negate the inference of an intent to abandon." *Seidelman Yachts Inc. v. Pace Yacht Corp.*, 14 U.S.P.Q.2d 1497, 1501 (D. Md. 1989).

In this case, the petition for cancellation alleges nothing more than that the owner of the United States registration of the mark "has long abandoned the registered mark in the United States," Petition For Cancellation ¶ 3, and this claim fails for two reasons. The abandonment claim founders on the primary ground is that it is legally impossible for the owner of the Havana Club mark to use the mark in commerce in the United States, which excuses such non-use as a matter of law. This simple, straightforward legal conclusion is sufficient in itself to require dismissal of the petition for cancellation, but dismissal is also appropriate because

conclusive evidence indicates that there has never been any intention to abandon the mark in the United States, and that the owner of the mark has at all times intended to begin use of the mark in commerce in the United States as soon as United States law permits such use.

A. The Impossibility Of Using The Trademark Havana Club In The United States -- Because Such Use Is Forbidden By United States Trade Regulations -- Excuses As A Matter Of Law The Nonuse Of The Mark

The fact that it has quite simply been impossible for the owners of the Havana Club trademark and rum export business to use the mark in the United States excuses such non-use. "Special circumstances which excuse a registrant's nonuse" of a mark will overcome a charge of abandonment. *Imperial Tobacco Limited v. Phillip Morris, Inc.*, 14 U.S.P.Q.2d 1390, 1395, 899 F.2d 1575, 1581 (Fed. Cir. 1990). As the Federal Circuit states: "If a registrant's nonuse is excusable, the registrant has overcome the presumption that its nonuse was coupled with an 'intent not to resume use,' or . . . an 'intent to abandon.'" *Id.*

The Cuban Assets Control Regulations, which forbid not only the importation of Cuban rum into the United States, but also the use in the United States of a mark in which any Cuban entity has had an interest since 1963, constitute special circumstances that excuse nonuse of the Havana Club trademark in the United States. 31 C.F.R. §§ 515.201, 515.204, 515.311. *See American International Group v. American International Airways*, 14 U.S.P.Q.2d 1933, 1940, 726 F. Supp. 1470, 1480 (E.D. Pa. 1989) ("[o]bjective facts can explain non-use, thereby negating the inference of intent to abandon, and the presumption under section 1127"). The Havana Club trademark obviously falls within the strictures of the regulations and may not be used in the United States until the regulations are lifted. Officers of the corporations that have owned the Havana Club trademark since it was registered in the United States in 1976 confirm

that Havana Club rum has not yet been sold in the United States only because such sale is illegal, and that the trademark Havana Club has not been used in the United States only because such use of a mark in which a Cuban entity has had an interest since 1963 is likewise illegal. (Abarrategui Decl. ¶¶ 7,8; B'Hamel Decl. ¶ 9; Perdomo Decl. ¶ 14; Prieto Decl. ¶ 13; Pria Decl. ¶ 7; Sosa Decl. ¶ 10).

"[T]he inference of abandonment [contained in 15 U.S.C. § 1127] is readily rebutted by a showing similar to that permitted under 15 U.S.C. § 1059(a)." *American Lava Corp. v. Multronics, Inc.*, 59 C.C.P.A. 1127, 174 U.S.P.Q. 107, 109, 461 F.2d 836, 839 (C.C.P.A. 1972). Under section 1059(a), Section 9 of the Lanham Act, a registration may be renewed even if the registered mark is not currently being used, so long as the owner makes a "showing that any nonuse is due to special circumstances which excuse such nonuse and it is not due to any intention to abandon the mark." 15 U.S.C. § 1059(a).

The Patent and Trademark Office itself has previously determined that the existence of the Cuban Assets Control Regulations constitutes a "showing that any nonuse of [a] mark is due to special circumstances which excuse such nonuse." Using identical language to Section 9, Section 8 of the Lanham Act similarly provides that a trademark registration will remain in force for ten years if an affidavit is filed during the fifth year after registration, showing that the mark is in use in commerce "or showing that any nonuse is due to special circumstances which excuse such nonuse and is not due to any intention to abandon the mark." 15 U.S.C. § 1058(a). In 1993, the Patent and Trademark Office accepted a "Declaration of Excusable Nonuse" under Section 8 in connection with Registration No. 1,414,696 of the trademark Melagenina, which is registered to a corporation organized under the laws of Cuba,

and which falls under precisely the same restrictions as the Havana Club trademark. (Rule Decl. ¶ 12 & Exh. J).

In its section 8 affidavit, the trademark owner stated that the Melagenina mark "is currently in use in commerce in Cuba and in numerous other countries, but is not in use in the United States." (Rule Decl. ¶ 12 & Exh. J). The owner went on to state that the mark was not in use in commerce in the United States "solely because any such use is prohibited by the United States Treasury Department's Cuban Assets Control Regulations" and to confirm that the owner "intends to sell and transport goods using this mark in the United States as soon as the above-cited prohibition is lifted." (Rule Decl. ¶ 12 & Exh. J). Finally, the owner noted that the trade regulations' explicit provision allowing Cuban entities to register marks in the United States, 31 C.F.R. § 515.527(a)(1), "indicates that the intent of the United States is to provide protection to the trademarks of Cuban businesses during the period of time that trade between Cuba and the United States is prohibited, and that the United States does not intend for the embargo to be permanent." (Rule Decl. ¶ 12 & Exh. J). The Patent and Trademark Office determined that this Declaration of Excusable Nonuse was sufficient, stating: "Your request fulfills the statutory requirements and has been accepted." (Rule Decl. ¶ 12 & Exh. J).

Nonuse of the trademark Havana Club is excusable in precisely the same way, and for precisely the same reasons. The case law also provides additional support for the position that the legal impossibility of using a trademark in the United States excuses nonuse as a matter of law. For example, in an analogous situation, it was held that nonuse of a trademark during a time of war is excusable and does not constitute abandonment of the mark. In *Chandon Champagne Corp. v. San Marino Wine Corp.*, 142 U.S.P.Q. 239, 335 F.2d 531, 535 (2d Cir.

1964), the court stated that a French champagne manufacturer's "forced wartime withdrawal from the American market was not abandonment of the mark." *See also Haviland & Co. v. Johan Haviland China Corp.*, 154 U.S.P.Q. 287, 269 F. Supp. 928, 954 (S.D.N.Y. 1967) (Austrian China manufacturer's nonuse of trademark within the United States during the Second World War was not abandonment). Just as a European manufacturer could not have distributed its goods to the United States during the war -- not just because it would have been physically impossible for it to do so, but also because the Trading With The Enemy Act would have forbidden such trade from enemy-occupied territories -- Havana Club International, S.A. has had no ability to use the mark in the United States. The inability of Havana Club Holdings, S.A. and its licensee Havana Club International, S.A. (and the inability of the prior proprietors of the Havana Club rum business, Cubaexport and Havana Rum & Liquors, S.A.) to use the trademark Havana Club in the United States is similarly the result of a legal interdiction, rather than any business decision of the trademark owner.

The trade regulations' complete prohibition on use of the Havana Club mark in the United States -- which creates a legal inability to use the mark -- provides a more compelling excuse for nonuse of the mark than the circumstances of cases holding that practical impossibility of using a mark excuses nonuse. Such cases are nevertheless instructive. In *Clubman's Club Corp. v. Martin*, 188 U.S.P.Q. 455 (T.T.A.B. 1975), for example, the owner of a registered mark admitted that he was not using the mark, but the Board nevertheless dismissed a petition to cancel his registration of that mark. The owner had discontinued use of the mark almost four years prior to the filing of the petition for cancellation, after using it in commerce for around a year. Before a two year period of nonuse had passed, however, the owner was first hospitalized for surgery,

and soon thereafter arrested, convicted, and incarcerated on charges unrelated to his activities in connection with the mark. The Board held that the owner's consequent inability to use the mark constituted excusable nonuse because the owner's illness and incarceration were "of a nature that necessarily precluded [him] from pursuing his activities under the registered mark." 188 U.S.P.Q. at 458. Similarly, when a trademark owner was in bankruptcy, and had insufficient capital to engage in any active use of the mark, nonuse of the mark for five years was excused. *American International Group v. American International Airways*, 14 U.S.P.Q.2d 1933, 1940, 726 F. Supp. 1470, 1480 (E.D. Pa. 1989). The Cuban Assets Control Regulations are "of a nature that necessarily preclude[s]" the owner of the Havana Club trademark from pursuing any business activities within the United States under that mark, *Clubman's Club Corp.*, 188 U.S.P.Q. at 458, and thus excuse nonuse of the mark.

In conclusion, the legal impossibility of using the Havana Club trademark in commerce in the United States excuses nonuse of the mark as a matter of law, and as a matter of law negates any inference of abandonment that might otherwise arise from the mark's nonuse.

B. The Owners Of The Trademark Havana Club Have Never Intended To Abandon The Mark In The United States And Have Always Intended To Begin Using The Mark In Commerce In The United States As Soon As United States Law Permits

Although the legal impossibility of using the Havana Club trademark in commerce in the United States excuses nonuse of the mark, and consequently requires that the petition for cancellation be dismissed, this case also presents conclusive evidence that the successive owners of the international Havana Club rum business have never intended to abandon the Havana Club trademark in the United States despite the trade regulations' prohibition on use of the mark, and

have intended to begin using the mark in commerce in the United States as soon as United States law so permits. This evidence establishes that the mark Havana Club has not been abandoned in the United States, and provides another ground on which summary judgment dismissing the petition should be granted.

Because a finding that a trademark has been abandoned leads to the forfeiture of a property interest, the elements of section 1127 must be strictly proven and, even if the applicable "statutory aid to such proof" -- the provision that two years of nonuse are prima facie evidence of abandonment -- had any force or logic in this situation where the mark simply cannot be used in the United States, that provision "should be narrowly construed." *Saratoga Vichy Spring Co. v. Lehman*, 208 U.S.P.Q. 175, 625 F.2d 1037, 1044 (2d Cir. 1980). *See also Seidelman Yachts Inc. v. Pace Yacht Corp.*, 14 U.S.P.Q.2d 1497, 1501 (D. Md. 1989) ("[b]ecause abandonment constitutes a forfeiture of a property interest, both non-use and intent not to resume use must be strictly proved"). The determination of abandonment is fact-specific and peculiar to each particular situation. *Id.* at 1502. In this case, the petitioner cannot prove that the owners of the Havana Club trademark registration in the United States have ever lost their intent to begin using the mark in this country when United States law allows. Indeed, the declarations submitted in support of this Motion for Summary Judgment present conclusive evidence to the contrary.

An officer of Cubaexport from 1972 to 1980, who subsequently became the Vice Director of the Department of Promotion of Exports in the Ministry of Foreign Commerce of Cuba, and who was "directly involved in the promotion and sale of Havana Club rum" until his retirement in 1988, states that "HAVANA CLUB rum was the most important export product sold by Cubaexport during the period 1976 and 1988." (Pria Decl. ¶¶ 2,9). He confirms that

"Cubaexport had the intention to export HAVANA CLUB rum to the United States and hence use the trademark HAVANA CLUB in commerce in the United States, but it was prevented from doing so because of the regulations." (Pria Decl. ¶ 7)

The Director of the North America Department of the North America and Western Europe Division of the Ministry of Foreign Trade of the Republic of Cuba states that "[e]xpanding the markets for HAVANA CLUB rum was integral to [the ministry's] objectives in regard to all Cuban exports during the whole period in which Cubaexport had jurisdiction over HAVANA CLUB rum and its exports." (B'Hamel Decl. ¶ 6). She continues: "[T]he United States market was always considered one of good potential for Cuban rum exports, and in discussions held by the North America and Western Europe Division of [the ministry] with representatives of United States companies, a matching interest was found in regards to the United States market for Cuban rum, including HAVANA CLUB." (B'Hamel Decl. ¶ 8).

The Managing Director of Cubaexport since 1988, who has also been the Managing Director of Havana Rum & Liquors, S.A. since that company's formation, likewise states:

Cubaexport expanded the export of HAVANA CLUB rum to all potentially profitable markets to the fullest extent possible, and would have exported HAVANA CLUB rum to the United States and so used the trademark HAVANA CLUB in commerce in the United States if it were possible to do so. . . . Cubaexport always had the intention of exporting HAVANA CLUB rum to the United States as soon as the import of Cuban products in the United States was permitted.

(Prieto Decl. ¶ 9; *see also* ¶¶ 2,14). He also declares that Cubaexport and Havana Rum & Liquors, S.A. "have always had an interest in promoting the name HAVANA CLUB rum in the United States to develop consumer awareness of Cuba's premier rum." (Prieto Decl. ¶ 12).

The Vice Chairman of the Board of Havana Club Holdings, S.A., the current owner and licensor of the trademark Havana Club as used and registered around the world, including in the United States, declares that:

Havana Club International [the licensee of the mark] intends to export Havana Club rum to the United States under the HAVANA CLUB trademark as soon as the United States' ban on the importation of goods from Cuba is lifted. Once it is possible to export HAVANA CLUB rum to the United States, it is expected that Havana Club International, S.A. will be successful in developing the United States market because of the high quality of this product due to its Cuban origin.

(Perdomo Decl. ¶ 9). He again confirms this intention:

Havana Club Holding, S.A. through Havana Club International, S.A. intends to use the trademark HAVANA CLUB in commerce in the United States as soon as it is permissible under United States law to export HAVANA CLUB rum to that country. To that end, the territory of the United States of America has been included in the license for the use of the trademark granted to Havana Club International, S.A.

(Perdomo Decl. ¶ 12). Havana Club International, S.A. not only intends to export Havana Club rum to the United States as soon as it is legal to do so, but has taken all the steps it can within the restrictions of the trade sanctions to ensure the success of such exports: "In keeping with and in furtherance of these intentions, Havana Club International, S.A. has analyzed the potential of the United States market for HAVANA CLUB, and the best methods of distributing and marketing the product in the United States under the trademark HAVANA CLUB." (Perdomo Decl. ¶ 13). The "sole and exclusive" reason that Havana Club rum has not been exported to the United States is because the trade regulations do not allow the rum to enter the United States. (Perdomo Decl. ¶ 14). "Once these legal restrictions are removed, the companies will carry out their fixed intention to export HAVANA CLUB rum to the United States under the HAVANA CLUB trademark." (Perdomo Decl. ¶ 14).

The Commercial Director of Havana Club International, S.A., the current licensee of the exclusive right to use the trademark Havana Club worldwide, which "controls and supervises the international marketing of Havana Club rum," (Abarrategui Decl. ¶ 2), similarly declares that, "The United States, one of the countries with the highest consumption of rum, is a potentially important market for HAVANA CLUB rum," (Abarrategui Decl. ¶ 3). She states emphatically that:

As it has in connection with other profitable rum markets, ever since it acquired the rights to the trademark HAVANA CLUB registered in the United States it has always been the intention of Havana Club International, S.A., and it has always had the potential, to export HAVANA CLUB rum to the United States under the trademark HAVANA CLUB and so to use the trademark HAVANA CLUB in commerce in the United States.

(Abarrategui Decl. ¶ 7). She concludes her declaration, "In sum, Havana Club International, S.A. intends to and has the potential to export HAVANA CLUB rum to the United States and so to use the trademark HAVANA CLUB in commerce in the United States as soon as it is possible to do so. It has never abandoned the trademark HAVANA CLUB." (Abarrategui Decl. ¶ 9).

As these declarations consistently confirm, the owners of the Havana Club rum business and the Havana Club trademark worldwide, have all had the fixed intention of exporting Havana Club rum to the United States as soon as the trade regulations' prohibition on imports of Cuban goods are lifted. Likewise, the owners of the United States registration of the Havana Club trademark have all intended to use the trademark in United States Commerce as soon as they are permitted to do so. The trade regulations not only forbid the importation of Cuban products into the United States, but also forbid the use in United States commerce of any trademark in which a Cuban entity has had an interest since 1963. The owners of the Havana

Club rum business and the Havana Club trademark have therefore been unable to use the trademark in any way in the United States. Given these restrictions, the owners of the Havana Club trademark have done all that is commercially reasonable in positioning themselves to enter the United States market with Havana Club rum once they are permitted to do so.

The owners of the Havana Club rum business and the Havana Club trademark have all believed in the enormous potential of the United States as a principal and perhaps the most profitable market for Havana Club rum. (Abarrategui Decl. ¶ 6; Perdomo Decl. ¶ 10; Prieto Decl. ¶ 10; Pria Decl. ¶ 8). Objective factors also confirm that the owners of the Havana Club business would naturally intend to sell Havana Club rum in the United States, and to use the trademark Havana Club in connection with such sales, as soon as United States law so permits.

For example, their view of the United States as having enormous potential as a market for Havana Club rum is based partly on the fact that United States was historically an important and lucrative market for Cuban rum. (Abarrategui Decl. ¶ 6; Perdomo Decl. ¶ 10). United States Department of Commerce statistics for the year 1958 indicate that 73,299 containers of a gallon or less of rum were exported from Cuba to the United States that year. Imports of rum from Cuba made up the second largest quantity of rum imported into the United States that year, second only to imports from Jamaica. Statistics for the year 1959 indicate that 59,758 containers were exported from Cuba to the United States, again second only to Jamaica. (Arevalo Decl.<sup>13/</sup> ¶ 2 and Exh. A).

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<sup>13/</sup> The Declaration of Carlos Arevalo appended to the Notice of Motion for Summary Judgment will be cited as "Arevalo Decl." throughout this brief.

Cuban rum has long been famous in the United States. As an illustration of the close connection between rum consumption in the United States and Cuba, the daiquiri was invented in Cuba in 1896 by an American engineer, and was named after a village in Cuba. See W. Grimes, *Straight Up or On the Rocks, A Cultural History of American Drink* at 103-06 (Simon & Schuster 1993) (Arevalo Decl. ¶ 4 & Exh. C); P. Hurley, *The Drinking Man, Cuba Si! Papa No!, Esquire Magazine*, June 1991 at 62 (Arevalo Decl. ¶ 5 & Exh. D).

Numerous factors indicate that the United States would once again be a highly lucrative market for Cuban rum, especially for the highest-quality Cuban rum, Havana Club, once United States law permits the importation of rum from Cuba. Indeed, the United States Department of Commerce itself concluded in an August 1975 study, "United States Commercial Relations With Cuba: A Survey" that "Cuba and the U.S., by reason of their geographical proximity and the complementary nature of their production, were natural trading partners [before the trade sanctions] and could be again in the future if [legal] conditions were to permit." The Commerce Department specifically mentioned rum as one of the principal products which could be expected to be exported from Cuba to the United States if the trade sanctions were lifted. See Subcommittee on International Trade and Commerce, Committee on International Relations, *U.S. Trade Embargo of Cuba, Hearings on H.R. 6382*, H. Rep., 94th Cong., 1st Sess. pp. 581, 608-10. (Rule Decl. Exh. ¶ 13 & Exh. K).

The United States offers by far the largest and wealthiest consumer population of all the countries in proximity to Cuba. (Abarrategui Decl. ¶ 6; Perdomo Decl. ¶ 10). In addition, rum has been popular in the United States for decades, (Abarrategui Decl. ¶ 6; Perdomo Decl. ¶ 10; Prieto Decl. ¶ 10), and large quantities of rum are consumed in the United States (Prieto

Decl. ¶ 10). As an illustration, statistics compiled by the United States International Trade Commission indicate that 71.3 million proof liters of rum were consumed in the United States in 1991. (Arevalo Decl. ¶ 3 & Exh. B).

Once trade sanctions against Cuba are lifted, freight costs from Cuba to the United States will be lower than such costs to any other major export market because the two countries are only a short distance apart, and profits will thus be greater on exports to the United States than on exports to any other major market. (Abarrategui Decl. ¶ 6; Perdomo Decl. ¶ 10; Prieto Decl. ¶ 10). Large-scale tourism to the United States is certain to resume once trade sanctions against Cuba are lifted, and this will serve to acquaint the United States consumer, who historically has had an attraction to luxury items from Cuba (Perdomo Decl. ¶ 10), with Cuban products, including Havana Club rum.

And, finally, there is no major producer of rum in the contiguous United States that would enjoy a competitive advantage from being in closer proximity to the United States market. (Perdomo Decl. ¶ 10). According to the United States International Trade Commission, 89 percent of rum imported into the United States in 1991 originated in the Caribbean basin. (Arevalo Decl. ¶ 3 & Exh. B). In addition, 83.7 million proof liters of rum were shipped to the mainland United States in 1991 from Puerto Rico and the Virgin Islands. (Arevalo Decl. Exh. B). Indeed, the majority of rum bottled in the United States for domestic use originates in Puerto Rico and the Virgin Islands (Krinsky Decl. ¶ 11 & Exh. E), both of which are in the Caribbean and are slightly further from the mainland United States than is Cuba. Thus, if it were not for the trade sanctions, the United States would surely continue to be an important market for Havana Club rum.

Havana Club rum's success in the international market, *see ante* pp. 3, 5-6, also supports the conclusion that the owners of the Havana Club business have always intended to sell the rum in the United States and to use the trademark here. The Havana Club trademark has been registered in countries around the world (Perdomo Decl. ¶ 3; Pria Decl. ¶ 3; Sosa Decl. ¶ 7 and Exh. A), and the rum has been exported in substantial quantities to the major rum markets around the world (Abarrategui Decl. ¶¶ 3,4; Perdomo Decl. ¶ 11; Pria Decl. ¶¶ 3-5; Prieto Decl. ¶¶ 5,6), both of which facts indicate that Havana Club rum would be sold in the United States under the Havana Club trademark if only United States laws permitted such sales. In addition, the fact that Havana Club rum has been successfully exported to both the countries that border the United States to the north and south, Canada and Mexico (Pria Decl. ¶ 5; Perdomo Decl. ¶ 4), and that Havana Club International, S.A. is utilizing "existing international distribution and promotion network[s], resources, skills, experience and knowledge" in its efforts to increase exports of Havana Club rum (Perdomo Decl. ¶ 8), confirm that the rum could be shipped to the United States immediately upon the lifting of the trade sanctions. The association of Havana Club Holding, S.A. with Pernod-Ricard, S.A., "which is in the business of liquor distribution in the international market," will help assure the efficient distribution of Havana Club rum in the United States as soon as United States law so permits. (Perdomo Decl. ¶ 8).

That the owners of the Havana Club trademark registration have always lacked any intention of abandoning the trademark Havana Club in the United States is borne out by the fact that Cubaexport filed a Section 8 affidavit when required to do so to maintain the registration, in 1982. In *Clubman's Club Corp. v. Martin*, 188 U.S.P.Q. 455 (T.T.A.B. 1975), the Board held that an owner's assertion that he did not intend to abandon a mark that he was admittedly not

using was bolstered by his pursuit of the mark's registration after he had discontinued its use. *Id.* In this case, as is stated by the legal advisor to Havana Rum & Liquors, S.A. and Havana Club International, S.A., "the efforts of the owners of the trademark HAVANA CLUB to register and maintain in force the trademark HAVANA CLUB in the United States arises out of their intent to use the trademark in the United States." (Sosa Decl. ¶ 11).

In *Saratoga Vichy Spring Co. v. Lehman*, 625 F.2d 1037 (2d Cir. 1980), a state-owned bottling business went out of operation because the state legislature decided to cease funding the business. Although the business did not function for the subsequent seven years, the court held that the trademark associated with the business had not been abandoned because the state had sought continuously to sell the business with its goodwill and trademark. The fact that a decision of the state legislature caused the mark's nonuse, coupled with the State's efforts to sell the business, was held to be "completely inconsistent with an intent to abandon the mark." 625 F.2d at 1044. Nonuse of the mark in this case is the result of a United States legislative decision, and the owners of the Havana Club rum business have consistently regarded the United States registration of the Havana Club trademark as an integral part of the entire worldwide Havana Club business. (Abarrategui Decl. ¶¶ 2,3,7; Perdomo Decl. ¶¶ 2,5,6; Prieto Decl. ¶¶ 3,5,9,10). As in *Saratoga Vichy*, these facts are inconsistent with any intent to abandon the mark.

In another relevant case, *American International Group v. American International Airways*, 14 U.S.P.Q.2d 1933, 1940, 726 F. Supp. 1470, 1481 (E.D. Pa. 1989), the court held that the sale of the right to use a tradename indicated that the name had not been abandoned. Although the purchaser had not yet used the name in commerce, its very purchase of the name "evidence[d] the [purchaser's] intention from the beginning to use [the disputed name]." *Id.* In

this case, the United States registration of the Havana Club trademark has always been regarded as a valuable asset of the Havana Club business as a whole, which indicates that each proprietor of the Havana Club rum business has intended to begin using the Havana Club trademark in the United States as soon as possible.

In sum, the declarations of officers of each of the owners and the licensee of the Havana Club rum business and trademark as used around the world, together with objective facts that establish the United States' potential as a market for Havana Club rum, unambiguously and conclusively rebut whatever force and logic the presumption of abandonment may have when it has been legally impossible to use a trademark in the United States.

### III. SUMMARY JUDGMENT IS APPROPRIATE IN THIS CASE

Summary judgment, pursuant to Rule 56(b) of the Federal Rules of Civil Procedure, is proper at this stage of this proceeding, to avoid further unnecessary use of this Board's and respondent's resources. As the Supreme Court has said, the summary judgment procedure "is properly regarded not as a disfavored procedural shortcut, but rather as an integral part of the Federal Rules as a whole." *Celotex Corp. v. Catrett*, 477 U.S. 317, 327 (1986). The Federal Rules of Civil Procedure are designed "to secure the just, speedy and inexpensive determination of every action." *Id.* (quoting Fed. R. Civ. P. 1). Adjudication of this cancellation proceeding at this stage is appropriate as a just, speedy and inexpensive resolution of the case, because, as is demonstrated *ante*, the central issues of this case -- that use of the mark Havana Club on goods that do not come from Cuba would be deceptive and that the Cuban Assets Control Regulations excuse nonuse of the mark in the United States -- are legal questions as to which there can be no disputed factual issues. And, the facts set forth in support of this

Motion for Summary Judgment are conclusive with respect to the secondary reasons why the petition should be dismissed -- that the reputation of Havana Club rum in the United States bars petitioner from using the mark, and that the evidence entirely rebuts any inference that the owners of Havana Club mark have intended to abandon it in the United States.

Petitioner cannot dispute that Havana is a geographic term or that consumers are likely to believe that goods bearing that word originate in Cuba. He also cannot dispute that the policy of the Patent and Trademark Office has been to refuse registration of marks containing the words "Havana" or "Cuba" for use on goods that do not originate in Cuba. Neither can petitioner dispute that the Cuban Assets Control Regulations have prevented the owners of the Havana Club trademark throughout the world from using that mark in the United States. The United States' trade sanctions against Cuba thus constitute objective facts that "satisfactorily explain non-use to the point where an inference of intent to abandon is unwarranted." *Saratoga Vichy Spring Co.*, 625 F.2d at 1044. *See also American International Group*, 14 U.S.P.Q.2d at 1940, 726 F. Supp. at 1480. And, as the court stated in *Saratoga Vichy*, "if those facts are undisputed and strongly probative, summary judgment is appropriate." 625 F.2d at 1044.

With respect to the secondary reasons why the petition for cancellation should be dismissed, summary judgment is also appropriate. Petitioner cannot dispute that Havana Club rum has been mentioned consistently in news articles about Cuba over the last two decades, or that the rum was featured in the motion picture "The Firm." In addition, although the question whether a trademark owner intended to resume or begin use of a mark involves an inquiry into subjective intent, the declarations of the owners of the Havana Club trademark, coupled with the

history and potential of the United States market for Cuban rum, leave no question that there has been no intent to abandon the mark in the United States. Summary judgment is therefore proper on this issue as well. See *Braxton-Secret v. A.H. Robins Co.*, 769 F.2d 528, 531 (9th Cir. 1985) ("where the palpable facts [concerning state-of-mind issues] are substantially undisputed, such issues may become questions of law which may properly be decided by summary judgment); *LeFevre v. Space Communications Co.*, 771 F.2d 421, 423 (10th Cir. 1985) (existence of issue of state of mind does not preclude summary judgment; nonmovant must present some indication that he can produce evidence to entitle him to trial); *Hahn v. Sargent*, 523 F.2d 461, 468 (1st Cir. 1975), *cert. denied*, 425 U.S. 904 (1976) (same); *Denton v. International Brotherhood of Boilermakers*, 653 F. Supp. 55, 59 (D. Mass. 1986) (same).

Summary judgment is also appropriate at this stage of the proceeding because, as a general rule, a plaintiff (and the petitioner in a cancellation proceeding is in the position of a plaintiff, 15 C.F.R. 2.116(b)) has no right to discovery prior to the entry of summary judgment, even when the plaintiff is the nonmovant and claims that there was no opportunity for discovery prior to the filing of a motion for summary judgment. *Kessler v. Amoco Oil Co.*, 670 F. Supp. 853, 861 (E.D. Mo. 1987). Thus, "a plaintiff cannot defeat a motion for summary judgment by merely restating the conclusory allegations contained in his complaint, and amplifying them only with speculation about what discovery might uncover." *Contemporary Mission, Inc. v. U.S. Postal Service*, 648 F.2d 97, 107 (2d Cir. 1981). A motion for summary judgment should not be denied on the basis of the nonmovant's "mere hope" that further evidence may be revealed before trial. *Id.* (quoting *Neely v. St. Paul Fire & Marine Ins.*, 584 F.2d 341, 344 (9th Cir. 1978)); see also *Bryant v. O'Connor*, 848 F.2d 1064, 1067 (10th Cir. 1988).

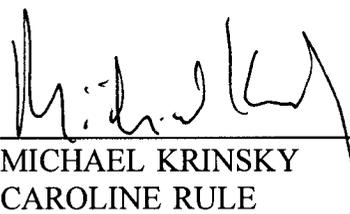
The declarations and exhibits submitted in support of the present Motion For Summary Judgment leave no doubt that petitioner will be unable to prove that he has standing to bring this petition for cancellation or to substantiate with evidence sufficient to require a trial the bald allegation in the petition that the trademark Havana Club has been abandoned in the United States. Consequently, this Board should grant summary judgment in favor of the respondent in this action, and dismiss the petition for cancellation.

CONCLUSION

For the foregoing reasons, Havana Club Holding, S.A. and Havana Rum & Liquors, S.A. respectfully request that this Board grant their Motion For Summary Judgment and dismiss the petition for cancellation.

Dated: New York, New York  
November 15, 1994

Respectfully submitted,



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MICHAEL KRINSKY  
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740 Broadway -- Fifth Floor  
New York, New York 10003  
(212) 254-1111

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

Jose Ma. Arechabala Rodrigo

v.

Havana Rum and Liquors, S.A.  
DBA H.R.L., S.A.

Registration No. 1,031,651



Cancellation No. 22,881

CERTIFICATE OF EXPRESS MAILING AND SERVICE

I, Caroline Rule, Esq., hereby certify that the attached Memorandum Of Law In Support Of Respondent's Motion For Summary Judgment in the above-captioned cancellation proceeding is being deposited today, November 15, 1994, with the United States Postal Service, utilizing the "Express Mail Post Office to Addressee" service, in an envelope addressed to to the following:

- 1) mailing label No. HB309359039, addressed to:

Assistant Commissioner for Trademarks  
2900 Crystal Drive  
Arlington, Virginia 22202-3513

- 2) mailing label No. HB30935904X, addressed to attorney for petitioner:

Robert B. Kennedy  
Kennedy & Kennedy  
400 Northpark Town Center  
1000 Abernathy Road, Suite 1250  
Atlanta, Georgia 30328

Signed this 15th day of November, 1994

A handwritten signature in cursive script, appearing to read "Caroline Rule".

Caroline Rule, Esq.

# RECORDATION FORM COVER SHEET TRADEMARKS ONLY

Tab settings ▢ ▢ ▢ ▽

To the Honorable Commissioner of Patents and Trademarks: Please record the attached original documents or copy thereof.

1. Name of conveying party(ies):

Havana Rum and Liquors, S.A.  
dba HRL, S.A.

- Individual(s)
- General Partnership
- Corporation-State
- Other Cuban Company
- Association
- Limited Partnership

Additional name(s) of conveying party(ies) attached?  Yes  No

3. Nature of conveyance:

- Assignment
- Security Agreement
- Other \_\_\_\_\_
- Merger
- Change of Name

Execution Date: June 22, 1994

2. Name and address of receiving party(ies)

Name: Havana Club Holdings, S.A.  
dba HCH, S.A.

Internal Address: \_\_\_\_\_

Street Address: 6, Rue Heine

Luxembourg  
City: X State: X ZIP: X

- Individual(s) citizenship \_\_\_\_\_
- Association \_\_\_\_\_
- General Partnership \_\_\_\_\_
- Limited Partnership \_\_\_\_\_
- Corporation-State \_\_\_\_\_
- Other Luxembourg Company

If assignee is not domiciled in the United States, a domestic representative designation is attached:  Yes  No

(Designations must be a separate document from assignment)

Additional name(s) & address(es) attached?  Yes  No

4. Application number(s) or patent number(s):

A. Trademark Application No.(s)

B. Trademark Registration No.(s)

1,031,651

Additional numbers attached?  Yes  No

5. Name and address of party to whom correspondence concerning document should be mailed: -

Name: Michael Krinsky, Esq.

Internal Address: Rabinowitz, Boudin,

Standard, Krinsky & Lieberman, P.C.

Street Address: 740 Broadway at Astor Pl.

City: New York State: NY ZIP: 10003-9518

6. Total number of applications and registrations involved: .....

1

7. Total fee (37 CFR 3.41).....\$ 40.00

- Enclosed
- Authorized to be charged to deposit account

8. Deposit account number:

(Attach duplicate copy of this page if paying by deposit account)

DO NOT USE THIS SPACE

9. Statement and signature.

To the best of my knowledge and belief, the foregoing information is true and correct and any attached copy is a true copy of the original document.

LORI POTTS

September 7, 1994

ASSIGNMENT

Whereas HAVANA RUM AND LIQUORS, S.A., doing business as HRL, S.A., of 305, 44 Street, Playa, Havana, Cuba, is the owner of the following trademark registered in the United States Patent and Trademark Office:

<u>Trademark</u>	<u>Registration No.</u>	<u>Date of Registration</u>
HAVANA CLUB and Design	1031651	January 27, 1976

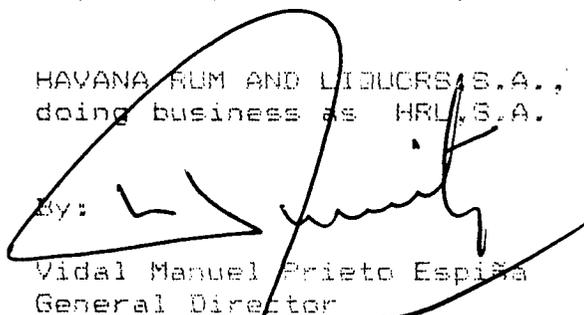
and Whereas HAVANA CLUB HOLDING, S.A., doing business as HCH, S.A., of 6, rue Heine, Luxembourg, is desirous of acquiring said mark and the registration thereof;

Now, thereof, for \$ 10 and other good and valuable consideration, receipt of which is hereby acknowledged, said HAVANA RUM AND LIQUORS, S.A., doing business as HRL, S.A. does hereby assign unto the said HAVANA CLUB HOLDING, S.A., doing business as HCH, S.A. all right, title and interest in and to the said mark, together with the good will of the business symbolized by the mark, and the above identified registration thereof.

Signed at HRL, S.A. / of 305, 44 Street, Playa, Havana Cuba, this 22 day of June, 1994.

**HAVANA RUM**  
**&**  
**LIQUORS, S.A.**

HAVANA RUM AND LIQUORS, S.A.,  
doing business as HRL, S.A.

By:   
Vidal Manuel Prieto Espiña  
General Director

Acknowledgment

On this 22 day of June, 1994, personally appeared Vidal Manuel Prieto Espiña, to me known and known to me to be the General Director of HAVANA RUM AND LIQUORS, S.A., doing business as HRL, S.A., the assignor above named, and acknowledged that he executed the foregoing Assignment on behalf of said assignor and pursuant to authority duly received.

  
Vidal Manuel Prieto Espiña  
General Director  
HRL, S.A.

**HAVANA RUM**  
**&**  
**LIQUORS, S.A.**

DESIGNATION OF DOMESTIC REPRESENTATIVE

HAVANA CLUB AND DESIGN  
Identify the mark

23981  
Serial No., if any

1031651  
Registration No.

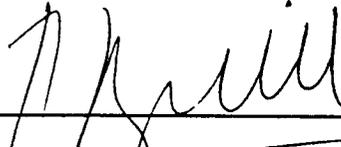
Havana Club Holding, S.A.  
Name of Assignee and Owner

June the 22nd, 1994  
Date of Signature

Rabinowitz, Boudin, Standard, Krinsky & Lieberman, P.C., Attn. Michael Krinsky, whose postal address is 740 Broadway, 5th Floor, New York, NY 10003, U.S.A., is hereby designated assignee and owner's representative upon whom notice or process in proceedings affecting the mark may be served.

(Seal)

Havana Club Holding, S.A.

By:  (Signature)

Thierry Jacquillat, Chairman  
(Type Name and Official Title)