UNITED STATES DEPARTMENT OF COMMERCE
Patent and Trademark Office
Trademark Trial and Appeal Board
2900 Crystal Drive
Arlington, Virginia 22202-3513

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Cancellation No. 24,108

Galleon S.A., Bacardi-Martini U.S.A., and Bacardi & Company Limited

v.

Havana Club Holding, S.A., dba HCH, S.A.

This case now comes up on the following motions:

(1) respondent's motion for summary judgment (filed October 18, 1996)[1];

(2) petitioners' motion to extend their time to respond to the motion for summary judgment (filed December 3, 1996);

(3) petitioners' motion under Fed. R. Civ. P. 56(f) (filed January 6, 1997); and

(4) petitioners' motion to suspend pending the outcome of a civil action between the parties (filed January 28, 1997).

The Board will first consider petitioners' motion to suspend pursuant to our discretion under Trademark Rule

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[1]Respondent also filed its answer to petitioners' amended petition to cancel on October 18, 1996.

2.117(b).[2] See also, TBMP §510.02(a), and cases cited therein. Petitioners seek a suspension under Trademark Rule 2.117(a) based on the civil action between the parties in the United States District Court for the Southern District of New York (Havana Club Holding, S.A., et al. v. Galleon S.A. et al., Civil Action No. 96 CIV 9655).

In support of their motion to suspend petitioners essentially argue that the civil action will be dispositive of the issues before the Board.

Respondent argues that the Board should decide the "fully briefed" motion for summary judgment before considering petitioners' motion to suspend; that the courts have held that Board decisions are entitled to "great weight"; that the equities in this case favor a decision on the summary judgment matter first; that petitioners chose the Board as a forum for their claims, and their counterclaims in federal court "involve exactly the same claims as are pending before the Board", and petitioners should be held to their "initially preferred forum"; and

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[2]The Board is mindful of respondent's argument that the summary judgment motion was filed first and should be decided prior to a decision on petitioners' motion to suspend. However, Trademark Rule 2.117(b) clearly makes the matter of priority of the decisions discretionary with he Board. Respondent has brought a civil suit against petitioners in U.S. District Court seeking a permanent injunction against petitioners' use of the mark HAVANA CLUB in connection with rum products; and petitioners have counterclaimed to cancel respondent's involved registration. In the case now before the Board, we are of the opinion that the motion to suspend should be decided first.

that if the Board does consider petitioners' motion to suspend, it should be denied.

The Board has carefully reviewed the pleadings from the U. S. District Court case (wherein respondent is a plaintiff); and the Board is of the opinion that suspension pending the final outcome of the civil action in the U.S. District Court for the Southern District of New York is appropriate.

We reach this conclusion based on the situation in this petition for cancellation proceeding, and on the concept of judicial economy. Respondent moved for summary judgment in October 1996, and respondent filed a civil suit which involves "exactly the same claims" in December 1996, (as acknowledged by respondent in its opposition to the motion to suspend). Moreover, the summary judgment motion filed by respondent is not "fully briefed" as argued by respondent. Rather, petitioners filed a motion under Fed. R. Civ. P. 56(f) which would necessarily have to be determined prior to a decision on the motion for summary judgment.

The Trademark Trial and Appeal Board has jurisdiction over the issue of registrability only. See Section 17 of the Trademark Act (15 USC 1067). [See Section 37 of the Trademark Act (15 USC 1119) regarding the jurisdiction of the federal courts specifically over federal registrations.) That is, issues of unfair competition, infringement, dilution, declaratory judgments, etc. are all outside the jurisdiction of the Board which is an administrative

tribunal within the Patent and Trademark Office; but all such matters are within the jurisdiction of the federal courts.

Additionally, when the Board issues a decision resulting in the grant of summary judgment (to the moving or non-moving party), or a final decision after trial, the losing party may appeal our decision to either a federal district court for a trial de novo, or to the Court of Appeals for the Federal Circuit. See Section 21 of the Trademark Act (15 USC 1071).

Moreover, the Patent and Trademark Office determination of the right to register (even if it is a "material aid" or is of "great weight" to the court) will not be binding on the federal court in a civil action, but a federal court's determination of common issues will be followed by this Office. See Look Magazine Enterprises, S.A. v. Look, Inc., __ F. Supp. __, 224 USPQ 488 (Del 1984); and Sonora Cosmetics, Inc. v. L'Oreal S.A., __ F. Supp. __, 229 USPQ 927 (SDNY 1986). See also, TBMP §510.02(a); and Lefkowitz and Rice, Adversary Proceedings Before the Trademark Trial and Appeal Board, 75 TMR 323, at 374 (1985).

Regarding the Board as the best forum to decide the question of registrability, the doctrines of primary jurisdiction, and/or res judicata/collateral estoppel have been rejected by the courts as basis for staying trademark infringement and/or unfair competition suits. See Goya Foods Inc. v. Tropicana Products Inc., 846 F.2d 848, 6

USPQ2d 1950 (Sec. Cir 1988); American Bakeries Co. v. Pan-O-Gold Baking Co., 650 F. Supp. 563, 2 USPQ2d 1208 (DCMinn 1986); Hanlon Chemical Co., Inv. v. Dymon __ F. Supp. __, 18 USPQ2d 1652 (DCKan 1991); The American Angus Association v. Sysco Corp., __ F. Supp. __, 27 USPQ2d 1921 (WDNC 1993); E.& J. Gallo Winery v. F. & P. S.p.A., 899 F.Supp. 465, 35 USPQ2d 1857 (E.D. Cal. 1994); and Save the Children Federation Inc. v. Larry Jones International Ministries Inc., __ F. Supp. __, 38 USPQ2d 1495 (DCConn 1996).[3]

The Board is not convinced that the "equities" of this case are in respondent's favor with regard to the question of suspension. It is respondent who filed the civil suit based on trademark infringement and unfair competition, seeking a permanent injunction against petitioners from using the mark HAVANA CLUB on rum products. And petitioners (as defendants in the civil action) have counterclaimed for cancellation of the very same registration as is involved in

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[3]The Board notes respondent's reliance on the case of Levy v. Kosher Overseers Association of America Inc., __ F.3d __, 41 USPQ2d 1456 (Sec. Cir. 1997). In that case the Second Circuit Court of Appeals stated that "...the application of collateral estoppel requires that 'the issues in both proceedings be the same' (citation omitted), and the TTAB's inquiry as to whether the two kosher certification marks were confusingly similar was not identical to the 'likelihood of confusion' inquiry required in the plaintiff's trademark infringement action". The appellate court held that it was inappropriate for the District Court to apply collateral estoppel, and the case was remanded to the District Court.

We find nothing in that case to support a denial of suspension of an administrative proceeding before the Board under Trademark Rule 2.117(a). To the contrary, suspension seems appropriate in deference to the Court.

this cancellation proceeding (Registration No. 1,031,651), based on the same grounds (including fraud, abandonment, misrepresentation of the goods, etc.).

Judicial economy for the parties as well as for the Board calls for suspension of this Board proceeding pending the final outcome of the civil action in the U.S. District Court.

The outcome of the civil action will certainly be dispositive of or have a bearing on the issues raised in this cancellation proceeding, and accordingly petitioners' motion to suspend is granted pursuant to Trademark Rule 2.117(a). Proceedings herein are suspended pending termination of the federal civil litigation. No later than twenty days after such litigation is finally decided, the interested party should call this case up for appropriate action. Periodic inquiry as to the status of the civil litigation may be made by the Board.

Action on respondent's motion for summary judgment, petitioners' motion to extend time, and on petitioners' motion under Fed. R. Civ. P. 56(f) is deferred. When proceedings are resumed, and if it is otherwise appropriate under the Court decision, then those motions will be decided.

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