

THIS DECISION IS NOT A
PRECEDENT OF THE TTAB

UNITED STATES PATENT AND TRADEMARK OFFICE
Trademark Trial and Appeal Board
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GCP

Mailed: March 14, 2013

Cancellation No. 92025859

Empresa Cubana Del Tabaco
d.b.a Cubatabaco

v.

General Cigar Co., Inc.

**Before Quinn, Cataldo, and Zervas,
Administrative Trademark Judges.**

By the Board:

This case now comes before the Board for consideration of (1) respondent's motion for summary judgment on the grounds that (i) petitioner lacks standing to pursue this cancellation proceeding, and (ii) petitioner's asserted claims are precluded by the doctrines of *res judicata* and collateral estoppel; and (2) petitioner's motion to use testimony from a civil action in opposition to respondent's motion for summary judgment. The motions are fully briefed.

By way of background, on January 15, 1997, petitioner filed a petition for cancellation that seeks to cancel two registrations owned by respondent both for the mark COHIBA;

one in standard characters,¹ and the other, as displayed below,² each for "cigars" in International Class 34.

COHIBA

By an order dated June 23, 2011, the Board addressed various earlier filings by the parties and, *inter alia*, permitted petitioner to file a motion or pleading, as it deemed appropriate, relevant to its petition to cancel.

The same day, petitioner filed an amended petition to cancel. As grounds for cancellation, petitioner alleges the following claims in its amended petition to cancel:

(1) abandonment, (2) fraud, (3) respondent's registrations were obtained in bad faith, (4) priority and likelihood of confusion under Section 2(d) of the Lanham Act, (4) relief under Articles 7 and 8 of the General Inter-American Convention for Trademark and Commercial Protection ("IAC"), (5) respondent improperly obtained its registrations for the sole purpose of capitalizing on and exploiting the renown and reputation of petitioner's COHIBA mark, (6) relief pursuant to Article 6*bis* of the Paris Convention,

¹ Reg. No. 1147309, issued on February 17, 1981 on the Principal Register, claiming February 13, 1978, as both the date of first use anywhere and as the first date of use in commerce.

² Reg. No. 1898273, issued on June 6, 1995, claiming December 1992, as both the first date of use anywhere and as the first date of use in commerce.

(7) likelihood of confusion under the "well-known" marks doctrine, and (8) a stand-alone priority of use claim.

Respondent filed its answer to the amended petition to cancel on July 7, 2011 denying the salient allegations asserted therein.³

Long before the filing of petitioner's amended pleading, the Board had, on January 28, 1998, suspended this proceeding pending the final determination of a civil action involving the parties herein. The civil action has been finally determined. A review of the disposition of the civil action is in order, in light of the operative pleadings for this case.

Federal Action

On November 12, 1997, petitioner commenced the federal action by filing a complaint in the United States District Court for the Southern District of New York.⁴ In its civil complaint, petitioner alleges that respondent's use of the COHIBA mark constitutes trademark infringement under the Trademark Act and international conventions, and unfair competition and misappropriation under New York law. Petitioner requested that the district court grant, among

³In view thereof, petitioner's amended petition to cancel and respondent's answer thereto are now the operative pleadings in this case.

⁴Case No. 97 CIV. 8399, styled *Empresa Cubana Del Tabaco, d.b.a. Cubatabaco v. Culbro Corporation and General Cigar Co.*

other relief, an order canceling respondent's involved registrations. In 2002, the district court dismissed petitioner's claims under Articles 7 and 8 of the IAC and Article 6*bis* of the Paris Convention because these international conventions did not confer a right to sue for unfair competition separate from the Trademark Act. See *Empresa Cubana Del Tabaco, d.b.a. Cubatabaco v. Culbro Corporation and General Cigar Co.*, 213 F. Supp. 247, 281-84 (SDNY 2002). The district court also granted, in part, petitioner's motion for partial summary judgment, finding that respondent had abandoned its COHIBA mark subject to its involved Registration No. 1147309 through non-use from 1987-1992, and ordered this registration canceled. *Id.* at 267-271.

Following a bench trial, the district court issued a decision on March 26, 2004 dismissing petitioner's claims for New York common-law unfair competition and misappropriation, finding that bad faith was an essential element of these claims, and that there was no evidence that respondent selected or used the COHIBA mark in bad faith. See *Empresa Cubana Del Tabaco, d.b.a. Cubatabaco v. Culbro Corporation*, 70 USPQ2d 1650 (SDNY 2004). The district court also dismissed petitioner's claims for violation of the Federal Trademark Dilution Act and the New

York anti-dilution statute, and for trade dress infringement, deceptive trade practices, trade dress dilution and false advertising. 70 USPQ2d at 1692-93, 1694-96.

The district court, however, found in favor of petitioner on its claim for trademark infringement under Section 43(a) of the Trademark Act. 70 USPQ2d at 1692. It concluded that by 1992, when respondent applied for its second registration for the COHIBA mark, petitioner had acquired priority rights in the mark COHIBA in the United States over respondent under the well-known or famous marks doctrine. *Id.* It based this finding upon its previous holding that respondent had lost its priority by abandoning use of the COHIBA mark in 1987 and not resuming such use until 1992. 213 F. Supp.2d at 269. However, according to the district court, by 1992 the COHIBA mark had become famous in the United States and associated with petitioner's cigars. The district court stated that petitioner had rights in the mark that were superior to those of respondent and these rights preclude respondent from obtaining its second registration for the COHIBA mark. 70 USPQ2d at 1692. The district court also found that there was a likelihood of U.S. consumer confusion between

petitioner's COHIBA mark and respondent's COHIBA mark. 70
USPQ2d at 1689.

In view of these findings, the district court ordered the cancellation of respondent's second registration for the mark COHIBA, i.e., Registration No. 1898273, enjoined respondent from further use of the COHIBA mark, and ordered respondent to recall all goods sold under the COHIBA mark. *Id.* This determination was embodied in an Order, Judgment and Permanent Injunction. Respondent appealed to the Second Circuit from the adverse portions of the district court judgment. Petitioner cross-appealed from those portions of the district court's pretrial orders and the district court judgment that had dismissed some of petitioner's claims.

On February 24, 2005, the Second Circuit issued an opinion reversing the district court's finding of likelihood of confusion. *See Empresa Cubana Del Tabaco, d.b.a. Cubatabaco v. Culbro Corporation, General Cigar Co., Inc. and General Cigar Holdings, Inc.*, 399 F.3d 462, 73 USPQ2d 1936 (2d Cir. 2005). It vacated the district court's cancellation of respondent's second registration, and the injunctive and recall relief ordered by the district court. The Second Circuit's reversal was based on the Cuban Asset Control Regulations ("CACR"), 31 C.F.R. §

515.201, *et seq.*, which embody the terms of the United States' economic embargo on Cuba. The CACR prevents Cuban entities such as petitioner from selling cigars in the United States. 73 USPQ2d at 1938. The Second Circuit held that (1) "absent a general or specific license" from the Department of the Treasury's Office of Foreign Assets Control ("OFAC"), "Section 515.201(b) of the CACR "prohibits the transfer of property rights, including trademark rights, to a Cuban entity by a person subject to the jurisdiction of the United States." 73 USPQ2d at 1944. It also found that forbidden property transfers also include transfers by operation of law. 73 USPQ2d at 1945-46.

The Second Circuit found it unnecessary to decide whether the Trademark Act incorporated the "famous marks" doctrine, because even if it were incorporated, Section 515.201(b)(2) of the CACR "clearly bars [petitioner's] acquisition of the COHIBA mark through the famous marks doctrine." 73 USPQ2d at 1946. The Second Circuit held that petitioner was not authorized to acquire any rights in the COHIBA mark under any general license in effect previously or at the time of the opinion. 73 USPQ2d at 1947. The court also concluded that the special license granted to petitioner by OFAC, which allowed petitioner to

sue respondent in U.S. courts, "does not authorize transfers of property barred by the Regulations," and thus could not support acquisition of the COHIBA mark by petitioner. *Id.*

The Second Circuit also rejected the argument that, even if petitioner could not acquire the COHIBA mark in the United States, it was still entitled to obtain cancellation of respondent's registration of the COHIBA mark and an injunction preventing respondent from using the mark in the United on the basis of alleged consumer confusion. The Second Circuit specifically held that

granting [petitioner] the injunctive relief sought would effect a transfer of property rights to a Cuban entity in violation of the embargo. There is no contest that, as matters stand, [respondent] has the full panel of property rights in the COHIBA mark, including the right to exclude or limit others seeking to use the mark in the United States...As it is exactly this brand of property right transfer that the embargo prohibits, we cannot sanction a grant of injunctive remedy to [petitioner] in the form of the right, privilege and power to exclude [respondent] from using its duly registered mark...[T]his limitation on judicial authority applies equally to [petitioner's] Lanham Act and Paris Convention claims.

73 USPQ2d at 1947 (emphasis added).

The Second Circuit also found that, inasmuch as respondent was the owner and sole rightful user of the COHIBA mark in the United States, petitioner could not obtain relief on the basis that respondent's use of the

COHIBA mark causes confusion in the United States. 73 USPQ2d at 1949. The Second Circuit concluded that petitioner's claims "against [respondent's] use of its duly registered COHIBA mark cannot succeed as a matter of law." *Id.*

The Second Circuit further found that Article 6*bis* of the Paris Convention and Sections 44(b) and 44(h) of the Trademark Act do not require "cancellation of [respondent's] properly registered trademark" or an injunction against use of the mark. 73 USPQ2d at 1950. It also affirmed the district court's dismissal of petitioner's claims under Articles 7, 8, 20 and 21 of the IAC and Article 10*bis* of the Paris Convention. 73 USPQ2d at 1950-53. Additionally, the Second Circuit affirmed the district court's dismissal of petitioner's other claims, including its dismissal of New York unfair competition and misappropriation claims on the grounds that respondent had not acted in bad faith. 73 USPQ2d at 1954.

The Second Circuit remanded the case to the district court for entry of an order (1) dismissing all of petitioner's remaining claims, and (2) "vacat[ing] those portions of the District Court's order that cancel[led] [respondent's] registration," enjoined respondent from use of the COHIBA mark, and required recall of COHIBA-labeled

products and corrective notices. 73 USPQ2d at 1954. The Second Circuit's judgment was issued as a mandate on February 8, 2006, after the U.S. Supreme Court denied petitioner's petition for a writ of certiorari. See *Empresa Cubana Del Tabaco, aka Cubatabaco v. General Cigar Company, Inc.*, 547 U.S. 1205 (2006). The district court then issued an order dismissing all remaining claims. *Empresa Cubana Del Tabaco v. Culbro Corp.*, No. 97 Civ. 8399 (SDNY May 15, 2006).

A later proceeding in the federal action requires brief mention. In 2006, respondent moved to amend the district court's final order of dismissal to include an instruction to the Commissioner of the USPTO to dismiss this cancellation proceeding and to abandon petitioner's pending application for the mark COHIBA. The district court denied respondent's motion to amend. *Empresa Cubano Del Tabaco dba Cubatabco v. Culbro Corporation and General Cigar Co.*, 478 F. Supp.2d 513 (SDNY 2007). On appeal, the Second Circuit affirmed, finding that respondent's request was based on an estoppel theory. *Empresa Cubano Del Tabaco dba Cubatabco v. Culbro Corporation, General Cigar Co., Inc., and General Cigar Holdings, Inc.*, 541 F.3d 476, 88 USPQ2d 1125, 1128 (2d Cir. 2008). Specifically, the Second Circuit stated that "we see no reason why it was an abuse

of discretion for the district court simply to tell [respondent] to raise its estoppel claim before the PTO and let the agency decide, subject to review by the Federal Circuit, what preclusive effect should be given to our decision in *Empresa V*, if any." 88 USPQ2d at 1128.

Respondent's Motion for Summary Judgment

We initially turn to respondent's motion for summary judgment, more specifically, the portion grounded on petitioner's lack of standing. Summary judgment is an appropriate method of disposing of cases in which there is no genuine dispute of material fact, thus leaving the case to be resolved as a matter of law. See Fed. R. Civ. P. 56(a). The party moving for summary judgment has the initial burden of demonstrating the absence of any genuine dispute of material fact. See *Celotex Corp. V. Catrett*, 477 U.S. 317, 322-324 (1986). The evidence must be viewed in a light most favorable to the non-movant, and all justifiable inferences are to be drawn in the non-movant's favor. See *Lloyd's Food Products Inc. v. Eli's Inc.*, 987 F.2d 766, 25 USPQ2d 2027 (Fed. Cir. 1993). If the party moving for summary judgment carries its initial burden, and the nonmoving party fails to make a sufficient showing on an essential element of its case with respect to which it would have the burden of proof at trial, judgment as a

matter of law may be entered in favor of the moving party. See Fed. R. Civ. P. 56(c); *Fram Trak Industries Inc. v. WireTracks LLC*, 77 USPQ2d 2000, 2004 (TTAB 2006) (citing *Celotex Corp, supra*).

Standing is a threshold issue that must be proven by a plaintiff in every *inter partes* case. *Ritchie v. Simpson*, 170 F.3d 1092, 50 USPQ2d 1023 (Fed. Cir. 1999) and *Lipton Industries, Inc. v. Ralston Purina Co.*, 670 F.2d 1024, 213 USPQ 185 (CCPA 1982). Therefore, we turn first to the question of whether respondent has shown that there is no genuine dispute of material fact as to petitioner's lack of standing to bring this cancellation proceeding.

The purpose of the standing requirement, which is directed solely to the interest of the plaintiff, is to prevent litigation when there is no justiciable controversy between the parties. *Lipton Industries, Inc.*, 213 USPQ at 189. In the case of a petition to cancel, the standing requirement of a plaintiff has its statutory basis in Section 14 of the Act which provides that "any person who believes he is or will be damaged . . . by the registration of a mark on the principal register . . ." may file a petition to cancel.

With regard to petitioner's asserted claims, petitioner, at trial, would need to show that it has a

protectible commercial interest in the COHIBA mark or trade name, in addition to its belief that it would be damaged by respondent's COHIBA registrations, to establish standing. *Chemical New York Corp. v. Conmar Form Systems, Inc.*, 1 USPQ2d 1139, 1142 (TTAB 1986).

In support of its motion for summary judgment, respondent contends that since the Second Circuit determined that the CACR prohibited petitioner from acquiring any property interest in the COHIBA mark in the United States at any time, by any means, including by operation of law, and under any legal theory, including the "famous marks" doctrine, international conventions, or an alleged risk of public confusion between the parties' respective marks, petitioner lacks standing to maintain this cancellation proceeding. In other words, respondent essentially maintains that since petitioner is legally prohibited from selling its cigars under the COHIBA mark in the United States or acquiring any interest in the COHIBA mark in the United States, it does not have the legitimate commercial interest required to confer standing to maintain this cancellation proceeding.

In response, petitioner argues that the Board has consistently held that standing is established when a plaintiff's pleaded pending application has been refused

registration based on the defendant's registration. In view thereof, petitioner contends that since its pleaded pending application for the mark COHIBA has been refused registration based on respondent's existing COHIBA registrations, standing is conferred upon petitioner to bring this cancellation proceeding.

We agree with respondent. While we recognize that standing is generally conferred on a plaintiff whose pleaded pending application has been refused registration under Section 2(d) of the Lanham Act based on defendant's subject registration, *see, e.g., Great Seats Ltd. v. Great Seats, Inc.*, 84 USPQ2d 1235, 1237 (TTAB 2007); *Cerveceria Modelo S.A. de C.V. v. R.B. Marco & Sons, Inc.*, 55 USPQ2d 1298, 1299 (TTAB 2000); *The Hartwell Co. v. Shane*, 17 USPQ2d 1569, 1570 (TTAB 1990), petitioner, in this instance, cannot avail itself of such circumstances as a basis for its standing to pursue this case. This derives from a binding, final federal court judgment determining that (1) petitioner was by law barred from acquiring any property interest in the mark COHIBA in the United States during the period between the abandonment of respondent's earlier registration and the filing date of the application resulting in the later registration, because the CACR does not contemplate that petitioner could have

acquired property rights in COHIBA through advertising without use in the United States or based on reputation alone, (2) respondent has the full panel of property rights in the COHIBA mark, including the right to exclude or limit others seeking to use the mark in the United States, (3) respondent's legal right to the COHIBA mark has been established as against petitioner, and (4) respondent has a right to use the COHIBA mark in the United States because it owns the mark in the United States. In view of the foregoing, we find that this case is controlled by the Board's established precedents, which hold that where a previous final judgment determines that a party does not own a property interest in a mark, the party lacks standing to challenge another's registration of the same mark. *See Stephen Slesinger, Inc. v. Disney Enters., Inc.*, 98 USPQ2d 1890, 1895 n.15 (TTAB 2011); *Gal v. Israel Military Indus. Of the Ministry of Def. Of the State of Israel*, 230 USPQ 669, 674 (TTAB 1986), *aff'd*, 824 F.2d 980 (Fed. Cir. 1987).

Accordingly, we find that, in light of the Second Circuit's binding decision, there is no genuine dispute of material fact that petitioner lacks a legitimate commercial interest in the COHIBA mark in the United States and that, as a result, its belief in damage

resulting from an alleged likelihood of confusion under the Trademark Act or any international conventions between its asserted mark and respondent's mark, or under any other legal theory, is unfounded.

As a result, petitioner, as a matter of law, has no standing to maintain this proceeding and, therefore, respondent is entitled to judgment. See Fed. R. Civ. P. 56(a). See also *Coup v. Vornado Inc.*, 9 USPQ2d 1824 (TTAB 1988) (petitioner's failure to prove standing warrants grant of summary judgment for respondent).

In view of our finding on the threshold issue of standing, we need not reach the merits of respondent's second ground for summary judgment, i.e., that petitioner's claims are precluded by the application of the doctrines of *res judicata* and collateral estoppel. Furthermore, in light of our decision herein, petitioner's motion to use testimony from the civil action in opposition to respondent's motion for summary judgment is deemed moot and will be given no further consideration.

Accordingly, respondent's motion for summary judgment is granted on the basis of lack of standing; judgment is entered against petitioner based on its lack of standing; and the petition to cancel is dismissed with prejudice. As a further consequence thereof, we also do not address

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the question whether respondent's Registration No. 1147309 must be cancelled based on the ruling of the district court that respondent abandoned the mark in that registration. See Section 37 of the Trademark Act, 15 U.S.C. § 1119 and TMEP § 1610 (October 2012).