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

Proceeding	92052146
Party	Defendant Juan E. Rodriguez
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IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD

In the matter of trademark Registration No. 3542236
Registered (Supplemental): December 2, 2008
Mark: PINAR DEL RIO

CORPORACION HABANOS, S.A. and	§	
EMPRESA CUBANA DEL TABACO,	§	
d.b.a. CUBATABACO,	§	
	§	
Petitioners,	§	
	§	
v.	§	Cancellation No. 92052146
	§	
RODRIGUEZ, JUAN E.,	§	
	§	
Registrant.	§	

**REGISTRANT’S MOTION TO DISMISS UNDER
RULE 12(b)(1) and 12(b)(6), AND MEMORANDUM IN SUPPORT OF MOTION**

Registrant, Juan E. Rodriguez, by it attorneys, moves this Board for judgment in its favor dismissing the Petition for Cancellation filed by Corporacion Habanos, S.A. (“Habanos”) and Empresa Cubana del Tabaco, d.b.a. Cubatabaco (“Cubatabaco”)(collectively “Petitioners”) pursuant to Rule 12 (b)(1) and 12(b)(6) of the Federal Rules of Civil Procedure based upon the pleadings in this case. With regard to the Petition for Cancellation, there is no authorization to engage in any transaction or activity prohibited by the Cuban Assets Control Regulations, 31 C.F.R. Part 515. Unless otherwise authorized, the Embargo Regulations prohibit a broad range of transaction involving property in which a Cuban entity has an interest. Cubatabaco and Habanos (as Cuba or Cuban nationals) do not have the authority and do not have standing to file and prosecute this Petition for Cancellation. Accordingly, Registrant moves this Board to dismiss the Petition for Cancellation. In support of its motion, Registrant submits the following:

BACKGROUND

On March 1, 2010, Cubatabaco and Habanos filed a Petition for Cancellation of a registration from the Supplemental Register of Registrant's mark PINAR DEL RIO for cigars, alleging deceptiveness under Trademark Act Section 2(d), and geographic deceptive misdescriptiveness under Trademark Act Section 2(e)(3). Cubatabaco and Habanos have *not* cited any U.S. trademark registrations as a basis for their cancellation. *See* Notice and Petition for Cancellation. Cubatabaco is a state corporation of the Republic of Cuba. Habanos is a corporation organized under the laws of Cuba. Registrant is an individual residing in Louisiana.

ARGUMENT

I. The Cuban Embargo Establishes Broad, Blanket Prohibitions

The Cuban Embargo establishes a broad, blanket prohibition against Cuban entities obtaining and enforcing property rights in the United States. Congress imposed an embargo against Cuba in the early 1960s “to create a ‘chilling effect’ that will deny the current Cuban regime venture capital.” *Havana Club Holding, S.A. v. Galleon S.A.*, 203 F.3d 116, 125 (2d Cir.), *cert. denied*, 531 U.S. 918, 121 S.Ct. 277, 148 L.Ed.2d 201 (2000)(internal citation omitted). The Cuban Asset Control Regulations¹ (“CACR”), 31 C.F.R. § 515.201 *et seq.*, set forth the terms of the embargo which Congress expressly codified in the Cuban Liberty and Democratic Solidarity Act of 1996 (“LIBERTAD Act”), 22 U.S.C. § 6032(h). As the Second Circuit Courts of Appeals squarely held in *Havana Club*, the CACR establishes exceptionally broad prohibitions with respect to U.S. property rights. In effect, any acquisition of U.S. property that is not expressly permitted is prohibited.

¹ The Secretary of the Treasury has the authority to administer the Cuban embargo, which he has delegated to the Office of Foreign Assets Control (“OFAC”). *See* 31 C.F.R. § 515.802.

II. Absent a General or Specific License, CAFC Prohibits A Transfer of Trademark Rights to A Cuban Entity

Unless otherwise authorized, the Embargo Regulations prohibit a broad range of transactions involving property in which a Cuban entity has an interest. In particular, 31 C.F.R. § 515.201(b) provides in pertinent part that:

(b) All of the following transactions are prohibited, except as specifically authorized by the Secretary of the Treasury (or any person, agency, or instrumentality designated by him) by means of regulations, rulings, instructions, licenses, or otherwise, if such transactions involve property in which any foreign country designated under this part, or any national thereof, has at any time on or since the effective date of this section had any interest of any nature whatsoever, direct or indirect:

(1) All dealings in, including, without limitation, transfers, withdrawals, or exportations of, any property or evidences of indebtedness or evidences of ownership of property by any person subject to the jurisdiction of the United States; and

(2) All transfers outside the United States with regard to any property or property interest subject to the jurisdiction of the United States.

31 C.F.R. § 515.201(b) (2005). Section 515.201(c) provides that “[a]ny transaction for the purpose or which has the effect of evading or avoiding any of the prohibitions set forth in paragraphs (a) or (b) of this section is hereby prohibited.” *Empresa Cubana Del Tabaco v. Culbro Corp.*, 399 F.3d 462, 472 (2d Cir. 2005)(citing § 515.201(c); *Havana Club Holding, S.A. v. Galleon S.A.*, 203 F.3d 116, 122 n. 3 (2d Cir.), *cert. denied*, 531 U.S. 918, 121 S.Ct. 277, 148 L.Ed.2d 201 (2000)).

As pointed out by the Second Circuit Court of Appeals, the Regulations provide several relevant definitions. *Empresa Cubana Del Tabaco v. Culbro Corp.*, 399 F.3d 462, 473 (2d Cir. 2005). The “foreign country designated under this part” is Cuba, 31 C.F.R. § 515.201(d), and “property” or “property interest” includes trademarks, 31 C.F.R. § 515.311. *Empresa*, 399 F.3d at 473. “Transfer” is defined broadly to include “any actual or purported act or transaction ... the purpose, intent, or effect of which is to create, surrender, release, transfer, or alter, directly or

indirectly, any right, remedy, power, privilege, or interest with respect to any property.” *Empresa*, 399 F.3d at 473 (citing 31 C.F.R. § 515.310). Section 515.309 provides that the phrase “transactions which involve property in which a designated foreign country, or any national thereof, has any interest of any nature whatsoever, direct or indirect includes ... [a]ny ... transfer to such designated foreign country or national thereof.” *Id.* (citing 31 C.F.R. § 515.309(a)). “In other words, a transaction involving property in which a Cuban national has an interest includes a transfer of property to a Cuban national.” *Empresa*, 399 F.3d at 473.

“Therefore, absent a general or specific license, § 515.201(b)(1) of the Regulations prohibits a transfer of property rights, including trademark rights, to a Cuban entity by a person subject to the jurisdiction of the United States.” *Empresa*, 399 F.3d at 473. Section 515.201(b)(2) prohibits a transfer outside of the United States of property subject to the jurisdiction of the United States-if the transfer is to a Cuban entity. *Id.*

In *Empresa Cubana del Tabaco*, 399 F.3d at 471, the Second Circuit Court of Appeals has held, without qualification, that “cancellation of General Cigar’s mark... would entail a transfer of property rights in the COHIBA mark to Cubatabaco in violation of the embargo.” *Empresa Cubana del Tabaco*, 399 F.3d at 471. This conclusion is valid for cancellation proceedings in federal court and those in the TTAB. Therefore, absent an appropriate general or specific license, both Petitioners Cubatabaco and Habanos, as Cuba or Cuban nationals, have no standing to bring the Petition for Cancellation.

General licenses and specific licenses provide exceptions to the prohibition of 31 C.F.R. § 515.201(b). *Empresa*, 399 F.3d at 473. General licenses are contained within the Regulations whereas specific licenses are granted by the OFAC in response to requests. *Id.*

In the instant case, no exceptions to the prohibition of § 515.201(b) apply for Cubatabaco or Habanos.

III. No CACR Exceptions Apply Here

The only CACR provision that specifically authorizes Cuban entities to obtain trademark rights and provides a general license authorizing certain actions with respect to trademarks is provided at 31 C.F.R. § 515.527. In relevant part, that provision authorizes only “transactions **related to** the registration and renewal in the United States Patent and Trademark Office ... of... trademarks... in which... a Cuban national has an interest.” 31 C.F.R. § 515.527(a)(1)(emphasis supplied). Emphasizing the importance of the terms “related to,” the Second Circuit Court of Appeals, in *Havana Club Holding, S.A. v. Galleon S.A.*, 203 F.3d 116, 123 (2d Cir.), *cert. denied*, 531 U.S. 918, 121 S.Ct. 277, 148 L.Ed.2d 201 (2000), explained, as follows:

Although phrases like “related to” are properly given a broad meaning in some statutes and regulations, *see, e.g., Shaw v. Delta Air Lines, Inc.*, 463 U.S. 85, 96-97, 103 S.Ct. 2890, 77 L.Ed.2d 490 (1983) (determining that a state law “relates to” employee benefit plans for purposes of ERISA preemption under 29 U.S.C. § 1144(a)), the context in which the phrase is used illuminates its meaning. In *Shaw*, the ERISA context and the congressional purpose to achieve broad preemption warranted a broad reading of the phrase. By contrast, the context here precludes a broad reading. Section 515.527(a)(1) creates an exception to the broad prohibitions of the Cuban embargo.

Havana Club Holding, S.A. v. Galleon S.A., 203 F.3d 116, 123 (2d Cir.), *cert. denied*, 531 U.S. 918, 121 S.Ct. 277, 148 L.Ed.2d 201 (2000).

Conspicuously absent from Section 515.527 is any language permitting the creation, acquisition, or other transfer of trademark rights by any other method. The Second Circuit Court of Appeals has expressly held, based on the CACR’s plain language and OFAC’s interpretation of Section 515.527, that Section 515.527 is to be read narrowly to permit only registration and renewal-based actions in the PTO. *See Havana Club*, 203 F.3d at 125. In *Havana Club*, 203 F.3d at 125, the Second Circuit Court of Appeals confirmed that the “general rule” of the Cuban

embargo “prohibit[s] transfers of trademarks,” and found controlling the OFAC Director’s view that Section 515.527 “allows only for the registration and renewal of intellectual property.” *Id.* at 123-24.

Accordingly, the Court in *Empresa Cubana Del Tabaco v. Culbro Corp.*, 478 F.Supp.2d 513, 521 (2d Cir. 2005), specifically addressed this Regulation as well as the OFAC view, and stated:

In 1996, OFAC was asked whether, pursuant to 31 C.F.R. § 515.527, Cuba may bring a petition for cancellation of “the prior registration of a trademark **related to its efforts to register a trademark.**” (Klatell Decl. Ex. D.) **OFAC issued an affirmative ruling**, stating that § 515.527 authorizes cancellation proceedings by Cuba or a Cuban national **when the cancellation “relate[s] to the protection of a trademark in which Cuba or a Cuban national general license has an interest.”**

(Emphasis supplied). In *Empresa*, 399 F.3d at 475, the “[Second Circuit] Court of Appeals... observed that § 515.527 **must be construed ‘narrowly’** and that the provision **relates only** to the **‘process of registering’ a mark with the PTO.**” *Empresa*, 478 F.Supp.2d at 521 (citing *Empresa*, 399 F.3d at 475)(Emphasis supplied). Similarly, as applicable to the case at hand, § 515.527 must be narrowly construed, and it relates only the Petitioners “process of registering” a mark with the PTO.

In *Empresa Cubana Del Tabaco v. Culbro Corp.*, 478 F.Supp.2d 513, 521 (2d Cir. 2005), “[a]ccording to Cubatabaco, § 515.527 **authorizes** it to obtain a TTAB order **cancelling** General Cigar’s **registrations**, as cancellation of those registrations **is related to Cubatabaco’s efforts to have the PTO accept Cubatabaco’s application to register COHIBA.**” (Emphasis supplied).

In the instant case, the cancellation of PINAR DEL RIO is *not* related to any effort of Petitioners Cubatabaco or Habanos “to have the PTO accept” Cubatabaco’s or Habanos’s application to register PINAR DEL RIO, because *no such application exists*

nor has been pleaded. See Petition for Cancellation. As evident from the face of the pleadings, neither Cubatabaco nor Habanos is in the “process of registering” the mark PINAR DEL RIO with the PTO. See Petition for Cancellation. In fact, as evident from the pleadings, no party is in the “process of registering” the mark PINAR DEL RIO with the PTO. See Petition for Cancellation.

Further, the cancellation of PINAR DEL RIO is *not* related to Petitioner Cubatabaco’s efforts “to have the PTO accept” Cubatabaco’s application to register HABANOS, which is the only trademark application identified in the pleadings. Petition for Cancellation, ¶ 6. Unlike the case in *Empresa Cubana Del Tabaco v. Culbro Corp.*, 478 F.Supp.2d 513, 521 (2d Cir. 2005), where “[t]he **PTO ha[d] cited** General Cigar’s **registrations as grounds** for denying Cubatabaco’s application in a ‘Non-Final Office Action,’ (emphasis supplied), here, in the instant case, Registrant’s mark PINAR DEL RIO has *not* been cited as grounds for denying Cubatabaco’s application for HABANOS (which is the only U.S. trademark application identified in the pleadings), the cancellation of PINAR DEL RIO is *not* related to Petitioner Cubatabaco’s efforts in its “process of registering” its mark HABANOS, and Cubatabaco has not alleged and cannot truthfully allege in the pleadings that PINAR DEL RIO has been cited against Cubatabaco’s application for HABANOS. Therefore, it is “not appropriate to argue this issue to the TTAB.” *Id.*

“OFAC has made it clear that 31 C.F.R. § 515.527 authorizes a Cuban entity to seek cancellation of a **competing mark.**” *Empresa Cubana Del Tabaco v. Culbro Corp.*, 478 F.Supp.2d 513, 521 (2d Cir. 2005)(Emphasis supplied). As stated above, the Court specifically provided that “pursuant to 31 C.F.R. § 515.527, Cuba [or a Cuban national] may bring a petition

for cancellation of ‘the prior registration of a trademark **related to** its efforts to register a trademark.’” *Empresa Cubana Del Tabaco v. Culbro Corp.*, 478 F.Supp.2d 513, 521 (2d Cir. 2005)(Emphasis supplied). Here, as evident in the pleadings, the prior registration of PINAR DEL RIO is not related to Petitioner Cubatabaco’s effort or Habanos’s effort to register a trademark. *See Empresa Cubana Del Tabaco v. Culbro Corp.*, 478 F.Supp.2d 513, 521 (2d Cir. 2005).

Here, on the face of the pleadings, under the narrow construction of § 515.527, relating only to the “process of registering a mark with the PTO,” it is patently apparent that this Petition for Cancellation of the Supplemental Registration of PINAR DEL RIO (Suppl. Reg. No. 3542236) is not authorized, as PINAR DEL RIO has not been cited against Petitioners in any related effort to register a trademark. *Empresa*, 478 F.Supp.2d at 521 (citing *Empresa*, 399 F.3d at 475). Further, Petitioners have patently *not cited* any federal trademark registration as a *basis for cancellation* of Registrant’s trademark.

Under the law, Petitioners have *not* been granted authority to bring this Petition for Cancellation of the *registered* trademark PINAR DEL RIO (Suppl. Reg. No. 3542236) under the Specific License, CU-78926-a, issued February 23, 2010 by the Office of Foreign Assets Control of the United States Department of Treasury (“OFAC”), a copy of which was annexed to the Petition for Cancellation. Petition to Cancel, ¶ 12.

If every Specific License that concerned a petition for cancellation provided for *general* filings of any pleadings of any nature before the TTAB and accordingly “were considered a transaction ‘related to’ trademark renewal [or registration], the exception created by section 515.527(a)(1) would swallow much of the general rule of the Cuban embargo prohibiting

transfers of trademarks.” *Havana Club Holding, S.A. v. Galleon S.A.*, 203 F.3d 116, 123 (2d Cir.), *cert. denied*, 531 U.S. 918, 121 S.Ct. 277, 148 L.Ed.2d 201 (2000).

By definition, the nature of a Specific License is to be *specific*. In the instant case, the Specific License does *not* grant authority for Cubatabaco and Habanos to file and prosecute a Petition for Cancellation of the *registration* of the trademark PINAR DEL RIO. Rather, consistent with the Courts’ and the TTAB’s construction of § 515.527 to pertain “only to the ‘process of registering’ a mark,” the Specific License, License No. CU-78926-a, only grants authority pertaining to “an *application to register*” certain marks. Furthermore, License No. CU-78926-a expressly provides a specific warning that “[e]xcept as **explicitly** authorized in Section 1 above, nothing in this license authorizes any person subject to the jurisdiction of the United States to engage in any transaction or activity prohibited by the Cuban Assets Control Regulations, 31 C.F.R. Part 515.” Specific License, License No. CU-78926-a annexed to Petition for Cancellation. (Emphasis supplied).

In the alternative, on its face, the Specific License No. CU-78926-a is patently ambiguous, authorizing transactions “to file and prosecute a *cancellation petition* ... to an *application* to register the trademarks.” *Id.* Petitioners do not have an appropriate and explicit Specific License to have standing to file and prosecute this Petition for Cancellation.

In sum, in the instant case, no exceptions to the prohibition of § 515.201(b) apply for Cubatabaco or Habanos. “In order words, a transaction involving property in which a Cuban national has an interest includes a transfer of property to a Cuban national. Therefore, absent a general or specific license, § 515.201(b)(1) of the Regulations prohibits a transfer of property rights, including trademark rights, to a Cuban entity by a person subject to the jurisdiction of the United States.” *Empresa Cubana Del Tabaco v. Culbro Corp.*, 399 F.3d 462 (2d Cir. 2005).

CONCLUSION

Cubatabaco and Habanos indisputably lack standing to pursue this Petition for Cancellation. Petitioners' contrary position, based upon a Specific License, CU-78926-a, is mistaken at best. Thus, for the reasons stated herein, and on the pleadings had herein, Registrant's Motion to Dismiss Under Rule 12(b)(1) and 12(b)(6) should be granted, and Petitioners' Petition for Cancellation should be dismissed.

Dated: May 21, 2010

Respectfully submitted,

By: /Taylor M. Norton, Reg. No. 65,050/

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CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing REGISTRANT'S MOTION TO DISMISS UNDER RULE 12(b)(1) and 12(b)(6), AND MEMORANDUM IN SUPPORT OF MOTION has been served on Petitioners' counsel of record, by mailing said copy on this 21st day of May, 2010, by first class mail, postage prepaid to:

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