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

Proceeding	92058848
Party	Plaintiff Guantanamera Cigar Co, Inc.
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UNITED STATES PATENT AND TRADEMARK OFFICE
TRADEMARK TRIAL AND APPEAL BOARD

GUANTANAMERA CIGARS CO.

Petitioner,

Cancellation No.
92058848

v.

CORPORACION HABANOS, S.A.

Respondent.

**PETITIONER'S OPPOSITION TO MOTION FOR SUMMARY JUDGMENT¹
AND INCORPORATED MOTION FOR LEAVE TO AMEND²**

COMES NOW Petitioner Guantanamo Cigars Co. ("Petitioner" or "GCC") and files this Opposition to Respondent Corporacion Habanos, S.A. ("Habanos") Motion for Summary Judgment. GCC also incorporates its motion to amend Count II and III if the Board finds it necessary. For the following legal and disputed facts, GCC moves that Habanos' motion for summary judgment be denied.

Habanos' main argument is that the same parties were previously involved in a matter before the Board, Cancellation No. 91152248, known as *Guantanamo I*. And

¹ On October 2, 2014 GCC moved for a seven (7) day extension of time to file this Opposition to Respondent's Motion for Summary Judgment and specifically requested that the due date be October 9, 2014. The Board thereafter granted the motion, but within the Order the Board stated that the opposition brief would be due October 7, 2014. It is the undersigned's belief that the Board intended to grant the seven (7) day extension, but erroneously stated that the deadline would be October 7, 2014. The undersigned has conferred with opposing counsel who agrees that he consented to a seven (7) day extension of time and believed that the new deadline would be October 9, 2014.

² Motions to Amend generally incorporate the proposed amended pleading. However, if the Board grants the motion to amend, GCC will file the proposed amended pleading within one (1) business day of any order granting same. GCC foresees only adding one paragraph of allegations to Count II, and one paragraph of allegations to Count III as discussed *infra*.

because of this, that GCC's petition is, in large part, barred by the doctrine of issue preclusion. Habanos also argues that there are some minor flaws in GCC's allegations and therefore GCC fails to state a claim upon which relief can be granted. As to Habanos' "failure to state a claim" arguments, GCC believes that the allegations are sufficient to state a claim, and if there is a missing allegation, then such missing allegation is a mere scribner's error and can be easily remedied by an amended petition to cancel.

As to the issue preclusion arguments, the fundamental problem with Habanos' argument is that *Guantanamera I* had nothing to do with GCC's rights in rum, nor Habanos' rights in Registration No. 4,464,150 for GUANTANAMERA for "cigars, matches, cigar cutters, cigar boxes, cigar holders, tobacco pouches, smokers' pipes, ashtrays, matchboxes and humidors" all of which are subject to this Petition for Cancellation.

Guantanamera I dealt exclusively with the question of GCC's application Serial No. 76/256,068 for GUANTANAMERA for "tobacco, namely, cigars." There are many factual issues at stake in this case which were not addressed in the previous action, and most importantly the tables have turned as to who has what right to what goods. Even if Habanos' is correct, which it is not, there is absolutely no way that *Guantanamera I* operates as issue preclusion on

the non-cigar goods listed in Habanos' supplemental registration.

By its own argument, Habanos acknowledges that there is a disputed issue of fact as to whether the goods are related. Namely, Habanos provides two scenarios, i.e., that the goods are not related, and that the goods are related because of the related goods doctrine, and therefore, the 2(d) claim is barred by issue preclusion. The fact that Habanos presents two scenarios is an admission that there is a disputed issue of fact. It is hornbook case law that summary judgment can not be granted if there is a disputed issue of fact.

Finally, Habanos seeks summary judgment on Count III which seeks cancellation based upon GCC's allegation that Habanos' mark is geographically descriptive. Habanos' reserved a mere one page devoted to this argument and cited no case law in support of same. It appears to be Habanos' sole argument that GCC failed to include a magical allegation that "the mark is incapable of distinguishing Respondent's goods." To the extent that GCC's failure to include this statement is problematic for the Board, then GCC's herewith moves for leave to amend to add this allegation.

This matter is highly complex and is not a garden

variety cancellation proceeding commonly found before the Board. This matter involves the need for a factually intense discovery period and a full trial on the merits. Habanos knows this and seeks to short-circuit this process by conveniently stating that some of the counts are barred by issue preclusion and the other count is fatal for failure to include a simple statement of allegations. The Board should look past Habanos' artful strategy and deny the motion for summary judgment.

MEMORANDUM OF LAW

A motion for summary judgment is a pretrial device to dispose of cases in which "the pleadings, depositions, answers to interrogatories, and admissions on file, together with the affidavits, if any, show that there is no genuine issue as to any material fact and that the moving party is entitled to judgment as a matter of law." See, for example, FRCP 56(c); Celotex Corp. v. Catrett, 477 U.S. 317 (1986); Anderson v. Liberty Lobby, Inc., 477 U.S. 242 (1986); Dana Corp. v. Belvedere International Inc., 950 F.2d 1555, 21 USPQ2d 1047 (Fed. Cir. 1991); Copelands'Enterprises Inc. v. CNV Inc., 945 F.2d 1563, 20 USPQ2d 1295 (Fed. Cir. 1991); Octocom Systems Inc. v. Houston Computer Services Inc., 918 F.2d 937, 16 USPQ2d 1783 (Fed. Cir. 1990); Sweats Fashions Inc. v. Pannill

Knitting Co., 833 F.2d 1560, 4 USPQ2d 1793 (Fed. Cir. 1987); Pure Gold, Inc. v. Syntex (U.S.A.), Inc., 739 F.2d 624, 222 USPQ 741 (Fed. Cir. 1984); Flatley v. Trump, 11 USPQ2d 1284 (TTAB 1989); Von Schorlemer v. Baron Herm. Schorlemer Weinkellerei GmbH, 5 USPQ2d 1376 (TTAB 1986); Bongrain International (American) Corp. v. Moquet Ltd., 230 USPQ 626 (TTAB 1986); and Giant Food, Inc. v. Standard Terry Mills, Inc., 229 USPQ 955 (TTAB 1986).

In deciding a motion for summary judgment, the Board may not resolve an issue of fact; it may only determine whether a genuine issue of material fact exists. See TBMP section 528.01 and cases cited therein. A fact is material if it "may affect the decision, whereby the finding of that fact is relevant and necessary to the proceedings." Id.

Habanos seeks summary judgment not based upon depositions, answers to interrogatories, admissions on file, but rather solely on the Declaration of its counsel David Goldstein relating to *Guantanamera I*. Summary judgment was not designed to short-circuit a full case on the merits where, as we have here, factual issues are in dispute, and the legal issues are some of the most complex before this Board.

Because Habanos' registration was issued on the Supplemental Register, GCC had to wait to attack the mark

after it was registered because the only way to attack a supplemental registration is through a petition for cancellation under Section 24. The Act provides for such a proceeding specifically for supplemental registrations, which may be brought by anyone who believes he or she would be damaged by such a registration. A cancellation proceeding may be filed "at any time" against a supplemental registration, unless it is based on a claim of dilution, which can be filed only if the effective filing date of the registration is after the date the petitioner's mark became famous.

The most common reason for cancellation of a supplemental registration is if the mark is found to be generic and incapable of distinguishing the registrant's goods or services. However, a supplemental registration can also be cancelled on grounds of abandonment, lack of lawful use in commerce, likelihood of confusion, dilution and functionality. GCC attacked the registration at the earliest procedural opportunity. Now Habanos seeks to escape same by artfully moving for summary judgment based upon an unrelated opposition proceeding involving a mark owned by GCC for "tobacco, namely, cigars." Habanos conveniently overlooks the fact that the tables are turned and that its registration contains a multitude of

additional goods not at issue in *Guantanamera I*.

Issue Preclusion Does Not Apply

Under the doctrine of issue preclusion, issues which are actually and necessarily determined by a court of competent jurisdiction are normally conclusive in a subsequent suit involving the parties to the prior litigation. See Mother's Restaurant, Inc. v. Mama's Pizza, Inc., 723 F.2d 1566, 221 USPQ 394 (Fed. Cir. 1983); and International Order of Job's Daughters v. Lindeburg & Co., 727 F.2d 1087, 220 USPQ 1017 (Fed. Cir. 1984). Issue preclusion may be invoked against a party to the prior action unless it appears that the party against whom the doctrine is asserted did not have a full and fair opportunity to litigate the issue, or unless the court finds that it is otherwise unfair to permit the use of estoppel. See Perma Ceram Enterprises Inc. v. Preco Industries Ltd., 23 USPQ2d 1134 (TTAB 1992).

In *Guantanamera I*, Habanos' registration was not at issue. In fact, during that time, Habanos' mark was a pending application. Even so, since it was registered on the supplemental register, it never published for opposition. Rather, GCC took the first opportunity to attack the registration once it issued in early 2014. Prior to that, GCC had no procedural manner in which to

attack the registration. Therefore, it would be patently unfair for the Board to permit the use of issue preclusion/estoppel. It is enough that Habanos escaped the publication period, but to allow it to escape all attacks would provide special treatment to Habanos not granted to any other party. In short, GCC never had a full and fair opportunity to attack Habanos' registration. Issue preclusion was not designed for the unique circumstances currently before this Board.

Nearly every issue preclusion case found by the undersigned has to do with facts that are highly distinct from the unusual facts of this case.

As much as Habanos might try, for the reasons set forth above, there is no relitigation at issue in this Board proceeding. Rather, it so happens that this case does involve the same parties as the *Guantanamera I*. However, in the previous case Habanos' registration was not at issue, nor could it be at issue. In fact, there was no discussion of rum rights vis-à-vis cigar rights in that case.

I. LIKELIHOOD OF CONFUSION.

Habanos concocted the fiction that GCC is caught in the proverbial Catch-22, which if accepted by this Board will create dangerous precedent. Essentially, if Habanos'

argument is accepted Board litigants would be foreclosed from litigating a case just because they were involved with the same litigant for a similar mark even if the goods are different, and even if a subsequent supplemental registration issued to the party who's mark was not subject in the prior action. However, the fundamental problem with Habanos' argument is that it erroneously states that a claim for likelihood of confusion must fail simply if one factor, i.e., the related/unrelated nature of the goods, is found. Even if true, which it is not, the Board should not make such a finding of fact at the summary judgment stage. The likelihood of confusion analysis is fact intensive, and guidance is taken directly from the Trademark Manual of Examining Procedure ("TMEP") Section. 1207.01:

In In re E. I. du Pont de Nemours & Co., 476 F.2d 1357, 177 USPQ 563 (C.C.P.A. 1973), the Court of Customs and Patent Appeals discussed the factors relevant to a determination of likelihood of confusion. In ex parte examination, the issue of likelihood of confusion typically revolves around the similarity or dissimilarity of the marks and the relatedness of the goods or services. The other factors listed in du Pont may be considered only if relevant evidence is contained in the record. See In re Majestic Distilling Co., 315 F.3d 1311, 1315, 65 USPQ2d 1201, 1204 (Fed. Cir. 2003) (***"Not all of the DuPont factors may be relevant or of equal weight in a given case, and 'any one of the factors may control a particular case,'"*** quoting In re Dixie Restaurants, Inc., 105 F.3d 1405, 1406-07, 41 USPQ2d 1531, 1533 (Fed. Cir. 1997)); In re National Novice Hockey League, Inc., 222 USPQ 638, 640 (TTAB 1984). In an ex parte case, the following factors are usually the most relevant:

- The similarity or dissimilarity of the marks in their entireties as to appearance, sound, connotation and commercial impression.
- The relatedness of the goods or services as described in an application or registration or in connection with which a prior mark is in use.
- The similarity or dissimilarity of established, likely-to-continue trade channels.
- The conditions under which and buyers to whom sales are made, i.e. "impulse" vs. careful, sophisticated purchasing.
- The number and nature of similar marks in use on similar goods.
- A valid consent agreement between the applicant and the owner of the previously registered mark.

The Court of Appeals for the Federal Circuit has provided the following guidance with regard to determining and articulating likelihood of confusion:

There is no mechanical test for determining likelihood of confusion. The issue is not whether the actual goods are likely to be confused but, rather, whether there is a likelihood of confusion as to the source of the goods. In re Shell Oil Co., 992 F.2d 1204, 1208, 26 USPQ2d 1687, 1690 (Fed. Cir. 1993), and cases cited therein. ***Each case must be decided on its own facts.***

Id. (emphasis added).

Thus, "anyone of the factors" may be controlling on the case and it is the likelihood of confusion as to the source the "source of goods" that is controlling and not whether rum and cigars (or other goods listed in Habanos' registration) are likely to be confused. Thus, GCC's 2(d) claim can not be barred by issue preclusion when Habanos'

sole argument relies upon the "relatedness" of the goods.

While the goods are clearly related, See Declaration of Frank Herrera and exhibits cited therein, the other factors must be weighed and a full trial on the merits must be allowed. See generally Kraft Inc. v. Country Club Food Indus., Inc., 230 U.S.P.Q. 549 (T.T.A.B. 1986) (granting petition to cancel supplemental registration based on likelihood of confusion with petitioner's mark).

This is one of the primary reasons why barring GCC's claim (or similar factual cases) based upon issue preclusion is so dangerous.

Further, Habanos claims that "tobacco and alcohol products are not 'related' unless the plaintiff establishes special circumstances: that the plaintiff's mark is well-known and/or the defendant chose its mark to exploit the plaintiff's mark." See Respondent's Motion for Summary Judgment, pp. 2-3. However, those cases, even if true, do not address the fact that Habanos' registration includes several non-cigar related goods, namely " ... matches, cigar cutters, cigar boxes, cigar holders, tobacco pouches, smokers' pipes, ashtrays, matchboxes and humidors." Habanos also concedes that at least some Board decisions have found a likelihood of confusion between cigars and rum without any finding of these "special circumstances."

Because of this need for a highly factual analysis, summary judgment is not appropriate at this time.

The result may be different if the goods were at least classified in the same International Class. However, cigars are in International Class 34, whereas rum is in International Class 33. If Habano's position is accepted, GCC and others similiarly situated would be barred from such action if they are claiming rights in any of other 44 International Classes as long as the opponent can claim that there is some relatedness to the goods. This can not stand.

II. GEOGRAPHICALLY DECEPTIVELY MISDESCRIPTIVE.

GCC incorporates the above arguments against a finding of issue preclusion in this section as it applies.

Further, turning to Habanos' other arguments for summary judgment against Count II, it is equally without merit. For instance, Habanos also argues that GCC failed to alleged "materiality" in Count II. If true, this is not fatal to GCC's claim. Rather, the TTAB liberally grants motions for leave to amend to add allegations in instances similar to this. GCC acknowledges that motions for leave may not be granted if the amendment sought to be introduced would be futile. However, as argued above, issue preclusion does not apply and therefore the amendment would not be

futile.

III. GEOGRAPHICALLY DESCRIPTIVE.

Habanos' only argument for summary judgment on Count III is that "geographically descriptive" is not a "legally cognizable ground for cancellation from the Supplemental Register." This is either a blatant mis-statement of the law, or Habanos' statement is that the Count as written does not state a claim.

Habanos has not, and can not, cite a single case that supports its position that a mark on the Supplemental Register can not be cancelled on the grounds that it is geographically descriptive. Creatively, Habanos works the argument from the opposite. It argues that marks that are geographically descriptive can be registered on the Supplemental Register. GCC does not disagree. Rather, once registered on the Supplemental Register, a party that believes that it may be damaged by such registration can seek cancellation on this ground.

Habanos most fears this cause of action because the prosecution file history of its subject application contains ample damning evidence to support GCC's claim that the mark is merely descriptive. The Trademark Examiner assigned to that application stated as much. Unlike other applicants/registrants who can lawfully sell their goods in

United States commerce, Habanos can not demonstrate that its mark has or may one day overcome geographic descriptiveness by acquired distinctiveness. Thus, it knows all too well that its registration is doomed from the beginning. While GCC is confident of this, this matter must proceed to discovery so that the facts can be fully developed. At present, there are many disputed issues of fact such that summary judgment is improper at this stage.

Habanos' claim that Count III contains "... no allegation that the mark is incapable of distinguishing Respondent's goods," is meaningless since it is inherent in the allegation that the mark is geographically descriptive. As such, GCC seeks leave to amend to add the single statement/allegation that "Habanos' mark is incapable of distinguishing Respondent's goods" as set forth more fully below.

IV. GCC's MOTION TO AMEND.

Pursuant to Fed.R.Civ.P. 15 and TBMP Section 507 GCC moves the Board for leave to amend Count II and III to incorporate further minor allegations for each.

Under TBMP Section 507.02 a party may seek leave of the Board to amend a pleading; "leave must be freely given when justice so requires." Id. citing FRCP 15(a) and cases cited therein. The Board liberally grants leave to amend

pleadings at any stage of a proceeding when justice so requires, unless entry of the proposed amendment would violate settled law or be prejudicial to the rights of the adverse party or parties. Id. The requested motion to leave would not violate settled law or be prejudicial to Habanos since Habanos is well-aware of the causes of action against it, and there has not been any unreasonable delay by GCC. This action is at the early stages such that Habanos still has plenty of time to take discovery on the matter and prepare for a full trial on the merits. Id. and cases cited therein relating to timing of motion to amend at early stages of action.

In the event that the Board finds that Count II fails for failure to allege "materiality" and Count III fails because it does not include the specific allegation that "Habanos' mark is incapable of distinguishing Respondent's goods," then GCC herewith moves for leave to amend the Petition for Cancellation. To the extent that the Board finds this necessary, allowing GCC to amend to add these allegations would cause no harm to Habanos since Habanos is clearly on notice as to what Counts II and III are alleging and therefore Habanos is not in a position to claim prejudice.

WHEREFORE, Petitioner respectfully requests that the

Board deny Habanos' Motion for Summary Judgment. In the event that the Board finds Count II and III require additional pleading, then GCC respectfully moves this Board for leave to amend to add the additional allegations.

Dated this 9th day of October 2014

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CERTIFICATE OF GOOD FAITH & SERVICE

I certify that I conferred with counsel for Habanos regarding the requested Motion to Amend, but report that he did not consent to the motion. Further, I certify that a true and accurate copy of this motion was served on counsel for Respondent via US First Class Mail this 9th day of October 2014 to the address below:

David Goldstein, Esq.
RBSK&L
45 Broadway, 17th Floor
New York, New York 10002

s/FRANK HERRERA