

ESTTA Tracking number: **ESTTA635703**

Filing date: **10/29/2014**

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

Proceeding	92058848
Party	Defendant Corporacion Habanos, S.A.
Correspondence Address	DAVID B GOLDSTEIN RABINOWITZ BOUDIN STANDARD KRINSKY & LIEBERMAN PC 45 BROADWAY, SUITE 1700 NEW YORK, NY 10006-3791 UNITED STATES dgoldstein@rbskl.com
Submission	Other Motions/Papers
Filer's Name	David B. Goldstein
Filer's e-mail	dgoldstein@rbskl.com
Signature	/David B. Goldstein/
Date	10/29/2014
Attachments	MJP SJ Reply.pdf(315534 bytes)

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

GUANTANAMERA CIGAR CO., INC.,)	
)	
Petitioner,)	
)	
v.)	Cancellation No. 92058848
)	Registration No. 4464150
CORPORACION HABANOS, S.A.,)	
)	
Respondent.)	
)	

**RESPONDENT’S REPLY IN SUPPORT OF MOTION FOR JUDGMENT ON THE
PLEADINGS, AND FOR SUMMARY JUDGMENT BASED ON ISSUE PRECLUSION**

Respondent Corporacion Habanos, S.A. (“Habanos, S.A.” or “Respondent”), hereby files its Reply in support of its motion for judgment on the pleadings dismissing the Petition for Cancellation of Guantanamera Cigar Co., Inc. (“GCC”) in its entirety, and/or for summary judgment on Counts I and II of the Petition on grounds of issue preclusion.

I. Count I Must Be Dismissed Whether or Not The Goods Are Related

GCC fundamentally misunderstands (or chooses to misconstrue) Habanos, S.A.’s straightforward argument that GCC cannot prevail on its § 2(d) claim, because either there is no likelihood of confusion between the marks for dissimilar goods *as a matter of law* pursuant to binding precedent *or*, if the goods were found to be related (a necessary predicate to a finding of likelihood of confusion, and contrary to binding precedent), then GCC’s claim would be barred by issue preclusion, because, *as a matter of law*, GCC’s IC 33 Mark would be primarily geographically deceptively misdescriptive under the related goods doctrine, and hence could not support a § 2(d) cancellation claim. Thus, GCC is correct that it is in a “Catch-22” situation with respect to its § 2(d) claim based on its IC 33 Mark.

Contrary to GCC’s assertions, there is nothing “highly complex” about this case or

Habanos, S.A.’s grounds for dismissal of this Count (or of Counts II and III), and GCC is wrong in any event that summary judgment is “not designed” for “complex” legal issues. GCC Br. at 3, 5. Moreover, despite GCC’s repeated assertions that there are (never identified) fact issues in dispute, the grounds presented for judgment raise pure questions of law. *See, e.g., Levi Strauss & Co. v. Abercrombie & Fitch Trading Co.*, 719 F.3d 1367, 1371 (Fed. Cir. 2013) (“Whether preclusion applies to bar a particular action is an issue of law”).

Likewise, GCC’s assertion that there must be facts in dispute because Habanos, S.A. argues that Count I necessarily fails *as a matter of law* whether or not the goods are related, is meritless. Indeed, the point is precisely the opposite: it does not matter what the facts are, because there are only two alternatives – the goods are related or they are not related – and both lead to dismissal.

The Board can readily dispose of Count I, pursuant to FRCP 12(c), by adhering to all prior, including binding, precedent, which has repeatedly and explicitly rejected the “principle that the use of the *same mark* on tobacco and alcoholic beverage products results in likelihood of confusion,” and which holds precisely the opposite: “we are rather of opinion that this principle has been invoked only in the presence of ‘*special circumstances*’ such as *unfair competition* or a ‘*famous*’ or ‘*well known*’ mark.” *Schenley Distillers, Inc. v. General Cigar Co.*, 427 F.2d 783, 785 (CCPA 1970) (emphasis added); *see, e.g., Compania Insular Tabacalera, S.A. v. Maidstone Importers, Inc.*, 199 USPQ 238, 240, 242 (TTAB 1978) (following *Schenley* for *identical* cigar and tequila marks); Habanos, S.A. Brief (“HSA Br.”) at 11-15 (discussing cases).

GCC, of course, did not plead, does not claim, and does not seek leave to amend to plead, that the IC 33 Mark is famous, or well-known, or that Habanos, S.A. has engaged in unfair competition concerning the GUANTANAMERA mark.

GCC erroneously claims, without any citation, that “some Board decisions have found a likelihood of confusion between cigars and rum without any finding of these ‘special circumstances.’” GCC Br. at 11. In fact, the *only* such decision (by the Board or any court) of which Habanos, S.A. is aware is the non-precedential *In re Licores Veracruz*, 2012 WL 423807 (TTAB January 26, 2012), in which neither the applicant nor the examiner so much as mentioned any of the cited alcohol/cigar precedents, and which the Board either also did not mention, such as *Insular Tabacalera*, or failed to follow, including *Schenley*. See HSA Br. at 15-16.

However, even if the Board is not prepared to grant judgment at this time on the ground that there is no likelihood of confusion pursuant to the uniform and controlling precedents, the result – dismissal of Count I – is inevitably and unavoidably the same, and no discovery or facts can alter this result. As shown, *Guantanamera I* determined that GUANTANAMERA for cigars not from Cuba is geographically deceptive under § 2(e)(3). Thus, if cigars and the IC 33 goods were found to be related, as GCC alleges, and which is a necessary predicate to find a likelihood of confusion, then under the related goods doctrine, the IC 33 Mark is *also* geographically deceptive within the meaning of § 2(e)(3). And because geographically deceptive, the IC 33 Mark cannot support cancellation of Habanos, S.A.’s IC 34 mark under § 2(d). HSA Br. at 3-4, 16-19. None of GCC’s arguments enable it to avoid being caught between the rock of the binding cigar/alcohol precedents and the hard place of *Guantanamera I*’s § 2(e)(3) determination and the related goods doctrine.

Habanos, S.A. has shown that the specific *issue* of whether GUANTANAMERA for cigars not from Cuba is geographically deceptive under § 2(e)(3) was determined against GCC in the *Guantanamera I* litigation, and that all the elements of issue preclusion for that issue have been met, as set forth in numerous cited Federal Circuit precedents. See HSA Br. at 3-6, 17-18.

GCC does not contest that this issue was litigated and decided, and does not dispute that all the elements for issue preclusion in the cited Federal Circuit cases are met.

Instead, GCC argues that issue preclusion should not apply because it would be “unfair” to GCC. GCC Br. at 7-8. However, none of the cited controlling Federal Circuit cases contain an “unfairness” element in *addition* to the “full and fair opportunities to litigate issues for the party defending against preclusion.” *Empresa Cubana del Tabaco v. General Cigar, Inc.*, 753 F.3d 1270 (Fed. Cir. 2014). The sole case GCC cites in support of its proposed *additional* “unfairness” element is a brief comment in *dictum* in a 1992 Board decision involving *offensive, non-mutual* preclusion (unlike here, a *non-party* to the prior proceeding sought to invoke issue preclusion against a party). *See Perma Ceram Enterprises Inc. v. Preco Ind. Ltd*, 23 USPQ2d 1134, 1139 (TTAB 1992). In any event, GCC never explains why it is “unfair” to apply issue preclusion to the central issue in the decade of litigation – whether GUANTANAMERA for cigars not from Cuba is geographically deceptive under § 2(e)(3). Indeed, the only “unfairness” GCC identifies is that it did not have a prior “opportunity to attack Habanos’ registration,” GCC Br. at 8, which is wholly irrelevant to the identified *issue* precluded by *Guantanamera I*.

GCC is actually arguing against application of *claim* preclusion, not *issue* preclusion, in stating that “*Guantanamera I* had nothing to do with GCC’s rights in rum, nor Habanos’ rights in” its IC 34 Registration, or whether there is a likelihood of confusion between the IC 33 and IC 34 Marks. GCC Br. at 2-3, 7-8. Habanos, S.A., however, has not asserted *claim* preclusion, so GCC’s identification of *claims* that were not litigated is beside the point. Even if construed as “issues” not previously litigated, they are irrelevant to the unchallenged showing that the identified § 2(e)(3) *issue* was litigated, and all the elements of *issue* preclusion are met.

Further, GCC never contests Habanos, S.A.’s showing that: 1) the § 2(e)(3) related

goods doctrine applies to the goods under GCC's IC 33 Mark if those goods were found to be related to cigars, as GCC expressly alleges; 2) therefore, those related goods are also geographically deceptive under § 2(e)(3) as a matter of law; and 3) because geographically deceptive, the IC 33 Mark cannot support a § 2(d) cancellation claim. HSA Br. at 17-18.¹

Instead, and although very unclear, GCC apparently, and erroneously, attempts to avoid this conundrum by arguing, directly contrary to its own pleading, and without any legal support, that there can be a likelihood of confusion between the dissimilar IC 33 and IC 34 goods without a finding that the goods are related, which presumably would avoid the issue preclusion/related goods bar. GCC, however, has expressly pled that the goods *are* related, and has expressly premised its § 2(d) claim on that pleading. *See* Petition, ¶ 20; HSA Br. at 2, 10. GCC, of course, is not only bound by its pleading, *see, e.g.*, Wright & Miller, 30B *Fed. Prac. & Proc. Evid.* § 7026 & n.2 (2014 ed.) (citing numerous cases), but it does not seek leave to amend to delete that allegation or to allege that the goods are *not* related.

Moreover, although the Board generally considers a variety of factors in determining likelihood of confusion, GCC fails to identify any case involving *dissimilar* goods, as here, in which the Board found the goods were *not* related (*e.g.*, “complementary”), and yet still found a likelihood of confusion. Nothing in *In re DuPont de Nemours & Co.*, 476 F.2d 1357 (CCPA 1973), or its progeny is to the contrary (Indeed, *Insulara Tabacalera* was decided well after *DuPont*, which in no way overruled *Schenley*). *Licores Veracruz* itself directly turned on a finding that the goods are related. 2012 WL 423807, at *3.

¹ Without explanation, GCC appears to claim there is no issue preclusion as to the *IC 34* cigar accessories. GCC Br. at 2-3, 11. GCC simply misses the point that issue preclusion here is not directed at Habanos, S.A.'s IC 34 Mark, but at the unenforceability of GCC's IC 33 Mark under § 2(e)(3).

II. Count II, Alleging Geographic Deceptiveness, Is Barred by Issue Preclusion

GCC makes no additional argument that issue preclusion does not bar Count II, *see* GCC Br. at 12, which alleges that Habanos, S.A.’s mark is geographically deceptive because “the *cigars* are not of *Guantanamo* origin or connected with that specific location.” Petition ¶ 28 (emphasis added); *see id.* ¶¶ 26-27. Thus, GCC does not contest that the parties have already litigated the precise issue whether the material goods-place association for the mark GUANTANAMERA for *cigars* is with Guantanamo *only* or also with *Cuba*, and the Board and the district court have already held the latter. *See* HSA Br. at 4-6, and exhibits cited therein; *id.* at 19-21. And contrary to GCC’s suggestion, the *issue* litigated and decided is that there is a material goods/place association between the *goods* (*cigars*) and the *place* (*Cuba*), and nothing in the determination of *that* issue turns on whether the *owner* of the mark is GCC or Habanos, S.A.²

As its pleadings concede, GCC can arguably prevail on its § 2(e)(3) claim *only* if the *cigars* must be of “*Guantanamo* origin or connected with that *specific* location,” and not with *Cuba* generally. Because the Board and the District Court have already determined that issue against GCC, issue preclusion now bars GCC from re-litigating that same issue. Therefore, Count II fails to state a claim for cancellation, and it must be dismissed.

Separately, GCC does not dispute that it failed to allege a required element of a § 2(e)(3) claim – that the goods-place association is material to consumer purchasing decisions, and requests leave to amend to allege “materiality.” GCC Br. at 12, 15. This amendment should be denied because, as GCC admits, “motions for leave [to amend] may not be granted if the amendment sought to be introduced would be futile.” *Id.* at 12; *see, e.g., Leatherwood Scopes*

² The owner of the marked goods is relevant here only to the “deceptive” element: GCC’s mark is geographically deceptive because its goods do not come from Cuba; Habanos, S.A.’s goods are not deceptive, because its goods do come from Cuba.

International Inc. v. Leatherwood, 63 USPQ2d 1699, 1702-03 (TTAB 2002). The proposed amendment would be futile, because adding the “materiality” allegation would not alter the fact that issue preclusion bars Count II.

If the Board does not grant the motion for summary judgment on Count II, Habanos, S.A. conditionally³ does not object to GCC’s proposed amendment. GCC, of course, will be bound by that admission, including in defending Habanos, S.A.’s counterclaims for cancellation of GCC’s IC 33 Mark pursuant to § 2(e)(3) and issue preclusion. *See* Counterclaims, Counts I, II.

III. Count III, Alleging Geographic Descriptiveness, Must Be Dismissed

Count III, which seeks cancellation on the ground the mark is “geographically descriptive” fails to state a claim because a mark cannot be cancelled on the Supplemental Register on that ground. GCC asserts that Habanos, S.A. is incorrect, because it has not cited a case for that proposition. GCC, however, ignores the citations to the controlling authority – the Lanham Act – as well as to the TMEP and leading commentary, all of which are explicit that geographically descriptive marks are eligible for registration on the Supplemental Register, if “*not barred by other sections of the Act*,” TMEP § 1210.07(a) (emphasis added). *See* HSA Br. at 22 (citing and quoting 15 U.S.C. §§ 1091(a), 1094; TMEP § 1210.07(a); 2 McCarthy § 14:26).

By contrast, GCC not only cites no case, but it cites no statute or commentary in support of its erroneous, contradictory, illogical position that, although admittedly geographically descriptive marks are registrable on the Supplemental Register, they can also be cancelled “on this ground.” GCC Br. at 13. GCC ignores not only the plain language of the Lanham Act, but

³ Because GCC failed to file a proposed amended complaint, contrary to TBMP § 507.01, the content of GCC’s proposed amendment remains unclear. If Count II is not dismissed, Habanos, S.A. does not object to an amendment that “the goods-place association is material to the purchasing decisions of a significant portion of the relevant consumers,” and otherwise reserves its rights to challenge any proposed amendment, and further reserves its position that the relevant goods-place association is with Cuba, and not only Guantanamo, including based on the *Guantanamo I* holdings.

also TMEP § 1210.07(a), which explains, “A term that is primarily geographically descriptive of the goods/services under §2(e)(2) may be registered on the Supplemental Register, *if it is not barred by other section(s) of the Act.*” (Emphasis added). That the Board apparently has not found it necessary to address this obvious point merely supports the conclusion that § 23(a), 15 U.S.C. § 1091(a), means what it says.

Thus, GCC’s argument that the mark is “merely descriptive,” and that “[t]he Trademark Examiner stated as much,” is simply irrelevant. GCC Br. at 13. GCC simply invents the proposition, without any citation, that a mark on the Supplemental Register must “one day overcome geographic descriptiveness by acquired distinctiveness,” and, therefore, the Habanos, S.A. “registration is doomed from the beginning” because it cannot currently sell its goods under the mark. *Id.* at 14. United States foreign policy as well as the Lanham Act are directly to the contrary. The United States expressly authorizes registration of Cuban marks, despite the prohibitions on sales, in order to provide for the reciprocal protection of U.S. intellectual property in Cuba, *see* 31 C.F.R. §§ 515.527, 515.528; Addendum to Habanos, S.A.’s Answer (Dkt. 7: August 19, 1996 Ruling of Office of Foreign Assets Control); *Empresa Cubana del Tabaco*, 753 F.3d at 1272, 1275. The Lanham Act provides that: 1) marks may be registered pursuant to section 44(e), 15 U.S.C. § 1126(e), without claiming use in commerce, including on the Supplemental Register, *see* 37 C.F.R. § 2.47(b); 2) registrations, including on the Supplemental Register, may be maintained based on excusable non-use, *see* 15 U.S.C. § 1058(b)(2); 3) the PTO routinely recognizes that the Cuban embargo constitutes excusable non-use, *see, e.g., Corporacion Habanos, S.A. v. Anncas, Inc.*, Opp. No. 91165519, at 9-14 (TTAB Nov. 29, 2006); and 4) no statute, rule, case or commentary sets a time limit for a mark registered on the Supplemental Register to obtain “acquired distinctiveness,” lest it be “doomed.”

Although its argument is difficult to discern, GCC tries to make much of the fact that Habanos, S.A., in tracking § 23(a) (which provides that “[a]ll marks capable of distinguishing applicant’s goods or services” may be registered on the Supplemental Register, with certain specified exceptions, not including geographically descriptive marks), noted that GCC had not, and could not, allege that the mark is incapable of distinguishing Respondent’s goods. HSA Br. at 22. (GCC’s claim that Habanos, S.A.’s “sole argument [on Count III is] that GCC failed to include [this] magical allegation” is blatantly untrue). Thus, GCC did not plead, and does not now claim, that the mark is generic or functional, and such a claim would be frivolous. *See* GCC Br. at 6 (stating a mark on the Supplemental Register “most common[ly] cancelled if it “is found to be *generic* and *incapable of distinguishing* the registrant’s goods or services,” and noting additional grounds for cancellation on the Supplemental Register, but pointedly, and correctly, omitting geographic descriptiveness) (emphasis added).

Nevertheless, GCC claims that it should be permitted “to amend to add the single statement/allegation that ‘Habanos’ mark is incapable of distinguishing Respondent’s goods.”” *Id.* at 14. But the *sole* basis for the allegation is purely circular, not to mention at direct odds with § 23(a), and trademark law generally – “that the mark is incapable of distinguishing Respondent’s goods ... is inherent in the allegation that the mark is geographically descriptive.” *Id.* Obviously, GCC’s (plainly wrong) assertion is impossible to reconcile with § 23(a), and would render that section impossibly absurd, as § 23(a) both *authorizes* the registration on the Supplemental Register of geographically descriptive marks, and *prohibits* the registration of marks that are not capable of distinguishing an applicant’s goods.

Thus, leave to amend to add this legally baseless allegation should be denied, because it cannot alter the fact that the registration cannot be cancelled on grounds of geographic

descriptiveness. Finally, while GCC claims that “there are many disputed issues of fact” concerning Count III, GCC Br. at 14, it fails to identify a single one, let alone a material one, whether under the claim as pled, or as proposed to be amended.

CONCLUSION

For the reasons stated herein, and on all the prior papers and proceedings had herein, Respondent’s Motion for Judgment on the Pleadings and for Summary Judgment on grounds of issue preclusion should be granted.

Dated: October 29, 2014

By: /David B. Goldstein/
DAVID B. GOLDSTEIN
RABINOWITZ, BOUDIN, STANDARD,
KRINSKY & LIEBERMAN, P.C.
45 Broadway – Suite 1700
New York, New York 10006-1901
212-254-1111
dgoldstein@rbskl.com
Attorneys for Petitioner Corporacion Habanos, S.A.

CERTIFICATE OF SERVICE

The undersigned certifies that a true and correct copy of the foregoing Respondent’s Reply in Support of Motion for Judgment on The Pleadings, and for Summary Judgment Based on Issue Preclusion was served on Petitioner by mailing, postage prepaid, said copy on October 29, 2014, via U.S. first-class mail, to:

Frank Herrera
H NEW MEDIA LAW
55 S.E. 2nd Avenue
Delray Beach, Florida 33444
Counsel of Record for Petitioner

 /David B. Goldstein/
David B. Goldstein