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

Proceeding	92065427
Party	Plaintiff PEI Licensing, LLC
Correspondence Address	JOSEPH V NORVELL NORVELL IP LLC PO BOX 2461 CHICAGO, IL 60690 UNITED STATES Primary Email: officeactions@norvellip.com Secondary Email(s): tmonagan@norvellip.com, jnorvell@norvellip.com, mjohnson@norvellip.com 888-315-0732
Submission	Other Motions/Submissions
Filer's Name	Michael K. Johnson
Filer's email	officeactions@norvellip.com, mjohnson@norvellip.com, jnorvell@norvellip.com, tmonagan@norvellip.com
Signature	/Michael K. Johnson/
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**IN THE UNITED STATES PATENT AND TRADEMARK OFFICE BEFORE THE
TRADEMARK TRIAL AND APPEAL BOARD**

**In re Registration Nos. 4,209,005 and 4,209,004
Registered: September 18, 2012**



Marks: VERA CUBA and

PEI LICENSING, LLC,)	
)	
)	
Petitioner,)	
)	
v.)	Cancellation No. 92065427
)	
)	
HAVANA CLUB HOLDING, S.A.,)	
)	
Respondent.)	

**PETITION TO DIRECTOR FOR REVIEW OF
TTAB'S ORDER GRANTING SUMMARY JUDGMENT ON PETITIONER'S
ABANDONMENT CLAIM**

Pursuant to 37 CFR § 2.146 and TBMP § 905(a), PEI Licensing, LLC (“PEI” or “Petitioner”) respectfully submits this Petition to the Director of the United States Patent and Trademark Office (“Director”) requesting reversal of an order by the Trademark Trial and Appeal Board (the “Board”) granting summary judgement against Petitioner on its abandonment claim. The Board erred in issuing judgement against Petitioner as a matter of law because the Board failed to require a registrant claiming excusable nonuse to establish a *bona fide* intent to use its mark in commerce as required by Section 8 of the Lanham Act and the Commerce Clause of the U.S. Constitution. U.S. Const. art. 1, § 8, cl. 3.

Specifically, in an Order dated December 15, 2020, the Board denied reconsideration of an earlier order granting Havana Club Holding, S.A.’s (“HCH’s” or

“Respondent’s”) Cross-Motion for Summary Judgement. The Board found, as a matter of law, that HCH did not abandon its VERA CUBA trademarks and the associated U.S. trademark registrations (Reg. Nos. 4,209,005; 4,209,004) for “rum produced in Cuba” (the “VERA CUBA Marks”) on the sole basis that HCH filed declarations of excusable nonuse. Dkt. No. 36 at 3. PEI asks the Director to review the Board’s Order because its ruling failed to consider whether HCH established excusable nonuse as a matter of law.

PEI submits that the Board’s Order is at odds with the Constitutional requirement that registrations under Section 44(e) must be supported by a *bona fide* intent to use a mark in commerce at all times, and that the mere filing of a Section 8 excusable nonuse declaration—even if there are circumstances present that excuse nonuse—does not discharge the *bona fide* intent requirement of Lanham Act Section 8(b)(2)(B). When an excusable nonuse declaration is challenged, the registrant must produce documentary or other sufficient evidence of an ongoing *bona fide* intent to use the mark. If the registrant cannot, the registration is subject to cancellation for abandonment. To hold otherwise is inconsistent with the constitutional use in commerce requirements of the Lanham Act.

I. BACKGROUND

On December 10, 2017, PEI filed its Cancellation Action alleging: (1) that HCH did not have a *bona fide* intent to use the VERA CUBA Marks at the time of filing, as required by 15 U.S.C. § 1126; and (2) that if the registrations were ever valid, HCH has abandoned the VERA CUBA Marks pursuant to 15 U.S.C. § 1064. Dkt. No. 1. HCH’s VERA CUBA Marks are registered pursuant to Section 44(e), based on corresponding Benelux registrations for the Marks. The U.S. registrations (Reg. Nos. 4,209,005; 4,209,004) issued in 2012. In June 2018, HCH filed Declarations of Excusable Nonuse under Section

8 for both of the VERA CUBA Marks. In its “Excusable Nonuse Explanation,” HCH stated:

This mark is not being used in commerce on any of the goods recited in the registration due solely to special circumstances, namely the embargo on trade with Cuba implemented by the Cuban Assets Control Regulations, 31 C.F.R. Part 515, which have been in force since 1963 and which prohibit the importation, distribution, or sale in the United States of goods produced in Cuba. Nonuse is not due to any intention to abandon the mark and, *on information and belief*, the registrant intends that the mark will be used in commerce as soon as is practicable after the embargo is lifted (emphasis added).

See Dkt. No. 17 at 10–11.

This lone statement made “on information and belief” does not support HCH’s claimed *bona fide* intent to use the VERA CUBA Marks. As discovery progressed in the proceeding, PEI repeatedly demanded that Respondent produce documents to support its claims of a *bona fide* intent to use the VERA CUBA Marks in U.S. commerce, and HCH produced no documentary evidence to support its *bona fide* intent claim. Instead, HCH relied on a French Blocking Statute, and refused to produce a single responsive document to support its position.

As a result, PEI moved for Summary Judgement on April 9, 2019. Dkt. No. 17. PEI’s Motion for Summary Judgement detailed how HCH has not produced any evidence demonstrating a *bona fide* intent to use the VERA CUBA Marks at the time of filing or at any time since that date. Consistent with the Petition for Cancellation, PEI’s Motion for Summary Judgement argued that HCH: (1) lacked the required *bona fide* intent to use the VERA CUBA Marks at the time it filed the applications; and (2) regardless, and in the alternative, that HCH did not have a *bona fide* intent when it filed its declarations of excusable nonuse in 2018.

On June 10, 2019, HCH filed a Cross-Motion for Summary Judgement on these

claims, and the parties then filed reply briefs on their respective motions. On June 30, 2020, the Board issued an order denying PEI's Motion, and granting HCH's Cross-Motion on the abandonment claim. Dkt. No. 30. The Board determined that HCH never abandoned its VERA CUBA Marks, and Registration Nos. 4,209,004 and 4,209,005 remain valid, because HCH filed Section 8 declarations claiming excusable nonuse stemming from the Cuban embargo that prohibits the sale of Cuban rum in the United States. Dkt. No. 30 at 7.

The Board's Order granting summary judgment on the abandonment claim to HCH did not address the statutory requirement that HCH must also possess a *bona fide intent* to use the VERA CUBA Marks at the time of filing its Section 8 nonuse declarations. See 37 C.F.R. §2.161 ("If the registered mark is not in use in commerce" then registrant must establish "nonuse ... is due to special circumstances that excuse the nonuse *and is not due to an intention to abandon the mark*") (emphasis added). The Board found that there was a dispute as to whether HCH had a *bona fide* intent at the time of filing, but concurrently found that there was no dispute regarding HCH's *bona fide* intent when HCH filed its Section 8 declarations nearly seven years later.

Given the clear error in the Board's ruling, PEI filed a Motion for Reconsideration on July 30, 2020 seeking to reinstate its abandonment claim. Dkt. No. 31. On December 15, 2020, the Board issued an Order denying the Motion for Reconsideration. Dkt. No. 36. In its December 15 Order, the Board held "there is no genuine dispute that the Cuban trade embargo constitutes a special circumstance that is beyond Respondent's control and therefore sufficient to excuse any nonuse arising therefrom." *Id.* at 3. However, again, the Board did not address the legal requirement that HCH must also possess a *bona fide*

intent to use the VERA CUBA Marks at the time of filing its Section 8 nonuse declarations. The Board's reasoning on dismissing PEI's abandonment claim summarized its analysis as follows: "[a]s Respondent's nonuse is excused, there can be no abandonment." *Id.* The Board's conclusion in dismissing PEI's abandonment claim is a misstatement of the applicable law on abandonment.

II. ARGUMENT

A. Requirements for a Petition to the Director

A party has broad discretion to file a petition to the Director following an interlocutory order of the Trademark Trial and Appeal Board, especially in instances involving decisions that are dispositive of a party's federal trademark rights, and when the applicable law on the issue has been misapplied. In particular, a petitioner can request review by the Director in the following non-exhaustive situations: (a) "[t]o invoke the supervisory authority of the Director in appropriate circumstances," or (b) "[i]n an extraordinary situation, when justice requires...." TBMP §§ 905(a)(3)(5); 37 C.F.R. § 2.146. A petition from an interlocutory order of the Trademark Trial and Appeal Board must be filed by no later than thirty days after the issue date of the order from which relief is requested. TBMP § 905(e)(2).

B. PEI's Petition is Appropriate Because the Board's Ruling Ignores the Constitutional Requirements Codified in the Lanham Act, and the Parties Will Need to Reopen Discovery When the Board's Order is Reversed on Appeal

Based on the facts detailed in this timely-filed Petition, PEI submits that the Board's ruling on the issue of abandonment was in clear error, and the order must be modified to reinstate PEI's abandonment claim. Specifically, the Board's order dated June 30, 2020

(Dkt. No. 30) was based on an error of law, as was the Board's subsequent Order of December 15, 2020 affirming this decision. Dkt. No. 36.

This Petition for review is warranted because the Board's dismissal of PEI's abandonment claim is dispositive of one of PEI's core claims, and it directly impacts PEI's U.S. trademark rights.

PEI understands that there are other methods to appeal the Board's Order, including appealing the Board's decision to the Federal Circuit after the case concludes at trial, or after the proceedings are otherwise terminated via adjudication by the Board. However, judicial economy favors the Director reviewing the Board's error at this stage of the proceeding. Importantly, discovery in the Cancellation Action has yet to close. Accordingly, if PEI were to prevail on its appeal of the dismissal of the abandonment claim before the Federal Circuit, then the parties would need to re-engage in discovery on the abandonment issue in order to fully assess the merits of PEI's abandonment claim. All of these factors support PEI's position that the Board's ruling is ripe for immediate review by the Director, and that PEI's Petition is appropriate.

C. PEI's Petition to the Director Should Be Granted, and the Board Should Reinstate PEI's Abandonment Claim Because the Board's Ruling Violates the Commerce Clause

The Board's Order on abandonment contained a clear legal error in granting summary judgment to HCH on PEI's abandonment claim based on the finding that there is no genuine issue of material fact whether HCH's has excusable nonuse.

The Board correctly stated that, in order for PEI to establish abandonment, PEI must prove two factors:

1. That HCH is not using the mark with its goods and services, and
2. HCH has no intent to resume use. Dkt. 30 at 5.

However, the Board incorrectly held that PEI failed to satisfy the first element of nonuse by summarily finding that HCH's nonuse in the period following registration was excusable nonuse, without taking into consideration that a genuine issue of material fact exists on the issue of excusable nonuse. Dkt. No. 30 at 7. *See also* Dkt. No. 36 at 3 ("As Respondent's nonuse is excused, there can be no abandonment.").

The Board erred because the Board failed to even consider whether all three of the elements required to establish HCH's alleged excusable nonuse are in dispute. Section 8 of the Lanham Act enumerates the requirements to establish when a mark may be maintained due to excusable nonuse:

- (A) set forth the goods and services recited in the registration on or in connection with which the mark is not in use in commerce;
- (B) include a showing that any nonuse is due to special circumstances which excuse such nonuse *and is not due to any intention to abandon the mark*; and
- (C) be accompanied by the fee prescribed by the Director.

15 USC § 1058(b)(2). (emphasis added).

While factors (A) and (C) above are not in dispute, a genuine issue of material fact exists on factor (B). Specifically, while the Board properly found that special circumstances exist that excuse non-use, namely, the Cuban Embargo, the Board's Order failed to mention, address, or analyze how the presence of the Cuban embargo establishes that HCH has the requisite ongoing *bona fide* intent to use the VERA CUBA Marks in U.S. commerce that is required in order for the Board to find excusable nonuse under Section 8 of the Lanham Act. The Board's Order simply ignores HCH's requirement that it does not have an intention to abandon the mark by showing that it has a *bona fide*

intent to use the VERA CUBA Marks in commerce. This ruling ignores the Lanham Act's Constitutional mandate that a registrant must have actual use in commerce, or an ongoing *bona fide* intent to use a mark in commerce, in order support a registration. *Id.* These provisions of the Lanham Act are codified in Section 8(b)(2)(B) to ensure compliance with the U.S. Constitution's Commerce Clause. To hold otherwise, would mean that this provision of the Lanham Act violates the U.S. Constitution. U.S. Const. art. 1, § 8, cl. 3.

Importantly, the record shows that a genuine issue of material fact exists as to whether HCH can establish the *bona fide* intent to use in commerce. As highlighted in PEI's Motion for Summary Judgement, Respondent HCH has made public statements that it intends to use another mark entirely (the HAVANISTA mark) for its Cuban rum, and not the VERA CUBA Marks. Dkt. No. 17 at 8–9. These public statements—and the absence of any documentary evidence to the contrary produced by HCH—create a clear question of material fact as to whether HCH had the requisite *bona fide* intent to establish excusable nonuse at the time it filed the Section 8 declarations for the VERA CUBA Marks. Because HCH lacked undisputed *bona fide* intent, the Board cannot find that HCH has excusable nonuse, as a matter of law. *See Kelly Servs., Inc. v. Creative Harbor, LLC*, 846 F.3d 857, 864 (6th Cir. 2017) (quoting *Honda Motor Co.*: “As a general rule, the factual question of intent is particularly unsuited to disposition on summary judgment.”).

Even if circumstances exist to excuse nonuse of the VERA CUBA Marks with Cuban rum, HCH must still demonstrate that it does not intend to abandon its mark and had an ongoing *bona fide* intent to do so in order to maintain the registrations under Section 8. *See Research in Motion Ltd. v. NBOR Corp.*, 92 U.S.P.Q.2d 1926, 1931 (T.T.A.B. 2009) (precedential) (finding that evidence bearing on *bona fide* intent must be

in the form of real facts, documentary evidence and by the actions of applicant, not by applicant's testimony as to its subjective state of mind); *Honda Motor Co., Ltd. v. Winkelmann*, No. 91170552, 2009 WL 962813, at *2 (T.T.A.B. 2009) (finding foreign applicant lacked bona fide intent for filing under § 44(e) where he failed to produce any documentary evidence of intent to use mark for applied-for goods in U.S. commerce).

In short, in order to prevail on its Cross Motion for Summary Judgment that it did not abandon the Marks, HCH would need to produce indisputable evidence that it had the *bona fide* intent to use the Marks that is required to establish excusable nonuse. HCH has produced no such evidence—merely self-serving USPTO form declarations of excusable nonuse with a statement of intent based on information and belief, which is inconsistent with the evidence produced by PEI. This is not enough to sustain any U.S. federal registration. *See Lane Ltd. v. Jackson International Trading Co.*, 33 U.S.P.Q.2d 1351, 1356 (T.T.A.B. 1994) (asserting that an applicant's "mere statement of subjective intention, without more, would be insufficient to establish applicant's *bona fide* intention to use the mark in commerce"). If anything, HCH's statement made "on information and belief" alone—without any documentary evidence supporting it—suggests that HCH is planning to reserve the VERA CUBA Marks indefinitely without actual use and without any true plans to use them, a practice that is directly at odds with the *bona fide* intent to use in commerce requirement of the Lanham Act, and the U.S. Constitution.

III. CONCLUSION

For the reasons stated above, PEI asks the Director to review and modify the Board's order dated December 15, 2020 affirming summary judgment to HCH on PEI's abandonment claim. At a minimum, PEI asks the Director to review the Board's order,

and require the Board to issue an amended order denying HCH's Cross-Motion for Summary Judgement in its entirety on the basis that a genuine issue of material fact exists as to whether HCH abandoned its VERA CUBA Marks.

Respectfully submitted,

PEI LICENSING, LLC.

Dated: January 14, 2021

By: /s/ Michael K. Johnson
Joseph V. Norvell
Thomas M. Monagan, III
Michael K. Johnson
NORVELL IP LLC
PO Box 2461
Chicago, IL 60690
Telephone: (888) 315-0732
Facsimile: (312) 268-5063
officeactions@norvellip.com

Attorneys for PEI LICENSING, LLC.

CERTIFICATE OF SERVICE

I hereby certify that I have served PEI'S PETITION TO DIRECTOR FOR REVIEW OF TTAB'S ORDER DISMISSING PEI'S ABANDONMENT CLAIM on the following counsel this 14th day of January, 2021 via e-mail to:

DAVID H. BERNSTEIN
DEBEVOISE & PLIMPTON LLP
919 THIRD AVENUE
NEW YORK, NY 10022
UNITED STATES

dhbernstein@debevoise.com; csford@debevoise.com;
trademarks@debevoise.com

Dated: January 14, 2021

By: /s/ Michael K. Johnson
Michael K. Johnson