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

Proceeding	92065427
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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.	)	

PEI'S REPLY IN SUPPORT OF ITS MOTION TO COMPEL DISCOVERY RESPONSES AND EXTEND DISCOVERY PERIOD FOR GOOD CAUSE

Discovery in this case began nearly two-and-a-half years ago; and, despite a few suspensions, there has been plenty of time for HCH to produce documents relating to its *bona fide* intent to use the VERA CUBA marks in U.S. commerce. Yet, HCH has not produced a single document responsive to PEI's requests.

HCH now claims that relevant documents actually do exist in Cuba and that PEI's Motion to Compel was premature. This is assuredly not the case. PEI filed its Motion just before the close of discovery because HCH had still not produced any responsive documents. Instead, HCH maintained that all relevant documents were located in France and were protected from discovery by the French blocking statute. To the extent HCH actually said on a phone call in early 2019 that it would search for documents in Cuba (and PEI does not recall this statement), HCH *never* notified PEI that it had actually found

relevant documents in Cuba, and—more importantly—it never produced those documents to PEI. If responsive documents actually exist, HCH could easily have produced them during discovery, or in connection with its Response to this Motion, so that PEI could assess whether they are actually responsive to PEI's requests.

HCH certainly has not met its burden to prove that the production of documents allegedly located in France should be prevented by the French Blocking Statute. Nor has it demonstrated why an adverse inference of no *bona fide* intent should not be imposed if HCH cannot produce similar documents from another source. Further, the argument that alternative sources of evidence exist that obviate the need for documents from France is misguided. Self-serving deposition testimony from HCH's witnesses is not a substitute for the production of objective evidence of intent. In addition, any documents from Cuba or anywhere else may not be sufficient to prove a *bona fide* intent, especially in the face of HCH's counsel's earlier representation that "[w]e are now able to advise that, under French law, all potentially responsive documents covered by PEI's document requests that have been identified to date are subject to criminal prohibition on their transfer to the United States for use in litigation" due to the French Blocking Statute. Dkt. No. 34 at 5.

For all of these reasons, PEI asks the Board to grant its Motion to Compel and order HCH to: (1) produce documents from France bearing on its *bona fide* intent, (2) immediately produce all documents from any other jurisdiction (including Cuba) that are responsive to PEI's requests (including to HCH's *bona fide* intent from the time of filing until now), and (3) if HCH still refuses to produce allegedly relevant documents from France, hold that PEI is entitled to an adverse inference that no documents relating to

HCH's *bona fide* intent exist in France.

I. ARGUMENT

A. If HCH Intends to Rely on Documents Held in France to Support its Claimed *Bona Fide* Intent, HCH Must Produce Them.

HCH availed itself of the protections of U.S. trademark law when it filed its applications for the VERA CUBA Marks, as well as its Section 8 declarations to maintain its registrations. More than two years ago, PEI timely served targeted Requests for Production related to HCH's claimed plans to use the VERA CUBA Marks in U.S. commerce. PEI detailed these reasonable document requests in its Motion to Compel. *See* Dkt. No. 34 at 3–4. To date, HCH has failed to produce a single document from any country to support that HCH is entitled to the protection of U.S. trademark laws for these marks. Throughout discovery, HCH has continued to rely on the "French Blocking Statute" as a blanket source of protection from producing the essential documents that would prove, or otherwise refute, PEI's core claims that HCH lacks the requisite *bona fide* intent to use the VERA CUBA Marks in U.S. commerce.

As detailed in PEI's Motion, in cases such as this one where the documents held in France go to (or, in this case, allegedly go to) the very core of the parties' claims, the prevailing and binding jurisprudence—including U.S. Supreme Court precedent—calls for the prompt disclosure of these documents. PEI's Motion to Compel cited the numerous U.S. tribunals that routinely reject the French Blocking Statute as a valid basis for refusing to produce critical documents, which are not merely ancillary or incidental to a party's claims. Specifically, U.S. courts strongly disfavor any reliance on "sham" blocking statutes to hide key documents in foreign jurisdictions. *See Minpeco, S.A. v. Conticommodity Servs., Inc.*, 116 F.R.D. 517, 528 (S.D.N.Y. 1987) ("the party resisting discovery has relied

on a sham law such as a blocking statute to refuse disclosure").

Not surprisingly, HCH's Response did not cite to a single TTAB case where a foreign national was permitted to refuse to produce key documents on the sole basis that the documents are being held pursuant to a foreign blocking statute, and PEI is not aware of any Board precedent of this nature. No such case law exists because it would be directly at odds with the overwhelming U.S. precedent, and the notion that parties must fairly and promptly disclose targeted and appropriate discovery for proceedings before the Board. *See*, *e.g.*, *Societe Nationale Industrielle Aerospatiale v. U.S. Dist. Court for S. Dist. of Iowa*, 482 U.S. 522, 544 n.29 (1987) (citing *Société Internationale Pour Participations Industrielles et Commerciales, S.A. v. Rogers*, 357 U.S. 197, 204–206 (1958) ("It is well settled that such statutes do not deprive an American court of the power to order a party subject to its jurisdiction to produce evidence even though the act of production may violate that statute."); *Connex R.R. LLC v. AXA Corp. Sols. Assurance*, WL 3433542, at *5 (C.D. Cal. Feb. 22, 2017) ("The mere existence of a blocking statute does not preclude an American court from ordering discovery from a foreign litigant"). Withholding the documents at issue here is particularly problematic, because PEI is seeking (among other things) the very documents that establish whether it was proper for HCH to file the applications and maintain the registrations at issue in this case.

B. The Board's Multi-Factor Analysis Supports Compelling the Disclosure of HCH's Documents.

The Board may make an appropriate multi-factor inquiry to assess whether HCH, a foreign-based party to these proceedings, must produce documents. These factors include: (1) whether alternative sources of the information sought have been made available; (2) whether the non-complying party will incur criminal liability; and (3) the good

faith of the non-complying party. TBMP § 406.01. In view of the record, all three factors, coupled with controlling U.S. case law on the issue, favor the production of HCH's documents held in France.

1. HCH Has Not Made Alternative Sources of Information Available Relating to its Intent to Use the VERA CUBA Marks.

HCH has not produced a single document from any country on any issue. It could have produced these documents early in discovery, but it did not. It also could have produced them more recently. In fact, HCH incorrectly states that the proceedings were suspended while the Board reviewed PEI's Motion for Reconsideration between July 2020 and September 2020, when PEI filed this Motion. Response (Dkt. No. 41 at 1). However, neither the Board's orders nor the TBMP established a suspension of discovery obligations during this time. In addition, there was nothing preventing HCH from producing any newly discovered documents (from Cuba or elsewhere) even after PEI filed the instant Motion. The fact that proceedings are suspended by PEI's Motion is not an excuse for not producing these so-called relevant documents now.

HCH has maintained throughout this proceeding that no responsive documents are located in the United States. In fact, on November 29, 2018, HCH's counsel represented in writing that there are no responsive documents located within the United States and HCH will not produce any documents that exist outside of the United States, citing the French Blocking Statute: "We are now able to advise that, under French law, all potentially responsive documents covered by PEI's document requests that have been identified to date are subject to criminal prohibition on their transfer to the United States for use in litigation." Dkt. No. 34 at 5. HCH now claims that it previously told PEI that responsive documents existed in Cuba, but this is simply not the case. In fact, HCH does

not cite to any representation that it made to PEI that it had actually identified responsive documents in Cuba. Instead, HCH includes a declaration regarding the parties' meet and confer call on February 8, 2019 where HCH claims it "informed PEI that it was *in the process of assessing* what responsive documents existed in Cuba and that it would produce *any such* documents upon review." Response (Dkt. No. 41; Ford Decl., ¶ 10). (emphasis added). Counsel for PEI does not recall a statement to that effect by counsel for HCH in February 2019. Regardless, HCH never informed PEI that it actually found relevant documents in Cuba; and, more importantly, HCH never produced these allegedly relevant documents during discovery. For this reason, PEI understood that the only responsive documents were in France, as HCH previously represented. To the extent that HCH has responsive documents from Cuba that are ready for production, HCH has not adequately explained why it has taken more than two years to produce them—in fact, past the Board's scheduled deadline for the close of discovery.

HCH also suggests that depositions of its executives would serve as an adequate substitute for HCH's failure to produce documents. Response (Dkt. No. 41 at 7). PEI disagrees, and the Board does as well, as detailed in the Board's order denying HCH's Cross-Motion for Summary Judgment. Dkt. No. 30 at 8 ("[W]e do not find [HCH]'s testimonial evidence, in view of all the circumstances raised therein, sufficient to establish the absence of a genuine dispute of material fact that it had a *bona fide* intent to use its marks in commerce at the time of filing."). Therefore, HCH must produce these allegedly responsive documents in order for PEI to test the veracity of HCH's witnesses' statements regarding HCH's alleged *bona fide* intent. Depositions of HCH's executives are not an acceptable alternative source of the information found in the documents that are being

withheld by HCH. *See Id. citing M.Z. Berger & Co., Inc. v. Swatch AG*, 787 F.3d 1368 (Fed. Cir. 2015) ("circumstances must indicate that the applicant's intent to use the mark was firm and not merely intent to reserve a right in the mark," and rejecting applicant's claim of *bona fide* intent in light of conflicting documentary evidence and testimony).

2. HCH Claims it Will Suffer Criminal Liability, but Provides No Details to Support that Claim.

HCH's Response fails to articulate the nature of the documents it is withholding pursuant to the French Blocking Statute, and how the production of these documents would subject HCH to any criminal liability. As stated above and in PEI's Motion to Compel, countless foreign entities and foreign nationals have produced documents held in France in disputes in the United States—in spite of the alleged reach of the French Blocking Statute. HCH's Response does not include a single example of any third party who has been found criminally liable under the French Blocking Statute for producing documents held in France in U.S. litigation. HCH's position rests solely on the vague assertion that it "may" be subject to criminal liability, but HCH does not explain what basis the French government would have to pursue criminal penalties against HCH for producing documents related to HCH's sale of rum in the United States or—most importantly—HCH's evidence that it has always had a *bona fide* intent to use the VERA CUBA marks in U.S. commerce.

The French government's interest in HCH's sale of rum to U.S. consumers is completely remote to these proceedings, and the French Blocking Statue is inapplicable as a result. If the French government truly prohibits the disclosure of these documents related solely to HCH's planned operations in U.S. commerce, then the Board should require HCH to produce a certified order from the French government (or at least a

comparable official French legal authority) confirming that disclosure of these documents would be prohibited.

HCH also argues that PEI should use the Hague Convention if it wants documents in France. However, this process is time consuming and expensive, and it is not a burden PEI should be forced to endure to discover information HCH needs to prove the validity of its VERA CUBA trademark. Dkt. No. 41 at 5. The Supreme Court has stated that the Hague Convention is a clearly "optional" procedure for obtaining documents held abroad, and should be reserved for when alternative means are unavailable. *See Societe* 482 U.S. at 533 ("The [Hague] Convention's plain language, as well as the history of its proposal and ratification by the United States, unambiguously supports the conclusion that it was intended to establish optional procedures for obtaining evidence abroad.") Surely, PEI should not be required to force the production of HCH's documents held in France through *more burdensome* means, such as the Hague Convention, as HCH insists. This would just waste time and resources, when there is no legitimate reason for HCH not to produce the documents itself. HCH has not produced any precedent to suggest that it is less likely to suffer liability under the Blocking Statute if the documents are produced pursuant to the Hague Convention rather than documents requests in a TTAB proceeding.

3. HCH Has Not Acted in Good Faith in Withholding Documents Relating to its Bona Fide Intent.

The Board has already noted that HCH's reliance on the French Blocking Statute raises serious questions about "Respondent's good faith effort to discharge its duty to cooperate in discovery." Dkt. No. 30 at 8. In addition to refusing to produce any of the allegedly responsive documents apparently located in France, HCH has represented that

"[n]o responsive documents exist in the U.S." *See*, *e.g.*, Dkt. No. 41 at 8, fn. 3. Further, it took PEI filing a Motion to Compel before HCH finally claimed that it had found documents in Cuba which HCH believes are relevant to this proceeding. More importantly, HCH did not produce those documents during the original time set for discovery.

HCH's tactics in discovery aimed at withholding responsive documents conflict with the important interests of the U.S. government at stake in this proceeding. HCH's failure to promptly disclose apparently responsive documents undermines the goal of ensuring the legitimacy of U.S. trademark filings and maintaining the integrity of the USPTO's Principal Register. In light of HCH's production stonewalling, and facing a close of discovery, PEI was left with no choice but to file this Motion to Compel.

In the end, if HCH intends to rely on the French Blocking Statute to prevent discovery on *the* fundamental issues in this case, PEI should be entitled to an adverse inference that no such documents exist in France

II. CONCLUSION

Applicant respectfully requests that the Board issue an Order compelling HCH to respond to PEI's Requests for Production of documents, including any materials currently being withheld under the French Blocking Statute. Applicant further expressly reserves the right to seek discovery sanctions or additional time for discovery after receiving HCH's response. Certainly, now that it is clear that HCH has been withholding potentially relevant and responsive documents, PEI requests that the Board extend the discovery period for good cause shown for an additional 90 days.

The Board should confirm an extension of the discovery schedule, and it should order HCH to promptly produce all documents (by a date certain) on which it intends to

rely to support its claims of a *bona fide* intent to use VERA CUBA at any time since the applications were filed. To the extent HCH does not produce those documents by that deadline, including any documents located in France that relate to its *bona fide* intent, HCH should be expressly barred from introducing any such documents at a later date.

Respectfully submitted,

PEI LICENSING, LLC.

Dated: February 16, 2021

By: /s/ Michael K. Johnson

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CERTIFICATE OF SERVICE

I hereby certify that I have served PEI'S MOTION TO COMPEL DISCOVERY RESPONSES AND EXTEND DISCOVERY PERIOD FOR GOOD CAUSE on the following counsel this 16th day of February, 2021 via e-mail to:

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Dated: February 16, 2021

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