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# Caught between a Mark and a Hard Place: Resolving U.S.-Cuban Trademark Disputes in a Post-Embargo World

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# CAUGHT BETWEEN A MARK AND A HARD PLACE: RESOLVING U.S.-CUBAN TRADEMARK DISPUTES IN A POST-EMBARGO WORLD

Mary Grace Griffin\*

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## I. INTRODUCTION

On December 17, 2014, President Barack Obama announced the restoration of full diplomatic ties between the United States and Cuba after nearly fifty-five years of economic embargo and diplomatic isolation.<sup>1</sup> The tumultuous relationship between the two countries dates back to the 1959 Cuban Revolution led by Fidel Castro which established Cuba as a revolutionary socialist state.<sup>2</sup> As the United States fought the Cold War against the Soviet Union, Castro's regime "increased trade with the Soviet Union, nationalized U.S.-owned properties, and hiked taxes on American imports [, and]"<sup>3</sup> the United States responded with escalating economic retaliation" that eventually led to a full economic embargo.<sup>4</sup>

Despite President Obama's rapprochement announcement, the Cuban embargo nevertheless remains in full force and effect today.<sup>5</sup> The embargo prohibits the transfer of property rights between persons and entities subject to the jurisdiction of the United States and Cuba.<sup>6</sup> Among these prohibited transfers are those of trademarks.<sup>7</sup>

Because the embargo prohibits the transfer of property rights from domestic entities to Cuban entities, well-known Cuban marks receive little protection in the United States.<sup>8</sup> Although both the United States and Cuba are members of international intellectual property treaties,<sup>9</sup> U.S. courts consistently hold "that U.S. domestic law codifying the embargo outweighs the treaty obligations of the United States in conforming to international intellectual property law."<sup>10</sup> The

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<sup>1</sup> *Timeline: U.S.-Cuba Relations*, COUNCIL ON FOREIGN RELATIONS (last visited Mar. 29, 2016), <http://www.cfr.org/cuba/timeline-us-cuba-relations/p32817>; *CFR Backgrounders: U.S.-Cuba Relations*, COUNCIL ON FOREIGN RELATIONS (last visited Mar. 29, 2016), <http://www.cfr.org/cuba/us-cuba-relations/p11113> [hereinafter *Backgrounders*].

<sup>2</sup> *Backgrounders*, *supra* note 1.

<sup>3</sup> *Id.*

<sup>4</sup> *Id.*; see Cuban Assets Control Regulations, 31 C.F.R. § 515 (2015) (codifying the trade embargo against Cuba); Cuban Liberty and Democratic Solidarity (Libertad) Act of 1996, 22 U.S.C. § 6021 (2015) (tightening the existing trade embargo against Cuba).

<sup>5</sup> See *supra* note 4.

<sup>6</sup> 31 C.F.R. § 515.201 (2015).

<sup>7</sup> *Id.* § 515.311.

<sup>8</sup> Mindy Pava, *The Cuban Conundrum: Proposing an International Trademark Registry for Well-Known Foreign Marks*, 25 EMORY INT'L L. REV. 631, 632 (2011).

<sup>9</sup> *Id.*

<sup>10</sup> *Id.*; see also *Empresa Cubana del Tabaco v. Culbro Corp.*, 399 F.3d 462, 481 (2d Cir. 2005) ("[L]egislative acts trump treaty-made international law when those acts are passed subsequent to ratification of the treaty and clearly contradict treaty obligations." (citation omitted) (internal quotation marks omitted)).

inability of Cuban entities to register their well-known marks in the U.S. allows U.S. entities, particularly those in the cigar and rum businesses, to register their own versions of well-known Cuban marks and market them throughout the United States.<sup>11</sup>

In theory, Cuban entities owning well-known Cuban marks, despite lacking registrations in the U.S., could seek relief against U.S. entities registering and marketing their own versions of well-known Cuban marks under the Paris Convention for the Protection of Intellectual Property (Paris Convention) or the 1929 General Inter-American Convention for Trade Mark and Commercial Protection (Pan-American Convention). Both treaties provide exceptions to the principle of territoriality characterizing U.S. and international trademark law, which holds that “trademark rights are bound by national borders.”<sup>12</sup>

The famous marks doctrine is the exception to the principle of territoriality set forth by the Paris Convention.<sup>13</sup> “The famous marks doctrine stands for the principle that [i]f a mark used only on products or services sold abroad is so famous that its reputation is known in the United States, then that mark should be legally recognized in the United States.”<sup>14</sup> The doctrine stands for the proposition that “[i]f a junior user were to use a mark in the United States that is confusingly similar to the foreign famous mark, then there would, by definition, be a likelihood of confusion among United States customers.”<sup>15</sup> In practice, however, claims for relief under the famous marks doctrine are rarely successful.<sup>16</sup>

In response to whether Cuban entities owning well-known Cuban marks unregistered in the U.S. may seek relief under the famous marks doctrine, federal circuits are split on the applicability of the famous marks doctrine to federal trademark law.<sup>17</sup> The Ninth Circuit recognizes the famous marks doctrine as incorporated into the Lanham Act codifying federal trademark law,

<sup>11</sup> See Pava, *supra* note 8, at 633.

<sup>12</sup> Christine H. Farley, *The Pan-American Trademark Convention of 1929: A Bold Vision of Extraterritorial Meets Current Realities*, in TRADEMARK PROTECTION AND TERRITORIALITY CHALLENGES IN A GLOBAL ECONOMY 57, 57 (Irene Calboli & Edward Lee eds., 2014).

<sup>13</sup> Article 6bis, *Convention Done at Stockholm July 14, 1967*; T.I.A.S. No. 6923, 21 U.S.T. 1583 (Sept. 5, 1970) (allowing the owner of a well-known foreign mark to seek refusal of registration or the cancellation and prohibit the use of a lesser-known domestic mark that is confusingly similar to the well-known foreign mark).

<sup>14</sup> Kristin Zobel, *The Famous Marks Doctrine: Can and Should Well-Known Foreign Marks Receive, at Trademark Protection Within the United States?*, 19 DEPAUL J. ART, TECH. & INTELL. PROP. L. 145, 145–46 (2008) (quoting 5 J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 29:4 (4th ed.)) (internal quotation marks omitted).

<sup>15</sup> MCCARTHY, *supra* note 14, § 29:4.

<sup>16</sup> See Pava, *supra* note 8, at 635 (“Thus, in rare cases, a trademark can receive protection even if the mark has failed to be used in commerce within the borders of the United States.”).

<sup>17</sup> Zobel, *supra* note 14, at 145–46.

whereas the Second Circuit does not.<sup>18</sup> Moreover, regarding Cuba-specific trademark disputes, the Second Circuit has held that even if the famous marks doctrine were incorporated into the Lanham Act, a Cuban entity owning the well-known, unregistered foreign mark would be nevertheless barred from seeking relief under the doctrine because of the embargo.<sup>19</sup> The Second Circuit reasoned that “[t]he Embargo Regulations do not permit [a Cuban entity] to acquire the power to exclude [a U.S. entity] from using the mark in the United States”<sup>20</sup> because acquiring the power to exclude via the famous marks doctrine would constitute a prohibited transfer of property rights to a Cuban entity in violation of the embargo.<sup>21</sup> The Second Circuit further reasoned that the U.S.’s commitment to enforcing the Cuban embargo trumps its commitment to complying with international intellectual property law set out in international treaties in which both the U.S. and Cuba are members.<sup>22</sup>

The Pan-American Convention, of which the U.S. and Cuba are both contracting states, also provides exceptions to the principle of territoriality in the form of priority rights.<sup>23</sup> The goal of the convention was to resolve fundamental differences between U.S. trademark law and that of other Latin American countries.<sup>24</sup> U.S. trademark law considered trademark rights to arise out of use of a mark, whereas Latin American countries considered trademark rights to arise only out of registration of a mark.<sup>25</sup> Therefore, in Latin American countries, “unless and until a mark was registered, it [was] available for use by anyone, and if it [was] registered, it [was] incontestable.”<sup>26</sup>

Article 7 of the Pan-American Convention entitles a trademark owner in a contracting state “the preferential right to use such mark . . . or priority to register . . .” in another contracting state.<sup>27</sup> Under Article 7, a trademark owner

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<sup>18</sup> See *Grupo Gigante SA De CV v. Dallo & Co.*, 391 F.3d 1088, 1099 (9th Cir. 2004); *ITC Ltd. v. Punchgini, Inc.*, 482 F.3d 135, 163 (2d Cir.), *certified question accepted*, 8 N.Y.3d 994, 870 N.E.2d 151 (2007), and *certified question answered*, 9 N.Y.3d 467, 880 N.E.2d 852 (2007); see also *Zobel*, *supra* note 14.

<sup>19</sup> *Empresa Cubana del Tabaco v. Culbro Corp.*, 399 F.3d 462, 481 (2d Cir. 2005); see also Lee Ann W. Lockridge, *Honoring International Obligations in U.S. Trademark Law: How the Lanham Act Protects Well-Known Foreign Marks (and Why the Second Circuit Was Wrong)*, 84 ST. JOHN’S L. REV. 1347, 1373 (2010).

<sup>20</sup> *Empresa*, 399 F.3d at 481 (2d Cir. 2005); see also Lockridge, *supra* note 19, at 1373.

<sup>21</sup> See *Empresa*, 399 F.3d at 481.

<sup>22</sup> See generally *id.* (citing multiple cases supporting the proposition that “to the extent that the Paris Convention, standing alone, might pose an irreconcilable conflict to the Regulations, the latter will prevail”); *supra* note 13.

<sup>23</sup> Farley, *supra* note 12, at 58.

<sup>24</sup> *Id.* at 61.

<sup>25</sup> *Id.*

<sup>26</sup> *Id.* at 62.

<sup>27</sup> *Id.* at 64.

in a contracting state may challenge an interfering mark's use or registration in another contracting state upon showing that the defendant had knowledge of the mark's existence and continuous use, and upon complying with the domestic requirements of the contracting state in which the actionable conduct took place.<sup>28</sup> Article 8 of the Convention extends Article 7's priority right to allow for cancellation of an interfering mark.<sup>29</sup>

Because Congress has not expressly modified or abrogated the U.S.'s Pan-American treaty obligations or followed the withdrawal provisions set forth by the treaty, our obligations remain in full force and effect.<sup>30</sup> With Latin American entities now owning valuable, globally recognized trademarks, the likelihood of encountering Article 7 and 8 claims in U.S. courts is no longer nonexistent. Rather, U.S. courts can expect to be confronted by such claims brought by Cuban entities if and when the embargo is repealed.

Congress is unlikely to repeal the embargo in the near future.<sup>31</sup> However, recent normalization between the U.S. and Cuba raises questions concerning how to resolve ownership disputes between U.S. and Cuban entities over well-known Cuban marks registered within the United States if and when repeal does occur. Analysis of doctrinal intellectual property and international relations questions surrounding U.S.-Cuba trademark disputes provide Congress with guidance when determining what new legislation to enact when lifting the embargo. Such legislation must reconcile ownership of pre- and post-embargo U.S. registrations of well-known Cuban marks. Moreover, any proposed legislation will also need to reconcile the U.S.'s treaty obligations to Cuban entities under the Pan-American Convention's priority provisions with obligations to U.S. registrants of conflicting marks.

This Note argues that the solution for reconciling issues of conflicting trademark ownership between U.S. and Cuban entities following repeal of the embargo lies in a modified concurrent use registration scheme designed to specifically and exclusively address the unique predicament affecting U.S. and Cuban entities. Part II discusses applicable legal doctrines, international treaties, and U.S.-Cuban embargo history. Section A analyzes the famous marks doctrine and its place in international intellectual property treaties and United States federal law. Section B discusses the priority rights set forth in the Pan-American Convention, which act as an additional exception to the traditional principle of territoriality. Sections C and D discuss the history of the embargo,

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<sup>28</sup> *Id.*

<sup>29</sup> *Id.* at 66.

<sup>30</sup> *Id.* at 69.

<sup>31</sup> *After the Thaw: What's Next in U.S.-Cuba Relations?*, COUNCIL ON FOREIGN RELATIONS (Dec. 19, 2014), <http://www.cfr.org/cuba/after-thaw-next-us-cuba-relations/p35864> [hereinafter *After the Thaw*].

its use as a means of skirting international treaty obligations, and the potential for international retaliation as a result.

Part III begins by explaining the predicaments U.S. and Cuban entities will face if and when the embargo is repealed. Sections A and B examine concurrent use provisions as currently set forth in the Lanham Act and studies the administrative barriers preventing successful application of the current provisions to resolve U.S.-Cuban trademark disputes. Section C proposes modified concurrent use provisions designed to resolve U.S.-Cuban trademark disputes specifically and successfully. Part IV concludes this Note by finding that the solution to resolving U.S.-Cuban trademark disputes lies in the proposed modified concurrent use provisions.

## II. BACKGROUND

This section discusses applicable legal doctrines, international treaties, and U.S.-Cuban embargo history. Section A analyzes the famous marks doctrine and its place in international intellectual property treaties and United States federal law. This subsection begins by providing background on the doctrine's underlying principles as expressed in international treaties, and concludes with a discussion of the doctrine's treatment in U.S. courts and by the Trademark Trial and Appeal Board as it applies to federal trademark law. Section B discusses the priority rights set forth in the Pan-American Convention that act as an additional exception to the traditional principle of territoriality. This subsection first discusses the significance of the treaty's priority provisions. This subsection concludes with an explanation of the treaty's force of law in the U.S. and the embargo's impact on the treaty's lack of enforcement. Sections C and D discuss the history of the embargo, its use as a means of skirting international treaty obligations, and the potential for international retaliation as a result.

### A. THE PARIS CONVENTION'S FAMOUS MARKS DOCTRINE

1. *The Famous Marks Doctrine and Principle of Territoriality.* One of the basic tenets of American trademark law is the principle of territoriality.<sup>32</sup> Territoriality “[recognizes trademarks] as having a separate existence in each sovereign territory in which it is registered or legally recognized as a mark.”<sup>33</sup> Owners of foreign marks have no rights to use their marks in the United States or to prohibit the use of their marks by others within the United States without

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<sup>32</sup> ITC Ltd. v. Punchgini, Inc., 482 F.3d 135, 155 (2d Cir.), *certified question accepted*, 8 N.Y.3d 994, 870 N.E.2d 151 (2007), and *certified question answered*, 9 N.Y.3d 467, 880 N.E.2d 852 (2007); see also MCCARTHY, *supra* note 14, § 29:1.

<sup>33</sup> MCCARTHY, *supra* note 14.



first establishing proof of use and registration of their mark in the United States.<sup>34</sup> Consequently, federal courts conclude that “it is well settled that foreign use is ineffectual to create trademark rights in the United States.”<sup>35</sup> For a foreign mark holder to assert priority rights to the mark in the United States, the owner must first either register or use the mark in the United States.<sup>36</sup>

Because the principle of territoriality “severely limits [a] foreign mark holder’s right to trademark protection in the United States,” some courts and legal scholars recognize the famous marks doctrine as a way to mitigate the severity of territoriality.<sup>37</sup> Under the famous marks doctrine, a well-known foreign mark would receive protection on the basis of its notoriety within the United States, regardless of whether the mark is used or registered in the United States.<sup>38</sup>

Because the famous marks doctrine undercuts the established principle of territoriality, courts disagree with respect to its validity and scope.<sup>39</sup> The result is a patchwork of approaches to deciding claims for relief and liability under the famous marks doctrine.<sup>40</sup>

## 2. *The Famous Marks Doctrine in International Treaties and the Lanham Act.*

a. *Article 6bis of the Paris Convention.* The famous marks doctrine is originally set forth in Article 6bis of the Paris Convention for the Protection of Industrial Property (Paris Convention). Allowing owners of well-known foreign marks to seek the refusal or cancellation of registrations of confusingly similar marks in the member countries, the provision states:

The countries of the Union undertake, ex officio if their legislation so permits, or at the request of an interested party, to refuse or to cancel the registration, and to prohibit the use, of a trademark which constitutes a reproduction, an imitation, or a translation, liable to create confusion, of a mark considered by the competent authority of the country of registration or use to be well known in that country as being already the mark of a person entitled to the benefits of this Convention and used for identical or similar goods. These provisions shall also apply when the essential part of the mark constitutes a reproduction of any

<sup>34</sup> Zobel, *supra* note 14, at 147 (footnote omitted).

<sup>35</sup> *Id.* (quoting *La Societe Anonyme des Parfums Le Galion v. Jean Patou, Inc.*, 495 F.2d 1265, 1270 n.4 (2d Cir. 1974)).

<sup>36</sup> *Id.* at 148 (footnote omitted).

<sup>37</sup> *Id.* (footnote omitted).

<sup>38</sup> *Id.*; see also MCCARTHY, *supra* note 14, § 29:4.

<sup>39</sup> Zobel, *supra* note 14, at 148 (footnote omitted).

<sup>40</sup> *Id.*

such well-known mark or an imitation liable to create confusion therewith.<sup>41</sup>

In addition to establishing the famous marks doctrine in Article 6*bis*, the Article 10*bis* of the Paris Convention also holds that member states are “bound to assure to nationals of such countries effective protection against unfair competition.”<sup>42</sup> The majority view among U.S. courts is that the Paris Convention is a non-self-executing treaty.<sup>43</sup> Even if ratified by two-thirds of the Senate, non-self-executing treaties “[require] positive legislation in order to become effective under domestic law.”<sup>44</sup> Such treaties do not constitute international legal obligations, and are merely aspirational international commitments.<sup>45</sup> Thus, the issue of whether foreign plaintiffs may invoke the famous marks doctrine under the Paris Convention in U.S. courts turns on whether the Lanham Act incorporates provisions of the Paris Convention to make the non-self-executing treaty effective under U.S. domestic law.<sup>46</sup>

*b. Section 44 of the Lanham Act.* Disagreement among courts regarding effectiveness of the famous marks doctrine is rooted in the ambiguity of Section 44 of the Lanham Act.<sup>47</sup> Courts agree that the Paris Convention is executed by the legislative enactment in the form of the Lanham Act, but they disagree as to whether section 44 incorporates the Paris Convention fully or only partially.<sup>48</sup>

When considering the validity of the famous marks doctrine, courts turn to sections 44(b) and 44(h) of the Lanham Act.<sup>49</sup> Section 44(b) states:

Any person whose country of origin is a party to any convention or treaty relating to trademarks, trade or commercial names, or the repression of unfair competition, to which the United States is also a party, or extends reciprocal rights to nationals of the United States by law, shall be entitled to the benefits of this section under the conditions expressed herein to the extent

<sup>41</sup> Article 6*bis*, *Convention Done at Stockholm July 14, 1967*; T.I.A.S. No. 6923 (Sept. 5, 1970).

<sup>42</sup> Article 10*bis*, *Convention Done at Stockholm July 14, 1967*; T.I.A.S. No. 6923 (Sept. 5, 1970); see Zobel, *supra* note 14, at 156.

<sup>43</sup> Zobel, *supra* note 14, at 156; see *id.* at 156 n.60 (citing multiple court decisions reaching differing conclusions as to whether the Paris Convention is a non-self-executing treaty).

<sup>44</sup> *Id.* at 156.

<sup>45</sup> 2 LITIGATION OF INTERNATIONAL DISPUTES IN U.S. COURTS § 10:6; 74 Am. Jur. 2d Treaties § 2.

<sup>46</sup> MCCARTHY, *supra* note 14, § 29:25.

<sup>47</sup> Zobel, *supra* note 14, at 157.

<sup>48</sup> *Id.*; see, e.g., *ITC Ltd. v. Punchgini, Inc.*, 482 F.3d 135, 135 (2d Cir. 2007); *Grupo Gigante SA De CV v. Dallo & Co.*, 391 F.3d 1088, 1094 (9th Cir. 2004).

<sup>49</sup> Zobel, *supra* note 14, at 157.

necessary to give effect to any provision of such convention, treaty or reciprocal law, in addition to the rights to which any owner of a mark is otherwise entitled by this chapter.<sup>50</sup>

Section 44(b) suggests that U.S. trademark law provisions should be interpreted in a manner that allows foreign entities to enjoy the full benefits under the treaties of which their country of origin and the U.S. are both members.

Section 44(h) refers to the protection of foreign nationals against unfair competition and states:

Any person designated in subsection (b) of this section as entitled to the benefits and subject to the provisions of this chapter shall be entitled to effective protection against unfair competition, and the remedies provided in this chapter for infringement of marks shall be available so far as they may be appropriate in repressing acts of unfair competition.<sup>51</sup>

Section 44(h) suggests that owners of well-known foreign marks whose countries of origin are members alongside the U.S. in international treaties be afforded the right to seek refusal or cancellation of registrations of confusingly similar marks in the U.S. as protection against unfair competition.

Thus, the famous marks doctrine's applicability turns on whether sections 44(b) and (h) incorporate the doctrine in whole or in part.

3. *Judicial and Administrative Treatment of the Famous Marks Doctrine.*

a. *The Famous Marks Doctrine in Federal Courts.* A circuit split has emerged from disagreement over the famous marks doctrine's validity within domestic trademark law.<sup>52</sup> Circuits determine the validity of the doctrine by determining whether the Lanham Act incorporated the doctrine in whole or in part.<sup>53</sup> Courts have reached one of two conclusions on the issue: the Ninth Circuit rule or the Second Circuit rule.<sup>54</sup>

Courts and commentators taking the Ninth Circuit's approach argue that sections 44(b) and 44(h) fully incorporate the Paris Convention.<sup>55</sup> Under this

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<sup>50</sup> Lanham Act § 44(b); 15 U.S.C. § 1126 (2015).

<sup>51</sup> Lanham Act § 44(h), 150.

<sup>52</sup> Zobel, *supra* note 14, at 145–46.

<sup>53</sup> *Id.* at 166–67.

<sup>54</sup> MCCARTHY, *supra* note 14, § 29:4.

<sup>55</sup> Zobel, *supra* note 14, at 158; see MCCARTHY, *supra* note 14 (“In the author’s view, the . . . famous marks doctrine of Paris Convention Article 6*bis* is incorporated into United States domestic law though the operation of Lanham Act § 43(a), § 44(b) and § 44(h).”).

approach, foreign mark holders have standing under § 43(a) to assert a claim under the famous marks doctrine and to win such a claim “if their mark is so well-known in the United States as to make consumer confusion a likely threat.”<sup>56</sup>

Courts taking the Second Circuit’s opposite position—that the sections 44(b) and 44(h) do not provide a basis of relief under the famous marks doctrine—assert that the Lanham Act only partially incorporates the Paris Convention.<sup>57</sup> According to these courts, the Paris Convention “does not create substantive rights for foreign nationals beyond those independently provided in the Lanham Act.”<sup>58</sup> Rather, the provisions “only require that foreign nationals should be given the same treatment in each member country as that country makes available to its own citizens.”<sup>59</sup> Therefore, the Lanham Act goes only so far as to provide protection for marks used within the U.S.<sup>60</sup> The Act stops short of providing protection for well-known foreign marks that have not been used within the U.S.<sup>61</sup>

*i. Ninth Circuit Rule: Famous Marks Doctrine is Incorporated into the Lanham Act.* The Ninth Circuit first found that the Lanham Act incorporated the famous marks doctrine in *Grupo Gigante S.A. de C.V. v. Dallo & Co.*<sup>62</sup> The case involved a dispute over the GIGANTE mark between a large grocery store chain in Mexico owned by the Mexican company Grupo Gigante and a San Diego-based grocery store chain owned by the Dallo brothers.<sup>63</sup> The federal district court granted summary judgment in favor of the Mexican company by finding the GIGANTE mark to be “sufficiently well-known among Mexican-Americans in Southern California” to have “seniority over the Dallo brothers’ grocery stores in San Diego.”<sup>64</sup> The trial court subsequently granted the Mexican company injunctive relief barring use of the GIGANTE mark by the Dallo brothers.<sup>65</sup>

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<sup>56</sup> Zobel, *supra* note 14, at 158; see generally Lanham Act § 42(a), 15 U.S.C. § 1125 (2015) (detailing civil liability and available remedies for trademark infringement claims).

<sup>57</sup> Zobel, *supra* note 14, at 158; see also *Int’l Cafe, S.A.L. v. Hard Rock Cafe Int’l (U.S.A.), Inc.*, 252 F.3d 1274, 1277–78 (11th Cir. 2001).

<sup>58</sup> Zobel, *supra* note 14, at 158.

<sup>59</sup> *Id.*

<sup>60</sup> *Id.*

<sup>61</sup> *Id.*

<sup>62</sup> *Grupo Gigante SA De CV v. Dallo & Co.*, 391 F.3d 1088, 1092 (9th Cir. 2004).

<sup>63</sup> *Grupo Gigante S.A. de C.V. v. Dallo & Co.*, 119 F. Supp. 2d 1083, 1086 (C.D. Cal. 2000), *vacated and remanded sub nom.* *Grupo Gigante SA De CV v. Dallo & Co.*, 391 F.3d 1088 (9th Cir. 2004).

<sup>64</sup> MCCARTHY, *supra* note 14, § 29:4 (citing *Grupo Gigante*, 119 F. Supp. 2d at 1086).

<sup>65</sup> *Grupo Gigante*, 119 F. Supp. 2d at 1086.

On appeal, the Ninth Circuit found insufficient evidence of the Mexican GIGANTE mark's renown in Southern California prior to the Dallos brothers' use of the mark in San Diego beginning in 1995.<sup>66</sup> Despite holding that the evidence was insufficient to support a summary judgment decision, the Ninth Circuit nevertheless recognized an exception to the territoriality principle allowing the owner of a well-known foreign mark to bar the registration or seek the cancellation of a lesser-known domestic mark.<sup>67</sup> The Ninth Circuit stated:

We hold . . . that there is a famous mark exception to the territoriality principle. . . . An absolute territoriality rule without a famous-mark exception would promote consumer confusion and fraud. Commerce crosses borders. In this nation of immigrants, so do people. Trademark is, at its core, about protecting against consumer confusion and "palming off." There can be no justification for using trademark law to fool immigrants into thinking that they are buying from the store they liked back home.<sup>68</sup>

To be "well-known" under the famous marks doctrine, the Ninth Circuit held that "a mark had to have more than just a 'secondary meaning' in the relevant U.S. market: it had to be familiar or known to a 'substantial percentage' of persons in the relevant American market."<sup>69</sup> The Ninth Circuit seemingly requires a foreign mark to have possessed "an intermediate level of recognition in the relevant U.S. market" at the time of the critical date being assessed for the purpose of the claim.<sup>70</sup> In addition, the Ninth Circuit stated that factors to consider when determining whether a mark is well-known include "intentional copying by defendant and whether U.S. customers are likely to be confused into thinking that they are buying products or services coming from or affiliated or connected with the foreign owner of the mark."<sup>71</sup>

ii. *Second Circuit Rule: Famous Marks Doctrine Is Not Incorporated into the Lanham Act.* The Second Circuit reached the opposite conclusion in *ITC Ltd. v. Punchgini, Inc.*, finding that the Lanham Act does not incorporate the famous

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<sup>66</sup> *Grupo Gigante*, 391 F.3d at 1093.

<sup>67</sup> *Id.* at 1094.

<sup>68</sup> *Id.*

<sup>69</sup> MCCARTHY, *supra* note 14 (referring to *Grupo Gigante*, 391 F.3d at 1094).

<sup>70</sup> *Id.*

<sup>71</sup> *Id.*

marks doctrine, and creating the circuit split that persists today.<sup>72</sup> The court held, “whatever protections Article 6bis . . . might contemplate for famous marks, section 44(b) grants foreign mark holders covered by these treaties only those protections of United States law already specified in the Lanham Act.”<sup>73</sup>

In reaching its conclusion, the Second Circuit relied on a lack of clear congressional intent to incorporate the famous marks doctrine into sections 44(b) and (h).<sup>74</sup> The court pointed to “Congress’s specificity in dealing with [foreign] registered marks” under section 44(d) of the Lanham Act.<sup>75</sup> The court found that such specificity “[cautioned] against reading a famous marks exception into sections 44(b) and (h), which nowhere reference the doctrine, much less the circumstances under which it would appropriately apply despite the fact that the foreign mark was not used in [the United States].”<sup>76</sup> The court also noted that Congress amended the Lanham Act nearly thirty times since the statute was enacted in 1947 to better illustrate congressional intent with respect to trademark protection.<sup>77</sup> The Second Circuit reasoned that if Congress intended for sections 44(b) and (h) to incorporate the famous marks doctrine, Congress would not have hesitated to amend the Act to reflect such intent.<sup>78</sup> The Second Circuit concluded that clearer congressional intent was needed before it would “construe the Lanham Act to include such a significant departure from the principle of territoriality.”<sup>79</sup>

Despite recognizing a persuasive policy argument in favor of incorporating the famous marks doctrine, the Second Circuit nevertheless held that the issue was for Congress to decide.<sup>80</sup> It recognized that “the U.S. cannot expect other nations to protect famous American trademarks if United States courts decline to afford reciprocal protection to famous foreign marks.”<sup>81</sup> A refusal to incorporate the famous marks doctrine into the Lanham Act could potentially

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<sup>72</sup> ITC Ltd. v. Punchgini, Inc., 482 F.3d 135, 145, 163 (2d Cir. 2007), *certified question accepted*, 8 N.Y.3d 994, 870 N.E.2d 151 (2007), *and certified question answered*, 9 N.Y.3d 467, 880 N.E.2d 852 (2007).

<sup>73</sup> *Id.* at 163.

<sup>74</sup> *Id.* (“[W]e do not ourselves discern in the plain language of [Lanham Act] sections 44(b) and (h) a clear congressional intent to incorporate a famous marks exception into federal unfair competition law.”).

<sup>75</sup> *Id.* at 164.

<sup>76</sup> *Id.*

<sup>77</sup> *Id.*

<sup>78</sup> *Id.*

<sup>79</sup> *Id.*

<sup>80</sup> *Id.* at 165.

<sup>81</sup> *Id.* (citing *De Beers LV Trademark Ltd. v. DeBeers Diamond Syndicate, Inc.*, 2005 U.S. Dist. LEXIS 9307, at \*25 (noting that “[r]ecognition of the famous marks doctrine is particularly desirable in a world where international travel is commonplace and where the Internet and other media facilitate the rapid creation of business goodwill that transcends borders”)).

open famous American marks up to retaliation abroad.<sup>82</sup> But as sound as the policy may be, the Second Circuit found that it did not justify judicial action in a statutorily regulated area.<sup>83</sup> The Second Circuit concluded “in light of the [Lanham Act’s] comprehensive and frequently modified federal statutory scheme for trademark protection” that Congress must be the body to consider whether such policy arguments warrant reading sections 44(b) and (h) to incorporate the famous marks doctrine.<sup>84</sup>

*b. The Trademark Trial and Appeal Board and the Famous Marks Doctrine.* The Trademark Trial and Appeal Board (TTAB), a branch of the U.S. Patent and Trademark Office that hears and decides opposition, cancellation, and application proceedings involving trademark registrations, has addressed and applied the famous marks doctrine in its administrative proceedings.<sup>85</sup> It first recognized the doctrine in 1983 when deciding *Mother’s Restaurants, Inc. v. Mother’s Other Kitchen, Inc.*<sup>86</sup> The TTAB described the famous marks doctrine as follows:

[p]rior use and advertising of mark in connection with goods or services marketed in foreign country (whether that advertising occurs inside or outside the United States) creates no priority rights in said mark in the United States as against one who, in good faith, has adopted the same or similar mark for the same or similar goods or services in the United States prior to the foreigner’s first use of the mark on goods or services sold and/or offered in the United States, at least unless it can be shown that the foreign party’s mark was, at the time of the adoption and first use of a similar mark by the first user in the United States, a “famous” mark.<sup>87</sup>

That same year, the TTAB actually applied the famous marks doctrine in *All England Lawn Tennis Club, Ltd. v. Creations Aromatiques*, relying on the doctrine to rule in the plaintiff’s favor.<sup>88</sup> The opposer sought to bar the applicant’s

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<sup>82</sup> See generally Robert C. Bird & Elizabeth Brown, *The Protection of Well-Known Foreign Marks in the United States: Potential Global Responses to Domestic Ambivalence*, 38 N.C. J. INT’L L. & COM. REG. 1 (2012).

<sup>83</sup> *ITC Ltd.*, 482 F.3d at 165.

<sup>84</sup> *Id.*

<sup>85</sup> Zobel, *supra* note 14, at 150.

<sup>86</sup> *Id.* at 150–51 (citing *Mother’s Rests., Inc. v. Mother’s Other Kitchen, Inc.*, 218 U.S.P.Q. (BNA) 1046, 1048 (T.T.A.B. 1983)).

<sup>87</sup> *Id.* (citing *Mother’s Rests.*, 218 U.S.P.Q. at 1048).

<sup>88</sup> *Id.* at 151 (citing *All Eng. Lawn Tennis Club, Ltd. v. Creations Aromatiques*, 220 U.S.P.Q. (BNA) 1069, 1072 (T.T.A.B. 1983)).

registration of the trademark for “Wimbledon Cologne.”<sup>89</sup> Despite the fact that the opposer did not market the Wimbledon mark on any goods in the United States, the TTAB found that the foreign Wimbledon mark owned by the opposer was sufficiently famous based on its use in association with the annual tennis championship that “purchasers of applicant’s cologne would incorrectly believe that said product was approved by or otherwise associated with the Wimbledon tennis championships and that allowance of the application would damage opposer’s rights to the mark.”<sup>90</sup> The famous marks doctrine’s application by the TTAB therefore suggests its validity in U.S. domestic trademark law.

U.S. trademark rights and the embargo have created a unique situation for Cuban marks. Trademark rights in the U.S. vest when a mark owner has used or registered the mark within the U.S.<sup>91</sup> Because the embargo has precluded Cuban mark owners from using or registering their marks within the U.S., they cannot show priority rights to the marks that would entitle the Cuban mark owners to protection under U.S. trademark law despite the prior use and registration of similar marks in the U.S. by U.S. entities.<sup>92</sup> The famous marks doctrine would allow a Cuban mark to receive protection on the basis of its notoriety within the United States, regardless of whether the mark is used or registered in the United States.<sup>93</sup> Despite its inclusion in an international treaty to which the U.S. and Cuba are both members, the famous marks doctrine’s role in U.S. trademark law is still undecided.<sup>94</sup> The Ninth Circuit and Trademark Trial and Appeal Board hold that it is incorporated into the Lanham Act and is thus an available claim for Cuban mark owners challenging the use and registration of similar marks in the U.S.<sup>95</sup> However, the Second Circuit has reached the opposite conclusion by holding that the famous marks doctrine is not fully incorporated into the Lanham Act and that, therefore, the Cuban entities cannot invoke the doctrine to seek cancellation of similar U.S.-owned marks because the Cuban entities cannot show use of their marks within the U.S.<sup>96</sup> The significance of the circuit split will become more apparent once the embargo is lifted and more Cuban entities begin challenging U.S.-owned marks via the famous marks doctrine.

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<sup>89</sup> *Id.*

<sup>90</sup> *Id.* (quoting *All Eng. Lawn Tennis Club*, 220 U.S.P.Q. at 1072).

<sup>91</sup> *Id.* at 147 (footnote omitted).

<sup>92</sup> *Id.* at 148 (footnote omitted).

<sup>93</sup> *Id.*; see also MCCARTHY, *supra* note 14, § 29:4.

<sup>94</sup> See MCCARTHY, *supra* note 14, § 29:4.

<sup>95</sup> *Grupo Gigante SA De CV v. Dallo & Co.*, 391 F.3d 1088, 1092 (9th Cir. 2004); *All Eng. Lawn Tennis Club, Ltd. v. Creations Aromatiques*, 220 U.S.P.Q. (BNA) 1069, 1072 (T.T.A.B. 1983).

<sup>96</sup> *Zobel*, *supra* note 14, at 158.



B. PRIORITY RIGHTS OF THE PAN-AMERICAN CONVENTION

The Pan-American Convention's priority right also serves as an exception to territoriality.<sup>97</sup> The Convention sought to resolve fundamental differences between U.S. trademark law and that of other Latin American countries.<sup>98</sup> U.S. trademark law considered trademark rights to arise out of use of that mark; by contrast, Latin American countries considered trademark rights to arise only out of registration of that mark.<sup>99</sup> Therefore, in Latin America, "unless and until a mark was registered, it [was] available for use by anyone, and if it [was] registered, it [was] incontestable."<sup>100</sup> The conflicting view resulted in U.S. trademark owners feeling that their trademarks were susceptible to attack in countries where they lacked a registration.<sup>101</sup> The U.S.'s "primary objective" therefore became to secure trademark rights in Latin American countries for U.S. entities prior to them conducting business in such countries.<sup>102</sup> The U.S. sought to provide trademark rights to U.S. entities "in cases where they did not register, use or advertise their mark if the party they sought to enjoin had knowledge of their trademark rights in the U.S."<sup>103</sup>

The priority right set forth in Articles 7 and 8 of the convention serves as the means for accomplishing the U.S.'s objective. Article 7 states:

Any owner of a mark protected in one of the Contracting States in accordance with its domestic law, who may know that some other person is using or applying to register or deposit an interfering mark in any other of the Contracting States, shall have the right to oppose such use, registration or deposit and shall have the right to employ all legal means, procedure or recourse provided in the country in which such interfering mark is being used or where its registration or deposit is being sought, and upon proof that the person who is using such mark or applying to register or deposit it, had knowledge of the existence and continuous use in any of the Contracting States of the mark on which opposition is based upon goods of the same class, the opposer may claim for himself the preferential right to use such mark in the country where the opposition is made or priority to

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<sup>97</sup> Farley, *supra* note 12, at 58.

<sup>98</sup> *Id.* at 61.

<sup>99</sup> *Id.*

<sup>100</sup> *Id.* at 62.

<sup>101</sup> *Id.*

<sup>102</sup> *Id.* at 63.

<sup>103</sup> *Id.*

register or deposit it in such country, upon compliance with the requirements established by the domestic legislation in such country and by this Convention.<sup>104</sup>

Article 7 entitles a trademark owner in a contracting state “the preferential right to use such mark . . . or priority to register . . .” in another contracting state.<sup>105</sup> Under Article 7, a trademark owner in a contracting state may challenge an interfering mark’s use or registration in another contracting state upon showing that the defendant had knowledge of the mark’s existence and continuous use, and upon complying with the domestic requirements of the contracting state in which the actionable conduct took place.<sup>106</sup> Thus, elements of an Article 7 claim brought in the United States by a foreign trademark owner are thus as follows:

- (1) plaintiff is the owner of a mark protected in one of the member states;
- (2) defendant is using or applying to register an “interfering mark” in the United States;
- (3) defendant had knowledge of the existence and continuous use in a member state of plaintiff’s mark in connection with goods in the same class, prior to its use of the mark in the United States; and
- (4) plaintiff has complied with the requirements of the domestic law in both member states.<sup>107</sup>

“Article 8 extends the priority right of Article 7 to the context of cancelling an interfering mark.”<sup>108</sup> Article 8 states:

When the owner of a mark seeks the registration or deposit of the mark in a Contracting State other than that of origin of the mark and such registration or deposit is refused because of the previous registration or deposit of an interfering mark, he shall have the right to apply for and obtain the cancellation or annulment of the interfering mark upon proving, in accordance with the legal procedure of the country in which

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<sup>104</sup> *Convention & Protocol Between the United States of Am. & Other Am. Republics for the Prot. of Trade-Marks*, 46 Stat. 2907 (Feb. 27, 1931).

<sup>105</sup> *Id.*

<sup>106</sup> Farley, *supra* note 12, at 64.

<sup>107</sup> *Id.* at 64–65.

<sup>108</sup> *Id.* at 66.

cancellation is sought, the stipulation in Paragraph (a) and those of either Paragraph (b) or (c) below:

- (a) That he enjoyed legal protection for his mark in another of the Contracting States prior to the date of the application for the registration or deposit which he seeks to cancel; and
- (b) that the claimant of the interfering mark, the cancellation of which is sought, had knowledge of the use, employment, registration or deposit in any of the Contracting States of the mark for the specific goods to which said interfering mark is applied, prior to adoption and use thereof or prior to the filing of the application or deposit of the mark which is sought to be cancelled; or
- (c) that the owner of the mark who seeks cancellation based on a prior right to the ownership and use of such mark, has traded or trades with or in the country in which cancellation is sought, and that goods designated by his mark have circulated and circulate in said country from a date prior to the filing of the application for registration or deposit for the mark, the cancellation which is claimed, or prior to the adoption and use of the same.<sup>109</sup>

Under Article 8, if a foreign mark owner seeks registration in the U.S. and his application has been refused because an interfering mark is already registered in the U.S., then the foreign mark owner can seek cancellation of the previously-registered interfering mark by showing either (1) that the foreign mark has enjoyed protection in another contracting nation longer than the interfering mark has enjoyed protection in the U.S. and that the owner of the interfering mark knew of the foreign mark's use or registration in the contracting state prior to using or registering the interfering mark in the U.S. or (2) that foreign mark owner traded or trades with the U.S. and that goods bearing his mark have circulated and continue to circulate in the U.S. prior to the use or registration of the interfering mark.<sup>110</sup>

At the time the Pan-American Convention was adopted, the likelihood of a Latin American entity filing an Article 7 or 8 claim in a U.S. court was nonexistent.<sup>111</sup> The issue of encountering interfering marks was only occurring

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<sup>109</sup> *Convention & Protocol Between the United States of Am. & Other Am. Republics for the Prot. of Trade-Marks*, 46 Stat. 2907 (Feb. 27, 1931).

<sup>110</sup> *Id.*

<sup>111</sup> Farley, *supra* note 12, at 67.

in Latin American countries, and the drafters may have never contemplated the chance that U.S. courts would confront the priority provisions.<sup>112</sup>

The priority provisions of Articles 7 and 8 are considered effective under U.S. law due to the self-executing nature of the treaty and Section 44(b) of the Lanham Act. Certain provisions of the Pan-American Convention are self-executing, meaning that they are “immediately operative in U.S. courts.”<sup>113</sup> Self-executing treaties require no legislative action other than ratification to become applicable under domestic law.<sup>114</sup> Because the Pan-American Convention was ratified by Congress in 1887, its provisions operate as U.S. law as if Congress had drafted and passed the provisions itself.<sup>115</sup>

Additional support for the priority provisions’ effectiveness under U.S. law may be found in Section 44(b) of the Lanham Act. Section 44(b) honors the treaty rights granted to members of contracting states “if those treaty rights are more extensive than the U.S. trademark act otherwise provides.”<sup>116</sup> Therefore, under Section 44(b), members of contracting states—including those of the U.S.—receive rights granted to them by the Lanham Act as well as “any additional rights granted under the convention.”<sup>117</sup> Thus, claims under Articles 7 and 8 of the Pan-American Convention may be utilized by both foreign and domestic entities, the effect of which would “[turn] U.S. trademark law on its head.”<sup>118</sup>

For years now, courts have skirted issues regarding the validity of claims brought by Cuban entities by relying on the embargo to preclude the need to determine the colorability of such claims.<sup>119</sup> Self-executing treaties and federal statutes enjoy equal status under U.S. law pursuant to Constitution’s Supremacy Clause.<sup>120</sup> Courts must interpret federal statutes “so as not to conflict with international law,”<sup>121</sup> and when a treaty and federal statute conflict, “the one last in date will control the other.”<sup>122</sup> Should a federal statute in conflict with a treaty be the latter in time, courts must nevertheless strive to construe the

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<sup>112</sup> *Id.*

<sup>113</sup> *Id.*

<sup>114</sup> *Id.*

<sup>115</sup> *Id.* at 68.

<sup>116</sup> *Id.*

<sup>117</sup> *Id.* at 68–69.

<sup>118</sup> *Id.* at 69.

<sup>119</sup> See, e.g., *Empresa Cubana del Tabaco v. Culbro Corp.*, 399 F.3d 462, 479–81 (2d Cir. 2005).

<sup>120</sup> Farley, *supra* note 12, at 69.

<sup>121</sup> *Murray v. The Schooner Charming Betsy*, 6 U.S. 64, 118 (1804) (“It has also been observed that an act of Congress ought never to be construed to violate the law of nations if any other possible construction remains . . .”).

<sup>122</sup> *Whitney v. Robertson*, 124 U.S. 190, 194 (1888).

federal statute and treaty provisions in a manner “so as to give effect to both if that can be done without violating the language of either.”<sup>123</sup>

Furthermore, a state may not free itself of its treaty obligations “simply by overriding them with conflicting domestic legislation.”<sup>124</sup> Even if a conflicting federal statute is passed, the treaty obligations nevertheless remain in effect.<sup>125</sup> A state may only free itself from its treaty obligations by following the withdrawal provisions set forth by the treaty itself.<sup>126</sup> A treaty may be abrogated or modified by a later conflicting federal statute only by express congressional intent to do so.<sup>127</sup>

Because Congress has not expressly modified or abrogated the U.S.’s Pan-American treaty obligations or followed the withdrawal provisions set forth by the treaty, those obligations remain in full force and effect.<sup>128</sup> With Latin American entities now owning valuable trademarks being used across the globe, the likelihood of encountering Article 7 and 8 claims in U.S. courts is no longer nonexistent. Because the U.S. and Cuba are both signatories of the Convention, U.S. courts can expect to face claims under the Pan-American Convention brought by Cuban entities, if and when the embargo is repealed.

#### C. POTENTIAL INTERNATIONAL RETALIATION FOR FAILURE TO HONOR INTERNATIONAL TREATY OBLIGATIONS

Though ultimately unsuccessful, the policy argument asserted in *ITC Ltd. v. Punchgini, Inc.* in favor of reading sections 44(b) and (h) to incorporate the famous marks doctrine is a valid one.<sup>129</sup> “The disagreement about how to treat well-known foreign marks not only threatens the assets of foreign companies wanting to do business in the United States, but it also erodes the legitimacy of the United States and its role in supporting a strong global intellectual property regime.”<sup>130</sup> The same arguments stand for the importance of complying with international intellectual property law more generally.

In recent decades, the U.S. has actively campaigned other countries, particularly developing countries with emerging markets, to respect

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<sup>123</sup> *Id.*

<sup>124</sup> Farley, *supra* note 12, at 69.

<sup>125</sup> *Id.*

<sup>126</sup> *Id.*

<sup>127</sup> *Id.*

<sup>128</sup> *Id.*

<sup>129</sup> *ITC Ltd. v. Punchgini, Inc.*, 482 F.3d 135, 164–65 (2d Cir.), *certified question accepted*, 8 N.Y.3d 994, 870 N.E.2d 151 (2007), and *certified question answered*, 9 N.Y.3d 467, 880 N.E.2d 852 (2007).

<sup>130</sup> Robert C. Bird & Elizabeth Brown, *The Protection of Well-Known Foreign Marks in the United States: Potential Global Responses to Domestic Ambivalence*, 38 N.C. J. INT’L L. & COM. REG. 1, 19 (2012).

international intellectual property law.<sup>131</sup> By urging foreign nations to respect U.S.-registered marks despite their lack of use in such countries yet refusing to offer the same protection for similarly situated foreign marks, the United States effectively wants all the benefits of an international intellectual property regime without any of its burdens. The U.S. cannot expect foreign nations to respect U.S. registered marks without being offered the same protection.<sup>132</sup> Foreign nations could retaliate against the United States by refusing to pursue cancellation of bad faith marks registered in that country under the same name as a famous mark registered in the U.S.<sup>133</sup> Fidel Castro threatened to do just that nearly fifteen years ago after U.S. District Court for the Southern District of New York handed down the *Havana Club* opinion, which failed to recognize trademark rights in marks confiscated by the Cuban government.<sup>134</sup> The possibility of similar instances of retaliation jeopardizes carefully developed global trademarks held by U.S. entities.<sup>135</sup> Retaliatory actions would spark costly and time-consuming litigation in a foreign jurisdiction with no certain result as to the litigation's likely outcome.<sup>136</sup>

#### D. THE CUBAN EMBARGO

Since the embargo's enactment in 1962, U.S. policy towards Cuba has been twofold: isolating Cuba through economic sanctions and providing humanitarian support measures for the Cuban people.<sup>137</sup> In December 2014, President Obama announced a major shift in U.S. policy toward Cuba.<sup>138</sup> The shift "[moved] away from a sanctions-based policy toward one of engagement and a normalization of relations."<sup>139</sup>

The rationale for the shift in U.S. policy is grounded in the view that the last fifty years of isolation have failed to fulfill the U.S. policy objectives of bringing

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<sup>131</sup> *Id.*

<sup>132</sup> *See generally id.*

<sup>133</sup> *See generally id.*

<sup>134</sup> Jorge Espinosa, *U.S. Trademarks and the New U.S.-Cuba Reality and Its Potential*, MIAMI HERALD (Jan. 11, 2015), available at <http://www.miamiherald.com/news/business/biz-monday/article5709570.html>.

<sup>135</sup> Bird & Brown, *supra* note 130, at 18.

<sup>136</sup> *Id.*

<sup>137</sup> Mark P. Sullivan, *Cuba: Issues for the 114th Congress*, Congressional Research Service, FEDERATION OF AMERICAN SCIENTISTS (Oct. 27, 2015), <http://www.fas.org/sgp/crs/row/R43926.pdf>.

<sup>138</sup> President Barack Obama, Statement by the President on Cuba Policy Changes (Dec. 17, 2014), available at <https://www.whitehouse.gov/the-press-office/2014/12/17/statement-president-cuba-policy-changes>.

<sup>139</sup> Sullivan, *supra* note 137, at i.

democracy and human rights to Cuba.<sup>140</sup> Embargo critics argue that the U.S.'s isolation policy actually bolsters support for the Castro regime.<sup>141</sup> Castro blames the suffering of Cuban nationals on the embargo, despite the fact that Cubans' suffering under the embargo pales in comparison to their suffering under his oppressive regime.<sup>142</sup> The hope is that when the embargo is lifted, the Castro regime "[will] have no one else to blame for the shortages and stagnation that will persist without real market reforms."<sup>143</sup> The embargo is a failed attempt to promote democracy and human rights that effectively "undermined American influence in Cuba and alienated our allies."<sup>144</sup> The Obama Administration concluded that engagement would have a greater impact on the Cuban government and its people.<sup>145</sup>

To implement the Obama administration's policy change, the Treasury and Commerce Departments eased embargo regulations in January 2015 in the areas of travel, remittances, trade, telecommunications, and financial services.<sup>146</sup> Despite easing of regulations, the embargo remains in effect and "can only be lifted with congressional action or if certain conditions in Cuba are met."<sup>147</sup>

Although diplomatic relations have been restored and embargo regulations have been eased, "rebuilding mutual respect for copyrights, trademarks and other intellectual property is one of the many still-pending issues."<sup>148</sup> Protection of intellectual property rights remains on the agenda for future talks between U.S. and Cuban diplomats.<sup>149</sup> According to Cuban officials, the embargo's sanctions "remain so restrictive that discussions of [intellectual property] protections are premature."<sup>150</sup>

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<sup>140</sup> *Id.* at 24.

<sup>141</sup> Daniel Griswold, Director of the Center for Trade Policy Studies, Cato Institute, *Four Decades of Failure: The U.S. Embargo Against Cuba* (Oct. 12, 2005), available at <http://www.cato.org/publications/speeches/four-decades-failure-us-embargo-against-cuba> (discussing U.S. policy toward Cuba at the James A. Baker III Institute Program, Cuba and the United States in the 21st Century at Rice University, Houston, Texas).

<sup>142</sup> *Id.*

<sup>143</sup> *Id.*

<sup>144</sup> *Id.*

<sup>145</sup> Obama, *supra* note 138.

<sup>146</sup> Sullivan, *supra* note 131, n.91 at 24 (citing 80 *Federal Register* 2286-2302, January 16, 2015).

<sup>147</sup> *Id.* at i.

<sup>148</sup> Nick Miroff, *Cubans Pirate U.S. TV and Movies, Saying the Embargo Made Them Do It*, WASH. POST (Oct. 18, 2015), [https://www.washingtonpost.com/world/the\\_americas/cubans-pirate-us-tv-and-movies-saying-the-embargo-made-them-do-it/2015/10/16/0e0068e6-70ff-11e5-ba14-318f8e87a2fc\\_story.html](https://www.washingtonpost.com/world/the_americas/cubans-pirate-us-tv-and-movies-saying-the-embargo-made-them-do-it/2015/10/16/0e0068e6-70ff-11e5-ba14-318f8e87a2fc_story.html).

<sup>149</sup> *Id.*

<sup>150</sup> *Id.*

The process of rebuilding mutual respect for trademarks “[will not] be a smooth one.”<sup>151</sup> This ugly truth could not be more evident than in the context of Cuba’s most famous export: cigars. Because the U.S. does not recognize Cuban marks, non-Cuban entities market non-Cuban cigars in the U.S. under identical marks.<sup>152</sup> Thus, “many of the Cuban cigars one can currently buy abroad would violate trademarks if imported to the U.S.”<sup>153</sup> If and when Congress decides to lift the embargo, U.S. and Cuban cigar companies will turn to U.S. courts to resolve their trademark disputes.<sup>154</sup> Congress can make resolution of these inevitable trademark disputes easier by enacting a modified concurrent use provision similar to that already present in the Lanham Act, specifically designed to address Cuban-U.S. trademark disputes resulting from the embargo.

### III. ANALYSIS

Courts may look to the famous marks doctrine to determine standards for substantive and procedural fairness regarding resolution of trademark ownership disputes between U.S. and foreign entities. The doctrine acknowledges that substantive fairness calls for providing protection to a well-known foreign mark on the basis of its notoriety within the United States, regardless of whether the mark is used or registered in the United States.<sup>155</sup> The doctrine also recognizes that procedural fairness calls for allowing the owner of the well-known foreign mark to pursue the benefit of such protection, and allows him to seek cancellation of the lesser-known mark registered in the U.S.<sup>156</sup> Although the famous marks doctrine would be of great use to courts as a fairness guidepost for resolving trademark ownership disputes between U.S. and Cuban entities, the embargo inhibits the doctrine’s utility. The doctrine is rendered inapplicable by embargo prohibitions precluding Cuban entities owning well-known Cuban marks from seeking cancellation of conflicting marks registered in the United States to U.S. entities.

Even if Congress lifted the embargo, its aftermath makes immediate application of the famous marks doctrine difficult. By keeping Cuban marks at arm’s length, the embargo guarantees a system of conflicting marks should free trade eventually resume. The predicament is one that U.S. trademark law never

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<sup>151</sup> Jacob Grier, *What Obama’s Cuba Deal Means for the Future of Cuban Cigars*, REASON.COM (Dec. 21, 2014), <https://reason.com/archives/2014/12/21/what-obamas-cuba-deal-means-for-the-futu>.

<sup>152</sup> *Id.*

<sup>153</sup> *Id.*

<sup>154</sup> *Id.*

<sup>155</sup> Zobel, *supra* note 14, at 148 (footnote omitted); see also MCCARTHY, *supra* note 14, § 29:4.

<sup>156</sup> Zobel, *supra* note 14, at 148 (footnote omitted); see also MCCARTHY, *supra* note 14, § 29:4.



would have allowed otherwise. Had the embargo not been in effect, Cuban entities owning well-known foreign marks could have registered their marks with the USPTO, or attempted to prevent the registration or seek cancellation of their marks by U.S. entities. Yet because those actions would constitute a prohibited transfer of property rights under the embargo,<sup>157</sup> Cuban entities were forced to watch from afar as U.S. entities obtained valid, lawful U.S. registrations of well-known Cuban marks.

If and when the embargo is lifted, courts will face the difficult task of resolving trademark ownership disputes in which no party is at fault, and yet both parties have everything to lose. On the one hand, there is a Cuban entity owning a well-known foreign mark recognized by millions both within and without the United States. On the other hand, there is a U.S. entity that obtained a valid and lawful registration of the same well-known foreign mark in the United States under the embargo. Both entities have spent considerable time and resources to build their marks' notoriety within their respective territories of use, and both entities want to capitalize on their marks' notoriety within the U.S. market. But for the embargo, if use of the mark by the Cuban entity preceded that of the U.S. entity, the U.S. entity could not have registered its mark in the U.S. The Cuban entity would have had priority to register its mark or challenge the use or registration of the U.S. entity's interfering mark under the Pan-American Convention's Article 7.<sup>158</sup> Furthermore, there exists the possibility that the U.S. mark's notoriety was built to some degree on the Cuban mark's global notoriety and absence in the U.S. market. These considerations certainly weigh in favor of the Cuban entity.

Nevertheless, we ought not punish the U.S. entity for simply taking advantage of opportunities afforded to it by U.S. law. Money damages in the form of royalty fees are not sufficient relief for either party, and injunctive relief amounts to a zero-sum game—a solution that hardly seems fair given the current situation. As a result, applying the famous marks doctrine to the current situation would negate the very tenet of fairness upon which the doctrine rests.

#### A. CONCURRENT USE REGISTRATIONS

Fortunately, U.S. trademark law offers tools to avoid such zero-sum games—including limited trademark protection using concurrent use registrations.<sup>159</sup> A concurrent use registration is “a restricted registration, with

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<sup>157</sup> 31 C.F.R. § 515.311 (2015).

<sup>158</sup> *Convention & Protocol Between the United States of Am. & Other Am. Republics for the Prot. of Trade-Marks*, 46 Stat. 2907 (Feb. 27, 1931).

<sup>159</sup> 15 U.S.C. § 1052(d) (2015).

conditions and limitations fixed by the Board, as to the mode or place of use of the applicant's mark or the goods and/or services on or in connection with which the mark is used."<sup>160</sup> Concurrent use registrations are most often sought when "parties [use] the same mark on similar goods or services but in separate territories of the United States."<sup>161</sup> Thus, restrictions on concurrent use registrations are most often geographical.

Concurrent use registrations may only be issued under two circumstances.<sup>162</sup> The first is upon the conclusion of a concurrent use proceeding before the TTAB in which the TTAB has found that the applicant seeking the concurrent use registration has shown (1) that it used the mark in commerce prior to the filing of the registration application by the senior user and (2) that "use of the mark for which it seeks concurrent registration will not result in a likelihood of confusion."<sup>163</sup> The second instance in which a concurrent use registration may be issued is "when a court of competent jurisdiction has finally determined that more than one person is entitled to use the same or similar marks in commerce."<sup>164</sup>

1. *Prior Use in Commerce Requirement.* Concurrent use registrations are only available to entities whose use of their mark in interstate commerce preceded the filing date of their opponent's application for registration.<sup>165</sup> The prior use in commerce requirement focuses on two dates: the date the applicant began using the mark for which it seeks concurrent use rights and the earliest filing date of the senior user's application.<sup>166</sup> According to the Trademark Trial and Appeal Board Manual of Procedure, "an application seeking concurrent registration through a concurrent use proceeding normally must assert a date of first use in commerce prior to the earliest application filing date of the application(s)."<sup>167</sup> However, the prior use requirement need not be met if (1) the senior user consents to the applicant's concurrent use of the mark or (2) a court reaches a final determination that multiple entities are entitled to use of the mark.<sup>168</sup>

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<sup>160</sup> *Chapter 1100: Concurrent Use Proceedings*, UNITED STATES PATENT & TRADEMARK OFFICE, 4, [http://www.uspto.gov/trademarks/process/appeal/tbmp\\_3rd\\_ed\\_rev\\_1\\_chapter\\_1100.pdf](http://www.uspto.gov/trademarks/process/appeal/tbmp_3rd_ed_rev_1_chapter_1100.pdf) (last visited Nov. 19, 2015).

<sup>161</sup> 3 MCCARTHY, *supra* note 14, § 20:81.

<sup>162</sup> *Id.*

<sup>163</sup> *Id.*; see 15 U.S.C. § 1052(2)(d) (2015).

<sup>164</sup> *Chapter 1100: Concurrent Use Proceedings*, *supra* note 160, at 8 (quoting 15 U.S.C. § 1052(2)(d) (2015)).

<sup>165</sup> 3 MCCARTHY, *supra* note 14, § 20:81.

<sup>166</sup> 15 U.S.C. § 1052(2)(d) (2015).

<sup>167</sup> Trademark Trial and Appeal Board Manual of Procedure (TBMP) § 1103.01(b) (2015), available at <http://www.uspto.gov/sites/default/files/documents/tbmp-1100.pdf>.

<sup>168</sup> 15 U.S.C. § 1052(2)(d) (2015); see also TBMP § 1103.01(b), *supra* note 157.

Furthermore, § 1052(2)(d) requires that the applicant's prior use be lawful.<sup>169</sup> Lawful concurrent use "[arises] when a party, in good faith, and without knowledge of a prior party's use in another geographic area, adopts and uses the same or similar mark for the same or similar goods or services within its own geographic area."<sup>170</sup> The TTAB has held that an applicant's use of "a substantially identical mark in a remote geographic area with full knowledge of the senior user's prior use elsewhere" does not constitute lawful concurrent use.<sup>171</sup>

2. *Likelihood of Confusion Requirement.* In addition to showing prior use in commerce, an applicant must also show that "confusion, mistake, or deception is not likely to result from the continued use by more than one person of the same or similar marks" to obtain a concurrent use registration.<sup>172</sup> When seeking registration before the TTAB, the Board uses the modern "related goods" test.<sup>173</sup> Under this test, the likelihood of confusion "depends upon whether the purchasing public would mistakenly assume that the applicant's goods or services originate with, are sponsored by, or are in some way associated with the goods sold under a cited registration or trademark."<sup>174</sup> An unsupported assertion that confusion is unlikely will not meet the requirement.<sup>175</sup> An applicant must put forth more than the argument that its mark and the prior registered mark have coexisted in commerce for an extensive period of time without resulting confusion.<sup>176</sup>

When a concurrent use registration is sought via final judicial determination, courts employ various standards when deciding whether concurrent use would cause a likelihood of confusion. Each of the thirteen federal circuits has developed its own list of likelihood of confusion factors.<sup>177</sup> All federal circuits use a balancing test whereby "no one of the foundational factors is determinative, but rather that all are to be weighed and balanced one against the other."<sup>178</sup>

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<sup>169</sup> 15 U.S.C. § 1052(2)(d) (2015) (stating "concurrent registrations may be issued to such persons when they have become entitled to use such marks as a result of their concurrent *lawful* use in commerce" (emphasis added)).

<sup>170</sup> TBMP § 1103.01(d)(2) (2015), available at <http://www.uspto.gov/sites/default/files/documents/tbmp-1100.pdf>.

<sup>171</sup> *Woman's World Shops Inc. v. Lane Bryant, Inc.*, 5 U.S.P.Q.2d 1985 (P.T.O. Jan. 4, 1988); see also *Concurrent Use Registration*, WIKIPEDIA, available at [https://en.wikipedia.org/wiki/Concurrent\\_use\\_registration#cite\\_note-8](https://en.wikipedia.org/wiki/Concurrent_use_registration#cite_note-8).

<sup>172</sup> 15 U.S.C. § 1052(2)(d) (2015).

<sup>173</sup> 4 MCCARTHY, *supra* note 14, § 23:78.

<sup>174</sup> *Id.*

<sup>175</sup> *Id.*

<sup>176</sup> *Id.*

<sup>177</sup> *Id.* § 24:30.

<sup>178</sup> *Id.*

The Federal Circuit, the primary appellate court to receive appeals from the TTAB, considers thirteen factors set forth in its 1973 opinion in *Application of E. I. DuPont DeNemours & Co.*<sup>179</sup> The Federal Circuit considers the thirteen factors as they apply to the goods or services specified in the application for concurrent use registration,<sup>180</sup> except when the parties enter an agreement consenting to the concurrent use.<sup>181</sup> Not all thirteen *DuPont* factors will be relevant to every concurrent use case.<sup>182</sup> Only *DuPont* factors for which there is evidence need be considered and discussed by the court or TTAB.<sup>183</sup> However, “the two key considerations are the similarities between the marks and the similarities between the goods or services.”<sup>184</sup>

The Federal Circuit has held “that the first *DuPont* factor, the similarity or dissimilarity of the marks themselves, may be dispositive of the issue,”<sup>185</sup> regardless of the strength of the opposer’s registered mark.<sup>186</sup> To determine similarity and dissimilarity of two marks under the first *DuPont* factor, the Federal Circuit considers “not whether the marks can be differentiated in a side-by-side comparison, but whether they are so similar in their overall commercial impression that confusion is likely to result.”<sup>187</sup> Applying the *DuPont* factors in some of its proceedings, the TTAB “has stressed that: ‘The focus is on the recollection of the average purchaser, who normally retains a general, rather than a specific, impression of trademarks.’”<sup>188</sup>

Furthermore, the fifth *DuPont* factor, the mark’s fame, may play a more significant role in the Federal Circuit’s analysis when the prior mark is notorious.<sup>189</sup> While this factor considers the notoriety of the *prior* mark, the Federal Circuit has also held that notoriety of the *junior user’s* mark plays a role in the court’s likelihood of confusion analysis.<sup>190</sup> The Federal Circuit gives full

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<sup>179</sup> *Id.* § 24:43 (citing *Application of E. I. DuPont DeNemours & Co.*, 476 F.2d 1357 (C.C.P.A. 1973)).

<sup>180</sup> 4 MCCARTHY, *supra* note 14, § 24:43.

<sup>181</sup> *Id.* § 24:43 n.3:30 (quoting *Stone Lion Capital Partners, L.P. v. Lion Capital LLP*, 746 F.3d 1317, 1325 (Fed. Cir. 2014) (“Although such reasoning [in *Du Pont*] reaches beyond the application, it does so only to the extent that the parties legally bound themselves to using the mark in their respective product category. . . . Such a binding agreement limits the benefits of registration.”)).

<sup>182</sup> *Id.*

<sup>183</sup> *Id.*

<sup>184</sup> *Id.*

<sup>185</sup> *Id.* § 24:43.

<sup>186</sup> *Id.* § 24:43 n.4 (citing *Kellogg Co. v. Pack'em Enters., Inc.*, 951 F.2d 330, 21 U.S.P.Q.2d 1142 (Fed. Cir. 1991)).

<sup>187</sup> *Id.* § 24:43.

<sup>188</sup> *Id.*

<sup>189</sup> *Id.* § 24:43 n.6 (citing *Kenner Parker Toys Inc. v. Rose Art Indus., Inc.*, 963 F.2d 350, 352 (Fed. Cir. 1992)).

<sup>190</sup> *Id.*

weight to a mark's notoriety during its analysis, reasoning that "[f]amous marks are accorded more protection precisely because they are more likely to be remembered and associated in the public mind than a weaker mark . . . ."<sup>191</sup> Thus, a mark's notoriety may cut in favor of both the applicant and the senior user.<sup>192</sup> The party claiming notoriety of its mark bears the burden of showing it,<sup>193</sup> and notoriety will be determined by the "knowledge of third-party marks by the class of customers and potential customers of the goods or services at issue, not knowledge by the general public."<sup>194</sup>

Because concurrent use registrations are designed to avoid zero-sum games by placing conditions and limitations on the use of the mark upon a showing of likelihood of confusion and prior use in commerce, concurrent use registrations provide a good starting point for formulating a plan to resolve U.S.-Cuban trademark disputes. But they are a starting point in every sense of the word. Concurrent use registrations, as they are currently written, cannot be readily applied to U.S.-Cuban trademark disputes due to the unique situation created by the embargo, and many modifications are necessary for the concurrent use registration scheme to effectively address these disputes.

#### B. CURRENT ADMINISTRATIVE BARRIERS TO UTILIZING CONCURRENT USE REGISTRATIONS IN U.S.-CUBAN TRADEMARK OWNERSHIP DISPUTES

Concurrent use registrations seemingly offer a viable solution to U.S.-Cuban trademark disputes. However, multiple administrative barriers prevent successful application of concurrent use registrations to the unique situation characterizing these disputes.

1. *Prior Use Requirement.* The difficulty with the prior use in commerce requirement is that the majority of Cuban entities cannot show prior use due to the embargo. The embargo prohibits the transfer of property rights between persons and entities subject to the jurisdiction of the United States and Cuba.<sup>195</sup> Cuban entities that developed valuable trademarks after the embargo took effect could not use those trademarks in the U.S. marketplace. As a result, Cuban entities cannot demonstrate that use of their mark in interstate commerce preceded the filing date of the U.S. entity's application for registration. Thus, concurrent use registrations—as currently interpreted and issued by the TTAB—are unavailable to Cuban mark owners.

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<sup>191</sup> *Recot, Inc. v. Becton*, 214 F.3d 1322, 1327 (Fed. Cir. 2000).

<sup>192</sup> 4 MCCARTHY, *supra* note 14, § 24:43.

<sup>193</sup> *Id.*

<sup>194</sup> *Id.* (citing *Palm Bay Imports, Inc. v. Veuve Clicquot Ponsardin Maison Fondée En 1772*, 396 F.3d 1369, 1375 (Fed. Cir. 2005)).

<sup>195</sup> 31 C.F.R. § 515.201 (2015).

2. *Incontestability of Prior Registered Mark.* Because the embargo has been in effect for more than five years, many marks registered with the PTO to U.S. entities are likely incontestable marks.<sup>196</sup> Incontestable marks registered to U.S. entities result in limited relief options for Cuban entities. Once a registration becomes incontestable “the evidentiary value of the registration from a *prima facie* presumption of the registrant’s exclusive right to use the mark to ‘conclusive evidence’ of such a right.”<sup>197</sup> Many of the U.S.-registered marks in conflict with Cuban-owned marks are now incontestable due to the fact that their registrations have gone unchallenged for well over five years under the embargo. Therefore, many Cuban entities are already precluded from challenging the U.S. mark’s registration.

Although incontestable registration creates conclusive evidence of the registrant’s exclusive right to use the mark, it does not mean that the registration cannot be challenged as the name would suggest.<sup>198</sup> Incontestable registrations may not be cancelled based on prior use, but a challenger may nevertheless seek an injunction barring the mark’s use within a particular territory.<sup>199</sup> While injunctive relief is an option for Cuban entities challenging registered marks in the U.S., it still does not allow the Cuban entity to seek the protection that registration offers.

#### C. PROPOSED LEGISLATIVE SOLUTION ALLOWING FOR THE UTILIZATION OF CONCURRENT USE REGISTRATIONS IN U.S.-CUBAN TRADEMARK DISPUTES

Because concurrent use provisions as currently interpreted by the TTAB are inapplicable to Cuban entities, Congress should pass modified concurrent use provisions to appropriately resolve U.S.-Cuban trademark disputes. This modified approach should eliminate the barriers for Cuban entities seeking concurrent use registrations, while also honor the equitable interests of U.S. entities owning the same or similar marks.

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<sup>196</sup> See 15 U.S.C. § 1065 (2015).

A registration becomes ‘incontestable’ if, after the fifth year of registration, the registrant files an affidavit avowing that there have been no adverse decisions regarding the registrant’s right to use the mark, that no such proceedings are pending, and that the mark has been in continuous use for five consecutive years.

Keith A. Barritt, *Prior User vs. Federal Registrant: Whose Mark Is It, Anyway?*, FISH & RICHARDSON LLP (Feb. 18, 2009), <http://www.fr.com/news/prior-user-vs-federal-registrant-whose-mark-is-it-anyway1/>.

<sup>197</sup> Barritt, *supra* note 196.

<sup>198</sup> *Id.*

<sup>199</sup> *Id.*

First, the incontestability right of U.S. registrants would be set aside temporarily to allow Cuban entities to seek a concurrent use registration. These U.S. marks may be incontestable simply because the Cuban entity owning the mark abroad could not seek registration in the U.S., or oppose the registration of the U.S. entity due to the embargo. Thus, U.S. entities arguably obtained this incontestability right in an underhanded manner, and fairness requires temporarily suspending that right. Moreover, to allow Cuban entities to seek concurrent use registrations while attempting to honor the lawfully obtained incontestability rights of U.S. entities, a Cuban entity's ability to overcome the incontestability bar should be limited in time. Cuban entities may seek a concurrent use registration for what would otherwise be an incontestable mark only before a particular date specified in the modified provision. After that specified date, the U.S. entity's incontestability right will be reinstated, barring the issuance of a concurrent use registration. Furthermore, the Cuban entity seeking the concurrent use registration must demonstrate that it is a Cuban national who was unable to reach the USPTO due to embargo restrictions.

Second, the modified concurrent use provision will continue to give the TTAB director broad discretion in determining restrictions for concurrent use registrations. Section 1052(d) currently states, "in issuing concurrent registrations, the Director shall prescribe conditions and limitations as to the mode or place of use of the mark or the goods on or in connection with which such mark is registered to the respective persons."<sup>200</sup> Thus, there are three types of "conditions and limitations" that may justify a concurrent use proceeding: mode of use of the mark, place of use of the mark, and the description of goods associated with the mark.<sup>201</sup> Concurrent use proceedings are generally limited by the TTAB to "situations where the proposed 'conditions and limitations' cannot be incorporated into the drawing of the mark or the identification of goods, and thus cannot be considered under the main clause of Lanham Act § 2(d)."<sup>202</sup> Because federal trademark registration ordinarily provides nationwide protection, territorial limitations are the only "conditions and limitations" that "cannot be incorporated into the identification of [an] applicant's goods or services, and cannot be considered under the basic likelihood of confusion analysis set forth in the main clause of Section 2(d)."<sup>203</sup> As a result, concurrent use proceedings most commonly involve "place of use" restrictions because other proposed restrictions are most often addressed in *ex parte* or *inter partes* proceedings.<sup>204</sup>

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<sup>200</sup> 15 U.S.C. § 1052(d) (2012).

<sup>201</sup> 3 MCCARTHY, *supra* note 14, § 20:87.

<sup>202</sup> *Id.* (citing *Tamarkin Co.*, 34 U.S.P.Q.2d 1587, 1592 n.9 (P.T.O. Mar. 21, 1995)).

<sup>203</sup> *Id.* (citing *Tamarkin Co.*, 34 U.S.P.Q.2d 1587, 1592 n.9 (P.T.O. Mar. 21, 1995)).

<sup>204</sup> *See Tamarkin Co.*, 34 U.S.P.Q.2d 1587, 1592 n.9 (P.T.O. Mar. 21, 1995).

However, post-embargo U.S.-Cuban trademark disputes present a unique situation in that they will most likely involve “mode of use” restrictions rather than “place of use” restrictions. “Place of use” restrictions and goods description restrictions would be insufficient to resolve the trademark disputes at hand. “Place of use” restrictions fail to further the goal of resolving U.S.-Cuban trademark disputes, which is to respect the priority rights of the U.S.-owned and Cuban-owned marks to the fullest extent possible. Such restrictions would rob the U.S. entity of geographic markets that it lawfully enjoys and stiff the Cuban entity of full enjoyment of U.S. intrastate commerce, a right it would otherwise be entitled to under international law but for the embargo. Furthermore, description of goods restrictions would be inappropriate in many U.S.-Cuban trademark disputes because the mark at issue likely will relate to the same product: cigars or rum.

Thus, the most likely “condition” or “limitation” to be proposed in U.S.-Cuban trademark disputes will be one restricting the mark’s “mode of use,” or how the goods or services on which the mark is used are presented or sold. In addition, the proposed “mode of use” restriction is likely impossible to incorporate into the mark itself. These trademark disputes will arise because the exact same mark is registered to a U.S. entity within the United States and to a Cuban outside the U.S. Both entities have spent considerable time and resources developing and marketing nearly identical marks, albeit in different markets. As a result, neither entity wants to substantially change its mark.

In this situation, a “mode of use” restriction in the form of disclaimers or limited marketing channels should be sufficient to dispel any likelihood of confusion and grant a concurrent use registration. The TTAB has previously held disclaimers sufficient.<sup>205</sup> Thus, the TTAB could require the Cuban and/or U.S. entities to place disclaimers on one or both entity’s goods, stating which entity is marketing the particular goods.

Additionally, the TTAB would impose a restriction in the form of limited marketing channels to grant a concurrent use registration. Limiting available marketing channels could take a variety of forms such as limiting one entity’s right to market its goods in airports, restricting one entity’s right to market its goods via the Internet,<sup>206</sup> prohibiting one entity’s ability to sell its goods in large

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<sup>205</sup> See, e.g., 3 MCCARTHY, *supra* note 14, § 20:85.50 (citing *CDS, Inc. v. I.C.E. Mgmt., Inc.*, 80 U.S.P.Q.2d 1572, 1584 (P.T.O. July 6, 2006)) (finding “that the junior user’s Web site disclaimer to the public that it did business in only some territories would be sufficient to prevent a likelihood of confusion”).

<sup>206</sup> While restricting one entity’s internet sales is an available “mode of use” restriction, it would face strong opposition from Cuban entities. Imposing such a restriction would likely require considering which entity has been utilizing Internet sales for the longest and allowing whichever entity has been using the Internet the longest to continue that use. Cuban entities have been



retail outlets such as Walmart, or impeding one entity's ability to market its goods within a specified radius of the other entity's distribution centers. By applying the current language of Section 1052(d) to the modified concurrent use provisions, the TTAB director will maintain the broad discretion to craft the appropriate restriction for a justified concurrent use registration.

Third, the TTAB's policy reserving concurrent use proceedings "for those situations where the proposed 'conditions and limitations' cannot be incorporated into the drawing of the mark or the identification of goods, and thus cannot be considered under the main clause of Lanham Act § 2(d)" will be temporarily suspended when addressing U.S.-Cuban trademark disputes.<sup>207</sup> The TTAB currently declines to hold concurrent use proceedings where likelihood of confusion can be eliminated by incorporating "conditions and limitations" into the marks and identification of goods or services of the involved parties.<sup>208</sup> In such situations, the TTAB finds that the likelihood of confusion determination should be reached via the USPTO's usual hearing process.<sup>209</sup> The TTAB considers instituting a concurrent use proceeding for purposes of determining likelihood of confusion "futile."<sup>210</sup> It reasons that if the described "conditions and limitations" able to be incorporated into the mark insufficiently eliminate the likelihood of confusion under the main clause of Section 2(d), then the "conditions and limitations" will also be insufficient under the concurrent use provision.<sup>211</sup> Thus, the TTAB reserves concurrent use proceedings for situations in which the likelihood of confusion issue "cannot be fully or accurately adjudicated, under the main clause of Section 2(d)" through traditional *ex parte* and *inter partes* proceedings.<sup>212</sup>

However, the embargo's precluding the Cuban entity from registering its own mark or opposing or cancelling the registration of the U.S. entity's mark warrants temporarily suspending this requirement. The Cuban entity, having circulated its mark outside the U.S. in a certain design and manner, should not be precluded from seeking a concurrent use registration when conditions or limitations able to be incorporated into the mark would easily eliminate the likelihood of confusion and when international treaty rights dismissed by U.S.

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precluded from utilizing the Internet due to the embargo and the Cuban government's own policies regarding Internet use. Under the likely analysis, Cuban entities would continue to be disadvantaged.

<sup>207</sup> 3 MCCARTHY, *supra* note 14, § 20:87 (citing *Tamarkin Co.*, 34 U.S.P.Q.2d 1587 (P.T.O. Mar. 21, 1995)).

<sup>208</sup> *Tamarkin Co.*, 34 U.S.P.Q.2d 1587 (P.T.O. Mar. 21, 1995).

<sup>209</sup> *Id.*

<sup>210</sup> *Id.*

<sup>211</sup> *Id.*

<sup>212</sup> *Id.*

courts in the name of the embargo would entitle the Cuban entity to unrestricted use of that mark within the U.S.

Furthermore, in the same decision, its policy of finding concurrent use proceedings inappropriate for situations in which “conditions and limitations” were incorporated or able to be incorporated into the mark, the TTAB noted:

concurrent use proceedings conceivably might be appropriate when the proposed conditions and limitations consist of certain “mode of use” restrictions which are not part of the mark itself, and thus cannot be incorporated into the drawing of the mark or considered as part of the basic likelihood of confusion analysis under the main clause of Section 2(d).<sup>213</sup>

Examples include “an agreed-to use only with a defined house mark or trade dress or only with a disclaimer.”<sup>214</sup> In such situations, the TTAB noted that, “[t]he only way to consider the effect of these restrictions on the mode of use of applicant’s mark is in the context of a concurrent use proceeding.”<sup>215</sup> Because the “conditions and limitations” placed on the Cuban entity’s mark are likely to be “mode of use” restrictions, Cuban entities are unlikely to run up against the TTAB’s traditional approach requiring likelihood of confusion to be determined by proceedings other than concurrent use proceedings.

However, cases involving “mode of use” restrictions are rare and are “almost always” the result of a final judicial determination.<sup>216</sup> Thus, concurrent use registrations with “mode of use” restrictions “[are] usually confined to cases where a court in litigation has determined that difference in format or setting preclude the likelihood of confusion and that the PTO will grant a registration with ‘conditions and limitations’ other than those of territory.”<sup>217</sup>

The TTAB could be hesitant to grant a concurrent use registration with “mode of use” restrictions without first being directed to do so by a final judicial determination. Thus, the modified concurrent use provisions should explicitly state that the TTAB is given broad discretion to craft restrictions for concurrent use registrations and that such broad discretion includes, but is not limited to, the ability to craft “mode of use” restrictions without being prompted to do so by a court’s equitable decree.

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<sup>213</sup> *Id.* at n.9.

<sup>214</sup> 3 MCCARTHY, *supra* note 14, § 20:87 (citing *Tamarkin Co.*, 34 U.S.P.Q.2d 1587, n.9 (P.T.O. Mar. 21, 1995)).

<sup>215</sup> *Tamarkin Co.*, 34 U.S.P.Q.2d 1587, n.9 (P.T.O. Mar. 21, 1995).

<sup>216</sup> 3 MCCARTHY, *supra* note 14, § 20:87 (citing *Tamarkin Co.*, 34 U.S.P.Q.2d 1587, 1592 n.9 (P.T.O. Mar. 21, 1995)).

<sup>217</sup> *Id.*

Fourth, the modified concurrent use provisions would explicitly state that certain “mode of use” restrictions such as disclaimers and designated market channels are presumptively sufficient to prevent a likelihood of confusion. This modification is in response to the TTAB’s possible hesitation to grant “mode of use” restrictions and the odds that the goods on which the mark is placed will likely be similar, if not identical. This modification emphasizes the importance of resolving U.S.-Cuban trademark disputes in a manner that allows both marks to coexist easily in the U.S. marketplace while honoring both entities’ rights to the greatest extent possible.

Fifth, appeals from the TTAB’s final decision in a concurrent use proceeding involving U.S. and Cuban entities will be before the Eleventh Circuit or the Federal Circuit. Limiting available forums for appeals better ensures that the modified concurrent use provisions will be interpreted more consistently. The Eleventh Circuit is an optimal choice when deciding where the appeal should lie due to its proximity to Cuba. Its close proximity to Cuba will make travel to and from the U.S. easier for Cuban entities. The Eleventh Circuit is also where the majority of U.S.-Cuban trademark disputes will arise, because Cuban goods will likely primarily be circulated in Florida. In addition, the U.S. entities involved in trademark disputes with Cuban entities, such as rum and cigar manufacturers, will likely have primary offices located in Florida. Thus, the Eleventh Circuit is an optimal forum to hear appeals from concurrent use proceedings involving U.S. and Cuban entities. In addition, the Federal Circuit is the primary appellate court to entertain appeals from TTAB decisions, making it a desirable second forum to entertain U.S.-Cuban concurrent use appeals.

Finally, the modified concurrent use provisions would exclusively apply to trademark disputes between U.S. and Cuban entities. Current concurrent use registration statutes sufficiently resolve trademark disputes between U.S. and non-Cuban entities. They are designed to resolve normal trademark disputes between U.S. entities and foreign entities with whom the U.S. maintains normal relations. However, trademark disputes between U.S. and Cuban entities are not routine trademark disputes. U.S.-Cuban trademark disputes have been complicated by crumbled diplomatic relations and a fifty-year trade embargo. The unusual nature of U.S.-Cuban trademark disputes highlights the need for modified concurrent use provisions as unique as the disputes they are designed to resolve. Because current concurrent use statutes effectively resolve normal trademark disputes, there is no need to fix a system that is not broken. Rather, modified concurrent use provisions that exclusively address U.S.-Cuban trademark disputes aim to resolve these unique disputes in the present so that U.S.-Cuban trademark disputes may be easily resolved by normal concurrent use statutes in the future.

## IV. CONCLUSION

Recent normalization between the U.S. and Cuba has raised questions about what a post-embargo world will look like for these two countries. If and when the embargo is repealed, it will leave behind a mess of conflicting trademarks rightfully used by both U.S. and Cuban entities.

Ordinarily, established domestic trademark law and international treaties would provide guidance for how to resolve this unique conflict. Under the Paris Convention's famous marks doctrine, a well-known foreign mark would receive protection on the basis of its notoriety within the United States, regardless of whether the mark is used or registered in the United States. In addition, the Pan American Convention's priority rights provisions would allow foreign mark owners to challenge the use or registration of an interfering mark upon a showing that the interfering mark's owner knew of the foreign mark's existence and continuous use before adopting the interfering mark in the U.S. However, the embargo has created a unique situation that renders the usefulness of these principles moot. Cuban entities cannot show use of their mark within the U.S. to bring a claim under the famous marks doctrine, and they cannot seek registration or cancellation of their marks under either the famous marks doctrine or the priority rights provisions because such action would amount to a prohibited transfer of ownership under the embargo. While the famous marks doctrine and priority provisions serve as guiding principles for a possible post-embargo solution, they are of little use for crafting an immediate solution in the present.

A more immediate post-embargo solution lies in concurrent use provisions already set forth in U.S. trademark law. However, these provisions are not without their own barriers preventing successful immediate application to post-embargo U.S.-Cuban trademark disputes. Many Cuban entities will be unable to show prior use of the mark within the U.S. as required by the provisions, and many of the U.S. marks Cuban entities will seek to cancel will be found incontestable.

The solution to resolving U.S.-Cuban trademark disputes, therefore, lies in modified concurrent use provisions designed specifically and exclusively to address trademark disputes between entities of these two countries. The proposed modified concurrent use provisions include setting aside the incontestability defense that would otherwise be available to U.S. entities; continuing to grant the TTAB director broad discretion to determine restrictions for concurrent use registrations; temporarily suspending TTAB's policy of reserving concurrent use registrations for situations in which conditions and limitations on the marks' use cannot be incorporated into the drawing of the; presuming "mode of use" restrictions sufficient to dispel a

likelihood of confusion; and channeling appeals from final TTAB decisions regarding concurrent use registrations to the Eleventh and Federal Circuits.

The final and most important proposed modification is that the previous proposed modifications will exclusively apply to concurrent use registration proceedings involving U.S. and Cuban entities. This final proposed modification furthers the goal of normalization. Modified concurrent use provisions that exclusively address U.S.-Cuban trademark disputes aim to resolve these unique disputes in the pre-concurrent use statutes in the future, thereby helping restore normal relations between the two countries.