

# HOT TOPIC

*Sophie Davies explains why US brand owners face potential battles as diplomatic relations with Cuba begin to thaw*

**P**resident Obama's December 2014 announcement that diplomatic relations between the US and Cuba will be restored after more than 50 years of isolation and enmity reignited the interest of many US brand owners in the Cuban market.

These stateside brand owners consequently sought to review their local trade mark portfolios and examine the extent of any IP rights in the country. At the same time, a number of Cuban individuals also tried to exploit the situation by filing local trade mark applications for

famous US brands. Due to Cuba's "first-to-file" system and the fact that prior use of a mark is not required in order to obtain a registration, if successfully registered, these "bad faith" applications could be very damaging to US companies seeking to enter or re-enter the market after so many years and secure desirable IP protection.

## LAW AND PRACTICE

While some Caribbean countries remain stuck with outdated trade mark laws, Cuba (perhaps surprisingly for a Communist country) has managed to keep its trade mark law in line with common international standards. For example, it is a signatory to a number of international trade mark conventions, including the Paris Convention, Madrid Agreement and Protocol, Nice Agreement and Berne Convention.

Although for a short time in 1994, US regulations restricted payments from the US to register, maintain or protect IP rights in Cuba, on the whole, the status quo during the embargo was that intellectual property-related payments from US entities, attorneys and/or other individuals to their Cuban counterparts were authorised by the Office of Foreign Assets Control (OFAC) of the US Department of the Treasury under General Licence. This has been particularly important for well-established US brand owners who conducted business in Cuba before the embargo and wanted to keep their registrations alive in the event that the embargo would one day end.

A trade mark can be registered in Cuba pursuant to the Trade Mark and other Distinctive Signs Decree Law No 203 of 1999 and the Denominations of Origin Law No 228 of 2002, which provide for local trade



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mark applications. The following information is traditionally required:

- name of the trade mark
- one copy of the mark (unless the mark is word only)
- class(es) and specification of goods and/or services in accordance with Nice Classification
- applicant's name and address
- Power of Attorney
- certified copy of priority document (if priority is claimed)

An alternative to the national registration route is via the Madrid Protocol. The owner of a basic application or registration in another Madrid country (such as the US) can apply for an International Registration designating Cuba. This is sometimes the most cost-effective route for brand owners with a strong basic registration, wanting to roll out filings

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in a large number of countries in unison. Specifications drafted in accordance with the 2015 version of the tenth edition of the Nice Classification should not result in any Office actions in Cuba.

It usually takes about 18 months for the General Director of the Office of Intellectual Property in the Ministry of Science, Technology and the Environment to process a national Cuban application. The examination time frame under the Madrid Protocol is similar. As part of the examination process, the Cuban application is screened against any prior conflicting applications and/or registrations and, if necessary, a preliminary refusal issued. It is possible to overcome a preliminary refusal at the discretion of the General Director if, for example, a valid coexistence agreement between the interested parties exists.

After the examination stage, a Cuban application will be published for a 60-day period for opposition purposes by persons or entities holding a prior right that would be affected if the third-party application in question were to be granted. It is open to question whether US entities or individuals who do not own any registered or unregistered trade mark rights in Cuba qualify as an "affected party". If it can be demonstrated that a US entity is the owner of a well-known mark in Cuba as per Article 6bis of the Paris Convention (which may in itself be difficult to demonstrate given the lack of trade and, more often than not, reputation, in the country over such a long period), the US entity may be deemed an affected party under the Office of

Intellectual Property's relatively recently revised policy. However, the policy itself remains ahead of the Cuban legislation, which is yet to be updated in this regard.

Absent objection or opposition, a Cuban trade mark will pass through to registration and remain valid for 10 years from the date of filing, after which it can be renewed for like periods.

## SEVERAL CHALLENGES

There are three main camps of US brand owners with an interest in Cuba, each of which may face various challenges moving forward.

In the first camp are the US brand owners who entered the Cuban market and obtained trade mark registrations before the embargo. While those brand owners have trade mark registrations in place (assuming they have kept up to date with the renewal fees), given that Cuban trade mark registrations become vulnerable on grounds of non-use three years after the date of registration, the registrations are vulnerable. Therefore, it is advisable for such brand owners to apply to re-register their marks in Cuba right away, to avoid losing any revocation proceedings invoked by a particularly cunning trade mark hijacker who simultaneously applies to register the mark he has sought to revoke. It should be noted that the embargo is not considered as a proper reason for non-use under Cuban law.

The second camp is comprised of the US brand owners who, due to the normalisation of relations between Cuba and the US in recent times, may





be able to export particular products to Cuba under a general licence, licence exception or recent change in licensing policy. Some of the relevant products falling under this category are certain: agricultural commodities, medicine and drugs, medical devices, building materials, and tools and equipment for private sector agricultural activity. Brand owners producing such products should look to obtain Cuban trade mark protection as soon as possible in order to protect their position before they start using their brand locally.

In the final camp are the owners of well-known US brands, some of which may be so young that they were not registered or used in Cuba prior to the embargo. One individual, Gustavo Alejandro Fuentes Ledo, has so far sought to register around 70 Cuban registrations in bad faith. Mr Fuentes Ledo has been particularly brazen in his choice of marks, which includes Royal Caribbean International, Capital One, Chase, NFL, OfficeMax, Denny's, Nordstrom and JetBlue, to name but a few. Interestingly, in a number of cases he has chosen to register his marks in device, rather than word, form. This is a positive for the brand owners who often own copyright protection in the devices, which can be asserted against the respective applications in opposition/invalidity proceedings.

As mentioned above, despite the fact that these US brands may be "well known" outside of Cuba through use, they may not have obtained a reputation in Cuba significant enough for the brand owners to benefit from Article 6bis protection. Despite this, in the case of Mr Fuentes Ledo at least,

it is possible that the General Director will take into account that this individual currently resides in the US and has travelled extensively, and, as such, cannot be said to be unaware of famous US brands.

Another potential cause of action against bad faith filings may exist under Article 7 of the General Inter-American Convention for Trade Mark and Commercial Protection (Washington 1929) of which both Cuba and the US are signatories. This Article provides protection where the bad faith applicant was aware of the US brand owner's earlier use of the mark in another contracting state. However, it is yet to be seen whether the protection offered under this Convention will be recognised and upheld in Cuba. Even if it is, US brand owners will need to collect and submit the relevant evidence that the bad faith applicant had the requisite knowledge before or on the filing of the application.

### **SENSIBLE STEPS**

Opposition and invalidity proceedings in Cuba can be lengthy, costly (all evidence should be submitted in Spanish) and unpredictable. If a US brand owner has any interest in Cuba, it should seriously consider filing a defensive trade mark application immediately, rather than risk facing

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the brunt of opposition/invalidity costs. Where opposition and invalidity proceedings cannot be avoided, fresh applications should be filed simultaneously in order to protect the brand owner's position pending the outcome of those proceedings. Another option is to seek to pay off the bad faith applicant and have the mark assigned. This depends on the value of the brand and the amount requested.

Also, given that it generally takes 12 months for the Cuban Office to process an assignment application, this may delay any use of the mark in Cuba that is dependent on a valid registration. Finally, it is also prudent for US entities to consider whether they have adequate copyright and patent protection in Cuba. ■



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